Wyong Shire Council's Submission to IPART's *Review of Prices for Water, Sewerage and Stormwater Services for Wyong Shire Council - Price Path from 1 July 2013 - 30 June 2017*

14 September 2012

Pricing Submission to the Independent Pricing and Regulatory Tribunal
Price Path from 1 July 2013 – 30 June 2017
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PART 1 INTRODUCTION

This document is Wyong Shire Council's proposal to IPART for prices for the period 1 July 2013 to 30 June 2017.

This document is in three parts:

- Pricing Submission addressing issues specified by IPART (Part 2)
- Additional Issues raised by Council (Part 3)
- Appendices (13) providing supporting information for the Pricing Submission (Part 4)

This document also incorporates Council's response to the IPART Issues Paper "Review of Developer Charges for Gosford City Council and Wyong Shire Council". Attention is drawn to Section 3.2 and Appendix 10 in this regard.

PART 2 PRICING SUBMISSION

2.1 Executive Summary

2.1.1 Overview of Activities

Wyong Shire Council is a designated Water Supply Authority under the Water Management Act (2000) in addition to its function as a multi purpose Council.

As a designated water supply authority, Council provides monopoly water supply, sewerage and stormwater drainage services to over 60,000 properties in the urban and surrounding non urban areas of the Wyong local government area (LGA).

As Council provides monopoly services, the Independent Pricing and Regulatory Tribunal (IPART) as Council's pricing regulator, undertakes periodic pricing reviews and determines maximum price levels for the various monopoly water, sewerage and drainage services provided, for a predetermined number of years (the price path).

This document covers Council's pricing submission to IPART's 2012 price review which will determine prices from 1 July 2013. For the purposes of this submission Council has assumed a four year pricing path from 1 July 2013 to 30 June 2017. Council believes that a four year price path provides a balance between flexibility and planning.

A proposed four year price path also aligns with the completion by 1 July 2017 of the process for the establishment of the Central Coast Water Corporation (CCWC) as a water supply authority.

At the time of the Council's last pricing submission to IPART in September 2008 the most significant issue facing Council's water business was the impact and legacy of the recent drought on the Central Coast.

Although the drought situation on the Central Coast had started to ease by September 2008 Council's financial position at the time was under continuing pressure. This pressure primarily came from reduced water sales arising out of an extended period of water restrictions (commencing February 2002) and the need for significant funding for capital works required for the drought recovery process and to secure water supplies into the future.

Council's submission to this price review should be viewed in the light of a number of contemporary and some historical or legacy issues ie;

a) A progressive relaxation of water restrictions and recovery in Central Coast Water storage levels

b) A continuation of a reduced water sales scenario (as compared to unrestricted)

c) Formation of the CCWC

d) System refurbishment and renewal needs as infrastructure ages

e) Continuation of the Wyong LGA as the regional growth area for the Central Coast

f) Water Security on the Central Coast

g) Reductions in drought related operational and capital costs

h) Future management of drainage functions in Wyong and Gosford LGA

2.1.2 Proposed Prices

While IPART has recently foreshadowed changes to the relativity between fixed and variable charges for certain customer groups, such as multi premises, Council's price proposal is still based on the same principles applying to the current pricing path. Gosford Council has also taken the same approach.

The reason for this approach is outlined in Section 3.1 and relates to the uncertainties and difficulties associated with the Councils attempting to provide alternate proposals. It is considered that it is more appropriate that IPART effect these changes when and where necessary.

Table 2.1 summarises Council's general pricing proposal in the key revenue areas for a 4 year pricing path commencing 2013/14.

Table 2.1

Proposed Prices				
	2013/14[(i)]	**2014/15**[(i)]	**2015/16**[(i)]	**2016/17**[(i)]
Water Service Charge	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
Water Usage Charge	CPI +10.9%	CPI + 6.4%	CPI + 4.0%	CPI + 3.8%
Sewerage Service Charge	CPI +11.3%	CPI +11.8%	CPI +13.7%	CPI +13.5%
Sewerage Usage Charge	CPI	CPI	CPI	CPI
Drainage Service Charge	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
Trade Waste Charges)[(ii)]	CPI	CPI	CPI	CPI
Miscellaneous Charges)[(iii)]	CPI	CPI	CPI	CPI

(i) % Increase from previous year charges.
(ii) All charges increase by CPI except as indicated in Section 2.13.5
(iii) All charges increase by CPI except as indicated in Section 2.13.6

While the maintenance and improvements to our water, sewerage and stormwater drainage infrastructure and delivery of these services necessitates Council proposing price increases higher than CPI over the next pricing path, Council is conscious of the impact that the proposed service and usage prices may have on customers. In consideration of these impacts on customers, Council has proposed that prices be "smoothed" each year across the four year period resulting in more even annual price changes.

All Council's proposed charges are outlined in Appendices 1 to 5 included as part of this submission.

Council also proposes changes to its pricing in the following specific areas: -

- Discontinuation of Miscellaneous Charges No. 28 "Sewer Advance Scheme and No. 21 "Sewerage Drainage Arrestor" (refer to Section 2.13.6.3)

- Above CPI increase in Miscellaneous Charge No. 2 (refer to Section 2.13.6.4)

- Introduction of New Miscellaneous Charge No. 35 "Development Investigation Fees" (refer to Section 2.13.6.2)

- Continued phased increase of Category 2 (Compliant) Liquid Trade Waste Usage Charge (refer to Section 2.13.5.2.1)

- Alignment with Gosford City Council on a range of Liquid Trade Waste Charges (refer to Sections 2.13.5.1 and 2.13.5.2)

Please note that Council's price submission does not include contributions to the NSW Government Climate Change Fund (refer to Section 2.14.3.2)

2.1.3 Proposed Changes from Current Determination

2.1.3.1 Basis of Submission

As the CCWC will not become a water supply authority until 1 July 2017 both Gosford and Wyong Councils will be submitting separate submissions to this price review.

While this approach will extend the historic status quo wherein each Council, in most cases, has had different tariffs, it is considered that retention of this approach offers the most practical approach in the lead up to the CCWC given the uncertainties and difficulties in establishing widespread uniform tariffs in time for this price review.

Notwithstanding the above situation the Councils are mindful of the need for the convergence of charges as far as possible and for the current price review have made steps to more closely align charges for example with many of the liquid trade waste charges.

The next price path commencing 1 July 2017 will see the establishment of a single set of CCWC tariffs across the Central Coast.

2.1.3.2 Formation of Central Coast Water Corporation (CCWC)

The most significant change impacting Council and its operations over the next pricing path will be the progressive amalgamation of the Wyong and Gosford water businesses into the CCWC.

The CCWC establishment process will commence on 1 July 2014 with the merging of the first operational units, such as Regulatory and Asset Management. Other operating units will be progressively merged with full implementation of the CCWC by 1 July 2017.

It is proposed to recover the water and sewerage component of the CCWC establishment cost over eight years (based on two four year pricing paths up to end of 2020/21) in order to ease customer price impacts (refer Section 2.5.3.5.1).

The formation of the CCWC will also require significant external resourcing inputs. It will also necessitate the diversion of internal operational and administrative staff resources with the Councils facing the challenge of minimising impacts on service levels and organisational programmes.

The current status of the formation of the CCWC is summarised further in Sections 2.2.1.2 and 2.5.3.5. More detailed information on this process can be supplied on request.

2.1.4 Summary of Forecast Expenditures

2.1.4.1 Operating Expenditures

Table 2.2

Forecast Regulated Operating Expenditure ($million 2012/13)				
	2013/14	**2014/15**	**2015/16**	**2016/17**
Corporate	13.7	13.7	13.8	13.9
Water	16.9	16.4	16.5	16.4
Sewerage	15.5	16.1	16.5	16.6
Stormwater drainage	2.6	2.5	2.5	2.4
Total	**48.8**	**48.8**	**49.3**	**49.3**

The key drivers of the proposed operating expenditures in Table 2.2 are;

a) Growth
b) Salary and Wage Increases
c) Ageing Assets (Asset Service Reliability)
d) Mandatory and Discretionary Standards
e) Impacts of Capital Expenditure
f) Corporate Expenditure (Overheads)
g) Drought related and Water Security Expenditure
h) Electricity Increases
i) Impacts of Climate Change
j) Impacts of Carbon Scheme
k) Establishment of CCWC
l) Asset Management

These drivers are discussed in Section 2.5.2 and 2.5.3.

In relation to k) all CCWC establishment costs are currently being treated as operational costs.

2.1.4.2 Capital Expenditures

Table 2.3

Forecast Regulated Capital Expenditure ($million 2012/13)				
	2013/14	**2014/15**	**2015/16**	**2016/17**
Water	7.2	11.0	8.1	39.5
Sewerage	15.6	16.1	14.3	13.2
Stormwater drainage	8.5	11.8	9.1	12.6
Total	**31.4**	**38.9**	**31.5**	**65.2**

The key drivers of the proposed capital expenditures outlined in Table 2.3 are:

a) Ageing Assets (Asset Service Reliability)
b) Mandatory and Discretionary Standards
c) Growth
d) Long Term Water Supply Security

These drivers are discussed in Section 2.6.2.

Please note that in previous submissions refurbishment and renewal works associated with ageing assets was included under "Discretionary Standards". These works are now included under the IPART Driver "Asset Service Reliability".

No corporate capital expenditure is proposed in the next pricing path. Corporate overheads are not applied to capital expenditures.

2.1.5 Summary of Pricing Impacts

2.1.5.1 Impacts on Customers

Following reduced water usage arising out of restrictions and drought the average residential water use is slowly recovering and is currently at about 155 kilolitres per year (2011/12). This recovery trend will continue.

Tables 2.4 and 2.5 provide an overview of price impacts on bills for a residential customer with average water usage at 160 kilolitres per annum and for a customer with higher than average usage (220 kilolitres per annum). It is deemed that both customers have a 20mm water meter.

Table 2.4

Residential Bill ($2012/13, Using 160 KL per annum)					
	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Water Usage Charge	339.20	376.00	400.00	416.00	432.00
Water Service Charge *	167.35	175.05	195.00	215.50	238.00
Sewerage Service Charge	463.44	515.81	577.00	656.50	745.00
Drainage Service Charge	89.77	99.20	109.61	121.12	133.84
Total Bill	**1,059.76**	**1,166.06**	**1,281.61**	**1,409.12**	**1,548.84**

Table 2.5

Residential Bill ($2012/13, Using 220 KL per annum)					
	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Water Usage Charge	466.40	517.00	550.00	572.00	594.00
Water Service Charge *	167.35	175.05	195.00	215.50	238.00
Sewerage Service Charge	463.44	515.81	577.00	656.50	745.00
Drainage Service Charge	89.77	99.20	109.61	121.12	133.84
Total Bill	**1,186.96**	**1,307.06**	**1,431.61**	**1,565.12**	**1,710.84**

* does not include "per property" contribution to the NSW Government "Central Coast Water Savings Fund".

In summary, a typical residential household with a 20mm meter and average annual water usage of 160 kilolitres per annum will experience;

- 32% real increase in water bills from 2012/13 to 2016/17
- 60% real increase in sewerage bills from 2012/13 to 2016/17
- 49% real increase in drainage bills from 2012/13 to 2016/17

Where customers may experience difficulty in paying bills Council has put guidelines in place to assist and mitigate bill impacts.

For example Council permits, subject to demonstrated financial hardship, a payment plan enabling payment across 12 months in the case of a non pensioner and 24 months for a pensioner. The Energy and Water Ombudsman has reviewed and concurred with this approach.

If the above approach is not able to provide a satisfactory solution customers may also apply for further hardship consideration on an "out of guidelines" basis subject to certain conditions being met.

The issue of customer hardship is discussed further in Section 2.14.2.4

2.1.5.2 Impacts of Proposed Prices on Council

For the next pricing path, and as discussed in Section 2.4.1, both Wyong and Gosford Councils propose to align to a common set of service standards as listed in Appendix 13.

As the proposed service standards represent accepted industry standards it is considered that Council's pricing proposal will not have any material impact on achieving these standards.

Council's cash reserves have been depleted over the current price path as a result of reduced income following significant reductions in the volume of water sold, coupled with increased capital works expenditure. While water restrictions have now been relaxed, customers water usage habits have changed and water sales will not return to pre-drought levels. Council continues its strong capital works program to ensure ageing assets are being renewed. The prices proposed for the next pricing path will restore Councils cash reserves and return Council to a favourable result by 2016/17.

2.1.6 Changes in Operating Environment

The most significant changes and/or developments in the operating environment on the Central Coast since the last pricing review are;

a) Recovery in Central Coast water storage levels

Central Coast water storage levels although in a better position than at the last price review in 2008 (30% storage in July 2008) are still only recovering slowly notwithstanding the recent La Nina climate cycle. Total Central Coast water storage levels are currently at 49.7% (as at 3 September 2012).

Historically, periods of below average rainfall conditions have impacted Central Coast water supplies since 1992 from which time storage fell from 70% to a lowest level of 12.4% in February 2007. Recovery from the 2007 low level whilst steady has not been rapid given the nature and responsiveness of the Mangrove Creek Dam catchment area to rainfall events.

The recent drought has also had a significant impact on Central Coast water security planning with financial implications for both Councils arising out of the implementation of the Mardi Suite of Works completed in 2011, the Mardi to Mangrove project completed in 2012, the Hunter Link and extensive demand management and other drought contingency measures implemented across the Central Coast.

b) Relaxation of water restrictions

Associated with drought recovery has been a progressive relaxation of water restrictions to a point where all restrictions were lifted in Wyong and Gosford LGA on 13 May 2012 and replaced by a set of permanent Water Wise guidelines.

Water Wise guidelines encapsulate a series of commonsense rules that are already widely accepted throughout the community, such as: -

- No hosing of paths and driveways
- Use of hose trigger nozzles
- Time of day use of sprinklers

Despite the progressive relaxation of restrictions from the most severe (Level 4) restrictions in March 2008 to zero restrictions at present, water sales in both Wyong and Gosford continue to be depressed (when compared to an unrestricted usage pattern) with consequent financial implications for both Councils.

From a historical perspective Council, at its September 2008 price submission for the current pricing path, provided sales forecasts based on a return to an unrestricted usage pattern by 2012/13. This "bounce back" has not occurred.

Forecast water sales for the next pricing path are based on a return (by 2015/16), to usage patterns which more closely reflect a zero restriction regime albeit with the retention of permanent Water Wise rules.

c) Reduced drought related operational and capital costs

With the retreat of the drought most of the significant levels of "extraordinary" drought related expenditure that was characteristic of previous pricing submissions such as drought contingency works and demand management measures have now been substantially reduced.

While the operating and capital forecasts presented for the next pricing path reflect this situation, two key drought related measures will continue albeit in a much reduced format with these being Hunter transfers and the potable groundwater program.

In particular forecast purchases of water from Hunter which are discussed in Section 2.5.3.1

d) Water Security on the Central Coast

During the current pricing path two major drought related and longer term water security projects have been completed by the Councils on a 50/50 shared cost basis.

i) The Mardi Suite of Works is primarily a system enhancement project (multi drivered) and was completed in 2011.

ii) The Mardi to Mangrove Link provides a longer term water security role (till at least 2040) to the Central Coast by facilitating the transfer of high flows in Wyong River to Mangrove Creek Dam for storage. This project is now practically complete at a total estimated cost of $112.8M (some expenditure in 2012/13) of which the Federal Government contributed grant funding of $80M.

Projected ongoing operating costs for the Mardi to Mangrove Link are also discussed in Section 2.5.3.1

e) Formation of the CCWC

The CCWC will commence limited operations (in a practical sense) on 1 July 2014 when the first operational units will be transferred to the CCWC. These units will comprise Asset Management (inclusive of capital program delivery) and Regulatory Services.

Other operational units will progressively be transferred into the CCWC up to 1 July 2017 at which stage the CCWC will become a fully functional and independent water supply authority.

The CCWC will operate under a formal Operating Licence from 1 July 2017. No costs associated with the development of an Operating Licence have been included as part of this pricing submission.

f) Future Management of Drainage functions in Wyong and Gosford LGA

While drainage activities on the Central Coast will continue to be regulated by IPART it is planned that drainage activities will remain with their respective Councils and not be transferred to the CCWC.

The Councils will therefore need to remain designated water supply authorities for the purposes of drainage activities.

2.2 Wyong Shire Council - Role and Functions

2.2.1 Legislative Overview of Water, Sewerage and Drainage

2.2.1.1 Current Framework (up to 30 June 2014)

Wyong Shire LGA covers 827 square kilometres of the Central Coast region of NSW consisting of the coastal area (predominantly urban) situated around a coastal lake system and a hinterland comprising mixed rural activities and undeveloped forest areas.

Wyong Shire Council (Council) is the designated water supply authority in addition to its role as a general purpose Council for other operations such as roads, community services, libraries, parks and gardens etc.

The regulatory position of Wyong (and Gosford) Council is different to other Councils in NSW in that their water, sewerage and drainage services are provided under the auspices of the Water Management Act (2000) and hence regulated by IPART whereas other Councils operate under the Local Government Act.

The relevant regulatory and legislative framework for Council comprises the following;

- Local Government Act 1993
- Water Management Act 2000
- Water Act 1912
- Central Coast Water Corporation Act 2006
- Public Health Act 1991
- Fluoridation of Public Water Supplies Act 1957
- Protection of the Environment Operations (POEO) Act 1997
- Protection of the Environment Administration (POEA) Act 1991
- Environmental Planning and Assessment Act 1974
- Public Finance and Audit Act 1993
- Food Act 2003
- Catchment Management Act 1989
- Dams Safety Act 1978
- Work Health and Safety Act 2011
- Work Health and Safety Regulation 2011
- Government Pricing Tribunal Act 1992
- Water Act 2007 (Commonwealth)
- Trade Practices Act 1974 (Commonwealth)
- Industry guidelines such as
  - Australian Drinking Water Guidelines (ADWG)
  - State Government "Best Practice" Guidelines for Water Utilities

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

Water supply headworks infrastructure such as dams, weirs, treatment plants and bulk water distribution reservoirs is shared with Gosford City Council and administered jointly through an agreement. This arrangement has been in place since 1977.

Water supply infrastructure associated with the distribution of water to customers within their respective LGA is the responsibility of each individual Council.

Council's sewerage business includes operation and maintenance of the sewerage system including all effluent, sludge and trade waste disposal. In contrast with water supply Wyong and Gosford's sewerage businesses operate completely independently.

Sewage is treated at six treatment plants located throughout the Shire with treated effluent being either discharged to the ocean (via two ocean outfalls) or recycled for beneficial reuse, e.g. golf course watering.

Historically, about 8 to 10% of all treated effluent produced is recycled for beneficial uses. All effluent is treated to a secondary standard suitable for ocean discharge with further tertiary treatment where effluent is reused.

Council's overall objective for the businesses is to "provide cost effective services that meet customer service standards, conform to health and environmental requirements and are provided in a timely manner consistent with development needs".

To facilitate this objective Council has developed Best Practice Strategic Business Plans for its water and sewerage business. These Plans have been prepared in accordance with the requirements of State Government Best Practice Guidelines.

Council also operates and maintains a stormwater drainage system which is independently funded through a separate Drainage Service Charge (refer Appendix 3).

2.2.1.2 Future Framework (from 1 July 2014)

The Central Coast Water Corporation (CCWC) has been created to manage the Central Coast's water and sewerage services, replacing the former Gosford/Wyong Councils' Water Authority.

The CCWC was created under legislation by the NSW Government and came into existence on 1 July 2011. Under the legislation the Councils are equal shareholders in the CCWC. The CCWC is governed by an independent Board of Directors according to a set of principal objectives outlined in the CCWC legislation. The Board of Directors was appointed in December 2011.

Councils engaged PricewaterhouseCoopers (PwC) to conduct a cost benefit analysis of the transferring of the Councils' water and wastewater businesses into the CCWC.

The report prepared by PwC in May 2012 concluded that there were several potential models for the CCWC that would meet the objectives of the Councils.

On 31 May 2012, at a joint meeting, the two Councils considered the PwC report and endorsed a new business model for the structure and operations of the Central Coast water supply and sewerage system to take effect 1 July 2014.

The operating model for the CCWC includes the following key features;

- All water and sewerage staff and functions will be transferred to the CCWC in phases beginning 1 July 2014 and completed by 1 July 2017

- A Joint Services Business (JSB) will be established by 1 July 2017 to provide support services to the CCWC and both Councils. The JSB will provide IT, HR, Finance and Plant/Fleet services although the detail will require further investigation by the Councils

- The Councils will retain ownership of the water and sewerage assets and the CCWC will lease these assets through a long term commercial arrangement

The benefits accruing with the approach outlined above include the following;

- a co-ordinated regional approach to water and sewerage and associated decision making
- combined staff resources will allow more flexibility and specialisation
- development of a common asset management approach on the Central Coast
- standardising of policies and practices

The Councils have resolved to transfer their water and sewerage services and functions to the CCWC from 1 July 2017. The Councils have agreed to retain stormwater drainage within their respective General Fund operations.

The Councils examined the advantages and disadvantages of including stormwater drainage functions in the CCWC and considered that due to the physical relationship and synergies that the management of stormwater drainage systems has with roads, planning and open space management, there were far greater planning and operational opportunities in remaining with the Councils than with a water and sewerage business ie CCWC.

In addition, it was considered that opportunities for integrated water solutions incorporating stormwater could still be accommodated in the future through commercial agreements between the CCWC and the Councils.

Therefore at the present time it is considered that drainage functions should remain within the Councils subject to the availability of mechanisms for the drainage business to operate on a financially sustainable basis as a stand alone business into the future.

2.2.2 Regulated or Monopoly Services provided by Council

With the exception of those services outlined in 2.2.4 all Council's water supply, sewerage and drainage services are "monopoly services".

2.2.3 Service Area and Customer Base of Monopoly / Regulated Services

Council provides reticulated water supply to a permanent population of approximately 150,000 through over 62,000 metered connections.

Approximately 12,500 – 13,000ML of water is currently supplied annually, with demands ranging from approximately 25ML/day in winter to over 50ML/day in summer. Average daily consumption is 34ML/day. These volumes in reflecting the impact of the recent drought also reflect a strong water conservation awareness that has developed in recent years within the Central Coast community.

As a comparison to the current volumes supplied prior to the introduction of restrictions in 2002 the 2001/2002 demand was nearly 15,000 ML.

Council's sewerage and drainage businesses provide service to over 61,000 properties.

2.2.4 Non Regulated Services provided by Council

While water supply, sewerage and drainage services are monopoly services Council does operate a number of recycled water schemes that are not regulated by IPART as monopoly services.

Since 2004, and as a response to the recent drought, Council has constructed and operates recycled water facilities at each of its six sewage treatment plants.

These facilities are able to provide additional treatment to secondary treated sewage effluent (suitable for ocean discharge) to a tertiary standard suitable for distribution for non potable uses.

The most substantial recycled water facilities are located at Toukley and Bateau Bay Sewage Treatment Plants where tertiary treated effluent is distributed via reticulation pipework to customers for a range of non potable purposes such as golf courses, outdoor watering and watering of recreational facilities.

Customers are charged for the tertiary treated effluent either through agreed charges as embodied in a written agreement between Council and the customer (such as with Tuggerah Lakes Golf Course and Magenta Shores) or, in the absence of an agreement, at a rate equivalent to 50% of the usage charge for drinking water.

As the take-up by customers of Toukley and Bateau Bay recycled water has always been entirely voluntary IPART does not regulate this activity.
At the other four sewage treatment plants tertiary treated effluent is supplied free of charge to tankers for uses such as watering and dust suppression.

2.3 WSC Performance Over the Current Determination Period

2.3.1 Service Levels and Outcomes

2.3.1.1 Basis of Service Levels

Current service standards have been determined with reference to the following;

- Compliance with appropriate health, environmental and operational guidelines/standards regulated by the National Health and Medical Research Council (NHMRC), NSW Health and the Department of Environment, Climate Change and Water (DECCW)

- NSW Office of Water "Best Practice Guidelines"

- Benchmarking across industry through NSW ie Office of Water and National Water Commission performance data reporting process.

- Community feedback through quarterly customer surveys

2.3.1.2 Performance against IPART Output Measures

As part of the current pricing determination Council is required to report to IPART on annual performance outcomes against a range of operational and customer indicators.

Attached as Appendix 9 is a summary of Council's historic performance against those indicators over the current pricing path from 2009/10 to 2011/12 inclusive and year to date for 2012/13.

2.3.1.3 Performance Reporting (to other Agencies)

a) NSW Office of Water (NoW)

Each year Council along with all other NSW water utilities, is required to provide a large range of operational, infrastructure, environmental, health related and financial data to NoW.

From this data NoW compiles statewide annual performance comparison reports to enable water utilities to benchmark themselves across other utilities and to identify industry trends and medians.

NoW also provides each Council with a Triple Bottom Line (TBL) report comparing its own performance on a range of performance indicators against industry medians.

Each year the TBL report is presented to Council highlighting areas of above and below average performance. These reports can be supplied on request.

b) National Water Commission (NWC)

Data for the larger water utilities (>10,000 connections) which includes Wyong, is forwarded by NoW to the NWC to enable the compilation of comparison reports on an Australia wide basis similar to the NSW reports complied by NoW.

Historic performance data relating to Wyong can be found on both the NoW and NWC websites. This information can also be provided on request.

c) IPART

IPART, in compiling its "NSW Water Utilities Performance" reports for the 5 regulated metropolitan water utilities which include Wyong and Gosford, refers to performance data from the NoW and NWC processes. These reports can be accessed on the IPART website. The most current report available is for 2010/11.

2.3.1.4 Non Compliance Issues – Service Level Outcomes

Non compliance was recorded against a number of outputs in Appendix 9. Explanations of these non compliances are provided below;

a) The high level of water quality complaints in 2010/11 and the first half of 2011/12 was due to elevated iron and manganese levels. This situation arose during a period when major capital (raw water based) works were being undertaken at, and adjacent to, Mardi Dam.

These works necessitated the temporary draw down of Mardi Dam which resulted in higher than usual levels of iron and manganese in the raw water which the Mardi Water Treatment subsequently had difficulty in effectively treating with consequent "pass through" of poor quality water into the distribution system.

Water quality complaints in the second half of 2011/12 and also to date have occurred as a result of chlorine dosing to increase chlorine residual levels. This has resulted in precipitation of manganese and some "die off" of biofilm on pipe walls contributing to dirty water. The increase in chlorine dosing was undertaken in consultation with Department of Health.

b) Non compliance of microbiological water quality in relation to Australian Drinking Water Guidelines arose out of a single scheduled sample failure in March 2012 where a single E Coli organism was detected.

