



WYONG SHIRE COUNCIL

SUBMISSION TO

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

PRICING PROPOSAL FOR 2003/04 AND 2004/05

**Submission to Independent Pricing and Regulatory Tribunal Pricing Proposal
for 2003/04 And 2004/05**

CONTENTS

1 INTRODUCTION

2 PRICING

- 2.1 Pricing Proposal
- 2.2 Pricing Structures
- 2.3 Impact of Change on Various User Groups

3 CUSTOMER SERVICE STANDARDS

- 3.1 Current Service Standards
- 3.2 Customer Response and Willingness to Pay

4 REVENUE REQUIREMENTS

- 4.1 Business Challenges
- 4.2 Consumption
- 4.3 Operating Expenditures
 - 4.3.1 Assumptions
 - 4.3.2 Operating Expenditure Requirements
 - 4.3.3 Efficiency Measures
 - 4.3.4 Demand Management/Re-use/Alternate Supply Options
- 4.4 Capital Expenditure
 - 4.4.1 Actual Versus Forecast
 - 4.4.2 Future Capital Expenditure Requirements

5 MISCELLANEOUS CHARGES

6 OTHER ISSUES

- 6.1 Drainage
- 6.2 Vacant Land
- 6.3 Developer Charges
- 6.4 Regulatory Asset Base (RAB)
- 6.5 Effluent and Sludge Removal Costs

7 CURRENT CHARGES

- 7.1 Sewerage Service Charges
 - 7.1.1 Trade Waste Charges
- 7.2 Proposed Charges
 - 7.2.1 Sewerage Service Charges
 - 7.2.2 Trade Waste Charges

APPENDIX A –

Water Supply Service Standards / Sewerage Service Standards

APPENDIX B –

Capital Expenditure as at July 1 2002

APPENDIX C –

Drainage Capital Works Program

APPENDIX D –

Miscellaneous Charges

1 INTRODUCTION

Council's water supply business includes operation, maintenance and capital works activities associated with the water supply catchment, water harvesting, treatment and distribution to customers. Major headworks components such as dams, weirs, treatment plants and bulk water distribution reservoirs are shared with Gosford City Council and administered by a joint board. Water supply infrastructure associated with the distribution of water to customers is the responsibility of each individual Council.

Council provides water to a permanent population of approximately 140,000 via over 55,000 metered connections. Approximately 14,000ML of water is supplied annually with peak demands ranging from 35ML/day in winter to 100ML/day in summer. The Shire has been experiencing sustained growth, particularly over the past decade, which is expected to continue at about 2.2% pa over the period of this determination.

Council's sewerage business includes operation and maintenance of the sewerage system together with capital works and effluent and sludge disposal. A sewerage connection is provided to over 50,000 properties. Sewerage is treated at one of six treatment plants located throughout the Shire with effluent being discharged to the ocean via two outfalls. All sewage sludge is composted for re-use.

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

Drainage capital works are funded from the water supply and sewerage functions. In older areas of the Shire inadequate drainage systems has led to significant local flooding problems. Council has had an ongoing program to upgrade these older systems which will continue for at least the next twenty years. Much of the existing drainage infrastructure requires refurbishment which is carried out under this programme.

The objective for the drainage operation is to minimise damage to properties caused by flooding.

Total water and sewerage charges for the average residential consumer have reduced in real terms over many years. For example over the past seven years the average residential customers total charge has reduced in real terms by 7.5%. This represents an annual reduction of \$47 on the total charges that would have been incurred had charges increased by inflation over this period. This has been achieved by a combination of efficiency gains resulting from Council's workplace reform process, albeit not at the rates suggested possible by IPART, reduced cash/investment reserves including major refurbishment reserves and a greater reliance on loan funds resulting in the effective deferment of Council's planned program to reduce debt.

2 PRICING

2.1 Pricing Proposal

Council is proposing that for 2003/2004, income from charges be increased in real terms by 3%. For 2004/2005 it is proposed to maintain income from charges in real terms. In accordance with previous determinations the CPI is to be the percentage movement in the Sydney Consumer Price Index. For the purposes of this submission CPI has been forecast to be 2.5% for both years.

Historically effluent and sludge removal charges have not reflected the actual cost of providing these services. It is proposed to address this issue with details provided in Section 6.5 of the submission.

The proposed 3% increase over CPI in 2003/2004 is required to meet significant increases in shared corporate support costs resulting from the implementation of a new corporate information system, increased insurance costs, an increase in shared corporate support staff, increases in the Superannuation Guarantee Levy, increased Gosford/Wyong Joint Water Supply operational expenses and other operating expenses beyond Council's control. These increases will be in the order of \$1,100,000 pa and represent 3.0% of the Water Authorities underlying net sales revenue. Further details on these cost increases are provided in the section on operating expenditure.

Council considers the above pricing proposal will result in a minimum satisfactory level of revenue during the period of the determination, albeit resulting in a significant reduction in cash reserves combined with increased debt levels. Projections beyond the current determination period indicate that a combination of major capital expenditure to be undertaken during the period 2005/2006 to 2008/2009 and the increasing pressures of debt servicing costs will necessitate further price increases in excess of CPI in subsequent determinations. Further detail in regard to this issue is provided in the section on business challenges.

2.2 Pricing Structures

Council's current and proposed prices are detailed in Section 8 of this submission.

It is proposed to maintain the current pricing structures for water supply and sewerage services. Within this structure it is proposed to increase the Water Usage Charge from the current 70 cents per kilolitre to 75 cents per kilolitre in 2003/04 and 80 cents per kilolitre in 2004/05. A corresponding change in Water Availability Charges will result in a total water charge for an average residential consumer increasing by the proposed 3% in real terms in 2003/04 and remaining constant in real terms in 2004/05. Beyond this determination period it is Council's intention to continue to increase the usage charge by 5 cents per annum until parity with Sydney Water and Hunter Water usage charges is achieved.

While acknowledging the relative price inelasticity of water usage the proposed increase in the water usage charge is considered to be sending the appropriate consumption price signal to consumers and is seen as just one component of Council's overall demand management strategy.

The proposed change would result in the following usage, availability and total water charges for an average residential consumer:

Year	Useage Price Cents/KL	Estimated Average Annual Useage Charge (1)	Availability Charge	Total Charge	% Change	Estimated CPI
2002/2003	70c	\$154	\$80	\$234		
2003/2004	75c	\$165	\$82	\$247	+5.5%	2.5%
2004/2005	80c	\$176	\$77	\$253	+2.4%	2.5%

(1) Based on an average residential annual consumption of 220KL.

2.3 Impact of Change on Various User Groups

Any change in the proportion of revenue raised by user charges compared to availability charges will result in “winners and losers”. The table below details the financial impact of an increase in user charges to 75c and 80c respectively and corresponding changes to availability charges. The calculated total residential water charges exclude the proposed 5.5% and 2.5% increase for 2003/2004 and 2004/2005 respectively to identify the financial impact of the increase in user charges compared to availability charges.

Impact of Proposed Residential Water Charges by Water Usage Level						
Water Usage (kL per year)	% of Res Cust	2002/03 Current	2003/04 Actual	Increase or (decrease) on 2002/03	2004/05 Actual	Increase or (decrease) on 2002/03
Vacant	3.1	80	78	(2)	71	(9)
>0 to 100	19.7	115	113	(2)	108	(7)
100-150	15.6	168	167	(1)	164	(4)
150-200	16.3	203	202	(1)	201	(2)
200-250	14.2	238	238	0	238	0
250-300	10.9	273	273	0	275	2
300-400	12.5	325	327	2	330	5
400-500	4.7	395	398	3	404	9
500-1000	2.6	605	611	6	626	21
>1000	0.4	1130	1144	14	1181	51

3 CUSTOMER SERVICE STANDARDS

3.1 Current Service Standards

The current level of service standards, as detailed in Council’s Management Plan, have been determined based on the following:

- Compliance with guidelines and standards regulated by the National Health and Medical Research Council (NHMRC), NSW Health Department and the Environmental Protection Authority.
- Benchmarking with standards applied by other Authorities as reported by the Department of Land and Water Conservation, the Department of Local Government, the Water Services Association of Australia and in reports published by the various authorities.
- Community feedback received through:
 - customer surveys
 - precinct committees
 - representations to elected members
 - customer complaints.

Attached at Appendix A is a summary of current service standards.

