Pricing Proposal

September 2025

Central Coast Council

Water and Sewer

Contents

List of Figures

List of Tables

1 Executive Summary

1.1 Council's role and operations

Central Coast Council (Council) is a Local Water Utility located within the Central Coast Local Government Area (LGA). Council provides water services to a population of approximately 347,425, delivering water and sewer services to more than 139,392 homes and businesses, via a holistic model from catchment to tap. The Local Government Area (LGA) is approximately 1,680 square kilometres. In addition:

- Council provides approximately 80-83 million litres of drinking water each day.
- Council's water network is approximately 2,264 km of water mains.
- Council's sewer network is approximately 2,686 km of sewer mains.

Council's Water and Sewer Directorate's primary focus is to provide quality and reliable water and sewer services, as well as trade waste services to the Central Coast. Refer to Figure 1 for Council's water and sewer business functions.

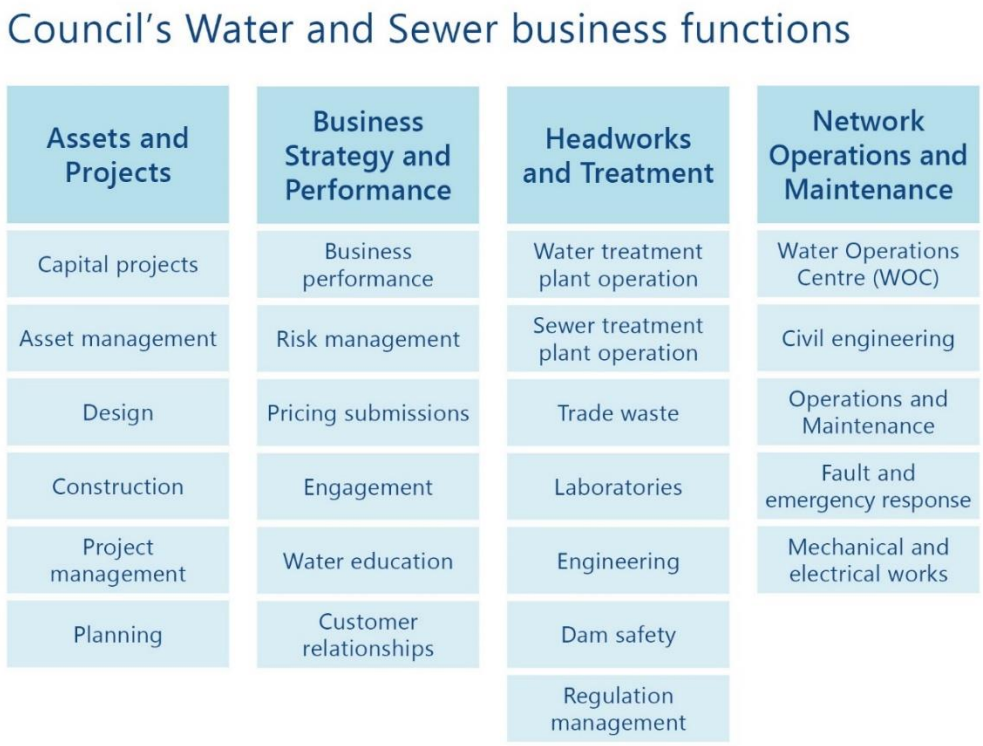


Figure 1: Council's Water and Sewer business functions

On the 1 April 2025, Council's status was removed as a Water Supply Authority under the *Water Management Act 2000*. Water and Sewer services are now legislated under the *Local Government Act 1993*.

Council services extend north through to Summerland Point, south to Mooney Mooney, east to the Tasman Sea and west to the border of Wisemans Ferry. Council provides the following functions:

- Harvest, collection, treatment, and delivery of drinking water in accordance with the *Public Health Act 2010*, and Guidelines set by the National Health and Medical Research Council.
- Collection, transport, treatment, recycling or discharging of effluent in accordance with the Environmental Protection Licences (EPL) issued by the NSW Environment Protection Authority (EPA) in accordance with the *Protection of the Environment Operations Act 1997*.

See Figure 2 for Council's water and sewer systems map.

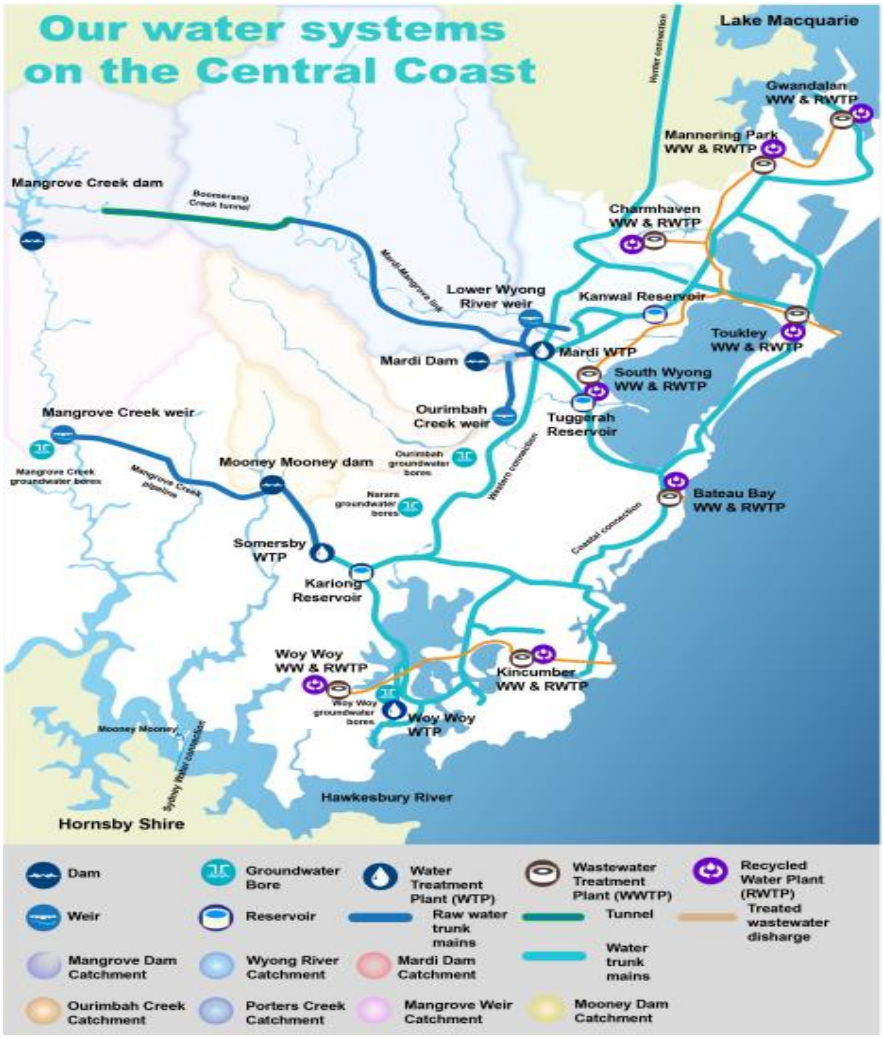


Figure 2: Central Coast Council water and sewer systems map

1.2 Regulation of Central Coast Council's water and sewer prices

Central Coast Council's water and sewer operations function as a natural monopoly and are therefore economically regulated by the Independent Pricing and Regulatory Tribunal (IPART) to ensure customer protection - preventing overcharging or under-service - while enabling efficient service delivery and infrastructure investment.

IPART sets the maximum prices that Council can charge its customers for water and sewer services.

Council is almost at the end of the current set pricing period (1 July 2022 - 30 June 2026). This Proposal has been submitted for IPART review, to cover the next pricing period of 1 July 2026 - 30 June 2031, with prices coming into effect from 1 July 2026.

1.2.1 IPART's 3Cs Regulatory Framework

In July 2023, IPART released a revised Water Regulation Handbook (version 2), implementing the enhanced 3Cs framework. Key highlights include:

- Customer value: Councils must demonstrate how their proposals align with community priorities through early engagement
- Cost efficiency: Pricing proposals must reflect prudent costs and measurable efficiency targets
- Credibility: Robust governance, transparent planning, and reliable long-term forecasting are required.

The Handbook also formalises a structured process for water utilities to engage early with IPART, checking in 1–2 years before formal pricing submissions to refine scope, data, and community feedback.

Council have prepared this Proposal, in alignment with IPART's regulatory framework.

The results of the customer engagement have been threaded through Council's proposal in relation to expenditure, service levels, outcomes, and accountability.

The design and the effort invested in the customer engagement journey resulted in key findings that allowed Council to understand customer priorities. The key priority relating to cost of living (keeping prices low) while still maintaining appropriate service standards.

Council has reviewed all forecast revenue requirements understanding that:

- Maintaining and where possible improving asset performance efficiently without jeopardising service standards.
- Keeping a focus on the future regarding growth and water resilience
- Protecting the environment
- Keeping prices at a level that considers cost of living pressures and
- Delivering on the actions identified in the submission and being accountable to the community in order to build trust.

1.3 About this document

Central Coast Council's Water and Sewer *Pricing Proposal* (the Proposal) is a summary of the services, actions and expenditure Council intends to provide to our community, as well as prices proposed, from 1 July 2026 to 30 June 2031.

The Proposal is supported by 11 technical papers that provide clear operational and capital forecasts, future connections, water demand forecasts, service levels, customer engagement insights and Council's self-assessment against the 12 principles within IPART's 3Cs framework of customer, cost, and credibility. The Proposal also includes a summary of the performance against the current determination period of 2022-2026.