As this output is measured on a YTD basis the non compliance will continue into 2012/13. The response to this issue is related to the increased chlorine dosing issue discussed in a) above.

c) Non compliance associated with the DECCW effluent discharge licence in 2011/12 was associated with a single sampling failure of effluent discharged by Bateau Bay Sewage Treatment Works. The non compliance was considered to be a technical breach (related to sampling techniques) as effluent quality was not impacted. A subsequent retest confirmed full compliance.

2.3.1.5 Overview of Complaints

Historically customer complaints (and typical numbers) received by Council fall into the following categories ie;

a) <u>Water Supply</u>

Low Pressure (also includes no pressure or no water) – typically 50 to 60 complaints per annum

Water Quality (also includes dirty water, taste and odour) – typically 300 to 400 complaints per annum

Water Main breaks (excludes tapping band, service line and meter) – typically 100 to 120 incidents per annum

b) Sewerage

Odours (from sewerage infrastructure) – typically 40 to 50 complaints per annum

Chokes and blockages in reticulation network (responsibility of Council) – typically 500 to 600 incidents per annum

System overflows and surcharges – typically 4 or 5 incidents per year

2.3.2 Revenue

2.3.2.1 Target and Actual Revenues

Table 2.6

Revenue Summary ($million 2012/13)				
	2009/10	**2010/11**	**2011/12**	**2012/13**
Target revenue per determination	65.9	70.0	74.4	79.2
Actual Revenue	65.4	64.8	67.4	72.3
Difference	-0.7%	-7.4%	-9.4%	-8.6%

2.3.2.2 Revenue Recovery Issues

The most significant issue affecting revenue recovery over the current pricing path relates to depressed water sales which have been the major contributor to Council under recovering revenue.

2.3.3 Water Sales and Customer Connections

2.3.3.1 Outcomes for Forecast and Actual Water Sales

Council's water sales forecasts for the next pricing path should be viewed against a historical backdrop of drought and a pattern of depressed water sales since at least 2003/4.

In most years since 2003/4 actual water sales have been less than the forecasts on which previous pricing determinations have been based. This situation continues through to the present day.

Table 2.7 below provides a historical perspective of actual sales compared to forecast sales (for pricing purposes). While IPART has only requested sales data over the current price path a broader historical perspective on water sales is included for information.

The total "lost" revenue since 2003/2004 (expressed in 12/13 $) is over $16M.

From Table 2.7 cumulative nett sales reductions since 2003/4 are over 11,000 ML and closely approximate a single year's water sales and loss of income.

Although the impacts of the drought have receded since the last IPART price review reduced water sales will continue to impact Council's financial position.

Table 2.7

Overview Of Historical Water Sales				
Year	**Sales assumed by IPART for price determination purposes ****	**Actual Sales by Council**	**Change in Water Sales (+/-) *******	**Change in Water Usage Revenue (+/-) ******
2003/2004	15,000 ML	13,467ML	-1,533 ML	-$1,394,225
2004/2005	15,000 ML	13,099 ML	-1,901 ML	-$1,743,865
2005/2006	12,814 ML	13,013 ML	+199 ML	+$215,211
2006/2007	12,939 ML	10,889 ML	-2,050 ML	-$2,629,831
2007/2008	13,128 ML	10,786 ML	-2,342 ML	-$3,542,241
2008/2009	13,245 ML	11,258 ML	-1,987 ML	-$3,584,548
2009/2010	11,657ML	11,888 ML	+231 ML	+$431,010
2010/2011	12,422ML	12,009 ML	-413 ML	-$781,406
2011/2012	13,187ML	11,647 ML	-1,540 ML	-$3,049,200
Summary Total	**119,392 ML**	**108,056 ML**	**-11,336 ML**	**"Lost"*** Revenue $16,079,095**

** Projected sales as determined by IPART for price setting purposes
*** Total reduced revenue expressed in $2012/13
**** As compared torevenue levels implied by IPART determined sales.
***** As compared to IPART determined sales for revenue purposes

2.3.3.2 Outcomes for Forecast and Actual Customer Connections

To provide a "snapshot" comparison of forecast customer base against the actual historical base Table 2.8 highlights the difference between forecast total water assessments provided to IPART in the 2007/8 AIR against actual assessments.

Table 2.8

Overview Of Historical Water Customer Base		
Year	**Forecast Customer Base ****	**Actual Customer Base *****
2008/2009	62,220	61,657
2009/2010	63,215	61,715
2010/2011	64,210	62,241
2011/2012	65,205	62,533

** Forecast total water customer base (assessments) provided to IPART in 2007/08 Annual Information Return
*** Actual total water customer base (assessments)

2.3.3.3 Forecast Accuracy Issues for Historic Water Sales and Customer Connections

From Table 2.7 water sales over the current pricing path to date (2009/10 to 2011/12) are about 1700 ML below the sales determined by IPaRT for price setting purposes. The reason for this is a slower than

expected return to unrestricted usage together with an increasing water conservation awareness on the Central Coast.

This water sales outcome has been taken into account by Sinclair Knight Merz (SKM) in their assessment of projected sales for the next pricing path (refer to Section 2.10).

From Table 2.8 differences between forecast customer numbers (assessments) and actuals are due to variances in forecast growth assumptions. At the time of the 2008 price submission average growth rates of 1.5 – 1.6% were envisaged over the current pricing path. Subsequent growth rates have been significantly less than 1.0% notwithstanding that the Wyong LGA is a regional growth area.

2.3.4 Operating Expenditure

2.3.4.1 Overview of Drivers

The key drivers associated with historic capital expenditure are:

a) Ageing Assets (Asset Service Reliability)
b) Standards (Mandatory and Discretionary)
c) Growth
d) Drought Related / Water Security

2.3.4.2 Comparison of Forecast and Actual Operating Expenditures

Table 2.9

Historical Regulated Operating Expenditure ($million 2012/13)					
IPART's Determination	**2009/10**	**2010/11**	**2011/12**	**2012/13***	**Total**
Corporate	9.9	8.5	7.4	7.7	**33.5**
Water	17.8	19.5	20.1	19.6	**77.0**
Sewerage	12.8	13.2	13.5	13.7	**53.2**
Stormwater Drainage	1.1	1.1	1.1	1.2	**4.6**
Total Determination	**41.6**	**42.3**	**42.1**	**42.3**	**168.3**
Actual	**2009/10**	**2010/11**	**2011/12**	**2012/13***	**Total**
Corporate	12.4	11.1	11.1	13.6	**48.3**
Water	16.9	17.4	15.5	16.0	**65.8**
Sewerage	14.4	15.9	15.8	14.6	**60.7**
Stormwater Drainage	2.3	1.7	2.3	2.4	**8.7**
Total Actual / Forecast	**46.1**	**46.1**	**44.7**	**46.5**	**183.4**
Difference	10.7%	9.1%	6.1%	10.0%	9.0%

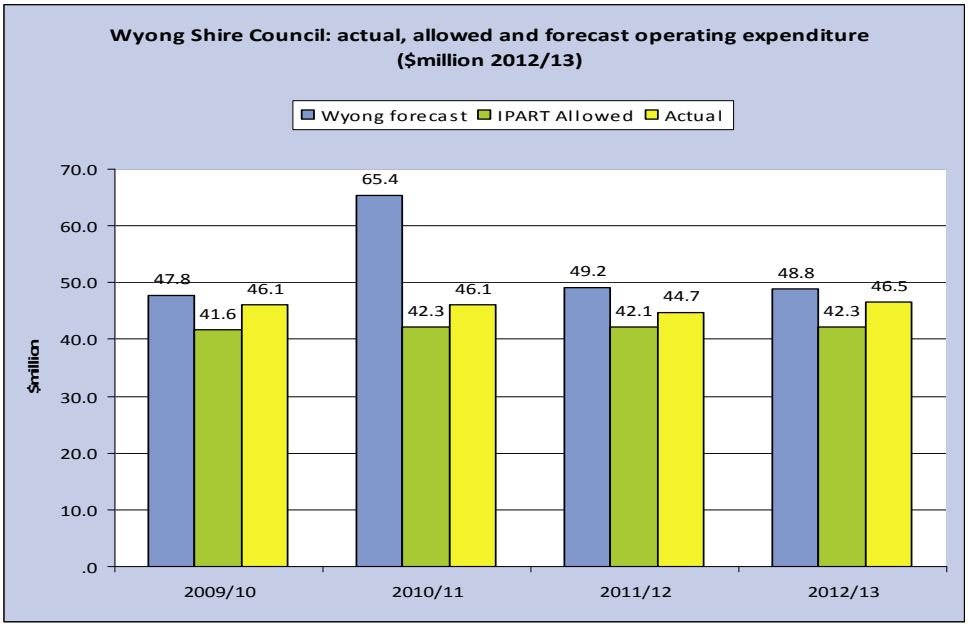
* Forecast for 2012/13 based on Wyong Shire Council's Annual Management Plan budget adopted 23 May 2012

2.3.4.3 Explanation of Variances

The comparison of historical operating expenditure to IPART's allowed expenditure in Table 2.9 above shows an overall over-expenditure of $15.1m or approx 8%.

The majority of the over-expenditure relates to Councils allocation of Corporate overheads, accounting for $14.8m. Council operates a full corporate costs distribution model, whereby corporate costs are allocated across the entire organisation; and has recently adopted a new overhead distribution model which allocates corporate costs based on each businesses proportion of total expenditure. Council believes this is a simpler and more transparent mechanism for cost allocation.

In setting Councils prices in the current determination period, IPART allowed the same level of operating expenditure per property as it allowed for Gosford Council. At the time Wyong disagreed with this methodology and continues to do so. The actual expenditure over the current determination period is more closely aligned with Wyong's forecasts than to IPART's allowed expenditures. This is illustrated in the chart below.



Council has taken strong steps organisation-wide to reduce inefficiencies and control costs and this is reflected in the relatively small growth year on year of actual expenditure. This is also shown in the forecast operational expenditure for the next pricing path.

2.3.4.4 Significant Operational Expenditure Issues

There are no significant operational expenditure issues over and above those discussed in Section 2.3.4.3.

2.3.5 Capital Expenditure

2.3.5.1 Overview of Expenditure on Driver Basis

i) Driver - Ageing Assets (Asset Service Reliability)

In the determination period Council has undertaken renewal and refurbishment projects based on asset condition and performance. Major recurrent projects include the renewal of tree root damaged sewerage mains and deteriorated water mains.

Drainage renewal work generally is associated with road rehabilitation projects.
A year to year summary of selected projects (nominal $) is included below.

2009/10

a)	Project Name:	The Corso Stage 2B Gorokan
	Project Description:	Major road rehabilitation that included upgrading the stormwater to alleviate localised flooding
	Project Cost – Final:	$236k

b) Project Name: Water main refurbishment
Project Description: Replacement of deteriorated water mains
Project Cost – Final: $654k

c) Project Name: Sewer main refurbishment
Project Description: Replacement of deteriorated sewer mains
Project Cost – Final: $692k

d) Project Name: Water treatment plant refurbishment
Project Description: Refurbishment of mech/elec equipment
Project Cost – Final: $47k

2010/11

a) Project Name: Quinalup Street Gwandalan Stage 1B
Project Description: Local road rehabilitation that included upgrading the stormwater to alleviate localised flooding
Project Cost – Final: $140k

b) Project Name: Water main refurbishment
Project Description: Replacement of deteriorated water mains
Project Cost – Final: $274k

c) Project Name: Sewer main refurbishment
Project Description: Replacement of deteriorated sewer mains
Project Cost – Final: $939k

d) Project Name: Water treatment plant refurbishment
Project Description: Refurbishment of mech/elec equipment
Project Cost – Final: $29k

2011/12

a) Project Name: Lindsay Street Stage 3
Project Description: Local road rehabilitation that included upgrading the stormwater to alleviate localised flooding
Project Cost – Final: $203k

b) Project Name: Water main refurbishment
Project Description: Replacement of deteriorated water mains
Project Cost – Final: $442k

c) Project Name: Sewer main refurbishment
Project Description: Replacement of deteriorated sewer mains
Project Cost – Final: $66k

d) Project Name: Water treatment plant refurbishment
Project Description: Refurbishment of mech/elec equipment
Project Cost – Final: $79k

2012/13 (forecast)

a)	Project Name:	Tuggerawong Road
	Project Description:	Local road rehab that included upgrading the stormwater to alleviate localised flooding
	Project Cost – Budget:	$250k
b)	Project Name:	Water main refurbishment
	Project Description:	Replacement of deteriorated water mains
	Project Cost – 12/13 Budget:	$105k
c)	Project Name:	Sewer main refurbishment
	Project Description:	Replacement of deteriorated sewer mains
	Project Cost – 12/13 Budget:	$1,000k
d)	Project Name:	Water treatment plant refurbishment
	Project Description:	Refurbishment of mech/elec equipment
	Project Cost – 12/13 Budget:	$50k

ii) Driver - Standards (Mandatory and Discretionary)

In the determination period Council undertook projects to ensure continuing compliance with mandatory standards.

These include a range of projects based around OHS requirements such as the provision of light weight pump station lids, installation of valve bypasses and the provision of ladders and platforms in pump stations.

The other objective for 'standards' related projects eg fittings replacement is continuing compliance with the Australian Drinking Water Guidelines (ADWG).

Sewage pumping station (SPS) and treatment plant (STP) upgrades are undertaken on an ongoing basis to ensure compliance with environmental legislation.

Discretionary standards are the main driver of drainage capital expenditure in particular to alleviate localised flooding problems in the Wyong LGA. Council has given priority to progressively reducing the number of buildings subject to local stormwater flooding by other than lake and major river flooding. High priority has been given to Category 1 flooding (flooding of habitable rooms) and Category 2 flooding (flooding of non-habitable rooms such as laundries and garages).

A year to year summary of selected projects (nominal $) is included below

2009/10

a)	Project Name:	Oakland Ave, The Entrance Drainage
	Project Description:	Category 2 Flooding
	Project Cost – Final:	$448k
b)	Project Name:	Toukley STP inlet works
	Project Description:	Upgrade to meet current environmental standards
	Project Cost – Final:	$1,100k

c) Project Name: Mannering Park STP inlet works
Project Description: Upgrade to meet current environmental standards
Project Cost – Final: $1,339k

d) Project Name: STP security works
Project Description: Upgrade security systems
Project Cost – Final: $144k

2010/11

a) Project Name: Perouse Ave San Remo Drainage
Project Description: Category 2 Flooding
Project Cost – Final: $315k

b) Project Name: Toukley STP inlet works
Project Description: Upgrade to meet current environmental standards
Project Cost – Final: $922k

c) Project Name: Mannering Park STP inlet works
Project Description: Upgrade to meet current environmental standards
Project Cost – Final: $555k

d) Project Name: STP security works
Project Description: Upgrade security systems
Project Cost – Final: $154k

2011/12

a) Project Name: Malvina Parade Lake Haven
Project Description: Category 2 Flooding
Project Cost – Final: $340k

b) Project Name: SPS lid replacement
Project Description: Installation of lightweight lids
Project Cost – Final: $61k

c) Project Name: Fittings replacement
Project Description / Justification: Replacement of deteriorated tapping bands and fittings
Project Cost – Estimated:
Project Cost – Final: $473k

2012/13 (forecast)

a) Project Name: Bass Ave Killarney Vale
Project Description: Category 1 Flooding
Project Cost – Budget: $200k

b) Project Name: SPS lid replacement
Project Description: Installation of lightweight lids
Project Cost – 12/13 Budget: $100k

c) Project Name: SPS Generators
Project Description: Alternate power supply for SPS sites
Project Cost – 12/13 Budget: $50k

d) Project Name: Fittings replacement
Project Description: Replacement of tapping bands and fittings
Project Cost – 12/13 Budget: $400k

iii) Growth

Growth projects undertaken during the determination period included sewage pump station upgrades and sewerage main construction. Major water supply projects are listed under "Drought Related / Water Security'.

A year to year summary of selected projects (nominal $) is included below.

2009/10

a) Project Name: B9 Sewage Rising Main
Project Description: Extension of rising main to increase capacity
Project Cost – Final: $206k

b) Project Name: Charmhaven STP
Project Description / Justification: Upgrade capacity
Project Cost – Final: $187k (pre-construction)

2010/11

a) Project Name: B9 Sewage Rising Main
Project Description: Extension of rising main to increase capacity
Project Cost – Final: $231k

b) Project Name: Charmhaven STP
Project Description / Justification: Upgrade capacity
Project Cost – Final: $170k (pre-construction)

2011/12

a) Project Name: B9 Sewage Rising Main
Project Description: Extension of rising main to increase capacity
Project Cost – Final: $2,453k

b) Project Name: Wyong South STP
Project Description: Upgrade capacity
Project Cost – Final: $230k

c) Project Name: SPS C16
Project Description: New sewage pump station
Project Cost – Final: $50k

2012/13 (forecast)

a)	Project Name:	Wyong South STP
	Project Description:	Upgrade capacity
	Project Cost – 12/13 Budget:	$515k
b)	Project Name:	SPS C16
	Project Description:	New sewage pump station
	Project Cost – 12/13 Budget:	$1,600k
c)	Project Name:	Section 94 works - mains
	Project Description:	Warnervale Trunk Sewerage main
	Project Cost – 12/13 Budget:	$4,500k

iv) Drought Related / Water Security

A significant portion of capital expenditure incurred during the current determination period was related to water supply and was driven by the need for water security (and to an extent drought related) works.

The two major projects were the Mardi to Mangrove Link and the Mardi Suite of Works.

a) Mardi- Mangrove Link

The Mardi-Mangrove Link is a key element of *WaterPlan 2050* which is, the long term water supply strategy for the Central Coast.

The project involved building a 2.1km pipeline from Wyong River to Mardi Dam, a 19km pipeline from Mardi Dam to Mangrove Creek Dam, and two new pump stations at Wyong River and Mardi Dam. Construction and commissioning of the project is now practically complete.

Water is now being transferred on a regular basis to Mangrove Creek Dam, to increase storage levels.

The Councils, in collaboration with engineering partner GHD, received industry recognition for the design of the Mardi-Mangrove Link in the Engineers Australia Excellence Awards, Newcastle Division for 2012. The project is a joint initiative of the Gosford City and Wyong Shire Councils with Australian Government funding of $80.3 million from the Water Smart Australia Program and an additional $40 million contributed by the two Councils.

b) Mardi Suite of Works

This JWS project includes the Mardi Dam Transfer System, Mardi High Lift Pump Station, Mardi Spillway and Bridge and the high voltage electrical ring main for Mardi infrastructure. The projects will increase pumping capacity, enable greater water transfers between Gosford and Wyong supply systems, meet NSW Dam Safety Committee requirements and provide sufficient electricity for the operation of the upgraded pumps.

The Mardi Suite of Works is now complete

Further information on both of these projects can be supplied on request. Both these projects have been undertaken as multi year projects over the current determination period.

2.3.5.2 Comparison of Forecast and Actual Capital Expenditures

Table 2.10

Historical Regulated Capital Expenditure ($million 2012/13)					
IPART's Determination	**2009/10**	**2010/11**	**2011/12**	**2012/13***	**Total**
Water	102.8	26.1	7.6	11.4	**148.0**
Sewerage	35.4	11.0	10.1	10.1	**66.5**
Stormwater drainage	10.1	8.6	8.7	8.6	**36.1**
Total Determination	**148.3**	**45.7**	**26.5**	**30.1**	**250.6**
Actual	**2009/10**	**2010/11**	**2011/12**	**2012/13***	**Total**
Water	39.5	40.8	12.1	8.7	**101.1**
Sewerage	6.4	5.9	5.2	14.7	**32.2**
Stormwater drainage	5.8	6.0	5.1	9.4	**26.3**
Total	**51.6**	**52.7**	**22.5**	**32.8**	**159.6**
Difference	-65.2%	15.2%	-15.1%	9.0%	**-36.3%**

* Forecast for 2012/13 based on Wyong Shire Council's Annual Management Plan

2.3.5.3 Comparison of Actual Capital Expenditures by Programme or Project with IPART Determined

Refer to Appendix 11 (Performance against Output Measures)

2.3.5.4 Explanation of Variances

In it's submission to the 2008 IPART pricing review Council proposed several large water and sewerage capital works projects to be completed during the current determination path.

Some of these projects (expressed in $2008/09 – see Box 9.3 May 2009 Determination) were subsequently deferred eg;

- The Entrance to North Entrance Trunk Main ($6.3M)

  Growth forecasts for the North Entrance area since 2006 have been significantly reduced following coastal hazard, and flood issues. Growth projects associated with North Entrance have subsequently been deferred and will be subject to future review.

- Wyong South STP Upgrade ($14.9M)

  Operation of Wyong South Sewerage Treatment Plant has been able to be maintained within environmental licence conditions following the installation of pre-treatment facilities by two of the catchments larger trade waste dischargers.

  Design of the required upgrades is currently being undertaken and it is expected that construction of the works will be carried out in the next IPART pricing path.

- Charmhaven STP Upgrade ($14.9M)

  Construction of the Charmhaven STP upgrade has been delayed due to reduced growth within the catchment, the majority of which is associated with the Warnervale Town Centre site.

- Drainage

  In the 2009/10 and 2011/12 financial years Council under expended its drainage capital works programme by $2.8m and $3.1m respectively. These under expenditures were due to a number of factors including changing work programmes, change of project scope and project deferrals.

  There were a number of larger projects that were under expended ie;

  - Warnervale Road Culverts – Porters Creek flood study was updated which changed the design parameters, prolonging the design stage.
  - Minnesota Road Culverts – Porters Creek flood study was updated which changed the design parameters, prolonging the design stage.
  - Wyong CBD drainage project – Council is waiting on a voluntary planning agreement with a developer to be signed before this project goes ahead.

  Further details on the basis of these project deferrals can be supplied on request.

2.3.5.5 Other Capital Expenditure Constraints

As indicated in Table 2.10 actual and forecast total capital expenditures during the current determination period are 36% less than those forecast by IPART.

While Section 2.3.5.4 discusses individual projects the following themes have impacted capital programmes generally;

- Reduced growth levels have resulted in less than forecast capital contributions which in turn has impacted Council's ability to undertake capital works.

- Deferral of major growth related projects such as Warnervale Town Centre.

- Resource constraints within Council associated with the development and delivery of strategic water security capital works. For example concentration of project management resources around the delivery of the Mardi to Mangrove Link and Mardi Suite of Works projects has impacted on the ability to deliver other capital works projects. This has been exacerbated by difficulties in obtaining suitably qualified staff from the market place.

2.3.6 Implementation of current Determination

Council has implemented the requirements of the May 2009 Determination. There have been no variations from the maximum prices determined by IPART.

2.4 Standards of Service Over Next Determination Period

2.4.1 Explanation of Standards of Service

Gosford City Council has recently completed a Master Planning Process to review a range of operating issues such as asset performance standards, water quality etc with a view to developing a future strategy for the provision of water and sewerage services in the Gosford LGA.

The Master Planning Process recognises that the CCWC will be subject to an Operating Licence similar to those for Sydney and Hunter Water Corporations.

With the imminence of the CCWC, Wyong Council also participated in the Master Planning Process and in the development of the outcomes.

As part of the Master Planning process a project team specifically reviewed and analysed current Levels of Service (LOS) and developed a suite of proposed LOS for the CCWC.

A summary of the proposed LOS and associated explanation is included as Appendix 13. It is proposed that both Councils adopt these LOS for the next pricing path.

It is recommended that IPART adopt these LOS to form the basis of the Output Measures for each Council for the next price path.

Further information on the Master Planning process can be supplied on request

2.4.2 Appropriateness of Standards of Service

To ensure that the proposed LOS are appropriate and realistic the following process has been taken;

- LOS indicators are based on NWI National Performance Report (National Water Commission) indicators and definitions as far as practical.

- Performance against LOS indicators has been developed through a benchmarking comparison process with similar size water authorities in NSW and Victoria.

- Performance against LOS indicators to represent a balance of achievable outcomes against customer aspirations.

2.4.3 Changes in Standards of Service

As indicated in Section 2.4.1 it is proposed that IPART change the service levels outlined in the Output Measures for the current price path in Appendix 11 (Table 1) to the suite of proposed CCWC indicators in Appendix 13.

2.5 Forecast Operating Costs Over Next Determination Period

2.5.1 Forecast Operating Costs

Table 2.11 details forecast operating expenditures for the next price path.

Table 2.11

Forecast Operating Expenditure ($million 2012/13)				
	2013/14	**2014/15**	**2015/16**	**2016/17**
Corporate	13.7	13.7	13.8	13.9
Water	16.9	16.4	16.5	16.4
Sewerage	15.5	16.1	16.5	16.6
Stormwater drainage	2.6	2.5	2.5	2.4
Total	**48.8**	**48.8**	**49.3**	**49.3**

2.5.2 Expenditure Drivers - Generic

2.5.2.1 Growth

While growth rates are inherently unpredictable growth of approximately 0.5% per annum has been assumed over the next pricing path. It is considered that this is a relatively conservative estimate.

Growth directly impacts operating costs, for example, more water has to be produced and distributed and sewage collected and treated, and indirectly impacts maintenance costs as more assets are created and need to be maintained.

For example increased water production will also increase chemical costs such as with chlorine levels required to maintain suitable chlorine residuals in the reticulation system.

While new assets required less maintenance than older assets, eventually an increasing asset base will incur maintenance costs relative to its size. Failure to recognise this progressively over time will result in under funding of maintenance requirements and impact asset life.

2.5.2.2 Salary and Wage Increases

Salary and wage rate increases are made up of performance based and other increases. Award increases are expected to reflect CPI and have therefore not been factored in.

Performance based increases and increases resulting from labour market pressures, have been estimated to add 1.45% per year to labour costs.

2.5.2.3 Aging Assets (Asset Service Reliability)

While most of Council's water and sewerage assets are still relatively recent having been substantially constructed during the 1970's and 1980's some of the assets, eg asbestos cement water mains, are starting to enter the last third of their design life. Many electrical and mechanical assets have already been replaced or refurbished as they are not as long lived as pipe assets.

Council is progressively expanding its asset management activities and capability to incorporate increasing levels of condition assessment required as the asset base ages. Significant resources have been committed to the development and maintenance of these systems.

2.5.2.4 Mandatory and Discretionary Standards

Changing mandatory standards have the potential to significantly impact operating costs, particularly in the longer term. For example the implementation of water sharing plans, arising from the Water Management Act 2000 may force Council to source higher cost water.

Similarly OHS legislation has continuing cost implications on Council's work practices and those of contractors employed by Council.

Environmental legislation also has the potential to increase operational costs eg ever tightening requirements to prevent sewage overflows.

Operational costs associated with Council's drainage system are also impacted by standards adopted by Council to limit flooding in urban areas.

2.5.2.5 Impacts of Capital Expenditure

In the next pricing path the operational expenditure impacts associated with the 2012 completion of the Mardi to Mangrove Link will become apparent. This is discussed further in Section 2.5.3.1

2.5.2.6 Corporate Support (Overheads)

Corporate support costs will increase by an average 0.4% per annum in real terms over the next five years. This compares favourably to the average property growth over the same period of 0.5% per annum.

