



Review of Central Coast Council water,
wastewater and stormwater prices from 1
July 2022

Issues Paper

September 2021

Water >>

Tribunal Members

The Tribunal members for this review are:

Ms Carmel Donnelly, Chair
Ms Deborah Cope
Ms Sandra Gamble

Enquiries regarding this document should be directed to a staff member:

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Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

Submissions are due by Monday, 1 November 2021

We would prefer to receive them electronically via our online submission form [Lodge a submission](#).

You can also send comments by mail to:

2021-22 Central Coast Council water price review
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our [website](#) as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed above.

We may choose not to publish a submission - for example, if it contains confidential or commercially sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. However, it could be disclosed under the *Government Information (Public Access) Act 2009* (NSW) or the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), or where otherwise required by law.

If you would like further information on making a submission, IPART's submission policy is available on our website.

The Independent Pricing and Regulatory Tribunal (IPART)

We make the people of NSW better off through independent decisions and advice. IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

We want to know what you think about water prices

IPART sets the maximum prices the Central Coast Council can charge their customers for water, wastewater and stormwater services.^a We are currently reviewing the council's prices for these services. At the end of our review, we will decide on the maximum prices the council can charge for these services from 1 July 2022. Our last review of the council's prices was in 2019 when we set prices from 1 July 2019 to 30 June 2022.

The council has proposed substantial price increases, that would increase typical household bills by 34% on average in the first year, and then by inflation after that. It says it needs to increase prices to ensure it can provide water services that meet its customers' expectations now and into the future.

We recognise uncertainty currently exists for the Central Coast Council and community. The council was suspended in October 2020, and there is currently an independent public inquiry underway into the council and its financial management.^{b,1,2} The council is also reviewing its water and wastewater operations and how they are governed.³

The council operates under a complex and unique regulatory framework for its water, wastewater and stormwater services. It is the only council for which we regulate prices for these services. And unlike other water utilities that we regulate (e.g. Sydney Water and Hunter Water), it does not have an operating licence that sets performance standards, compliance requirements or a customer contract. Central Coast Council is both a council under the *Local Government Act 1993 (NSW)*, and a water supply authority under the *Water Management Act 2000 (NSW)*.

Our last review of the council's prices was in 2019 when we set prices from 1 July 2019 to 30 June 2022. During our last review, we set these prices lower than what the council proposed as we found that the council had not spent money we had allowed it in the past on its water business. The council also did not provide enough evidence to justify its proposed cost and price increases.

Whilst this review will focus on the council's water prices, we are mindful of the current context. We will consider whether there may be risks associated with the council's governance and regulatory framework that may impact its future performance, as well as how we can be satisfied that revenue from water prices will be used to improve the council's water services.

^a We also set prices for other water-related services, including trade waste services and miscellaneous services.

^b This is being led by a Commissioner appointed by the NSW Minister for Local Government.

As part of our review, we will consider a range of issues



Service standards



Customer affordability



What the council's costs should be



Council's business systems



Climate change and the environment

Tell us what you think

We are seeking feedback from the community by 1 November 2021 on:

- the council's proposal,
- our proposed approach for this review and,
- the key issues we have identified.



We will publish our draft decisions and draft prices for this review in our Draft Report which we will release in March 2022. In making these draft decisions and setting draft prices, we will consider all feedback we receive in response to this Issues Paper and at our Public Hearing on 26 October 2022, as well as the results of our analysis of the council's proposal. We will undertake further consultation with the community on our Draft Report, including seeking feedback and holding a second Public Hearing.

Have your say

Your input is critical to our review process.

You can get involved by making a submission, submitting feedback, completing our survey and/or attending a public hearing.

We are seeking feedback by **1 November 2021** on the issues we have identified.

[Submit feedback »](#)

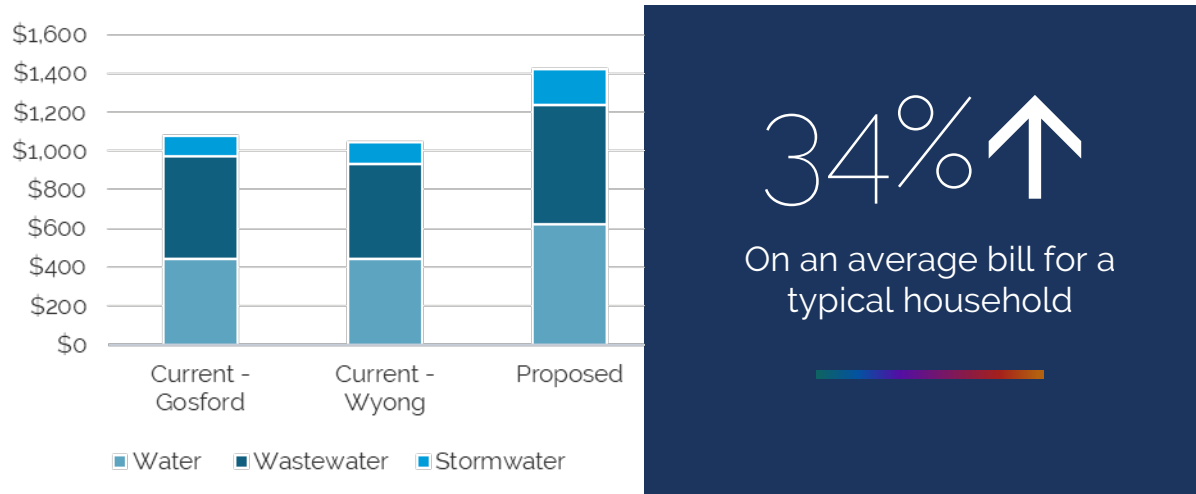
[Complete survey »](#)

