

February 12, 2003

Professor T.G. Parry, Chairman  
Independent Pricing & Regulatory Tribunal  
PO Box 0290  
WVB POST OFFICE NSW 1230

Attn: Mr C. Spangaro  
~~~~~

Dear Professor,

Re: SYDNEY WATER'S PRICING SUBMISSION Section 6.4.1  
~~~~~

The following is a supplement to my submission dated 15.11.02 in response to Sydney Water (SWC). The proposal by SWC in section 6.4.1 has been variously referred to as:-

- The Minor Water & Sewer Extensions Policy
- Minor Extensions Policy
- Minor Service Extensions
- Out-of-Program Works

The essential feature in these is the same, namely the granting of a subsidy by SWC for the cost of works, calculated on the net present value/ NPV/discounted cash flow of the current rates/service charge that the owner of the property will pay. The period for the calculation used to be 25 years but for the SWC submission to IPART has been increased to 30 years; the discount rate used to be 5.5% but now 7%. The property owner is required to meet the cost in excess of the subsidy.

I suggest that IPART not adopt SWC's proposal because it is inequitable and impractical, and this has been demonstrated already by the inconsistent manner in which the Policy has been applied over the last 8 years.

DOCUMENTS ATTACHED with brief comment  
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- \* Minor Water & Sewer Extensions Policy Sheets A to E  
~~~~~

Sheets A to D show that the Policy was adopted by SWC directors 13.9.1994. I am not aware of any review by the directors within 6 months or at any other time since.

Sheet E, obtained under FOI on 7.1.02, lists service extensions to only 1.2 or 3 lots. I am awaiting more details of these projects under FOI but I believe they relate to vacant land where there has been a change of use e.g. an adjoining garden or tennis court now to be built on.

- \* 646-696 Hume Highway, Casula Sheets A to C  
~~~~~

These are long existing backlog (built on) properties but were overlooked from the list for EPA priority ranking. They were sewered in 1998 when a developer subdivided next door, making the project economical. Instead of applying the Minor Extensions Policy, SWC imposed a developer charge of \$2.250 plus construction charge of \$3.022 and stamp duty \$15 per lot. I have referred the matter to EWON supported by some of the owners.

\* Pleasure Point Sheets A & B

This area consists of **37** backlog, built-on lots ranked C by the EPA. also **65** vacant lots from a subdivision many years ago. The owners of the **37** lots were told to expect a charge of **\$4,500** per lot without reference to any policy. The owners of the **65** vacant lots were asked to undertake to pay **\$30,000** each for water and sewerage. Those of the latter who deferred their agreement must pay **\$40,000** per lot. **As** the work is virtually complete some of the vacant lots are now built on.

Sheet **A** is the advice to the owners of the **37** backlog lots that their contribution has been waived. **I** have received two contradictory explanations as to why these contributions are no longer required. The project turned out to be very expensive; and no subsidy was ever mentioned.

\* York & Ayshford Streets, Casula Sheets A & B

Note this area is close to **646-696** Hume Highway and both are referred to as The Crossroads. About **15** backlog homes in this area were overlooked by SWC for priority listing.

Sheet **A** states the properties now total **62** lots and will be sewered under the Minor Extensions Policy without charge. **I** have applied for more details under FOI but have been told, or have observed:-

- Many of the lots are vacant land. but unlike the **65** vacant lots at Pleasure Point, these owners will not be required to meet any of the cost.
- Many of the lots are very narrow (about **25** foot wide). When built on, the owners will combine at least **2** lots into one building block. Thus SWC has granted a double subsidy.
- The subsidy for **62** lots, including vacant and narrow, is expected to meet the estimated cost, thus there will be no charge to any of the owners.
- The estimate has been derived without a survey, design or tenders.

\* Dawes Road, Belrose Sheets A to G

All these lots have been built on for many years. Half the residents are pensioners and lived there **40** years or more. Of the **11** lots. **3** have just been sewered by an adjoining developer at no charge. Negotiations with SWC began in May **2001** and progressed as follows:-

- SWC insisted the owners manage the project themselves, pay the full cost, and pay a developer charge (DSP),
- The developer charge was dropped but not the other requirements.
- SWC maintained that the area was disqualified because it **is** not zoned "residential". We note that several areas sewered in the past, present and on future priorities are not **so** zoned. The requirement was dropped.
- After more than **6** months the Minor Extensions Policy came to light. The subsidy of **\$3,670** for **11** lots was suggested but is now **\$4,360** for **8** lots although **11** will be paving rates on which the subsidy is calculated.
- SWC has agreed to manage the project, not delegate it to the owners.
- In other projects the contributions are equal, and connection is refused until payment is made. In this case, as long as a total of **\$25,120** is met. the owners who refuse or cannot pay will be permitted to connect to the sewer, i.e. some owners will subsidise others.
- The payment must be made before, not after the sewer is available.

\* The 1987 Backlog Sewerage Policy 1 Sheet  
~~~~~

This sheet is an extract from a report to the SWC directors **24.11.1997**. The subsidy under that Policy was **\$14,000** per lot. (Adjusted for inflation that would now be over **\$24,000**.) An analysis of details shows that at least **30%** of the **12,383** lots sewerage exceeded the subsidy, yet only **2%** were required to pay a contribution, and less than **1%** actually paid; and they eventually had their contributions refunded.

**CONCLUSION**  
~~~~~

What began as a policy to provide sewerage (and water) to one or two contiguous lots has recently been applied to **62** lots although not applied to other projects of **20** or **37** lots.

No distinction is made between backlog properties (mostly homes) and vacant land. Some **of** the vacant land is treated as developer lots but some not.

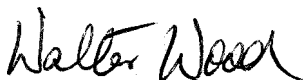
The Policy lacks precision, and like the 1957 Backlog Sewerage Policy may enable properties to be sewerage but not equitably as between owners.