2.5.3 Expenditure Drivers - Specific

2.5.3.1 Operation of Drought Related / Water Security Works

Incorporated into this submission and the AIR/SIR are "best available" cost estimates for water purchases from Hunter Water and the operation of the newly commissioned Mardi to Mangrove Link.

These two issues are discussed jointly as the approach used to estimate these costs is similar and linked (to some extent) as the operation of the Hunter Transfer system and the Mardi to Mangrove Creek Dam transfer system are both highly dependent on climatic conditions.

The Hunter Transfer system will typically operate during dry periods to conserve water stored in Mangrove Creek Dam (MCD) in the event that drought conditions continue. The Central Coast system is currently configured to transfer water from the Hunter in the event that MCD falls below 40% and that water is required to be released from MCD to satisfy water demands. Given MCD is still slowly recovering from the drought and is currently at 49.6% (29 July 2012) there is potential that transfers from the Hunter may be required during a four year price path from 2013/14.

The Mardi to Mangrove transfer system (M2M) will typically operate during wet periods when the water availability from the streams exceeds the demands and MCD is below its top operating level (currently 80% of capacity due to spillway capacity issues). Given that MCD is currently significantly lower than 80% of capacity (discussed in Section 2.6.11) operation of the M2M should take place when water availability permits. It is envisaged that significant transfers will be required during the four year price path from 2013/14.

Given that the operation of both the Hunter transfer and Mardi to Mangrove transfer systems are strongly determined by climatic conditions statistical analysis has been undertaken to derive an operational estimate of what might reasonably be required over a four year price path from 2013/14.

The statistical analysis undertaken utilised the stochastic module of the Central Coast Headworks model. This model generates statistical based results derived from historical climatic conditions.

The model analysis indicates that in any one year over the next four year price path Hunter transfers could be within a range of 0 ML to 9,000 ML. The higher transfers would be required under extended dry climatic conditions.

Conversely the analysis indicates that transfers to Mangrove Creek Dam in any one year could be in the range of zero up to 11,000 ML with the higher transfers under wet climatic conditions.

As high Hunter transfers will typically be associated with low M2M transfers and vice versa it is considered appropriate that provision for Hunter and M2M transfers be based on the weighted average transfers for each.

Table 2.12 below summarises the weighted average energy costs for transferring water to Mangrove Creek Dam using the M2M link. These costs represent 100% of forecast expenditure. Each Council accounts for 50% of costs in their financial return to IPART. Details of the analysis of the weighted average can be supplied on request.

Table 2.12

Forecast Operating Costs – Mardi to Mangrove ($'000's 2012/13)				
2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
918	578	437	350	289

Table 2.13 below summarises the projected weighted average transfer volumes from Hunter to the Central Coast.

Table 2.13

Forecast Hunter Purchase Volumes (ML)				
2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
363	463	386	262	189

Table 2.14 below summarises the cost for the purchase of Hunter water in volumes specified Table 2.13. These costs represent 100% of purchase costs. Each Council then accounts for 50% of total costs in their financial return to IPART.

Table 2.14

Forecast Hunter Purchase Costs* ($'000's 2012/13)				
2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
498	537	479	320	242

* based on the following unit prices provided by Hunter Water Corporation
$1.37 per kilolitre in 2012/13 ($2012/13)
$1.16 per kilolitre in 2013/14 ($2012/13)
$1.24 per kilolitre in 2014/15 ($2012/13)
$1.22 per kilolitre in 2015/16 ($2012/13)
based on $1.28 per kilolitre in 2016/17 ($2012/13)

Please note with the Hunter transfers discussed above no allowance has been made for any water banking arrangement.

2.5.3.2 Electricity Increases (above CPI)

Electricity increases of 10% p.a. in real terms have been built into Council's expenditure forecasts. This allowance is over and above increases in electricity costs due to increased power usage.

2.5.3.3 Impacts of Climate Change

No allowance has been made for Climate Change impacts.

2.5.3.4 Carbon Price

Consideration has been given to expenditure forecasts with respect to the introduction of the carbon price scheme in 2012/13.

An allowance of 0.4% real increase per annum has been made by Council in operational cost projections for the impact of carbon pricing.

It is noted that this percentage is in line with the allowance included in the 2011/12 Local Government Cost Increase (IPART 2011, *Effects of the Carbon Price on Local Councils – Local Government Information Paper)* and as allowed in IPART's recent Sydney Water Price Determination.

2.5.3.5 Central Coast Water Corporation (CCWC)

2.5.3.5.1 Establishment Costs

The CCWC has been established by agreement between Gosford City Council and Wyong Shire Council and the NSW Government in accordance with a Memorandum of Understanding (MOU) signed on 9 August 2010. This MOU, pursuant to the *Central Coast Water Corporation Act 2006,* provides for a phased transfer of some or all of the water supply authority related staff, assets, rights and liabilities from the Councils to the CCWC.

Councils have also agreed to a model that establishes a Joint Services Business (JSB) that will provide enabling services to the CCWC and Councils. The establishment of the JSB envisages a net benefit to CCWC and Councils through providing enabling back office services including finance, human resources, information management and plant and fleet.

The total forecast cost to transition to the CCWC and JSB is expected to be $24.7M over the next determination period.

The Councils are currently developing a detailed implementation plan for the establishment of the CCWC and JSB. As part of that, the Councils are undertaking further detailed analysis to validate implementation costs and identify any additional costs.
A key advantage of the adopted model is the reduction in corporate overhead costs of the water and sewerage business and the Councils due to the establishment of the JSB. The level of corporate overhead incurred by Council's water and sewerage business has been of concern to IPART for some time and this regional approach is anticipated to provide long term efficiency gains to all entities involved.

Customers will see the benefits of the lower cost base through lower operating expenditure requirements in future pricing determinations. However in the short term Council will incur significant transition costs (currently estimated at $24.7M) to establish the CCWC and JSB and restructure business processes. It is proposed that these transition costs be apportioned equally between both Councils' water and sewerage business and general residual activities. Therefore Wyong Shire Council's water supply authority seek to recover $6.2M of this (being 25%).

To limit the impacts on customers it is proposed to recover the transition costs allocated to the water and sewerage function over the next two determination periods (currently planned across eight years). As such, Council has incorporated $3.1M in proposed expenditures for the next price path.

2.5.3.5.2 CCWC Board Costs

The cost forecasts also include the operating costs associated with the CCWC Board. Wyong will contribute $300,000 pa on an ongoing basis.

2.5.3.6 Water Extraction Licences

The costs of water licences issued by the NSW Office of Water have increased significantly over the current determination period and are becoming material considerations. This is particularly relevant to usage fees.

2.5.3.7 Asset Management

In 2011 Council undertook a restructure of its planning, asset management and capital works delivery functions. Prior to 2011 the structure included:

- an 'Assets' group responsible for asset management and capital works delivery; and
- an 'Investigation and Design' group responsible primarily for in-house design work.

The new structure put in place involves:

- a 'Planning and Asset Management' group responsible for planning, strategic asset management, project assessment and approval, project prioritisation and capital budget allocation; and
- a 'Program Delivery' group responsible for the management and delivery of the approved capital program.

In concert with these changes;

- asset class specific asset management plans have been prepared; and
- a project prioritisation process has been implemented; and
- procedures for the assessment and approval of projects have been strengthened, together with the establishment of a gateway approval process.

The above changes should lead to a significant improvement in capital program outcomes for Councils water and sewer business.

2.5.4 Relationship of Forecast Expenditure and Service Levels

Refer to Sections 2.5.2 and 2.5.3 which discuss drivers of expenditure and risk related issues in particular with Hunter transfers and Mardi to Mangrove expenditures.

2.5.5 Potential Changes in Operating Expenditure arising from Current or Proposed Capital Projects

Refer to Section 2.5.3.1

2.5.6 Efficiency Programs and Issues

The financial projections presented in Council's submission do not make allowance for any efficiency gains.

2.5.7 Key Assumptions in Operating Expenditure Forecasts

Refer to Sections 2.5.2 and 2.5.3

2.5.8 Customer Willingness to Pay

Council is not proposing any actions that would exceed regulatory requirements. In a recent community survey document provided by Micromex Research in August 2012, key findings conclude that "Residents are satisfied with the general delivery of water services and sewerage services" and that "Satisfaction with the general delivery of water services has increased from 2011".

2.5.9 Allocation of Common or Shared Costs

2.5.9.1 Corporate Overheads

Corporate overheads consist of indirect Council costs associated with delivery of services and include legal and governance; information management/technology; finance; human resources; integrated planning and reporting; and contract management and procurement.

In its May 2009 determination IPART raised concerns over the level of Council's overheads and the allocation of those overheads across Council's activities notably water, sewerage and stormwater drainage.

At the instigation of IPART, Council has reviewed its approach to overheads during the current pricing path. The revised approach now distributes overheads across Council activities on a proportionate basis according to the percentage of total operating expenditure borne by each activity. Council believes that this approach is more comprehensive than the previous distributive mechanism which was based on a complex matrix of cost drivers.

2.5.9.2 Shared Costs

In relation to shared costs with Gosford associated with Joint Water Supply infrastructure each Council has reported these costs in its financial statements at 50% of total.

2.5.10 NSW Government Climate Change Fund

Forecast operating costs do not included the annual contribution to this Fund (refer Section 2.14.3.2)

2.6 Forecast Capital Costs Over Next Determination Period

2.6.1 Forecast Capital Costs

Table 2.15 details ten year forecast capital expenditures in $2012/13 from 2012/13 through to 2021/22.

Table 2.15

Forecast Capital Expenditure ($million 2012/13)											
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Water	8.7	7.2	11.0	8.1	39.5	4.4	6.7	13.1	10.2	7.2	**116.1**
Sewerage	14.7	15.6	16.1	14.3	13.2	10.1	8.3	8.5	7.8	15.6	**124.2**
Drainage	9.4	8.5	11.8	9.1	12.6	8.6	6.5	6.5	4.8	8.5	**86.3**
Total	**32.8**	**31.3**	**38.9**	**31.5**	**65.3**	**23.1**	**21.5**	**28.1**	**22.8**	**31.3**	**326.6**

2.6.2 Capital Expenditures

Capital expenditure (expressed in $2012/13) during the next determination period can be attributed to the following drivers:

i) Ageing Assets (Asset Service Reliability)

Expenditure associated with refurbishment of aging infrastructure has previously been allocated to the IPART driver "Discretionary Standards" in previous determinations. For the next determination period however Council is allocating this expenditure against the IPART mandated driver "Asset Service Reliability".

a) Water

Asset service reliability projects relating to Council's water assets include refurbishment of water treatment plant infrastructure, water pump stations, water reservoirs and water mains. Renewal of these assets is based on condition assessment and performance.

Projects associated with this driver are generally recurrent projects undertaken on an annual basis eg. water main renewals (typically $150k pa), fitting and tapping band replacement programmes (typically $150k pa).

Refurbishment projects on a "one off" basis include internal lining of The Entrance Reservoir ($0.75M).

b) Sewerage

Asset service reliability projects relating to Council's sewerage assets include refurbishment of sewage treatment plant infrastructure, sewage pump stations, and sewerage mains. The majority of this expenditure ($12.5M) is associated with sewage pump stations. Renewal of these assets is based on condition assessment and performance.

Recurrent projects include sewer main relining ($750k pa) and manhole renewal ($100k pa).

c) Drainage

Drainage renewal work is associated with road rehabilitation.

ii) Standards (Mandatory and Discretionary)

Council undertakes projects to ensure continuing compliance with mandatory standards. These include a range of projects based around OHS requirements such as the provision of light weight pump station lids, installation of valve bypasses and the provision of ladders and platforms in pump stations.

The other main area for 'standards' related projects is continued compliance with the Australian Drinking Water Guidelines (ADWG). These requirements have driven the need to undertake various projects relating to the improvement of water quality following the commissioning of the Mardi to Mangrove Link (changes to extraction regime).

Proposed projects in the next determination period include design of pre-treatment facilities ($1.4M) (dissolved air flotation treatment plant), modifications to Mardi dam storage arrangements ($2M) and preparation of a water quality strategy ($0.3M).

Sewage pumping station upgrades are undertaken to ensure compliance with environmental legislation.

Discretionary standards are the main driver of drainage capital expenditure in particular to alleviate localised flooding problems in the Wyong LGA. Council has given priority to progressively reducing the number of buildings subject to local stormwater flooding by other than lake and major river flooding. High priority has been given to Category 1 flooding (flooding of habitable rooms) and Category 2 flooding (flooding of non-habitable rooms such as laundries and garages).

iii) Growth

Water and sewerage growth projects are identified in Council's Development Servicing Plans (DSPs) and are required to service growth within the Shire.

Major growth projects for water include the construction of a new water reservoir at Kiar Ridge and the construction of the Mardi to Warnervale trunk main.

Major sewerage projects include upgrades to Wyong South and Charmhaven Sewage Treatment Plants.

Growth within the Shire is a combination of greenfield and infill development sites.

iv) Drought Related / Water Security

Two major projects and associated expenditure are proposed in the next pricing path;

a) Mangrove Creek Dam Spillway Upgrade

Investigation, design and some construction are proposed to address the latest requirements of the Dam Safety Committee, which include Probable Maximum Flow estimates based on higher Maximum Probable Precipitation estimates than used for the original design.

Changes will need to be made to the spillway, spillway chute and dam to comply with the revised Probable Maximum Flood (PMF) estimates within the overflow structures.

An options study is being undertaken to identify the most appropriate solution to achieve regulatory compliance. The study will also include options for future upsizing of the dam, for a more complete consideration of all possible options.

b) Mardi Pre Treatment Works

Following the implementation of the Mardi to Mangrove Link Project, and a consequent changed river extraction regime, the turbidity and organic carbon concentrations in Mardi Dam have increased.

A water quality review undertaken during the design of the Mardi to Mangrove Link identified the potential requirement for an additional treatment facility to mitigate a reduction in raw water quality in Mardi Dam.

The design of a Dissolved Air Flotation (DAF) plant is to be undertaken between 2016 to 2018 at an estimated cost of $14.4M, with construction likely to commence during the 2018/19 financial year.

Wyong had delayed the commencement of this work until after the commissioning of the Mardi to Mangrove Link Project in order to validate the reduction in water quality. Since the handover of the Mardi to Mangrove infrastructure sampling has confirmed declining trends in water quality.

Expenditure for pre construction activities associated with this project is included in the next pricing path.

2.6.3 Relationship of Forecast Expenditure and Service Levels

The proposed capital expenditure across the Asset Service Reliability and Growth drivers are required to ensure that the Council's required levels of service are met for the current and future customers.

A significant reduction in capital expenditure would result in a reduction of levels of service provided to the community. This could include, but is not limited to, increased level of sewerage chokes, sewerage overflows and increased frequency of water supply interruptions.

Proposed drainage capital expenditure is generally required to ensure that Council minimises the number of properties affected by stormwater flooding. If Council were to reduce the drainage capital expenditure in the future then the required level of service for stormwater drainage may not be met.

2.6.4 Drivers for Each Program Area

A summary of IPART drivers for each proposed major project is provided in Appendix 12.

2.6.5 Appendix Table for Major Projects

Major projects have been defined as exceeding $1M and not of a generic nature.

Major projects are defined in Appendix 12.

2.6.6 Key Assumptions in Forecast Capital Expenditure Forecasts

Assumption	Capital project(s) potentially impacted	Actions to address
That sufficient project delivery resources are available to delivery capital program	All	Amalgamation with Gosford City Council and improvement in processes and procurement arrangements eg establishment of joint procurement and consultancy panels.
Growth within the Shire will occur as forecast.	-Charmhaven STP -Kiar Ridge Res -Mardi / Warnervale Trunk Main -DSP related works	- Development applications lodged for Warnervale Town Centre (WTC) Site. - Roads and Maritime Services to provide WTC infrastructure by end of 2013.

2.6.7 Efficiency Gains

The following measures have been put in place to improve the efficiency of identifying, prioritising and delivery of the capital works required in the next determination period:

- Removal of capital works delivery from the "Asset Planning Team" and the establishment of a dedicated "Program Delivery Team" who are responsible for the design and delivery of capital works projects.

- Asset Planning Team is now dedicated to the identification, prioritisation and initiation of new capital works projects to ensure proposed capital expenditure is prudent.

- Formation of a consultancy panel for water and sewerage infrastructure to be shared by Wyong and Gosford Councils

- Implementation of formal project prioritisation, project assessment and Gateway processes.
- Bundling of investigation and design work for multiple projects into consultancy packages to be tendered on by a panel of pre-selected tenderers.

- Bundling of similar construction projects into work packages eg sewage pumping stations

- Use of trenchless technology to carry out pipeline renewals

- Inclusion of drainage upgrade works in conjunction with major road works.

It is proposed to further develop delivery processes in conjunction with the formation of the CCWC.

2.6.8 Relationship between Capital and Operating Expenditure

A number of capital projects have been identified for the next determination period which increase operational and maintenance costs and improve efficiencies ie;

- Mardi Water Treatment Plant Sludge Disposal System (by "using" existing sludge dewatering equipment at Wyong South Sewage Treatment Plant a periodic dewatering contract can be discontinued)

- Sewerage main relining program (reduce chokes)

- Fittings and tapping band replacement program (reduce dirty water complaints)

- Mechanical / Electrical / Civil Refurbishment Programs across various assets classes (reduce breakdowns)

2.6.9 Discretionary Capital Expenditure - Customer willingness to fund

There is no discretionary capital expenditure of a material nature proposed in the 2013/14 to 2016/17 pricing path.

2.6.10 External Funding Sources

At this stage no significant external funding sources, such as grants, outside of Council's normal revenue stream (which includes contributions), are anticipated in the upcoming determination program.

2.6.11 Investment in Very Large Capital Expenditure Projects – Proposed Mangrove Creek Dam Upgrade

While the IPART Guidelines do not specify a threshold for "Very Large" it is considered that no proposed projects fall into this category. The largest projects proposed such as the Mangrove Dam works and the Mardi to Warnervale project are arguably of medium size.

2.7 Recycled Water Avoided Costs

In the period 2004 to 2006 Council constructed and commissioned two recycled water schemes of a substantial nature at Bateau Bay and Toukley to provide and retail a reticulated drinking water substitution alternative (for non potable purposes) for local non residential users.

These schemes were instigated primarily as a response to the recent drought and in the normal course of events Council would not have constructed this infrastructure.

In a typical year these two schemes reticulate approximately 1000 megalitres of tertiary treated effluent. For comparison this volume corresponds to about 8% of drinking water consumption.

Since the completion of these schemes in 2006 Council has not developed any further schemes and is unlikely to in the foreseeable future. Any capital expenditure on existing recycled water infrastructure is related to renewals or effluent quality.

In view of the above Council considers that the issue of "Avoided Cost" in the pricing review is not relevant and has not factored this into the financial and information returns as presented.

2.8 Elements of Regulatory Framework

2.8.1 Proposed Determination Period

In mid 2011 it was planned to implement the CCWC on 1 July 2013 which coincided with the end of the current pricing path. At that time it was envisaged that a single pricing submission on behalf of the CCWC would be appropriate and that this could be facilitated for the next price path in lieu of separate pricing submissions for each Council.
At that time IPART in discussions with the two Councils canvassed, in a letter dated 26 August 2011, three possible price determination scenarios options that would meet IPART requirements ie;

- a new determination for the CCWC (Option 1)

- new determinations for each Council (Option 2)

- extend the existing determinations (without CPI) until the CCWC commences (Option 3)

The Councils were requested to indicate which scenario was preferred.

In a letter to IPART the Councils advised that Option 2 was the most practical and feasible and that the Councils would proceed with this option.

Options 1 and 3 were discarded given a degree of uncertainty of the 2013 CCWC commencement with Option 1 and the financial risks associated with Option 3.

Subsequent events have necessitated a revised commencement date for the CCWC of 1 July 2014 with a progressive phasing in of the various operating elements over three years with full changeover being achieved on 1 July 2017. This has made the case against Options 1 and 3 even more compelling.

Given the revised timing for the CCWC both Councils consider that a four year pricing path from 1 July 2013 to 30 June 2017 is appropriate for the following reasons;

- the end of the pricing path would correspond to full implementation of CCWC on 1 July 2017

- four years will enable time to address CCWC transitional issues eg uniform pricing whilst maintaining as far as practical a “business as usual” environment for customers.

It is understood that IPART concurs with a four year price path from 2013/14 to 2016/17 inclusive.

2.8.2 Central Coast Water Corporation

This issue is covered in Sections 2.2.1.2 and 2.5.3.5

2.9 Asset Management and Asset Related Issues

2.9.1 Weighted Average Cost of Capital (WACC)

Council has specifically considered recent IPART determinations to select an appropriate WACC for this pricing submission. The revenue needs presented in this submission have been calculated using a post-tax WACC of 5.6%. This WACC is in line with that used for Sydney Water Corporation and Sydney Catchment Authority.

However, Council also proposes that IPART reconsider and revise inputs to the WACC to better align with long term investments. Inputs such as the nominal risk free rate and the debt margin should be calculated over a long term period to more consistently align to the market risk premium long term measure.

Given the ongoing nature of Council's water, sewerage and stormwater drainage investments it is more appropriate to use long term parameters for calculating the WACC to reduce the impacts of market volatility. Council therefore request IPART to give consideration to this during the price review.

In particular Council considers that a higher WACC (than currently allowed by IPART and used for the building block) is needed to provide a commercial rate of return to adequately compensate for infrastructure investment.

2.9.2 Depreciation

Council's current approach to asset disaggregation and useful lives is provided in 2.9.2.1 and 2.9.2.2 below. It is anticipated that IPART consider these useful lives when determining the allowable regulatory depreciation and respective adjustments to the Regulated Asset Base.

Wyong and Gosford Councils have adopted the same disaggregation and asset life philosophy ahead of the formation of the CCWC.

The asset lives in the following tables generate a weighted average asset life of 73 years.

2.9.2.1 Asset Lives - Drainage Assets

Table 2.16 – Drainage Asset Lives

Drainage Asset	Estimated Useful Life (years)
Box Culverts	100
Drainage Pipes	120
Open Drains	80
Supplementary drainage (pits etc)	100

2.9.2.2 Asset Lives - Water and Sewerage Assets

Each asset class is divided into components each with different estimated useful asset lives. A summary of each asset class, associated components and the estimated useful lives are provided in the following Tables.

Table 2.17 – Water Infrastructure Asset Lives

Asset Class	Associated Components	Estimated Useful Life (years)
Water Pump Station	Civil	100
	Metal	70
	Mechanical	30
	Electrical (power)	30
	Electrical (control)	15
Water Reservoirs	Civil	100
	Metal	70
	Mechanical	30
	Electrical (power)	30
	Electrical (control)	15
Water Mains	Material Specific	See Table 2.18
Water Treatment Plants	Civil	100
	Metal	70
	Mechanical	30
	Electrical (power)	30
	Electrical (control)	15

Table 2.18 – Water Main Asset Lives

Technical Description (Pipe Material)	Estimated Useful Life (years)
CICL (Cast Iron–Cement Lined)	70
PVC (Plastic)	80
DICL (Ductile Iron)	100
AC (Asbestos Cement)	70
MSCL (Steel)	80
CONC (Concrete)	100
CU (Copper)	70
CI (Cast Iron – unlined)	60
HOBAS (Fibreglass)	80
PE (Plastic)	80

Table 2.19 – Sewerage Infrastructure Asset Lives

Asset Class	Associated Components	Estimated Useful Life (years)
Sewer Pump Station	Civil	100
	Metal	70
	Mechanical	25
	Electrical (power)	30
	Electrical (control)	15
Sewer Mains	Material Specific	See Table 2.20
Sewer Treatment Plants	Civil	100
	Metal	70
	Mechanical	25
	Electrical (power)	30
	Electrical (control)	15

Table 2.20 – Sewerage Main Asset Lives

Technical Description (Pipe Material)	Estimated Useful Life (years)
CICL (Cast Iron–Cement Lined)	70
PVC (Plastic)	80
DICL (Ductile Iron)	100
AC (Asbestos Cement)	70
MSCL (Steel)	80
CONC (Concrete)	100
CU (Copper)	70
CI (Cast Iron – unlined)	60
HOBAS (Fibreglass)	80
PE (Plastic)	80
VC (Clay)	70

2.9.3 Asset Lives

Council's water, sewerage and stormwater drainage assets are valued using the "Fair Value" approach. This approach is also used by Gosford City Council.

The replacement value for each asset class and component is defined as the cost to replace the same asset at present day cost.

A straight line depreciation methodology is applied to each asset component to determine written down value at any point. Gosford Council also uses this approach.

No change from the straight line depreciation approach is proposed.

Reference is also made to Section 3.3 (Regulatory Depreciation)

No allowance has been made for asset disposals.

2.10 Sales Volume Forecasts Over Next Determination Period

2.10.1 Forecast Sales

The projections, which form the basis for this submission, provide for the following estimated metered water sales.

Table 2.21

Year	Estimated Metered Sales (Megalitres)
2011/12	11,647 (actual)
2012/13	11,838
2013/14	12,029
2014/15	12,220
2015/16	12,411
2016/17	12,418

2.10.2 Forecast Methodology

2.10.2.1 Water Sales Forecast

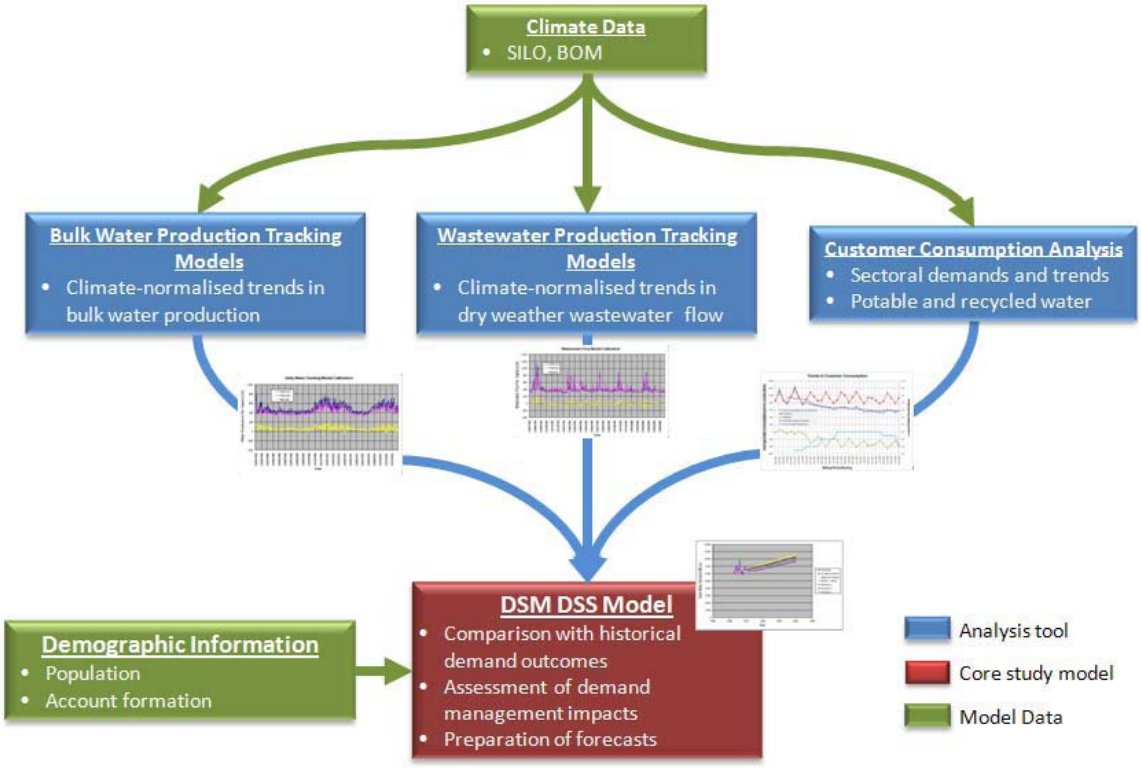
Gosford and Wyong have engaged Sinclair Knight Merz (SKM) to undertake an analysis of historically forecast sales (for pricing purposes) and actual sales and to prepare water sales estimates for the next price path.

