



**IPART** Independent  
Pricing and Regulatory  
Tribunal | NSW

Prices for Central Coast Council's  
water and wastewater services  
from 1 July 2026

## Draft Report

March 2026

Water >>



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IPART acknowledges the Traditional Owners of the lands where we live and work. Our office is located on Gadigal land and our work touches on Aboriginal lands and waterways across NSW.

We pay respect to their Elders both past and present, and recognise Aboriginal people's unique and continuing cultural connections, rights and relationships to land, water and Country.



Image taken on Worimi Country (Myall Lakes)

## The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's website.

### Tribunal Members

The Tribunal members for this review are:

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Dr Darryl Biggar  
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Sharon Henrick

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## Invitation for submissions

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

### Submissions are due by Friday, 1 May 2026

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

You can also send comments by mail to:

Prices for Central Coast Council's water and wastewater services from 1 July 2026  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop, Sydney NSW 1240

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Chapter 1 >>

Report summary

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## 1.1 IPART is reviewing CCC Water's prices

We are currently reviewing the maximum prices Central Coast Council can charge households and businesses for water and wastewater services. We have made draft decisions on the maximum prices we propose it can charge its customers. Our draft prices would apply for 5 years – from 1 July 2026 to 30 June 2031. This report outlines these draft decisions and explains how and why we reached them.

Under a separate process, IPART is also reviewing an application by Central Coast Council for a special rate variation (SRV). This SRV would increase its permissible general income from rates above the annual rate peg.<sup>a</sup> Further information is available on our [special rate variation webpage](#).

For clarity, in this report we refer to Central Coast Council's water and wastewater services as '**CCC Water**'. Where we discuss Central Coast Council generally or its other functions, we refer to it as '**Central Coast Council**' or '**the Council**'.

**Under the draft maximum prices we propose, typical household bills would increase by 8.7% plus inflation in 2026-27 followed by yearly increases by inflation only for the next 4 years**

In discussing typical residential bills, we refer to the combined water and wastewater bill a typical residential household would pay for consuming 170 kilolitres (kL) of water a year. Our draft maximum prices would see typical household bills for water and wastewater services increase by 8.7% plus inflation, or 11.9% including our estimate of inflation. CCC Water proposed that typical residential bills increase by 7.8% plus inflation, or 11.0% including estimated inflation.

The bill increases we propose under our draft decisions would be slightly higher than the bill increases proposed by CCC Water. This is primarily because our draft decisions apply a weighted average cost of capital (WACC) of 3.6%, compared to CCC Water's proposal which used a lower WACC of 3.3%. Our WACC calculation differs from CCC Water's because it applies more up-to-date market data than was available at the time that CCC Water calculated the WACC for its pricing proposal.

Under our proposed prices, the increase in a typical household bill for 170 kL would be:

- \$129 (or 8.7%) to \$1,612 in 2026-27 *before inflation*, then by inflation only in each subsequent year to 2030-31<sup>b</sup>
- \$176 (or 11.9%) to \$1,659 in 2026-27 *including estimated inflation*, then by inflation only in each subsequent year to 2030-31.

The typical customer bill in 2025-26 is \$1,483.<sup>c</sup>

Customer bills are discussed further in Chapter 8.

<sup>a</sup> IPART sets the rate peg each year, which caps the amount of income councils can generate from rates. Councils can apply to IPART for a special rates variation (SRV), which permit a council to increase rates revenue above the rate peg. We assess SRV applications against criteria set out by the NSW Office of Local Government.

<sup>b</sup> We note that household bills in 2025-26 are a product of current prices which we set in 2022. For that Determination, we decided to set a price path which increased in each year of the determination period, rather than a single step change like our draft decision here.

<sup>c</sup> Based on a stand-alone household using 170 kilolitres of water per year.

## CCC Water is the largest council-owned water utility in NSW

CCC Water is the largest council-owned water utility in NSW. It owns and operates the water and wastewater systems that serve more than 345,000 people and more than 135,000 homes and businesses in the region.

IPART's role is to set the maximum prices CCC Water can charge for these services. In doing so, we set maximum prices that customers would only pay for expenditure that is required to deliver a safe and reliable service. CCC Water may set prices below the maximum with the approval of the NSW Treasurer.

### Under the draft prices we propose, the water usage charge per kilolitre and the wastewater service charge would increase, and the water service charge decrease

Household bills include fixed water and wastewater charges, and a variable water usage charge. The variable water usage charge is important because it signals to customers how much water costs to collect, make safe and distribute and how expensive it will be to increase supply if needed.

Our draft decision is for the water usage charge per kilolitre to increase from \$2.62 to \$3.09 per kilolitre in 2026-27 (plus inflation) then increase with inflation in each of the following 4 years. In our 2025 Determinations of both Sydney Water and Hunter Water, we increased the water usage charge for:

- Sydney Water to:
  - \$3.28 per kilolitre (plus inflation) in 2026-27
  - \$3.58 per kilolitre (plus inflation) in 2029-30
- Hunter Water to:
  - \$3.57 per kilolitre (plus inflation) in 2026-27
  - \$4.51 per kilolitre (plus inflation) in 2029-30.

CCC Water customers generally indicated that any price increases would be better added to the usage charge rather than the service charge, as this would allow them to make usage choices and potentially exert more control over their bills. This proposed change would mean lower fixed water charges, which would be set to generate the remaining revenue we estimate CCC Water will need to cover its efficient costs.

The approaches we took to set our draft prices are discussed in detail in Chapter 6. The draft prices are set out in Chapter 7.

## We aim to balance customer affordability with the need to maintain infrastructure and deliver services

Many households and businesses are dealing with higher cost-of-living pressures. Affordability was the key theme in the feedback we received on our Issues Paper.

At the same time, we know safe, reliable water and wastewater services are essential. We have carefully considered the concerns of customers regarding affordability in setting our proposed maximum prices with the need for safe reliable services. We aim to balance customers' affordability concerns with the need to set prices so CCC Water can operate efficiently and invest in infrastructure and services into the future to deliver services that meet customer needs.

These prices are draft only, for consultation, and IPART will continue to work through issues considered in this review. IPART's final decisions on water related prices will take into account the feedback from customers and stakeholders and some important updated information we are seeking from Central Coast Council on both the availability of CCC Water funds that could offset price increases and CCC Water's capacity to efficiently deliver infrastructure works.

## We propose to accept CCC Water's proposal to reduce the impact on customer bills by using internal contributions towards efficient costs

In its pricing proposal, CCC Water proposed to fund \$75.9 million of its proposed operating expenditure through internal contributions and not from water prices to address affordability concerns. The activities CCC Water proposed to fund through these contributions include sludge management works at wastewater treatment facilities, and potentially higher costs for the disposal of biosolids.

After reviewing proposed expenditure, our draft decision is that only \$27.6 million of the \$75.9 million proposed expenditure is efficient for these activities. We therefore propose to reduce the impact on customers by including \$27.6 million of internal contributions to fund forecast operating expenditure. This may potentially leave \$48.2 million of CCC Water's proposed internal contributions unallocated and we are seeking updated information from Council on the amount available to offset price increases, while we consult on this Draft Report.

CCC Water is governed by democratically elected councillors. IPART cannot direct CCC Water on how it should use its internal contributions. Once we obtain updated advice from CCC Water about what level of internal contributions it can make to offset price increases the Tribunal will consider whether price increases can be lower. For example if CCC Water remains able to apply the initially proposed \$75.9 million of internal contributions towards the operating expenditure IPART considers to be efficient, typical bills may be up to \$62 (or 3.8%) lower before inflation in 2026-27 compared to our draft decisions.

Table 1.1 below sets out the bill impact of various levels of CCC Water internal contributions to reduce prices.

**Table 1.1 Impact of CCC Water internal contributions on typical household bill – 170 kL usage 2026-27 (\$ per year)**

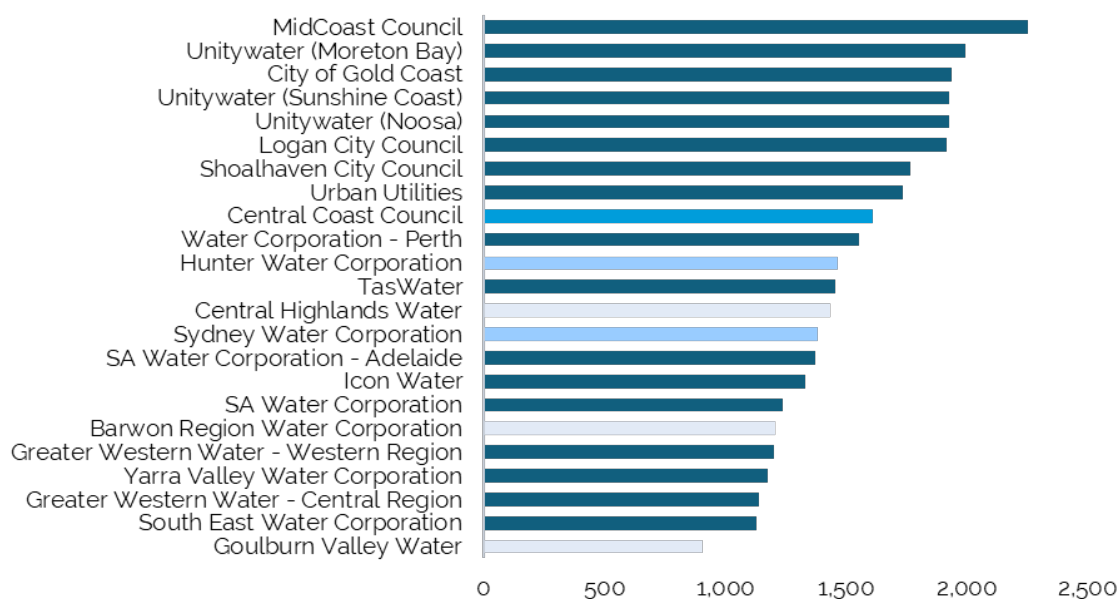
CCC Water internal contribution	Before inflation (\$2025-26)	Including inflation (\$2026-27)
0	1,647	1,695
\$27.6 million (draft decision)	1,612	1,659
\$75.9 million (CCC Water proposed)	1,550	1,595

Source: IPART analysis

## Typical household bills would be broadly in the middle of other Australian water businesses

Under our proposed draft maximum prices, CCC Water's typical residential bill would be broadly in the middle of other similar water businesses around Australia.

Figure 1.1 Annual residential bills for a selection of water businesses assuming 170 kL usage in 2026-27 (\$2025-26)



Note: Typical bills for Sydney Water Corporation, Hunter Water Corporation and CCC Water are based on FY2026-27 charges. Typical bill for TasWater is based on draft report charges for FY2026-27. All other bills are based on FY2025-26 charges and assumed to stay constant in real terms.

Most pensioners receive a pensioner rebate off their water and wastewater bill. However, the maximum rebate available to customers of council-owned local water utilities (LWUs) like CCC Water is \$175 a year.<sup>d</sup> This rebate has not increased since 1993, over which time inflation has significantly reduced its value. If the pensioner rebate had been increased in line with the inflation rate it would be around \$408 now. In our last review of maximum prices for CCC Water, we recommended that the NSW Government review the appropriateness of pensioner concessions for water and wastewater bills across the state. The NSW Government is currently reviewing the adequacy of rebates available to pensioners served by LWUs.

We have considered the issue of affordability carefully however we know that each individual household and business faces its own unique financial situation. The United Nations suggests that water costs should not exceed 3% of household income. While we know that any price increases are unwelcome, our analysis suggests that under our draft prices, the typical customer bill in almost all customer groups is below this benchmark.

<sup>d</sup> For comparison, the maximum rebate available in 2025-26 to pensioner households served by Sydney Water and Hunter Water is around \$770 and \$410 a year respectively.

## 1.2 We have reviewed CCC Water's proposed costs

We have carefully reviewed the proposed expenditure required by an efficient water business to deliver safe and reliable water and wastewater services to CCC Water customers. Our draft decision on CCC Water's total efficient expenditure over the next 5 years is:

- \$727.4 million (or \$145.5 million a year) in operating expenditure
- \$577.8 million a year (or \$115.6 million a year) in capital expenditure.

We engaged independent experts Arup and HoustonKemp (Arup/HK) to provide advice on CCC Water's efficient capital and operating expenditure. Arup/HK's advice is that the level of both operating and capital expenditure proposed by CCC Water risks underinvestment that would lead to deteriorating service performance.

Arup/HK's advice needs to be considered in the context of CCC Water's history and concerns about underinvestment and underperformance, which several stakeholders have raised with us. Some customers have told us that they want CCC Water to improve the standards of its services, including by supplying potable water which meets higher water quality standards (colour, taste and odour) and by reducing the number of service disruptions caused by assets which need renewing.

Arup/HK recommends that CCC Water needs to spend over the next 5 years around:

- \$747 million in operating expenditure
- \$640 million in capital expenditure to invest in infrastructure, including an increase in CCC Water's proposed asset renewals.

Arup/HK considers these expenditure settings are needed to set CCC Water on a sustainable footing. These are higher than our draft decisions, and higher than those proposed by CCC Water, each of which are compared in Table 1.2 below.

Table 1.2 CCC Water's proposed expenditure, IPART's draft decision on expenditures and Arup/HK's recommended expenditures 2026-27 to 2030-31 (\$ million, \$2025-26)

	IPART draft decision	CCC Water proposed	Arup/HK recommended
Total efficient operating expenditure	727.4	779.3	746.8
<i>less funding from CCC Water internal contributions</i>	<i>27.6</i>	<i>75.9</i>	<i>27.6</i>
<b>Operating expenditure used to set customer prices</b>	<b>699.8</b>	<b>703.4</b>	<b>719.2</b>
<b>Capital expenditure used to set customer prices</b>	<b>577.8</b>	<b>577.8</b>	<b>639.7</b>

Source: IPART analysis

We provide further information about CCC Water's proposal to fund some of its operating costs from its own internal contributions (and not through customer bills) in Chapter 5.

We note that CCC Water has recently indicated to us that it has finalised procurement for the construction of the Charmhaven wastewater treatment plant. We are seeking updated information from CCC Water on whether its estimated costs for this and other major contracts in its pricing proposal may need to be updated.

As set out in Table 1.2 above, our draft decisions on efficient expenditure that we used to set prices are in line with CCC Water's proposal<sup>e</sup>. However, Arup/HK recommend higher levels of expenditure are required to improve systems and services and in particular the rate at which CCC Water renews the pipes in its network.

We estimate the impact of setting prices using Arup/HK's recommended expenditures would increase the typical household bill by a further 2.4% by:

- \$39, from \$1,612 under the draft prices we propose, to \$1,651 in 2026-27, plus inflation
- \$40, from \$1,659 under the draft prices we propose, to \$1,699 in 2026-27, including estimated inflation.

We are seeking feedback from stakeholders on whether our final decisions should reflect Arup/HK's expenditure recommendations, rather than the lower expenditures in our draft decisions and the lower amounts proposed by CCC Water.

There could be potential advantages and disadvantages from allowing the higher expenditures recommended by Arup/HK.

Setting prices based on Arup/HK's recommended expenditures could provide a pathway for CCC Water to improve the standards of its services and set it on a more sustainable footing into the future. Setting prices based on Arup/HK's recommended expenditures would increase typical household water and wastewater bills by a further \$39 plus inflation in 2026-27 compared to our Draft Determination and then by inflation only for each subsequent year to 2030-31.

When making decisions on efficient costs, we consider whether a regulated business is able to deliver its infrastructure program. CCC Water has indicated to us during the review that it may have capacity constraints in undertaking more renewals work than that set out in its pricing proposal. Consequently, allowing the additional expenditure might not result in that expenditure being spent or being spent efficiently or effectively by CCC Water. During this consultation period, we are seeking updated advice from CCC Water on whether there is capacity to efficiently undertake additional capital works over the determination period. We will consider their response, along with feedback from customers, in making our final decisions.

It is also possible that, if CCC Water has the need to undertake additional works over the next 5 years, any efficient capital expenditure undertaken could be included in the regulatory asset base (RAB) we would use to set prices in 2031. Customer would then only pay for the investment costs after the additional works were undertaken and assessed as efficient by PART.

We are seeking feedback from stakeholders on whether we should allow the additional amounts of expenditure proposed by Arup/HK, in the alternative to the prices we propose in this Draft Report.

We discuss efficient operating expenditure in Chapter 3 and capital expenditure on infrastructure in Chapter 4.

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<sup>e</sup> Net of internal contributions.

### 1.3 We propose CCC Water increase its performance reporting to improve transparency and accountability

We recognise that CCC Water has consulted with customers around performance measures and targets but consider that targets could be increased and expanded to improve transparency and accountability.

The [CCC Water and Sewer Annual Report for 2024-25](#) indicates that while some performance measures have improved, a number of performance measures have declined since 2022 or failed to meet target (see Chapter 9 for more information). These mainly relate to the performance of water and wastewater mains.

While IPART does not have a role in monitoring or enforcing compliance with performance measures, we are proposing to make recommendations on additional performance measures that CCC Water should publicly report on. Our draft decision is to accept the performance outcomes and measures proposed by CCC Water, and to add some additional measures to improve transparency and accountability across some outcomes.

We consider that additional measures and targets would broaden the areas reported on quarterly and annually and will help keep stakeholders aware of CCC Water's ongoing performance. Our draft decisions on performance measures and reporting are set out in further detail in Chapter 9.

### 1.4 We have considered a range of matters in proposing draft maximum prices

We have had regard to the considerations in sections 14A(2) and 15(1) of the [Independent Pricing and Regulatory Tribunal Act 1992](#) ('IPART Act') when making our draft decisions on CCC Water's maximum prices. Those considerations include, but are not limited to:

- the social impacts of our prices (including affordability)
- CCC Water's cost of providing water and wastewater services
- the need to protect CCC Water's customers from abuses of monopoly power
- the need for CCC Water to be more efficient to reduce costs for the benefit of its customers
- the need for ecologically sustainable development
- standards of quality, reliability and safety.

Each of the chapters in this report explain how we considered and carefully balanced these matters in reaching our draft decisions for CCC Water's costs, prices and service standards. A summary and index of how we considered the matters in section 14A(2) and section 15(1) of the *IPART Act* is set out in Appendix A.

# Matters for IPART to consider when setting water prices



What are the costs?



Are customers protected from abuses of monopoly power?



Is there an appropriate return on assets for the water business?



What is the effect on general price inflation?



Do the prices promote greater efficiency?



Do the prices promote ecologically sustainable development?



What is the impact of the prices on the finances and assets of the water business?



What is the impact of the prices on third party contracts of the water business?



Do the prices promote competition?



What is the impact of the prices on demand management and least cost planning?



What are the social impacts of the prices?



What is the impact of the prices on quality, reliability and safety standards?

## 1.5 We have considered all feedback received from stakeholders

We heard from a range of stakeholders over our consultation period including individuals, industry organisations and community groups. We received 43 submissions to our Issues Paper and held a Public Hearing attended by 23 stakeholders. Many stakeholders raised issues relating to:

- affordability and the impacts of proposed price increases on cost-of-living for different customers
- poor service delivery, efficiency and quality
- level of trust in CCC Water's accountability and governance.

Customers raised affordability and CCC Water's proposed price increases as key concerns in their submissions and at our public hearing. This was particularly concerning for people on low or fixed incomes such as pensioners.

Stakeholders raised concerns about the efficiency, effectiveness and quality of CCC Water's services. Customers expressed dissatisfaction with service delivery and maintenance. Some customers indicated this has not led to improved service outcomes, including poor drinking water quality for some customers.

We value the feedback that stakeholders have provided, and we have considered all views in reaching the draft decisions set out in this report. Chapter 2 summarises what we heard from stakeholders so far in our review.

## 1.6 We want to hear your views on our draft decisions

Your input is valuable to us as we undertake this price review. We are now seeking feedback on our draft decisions. To have your say, you can provide a submission to this Draft Report by 1 May 2026.

### Have your say

Your input is critical to our review process.

[Submit feedback »](#)

You can get involved by making a submission to our price review. We are seeking feedback by **1 May 2026** on our draft decisions.

[Complete our survey »](#)

We will consider all stakeholder and customer feedback, as well as input from our expenditure experts and our own analysis, before publishing our Final Report with our final decisions in June 2026.

Figure 1.2 Timeline for our review



## 1.7 List of draft decisions

1.	To set CCC Water's total operating expenditure allowance for the 2026 determination period at \$727.4 million as shown in Table 3.4.	35
2.	To set the efficient capital expenditure of \$383.9 from 2022-23 to 2025-26, as shown in Table 4.1.	42
3.	To include \$577.8 million of capital expenditure into CCC Water's notional revenue requirement for the 2026 determination period, as shown in Table 4.6.	52
4.	To set CCC Water's notional revenue requirement at \$1,320.2 million over the 2026 determination period.	54
5.	To set an allowance of \$342.8 million for the return on assets in the notional revenue requirement.	58
	This decision is based on:	58
	a. an opening RAB of \$1,720 million on 1 July 2026	58
	b. \$538 million in capital costs added over the determination period, net of disposals and depreciation	58
	c. a real post-tax WACC of 3.6% as the efficient rate of return.	58
6.	To set the return of assets (regulatory depreciation) at \$244.0 million.	59
7.	To set the return on working capital as \$4.5 million over the 2026 determination period.	60
8.	To set the tax allowance as \$11.3 million over the 2026 determination period.	60
9.	To make a \$17.8 million cost of debt true-up to CCC Water's notional revenue requirement over the 2026 determination period.	60
10.	To apply \$27.6 million of CCC Water contributions to reduce the notional revenue requirement over the 2026 determination period.	60
11.	To accept CCC Water's water demand forecast for the 2026-31 determination period.	64

12.	To maintain CCC Water's $\pm 5\%$ Demand Volatility Adjustment Mechanism (DVAM) materiality threshold for the 2026-31 determination period.	64
13.	To accept CCC Water's proposed price structures including:	66
	a. setting the water usage charge with reference to long-run marginal cost of water supply	66
	b. setting the wastewater usage charge with reference to the short-run marginal cost of wastewater supply	66
	c. setting fixed service charges to recover remaining efficient costs.	66
14.	To set CCC Water's maximum variable water usage charges to \$3.09/kL in 2026-27 and remain constant in real terms to 2030-31 as shown in Table 7.1.	71
15.	To set CCC Water's maximum fixed water service charges as shown in Table 7.2 for residential customers and Table 7.3 for non-residential customers.	71
16.	To set CCC Water's maximum deemed wastewater usage charge at \$0.89/kL, as shown in Table 7.4.	71
17.	To set CCC Water's maximum fixed wastewater service charges as shown in Table 7.5 for residential customers and Table 7.6 for non-residential customers.	71
18.	To set CCC Water's trade waste charges and miscellaneous and ancillary charges as shown in Appendix E.2 and E.3, Tables E.10 to E.16.	71
19.	To accept CCC Water's proposed performance measures and targets with some modifications and additional measures and targets as outlined in Table 9.5.	104
20.	To grade CCC Water's pricing proposal as Standard.	157

## Questions we are seeking feedback on from all stakeholders

1.	Do you support increasing water bills by an additional \$39 (or 2.4%) to \$1,651 plus inflation, which would fund an additional:	51
	– \$19.6 million in operating expenditure to increase the rate of asset maintenance	51
	– \$62.2 million in capital expenditure to increase investment in new and ageing infrastructure	51
	so that CCC Water could deliver improved services?	51
2.	Do you prefer an 8.7% increase plus inflation (11.9% including estimated inflation) in 2026-27 followed by increases by inflation only OR would you prefer a 2.9% increase plus inflation in each year of the 5 years?	67
3.	Are the draft prices we propose for water and wastewater services affordable?	90
4.	Would you be prepared to pay higher water bills so that CCC Water could provide higher rebates to pensioners, and if so how much additional would you be willing to pay?	90
5.	What are your views on the draft decisions on performance metrics? Could these be improved? If so, please advise measures that you believe would improve the quality of CCC Water reporting and transparency.	104

## Questions we are seeking feedback on from CCC Water

1.	Could an additional \$19.6 million in operating expenditure recommended by Arup/HK be spent efficiently? What benefit would customers receive from this additional expenditure?	38
2.	Since CCC Water submitted its pricing proposal, have its project costs subsequently increased? Can CCC Water provide updated forecast expenditure and how it proposes to fund any increases (for example, reprioritise projects, internal contributions or proposed price increases)?	49
3.	CCC Water has indicated it considers there are capacity constraints that would limit its ability to accelerate asset renewals. Would CCC Water be able to undertake renewals at a faster rate if it received additional funding?	49
4.	Does CCC Water consider that the additional capital expenditure recommended by Arup/HK for accelerated asset renewals could be used efficiently?	49
5.	What are the potential system and service risks, if any, of not increasing renewals expenditure in the 2026 determination period?	49
6.	What level of internal contributions can CCC Water make to offset price increases, without compromising long-term financial stability?	83
7.	What would be the impact on service quality under our draft prices?	90

## Recommendations

1.	That CCC Water continues to improve its strategic and project planning (including the way it considers options, estimates costs, benefits and resources needed to deliver each project and the way it prioritises projects) as well as its management systems and approach to risk management.	46
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Chapter 2 >>

What we heard from stakeholders

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02

## 2.1 We consulted with stakeholders to inform our draft decisions

On 21 October 2025, we published [CCC Water's 2026 pricing proposal](#) and an [Issues Paper](#) that summarised key parts of the proposal. This included how CCC Water has engaged with its customers and community, its proposed costs and service levels, customer outcomes and the affordability of proposed prices.

We invited stakeholders to provide feedback by making a written submission or completing an online survey. On 20 November 2025 we also held an online public hearing where customers, members of the public and other stakeholders and interested parties could ask questions and comment directly to CCC Water and IPART.

We received 43 written submissions and 263 survey responses. We thank everyone who took the time to share their views. We considered all feedback in developing our analysis and draft decisions to CCC Water's proposed prices.



## 2.2 What stakeholders told us about CCC Water's proposal

We received submissions from 41 individuals and 2 organisations: the Justice and Equity Centre (JEC) and the Water Services Association of Australia (WSAA). Of the 43 submissions we received, 22 were confidential. We considered all submissions in developing our draft decisions. However, this report only quotes submissions that are not confidential.

Submissions to our Issues Paper mainly raised concerns about:

- poor service delivery, efficiency and quality
- affordability and the impacts of proposed price increases on customers' cost of living
- low trust in CCC Water's accountability and governance.

Participants at our public hearing raised similar issues including:

- the affordability of the proposed price rises for different customers, particularly given current cost-of-living pressures
- concerns about the justification for water price increases
- service and performance standards, and CCC Water's accountability and governance.

### 2.2.1 Stakeholders raised concerns about CCC Water's levels of service

Many stakeholders raised concerns about the efficiency, effectiveness and quality of CCC Water's services. They expressed dissatisfaction with inefficient service delivery and maintenance, infrastructure projects that have not led to improved service outcomes and poor water quality.

A number of submissions and survey responses highlighted:

- poor quality of water affecting drinking and household use, in some cases leading customers to incur extra costs associated with water filtration<sup>1</sup>
- breaches of CCC Water's environmental protection licences resulting in environmental hazards, legal fees and fines<sup>2</sup>
- suggestions that CCC Water should use more innovative and sustainable ways to maintain infrastructure while keeping prices fair, including new technologies to improve efficiency<sup>3</sup>
- the lack or the ineffectiveness of stormwater services (such as kerbs, gutters and drainage) and other general Council matters not part of this review<sup>4</sup>
- broader concerns that prices are not reflective of service quality, with little perceived improvement in quality or infrastructure maintenance following the large bill increases over the 2022 determination period.<sup>5</sup>

Many stakeholders also raised concerns about value for money. Several submissions stated that prices should not rise until CCC Water can show that the money is being spent effectively.<sup>6</sup>

One submission noted that CCC Water has experienced 'no performance improvement despite a 58% price hike'. It compared CCC Water's performance unfavourably with Sydney Water and Hunter Water, stating they 'achieve better results while charging significantly lower prices'.<sup>7</sup>

Two submissions suggest that 'improved performance must now come first before [CCC Water] can be trusted with any more price hikes'.<sup>8</sup>

The JEC submission echoed customer concerns. It stated that CCC Water demonstrates a 'poor standard of investment scoping, planning and delivery given the material variance between allowed and actual expenditure'. It also noted that the community considers investment has not delivered improved services and has not been efficiently or effectively delivered to meet customer needs.<sup>9</sup>

## 2.2.2 The affordability of CCC Water's proposed prices

Affordability was a key concern. Most submissions said the proposed price rises are too high. Several stated that any increase above CPI or wage growth is unsustainable for households already facing cost-of-living pressures. This was raised as particularly concerning for people on low or fixed incomes such as pensioners, whose incomes have not kept pace with rising prices.<sup>10</sup>

The JEC submission also highlighted the need for reform in water regulation, funding and affordability support. It recommended that CCC Water engage with the community to identify best-practice measures used by other water service providers and explore innovative affordability measures that meet customer needs.<sup>11</sup>

One submission stated that any 'increase awarded by the Tribunal must be strictly limited to the costs [CCC Water] incur in the delivery of the water and sewer services to the community'. It also noted that the proposed price rises would result in Central Coast residents paying more than customers in the Sydney Metropolitan Region.<sup>12</sup>

### Survey respondents indicated a preference for gradual price increases

In our survey, we asked respondents about their preferences on how proposed price rises could be applied. Option 1 was a phased approach, with gradual annual increases over 5 years. Option 2 was a single, larger increase in the first year, followed by inflation-only increases over the next 4 years.

CCC Water advised that its customer consultation between 2023 and 2025 on bill structure showed a strong preference (86%) for Option 2.<sup>13</sup> However, results from IPART's survey differed.

Of the responses to our survey, 39% preferred Option 1 (gradual increases over 5 years), 11% preferred Option 2 (one-off larger increase in the first year) and 32% selected another option.

Of those who selected another option, most said they prefer no increase, or CPI-only increases.<sup>f</sup>

The WSAA submission said that an upfront price rise is consistent with the increases proposed by water utilities across Australia. It also noted that the main advantage of an upfront price rise is a lower bill at the end of the determination period.<sup>14</sup>

### Stakeholders have mixed views about price structures

Stakeholders also raised price structure as an issue. Views differed on whether more or less of the proposed rise should be recovered by the fixed service charge or the variable usage charge. These choices can affect the affordability of bills.

CCC Water stated in its proposal that stakeholders preferred higher water usage charges to cover increasing costs rather than higher service charges.