The technical papers are:

- Technical paper 1 Customer and community engagement
- Technical paper 2 Service levels
- Technical paper 3 Form of regulation
- Technical paper 4 Capital expenditure
- Technical paper 5 Operational expenditure
- Technical paper 6 Revenue requirements and financial metrics
- Technical paper 7 Demand for services
- Technical paper 8 Pricing of water and sewerage
- Technical paper 9 Pricing of other services
- Technical paper 10 Our role, operations, and operating context
- Technical paper 11 Accountability, customer influence and self-assessment.

In addition, the Proposal includes:

- An overview of customer and community engagement insights
- Self-assessment against IPART's 12 principles
- Forecast efficiencies and
- Prices that Council propose to bill customers from 1 July 2026.

The Independent Pricing and Regulatory Tribunal (IPART) will determine the prices for Council's services following a thorough review of this proposal. These prices may differ from those in this proposal.

- All forecast and historical expenditure (capital and operating) is shown in $2025-26
- All historical and forecast revenue is shown in $2025-26
- All prices from 1 July 2026 are shown in $2026-27.

Council thanks the community and stakeholders for helping to prepare this Pricing Proposal and encourage all our customers and wider community members to participate in the price review process that IPART will facilitate, commencing November 2025.

Customer

2 Proposal overview

Central Coast Council's IPART proposal is built around IPART's new 3Cs regulatory framework of Customer, Cost, and Credibility. It focuses on the twelve guiding principles, that ensures customer and community engagement informs values and outcomes, costs are efficient and reflect these values, and Council give assurance and a commitment to deliver them over the 2026-31 determination period.

Council proposes a standard submission and presents the initiatives with the systems, processes, data, and long-term planning in place to promote good decisions and efficient expenditure. The two **focus principles** that have been guided by our community engagement are:

Principle 1: Customer Centricity - Customers and the community influencing business decisions and outcomes.
Principle 7: Robust Costs - Delivering services efficiently and incorporating community values into forecast expenditure.

Council's focus principles also align with both Central Coast Council's Water and Sewer Vision and Purpose.

Our Vision *To be a trusted service provider for the Central Coast community and place our customers at the centre of everything we do.*

Our Purpose *To provide water and sewer services that preserve our environment and maintain the liveability and health of the Central Coast community.*

2.1 Community values and outcomes

Council knows that the decisions it makes affect thousands of people every day, which is why the commitment to listening, learning, and working alongside our community is important.

Council's approach to engagement is simple: keep it consistent, clear, and collaborative. Whether it's shaping pricing, improving service delivery, or future planning, it is important to involve the community through authentic, genuine engagement.

Council has adopted the Customer Experience Strategy and Community Engagement Approach. The aim is to build trusted relationships, create opportunities for participation, and ensure the community voice informs priorities. Council's approach follows these principles:

- Respect and transparency
- Access and inclusion
- Clarity
- Accountability and improvement
- Capacity.

To enhance community engagement and ensure informed public input into key decision-making processes, Council introduced the People's Panel in late 2024. This representative group was independently recruited to reflect the diversity of the Central Coast community and was established to contribute to initiatives such as the upcoming water pricing proposal.

2.1.1 Engagement program

Council engagement roadmap started in 2021, and the topics and services Council sought feedback on went over several phases.

- ***January 2021*** focused on the Central Coast Council Water Security Plan.
- ***Phase 1 and 2*** focused on Improving your water and sewer services and understanding community values.
- ***Phase 3*** retested community values, including Council's performance related to services levels and bill structure.
- ***Phase 4*** focused on future services options and the community's appetite for paying to improve services. This included bill apportionment e.g., higher usage charge and lower service charge and vice-versa.
- ***Phase 5*** Closing the loop providing feedback on how community feedback has been built into the proposal.

Figure 3 below outlines the blueprint of the engagement journey. For further detail on Council's engagement program, please refer to *Technical paper 1 Customer and community engagement*.

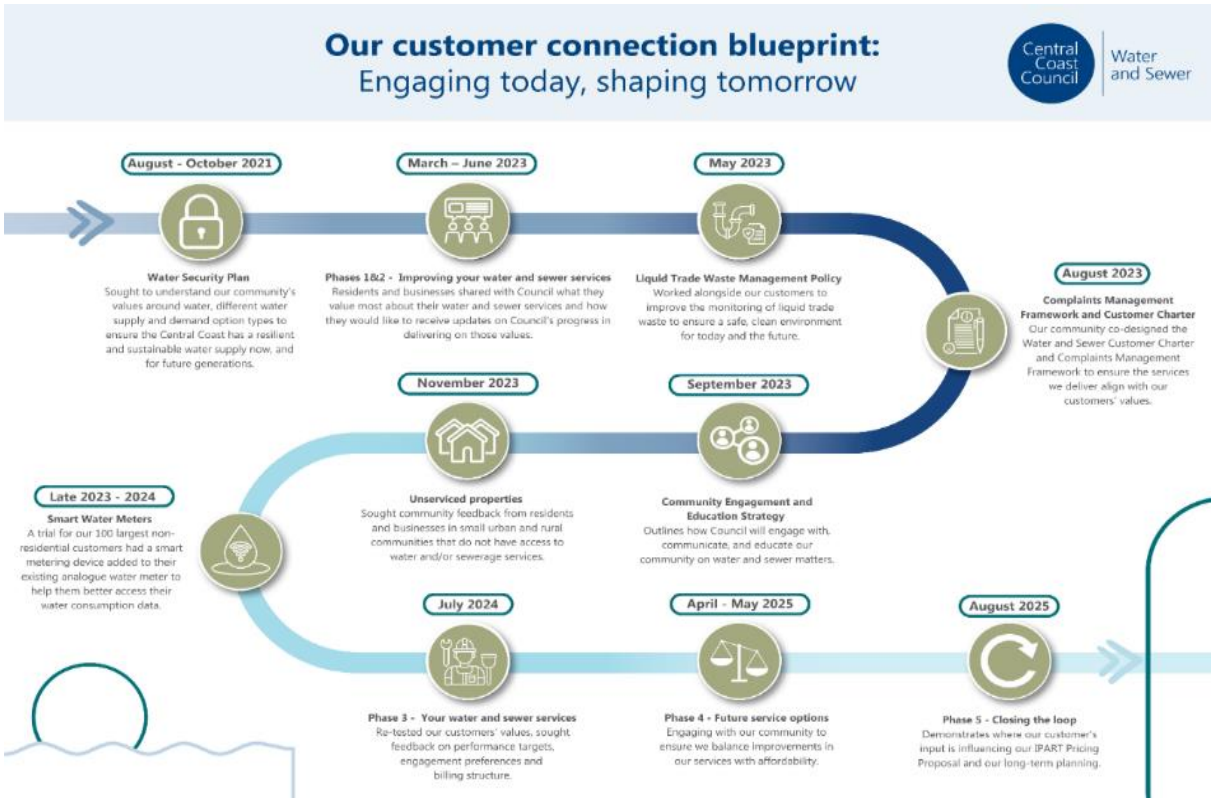


Figure 3: Customer engagement blueprint

2.1.2 Delivering on customer values

Council proposes to achieve and improve the performance targets related to water quality meeting community expectations. The water quality target will be reduced from 7 to 5 per 1,000 properties. Council will continue to monitor and improve the performance against all service level targets.

Table 1: Key areas of improvement linked to community engagement describing the key operational focus over the 2026-31 determination period.

Table 1: Key areas of improvement linked to community engagement

Value	Outcomes	How we will achieve this
WATER		
Quality water	• Clean, clear, and safe to drink. • Good taste and smell • Water content is tested/monitored regularly.	• Compliance with the Australian Drinking Water Guidelines. • Increase the length of mains cleaned using closed loop filter cleaning. • Online/real-time monitoring of chlorine residual at sampling points. • Increased sampling for PFAS[1] in water catchments. • Continued sampling and testing of water catchments, dams, treatment plants, trunk mains, reservoirs, and reticulation mains. • Increased reservoir cleaning. • Continued increase to hydrant flushing. • Water Mains renewal programs.
Reliable service	• Consistent water supply • Good water pressure • Well maintained network, reducing leaks. • Responding to faults and issues quickly.	• Continue to increase planned maintenance and asset inspections. Including analysis of failure patterns to inform preventative maintenance schedules. • Improve our response time management articulated in the Customer Charter. • Increased leak detection program to 2200 kms of main per annum. • Introducing twelve-hour rostered coverage to improve response time (on trial). • Continued mains renewal programs. • Improving SCADA[2] monitoring. • The use of S-Gate[3] valves to reduce number of properties impacted by water outages.
Affordable	• Cost efficient – keeping costs as low as possible. • Consistent bills over time (predictable) • Fair allocation of costs between customers.	• Engaging with our community regarding tariff structures. • Implementation of Council's Water and Sewer Cost Efficiency Strategy. • New Water and Sewer Concessions and Rebate Policy (on exhibition). Creating a single, streamlined approach to providing financial assistance for customers facing hardship due to home dialysis, concealed leaks, or sewer connection costs. • Using Council cash reserves to assist in bill affordability.

[1] PFAS, or per- and polyfluoroalkyl substances, are a group of man-made chemicals that have been widely used in various industrial and consumer products since the 1950s.

[2] SCADA Supervisory Control and Data Acquisition a system that monitors and controls water distribution network including water reticulation, reservoirs, and pump stations. sewage collection and treatment.

[3] S-Gate valve is an innovative product where a resilient seated valve can be installed under pressure on pipes.