I believe the Policy has been submitted to IPART **so** as (i) to validate what SWC has already implemented and (ii) to cover the fact that SWC overlooked the inclusion **of** genuine backlog areas from the list for EPA priority ranking.

In my submission to IPART dated **15.11.2002** these problems are solved i.e., that long term owners get sewerage free but short term owners should contribute. Payment (which is a difficult obstacle) is made when the owner is able to pay i.e., when the property is sold or when it is subject to a development application. Also my submission makes a proper distinction between vacant land and genuine backlog properties.

I appeal to IPART not to endorse the Minor Extensions Policy as submitted by SWC. A careful review is needed by persons who have experience of these problems. I would be happy to assist if invited.

Yours sincerely,



Walter Wood

**MINOR WATER & SEWER EXTENSIONS POLICY**

The Managing Director explained the basis of the policy.

W. J. H. H.  
Exec. Officer  
to the  
Board.  
8/1/02

It was moved by Mr Sutcliffe and seconded by Ms Hutchinson  
that the Board:

This is Page 8 of Minutes of the Meeting  
of the Board on 13 September 1994

*[Signature]*  
Chairman

*[Signature]*  
Managing Director

- 9 -

1. agree to the principle of full cost recovery for minor water and sewer extensions;
2. agree to the adoption of the revised policy for minor extensions outlined in Appendix A of the paper provided;
3. adopt the use of a NPV model in the calculation of charges, in line with the principles outlined at Appendix B of the paper provided;
4. request the Regions to estimate the likely demand for funding of minor water and sewer extensions on an annual basis and incorporate this into their capital works bids;  
and
5. agree to a revision of the effectiveness and efficiency of implementing the new policy in six months.

The motion was carried.

## DRAFT

# POLICY FOR MINOR WATER AND SEWER EXTENSIONS

### OBJECTIVE

To ensure that the Board fully recovers the cost of all minor water and sewer extensions.

### SCOPE

This policy covers situations in which applications are made to the Board for extension of its services to individual or small groups of properties, or for minor extensions to properties with an existing connection, where an adjustment is sought to this connection.

### MAJOR PRINCIPLES

In general terms, this means that the Board will -

ensure *that* it move ~~the~~ costs, including a return on the investment, associated with servicing applicants for minor water and sewer extensions,

ensure that where existing customers seek changes to their current connections *the* full cost of extending the Board's mains are met by the customer,

- @ - ensure that its approach to applicants for minor water and sewer extensions is consistent with the approach being taken with developers and customers located in larger backlog areas.

### DETAILED DOCUMENTS

Backlog Sewerage Policy - November, 1993

### CONTACT POINT

Judith Meeske, Corporate and Business Planning

## PRINCIPLES FOR CALCULATION OF CHARGES FOR MINOR WATER AND SEWER EXTENSIONS

The adoption of a revised policy for minor water and sewer extensions necessitates the development of guidelines for calculation of charges for minor extensions by the Regions. The following draft guidelines are proposed:

### GENERAL

- All charges should be calculated on the basis of the net present value analysis of expected costs (both capital and operating) and periodic revenue to be derived from servicing of the properties.
- The basic formula for assessing the charge for minor extensions is

$$CC = K + PV (PR)$$

where

CC=Customer charge  
K=Capital charge  
PV=Present Value  
PR=Periodic revenue

- The timeframe for the net present value analysis should be 25 years.

### CAPITAL CHARGE (K)

- The capital charge should be equal to the NPV of all capital costs attributable to the required works.
- These would include all costs directly associated with the construction of the minor water and sewer extensions.
- In addition to the above, a proportion of the costs associated with major works should be incorporated, where such a charge has been struck and the area in which the minor extension lies was originally included in the demand estimates and no previous charge has been collected in relation to that property. These may include
  - a standard water headworks charge in the case of minor water extensions.

- a water reservoir zone charge for minor water extensions, where these apply.
- an STP zone charge for minor sewer extensions, where these apply.

Where no zone charge has been set at the time of the application, no charge will be made for these works.

**PERIODIC REVENUES (PR)**

- The analysis should incorporate estimations of the income to be derived from all properties which could be served by the minor extension. This income will include usage and availability charges.
- Usage charges should be based on the average usage charges in the Region for the relevant property type, at the time of the calculation. These can be obtained from Don Graham on 350 5406.

**DISCOUNT RATE**

a

- The discount rate to be used in the calculation of the NPV should be the current discount rate used for all capital evaluations by the Board. For 1994/95 the rate is 5%. In addition to this 0.5% should be added to the discount factor to cover the marginal costs of operating and maintaining these new services.

**RISK ADJUSTMENT**

- As the risk associated with the Construction of minor water and sewer extensions to single lots is seen as negligible, no risk adjustment factor should be used. Where the Board funds works benefiting other properties up-front, without a formal contractual arrangement with all affected property owners, a risk factor should be used. In these situations the risk factor should be discussed and agreed with Pricing Branch and Business & Economic Services.

**Examples of the application of the Minor Water and  
Sewer Extension Policy.**

**Kulgoa St Katoomba SWC contribution \$9,610 for 3 lots**

**Linden Ave Linden SWC contribution \$6330 for 2 lots**

**Clarence St Leura SWC contribution \$6407 for 2 lots**

**Winbourne Rd Mulgoa SWC contribution \$9503 for 2 lots**

**Glouster St. Hurstville SWC contribution \$3500 for 1 lot**

**Queens Rd. Connells Point/Kogarah SWC contribution \$3500 for 1 lot**



**IT IS AGREED:**

**1. Definitions and Interpretations**

**1.1 Definitions**

"Conditions Precedent" means those conditions referred to in Clause 3 of this Deed.

"Due Date" means the date:

thirty (30) days after the date of notification of the Completion of the Works or where the context permits.

"Contribution" means the Landowner's contribution of an amount of \$5,272 comprising \$2,250 for developer charges and \$3,022 in relation to the construction of the works.