One submission suggested that the proportion of fixed service charges on a customer's bill should be limited 'so that consumer behaviour can be influenced to reduce and maintain low levels of water usage'.<sup>15</sup>

In our survey, we asked respondents how much they agree with the statement: 'I prefer a higher variable usage charge because it gives me more control over my bill'. Around 38% of respondents strongly agreed or agreed, 38% strongly disagreed or disagreed and 17% selected neutral.

<sup>f</sup> The other responses for this question were: 10% selected 'I'm indifferent' and 8% selected 'I don't know'.

### 2.2.3 Stakeholders expressed mixed views about proposed higher expenditure

Consistent with concerns about affordability and price rises, many submissions did not support CCC Water's proposal to increase capital and operating expenditure over the determination period. These submissions said that CCC Water should first reduce its own spending before proposing bill increases to fund new developments without any tangible outcomes.<sup>16</sup>

Some survey respondents also questioned the need for a new saltwater treatment plant or pipeline during a cost-of-living crisis.

In contrast, other survey feedback expressed dissatisfaction with the lack of effective spending in certain areas or lower-than-expected spending for specific projects. Several submissions focused on poor water quality and the need for higher spending to improve services.<sup>17</sup>

The WSAA submission noted that water utilities across Australia are experiencing higher capital expenditure due to population growth, ageing assets and climate change. While acknowledging cost-of-living pressures, it also warned that deferring capital investment creates significant risks if customer needs are not met.<sup>18</sup>

Two submissions suggested that additional costs of water and wastewater services, such as those resulting from mandated growth in the Central Coast, should be heavily subsidised by the NSW Government, or be paid by those who benefit from these expansions.<sup>19</sup>

Submissions from individuals and the JEC called for a thorough investigation into the prudence of CCC Water's past and forecast investment. The JEC also stated that CCC Water should demonstrate its capacity to deliver the proposed investment efficiently and in a way that reflects intended performance improvements.<sup>20</sup>

### 2.2.4 Stakeholders expressed doubts regarding CCC Water's ability to act in the community's interests and take accountability for performance

Transparency was a key issue raised in a number of submissions and survey responses. Many stakeholders said CCC Water should be more open about bill increases (for example, identifying inflation) and clearer about how customer money is being spent.<sup>21</sup>

Two submissions noted that recently elected councillors assured ratepayers that prices would be kept steady (no increases) to promote financial stability. They stated that the proposed rises undermine the public's trust.<sup>22</sup>

Stakeholder views included concerns about historical and recent financial and administrative mismanagement by the Council, which could be characterised as reflecting a lack of accountability.

Submissions expressed frustration that CCC Water is perceived to pass excessive costs and poor management onto customers rather than exploring more efficient alternatives.<sup>23</sup>

Another submission disputed CCC Water's claim that accountability has improved through increased online performance reporting. It stated that quarterly performance reporting at Council meetings has been removed and is now only provided annually, which limits opportunities for collective and productive discussion about performance.<sup>24</sup>

The JEC recommended that IPART expand CCC Water's performance metrics to include more consumer outcomes (such as affordability and payment support) and adopt a 'consistent set of robust performance metrics' across all NSW water service providers.<sup>25</sup>

## 2.2.5 Importance of reform for efficiency

One submission from a NSW Member of Parliament noted that CCC Water's regulation was simplified in 2024 by ending the anomaly of being regulated under 2 different acts. The submission encouraged IPART to consider the 'cost benefits of regulatory simplification' as part of this review.<sup>26</sup>

The JEC suggested that further structural reform be considered. This includes options such as introducing an operating licence, or the partial or full amalgamation of investments or operations with other large utilities. The JEC stated these could be reasonable avenues for IPART to explore when considering long-term issues of supply security and resilience.<sup>27</sup>

## 2.2.6 Trust in IPART

Some submissions and survey responses raised concerns about the effectiveness of IPART's reviews.<sup>28</sup> The comment that it was useless making a submission 'because you pencil pushers at IPART will give Central Coast Council what they want' was broadly representative of feedback received.<sup>29</sup>

The Tribunal has discussed all feedback, and we take our responsibility to the community seriously. IPART undertakes reviews independently and makes decisions which are in long-term interests of customers. In making price determinations, we are required to consider a range of matters set out in the *IPART Act*, as discussed in Chapter 1 and Appendix A.

## Survey summary



263

Responses to our Issues Paper Survey

69%

Of those that self-identified as receiving financial assistance (60) strongly disagreed that the proposed typical household bills are affordable with little or no impact on their living standard (41).

57%

Are either not satisfied or very dissatisfied with the water and wastewater service received from CCC Water for the money paid (145).

76%

Think CCC Water's service has worsened or not improved over the 4 years since the last determination (192).

38%

Either strongly agreed/agreed (98) or strongly disagreed/disagreed (98) with the statement 'I prefer a higher variable usage charge because it gives me more control over my bill'.

39%

Prefer a price increase phased in gradually through 5 annual increases in comparison to a larger step in 2026 with inflation only increases after that (99).

52%

Of those aware of CCC Water's progress, quarterly and annual performance reports (53) believe they are not adequate to hold CCC Water accountable to its customers (28).

### What matters most to you about CCC Water's prices?



Affordable prices that support the cost of living



Well maintained infrastructure and reliable services



Cleaner waterways and fewer sewer overflows

### 2.3 We have considered all stakeholder feedback

Consultation with the community is an important part of our water pricing review process. We have considered all feedback on CCC Water's proposed prices in our draft decisions to setting maximum prices from 1 July 2026.

The following chapters explain our draft decisions and how we considered stakeholder feedback.

Chapter 3 >>

Operating expenditure

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03

## Summary of our draft decision for operating expenditure

### **Our draft decision for operating expenditure for the Draft Report is \$727.4 million over the 5 years of the 2026 determination period**

Our draft decision is to set prices for 5 years. We propose to include \$727.4 million of operating expenditure in CCC Water's notional revenue requirement over the 5-years of the 2026 determination period for the Draft Report. This is the same as proposed by CCC Water, with \$27.6 million to be funded by CCC Water contributions and the remainder to be funded by customers.

We consider that CCC Water's business processes and systems are maturing. CCC Water has provided evidence that demonstrates it is taking steps to improve asset maintenance and decision-making processes and systems, but further progress is needed to prevent deterioration in assets and performance standards.

We engaged independent experts Arup and HoustonKemp (Arup/HK) to provide advice on CCC Water's efficient capital and operating expenditure. Arup/HK's advice is that the level of both operating and capital expenditure proposed by CCC Water risks underinvestment that would lead to deteriorating service performance. Setting prices based on Arup/HK's recommended expenditures could provide a pathway for CCC Water to improve the standards of its services and set it on a more sustainable footing into the future.

Setting prices based on Arup/HK's recommended expenditures would mean typical household water and wastewater bills are 2.4% or \$39 plus inflation higher in 2026-27 as compared to bills under our draft decisions and then increase by inflation only for each subsequent year to 2030-31.

We are seeking feedback from stakeholders on whether our final decisions should reflect Arup/HK's expenditure recommendations, rather than the lower expenditures in our draft decisions and the lower amounts proposed by CCC Water.

This chapter sets out our draft assessment of the level of operating expenditure CCC Water requires to operate its business efficiently over the 2026 determination period.

CCC Water's operating costs are the day-to-day expenses involved in running its business and maintaining the infrastructure and equipment it uses to provide services. This includes costs such as staff wages, electricity, contractors, maintenance, treatment operations and insurance. It does not include the costs of building new, or replacing old, infrastructure which we discuss in Chapter 4.

We have carefully reviewed CCC Water's proposed operating expenditure using a base-trend-step approach, as outlined in our [Water Regulation Handbook](#).<sup>30</sup> In reaching our draft decisions, we considered independent expert advice from Arup Australia Pty Ltd and HoustonKemp Economists (Arup/HK), stakeholder submissions and feedback from the online public hearing, additional supporting documentation provided by CCC Water and our own analysis. [Arup/HK's report on their assessment of CCC Water's expenditure proposal](#) is available on our website.

We have proposed the efficient level of operating expenditure for the Draft Report, which we have used to set our draft prices. However, as set out in detail in Chapter 5 we have allocated a portion of these costs to CCC Water which it would fund directly from its own internal contributions. This means that under our draft prices, customers do not pay for this portion of efficient costs.

Nonetheless, there is some evidence that our draft decision may understate the operating expenditure CCC Water, even if operating efficiently, may need over the next 5 years to deliver its services. The advice we received from Arup/HK suggests that to progress to a more sustainable footing, CCC Water's operating expenditure may need to be higher. As such, we are seeking feedback on including operating expenditure of \$747.0 million in expenditure. This combined with Arup/HK's lower bound capital expenditure would increase the typical water bill further by 2.4% (or \$39 in 2026-27).



Note: We have corrected the Arup/HK expenditure report amount of \$746.8 million to \$747.0 million to reflect updated bulk water costs. Source: [CCC Water proposal](#), Arup/HK, Central Coast Council Water 2026-31 Expenditure Review. 28 January 2026 and IPART analysis.

Under section 14A(2) and 15(1) of the *IPART Act*, we are required to consider a range of matters. Under section 15(1) we are required to consider the cost of providing services (15(1)(a)) and the need to promote competition in the supply of the services concerned (15(1)(j)). We must consider CCC Water's economic cost of production (14A(2)(a)) and expenditures in relation to the monopoly service (14A(2)(b)).

In reaching our decision on CCC Water's operating expenditure, we had regard to these matters.

### 3.1 CCC Water's actual operating expenditure has been close to the 2022 allowance

When we last set prices in 2022, we forecast CCC Water's efficient operating expenditure over the 4 years to 2025-26. In the first 2 years of the 2022 determination period, CCC Water spent less than the forecast we used to set prices. This reversed in the last 2 years of the determination period. Over the 4 years of the 2022 determination period, we expect CCC Water's total operating expenditure to be around what we used to set prices (see Table 3.1).<sup>31</sup>

Expenditure in water operations remained below the IPART allowance, with the overspend in later years due to increased spending in wastewater driven by increased reactive works and maintenance activity.<sup>32</sup>

Actual annual operating expenditure averaged \$126.7 million per annum over the determination period.

Table 3.1 Operating expenditure over the 2022 determination period (\$million, \$2025-26)

	2022-23	2023-24	2024-25	2025-26	Total
IPART 2022 determination	126.0	127.2	127.3	127.7	508.3
Actual CCC Water	102.1	121.7	142.3	140.9	507.0
Difference (\$)	-24.0	-5.5	14.9	13.2	-1.3
Difference (%)	-19.0%	-4.3%	11.7%	10.3%	-0.3%

Source: CCC Water's, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, p 20, CCC Water's Annual Information Return and Special Information Return (December 2025).

Much of the variance in operating expenditure is explained by changes in labour, materials and contractor costs through the determination period.<sup>9</sup>

CCC Water advised that full time staff were cut by 19.3% following the Council's financial difficulties in 2020-21.<sup>33</sup> Towards the end of the determination period, staffing levels rose. In 2023-24, CCC Water staffing levels were 2.34 heads per 1,000 properties, up from 1.89 in 2020-21 (compared to the weighted national median of 3.33 heads).<sup>34</sup>

CCC Water considered that its performance over the 2022 determination period was 'on average' efficient based on benchmarking using a selected peer comparison against [National Performance Report](#) data.<sup>35</sup> As discussed further in Chapter 9, performance for CCC Water through the period was variable, with performance against several service measures below average for its peers.

Arup/HK consider that the use of 2024-25 as a base operating year for the 2026 determination is not appropriate given the variability in operating expenses over the 2022 determination period. Arup/HK considers that CCC Water is yet to enter a business-as-usual state and is 'managing multiple transitions simultaneously, that is, addressing historical underinvestment in its network, building operational capacity and shifting from reactive to preventative maintenance practice'.<sup>36</sup>

<sup>9</sup> This includes a change in the treatment of wastewater expenditure relating to tipping costs for sludge removal. [CCC Water, Pricing Proposal – Technical Paper 5](#), p 30.

### 3.2 CCC Water has proposed to spend 23.0% more on annual operating expenditure than in the current determination period

For the 5 years over the 2026 determination period, CCC Water proposed \$779.3 million, or an average of \$155.9 million per year, in operating expenditure. This is an increase of \$29.1 million (or 23.0%) compared to what we estimated it would actually spend each year over the 2022 determination period.

We note that CCC Water proposed to fund \$75.9 million (or \$15.2 million a year) of these costs through internal contributions, and not from customers.<sup>37</sup> CCC Water proposed to use these funds to cover several expenditure activities without passing these costs on to customers through prices. In assessing total efficient operating expenditure however, we have included both the proposed customer and internal contributions amounts. This is set out in Table 3.2 below.

We address how much of these costs customers should pay through prices, and how much should be funded by CCC Water internal contributions in more detail in Chapters 5 and 8.

Table 3.2 CCC Water's proposed operating expenditure for 2026–31 (\$million, \$2025-26)

Operating expenditure	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Operating expenditure water	70.2	69.1	68.1	70.0	69.4	346.7
Water – bulk water	0.9	0.9	0.9	0.9	0.9	4.7
Operating expenditure - wastewater	70.3	70.3	70.5	71.0	69.8	352.0
CCC Water proposed - funded through customer bills	<b>141.4</b>	<b>140.3</b>	<b>139.5</b>	<b>141.9</b>	<b>140.2</b>	<b>703.4</b>
CCC Water proposed - funded through internal contributions	16.9	12.3	14.5	15.5	16.6	<b>75.9</b>
Total operating expenditure	<b>158.4</b>	<b>152.6</b>	<b>154.0</b>	<b>157.5</b>	<b>156.8</b>	<b>779.3</b>

Source: CCC Water's, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, p 36, CCC Water's Annual Information Return and Special Information Return (December 2025) and IPART analysis.

CCC Water bulk water expenses relate to the purchase of water from Sydney Water Corporation. We have updated these costs to account for the prices set out in our [2025 Sydney Water price determination](#).

CCC Water advised that operating expenditure is rising due to:

- changing regulations – increased monitoring, sampling and disposal costs
- water security – investing in water conservation
- new technologies – such as monitoring of liquid trade waste lifecycle
- biosolid management – increased contractor costs
- effective planning and strategies – such as investment in strategies for asset resilience, strategies for desalination, asset condition assessments and reticulation surveys.<sup>38</sup>

CCC Water proposed to maintain higher average annual labour expenditure and increased expenditure on external consultants and contractors compared to the 2022 determination period. CCC Water suggests this increase is also required to enable CCC Water to undertake required maintenance activities.<sup>39</sup>

CCC Water's proposed operating costs include an efficiency target of 0.7% per annum.<sup>40</sup> This reflects CCC Water's views about the level of productivity it can achieve. We estimate this would require CCC water to find \$18.4 million in efficiencies over the determination period.<sup>41</sup>

### 3.3 Efficient operating expenditure is likely to be lower than proposed by CCC Water

As set out above, we engaged expenditure experts (Arup/HK) to advise us on CCC Water's efficient operating and capital expenditure. Arup/HK found that the level of efficient operating expenditure over the next 5 years is between \$658.6 million (average of \$131.7 million per annum) and \$747.0 million (average of \$149.4 million per annum) for the 2026 determination period as set out in Table 3.3.<sup>h,42</sup> Arup/HK recommends setting operating expenditure at the upper bound of this range.<sup>43</sup>

Table 3.3 CCC Water proposed operating expenditure compared to Arup/HK's range (\$million, \$2025-26)

Operating Expenditure	2026-27	2027-28	2028-29	2029-30	2030-31	Total
CCC Water proposed	158.4	152.6	154.0	157.5	156.8	779.3
Arup/HK lower bound	135.9	130.1	130.4	132.7	129.5	658.6
<b>Arup/HK upper bound</b>	<b>151.5</b>	<b>146.7</b>	<b>148.0</b>	<b>151.4</b>	<b>149.3</b>	<b>747.0</b>

Note: We have corrected Arup/HK's recommended lower bound amount \$658.4 million to \$658.6 million and the recommended upper bound amount of \$746.8 million to \$747.0 million to reflect updated bulk water costs.

Source: Arup/HK, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, pp 57 – 59.

We consider that CCC Water's demand forecasting and output growth estimates are reasonable, as advised by Arup/HK. We also consider, as required under section 14A(2)(i) of the *IPART Act*, that the methodologies used to develop these forecasts were reasonable.<sup>44</sup>

The proposed non-recurrent expenditure, trends, step changes and non-controllable operating expenditure were also found to be reasonable and were incorporated into operating expenditure.

Arup/HK questioned the base operating expenditure due to the level of staffing uplift proposed by CCC Water in 2026-27 compared with 2023-24. Arup/HK established alternative upper and lower base operating levels using benchmarking and applied 2 levels of additional uplift to calculate the expenditure range. These uplifts recognise the need to support CCC Water's transition to operational maturity.<sup>45</sup> They also address asset condition changes and ensure maintenance activities are supported by adequate capital investment.<sup>46</sup>

Arup/HK's report for the 2026 determination notes evidence of improvement in CCC Water's systems and processes, and progress in implementing IPART's recommendations from the 2022 determination.<sup>47</sup> CCC Water has shown notable improvement in areas including asset management and risk management.

<sup>h</sup> Arup/HK expenditure report recommended lower bound is \$658.4 million and the upper bound is \$746.8 million. We have adjusted these figures to correct for changes in bulk water pricing.

However, Arup/HK found that CCC Water's proposed corporate overheads are inefficient, noting that corporate services designed to support general government functions (for example, administering rates, delivering community programs, managing local infrastructure and providing civic services) may not be well suited to a water business of this scale. Arup/HK recommended that CCC Water review its corporate overhead requirements to ensure they align with its operational needs.<sup>48</sup>

We agree with Arup/HK's recommendation regarding corporate overheads. However, corporate overheads are falling as a proportion of total operating costs, from 25% in 2019-20 to a forecast 19% in 2026-27.

### 3.3.1 We find \$27.6 million of the \$75.9 million proposed to be funded through internal contributions to be efficient

In its proposal, CCC Water identified \$75.9 million in operating costs it proposed to fund through internal contributions rather than through maximum prices. These include:

- one off sludge removal to address build up in lagoons (\$27.6 million)
- cost difference if CCC Water has to dispose of biosolids as general waste (\$42.9 million)
- contract cost escalations (\$5.3 million).<sup>49</sup>

In making its recommendations, Arup/HK found that a significant portion of the proposed costs were not efficient. They recommended excluding approximately \$42.9 million in proposed biosolid disposal costs.

Arup/HK found that CCC Water's estimate was based on a worst-case scenario and was subject to considerable uncertainty. The costs assume that revised NSW Government guidelines would result in all sludge needing to be disposed of at the general waste rate rather than the biosolid rate due to PFAS contamination. Arup/HK found that CCC Water had not demonstrated that the higher disposal costs were reasonably likely to occur over the determination period.

Arup/HK did not include the \$5.3 million in estimated contract cost escalation as they had already included an uplift that incorporated cost escalation and labour costs in their recommended operating expenditure.

For the Draft Report, we propose to include \$27.6 million of CCC Water's operating expenditure proposed to be funded through internal contributions as efficient operating costs.<sup>50</sup>

We consider that the \$27.6 million in efficient operating costs should be included in total operating expenditure because it reflects the efficient cost of CCC Water providing services to its customers.

However, we have set our draft prices on the basis that CCC Water would fund these costs through internal contributions rather than through the maximum prices paid by customers. This is discussed further in Chapter 8.

### 3.4 Our draft decision is to set efficient operating expenditure at \$727.4m

For the Draft Report, our draft decision is to set efficient operating expenditure at \$727.4 million over the 5 years of the 2026 determination period.

Before accounting for CCC Water internal contributions, this amount is:

- \$699.7 million, \$3.7 million (or 0.7%) lower than proposed by CCC Water
- \$19.6 million (or 2.7%) lower than recommended by Arup/HK.

In reaching this draft decision, we considered CCC Water's proposal, the advice we received from Arup/HK and stakeholder feedback we received through consultation.

Arup/HK recommended that we consider their upper end of the range of efficient operating expenditure with a higher uplift when setting prices, particularly if we do not adopt the Arup/HK higher level of recommended capital expenditure.<sup>51</sup>

Arup/HK did not consider that CCC Water's proposed base expenditure reflected a business operating at a stable and sustainable level. Arup/HK were not able to clearly separate routine day-to-day work from additional activity needed to address past underinvestment in planned maintenance.<sup>52</sup> Instead, they used benchmarking to estimate what an efficient level of operating expenditure should be.

We consider that setting operating expenditure for the 2026 determination at Arup/HK's lower end range of \$658.6 million would not provide CCC Water with enough resources. This could limit maintenance, raise asset condition risks and harm services for Central Coast Council customers. We consider that setting operating expenditure at this level may lead to further asset deterioration and increase risk of non-compliance with environmental obligations. In developing its proposed operating and capital expenditure, CCC Water considered what level of maintenance it could undertake over the 2026 determination period based on forecast staffing levels and contractor availability.

We have considered Arup/HK's advice. We discuss Arup/HK's upper end range for operating expenditure in section 3.5 and seek stakeholders feedback on whether to include additional operating expenditure in maximum prices.

As a result, we propose efficient operating expenditure for the Draft Report that is around \$19.6 million lower than the level recommended by Arup/HK over the 5-year period (see Figure 3.2).

For the Draft Report we have:

- accepted CCC Water's proposed operating expenditure to be funded through customer prices
- added \$27.6 million in expenditure for activities to be funded through internal contributions
- made other minor adjustments, including for bulk water costs.

An analysis of the work orders for CCC Water over the last 5 years shows lower levels of maintenance activity in the early years of the 2022 determination (see Figure 3.1 below). There has been an increase in the number of work orders completed from 13,429 in 2021 to 38,207 in 2025.

While reactive maintenance remains high, there has been an increase in condition assessments and other maintenance activities.

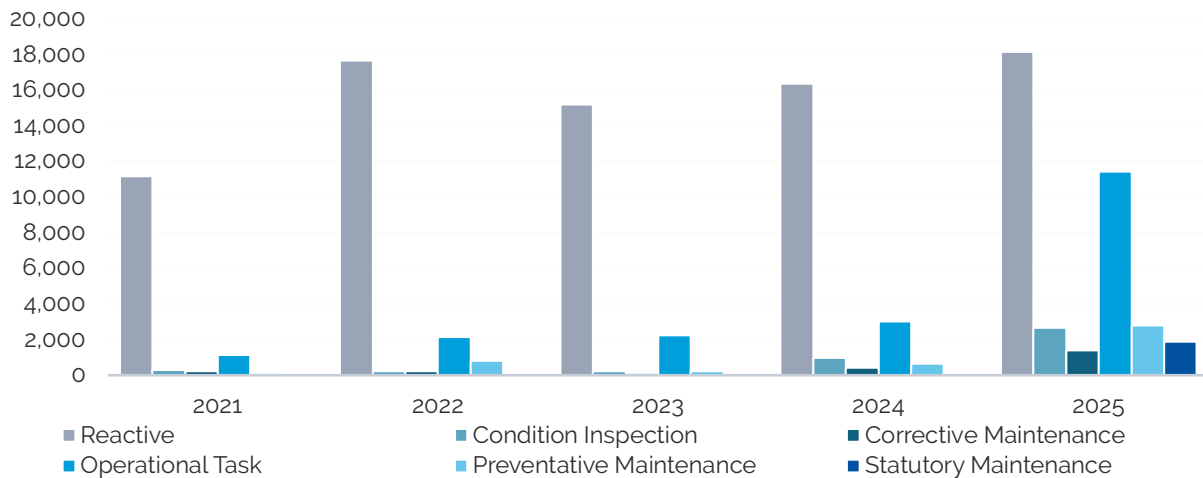
Although the number of work orders does not reflect the value or scale of the work done, it suggests that CCC Water is moving towards a more proactive maintenance program.

CCC Water advised that increasing staff numbers have been a 'major factor for increasing the transition to planned maintenance predominantly in the electrical and mechanical areas'.<sup>53</sup>

CCC Water is also managing legacy issues resulting from past underinvestment in preventative maintenance, including network maintenance and underperformance issues.

We consider it likely that CCC Water may see a reduction in the higher costs associated with emergency reactive maintenance. This may occur as more information about asset condition becomes available and planned maintenance increases. However, this transition will take time.

Figure 3.1 Change in completed work orders from 2020-21 to 2024-25



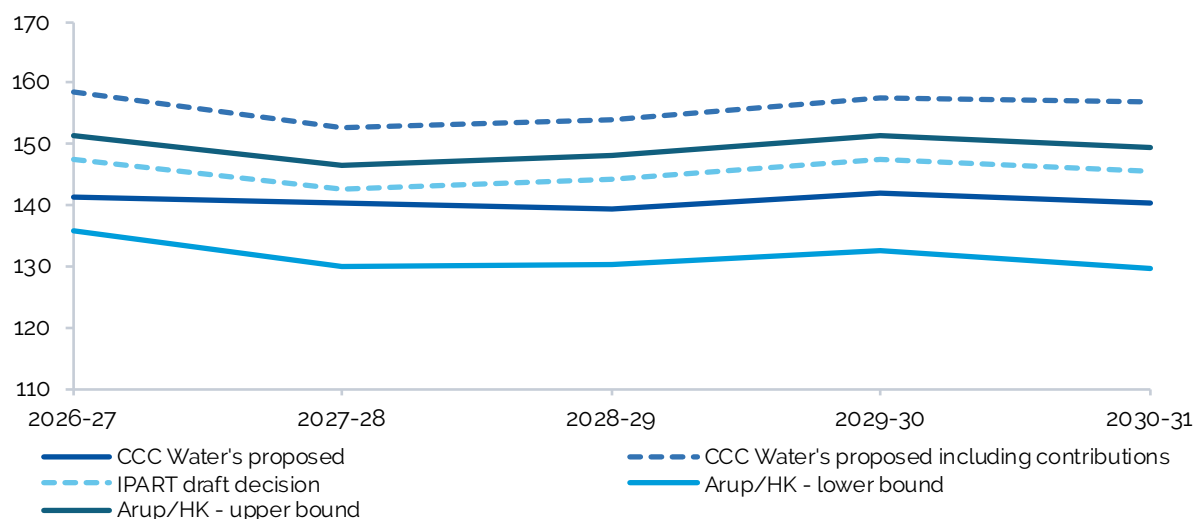
Source: Data supplied by CCC Water 18 February 2026

Our draft decision is:



1. To set CCC Water's total operating expenditure allowance for the 2026 determination period at \$727.4 million as shown in Table 3.4.

Figure 3.2 Comparison of our draft decision operating expenditure with CCC Water's proposed and Arup/HK's recommendations (\$million, \$2025-26)



Source: IPART analysis.

This is not a budget or an amount that limits what CCC Water can spend. Actual costs and unexpected events may mean CCC Water needs to spend more or less than this amount. CCC Water should focus on providing value to customers, regardless of the estimated efficient costs we use to set maximum prices.

After reviewing proposed expenditure, our draft decision is that only \$27.6 million of the \$75.9 million proposed expenditure is efficient for these activities. We therefore propose to reduce the impact on customers by including \$27.6 million of internal contributions to fund forecast operating expenditure. This may potentially leave \$48.2 million of CCC Water's proposed internal contributions unallocated and we are seeking updated information from Council on the amount available to offset price increases, while we consult on this Draft Report.

CCC Water is governed by democratically elected councillors. IPART cannot direct CCC Water on how it should use its internal contributions. Once we obtain updated advice from CCC Water about what level of internal contributions it can make to offset price increases, the Tribunal will consider whether price increases can be lower. For example, if CCC Water remains able to apply the initially proposed \$75.9 million of internal contributions towards the operating expenditure IPART considers to be efficient, typical bills may be up to \$62 (or 3.8%) lower before inflation in 2026-27 compared to our draft decisions.

### 3.5 Arup/HK found risk of underinvestment

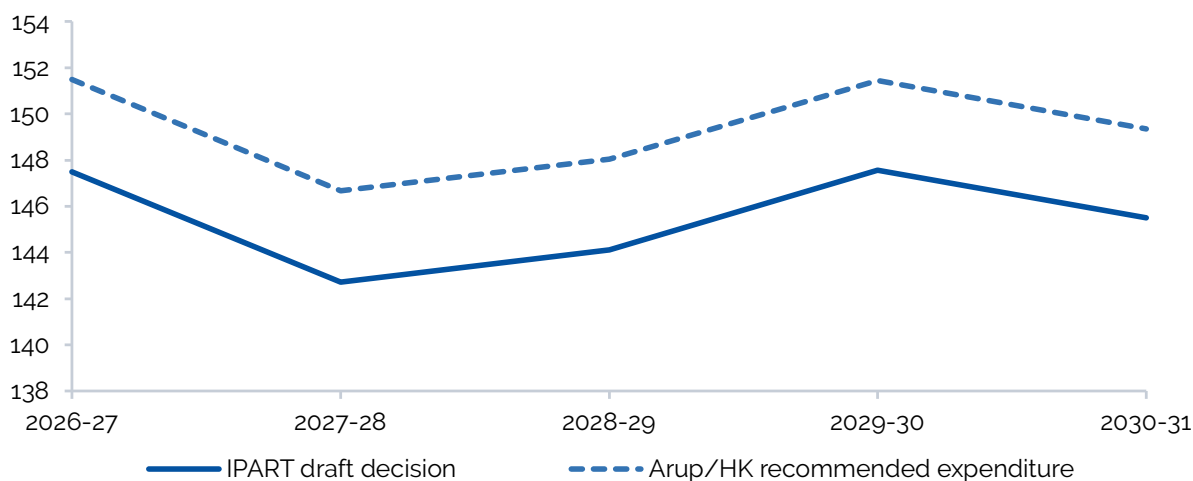
Arup/HK consider that efficient operating expenditure may be higher than proposed by CCC Water. They recommended that we adopt the upper end range for operating costs to enable CCC Water to undertake sufficient maintenance activities.<sup>54</sup> Arup/HK advise that they “explicitly recognise the need for CCC Water to undertake increased inspections and maintenance on its network while capital investments come online...”<sup>55</sup>

Our draft decision seeks to balance affordability for customers, social and environmental outcomes and the costs of delivering safe and reliable water and wastewater services now and in the future.