The analysis undertaken by SKM utilised a suite of tools to examine trends in water demands and wastewater flows which were then used in conjunction with demographic information as inputs to the Demand Side Management Decision Support System (DSM DSS) model.

The DSM DSS model is an "end" urban water decision support model designed for preparing forecasts of water demand and assessing the impact of demand management options. The model utilised for this analysis was initially developed for the NSW Office of Water and has since been further developed and refined by SKM.

This approach reflects the methodology used by the Councils in developing forecast sales for the current pricing path. In that instance IPART adopted the sales forecasts proposed by the Councils.

An overview and framework of the modelling process is provided below.



The modelling incorporates latest available demographic information and includes an assessment of historical consumption and wastewater water flow trends.

The DSM DSS is used to prepare baseline forecasts of unrestricted water demands taking into account, demand management programmes, historical water restrictions, propagation of water efficient fixtures, BASIX, the National Water Efficiency Labelling Scheme and historic water sales.

Analysis of the variance of actual water sales from the previous forecasts included a range of issues ie; population growth, climate, demand management and water restrictions.

The forecast water sales for the next price path are based on a glide path from current water sales to a near unrestricted usage pattern 2015/16. The term "near unrestricted" reflects a situation where Water Wise rules have been introduced in lieu of restrictions.

The SKM report is available on request

2.10.2.2 Risks in Forecasts

There are a number of risks associated with the water sales forecasts which are summarised below.

a) Population Growth

Whilst the best available population growth information has been utilised in the preparation of the water sales forecasts any variations in the growth rates will affect water sales.

For the next pricing path annual growth rates of 0.5% have been assumed.

b) Climate

The water sales figures have been based on neutral climatic conditions and have not been adjusted for conditions skewed to either wet or dry conditions. It is noted that given Mangrove Creek Dam is currently at 49.7% (as at 12 August 2012) and close to the trigger point for the introduction of water restrictions ie; Mangrove Creek Dam level of 42% a return of dry conditions could see water restrictions reintroduced thereby reducing water sales relative to the forecasts.

Conversely a movement to wet conditions would also likely see a reduction in demands relative to the forecasts as external water consumption would be reduced.

c) User Behaviour

The Central Coast community has bee on water restrictions for around 10 years during which time significant effort has been undertaken in educating and equipping the community in efficient water use.

As most water consumers live within close proximity to the coast (which benefits from coastal rain) a situation has now developed where it is likely that the community has adopted a low external water use behaviour. In view of this there is now potential for water demands to not exhibit a traditional water use "rebound" following the removal of water restrictions. This has been the experience of other water utilities.

2.10.3 Demand Volatility Adjustment Mechanism

In the 2012 determination for Sydney Water, IPART adopted a mechanism to address the risk of under/over recovery of revenue due to variation between forecast and actual water sales. The mechanism provides that, where consumption varies more than ten percent over the period, IPART may consider adjusting the revenue requirement for the subsequent determination to account for the effect of the difference. Council requests that a similar demand volatility adjustment mechanism be incorporated into Council's determination.

2.11 Customer Number Forecasts Over Next Determination Period

In developing forward estimates of customer numbers Council has increased these to reflect future population growth rates. Projected customer numbers for water supply, sewerage and drainage are indicated in Tables 2.22, 2.23 and 2.24 below.

Table 2.22

Customer Class	Customer Number Forecasts (Water)				
	2012/13	2013/14	2014/15	2015/16	2016/17
Residential	59,743	60,042	60,342	60,644	60,947
Non Residential*	3,103	3,118	3,134	3,149	3,165
Total **	62,846	63,160	63,476	63,793	64,112

Table 2.23

Customer Class	Customer Number Forecasts (Sewerage)				
	2012/13	2013/14	2014/15	2015/16	2016/17
Residential	58,757	59,051	59,346	59,643	59,941
Non Residential*	2,718	2,730	2,742	2,755	2,767
Total **	61,475	61,781	62.088	62,398	62,708

Table 2.24

Customer Class	Customer Number Forecasts (Stormwater Drainage)				
	2012/13	2013/14	2014/15	2015/16	2016/17
Residential	59,273	59,569	59,867	60,166	60,467
Non Residential*	2,220	2,231	2,242	2,254	2,265
Total **	61,493	61,800	62,109	62,420	62,732

* includes exempt properties
** total assessments including vacant land.

Growth in customer numbers is based on an average 0.5% per annum increase

2.12 Outstanding Wyong Issues from the May 2009 IPART Price Determination

2.12.1 Forecast Revenue Requirement - Use of Building Block Methodology

In the past price reviews Wyong has not used the IPART Building Block methodology to develop revenue requirements. This has caused some administrative and technical issues for IPART.

Section 2.6 of the May 2009 price determination drew attention to this issue.

In follow up discussions since the May 2009 determination IPART has indicated that it now requires Council to incorporate the Building Block approach into its financial modelling processes for the 2012 price review.

While much of the financial modelling undertaken by Wyong Council for the 2012 price review remains based on Council's own financial model Council has used the latest version (July 2012) of the IPART Building Block model as a reference and check on the determination of the revenue requirement.

With the assistance and training provided by IPART officers Wyong Council has been able to use the Building Block approach to develop revenue requirements for this price review.

2.12.2 Development of Area Based Drainage Charges

In Section 11.4.4 of its May 2009 Determination IPART indicated that although the basis of Wyong's proposed residential drainage charge for metered properties was reasonable, Council's proposal for an area based non residential drainage charge was premature and that further investigations needed to be undertaken before such a charge could be introduced.

In the interim, and for the current pricing path, IPART set a non residential charge based on meter size.

In the May 2009 Determination IPART canvassed the question of Council undertaking more work to develop an area based non residential charge in time for the 2012 pricing review.

Subsequently in a letter to IPART dated 29 February 2012, Council requested IPART to give consideration to placing any further development work on an area based non residential drainage charge in abeyance pending the formation of the CCWC at which stage the future regulatory, administrative, financial and operational structure for stormwater drainage in Wyong and also Gosford would be clearer.

IPART in its response to Council accepted this proposition on the basis that the current charging arrangements are already achieving full cost recovery and that "Wyong Council as an elected body is free to propose whatever arrangements for stormwater drainage in its 2012 submission it regards are appropriate".

In view of the above Wyong has not proposed any change to the present charging methodology and structure for stormwater drainage other than annual price adjustments.

The proposed drainage charges for 2013/14 to 2016/17 inclusive are included in this submission as Appendix 3.

2.12.3 Allocation of Corporate Overheads

In Section 8.5 of the report accompanying its May 2009 price determination IPART expressed concerns over the level of Council's overheads and the allocation of overheads across Council's activities.

In response to the concerns expressed by IPART, Council has undertaken an internal review process of corporate overheads and the allocation methodology traditionally used. Historically, corporate overheads were distributed across Council based on a complex matrix of cost drivers. In revising the methodology for the allocation, a number of options were closely analysed such as applying overheads on the basis of expenditure, revenue, headcount, result and a streamlined matrix combination. Subsequently the model that was selected applies corporate overheads across the remaining Council units on a pro rata basis applied as a percentage of operating expenditures.

The establishment of the CCWC and associated JSB will see long term sustainable reductions in corporate overhead costs across the CCWC and the Councils.

2.12.4 Separation of Recycled Water Costs

In Section 8.3.2 of the May 2009 price determination IPART indicated that any expenditures associated with recycled water had been removed from forecast water operating expenditure as these were costs associated with non regulated activities (Section 2.2.4) and as such lay outside the scope of the price review. This issue was further highlighted by IPART in subsequent discussions with Council staff.

IPART is advised that Council has now created a separate Work Order system which better enables the separation of recycled water costs and that this is reflected in the AIR and SIR Information Schedules which do not include recycled water costs.

2.12.5 Customer Hardship Issues

In Section 13.1.3 of the May 2009 price determination IPART raised concerns that Council had not addressed customer issues/concerns and related social issues sufficiently in its submission and that Council may not have in place appropriate measures to assist financially disadvantaged customers.

In this regard attention is drawn to Section 2.14.2

2.13 Proposed Prices Over Next Determination Period

2.13.1 General

Table 2.25 summarises Council's pricing proposal. Each year prices are proposed to increase by the amount indicated.

Table 2.25

Proposed Prices				
	2013/14[(i)]	**2014/15**[(i)]	**2015/16**[(i)]	**2016/17**[(i)]
Water Service Charge	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
Water Usage Charge	CPI +10.9%	CPI + 6.4%	CPI + 4.0%	CPI + 3.8%
Sewerage Service Charge	CPI +11.3%	CPI +11.8%	CPI +13.7%	CPI +13.5%
Sewerage Usage Charge[(	CPI	CPI	CPI	CPI
Stormwater Drainage Service Charge	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
Trade Waste Charges)[(ii)]	CPI	CPI	CPI	CPI
Miscellaneous Charges)[(iii)]	CPI	CPI	CPI	CPI

(i) % Increase from previous year charges.
(ii) All charges increase by CPI except as indicated in Section 2.13.5
(iii) All charges increase by CPI except as indicated in Section 2.13.6

Detailed schedules of all proposed tariffs are listed in the following Appendices;

- Appendix 1 (Water Charges)
- Appendix 2 (Sewerage Charges)
- Appendix 3 (Stormwater Drainage Charges)
- Appendix 4 (Liquid Trade Waste Charges)
- Appendix 5 (Miscellaneous Fees and Charges)

Appendices 6 and 7 provide additional background and justification where changes to charges are considered of a material nature.

Council has undertaken regular customer satisfaction surveys in relation to the supply of water, sewerage and stormwater drainage services since the last determination and has consistently received a satisfactory rating with the current result showing an improvement since 2011.

2.13.2 Water

Council's price levels and structures for water supply, sewerage and stormwater drainage services are based on full cost recovery principles for the services provided and cover all relevant operational, maintenance, depreciation and interest costs.

As outlined in Section 3.1 Council is not proposing any changes to current price structures over the next pricing path.

Where financial analysis would indicate higher than CPI increases are required and/or "step" increases Council endeavours as far as possible to create a price "glide path" to smooth out any price shocks for customers.

In relation to water and sewerage miscellaneous fees/charges forecast numbers of services provided are based on historical use. Appendix 5 (Schedule of Proposed Prices – Miscellaneous Fees and Charges) provides forecast estimated annual number of services for each charge. Please note that these are estimates only and that significant variations can occur.

2.13.3 Sewerage

Council's price levels and structures for water supply, sewerage and drainage services are based on full cost recovery principles for the services provided and cover all relevant operational, maintenance, depreciation and interest costs.

As outlined in Section 3.1 Council is not proposing any changes to current price structures over the next pricing path.

Where financial analysis would indicate higher than CPI increases are required and/or "step" increases Council endeavours as far as possible to create a price "glide path" to smooth out any price shocks for customers.

In relation to water and sewerage miscellaneous fees/charges forecast numbers of services provided are based on historical use. Appendix 5 (Schedule of Proposed Prices – Miscellaneous Fees and Charges) provides forecast estimated annual number of services for each charge. Please note that these are estimates only and that significant variations can occur.

2.13.4 Stormwater Drainage

Council's price levels and structures for water supply, sewerage and drainage services are based on full cost recovery principles for the services provided and cover all relevant operational, maintenance, depreciation and interest costs.

As outlined in Section 3.1 Council is not proposing any changes to current price structures over the next pricing path.

Where financial analysis would indicate higher than CPI increases are required and/or "step" increases Council endeavours as far as possible to create a price "glide path" to smooth out any price shocks for customers.

2.13.5 Liquid Trade Waste

2.13.5.1 Background to Charges

Wyong and Gosford Councils have recently undertaken a review of their respective Liquid Trade Waste (LTW) processes by comparing current practices/policies in order to move to a better alignment toward the formation of the CCWC on 1 July 2014.

In this regard both LTW groups, being part of the Regulatory function of their respective Council, will be amongst the first units to be transferred to the new CCWC structure on 1 July 2014

Although there are differences in operating practices between the two Councils many of these are relatively minor with the common element linking both Councils' operations being compliance to the State Government "Best Practice" Liquid Trade Waste Guidelines.

The NSW Office of Water (NOW) regulates trade waste across NSW water utilities and provides guidelines relating to trade waste management and charging policies as part of the "Best Practice" Guidelines.

One particular area compared was that of LTW charges, as many of these charges originate from a common source ie "Best Practice" Guidelines.

While the review found that, at this stage, alignment of LTW administrative and inspection charges of the two Councils was impractical given the different assumptions and methodologies used by each Council it did find however that a significant number of LTW mass charges could be relatively easily standardised between Wyong and Gosford without any material revenue impacts. These charges are;

- Excess Mass and Non Compliant Excess Mass Charges (a total of 35 charges out of 48 charges)

- Non Compliant Category 2 Trade Waste Usage Charge (1 charge only)*

  * this is a penalty charge arising out of non-compliance.

The charges identified above are discussed further in Sections 2.13.5.2 and 2.13.5.3 and are proposed to change outside of CPI adjustments.

It is proposed that all other LTW charges increase at CPI.

A complete summary of proposed LTW charges for the period 2013/14 to 2016/17 is attached to this submission as Appendix 4.

2.13.5.2 Council's LTW Pricing Proposal – Charges Standardised with Gosford.

2.13.5.2.1 LTW Mass Charges (less than CPI increase)

As the current differences between the Councils with many of the mass charges, are relatively minor (Gosford being slightly less in these cases) it is proposed that the 2013/14 Wyong charges for these charges be aligned with Gosford's 2013/14 charges where practical.

It is considered that this approach is not unreasonable from Wyong's point of view and will in fact result in a less than CPI increases in 2013/14.

In proposing this approach it is advised that there are no material revenue implications for Wyong as these charges are either rarely used or in most cases have never been used in practice even though they are still listed for use through "Best Practice Guidelines" in the event that the application of these charges may arise.

Charges proposed to be aligned with Gosford are identified as such in Appendix 4.

2.13.5.2.3 LTW Mass Charges (greater than CPI)

One mass charge (relating to Arsenic) is proposed to increase from $0.70 to $66.02 per Kilogram. This difference is an historical anomaly arising out of a transcription error.

As this charge has never been applied in Wyong there are no revenue implications.

The Gosford charge represents full cost recovery. As such it is proposed to align this charge to Gosford in 2013/14. (refer Appendix 4)

2.13.5.2.4 Proposed LTW Charge (greater than CPI) - Category 2 Trade Waste Usage Charge (Compliant)

The Trade Waste Usage Charge (Compliant) is applied to recover the additional cost of transporting and treating liquid trade waste from Category 2 dischargers (medium risk) where the discharger has provided suitable equipment (complying with Council requirements) to treat trade waste before discharge to Council's sewerage system.

The current "compliant" charge ($0.80 per kilolitre in 2012/13) still does not achieve full cost recovery as recommended under the Office of Water "Best Practice Management Guidelines for Liquid Trade Waste".

When the Trade Waste Usage Charge (Compliant) was first introduced by Council on 1 July 2006 as part of the implementation of the new LTW Guidelines NoW recommended that the charge be introduced at $1.20 per kilolitre (in 2005/06 $) which represented either full or close to full cost recovery.

Despite the NoW recommendation and in order to minimise price shocks to LTW dischargers Council took a course of action that would see the full cost recovery charge be implemented by phasing in progressively in real annual $0.10 per kilolitre price steps so that full cost recovery would be achieved over several pricing determinations. This process is still continuing through the current price path and is proposed to continue to finalisation over the next price path.

As Gosford originally implemented the full cost recovery Trade Waste Usage Charge (Compliant) on 1 July 2006 the current situation still sees a significant mismatch in charges between the two Councils.

In view of the above Council proposes to complete the transition to full cost recovery (and alignment with Gosford) by 2015/16. This will necessitate three real annual increases of $0.26 per kilolitre.

In 2012/13 Wyong charges $0.80 per kilolitre where Gosford charges $1.58 per Kilolitre

The following price steps in $2012/13 are proposed: -

Table 2.26

Year	Price Path ($2012/13)
2012/13	$0.80 / kL
2013/14	$1.06 / kL
2014/15	$1.32 / kL
2015/16	$1.58 / kL (same as Gosford charge)
2016/17	$1.58 / kL

Appendix 6 details the impact of this proposal, over a four year pricing path, on a typical larger Category 2 discharger.

2.13.5.3 Trade Waste Charge Methodologies

IPART, in Section 5.4.2 (Other Services) of the Issues Paper has foreshadowed a possible review of the basis and methodologies for Council's LTW charges.

Council can provide appropriate data and supporting information for LTW charges at the appropriate time on request of IPART.

2.13.6 Miscellaneous Charges

2.13.6.1 General

Historically Council's miscellaneous charges have been based on a principal of at or near cost recovery with the current charges generally reflecting this principal.

In some instances charges are not levied where the relative administrative costs are considered to be excessive, for example, annual administration fees for backflow prevention devices.

Where it is considered that Council has a shared responsibility in relation to the work requested, for example, an alteration from a dual to single water service less than full cost is charged.

As with trade waste charges a recent review was undertaken on the miscellaneous fees and charges applied by Wyong and Gosford Councils with a view to potential standardisation. The outcome of this review concluded that given the large range of charges applied by each Council, the often different nature of the charges and the obvious variances in charge methodologies (even where the charges appear similar) a standardisation exercise at this stage would be difficult and time consuming and that given the relatively small revenue impact such an exercise was not warranted.

As such each Council proposes to retain its own miscellaneous charge regime for the next pricing path.

For historical perspective attention is drawn to a previous review of miscellaneous charges applied by Sydney, Hunter Gosford and Wyong ie "Miscellaneous Charges Pricing Proposals by NSW Metropolitan Water Agencies" prepared by an IPART Consultant RSM Bird Cameron for the IPART Determination taking effect on 1 July 2005. The Cameron Bird review concluded "that the agencies have approached the exercise in ways that are conservative and basically reflective of the costs incurred."

The approach to miscellaneous charges in Wyong has remained essentially unchanged since 2005 with only CPI increases and one new charge introduced at the last price review.

For the next price path Council proposes that increases in the existing suite of miscellaneous fees and charges, with three exceptions, continue to be based on annual CPI adjustments. The background to the exceptions is provided below in Sections 2.13.6.2 to 4.

Appendix 5 details the current and proposed miscellaneous charges over the pricing path.

2.13.6.2 Addition of New Development Investigation Charge (Item 35 Appendix 5)

This charge recovers Council costs associated with investigating Complying Development proposals (CDC) at the pre Development Application Stage. This will provide a fee for services provided to Developers.

Appendix 7 provides background and justification for this new charge.

2.13.6.3 Deletion of Existing Charges (Items 21 and 28 Appendix 5)

Council proposes to discontinue these charges as they are no longer relevant.

2.13.6.4 Property Sewerage Diagram (Item 2 Appendix 5)

At present Council is significantly under recovering costs associated in providing these diagrams to customers. The background and justification for the greater than CPI increase is outlined in Appendix 7.

2.14 Impact of Proposed Prices Over Next Determination Period

2.14.1 Overview of Customer Impacts

The following tables detail the impact of the pricing proposal on the total residential water, sewerage and drainage bills for various user groups. The bills are expressed in $2012/13 to enable analysis of movements in bills, in real terms, of the pricing proposal.

Table 2.27

Bill for Residential Property Using 160 Kl Per Annum ($2012/13)									
Charge	**2012/13 Current**	**2013/14 Proposed**	**% change on prev. year**	**2014/15 proposed**	**% change on prev. year**	**2015/16 proposed**	**% change on prev. year**	**2016/17 proposed**	**% change on prev. year**
Water Usage	339.20	376.00	10.8	400.00	6.4	416.00	4.0	432.00	3.8
Water Service*	167.35	175.05	4.6	195.00	11.4	215.50	10.5	238.00	10.4
Sewerage Service	463.44	515.81	11.3	577.00	11.8	656.50	13.7	745.00	13.5
Drainage Service	89.77	99.20	10.5	109.61	10.5	121.12	10.5	133.84	10.5
Total Bill	**$1059.76**	**$1,166.06**	**10.0**	**$1,281.61**	**9.9**	**$1,409.12**	**9.9**	**$1,548.84**	**9.9**

Table 2.28

Bill for Residential Property Using 220 Kl Per Annum ($2012/13)									
Charge	**2012/13 Current**	**2013/14 Proposed**	**% change on prev. year**	**2014/15 proposed**	**% change on prev. year**	**2015/16 proposed**	**% change on prev. year**	**2016/17 proposed**	**% change on prev. year**
Water Usage	466.40	517.00	10.8	550.00	6.4	572.00	4.0	594.00	3.8
Water Service*	167.35	175.05	4.6	195.00	11.4	215.50	10.5	238.00	10.4
Sewerage Service	463.44	515.81	11.3	577.00	11.8	656.50	13.7	745.00	13.5
Drainage Service	89.77	99.20	10.5	109.61	10.5	121.12	10.5	133.84	10.5
Total Bill	**$1186.96**	**$1,307.06**	**10.1**	**$1,431.61**	**9.5**	**$1,565.12**	**9.3**	**$1,710.84**	**9.3**

* does not include "per property" contribution to the NSW Government "Central Cost Water Savings Fund" refer Section 2.14.3.2

Table 2.29

Bill for Pensioner Owned Residential Property Using 120 Kl Per Annum ($2012/13)									
Charge	**2012/13 Current**	**2013/14 Proposed**	**% change on prev. year**	**2014/15 proposed**	**% change on prev. year**	**2015/16 proposed**	**% change on prev. year**	**2016/17 proposed**	**% change on prev. year**
Water Usage	254.40	282.00	10.8	300.00	6.4	312.00	4.0	324.00	3.8
Water Service*	167.35	175.05	4.6	195.00	11.4	215.50	10.5	238.00	10.4
Pensioner Rebate	- 87.50	-87.50	0	-87.50	0	-87.50	0	-87.50	0
Sewerage Service	463.44	515.81	11.3	577.00	11.8	656.50	13.7	745.00	13.5
Pensioner Rebate	-87.50	-87.50	0	-87.50	0	-87.50	0	-87.50	0
Drainage Service	89.77	99.20	10.5	109.61	10.5	121.12	10.5	133.84	10.5
Total Bill	**$799.96**	**$897.06**	**12.0**	**$1,006.61**	**12.0**	**$1,130.12**	**12.2**	**$1,265.84**	**12.0**

Table 2.30

Bill for Pensioner Owned Residential Property Using 160 Kl Per Annum ($2012/13)									
Charge	**2012/13 Current**	**2013/14 Proposed**	**% change on prev. year**	**2014/15 proposed**	**% change on prev. year**	**2015/16 proposed**	**% change on prev. year**	**2016/17 proposed**	**% change on prev. year**
Water Usage	339.20	376.00	10.8	400.00	6.4	416.00	4.0	432.00	3.8
Water Service*	167.35	175.05	4.6	195.00	11.4	215.50	10.5	238.00	10.4
Pensioner Rebate	-87.50	-87.50	0	-87.50	0	-87.50	0	-87.50	0
Sewerage Service	463.40	515.81	11.3	577.00	11.8	656.50	13.7	745.00	13.5
Pensioner Rebate	-87.50	-87.50	0	-87.50	0	-87.50	0	-87.50	0
Drainage Service	89.77	99.20	10.5	109.61	10.5	121.12	10.5	133.84	10.5
Total Bill	**$884.72**	**$991.06**	**11.9**	**$1,106.61**	**12.0**	**$1,234.12**	**12.2**	**$1,373.84**	**12.0**

* does not include "per property" contribution to the NSW Government "Central Coast Water Savings Fund" refer Section 2.14.3.2

Table 2.31

Bill for Non Residential Property** Using 250 Kl Per Annum ($2012/13)									
	2012/13 Current	2013/14 Proposed	% change on prev. year	2014/15 proposed	% change on prev. year	2015/16 proposed	% change on prev. year	2016/17 proposed	% change on prev. year
Water Usage	530.00	587.77	10.9	625.39	6.4	650.40	4.0	675.11	3.8
Water Service*	1045.88	1093.99	4.6	1218.70	11.4	1346.81	10.5	1487.45	10.4
Sewerage Service	626.10	696.85	11.3	779.07	11.8	886.93	13.7	1006.45	13.5
Sewerage Usage	124.50	124.50	0	124.50	0	124.50	0	124.50	0
Drainage Service	561.06	619.97	10.5	685.06	10.5	757.00	10.5	836.48	10.5
Total Bill	**$2887.54**	**$3123.08**	**8.1**	**$3432.72**	**9.9**	**$3765.64**	**9.7**	**$4130.02**	**9.7**

Table 2.32

Bill for Non Residential Property** Using 500 Kl Per Annum ($2012/13)									
	2012/13 Current	2013/14 Proposed	% change on prev. year	2014/15 proposed	% change on prev. year	2015/16 proposed	% change on prev. year	2016/17 proposed	% change on prev. year
Water Usage	1060.00	1175.54	10.9	1250.77	6.4	1300.80	4.0	1350.24	3.8
Water Service*	1045.88	1093.99	4.6	1218.70	11.4	1346.81	10.5	1487.45	10.4
Sewerage Service	626.10	696.85	11.3	779.07	11.8	886.93	13.7	1006.48	13.5
Sewerage Usage	249.00	249.00	0	249.00	0	249.00	0	249.00	0
Drainage Service	561.06	619.97	10.5	685.06	10.5	757.00	10.5	836.48	10.5
Total Bill	**$3542.04**	**$3835.35**	**8.3**	**$4182.60**	**9.0**	**$4540.54**	**8.5**	**$4929.65**	**8.6**

* does not include "per property" contribution to the NSW Government "Central Cost Water Savings Fund" refer Section 2.14.3.2

** assuming 50mm water meter and 60% discharge factor.

2.14.2 Customer Impacts

2.14.2.1 Customer Consultation Processes

As IPART has not yet formalised a customer consultation process for use by water agencies in the lead up to pricing reviews Council, for the purposes of this review, instigated a comprehensive telephone survey of customer knowledge/understanding/attitudes on water related issues including pricing.