"Landowners" means the owners listed in schedule 1 of the lots in the project area.

"Project Area" means the Developed Properties fronting Hume Highway, Cross Roads as shown on Annexure 1.

"Works" means the sewer main and all ancillary fittings to be constructed in the Project Area.

**1.2 Interpretations**

It is agreed that unless the context otherwise permits the following interpretations shall apply:-

- (i) a reference to a party hereto shall mean and include the party and successors in title, and the executors, administrators and assigns of the **party**;
- (ii) the word "Landowner" shall include a corporation;
- (iii) words importing the singular or plural number shall include the plural number or singular number respectively;
- (iv) words importing the masculine gender shall include the feminine and neuter gender and vice versa.

**URBAN DEVELOPMENT  
CASH TRANSACTION RECEIPT**

☐ Northern Region: P.O. Box 756 Chatswood 2057  
☐ Greater Western Region: P.O. Box 557 Liverpool 2170  
☐ Central Region: P.O. Box 555 Rockdale 2216  
☐ Illawarra Region: P.O. Box 17 Wollongong East 2520

646-696 HOME HWY  
 Telephone (02) 9952 0562 THE CROSSROADS, CASARA  
 Telephone (02) 9828 8550  
 Telephone (02) 9551 4542  
 Telephone (02) 4223 3342  
 (B)

CHEQUE 000036

Form 02-298 (Nov. '97)

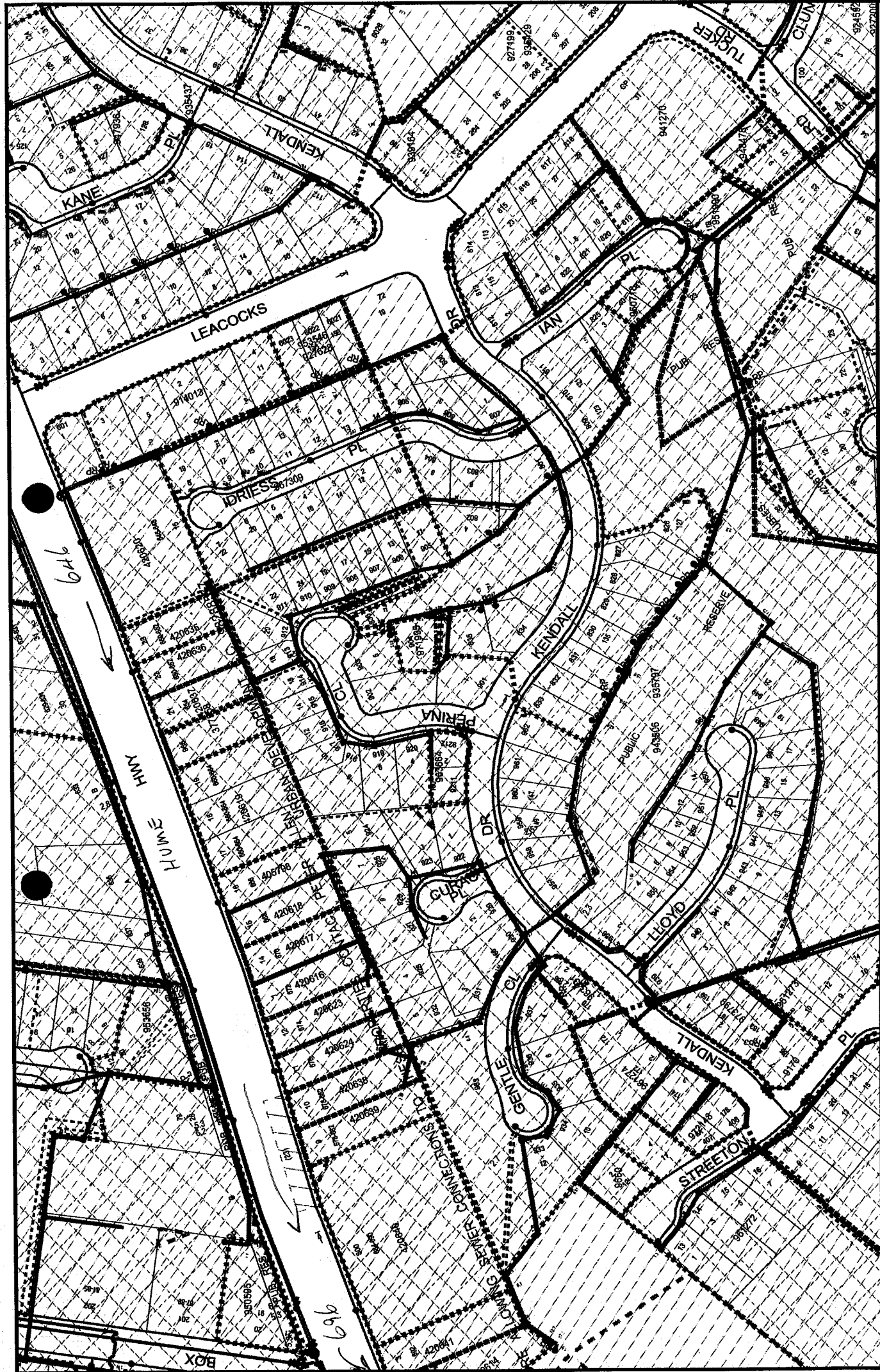
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|--------------------------|----------------------------------------------------------------|--------------------|-----------|
| Location NO 696 HOME HWY |                                                                | Council LIVER POOL |           |
| GLC                      | TRANSACTION CATEGORY                                           | \$                 | c         |
| 0620                     | Application Fee, Revised Cost Fee, Bank Guarantee Facility Fee |                    |           |
| 0620                     | Design Review Fees                                             |                    |           |
| 0620                     | Contract Administration Fee                                    |                    |           |
| 8717                     | Reticulation Recovery Payment                                  |                    |           |
| 8715                     | Major Works / Headworks Payments                               | 4,468              | 00        |
| 0630                     | Sale of Standard Specifications / Sale of Plans                |                    |           |
| 7300                     | Security Deposit                                               | 304                | 00        |
| 7610                     | Stamp Duty                                                     | 15                 | 00        |
| 0640                     | Operations Area Charges                                        |                    |           |
| <b>TOTAL</b>             |                                                                | <b>4,787</b>       | <b>00</b> |