IPART’s draft decision for operating expenditure may lead to lower prices for Central Coast customers, but Arup/HK’s report indicates that combined with CCC Water’s proposed capital investment, this may result in declining customer outcomes, asset condition, maintenance rates and service quality.<sup>56</sup>

Arup/HK’s upper bound for operating expenses is \$747.0 million (\$719.3 million plus CCC Water contributions of \$27.6 million). This is \$19.6 million higher than our proposed expenditure of \$727.4 million<sup>i</sup> (see Figure 3.3 below).

Figure 3.3 Comparison of our draft decision operating expenditure and Arup/HK’s upper bound (\$ million, \$2025-26)



Source: IPART analysis.

In response to our Issues Paper we received submissions from some stakeholders who have raised concerns about water quality.<sup>57</sup> Some stakeholders have expressed the view that CCC Water needs to improve performance and/or financial management before seeking more funds from customers.<sup>58</sup> We seek feedback from all stakeholders on Arup/HK’s recommendation to increase operating expenditure to \$747.0 million to address declining customer outcomes, asset condition, maintenance rates and service quality.

<sup>i</sup> Differences due to rounding.

Adopting this approach, combined with their lower bound capital expenditure would increase the typical water bill by an additional 2.4% (or \$39 in 2026-27).

Further information on the bill impact of IPART's proposed operating expenditure compared with this alternative is provided in Chapter 8.

### Seek comment from CCC Water



1. Could an additional \$19.6 million in operating expenditure recommended by Arup/HK be spent efficiently? What benefit would customers receive from this additional expenditure?

Table 3.4 IPART draft decision on CCC Water's efficient operating expenditure (\$ million, \$2025-26)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
<b>Core operating expenditure</b>							
Water	70.3	70.2	70.5	69.5	74.2	70.8	355.2
Wastewater	70.1	77.1	72.0	74.4	73.1	74.5	371.2
<b>Total core operating expenditure</b>	<b>140.4</b>	<b>147.3</b>	<b>142.5</b>	<b>143.9</b>	<b>147.3</b>	<b>145.3</b>	<b>726.4</b>
<b>Total bulk water – draft decision</b>	0.6	0.2	0.2	0.2	0.2	0.2	1.0
<b>Total operating expenditure draft decision</b>	<b>140.9</b>	<b>147.5</b>	<b>142.7</b>	<b>144.1</b>	<b>147.6</b>	<b>145.5</b>	<b>727.4</b>
Difference from proposal (\$m)	-	-10.9	-9.9	-9.9	-9.9	-11.3	-51.9
Difference from proposal (%)	-	-6.9%	-6.5%	-6.4%	-6.3%	-7.2%	-6.7%

Note: Totals may not sum due to rounding.

Source: IPART analysis.

Chapter 4 >>

Capital expenditure

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04

## Summary of our draft decisions for capital expenditure

### **CCC Water's actual capital expenditure of \$383.9 million over the 2022 determination period is efficient**

We reviewed CCC Water's capital costs over the 2022 determination period and consider that historical capital expenditure of \$383.9 million should be included in the RAB roll forward.

Our view is that CCC Water's capital costs during this period were required to maintain service and as such were prudent and efficient. Our draft decision is to include CCC Water's actual capital costs since 2021-22 in its RAB roll forward.

### **To include \$577.8 million of efficient capital expenditure in CCC Water's notional revenue requirement build up over the 2026 determination period**

Our draft decision is to accept the capital expenditure CCC Water has presented in its proposal of an average of \$115.6 million per year for the 2026 5-year determination period. This is an increase of an average of \$39.3 million (or 52%) a year from the previous capital expenditure allowance of an average of \$76.2 million a year included in prices.

However, our independent expert Arup/HK advised that the level of capital expenditure proposed by CCC Water risks underinvestment that would lead to deteriorating service performance. We note that CCC Water has recently indicated to us that it has finalised procurement for the construction of the Charmhaven wastewater treatment plant. We are seeking updated information from CCC Water on whether its estimated costs for this and other major contracts in its pricing proposal may need to be updated.

Setting prices based on Arup/HK's recommended operating and capital expenditures could provide a pathway for CCC Water to improve the standards of its services and set it on a more sustainable footing into the future. Setting prices based on Arup/HK's recommended expenditures would mean typical household water and wastewater bills are 2.4% or \$39 plus inflation higher in 2026-27 as compared to bills under our draft decisions and then increase by inflation only for each subsequent year to 2030-31.

CCC Water has indicated to us during the review that it may have capacity constraints in undertaking more renewals work than that set out in its pricing proposal. Consequently, allowing the additional expenditure might not result in that expenditure being spent or being spent efficiently by CCC Water. We are seeking updated advice from CCC Water on whether there is capacity to efficiently undertake additional capital works over the determination period.

We are seeking feedback from stakeholders on whether our final decisions should reflect Arup/HK's expenditure recommendations, rather than the lower expenditures in our draft decisions and the lower amounts proposed by CCC Water.

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This chapter sets out our assessment of CCC Water's capital expenditure required to deliver good quality services and promote long-term customer outcomes. CCC Water's capital costs are the investments it makes to buy, build and renew the infrastructure and equipment it uses to provide its services (e.g. water mains and pipelines, wastewater treatment plants, IT systems, etc.). It does not include costs such as staff wages, electricity, contractors, maintenance, treatment operations and insurance.

We have carefully reviewed CCC Water's proposed capital expenditure in light of the impacts of climate change on its assets and planning, the environment, growth in the region and the need to address customer priorities and outcomes and deliver value for money.<sup>j</sup>

We engaged independent expert Arup/HK to advise us on CCC Water's efficient level of historical and forecast capital expenditure. In arriving at our draft decisions, we considered this expert advice, additional supporting documentation provided by CCC Water and submissions from stakeholders. [Arup/HK's report on its assessment of CCC Water's expenditure](#) is available on our website.

Arup/HK advised that the level of capital expenditure proposed by CCC Water risks underinvestment that would lead to deteriorating service performance. In addition, CCC Water has recently announced that construction costs for the Charmhaven sewage treatment plant have increased since they provided their pricing proposal. CCC Water has indicated to us during the review that it may have capacity constraints in undertaking more renewals work than that set out in its pricing proposal. Our draft decisions seek to balance customer affordability and social impacts with the costs of providing safe, reliable water and wastewater services now and in the future.

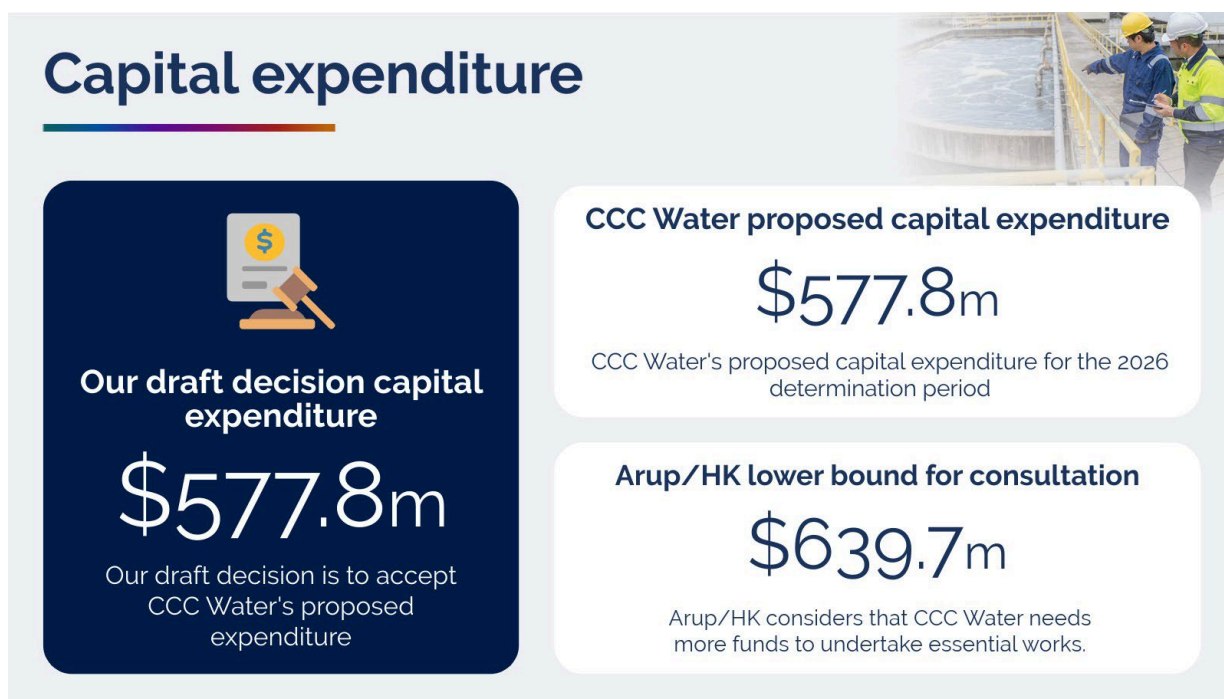
IPART notes CCC Water's multiple breaches of its environment protection licences. IPART has concerns about the business's ability to meet performance outcomes and ensure environmental safety with its proposed capital expenditure.

We seek stakeholder feedback on adopting the Arup/HK lower bound. This would increase capital expenditure to \$639.7 million. This combined with its recommended operating expenditure would increase the typical residential water bill further by 2.4 % (\$39 plus inflation in 2026-27).

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<sup>j</sup> Arup/HoustonKemp highlight that CCC Water lacks a long-term investment plan. We would normally review costs against the long-term investment plan.

## Capital expenditure



### 4.1 CCC Water's expenditure over the 2022 determination

Our draft decision is:



2. To set the efficient capital expenditure of \$383.9 from 2022-23 to 2025-26, as shown in Table 4.1.

Our draft decisions on capital expenditure reflect our view of the prudent and efficient level of expenditure on capital works that should be included in the RAB and recovered through prices.

We may review actual expenditure over the previous period and adjust the RAB to ensure only efficient expenditure is recovered through future prices.

This process is known as an ex-post review.

In an ex-post capital review, we assess actual capital expenditure over the determination period (2022-26 financial years).

We only conduct ex-post capital expenditure reviews in limited circumstances. For example, we may do so if:

- the business has a large capital expenditure
- the business significantly overspends its allowed capital expenditure
- assets are repeatedly deferred and re-proposed
- evidence of underperformance exists, such as missed service targets.

#### 4.1.1 We considered that CCC Water 2022-26 capital expenditure met the conditions for an ex-post review

In 2022, IPART set CCC Water's capital costs at \$305.0 million (\$2025-26) over the 4-year determination, 5% lower than proposed by CCC Water.<sup>59</sup> At that time, we considered that CCC Water's business systems and processes were still maturing.

IPART determined that the cost estimates for proposed projects were not sufficiently robust and that there was scope for cost reductions and improved efficiencies.<sup>60</sup>

CCC Water's capital expenditure exceeded our allowance by 25.9% or \$78.9 million over the determination period (Table 4.1).

Table 4.1 Efficient capital expenditure for 2022 determination (\$million, \$2025-26)

	2021-22	2022-23	2023-24	2024-25	2025-26 <sup>a</sup>	Total	Average annual
2022 allowance <sup>b</sup>	79.3	49.3	82.5	76.9	96.3	305.0	76.2
CCC Water's actual capital expenditure	42.4	71.9	85.3	115.6	111.1	383.9	96.0
Adjustment for expenditure review	0	0	0	0	0	0	0
Total efficient capital expenditure	42.4	71.9	85.3	115.6	111.1	383.9	96.0
Difference (\$)	-36.9	22.9	2.8	38.7	14.9	78.9	19.7
Difference (%)	-46.6%	45.9%	3.4%	50.3%	15.4%	25.9%	25.9%

Note: a) 2022 allowance excludes stormwater capital expenditure, b) 2025-26 is based on CCC Water's forecast. Actual capital expenditure for 2025-26 differs from proposal as is based on the CCC Water's Annual Information Return and Special Information Return (December 2025).

Source: CCC Water's Annual Information Return and Special Information Return (December 2025). [CCC Water Pricing Proposal, Technical Paper 4](#), p 8, IPART analysis

CCC Water advised that increases in capital expenditure over the 2022 determination period were due to:

- construction costs rising faster than CPI
- additional investment in wastewater to upgrade poorly performing assets and to meet NSW Environment Protection Authority (EPA) regulatory requirements, and
- the need to re-prioritise and increase critical asset renewals.<sup>61</sup>

A number of projects in the 2022 determination period were in preliminary planning at the time of submission.

Higher capital expenditure in water was driven by rising projects costs, particularly in the Mardi Water Treatment Plant upgrade.<sup>62</sup>

Wastewater capital expenditure increased due to unplanned projects to upgrade poorly performing assets and to meet EPA requirements that arose after the 2022 determination.<sup>63</sup>

#### 4.1.2 Historical projects reviewed were prudent and well defined

Arup/HK reviewed 3 historical projects that accounted for over 25% of capital expenditure in the 2022 determination period: the West Gosford Major sewer rising main partial renewal, the Mardi Water Treatment Plant upgrade and the Avoca Lagoon trunk main renewal.<sup>64</sup>

During the 2022 determination period, CCC Water undertook a number of unplanned projects to upgrade poorly performing wastewater assets and to meet EPA requirements. In January 2025 CCC Water was ordered to pay \$418,562 by the NSW Land and Environmental Court for failing to maintain a sewage pipeline, which resulted in untreated sewage being released into Narara Creek in 2023.<sup>65,k</sup> This event followed a decline in network maintenance in preceding years.

The main increase in water capital expenditure results from higher costs for the Mardi Water Treatment Plant upgrade. The estimated cost rose from \$45.8 million in the 2021 business case to \$82.5 million in 2023.<sup>66</sup>

While Arup/HK noted a lack of detailed documentary evidence explaining the increase, they 'accept that over the 2022 determination period there have been cost increases above inflation in the construction sector, and these align with the increased cost to deliver Mardi.'<sup>67</sup>

The review found that the need for these projects was generally well defined and aligned with compliance, service, reliability and renewals. However, project optioneering could have been assessed more thoroughly.<sup>68</sup>

Arup/HK advised that 'CCC Water's governance and planning processes require improvement to ensure robust, transparent, and cost-effective outcomes.'<sup>69</sup>

The expenditure report stated that while it 'identified potential efficiency improvements in these projects, we do not consider that these are sufficiently material to justify a historic adjustment to capital expenditure',<sup>70</sup>

We consider the expenditure to be prudent and efficient, given the operating context and market conditions experienced by CCC Water.

Our draft decision is to roll the full amount of historical capital expenditure into the RAB.

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<sup>k</sup> This expenditure was excluded from efficient operating costs.

## 4.2 CCC Water's proposed capital expenditure of \$577.8 million over the 2026 determination

CCC Water proposed \$577.8 million (\$115.6 million per annum) in capital expenditure over the period 2026-27 to 2030-31 (Table 4.2).

This is around \$39.3 million per year (52%) higher on average than the efficient forecast capital expenditure of an average of \$76.2 million a year we used to set prices in 2022.

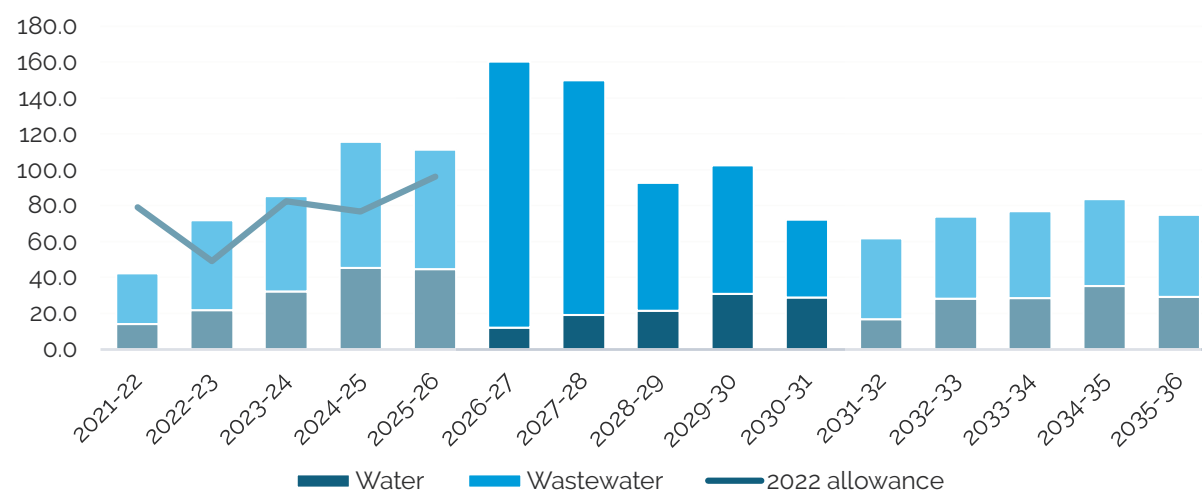
The forecast for the 2026 determination is \$19.6 million per year (20%) higher than its actual expenditure over the 2022 determination period (Figure 4.2 on the next page).

Table 4.2 CCC Water proposed capital expenditure (\$million, \$2025-26)

Capital expenditure	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Average
Water	44.7	12.2	19.1	21.6	30.9	29.1	112.9	22.6
Wastewater	66.5	148.0	130.9	71.3	71.5	43.3	464.9	93.0
Total proposed	111.1	160.2	149.9	92.8	102.5	72.3	577.8	115.6

Source: CCC Water's Annual Information Return and Special Information Return (December 2025) [CCC Water Pricing Proposal, Technical Paper 4](#), p 52-53.

Figure 4.1 CCC Water actual and forecast capital expenditure 2021-22 to 2035-36 (\$million, \$2025-26)



Source: IPART analysis.

The proposed increase in capital expenditure is largely driven by proposed higher wastewater spending in 2026-27. This includes essential works on sewerage treatment plants (STPs) (Figure 4.1).

Expenditure is forecast to fall in the later years of the determination period.

CCC Water advised that the original draft capital expenditure program was \$678.0 million (\$135.6 million per year), which was reduced to \$577.8 million (\$115.6 million per year) following smoothing and refinement.<sup>71</sup>

This reduction reflected CCC Water's historical spending profile and a scaling back of business-as-usual programs to improve deliverability and limit costs to customers.

CCC Water considered this revised program represented an acceptable trade-off between risk and service quality.

### 4.3 Arup/HK found a risk of underinvestment

Arup/HK reviewed 11 of the projects and programs proposed for the 2026 determination period, totalling \$303.4 million (53% of 2026-31 forecast capital expenditure), including the 6 largest identified capital projects.<sup>72</sup>

Arup/HK questioned CCC Water's optioneering process and were unable to reconcile the amount sought in the proposal with the costs set out in the supporting evidence.

A detailed analysis of each project is set out in [Arup/HK's expenditure report](#).

The review found gaps in key systems and processes, including the lack of an overarching long-term investment plan for CCC Water covering renewals and new assets.<sup>73</sup>

Arup/HK identified improvements in asset management systems during the 2022 determination period and noted that further changes are underway, which are expected to strengthen asset management processes in this determination period.<sup>74</sup>

Arup/HK highlighted a 'consistent theme of non-compliance with environmental licencing' for CCC Water's 3 Environment Protection Licenses (EPL), including early failures and underperformance.<sup>75</sup>

Although some issues relate to reporting, each EPL has recorded performance-based non-compliance every year since 2020.

Performance-related license breaches pose risks to public health and the environment.

We acknowledge that CCC Water is implementing steps to improve its processes and systems and recommend that over the 2026 determination period it continue to improve.

### Recommendation



1. That CCC Water continues to improve its strategic and project planning (including the way it considers options, estimates costs, benefits and resources needed to deliver each project and the way it prioritises projects) as well as its management systems and approach to risk management.

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Arup/HK do not consider that CCC Water's proposed capital budget for the period 2026-27 to 2030-31 is sufficient:

CCC Water has reduced its capital plan through a deliverability cut or an efficiency factor to reduce its proposed capital to significantly less than the expenditure identified in supporting asset management plans, asset class or major project business cases, condition assessments and other asset planning tools. We consider this introduces a risk of under-investment that would lead to worsening service performance outcomes for its customers and does not reflect efficient expenditure.<sup>76</sup>

Arup/HK identified a trend of under-investment with proposed costs often below the latest business cases or not reconciling with the supporting project data.<sup>77</sup>

The differences are considered material:

We have identified a systemic trend of proposed under-expenditure across key assets which differs from identified requirements in relevant asset class plans or business cases. We note that while there is a proposed increase in expenditure across most renewals programs, underinvestment may lead to continuing deterioration of critical water and wastewater assets, resulting in increased risk of asset failure, service interruptions, and potential public health and environmental impacts. Deferred investment can also drive higher long-term costs due to reactive maintenance, emergency repairs, and accelerated asset replacement needs. Furthermore, insufficient funding may limit the ability to address emerging risks identified through condition assessments, compromising safety and reliability objectives and reducing resilience against future demand growth and climate-related pressures.<sup>78</sup>

#### 4.4 Arup/HK recommends capital expenditure higher than CCC Water proposed

Based on their concerns regarding asset failures and underinvestment, Arup/HK recommends a forecast efficient capital expenditure range from \$639.7 million to \$719.3 million.<sup>79</sup>

The lower end of this range exceeds CCC Water's proposed capital expenditure of \$577.8 million.

Arup/HK recommended a point estimate closer to the lower end of the range, at \$640.0 million (approximately 11% higher than CCC Water's proposal) (Table 4.3).

Table 4.3 CCC Water proposed and Arup/HK upper and lower ranges, and recommended capital expenditure (\$million, \$2025-26)

Capital expenditure	2026-27	2027-28	2028-29	2029-30	2030-31	Total
CCC Water proposed water	12.2	19.1	21.6	30.9	29.1	112.9
CCC Water proposed wastewater	148.0	130.9	71.3	71.5	43.3	464.9
<b>Total proposed</b>	<b>160.2</b>	<b>149.9</b>	<b>92.8</b>	<b>102.5</b>	<b>72.3</b>	<b>577.8</b>
Lower range Water	19.8	18.4	22.2	23.3	22.8	106.4
Lower range wastewater	141.4	187.5	90.9	81.5	50.3	551.5
<b>Lower range</b>	<b>161.1</b>	<b>205.9</b>	<b>113.0</b>	<b>104.8</b>	<b>73.1</b>	<b>658.0</b>
Efficiency adjustment	1%	1%	5%	5%	5%	
<b>Arup/HK Final lower range</b>	<b>159.5</b>	<b>203.8</b>	<b>107.4</b>	<b>99.6</b>	<b>69.4</b>	<b>639.7</b>
Upper range water	25.7	24.1	26.6	26.1	22.8	125.2
Upper range wastewater	166.5	239.2	111.2	81.5	50.3	648.7
<b>Upper range</b>	<b>192.2</b>	<b>263.3</b>	<b>137.8</b>	<b>107.6</b>	<b>73.1</b>	<b>773.9</b>
Efficiency adjustment	5%	5%	10%	10%	10%	
<b>Arup/HK Final upper range</b>	<b>182.6</b>	<b>250.1</b>	<b>124.0</b>	<b>96.8</b>	<b>65.8</b>	<b>719.3</b>
Estimated water expenditure	19.8	18.6	22.2	23.3	22.8	106.7
Estimated wastewater expenditure	141.4	187.5	90.9	81.5	50.3	551.5
<b>Estimated capital expenditure</b>	<b>161.1</b>	<b>206.1</b>	<b>113.0</b>	<b>104.8</b>	<b>73.1</b>	<b>658.2</b>
Efficiency adjustment	1%	1%	5%	5%	5%	
<b>Arup/HK Recommended capital expenditure</b>	<b>159.5</b>	<b>204.1</b>	<b>107.4</b>	<b>99.6</b>	<b>69.4</b>	<b>640.0</b>

Source: Arup/HK, Central Coast Council Water 2026-31 Expenditure Review, 28 January 2026, p 114.

## 4.5 Our draft decision is to accept CCC Water's proposed capital expenditure of \$577.8 million for the 2026 determination period

In arriving at our draft decision, we considered the advice from Arup/HK, stakeholder submissions, feedback from our online public hearing and additional supporting documentation provided by CCC Water.

Our draft decision seeks to balance affordability for customers, social and environmental outcomes and the costs of delivering safe and reliable water and wastewater services now and into the future.

Arup/HK advised that the level of capital expenditure proposed by CCC Water risks underinvestment that may lead to declining service performance.

CCC Water has indicated to us that it has finalised procurement for the construction of the Charmhaven wastewater treatment plant. We are seeking updated information from CCC Water on whether its estimated costs for this and other major contracts in its pricing proposal may need to be updated.

CCC Water advised that the original draft capital expenditure program was \$678.0 million (\$135.6 million per year), which was reduced to \$577.8 million. CCC Water stated that this was reduced following reprioritisation and 'focusing on deliverability of works, factoring resources both internal and current market trends...'.<sup>80</sup> We understand CCC Water may have limited capacity to undertake renewals work at a higher rate than proposed.

### Seek comment from CCC Water



2. Since CCC Water submitted its pricing proposal, have its project costs subsequently increased? Can CCC Water provide updated forecast expenditure and how it proposes to fund any increases (for example, reprioritise projects, internal contributions or proposed price increases)?
3. CCC Water has indicated it considers there are capacity constraints that would limit its ability to accelerate asset renewals. Would CCC Water be able to undertake renewals at a faster rate if it received additional funding?
4. Does CCC Water consider that the additional capital expenditure recommended by Arup/HK for accelerated asset renewals could be used efficiently?
5. What are the potential system and service risks, if any, of not increasing renewals expenditure in the 2026 determination period?

We seek feedback from stakeholders on Arup/HK's lower bound, increasing capital expenditure to \$639.7 million.

This, with its recommended operating expenditure, would increase the typical water bill by a further 2.4% (\$39 plus inflation in 2026-27).

We particularly seek feedback on increasing capital expenditure above the level included in CCC Water's pricing proposal and consulted on with its customers.

In submissions to this review, some stakeholders raised concerns about water quality. One stakeholder also raised concerns about the capacity and smell of Bateau Bay STP.<sup>81</sup>

The Water Services Association of Australia referred to the need for greater capital expenditure across the industry and, while acknowledging cost-of-living pressures, warned of the risks to consumers if capital investment is not made.<sup>82</sup>

The Justice and Equity Centre raised concerns about investment scoping, planning and delivery and the capacity of CCC Water.<sup>83</sup>

Under sections 14A(2) and 15(1) of the *IPART Act*, we are required to consider several matters when determining appropriate expenditure.

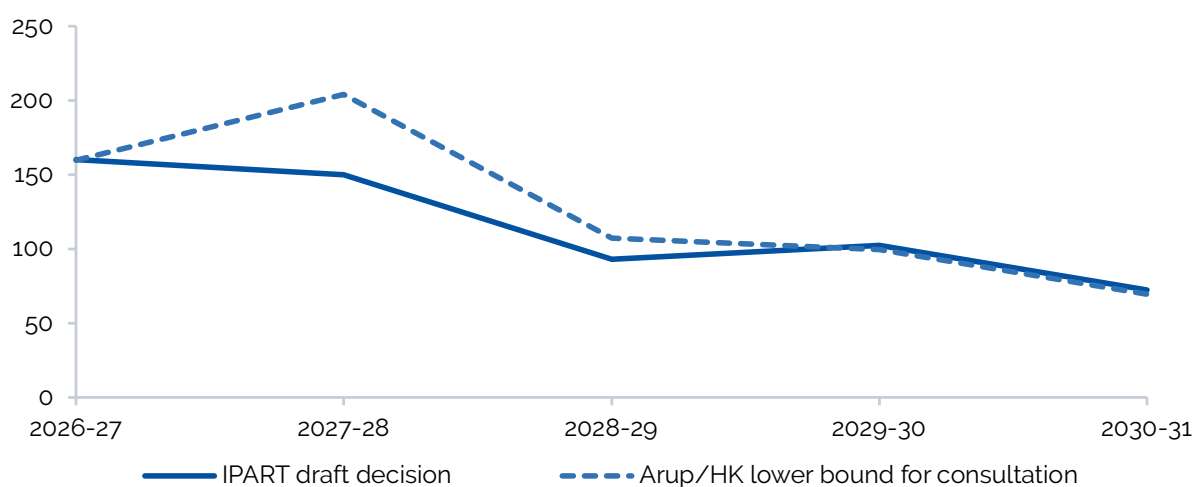
These include:

- the efficient costs of delivering the business service (section 14A(2)(a))
- ecologically sustainable development (sections 14A(2)(g) and 15(1)(f))
- least-cost planning (section 14A(2)(i))
- the quality, reliability and safety of services (15(1)(j)).

CCC Water has experienced several STP non-compliance issues with the EPA. Its service performance is declining across several measures (see Chapter 9), and this trend is likely linked to ageing or poorly performing assets.

Considering these matters, and the concerns raised by Arup/HK and EPA licence obligations, we seek stakeholder feedback on whether a higher level of capital expenditure should be adopted (Figure 4.2).

Figure 4.2 Comparison of our draft decisions on capital expenditure and the Arup/HK lower range (\$ million, 2025-26)



Source: IPART analysis.

## Seek comment:



1. Do you support increasing water bills by an additional \$39 (or 2.4%) to \$1,651 plus inflation, which would fund an additional:
  - \$19.6 million in operating expenditure to increase the rate of asset maintenance
  - \$62.2 million in capital expenditure to increase investment in new and ageing infrastructure
 so that CCC Water could deliver improved services?

Forecasts, costs and unexpected events may affect how much CCC Water needs to spend.

The Tribunal may consider and adjust for any additional efficient expenditure in the next review.

We expect CCC Water to deliver services and outcomes at the lowest sustainable cost, while maintaining long-term value for its customers.

This includes regularly reviewing forecast costs and reprioritising work to improve efficiencies, innovations and delivery of its water services over the next 5 years.

IPART encourages CCC Water to consider whether updated cost information or changed priorities warrant a revised submission in response to this Draft Report.

## 4.6 Cash capital contributions

Cash capital contributions include amounts received from developer charges or grants.

These contributions are excluded from the RAB by deducting them from capital expenditure.

We propose, for the purposes of our draft decisions, to accept the cash capital contributions as proposed by CCC Water for the 2022 and 2026 determination periods, as shown in Tables 4.4 and 4.5 below.

Table 4.4 CCC Water's historical cash capital contributions (\$millions, \$nominal)

	2021-22	2022-23	2023-24	2024-25	2025-26
Water	8.4	8.1	5.1	8.6	7.9
Wastewater	4.4	16.5	11.8	11.2	12.1
<b>Total</b>	<b>12.9</b>	<b>24.6</b>	<b>16.9</b>	<b>19.8</b>	<b>20.0</b>

Source: CCC Water's Annual Information Return and Special Information Return (December 2025).