[Register for public hearing »](#)

Bills may need to rise to improve water quality and waterways

In September 2021, the Central Coast Council submitted its proposal to IPART, explaining the prices it proposes to charge for water, wastewater and stormwater services from 1 July 2022. These proposed prices are higher than current charges, and would lead to higher bills. On average, for typical residential customers (i.e. households), bills would increase by about 40% for water services, 21% for wastewater services and 68% for stormwater services from 2021-22 to 2022-23.^{c,d} Bills would only increase by inflation after that until 2025-26. Business customers would also see similar increases in prices and bills. This would increase the bill for a typical household by about \$360.

Central Coast Council has proposed large increases to bills



Source: Central Coast Council pricing proposal to IPART, September 2021 and IPART analysis.

^c A typical residential customer is based on a household living in a house, with a water usage of 170kL a year.

^d The 21% increase in wastewater bills includes a 17% increase for households in the former Gosford City Council area and 26% increase for households in the former Wyong Shire Council area.

The council explains its proposed price and bill increases are needed to ensure it can provide water services that meet its customers' expectations now and into the future. This includes providing good quality drinking water and reliable water supply, wastewater, stormwater and other water services.

It told us its current prices and bills for these services are lower than those charged by other water utilities in NSW. The council recognises that its service quality and assets (e.g. dams, treatment plants) have been declining over time. For example, there has been a recent increase in complaints about water quality and wastewater, as well as reported wastewater overflows.⁴ The council is also finding it difficult to meet environmental protection requirements and drinking water standards.⁵

In 2019-20, the council also made a large financial loss on the water business, coinciding with a decrease in prices from when we last set prices.^{e,6} It considers that it cannot meet the costs of providing good quality services or improve service levels in the long run without increasing its prices.

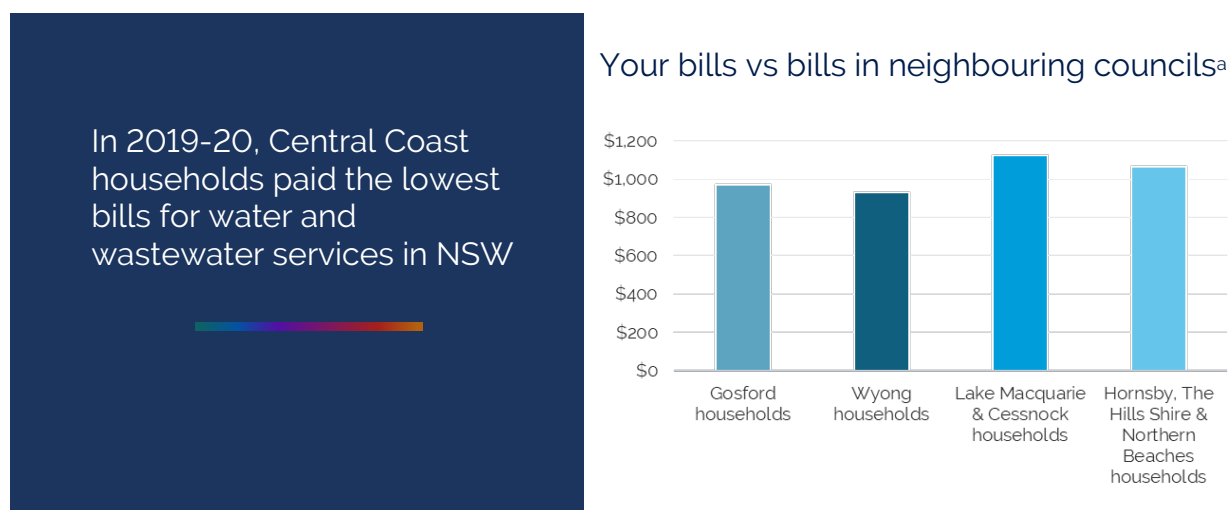
The council proposes to use the additional money it earns through higher prices to better and more proactively maintain its assets (e.g. dams and pumps) and replace old or worn out infrastructure (e.g. water pipes and wastewater treatment components). It argues this would improve service standards and reduce the risk of unplanned interruptions in the future.

In total, the costs of building, maintaining or replacing old infrastructure in addition to running the council's day to day water activities are proposed to be \$209 million each year over the next 4 years. This is 28% higher per year than the costs we allowed when we last set prices.

^e When we last set prices in 2019, we reduced the council's proposed total costs by \$18 million (10%), \$12 million of which was on day to day operating costs. Although the council's proposed costs were relatively modest compared to other utilities, we did not consider it provided enough evidence to justify the proposed costs.