DEPOSIT ALREADY PAID

500 - 00

| OFFICE USE ONLY |          |                            |                  |      |       |       | TOTAL |  |
|-----------------|----------|----------------------------|------------------|------|-------|-------|-------|--|
| Unicode         | P.A. No. | General Ledger Account No. | Transaction Code |      |       | \$    | c     |  |
|                 |          |                            | Type             | Cat. | Purp. |       |       |  |
| 25              |          | 0620                       |                  |      |       |       |       |  |
| 25              |          | 0620                       |                  |      |       |       |       |  |
| 25              |          | 0620                       |                  |      |       |       |       |  |
| 44              |          | 8717                       |                  |      |       |       |       |  |
| 44              | 1316     | 8715                       | 200              | MAJ  | BAL   | 4,468 | 00    |  |
| 18              |          | 0630                       |                  |      |       |       |       |  |
| * 47            | 0446     | 7300                       | 200              | RUR  | SEC   | 304   | 00    |  |
| 48              | 1316     | 7610                       | 200              | RUR  | DUT   | 15    | 00    |  |
| 99              |          | 0640                       |                  |      |       |       |       |  |

THIS AMOUNT WILL BE NEEDED TO PAY DESIGN CONSULTANT IN ONE COURSE



PLEASURE POINT

(A)

Sydney  
**WATER**

M/ S J Perrett  
Ph: (02) 98288 468

27 May 2002

PLEASURE POINT, 2171

**Re: Contribution Charge for connection to Sydney Water sewer main.**

Dear

Construction of the Pleasure Point Water & Sewerage Scheme is nearing completion. Currently, Sydney Water representatives are testing the sewer mains in anticipation of the scheme being available for connection early June.

Previously, Sydney Water wrote to you indicating that **as** an existing resident who is already a customer of Sydney Water you would not be required to contribute towards the provision of water facilities. However, we advised that there would be a contribution charge levied when you applied for connection to the sewerage scheme to recover your share of the sewer mains that have been provided by Sydney Water to service your property.

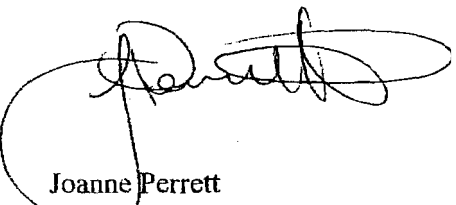
I **am** happy to announce that after extensive investigation and negotiation **of** the charge, **Sydney** Water will be waiving the contribution charge associated with the sewer connection for **the** existing residents in Riverview Rd.

**We** will advise **you** in writing when the scheme has been completed and connection is possible. If you do wish to connect to the sewer, all costs associated with connecting your property service line to the sewerage system are your responsibility. In the next week or so, Sydney Water will be issuing a fact sheet that explains the process of connecting to the **sewer** system.

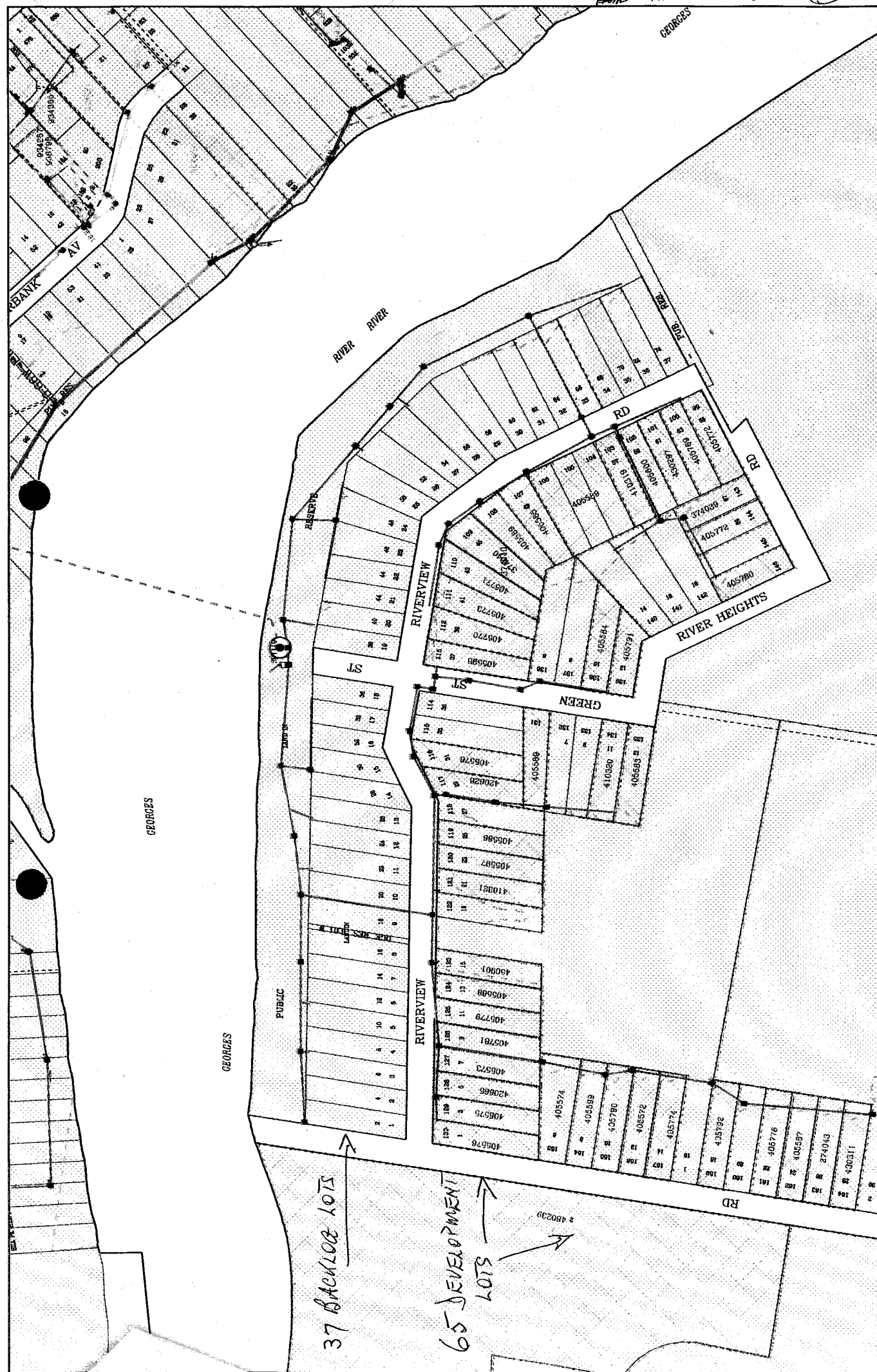
Should you wish to discuss the waiving of the contribution charges further, please contact Tim Day on 98288 697.