Value	Outcomes	How we will achieve this
Effective planning	• Have enough water for increased population. • Using a variety of resources for non-drinking purposes and to deal with varied climate conditions. • Collecting and reusing more water at household.	• Desalination Readiness. • CCC Water Resource project. • Update Water Demand Forecast and Tools. • Porters Creek Gap Analysis and study scoping. • Central Coast Water Security Plan (CCWSP) Option Development. • Recycled Water Regulatory Approval Planning. • Catchment Hydrology Peer Reviews and Updates. • Raw Water Quality Investigations. • Water Conservation Framework and Economic Level of Water Conservation (ELWC) Planning. • Domestic booster pump implementation. • Integrated Water Servicing Plan. • Distribution Network Water Quality Model & Strategy. • Implementation of Masterplan Initiatives Water. • Charmhaven Reticulation Survey.
Transparency and education	• Providing clear, easy to understand information and good communication. • Raising community awareness about water supply and water conservation. • Transparent pricing and costs – showing where money is spent. • Greater public trust that Council has the expertise and resources needed to deliver on its promises.	• Flow Forward and Love Water education campaigns fostering long-term habits of water use, helping schools cut water waste, fix leaks, and lower water costs. • Accountability Strategy that links expenditure to community values and shows progress against our commitments made in the pricing proposal. • Continued information regarding progress against our Delivery Plan and Performance.
SEWER		
Quality treatment	• No health impacts on customers or workers • Suitable effluent quality • Minimal odours.	• Kincumber Sewage Treatment Plant (STP)Installation of new dewatering facility. • Charmhaven STP - major augmentation works to improve removal of nitrogen and solids to the outfall at Norah Head. • Improvement in septicity management in the Toukley STP catchment areas in addition to refurbishment of the odour control bed at the inlet works. • Climate Change Action Plan (CCAP) actions to address impacts of climate change and greenhouse gas emissions.
Reliable service	• Minimal overflows, broken pipes - responding quickly to issues.	• Use of new and innovative p-CAT[4] technology for the condition assessment of large sections of Charmhaven and Wyong South Effluent Disposal Mains (EDM). This allows Council to perform the site works related to condition assessment of these critical sewer mains within a couple of

[4] P-CAT - is a non-invasive, non-destructive technology for performing pipe condition assessment.

Value	Outcomes	How we will achieve this
	• Suitable infrastructure, well maintained.	days with minimal environmental impacts. No excavation is required to physically expose the mains for pipeline scanning as with older condition assessment techniques. • Using pushrod cameras allowing operators to quickly get a visual inspection to ascertain what is causing the sewer blockage and how to best clear the blockage. Can be used to find illegal connections as well as damage from third party damage. • Improve the safety, efficiency, and accuracy of sewer inspections, using a custom-built, remote-controlled vehicle (ROV). It has successfully scanned more than 640m of sewer pipe between Terrigal and North Avoca (the longest stretch a vehicle of this type has ever completed). • Development of both the Dry and Wet Weather Surcharge Strategies.
Effective planning	• Long-term planning to ensure the sewer service is sufficient for future needs. • Using the latest technology/innovations/learning from other countries • Adaption to changing climate.	• Emission reduction strategies. • Odour and Corrosion Strategy with a view to reduce unpleasant odours and corrosion. • Biosolids Strategy to assess onsite power generation. • Asset Resilience Strategy to ensure asset infrastructure can withstand impacts of climate change and other natural events. • Development of both the Dry and Wet Weather Surcharge Strategies. • Implementation of Masterplan Initiatives Sewer • Overflow relief gully upgrade program
Environmental focus	• Protecting the oceans and marine life • Using renewable power for treatment plants • Greater use of biosolids.	• Benthic study to assess the ocean condition at Council's ocean outfalls (cyclical study). • The Biosolids Strategy which reviews better use of biosolids for energy generation.
Transparency and education	• Providing clear east to understand information and good communication. • Raising community awareness – what to put down the toilet, implications of not doing this, what happens to waste. • Transparent pricing and costs – what the service fee is made up of. • Easier accessible water safety ratings	• Continued Dunny Do's and Dunny Don'ts educational campaign to raise awareness about responsible toilet and sink habits. The initiative highlights the dangers of flushing inappropriate items down the toilet, such as wipes and sanitary products, and the significant impact these actions have on the sewerage system and the environment. • Accountability Strategy that links expenditure to community values and shows progress against our community promises. • Continued information regarding progress against our Delivery Plan and Performance.

Value	Outcomes	How we will achieve this
	for beaches and recreation areas. • Greater public trust that Council has the expertise and resources needed to deliver on promises	

2.1.3 Plans for determination period 2026-31

Over the next determination period Council will focus on:

Performance - *getting better at what matters to our community with a focus on:*

- Environmental obligations
- Regulations and compliance requirements are met
- Service delivery
- Asset management
- Effective future planning
- Improving financial acumen and
- Improving response time management.

Productivity - *improving how we work through:*

- Using innovative solutions
- Building efficiencies into delivery
- Business improvements with process and data and
- Improving asset performance.

Promises - *meeting our obligations to our community by:*

- Meeting or exceeding service level targets
- Building trust through open and transparent information
- Providing value for money
- Building customer centricity through engagement and communication
- Educating the community
- Making it easy to talk to us
- Helping the community when they need it and
- Being accountable.

Figure 4: Council laying pipework

3 Forecasts

3.1 Forecast population and dwellings

The demand for residential water supply is largely driven by the demographics of the region. The population, dwelling type, and occupancy (persons per dwelling) are key elements for water demand modelling. These demographics and growth forecasts are informed by the previous analysis by Council's consultant (.id). Table 2 shows the estimated dwelling up to the next determination period, Figure 5 shows forecast population.

Table 2: Forecast growth in residential dwellings

Year	Estimated Single Dwellings	Estimated Multi Dwellings
2023-24	122,847	30,162
2024-25	123,594	30,676
2025-26	124,400	31,169
2026-27	125,223	31,633
2027-28	126,094	32,077
2028-29	127,011	32,448
2029-30	127,962	32,830
2030-31	128,931	33,205

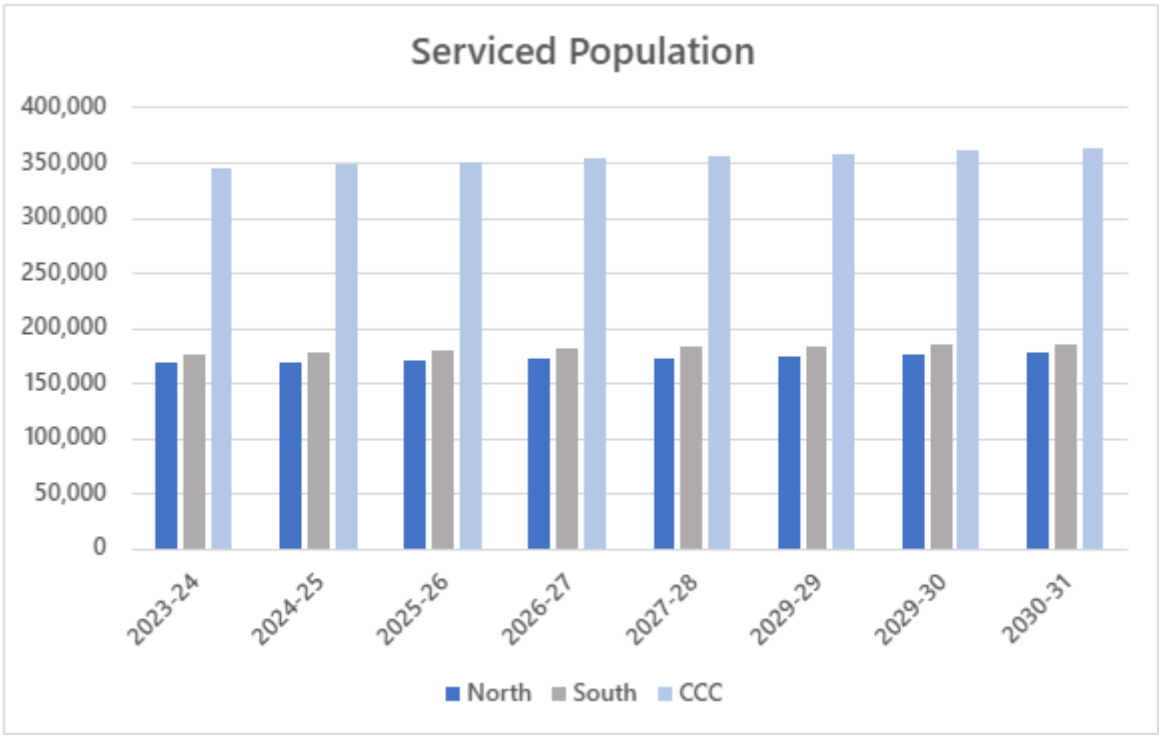


Figure 5: Forecast serviced population up to 2031

The Central Coast has a mix of dwelling types including residential single houses, units, and flats. Council used Australian Bureau of Statistics (ABS) data (Census) to determine the future population in single and multi-dwellings, and .id (Informed Decisions) estimated the resident population in private dwellings and the average occupancy rate. This data is combined to provide the total number of occupied dwellings, subdivided into standalone houses and units/flats. The ratio of single dwellings to total dwellings has steadily been decreasing. It has dropped from 82% in 2016 to 81.1% in 2021 and downward trend is forecasted to continue and reach 79.5% by 2031. Refer Figure 6 Forecast dwellings up to 2031.