Central Coast has the lowest household bills for water and wastewater services

We compared typical household water and wastewater bills across NSW. We found that Central Coast households currently pay lower bills than those in neighbouring areas. For example, in 2020-21 households in Wyong paid 17% less than those in Lake Macquarie and Cessnock, and 12% less than those in Hornsby, The Hills Shire and Northern Beaches.



a. Based on water and wastewater services (excludes stormwater services).

Source: NSW Department of Planning, Industry and Environment (DPIE) Local Water Utilities (LWUs) performance monitoring data and reports, 2021 and IPART analysis.

In fact, in 2019-20 Central Coast households paid the lowest bills for water and wastewater services of all households in NSW. Central Coast household bills have consistently been ranked in the lowest 37% in NSW and have fallen substantially in these rankings over time.^{f,7} We consider it likely that these bills have not been able to cover the true cost of providing good quality services. So, while you have benefited from low bills, you may not have benefited from good quality water services.

We want to know whether you are satisfied with the water services you currently receive, and what you think about what you pay for those services. For example, for service quality, you might think of the number of water main breaks, bursts and leaks and wastewater overflows and blockages that occur in the community.

^f Based on data from 2015-16.

Box 1 What is the cost of water services? What am I paying for?

The price you pay for water services goes towards the costs of providing all the services needed to collect, clean and deliver secure, safe and healthy drinking water to your home or business, now and into the future. It also goes towards the costs of services to treat your wastewater and catch stormwater, and to safely release it in our waterways. For example, these costs include building and maintaining dams, pipes, pumps or treatment plants, and testing and treating your drinking water to make sure it is safe.

Drinking water



Collection



Treatment



Delivery



Your home

Wastewater



Your wastewater



Collection



Treatment



Release

Stormwater



Your stormwater



Drainage



Release

Tell us what you think



1. What do you think about the quality of the water services you receive from the Central Coast Council and how much you pay for them?



2. What are your views on the council's proposed increase to bills to improve the quality of the water services you receive?

Any price increase should be reasonable and fair

When we set the council's maximum prices, we aim to ensure any water price increase is reasonable and fair for Central Coast households and businesses. It is important that the prices we set aren't too low or too high. We want to ensure you pay the right amount for the water, wastewater, stormwater and other related services the council provides to you.

- If prices are set too low, the council may not be able to spend what is required to provide the water services the community expects. Over time, its dams, pipes, pumps and treatment plants may deteriorate – leaving future generations to pay steep price increases to 'fix' them or accept poor quality services.
- If prices are set too high, the community would pay more than is required to fund the cost of providing the water services it expects. The council may spend more than it should, collect more money from you than it should, and would have little incentive to improve the way it manages its water business.

As part of our review we will assess the council's costs of providing water services, and look for ways it can improve its performance and be held to account for its performance.

We will assess the council's costs of providing services

We aim to set prices on the basis that the council spends no more than it needs to. This means you don't pay more than you should, by setting prices based on least cost and best value for money. If the council ends up spending more than it needs to, you don't pay for that.

To set prices for water, wastewater and stormwater services, we decide how much money the council needs to earn to cover the costs of providing these services efficiently. To form our view on this amount, we will assess what the council proposes to spend on providing the services over the next few years.

We will engage expert consultants to provide advice on the council's costs as part of this process. Our review of the council's costs will focus on how the council plans and delivers its services, the business systems and processes it should be using and how it should look to improve. We will also compare costs with other water businesses and look at any reasons the council's costs should be higher or lower than other utilities. The council is also currently undertaking a [review of its water and wastewater operations](#) that includes investigating alternative business models.

The council proposed a 39% rise in its operating costs

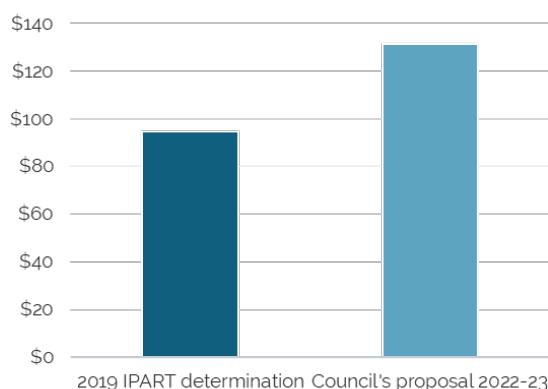
Operating costs are the council's day-to-day costs on items like staff wages, electricity and contractors. Like most water utilities, operating costs are the biggest expense the council incurs in running its water, wastewater and stormwater services.