3.2 Customer Response and Willingness to Pay

Council's most recent customer survey, conducted in September 2002, indicates that only 2% of residents are dissatisfied with the sewerage service while 16% of residents are dissatisfied with the water supply service. This survey was conducted at a time when Council had introduced water restrictions for the first time in twenty years. About half (48%) of those dissatisfied with the water supply service listed water restrictions as the reason. A further 25% of dissatisfied customers listed dirty water or poor water pressure which are linked to problems associated with the Shire's high growth rate. Council has in place programmes to address these problems.

The issue of water restrictions is linked to the security of the water supply system. A review of options in this regard is currently being undertaken and scheduled for completion in late 2002/early 2003.

Of interest the abovementioned customer survey obtained the following responses to questions relating to restrictions:

- Ignoring cost, 73% of residents surveyed wanted a water supply system that never required restrictions.
- Regardless of cost, 53% of residents surveyed still wanted a water supply system that never required restrictions.
- A majority of residents surveyed (52%) considered it reasonable to apply restrictions one year in every five while the next highest preference grouping (15%) considered that restrictions should never be applied.

4 REVENUE REQUIREMENTS

4.1 Business Challenges

Council has identified the following uncertainties/risks in the operating environment over the period of the price path period and beyond.

- Wyong Shire has experienced significant population growth well in excess of state averages. This strong growth has been forecast to continue over the period of this determination at a rate of 2.2% per annum tapering off to 2.0% per annum by 2007/08 and remaining at that level thereafter. Reductions in projected growth rates represents risk in the short and medium term resulting from reduced revenue streams.

Continued strong growth rates represent a risk in terms of environmental impacts and the possible resultant responses (regulated and non regulated) to these impacts.

- Weather patterns are a major source of business risk in terms of the impact on water consumption, and hence revenue, as well as the impact on water reserves.
- Water restrictions were introduced in February 2002 and introduce considerable uncertainty in terms of:
 - i) Period of restrictions.
 - ii) Level of restrictions required.
 - iii) Impact on consumption and hence revenue.

Financial projections included in this submission have been based on a 10% reduction in consumption in 2002/2003 and a 5% reduction 2003/2004 as a result of the restrictions.

- As identified in IPART's issues paper increased focus on improving environmental outcomes has been a significant driver of costs over the past two decades. Increasing environmental standards will continue to be a major source of risk and uncertainty in both the short and long term.
- Given Councils increased exposure to debt during the price path period and beyond, interest rate increases will result in increased financial risk to the business.
- The Gosford/Wyong Joint Water Supply Authority is currently reviewing options to ensure water supply security for the future. One outcome of this review is that major capital works may be required just beyond the price path period. As there are a number of possible options to be considered the likely level of capital expenditure is uncertain at this stage. However, as an indication the total could be as high as \$100M. Even at half this level, capital expenditure of this magnitude will have significant implications for future price determinations. Consideration needs to be given to the implications of this level of possible future capital expenditure in the current determination.

4.2 Consumption

The basis of water consumption used in the preparation of this submission is the calculated underlying average annual water consumption for the period 1994 to 2002. The impact of growth over this period has been factored into this calculation. The 2001/2002 base year underlying average has been calculated to be 13900ML. In each subsequent year consumption has been increased by forecast growth.

As indicated earlier Council introduced Level 1 water restrictions in February 2002. It is difficult to predict how long restrictions will be in place, at what level the restrictions will remain at and the resultant impact on consumption. For the purpose of this submission however, it has been forecast that 2002/2003 consumption will be reduced by 10% resulting in a reduction in revenue of \$1,000,000 and for 2003/04 consumption will be reduced by 5% resulting in a reduction in revenue of \$540,000. The submission forecasts consumption levels to return to normal in 2004/2005.

If restrictions were to remain in place for the entire price determination period and result in a 10% reduction in consumption during this period this will result in a shortfall in the revenue requirement of \$1,700,000 over that currently forecast and used as the basis for this submission.

Even under normal conditions variation in water consumption is a source of considerable uncertainty in regard to revenue streams. At the current usage charge of \$0.70 per KI a 10% reduction in consumption results in a reduction in revenue of \$1,000,000. With proposed usage charges increasing to \$0.80 per KI a 10% reduction will result in a revenue reduction of \$1,160,000.

4.3 Operating Expenditures

4.3.1 Assumptions

Financial projections used as a basis for this pricing proposal are based on the following assumptions :

	2002/2003	2003/2004	2004/2005
Growth			
Population	+2.2%	+2.2%	+2.2%
Lot	+1.5%	+1.6%	+1.7%
Efficiency			
Salaries & Wages	1.5%	1.5%	1.5%
Corporate/Admin Costs	1.5%	1.5%	1.5%
Inflation			
CPI	2.5%	2.5%	2.5%
Wages & Salaries	4.0%	3.7%	3.5%

4.3.2 Operating Expenditure Requirements

The following details actual operating expenditure during the previous determination period and forecast operating expenditures for the determination period currently under consideration.

Nominal \$'000						
	Actual	Actual	Actual	Forecast	Forecast	Forecast
	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
OPEX	17,383	16,723	19,336	20,236	21,253	22,158

Total actual operating expenditure has increased 11.2% in the two years since 1999/2000. This compares to a combined growth and CPI increase of 11.8% for the same period.

It should be noted that operating expenditures for 2001/2002 are in the order of \$900,000 in excess of normal underlying operating expenditures due to increased shared corporate support costs. The majority of this increase is considered to be non-recurring. The main contributing factors to the increased shared corporate support allocation were i) significant increases in workers compensation expense ii) increased insurance expense and iii) as a result of reduced capital expenditure during the year a greater proportion of overhead allocated to operating expenditure as opposed to capital.

Council has identified a number of items that in total will significantly increase operating expenditures, and hence Council's revenue requirement, for 2002/2003 and beyond. The total increase will be in the order of \$1,100,000 per annum on an ongoing basis. This represents a 6% increase on the underlying annual operating expenditures and 3% of Water and Sewer underlying annual net sales revenue. These cost increases are the basis of the proposed 3% increase above CPI in 2003/2004. These items include the following:

i) Corporate Information Systems

Council is currently in the final stages of negotiation, as part of a syndicate of five councils, to replace its outdated Corporate Information System with a new and totally integrated state of the art system. The current system has outlived its useful life. In fact Council's software supplier has indicated its intention to cease support for Council's current software.

The Water and Sewer Authority shares Council's Corporate Information System directly, and indirectly through the consumption of shared corporate support services. Current indications are that the Water and Sewer Authorities share of information technology costs will increase by \$630,000 per annum as a result of the new information system.

The system may deliver some reductions in shared corporate support cost in the medium to long term however, these are not expected to be material. A 1.5% efficiency saving per annum has been factored into projections for corporate overhead costs. Corporate support cost are unlikely to decrease during the period of the determination due the impact of development, implementation and training commitment required by the organisation to the project during this period.

The benefits the new system will deliver will be more in terms of improved communication and service delivery as well as providing a capacity to meet continued increasing service demands in terms of both quality and quantity.

ii) Insurance Cost

Council has with most other businesses has experienced significant increases in insurance costs. Council's total insurance expense, excluding one-off extraordinary increases increased by 65% during 2001/2002. Further increases in insurance premiums will be incurred during 2002/2003 and are expected to continue if not increase further during the period of the determination. The impact of increases in insurance will be to increase cost by \$100,000 per annum.

iii) Corporate Support Costs

Council in 2000 commissioned an independent consultant to undertake an organisational audit and review. The objective of this review was to assess Council's ability to satisfy the demands of the community by delivering cost effective efficient services in line with best practice concepts. The review found Council to be an effective and well regarded organisation in terms of its operational and financial performance, industry benchmarks, community focus and level of innovation.

The report on the review contained fifty five recommendations. A number of these recommendations have resulted in increased corporate support costs which in turn has resulted in an increased corporate support allocation for the Water and Sewer businesses.

In addition, as a result of significant increases in reporting requirements, particularly in relation to the Water Authority, a review of Council's Finance Section has been undertaken which has resulted in a more appropriate resource allocation to satisfy these increased demands.

As part of its 2002/2003 management plan process Council increased customer service, planning and development assessment staff levels during 2002/2003 to address the impact of strong growth over many years combined with increased service level demands.