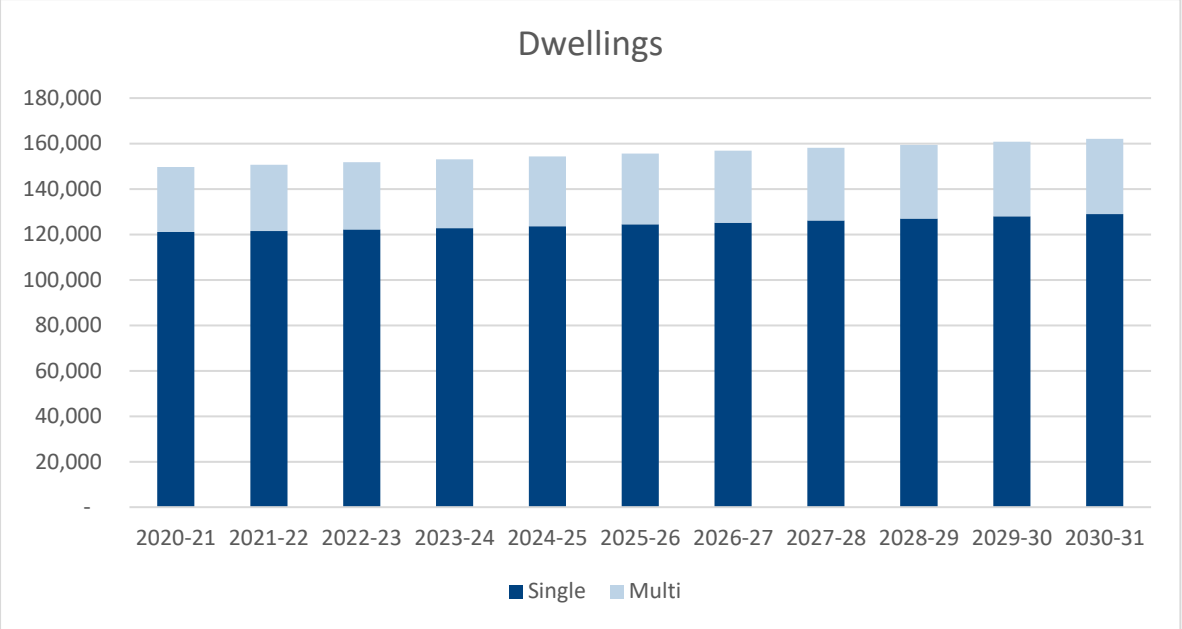


Figure 6: Forecast dwellings up to 2031

3.1.1 Forecast sales

Council has used the newly built Integrated Supply Demand Planning (iSDP2.0) model to forecast the water sales forecast. The updated model is a hybrid approach which combines ground-up estimation of residential water demand through individual end uses (e.g., shower, toilet), and top-down estimations of non-residential water demand for each sector. The main advantage of this method is that it accounts for known changes in residential water efficiency in the near to mid-term. Figure 7 shows end-use modelling logic.

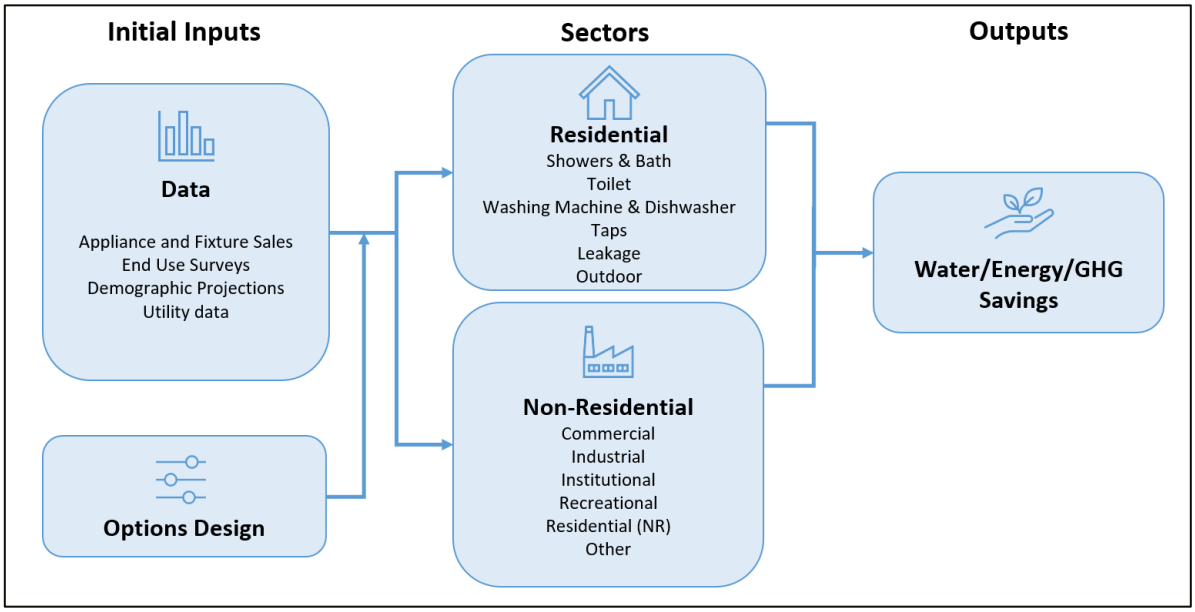


Figure 7: End use modelling logic

Table 3 provides the forecast water sales for residential and non-residential sectors in megalitres/year for the pricing period. The forecast figures also include exempt customers usage.

Table 3: Water sales forecast (ML)

Category	2026-27	2027-28	2028-29	2029-30	2030-31
Residential	20,826	20,993	21,090	21,086	21,330
Non-residential	7,623	7,666	7,688	7,709	7,754
Total	28,449	28,659	28,778	28,795	29,084

3.1.2 Forecast Sewer discharge volumes

Sewer usage for residential customers is based on property type and levied at a fixed charge to reflect the deemed usage. The deemed sewer usage is as follows:

- 125kL for standalone residential properties.
- 80kL for residential properties within multiple or mixed multiple premises.

Non-residential customers within mixed multiple premises have a deemed sewer usage of 125kL and are charged a fixed rate to reflect this. All other non-residential customers are liable for a volumetric sewer usage charge.

Sewage discharge volumes are a function of water sales. A sewage discharge factor is applied to water sales to reflect the estimated portion of metered water usage discharged into the sewerage system.

Only three of Council's non-residential customers are separately metered for sewage discharge. For other non-residential customers, a customer-specific discharge factor is applied based on the nature of the customer's business. See Technical Paper 8 for more detail on the deemed sewage discharge allowance and sewage discharge factors.

Variances between forecast and actual sewage discharge volumes reflect variances in overall non-residential water demand, as well as the mix of non-residential customers with different discharge factors (refer to Table 4).

Table 4 Sewage volumes for non-residential customers

(ML/year)	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
IPART 2021 Determination		4,023	4,043	4,064				
Actual (including wastewater usage from customers with a sewer meter)	3,964	4,147						
Forecast based on ratio of actual sewage and water usage charges			4,085	4,163	4,186	4,198	4,210	4,234

3.2 Affordability

A critical value our customers and community communicated to Council was the cost-of-living crisis and the importance of affordability. Currently, 30% of household income on the Central Coast are classified 'low income' (gross weekly individual income less than $800).

The remainder of the population is made up of low/medium to high level income ranging from $1,200 to $3,135 per week (household income 2021 Census). Refer Figure 8 for household income bands.

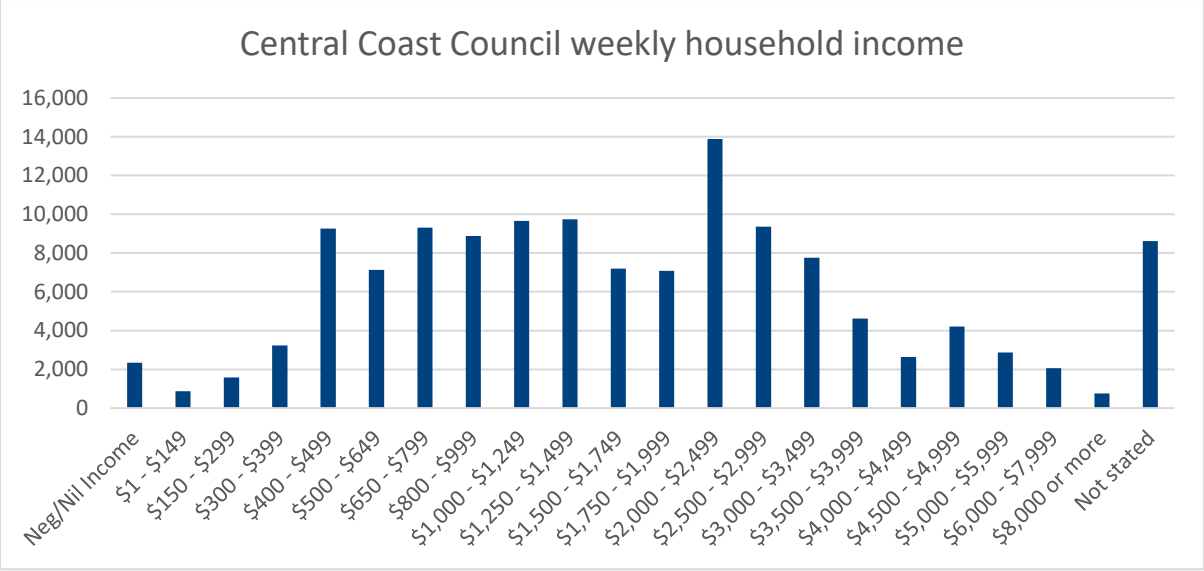


Figure 8: Central Coast Council weekly household income

The costs for operating water and sewer services are increasing due to economic pressures in relation to contractors, consultants, materials, and energy. In response to these economic pressures, Council will be using a total of $75.9M in reserves ($2025-26) to assist in funding operational expenditure to reduce prices and with consideration of affordability to the community.