Sydney Water wishes to thank you for your cooperation and patience during this difficult time.

Yours sincerely,



Joanne Perrett  
Community Relations Liverpool



YORK + AYSHFORD STS, (THE CROSSROADS)  
(4 OTHER) CASULA (A)Sydney  
**WATER**

UKE 36696

13 January 2003

The Hon Craig Knowles MP  
Minister for Health  
Member for Macquarie Fields  
6/36 Carlisle Street  
INGELBURN NSW 2565

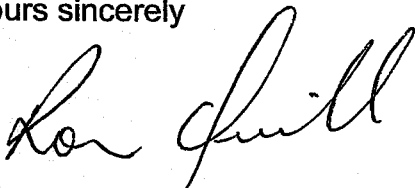
Dear Minister

I am writing to confirm Sydney Water's decision to provide sewerage services to the pocket of unsewered existing urban lots at the Crossroads, Casula. Investigations have revealed that there are 62 subdivided lots without a sewerage service.

I am pleased to advise that under Sydney Water's Minor Extensions Sewer Policy, property owners at the Crossroads will not be required to contribute towards the cost of providing the sewerage service. Landowners will still be responsible, however, for the costs associated with connecting to the sewer.

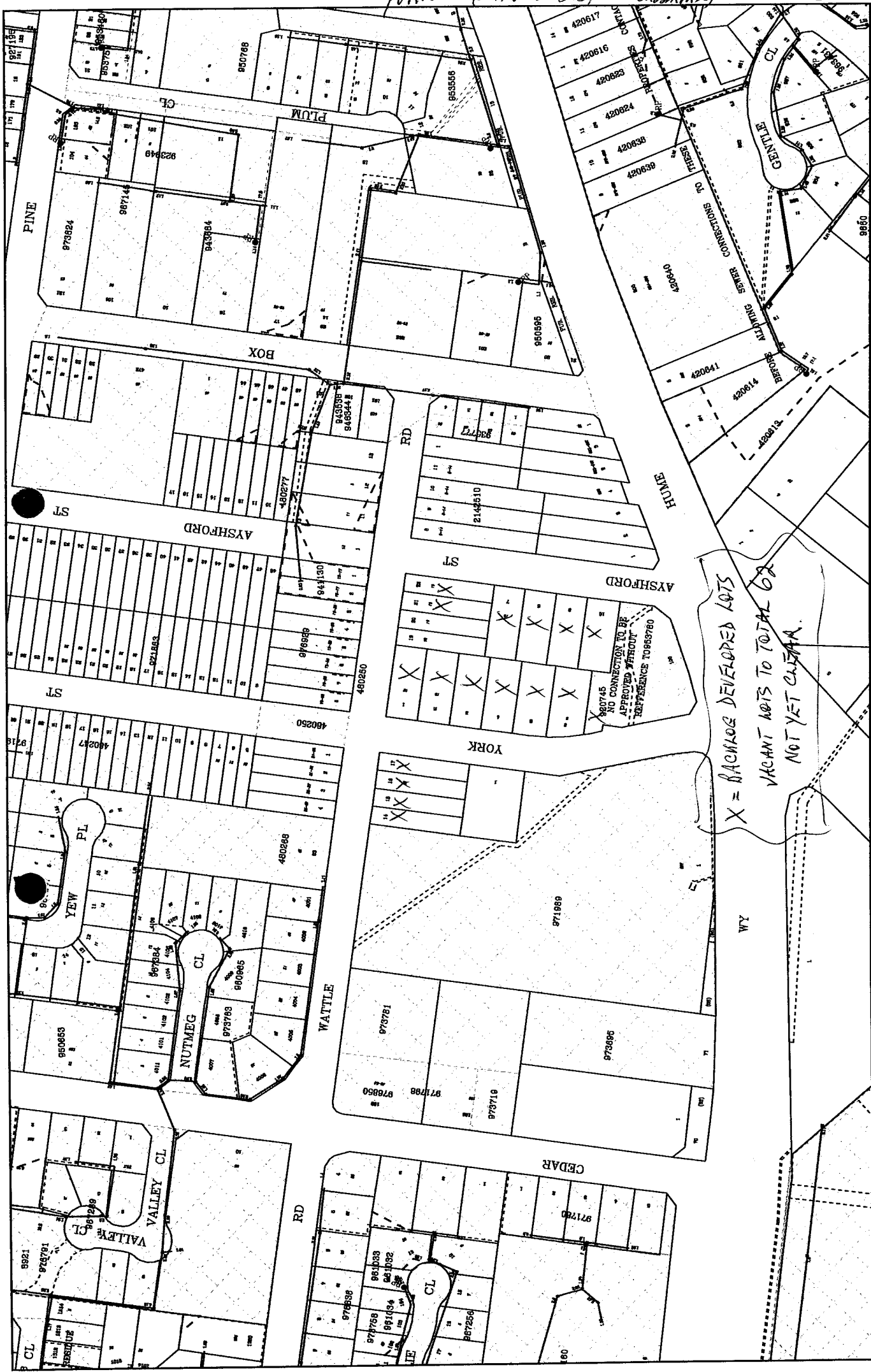
Sydney Water will need to consult with other authorities, such as Council, before a construction date can be determined. As soon as we can confirm a starting date,