All the above form part of shared corporate support costs for which the Water Authority is allocated its share via Council's activity based costing system. As a result of these identified changes Water and Sewer's corporate support costs will increase by \$140,000.

iv) Superannuation Guarantee Levy

The superannuation guarantee levy has increased from 8% to 9%. This will increase employee costs directly by \$55,000 as well as indirectly by \$30,000 via shared corporate support cost.

v) Gosford/Wyong Joint Water Supply Operating Costs

Gosford and Wyong Councils have a joint water supply agreement providing for, among other things, the joint management of water supply headworks with associated costs shared between the Councils.

This work is undertaken by the Gosford and Wyong Council's Water Supply Authority. The cost of this function has increased significantly over the past three years for the following reasons:

Monitoring of Water Quality

Resulting from the Healthy Rivers Commission enquiry into the Hawkesbury River System the Council's engaged an expert panel to review the health of the Central Coast's rivers. This panel identified a number of issues, including a streams management strategy, which the Councils are pursuing. Funding of \$154,000 is committed to this strategy in 2002/03.

Review of Water Supply Security Options

The following events have triggered a major review of options for providing a secure water supply to meet the future needs of the Central Coast:

- the current strategy was developed about 20 years ago and in need of review;
- the Water Management Act 2000 and associated water sharing plans significantly impacts the current water resource strategy; and
- the prolonged period of below average rainfall has reduced water reserves to the point that water restrictions were implemented in February 2002 for the first time in over 20 years.

Funding of \$245,000 is committed for this review in 2002/2003 together with \$90,000 for an investigation into groundwater reserves in the Kulnura Mangrove Mountain Aquifer and \$32,000 for an investigation into Water Sensitive Urban Design.

Staffing

Work associated with the impacts of new legislation (Water Management Act 2000 and associated water sharing plans), Healthy Rivers Commission investigations, review of scheme options and public communication and consultation associated with water restrictions and the above processes has required an increase in joint water supply staffing. An additional \$150,000 is committed for this work in 2002/03.

On an ongoing basis excluding one-off extra-ordinaries Council's share of joint water supply headworks management costs will increase by \$160,000.

In addition the following issues have and will continue to exert pressure on costs and hence operating margins. These items have not been used as a basis for increased prices in excess of CPI in the current submission but do represent a risk to operating costs and have the potential to impact on Councils revenue requirement. These items will continue to be monitored over the period of the determination.

Growth

Growth forecast at 2.2% pa over the period of the pricing determination increases the demand for services and size of the asset base to be operated and maintained. Higher populations and increased population density is increasing demand for improved odour and noise control systems. Similarly more aesthetically pleasing finishes on structures is being demanded while at the same time the cost of maintaining these structures is rising due to increased vandalism.

Labour Cost

Labour cost currently accounts for approximately 29% of operating expenditure. Award and performance related increases in labour cost will be approximately 3.7% pa for 2003/4 and 2004/5.

Environmental Standards

Increasing environmental standards are impacting operating costs in the following manner:

- Water extractions from rivers are incurring greater energy costs as higher flows are being taken over shorter periods in lieu of low flows allocated to the environment.
- Activities such as cleaning water reservoirs and mains and excavation works are incurring higher costs to implement environmental protection measures such as sediment control.
- Greater levels of odour control at sewage treatment plants and pump stations is requiring higher chemical usage. Between 2000 and 2002 the use of liquid oxygen for odour control has increased by about 50%, increasing annual operating costs by about \$100,000.

Cost of Chemicals

Between July 2000 and July 2002 water treatment chemical costs have increased by over 20% adding an additional \$90,000 pa to operating costs.

OH&S Standards

Increasing OH&S standards together with operating in more hazardous environments due to growth eg, high usage roads, is adding costs to O&M works.

Information Access and Reporting

Expectations by customers and regulatory agencies in relation to information requirements is increasing the cost of data acquisition, storage and retrieval. This is mainly reflected in administration costs but also impacts directly on O&M costs.

4.3.3 Efficiency Measures

Council, in May 1998, adopted a policy providing for Workplace Reform and Continuous Improvement in the medium term.

The policy provides a process whereby each area of Council's operations is exposed to comparative testing to establish its relative efficiency within the market place. Combined with this comparative testing is a process of continuous improvement to provide existing staff with the greatest opportunity to be competitive. Where existing functions prove to be uncompetitive other options of service delivery including competitive tendering and contracting out will be explored.

Water and Sewerage operation and maintenance functions have been divided into four geographical areas and are internally benchmarked against each other with process improvement teams progressively reviewing work processes. Work processes have also been benchmarked with those used by other Authorities in New South Wales and Queensland where desktop studies have indicated that these authorities could have processes worth assessing.

Similar improvement processes have been applied to other Council sections providing administrative support to the water and sewerage functions.

This policy is intended to provide a 1½% pa improvement in labour productivity over the medium term.

4.3.4 Demand Management/Re-use/Alternate Supply Options

Sustained attention to demand management since the 1970's has achieved water usage statistics within the Shire which are comparable with industry best practice.

Council has achieved this result mainly through pro-active community education in conjunction with appropriate regulation in relation to building requirements and pricing. Council has pursued other initiatives such as the SEDA Smart Showerhead Programme and proposals for effluent re-use at power stations and golf courses. However, these have not proved successful due to a combination of cost and community attitude issues.

Council is continuing to pursue alternate supply options with adoption of a Development Control Plan 100 – Quality Housing requiring all new dwelling houses or additions from January 2003, to install water efficient fixtures such as “AAA” rated toilet cisterns, aerators and showerheads. Rainwater tanks, of at least 5000L capacity, must be installed and used for toilet flushing, laundry, garden watering and other external uses.

The Gosford and Wyong Council's Water Supply Authority is currently conducting a review of options to improve future water supply security. This review, being undertaken by the NSW Department of Public Works and Services, at a cost of about \$250,000 includes assessing the future potential for effluent re-use and alternate supply options such as desalination. This review is scheduled for completion in late 2002/early 2003.

4.4 Capital Expenditure

4.4.1 Actual Versus Forecast

The following is a summary of actual versus forecast capital expenditure during the previous determination period:

	2000/01	2001/02	2002/03
Actual/Programmed	15,774,000	8,757,000	18,390,000
Forecast	16,230,000	16,651,000	17,062,000

The capital works programme was reasonably achieved in 2000/01.

The 2001/02 programme was not achieved due to delays in finalising designs and preliminary works such as land matters. Details are provided below.

The 2002/03 programme schedules achievement of forecast expenditures and additional carry over works from 2001/02.

The following works scheduled for 2001/02 were not undertaken for the reasons indicated.

Mardi to Warnervale Trunk Main

The work involves about \$4.5M expenditure over a number of years. The 2001/02 forecasts provided for \$1.4M expenditure. The main crosses numerous private properties for which easements are required and has significant sections located adjacent to and within environmentally sensitive areas. Preliminary works involved in gaining easements and addressing environmental issues has delayed this work.

Fishladders on Upper and Ourimbah Creek Weirs

Expenditure for this work estimated at \$0.2M in 2001/02 has been delayed due to:

- Delays by the Department of Land and Water Conservation in resolving land matters in the vicinity of the Lower Ourimbah Creek Weir.
- Delays in the Department of Public Works and Services in preparing designs for the fishway.
- Delays in getting the State Government to commit their 50% funding obligation for the works.

Design Delays

The following works scheduled for construction in 2001/02 have been delayed pending finalisation of designs by consultants:

- Augmentation of Wyong South STW - \$2.5M
- Enclosing sedimentation tanks at Bateau Bay STW - \$1.2M
- Refurbish/augment Sewage Pump Stations B3 and B4 - \$1.0M
- Screens at Wyong South STW - \$0.6M

4.4.2 Future Capital Expenditure Requirements

The table at Appendix B details capital works funding requirements for the period 2001/2002 through to 2011/2012. The key drivers of these capital works forecasts, as reflected in projected expenditures, are as follows:

Ageing Infrastructure

Council's water supply and sewerage assets are relatively new having been substantially constructed during the 1970's and 1980's. Current expenditure on refurbishment is therefore relatively low however, will need to progressively increase to about \$9M (\$2002) per annum, based on the current asset base, by about 2020. Forecasts up to 2011/2012 provide for refurbishment expenditure increasing to about \$5.6M (\$2002) per annum.

Growth

Sustained levels of growth over the next decade will require staged augmentation of water supply and sewerage infrastructure. Typically this is reflected in relatively constant sewerage infrastructure expenditure of \$3M - \$4M pa. Water supply expenditure on distribution works is similarly expected to be reasonably constant at \$2M to \$3M per annum however, major water supply headworks augmentation may require substantial financing between 2005 and 2010 as discussed below.