Compared with the operating costs we used to set prices at our last review in 2019, from 1 July 2022 the council proposed operating costs that are 39% higher. It argues it needs to spend more on critical activities to improve water quality and service delivery, including:

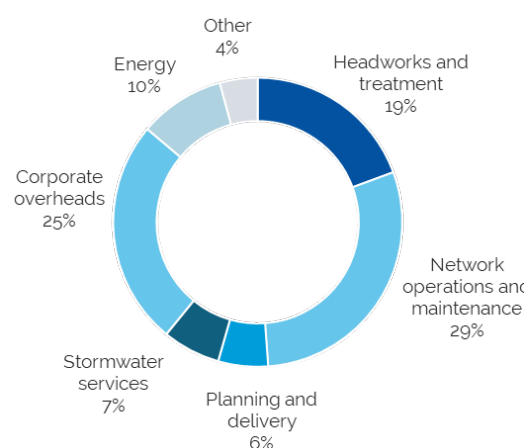
- **Planning and delivery** to improve customer communications and the council's asset management and planning practices.
- **Network operations and maintenance** for maintaining and servicing its infrastructure (e.g. dams, treatment plants and pipes) to make sure it remains usable.
- **Headworks and treatment** to support improvements in its treatment plants, and bushfire and catchment management.
- **Overheads** that support the business in functions like information technology (IT), human resources (e.g. staff training, performance and welfare) and finance.

In total, the council has proposed \$131 million per year on operating costs which is around \$36 million each year more than we used to set prices in 2019.

Yearly average operating costs
(\$ millions)



Operating costs by activity^a



a. Estimated based on the council's 2021-22 budget. Figures may not add up to 100% may not due to rounding.

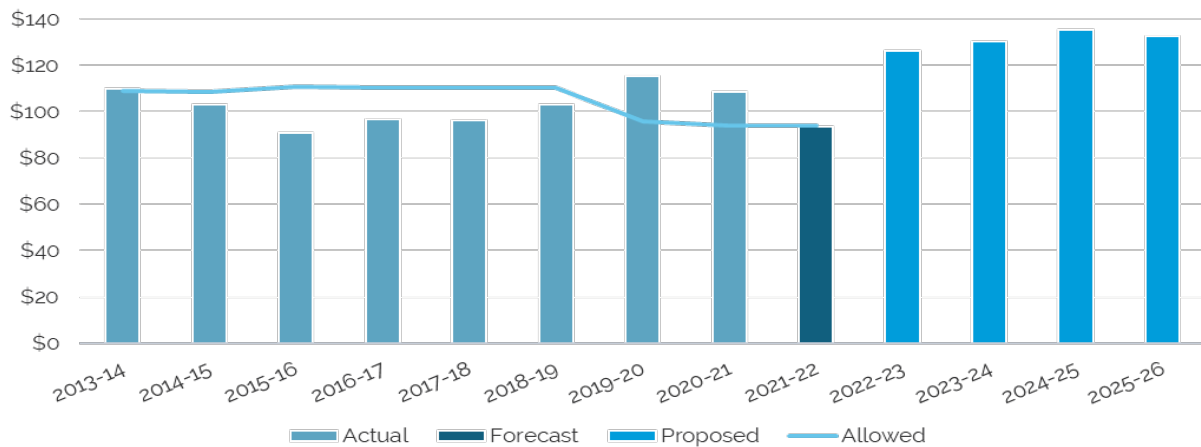
Source: Central Coast Council pricing proposal to IPART, September 2021, Central Coast Council and IPART analysis.

The council spent more over the last few years than forecast

Between 2019-20 and 2020-21, the first 2 years after we set prices for the council, it spent 20% more in operating costs and 1% more in capital costs than what we forecast. The council also spent more than what it had proposed for operating costs.

Before 2019-20, the council had spent less than what we allowed. When we last set prices for the council, we considered it was unable to justify its proposed costs and so reduced what we allowed it to collect from customers via prices to cover its costs.⁸ However, compared to other similar water businesses, the council's costs have been relatively low. The efficient operating cost per household we used to set water prices for the council in 2019 was the lowest of all major utilities in Australia.⁹

Council spent less on operating costs than we allowed previously (\$ millions)



Note: This chart does not take into account the increase in the number of households and businesses since 2013. More customers mean more pipes, treatment and maintenance and therefore we would expect that total operating costs should probably grow a little over that time.

Source: Central Coast Council pricing proposal to IPART, September 2021, Central Coast Council, 2022 Annual Information Return to IPART, September 2021 and IPART analysis.

The council proposed a 14% rise in its capital costs

Capital costs⁹ are what council spends to buy or build new infrastructure and equipment. This might include repairing or replacing old water and wastewater pipes under roads, building a new wastewater treatment plant in a new development area, or installing a new computer system to help manage its day to day operations.

Compared with the capital costs we used to set prices at our last review in 2019, from 1 July 2022 the council's proposed capital costs that are 14% higher. It argues it needs to spend more to improve water quality and service delivery.

The largest projects the council plans to undertake include:

| Project | Description | Total cost |
|--|---|--|
| Mardi Water Treatment Plant upgrade | To address water quality risks and treatment plant capacity | \$33.6 million |
| Wastewater infrastructure projects – Gosford CBD | To address growth | \$17.3 million |
| Water main renewals | To address water main breaks | \$15.8 million |
| Wastewater Treatment Plant upgrades | To manage ongoing growth | \$14 million – Charmhaven \$7.8 million – Bateau Bay \$13.3 million – Gwandalan Wastewater Treatment Plant |

Source: Central Coast Council pricing proposal to IPART – Technical Paper 4 Capital Expenditure, September 2021, pp 110-112, Central Coast Council pricing proposal to IPART, September 2021, p 14.