The purpose of this survey was to;

- determine customer awareness of services provided

- determine customer awareness of pricing structures and issues

This survey commenced in mid July 2012 and was undertaken by Micromex Research.

Approximately 600 households (300 in Wyong / 300 in Gosford) were surveyed over a 3 week period. The survey was completed in early August 2012.

In summary the survey found a high degree of satisfaction with water and sewerage services on the Central Coast and that this had increased since 2011.

Further information on this survey eg questionnaire can be supplied to IPART on request.

Water bills being issued by Council in early August will include a pamphlet providing information on how water funds are spent and a brief explanation of the IPART pricing process. The pamphlet encourages customers to provide input and comment into the IPART price review process.

Historically part of its Annual Management Plan Process, Council's water and sewerage group over many years has undertaken regular telephone customer surveys each quarter to assess community satisfaction with Council's water and sewerage services.

Although these surveys are related to the levels of service provided (and not pricing issues) community responses received indicate a continuing high rate of satisfaction with the water and sewerage services provided by Council.

2.14.2.2 Affordability

In this submission Council has proposed a suite of prices that provides a compromise between financial sustainability and customer impact.

While incomes in the Wyong LGA are traditionally lower than average, Council does have available a number of mechanisms to mitigate customer hardship issues.

Council seeks IPART adjudication on the reasonability of the price proposal.

2.14.2.3 Rebates and other cost mitigation measures

Other than the availability of the pensioner rebate Council does not provide any other rebate. Previously available rebates for water tanks and washing machines have now ceased.

In relation to the relativity between customer bills and pensioner bills Table 2.27 above provides a comparison based on average usage of 160 kilolitres per annum.

2.14.2.4 Customer Hardship

2.14.2.4.1 General

Council has considered recommendations made by IPART in relation to easing the impact of prices on financially disadvantaged customers.

Council has developed guidelines for financial hardship issues based on permitting 12 months to clear a billing arrears in the case of a non pensioner and 24 months for a pensioner. Council has canvassed this approach with EWON who has indicated agreement with the approach even conceding that it is "generous" compared to other jurisdictions.

If the above approach is not able to provide a satisfactory solution customers can also apply for further hardship consideration on an "out of guidelines" basis subject to certain conditions.

Council's Debt Recovery section is responsible to maintain hardship procedures and manage all Hardship Applications in relation to the payment of land rates, annual charges, water usage and sundry debt.

Council's Debt Recovery section is initially responsible to determine if a matter requires referral to Council's Hardship Committee.

All customer applications relating to hardship that are supported by the Hardship Committee will receive a response from Council within 28 days.

On average Council receives approximately 100 hardship applications per year of which 5-10 are required to be put before the Hardship Committee. Many hardship applications are able to be dealt with on a discretionary basis by Council.

At any one time Council has about 12,000 accounts in arrears of which 2000 are subject to some form of pay arrangement.

Council does not restrict water services due to financial hardship issues.

Council is presently developing a "Policy for Debt Recovery". This document is still only in a draft format pending review and approval by Council.

As this is a potentially sensitive area further details can either be supplied on request or discussed further.

Council's Internal Ombudsman and the Energy and Water Ombudsman (EWON) also have a role in resolving customer hardship issues. These roles are discussed in Sections 2.14.2.4.2 and 2.14.2.4.3.

2.14.2.4.2 Role of Council's Internal Ombudsman in Customer and Hardship Issues

While the majority of customer complaints are able to be satisfactorily resolved through normal channels there are always some complaints that may require additional investigation and/or require coordination across a range of Council activities are highly sensitive in nature.

In order to better resolve the latter type of customer complaints Council saw a need for an Internal Ombudsman type role that would not only be empowered to investigate complaints and coordinate across the range of Council activities but would also act as an independent arbiter of "last resort" within Council when normal complaint resolution processes failed to resolve.

In view of the above in mid 2009 Council first established its Internal Ombudsman position in order to establish a "one stop shop" for customer complaint issues (service, billing etc) that were unable to be resolved through normal channels and processes.

The objective of the Internal Ombudsman role is to ensure that, as far as is possible, all customer complaints arising out of Council's operations are able to be resolved internally within Council to the satisfaction of the customer.

If such an objective is not able to be reasonably achieved customers still have the option of referring their complaint to the Energy and Water Ombudsman (EWON) who acts in a role as an independent external arbiter. The role of EWON is discussed in Section 2.14.2.4.3.

If a customer complaint escalates to EWON Council's Internal Ombudsman acts as EWON's point of contact with Council for coordination and information gathering purposes.

Both the role of the Internal Ombudsman and EWON are clearly defined and understood by all parties.

2.14.2.4.3 Role of EWON in Customer Issues

In its May 2009 Determination IPART raised concerns that Wyong Council had not sufficiently articulated the issues of customer impacts and hardship and that Wyong Council did not appear to have in place sufficient measures to assist financially disadvantaged customers.

To better address the issue of customer hardship IPART recommended that Wyong Council become a member of the Energy and Water Ombudsman NSW (EWON) Scheme.

In response to IPART's recommendation Wyong Council joined the EWON scheme in August 2009. Annual membership fees are approximately $9,000 per annum which is funded from the operational budget.

As Council had previously appointed an Internal Ombudsman (IO) in mid 2009 there was a potential issue of conflict for Council in joining the EWON scheme over the roles of the Internal Ombudsman and EWON. This issue has been resolved with a clear understanding by all parties of both roles.

On average Council is involved with about 10 EWON based complaints each year.

2.14.2.5 Sufficiency of Pensioner Rebates

In Section 1.1.4 of its May 2009 Determination IPART expressed concerns over the sufficiency of the current rebates and the current methodology of determining the rebates in particular the disparity between the rebates applying in Sydney Water's service area and those to the Central Coast as well as absence of an annual CPI adjustment mechanism.

In this regard the LGSA in their submission to the 2010/11 NSW Budget also raised concerns over current pensioner rebate arrangements.

This is particularly evident when, from a recent IPART comparison, a pensioner using 150 kilolitres per year receives $560 per annum in rebates in Sydney whereas a Central Coast pensioner receives only $175. Such differences raise perceptions of inequity.

With the absence of a CPI adjustment mechanism the real value of the rebate has been progressively declining since the last rebate review.

IPART's view that the Government should revisit the pensioner issue is not unreasonable. As part of such a review the Government should also consider financial impacts on Councils.

2.14.3 Impacts on Council

2.14.3.1 Impacts on Wyong Shire Council – Credit Ratings, Financial Viability

The key financial outcomes resulting from the pricing proposal contained in this submission are detailed in Table 2.33.

Table 2.33

Financial Indicators				
	2013/14	**2014/15**	**2015/16**	**2016/17**
Water				
Net Profit/(Loss)	(6,276)	(1,959)	(105)	1,162
Return on Net Assets	-0.8	-0.2	0	0.2
Cash & Investments	(11,476)	(6,234)	22,773	15,446
Loans Outstanding	149,231	154,640	179,050	197,161
Loans Raised	0	15,000	35,000	30,000
Debt/Equity	78%	81%	94%	100%
Debt Service Ratio	-0.65	-0.18	0.01	0.11
Sewerage				
Net Profit/(Loss)	(2,345)	1,102	5,836	11,580
Return on Net Assets	-0.3	0.2	0.8	1.6
Cash & Investments	21,734	20,142	24,768	36,550
Loans Outstanding	23,671	22,261	20,481	18,918
Loans Raised	0	0	0	0
Debt/Equity	10%	10%	8%	7%
Debt Service Ratio	-1.36	0.78	3.27	7.40
Stormwater drainage				
Net Profit/(Loss)	1,438	2,298	2,847	3,680
Return on Net Assets	0.6	0.9	1.1	1.3
Cash & Investments	4,731	(2,023)	(5,581)	(11,790)
Loans Outstanding	0	0	0	0
Loans Raised	0	0	0	0
Debt/Equity	0	0	0	0
Debt Service Ratio	N/A	N/A	N/A	N/A

Council's Water and Sewerage and Drainage businesses have historically recorded very modest returns on assets.

Over the current pricing determination, significantly lower water sales coupled with a strong capital works program has resulted in net losses each year. The proposed prices have been calculated with the intention of returning each business to a breakeven or better position by June 2017.

With work on the transition to the Central Coast Water Corporation underway careful consideration has been made to ensure each business is self sufficient. Prior to the implementation of a separate stormwater service charge, the costs of the stormwater business were borne by the Water and Sewerage businesses. The intention of the proposed prices is that the stormwater business will no longer be cross subsidised by water and sewerage businesses.

The proposed prices have been smoothed over the determination, which results in under recovery early in the determination and compensatory over recovery in the final year. This smoothing achieves a very similar total residential bill over the determination period but reduces customer impact or "bill shock".

Table 2.34

Building Block Revenue ($ million 2012/13)				
	2013/14	**2014/15**	**2015/16**	**2016/17**
Operating Expenditure	48.8	48.8	49.3	49.3
Return on working capital	0.9	0.8	2.5	2.6
Regulatory depreciation	7.4	7.8	8.1	8.8
Return on assets	29.2	30.9	32.2	35.2
Tax Allowance	5.7	6.3	6.9	7.5
Total	**92.0**	**94.5**	**99.0**	**103.5**

2.14.3.2 Impacts on Wyong Shire Council - Other Impacts

This pricing proposal does not include provision for an annual contribution ($950,000) to the Central Coast Water Savings Fund as part of the NSW Government Climate Change Fund.

The status and future of this Fund is unclear with both Wyong and Gosford Councils awaiting advice from the NSW Government on the future of this fund.

2.15 Price for Bulk Water Transfers

Council supports continuation of the methodology used in the July 2009 Hunter Determination for the price of water transferred between the Central Coast and Hunter Water area and vice versa.

IPART is advised that Gosford and Wyong Councils are currently in discussions with Hunter Water regarding water banking arrangements. These arrangements may enable Hunter Water to transfer additional flows to the Central Coast for storage credit during normal conditions and then draw on this credit during drought conditions. The aim of a banking arrangement would be to maximise regional water storage in non-drought conditions to minimise the risk of triggering drought response actions by either the Central Coast Councils or Hunter Water.

It is considered that the current IPART determined interchange price methodology would not be appropriate for a water banking arrangement because the transfers are not intended as a sales arrangement but as credits for later consumption. Requiring the receiving utility (ie utility providing the storage capacity) to pay the determined interchange price would be a major disincentive to a banking arrangement.

Council requests IPART to ensure that when setting the price for Hunter Water / Central Coast water transfers the determination is very clear that this price only applies to water transferred for immediate operational needs and consumption.

2.16 Quality Assurance of Wyong Shire Council Submission

This year, for the first time, IPART has required that Council's pricing submissions be subject to an external quality assurance (QA) check prior to lodgement. IPART seeks to provide a level of assurance that the information submitted by Council is 'complete, accurate and consistent'.

To meet this requirement Council has engaged a consultant Danu Consulting to undertake the following;

- Information in the submission should be checked to ensure that it is consistent with that in the information return, the agency's financial accounts, and reports against output measures, as relevant. Where there are variations in figures, these need to be explained.

- Figures in the submission should be checked to ensure that they are accurate and correctly sourced. The figures need to sum correctly and be in the same terms (ie, all figures are in nominal or real dollars of the same year). The use of nominal or real dollars should also be explained in clear and simple terms so that stakeholders can follow the logic of their use.

- The QA should check that all the issues IPART has requested information on (such as in the Issues Paper, these Guidelines, or in correspondence) are addressed in the submission.

- The QA should check that the submission includes proposed prices for all monopoly services of the water agency.

PART 3 ADDITIONAL ISSUES RAISED BY COUNCIL

3.1 Council Response - IPART Amendments to Current Price Structures

IPART has recently (in March 2012) undertaken a review of price structures for the 4 metropolitan water utilities.

While the review concluded that the existing two tier price structure was efficient and equitable it was found that the current fixed and variable charge arrangements for certain customer groups did not reflect the true costs incurred in serving those groups.

The outcome of the IPART review resulted in a set of price structure principles which IPART has had regard to at the recent Sydney Water price review. IPART will also have regard to these same principles for the price review for Wyong and Gosford Councils.

For certain customer groups in Wyong, there may be changes to current pricing arrangements for the next pricing path arising out of the application of the new pricing principles by IPART. Given customer impact concerns raised by the water utilities, IPART has indicated that it will consider phasing in any changes over a transition period not only to minimise customer impacts but to better facilitate acceptance by Council's operating systems.

Council has provided to IPART additional customer information in order to allow IPART to formulate prices in the light of the new price structure principles.

Given the relative complexity of this price setting process, the need to coordinate price structures across water utilities and the limited resources / expertise available the Councils are reluctant to provide IPART with pricing proposals based on the new pricing principles.

In view of this both Councils are providing a price proposal to IPART based on current price structures and methodologies.

3.2 Wyong Developer Charge Issues

3.2.1 Background

Council has noted the separate IPART Issues Paper "Review of Developer Charges for Gosford City Council and Wyong Shire Council" and provides its response to the developer charging issues raised in that Issues Paper as part of this pricing submission
It is understood from IPART that the incorporation of developer charging issues in this pricing submission is acceptable notwithstanding that IPART will issue separate determinations for pricing and developer charges.

3.2.2 Council's Position

To respond to the developer charge issues Council has provided a general overview of its position below and a more detailed response in Appendix 10 to address the specific issues raised in Appendix A of the Issues Paper "Review of Developer Charges…..".
It is noted that the last determination for Developer Charges for Wyong Shire Council (Determination No. 9) was made in September 2000.
Whilst Council has no issues with the methodology set out in Determination No 9 the parameters listed in Schedule 5 of that determination are now considered out of date and no longer relevant. In particular we seek:

a) a reduction in the water consumption for an average residential customer from 205 kL per annum to a figure more reflective of current (and projected future) consumption.

   As a result of the recent drought average residential usage has dropped to as low as 140 kL per annum in 2006/7 although is now in a recovery or "bounce back" mode and is currently at about 160kL per annum.

   Council considers that a more reflective average residential usage of 160 Kilolitres per annum is appropriate and should now be used as it is considered that the now widespread use of water efficiency devices in the community would preclude a return to a "205" usage pattern.

b) The "160" figure has been used in Council's response to DSP issues in Appendix 10. Removal of the 85% cap (or 15% discount) on the DSP charges as calculated under the IPART methodology. Council's view is that the continuing existence of this cap contradicts the IPART principles of transparency and appears to have no rational basis.
   As a Developer Charges regime needs to be transparent it seems illogical to mandate a methodology designed on cost recovery principles and then apply an arbitrary cap for no clear purpose.
   It is also advised that Gosford also supports the removal of the 85% cap.

As the September 2000 Determination requires Council to review its developer charges every 5 years this required Council to undertake reviews in 2006 and 2011.

In attempting to facilitate these reviews using the 2000 methodology it was found that while there could potentially be material reductions in developer charges these reductions could potentially be reversed in the event of a new determination being implemented. This would create confusing signals to the development industry and the community generally. This concern was raised with IPART.

In the case of the 2006 review IPART's advice was to continue to apply the existing developer charges, indexed by CPI, until such time as a new determination was made. At that time IPART planned to undertake a review of the developer charging methodology of the four water agencies in 2007 / 2008.

This review commenced in late 2007 but was subsequently abandoned when the NSW Government set developer charges in Sydney and Hunter at zero. Such an approach by the NSW Government is not supported as it transfers development costs to existing customers.

As the issues confronting Council in a potential 2011 review of developer charges were basically the same as for 2006 Council has continued to date in continuing to index charges at CPI pending clarification arising out of the forthcoming review of developer charges by IPART.

Based on finalisation of IPART's review of developer charges by May 2013 and a practical and achievable 12 month timeframe for recalculating Council's developer charges, this would see revised Developer Charges for Wyong prepared by 30 June 2014.

3.3 Regulatory Asset Base and Depreciation Issues

As part of its Building Block approach to revenue setting IPART includes regulatory depreciation as a component of the revenue requirement.

As regulatory depreciation is derived from the Regulatory Asset Base (RAB) both Wyong and Gosford Councils have concerns that the current RAB does not provide a realistic value of the assets and hence allowance for depreciation.

In this regard Council notes that the *NSW Commission of Audit – Final Report – Government Expenditure (May 2012)* includes the following statement "Each of the utilities, except SDP, has a value impaired asset base. Profits are overstated by low depreciation estimates. Insufficient cash flow is being clearly recognized for asset renewals. The regulator should address this matter"

At present the value of Council's RAB is significantly below the book value of the assets.

Council recognises that IPART has historically considered the financial sustainability of the combined business, rather than financial sustainability for each of the water, sewerage and drainage businesses. This approach will need to be altered to enable the drainage business to be a financially sustainable stand alone business.

Council requests IPART to review the value of Council's RAB.

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PART 4 - APPENDICES TO PRICING SUBMISSION

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL PRICE PATH FROM 1 JULY 2013 – 30 JUNE 2017

Appendix 1

Schedule of Proposed Prices – Water

Appendix 1 - Proposed Water Charges

1 All Residential and Non Residential Properties

a) Water Service Charge

A water service charge will apply according to water meter size. (Table 1)

Table 1

Water Service Charge – Metered Services ($2012/13)					
Nominal Pipe/Meter Size	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
20 mm	$167.35	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
25 mm	$261.47	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
40 mm	$669.36	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
50 mm	$1,045.88	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
80 mm	$2,677.47	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
100 mm	$4,183.54	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
150 mm	$9,412.98	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
200 mm	$16,734.18	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%
250 mm	$26,147.81	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%

Charges for meters in excess of 250 mm are calculated according to the ratio of the cross sectional area of the connection when compared to a 20mm connection.

The above base service charges do not include the annual "per property" contribution ($15.09 in 2012/13) to the State Government "Central Coast Water Savings Fund".

The State Government has not yet advised if the contribution to the "Central Coast Water Savings Fund" will continue into the 2013/14 to 2016/17 period. If so an annual "per property" contribution of $15 - $16 (in 12/13$) will apply over and above the base service charge.

b) Water Usage Charge

A water usage charge will apply to all water measured at the water meter. (Table 2)

Table 2

Water Usage Charge ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Per kilolitre usage charge	$2.12	CPI + 10.9%	CPI + 6.4%	CPI + 4.0%	CPI + 3.8%

c) Specific Property Charging Issues

The application of Tables 1 and 2 to specific property types is provided below;

i) Residential Strata Title and Company Title Properties with master meter only

Where water usage is measured through a master meter only, each individual unit is levied a service charge equal to the water service charge for a 20mm water meter.

Water usage is apportioned to the various units in the property in accordance with the schedule of unit entitlement and charged to the unit owners at the water usage charge applicable at the time.

ii) Non Residential Strata Title and Company Title Properties with master meter only

Where water usage to a non residential strata titled or company title property is measured through a master meter only, each individual unit is apportioned a water service charge based on the schedule of unit entitlements.

Water usage is apportioned to the various units in accordance with the schedule of unit entitlement and charged to the unit owners at the water usage charge applicable at the time.

iii) Community Development Lot

Methodology as for Non Residential Strata Title Properties.

2 Vacant Land and Unmetered Service

A water service charge is levied on vacant land to which water is supplied or to which it is reasonably practical for water to be supplied and all properties to which an unmetered water service is supplied.

Table 3

Water Service Charges – Vacant Land and Unmetered Services ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Water Service Charges	$167.35	CPI + 4.6%	CPI + 11.4%	CPI + 10.5%	CPI + 10.4%

The water service charge for vacant land and where an unmetered water service is provided also does not include an annual "per property" contribution ($15.09 in 2012/13$) to the State Government "Central Coast Water Savings Fund".

As indicated with the Water Service Charge the future of the "Central Coast Water Savings Fund" has not yet been clarified by the State Government.

3 Fire Fighting Water Supply Service

There is no charge for a separate fire service. Where a property has a combined fire and commercial service the property will be charged a water service charge commensurate with the meter size.

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Appendix 2

Schedule of Proposed Prices – Sewerage

Appendix 2 - Proposed Sewerage Charges

1 Residential Properties

Residential properties include;
- single residential properties
- residential strata properties
- residential company titled properties

Council has a current charging structure based on a sewerage service charge for each residential property to which a sewerage service is supplied. (Table 1)

There is no sewerage usage charge for this category.

Table 1

Sewerage Service Charge ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Sewerage Service Charge	$463.44	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%

2 Non Residential Properties

Non Residential customers are those that do not meet the classification of a residential property and include retirement village and community development properties.

Current and proposed sewerage charges are indicated in Table 2 and 3 with the minimum charge indicated in Table 4.

a) Sewerage Service Charge

Table 2

Sewerage Service Charge ($2012/13)					
Nominal Pipe/Meter Size	**Current * Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
20 mm	$166.96	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
25 mm	$260.87	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
40 mm	$667.84	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
50 mm	$1,043.50	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
80 mm	$2,671.35	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
100 mm	$4,173.97	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
150 mm	$9,391.44	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
200 mm	$16,695.90	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
250 mm	$26,087.50	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%

* The listed charge is subject to a discount by the application of a discharge factor. The discharge factor is the estimated percentage of metered water discharged into Council's sewerage system. The discharge factor reflects the type of premises discharging to the sewerage system. The sewerage service charge is the product of the listed charge multiplied by the appropriate discharge factor.

Charges for meter sizes not specified above are calculated according to the ratio of the cross sectional area of the connection when compared to a 20mm connection.

b) Sewerage Usage Charge

Table 3

Non-Residential Sewerage Usage Charge ($2012/13)					
Type of Service	**Current Charge 2012/2013 (cents per kilolitre)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Per kilolitre of water discharged	83.00	CPI	CPI	CPI	CPI

The usage charge is based on the estimated volume of metered water usage discharged into Council's sewerage system. To calculate the estimated volume discharge to the sewerage system metered water usage is multiplied by the relevant discharge factor based on the type of premises.

c) Minimum Sewerage Service Charge

Table 4

Minimum Sewerage Charge ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Minimum Charge	$463.44	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%

Where the application of charges to a non residential property under Tables 2 and 3 results in a total charge less than that for a single residential property ($463.44 in 12/13) a minimum charge will apply based on Table 4.

3 Vacant Land

A sewerage service charge will apply for vacant land to which a sewerage service is supplied or to which it is reasonably practical for sewerage service to be supplied. (Table 5)

Table 5

Sewerage Service Charges ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Sewerage Service Charge	$347.59	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%

4 Exempt Properties

Properties exempt from service charges under Schedule 4 of the Water Management Act 2000 No 92 are charged a fee in accordance with Section 310(2) of the Act based on services provided.

Table 6

Sewerage Charges ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Per water closet	$65.43	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%
Per cistern servicing a urinal	$23.17	CPI + 11.3%	CPI + 11.8%	CPI + 13.7%	CPI + 13.5%

No sewerage usage charges apply to exempt properties

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Appendix 3

Schedule of Proposed Prices – Drainage

Appendix 3 - Proposed Drainage Charges

1 Residential Properties (Single Metered)

A Drainage Service Charge will apply to all residential properties with a single water meter. (Table 1).

Table 1

Drainage Service Charge ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Per metered property	$89.77	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%

2 Non Residential Properties (Single Metered)

A Drainage Service Charge will apply to all non residential properties with a single water meter. (Table 2).

Non residential properties are those that do not meet the definition of Residential Properties (Single Metered) or Multi Premises Properties (with Master Meter).

Table 2

Drainage Service Charge ($2012/13)					
Nominal Pipe/Meter Size	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
20 mm	$89.77	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
25 mm	$140.27	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
40 mm	$359.08	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
50 mm	$561.06	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
80 mm	$1,436.31	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
100 mm	$2,244.24	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
150 mm	$5,049.54	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
200 mm	$8,976.96	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%
250 mm	$15,217.98	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%

Charges for meters in excess of 250mm are calculated according to the ratio of the cross sectional area of the connection when compared to a 20mm connection.

3 Multi Premises Properties (with Master Meter)

A Drainage Service Charge will apply to multi premises properties as specified. (Table 3)

Residential and non residential properties in this category include;

- Strata title units
- Company title dwellings
- Community Development lots
- Retirement Village units
- a part of a building lawfully occupied or available for occupation

Multi premises properties do not include hotels, motels, guest houses or backpacker hostels.

Table 3

Drainage Service Charge ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Per property	$67.33	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%	CPI + 10.5%

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Appendix 4

Schedule of Proposed Prices – Liquid Trade Waste

Appendix 4 - Proposed Liquid Trade Waste Charges

1 Definition of Liquid Trade Waste

Liquid trade waste (LTW) is all liquid waste discharge to the sewerage system other than sewage of a domestic nature.

LTW has the potential to impact the operation of Council's sewerage system and is classified according to risk ie:

Category 1 Low risk

Category 2 Medium risk

Category 3 High risk

Category S Acceptance of septic tank waste, pan waste and ship-to shore pump-outs into Council's sewerage system. Private pumping stations discharging to Council's sewerage system are also included in Category S.

Council's regulatory regime and fee structure for LTW is based on State Government "Best Practice Guidelines".

2 Basis of LTW Charges

Charges to discharge LTW to Council's sewerage system fall into 3 categories ie.

- Administrative charges for Categories 1 - 3
- Mass based charges for Category 3 only
- Septic waste charges for Category S only (including administrative)

Where properties discharging LTW become chargeable or non chargeable for a part of the financial year a proportional charge calculated on a weekly basis will apply.

a) Administrative Charges Categories 1, 2 and 3

i) LTW Application Fee

The application fee covers the cost of administration and technical services provided in processing an application and is on a scale related to the risk category into which the discharger is classified.

ii) Annual Trade Waste Fee

This fee covers the cost to Council for administration and annual scheduled inspections to ensure the discharger's ongoing compliance with the conditions of their approval.

iii) Re-inspection Fee

Where non-compliance with the approval conditions has been detected and the discharger is required to address these issues, Council may need to undertake additional non scheduled inspections to confirm that remedial action has been satisfactorily implemented. Council charges a fee for each additional inspection.

iv) Trade Waste Usage Charge

The trade waste usage charge is a volume based charge and is applied to recover the additional cost of transporting and treating liquid trade waste from Category 2 dischargers only.