Table 4.5 CCC Water's forecast cash capital contributions (\$millions, \$2025-26)

	2026-27	2027-28	2028-29	2029-30	2030-31
Water	3.3	3.5	3.3	3.6	3.6
Wastewater	5.4	7.2	7.2	7.2	7.2
<b>Total</b>	<b>8.7</b>	<b>10.6</b>	<b>10.4</b>	<b>10.8</b>	<b>10.7</b>

Source: CCC Water's Annual Information Return and Special Information Return (December 2025).

As cash capital contributions are assessed as income for tax purposes, our standard approach is to set aside an amount for the income tax liability. In the 2025 water reviews, we refined our approach by reducing the amount we set aside from 30% to 22.5% to allow for imputation (franking) credits. As a result, 77.5% of the cash capital contribution amounts shown in the tables above are deducted from capital expenditure each year.

## 4.7 We propose to set capital expenditure at \$577.8 million over the 2026 determination period

Our draft decision is:

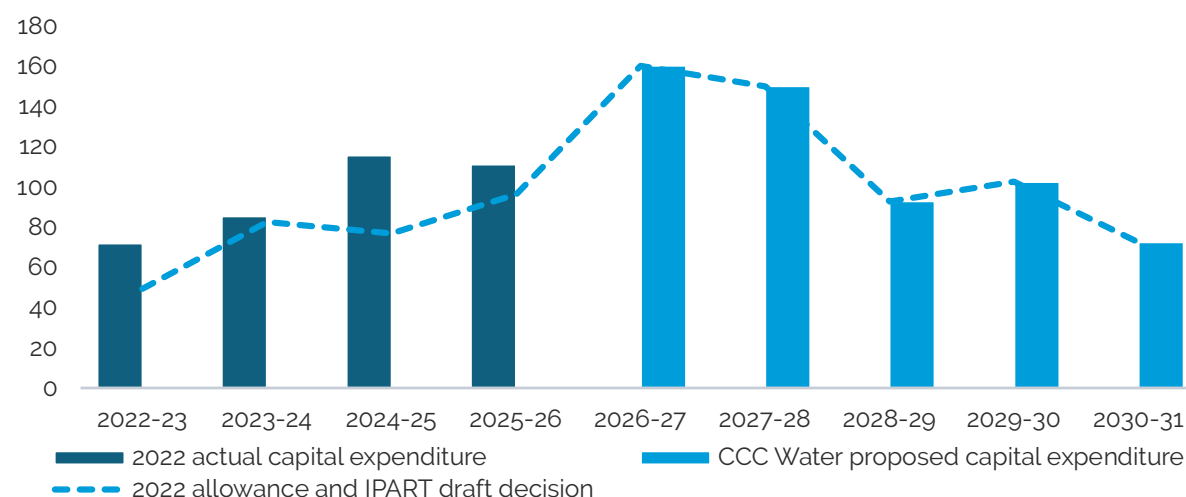
3. To include \$577.8 million of capital expenditure into CCC Water's notional revenue requirement for the 2026 determination period, as shown in Table 4.6.

Table 4.6 Draft decision on CCC Water's efficient forecast capital expenditure (\$millions, \$2025-26)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Water	44.7	12.2	19.1	21.6	30.9	29.1	112.9
Wastewater	66.5	148	130.9	71.3	71.5	43.3	464.9
<b>Total</b>	<b>125.8</b>	<b>160.2</b>	<b>149.9</b>	<b>92.8</b>	<b>102.5</b>	<b>72.3</b>	<b>577.8</b>

Source: IPART analysis.

Figure 4.3 Draft decision CCC Water's efficient capital expenditure (\$millions, \$2025-26)



Source: IPART analysis

Chapter 5 >>

Notional revenue requirement

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05

## Summary of our draft decisions on notional revenue requirement

### **We propose to set CCC Water's notional revenue requirement at \$1,320.2 million over the 2026 determination period**

This would be \$12.7 million (1.0%) higher than CCC Water's proposal. Our draft allowances differ from CCC Water's proposal over the 2026 determination period:

- efficient operating expenditure, which is \$24.1 million (or 3.4%) higher
- rate of return on assets is \$24.7 million (or 7.8%) higher
- return of assets (depreciation) is \$1.1 million (or 0.5%) lower
- return on working capital is \$9.4 million (or 67.3%) lower
- tax allowance is \$2.2 million (or 24.0%) higher
- our cost of debt true-up is the same as CCC Water's
- CCC Water contribution to the notional revenue requirement of \$27.6 million instead of \$75.9 million as proposed by CCC Water.

We continue to use the building block approach to calculate the notional revenue requirement, as outlined in the [Water Regulation Handbook](#).<sup>84</sup> Based on our draft decisions on CCC Water's efficient operating and capital expenditure, this chapter explains how we calculate the:

- return on assets
- return of assets (also known as the regulatory depreciation allowance)
- working capital allowance
- tax allowance.

We also set out our draft decisions on regulatory asset base inclusions and revenue adjustments.

## 5.1 CCC Water's notional revenue requirement is \$1,320.2 million

Our draft decision is:

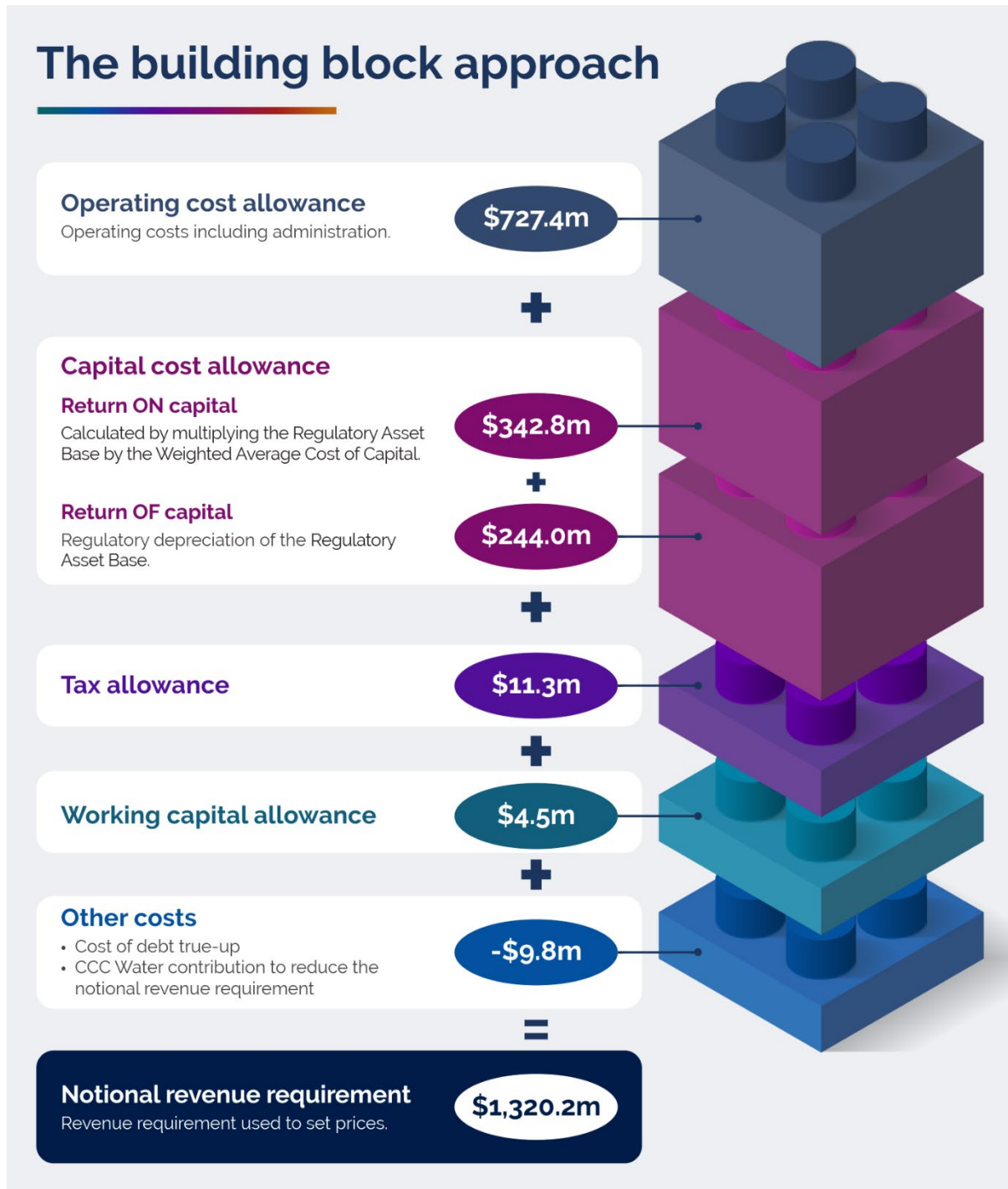


4. To set CCC Water's notional revenue requirement at \$1,320.2 million over the 2026 determination period.

This represents our draft assessment of the total revenue CCC Water requires to recover the efficient costs of providing its services to customers. In setting the revenue requirement, we had regard to section 14A(2)(a) of the *IPART Act* and the total efficient costs of delivering regulated services over the determination period. This is also in addition to our consideration of cost of services under section 15(1)(a).

Figure 5.1 shows how the notional revenue requirement (NRR) is built up using our standard building block approach. The amounts shown are totals for CCC Water's 5-year determination period.

Figure 5.1 Building block approach



Note: Totals may not add due to rounding

Source: IPART analysis

Our assessment of CCC Water's notional revenue requirement is 1.1% higher than CCC Water proposed. Table 5.1 compares our draft decision on CCC Water's notional revenue requirement with its proposal.

Table 5.1 Draft decision on total notional revenue requirement for the 2026 determination period (\$millions, \$2025-26)

	CCC Water's proposed total NRR	IPART's draft decision on total NRR
Operating expenditure	779.3	727.4
Return on assets	318.1	342.8
Return of assets (depreciation)	245.1	244.0
Return on working capital	13.9	4.5
Tax allowance	9.1	11.3
NRR before adjustments	1,365.5	1,330.0
• Cost of debt true-up	17.8	17.8
• CCC Water contributions	-75.9	-27.6
NRR after adjustments	1,307.5	1,320.2

Note: totals may not add due to rounding. CCC Water's proposed operating expenditure has been adjusted to include the expenditure that it proposed to fund via CCC Water contributions.

Source: IPART analysis

A full breakdown of our draft decision on CCC Water's building blocks is provided in Appendix E.1.

### 5.1.1 The NRR would be different under our alternative scenarios

As discussed in Chapters 3 and 4, there is some evidence that our draft decision may understate the operating and capital expenditures CCC Water, even if operating efficiently, may need to deliver its services over the next 5 years. The advice we received from Arup/HK suggests that to progress to a more sustainable footing, CCC Water's would need higher expenditure than it proposed. Our draft decision seeks to balance the social impacts and affordability for customers with the costs of providing the services to deliver safe and reliable water and wastewater services now and in the future.

We are seeking stakeholder feedback on whether a higher level of operating and capital expenditure should be adopted as discussed in Chapter 3 and 4 respectively, as well as a scenario where the proposed amount of CCC Water contributions is applied to the NRR.

The higher expenditure allowances, so that CCC Water can address possible under investment and poor performance, potentially are:

- operating expenditure of \$747.0 million as compared to \$727.4 million in our draft decision
- capital expenditure of \$639.7 million compared to \$577.8 million in our draft decision.

We are also seeking updated advice from CCC Water about what level of internal contributions it can make to offset price increases. In its pricing proposal, CCC Water proposed to fund \$75.9 million of its proposed operating expenditure through internal contributions and not from water prices to address affordability concerns. The activities CCC Water proposed to fund through these contributions include sludge management works at wastewater treatment facilities, and potentially higher costs for the disposal of biosolids.

After reviewing proposed expenditure, our draft decision is that only \$27.6 million of the \$75.9 million proposed expenditure is efficient for these activities. We therefore propose to reduce the impact on customers by including \$27.6 million of internal contributions to fund forecast operating expenditure. This may potentially leave \$48.2 million of CCC Water's proposed internal contributions unallocated and we are seeking updated information from Council on the amount available to offset price increases, while we consult on this Draft Report.

CCC Water is governed by democratically elected councillors. IPART cannot direct CCC Water on how it should use its internal contributions. Once we obtain updated advice from CCC Water about what level of internal contributions it can make to offset price increases, the Tribunal will consider whether price increases can be lower. For example if CCC Water remains able to apply the initially proposed \$75.9 million of internal contributions towards the operating expenditure IPART considers to be efficient, (compared to the \$27.6 million under our draft prices), the NRR falls 3.7% from \$1,320.2 million, to \$1,272.0 million. This would mean a 3.8% (or \$62) lower typical bill, from \$1,612 per year to \$1,550 per year, than under our draft prices.



## 5.2 Rolling forward the regulatory asset base

The regulatory asset base (RAB) is the economic value of CCC Water's assets used to provide regulated services and on which it should earn a return on this capital and an allowance for depreciation.

In conducting our assessment of the RAB, we had regard to movements in CPI as required under section 14A(2)(d) of the *IPART Act*. Our approach was to index the RAB to account for inflation.

We calculated the opening RAB for the 2026 determination period by rolling it forward from the previous determination period. To calculate the opening RAB, we:

- added \$308.1 million in historical capital expenditure from the 2022 determination period (see Chapter 4)
- deducted no asset disposals
- deducted \$166.5 million for regulatory depreciation
- added \$217.9 million for annual indexation.

We then calculated the RAB for each year of the 2026 determination period. To do this, we:

- added \$538.0 million in forecast capital expenditure, based on the efficient capital expenditure allowance in Chapter 4, net of cash contributions
- deducted no asset disposals
- deducted \$248.4 million for regulatory depreciation of assets.

Our calculations show that the RAB increases from \$1,720 million on 1 July 2026 to \$2,009 million by 30 June 2031.

Appendix E.1 shows the full calculations.

## 5.3 Return on assets

Our draft decision is:



5. To set an allowance of \$342.8 million for the return on assets in the notional revenue requirement.

This decision is based on:

- a. an opening RAB of \$1,720 million on 1 July 2026
- b. \$538 million in capital costs added over the determination period, net of disposals and depreciation
- c. a real post-tax WACC of 3.6% as the efficient rate of return.

We include an allowance for return on assets in the revenue requirement to recognise the cost of capital invested in providing regulated services. This allows businesses to continue making efficient capital investments. We had regard to section 14A(2)(f) and section 15(1)(g) of the *IPART Act*, which require us to consider an allowance for return on capital, in reaching our draft decision.

We calculate the return on assets by applying an efficient rate of return to the RAB over the determination period.

Using this approach, we calculated a return on assets allowance of \$342.8 million for CCC Water over the 2026 determination period.

### 5.3.1 We used a real return on capital (post-tax real WACC) of 3.6%

As in previous reviews, we set the rate of return using a weighted average cost of capital (WACC). Using our standard WACC approach<sup>65</sup>, we calculated a real post-tax WACC of 3.6%. We considered the matters under section 14A(2)(e) and section 15(1)(c) of the *IPART Act*, which require us to consider market-based rate of return on debt and equity, in setting this rate.

This is higher than the 3.3% WACC that CCC Water proposed. This is due to changes in market conditions since CCC Water's proposal in September 2025.

Appendix D provides a full explanation of our WACC calculation.

## 5.4 Return of assets (regulatory depreciation)

Our draft decision is:



6. To set the return of assets (regulatory depreciation) at \$244.0 million.

We allow an allowance for depreciation in the notional revenue requirement so CCC Water can recover the cost of its regulatory assets over their useful lives.

Consistent with our usual approach, we used the straight-line depreciation method to calculate regulatory depreciation. Under this method, the assets in the RAB are depreciated by the same amount each year over their economic life. This method balances the need for simplicity, consistency and transparency.

In setting out draft decision, we had particular regard to the matters under section 14A(2)(f) and section 15(1)(g) of the *IPART Act*, which require consideration of the assets of a government agency.

We did not change asset lives for any asset types.

Appendix E.1 shows our draft decisions on asset lives for the 2026 determination period.

## 5.5 Return on working capital

Our draft decision is:

- 7. To set the return on working capital as \$4.5 million over the 2026 determination period.

The working capital allowance reflects the return on the net working capital that CCC Water needs each year to meet its service obligations. It allows the business to recover the cost of the delay between providing services and receiving payment from customers.

In 2018, we developed a standard approach to calculate the working capital allowance. This approach is outlined in [our Working Capital Allowance Policy Paper on our website](#).

The amount allowed for the 2026 determination period represents the holding cost of net current assets.

## 5.6 Tax allowance

Our draft decision is:

- 8. To set the tax allowance as \$11.3 million over the 2026 determination period.

Our draft decision includes a tax allowance in the notional revenue requirement because we use a post-tax WACC to estimate the return on assets. We applied our standard methodology to set the tax allowance.

Unlike other water businesses regulated by IPART, CCC water does not pay tax equivalents and therefore does not incur a tax liability. Instead, the tax allowance reflects the forecast tax liability for a comparable efficient business.

## 5.7 Revenue adjustments

Our draft decisions are:

- 9. To make a \$17.8 million cost of debt true-up to CCC Water's notional revenue requirement over the 2026 determination period.
- 10. To apply \$27.6 million of CCC Water contributions to reduce the notional revenue requirement over the 2026 determination period.

### 5.7.1 We have included a true-up to CCC Water's cost of debt of \$17.8 million

In 2018, we introduced a trailing average cost of debt. Under this approach, the WACC changes each year as new debt is added and the older debt drops out.

At each price review, we can either:

- update prices each year to reflect the updates in the WACC, or
- apply a regulatory true-up in the next determination period.

We propose to use a true-up for changes in the cost of debt. This reduces price volatility for customers while ensuring that businesses recover efficient debt costs.

Using this approach, we have calculated a cost of debt true-up of \$17.8 million for the 2026 determination period. This is the same as CCC Water's proposal.

Our draft decision is to include this amount as an adjustment to CCC Water's 2026-31 NRR.

### 5.7.2 We propose to include an adjustment to the NRR of \$27.6 million for CCC Water's contribution

CCC Water proposed to contribute \$75.9 million to fund several additional operating activities that it deemed should not be funded by customers for various reasons. That is, it proposed a CCC Water contribution to reduce the NRR and therefore offset prices customers pay to address affordability concerns.

After reviewing proposed expenditure, our draft decision is that only \$27.6 million of the \$75.9 million proposed expenditure is efficient for these activities. We therefore propose to reduce the impact on customers by including \$27.6 million of internal contributions to fund forecast operating expenditure. This may potentially leave \$48.2 million of CCC Water's proposed internal contributions unallocated and we are seeking updated information from Council on the amount available to offset price increases, while we consult on this Draft Report.

We had regard to the matters under section 14A(2) and 15(1) the *IPART Act* in forming our draft decision. In particular, we considered CCC Water's economic cost of production and expenditures in relation to the monopoly service (sections 14A(2)(a) and 14A(2)(b)) as well as the cost of providing services and the need to promote competition in the supply of the services concerned (sections 15(1)(a) and 15(1)(j)). After giving careful consideration to these matters, we propose to include \$27.6 million of the proposed additional operating activities in CCC Water's operating expenditure allowance.

Once we obtain updated advice from CCC Water about what level of internal contributions it can make to offset price increases, the Tribunal will consider whether price increases can be lower. For example if CCC Water remains able to apply the initially proposed \$75.9 million of internal contributions towards the operating expenditure IPART considers to be efficient, (compared to the \$27.6 million under our draft prices), the NRR falls 3.7% from \$1,320.2 million, to \$1,272.0 million. This would mean a 3.8% (or \$62) lower typical bill, from \$1,612 per year to \$1,550 per year, than under our draft prices.

The impacts of this option are explored in Chapters 7 and 8 as well as Appendix E.

Chapter 6 >>

Price setting

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06

## Summary of draft decisions on price setting

### **We accept CCC Water's demand forecast for the 2026–31 determination period**

While CCC Water expects that population growth will put upward pressure on demand, this would be largely offset by water efficiency improvements and changes in consumer behaviour.

### **CCC Water should enhance demand forecasting for the next price determination by including a price elasticity adjustment**

CCC Water's forecasts for the 2026-31 determination period are not adjusted to account for customers' potential demand response to higher water prices. CCC Water should incorporate price elasticity adjustments into its future demand forecasts and include this in its next pricing proposal.

### **We propose to accept CCC Water's proposal to maintain the Demand Volatility Adjustment Mechanism (DVAM) at the same $\pm 5\%$ threshold**

Our draft decision is to agree that CCC Water's current methods for managing revenue volatility are robust and should continue. The 5% threshold means that CCC Water only recovers the difference between actual and forecast demand if it is greater than 5% (above or below forecast).

### **We propose to accept CCC Water's proposed price structures for water and wastewater**

Our draft decision is to accept CCC Water's proposal to keep the existing usage charge and service charge for water and wastewater to recover efficient costs.

This chapter sets out our approach to assessing and draft decisions on CCC Water's:

- forecast demand
- demand volatility adjustment mechanism
- long-run marginal cost of water
- proposed price structures and cost allocation for water and wastewater services
- discharge factors.

These elements ultimately informed the draft prices that we outline in Chapter 7.

## 6.1 Water demand

Our draft decisions are:

11. To accept CCC Water's water demand forecast for the 2026-31 determination period.
12. To maintain CCC Water's  $\pm 5\%$  Demand Volatility Adjustment Mechanism (DVAM) materiality threshold for the 2026-31 determination period.

Understanding past and future demand for water services is important for setting prices. We set prices using forecasts of:

- **the number of customers** we expect would receive water services in each year of the determination period (forecast customer numbers)
- **the volume of water** we expect a water business would provide for each of those years (forecast water sales volumes).

Further information on demand forecasts and what businesses are required to do to justify their forecasts is available in section 4.7.2 of the [Water Regulation Handbook](#).

There are several factors that impact water demand, including:

- the population mix, number of dwellings and mix of residential property types
- water efficiency schemes influencing adoption of water-saving technologies and appliances
- changing consumption behaviours, including the influence of water conservation campaigns
- demographics of customers, including age and socioeconomic status
- a changing and more variable climate.

### 6.1.1 We propose to accept CCC Water's forecast sales volumes

We consider that CCC Water has used a robust methodology in its demand forecasting approach. It is continuing its approach from previous determination periods, and has incorporated appropriate inputs including regional development plans, demographic trends and historical growth. We note that over the 2022 determination period, CCC Water's water sales were only 0.7% higher than forecast.

Despite population growth expected over the determination period, CCC Water forecasts a 2% increase in demand between 2026 and 2031. Improvements in water efficiency and changing consumer habits put downward pressure on water sales volumes.

Our draft decision on forecast sales volumes is set out in Table 6.1.

Table 6.1 Draft decision on forecast sales volumes (GL)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposed</b>						
Sales <sup>a</sup>	28.3	28.4	28.7	28.8	28.8	29.1
Demand <sup>b</sup>	31.8	32.0	32.2	32.3	32.3	32.6
<b>IPART draft decision</b>						
Sales <sup>a</sup>	28.3	28.4	28.7	28.8	28.8	29.1
Demand <sup>b</sup>	31.8	32.0	32.2	32.3	32.3	32.6

a. Water sold to retail customers.

b. Total demand including sales volumes, unbilled water usage, losses, etc.

Source: Central Coast Council, Technical Paper 7, Demand for Services, September 2025, p 18 and IPART analysis.

CCC Water has not taken account of price elasticity of demand in developing its demand forecast. In general, we would expect that price increases would reduce demand relative to the status quo. While the impact would be modest, this would mean that, all else equal, CCC Water would have lower water sales volume and therefore revenue than it forecasts. We consider that to continue to refine and improve its demand forecasts, CCC Water should incorporate price elasticity adjustments in the demand forecasts for its next pricing proposal.

### 6.1.2 We propose to maintain CCC Water's $\pm 5\%$ DVAM materiality threshold

We use the Demand Volatility Adjustment Mechanism (DVAM) as a tool to account for uncertainty. The DVAM allows for an adjustment to a business' notional revenue requirement (NRR) to account for over or under-recovery of revenue due to material differences between forecast and actual water sales over the previous determination period. The DVAM protects businesses from under-recovery due to lower than forecast water sales and protects customers in the case of over-recovery.

In the current determination period, we set the DVAM threshold at  $\pm 5\%$  of forecast revenue from water sales, meaning an adjustment is only made if the difference between actual sales and forecast demand is greater than 5% in either direction. CCC Water has proposed to keep the same mechanism and threshold for the upcoming determination period.

CCC Water's 2022 sales were just 0.7% above forecast—well within the 5% DVAM threshold—so no revenue adjustment is required for this period.

Our draft decision is to maintain the DVAM for CCC Water with a  $\pm 5\%$  threshold for the 2026-31 determination period.

## 6.2 Price structure

Our draft decision is:

13. To accept CCC Water's proposed price structures including:
  - a. setting the water usage charge with reference to long-run marginal cost of water supply
  - b. setting the wastewater usage charge with reference to the short-run marginal cost of wastewater supply
  - c. setting fixed service charges to recover remaining efficient costs.

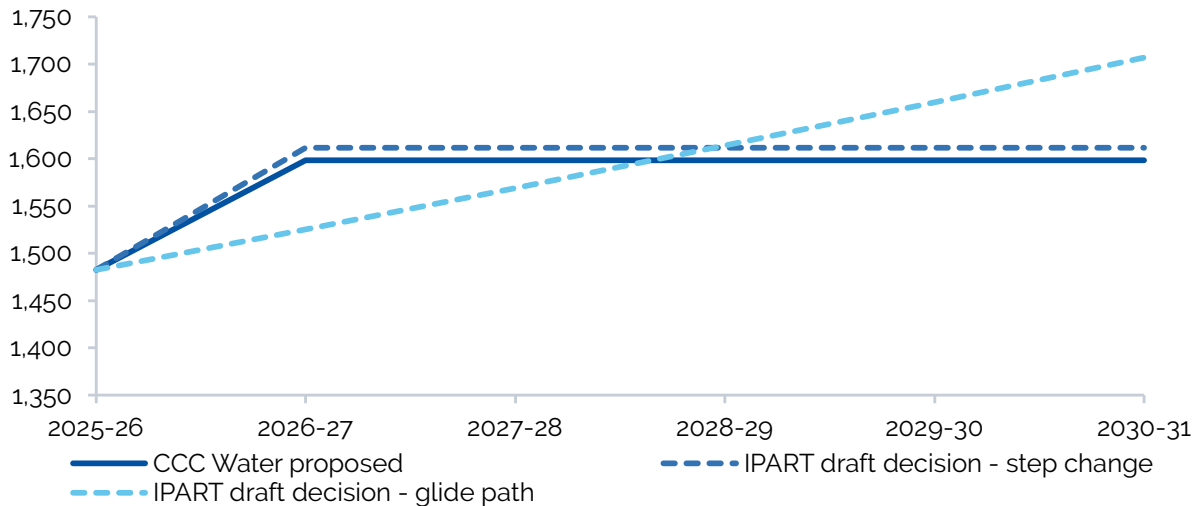
### 6.2.1 Stakeholders' views on price setting

CCC Water's customer engagement revealed that customers prefer most of their water bill to be allocated to the water usage charge, rather than the water service charge.<sup>86</sup> They also favoured a single 'step' rise in their bills during the initial year (2026-27), followed by rates staying steady apart from adjustments for CPI increases.<sup>87</sup>

Feedback to our [Issues Paper](#) also showed that customers generally preferred higher usage charges compared to fixed charges, as usage charges would allow customers to have influence over a greater share of their bill. However, respondents to our survey slightly preferred a 'glide' price path, where bills would be lower in the early years of the determination and higher in the later years of the determination.<sup>88</sup>

We are seeking customer feedback on whether customers prefer a 'step' price path or a 'glide' price path for bill increases. Both options have trade-offs, with the step price path having relatively lower bills in the first two years of the determination but relatively higher bills in the last two years of the determination. Proposed prices would be approximately equal in the middle year of the determination (2028-29). Figure 6.1 on the next page illustrates how these options vary.

Figure 6.1 Comparison of proposed typical customer bill with step change and glide path under our draft decisions (170 kL/year usage)



Note: This figure shows how prices might look like under a step change or glide price path under our draft decisions. A step change price path would see bills increase in 2026-27 (first year of the determination). From 2027-28 through 2030-31, prices would stay constant, with increases reflecting adjustments for inflation only. Under a glide price path bills would increase by a constant amount each year. Under this glide price path, bills would be lower in 2026-27 and 2027-28 (first two years of the determination) and higher in 2029-30 and 2030-31 (last two years of the determination) than under the step change price path mentioned here.

## Seek feedback



2. Do you prefer an 8.7% increase plus inflation (11.9% including estimated inflation) in 2026-27 followed by increases by inflation only OR would you prefer a 2.9% increase plus inflation in each year of the 5 years?

## 6.2.2 Water price structure

CCC Water has proposed to maintain its current water price structure for the 2026-31 determination period, with a water usage charge per kilolitre and a fixed service charge. It proposes to increase the water usage charge and decrease the water service charge, which is aligned with its customer feedback.

With a higher water usage charge and lower water service charge, we estimate that over two-thirds of CCC Water's total water revenue would be recovered through usage charges (see Table 6.2).

Table 6.2 Share of water revenue proposed to be recovered from the usage charge (\$2025-26, \$millions)

	<b>Current 2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2030-31</b>
Revenue from water usage charge	74.1	87.9	88.6	88.9	89.0	89.9
Target revenue for water	130.6	123.7	124.6	125.2	125.5	126.6
<b>Share of water revenue recovered from water usage charge</b>	<b>56.8%</b>	<b>71.1%</b>	<b>71.1%</b>	<b>71.0%</b>	<b>70.9%</b>	<b>71.0%</b>

Our draft decision for water prices is set out in Table 7.1, Table 7.2, and Table 7.3 in Chapter 7.

### 6.2.3 Wastewater price structure

Similarly to water prices, wastewater prices are split into 2 parts: a fixed service charge, and a 'usage' charge based on estimated wastewater discharged.

CCC Water proposed to keep the same discharge factor of 75% for houses and apartments. Based on typical usage, the deemed wastewater usage would remain at 125 kL a year for houses and 80 kL a year for apartments (see Table 6.3).