Sharing your views on the quality of the council's water and wastewater services will help us to understand whether these projects are important to you. We will consider your views on the quality of services in deciding how much money the council needs to spend to meet your service expectations.

For more information on some of the smaller projects the council plans to undertake, please see Central Coast Council's pricing proposal.

We will consider how we value the council's assets

We will also look at the way we value the council's water assets (e.g., its property, treatment plants, pipes, equipment). This value is important because it affects how much we allow the council to earn, and this affects the prices it may charge.

⁹ We account for capital costs when we set prices by allowing the council to cover the cost of its assets losing their value over time, and to earn a market-based return on all the value that remains.

The council has proposed a new way of measuring how those values change over time. As assets get older or worn out, they lose their value and, in most cases the council has to cover the loss of that value each year. If we decide using the new way is fairer and more reasonable, it may result in the council's assets losing their value faster or slower than for previous reviews:

- If the value is lost faster, we would allow the council to earn more to cover what it has invested to provide water services. This would lead to higher prices in the short term, but lower prices in the future.
- If the value is lost slower, we would allow the council to earn less in the short term. This would mean relatively lower prices now, and higher prices in the future.

Overall, if we find that the council needs to earn more than it has over the past few years to cover the costs of providing you with good quality water services that are safe and secure now and into the future, prices may increase. This would mean your bill would increase.

Tell us what you think



3. What do you think about the council's proposed costs?

We will look at ways the council can improve its future performance

We will also look for ways the council can improve its performance, so it is better able to provide you with good quality services and value for money. This may involve improving the way it manages its water business, including the business structure, systems and processes it uses. We may also look at the outcomes of the council's merger on these systems and processes. While making such improvements can involve some extra costs in the short term, they can bring greater benefits in the long term, including slower price rises over time.

We will look at ways to hold the council to account

We will consider setting performance measures for the council so, in our next review, we can assess the extent to which it delivered better quality services and met community expectations. For example, these performance measures may include:

- how many complaints the council receives about its water services from households and businesses (e.g. complaints about dirty drinking water)
- how many preventable service interruptions to their water supply are experienced by households or businesses
- how many events that pose health risks (such as wastewater overflows) occur.

Tell us what you think



4. What do you think about how the council can improve its performance and be held to account?



5. What does providing 'good quality water services' mean to you, and what do you expect the council to provide?

We will consider how to minimise the impacts of any price increase

We understand that the council's proposed increase is substantial and would impact all Central Coast Council households and businesses. It has proposed this would be a one-off increase which would allow the council to get back on track for meeting your water service expectations for safe quality drinking water and clean waterways.

If we decide that prices need to increase, we want to know if you would prefer us to:

- set prices so they increase by the required amount gradually, over a few years, to avoid a sharp increase in bills, or
- set prices so they increase by the required amount in one go, so your bill increases substantially only once.

The council has proposed that the price increases happen in one go, on 1 July 2022, with prices increasing each year after that by inflation only.

We will consider the impact of COVID-19 on your ability to pay for an increase

The COVID-19 pandemic has affected the economy, businesses and employment opportunities in the Central Coast Council area, as well as households. We understand that it may also make it harder than usual for households and businesses to cope with bill increases. The council should be prepared to assist households and businesses through hardship programs or other financial assistance, particularly in the event of price and bill increases.

We will consider the Central Coast's socio-economic status



Source: Australian Bureau of Statistics (ABS), SEIFA 2016 by Local Government Area dataset, ABS, 2016 Census Quick Stats for Central Coast Council and IPART analysis, and .idcommunity, Central Coast Council Unemployment rate, 2021.

Central Coast ranks relatively well in terms of socio-economic status as it is in the top 40% of NSW communities with the least socio-economic disadvantage.^h

For typical Central Coast households, the proposed water, wastewater and stormwater bills would represent about 1.9% of median household income. Current bills represent 1.4% of a typical Gosford household's income and 1.5% of a typical Wyong household's income.¹⁰

As of March 2021, the unemployment rate in the Central Coast area was 6.1%. Although this has risen over the past year, it is lower than the NSW state-wide unemployment (6.4%).¹¹ However, the proportion of Central Coast's population receiving JobSeeker and youth allowance payments is 8.3%, which is greater than that for NSW overall (6.1%).

We recognise that socio-economic outcomes vary across the Central Coast. For example, while Holgate, Matcham and Erina Heights had ranked within the top 10% of communities with least disadvantage, Wyong ranked in the bottom 10% of communities with the highest disadvantage, with 14% of the area's population receiving JobSeeker and youth allowance payments.¹²

Tell us what you think



6. If we decide to allow a price increase, how would you prefer to pay for it – would you prefer the increase to occur gradually over a few years, or all in one go in one year, and why?

^h This is according to SEIFA (Socio-Economic Index for Areas) which measures both socio-economic advantage and disadvantage. Central Coast Council area ranked 86th out of 130 local government areas (LGAs) on the Index of Relative Socio-economic Advantage and Disadvantage, where the 130th LGA has the least disadvantage. [Australian Bureau of Statistics \(ABS\), SEIFA 2016 by Local Government Area dataset](#), accessed 6 September 2021.