Charges are applied dependent on the level of pre-treatment undertaken prior to discharge to Council's sewerage system ie;

- where pre treatment equipment is compliant with approval requirements("compliant")

- where pre treatment equipment is not compliant with approval requirements ("non compliant")

b) Mass Based Charges (Category 3 only)

Mass based charges relate to LTW quality and the cost to Council to accept and treat LTW. Mass based charges apply to Category 3 dischargers only.

There are two categories of mass based charges ie;

- **"**Excess mass charges" apply for specified substances that are discharged to Council's sewerage system in excess of the deemed concentrations in domestic sewage.

- "Non-compliant excess mass charges" apply for the specified substances that are discharged to Council's sewerage system in excess of the limits specified in approvals.

The nominated charges are applied in accordance with the formulas contained in Council's Liquid Trade Waste Policy.

c) Septic Waste Charges (Category S only)

A number of these charges were proposed at the last IPART review in 2009 however were not included in the determination.

These charges only apply to Category S dischargers and are applied to recover the cost of accepting and treating septic tank and pan waste.

Septic tank waste comprises two components that are required to be removed periodically from septic tanks and other similar facilities such as privately owned/operated pumping stations that discharge into Council's sewerage system. These components are septic liquid effluent and seepage (septic tank sludge).

Pan waste comprises of wastes removed from either chemical toilets (such as portable toilets), or from nightsoil facilities.

3 Proposed Liquid Trade Waste Charges

a) Administrative Charges for Categories 1 - 3

Table 1

Administrative Charges for Categories 1 – 3 ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Trade Waste Application Fee – Category 1	$48.18	CPI	CPI	CPI	CPI
Trade Waste Application Fee – Category 2	$61.32	CPI	CPI	CPI	CPI
Trade Waste Application Fee – Category 3	$940.44	CPI	CPI	CPI	CPI
Annual Trade Waste Fee - Category 1	$84.26	CPI	CPI	CPI	CPI
Annual Trade Waste Fee - Category 2	$337.04	CPI	CPI	CPI	CPI
Annual Trade Waste Fee - Category 3	$566.16	CPI	CPI	CPI	CPI
Re-inspection Fee per inspection (All Categories)	$79.00	CPI	CPI	CPI	CPI
Trade Waste Usage Fee – Compliant per kilolitre (Category 2 only) **	$0.80	$0.26 + CPI	$0.26 + CPI	$0.26 + CPI	CPI
Trade Waste Usage Fee - Non Compliant per kilolitre (Category 2 only)*	$14.47	$13.46 + CPI	CPI	CPI	CPI

* Proposed 2013/14 charge is 2012/13 Gosford charge + CPI (refer Section 2.13.5)

** Transition to Gosford charge in 2015/16 (refer Section 2.13.5)

b) Mass Based Charges (Category 3 only)

Table 2

Mass Charges for Category 3 ($2012/13)					
Substance Discharged (per Kilogram)	**Current Charge 2012/2013 ($/kg of substance discharged)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Biochemical Oxygen Demand	0.70	CPI	CPI	CPI	CPI
Suspended Solids	0.90	CPI	CPI	CPI	CPI
Total Oil & Grease	1.26	CPI	CPI	CPI	CPI
Ammonia (as Nitrogen)	0.70	CPI	CPI	CPI	CPI
Total Kheldhal Nitrogen	0.17	CPI	CPI	CPI	CPI
Total Phosphorus *	1.44	$1.35 + CPI	CPI	CPI	CPI
Total Dissolved Solids	0.04	CPI	CPI	CPI	CPI
pH	0.39	CPI	CPI	CPI	CPI

* Proposed 2013/14 charge is 2012/13 Gosford charge + CPI (refer Section 2.13.5)

Mass Charges for Category 3 ($2012/13)					
Substance Discharged	**Current Charge 2012/2013 ($/kg of substance discharged)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Aluminium *	0.70	0.65 + CPI	CPI	CPI	CPI
Arsenic *	0.70	66.02 + CPI	CPI	CPI	CPI
Barium *	35.54	33.02+ CPI	CPI	CPI	CPI
Boron *	0.70	0.65 + CPI	CPI	CPI	CPI
Bromine *	14.21	13.46 + CPI	CPI	CPI	CPI
Cadmium *	329.15	305.65+CPI	CPI	CPI	CPI
Chloride	No Charge	No Charge	No Charge	No Charge	No Charge
Chlorinated Hydrocarbons *	35.54	33.02 + CPI	CPI	CPI	CPI
Chlorinated Phenolics *	1421.97	1344.89+CPI	CPI	CPI	CPI
Chlorine *	1.44	1.35 + CPI	CPI	CPI	CPI
Chromium *	23.70	22.00 + CPI	CPI	CPI	CPI
Cobalt *	14.47	13.46 + CPI	CPI	CPI	CPI
Copper *	14.47	13.46 + CPI	CPI	CPI	CPI
Cyanide *	71.10	66.02 + CPI	CPI	CPI	CPI
Fluoride *	3.54	3.29 + CPI	CPI	CPI	CPI
Formaldehyde *	1.44	1.35 + CPI	CPI	CPI	CPI
Herbicides/defoliants *	710.99	660.23 + CPI	CPI	CPI	CPI
Iron *	1.44	1.35 + CPI	CPI	CPI	CPI
Lead *	35.54	33.02 + CPI	CPI	CPI	CPI
Lithium *	7.11	6.61 + CPI	CPI	CPI	CPI
Manganese *	7.11	6.61 + CPI	CPI	CPI	CPI
Mercaptans	71.10	CPI	CPI	CPI	CPI
Mercury *	2369.95	2200.75+CPI	CPI	CPI	CPI
Methylene Blue Active Substances (MBAS) *	0.70	0.65 + CPI	CPI	CPI	CPI
Molybdenum *	0.70	0.65 + CPI	CPI	CPI	CPI
Nickel *	23.70	22.00 + CPI	CPI	CPI	CPI
Organoarsenic compounds *	710.99	660.23 + CPI	CPI	CPI	CPI
Pesticides general * (Excludes organochlorines and organophosphates)	710.99	660.23 + CPI	CPI	CPI	CPI

* Proposed 2013/14 charge is 2012/13 Gosford charge + CPI (refer Section 2.13.5)

Mass Charges for Category 3 ($2012/13)					
Substance Discharged	**Current Charge 2012/2013 ($/kg of substance discharged)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Petroleum Hydrocarbons * (Non flammable)	2.37	2.21 + CPI	CPI	CPI	CPI
Phenolic compounds * (Non-chlorinated)	7.11	6.61 + CPI	CPI	CPI	CPI
Polynuclear aromatic hydrocarbons (PAH) *	14.47	13.46 + CPI	CPI	CPI	CPI
Selenium *	50.03	46.45 + CPI	CPI	CPI	CPI
Silver	1.31	CPI	CPI	CPI	CPI
Sulphate	0.13	CPI	CPI	CPI	CPI
Sulphide *	1.44	1.35 + CPI	CPI	CPI	CPI
Sulphite *	1.57	1.35 + CPI	CPI	CPI	CPI
Thiosulphate	0.25	CPI	CPI	CPI	CPI
Tin *	7.11	6.61 + CPI	CPI	CPI	CPI
Uranium	7.11	CPI	CPI	CPI	CPI
Zinc *	14.47	13.46 + CPI	CPI	CPI	CPI

* Proposed 2013/14 charge is 2012/13 Gosford charge + CPI (refer Section 2.13.5)

c) Septic Waste Charges (Category S)

Table 3

Septic Tank Effluent and Sludge Removal and Disposal Charges ($2012/13)					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Category S Application Fee					
Residential	$50.64	CPI	CPI	CPI	CPI
Non-Residential	$204.77	CPI	CPI	CPI	CPI
Category S Annual Fee					
Residential	$45.03	CPI	CPI	CPI	CPI
Non-Residential	$91.46	CPI	CPI	CPI	CPI
Reinspection Fee (per inspection)	$79.00	CPI	CPI	CPI	CPI
Annual charge for a fortnightly effluent removal and disposal service for residential properties	$1067.61	CPI	CPI	CPI	CPI
Additional* effluent removal and disposal service for residential properties (per service)	$41.32	CPI	CPI	CPI	CPI
Effluent removal and disposal service for non residential properties (per kilolitre)	$13.69	CPI	CPI	CPI	CPI
Sludge removal and disposal services for residential and non residential properties: -					
Septic tanks with capacity up to 2750 litres (per service)	$299.49	CPI	CPI	CPI	CPI
Septic tanks exceeding 2750 litres or AWTS with one tank (per service)	$388.56	CPI	CPI	CPI	CPI
AWTS with more than one tank(per service)	$579.63	CPI	CPI	CPI	CPI
Sludge disposal where collection facilitated by customer (per kilolitre)	$32.27	CPI	CPI	CPI	CPI

* over and above fortnightly effluent removal and disposal service

Table 4

Pan Waste (Nightsoil) Charges ($2012/13) **					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Category S Application Fee					
Residential	$50.64	CPI	CPI	CPI	CPI
Non-Residential	$204.77	CPI	CPI	CPI	CPI
Category S Annual Fee					
Residential	$45.03	CPI	CPI	CPI	CPI
Non-Residential	$91.46	CPI	CPI	CPI	CPI
Reinspection Fee	$79.00	CPI	CPI	CPI	CPI
Annual Charge for fortnightly removal and disposal service	$1538.73	CPI	CPI	CPI	CPI
Special additional service (per service) ***	$29.97	CPI	CPI	CPI	CPI

** This charge applies to a nightsoil collection and disposal service supplied by Council to the customer.

*** Over and above fortnightly removal and disposal service

Table 5

Pan Waste (Chemical Toilet) Charges ($2012/13) ****					
Type of Service	**Current Charge 2012/2013**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
Category S Application Fee					
Residential	$50.64	CPI	CPI	CPI	CPI
Non-Residential	$204.77	CPI	CPI	CPI	CPI
Category S Annual Fee					
Residential	$45.04	CPI	CPI	CPI	CPI
Non-Residential	$91.46	CPI	CPI	CPI	CPI
Reinspection Fee	$79.00	CPI	CPI	CPI	CPI
Pan Waste (per kilolitre)	$15.80	CPI	CPI	CPI	CPI

**** This charge applies to the acceptance and discharge of chemical toilet waste into Council's sewerage system. The customer is responsible to arrange collection and transport to a Council acceptance facility such as a sewage treatment plant.

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Appendix 5

Schedule of Proposed Prices – Miscellaneous Fees and Charges

Appendix 5 - Schedule of Proposed Prices – Miscellaneous Fees and Charges

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
1	**Conveyancing Certificate** *Statement of Outstanding Charges* a) Over the Counter..... b) Electronic..... (Refer Appendix 7)	 18.34 N/A No GST applicable	 CPI N/A No GST applicable	 CPI N/A No GST applicable	 CPI N/A No GST applicable	 CPI N/A No GST applicable
2	**Property Sewerage Diagram (up to and including A4 Size)** *Diagram showing the location of the house service line, building and sewerage for the property.* *This diagram relates to the identification of internal services.* a) Certified ..... b) Uncertified ..... (Refer to Appendix 7 – Fee increased > CPI)	 18.34 18.34 No GST applicable	 33.66 + CPI 33.66 + CPI No GST applicable	 CPI CPI No GST applicable	 CPI CPI No GST applicable	 CPI CPI No GST applicable
3	**Service Location Diagram** *Provision of uncertified diagram showing location of sewerage and /or water mains in relation to a property's boundaries. This fee also covers provision of uncertified longitudinal sections where required.* a) Over the Counter ..... b) Electronic ..... (Refer Appendix 7)	 18.34 N/A No GST applicable	 CPI N/A No GST applicable	 CPI N/A No GST applicable	 CPI N/A No GST applicable	 CPI N/A No GST applicable
4	**Special Meter Reading Statement**	56.24 No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
5	**Billing Record Search Statement** a) Up to and including 5 years	18.34 No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable
	b) Further back than 5 years	$18.35 base fee then $12.25 per 15 minutes or part thereof. No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST Applicable
6	**Water Reconnection** a) During business hours ..... b) Outside business hours	37.91 156.49 No GST applicable	CPI CPI No GST applicable	CPI CPI No GST applicable	CPI CPI No GST applicable	CPI CPI No GST applicable
7	**Workshop Test of Water Meter** *Removal and full mechanical test of the meter by an accredited organisation at the customer's request to determine the accuracy of the water meter. This involves dismantling and inspection of meter components. If the meter is faulty no charge will be levied.* 20mm to 80mm inclusive Greater than 80mm	188.28 Council Quote No GST applicable	CPI Council Quote No GST applicable	CPI Council Quote No GST applicable	CPI Council Quote No GST applicable	CPI Council Quote No GST applicable

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
8	**Application for Disconnection – All sizes** Administration fee only Does not include physical disconnection (Service No.34)	 31.77 No GST applicable	 CPI No GST applicable	 CPI No GST applicable	 CPI No GST applicable	 CPI No GST applicable
9	**Application for Water Service Connection (all sizes)** *This covers the administration fee component only. There will be a separate charge payable to the utility if the physical connection is made by the utility.* (Service No19*)*	 31.77 No GST applicable	 CPI No GST applicable	 CPI No GST applicable	 CPI No GST applicable	 CPI No GST applicable
10	**Metered Standpipe Hire** Security Bond (25mm) ..... Security Bond (63mm) 	 387.58 745.80 No GST applicable	 CPI CPI No GST applicable	 CPI CPI No GST applicable	 CPI CPI No GST applicable	 CPI CPI No GST applicable
11	**Metered Standpipe Hire** Annual Fee Quarterly Fee Monthly Fee (or part thereof)	As per water service charge based on meter size. (pro-rata for part of year)	As per water service charge based on meter size. (pro-rata for part of year)	As per water service charge based on meter size. (pro-rata for part of year)	As per water service charge based on meter size. (pro-rata for part of year)	As per water service charge based on meter size. (pro-rata for part of year)
12	**Standpipe Water Usage Fee (**All Usage)	As per standard water usage charges per kilolitre.	As per standard water usage charges per kilolitre.	As per standard water usage charges per kilolitre.	As per standard water usage charges per kilolitre.	As per standard water usage charges per kilolitre.
13	**Backflow Prevention Device Application and Registration Fee** *This fee is for the initial registration of the backflow device*	 64,80 No GST applicable	 CPI No GST applicable	 CPI No GST applicable	 CPI No GST applicable	 CPI No GST applicable

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
14	**Major Works Inspection Fee** *This fee is for inspection only, for the purpose of approval, of water and sewerage mains, constructed by others, that are longer than 25 metres and/or greater than 2 metres in depth* Water Mains ($ per metre) ..... Gravity Sewerage Mains ($ per metre)..... Sewerage Rising Mains ($ per metre)..... No GST applicable	 5.63 7.51 5.63 No GST applicable	 CPI CPI CPI No GST applicable	 CPI CPI CPI No GST applicable	 CPI CPI CPI No GST applicable	 CPI CPI CPI No GST applicable
15	**Statement of Available Pressure and Flow** *This fee covers all levels whether hydraulic modelling is required or not.*	136.93 Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST
16	**Plumbing and Drainage Inspection** a) Residential Single Dwelling, Villas & Units ..... b) Alterations, Caravans & Mobile Homes ..... c) Commercial/Industrial ..... d) Additional Inspections.....	 166.76 /unit 84.03 / permit 166.76 / unit + 48.41/WC 61.86 / inspect Incl GST	 CPI CPI CPI CPI Incl GST	 CPI CPI CPI CPI Incl GST	 CPI CPI CPI CPI Incl GST	 CPI CPI CPI CPI Incl GST
17	**Relocate Existing Stop Valve or Hydrant** *Price exclusive of plant hire charges, material costs and traffic control where applicable*	$125.31 per hour for first hour or part thereof then $31.17 per 15 minutes or part thereof No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
18	**Provision of Water Services** *This relates to physical provision of water service. Please note that "Application for Water Service Connection" (Service No 9) fee is also applicable* a) Meter Only (20mm) ..... b) Short or long service – 20mm c) Short or long service – 25mm d) Short service – 40mm e) Long service – 40mm f) Short service – 50mm g) Long service – 50mm Larger services *..... * *Provision of live main connection only. Price exclusive of plant hire charges, material costs and traffic control where applicable.*	 107.59 652.88 792.27 1489.17 1979.45 2124.93 2620.10 By Quote $125.31 per hour for first hour or part thereof then $31.17 per 15 minutes or part thereof. No GST applicable	 CPI CPI CPI CPI CPI CPI CPI No GST applicable	 CPI CPI CPI CPI CPI CPI CPI No GST applicable	 CPI CPI CPI CPI CPI CPI CPI No GST applicable	 CPI CPI CPI CPI CPI CPI CPI No GST applicable
19	**Relocate Existing Services *** a) Short – 20mm b) Long – 20mm Larger Services – provision of live main connection only * *This charge applies where the required lateral adjustment exceeds that of Charge 32.* *This charge is exclusive of plant hire charges, material costs and traffic control where applicable.*	 317.88 495.17 By quote No GST applicable	 CPI CPI By quote No GST applicable	 CPI CPI By quote No GST applicable	 CPI CPI By quote No GST applicable	 CPI CPI By quote No GST applicable

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
20	**Alteration from Dual Service to Single Service** 20mm service only	380.25 No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable
21	**Sewerage Drainage Arrestor** Approval Annual Inspection (Refer Appendix 7 – This fee will be discontinued)	102.70 31.17 No GST applicable	Discontinued	Discontinued	Discontinued	Discontinued
22	**Sewerage Junction Cut-in (150mm)** *No excavation, no concrete encasement removal, no sideline, junction within property. Excavation provided by customer.*	309.32 Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST
23	**Sewerage Junction Cut-in (150mm) with sideline less than 3m** *No excavation, no concrete encasement removal, junction outside property. Excavation provided by customer.*	323.99 Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST
24	**Sewerage Junction Cut-in (225mm)** *No excavation, no concrete encasement removal, no sideline, junction within property. Excavation provided by customer.*	723.79 Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST
25	**Sewerage Junction Cut-in (225mm) with sideline less than 3m** *No excavation, no concrete encasement removal, junction outside property. Excavation provided by customer.*	764.13 Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
26	**Sewerage Junction Cut-in Greater than 225mm or where excavation or removal of concrete encasement required by Council** *Price exclusive of plant hire charges, material costs and traffic control where applicable.*	By quote $137.84 per hour for first hour or part thereof then $34.29 per 15 minutes or part thereof Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST
27	**Sewer Main Encasement with Concrete** Encasement inspection fee when construction is not undertaken by Council. This fee is also applicable for inspections of other equivalent sewer protective measures. Construction by Council	104.46 By quote Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST
28	**Sewer Advance Scheme** - Administration Charge (Refer Appendix 7 – This fee will be discontinued)	Discontinued	Discontinued	Discontinued	Discontinued	Discontinued
29	**Raise and Lower Sewer Manholes** *Price listed is the manhole adjustment inspection fee only.* *Charge for actual physical adjustment is by quote* *No charge for adjustments less than 300mm.*	104.53 No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
30	**Underground Plant Locations** a) Council assists in on-site physical locations *Customer to provide all plant required to expose asset.*	$82.71 per hour for first hour or part thereof then $20.16 per 15 minutes or part thereof	CPI	CPI	CPI	CPI
	b) Council undertakes on-site physical locations *Council to provide all plant and labour to expose asset*	$137.84 per hour for first hour or part thereof then $34.29 per 15 minutes or part thereof	CPI	CPI	CPI	CPI
		Incl GST	Inc GST	Inc GST	Inc GST	Inc GST
31	**Water Sample Analysis** *For testing of standard water quality parameters for private supplies*	84.03 Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST	CPI Incl GST
32	**Raise / Lower / Adjust Existing Services** (A height adjustment with lateral movement no more than 2 metres from existing location) 20mm service only – no materials Larger services or requiring materials	125.94 By quote No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable

Miscellaneous Fees and Charges ($2012/13)						
Service No.	**Description**	**Current Charge (2012/2013)**	**2013/2014 Proposed % increase on 2012/2013 Charge**	**2014/2015 Proposed % increase on 2013/2014 Charge**	**2015/2016 Proposed % increase on 2014/2015 Charge**	**2016/2017 Proposed % increase on 2015/2016 Charge**
33	**Disconnection of Existing Service** This charge is for the physical disconnection work. An "Application for Disconnection" charge (Service No 8) is also applicable.	124.05 No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable	CPI No GST applicable
34	**Development Investigation Fees** Minor Developments (Category 2) Major Developments (Category 1)	286.65 660.55 inc. GST	CPI CPI inc. GST	CPI CPI inc. GST	CPI CPI inc. GST	CPI CPI inc. GST
35	**Proposed Fee - Development Investigation Fees** Class 1 and 10 Developments (Refer Appendix 7 – New Fee)	Nil	83.93 inc. GST	CPI inc. GST	CPI inc. GST	CPI inc. GST

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Appendix 6

Customer Impact Statement
Proposed Real Increase in Category 2
Trade Waste Usage Charge (Compliant)

Appendix 6 – Customer Impact Statement Proposed Real Increase in Category 2 Trade Waste Usage Charge (Compliant)

Background

This Appendix summarises the impact of the proposed real increase in the "Compliant" Trade Waste Usage Charge on a larger Category 2 discharger. The background to this proposal is discussed in Section 2.13.5.2 of this submission.

Analysis of Impact;

Metered Water Usage	= 1000 kL/year
Sewerage Discharge Factor	= 85%
Trade Waste Discharge Factor	= 50%
Trade Waste Discharge Quality	= Compliant with acceptance standards

Current Charge	PROPOSED CHARGES ($2012/13)			
2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Annual Trade Waste Fee =$337.04	$337.04	$337.04	$337.04	$337.04
Sewerage Usage Charge =1000 kL / yr x 0.85 x $0.83 / kL =$705.50	Sewerage Usage Charge =1000 kL / yr x 0.85 x $0.83 / kL =$705.50	Sewerage Usage Charge =1000 kL / yr x 0.85 x $0.83 / kL =$705.50	Sewerage Usage Charge =1000 kL / yr x 0.85 x $0.83 / kL =$705.50	Sewerage Usage Charge =1000 kL / yr x 0.85 x $0.83 / kL =$705.50
Trade Waste Usage =1000 kL / yr x 0.5 x $0.80/kL =$400.00	Trade Waste Usage =1000 kL/yr x 0.5 x $1.06/kL =$530.00	Trade Waste Usage =1000 kL/yr x 0.5 x $1.32/kL =$660.00	Trade Waste Usage =1000 kL/yr x 0.5 x $1.58/kL =$790.00	Trade Waste Usage =1000 kL/yr x 0.5 X $1.58/kL =$790.00
TOTAL = $1442.54	**$1572.54**	**$1702.54**	**$1832.54**	**$1832.54**

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL PRICE PATH FROM 1 JULY 2013 – 30 JUNE 2017

Appendix 7

Proposed Changes to Miscellaneous Fees and Charges

- Greater than CPI increase (Item 2)
- New Development Investigation Charge (Item 35)
- Discontinuation of Charges (Items 21 and 28)

Appendix 7 - Proposed Changes to Miscellaneous Fees and Charges

The items referred to below are listed in Appendix 5 (Schedule of Proposed Miscellaneous Fees and Charges)

Item 2 – Property Sewerage Diagram

Background

Property sewerage diagrams are typically required by property owners or plumbers to accurately locate internal sewerage drainage lines. These diagrams are also used for conveyancing purposes.

No distinction is made between certified and uncertified copies as the same resourcing inputs are required.

Historically Council has under-recovered it's costs (by a significant margin) to provide this type of service.

In 2012/13 Council charges $18.34 which is based on 0.5 hours labour and other minor costs to undertake each service.

Experience has shown that the 0.5 hour labour allowance is significantly less than that actually required.

While it has been found that sourcing and providing these diagrams can take up to 3 hours to research and finalise it is considered that an average labour allowance of 1 hour is more reasonable and represents a balance between actual cost incurred and what is charged to the customer.

Certified diagrams are usually associated with house purchases and are generally sent via letter.

Uncertified diagrams are provided over the counter (typically to plumbers) on a "come back later when document is ready" basis.

The following fee is proposed:

Fee Methodology

Service provided – Process and provide a property sewerage diagram to customer by post (where appropriate)

Labour 1 hour @ $50/hour = $50
Material / Postage = $2

Total Cost = $52 ($2012/13)

Proposed Fee for Item 2

Proposed Fee	- $52 (Service No 2(a) and (b) – Appendix 5)
Estimated Annual Workload	- 1,500 applications
Estimated Annual Income	- $78,000

Item 21 – Sewerage Drainage Arrestor

This fee has been discontinued as these type of costs are already recovered through liquid trade waste charges. Historically revenue recovered under this item has been negligible ie no double dipping has occurred.

Item 28 – Sewer Advance Scheme

This fee has been discontinued as its intended use is no longer relevant. Historically revenue recovered has been negligible

Item 35 - Development Investigation Fee for Class 1 and 10 Developments

Background

Wyong Council proposes to introduce a new miscellaneous charge commencing 2013/14. This proposed charge is a Development Investigation Charge (Item 35 – Appendix 5) referred to in Section 2.13.6.2 of the submission.

The driver for the inclusion of this new fee is the introduction of Complying Developments (CDC) and the need for Council to undertake investigations associated with CDC at the pre-development stage.

Investigation costs for these type of developments (Class 1 and 10) are currently not recovered. Council has absorbed these costs to date however consider it now appropriate to commence recovery of these costs in the future. This will bring Council in line with other authorities such as Sydney Water, Hunter Water and Gosford City Council.

The Building Code of Australia identifies Class 1 and 10 developments as dwellings, additions, swimming pools etc.

A fixed fee arrangement is proposed (rather than a time based fee) and is based on average resources required.

The following fee is proposed for deemed Class 1 and 10 developments with the appropriate methodology/calculations submitted for IPART review.

Fee Methodology

Service provided – Review and investigation of the impacts of Complying Developments (CDC)

The proposed fee is based on the following;

Input from Senior Development Engineer / Development Engineer*
= 0.5 hours @ $49.50 (average direct hourly rate ***) = $24.75 (direct cost)

Input from Principal Development Design Engineer / Development Co-ordinator**
= 0.25 hours @ $53.65 (average direct hourly rate***) = $13.40 (direct cost)

Total direct cost = $38.15

* for detail technical input
** for review / recommendations / finalisation
*** including July 2012 3.5% increase

Total cost = Total direct cost ($38.15) x 2.2 (overhead / oncosts / vehicle / miscellaneous)
= $83.93 ($2012/13)

Proposed Fee for Item 35

Proposed fee - $83.93 per service (Service No 35 – Appendix 5)
Estimated annual workload - 1100 applications
Estimated annual income - $92,323

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL PRICE PATH FROM 1 JULY 2013 – 30 JUNE 2017

Appendix 8

Wyong Shire Council Response to Appendix C of IPART Issues Paper

Appendix 8 - Information Required from the Councils

Length of the Determination Period

IPART Issue 1

The appropriate length of the price path for the 2013 Determination period and the reasons for this view.