This has reduced the impact of increased revenue and reduced the impact on price increases for our community by 6.5% or $102 ($2026-27) $1,778 to $1,676 ($2026-27).

In addition, as grants become available Council will investigate and apply.

Results from the community engagement indicated that to address affordability, service charges should be low with an increase to the usage charge allowing more control over the bill.

Costs

4 Prices for the next pricing period (2026-2031)

4.1 Key points

- Total bills increasing from $1,553.23 in 2025-26 ($2026-27) to $1,676.36 in 2026-27 ($2026-27) an 8.0% increase.
- Water usage charge will reference the LRMC it will increase from $2.70 in 2025-26 ($2026-27) to $3.18 in 2026-27 ($2026-27) a 17.8% increase.
- Water service charge for a 20mm meter will decrease from $366.04 in 2025-26 ($2026-27) to $222.92 in 2026-27 ($2026-27) a 39.1% reduction.
- Water usage charge will increase (based on 180kl) from $486.00 in 2025-26 ($2026-27) to $572.40 in 2026-27 ($2026-27) a 17.8% increase.
- Sewer service charge will increase from $561.19 in 2025-26 ($2026-27) to $766.64 in 2026.27 ($2026-27) a 36.6% increase.
- The sewer usage charge will decrease from $1.12 in 2025-26 ($2026-27) to $0.92 in 2026.27 ($2026-27) a 17.9% reduction.
- Currently Council provides pensioners with a reduction of 50% of the water supply service and water usage charges levied up to a maximum of $87.50 per annum. A further reduction of 50% of sewer service and sewer usage charges is levied up to a maximum of $87.50 (residential customers only).
- Proposed revenue $1,307.7M ($2025-26) for 2026-31.
- Proposed operational expenditure $703.3M $2025-26) for 2026-31.
- Proposed capital investment $577.8M ($2025-26).

4.2 Proposed bills

Beginning in 2023 and extending to 2025, Council initiated engagement with our community regarding:

- **Bill structure** – one jump and remain stable other than consumer price index (CPI) for the remainder of the determination period or a gradual increase (flight path) each year over the determination period (also increasing with CPI). Alternatively starting with higher bill in year one and then decreasing over the determination period.
- **Bill control -** The apportionment of the bill between usage and service charges. The scenarios were a higher water usage charge and a lower service charge, lower usage charges and higher service charges or evenly split.

Generally, the community preferred one increase in the bills and then to remain stable (other than CPI). In addition, the preference was to have a higher water usage charge, as it would allow better control over the bill. The forecast bill shows the split that 78% is from water usage and 28% from service charges. Sewer charges are different where most of the bill comes from the service charge and not the deemed usage.

Council's proposed bills show an 8% ($Real $2026-27) increase. Table 5 shows the split between water and sewer in $2026-27.

Table 5 Proposed bills over the determination period $2026-27 based on 180KL water usage (house)

Proposed bills over determination $2026-27								
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Average over the 2026 determination	% Increase
Water	851	795	795	795	795	795	795	-6.6%
Sewer	701	881	881	881	881	881	881	25.6%
Total	**1,553**	**1,676**	**1,676**	**1,676**	**1,676**	**1,676**	**1,676**	**8.0%**

Table 6 and

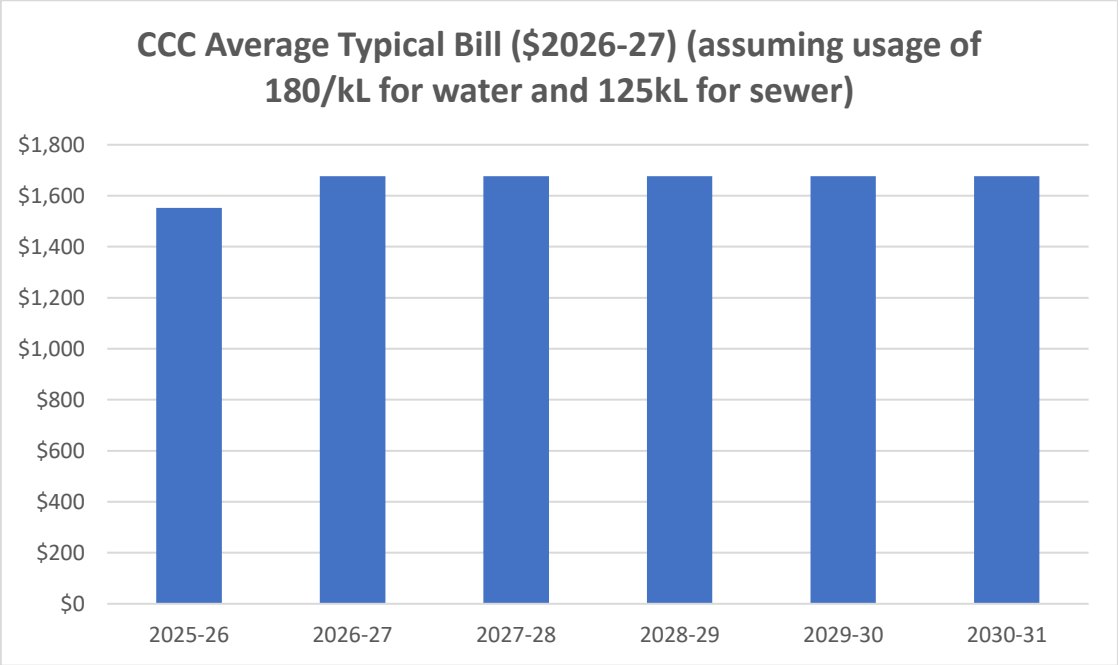


Figure 9 below shows the average increase from the 2025-26 (last year of current determination) bills to the 2026-27 (first new of new determination period).

Table 6: Current and proposed typical residential bills ($2026-27)

Assumptions 3 bed houses 1x20mm meter Annual metered water usage of 180kL*	2022 Current Determination 2025-26 Central Coast Council LGA ($2026-27)	2026 Proposed Determination 2026-27 Central Coast Council LGA ($2026-27)
Water service	366.04	222.92
Water usage (kL x usage charge)	486.00	572.40
Sewer service (includes usage @125Kl x usage charge)	701.19	881.04
TOTAL bill	**$1,553.23**	**$1,676.36**

*kL = kilolitre = thousand litres, sewer service charge for residential includes 75% discharge allowance.
Stormwater drainage has been removed as this is no longer part of the proposed determination period.

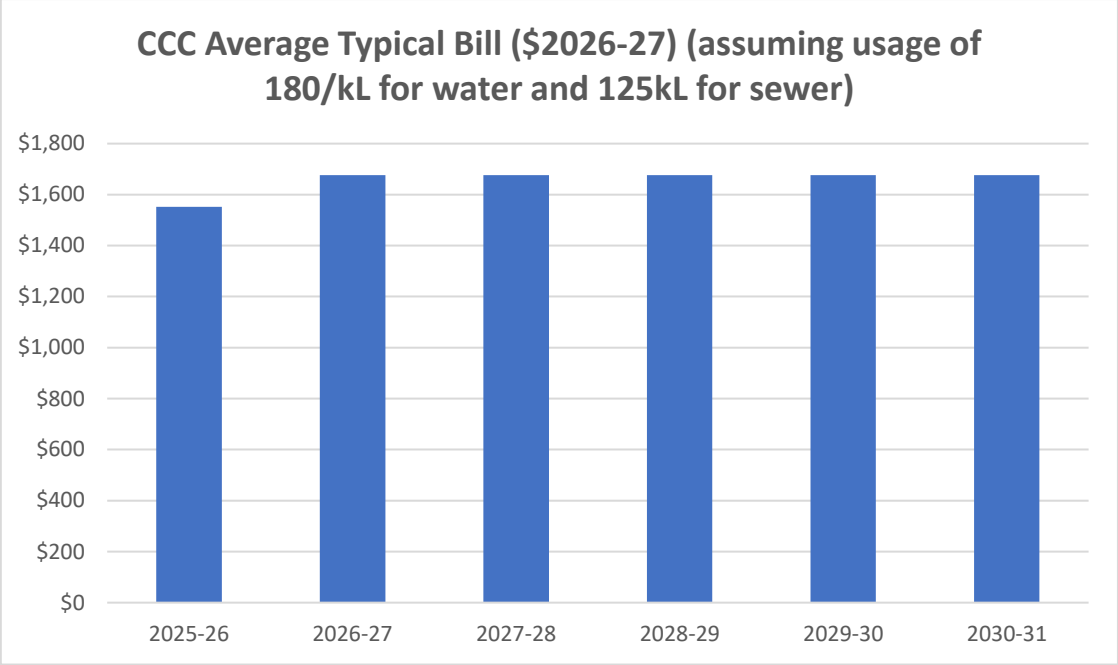


Figure 9: Average typical residential bill compared to current bills 2025-26 ($2026-27)

4.2.1 Forecast Revenue

Council has calculated target revenues required over the five-year period to 30 June 2031 using the Independent Pricing and Regulatory Tribunal's (IPART) Building Block Model (BBM). The model allows a utility to calculate revenue that is used to set both the usage and service charges for water and sewer services.