Water Supply Security (Major Headworks)

For eight of the past ten years the Central Coast has received less than average rainfall. This has resulted in the major storage at Mangrove Creek Dam drawing down from over 70% to around 40% with restricted water usage being imposed on residents in February 2002.

A major review of options to review water supply security options has been commissioned by the Gosford and Wyong Council's Water Authority. This review, being undertaken by the NSW Department of Public Works and Services, is due for completion in late 2002/early 2003 and will assess conventional and alternate supply options as well as demand management and re-use alternatives.

While the outcome of this review has not yet been determined Council has provided for \$25M in expenditure between 2005 and 2009 in future financial projections.

Standards

The potential impact of changing standards associated with the Water Management Act 2000, the Healthy Rivers Commission, the EPA Odour Management Draft Policy, the OH&S Act 2000 has been estimated at incurring on-going capital expenditure of \$800,000 pa and \$1M pa for water supply and sewerage services respectively.

Drainage

Drainage works which will take several decades to complete have been programmed to continue at about \$4.5M pa in real terms. The table at Appendix C details the drainage capital works program for the period of the price determination.

5 MISCELLANEOUS CHARGES

Miscellaneous charges are based on cost recovery with current charges generally reflecting this principle. In some instances charges are not levied where the relative administrative costs are considered to be excessive, for example, the annual administration fee 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.

Currently the charges that are substantially less than full cost recovery and proposed for adjustment in this determination are "major works inspection fees" and "statements of available pressure and flow".

Council's proposal is to increase major works inspection fees to a common level with Gosford Council, of \$4.50 per metre for water mains and sewer rising mains, and \$6.00 per metre for sewer mains. This increase is still below full cost recovery, of \$6.00 per metre for water mains and sewer rising mains, and \$7.00 per metre for sewer mains.

Council also proposes to increase statements of available pressure and flow tests to a comparable level with Gosford Council of \$96.00 which represents full cost recovery.

Appendix D details current and proposed miscellaneous charges.

6 OTHER ISSUES

6.1 Drainage

Council does not levy a separate drainage charge to fund drainage capital works. Previously these works were funded solely by water business. To continue funding these works from water business only, given current pricing structures, will result in a significant deterioration in the water business balance sheet position and a significant strengthening of the sewerage business balance sheet position. In one sense this could be viewed as a form of cross subsidisation.

To address this situation from 2002/2003 these works will be funded by equal contributions from the water and sewerage businesses. In the supporting Annual Information Return (AIR) this is achieved by recording a "negative" contribution revenue item for both Water and Sewer with a corresponding "positive" contribution revenue item in the drainage business. This approach is taken, as opposed to recording the contribution as an expense, so that Water and Sewerage operating costs are not distorted by the contribution to drainage.

This treatment has implications for any revenue requirement calculation utilising the "building block" approach referred to in Section 5.1 of the Tribunal's issues paper. Any calculation of charges for water and sewerage must recognise that drainage expenditures are funded from water and sewer revenues and hence need to be taken into account in the calculation of water and sewerage charges.

6.2 Vacant Land

Council currently levies water and/or sewerage service charges on vacant land where these services are available. It is proposed that this pricing policy should continue for the following reasons:

- such a policy encourages urban consolidation, thereby optimising service utilisation, rather than continuing the urban sprawl;
- a change to not charging vacant land, for newly created lots, would create an inconsistency with the current developer contributions methodology and result in a cross subsidisation from existing residents;
- a change to not charging vacant land, for long term vacant lots, which have not paid any up-front capital contributions will result in a cross subsidisation from existing residents.

6.3 Developer Charges

Council's current, and previous, pricing determinations cap the charge Wyong Council may levy at 85% of the charge calculated in accordance with the IPART methodology. This has continued the significant cross-subsidisation, of developers, by existing residents.

Council proposes that this cross-subsidisation be eliminated by the removal of the 85% cap in the 2002/03 pricing determination.

6.4 Regulatory Asset Base (RAB)

As indicated in the IPART issues paper the concept of a RAB is appropriately applied to the regulatory structure associated with the water industry in the United Kingdom. Council questions the relevance and appropriateness, of such a concept to the NSW Metropolitan Water Agencies given their different operating environment.

The current RAB, as determined by IPART without input from Council, represents less than 30% of the replacement cost of Council's water and sewerage assets. Therefore, use of this asset base in any rate of return calculation distorts by a factor of 3, what Council and the water industry would consider to be, the real rate of return on invested capital.

The RAB, in the context of the privatised UK water industry, is used by the regulator to determine an appropriate return on investments by the water companies. Accordingly, within the NSW Metropolitan Water Agency context such an indicator may be appropriate to calculating dividend payments. However, concern is raised if this indicator becomes confused with other rate of return indicators used within the NSW and Australian Water Industry which are used to determine the long term viability of an agency to adequately fund asset refurbishment.

6.5 Effluent and Sludge Removal Costs

Historically, most of the fees set for the various effluent and sludge collection and disposal services have not reflected the true cost of providing the services with Council subsidising the services.

The effluent and sludge removal and disposal service was recently subject to an open tender process with the most competitive tenderer being engaged to provide the service. The proposed fees consist of the tendered fees, applicable disposal cost for effluent or sludge and a contribution to the cost of administration of the services.

Currently there is only one standard fee for the removal of sludge from septic tanks or Aerated Water Treatment Systems (AWTS) irrespective of the tank size or number of tanks within a system. The proposed new charges will allow the distinction between different septic systems and hence provide a fairer allocation of fees based on the actual quantities collected and disposed of.

Overall, the charges for the provision of an additional effluent service will remain the same. Charges for the collection and disposal of commercial effluent will decrease. Fees for the collection and disposal of sludge will increase to reflect the increased cost of collection and disposal of the material.

7 CURRENT CHARGES

The current charges for 2002/2003 are as follows:

Water Charges

Table 1 – Water Availability Charges	
Nominal Pipe/Meter Size	Total \$
20 mm	80.00
25 mm	125.00
40 mm	320.00
50 mm	500.00
80 mm	1280.00
100 mm	2000.00
150 mm	4500.00
200 mm	8000.00

Charges for meters in excess of 200 mm are calculated on the proportional increase in the area of the connection when compared to a 20 mm connection.

Water Service Charges – Strata properties (Residential) with Master Meter Only

Where water usage to a residential strata titled property is measured through a master meter only, each individual unit is levied a service charge of \$80.00. Water Usage is apportioned to the various lots in the Strata Plan in accordance with the schedule of unit entitlement and charged to the unit owners at the rate of 70.0 cents per kilolitre.

Water Service Charges - Community Title Properties and Non-Residential Strata Properties

Where a master meter is attached to service the property, the service charge is based on an availability charge commensurate with the size of the meter and this charge is apportioned to the various lots in the community title/strata plan in accordance with the schedule of unit entitlement. Usage consumed through the master meter is apportioned and charged to the individual unit owners in accordance with the unit entitlement at the rate of 70 cents per kilolitre.

Water Consumption Charge

All water consumed is charged at the rate of 70 cents per kilolitre.

Water Fire Service

The availability charges for all properties (other than residential properties and Community Halls with a 20 mm fire service), with unmetered fire services are:

Meter Size	Meter Charge \$
20 mm	40.00
25 mm	63.00
40 mm	160.00
50 mm	250.00
80 mm	640.00
100 mm	1000.00
150 mm	2250.00
200 mm	4000.00

Unmetered fire services in excess of 200 mm are charged at 50% of the comparable meter charge detailed in Table 1.

Properties which have a combined fire and commercial service are charged as if there was only one service and this charge is the higher of the individual services.

Water Service Fees Exempt Property

For all properties exempt from service charges under Schedule 4 of the Water Management Act 2000, the following fees detailed in Table 3 are charged in accordance with Section 310 of the Act. This fee is commensurate with water availability charges detailed in Table 1. A consumption fee of 70 cents per kilolitre for all water used also applies.

Meter Size	Total \$
20 mm	80.00
25 mm	125.00
40 mm	320.00
50 mm	500.00
80 mm	1280.00
100 mm	2000.00
150 mm	4500.00
200 mm	8000.00

Fees for meters in excess of 200 mm are calculated on the proportional increase in the area of the connection when compared to a 20 mm connection.