Response by Wyong Shire Council;

Council has proposed a four year price path from 1 July 2013 to 30 June 2017 – refer to Section 2.8.1 in Council's price submission.

Capital Expenditure over the 2009 and 2013 Determination Periods

IPART Issue 2

Gosford and Wyong Councils' individual capital expenditures over the current determination period, drivers of this expenditure and service outcomes achieved.

Response by Wyong Shire Council;

Council's response to this issue is outlined in Section 2.3.5.

IPART Issue 3

Gosford and Wyong Councils' individual capital expenditures over the current determination period compared to expenditure we allowed for in the 2009 Determination, and an explanation of variances.

Response by Wyong Shire Council;

Council's response to this issue is outline in Sections 2.3.5.2, 2.3.5.3 and 2.3.5.4 and Table 2.3.5

IPART Issue 4

Gosford and Wyong Councils' projected capital expenditures for 10 years into the future to the extent possible and level of accuracy obtainable; drivers of this expenditure; expected service outcomes; the robustness of the business case for these expenditure; the practicality of the projects being delivered within the proposed timeframe; the reasonableness of cost estimates; and stakeholder willingness to pay for the service levels.

Response by Wyong Shire Council;

Council's response to this issue is outlined in Section 2.6.

IPART Issue 5

The value, timing and description of any contributions (including contributed assets) to the Councils from government and/or other sources by year.

Response by Wyong Shire Council;

Contribution Income ($,000 2012/13)					
	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Water	*1,072.9*	*974.6*	*916.8*	*841.1*	*775.1*
Wastewater	*885.4*	*813.4*	*750.0*	*680.9*	*630.7*
Drainage	*1311,1*	*1325,7*	*1338.3*	*1072.3*	*989.3*
Total	*3269.4*	*3113.7*	*3005.1*	*2594.3*	*2395.1*

This Table includes all contributions (including contributed assets) expected to be received. This Table will not reconcile with AIR Table 9.3 as the AIR table relates to cash contributions only.

IPART Issue 6

The extent to which the Councils have carried out options analysis for proposed expenditures (eg conducting cost benefit analysis and business case analysis). We will be reviewing a selection of projects costing $1,000,000 or more for this purpose.

Response by Wyong Shire Council;

Appendix 12 in outlining proposed projects in excess of $1M provides a summary of options considered.

IPART Issue 7

The Councils' approach to the allocation of shared or common costs to activities and customers and the rationale for this allocation.

Response by Wyong Shire Council;

Refer to Section 2.5.9

Capital Expenditure over the 2009 and 2013 Determination Periods

IPART Issue 8

Gosford and Wyong Councils' individual operating expenditures over the current determination period, drivers of this operating expenditure and service outcomes achieved.

Response by Wyong Shire Council;

Refer to Sections 2.3.1 and Table 2.3.4

IPART Issue 9

Gosford and Wyong Councils' individual operating expenditures over the current determination period compared to expenditure we allowed for in the 2009 Determination, and an explanation of variances.

Response by Wyong Shire Council;

Refer to Table 2.9 and Sections 2.3.4.3 and 2.3.4.4

IPART Issue 10

Gosford and Wyong Councils' individual projected operating expenditures over the upcoming determination period, drivers of this expenditure, service outcomes to be achieved, specific efficiency programs, the potential for efficiency gains, and stakeholders' willingness to pay for service levels.

Response by Wyong Shire Council;

Refer to Sections 2.5.1, 2.5.2 and 2.5.3

IPART Issue 11

The methodology and major assumptions used by Gosford and Wyong Councils to develop their forecast operating expenditures.

Response by Wyong Shire Council;

Refer to Sections 2.5.2 and 2.5.3

IPART Issue 12

The Councils' assessment of the proposed trend in forecast operating expenditure over the 2013 Determination period and the relationship between this trend and the Councils' obligations and service standards, having regard to expected productivity improvements, historical expenditures, trends in input prices, relevant benchmarks and any other relevant factors.

Response by Wyong Shire Council;

Refer to Sections 2.5.2 and 2.5.3

Determining the weighted average cost of capital

IPART Issue 13

The post-tax rate of return that each Council is seeking, and the justification for this rate of return.

Response by Wyong Shire Council;

Refer to Section 2.9.1

IPART Issue 14

The inputs needed for the tax calculation.

Response by Wyong Shire Council;

Refer to Section 2.9.1

IPART Issue 15

Any disadvantages arising from the use of a post-tax WACC in the calculation of each Council's WACC.

Response by Wyong Shire Council;

While Council considers that the post tax WACC approach offers a better financial outcome than with the pre-tax approach Council would like IPART to take a longer term view of WACC as indicated in Section 2.9.1.

Determining the return of capital

IPART Issue 16

The Councils' proposed approach to the treatment of depreciation of assets for the 2013 Determination.

Response by Wyong Shire Council;

Council has, and proposes to continue to use a straight line depreciation methodology for the 2013 Determination. This is outlined in Section 2.9.3 of Councils submission.

Assumptions on average asset lives are set out in Section 2.9.2.

Forecasting metered water sales

IPART Issue 17

The Councils' assessment of the level of forecast water sales for the upcoming determination period.

Response by Wyong Shire Council;

Section 2.10.1 in Council's submission outlines forecast water sales over the 2013/14 – 2016/17 pricing path.

Forecast water sales are summarised below;

Year	Estimated Metered Sales (ML)
2011/12	11,647 (actual)
2012/13	11,838
2013/14	12,029
2014/15	12,220
2015/16	12,411
2016/17	12,418

IPART Issue 18

The Councils' methodologies and assumptions used in developing these forecasts.

Response by Wyong Shire Council

Forecasts have been developed using an Urban Water Decision Support model (DSS) as indicated in Section 2.10.2 of Council's submission. This approach is basically the same as that used for the current determination period.

Customer Numbers for the 2009 and 2013 Determinations

IPART Issue 19

The number of the Councils' actual customers over the 2009 determination period and the forecast numbers of customers for the proposed 2013 determination period.

Response by Wyong Shire Council;

Refer Sections 2.3.3.2 and 2.11

Price Structures and Price Levels

IPART Issue 20

The Councils' proposed price levels and structures for the 2013 Determination for each tariff included in the 2009 Determination. If the Councils propose that a tariff is no longer required, the Councils should give reasons.

Response by Wyong Shire Council;

Refer to Sections 2.1.2, 2.13 and Appendices 1 – 7 inclusive.

IPART Issue 21

The reasoning of justification for each of the Councils proposed tariffs that address the following factors:

- The relationship between the proposed tariff and the forecast costs of service provision.
- The relationship between the proposed tariff structure and the tariff structure included in the 2009 Determination. If the Councils proposed a new or revised tariff structure, the submission should clearly describe the rationale for the proposed variation, the proposed price levels, cost of the services involved and sufficient detail to allow IPART to replicate the analysis.
- Analysis of any customer 'willingness to pay' information available to the Councils, and/or a discussion of any customer consultation engaged in their pricing proposals.
- The methodology for calculating the tariff, including major assumptions.

Response by Wyong Shire Council;

For this submission Council does not propose any changes to the tariff structure although recognises that IPART may wish to do so (refer Section 3.1).

Current and proposed tariff methodologies and assumptions unchanged.

Council has not undertaken specific customer "willingness to pay" surveys although has undertaken a more general customer consultation process (refer Section 2.14)

IPART Issue 22

The Councils' methodologies used to determine water and sewerage service charges.

Response by Wyong Shire Council;

Refer to Section 2.13

IPART Issue 23

The Councils' consideration to the transfer of functions to the Corporation in regards to impacts on customers.

Response by Wyong Shire Council;

Council proposes to recover the costs associated with the establishment of the CCWC over two price paths (8 years) in order to mitigate customer price impacts.

Service quality standards and output measures

IPART Issue 24

The uncertainties / risks in the Councils' operating environments over the upcoming determination period and beyond, including the nature of these uncertainties / risks and the likelihood that they will impact on specific costs (eg, electricity charges).

Response by Wyong Shire Council;

Refer to Sections 2.5.2 and 2.5.3

IPART Issue 25

How the Councils have ascertained the appropriate service levels to be provided over the upcoming determination period, and how these service levels relate to forecast costs.

Response by Wyong Shire Council;

Refer to Sections 2.4 and Appendix 13

IPART Issue 26

The Councils' assessment of their performance against the requirements of the 2009 Determination, including their current results against the output measures listed in Appendix B of the 2009 Determination.

Response by Wyong Shire Council;

Refer to Section 2.3.1

Appendices 9 and 11 outline historic performance against all operational and capital output measures.

IPART Issue 27

Appropriate output measures for each Council for the upcoming determination period.

Response by Wyong Shire Council;

In the lead up to the CCWC both Councils are proposing a common suite of output measures for the next pricing path.

The basis of this approach and the measures proposed are discussed in Section 2.4 and Appendix 13.

Bulk water transfers

IPART Issue 28

The appropriate methodology for establishing a charge for transfers of bulk water to the Hunter Water area.

Response by Wyong Shire Council;

It is considered that the most reasonable approach at this stage is to apply a single common charge for transfers to / from as at present (refer Section 2.15)

Incentives for efficiency gains in operating expenditure

IPART Issue 29

How Gosford Council's current methodology for budgeting for operating expenditure provides and incentive for savings in the operating budget.

Response by Wyong Shire Council;

Not applicable – Gosford issue

Customer impacts of Gosford Council's proposed prices

IPART Issue 30

The impacts on Gosford Council's customers of its pricing proposal and an analysis of these impacts on customer bills by customer group, consumption level or other relevant category.

Response by Wyong Shire Council;

Not applicable – Gosford issue

IPART Issue 31

The options that Gosford Council has explored for mitigating or minimising customer impacts, as well as its proposals for the appropriate mechanisms that should be introduced to mitigate customer impacts.

Response by Wyong Shire Council;

Not applicable – Gosford issue

Allocation of Wyong Council's overhead costs

IPART Issue 32

How it has allocated forecast operating expenditure, and how it has determined corporate overheads.

Response by Wyong Shire Council;

Refer to Section 2.5.9

Customer impacts of Wyong Council's proposed prices

IPART Issue 33

The impacts on customers of its pricing proposals and an analysis of these impacts on customer bills by customer group, consumption level or other relevant category.

Response by Wyong Shire Council;

Refer to Section 2.14

IPART Issue 34

Any new options that were explored for mitigation or minimising customer impacts, as well as Wyong Council's proposals on any new mechanisms that should be introduced to mitigate customer impacts.

Response by Wyong Shire Council;

Council does not propose any new initiatives in this area other than improved processes for customer hardship as outlined in Section 2.14.2.4.

The Costs of Transitioning to the Corporation

IPART Issue 35

The anticipated costs of transferring their functions to the Central Coast Water Corporation, and how the financial impacts on the Councils will be managed. The Councils should provide a breakdown of these costs as appropriate.

Response by Wyong Shire Council;

The anticipated costs of transferring to the CCWC are outlined in Section 2.5.3.5 of Council's submission.

To mitigate financial and pricing impacts the Council's are seeking recovery of CCWC transition costs as allowable operating expenditure over the next two price paths.

IPART Issue 36

Whether the Councils intend to retain any of their water, sewerage, stormwater or other water related functions and the reasoning behind their decisions.

Response by Wyong Shire Council;

Refer to Section 2.2.1.2 regarding separation of the drainage function.

IPART Issue 37

The progress of the transfer of operations to the Corporation.

Response by Wyong Shire Council;

Refer to Sections 2.2.1.2 and 2.5.3.5 of Council's submission.

Customer consultation undertaken for discretionary expenditure

IPART Issue 38

The level of customer consultation that was undertaken in developing the Councils' expenditure programs and pricing proposals. The Councils should outline the mechanisms that they use for undertaking customer consultation and how this feedback is taking into account in developing their pricing proposals.

Response by Wyong Shire Council;

Council, as part of the development of it's annual Management / Strategic Plan canvasses community feedback and comment in relation to future expenditure programmes (Rolling Works Programmes) and organisational priorities.

Briefing Councillors (as community representatives) has been undertaken.

Council, in proposing prices, is mindful of customer impacts particularly pensioners and those on restricted incomes. (refer Section 2.14.2.4).

As far as practical year to year prices are smoothed out to minimise price shocks to customers.

As indicated in response to IPART Issue 40 Council is not proposing any discretionary expenditure of a material nature.

IPART Issue 39

In their pricing submissions, the Councils should included a short plain English, non-technical summary of their price proposal that contains a clear statement of the impact on customers.

Response by Wyong Shire Council;

Refer to Section 2.1.2 and 2.1.5

IPART Issue 40

Whether they are proposing to undertake any discretionary expenditure for the 2013 Determination. If so, this should be supported by evidence of customer engagement ie evidence of customer willingness to pay where new charges are introduced or large discretionary expenditures are being undertaken.

Response by Wyong Shire Council;

Council does not propose to undertake any discretionary capital expenditure of a material nature in the next pricing path.

Area based stormwater charging

IPART Issue 41

The potential introduction of area-based stormwater charging.

Response by Wyong Shire Council;

For the reasons stated in Section 2.12.2 of Council's Submission Council does not propose to introduce area based stormwater charging for the next pricing path.

For the next pricing path Council proposes to retain current drainage charging structures.

Wyong Shire Council
CENTRAL COAST

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL PRICE PATH FROM 1 JULY 2013 – 30 JUNE 2017

Appendix 9

Historic Performance against IPART Output Measures

Appendix 9 - Historic Performance against IPART Output Measures

	Output or activity measure	Indicator	2009/10	2010/11	2011/12	2012/13 Cumulative Progress
Water						
1	Water quality	100% compliance with NHMRC monitoring guidelines	Achieved	Achieved	Achieved	Achieved
2	Water quality	100% compliance with NHMRC health guidelines	Achieved	Achieved	Not Achieved*	Not Achieved*
3	Water quality complaints	No more than 5 per 1000 customers annually	Achieved	Not Achieved (17.2)	Not Achieved* (7.6)	Not Achieved* (36.0)
4	Interruptions	Less than 5% of customers have service interrupted (planned or unplanned) that total more than 5 hours in a year	Achieved	Achieved	Achieved	Achieved
5	Water pressure	Water pressure at least 15m for at least 98% of customers on an annual basis	Achieved	Achieved	Achieved	Achieved
6	Customer satisfaction	No more than 15% of customers dissatisfied with the service delivered	Achieved	Achieved	Achieved	Achieved
Sewerage						
7	Effluent Discharges	Effluent discharges to the ocean meet DECC licence conditions 100% of the time	Achieved	Achieved	Not Achieved*	Achieved
8	Wastewater Odours	Less than 1% of properties experience odours on an annual basis	Achieved	Achieved	Achieved	Achieved
9	Wastewater Overflows	Less than 1% of properties experience overflows on an annual basis	Achieved	Achieved	Achieved	Achieved
10	Customer Satisfaction	No more than 5% of customers dissatisfied with the service delivered	Achieved	Achieved	Achieved	Achieved

***** See explanation in Section 2.3.1.4

SUBMISSION TO THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL PRICE PATH FROM 1 JULY 2013 – 30 JUNE 2017

Appendix 10

Wyong Shire Council Response to Appendix A of IPART Issues Paper "Review of Developer Charges for Gosford City Council and Wyong Shire Council

Appendix 10 - Information Required from Councils - Developer Charging Issues

Overview

IPART's most recent determination for the calculation of developer charges for Wyong Shire Council (as well as Sydney Water Corporation, Hunter Water Corporation and Gosford City Council) was Determination No. 9 issued 21 September 2000.

The September 2000 determination set out what Council considers to be a sound approach for the calculation of developer charges, with the exception of the 85% cap placed on Wyong's charges. Although the methodology is still generally sound, the parameter values used to calculate the charges are now out of date and require correction. It is these parameters that Council is seeking to have altered in this determination, along with the removal of the arbitrary 85% cap.

Discount Rates

IPART Issue 1

The discount rates or the method to be used to determine the discount rates for pre-1996 assets.

Response by Wyong Shire Council;

Council believes that the discount rate of 0% real for pre-1996 assets used in the current determination is appropriate and recommends that it be retained in this determination.

IPART Issue 2

The discount rates or the method to be used to determine the discount rates for post-1996 assets.

Response by Wyong Shire Council;

Council believes that the discount rate of 7% real for post-1996 assets used in the current determination is appropriate and recommends that it be retained in this determination.

IPART Issue 3

The discount rates or the method to be used to determine the discount rates for the revenue portion and operations expenditure portion in the calculation of the reduction amount.

Response by Wyong Shire Council;

Council believes that the discount rate of 7% real for the revenue and operations expenditure portions is appropriate and recommends that it be retained in this determination.

Consumption Parameter

IPART Issue 4

The appropriate value or method to calculate the average residential consumption figure for a single detached dwelling (expressed as the consumption per ET) to be used in the calculation of developer charges.

Response by Wyong Shire Council;

Section 2.10.2 of the pricing submission sets out in detail the methodology used by SKM to forecast water sales for the price path. The analysis of consumption over the four years 2014 to 2017 produced the outcomes included in Table A10.1 below.

Table A10.1 – Forecast water sales

	2014	2015	2016	2017
Water sales forecasts (ML)				
Residential	*9,199*	*9,347*	*9,495*	*9,473*
Non-residential	*2,830*	*2,873*	*2,916*	*2,945*
Total	*12,029*	*12,220*	*12,411*	*12,418*
Number of water connections				
Residential	*60,042*	*60,342*	*60,644*	*60,947*
Non-residential	*3,118*	*3,134*	*3,149*	*3,165*
Total	*63,160*	*63,476*	*63,793*	*64,112*
Residential consumption per property (kL)	*153*	*155*	*157*	*156*

From the above the average residential consumption per property over the four years of the next price path is 155 kL. For the calculation of developer charges it is proposed to round this figure to 160 kL.

Wyong Council 85% cap

IPART Issue 5

Wyong Council only – What are the impacts that the 85% cap on developer charges has on Wyong Council's business?

Response by Wyong Shire Council;

The methodology used in the calculation of developer charges is aimed at recovering the shortfall between the cost of providing infrastructure and Council's expected net revenue. The methodology used for Sydney Water, Hunter Water and Gosford City Council does this, however the 85% cap on the charges that can be levied by Wyong Shire Council creates a distortion. The impact of this arbitrary cap means that new works to service growth are funded by both existing customers and developers, with developers paying 85% of the costs and existing customers paying the remaining 15%. Existing customers end up paying a disproportionate share of the cost of new works – in effect existing customers are subsidising developers and making a de facto developer charges contribution for all growth assets constructed.

It is Council's view that it is pointless to have a detailed objective method for the calculation of developer charges if an arbitrary correction is to be applied to the end result.

It is not expected that the removal of the 85% cap will result in additional income for Council. Over time net income should be the same, with water and sewerage user charges able to be maintained at a lower level

than they otherwise would as the capital to fund 15% of all new growth works will no longer need to be raised through user charges.

From a regional perspective, the inclusion of the 85% cap creates a barrier in the alignment of developer charges between Wyong and Gosford Councils. Gosford Council has recently rationalised its DSP areas down to two. Wyong is proposing to reduce its number of individual developer charging areas as well, and will do so following this determination. The establishment of the Central Coast Water Corporation will further allow and promote the amalgamation of developer charges across the Central Coast, but only if the charges can be calculated on a consistent basis

IPART Issue 6

Wyong Council only – What are the possible impacts of removing the 85% cap on Wyong Council's charges?

Response by Wyong Shire Council;

Developer charges will be higher than they otherwise would be under the existing methodology, however the removal of the need to recover "developer charges" from usage and service charges, as identified above, will see user charges in the long term being maintained at levels lower than they otherwise would need to be. As such there is not expected to be any net increase in Council's revenue.

The removal of the 85% cap will allow developer charges to be rationalised and prepared on a Central Coast regional basis moving into the Central Coast Water Corporation.

General Information Requirements

For 2013/14 each Council should provide a list of its developer charges under the current determination and separate lists for each of the following:

Response by Wyong Shire Council

Council's current developer charges under the existing determination are set out in Table A10.2.

Table A10.2 – Existing developer charges ($2012/13)

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 1 The Wyong District			
Wyong Sth Area	1,808	2,223	4,032
Tuggerah Business Park	1,808	2,253	4,061
Tuggerah Station Industrial	1,808	6,444	8,252
Chittaway point	1,808	2,264	4,072
Wyong Nth Area	1,895	2,388	4,283
West Watanobbi	1,895	2,016	3,911
Nth Wyong Industrial	1,895	5,545	7,439

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP3 The Entrance District			
The Entrance	1,998	1,303	3,301
Bateau Bay Sth	1,998	1,611	3,609
Bateau Bay West	1,998	853	2,851
DSP 5 The Ourimbah District			
Ourimbah Area	2,562	4,035	6,596
Ourimbah Industrial	2,562	4,035	6,596
Ourimbah Creek Rd	2,562	4,035	6,596
DSP 6 The Toukley District			
Toukley Area	2,481	1,155	3,636
Noraville Area	2,481	1,581	4,062
Norah Head Area	2,481	4,456	6,937
DSP 7A Warnervale East / Wadalba Nth west			
Warnervale/Wadalba Area 1	2,818	1,495	4,313
Warnervale/Wadalba Area 2	2,818	2,500	5,168
Wadalba Sth	1,895	3,282	5,031
DSP 7 The Gorokan District			
Tuggerawong/Wyongah	2,780	2,337	5,116
Kanwal Infill	2,780	949	3,729
Gorokan East	2,780	3,088	5,868
Lakehaven/Charmhaven	2,780	1,874	4,654
Gorokan Infill West	2,780	1,855	4,635
Future Warnervale Central	2,780	3,401	6,180
Warnervale West	2,780	3,987	6,767
DSP 8 The San Remo District			
San Remo (Doyalson)	2,485	1,751	4,237
Blue Haven Area 1	3,002	1,487	4,489
Blue Haven Area 2	3,053	1,458	4,511
DSP 9 The Budgewoi District			
Budgewoi District	3,010	2,555	5,565
DSP 10 The Lake Munmorah District			
Lake Munmorah Urban Sth	3,772	3,581	7,352
Lake Munmorah Urban Nth	3,900	2,510	6,410
DSP 11 The Mannering Park District			
Mannering Park District	5,091	2,849	7,940
DSP 12 The Gwandalan District			
Gwandalan Area	4,366	2,585	6,951
Summerland Point Area	4,369	3,189	7,558

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 13 Precincts 4 & 15 Nth, Doyalson			
Precincts Areas	N/A	N/A	
DSP 14 Precincts 15 & 12 South			
Precincts Areas	N/A	N/A	N/A
DSP 15 Precincts 11, 13, 14 & Warnervale Business Park			
Precincts Areas	2,780	3,987	6,767
DSP 16 Precinct 10 at Warnervale			
Precincts Areas	2,894	N/A	
DSP 17 Precincts 6A, 6B & 6C at Warnervale			
Precincts Areas	N/A	N/A	
DSP 18 Warnervale Town Centre			
Warnervale Town Centre and surrounding areas	2,780	3,401	6,180

IPART Issue 7

The Council's developer charges if its proposals for discount rates are adopted.

Council is not proposing to amend the discount rates from the existing determination. However, as identified above, in any recalculation of developer charges Council would be seeking to reduce the number of individual charges. This rationalisation is reflected in Table A10.3 but using the operating cost and income parameters from this pricing submission.. The charges in Table A10.3 have been calculated using the following parameters:

- *0% real discount rate for pre 1996 assets (as per the existing determination)*
- *7% real discount rate for post 1996 assets (as per the existing determination)*
- *7% real discount rate for net revenues and costs (as per the existing determination)*
- *Average residential water consumption of 205 kL (as per the existing determination)*
- *Horizon for revenues and costs of 30 years (as per the existing determination)*
- *Developer charges inclusive of 85% cap (as per the existing determination)*
- *Water operating cost per property of $359.46 (source – 2014 operating expenditure)*
- *Water usage charge of $2.35/kL (source – proposed 2014 usage charge)*
- *20 mm service charge of $175.05 (source – proposed 2014 service charge)*
- *Sewerage operating cost per property of $337.35 (source – 2014 operating expenditure)*
- *Sewerage service charge of $515.81 (source – proposed 2014 service charge)*

Table A10.3 – Developer Charges (discount rate proposals) ($2012/13)

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 1 The Wyong District			
Other Areas within District	1,033	3,961	4,994
Tuggerah Station Industrial	1,033	3,961	4,994
Nth Wyong Industrial	1,033	6,852	7,885
DSP2 The Southern Lakes District			
Killarney Vale Urban	1,316	3,459	4,776
Other Areas within District	1,316	4,252	5,568
Tumbi Valley Urban 1	1,316	2,521	3,837
Tumbi Valley Urban 2	1,316	2,521	3,837
DSP3 The Entrance District			
Areas within District	1,688	2,521	4,209
DSP 5 The Ourimbah District			
Areas within District	2,534	5,896	8,430
DSP 6 The Toukley District			
Areas within District	1,185	2,978	4,163
DSP 7A Warnervale East / Wadalba Nth west			
Warnervale/Wadalba Area 1	1,306	2,186	3,492
Warnervale/Wadalba Area 2	1,306	3,308	4,615
Wadalba Sth	1,033	3,594	4,627
DSP 7 The Gorokan District			
Areas within District		3,791	5,100
DSP 8 The San Remo District			
Areas within District	1,759	3,584	5,343
DSP 9 The Budgewoi District			
Areas within District	1,734	3,494	5,228
DSP 10 The Lake Munmorah District			
Areas within District	2,989	4,560	7,549

DSP 14 Precincts 15 & 12 South			
Areas within District	2,340	6,520	8,860
DSP15 Precincts 11,13,14 & Warnervale BusPk			
Areas within District	2,340	5,094	7,434
DSP 16 Precinct 10 at Warnervale			
Areas within District	2,340	5,094	7,434

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 17 Precincts 6A, 6B & 6C at Warnervale			
Areas within District	2,340	2,278	4,618
DSP 18 Warnervale Town Centre			
Areas within District	2,340	4,148	6,488

IPART Issue 8

The Council's developer charges if its proposals for the average residential consumption figure are adopted.