The notional revenue requirement (NRR) is the sum of the following cost allowances:

- Operating expenditure
- Return of capital (depreciation[5])
- Return on regulatory asset base (RAB)
- Return on working capital.
- Tax allowance

The target revenue over the determination period totals $1,307.7M ($2025-26) and summarised in Table 7 below.

Table 7 Proposed revenue requirements total ($2025-26 $M) – totals may not balance due to rounding

	2026-27	2027-28	2028-29	2029-30	2030-31	Total revenue	5-year NPV
Sales revenue	253.3	255.1	256.5	257.6	259.6	1,282.1	**1,158.2**
Other regulated revenue	5.7	5.0	5.0	5.0	5.0	25.7	**23.2**
Target revenue	**259.1**	**260.1**	**261.5**	**262.5**	**264.5**	**1,307.7**	**1,181.4**
Notional revenue requirement	267.0	254.1	258.0	263.6	264.6	**1,307.3**	**1,181.4**

[5] Depreciation allows Council to recover capital investments over the asset's useful life.

To calculate the forecast revenue the following assumptions were applied:

- The Regulated Asset Base[6] (RAB) increases over time due to new capital investment (mainly in sewer).
- The Weighted Average Cost of Capital (WACC) used is 3.3% based on current forecast trends related to both the cost of debt and equity.
- Council has made a revenue adjustment for the cost of debt true-up[7], which is an upward adjustment to revenue. A revenue adjustment of $9.0M for sewer and $8.8M for Water.
- Proposed target revenue is higher in the upcoming pricing period, due to increases in sewer required revenue.
- The main drivers of the higher sewer target revenue are:
    - High proportion of sewer capital spend on upgrades at Charmhaven and. Gwandalan Sewage Treatment Plants (STPs) (increasing the return on the regulated asset base).
- Proposed target revenues pass IPART's financeability tests.

4.3 Major capital projects and outcomes for the next determination period (represented in $2025-26)

Council is proposing $577.8M of capital investment over the coming five-year price path. This is an increase from the 2022 determination's annual average allowance of $73.9M to a forecast annual average of $115.6M.

Council's first draft proposed 5-year program totalled an average of $135.6M per annum. This included projects already committed in the current determination, forecast renewal works, rectifying identified defects within the network, growth driven upgrades and a forecast for assets predicted to fail within the proposed determination period. Council performed further refinements and reprioritised its program, focusing on deliverability of works, factoring resources both internal and current market trends as well as community preferences of keeping costs for the customer low to ease cost-of-living pressures within our community and the risk of projects not proceeding. Further refinements of budget estimates and smoothing of expenditure over the period occurred, which resulted in the revised program.

The key investment themes for the next determination period are centred on the customer values of reliable services, good quality water, quality treatment (sewage) and effective planning. The customer value of environmental focus is also intrinsic to most of the reliability driven projects, particularly those related to sewer assets. The associated projects are a mixture of asset renewals to address ageing infrastructure risks and growth-related projects to meet the needs of a growing region.

[6] RAB also referred to as the Capital base which is the value of all assets on which Council require returns.
[7] Cost of debt true up is the mechanism used to reconcile differences between estimated cost of debt used to set prices and the actual cost of debt incurred by the business at the end of the regulatory period.

Tables 8 and Table 9, highlight the capital expenditure aligned to community values.

Table 8: Proposed water capital expenditure by customer value $2025-26

Water ($M)	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Effective planning	1.1	4.0	4.9	10.4	5.8	26.2
Good Quality Water	0.3	0.3	0.0	0.0	0.0	0.5
Reliable service	10.8	14.9	16.6	20.5	23.3	86.2

Table 9: Proposed sewerage capital expenditure by customer value $2025-26

Sewer ($M)	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Effective planning	110.5	88.8	40.9	40.3	10.3	290.8
Quality treatment	5.1	13.7	10.5	9.1	11.1	49.5
Reliable service	32.4	28.3	19.8	22.1	21.9	124.6

Council is continuing the delivery of major projects during the next determination period in alignment with the customer values of effective planning and environmental outcomes. Planning is underway to commence the delivery of the Kiar Ridge Reservoir in response to active development in the Northern Growth Corridor[8]. In addition, a Major upgrade to the Charmhaven Sewage Treatment Plant, Bateau Bay, Gwandalan, and Toukley.

Progression of the delivery of the major upgrades to Charmhaven Sewage Treatment Plant, is underway with the planning and design of significant improvements to a number of the sewage treatment plants. These are being informed by the recently completed condition and performance review project and previous asset planning studies.

For further detail on capital expenditure please refer to *Technical Paper 4 Capital expenditure*.

4.4 Operational expenditure

Council has aligned the operational expenditure to the community values. This will allow the community to follow both the costs and activities aligned to service delivery.

Table 10 below shows Council proposed operational expenditure for water and sewer.

Table 10 Water and sewer operational expenditure forecast in Base Trend Step ($2025-26)

Component $M	2026-27	2027-28	2028-29	2029-30	2030-31	Total

[8] The Northern Growth Corridor on the Central Coast of NSW refers to the area stretching from Tuggerah to Warnervale, encompassing Wyong, and is connected by the Pacific Highway. It's a priority area for service and business growth and includes three strategic areas: Tuggerah, Wyong, and Warnervale.

Base	133.2	133.2	133.2	133.2	133.2	666.1
Trend - Subtotal	1.4	1.7	2.1	2.8	3.4	11.4
Step changes	6.2	4.7	3.5	5.3	2.9	22.6
Controllable expenditure	**140.8**	**139.7**	**138.8**	**141.3**	**139.6**	**700.1**
Non-controllable	0.6	0.6	0.6	0.6	0.6	3.1
Total operating expenditure	**141.4**	**140.3**	**139.5**	**141.9**	**140.2**	**703.3**

4.4.1 Proposed expenditure efficiencies.

Council has developed a cost efficiency strategy built on a continuous improvement cycle, designed to identify, implement, and assess efficiency initiatives. Its cyclical nature ensures Council remains proactive in seeking opportunities to operate more efficiently, consistently delivering high-quality services at the lowest sustainable cost to our customers.

Council have set a cost efficiency target of 0.7% per annum for our forecast operating and capital expenditure over the upcoming determination period. This equates to $31.6M ($2025-26) in total cost savings over the 2026-31 period.

4.4.2 How does our expenditure compare?

In comparison with other major utilities in Australia, in 2023-24 Council had the second lowest operational costs per property for water (behind Hunter Water). Council's sewer operational costs had the fourth lowest operating costs per property. Council treats all sewage to a secondary and in some instances a tertiary level[9], where it is used for recycled water. This additional secondary treatment of sewage increases the operational costs however have a positive environmental outcome.

The low operating costs are despite having a relatively long water and sewerage network servicing the population served due to the geography of the region and the physical barriers created by the lakes, estuaries, and lagoons.

The most recent NPR reporting (2023-24) highlights that Council continues to be a low-cost service provider. (Refer Figure 10 and Figure 11).

- [9] **Primary Treatment:** This initial stage removes large solids, debris, and grit from the wastewater. It often involves screening and sedimentation tanks where solids settle to the bottom, and oils and grease float to the top for removal.
- **Secondary Treatment:** This stage relies on biological processes, typically using bacteria to break down organic matter and reduce pollutants like nitrogen and phosphorus. Various methods, such as activated sludge or biological trickling filters, can be employed.
- **Tertiary Treatment:** This optional, advanced stage further polishes the treated wastewater to improve its quality. It may involve advanced filtration techniques like reverse osmosis or microfiltration, followed by disinfection to remove any remaining pathogens.

For further details on operating expenditure refer to *Technical Paper 5 Operational expenditure*.

Figure 10: OPEX cost per property 2023-24 source: National Performance Reporting (NPR)