Table 6.3 Draft decision on deemed discharge volumes for residential customers (kL/year)

	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2030-31</b>
Houses	125	125	125	125	125	125
Unit or apartment	80	80	80	80	80	80

Non-residential customers would have a deemed usage that is based on their water consumption and a discharge factor reasonably estimated by Central Coast Council (typically ranging from 72-95%) depending on the type of business, both of which are unchanged from the current arrangements.

Chapter 7 >>

Draft prices

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07

## Summary of draft prices

### Maximum water usage prices per kilolitre would increase over the 2026 determination period, while fixed water service charges would decrease

Under our draft prices, the draft water usage charge per kilolitre would increase by 17.9% starting 1 July 2026. The new proposed \$3.09 per kilolitre charge from 1 July 2026 is the same as proposed by CCC Water.

The draft fixed water service charge would decrease by 37.5% from 1 July 2026. This is 2.6% higher than CCC Water's proposal.

### Maximum wastewater prices would increase over the 2026 determination period

Our draft decision is to set the deemed wastewater usage charge at the level proposed by CCC Water. It would decrease by 18.3% starting on 1 July 2026 and remain constant in real terms throughout the rest of the 2026 determination period.

We propose to set the draft wastewater fixed service charge to recover the remaining efficient costs for wastewater, which is about 1% higher than CCC Water's proposal.

This chapter sets out the maximum prices for CCC Water's regulated services under our draft decisions.

CCC Water currently provides 3 main services to customers:

- water services
- wastewater services
- stormwater services.

In the final report for our 2022 pricing review, we stated that we do not expect to set maximum stormwater drainage charges in the current determination period ending 30 June 2026, noting that these services should be funded from local government rates as they provide benefits to the whole community.<sup>89</sup> As outlined in the executive summary of this report (Chapter 1), Central Coast Council has applied to IPART for a special variation to increase its general income so it can continue to recover the costs of providing stormwater services from 1 July 2026. The assessment of Central Coast Council's application for a special variation is a separate process to this pricing review.

Under our draft decisions:

- CCC Water's prices for **water services** have 2 components:
  - a water usage charge (expressed as \$ per kilolitre (kL) of water supplied)
  - a water service charge (expressed as \$ per year), which is set to recover CCC Water's efficient water-related costs that are not forecast to be recovered by the water usage charge.

- CCC Water's prices for **wastewater services** have 2 components:
  - A fixed usage charge based on deemed usage and a price of \$0.89/kL. Wastewater discharge volumes are not directly metered.
    - residential customers pay wastewater usage charges based on a *deemed* discharge volume of 125 kL per year for houses and 80 kL per year for apartments
    - non-residential customers usage charge is based on the water consumption with a discharge factor reasonably estimated by Central Coast Council (typically ranging from 72-95%) depending on the type of business.
  - A fixed service charge (expressed as \$ per year), which is set to recover CCC Water's efficient wastewater-related costs that are not forecast to be recovered by the usage price.
    - residential properties have a fixed sewer discharge factor of 75% which reduces the service charge by 25%
    - non-residential customers have the service charge based on the size of their meter with a discharge factor reasonably estimated by Central Coast Council (typically ranging from 72-95%) depending on the type of business.

CCC Water also provides trade waste and miscellaneous services to certain customers.

Our draft decisions are:

14. To set CCC Water's maximum variable water usage charges to \$3.09/kL in 2026-27 and remain constant in real terms to 2030-31 as shown in Table 7.1.
15. To set CCC Water's maximum fixed water service charges as shown in Table 7.2 for residential customers and Table 7.3 for non-residential customers.
16. To set CCC Water's maximum deemed wastewater usage charge at \$0.89/kL, as shown in Table 7.4.
17. To set CCC Water's maximum fixed wastewater service charges as shown in Table 7.5 for residential customers and Table 7.6 for non-residential customers.
18. To set CCC Water's trade waste charges and miscellaneous and ancillary charges as shown in Appendix E.2 and E.3, Tables E.10 to E.16.

## 7.1 Draft decisions on maximum water and wastewater prices

The tables below present our draft decisions on maximum fixed and variable prices for water and wastewater. These prices are in \$2025-26, which means they would be adjusted for inflation from 2026-27 onwards.

### 7.1.1 Water charges

#### **We propose to increase the water usage charge to align with Long Run Marginal Cost estimates**


The water usage charge is a set rate customers pay for every kilolitre (1,000 litres) of water used.

Consistent with our [Water Regulation Handbook](#), CCC Water proposed to set the water usage charge in reference to the long-run marginal cost (LRMC) of water supply. The LRMC for water calculates the per unit cost of serving additional (permanent) demand for water services. It estimates the short-term production costs of serving demand, plus the long run 'opportunity cost' of current consumption in bringing forward investment in additional infrastructure (e.g. a future dam).

CCC Water estimated the LRMC of water to range from \$2.86 per kL to \$3.72 per kL using our algebraic method.<sup>90</sup> CCC Water proposed a water usage charge of \$3.09 per kL. This is around 18% higher than the current water usage charge of \$2.62 per kL.

Our draft decision is to increase the water usage charge to \$3.09 per kL as proposed by CCC Water. This charge is within the LRMC range and reflects the cost of sourcing water. It also gives customers greater control over their bills. Customers can lower their bills by using less water through reducing unnecessary water use and installing more water efficient appliances.


## Water usage charge



Our draft decision

\$3.09/kL

This is a **17.9%** increase compared to current prices. Prices apply from 2026-27 to 2030-31.



Current price

\$2.62/kL

CCC Water also proposed to increase the water usage charge from \$2.62/kL to \$3.09/kL.

Table 7.1 shows proposed water usage charges for the 2026-31 determination period.

Table 7.1 Draft water usage charges (\$/kL, \$2025-26)

	Current 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
CCC Water proposal	2.62	3.09	3.09	3.09	3.09	3.09
<b>IPART draft decision</b>	<b>2.62</b>	<b>3.09</b>	<b>3.09</b>	<b>3.09</b>	<b>3.09</b>	<b>3.09</b>
<i>Annual change %</i>		17.9%	0.0%	0.0%	0.0%	0.0%

### The water service charge is decreasing

The water service charge is a flat fee customers pay to cover the remaining fixed costs of maintaining water infrastructure.

Given the proposed increase in the water usage charge, the fixed water service charge is proposed to decrease by 37.5% starting 1 July 2026 to recover the residual revenue for water services. Because expenditure under our draft decision differs from CCC Water's, our proposed water service charge is 2.6% higher than what CCC Water proposed.

Table 7.2 and Table 7.3 show the proposed water service charges for the 2026-31 determination period.

Table 7.2 Draft water service charges for residential customers (\$2025-26)

	Current 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposal</b>	355.72	216.64	216.64	216.64	216.64	216.64
<i>Annual change (%)</i>		-39.1%	0.0%	0.0%	0.0%	0.0%
<b>IPART draft decision</b>	<b>355.72</b>	<b>222.28</b>	<b>222.28</b>	<b>222.28</b>	<b>222.28</b>	<b>222.28</b>
<i>Annual change (%)</i>		-37.5%	0.0%	0.0%	0.0%	0.0%
<i>Difference (%)</i>		2.6%	2.6%	2.6%	2.6%	2.6%

## Water service charge

Current water service charge

**\$356**

CCC Water proposed water service charge

**\$217**



**Water service charges  
under our draft decision**

**\$222**

This would be a decrease  
of **\$133** or **37.5%**  
compared to current  
prices, before inflation.

Table 7.3 Draft water service charges for non-residential customers (\$2025-26)

	Current 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposal</b>						
20 mm	355.72	216.64	216.64	216.64	216.64	216.64
25 mm	555.81	338.50	338.50	338.50	338.50	338.50
40 mm	1,422.88	866.56	866.56	866.56	866.56	866.56
100 mm	8,893.00	5,416.00	5,416.00	5,416.00	5,416.00	5,416.00
Other sizes	$\frac{(\text{Meter size in mm})^2 \times \text{water service charge for a 20 mm meter for the applicable period}}{400}$					
Annual change (%)		-39.1%	0.0%	0.0%	0.0%	0.0%
<b>IPART draft decision</b>						
20 mm	355.72	222.28	222.28	222.28	222.28	222.28
25 mm	555.81	347.31	347.31	347.31	347.31	347.31
40 mm	1,422.88	889.12	889.12	889.12	889.12	889.12
100 mm	8,893.00	5,557.00	5,557.00	5,557.00	5,557.00	5,557.00
Other sizes	$\frac{(\text{Meter size in mm})^2 \times \text{water service charge for a 20 mm meter for the applicable period}}{400}$					
Annual change (%)		-37.5%	0.0%	0.0%	0.0%	0.0%
Difference (%)		2.6%	2.6%	2.6%	2.6%	2.6%

## 7.1.2 Wastewater charges

### We propose wastewater usage charges to decrease

The wastewater 'usage' charge is a standard percentage (the 'discharge factor') of a typical residential house and apartment's water usage. This is known as 'deemed usage' since wastewater usage can't be measured directly.

Consistent with our [Water Regulation Handbook](#), we do not consider the LRMC to be an appropriate measure for wastewater usage and give water businesses the flexibility to propose wastewater usage charges that are cost reflective and equitable. CCC Water has proposed to reduce the wastewater usage charge per kilolitre by 18.3% based on Short Run Marginal Cost (SRMC) estimates of wastewater transport and treatment. The SRMC is the cost of transporting and treating an additional kilolitre of wastewater, assuming capital costs are fixed.

We consider CCC Water's proposal is reasonable and propose to accept the proposed draft wastewater usage charge as set out in Table 7.4.

Table 7.4 Draft wastewater usage charges (\$/kL, \$2025-26)

	Current 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
CCC Water proposal	1.09	0.89	0.89	0.89	0.89	0.89
<b>IPART draft decision</b>	<b>1.09</b>	<b>0.89</b>	<b>0.89</b>	<b>0.89</b>	<b>0.89</b>	<b>0.89</b>
Annual change (%)		-18.3%	0.0%	0.0%	0.0%	0.0%

## Wastewater usage charge



### Our draft decision

**\$0.89/kL**

This is a **18.3%** decrease compared to current prices. Prices apply from 2026-27 to 2030-31.



### Current price

**\$1.09/kL**

CCC Water also proposed to decrease the wastewater usage charge from \$1.09/kL to \$0.89/kL.

### We propose wastewater service charges to increase

The wastewater service charge is a flat fee customers pay to cover the remaining fixed costs of maintaining wastewater infrastructure.

In aggregate, forecast wastewater costs are increasing due to increased operating and capital expenditure requirements as detailed in Chapters 3 and 4 of this Draft Report. To reach the residual required revenue over the period wastewater service charges would need to increase as set out in Table 7.5 and Table 7.6.

Table 7.5 Draft adjusted wastewater service charges for residential customers (\$2025-26)

	Current 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
CCC Water proposal	545.37	745.03	745.03	745.03	745.03	745.03
Annual change (%)		36.6%	0.0%	0.0%	0.0%	0.0%
<b>IPART draft decision</b>	<b>545.37</b>	<b>752.84</b>	<b>752.84</b>	<b>752.84</b>	<b>752.84</b>	<b>752.84</b>
Annual change (%)		38.0%	0.0%	0.0%	0.0%	0.0%
Difference (%)		1.0%	0.0%	0.0%	0.0%	0.0%

Table 7.6 Draft unadjusted wastewater service charges for non-residential customers (\$2025-26)

	Current 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposal</b>						
20 mm	727.16	993.37	993.37	993.37	993.37	993.37
25 mm	1,136.19	1,552.14	1,552.14	1,552.14	1,552.14	1,552.14
40 mm	2,908.64	3,973.48	3,973.48	3,973.48	3,973.48	3,973.48
100 mm	18,179.00	24,834.25	24,834.25	24,834.25	24,834.25	24,834.25
Other sizes	$\frac{(\text{Meter size in mm})^2 \times \text{water service charge for a 20 mm meter for the applicable period}}{400}$					
Annual change %		36.6%	0.0%	0.0%	0.0%	0.0%
<b>IPART draft decision</b>						
20 mm	727.16	1,003.79	1,003.79	1,003.79	1,003.79	1,003.79
25 mm	1,136.19	1,568.42	1,568.42	1,568.42	1,568.42	1,568.42
40 mm	2,908.64	4,015.16	4,015.16	4,015.16	4,015.16	4,015.16
100 mm	18,179.00	25,094.75	25,094.75	25,094.75	25,094.75	25,094.75
Other sizes	$\frac{(\text{Meter size in mm})^2 \times \text{water service charge for a 20 mm meter for the applicable period}}{400}$					
Annual change %		38.0%	0.0%	0.0%	0.0%	0.0%
Difference %		1.0%	1.0%	1.0%	1.0%	1.0%

After accounting for the 75% discharge factor, draft wastewater bills for houses with 170 kL a year of usage and apartments with 105 kL a year of usage are set out in Table 7.7 for reference.

Table 7.7 Draft wastewater bills for residential customers (\$2025-26)

	Current 2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposal</b>						
Deemed usage charge (House)	136.25	111.25	111.25	111.25	111.25	111.25
Service charge - adjusted	545.37	745.03	745.03	745.03	745.03	745.03
Total wastewater charge	681.62	856.28	856.28	856.28	856.28	856.28
Annual change (%)		25.6%	0.0%	0.0%	0.0%	0.0%
Deemed usage charge (Apartment)	87.20	71.20	71.20	71.20	71.20	71.20
Service charge - adjusted	545.37	745.03	745.03	745.03	745.03	745.03
Total wastewater charge	632.57	816.23	816.23	816.23	816.23	816.23
Annual change (%)		29.0%	0.0%	0.0%	0.0%	0.0%
<b>IPART draft decision</b>						
Deemed usage charge (House)	136.25	111.25	111.25	111.25	111.25	111.25
Service charge - adjusted	545.37	752.84	752.84	752.84	752.84	752.84
Total wastewater charge	681.62	864.09	864.09	864.09	864.09	864.09
Annual change (%)		26.8%	0.0%	0.0%	0.0%	0.0%
Difference (%)						
Deemed usage charge (Apartment)	87.20	71.20	71.20	71.20	71.20	71.20
Service charge - adjusted	545.37	752.84	752.84	752.84	752.84	752.84
Total wastewater charge	632.57	824.04	824.04	824.04	824.04	824.04
Annual change (%)		30.3%	0.0%	0.0%	0.0%	0.0%
Difference (%)		1.0%	1.0%	1.0%	1.0%	1.0%

## Wastewater bills (houses)

Current wastewater bills

**\$682**

CCC Water proposed wastewater bills

**\$856**



Typical wastewater bills  
under our draft decision

**\$864**

This would be an increase of **\$182** or **26.8%** compared to current bills, before inflation.

## 7.2 Draft decisions on trade waste charges and miscellaneous and ancillary charges

We set maximum prices CCC Water can charge its customers for:

- **Trade waste charges**, which mainly involve commercial and industrial customers who discharge more concentrated waste into CCC Water's wastewater system than regular domestic wastewater.
- **Miscellaneous and ancillary charges**, which relate to other monopoly services CCC Water provides, such as damaged meter replacements and conveyancing certificates.

Both trade waste and miscellaneous and ancillary charges account for a minor part of CCC Water's total revenue (around 3% of total revenue). Our draft decision is to accept CCC Water's proposed changes to trade waste and miscellaneous charges.

The proposed changes reflect the marginal cost of treating various pollutants, including higher charges for disposal of high-risk waste such as septic tank discharge and industrial waste discharge. The proposed changes to miscellaneous charges mainly relate to recovering the costs of providing services to customers and removing certain charges for services that CCC Water no longer provides.

The full schedule of trade waste, miscellaneous and ancillary charges is provided in Appendix E.2 and E.3, Tables E.10 to E.16.

## Chapter 8 »

### Impacts of draft decisions



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## Summary of the impacts of our draft decisions

### **Typical annual water and wastewater bills would increase by \$129 in 2026-27 before inflation, and remain constant in real terms over the next 4 years**

Under our draft decisions, typical household water and wastewater bills would increase by \$129 (or 8.7%) in 2026-27, plus inflation. The only increases from 2027-28 to 2030-31 would be to adjust for inflation. This is \$13 higher than the increase proposed by CCC Water (\$115 or 7.8% per year), with most of the increase coming from wastewater charges. With forecast inflation of 2.9% in 2026-27, bills would increase by \$176 (or 11.9%) in nominal terms starting 1 July 2026.

Based on a sample, non-residential customer bills would increase by 8.6% to 9.9% in the first year of the determination period (before inflation is applied).

In its pricing proposal, CCC Water proposed to fund \$75.9 million of its proposed operating expenditure through internal contributions and not from water prices to address affordability concerns. After reviewing proposed expenditure, our draft decision is that only \$27.6 million of the \$75.9 million proposed expenditure is efficient for these activities. We therefore propose to reduce the impact on customers by including \$27.6 million of internal contributions to fund forecast operating expenditure. This potentially leaves \$48.2 million of CCC Water's proposed contributions unallocated.

IPART cannot direct CCC Water on how it should use its internal contributions. We are seeking updated advice from CCC Water about what level of internal contributions it can make to offset price increases. Once we obtain updated advice from CCC Water, the Tribunal will consider whether price increases can be lower.

### **CCC Water has the discretion to provide additional support for pensioners**

Under the *Local Government Act 1993* (section 575), CCC Water is required to provide eligible pensioners an annual concession (in the form of a rebate) of up to \$175 for water and wastewater services each year. This is lower than comparative utilities which are outside the scope of the Local Government Act.

In addition to the rebate CCC Water is required to provide, it also has the discretion to waive or reduce rates, charges and interest for eligible pensioners (section 582). Our affordability analysis indicates that certain pensioner households with the rebate would be close to or exceed the water stress threshold as defined by the United Nations under CCC Water's proposal and our draft prices. We are seeking feedback on whether CCC Water should consider providing additional support for pensioners for the 2026-31 determination period.

We also note there is a current NSW Government review on how to improve the effectiveness of existing rebates to provide greater support to those that are most in need of financial support.

## 8.1 Our draft decisions allow necessary increases to bills

### 8.1.1 We present different typical bills and scenarios for customers

#### **Our presentation of typical bills differs from CCC Water's September 2025 proposal**

In its September 2025 submission, CCC Water presented prices in \$2026-27 terms and the typical residential user having a 180 kL/year usage. Given these parameters, the typical annual bills were listed as increasing from \$1,553 in 2025-26 to \$1,677 in 2026-27 (a \$124 or 8.0% increase), with CPI increases only from 2027-28 onwards.

The typical bills we present in this draft report differ from the CCC Water's September 2025 submission due to a few reasons:

- we are presenting prices in \$2025-26 instead of \$2026-27
- we are applying an updated WACC of 3.6% (was 3.3% in September 2025)
- reflecting 170 kL a year as the typical bill for a residential house (instead of 180 kL)
- correcting a few errors in CCC Water's financial modelling.

Our analysis indicates that a typical usage of 170 kL per year is more suitable for typical bills. The average residential water usage from 2019-20 to 2024-25 has been 163 kL/year based on CCC Water's Annual Information Return.

We have also corrected a few errors in CCC Water's Annual Information Return and updated bulk water volume. Specifically, we have removed sales to Hunter Water from CCC Water's bulk water volumes as this is a negotiated, non-regulated agreement between the two utilities. We also updated the costs for water purchases from Sydney Water to reflect the water usage charges set in the most recent determination for Sydney Water.

Table 8.1 shows how the presentation of typical bills has changed between CCC Water's September 2025 proposal and our draft decision.

**Table 8.1 Changes to typical customer bill since CCC Water's submission (\$2025-26, annual water and wastewater bills)**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
CCC Water proposal September 2025 (\$2026-27 and 180 kL typical usage)	1,553	1,677	1,677	1,677	1,677	1,677
<i>Price basis change from \$2026-27 to \$2025-26</i>	-44	-48	-48	-48	-48	-48
CCC Water proposal September 2025 (\$2025-26 and 180 kL typical usage)	1,509	1,629	1,629	1,629	1,629	1,629
<i>Change typical usage from 180kl to 170kl</i>	-26	-31	-31	-31	-31	-31
CCC Water proposal September 2025 (\$2025-26 and 170 kL annual usage)	1,483	1,598	1,598	1,598	1,598	1,598
<i>Modelling corrections and adjustments</i>	0	-28	-28	-28	-28	-28
<i>WACC update from 3.3% to 3.6%</i>	0	+41	+41	+41	+41	+41
<b>Typical bills under IPART draft decision (\$2025-26 and 170 kL annual usage)</b>	<b>1,483</b>	<b>1,612</b>	<b>1,612</b>	<b>1,612</b>	<b>1,612</b>	<b>1,612</b>

While we are presenting typical bills in \$2025-26 terms and assuming 170 kL/year usage, Table 8.2 compares our draft decision and CCC Water's proposal under the same parameters as the September 2025 proposal (\$2026-27 terms and assuming 180 kL/year usage) for reference.

Table 8.2 Typical residential customer bill (\$2026-27, 180 kL/year usage)

Typical Customer Bill	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposed</b>						
Water	851	795	795	795	795	795
Wastewater	701	882	882	882	882	882
<b>Total typical bill</b>	<b>1,553</b>	<b>1,677</b>	<b>1,677</b>	<b>1,677</b>	<b>1,677</b>	<b>1,677</b>
<i>Annual increase %</i>		8.0%	0.0%	0.0%	0.0%	0.0%
<b>IPART draft decision</b>						
Water	851	801	801	801	801	801
Wastewater	701	890	890	890	890	890
<b>Total typical bill</b>	<b>1,553</b>	<b>1,691</b>	<b>1,691</b>	<b>1,691</b>	<b>1,691</b>	<b>1,691</b>
<i>Annual increase %</i>		8.9%	0.0%	0.0%	0.0%	0.0%
<i>Difference %</i>	0.0%	+0.8%	+0.8%	+0.8%	+0.8%	+0.8%

### Typical bills are different under various scenarios we present in this report

We are seeking stakeholder feedback on the draft decisions and two different scenarios:

- **Higher CCC Water contribution scenario:** CCC Water proposed to cover \$75.9 million in operating expenses using its existing 'savings'. However, our independent experts Arup/HK determined that only \$27.6 million of these expenses were efficient. Our draft decision only includes Council funding \$27.6 million of operating costs.
  - If CCC Water applies \$75.9 million of its proposed internal contributions towards operating expenses we consider to be efficient, typical bills would decrease by \$62 (or 3.8%) compared to our draft decision.
- **Arup/HK recommended expenditure:** Our draft decision is to accept CCC Water's proposed level of operating and capital expenditure, which is less than the amount recommended by Arup/HK. We made this decision to balance social impact and customer affordability with the costs of providing safe, reliable water and wastewater services now and in the future. Arup/HK indicated that CCC Water's proposed operating and capital expenditure may result in insufficient maintenance and investment, potentially causing a decline in service quality.
  - This scenario would mean typical bills are \$39 (or 2.4%) higher than our draft decisions each year of the 2026-31 determination period, but service levels may be better under this scenario should CCC Water use the additional funding to invest in efficient expenditure.

Table 8.3 compares typical residential customer bills under the various scenarios set out in the report.

Table 8.3 Typical residential customer bill for various scenarios (\$2025-26, 170 kL/year usage)

Typical Customer Bill	25-26	26-27	27-28	28-29	29-30	30-31	Change 25-26 to 30-31
<b>IPART draft decision</b>	<b>1,483</b>	<b>1,612</b>	<b>1,612</b>	<b>1,612</b>	<b>1,612</b>	<b>1,612</b>	8.7%
Higher CCC Water contribution scenario	1,483	1,550	1,550	1,550	1,550	1,550	4.5%
<i>Difference vs draft decision</i>	0	-62	-62	-62	-62	-62	
<i>Difference vs draft decision (%)</i>	0.0%	-3.8%	-3.8%	-3.8%	-3.8%	-3.8%	
Arup/HK recommended expenditure scenario	1,483	1,651	1,651	1,651	1,651	1,651	11.3%
<i>Difference vs draft decision</i>	0	+39	+39	+39	+39	+39	
<i>Difference vs draft decision (%)</i>	0.0%	2.4%	2.4%	2.4%	2.4%	2.4%	

We are seeking updated advice from Council about the amount available of internal contributions it can make to offset price increases. Once we obtain updated advice from CCC Water, the Tribunal will consider whether price increases can be lower. For example if CCC Water remains able to apply the initially proposed \$75.9 million of internal contributions towards the operating expenditure IPART considers to be efficient, typical bills may be up to \$62 (or 3.8%) lower before inflation in 2026-27 compared to our draft decision.

#### Seek comment from CCC Water



6. What level of internal contributions can CCC Water make to offset price increases, without compromising long-term financial stability?

## Typical customer bills (170 kL/yr)

Current typical customer bills (2025-26)

**\$1,483**

Bills under CCC Water's proposal (2026-27)

**\$1,598**



Typical customer bills under our draft decision **\$1,612**

This would be an increase of **\$129** or **8.7%** compared to current bills, before inflation.

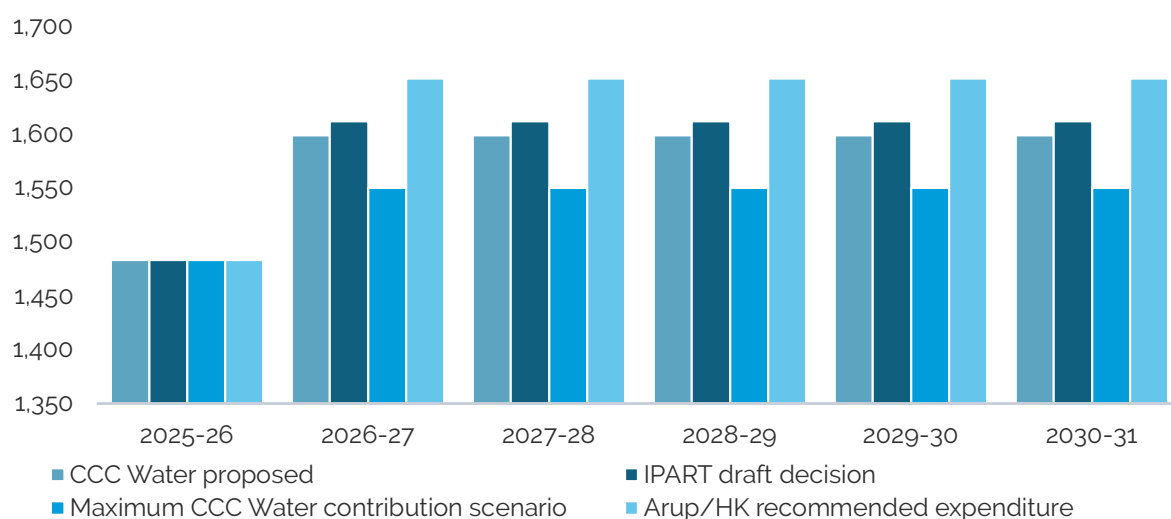
## 8.1.2 Residential customers

### Owner-occupiers would see bill increases under our draft decision

Under our draft decisions, typical household water and wastewater bills would increase by \$129 (or 8.7%) from 1 July 2026 for 5 years plus inflation. This is \$13 higher than the increase proposed by CCC Water (of \$115 or 7.8% per year).

Figure 8.1 sets out the current typical household bill under our draft decisions compared to CCC Water's proposal.

Figure 8.1 Typical household water and wastewater bills under our draft decisions and alternative scenarios compared to CCC Water's proposal (\$2025-26)

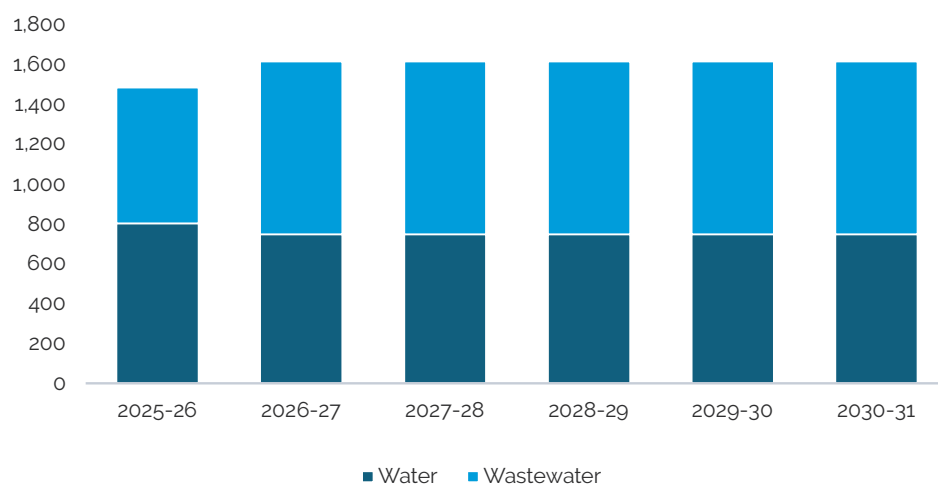


a. Typical household bills are based on a customer living in a house and using 170 kL per year. The bills shown above are for a typical household with water and wastewater services only. The change between 2025-26 and 2026-27 excludes inflation. Prices between 2026-27 and 2027-28 will be subject to yearly inflation.

Source: IPART analysis.

Figure 8.2 shows the typical household water and wastewater bill would increase under our draft decisions. It shows that water bills would decrease by \$54 (or 6.7%) and wastewater bills would increase by \$182 (or 26.8%) starting 1 July 2026 then remain constant in real terms. All charges from 2026-27 to 2030-31 would be indexed to increase with inflation (CPI).

Figure 8.2 Typical bill increases under our draft decisions (\$2025-26)



Source: IPART analysis.

For other households, starting 1 July 2026 water and wastewater bills would increase by:

- \$120 (or 8.4%) for a typical small household living in a standalone house
- \$107 (or 8.5%) for a typical apartment
- \$167 (or 9.8%) for typical large household living in a standalone house
- \$102 (or 7.6%) for pensioner households (couples) without a rebate and \$107 (or 9.2%) with a rebate.
- \$87 (or 7%) for pensioner households (singles) without a rebate and \$92 (or 8.6%) with a rebate.

Based on forecast inflation of 2.9%, water and wastewater bills would increase in the first year of the 2026-31 determination period from 1 July 2026 by:

- \$165 (or 11.5%) for a typical small household living in a standalone house
- \$148 (or 11.7%) for typical households living in an apartment
- \$221 (or 13.1%) for a typical large household living in a standalone house
- \$144 (or 10.8%) pensioner households (couples) without a rebate, and \$144 (or 12.4%) with the rebate
- pensioner households (singles) without a rebate, by \$126 (or 10.1%), and with a rebate, by \$126 (or 11.8%).