We will look at how your water use is changing over time

We understand that households are using less water than they used to. There may be many reasons for this – such as following water restrictions, managing water bills, using more water efficient showerheads, washing machines and other appliances, and/or conserving water for environmental reasons. We want to know about how you use water, and what affects how much you use. For example, has the COVID-19 pandemic or climate change affected how you use water?

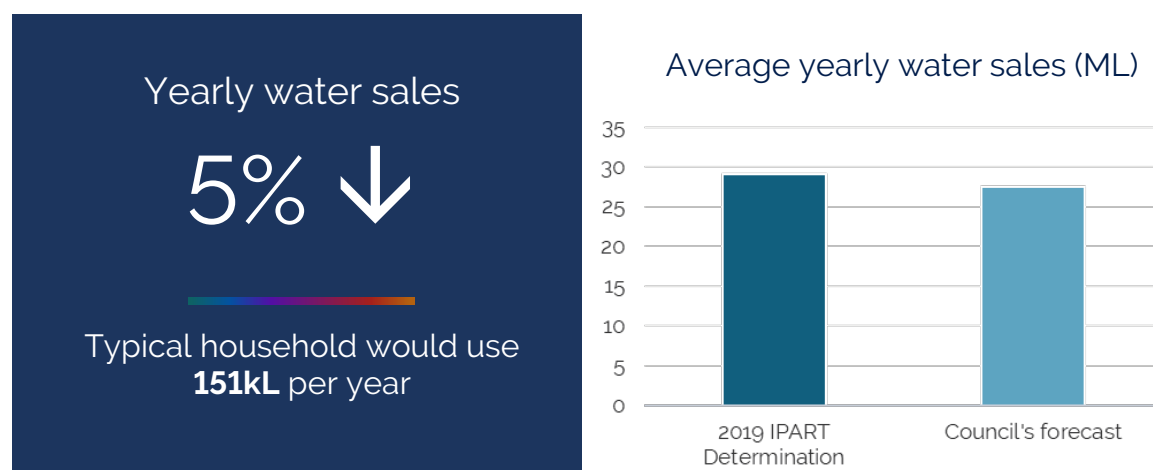
However, we note even when the community uses less water, a large portion of the council's costs involved in providing water services remain the same. For example, many of the costs of maintaining dams to collect and store water, and of cleaning and treating water so it is safe to drink or release into waterways are unavoidable – even if you use less water.

When we last set prices, we based those prices on forecasts, which we now know overestimated the council's water sales by about 7%. Changing community attitudes to water conservation, water restrictions and the COVID-19 pandemic during the period are likely to have resulted in lower water use and therefore water sales. As part of our review we will also consider whether we should adjust prices going forward to account for this overestimation.

The council forecasts 1% customer growth and 0.5% water sales growth per year

The council forecasts that the number of customers it provides water services to would increase by about 1% each year on average from 1 July 2022.

Under the council's proposal, water sales are forecast to increase by 0.5% each year on average over the next 4 years (by 416 ML from 2022-23 to 2025-26). The council has proposed water sales for 2022-23 which are 7% lower than what we allowed for 2021-22.¹³



Source: Central Coast Council pricing proposal to IPART, September 2021, pp 7 and 12 and IPART analysis.

We will consider whether these forecasts are realistic, particularly in the context of the impacts of COVID-19 and climate change.

We will also consider how the council manages its water supply in the context of climate change. In our 2020 price reviews for Sydney Water Corporation and Hunter Water Corporation, we introduced a new 'drought price'.¹⁴ We set a higher water price to be charged under certain drought-related conditions – when dam levels fall below a certain threshold. This was because during these conditions, water restrictions typically come into force, and households and businesses use less water. As a result, less income is earned, even though the costs of providing water services remain the same, or even increase (e.g. if there are increased pipe breakages due to dry soil), when water is scarce.

Whilst the council has not proposed a drought price, charging a higher water price during droughts would help to ensure the council can cover its costs. It would also create a stronger incentive for households and businesses to use less water during droughts, and help them manage their bills.

Tell us what you think



7. What influences how you use water, and how much you use (e.g. the COVID-19 pandemic and/or climate change)? If you are using less water, what are the reasons why?