Yours sincerely



Ron Quill  
A/Managing Director

YORK & AYSHFORD STS (THE CASSAPADS) CASULA (B)



|                                                |                                |                                                         |             |
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| plot_menu_field 1                              | Produced By: Counter           | Copyright Reserved Sydney Water 2002                    | Page Number |
| plot_menu_field 2                              | Date of Production: 20/02/2002 | No warranty is given that this is complete or accurate. |             |
| MGA Zone 56 (m) Central Co-ord: 304788 6240683 | Scale: 1:2673                  | SYDNEY WATER CORPORATION                                |             |



Mr W Wood

6 June 2001

Dear Sir

**Re: Sewerage Facilities at Dawes Road, Belrose.**

Thank you for your letter dated 22 May 2001 regarding the provision of sewerage infrastructure, to provide a point of connection for No. 153 Forest Way and Nos. 3 - 23 Dawes Road, Belrose.

These properties are included in the "Perentie and Dawes Roads Release Area", which was rezoned for residential development on 12 May 2000. To enable the rezoning of this area Sydney Water increased the size of the boreline, which was constructed to enable the decommissioning of the sewerage pumping station in Weardon Road, Belrose.

The construction of sewerage and water infrastructure to serve proposed developments and existing properties within the release area will be borne wholly by the developers and property owners. All properties and developments will be subject to Development Servicing Plan Charges and Recovery Charges, which will be determined by Sydney Water at the time of application.

Should you require any further information in regard to servicing requirements for the release area please contact Ray Blinkhorne - Urban Development, Chatswood  
Ph: 9952-0596 Fax: 9411-3730.

Yours sincerely

Steve Baxter  
A/General Manager  
Customer Services Division

DSP = DEVELOPER CHARGES

Retail Headquarters

The Interchange, 432 Victoria Avenue, Chatswood, NSW 2067, Australia PO Box 756 Chatswood, NSW 2057, Australia

Phone (02) 9952 0323 Fax (02) 9952 0336 DX 29644 Chatswood

SYDNEY WATER CORPORATION



Mr W Wood

17 August 2001

Dear Sir

**Re: Sewerage Facilities at Dawes Road, Belrose.**

I refer to our meeting on 15 August 2001 regarding the provision of sewerage infrastructure for No. 153 Forest Way and Nos. 3-23 Dawes Road, Belrose.

In Sydney Water's letter dated 9 July 2001 you were advised that Development Servicing Plan (DSP) charges would be applicable for the above mentioned properties. Further investigation has revealed that DSP charges would not apply to these properties at this stage. However if the properties are developed in the future the developer will have to apply to Sydney Water for a Subdivider/Developer Certificate (Section 73) and charges will be applicable.

Should you require any further information please contact me on Ph 9952-0596.

Yours sincerely



Ray Blinkhorne  
Developer Activity Team Manager  
Chatswood Customer Centre





DAWES ROAD ©  
Rec'd 3-10-01

Mr W Wood

25 September 2001

Dear Sir,

**Re: Sewerage Facilities at Dawes Road, Belrose**

I refer to our discussions on 11 September, 2001 concerning the provision of sewerage facilities for 153 Forest Way and no.s 3-23 Dawes Road, Belrose.

As you are aware the properties are zoned locality B2 Oxford Falls Valley (maximum housing density of 1 dwelling per 20 hectares) under Warringah Council's LEP2000 gazetted on May 2000.

In 1987 Sydney Water undertook a comprehensive review of its Backlog Sewerage Program for its area of operations. The revised policy provided servicing of unsewered areas that were zoned residential and were serviced by a reticulated (town) water supply. As these properties fall outside the current residential zoning they have not been included in the backlog program.

Sydney Water has spoken to Council officers concerning the future zoning of the subject properties. I am advised that Council is to undertake a review of the current zoning affecting these properties in the second quarter of 2002. Please contact Council direct for further information on the proposed review.

Sydney Water has received a development application from the adjoining property at 139 Forest Way and 17 Dawes Road. The requirements for the development include the construction of sewermain extensions. This infrastructure may assist sewage provision for the subject properties. The cost of the provision of the possible extension of sewer infrastructure to these properties would be the responsibility of the property owners and subject to appropriate approvals.

Should you require any further information on the this matter, including the details of the development proposal please contact Mr Ray Blinkhorne Urban Development on 9952 0596

Yours sincerely

  
Sharon Davies

A/Manager, Business Customers  
Customer Services Division

Retail Headquarters

The Interchange, 432 Victoria Avenue, Chatswood, NSW 2067, Australia PO Box 756 Chatswood, NSW 2057, Australia

Phone (02) 9952 0323 Fax (02) 9952 0336 DX 29644 Chatswood

SYDNEY WATER CORPORATION



Mr W Wood

11<sup>th</sup> December, 2001

Dear Walter,

**Re: Sewerage Facilities at Dawes Road, Belrose.**

I refer to our meetings of 22 October and 22 November 2000, and our subsequent telephone conversation on 5 December 2001, regarding the provision of sewerage facilities for No 153 Forest way and Nos. 3-23 Dawes Road, Belrose.