Table 8.4 presents bill impacts under our draft prices for a range of households.

Table 8.4 Draft bill impacts for residential customers (\$2025-26)

Customer	Usage (kL/yr)	2025-26	2026-27 to 2030-31			
			CCCW proposed	IPART draft decision	Higher contribution from CCC Water scenario	Arup/HK recommended expenditure scenario
<b>Owner-occupiers</b>						
<b>Typical household</b>	<b>170</b>	<b>1,483</b>	<b>1,598</b>	<b>1,612</b>	<b>1,550</b>	<b>1,651</b>
Typical apartment	105	1,263	1,357	1,371	1,309	1,410
House - large household	250	1,692	1,845	1,859	1,797	1,898
House - small household	150	1,430	1,536	1,550	1,488	1,589
Pensioner household - couple - without rebate	112	1,331	1,419	1,432	1,370	1,472
Pensioner household - couple - with rebate	112	1,156	1,249	1,262	1,200	1,302
Pensioner household - single - without rebate	81	1,250	1,323	1,337	1,275	1,376
Pensioner household - single - with rebate	81	1,075	1,153	1,167	1,105	1,206
<b>Renters</b>						
Renter - typical household with separate meter	170	445	525	525	525	525
Renter - typical apartment with a separate meter	105	275	324	324	324	324
Renter - large household with separate meter	250	655	773	773	773	773
Renter - small household with separate meter	150	393	464	464	464	464
Renter - pensioner couple with separate meter (no pensioner rebate)	112	293	346	346	346	346
Renter - single pensioner with separate meter (no pensioner rebate)	81	212	250	250	250	250
<b>Property Owners - non-occupiers</b>						
House	n/a	1,037	1,073	1,086	1,024	1,126
Apartment	n/a	988	1,033	1,046	984	1,086

## Higher water usage charges might increase what renters pay for using water

CCC Water sends bills to property owners. However, property owners can pass on the water usage component of their bills to their tenants.<sup>1</sup> Tenants in this situation would experience higher percentage increases in their bills, due to the higher water usage charge, assuming behaviour remains unchanged. There is the possibility that usage will reduce as the higher water usage charge sends a price signal to consumers to reduce any non-discretionary water use.

Household water bills for renters who pay for water usage would increase by 17.9% starting 1 July 2026 plus inflation, or by:

- \$80 for renters of typical houses using 170 kL per year
- \$49 for renters of typical apartments using 105 kL per year
- \$118 for renters of large houses using 250 kL per year
- \$53 for pensioner households (couples) using 112 kL per year
- \$38 for pensioner households (single) using 81 kL per year.

With inflation, water bills would increase by 21.4% in the first year of the 2026-31 determination period from 1 July 2026, or by:

- \$95 for renters of typical houses using 170 kL per year
- \$59 for renters of typical apartments using 105 kL per year
- \$140 for renters of large houses using 250 kL per year
- \$63 for pensioner households (couples) using 112 kL per year
- \$45 for pensioner households (single) using 81 kL per year.

## Fixed charges would increase for landlords

The bills paid by landlords include the fixed water service charge, fixed wastewater service charge and a deemed wastewater usage charge. Bills paid by landlords leasing out a house or apartment with a separate meter would increase by \$49 (or 4.7%) and \$58 (or 5.9%), respectively, from 2026-27 onwards, then remain constant in real terms.

It should be noted that while landlords cannot directly pass on fixed water costs to tenants, there is the possibility that the increase in fixed costs could lead to an increase in rent charged to tenants.

## A 'glide' price path in the last determination lowers bill impacts for customers

In its 2022 determination, CCC Water proposed a 37% increase in typical bills over a 4-year period. Our decision was to set prices so that the typical bill increased by 28% over 4 years.<sup>91</sup> We used a 'glide' price path where bills increased each year, rather than a 'step' price path where the entire increase was in the first year. This was to minimise bill shock for customers and smooth out the increase over the determination period given the large increase in prices.

For comparison, the bill increase in 2026-27 would have been 16% if we had used a 'step' price path instead in the 2022 determination period, compared to the 8.7% increase under our draft decision.

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<sup>1</sup> Property owners cannot pass on the fixed service charge components of their bill directly to tenants. However, the level of fixed service charges may be a consideration in the rent tenants pay.

## 8.2 Affordability is a concern for customers

Affordability and high inflation were key concerns among stakeholders for this review. We recognise that prices increasing could have substantial impacts on some customers, including pensioners.

### 8.2.1 Bills as a proportion of income would increase for low-income households

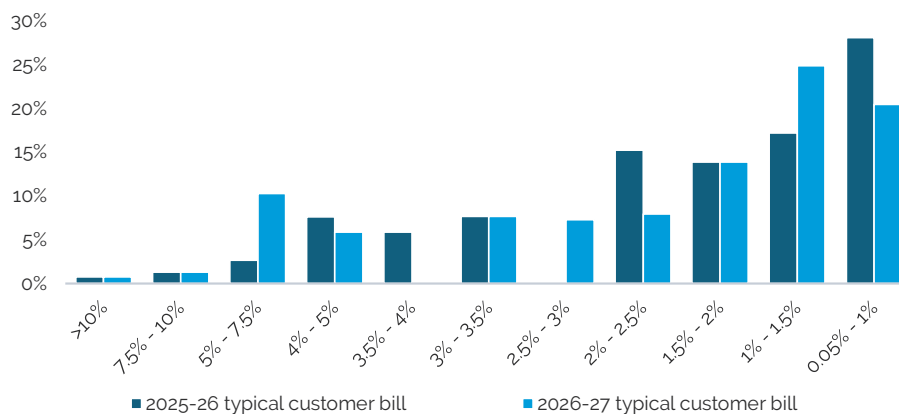
For the purposes of this draft report, we consider a household spending more than 3% of their income on water and wastewater bills as being in 'water stress', as proposed by the United Nations (UN).<sup>92</sup>

The UN doesn't specify whether this threshold is based on gross or disposable income. We have used disposable income for our affordability analysis in this report as it represents a more realistic estimate of cash available for households to spend.<sup>m</sup>

Our estimates of household disposable incomes are based on data from the Australian Bureau of Statistics. Because there is no direct way to measure household disposable income, we used estimated effective tax rates for different national income levels and applied them to the income distribution of households within the Central Coast Council area.

Figure 8.3 shows how the projected distribution of CCC Water customers based on estimated percentage of disposable income spent on the typical water and wastewater bill under current prices and proposed prices starting 1 July 2026.

Figure 8.3 Distribution of CCC Water customers based on estimated percentage of disposable income spent on water and wastewater bills (assuming 170 kL/year usage)



Source: 2021 ABS census data, ABS Australian National Accounts: Distribution of Household Income, Consumption and Wealth, 2021-22 data (for household effective tax rates by income brackets), IPART analysis

<sup>m</sup> Gross household income was used in affordability analysis for the 2025 reviews of the maximum prices for Sydney Water and Hunter Water.

Table E.23 in Appendix E shows affordability ratios under our draft decisions. Households earning a median disposable income of \$84,207 would see their affordability ratio change from:

- 1.8% in 2025-26 to 1.9% from 2026-27 onwards for a typical household
- 1.5% in 2025-26 to 1.6% from 2026-27 onwards for a typical apartment
- 2.0% in 2025-26 to 2.2% from 2026-27 onwards for a large household (who own their own home, live in a house with a big garden and/or pool and have relatively higher water use).

## 8.2.2 Some customers may be above the water stress threshold with the proposed price increases

Not all customers have the typical usage of 170 kL/year or pay all water and wastewater charges. For example, renters might only pay directly the water usage charge depending on their circumstances, and apartments typically use less water than houses.

Tables E.24 to E.26 in Appendix E show our analysis on how various income groups, vulnerable households, and renters might be affected under our draft decisions. Of note, there are two groups that we estimate are below the 3% water stress threshold currently that may be above the 3% threshold under our draft decision:

- renters on a low income in a large household: 2.7% in 2025-26 to 3.2% in 2026-27
- pensioner couples without the pensioner rebate: 2.9% in 2025-26 to 3.1% in 2026-27.

The increase for renters is noticeable given the proposed increase in water usage charge. We note however that not all renters would be paying the water usage charge (dependent on the agreement with their landlord). There is also the possibility that the higher usage charge incentivises lower water use/savings. Conversely, increases in water and wastewater service charges increase costs for landlords, which may be indirectly passed to tenants through higher rent.

Pensioner couples who do not apply for the pensioner rebate are nearing water stress under current prices and would be slightly above the 3% threshold under our draft decision. However, it is likely that most pensioners would claim the rebate. This would bring pensioner couples to 2.7% of estimated disposable income which is slightly below the 3% threshold. Our proposed recommendations for pensioner rebates are discussed further in section 8.2.4.

### 8.2.3 Our affordability analysis does not factor in potential real wage increases

Our analysis on affordability does not factor in potential real increases in disposable household incomes that may occur over the determination period. The February 2026 Reserve Bank of Australia Statement of Monetary Policy (SMP) forecasts an increase in real disposable household income of between 1.3% and 2.5% from June 2026 to December 2028. We note that if this increase is broadly uniform across income groups, this would lead to improvement in affordability metrics presented in this Draft Report.

We note that government payment recipients will likely receive an indexation increase in March 2026 based on real wage growth, prior to our determination start on 1 July 2026. We will update our analysis to account for this in the Final Report.

#### Seek Comment from CCC Water



7. What would be the impact on service quality under our draft prices?

#### Seek Comment



3. Are the draft prices we propose for water and wastewater services affordable?

### 8.2.4 Improving the effectiveness of rebates

Under the *Local Government Act 1993* (section 575), CCC Water is required to provide eligible pensioners an annual concession (in the form of a rebate) of up to \$175 for water and wastewater services each year. The NSW Government and local councils jointly fund this rebate. We note that this is lower than Hunter Water (\$410/year maximum) and Sydney Water (\$770/year maximum) which are outside the scope of the *Local Government Act 1993*.

The annual concession that CCC Water is required to provide eligible pensioners is fixed. However, section 582 of the *Local Government Act 1993* gives CCC Water the discretion to waive or reduce rates, charges and interest for eligible pensioners. This is on top of the annual concession it is required to provide. However, unlike section 575, any reductions to pensioner bills would be fully funded by CCC Water with no contribution from the NSW Government. If CCC Water exercises its discretion to provide additional financial support, any potential loss in revenue would need to be funded by other customers who are not eligible pensioners.

We are seeking your feedback on whether CCC Water should consider providing additional support for pensioners for the 2026-31 determination period through its discretion under section 582, noting that this would mean higher charges for some or all non-eligible pensioners to recover any lost revenue.

#### Seek Comment



4. Would you be prepared to pay higher water bills so that CCC Water could provide higher rebates to pensioners, and if so how much additional would you be willing to pay?

## 8.2.5 Impacts on CCC Water's financial sustainability

When setting prices, we consider the financial sustainability of the business resulting from pricing decisions. To do this, we undertake a financeability test to assess how our price decisions are likely to affect the business's financial sustainability and ability to raise funds to manage its activities, over the upcoming regulatory period.

We assessed CCC Water's financeability over the 2026 determination period by analysing its forecast financial performance, financial position and cash flows for the benchmark and actual business. We then forecast financial ratios for both tests and assessed CCC Water's financial ratios compared to our target ratios. We have calculated the indicators based on the proposed NRR and draft prices.

Tables E.21 and E.22 in Appendix E compare CCC Water's actual and benchmark financeability based on our draft decisions. Both tables indicate no financeability concerns under our draft decisions.

## 8.2.6 Implications for general inflation

Under sections 14A(2)(d)(ii) and 15(1)(d) of the *IPART Act*, we are required to consider the effect of our determinations on general price inflation.

To assess the contribution of CCC Water's bills on inflation, we have assumed in previous determinations that within its area of operations, changes in CCC Water's prices have a similar effect on inflation as that of changes to Sydney Water's prices in Sydney. Currently, water and wastewater prices contribute 0.59% towards Sydney's CPI (All groups, Sydney). This means that a 1.0% change in the price of water and sewerage services in all capital cities would result in a 0.0059% change in the CPI.

Under our draft prices CCC Water's typical water and wastewater bill increases by 8.7% between 2025-26 and 2029-30. As such the impact on CPI arising from our draft prices is 0.051% or around 5 basis points. Based on this contribution, we estimate that the average annual increase for the typical household bill would not have a material impact on inflation in the Central Coast Council region.

### 8.3 Non-residential customers

Non-residential customers' bills depend on several factors, including their water and deemed wastewater usage, which can vary significantly depending on the size and nature of the customer. Bills also depend on meter configuration and trade waste discharge factors, as well as the catchment the customer is served by.

We explored the indicative bill impacts on several non-residential business types. We found that on average from 1 July 2026 to 30 June 2031, increases would range between 8.6% to 9.9% in the first year of the determination period (before inflation) for non-residential customers, with higher variable water usage charges leading to higher average yearly changes for non-residential customers with greater water usage. For example, in \$2025-26 terms:

- A small business using 160 kL per year would see bill increases of 9.7% per year plus inflation, increasing from \$1,541 currently in 2025-26 to \$1,691 in 2026-27
- A small to medium shop using 165 kL per year would see bill increases of 9.9% per year plus inflation, increasing from \$2,107 currently in 2025-26 to \$2,315 in 2026-27
- A medium fast-food outlet using 500 kL per year would see bill increases of 9.4% per year plus inflation, increasing from \$3,295 currently in 2025-26 to \$3,604 in 2026-27
- A medium licensed hospital using 1,200 kL per year would see bill increases of 9.4% per year plus inflation, increasing from \$8,151 currently in 2025-26 to \$8,918 in 2026-27
- A large regional shopping centre using 102,000 kL per year would see bill increases of 8.6% per year plus inflation, increasing from \$381,219 currently in 2025-26 to \$413,853 in 2026-27.

Chapter 9 >>

Performance and accountability

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09

## Summary of our draft decisions on performance and accountability

### **Accept CCC Water's proposed performance outcomes, measures and targets with some modifications**

Our draft decision is to accept the performance outcomes and measures proposed by CCC Water, and to add some additional measures to improve transparency and accountability across some outcomes. We consider that these additional measures and targets would broaden the areas reported on quarterly and annually and will help keep stakeholders aware of CCC Water's ongoing performance.

## 9.1 Outcomes and performance measures

Unlike Sydney Water and Hunter Water, CCC Water is council-owned and run.<sup>n</sup> Its key governance and institutional arrangements and obligations are framed by the *Local Government Act 1993*. It also does not have an operating licence which for Sydney Water and Hunter Water sets out the service levels and against which IPART audits their performance and compliance annually.

Under our water regulation framework, we expect businesses to develop performance outcomes related to customers, the community and the environment.

For each outcome, we expect businesses to develop suitable performance measures and demonstrate a clear link between these outcomes and performance measures.

This includes explaining how activities and expenditure support those outcomes.

CCC Water advised that 2 focus principles guided its community engagement:

- customer centricity – customers and the community influencing business decisions and outcomes
- robust costs – delivering services efficiently and incorporating community values into forecast expenditure.<sup>93</sup>

CCC Water identified 7 customer values: good quality water, quality wastewater treatment, reliable service, affordability, effective planning, environmental focus and transparency and education.<sup>94</sup>

These values are linked to broad outcomes (Table 9.1 and Table 9.2).

<sup>n</sup> Sydney Water and Hunter Water are both state-owned corporations.

Table 9.1 CCC Water community values and outcomes - water

Good quality water	Reliable service	Affordable	Effective planning	Environment	Transparency
Clean, clear and safe drinking water	Consistent water supply available to everyone. Good water pressure	Cost efficient – keeping costs as low as possible for customers	Having enough water for increased population	Protecting the natural environment within catchment areas	Providing clear, easy to understand information and good communication
Good taste and smell	Well maintained network, reducing leaks	Consistent bills over time (predictable)	Using variety of sources for nondrinking purposes, and to deal with varied climate conditions, for example, recycled water and stormwater capture		
Water content is tested/monitored regularly, for example, chlorine levels	Responding to faults and issues quickly	Fair allocation of costs between customers	Collecting and reusing more water at household level, for example, rainwater tank/use for greywater		

Source: CCC Water's Pricing Proposal – Technical Paper 2, p 8.

Table 9.2 CCC Water community values and outcomes – wastewater

Quality treatment	Reliable service	Affordable	Effective planning	Environment	Transparency
No health impacts on customers or workers	Minimal overflows, broken pipes and responding quickly to issues	Cost efficient – keeping costs as low as possible for customers	Long term planning to promote sewerage service is sufficient for future needs	Protecting the oceans and marine life	Providing clear, easy to understand information and good communication
Suitable effluent quality	Suitable infrastructure is well maintained	Fair allocation of costs between customers	Using the latest technology/innovations/learning from other countries, for example, recycled water	Using renewable power for treatment plants	Raising community awareness – what to put down the toilet, implications of not doing this and what happens to waste
Minimal odours			Adaption to climate change	Greater use of biosolids	Transparent pricing and costs – what the service fee is made up of
					Easier to access water safety ratings for beaches and recreation areas
					Greater public confidence that council has the expertise and resources needed to deliver on its promises

Source: CCC Water's Pricing Proposal – Technical Paper 2, p 9.

While CCC Water explained how these values were incorporated into expenditure, the [pricing proposal](#) is not explicit on how performance measures and targets link those values and outcomes.

For this Draft Report, IPART has mapped performance measures to performance outcomes.

CCC Water told us that community was focussed on affordability and, aside from water quality, showed little support for higher prices to improve service.<sup>95</sup>

The [pricing proposal](#) states that while community members said performance needed to improve, the water quality target was the only area where they agreed to a lower target. The proposed target was reduced from 7 to 5 water quality complaints per 1,000 properties for the 2026 determination period.<sup>96</sup>

No target was set for the duration of unplanned water interruptions, as this was not raised as an issue during consultation.<sup>97</sup>

A summary of CCC Water's performance measures and proposed targets is provided in Table 9.3 below.

Table 9.3 Summary of CCC Water's proposed outcomes, objectives and performance measures

Performance outcomes <sup>a</sup>	Performance measure	Proposed target and trend
Reliable service	Number of unplanned water interruptions per 1,000 properties	115 No change
Reliable service	Average duration of unplanned interruptions	No target set
Good quality water	Number of water quality complaints per 1,000 properties	Proposed target 5 Improved from 7
Reliable service	Number of wastewater overflows per 100 km	26 No change
Environment	Number of wastewater overflows reported to EPA per 100 km main	13 No change
Reliable service	Number of wastewater main breaks and chokes per 100 km main	30 No change
Reliable service	Number of water main breaks per 100 km main	14 No change

Notes: (a) performance outcome assigned to performance measure by IPART.  
Source: CCC Water's [Pricing Proposal](#), pp 31-32.

## 9.2 In 2022, IPART recommended that CCC water improve performance and accountability

IPART's 2022 Final Report included an [Information Paper with recommendations for CCC Water to improve performance and accountability](#).<sup>98</sup>

We recommended that CCC Water:

- publish some performance measures and information that are currently available and address or relate to concerns raised by stakeholders
- develop a set of performance measures that reflect the community's preferences and expectations identified in our Draft Report, refined through further customer consultation
- put systems in place to publicly report on performance against these measures every year, starting in 2022-23 in a format that suits customer preferences.<sup>99</sup>

We also recommended that the NSW Government:

- request IPART undertake a review in 2024-25 to investigate CCC Water's performance and progress in implementing our recommendations to improve performance and accountability
- consider the merits of developing and implementing a more rigorous regulatory framework for monitoring and compliance of CCC Water, noting that other major water utilities in NSW are subject to an operating licence.<sup>100</sup>

The NSW Government did not authorise a review, and CCC Water is now regulated under the *Local Government Act 1993*.

IPART expected CCC Water to undertake 'deeper engagement with its customers to better understand the information that is important and meaningful to them and to use this to inform its ongoing performance reporting.'<sup>101</sup>

### 9.3 CCC Water reported against output measures in the current determination period

CCC Water has published [Water and Sewer Annual Performance Reports and Water and Sewer Quarterly Performance Reports performance reports](#), with data from 2017-18, since 2023.

The website also contains the [Water and Sewer Delivery Plan](#) and quarterly progress reports, which outline CCC Water's progress to improve accountability, community engagement and asset management.

We understand that the performance report is presented annually to councillors at the Council meeting.

CCC Water established a [Customer Charter](#) in 2023 (published on its website) and has undertaken customer consultation on its performance measures and outcomes.

CCC Water reports on water quality in a separate section of its website, publishing [Quarterly Summary of Drinking Water](#) and [Annual Summary of Drinking Water Quality reports](#).

These tests are conducted by an independent laboratory to test drinking water quality compliance with the guideline values set in the [Australian Drinking Water Guidelines](#).

We understand that CCC Water now provides audited results from its water quality monitoring program to NSW Health.

### 9.3.1 CCC Water's proposed outcomes and measures are linked to customer engagement

Performance outcomes and measures should be informed by robust customer consultation so that community values and priorities are reflected in proposed indicators.

Engaging customers in setting priorities and outcomes helps water businesses identify better ways to deliver services.

CCC Water made genuine efforts to broaden and deepen the scale and sophistication of initiatives to meaningfully consult with customers.

It delivered an iterative 5 phase 'Customer Connection Blueprint' from August 2021 to August 2025, which engaged customers across a variety of qualitative and quantitative measures, including deliberative forums, surveys and willingness-to-pay studies.<sup>102</sup>

The program began with the creation of the People's Panel, a representative group of 28 individuals independently recruited to support more accountable, transparent and community-driven decision-making.

This was followed by work to identify and prioritise customer values, and to develop a Customer Charter and Complaints Management Framework.

The program then focused on specific investment areas, with customers sharing preferences and expectations.

CCC Water engaged a wide range of groups, including young people, those living in vulnerable situations, culturally and linguistically diverse, marginalised and First Nations communities and large businesses through targeted forums and interviews.<sup>103</sup>

Engagement was also tailored to the distinct challenges in different parts of the Council area including North and South regions.<sup>104</sup>

#### Box 9.1 CCC Water's services

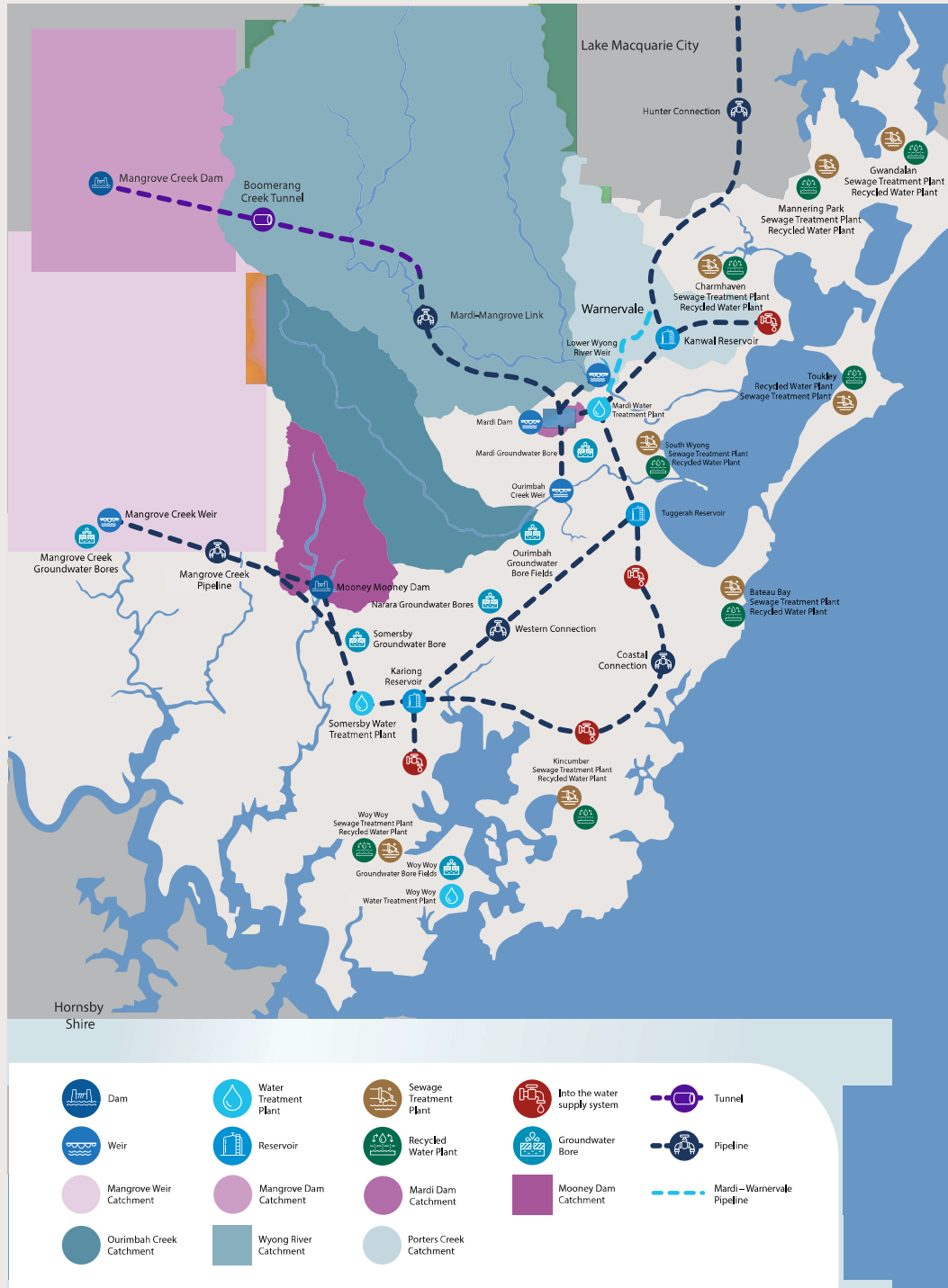
CCC Water is a Local Water Utility (LWU) that provides services to over 139,000 residential and non-residential customers in the Central Coast.

Its service extends 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 Environment Protection Licences (EPL) issued by the NSW Environment Protection Authority (EPA) in accordance with the *Protection of the Environment Operations Act 1997*.

### Box 9.1 CCC Water's services



Source: IPART adaptation.

## 9.4 IPART proposes additions to CCC Water's proposed measures to improve transparency and accountability

CCC Water proposed 6 customer and community outcomes and 7 associated performance measures, shown in Tables 9.1 and 9.2 above. We recognise that CCC Water has consulted with customers around performance measures and targets but consider that targets could be increased and expanded to improve transparency and accountability. We note that no additional measures have been added to reporting since the 2022 determination period.

Having regard to sections 15(1)(b), 15(1)(e) and 15(1)(l) of the *IPART Act*, our assessment of CCC Water's outcome and performance measures is one way that we consider CCC Water's standards of efficiency, quality, reliability and safety, and how these compare with the costs we allow for in CCC Water's expenditure envelope. In addition, we have also considered the impact of CCC Water's activities on the environment (as required under section 15(1)(f)).

Where a utility has an operating licence, IPART can monitor outcome and performance. CCC Water does not have an operating licence, and we therefore have no direct role in regulating or enforcing its performance or service standards.

CCC Water is currently failing to meet a number of existing targets so setting a tighter target (e.g. number of wastewater main breaks and chokes per 100 km) would not necessarily result in improved performance.

However, in some cases setting a target that demonstrates what the average business is achieving may keep CCC Water's performance focussed and visible to customers (e.g. average duration of unplanned interruption set at current average of NPR peer group at 117 minutes).

### 9.4.1 Some CCC Water service metrics have declined over the 2022 determination

The [CCC Water and Sewer Annual Report for 2024-25](#) indicates that while some performance measures have improved, a number of performance measures have declined since 2022 or failed to meet target (see Table 9.4 below). These mainly relate to the performance of water and wastewater mains.

Table 9.4 Sample of performance measures from CCC Water annual report

Measure	Improved	2021-22	2022-23	2023-24	2024-25	Target 2025
Average duration of unplanned interruptions	Yes	203	210	178	178	N/A
Water quality complaints per 1,000 properties	Yes	6.6	8.9	3.1	4.2	6.5
Water main breaks – per 100 km of mains	No	14.1	16.3	15.2	14.6	14
Unplanned water outages – per 1,000 properties	Yes	140	169	172	128	115
Sewer main breaks + chokes per 100 km of mains	No	30.0	26.2	35.5	35.7	30
Sewer overflows per 100 km of mains	No	27	20	24	28	26
Sewer overflows reported to EPA per 100 km	No	2.2	2.1	2.0	2.3	1.25
Water pressure complaints per 1,000 properties	Yes	0.4	0.3	0.3	0.2	n/a

Note: Although some have not achieved target, performance measures marked 'Yes' have improved since 2021-22.  
Source: [CCC Water and Sewer Annual Report 2024-25](#), pp 10-25.

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IPART's [Water utility customer satisfaction survey results \(latest Q2 2025-26\)](#) show that customer results have not varied substantially over the last 3 years. There have been declines in perception of value for money since March 2023, however overall satisfaction and reputation have improved slightly. Trust has been variable but is currently the same as March 2023.

In feedback to our [Issues Paper](#) we received submissions that raised concerns regarding poor water quality, poor STP performance and environmental breaches.<sup>105</sup> Affordability was raised by a number of submissions and The Justice and Equity Centre (JEC) considered that current performance measures were inadequate.<sup>106</sup> In particular the JEC recommended that performance metrics should include more consumer outcomes, including affordability measures.

CCC Water indicates that it compares favourably with other water businesses. We have conducted analysis using 19 east coast based major and large water businesses from the [National Performance Report 2023-24 for urban water utilities](#). Performance for some measures is improving (e.g. average duration of unplanned water supply interruptions). Our analysis shows that compared to 19 peers, CCC Water is performing below average on some indicators.

Both water quality and wastewater service complaints sit above our comparator average and when all complaint types are combined CCC Water shows a higher but improving trend (Figure 9.1). Performance on sewer main breaks and chokes is both rising and above our comparator average (Figure 9.2).