8. What do you think about the idea of higher water prices applying during drier conditions or drought?

We will consider how your charges are structured and set

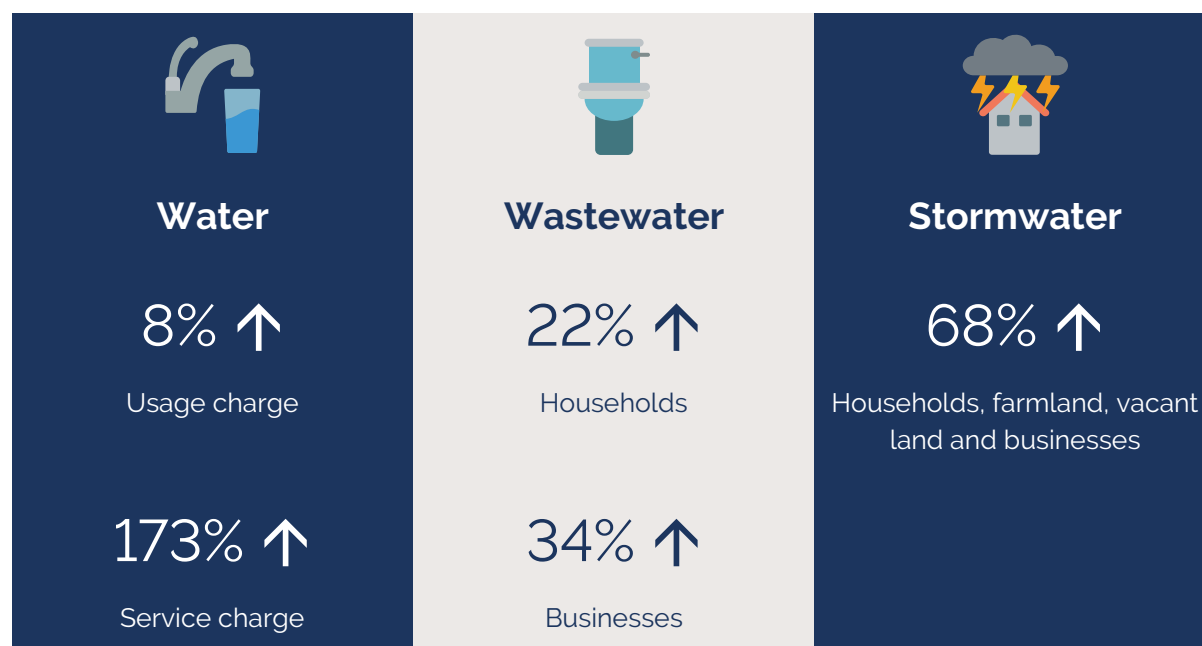
On your water bill you may notice **2 types of charges** which reflect the prices we set. These include:

1. **Service charges** for water, wastewater and stormwater drainage. These are fixed charges, which you pay for each service you received over the billing period.
2. **Usage charges** for water and wastewater. These are consumption-based charges, and how much you pay depends on how much water you used and how much wastewater you producedⁱ over the billing period.

As well as the level of these types of charges, we will consider how these charges are set and how they offset one another.

ⁱ For households, this is a set amount depending on whether you live in a house or an apartment.

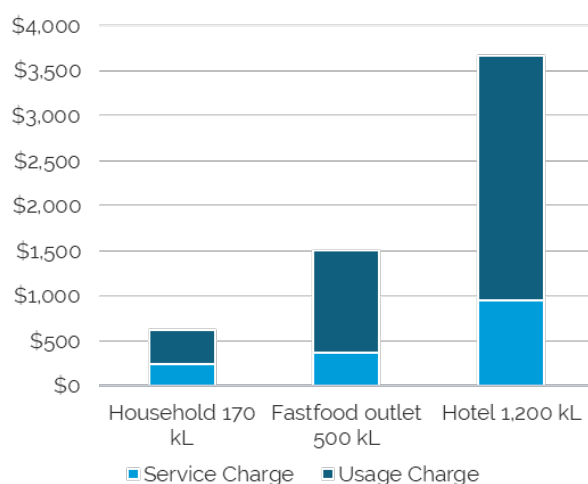
Central Coast Council has proposed large average price increases



Source: Central Coast Council pricing proposal to IPART, September 2021, pp 87-91 and IPART analysis.

The council has proposed much larger increases to service charges than usage charges. How this would affect your bill depends on whether you use a small amount of water (e.g. like a household) or a large amount of water (e.g. like a large business). If you are a relatively small user of water, like a household, a very large proportion of your bill would be due to the fixed service charge, regardless of whether you change the amount of water you use.

Water bills are made up of usage and services charges



How much of your water bill is due to the usage charge, depends on whether you are a small or large user of water

Source: Central Coast Council pricing proposal to IPART, September 2021, pp 87-91 and IPART analysis.

The council's proposed water and wastewater prices for households are shown in Table 1.

Table 1 Central Coast Council proposed water and wastewater prices for households from 1 July 2022 – without inflation

| | Current (2021-22) | From 1 July 2022 (2022-23 to 2025-26) | Change current to 2022-23 |
|------------------------------------|----------------------|--|------------------------------|
| Water prices | | | |
| Usage charge (\$/kL) | 2.10 | 2.26 | 8% |
| Service charge (\$/year) | 87.29 | 238.34 | 173% |
| Wastewater prices (\$/year) | | | |
| Houses - Gosford | 525.02 | 614.96 | 17% |
| Houses - Wyong | 488.63 | 614.96 | 26% |
| Apartments - Gosford | 485.87 | 573.11 | 18% |
| Apartments - Wyong | 449.48 | 573.11 | 28% |

Source: Central Coast Council pricing proposal to IPART, September 2021, pp 87-91 and IPART analysis.

We will look at the balance between prices for households and businesses

The council has proposed that prices for businesses would rise by around the same percentage as prices for households. However, the impact on bills for business customers may vary. The impact on your bill as a business owner would depend on, for example, the type and size of your business, how much water your business uses and how much wastewater it discharges, the size of your water meter, whether the business is located in Gosford or Wyong, and the size of your property. Some businesses must also pay additional charges to dispose of concentrated waste such as cooking grease or by-products from manufacturing processes. We will also consider these 'trade waste' prices as part of this review. We want to hear from businesses as well as households during our process.

