

## SCHEME PAYMENTS FREQUENTLY ASKED QUESTIONS

### How much does it cost to connect to the new sewerage scheme at Mooney Mooney and Cheero Point?

A PSP Area Contribution Charge of \$10,795.00 has been set for all properties connecting to the Mooney Mooney Cheero Point Sewerage Scheme as soon as it becomes available.

This Charge allows for one connection per property assessment number and does not apply to future developments and subdivisions. All existing vacant lots classified under individual assessment numbers will attract the current subsidies at the time of connection to the Scheme.

The PSP Area Contribution Charge will be subject to annual Consumer Price Index (CPI) increases for each year a property remains unconnected to the Scheme after it becomes available. The first adjustment for CPI will occur twelve months after the connection availability date of 28 September 2009 if:

- a) the PSP Area Contribution Charge remains unpaid (in whole); or
- b) a PSP Property Owner has not entered into an agreement with Council to pay for the PSP Area Contribution Charge.

### How was the PSP Area Contribution Charge determined?

The PSP Area Contribution Charge was calculated in accordance with the guidelines set by the Independent Pricing and Regulatory Tribunal (IPART) Determination No 1, 2006. The Charge was adopted by Gosford City Council on 27 January 2009.

When determining the cost structure for the Mooney Mooney Cheero Point Sewerage Scheme, IPART took into consideration the benefits to those directly serviced by the Scheme in relation to the advantages to the broader community.

As a result, it was determined that after subsidies were deducted, property owners serviced by the Scheme would pay the initial fixed contribution charge of \$5,400 indexed to CPI and 67% of the remaining scheme costs. The other 33% of the scheme costs are to be spread over the Gosford LGA rate base.

This Determination applies to all other Priority Sewerage Projects (PSPs) identified in the Gosford Local Government Area. For more information, please visit: [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

### What are my options for payment?

There are three options for payment of the PSP Area Contribution Charge.

#### 1. Full payment on availability of service

A single payment of the entire PSP Area Contribution Charge made prior to connection of your property to the Scheme. Council will advise property owners when this payment can be made.

#### 2. Twenty year loan paid in quarterly instalments

Repayments commence within three months of the date your property is connected to the Scheme. Council will issue you with a quarterly invoice explaining how to make payment.

Interest payable on the loan is calculated using the interest rate outlined by the IPART Determination 1 2006. The interest rate of 5.27% was set on Monday 28 September 2009 when connection to the Scheme became available. It is fixed for the term of the loan and is payable on a reducible balance. At the interest rate of 5.27%, quarterly instalments will require a payment of \$219.13. This amounts to a total cost of \$17,530.40 over a twenty year period.

The outstanding balance of your loan can be paid out at any time during the twenty year loan period.

#### 3. Hardship provision

Property owners who meet eligibility requirements for the Hardship Relief Provision will not be required to make any repayments for the PSP Area Contribution Charge until their property is sold. Relevant property owners were required to complete an application to be assessed by Council's Hardship Committee.

The Hardship Provision allows for the cost of the Contribution Charge to accrue against the value of your property. These costs would then accrue with interest, which will be calculated at the time a property connects to the Scheme and will be automatically repaid at the time of the sale of your property. Interest payable is calculated using the interest rate outlined by the IPART Determination 1 2006. The fixed interest rate of 5.27% for the Hardship Provision was set on Monday 28 September 2009 when connection to the Scheme became available.

### **What will happen to my PSP Area Contribution Charge loan if I sell my property?**

Property owners with an outstanding debt for the Sewerage Scheme can pay the outstanding balance of their PSP contribution charge at the time their property is sold.

Alternatively, a statement will also appear on the 149 Certificate associated with a property disclosing that an outstanding loan exists for the Sewerage Scheme. This statement will remove the onus from the vendor at the time of the sale of a property and the outstanding debt will be transferred to the new property owners. The quarterly repayment will then be included in the new owner's rates notice until the loan has been fully repaid.

### **I haven't informed Council of my preferred payment option. Will this impact the connection of my property to the new Scheme?**

All property owners were requested to advise Council of their preferred method of payment in the Connection Information Pack issued in July 2008. This information must be provided to Council prior to connection becoming available. Failure to do so may impact on your property's eligibility for connection.

### **Are there any additional payments?**

The PSP Area Contribution Charge does not include rectification of defects, connection of internal drainage or decommissioning of septic tanks. These costs must be paid by the property owner in addition to the PSP Area Contribution Charge and will vary for each property depending on the condition and location of existing facilities.

Property owners must also pay a Council inspection fee of \$212.06. This fee covers the cost of multiple Council inspections during the connection process and covers houses with one toilet. Each additional toilet incurs a cost of \$81.73 each. The inspection fee must be paid prior to inspection being carried out.

All property owners will also be required to pay an Annual Residential Sewerage Service Charge once the Scheme is commissioned, which may be paid in quarterly instalments. This Charge is applicable to all properties, and will be included in rates notices, whether they are connecting to the Scheme or not. For the 2009/10 fiscal year, the Annual Residential Sewerage Charge is \$463.59 per annum.

### **I intend to subdivide or develop my property in the future. How much will I need to pay to connect to the Scheme and what are my payment options?**

The Scheme offers one connection per assessment number in the identified PSP area at the subsidised rate. As such, future subdivisions and developments do not fall under the PSP Area Contribution Charge payment system.

Any property owners who intend to subdivide or develop on their property in the future will be required to pay the Non-PSP Contribution Charge. As of 3 August, the Non-PSP Contribution Charge is estimated at \$27,000. This Charge will be submitted to Council for approval in November 2009.

The Non-PSP Contribution Charge will be subject to annual Consumer Price Index (CPI) increases for properties connecting to the Scheme more than twelve months after the connection availability date of 28 September 2009.

There are two payment options for the Non-PSP Contribution Charge:

#### 1. Twenty year loan paid in quarterly instalments

Repayments commence within three months of the date your property is connected to the Scheme. Council will issue you with a quarterly invoice explaining how to make payment.

Interest payable on the loan is calculated using the interest rate outlined by the IPART Determination 1 2006. The interest rate of 5.27% was set on Monday 28 September 2009 when connection to the Scheme became available. It is fixed for the term of the loan and is payable on a reducible balance.

#### 2. Single payment

A full payment of the Non-PSP Contribution Charge will be made prior to the connection of your property to the Scheme.