Figure 9.1 Total number of complaints per 1,000 properties

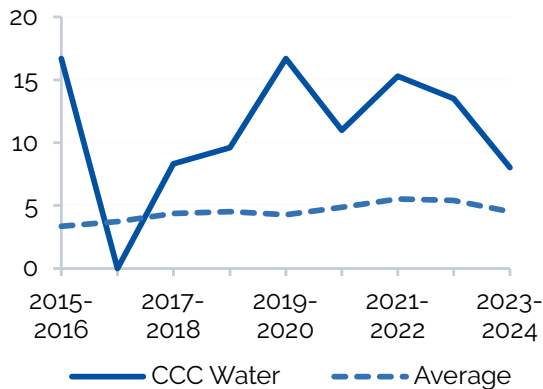


Figure 9.2 Number of sewer main breaks and chokes per 100 km

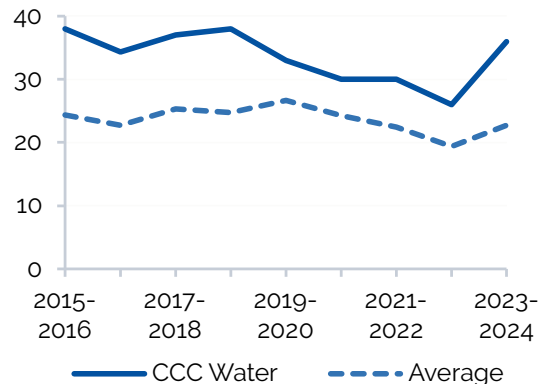


Figure 9.3 Average duration of unplanned interruptions: water supply

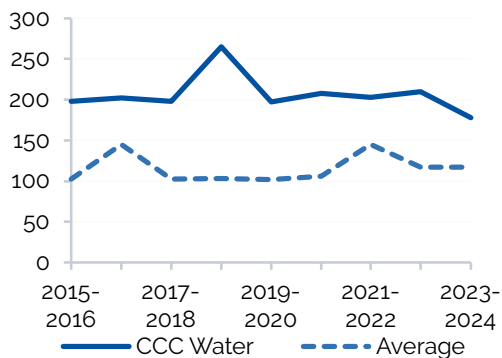
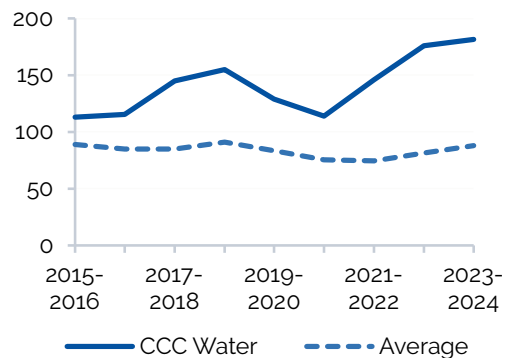


Figure 9.4 Number of unplanned interruptions per 1,000 properties



Note: 'Average' is average of comparative businesses and is determined based on the average of the metric for 19 eastern Australian major and large water utilities from the Urban NPR dataset including: Barwon Region Water Corporation, City of Gold Coast, Hunter Water Corporation, Icon Water, Logan City Council, Sydney Water Corporation, TasWater, Unitywater, Urban Utilities, Cairns Regional Council, Central Gippsland Region Water Corporation, Central Highlands Water, Coliban Region Water Corporation, Goulburn Valley Region Water Corporation, North East Region Water Corporation, Redland City Council, Shoalhaven City Council, Toowoomba Regional Council and Townsville City Council.

Note: Figure 9.3, 'Average duration of unplanned interruptions: water supply' is measured in minutes, Figure 9.4 refers to the number of unplanned interruptions to water supply per 1,000 properties.

Source: Urban NPR dataset 2023-24

Likewise, the number and duration of unplanned interruptions both sit above our comparator average and the number of unplanned interruptions is climbing (Figures 9.3 and 9.4).

## 9.4.2 We propose more comprehensive reporting and targets

We propose to add a number of targets that reflect the values and outcomes CCC Water identified in its customer consultation. Outcomes can be better tracked with additional reporting metrics. A number of the measures below are already reported by CCC Water in its quarterly reporting, but we prefer to formalise these measures.

We have referenced the measures and language of the NPR to enable customers to compare CCC Water performance against other local water utilities.

Table 9.5 IPART proposed performance measures for Draft Report

Performance outcome	Performance measure	Performance target	Note(s)
Reliable service - water	Number of unplanned water interruptions per 1,000 properties per annum	Target: current target 115 per annum Trend: no change	As proposed by CCC Water
Reliable service - water	Customers impacted by interruptions as a proportion of total connections per annum	Target: N/A	New – proposed measure by IPART. CCC Water should report and track this measure for the 2026 determination period.
Reliable service - water	Average duration of unplanned water interruptions (minutes) each year	Target: 117 Trend: n/a	CCC Water did not set a target. IPART recommends this be set at the average of the peer data set, 117.
Reliable service - water	Number of water main breaks, burst and leaks per 100 km of water main per annum	Target: current target 14. No change proposed Trend: no change	As proposed by CCC Water. Wording adjusted by IPART
Reliable service – wastewater	Number of wastewater overflows per 100 km per annum	Target: current target 26. No change proposed Trend: no change	As proposed by CCC Water
Reliable service – wastewater	Number of wastewater overflows reported to EPA for 100 km of main per annum	Target: current target 1.3. No change proposed Trend: no change	As proposed by CCC Water
Reliable service – wastewater	Number of wastewater main breaks and chokes per 100 km per annum	Target: current target 30. No change proposed Trend: no change	As proposed by CCC Water
Good quality water	Number of water quality complaints per 1,000 properties per annum	Target: current 7 to lower to 5. Trend: improve	As proposed by CCC Water
Good quality water	Number of customers removed from repeat service issues register (low pressure, odour and wastewater overflows) each quarter	Target: none set – to implement and then report on Trend n/a	New – proposed measure by IPART. If not established, CCC Water to establish a repeat service issue register for water complaints and service issues. CCC Water to publish the number of customers each quarter and the change from the previous quarter. CCC Water to publish details of geographic areas where repeat service issues arise – details of 'hot spots'.

Performance outcome	Performance measure	Performance target	Note(s)
Good quality water	% compliance with both Australian Drinking Water microbiology and chemistry health-based Guidelines	Target: 99.75% Trend: n/a	New – proposed measure by IPART. To provide in quarterly and annual performance reports.
Environmental protection	Number of Environmental Protection License (EPL) non-compliances and fines per month and per annum	Target: none set Trend: n/a	New – proposed measure by IPART. CCC Water should report and track this measure for the 2026 determination period.
Reliable service	Response time for urgent and non-urgent issues per annum	Target: Respond to 90% of urgent issues within 1 day of receipt Trend: n/a Target: Respond to 70% of non-urgent issues within 5 days	New – proposed measure by IPART.
Affordability	Number of residential customers on a payment plan as a percentage of the number of residential customers in arrears on water bills per quarter	Target: n/a Trend: n/a	New – proposed measure by IPART. CCC Water should report and track this measure for the 2026 determination period.
Affordability	Percentage of customer accounts 90 days in arrears as proportion of total accounts each quarter	Target: n/a Trend: n/a	New – proposed measure by IPART. CCC Water should report and track this measure for the 2026 determination period.

Source: CCC Water's Pricing Proposal - Technical Paper 2 – Service levels, p 12 and IPART Analysis

### Our draft decision is:



19. To accept CCC Water's proposed performance measures and targets with some modifications and additional measures and targets as outlined in Table 9.5.

### Seek Comment



5. What are your views on the draft decisions on performance metrics? Could these be improved? If so, please advise measures that you believe would improve the quality of CCC Water reporting and transparency.

## 9.5 Monitoring and credibility

While we set maximum prices, we do not have a role in setting CCC Water's performance standards or monitoring compliance with them. IPART does not have an ongoing role in monitoring the performance of CCC Water.

However we expect that CCC Water should report to its customers on its progress. As part of our water regulation framework, we expect businesses to publish annual updates on their progress against outcome commitments. The aim of annual progress updates is to maximise accessibility and visibility for customers.

CCC Water reports annually and quarterly to its customers on its website. We expect that CCC Water will continue to report both annually and quarterly on its website. We have received a stakeholder submission noting that only annual CCC Water performance reports are reported to council. This stakeholder advises that this was previously done on a quarterly basis and that to improve accountability, CCC Water should reinstate quarterly performance reports to Council.<sup>107</sup>

# Appendices

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Appendix A >>

Matters considered by IPART

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A

This appendix explains how we considered certain matters we are required to consider under the *Independent Pricing and Regulatory Tribunal Act 1992* (the *IPART Act*).

## A.1 Matters under section 14A(2) of the IPART Act

Where the Tribunal uses a methodology to fix prices, section 14A of the *IPART Act* requires us to report on the regard we have had to the matters listed in section 14A(2). These matters are:

- a. the government agency's economic cost of production
- b. past, current or future expenditures in relation to the government monopoly service
- c. charges for other monopoly services provided by the government agency
- d. economic parameters, such as:
  - i. discount rates, or
  - ii. movements in a general price index (such as the Consumer Price Index), whether past or forecast,
- e. a rate of return on the assets of the government agency
- f. a valuation of the assets of the government agency
- g. the need to maintain ecologically sustainable development (within the meaning of section 6 of the Protection of the *Environment Administration Act 1991*) by appropriate pricing policies that take account of all the feasible options available to protect the environment
- h. the need to promote competition in the supply of the service concerned
- i. considerations of demand management (including levels of demand) and least cost planning.

Table A.1 Consideration of section 14A(2) matters by IPART

Section 14A(2)	Report reference
a. the government agency's economic cost of production,	Chapters 3, 4 and 5 set out CCC Water's total efficient costs to deliver its regulated services over the determination period.
b. past, current or future expenditures in relation to the government monopoly service,	Chapters 3 and 4 set out our decisions on CCC Water's efficient expenditure.
c. charges for other monopoly services provided by the government agency,	Appendix E sets out our decisions on CCC Water's prices for other monopoly services.
d. economic parameters, such as: <ul style="list-style-type: none"> <li>• discount rates, or</li> <li>• movements in a general price index (such as the Consumer Price Index), whether past or forecast,</li> </ul>	Chapter 5 sets out how we have indexed CCC Water's regulatory asset base to account for inflation, and chapters 6 and 7 set out how we have set prices to raise revenue that recovers efficient costs over the determination period in net present value terms.
e. a rate of return on the assets of the government agency,	Chapter 5 and appendix D outline that we have allowed a market-based rate of return on debt and equity which would enable a benchmark business to return an efficient level of dividends.
f. a valuation of the assets of the government agency,	Chapter 5 sets out the value of CCC Water's assets on which we consider it should earn a return on capital and an allowance for regulatory depreciation.
g. the need to maintain ecologically sustainable development (within the meaning of section 6 of the Protection of the <i>Environment Administration Act 1991</i> ) by appropriate pricing	Chapters 3 and 4 set out CCC Water's efficient expenditure that allows it to meet all of its regulatory requirements, including its environmental obligations.

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**Section 14A(2)****Report reference**

policies that take account of all the feasible options available to protect the environment,

h. the need to promote competition in the supply of the service concerned,

In determining efficient costs, we have been mindful of relevant principles such as competitive neutrality (e.g. we have included a tax allowance for regulatory depreciation).

i. considerations of demand management (including levels of demand) and least cost planning.

Chapters 3 and 4 outline how we have assessed CCC Water's efficient expenditure required to deliver its regulated services at least cost.

## A.2 Matters under section 15 of the IPART Act

IPART is required under section 15(1) of the *IPART Act* to have regard to the following matters in making determinations and recommendations:

- a. the cost of providing the services concerned
- b. the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standard of services
- c. the appropriate rate of return on public sector assets, including appropriate payment of dividends to the Government for the benefit of the people of New South Wales
- d. the effect on general price inflation over the medium term
- e. the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers
- f. the need to maintain ecologically sustainable development (within the meaning of section 6 of the *Protection of the Environmental Administration Act 1991*) by appropriate pricing policies that take account of all the feasible options available to protect the environment
- g. the impact on pricing policies of borrowing, capital and dividend requirements of the government agency concerned and, in particular, the impact of any need to renew or increase relevant assets
- h. the impact on pricing policies of any arrangements that the government agency concerned has entered into for the exercise of its functions by some other person or body
- i. the need to promote competition in the supply of services concerned
- j. considerations of demand management (including levels of demand) and least cost planning
- k. the social impact of the determinations and recommendations
- l. standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise).

Table A.2 Consideration of section 15(1) matters by IPART

Section 15(1)	Report reference
a. the cost of providing the services	Chapter 3, 4 and 5 set out CCC Water's total efficient costs to deliver its regulated services over the determination period.
b. the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standard of services	We consider our draft decision will protect consumers from abuses of monopoly power, as they reflect the efficient costs CCC Water requires to deliver its regulated services. This is addressed throughout the report, particularly in Chapters 3 and 4 (where we establish the efficient expenditure) and Chapters 6, 7 and 8 (where we set out our pricing decisions and impacts).
c. the appropriate rate of return on public sector assets, including appropriate payment of dividends to the Government for the benefit of the people of New South Wales	Chapter 5 outlines that we have allowed a market-based rate of return on debt and equity that would enable a benchmark business to return an efficient level of dividends.
d. the effect on general price inflation over the medium term	Chapter 8 outlines that we estimate the impact of our prices on general inflation is negligible.
e. the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers	Chapter 3 and 4 set out our draft decision on CCC Water's efficient expenditure. These decisions promote greater efficiency in the supply of CCC Water's regulated services.
f. the need to maintain ecologically sustainable development (within the meaning of section 6 of the <i>Protection of the Environment Administration Act 1991</i> ) by appropriate pricing policies that take account of all the feasible options available to protect the environment	Chapters 3 and 4 set out CCC Water's efficient expenditure that allows it to meet all its regulatory requirements, including its environmental obligations.
g. the impact on pricing policies of borrowing, capital and dividend requirements of the government agency concerned and, in particular, the impact of any need to renew or increase relevant assets	Chapter 5 sets out how we have provided CCC Water with an allowance for a return on and of capital and Chapter 8 sets out our assessment of its financeability.
h. the impact on pricing policies of any arrangements that the government agency concerned has entered into for the exercise of its functions by some other person or body	Chapters 3 and 4 set out the efficient expenditure including operational contracts that CCC Water has entered into, and costs associated with these over the next period.
i. the need to promote competition in the supply of the services concerned	In determining efficient costs, we have been mindful of relevant principles such as competitive neutrality (e.g. we have included a tax allowance for regulatory depreciation).
j. considerations of demand management (including levels of demand) and least cost planning	Chapters 3 and 4 outline how we have assessed CCC Water's efficient expenditure required to deliver its regulated services at least cost.
k. the social impact of the determinations and recommendations	Chapter 8 sets out the potential impact of our pricing approach on CCC Water and its customers.
l. standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise)	Chapters 3 and 4 set out our consideration of CCC Water's efficient expenditure so it can meet the required standards of quality, reliability and safety in delivering its services, and Chapter 9 sets out incentives, performance and outcomes.

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## A.3 Considerations under section 16 of the IPART Act

Section 16 of the *IPART Act* provides:

If the Tribunal determines to increase the maximum price for a government monopoly service or determines a methodology that would or might increase the maximum price for a government monopoly service, the Tribunal is required to assess and report on the likely annual cost to the Consolidated Fund if the price were not increased to the maximum permitted and the government agency concerned were to be compensated for the revenue foregone by an appropriation from the Consolidated Fund.

Under section 16 of the *IPART Act*, we must report on the likely impact on the Consolidated Fund if prices are not increased to the maximum levels permitted. If this is the case, then the level of tax equivalent and dividends paid to the Consolidated Fund would fall. The extent of this fall would depend on Treasury's application of its financial distribution policy and how the change affects after-tax profit.

Our financial modelling is based on a tax rate of 30% for pre-tax profit and dividend payments at 70% of after-tax profit. A \$1 decrease in pre-tax profit would result in a loss of revenue to the Consolidated Fund of 49 cents in total, which is 70% of the decrease in after-tax profit of 70 cents.

Appendix B >>

Grading rubric in the Water Regulation Handbook

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B

Table B.1 Guidance for customer principles

**1. Customer centricity**

How well have you integrated customers' needs and preferences into the planning and delivery of services, over the near and long term?

<b>Standard</b> Expectations	<b>Advanced</b> Additional expectations to Standard	<b>Leading</b> Additional expectations to Advanced
<b>Develop customer engagement strategy</b>		
<ul style="list-style-type: none"> <li>• The business has a published customer engagement strategy which:                             <ul style="list-style-type: none"> <li>- sets out how it seeks to understand what matters to customers, and identifies the outcomes that maximise long-term customer benefit at an efficient cost</li> <li>- considers the level of influence customers have in how services are delivered</li> <li>- identifies the role of customer engagement in understanding customer preferences</li> <li>- commits to engage with customers in the pricing proposal and for major investments.</li> </ul> </li> <li>• The strategy should be well structured and easy for customers to follow, and articulate clear roles and responsibilities of customers, regulator(s) and business.</li> </ul>	<ul style="list-style-type: none"> <li>• The strategy demonstrates that customers have a high level of influence in how services are delivered, and commits to gain insights from customers through a variety of methods.</li> </ul>	<ul style="list-style-type: none"> <li>• The strategy empowers customers to co-develop the most material aspects of its pricing proposal that impact price and service.</li> </ul>
<b>Customers influence business outcomes</b>		
<ul style="list-style-type: none"> <li>• Customer insights and engagement influence customer outcomes, inform business decisions, and short, medium and long-term plans.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer insights are linked to customer outcomes, which inform ongoing improvements in the way services are delivered to customers.</li> </ul>	
<b>Processes support customer centricity</b>		
<ul style="list-style-type: none"> <li>• Systems in place to respond to ongoing customer feedback.</li> <li>• Consumer facing businesses propose assistance programs for customers experiencing vulnerability (e.g. hardship programs, payment plans, access to concessions or other).</li> </ul>	<ul style="list-style-type: none"> <li>• Learns from and keeps up with peers and industry best practice engagement methods.</li> <li>• Consumer facing businesses propose tools or processes to support early identification and interventions for customers experiencing a range of vulnerability circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>• Clear evidence of continual improvement in customer value across the business where it reflects on, and incorporates, learnings from its engagement processes.</li> <li>• Consumer facing businesses propose simplifications to assist customers, including those experiencing vulnerability, and improve accessibility and understanding (e.g. customer contracts, bills and accounts and water literacy).</li> </ul>

## 2. Customer engagement

Are you engaging customers on what is most important to them, making it easy for customers to engage by using a range of approaches to add value?

Standard Expectations	Advanced Additional expectations to Standard	Leading Additional expectations to Advanced
<b>Engage on what matters to customers</b>		
<ul style="list-style-type: none"> <li>Select issues for engagement that matter to customers.</li> </ul>	<ul style="list-style-type: none"> <li>Customers involved in setting priorities that matter most for deeper engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborates with and empowers customers (and/or customer representatives) to develop solutions in customers' long-term interests.</li> </ul>
<b>Choose appropriate engagement methods</b>		
<ul style="list-style-type: none"> <li>Suitable consultation method/s have been chosen to reach a representative customer base and/or their advocates, such as renters, home-owners, vulnerable groups and businesses.</li> <li>Opportunities for 2-way communication with customers exist.</li> <li>Scope of engagement proportional to the level of expenditure and the impact of the project.</li> </ul>	<ul style="list-style-type: none"> <li>Chooses effective methods to provide all customers – including more difficult-to-reach customers – with a high level of influence in how services are delivered. Responses are then triangulated and tested against other information.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously seeks to improve methods of engagement and explore innovative methods.</li> </ul>
<b>Engage effectively</b>		
<ul style="list-style-type: none"> <li>Unbiased, clear explanation of context and objectives.</li> <li>Participants are informed of the impact of their feedback.</li> <li>Engagement is easy to understand, and customers' understanding is tested and where relevant, technical literacy/capacity is supported for effective engagement.</li> <li>Culturally and linguistically diverse groups are supported in their engagement.</li> <li>Information is accurate, objective, tells the whole story and is correctly targeted to its audience.</li> <li>Clear explanations of investment options, service levels, and uncertainties.</li> </ul>	<ul style="list-style-type: none"> <li>Engagement includes clear explanation of options (including price differences and any potential trade-offs), and participants are confident their feedback will influence outcomes.</li> </ul>	

### 3. Customer outcomes

How well does your pricing proposal link customer preferences to proposed outcomes, service levels and projects?

Standard Expectations	Advanced Additional expectations to Standard	Leading Additional expectations to Advanced
<b>Customers drive outcomes</b>		
<ul style="list-style-type: none"> <li>Propose outcomes, based on customer engagement, that capture what customers want you to deliver.</li> <li>Link proposed expenditure to these outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Outcomes are concise, specific, measurable and written from the customer's perspective. They are clearly aligned to customer preferences and proposed expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>Outcomes and supporting output measures and targets are co-designed with customers, and proposals are supported by customers.</li> </ul>
<b>Performance measures support outcomes</b>		
<ul style="list-style-type: none"> <li>Propose performance measures for each outcome.</li> <li>Propose performance targets for each measure, referencing IPART's principles, with:               <ul style="list-style-type: none"> <li>internally consistent short-, medium- and long-term targets</li> <li>targets justified based on past performance and other suitable industry benchmarks</li> <li>targets that, at a minimum, meet customer protection operating licence standards and other regulatory requirements.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Targets show a step change improvement to customer value and include adequate protections for individual customers.</li> </ul>	<ul style="list-style-type: none"> <li>Where supported by customer willingness to pay, service targets exceed past performance and other suitable industry benchmarks by an ambitious but realistic margin.</li> </ul>
<b>Accountability for customer outcomes</b>		
<ul style="list-style-type: none"> <li>Clear mechanisms ensure the business is accountable for delivering outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>All outcomes include steps the business will take if not meeting targets, and where appropriate, are supported by outcome delivery incentive (ODI) payments/penalties.</li> </ul>	<ul style="list-style-type: none"> <li>All important customer outcomes with high customer value would typically be supported by ODI payment/penalty rates and targets.</li> </ul>

## 4. Community

Are you engaging with and considering the broader community to understand their objectives, including traditional custodians of the land and water, while ensuring services are cost-reflective and affordable today and in the future?

Standard Expectations	Advanced Additional expectations to Standard	Leading Additional expectations to Advanced
<p><b>Identify community outcomes</b></p> <ul style="list-style-type: none"> <li>Engage with, and consider the broader community, including Aboriginal and Torres Strait Islander peoples, to identify community outcomes.</li> <li>Assess the benefits and costs to the customer of delivering on broader community values, as they relate to the provision of regulated services.</li> <li>Consider costs/benefits and bill impacts before proposing expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>Outcomes have demonstrated customer value and support, with awareness of bill impacts.</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrate step change improvements in community outcomes, which prioritise customer preferences revealed through engagement.</li> </ul>
<p><b>Community outcome performance measures</b></p> <ul style="list-style-type: none"> <li>Community outcomes have targets that are measurable and have intermediate steps and milestones built in (as needed).</li> </ul>	<ul style="list-style-type: none"> <li>Work and partner with local groups and other stakeholders to propose and deliver community outcomes within the scope of its services.</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrate innovative approaches to promote customer and community value.</li> </ul>
<p><b>Accountability for community outcomes</b></p> <ul style="list-style-type: none"> <li>Clear mechanisms ensure the business is accountable for delivering community outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Mechanisms include steps the business will take if not meeting targets.</li> </ul>	

## 5. Environment

Have you identified and met broader environmental objectives, while ensuring services are cost reflective and affordable today and in the future?

Standard Expectations	Advanced Additional expectations to Standard	Leading Additional expectations to Advanced
<b>Identify environmental outcomes</b>		
<ul style="list-style-type: none"> <li>• Meet all regulatory requirements, including environmental requirements, at an efficient cost.</li> <li>• Follow government directions<sup>o</sup> and regulatory obligations.</li> <li>• Set environmental outcomes that relate to the provision of regulated services, consistent with customer preferences, community views and waterway quality guidelines.</li> <li>• Consider long-term environmental costs/benefits and bill impacts before proposing expenditures.</li> <li>• Propose cost-efficient expenditure to manage and adapt to the impacts of climate change.</li> </ul>	<ul style="list-style-type: none"> <li>• Actively engage with other regulators, evaluate prospective government directions and obligations from the perspective of promoting the customer's long-term interests.</li> <li>• Incorporate climate change into forecasting models and undertake climate change adaptation and mitigation actions.</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate step change improvements in environmental outcomes, revealed through engagement, which prioritise delivery of environmental outcomes that customers and the community value most.</li> </ul>
<b>Environmental outcome performance measures</b>		
<ul style="list-style-type: none"> <li>• Environmental outcomes have targets that are measurable and have intermediate steps and milestones built in (as needed).</li> </ul>	<ul style="list-style-type: none"> <li>• Work and partner with community groups, other businesses, stakeholders and government to propose and deliver outcomes that meet regulatory requirements, promote customer value and provide environmental benefits.</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate innovative approaches which promote customer value and maximise environmental benefits.</li> </ul>
<b>Accountability for environmental outcomes</b>		
<ul style="list-style-type: none"> <li>• Clear mechanisms ensure the business is accountable for delivering environmental outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>• Mechanisms include steps the business will take if not meeting targets.</li> </ul>	

<sup>o</sup> Government directions are typically made by Ministerial order through the *State Owned Corporations Act 1989* (the SOC Act) or other power under legislation.

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## 6. Choice of services

Are you providing opportunities to reflect customers' varied preferences for the tariffs and additional services they are willing to pay for?

**Standard**  
Expectations

**Advanced**  
Additional expectations to Standard

**Leading**  
Additional expectations to Advanced

### Consider differentiated service offerings

- No requirements at Standard.
- Engage with customers on opportunities for differentiated service offerings, including standard add-on mass market tariff options (e.g. carbon offsets), where it is cost efficient to do so.
- Work with government and developers in growth planning to offer additional services and supply options to new developments.
- Offer customers innovative tariffs and products above licence obligations, consistent with customers' preferences if there is evidence of customer demand.

## Table B.2 Cost principles

### 7. Robust costs

How well does your proposal provide quantitative evidence that you will deliver the outcomes preferred by customers at the lowest sustainable cost?

<b>Standard</b> Expectations	<b>Advanced</b> Additional expectations to Standard	<b>Leading</b> Additional expectations to Advanced
<b>Justify proposed expenditure</b>		
<ul style="list-style-type: none"> <li>Proposed operating expenditure is consistent with past expenditure and clearly explains any step changes or trends.</li> <li>Proposed capital expenditure               <ul style="list-style-type: none"> <li>is clearly explained</li> <li>identifies baselines for recurrent expenditure and provides justification for any changes it proposes over time</li> <li>for large capital projects with a clear scope is supported by cost-benefit analysis considering alternative options.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Changes in expenditure are supported by quantitative evidence which demonstrates how it promotes customer value (e.g. in proposing step changes for operating expenditure, and justification in business cases for large capital projects).</li> </ul>	<ul style="list-style-type: none"> <li>Proposes operating expenditure and capital expenditure that maximises customer value, supported by modelling which shows costs below industry benchmarks.</li> </ul>
<b>Optimise between operating and capital expenditure</b>		
<ul style="list-style-type: none"> <li>Demonstrates consideration has been given to operating expenditure and capital expenditure trade-offs.</li> </ul>	<ul style="list-style-type: none"> <li>Uses quantitative evidence to show that proposed operating expenditure and capital expenditure minimises net life-cycle costs.</li> </ul>	<ul style="list-style-type: none"> <li>Takes into account the potential and likelihood for cost saving innovations when proposing a balance of operating expenditure and capital expenditure.</li> </ul>
<b>Accountability for expenditure outcomes</b>		
<ul style="list-style-type: none"> <li>Expenditure performance targets have been identified that maintain compliance with licence conditions and other regulatory requirements, and are consistent with customer preferences.</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrates how performance targets have been developed through customer engagement and deliver customer value.</li> </ul>	<ul style="list-style-type: none"> <li>Has adopted and implemented robust processes to ensure that forecasts are justified, evidence-based and deliverable.</li> </ul>

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## 8. Balance risk and long-term performance

How well do you weigh up the benefits and risks to customers of investment decisions, and how consistent are they with delivering long-term asset and service performance?

<b>Standard</b> Expectations	<b>Advanced</b> Additional expectations to Standard	<b>Leading</b> Additional expectations to Advanced
<b>Understand long-term performance</b>		
<ul style="list-style-type: none"><li>Investment and asset management decisions demonstrate a balancing of the risks and benefits to the customer and business in terms of long-term asset and service performance.</li></ul>		<ul style="list-style-type: none"><li>Provides additional evidence optimising this balance of risks, using best practice, probabilistic investment decision and asset management systems.</li></ul>
<b>Manage risks and reprioritise</b>		
<ul style="list-style-type: none"><li>Demonstrates all cost drivers and has mechanisms to monitor cost risks and reprioritise expenditures and asset management strategies as necessary.</li><li>Outlines its approach to manage long-term risks, including climate change.</li></ul>	<ul style="list-style-type: none"><li>Proposal commits to accept more risk where it has benefits for customers.</li><li>Demonstrates it has organisational resilience to absorb cost impacts arising from changes in the operating environment.</li></ul>	<ul style="list-style-type: none"><li>Proposal includes capability and strategies to optimise and manage the value of risk factored into its forecasts and proposals.</li></ul>

## 9. Commitment to improve value

How much ambition do you show in your cost efficiency targets and what steps have you taken to demonstrate commitment to deliver on your promises?

Standard Expectations	Advanced Additional expectations to Standard	Leading Additional expectations to Advanced
<b>Develop cost efficiency strategy</b>		
<ul style="list-style-type: none"> <li>The business has a management<sup>P</sup> approved and externally published cost efficiency strategy that includes:               <ul style="list-style-type: none"> <li>an annual 'efficiency factor' across operating expenditure and capital expenditure</li> <li>productivity improvements achieved and proposed, which highlight that the business is adopting innovations</li> <li>how it has performed against current period targets.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Proposal is informed by cost efficiency strategy, justifies an ambitious annual expenditure 'efficiency factor' and explains reasons for its current performance.</li> </ul>	<ul style="list-style-type: none"> <li>Proposes efficiency targets which would lead to a significant step change in cost efficiencies below historical costs and industry cost benchmarks.</li> </ul>
<b>Accountability for cost efficiency outcomes</b>		
<ul style="list-style-type: none"> <li>Has clear mechanisms to ensure the business is accountable for achieving its proposed cost efficiency outcomes.</li> </ul>		

## 10. Equitable and efficient cost recovery

Are your proposed tariffs efficient and equitable, and do they appropriately share risks between the business and your customers?