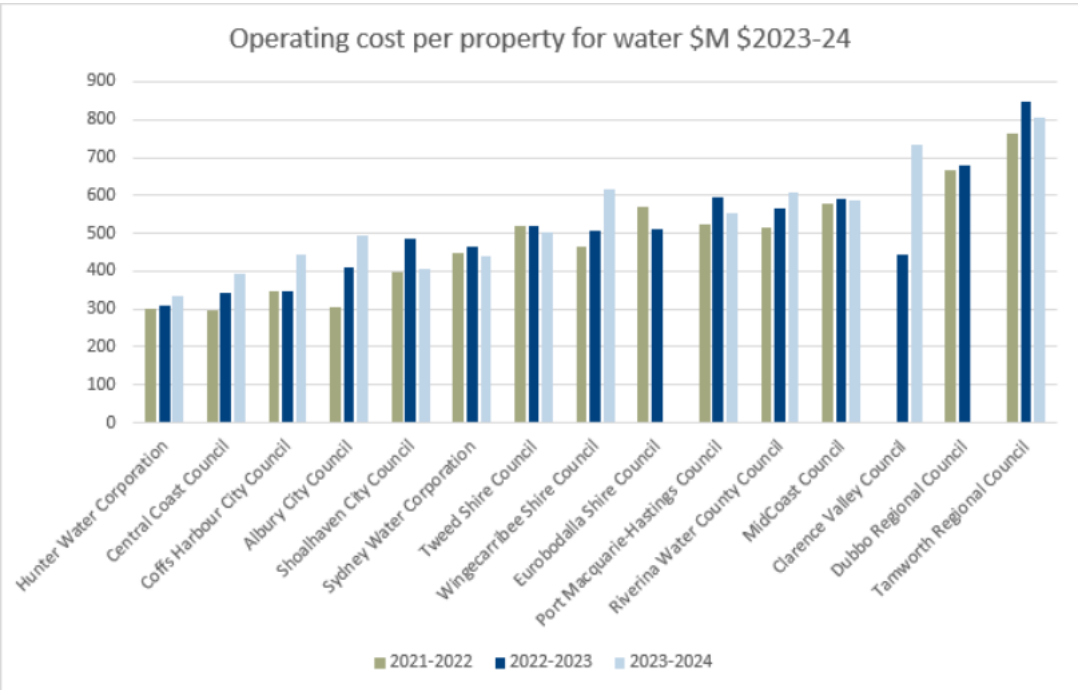
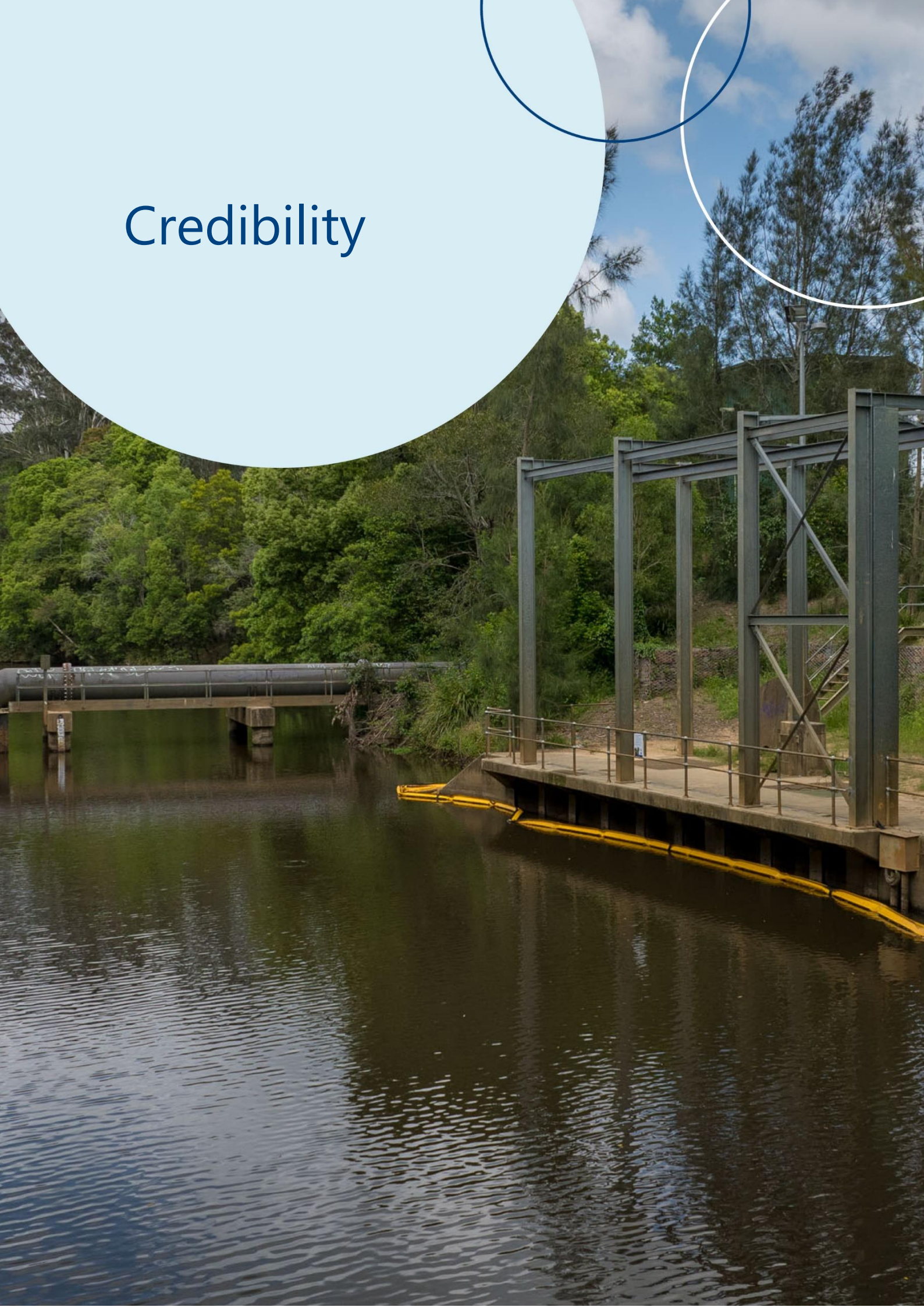


Figure 11: Operating cost per property 2023-24 water source: National Performance Reporting 2023-24 (NPR)

Credibility



5 Delivery and service levels

5.1 Service level performance

The primary purpose of Council's Water Utility is to provide consistent and reliable drinking water services in terms of quantity and quality. In addition, provide environmentally and socially responsible sewer services delivered in an economical and sustainable manner.

Council operates within the legislative and compliance framework to deliver services according to Council's Water and Sewer Customer Charter and contractual obligations by developing policies, procedures, systems, and mechanisms.

5.2 Forecast service levels

Community engagement showed mixed responses regarding current service level targets. Other than water quality there was little appetite to increase prices to improve services. Community members mostly agreed with the targets but commented that performance needed to improve (shown in Table 11) Other than reducing the water quality target the other targets will remain the same.

Table 11: Council's current and future service level targets

Performance item	Current Performance target	Community feedback	Local Water Utility performance reporting 2023-24	Annualised performance 2024-25 (May 2025)
Number of unplanned water interruptions per 1000 properties	115	Satisfied with current target. 67% satisfied (North) 33% to lower (North) 100% satisfied (South)	State average 60 per 1000 properties	123 per 1000 properties
Average duration of unplanned interruptions	No target set	There was no target set as the community did not raise this as an issue and were more focused on affordability	State average 145 minutes	179 minutes
Number of water quality complaints per 1000 properties	7	Community agreed target to be lowered no specific target set	State average 3.29 per 1000 properties	4.0 per 1000 properties Council's new target 5
Number of wastewater overflows per 100 km	26	No target stated but agreed to be lowered and performance improve regarding future planning	State average 33 per 100 km of main	28.6 per 100 km main

Performance item	Current Performance target	Community feedback	Local Water Utility performance reporting 2023-24	Annualised performance 2024-25 (May 2025)
Number of wastewater overflows reported to EPA per 100 km main	1.3	North group to report all overflows to EPA[10].	No State averages provided	2.3 per 100 km main .
Number of wastewater main breaks and chokes per 100 km	30	No target stated but agreed to be lowered and performance improve regarding future planning	State average 33 per 100 km of main (NPR 2023-24)	36.5 per 100 km of main
Number of water main breaks per 100km	14	No target stated but agreed to be lowered and performance improve regarding future planning	State average 10 per 100 km main	14.1 per 100 km main.

To improve performance Council is undertaking several initiatives with a focus on:

- Improving response time management with better rostering and resources
- Improving water quality with increased mains cleaning
- Improving unplanned water interruptions and sewer overflows and chokes targeting key areas.
- Increased inspections and preventative maintenance including analysis of failure patterns to inform schedules.
- Increase in hydrant[11], valve[12] and tapping band[13] maintenance to both detect and fix leakages.
- The use of S-Gate valves to reduce isolation of mains.
- Water and Sewer pump station upgrades.
- Sewer rising main renewals.
- Water valve renewals.
- Leak detection
    - A new leak detection contract
    - Selecting locations based on historical and ongoing leakage data.
    - Pressure management, an operational strategy that involves optimisation of network pressure.
- Water and Sewer education.
- Quality treatment.

For further details on service levels refer to *Technical Paper 2 Service levels*.

[10] *Protection of the Environment Operations Act* (1997) requires that pollution incidents must be reported to NSW EPA where there is actual or potential material harm to ecosystems or health and safety of human beings that is not trivial, or if the pollution incident results in actual or potential loss or property damage of aggregate cost exceeding $10,000.

[11] A hydrant is attached to a water main and mainly used accessing water predominantly used for firefighting. It can also be used to place water into the main to clean the pipe and water post a main break.

[12] A valve is used to isolate water if a main needs to be replaced or fixed.

[13] A tapping band allows the connection of service lines to the mains.

5.3 Delivering on our commitments

Council has committed to delivering several capital investments and operational initiatives to deliver the community values over the next determination period. The expenditure is predominantly non-recurring; however, some items are included in base operational expenditure.

The community while wanting to see an improvement in performance had little appetite to change the service level targets or increase bills except for water quality.

Council is committed to deliver the following initiatives over the next determination period:

- Strategies linked to effective planning and reliable service.
    - Emission reduction strategies.
    - Odour and Corrosion strategy.
    - Biosolids strategy (assess onsite power generation).
    - Asset resilience strategy.
    - Dry and wet weather surcharge strategy.
    - Distribution network Water Quality Model and Strategy.
    - Transition strategy.
- Studies and surveys linked to effective planning and environment.
    - Charmhaven reticulation.
    - Porter Creek Gap analysis.
    - Benthic Study.
- Plans linked to effective planning, environment, and water security.
    - Central Coast Water Security Plan (CCWSP).
    - Masterplan.
    - Integrated Water Servicing Plan.
    - Water Conservation - Economic level of Water Conservation (ELWC).
    - Climate Change action plan (CCAP).
- Innovations linked to reliable service.
    - Increasing the use of S-Gate valves.
    - Using P-CAT technology.
    - Using push rod cameras.
    - Use of a remote-controlled vehicle.
- Efficiencies using Data linked to affordability, reliable service, and quality treatment.
    - Water Demand Forecast tools.
    - Drawing Management System (DMS) to centralise engineering documents to centralise water and sewer assets.
    - Monitoring and improving SCADA.
    - Using data to inform areas of poor performance.
    - Technology to track regulation and monitoring of liquid Trade Waste lifecycle.