Water Service Charges Vacant Land and Unmetered Services

A water availability charge of \$80.00 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.

Club/Sporting Bodies

The charge for water supply to golf clubs, lawn bowling clubs and clubs utilising water to maintain public sporting facilities is 70 cents per kilolitre. The difference between the fee of 47 cents per kilolitre and 70 cents per kilolitre is provided to the organisation as part of a Community Service Obligation (CSO).

Council Controlled Sporting Fields

From July 1 2000, all Council controlled sporting fields which are now separately metered are levied the water consumption charge. However, these charges are offset by a CSO contribution towards these charges.

7.1 Sewerage Service Charges

Residential Charges

Single Residential Properties

Council has a current charging structure based on a service charge for each residential property to which a sewerage service is supplied or residential properties not serviced but to which it is reasonably practical for sewerage to be supplied. The current charge is \$347.00 for each single residential property.

Non-Residential Charges

In the determination of Council's 1995/96 charges, the Independent Pricing and Regulatory Tribunal approved the introduction of a pay for use system of charging for sewerage based upon access size and a usage charge.

Meter Size (mm)	\$
20	125
25	195
40	500
50	781
80	2000
100	3125
150	7031
200	12500
> 200	(Nominal size) ² x 125/400

The above Sewerage Base Charges – Non-Residential properties are multiplied by the discharge factor of water being discharged into Council's sewerage system.

The price for sewerage usage charges for properties other than those classified as Category A under Council's Trade Waste Policy is 60 cents per kilolitre.

The usage charge is based on the estimated volume of metered water usage discharged into the Council's sewerage system. Metered water usage is multiplied by a discharge factor, based on the type of premises, to estimate the volume of water discharged.

Sewerage Service Charges – Non Residential Vacant Land

All properties to which a sewerage service is supplied or properties not serviced but which it is reasonably practical for sewerage to be supplied be charged the minimum charge – Non Residential Properties of \$366.00 for 2003/2004 and \$375,000 for 2004/2005.

The minimum amount payable for a non-residential customer is \$347.00.

Non-Residential customers are those that do not meet the classification as a single residential customer. These include non strata titled residential units and Retirement Village properties.

7.1.1 Trade Waste Charges

An extract from the current trade waste policy outlining the properties categorised and current charges are as follows:

Premises Classified as Category A under Council's Trade Waste Policy

Access charge	In accordance with Normal Premises.
Usage charge	In accordance with Trade Waste Policy
Annual Agreement Fee	In accordance with Trade Waste Policy

Premises Classified as Category B under Council's Trade Waste Policy

Base charge	In accordance with Normal Premises.
Usage charge	60 cents/kilolitre
Annual Agreement Fee	In accordance with Trade Waste Policy

Trade Waste discharges shall be grouped into two categories.

Category A

Premises that discharge high strength or high volume wastes with the potential to have a significant adverse impact on the sewerage system if agreement standards are not maintained.

Premises listed under Category "A" shall be visited twice annually with samples being collected and tested according to agreement conditions. If quality of trade waste or volume is outside agreement conditions, the owner or occupier of the premises will be formally requested to comply with agreement conditions. Failure to comply with agreement conditions may result in the trader being refused permission to discharge waste to the sewerage system. A re-inspection fee shall apply to all inspections, other than twice annual sampling, required to achieve agreement conditions.

Category B

Premises that discharge wastes with the potential to have an adverse impact on the sewerage system if agreement standards are not maintained. Typically premises include:

- 1 Any club, hotel, motel, caravan park or hostel which has a kitchen.
- 2 Restaurants and cafes.
- 3 Butcher shops.

- 4 Garages and Workshops.
- 5 Concrete batching plants and any light industry requiring pre-treatment of sewer wastes.

Premises listed under Category "B" shall be registered and inspected annually by Council staff to assess compliance with agreement conditions. If the Trader is in breach of agreement conditions a formal request to comply will be issued. Failure to comply may result in the trader being refused permission to discharge waste to the sewerage system or re-classification to a category A discharger and imposition of the associated pay for use charging system. A re-inspection fee shall apply to all inspections, other than the annual sampling, required to achieve agreement conditions.

Current Trade Waste Charges

Parameter	Charge \$	Unit of Measurement/ Comments
Category A		
Volume	35	Cents per kilolitre
BOD	59	Cents per kilogram
SS	48	Cents per kilogram
Oil and Grease	119	Cents per kilogram
Annual Agreement Fee	272.00	Includes Inspection Fee
Re-inspection Fee	38.00	
Category B		
Agreement Fee	38.00	Inspection of Oil arresters with water consumption less than 2,000 kl/year. (Inspection of premises plus collection of sample).
Excess BOD	59	Cents per kilogram
Excess SS	48	Cents per kilogram
Excess Oil and Grease	119	Cents per kilogram

Minimum Charge – Non Residential Properties

A minimum amount of three hundred and forty seven dollars (\$347.00) applies to all Non Residential properties.

Other Sewerage Charges

- 1 Currently Council levies charges for sewerage services rendered in respect of:
 - a land which belongs to a religious body and which is occupied and used in connection with:
 - i any church or other building used or occupied for public worship OR
 - ii any building used or occupied solely as the residence of a minister of religion in connection with any such church or building OR
 - iii any building used or occupied for the purposes of religious teaching or training OR
 - iv any building used or occupied solely as the residence of the official head or the assistant official head, or both, of any religious body in the State or in any diocese in the State

- b Land which belongs to and which is occupied and used in connection with any school including any playground which belongs to and is used in connection with any such school, and any building occupied as a residence by a caretaker, servant or teacher of any such school which belongs to and is used in connection with the school in the amount of \$23.00 per annum for each water closet on the premises. In any case where a urinal is installed an additional charge of \$17.00 per annum for each cistern servicing such a urinal is levied.

2 The charge for sewerage services rendered in respect of:

- a land, other than the land referred to in 1a belonging to a religious body which is not rateable; OR
- b land, other than the land referred to in 1b owned by the Crown, which is not rateable;

is \$48.00 per annum for each water closet on the premises. In any case where a urinal is installed an additional charge of \$17.00 per annum for each cistern servicing such a urinal is levied.

Part Year Charges

For those properties that become chargeable or non-chargeable for the water and sewer service charges during the year a proportional charge calculated on a weekly basis applies.

Effluent Removal Charges

Type of Service	Current Cost of Service \$
Annual fortnightly service	712
Each requested special service	32
Commercial service	12 per kl
Routine maintenance of septic tanks	180
Final cleanout of septic tank and collection well	180 per tank

3 Chemical Closet Charges

Type of Service	Current Cost of Service \$
Annual Fortnightly service	1,129
Each requested weekly special service	22

7.2 PROPOSED CHARGES

The proposed charges for 2003/2004 and 2004/2005 are as follows:

Water Charges

Nominal Pipe/Meter Size	2003/2004 \$	2004/2005 \$
20 mm	82.00	77.00
25 mm	128.00	120.00
40 mm	328.00	308.00
50 mm	512.00	481.00
80 mm	1312.00	1232.00
100 mm	2050.00	1925.00
150 mm	4612.00	4331.00
200 mm	8200.00	7700.00

Charges for meters in excess of 200 mm are calculated on the proportional increase in the area of the connection when compared to a 20 mm connection.

Water Service Charges – Strata properties (Residential) with Master Meter Only

Where water usage to a residential strata titled property is measured through a master meter only, each individual unit is levied a service charge of \$82.00 for 2003/2004 and \$77.00 for 2004/2005. Water Usage is apportioned to the various lots in the Strata Plan in accordance with the schedule of unit entitlement and charged to the unit owners at the rate of 75 cents per kilolitre for 2003/2004 and 80 cents per kilolitre for 2004/2005.

Water Service Charges- Community Title Properties and Non-Residential Strata Properties

Where a master meter is attached to service the property, the service charge is based on an availability charge commensurate with the size of the meter and this charge is apportioned to the various lots in the community title/strata plan in accordance with the schedule of unit entitlement. Usage consumed through the master meter is apportioned and charged to the individual unit owners in accordance with the unit entitlement at the rate of 75 cents per kilolitre in 2003/2004 and 80 cents per kilolitre for 2004/2005.

Water Consumption Charge

All water consumed is charged at the rate of 75 cents per kilolitre for 2003/2004 and 80 cents per kilolitre for 2004/2005.