Response by Wyong Shire Council;

Developer charges based on an average residential consumption of 160 kL are set out in Table A10.4. These charges include the rationalisation included in Table A10.3 and have been calculated using the following parameters:

- *0% real discount rate for pre 1996 assets (as per the existing determination)*
- *7% real discount rate for post 1996 assets (as per the existing determination)*
- *7% real discount rate for net revenues and costs (as per the existing determination)*
- *Average residential water consumption of 160 kL (source 2014-17 sales forecasts)*
- *Horizon for revenues and costs of 30 years (as per the existing determination)*
- *Developer charges inclusive of 85% cap (as per the existing determination)*
- *Water operating cost per property of $359.46 (source – 2014 operating expenditure)*
- *Water usage charge of $2.35/kL (source – proposed 2014 usage charge)*
- *20 mm service charge of $175.05 (source – proposed 2014 service charge)*
- *Sewerage operating cost per property of $337.35 (source – 2014 operating expenditure)*
- *Sewerage service charge of $515.81 (source – proposed 2014 service charge)*

Table A10.4 – Developer Charges (residential consumption proposals) ($12/13)

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 1 The Wyong District			
Other Areas within District	2,046	3,961	6,007
Tuggerah Station Industrial	2,046	3,961	6,007
Nth Wyong Industrial	2,046	6,852	8,898
DSP2 The Southern Lakes District			
Killarney Vale Urban	2,330	3,459	5,789
Other Areas within District	2,330	4,252	6,581
Tumbi Valley Urban 1	2,330	2,521	4,851
Tumbi Valley Urban 2	2,330	2,521	4,851
DSP3 The Entrance District			
Areas within District	2,702	2,521	5,223

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 5 The Ourimbah District			
Areas within District	3,547	5,896	9,443
DSP 6 The Toukley District			
Areas within District	2,198	2,978	5,176
DSP 7A Warnervale East / Wadalba Nth west			
Warnervale/Wadalba Area 1	2,319	2,186	4,506
Warnervale/Wadalba Area 2	2,319	3,308	5,628
Wadalba Sth	2,046	3,594	5,640
DSP 7 The Gorokan District			
Areas within District		3,791	6,113
DSP 8 The San Remo District			
Areas within District	2,772	3,584	6,356
DSP 9 The Budgewoi District			
Areas within District	2,747	3,494	6,242
DSP 10 The Lake Munmorah District			
Areas within District	4,003	4,560	8,562
DSP 11 The Mannering Park District			
Areas within District	5,661	4,394	10,055
DSP 14 Precincts 15 & 12 South			
Areas within District	3,353	6,520	9,873
DSP 15 Precincts 11, 13, 14 & Warnervale Business Park			
Areas within District	3,353	5,094	8,447
DSP 16 Precinct 10 at Warnervale			
Areas within District	3,353	2,858	6,211
DSP 17 Precincts 6A, 6B & 6C at Warnervale			
Areas within District	3,353	2,278	5,631
DSP 18 Warnervale Town Centre			
Areas within District	3,353	4,148	7,501

IPART Issue 9

Wyong Council only – Its developer charges if its proposal for the removal of the 85% cap is adopted.

Response by Wyong Shire Council;

Developer charges with the removal of the 85% cap are set out in Table A10.5. The charges in Table A10.5 have been calculated using the following parameters:

- *0% real discount rate for pre 1996 assets (as per the existing determination)*
- *7% real discount rate for post 1996 assets (as per the existing determination)*
- *7% real discount rate for net revenues and costs (as per the existing determination)*
- *Average residential water consumption of 205 kL (as per the existing determination)*
- *Horizon for revenues and costs of 30 years (as per the existing determination)*
- *Water operating cost per property of $359.46 (source – 2014 operating expenditure)*
- *Water usage charge of $2.35/kL (source – proposed 2014 usage charge)*
- *20 mm service charge of $175.05 (source – proposed 2014 service charge)*
- *Sewerage operating cost per property of $337.35 (source – 2014 operating expenditure)*
- *Sewerage service charge of $515.81 (source – proposed 2014 service charge)*

Table A10.5

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 1 The Wyong District			
Other Areas within District	1,215	4,660	5,875
Tuggerah Station Industrial	1,215	4,660	5,875
Nth Wyong Industrial	1,215	8,061	9,276
DSP2 The Southern Lakes District			
Killarney Vale Urban	1,549	4,070	5,619
Other Areas within District	1,549	5,002	6,551
Tumbi Valley Urban 1	1,549	2,966	4,515
Tumbi Valley Urban 2	1,549	2,966	4,515
DSP3 The Entrance District			
Areas within District	1,986	2,966	4,952
DSP 5 The Ourimbah District			
Areas within District	2,981	6,937	9,918
DSP 6 The Toukley District			
Areas within District	1,394	3,503	4,897
DSP 7A Warnervale East / Wadalba Nth west			
Warnervale/Wadalba Area 1	1,537	2,572	4,109
Warnervale/Wadalba Area 2	1,537	3,892	5,429
Wadalba Sth	1,215	4,228	5,444

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 7 The Gorokan District			
Areas within District		4,459	6,000
DSP 8 The San Remo District			
Areas within District	2,069	4,216	6,285
DSP 9 The Budgewoi District			
Areas within District	2,040	4,111	6,151
DSP 10 The Lake Munmorah District			
Areas within District	3,517	5,364	8,881
DSP 11 The Mannering Park District			
Areas within District	5,468	5,169	10,637
DSP 14 Precincts 15 & 12 South			
Areas within District	2,752	7,671	10,424
DSP 15 Precincts 11, 13, 14 & Warnervale Business Park			
Areas within District	2,752	5,993	8,745
DSP 16 Precinct 10 at Warnervale			
Areas within District	2,752	3,363	6,115
DSP 17 Precincts 6A, 6B & 6C at Warnervale			
Areas within District	2,752	2,681	5,433
DSP 18 Warnervale Town Centre			
Areas within District	2,752	4,880	7,633

IPART Issue 10

The Council's developer charges if all of its proposals are adopted.

Response by Wyong Shire Council;

Council's proposed developer charges are set out in Table A10.6. The charges in Table A10.6 do not include the 85% cap and have been calculated using the following parameters:

- *0% real discount rate for pre 1996 assets (as per the existing determination)*
- *7% real discount rate for post 1996 assets (as per the existing determination)*
- *7% real discount rate for net revenues and costs (as per the existing determination)*
- *Average residential water consumption of 160 kL (source 2014-17 sales forecasts)*
- *Horizon for revenues and costs of 30 years (as per the existing determination)*
- *Water operating cost per property of $359.46 (source – 2014 operating expenditure)*

- *Water usage charge of $2.35/kL (source – proposed 2014 usage charge)*
- *20 mm service charge of $175.05 (source – proposed 2014 service charge)*
- *Sewerage operating cost per property of $337.35 (source – 2014 operating expenditure)*
- *Sewerage service charge of $515.81 (source – proposed 2014 service charge).*

Table A10.6 – Developer Charges (all proposals adopted ($12/13)

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 1 The Wyong District			
Other Areas within District	2,407	4,660	7,067
Tuggerah Station Industrial	2,407	4,660	7,067
Nth Wyong Industrial	2,407	8,061	10,468
DSP2 The Southern Lakes District			
Killarney Vale Urban	2,741	4,070	6,811
Other Areas within District	2,741	5,002	7,743
Tumbi Valley Urban 1	2,741	2,966	5,707
Tumbi Valley Urban 2	2,741	2,966	5,707
DSP3 The Entrance District			
Areas within District	3,178	2,966	6,144
DSP 5 The Ourimbah District			
Areas within District	4,173	6,937	11,110
DSP 6 The Toukley District			
Areas within District	2,586	3,503	6,089
DSP 7A Warnervale East / Wadalba Nth west			
Warnervale/Wadalba Area 1	2,729	2,572	5,301
Warnervale/Wadalba Area 2	2,729	3,892	6,621
Wadalba Sth	2,407	4,228	6,636
DSP 7 The Gorokan District			
Areas within District		4,459	7,192
DSP 8 The San Remo District			
Areas within District	3,261	4,216	7,477
DSP 9 The Budgewoi District			
Areas within District	3,232	4,111	7,343
DSP 10 The Lake Munmorah District			
Areas within District	4,709	5,364	10,073
DSP 11 The Mannering Park District			
Areas within District	6,660	5,169	11,829

DSP No.	Contributions ($/ET)		
	Water	Sewerage	Total
DSP 14 Precincts 15 & 12 South			
Areas within District	3,944	7,671	11,616
DSP 15 Precincts 11, 13, 14 & Warnervale Business Park			
Areas within District	3,944	5,993	9,937
DSP 16 Precinct 10 at Warnervale			
Areas within District	3,944	3,363	7,307
DSP 17 Precincts 6A, 6B & 6C at Warnervale			
Areas within District	3,944	2,681	6,625
DSP 18 Warnervale Town Centre			
Areas within District	3,944	4,880	8,825

Summary

The total contributions for each of the scenarios set out in Tables A10.3 to A10.6 above are summarised for comparison purposes in table A10.7 below.

The total contributions for each of the scenarios set out in Tables A10.3 to A10.6 above are summarised for comparison purposes in Table A10.7 below

Table A10.7 – Summary of Developer Charges (all scenarios) ($12/13)

DSP No.	Discount rate proposals (Table A10.3)	Residential consumption proposals (Table A10.4)	Removal of 85% cap (Table A10.5)	All proposals adopted (Table A10.6)
	($/ET)	($/ET)	($/ET)	($/ET)
DSP 1 The Wyong District				
Other Areas within District	4,994	6,007	5,875	7,067
Tuggerah Station Industrial	4,994	6,007	5,875	7,067
Nth Wyong Industrial	7,885	8,898	9,276	10,468
DSP2 The Southern Lakes District				
Killarney Vale Urban	4,776	5,789	5,619	6,811
Other Areas within District	5,568	6,581	6,551	7,743
Tumbi Valley Urban 1	3,837	4,851	4,515	5,707
Tumbi Valley Urban 2	3,837	4,851	4,515	5,707
DSP3 The Entrance District	4,209	5,223	4,952	6,144
DSP 5 The Ourimbah District	8,430	9,443	9,918	11,110
DSP 6 The Toukley District	4,163	5,176	4,897	6,089

DSP No.	Discount rate proposals (Table A10.3)	Residential consumption proposals (Table A10.4)	Removal of 85% cap (Table A10.5)	All proposals adopted (Table A10.6)
	($/ET)	($/ET)	($/ET)	($/ET)
DSP 7A Warnervale East / Wadalba Nth west				
Warnervale/Wadalba Area 1	3,492	4,506	4,109	5,301
Warnervale/Wadalba Area 2	4,615	5,628	5,429	6,621
Wadalba Sth	4,627	5,640	5,444	6,636
DSP 7 The Gorokan District	5,100	6,113	6,000	7,192
DSP 8 The San Remo District	5,343	6,356	6,285	7,477
DSP 9 The Budgewoi District	5,228	6,242	6,151	7,343
DSP 10 The Lake Munmorah District	7,549	8,562	8,881	10,073
DSP 11 The Mannering Park District	9,041	10,055	10,637	11,829
DSP 12 The Gwandalan District	7,490	8,503	8,812	10,004
DSP 13 Precincts 4 & 15 Nth, Doyalson	5,019	6,033	5,905	7,097
DSP 14 Precincts 15 & 12 South	8,860	9,873	10,424	11,616
DSP 15 Precincts 11, 13, 14 & Warnervale Business Park	7,434	8,447	8,745	9,937
DSP 16 Precinct 10 at Warnervale	5,198	6,211	6,115	7,307
DSP 17 Precincts 6A, 6B & 6C at Warnervale	4,618	5,631	5,433	6,625
DSP 18 Warnervale Town Centre	6,488	7,501	7,633	8,825

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Appendix 11

Performance against Output Measures for Joint Water Supply and Wyong Shire Council

Appendix 11 – Output Measures

Table 1 – Activity against output measures 2011/12

Output or activity measure	Indicator of activity	2011/12	Cumulative Progress 2012/13
Water			
1 Water quality	100% compliance with NHMRC monitoring guidelines	Achieved	Achieved
2 Water quality	100% compliance with MHMRC health guidelines	Not Achieved*	Not Achieved*
3 Water quality complaints	No more than 5 per 1000 customers annually	Not Achieved* (7.6)	Not Achieved* (36.0)
4 Interruptions	Less than 5% of customers have service interrupted (planned or unplanned) that total more than 5 hours in a year	Achieved	Achieved
5 Water pressure	Water pressure at least 15m for at least 98% of customers on an annual basis	Achieved	Achieved
6 Customer satisfaction	No more than 15% of customers dissatisfied with the service delivered	Achieved	Achieved
Sewerage			
7 Effluent discharges	Effluent discharges to the ocean meet DECC licence conditions 100% of the time	Not Achieved*	**Achieved**
8 Wastewater odours	Less than 1% of properties experience odours on an annual basis	Achieved	Achieved
9 Wastewater overflows	Less than 1% of properties experience overflows on an annual basis	Achieved	Achieved
10 Customer satisfaction	No more than 5% of customers dissatisfied with the service delivered	Achieved	Achieved

* See explanation in Section 2.3.1.4

Table 2 – Capital Expenditure Program

Gosford City Council and Wyong Shire Council JWS Projects

	Description	Actual Cumulative 2008/09 – 2011/12 (11/12 $M)	Forecast 2012/13 (12/13 $M)	Allowed Expenditure over 2008/09 – 2012/13 (11/12 $M)
1	Mardi to Mangrove Transfer System	54.982	3.650	55.993
2	JWS Lower Mooney Dam Remedial/Removal Works	0.052	-	1.393
3	Mardi Transfer System	15.301	-	17.362
4	Mardi Dam Pre-treatment Facilities Associated with Mangrove to Mardi Transfer System	0.124	0.075	10.809
5	Mardi High Lift	7.598	-	7.384
6	JWA Minor Capital Works	*	*	*
7	Mardi Power Supply Upgrade	2.068	-	2.575
8	General Mardi Infrastructure Refurbishment	*	*	*
9	Porters Creek Stormwater Harvesting JWS (Warnervale)	-	-	2.162
10	Mooney Mooney Dam Remedial	*	*	*
11	Balickera Pre Treatment Facility	0.08	-	1.189

Note: All figures inflated by year-on-year CPI June to June

* These projects have been incorrectly included in the Table B.1 of the Final Determination. In accordance with email advice from IPART on 5 October 2011 these projects will not be reported on here.

Comments:

1 Project complete. Water being transferred to Mangrove Creek Dam however some contractor payment claims yet to be finalised.
2 Further advice from the Dam Safety Committee indicates major remedial/removal works are no longer required. Scope of minor works required is being developed. Funds reallocated to Somersby Water Treatment Plant following risk assessment.
3 Complete
4 Consultancy underway to assess options for works within Mardi Dam.
5 Complete
7 Project completed under budget.
9 This project is still only in the feasibility stage.
11 All identified works have now been completed.

Table 3 – Capital Expenditure Program

Wyong Shire Council Projects

	Description	Actual* cumulative 2008/09-2011/12 (11/12 $M)	Forecast ** 2012/13 (12/13 $M)	Allowed Expenditure over 2008/09 – 2012/13 (11/12 $M)
1	Mardi to Warnervale Trunk Main	0.317	0.150	25.548
2	Porters Creek Drainage	0.049	0.000	11.509
3	Watermain Refurbishment	2.114	0.150	5.320
4	Entrance/North Entrance Trunk Main	0.039	0.000	6.788
5	Reclaimed Effluent Plant upgrade (DAFF Plant at Toukley)	2.028	0.000	4.785
6	Trunk Main Gorokan to Norah Head	0.000	0.000	4.023
7	Effluent Reuse (Toukley)	0.038	0.000	1,149
8	Kiar/Bushells Reservoir	0.000	0.000	2.909
9	Electrical Refurbishment	0.039	0.040	2.534
10	Main Adjustments (Roads/Drainage)	1.399	0.500	1.931
11	Fittings and Tapping Band Replacement	0.794	0.400	1.864
12	Water Quality 2010	0.444	0.000	1.489
13	Stormwater Harvesting	0.880	0.100	1.425
14	Porters Creek Stormwater Harvesting (100% Grant Funding)	0.000	0.000	1.678
15	Warnervale Employment Zone Water Mains	0.507	0.500	1.317
16	Repainting/Re-roofing	0.760	0.240	1.077
17	Wyong South – No 4 Aeration Tank/No 5 Aeration Tank	0.595	0.515	16.091
18	Charmhaven (20000 EP)	0.874	0.000	16.091
19	Unidentified Works (Wastewater)	0.273	0.900	13.918
20	Section 94 Works (Undertaken by Council)	4.137	6.21	8.263
21	Sewer Rehabilitation	2.458	1.115	4.186

	Description	Actual * cumulative 2008/9-2011/12 (11/12 $M)	Forecast ** 2012/13 ($M)	Allowed Expenditure over 2008/09 – 2012/13 (11/2 $M)
22	General Mechanical/Electrical/Civil Refurbishment	1.182	1.575	3.715
23	Other (Wastewater)	0.363	0	1.277
24	Upgrade Toukley STP Inlet Works	2.554	0	2.595
25	Upgrade Mannering Park STP Inlet Works	2.106	0	2.810
26	Other (Wastewater)	0.442	0	1.499
27	Valves/Pumps/Switchboard	0.518	2.367	2.014
28	Other (Wastewater)	0.331	0.115	1.520
29	WS36 E&M (inc 50% refurbishment)	0.000	0	1.418
30	Refurbish Mech	0.487	0.175	1.224
31	Refurbish Elec	1.524	0.1	1.224
32	Unallocated Projects (Stormwater)	18.790	3.640	19.694
33	Warnervale Water Quality A1 and B6	0	0	3.056
34	Lake Rd (East)	0	0	2,803
35	Various S94 Projects	1.646	5.792	2.312
36	Category 1 & Category 2 Projects	1.418	-	1.497

* Total expenditure reported in 2011 AIR (CPI by 1.2% as advised by IPART to bring to 11/12$) plus actual 11/12 expenditure

** Forecast expenditure expressed in 12/13$

Comments:

1 Deferred due to slower growth than forecast. Completion now planned for 2016.
2 This project has been deferred due to delays in development
4 Link across The Entrance bridge scheduled for 2014
5 Complete
6 Deferred until 2016 due to delays in development
7 Further investigations have indicated this project is not viable
8 Deferred until 2016 due to delays in development
9 Priorities are currently being reviewed
10 On track
11 On track

12 Complete
13 On track
14 Deferred due to delays in development
15 Deferred due to delays in development
16 On track
17 Design progressing but construction deferred due to slower rate of development
18 This project has been deferred for completion in 2017 due to delays in development
19 To date $5.5M has been earmarked for 2012/13 comprising Warnervale Town Centre ($3M), Pump Station Programme ($2M for PS WS8, B5 and B6) and South Tacoma Sewerage ($0.5M)
20 Under expenditures due to delays in development
21 On track
22 On track
23 On track
24 Completed
25 Completed
26 On track
27 On track
28 On track
29 Deferred until 2017 due to delays in development
30 On track
31 On track
32 We believe the Actual Cumulative was reported incorrectly in the 2010/11 output measures. This now reflects the totals in the AIR
33 Subject to further review
34 Subject to further review
35 Section 94 model revised since last reporting period
36 No expenditure on these projects this year

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Appendix 12

Table of Major Projects for Submission Section 2.6.5

Appendix 12 - Table of Major Projects

As indicated in Section 2.6.5 "Major Projects" are defined as exceeding $1M and are not of a generic nature.

Project	Total Project Cost ($12/13 M)	Project Driver	Justification	Cost Split	Options Considered	Cost Estimate Certainty	Delivery Certainty
WATER							
Mardi WTP Sludge Disposal System	1	Asset service reliability	WTP Sludge Lagoons need to be emptied periodically to avoid spill to environment. This project will install a pipeline to transfer sludge to existing sewerage network adjacent Westfield Tuggerah	100%	1 Install transfer system to nearby sewerage network. Disposal via contract with ANL for STP Sludge Disposal 2 Periodic de-sludging contracts	Low. Pipeline route yet to be determined therefore currently estimated using reference rates	Medium. Existing risks to be managed through design stage.
Work from Water Quality Strategy	3	Mandatory Standards	Following the new river extraction regime associated with Mardi to Mangrove, water quality in the dam will decrease. Implementation of measures identified by upcoming water quality strategy. Additional to Pre-treatment facility	100%	Water Quality Strategy work will identify preferred options	Low. The deterioration of water quality will require significant capital expenditure to resolve.	Medium – Deterioration of water quality may affect adherence to ADWG criteria and will need to be addressed in a timely manner
Dissolved Air Flotations Detail Design (Pre-treatment)	1.4	Mandatory standards	Water Quality consultancy identified pre-treatment of water prior to storage in Mardi Dam as the preferred method to minimise deterioration of water quality	100%	1. Chemical Dosing 2. Pre-treatment 3. Post-treatment	Low. Estimate based on construction cost estimate and standard SID rates	Medium – Deterioration of water quality may affect adherence to ADWG criteria and will need to be addressed in a timely manner

Project	Total Project Cost ($12/13 M)	Project Driver	Justification	Cost Split	Options Considered	Cost Estimate Certainty	Delivery Certainty
WATER							
Curtain in Mardi Dam	2	Mandatory Standards	Increase detention time and encourage settlement of sediment in Mardi Dam.	100%	Consultant currently engaged to complete options analysis and concept design.	Low. Estimate based on estimates for 'Curtain'. Preferred option may differ.	Medium – Deterioration of water quality may affect adherence to ADWG criteria and will need to be addressed in a timely manner
Mardi to Warnervale	25	Growth	New trunk main to service development in the north of the Shire. Required as part of agreement with HWC following construction of Hunter connection pipeline and to allow water banking	80% 20%	Consultancy currently underway to optimise route ahead of detailed design phase. Hydraulic modelling undertaken to guide timing of construction.	Medium. Initial estimate prepared by consultant as part of servicing strategy however some adjustment to alignment is now required.	Medium – The required timing of the project is currently being finalised with regard to development activity and potential water banking with Hunter Water Corp.
Kiar Ridge Reservoir	7.8	Growth	New Reservoir to service growth in the northern parts of the Shire	100%	Hydraulic Modelling has confirmed the size and location requirements for the reservoir	Medium – Initial estimate prepared by consultant as part of servicing strategy	Medium – The required timing of the project is currently being finalised with regard to development activity in the northern areas.

Project	Total Project Cost ($12/13 M)	Project Driver	Justification	Cost Split	Options Considered	Cost Estimate Certainty	Delivery Certainty
SEWERAGE							
SPS WS11 Refurbishment	1.6	Asset service reliability	Refurbishment of SPS in very poor condition. Increase emergency storage at the station and improve overflow location.	70% 30%	Consultancy currently being undertaken to assess options	Low – Selection of preferred option not yet completed.	High – WS11 is among highest priority for SPS refurbishment.
SPS Safety Improvements	2	Mandatory Standards	Replacement of pump station components that represent high Workplace Health and Safety Risks eg. Corroded platforms, heavy lids etc	100%	Design of ladders, lids, platforms undertaken with other utilities to ensure best practice.	High – Scope of required upgrades obtained through condition assessment. Cost of manufacture known.	High – Priority program to minimise Workplace Health and Safety Risks to Council.
Wyong South STP Upgrade	12.5	Growth	Upgrade of Wyong South STP due to loading on plant and condition of existing infrastructure	100%	Concept design and options analysis completed by consultant. Included conversion to diffused air, construct additional IDEA tank and upgrade of existing surface aerators	High – Estimate prepared by consultant as part of detailed concept design.	High – Detailed Design and Tender Documentation to be ready by June 2013.
Charmhaven STP Upgrade	12.5	Growth	Construction of additional aeration tank to increase capacity from 40,000 EP to 60,000EP to cater for growth associated with Warnervale Town Centre	100%	Preferred option identified during concept design by Consultants.	High – Detailed Design complete	Medium – Project is dependant on growth associated with the Warnervale Town Centre development.

Project	Total Project Cost ($12/13 M)	Project Driver	Justification	Cost Split	Options Considered	Cost Estimate Certainty	Delivery Certainty
DRAINAGE							
Wyong CBD	1.4 (May acquire additional contributions from developers)	Growth / Discretionary Standards	Alleviate flooding problems in this area Upgrade stormwater infrastructure to allow for proposed development	100%	Upgrade capacity of existing infrastructure	Estimate only	High
Darri Road	2.5	Discretionary Standards	Alleviate Category 1 flooding in this area	100%	Upgrade capacity of stormwater system and construct new drainage infrastructure	Estimate only – Currently in design phase	High
Porters Creek Stormwater Harvesting Scheme	9.225 (over next pricing period, however total project cost is $27m)	Growth	Protection of the Porters Creek Wetland from the additional stormwater runoff from future planned development in the catchment	100%	Regional scale stormwater diversion/harvesting scheme to mitigate the effects of urban development on water quality and hydrologic regimes of Porters Creek Wetland.	Based on preliminary concept design only	High

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Appendix 13

Proposed Standards of Service for Submission Section 2.4.1

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Proposed Output Measures

Council as part of developing the Master Plan has reviewed it's asset related levels of service. This has informed the output measures for the next Determination period below.

The proposed measures are a subset of the total number of indicators presented in the National Performance Report (NPR) and can be benchmarked against similar sized utilities. The measures chosen are a combination of customer service, asset performance and environmental performance indicators. The basis for each proposed measures, is included in the comments.

Table 1: Proposed output measures for next Determination period

NWI Indicator	Output or activity measure	Indicator of activity by 2015/16	Comments
	Water		
C9	1 Water quality complaints per 1000 properties	9.9	Target extrapolated from current levels of service and 2021 target in Master Plan Level of service by 2021 is within 50 percentile band of the peer data set
C17	2 Average frequency of unplanned interruptions per 1000 properties	151.8	Target extrapolated from current levels of service and 2021 target in Master Plan
A8	3 Water main breaks per 100km main	23.7	Target extrapolated from current levels of service and 2021 target in Master Plan
	4 Compliance with Australian Drinking Water Guidelines – microbial guideline values	Yes	Nationally recognised indicator of safe water quality
	5 Compliance with Australian Drinking Water Guidelines – chemical guideline values	Yes	Nationally recognised indicator of safe and aesthetically appropriate water quality
	Sewerage		
	6 Wastewater overflows per 100 km main	32.6	Target extrapolated from current levels of service and 2021 target in Master Plan
E13	7 Wastewater overflows reported to the environmental regulator per 100km main	1.6	Target extrapolated from current levels of service and 2021 target in Master Plan
C11	8 Wastewater odour complaints per 1000 properties	1.9	Target extrapolated from current levels of service and 2021 target in Master Plan
A14	9 Wastewater main breaks and chokes per 100km main	35.6	Target extrapolated from current levels of service and 2021 target in Master Plan
E7 (Part of)	10 Compliance with EPL 1802 concentration & load limits	Yes	Indicator of regulatory compliance, specifically effluent quality