The subject properties are currently zoned Locality 62 Oxford Falls Valley, however Warringah Council has indicated that they will be reviewing the zoning of these properties in the future.

At our meeting on 22 November 2001 you advised that the developer (Mirvac Homes Pty Ltd), of the adjoining property at No 139 Forest Way has committed to providing a point of connection for Nos. 15-23 Dawes Road as part of their sewer lead out works.

To assist in providing the remaining seven properties with a point of connection to the sewer Sydney Water is able to provide a contribution towards the costs associated with this work. This contribution is provided for within the draft "Minor Extension Policy" (copy of draft policy attached). The policy was developed to service existing developed residential lots that were left out of a previous sewerage program, or where the surrounding land has been serviced by developers leaving a small pocket unserved, with a service in near proximity. The guidelines of the policy allows for Sydney Water to assist with servicing, by making a contribution based on a net present value (NPV) rate return, over a 25 year period, returning a 9% return on investment.

Pursuant to the draft minor Extension Policy, Sydney Water's contribution would be \$3,670 per lot served. Therefore for seven lots Sydney Water's contribution would be approximately \$25,690. Prior to contributing to the extension of the sewer, the seven property owners must enter into an agreement with Sydney Water to construct works.

**Office of the General Manager, Retail**

The Interchange, 432 Victoria Avenue, Chatswood, NSW 2067, Australia PO Box 756 Chatswood, NSW 2067, Australia


Phone (02) 9952 0323 Fax (02) 9952 0336 DX 29644 Chatswood

SYDNEY WATER CORPORATION

Should this matter proceed, the residents (the applicants) will have to make an application for a minor extension and pay an application fee of \$305 to a Sydney Water approved Water Servicing Coordinator (WSC list attached). The WSC will prepare a design to Sydney Water's standards, manage the interface with Sydney Water (Asset Creation Process), tender and manage construction of the works. Upon completion of the works and successful take over by Sydney Water, Sydney Water will contribute towards the construction cost.

Should you require any further information on this matter please contact Ray Blinkhorne – Urban Development, Chatswood on Ph: 9952-0596 or Mob: 0415 448 742.

Yours sincerely



Tom Gellibrand  
Manager, Business Customers  
Customer Services Division

11/12/01

4 November 2002

Ms

Dear Ms

**Property: X Dawes Road, Belrose.**

I am writing to you regarding the provision of a sewer main extension to serve Nos 3 to 15 Dawes Road and No. 153 Forest Way at Belrose. I understand that you own the property at 3 Dawes Road Belrose.

Earlier this year I met with a number of the owners of the above properties to explain the basis by which Sydney Water would extend the sewer ~~main~~. Since the last meeting in June, Sydney Water has developed the proposed agreement for the work and confirmed the required financial contributions.

To enable the work to proceed, property owners will have to contribute a maximum of \$25,120. Sydney Water will contribute the remainder of the estimated cost of \$60,000. If the final cost of the work is less than \$60,000 the owners' contribution will be decreased by the difference between the ~~final~~ cost and \$60,000. If the final cost of the work is more than \$60,000 Sydney Water will bear the additional cost.

I suggest the following procedure to enable work to proceed:

1. Review the ~~draft~~ agreement  
Please review the terms of the agreement, enclosed with this letter, proposed to be signed between participating owners and Sydney Water.
2. Advise Sydney Water your intentions  
If the terms of the proposed agreement are acceptable and you are willing to contribute a portion to the owners' contribution of \$25,120 please complete a letter of intent and include the amount that you commit to contribute. If you do not wish to contribute I request that you advise this in writing to Sydney Water.
3. Signing of agreements  
If the total of the contributions nominated by the participating owners is \$25,120 Sydney Water will arrange for the agreement to be signed by the participating owners.
4. Payment of contribution  
When all the agreements are signed the participating owners will be required to make their nominated payment.

5. **Construction** of sewer main extension

When agreements are signed with all participating owners and payments totalling \$25,120 are received then Sydney Water will arrange for construction of the sewer main extension.

6. Payment of refund

When the work is complete Sydney Water will determine the final cost and if the cost is less than \$60,000 Sydney Water will provide a refund to participating owners in proportion to their payment.

Please note that once constructed and gazetted, all owners will be allowed to connect to the sewer main irrespective of whether they contributed to the owners' contribution of \$25,120.

In addition Sydney Water is in the process of attempting to simplify the Minor Extension Policy. In September this year we wrote to the Independent Pricing and Regulatory Tribunal (IPART) as part of its review of Sydney Water's fees and charges. In our submission we included a proposal to allow Sydney Water to install minor extension **infrastructure** on the basis that eventually all property owners will connect. As property owners connect Sydney Water would charge the relative contribution (indexed for inflation). A determination from IPART is not anticipated before mid 2003, however if the policy is approved it means Sydney Water would initially fund the extension and all property owners would ultimately contribute the same amount (indexed to inflation) upon connection.

**As** described above I request that you review the enclosed draft agreement. The next step is to advise in writing whether or not you intend to participate and, if so, your contribution.

I request that you submit these letters by 6 December 2002 to the following address:

Sydney Water Corporation  
PO Box 756  
CHATSWOOD NSW 2057

Attention: Ray Blinkhorne – Plaza Level

To assist owners to coordinate their deliberations Mr Ray Blinkhorne can assist with arranging any meetings to discuss this proposal. Ray **can** be contacted on 9952-0596.

Yours sincerely

Tom Gellibrand  
Manager, Business customers  
Customer Services Division

- H. In the case of the proposed minor sewer extension in the Project Area, some registered property owners may refuse to contribute to the cost of the works.
- I. The Registered Proprietor's contribution towards the costs of the proposed works may include an excess payable because some registered property owners in the Project Area refuse to contribute to the cost of the works, and the Registered Proprietor's contribution may not be equal to contributions from other registered property owners who have agreed to contribute.
- J. The parties have agreed that the proposed minor sewer extension will be built on the terms and conditions contained in this Deed.