Water Fire Service

The availability charges for all properties (other than residential properties and Community Halls with a 20 mm fire service), with unmetered fire services are:

Meter Size	2003/2004 \$	2004/2005 \$
20 mm	41.00	38.00
25 mm	64.00	60.00
40 mm	164.00	154.00
50 mm	256.00	240.00
80 mm	656.00	616.00
100 mm	1025.00	962.00
150 mm	2306.00	2165.00
200 mm	4100.00	3850.00

Unmetered fire services in excess of 200 mm are charged 50% of the comparable meter charge detailed in Table 1.

Properties which have a combined fire and commercial service are charged as if there was only one service and this charge is the higher of the individual services.

Water Service Fees Exempt Property

For all properties exempt from service charges under Schedule 4 of the Water Management Act 2000, the following fees detailed in Table 3 are charged in accordance with Section 310 of the Act. This fee is commensurate with water availability charges detailed in Table 1. A consumption fee of 75 cents per kilolitre for all water used also applies for 2003/2004 and 80 cents per kilolitre for 2004/2005.

Meter Size	2003/2004 \$	2004/2005 \$
20 mm	82.00	77.00
25 mm	128.00	120.00
40 mm	328.00	308.00
50 mm	512.00	481.00
80 mm	1312.00	1232.00
100 mm	2050.00	1925.00
150 mm	4612.00	4331.00
200 mm	8200.00	7700.00

Fees for meters in excess of 200 mm are calculated on the proportional increase in the area of the connection when compared to a 20 mm connection.

Water Service Charges Vacant Land and Unmetered Services

It is proposed to levy a water availability charge of \$82.00 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 for 2003/2004 and \$77.00 for 2004/2005.

Club/Sporting Bodies

The proposed charge for water supply to golf clubs, lawn bowling clubs and clubs utilising water to maintain public sporting facilities is 75 cents per kilolitre for 2003/2004 and 80 cents per kilolitre for 2004/2005. The difference between the fee of 75 cents per kilolitre and 50 cents per kilolitre for 2003/2004 and the difference between the fee of 80 cents per kilolitre and 53 cents per kilolitre for 2004/2005 is provided to the organisation as part of a Community Service Obligation (CSO).

Council Controlled Sporting Fields

All Council controlled sporting fields are now separately metered and levied the water consumption charge. However, these charges are offset by a CSO contribution towards these charges.

7.2.1 Sewerage Service Charges

Residential Charges

Single Residential Properties

It is proposed to continue the current charging structure based on a service charge for each residential property to which a sewerage service is supplied or residential properties not serviced but to which it is reasonably practical for sewerage to be supplied. The proposed charge is \$366.00 for each single residential property in 2003/2004 and \$375.00 in 2004/2005.

Non-Residential Charges

In the determination of Council's 1995/96 charges, the Independent Pricing and Regulatory Tribunal approved the introduction of a pay for use system of charging for sewerage based upon access size and a usage charge.

In line with this approval it is proposed to continue with this charging structure.

Meter Size (mm)	2003/2004 \$	2004/2005 \$
20	132.00	135.00
25	206.00	211.00
40	528.00	541.00
50	824.00	845.00
80	2110.00	2163.00
100	3300.00	3383.00
150	7420.00	7605.00
200	13200.00	13500.00
> 200	(Nominal size) ² x 132/400	(Nominal size) ² x 135/400

The above Sewerage Base Charges – Non-Residential properties are multiplied by the discharge factor of water being discharged into Council's sewerage system.

The price for sewerage usage charges for properties other than those classified as Category A under Council's Trade Waste Policy is 63.5 cents per kilolitre for 2003/2004 and 65 cents per kilolitre for 2004/2005.

The usage charge is based on the estimated volume of metered water usage discharged into the Council's sewerage system. Metered water usage is multiplied by a discharge factor, based on the type of premises, to estimate the volume of water discharged.

Sewerage Service Charges – Non Residential Vacant Land

All properties to which a sewerage service is supplied or properties not serviced but to which it is reasonably practical for sewerage to be supplied be charged the minimum charge – Non Residential Properties of \$366.00 for 2003/2004 and \$375.00 for 2004/2005.

The proposed minimum charge payable for a non-residential customer is \$366.00 in 2003/2004 and \$375.00 in 2004/2005.

Non-Residential customers are those that do not meet the classification as a single residential customer. These include non strata titled residential units and Retirement Village properties.

7.2.2 Trade Waste Charges

An extract from the current trade waste policy outlining the properties categorised and current charges are as follows:

Premises Classified as Category A under Council's Trade Waste Policy

Access charge	In accordance with Normal Premises.
Usage charge	In accordance with Trade Waste Policy
Annual Agreement Fee	In accordance with Trade Waste Policy

Premises Classified as Category B under Council's Trade Waste Policy

Base charge	In accordance with Normal Premises.
Usage charge	63.5 cents/kilolitre in 2003/2004 and 65 cents per Kilolitre in 2004/2005
Annual Agreement Fee	In accordance with Trade Waste Policy

Trade Waste discharges shall be grouped into two categories.

Category A

Premises that discharge high strength or high volume wastes with the potential to have a significant adverse impact on the sewerage system if agreement standards are not maintained.

Premises listed under Category "A" shall be visited twice annually with samples being collected and tested according to agreement conditions. If quality of trade waste or volume is outside agreement conditions, the owner or occupier of the premises will be formally requested to comply with agreement conditions. Failure to comply with agreement conditions may result in the trader being refused permission to discharge waste to the sewerage system. A re-inspection fee shall apply to all inspections, other than twice annual sampling, required to achieve agreement conditions.

Category B

Premises that discharge wastes with the potential to have an adverse impact on the sewerage system if agreement standards are not maintained. Typically premises include:

- 1 Any club, hotel, motel, caravan park or hostel which has a kitchen.
- 2 Restaurants and cafes.
- 3 Butcher shops.
- 4 Garages and Workshops.
- 5 Concrete batching plants and any light industry requiring pre-treatment of sewer wastes.

Premises listed under Category "B" shall be registered and inspected annually by Council staff to access compliance with agreement conditions. If the Trader is in breach of agreement conditions a formal request to comply will be issued. Failure to comply may result in the trader being refused permission to discharge waste to the sewerage system or re-classification to a category A discharger and imposition of the associated pay for use charging system. A re-inspection fee shall apply to all inspections, other than the annual sampling, required to achieve agreement conditions.

Proposed Trade Waste Charges

Parameter	2003/2004	2004/2005	Unit of Measurement/ Comments
Category A			
Volume	37	38	Cents per kilolitre
BOD	62	64	Cents per kilogram
SS	50	52	Cents per kilogram
Oil and Grease	\$1.26	\$1.29	Per kilogram
Annual Agreement Fee	\$287.00	\$294.00	Includes Inspection Fee
Re-inspection Fee	\$40.00	\$41.00	
Category B			
Agreement Fee	\$40.00	\$41.00	Inspection of Oil arresters with water consumption less than 2,000 kl/year. (Inspection of premises plus collection of sample).
Excess BOD	62	64	Cents per kilogram
Excess SS	50	52	Cents per kilogram
Excess Oil and Grease	\$1.26	\$1.29	Per kilogram

Other Sewerage Charges

- 1 It is proposed to levy charges for sewerage services rendered in respect of:
 - a land which belongs to a religious body and which is occupied and used in connection with:
 - i any church or other building used or occupied for public worship OR

-
- ii any building used or occupied solely as the residence of a minister of religion in connection with any such church or building OR
 - iii any building used or occupied for the purposes of religious teaching or training OR
 - iv any building used or occupied solely as the residence of the official head or the assistant official head, or both, of any religious body in the State or in any diocese in the State
- b Land which belongs to and which is occupied and used in connection with any school including any playground which belongs to and is used in connection with any such school, and any building occupied as a residence by a caretaker, servant or teacher of any such school which belongs to and is used in connection with the school in the amount of \$24.00 per annum for 2003/2004 and \$25.00 per annum for 2004/2005 for each water closet on the premises. In any case where a urinal is installed an additional charge of \$18.00 per annum for 2003/2004 and \$18.50 per annum for 2004/2005 for each cistern servicing such a urinal is levied.

2 The charge for sewerage services rendered in respect of:

- a land, other than the land referred to in 1a belonging to a religious body which is not rateable; OR
- b land, other than the land referred to in 1b owned by the Crown, which is not rateable;

is proposed to be \$50.00 per annum for 2003/2004 and \$52.00 per annum for 2004/2005 for each water closet on the premises. In any case where a urinal is installed an additional charge of \$18.00 per annum for 2003/2004 and \$18.50 per annum for 2004/2005 for each cistern servicing such a urinal may be made.

