



Thursday 6th October, 2011

Name
Mailing Address

Dear Combined First Names

IPART letter regarding consideration of customer fees and charges at Bingara Gorge

At the Wilton Recycled Water Information Evening held on 3 August 2011, I received a number of enquiries regarding the fees and charges adopted by Wilton Recycled Water Services for sewer and recycled water services at Bingara Gorge.

In response to questions raised by Bingara Gorge residents on that night, I agreed to seek further clarification from IPART on the process around fees and charges when determining a WICA licence application and that Lend Lease would engage a private accounting firm to audit the fees and charges associated with the operation of the Recycled Water Treatment Plant (RWTP). Subsequently, I wrote to IPART seeking confirmation on the following three key points related to the fees and charges:

1. Does IPART review the proposed customer fees and charges when determining WICA licence applications from a public interest perspective?
2. Did IPART review the Bingara Gorge customer fees and charges in the May 2011 Ministerial Report amendment of the Retail Supply Licence?
3. Did IPART consider the customer fees and charges proposed in the May 2011 application for licence amendment from a public interest perspective?

I have attached IPART's response confirming the process that was followed when determining the WICA licence which provides detailed information about IPART's role when assessing fees and charges.

Lend Lease has engaged PKF which is a private consulting firm to carry out an independent financial audit of the fees and charges associated with operation cost of the Recycled Water Treatment Plant. The review is well underway and PKF has been asked to determine the following:

1. Provide a high level desktop review of all costs adopted in the Principal Cost Model based on the fee and charges adopted to be charged to the residents.
2. Review whether Veolia Water Solutions and Technologies was appointed through a competitive tender process, and confirm if their selection was based on an assessment of their capability, design and costs to build the Recycled Water Treatment Plant (RWTP) and also their costs to operate the RWTP.
3. That there is no capital recovery or profit margin to Lend Lease.
4. That Lend Lease is providing a substantial subsidy in the order of \$1M over the first three years.

The result of this audit will be made available via the www.myrecycledwater.com.au website when completed.

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At the end of October, residents connected to the Wilton Recycled Water scheme will receive the first invoice for the quarter ending 30th September. Quarterly fees will be charged pro rata if your home was connected for only part of the quarter. As part of the implementation of the private scheme, Lend Lease has offered a 50% discount to be applied to the first invoice for existing customers connected to recycled water and sewer services. This discount is conditional that the invoice is paid by the due date.

If you have any queries regarding your invoice or service, Wilton Recycled Water can be contacted Monday to Friday during business hours on 1300 552120.

Yours sincerely

Paul Gerlach
Project Director – Bingara Gorge
Lend Lease
On behalf of Wilton Recycled Water Services

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