**IT IS AGREED:**

**1. Definitions and Interpretation**

**1.1 Definitions**

**"Conditions Precedent"** means the conditions referred to in clause 3 of this Deed.

**"Connection Cost"** means the costs of connecting the Registered Proprietor's property the subject of this Deed to the Works, being \$79.50 as at 10 October 2002.

**"Contribution"** means the Registered Proprietor's individual contribution of  
*[Insert the individual Registered Proprietor's contribution after the number of contributing owners has been determined - the amount is to be inserted before the Registered Proprietor signs this Deed]*  
dollars (\$ \_\_\_\_\_) to the Works exclusive of the Connection Cost. The Contribution is Sydney Water's best estimate of the total cost of the Works, being \$60,000.00, divided by the number of contributing owners of Developed Properties, less Sydney Water's contribution of \$4,360.00 per Developed Property. The Contribution may include an excess attributable to the non-contributing owners of Developed Properties.

**"Developed Properties"** means the properties in the Project Area which will benefit from the Works.

**"(Registered Proprietor)"** means the owner registered on the certificate of title for the property the subject of this Deed, including any corporation. If the registered owner comprises joint owners, "Registered Proprietor" means the joint owners collectively.

**"(Project Area)"** means the properties described in Schedule 1 to this Deed.

**"Works"** means the sewer main and all ancillary fittings to be constructed in the Project Area that will enable owners of the Developed Properties to connect to Sydney Water's sewerage network.

**1.2 Interpretation**

It is agreed that unless the context otherwise permits, the following interpretations shall apply:-

- (a) a reference to a party hereto shall mean and include the party and successors in title, and the executors, administrators and assigns of the party;
- (b) words importing the singular or plural number include the plural number or singular number respectively;
- (c) words importing the masculine gender shall include the feminine and neuter gender and vice versa.

**2. Purpose of this Deed**

The Registered Proprietor acknowledges that:-

- (a) the purpose of this Deed is to record the Registered Proprietor's commitment to the Works and to:
  - (i) the Contribution forthwith, and
  - (ii) the Connection Cost once the Works are constructed;
- (b) Sydney Water has used its best endeavours to procure:
  - (i) as many owners of Developed Properties (called in this Deed "contributing owners,") to make the same contribution to the cost of the Works as the Registered Owner,
  - (ii) equal contributions from each of the contributing owners.
- (c) Sydney Water will contribute \$4,360.00 to the cost of the Works per Developed Property.
- (d) there are 8 Developed Properties. Therefore, Sydney Water's total contribution to the cost of the Works will be \$34,880.00.
- (e) the contributing owners will pay for the balance of the cost of the Works up to \$60,000.00, being a balance of \$25,120.00.
- (f) not all the owners of Developed Properties may agree to contribute financially or otherwise to the Works (called in this Deed "the non-contributing owners,") but the non-contributing owners may nevertheless have a legal right to connect their properties to the Works;
- (g) the contributing owners may make different contributions. That is, the Contribution will not necessarily equal contributions from each of the contributing owners.
- (h) Sydney Water does not have the legal capacity to compel:
  - (i) the non-contributing owners to make a contribution to the cost of the Works,





Sewerage for Dawes Road  
Belrose

G



1. Dawes Road, 11 unsewered lots
2. Adjoining lots sewerred by SMC in 1980
3. Hirvac's current development
4. Retirement village
5. Backlog sewerred by SMC in 1987

# 1987 BACKLOG SEWERAGE POLICY Response to External Stakeholder Inquiries

1 SHEET FROM  
REPORT TO SWE  
DIRECTORS  
24-11-97

## Purpose

To endorse the Corporation's current position regarding outstanding matters arising under the **1987 Backlog Sewerage Policy**, prior to advising various external stakeholders.

## Background

At its meeting of 7 October 1997, the Executive considered the issue of continuing external stakeholder interest in outstanding matters arising under the **1987 Backlog Sewerage Policy**. In order to better understand the implications of these matters, the Executive requested that a further review of the Backlog Sewerage Program as implemented under the **1987 Policy** be undertaken, and that recommendations be presented which allowed these matters to be resolved and the external stakeholder interest to be satisfied.

## Current Situation

The review of the Program has produced the following statistics:

|                                                                                                         |                 |                                                                                        |
|---------------------------------------------------------------------------------------------------------|-----------------|----------------------------------------------------------------------------------------|
| Total lots sewered<br>(including incomplete projects)                                                   | 12 383          |                                                                                        |
| Completed without customer contribution                                                                 | 12 156 (98%)    |                                                                                        |
| Customer contribution required                                                                          | 227 (2%)        |                                                                                        |
| Estimated program cost                                                                                  | \$180M          |                                                                                        |
| Total achieved program cost                                                                             | \$164M          |                                                                                        |
| Average cost per lot                                                                                    | \$13 200        |                                                                                        |
| Total customer contributions required                                                                   | \$0.712M (0.4%) |                                                                                        |
| Total contributions received                                                                            | \$0.307M        | 1% PAID                                                                                |
| Total contributions outstanding                                                                         | \$0.405M        |                                                                                        |
| Total lots where final completion costs exceeded \$14 000 per lot and no customer contribution required | 2 300 (approx)  | AT LEAST 30%<br>EXCEEDED \$14,000<br>BUT ONLY 2%<br>REQUIRED TO PAY<br>A CONTRIBUTION. |

The three incomplete projects are as follows:

Progress with the **Bungan Beach** project (88 lots) has reached the point of informing landowners of the amount of the contribution required and seeking their agreement to contribute by their signing and returning a contract. This information and the contract will be forwarded to landowners by Northern region in the near future.

The **Burns Bay Road, Lane Cove** project (14 lots) is being constructed by the landowners under a developer contract. Construction is under way and completion is expected early in 1998.