Part Year Charges

For those properties that become chargeable or non-chargeable for the water and sewer service charges during the year a proportional charge calculated on a weekly basis applies.

Effluent and Sludge Removal Charges

Service	Proposed Cost of Service 2003/2004 \$	Proposed Cost of Service 2004/2005 \$
Fortnightly effluent removal and disposal service	811.00 per annum	827.00 per annum
Additional effluent removal and disposal service	32.00 per service	32.00 per service
Commercial effluent removal and disposal service	10.20 per kilolitre	10.50 per kilolitre
Sludge removal and disposal Services: <ul style="list-style-type: none">▪ Septic tanks with a capacity up to 2750 litres▪ Septic tanks exceeding 2750 litres or AWTS with on tank▪ AWTS with more than one tank	226.00 per service 294.00 per service 438.00 per system	232.00 per service 301.00 per service 449.00 per system

Chemical Closet Charges

Type of Service	Proposed Cost of Service 2003/2004 \$	Proposed Cost Of Service \$2004/2005 \$
Annual Fortnightly service	1191	1221
Each requested weekly special service	23	24

APPENDIX A

Water Supply Service Standards

Key Strategies	PERFORMANCE MEASURE	
	Key Target for 2002/2003	Longer Term Target
<p>1 Operate the water supply system to achieve:</p> <p>a Key regulatory requirements.</p> <p>b A high level of operating performance.</p> <p>c Key customer service performance requirements.</p>	<ul style="list-style-type: none"> • 100% compliance with National Health and Medical Research Council (NHMRC) monitoring guidelines. • 100% compliance with NHMRC health guidelines. • Pressure in the distribution mains is maintained at or above 15m for at least 98% of properties. • The proportion of properties affected by an interruption to supply longer than 6 hours is less than 5%. • Standard response times are achieved for: <ul style="list-style-type: none"> - System malfunctions – 98% of the time. - Customer contact – 98% of the time. - Provision of contribution works – 95% of the time. • Customer surveys show that no more than 15% of customers are dissatisfied with the service delivered. 	<ul style="list-style-type: none"> • Operation and maintenance costs per property are within the top quartile of commensurate utilities with similar regulatory regimes, responsibilities for service delivery and level of service provided.
<p>2 Examine long term options for water supply taking into account broader economic and environmental considerations.</p>	<ul style="list-style-type: none"> • Design and implement a programme to evaluate the environmental effects of water supply activities. 	<ul style="list-style-type: none"> • Implement a water supply strategy that is environmentally sustainable and economically affordable.

APPENDIX A

Water Supply Service Standards

Key Strategies	PERFORMANCE MEASURE	
	Key Target for 2002/2003	Longer Term Target
<p>3 Reduce the demand for water by implementing a proactive community education programme targeting the reduction of water wastage and utilisation of water efficient system and devices.</p> <p>4 Extend the use of alternative water supply sources by encouraging, and where cost effective, financially supporting the use of rainwater tanks.</p>		<ul style="list-style-type: none"> • Average residential water usage is within the bottom quartile of commensurate water utilities. • Alternative water source usage is within the top quartile of commensurate water utilities.

APPENDIX A

Sewerage Service Standards

Key Strategies	PERFORMANCE MEASURE	
	Key Target for 2002/2003	Longer Term Target
<p>1 Operate the sewerage system to achieve:</p> <p>a Key regulatory requirements.</p> <p>b A high level of operating performance.</p> <p>c Key customer service performance requirements.</p>	<ul style="list-style-type: none"> • Effluent discharged to the ocean meets Environment Protection Authority licence conditions 100% of the time. • No adjacent bathing beach fails to meet health requirements due to discharge of sewage effluent. • Less than 1% of properties have a sewage overflow caused by a problem in the Council sewer. • Less than 1% of properties experience odours from the sewerage system. • Standard response times are achieved for: <ul style="list-style-type: none"> - Systems malfunctions – 98% of the time. - Customer contact – 98% of the time. - Provision of contribution works – 95% of the time. • Customer surveys show that no more than 15% of customers are dissatisfied with the service delivered. 	<ul style="list-style-type: none"> • Operation and maintenance costs per property are within the top quartile of commensurate utilities with similar regulatory regimes, responsibilities for service delivery and level of service provided.

APPENDIX B

Capital Expenditure as at July 1 2002

CURRENT \$	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
REFURBISHMENT											
WATER	1,845	1,996	2,154	2,318	2,489	2,667	2,853	3,046	3,247	3,456	3,674
SEWER	1,948	2,101	2,261	2,428	2,602	2,783	2,972	3,168	3,372	3,584	3,805
MAJOR HEADWORKS											
WATER	133	3,677	6,461	2,760	11,314	11,597	2,972	0	0	0	0
SEWER	1,538	1,576	1,077	1,104	1,131	1,160	1,783	1,828	1,873	1,920	1,968
INFRASTRUCTURE											
WATER	2,393	2,868	2,369	2,428	2,489	2,551	2,615	2,680	2,747	2,816	2,887
SEWER	4,151	4,623	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840	3,936
FREE ASSETS											
WATER	1,538	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873	1,920	1,968
SEWER	1,538	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873	1,920	1,968
STANDARDS											
WATER	820	841	862	883	905	928	951	975	999	1,024	1,050
SEWER	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249	1,280	1,312
DRAINAGE											
FREE ASSETS	1,538	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873	1,920	1,968
RENEWAL	205	210	215	221	226	232	238	244	250	256	262
ENVIRONMENTAL	718	735	754	773	792	812	832	853	874	896	918
GROWTH	3,613	3,782	3,877	3,974	4,073	4,175	4,279	4,386	4,496	4,608	4,724
TOTAL	23,003	28,188	29,183	26,272	35,637	36,764	29,599	27,537	28,473	29,440	30,440
FREE ASSETS	4,614	4,728	4,845	4,968	5,091	5,220	5,349	5,484	5,619	5,760	5,904
TOTAL EXCL. FREE ASSETS	18,389	23,460	24,338	21,304	30,546	31,544	24,250	22,053	22,854	23,680	24,536

APPENDIX C

Drainage Capital Works Program

Capital Works are allocated priorities in accordance with the following criteria:

- Priority 1: Flooding of habitable area of buildings.
- Priority 2: Flooding of non-habitable areas of buildings eg, garage, laundry, etc.
- Priority 3: Flooding of property ie, private land and roadway areas.
- Priority 4: Hazard to private property eg, scouring etc.
- Priority 5: Problems relating to maintenance eg, scouring, difficult access etc.
- Priority 6: Drains of low priority – to be done as funds permit.
- Priority 7: Drainage works incorporated in road rehabilitation.

The following works are proposed for future construction.

2003/2004		
Drainage Location	Suburb	Estimate
San Remo Area	San Remo	\$150,000
Budgewoi Area	Budgewoi	\$150,000
Eastern Road	Bateau Bay	\$150,000
Lakedge Avenue	Berkeley Vale	\$150,000
Phyllis/Stanley Street – No 10/16	Gorokan	\$150,000
Network Rehabilitation	Various	\$300,000
Environmental – Wetlands	Shire	\$600,000
Eloora Road	Long Jetty	\$300,000
George Evans Road No 4	Killarney Vale	\$300,000
Toowoan Bay/Archbold Road	Toowoan Bay	\$675,000
Phyllis Avenue – 174A	Kanwal	\$300,000
Leslie Avenue	Gorokan	\$150,000
Kaye Avenue	Gorokan	\$150,000
Swadling Street	Long Jetty	\$150,000
Hargraves Street – Bend to Carpark	Toukley	\$150,000
Panorama Avenue – Stage 2	Charmhaven	\$225,000
Reserve Drive	Bateau Bay	\$100,000