We will assess whether to align wastewater charges across Gosford and Wyong

Currently, how much you pay for receiving wastewater services depends on whether your home or business premises is within the former Gosford City Council area or in the former Wyong Shire Council area. If you are in the former Gosford area, you pay a slightly higher charge than those in the Wyong area (by about 8% for households and by at least 10% for businesses).

Council has proposed to align wastewater services across former Gosford and Wyong areas and has said it has support from the community to do so. We will assess whether we should align these charges, so Gosford and Wyong households and businesses pay the same amount for receiving wastewater services. We will consider the possible bill impacts of this change. In our 2018-19 price review for Central Coast Council, we decided not to align wastewater service charges as we did not consider the council had justified its proposal, and to minimise bill impacts on those in the Wyong area.

We want to know your views on aligning wastewater service charges across the council area.

Tell us what you think



9. Should customers pay the same wastewater charge across the Gosford and Wyong areas? If so, would you prefer this to happen in one go, or should we increase the charge paid by Wyong customers gradually over several years?

Stormwater prices may rise substantially

Stormwater services collect rainfall runoff from household, business and public land, and transport, treat and dispose of it into rivers, lakes or the ocean. There is a range of infrastructure that is required to carry out this function. This might include pipes, channels, storages and some treatment facilities. The council is responsible for constructing and maintaining this infrastructure.

The council has proposed to substantially increase the service charge for stormwater drainage.

In part, the proposed increase is due to the council's proposal to cover the cost of stormwater quality management through stormwater charges. Currently, some of these costs are covered through general rates revenue.¹⁵

The council also considers it needs to increase stormwater charges to cover costs related to improving stormwater quality management to maintain the health of the council's waterways, and managing creeks to prevent flooding¹⁶.

We will assess the costs of delivering stormwater services as part of our review.

We want to know your views on the council's proposed stormwater charges.

Table 2 Central Coast Council proposed stormwater prices from 1 July 2022 – without inflation

| Stormwater prices (\$/year) | Current (2021-22) | From 1 July 2022 (2022-23 to 2025-26) | Change current to 2022-23 |
|--|-------------------|---------------------------------------|---------------------------|
| Houses | 108.00 | 181.70 | 68% |
| Apartments | 81.00 | 136.27 | 68% |
| Farmland | 108.00 | 181.70 | 68% |
| Vacant land | 81.00 | 136.27 | 68% |
| Businesses | | | |
| • Low-impact | 108.00 | 181.70 | 68% |
| • Area-based: | | | |
| – Small (<1,000m ²) | 108.00 | 181.70 | 68% |
| – Medium (1,001 – 10,000m ²) | 189.01 | 317.98 | 68% |
| – Large (10,001 – 45,000m ²) | 891.02 | 1,499.03 | 68% |
| – Very large (>45,000m ²) | 2,700.09 | 4,542.54 | 68% |

Source: Central Coast Council pricing proposal to IPART, September 2021, p 93 and IPART analysis.

Tell us what you think



10. What do you think about the stormwater services the council provides, and the proposed prices?

Our water price review is different to our review on council rates

In terms of prices and costs, our water price review for Central Coast Council only considers those prices and costs related to the council's water business – that is, its water, wastewater, stormwater and other water related services. It does not consider the prices and costs related to the council's general activities for which it charges you council rates. IPART can also review the council's income from rates, but this is a separate review through the [*special variation process*](#). When making a submission to this review, please provide your views on water, wastewater, stormwater and other water-related services and prices only.

We want your feedback

We welcome your views and are keen to hear what you think about the council's proposal – please feel free to respond to any/all of our questions throughout our Issues Paper and listed below. Please also feel free to raise other issues in addition or instead of those raised in this paper.

Tell us what you think

| | | |
|-----|--|----|
| 1. | What do you think about the quality of the water services you receive from the Central Coast Council and how much you pay for them? | 10 |
| 2. | What are your views on the council's proposed increase to bills to improve the quality of the water services you receive? | 10 |
| 3. | What do you think about the council's proposed costs? | 14 |
| 4. | What do you think about how the council can improve its performance and be held to account? | 15 |
| 5. | What does providing 'good quality water services' mean to you, and what do you expect the council to provide? | 15 |
| 6. | If we decide to allow a price increase, how would you prefer to pay for it – would you prefer the increase to occur gradually over a few years, or all in one go in one year, and why? | 16 |
| 7. | What influences how you use water, and how much you use (e.g. the COVID-19 pandemic and/or climate change)? If you are using less water, what are the reasons why? | 18 |
| 8. | What do you think about the idea of higher water prices applying during drier conditions or drought? | 18 |
| 9. | Should customers pay the same wastewater charge across the Gosford and Wyong areas? If so, would you prefer this to happen in one go, or should we increase the charge paid by Wyong customers gradually over several years? | 21 |
| 10. | What do you think about the stormwater services the council provides, and the proposed prices? | 22 |

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