- Efficiencies linked to affordability.
    - Process review.
    - Avoided costs.
    - Cost reductions.
- Initiatives linked to effective management, water quality, water security, quality treatment.
    - Desalination readiness
    - Increased closed loop filter cleaning
    - Increased Hydrant flushing
    - Increased reservoir cleaning
    - Septicity management.
- Education linked to accountability and transparency.
    - Accountability strategy
- Regulatory and Compliance linked to environment and water quality.
    - Environmental Management System.
    - Increased sampling information.
- Investments linked to linked to quality treatment, water quality and growth.
    - Upgrade to Charmhaven sewage treatment plant
    - Upgrade to Gwandalan sewage treatment plant
    - Upgrade to Bateau Bay sewage treatment plant
    - Charmhaven main 12 (CH12) Sewer Rising Main and Pump station upgrade.

5.4 Setting an efficiency target

Council is proposing an efficiency target on 0.7% to keep downward pressure on prices.

Council's cost efficiency target represents a challenge to improve efficiency over time through technology, innovation, and better work practices. It reflects 'continuing efficiency' (also called 'ongoing efficiency' or 'frontier shift') and means, if achieved, Council would keep pace with the most efficient businesses over time.

IPART's expectations are that Council sets a realistic, yet challenging cost efficiency target. In setting the target of 0.7% per annum Council considered:

- the needs of customers
- council's current performance
- an internal assessment of cost efficiency opportunities over the next determination period
- broader productivity performance of the Australian economy
- other regulatory decisions

- Productivity growth target for 2027-31
- Council has set a cost efficiency target of 0.7% per annum for its forecast operating and capital expenditure over the upcoming determination period. This equates to $31.6M in total cost savings over this period (Table 12).

Table 12: Council efficiency challenge targets ($2025-26)

2027-31 (5-year total)	Opex	Capex
0.7% efficiency target	$18.4 million	$13.2 million

Council's target of 0.7% p.a. is compounding, meaning the efficiencies found in one year must be continued in the following years of the determination. The 0.7% efficiency target on opex and capex respectively over the upcoming determination period, results in $31.6M in savings over the total period.

6 Self-assessment

6.1 Assessment against IPART's principles

Council has assessed the proposal against IPART's 12 principles as ***standard*** and satisfied all requirements identified in the IPART Regulation Handbook July 2023 refer Table 13.

Table 13: Self-assessment summary

Customer		
Principle	**Achieved**	**Principle description**
1 Customer Centricity	Standard	***Includes:*** customer engagement, customers influencing outcomes, processes supporting customer centricity and education.
2 Customer engagement	Standard	***Includes:*** engagement on what matters, appropriate engagement methods, engage effectively
3 Customer outcomes linked to submission	Standard	***Includes:*** Customers drive outcome, performance measures support outcomes, accountability for customer outcomes
4 Community	Standard	***Includes:*** Identify community and performance measures, accountability for community outcomes
5 Environment	Standard	***Includes:*** Identify environmental outcomes, regulatory obligations, performance measures and efficiency in delivery.
6 Choice of services	Not applicable	***Includes:*** Consider differentiated service offerings (**not included for standard submission)**
Costs		
7 Robust costs	Standard	***Includes:*** Justify proposed expenditure, optimisation between capital and operational expenditure on assets, accountability for expenditure outcomes
8 Balance risk and long-term performance	Standard	***Includes:*** Understand long term performance, manage risks, and reprioritise as required
9 Commitment to improve value	Standard	***Includes:*** An externally published Efficiency Strategy with appropriate accountability for cost efficiency outcomes
10 Equitable and cost-efficient cost recovery	Standard	***Includes:*** Propose cost reflective prices, justify within period revenue adjustments (*not required for the 2026-31 determination)*
Credibility		
11 Delivering	Standard	***Includes:*** Delivering on promises
12 Continual improvements	Standard	***Includes:*** Continual improvement and innovation.

For further detail on Council's self-assessment refer to *Technical Paper 11 Accountability, customer influence and self-assessment*.

6.2 Continual improvement

Council has completed the self-assessment and consider that it has satisfied the requirements for a standard submission. Council has provided the community with quarterly performance report which covers key performance areas that the community are most interested in. The performance report will be updated to include metrics against new key deliverables.

In addition, Council also provides the Delivery Plan that reports quarterly progress against delivery of Accountability, Community engagement and Asset Management.

Council is committed to continual improvement and have drawn on lessons from past pricing periods. The next determination will focus on addressing shortcomings that have been identified in the current determination, with a focus on the following:

- Enhanced accountability through monitoring of key deliverables
- Tracking efficiencies
- Improved governance against key investments and proposed expenditure
- Improved reporting
- Centralising key data items and
- Improved financial support and acumen.

Council has also implemented improvements to its capital program processes aligning its project management framework and gated project lifecycle processes with IPART's regulatory framework. The improvements ensure that when projects are approved benefits are measurable and they align to customer outcomes. Council has introduced a fifth gate to the lifecycle process to ensure that outcomes are measured and evidenced and where applicable improvements to services are able to be reported back to the community.

The initiatives in the Determination will form part of the updated Accountability Strategy and reported on Council's website annually. If priorities change or prices increase due to a change in the economic climate, then Council will adapt, referencing urgency and importance.

Council is committed to delivering the services and investments in the Determination.

7 Quality assurance and Board endorsement

Section 4.8.3 of IPART's Water Regulation Handbook states that:

- Before submitting a pricing proposal to IPART, each business would obtain Board or Council (or equivalent) endorsement for its proposal. This endorsement demonstrates the Board's (or equivalent) ownership of the proposal – and provides transparency that it is confident the proposal would deliver in the long-term interests of its customers.
- The pricing proposal, information return, and any other material provided to IPART would also be subject to quality assurance (QA) check prior to lodgement. This ensures information is complete, accurate and consistent and helps avoid errors or delays in the price review process.
- To demonstrate Board or Council (or equivalent) endorsement and assure the quality and accuracy of its submission, a water business is expected to include either a Board attestation signed off by the chair of its Board, or (for businesses where the principal governing body of the entity is a council) a copy of the council resolution(s), declaring that the pricing proposal
- Is approved and endorsed by the principal governing body of the entity that the pricing proposal would best promote the long-term interests of its customers and that the proposal
- Is the business's best customer value proposition and is consistent with a Board-approved customer engagement strategy or equivalent document.
- Would deliver services at the lowest sustainable cost and is consistent with a Board-approved cost efficiency strategy or equivalent document.
- Is prepared with the best available information of the water business's financial and operational affairs.
- Has been subject to a QA check, which certifies the accuracy and consistency of all data, including confirmation of the following:
- Information in the business's pricing proposal is consistent with the business's information return (AIR and SIR), the business's financial accounts, and reports against output measures, as relevant. Where there are variations in figures, these need to be explained.
- Figures in the business's pricing proposal are accurate and correctly sourced. The figures need to sum correctly. The use of nominal or real dollars should also be explained in clear and simple terms so that stakeholders can follow the logic of their use.
- The business's pricing proposal includes proposed prices for all the business's regulated services.

Board's (Council) attestation and QA certification are below.

Council and Chief Executive Officer attestation

In accordance with the *Water Regulation Handbook* July2023, of the Independent Pricing and Regulatory Tribunal of NSW, the Mayor Lawrie McKinna on behalf of the Deputy Mayor Doug Eaton OAM and Councillors Cr Corinne Lamont, Cr Kyle MacGregor, Cr John McNamara, CR Trent McWade, Cr Jared Wright, Cr John Mouland, Cr Jane Smith, Cr Belinda Neal, Cr Rachel Stanton, Cr Kyla Daniels, Cr Margot Castles ,Cr Sharon Walsh and Cr Helen Crowley Deputy and Chief Executive Officer David Farmer of Central Coast Council's Water Utility, having made such reasonable inquiries of management as we considered necessary (or having satisfied ourselves that we have no query), attest that, to the best of our knowledge and for the purpose of proposing prices for the Independent Pricing and Regulatory Tribunal's review of the Central Coast Council Water Utilities prices:

- The pricing proposal would best promote the long-term interests of its customers.
- The pricing proposal:
  - Is the businesses best customer value proposition and is consistent with our customer engagement strategy.
  - Would delivery services at the lowest sustainable cost and is consistent with our cost efficiency strategy.
- The information provided in the pricing proposal submitted on 30 September 2025 is the best available information of the financial and operational affairs of Central Coast Council and has been checked in accordance with the Water regulation handbook and
- The pricing proposal has been subject to a quality assurance check, which certifies the accuracy and consistency of all data, including confirmation of the following:
  - Information in the pricing proposal is consistent with the business's information return (AIR and SIR), the business's financial accounts, and reports against output measures, as relevant.
  - Figures in the business's pricing proposal are accurate and correctly sourced.
  - The pricing proposal includes proposed prices for all business's regulated services.
- There are no circumstances of which we are aware that would render the information provided to be misleading or inaccurate.

Certified by the Chief Executive Officer

David Farmer

_____

Dated

Certified by the Mayor Central Coast Council

Lawrie McKinna

_____

Dated

Central Coast Council | Water and Sewer

Pricing Proposal

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