2004/2005		
Drainage Location	Suburb	Estimate
Oakland Avenue/Ashton Avenue Stage 3	The Entrance	\$600,000
Playford Road	Killarney Vale	\$75,000
San Remo Area	San Remo	\$375,000
Budgewoi Area	Budgewoi	\$375,000
Environmental – Wetlands	Shire	\$300,000
Network Rehabilitation	Shire	\$300,000
Lakedge Avenue	Berkeley Vale	\$75,000
Lindsay Street	Shelly Beach	\$37,500
Cadonia Road – Tuggerah to School	Tuggerawong	\$82,500
Walu/Lukela – Bend	Budgewoi	\$105,000
Tuggerawong Road	Tuggerawong	\$150,000
Watson Avenue	Tumbi	\$300,000
Lauren Avenue	Lake Munmorah	\$450,000
Vena Street	Gorokan	\$300,000
Wolseley Avenue No 48 – Pipe	Tacoma	\$150,000
Killarney Vale Shops	Killarney Vale	\$225,000
The Corso	Gorokan	\$150,000

APENDIX D
Miscellaneous Charges
Common Services

Service No.	Description	Current Charge	Proposed Charge
1	Conveyancing Certificate <i>Statement of Outstanding Charges.</i> a) Over the Counter..... b) Electronic.....	15.00 NA	15.00 NA
2	Property Sewerage Diagram-Up to and Including A4 Size- (where available) <i>Diagram showing the location of the house-service line, building and sewer for a property</i> a) Certified..... b) Uncertified 1. Over the Counter..... 2. Electronic.....	15.00 15.00 NA	15.00 15.00 NA
3	Service Location Diagram <i>Location of Sewer and/or Water Mains in relation to a property's boundaries</i> a) Over the Counter..... b) Electronic.....	15.00 NA	15.00 NA
4	Special Meter Reading Statement	45.00	45.00
5	Billing Record Search Statement - Up to and Including 5 Years.	15.00	15.00
6	Building Over or Adjacent to Sewer Advice <i>Statement of Approval Status for existing Building Over or Adjacent to a Sewer</i>	NA	NA
7	Water Reconnection - a) During business hours..... b) Outside business hours.....	30.00 125.00	30.00 125.00
8	Workshop Test of Water Meter <i>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.</i> 20mm..... 25mm..... 32mm..... 40mm..... 50mm..... 60mm..... 80mm.....	150.00 150.00 150.00 150.00 150.00 150.00 150.00	150.00 150.00 150.00 150.00 150.00 150.00 150.00

Miscellaneous Charges Common Services			
Service No.	Description	Current Charge	Proposed Charge
9	Application for Disconnection-All Sizes	NA	25.00
10	Application for Water Service Connection-(up to and including 25mm) <i>This covers the administration fee only. There will be a separate charge payable to the utility if they also perform the physical connection.</i>	25.00	25.00
11	Application for Water Service Connection-(32-65mm) <i>This covers administration and system capacity analysis as required.</i>	25.00	25.00
12	Application for Water Service Connection-(80mm or greater) <i>This covers administration and system capacity analysis as required.</i>	25.00	25.00
13	Application to Assess a Water Main Adjustment <i>(Moving a fitting and/or adjusting a section of water main up to and including 25 metres in length)</i> <i>This covers preliminary advice as to the feasibility of the project and will result in either</i> <p style="text-align: center;">1. A rejection of the project in which case the fee covers the associated investigation costs</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">2. Conditional approval in which case the fee covers the administration costs associated with the investigation and record amendment.</p>	NA	NA
14	Standpipe Hire Security Bond (25mm)..... Security Bond (63mm).....	 309.00 595.00	 309.00 595.00
15	Standpipe Hire Annual Fee Quarterly Fee Monthly Fee (or part thereof)	 See Note 1 See Note 1 See Note 1	 See Note 1 See Note 1 See Note 1
16	Standpipe Water Usage Fee All Usage	 See Note 2	 See Note 2
17	Backflow Prevention Device Application and Registration Fee <i>This fee is for the initial registration of the backflow device</i>	52.00	52.00
18	Backflow Prevention Application Device Annual Administration Fee <i>This fee is for the maintenance of records including logging of inspection reports</i>	 NA	 NA

Miscellaneous Charges Common Services			
Service No.	Description	Current Charge	Proposed Charge
19	<p>Major Works Inspections Fee. <i>This fee is for the inspection, for the purpose of approval, of water and sewer mains, constructed by others, that are longer than 25metres and/or greater than 2 metres in depth</i></p> <p>Rural Development (\$ per metre) 2.60 NA</p> <p>Water Mains (\$ per metre)..... 3.60 4.50</p> <p>Gravity Sewer Mains (\$per Metre)..... 4.20 6.00</p> <p>Rising Sewer Mains (\$per Metre)..... 3.60 4.50</p>		
20	<p>Statement of Available Pressure and Flow <i>This fee covers all levels whether modelling is required or not.</i></p>	61.00	96.00

Note 1 : As per water availability charge based on meter size (pro rata for part of year)

Note 2 : As per domestic water usage tariffs

Miscellaneous Charges Water Supply and Sewerage Services			
Service No.	Description	Current Charge	Proposed Charge
21	<p>Underground Plant Locations Provision of uncertified plan showing location of underground mains Council assists in on-site physical locations</p> <p>Council undertakes on-site physical locations</p>	Nil \$60/hr for 1st hour or part thereof, then \$15/15min or part thereof \$100/hr for 1st hour or part thereof, then \$25/15min or part thereof	Nil \$60/hr for 1st hour or part thereof, then \$15/15min or part thereof \$100/hr for 1st hour or part thereof, then \$25/15min or part thereof
22	<p>Plumbing and Drainage Inspection <i>Maximum of 2 inspections</i> Single Dwelling, Villas & units, Commercial & industrial Alterations/Caravan Parks & Mobile Homes for 1 Unit Additional Inspections</p>	121.00 61.00 45.00	121.00 61.00 45.00
23	<p>Billings Record Search - Further Back than 5 Years</p>	\$15 for 1st 15 min or part thereof, then \$10/15min or part thereof	\$15 for 1st 15 min or part thereof, then \$10/15min or part thereof

Miscellaneous Charges Water Supply Services			
24	Relocate Existing Stop Valve or Hydrant	By Quotation	By Quotation
25	Provision of Water Services <i>Application for water service connection fee is also applicable.</i>		
	Meter Only (20mm)	86.00	86.00
	Short service - 20mm	521.00	521.00
	Long service - 20mm	521.00	521.00
	Short service - 25mm	633.00	633.00
	Long service - 25mm	633.00	633.00
	Short service - 40mm	1,189.00	1,189.00
	Long service - 40mm	1,541.00	1,541.00
	Short service - 50mm	1,696.00	1,696.00
	Long service - 50mm	2,091.00	2,091.00
	Larger services	By Quotation	By Quotation
26	Water Sample Analysis <i>For testing of standard water quality parameters</i>	67.00	67.00
27	Raise / Lower / Adjust Existing Service		
	20mm service only - no materials	101.00	101.00
	Larger services or requiring materials	By Quotation	By Quotation
28	Relocate Existing Services		
	Short - 20mm	254.00	254.00
	Long - 20mm	395.00	395.00
	Larger services	By Quotation	By Quotation
29	Alteration from Dual Service to Single Service		
	20mm service only	304.00	304.00
	Larger Services	By Quotation	By Quotation

Miscellaneous Charges Sewerage Services			
Service No.	Description	Current Charge	Proposed Charge
30	Sewerage Drainage Arrestor		
	Approval Annual Inspection	82.00 25.00	82.00 25.00
31	Sewerage Junction Cut-in (150mm) <i>No excavation, no concrete encasement removal, no sideline, junction within property. Excavation provided by customer</i>	225.00	225.00
32	Sewerage Junction Cut-in (150mm) with sideline less than 3m <i>No excavation, no concrete encasement removal, junction outside property. Excavation provided by customer</i>	235.00	235.00
33	Sewerage Junction Cut-in (225mm) <i>No excavation, no concrete encasement removal, no sideline, junction within property. Excavation provided by customer</i>	525.00	525.00
34	Sewerage Junction Cut-in (225mm) with sideline less than 3m <i>No excavation, no concrete encasement removal, junction outside property. Excavation provided by customer</i>	555.00	555.00
35	Sewerage Junction Cut-in Greater than 225mm or where excavation or removal of concrete encasement required by Council	By Quotation	By Quotation
36	Sewer Main Encasement with Concrete		
	Encasement inspection fee when construction is not by Council Construction by Council	76.00 By Quotation	76.00 By Quotation
37	Sewer Advance Scheme - Administration Charge	198.00	198.00
38	Raise & Lower Sewer Manholes		
	Raise manhole up to 300mm Raise manhole greater than 300mm	Nil By Quotation	Nil By Quotation
	Lower manhole	By Quotation	By Quotation