Standard Expectations	Advanced Additional expectations to Standard	Leading Additional expectations to Advanced
<b>Propose cost-reflective prices</b>		
<ul style="list-style-type: none"> <li>Propose cost-reflective maximum prices for customers, with:               <ul style="list-style-type: none"> <li>modelling to justify tariffs over the next determination period</li> <li>a balance of fixed and usage charges that takes into account the long run marginal cost (LRMC) of providing services.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Provides modelling to show that proposed prices:               <ul style="list-style-type: none"> <li>are sustainable over time, and would avoid large future bill impacts</li> <li>have been informed by LRMC model estimates</li> <li>consider the impact of climate change on the level and structure of prices addressed</li> </ul> </li> <li>Justifies the appropriate form of price control that promotes the long-term interests of customers.</li> </ul>	<ul style="list-style-type: none"> <li>Provides comprehensive modelling to support its proposed recovery of costs, including:               <ul style="list-style-type: none"> <li>catchment level LRMC estimates where appropriate (to justify demand and supply side responses to delay augmentations or prioritise investments)</li> <li>longer-term pricing paths supported by long-term cost estimates.</li> </ul> </li> </ul>
<b>Justify within-period revenue adjustments</b>		
<ul style="list-style-type: none"> <li>Provides a robust justification for any revenue adjustments, consistent with IPART's revenue hierarchy principles.</li> </ul>		

<sup>P</sup> Depending on the organisation structure this approval may be Board, Council or executive leadership approval.

Table B.3 Credibility principles

Credibility	Requirements (all levels)
<p><b>11. Delivering</b> Can you provide assurance that you have the capability and commitment to deliver?</p>	<ul style="list-style-type: none"> <li>Proposed expenditures and service outcomes can be delivered in the timeframe proposed.</li> <li>Sets out how progress against key investments and performance targets (both short- and long-term) will be regularly monitored and communicated to its customers.</li> <li>Plans for foreseeable future challenges, including strategies for how it will reprioritise and adapt as changes arise.</li> <li>The proposal has been approved by the Board (or equivalent), who endorse that the proposal would best promote the long-term interests of its customers. The proposal has evidence of a robust assurance process to ensure the veracity of information provided to IPART.</li> </ul>
<p><b>12. Continual improvement</b> Does the proposal identify shortcomings and areas for future improvement?</p>	<ul style="list-style-type: none"> <li>Justified self-assessment</li> <li>Performance targets have been monitored and communicated to customers over the previous period, consistent with past regulatory proposals. You have justified and explained past performance to customers.</li> <li>Demonstrates how experience and lessons from past determination period/s have been integrated into current and future/long-term strategies, where gaps remain and how future plans will address these.</li> <li>Identifies any shortcomings in its proposals including its plans to address any shortfalls.</li> </ul>

Appendix C 

CCC Water's operational and  
regulatory context



This appendix outlines the operational and regulatory context in which CCC Water delivers its water and wastewater services.

## C.1 CCC Water is a large Local Water Utility

CCC Water is a relatively large water utility within Australia, providing water services to almost 350,000 people, which is just over half of the number of people that Hunter Water provides water services to. Using the same measure, CCC Water is only slightly smaller than Barwon Region Water Corporation, Victoria's fourth largest water utility of the 17 water utilities for which the Essential Services Commission regulates prices. Overall, it is the 16th largest water utility in Australia in terms of the population that it provides water services to. Table C.1 below shows the top 20 water utilities in Australia, ranked in order of the population receiving water services.

Table C.1 Population receiving water supply (2024-25)

	State	Utility	Regulated by <sup>a</sup>	Population ('000s)
1	New South Wales	Sydney Water Corporation	IPART	5,565
2	Western Australia	Water Corporation - Perth		2,296
3	Victoria	Yarra Valley Water Corporation	ESC	2,041
4	South Australia	South Australian Water Corporation	ESCOSA	1,892
5	Victoria	South East Water Corporation	ESC	1,863
6	Queensland	Urban Utilities		1,596
7	South Australia	South Australian Water Corporation - Adelaide	ESCOSA	1,484
8	Victoria	Greater Western Water	ESC	1,475
9	Queensland	Unitywater		865
10	Queensland	City of Gold Coast		693
11	New South Wales	Hunter Water Corporation	IPART	648
12	ACT	Icon Water	ICRC	482
13	Tasmania	TasWater	OTTER	475
14	Victoria	Barwon Region Water Corporation	ESC	386
15	Queensland	Logan City Council		375
<b>16</b>	<b>New South Wales</b>	<b>Central Coast Council</b>	<b>IPART</b>	<b>347</b>
17	Queensland	Townsville City Council		205
18	Victoria	Central Highlands Water	ESC	189
19	Victoria	Coliban Region Water Corporation	ESC	181
20	Queensland	Cairns Regional Council		178

Source: Australian Government: Bureau of Meteorology, *National performance report 2024-25: water and wastewater service providers; Part B National performance reports: Water Information: Bureau of Meteorology* Accessed 26 February 2026.

a. Essential Services Commission, Victoria (ESC), Essential Services Commission of South Australia (ESCOSA), Independent Competition and Regulatory Commission (ICRC), Office of the Tasmanian Economic Regulator (OTTER).

Table C.2 compares CCC Water to the top 25 Local Water Utilities (LWU) in NSW in terms of total number of connected properties to water services (residential and non-residential). This table shows that CCC Water is significantly larger than the other LWUs, being almost 3 times the size of the next largest LWU. The weighted median of total connected properties for water services for all NSW LWUs is 26,975.

Table C.2 Total connected properties – water service (2024-25, number)

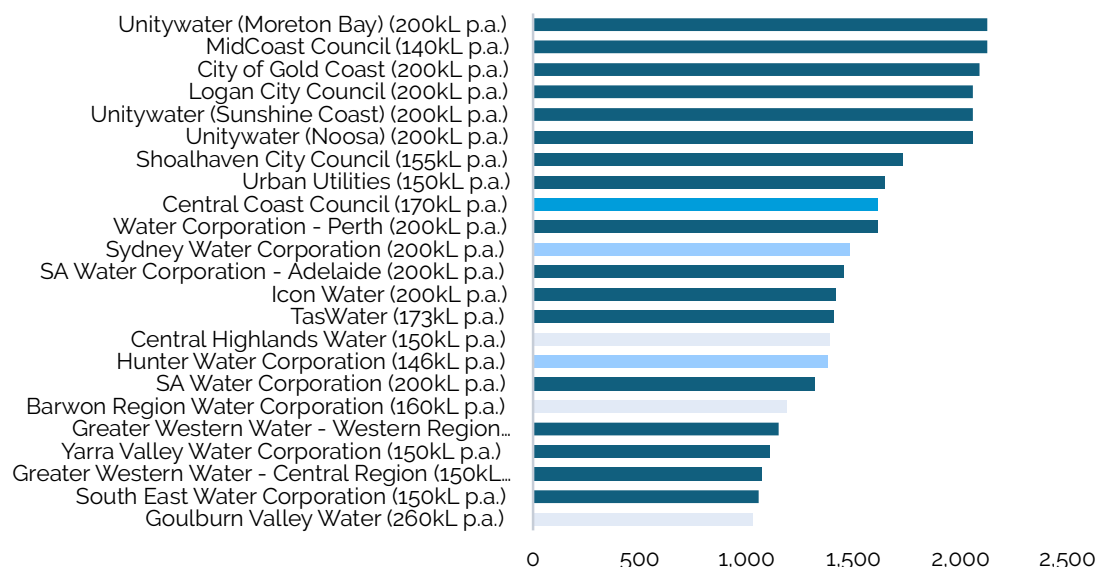
	Utility	Customers
<b>1</b>	<b>Central Coast</b>	<b>143,212</b>
2	Shoalhaven	51,584
3	MidCoast	43,231
4	Tweed	38,508
5	Port Macquarie-Hastings	33,051
6	Riverina Water	32,154
7	Coffs Harbour	29,346
8	Queanbeyan-Palerang	28,713
9	Albury	26,975
10	Tamworth	24,295
11	Clarence Valley	23,640
12	Dubbo	22,110
13	Wingecarribee	21,443
14	Eurobodalla	20,836
15	Orange	19,079
16	Bathurst	18,004
17	Ballina	17,324
18	Lismore	15,705
19	Bega Valley	14,830
20	Kempsey	13,881
21	Goulburn Mulwaree	12,786
22	Byron	11,323
23	Armidale	10,847
24	Goldenfields	10,761
25	Essential Energy	10,538

Source: NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW), *Local Water Utility performance- Performance monitoring database 2023-24* [Local Water Utility performance | Water](#) Accessed 26 February 2026.

## C.2 CCC Water's bills would be broadly in the middle of other Australian water businesses

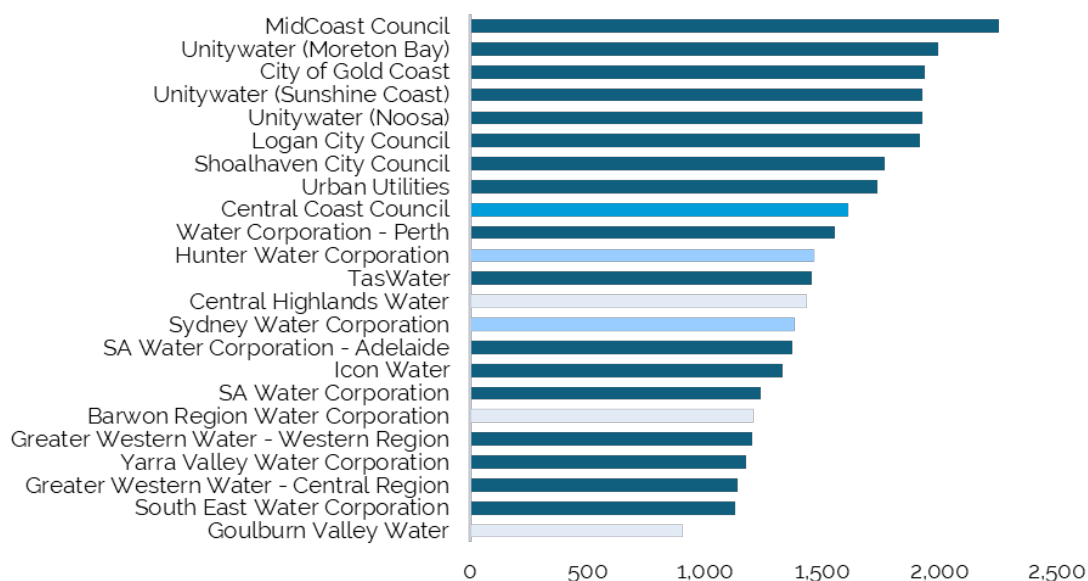
We compared the typical bill from our draft decisions for CCC Water with the typical bills for next year of a selection of other Australian water businesses (presented in Figure C.1). This comparison uses the average water usage specific to each water business.

Figure C.1 Typical annual bills for major water businesses in 2026-27 (in \$2025-26)



Note Typical bills for Sydney Water, Hunter Water and CCC Water are based on FY2026-27 charges. Typical bill for TasWater is based on draft report charges for FY2026-27. All other bills are based on FY2025-26 charges and assumed to stay constant in real terms.  
Source: IPART analysis

Figure C.2 Annual bills in 2026-27 assuming 170kL of water usage (in \$2025-26)



Note Typical bills for Sydney Water, Hunter Water and CCC Water are based on FY2026-27 charges. Typical bill for TasWater is based on draft report charges for FY2026-27. All other bills are based on FY2025-26 charges and assumed to stay constant in real terms.  
Source: IPART analysis

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Figure C.2 above compares the same water businesses as in Figure C.1 but using the same water consumption for a typical bill of 170 kL per year. The average typical bill in Figure C.1 is \$1,544 and the average typical bill in Figure C.2 is \$1,522. Comparing to the typical bill for CCC Water of \$1,612 using our draft decisions, means the typical bill for CCC Water customers is 4-6% more than the average of typical bills for the selected water businesses.

The figures above display typical bills using prices for next year, and other than for CCC Water, Sydney Water and Hunter Water, those prices are based on this year's prices and are assumed to increase with inflation only. That is, the figures do not include any price increases that:

- have already been determined for years beyond 2026-27 (as is the case for Sydney Water and Hunter Water under our 2025 determinations),
- may be the result of future price reviews, such as for TasWater where Office of the Tasmanian Economic Regulator is currently conducting a review of prices that TasWater can charge for its water and sewerage services.<sup>108</sup>

### C.3 CCC Water's regulatory environment has recently changed

We have set the maximum prices that CCC Water can charge for its water, wastewater and other services since 2019, following the amalgamation of Gosford City Council (GCC) and Wyong Shire Council (WSC) in 2016. Prior to that, IPART had set prices for GCC and WSC since shortly after IPART's inception in 1992.

When IPART last set prices for CCC Water in 2022, it was a Water Supply Authority (WSA) under the *Water Management Act 2000 (WM Act)* as well as an LWU under the *Local Government Act 1993 (LG Act)*.<sup>9</sup> CCC Water was the only council subject to both Acts and this meant it was operating within a more complex and different regulatory setting than either State Owned Corporations (SOCs) such as Sydney Water Corporation or Hunter Water Corporation or other LWUs.

In early 2024, the NSW Department of Climate Change, Energy, Environment and Water (DCCEE) considered options to reform the legislative framework under which CCC Water operates. The aim of this reform was to simplify CCC Water's regulatory environment.

In August 2024, the NSW Parliament passed the *Water Management Amendment (Central Coast Council) Act 2024*<sup>109</sup> (*Amendment Act*). The *Amendment Act* provided for a number of key changes, including:

- under the *WM Act*, the removal of CCC Water as a WSA
- under the *IPART Act*, IPART continues to have a standing reference to set maximum prices for government monopoly services provided by CCC Water, except stormwater drainage services
- under the *LG Act*, statutory restrictions on CCC Water's use of revenue from water and wastewater special rates and charges, and
- the repeal of the *Central Coast Water Corporation Act 2006*.

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<sup>9</sup> As was GCC and WSC before the amalgamation.

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The *Amendment Act* means that CCC Water is now governed by the *LG Act* only and must recover the costs of providing services in accordance with the *LG Act*. The *LG Act* imposes a number of operational restrictions on CCC Water that do not apply to other water businesses. For example, the *LG Act*:

- requires Ministerial approval for certain works
- restricts how CCC Water may use certain funds depending on the source of those funds<sup>r</sup>
- allows CCC Water only to use money received from levying special rates or charges for water supply services for sewerage services (and vice versa).

#### C.4 We heard that stakeholders were unsatisfied with CCC Water's previous performance and accountability

During our review of CCC Water's water and wastewater service prices in 2022<sup>110</sup>, we found that CCC Water needed to improve its performance and increase its accountability to its customers. This was based on our consultations with customers, our assessment of CCC Water's historical performance, and our independent expert's review of its strategic plans and asset management systems.

We made several recommendations in our Final Report targeted to address these concerns and published a separate Information Paper (Improving Performance)<sup>111</sup> that detailed our concerns and the recommendations to drive the improvements needed for CCC Water. One of the recommendations was that the NSW Government authorises IPART to investigate and report publicly on CCC Water's performance as a WSA and its progress implementing management and governance improvements in 2 years' time (to start after July 2024). We also recommended that the NSW Government considers the merit of amending the way CCC Water is regulated to implement a more targeted and robust framework for CCC Water, such as an operating licence.

The considerations of CCC Water's regulatory options by DCCEE in 2024 and the adoption of the *Amendment Act* in August 2024, meant that IPART was not requested to investigate and report on CCC Water's performance as a WSA as recommended by IPART in its 2022 Final Report. The *Amendment Act* also did not provide ways to address CCC Water's performance and accountability issues, such as establishing it as a corporation with a dedicated board of appropriately qualified experts or requiring CCC Water to have an operating licence. IPART therefore has no direct role in regulating or enforcing its performance or service standards.

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<sup>r</sup> Generally, councils may only use money received from levying special rates or charges for the purpose for which the rate or charge was levied. For example, money received from levying a special rate for providing water supply services could only be used for water supply services.

Appendix D >>

Weighted average cost of capital

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D

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To calculate an allowance for the return on assets in the revenue requirement, we multiply the value of the regulatory asset base (RAB) in each year of the determination period by an appropriate rate of return. To do this, we determine the rate of return using a weighted average cost of capital (WACC).

This appendix shows the parameters we used to calculate the WACC and explains our decision about how to treat annual changes in the WACC over the determination period:

## D.1 We use our standard approach to calculate the WACC

We used our standard 2018 WACC methodology to calculate the WACC. Under this approach, we estimate one WACC based on current market data, and one based on long-term average data. When our uncertainty index, which indicates the level of volatility in capital markets, is within one standard deviation of its mean value, we select the mid-point of the current and long-term WACC values. The uncertainty index was within this range at the time we calculated the WACC.

Table D.1 sets out the parameters we used to derive CCC Water's 3.6% post-tax real WACC.

Table D.1 WACC calculation using IPART's standard approach

	Step 1 - Market data Market data		Step 2 – Final WACC range		
	Current	Long term	Lower	Mid-point	Upper
Nominal risk-free rate	3.8%	2.9%			
Inflation	2.6%	2.6%			
Implied debt margin	2.1%	2.1%			
Market risk premium	5.9%	6.0%			
Debt funding	60%	60%			
Equity funding	40%	40%			
Total funding (debt + equity)	100%	100%			
Gamma	0.25	0.25			
Corporate tax rate	30%	30%			
Effective tax rate for equity	30%	30%			
Effective tax rate for debt	30%	30%			
Equity beta	0.70	0.70			
Cost of equity (nominal post-tax)	7.9%	7.1%			
Cost of equity (real-post tax)	5.2%	4.4%			
Cost of debt (nominal pre-tax)	5.9%	5.0%			
Cost of debt (real pre-tax)	3.2%	2.3%			
Nominal vanilla (post-tax nominal) WACC	6.7%	5.8%	5.8%	6.3%	6.7%
<b>Post-tax real WACC</b>	<b>4.0%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.6%<sup>a</sup></b>	<b>4.0%</b>
Pre-tax nominal WACC	7.6%	6.6%	6.6%	7.1%	7.6%
<b>Pre-tax real WACC point estimate</b>	<b>4.8%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>4.4%</b>	<b>4.8%</b>

Source: IPART analysis

a. This is the WACC we use for our proposed prices in this draft report.

## D.2 Our methodology to calculate WACC parameters

This section sets out some of the key methodologies we use to derive the component parameters used to calculate the WACC under our standard approach.

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### D.2.1 Gearing and beta

In selecting proxy industries, we consider the type of business the firm is in. If we cannot directly identify proxy firms that are in the same business, then we would consider which other industries exhibit returns that are comparably sensitive to market returns.

We adopted the standard values of 60% gearing and an equity beta of 0.7. We undertook preliminary proxy company analysis on several different types of industries with risk profiles similar to water businesses. Our analysis supported continuing to use an equity beta of 0.7 when 60% gearing is used.

### D.2.2 Sampling dates for market observations

For the Draft Report, we applied a sampling period up to the end of December 2025 for the market observations. This sampling period will apply only for the purpose of the WACC calculated in this Draft Report. When we release our Final Report on CCC Water's prices, we will use a sampling period that is closer to our Final Report release date and consistent with our 2018 WACC method.

For earlier years in the trailing average calculation of the historic cost of debt, we sampled to the end of March in each year.

### D.2.3 Tax rate

We assumed the Benchmark Equivalent Entity is a large public water utility. The scale economies that are important to firms of this type suggest that the Benchmark Equivalent Entity would be likely to be well above the turnover threshold at which a firm becomes ineligible for a reduced corporate income tax rate. Therefore, we used a tax rate of 30%.

### D.2.4 Regulatory period

We applied the WACC estimate for the duration of the determination period.

### D.2.5 Application of trailing average method

Our [2018 review of the WACC method](#) introduced a decision to estimate both the long-term and current cost of debt using a trailing average approach, which updates the cost of debt annually over the regulatory period.

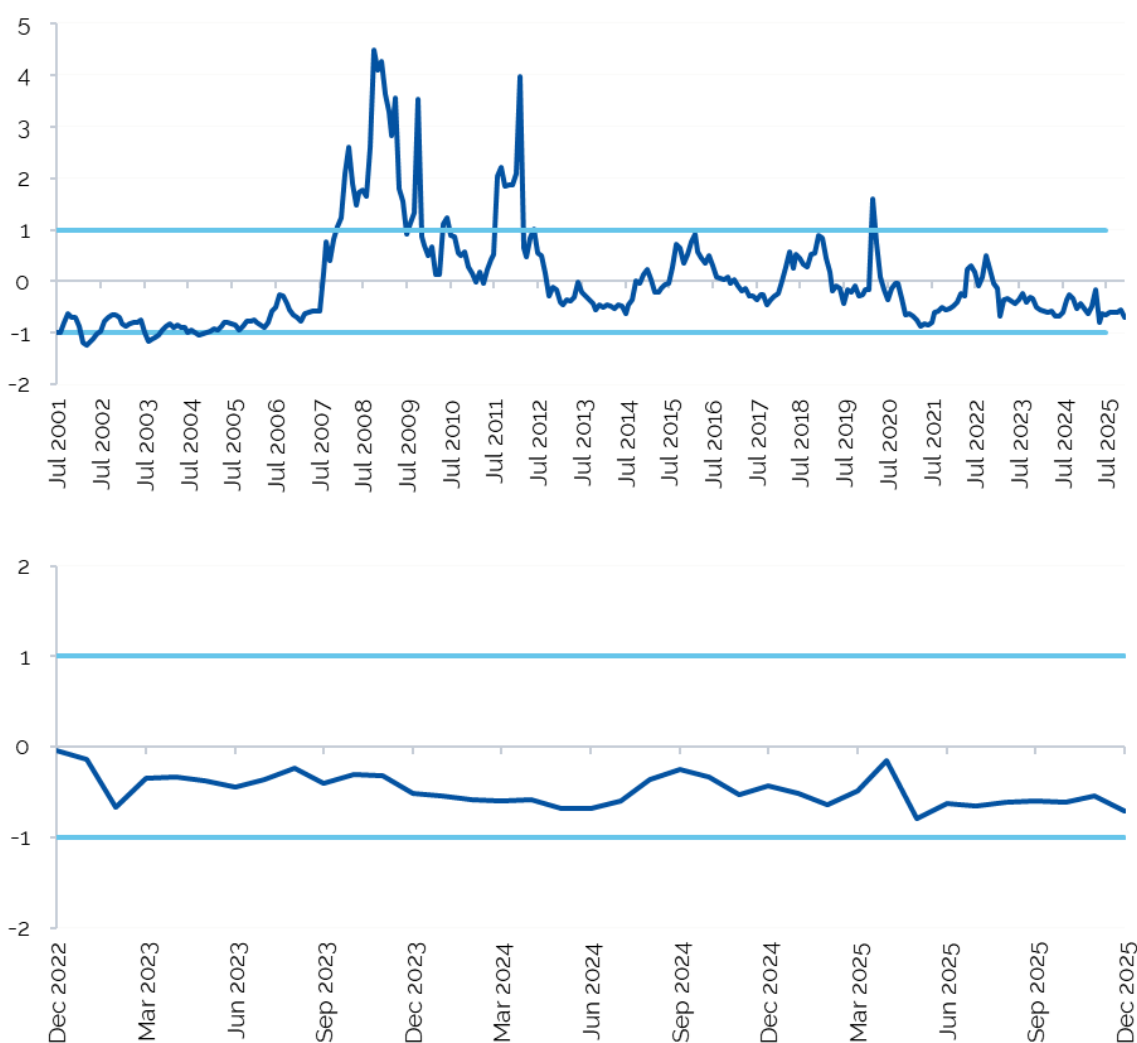
We have not applied a transition to the trailing average in our WACC calculation for this Draft Report. The transition to the trailing average was applied in CCC Water's 2022 Determination, so we consider that the businesses is now fully transitioned to the trailing average approach.

## D.2.6 Uncertainty index

Under current IPART's WACC method, we estimate one WACC using current market data and one using long-term average data. When our uncertainty index — which indicates the level of volatility in capital markets — is within one standard deviation of its mean value, we select the mid-point of the current and long-term WACC values.

As Figure D.1 shows, the uncertainty index for market observations to the end of December 2025 is within one standard deviation of its mean value. Therefore, we have set our Draft Report WACC based on the mid-point of the current and long-term WACC values.

Figure D.1 IPART's uncertainty index



Data source: Refinitiv and IPART analysis

Appendix E 

Detailed Financial Tables



E

## E.1 Building blocks and notional revenue requirement

### E.1.1 Total notional revenue requirement

Table E.1 Draft decision on total notional revenue requirement for the 2026 determination period (\$ millions, \$2025-26)

	2026-27	2027-28	2028-29	2029-30	2030-31	Total
<b>Total NRR proposed by CCC Water</b>	267.0	254.1	258.0	263.6	264.6	1,307.3
<b>IPART decision (building block components)</b>						
Operating Allowance	147.5	142.7	144.1	147.6	145.5	727.4
Return on assets	63.5	67.1	69.4	70.8	71.8	342.8
Return of assets (Depreciation)	44.8	47.3	49.2	50.7	52.1	244.0
Return on Working Capital	0.6	0.7	1.0	1.0	1.2	4.5
Tax Allowance	1.5	1.9	2.3	2.6	3.0	11.3
Other Costs / Adjustments	11.0	-3.1	-5.4	-6.3	-6.0	-9.8
<b>IPART decision - Total CCC Water NRR</b>	268.9	256.6	260.7	266.5	267.5	1,320.2
Difference between the proposed and IPART draft decision total NRR (\$)	1.9	2.5	2.7	2.8	2.9	12.9
Difference between the proposed and IPART draft decision total NRR (%)	0.7%	1.0%	1.1%	1.1%	1.1%	1.0%

Note: Totals may not add due to rounding. In this table, the regulatory depreciation is a mid-year figure (i.e. the RAB roll-forward depreciation figure is discounted by half a year of WACC).  
Source: IPART analysis.

### E.1.2 Return on assets

Table E.2 Draft decision on return on assets for the 2026 determination period (\$ millions, \$2025-26)

	2026-27	2027-28	2028-29	2029-30	2030-31	Total
CCC Water proposal	59.0	62.3	64.4	65.7	66.6	318.1
IPART decision	63.5	67.1	69.4	70.8	71.8	342.8
Difference (\$)	4.5	4.8	5.0	5.1	5.2	24.7
Difference (%)	7.7%	7.7%	7.8%	7.8%	7.8%	7.8%

Note: Totals may not add due to rounding.  
Source: IPART analysis.

Table E.3 Draft decision on regulatory asset base roll-forward for the 2022 determination period (\$ millions, \$nominal)

	2021-22	2022-23	2023-24	2024-25	2025-26
Opening RAB for CCC Water	1,273.4	1,360.3	1,452.0	1,536.2	1,624.1
<i>Plus</i> Efficient capital expenditure	26.8	47.0	68.2	97.2	95.6
<i>Less</i> Asset Disposals	0.0	0.0	0.0	0.0	0.0
<i>Less</i> Regulatory Depreciation	18.4	38.3	40.5	42.6	45.2
<i>Plus</i> Indexation	78.5	83.0	56.5	33.3	45.1
<b>Closing RAB</b>	1,360.3	1,452.0	1,536.2	1,624.1	1,719.7
CCC Water Proposal	1,361.0	1,453.3	1,538.1	1,626.6	1,740.7
Difference (\$)	-0.7	-1.3	-1.9	-2.5	-21.0
Difference (%)	-0.1%	-0.1%	-0.1%	-0.2%	-1.2%

Note: Totals may not add due to rounding. These figures include finance leases and exclude RAB adjustments. The difference between the closing RAB and CCC Water's proposal is due to adjustments to efficient capital expenditure in 2024-25.  
Source: IPART analysis.

Table E.4 Draft decision on regulatory asset base roll-forward for the 2026 determination period (\$ millions, \$2025-26)

	2026-27	2027-28	2028-29	2029-30	2030-31
Opening RAB for CCC Water	1,719.7	1,827.6	1,921.2	1,955.8	1,998.3
<i>Plus</i> Efficient capital expenditure	153.4	141.7	84.7	94.1	64.0
<i>Less</i> Asset Disposals	0.0	0.0	0.0	0.0	0.0
<i>Less</i> Regulatory Depreciation	45.6	48.1	50.1	51.6	53.0
<i>Plus</i> Indexation	0.0	0.0	0.0	0.0	0.0
<b>Closing RAB</b>	1,827.6	1,921.2	1,955.8	1,998.3	2,009.3
CCC Water Proposal	1,848.6	1,942.2	1,977.0	2,019.5	2,030.6
Difference (\$)	-21.0	-21.1	-21.1	-21.2	-21.2
Difference (%)	-1.1%	-1.1%	-1.1%	-1.0%	-1.0%

Note: Totals may not add due to rounding.  
Source: IPART analysis

### E.1.3 Return of assets (regulatory depreciation allowance)

Table E.5 Draft decision on allowance for return of assets for the 2026 determination period (\$ millions, \$2025-26)

	2026-27	2027-28	2028-29	2029-30	2030-31	Total
CCC Water proposal	45.0	47.5	49.4	50.9	52.3	245.1
IPART decision	44.8	47.3	49.2	50.7	52.1	244.0
Difference (\$)	-0.2	-0.2	-0.2	-0.2	-0.2	-1.1
Difference (%)	-0.5%	-0.5%	-0.5%	-0.4%	-0.4%	-0.5%

Note: Totals may not add due to rounding.  
Source: IPART analysis

Table E.6 Draft decision on remaining asset lives for existing assets (years)

Remaining RAB lives of depreciable assets existing on 1 July 2026	
Water	35.1
Wastewater	40.5

Note: Existing assets account for finance leases.

Table E.7 Draft decision on expected lives of new assets (years)

	2026-27	2027-28	2028-29	2029-30	2030-31
Water	60.3	60.3	60.3	60.3	60.3
Wastewater	57.4	57.4	57.4	57.4	57.4

## E.1.4 Working capital allowance

Table E.8 Draft decision for the return on working capital allowance for the 2026 determination period (\$millions, \$2025-26)

	2026-27	2027-28	2028-29	2029-30	2030-31	Total
CCC Water proposal	2.64	2.51	2.83	2.87	3.03	13.9
IPART decision	0.60	0.71	1.02	1.02	1.18	4.5
Difference (\$)	-2.0	-1.8	-1.8	-1.8	-1.9	-9.4
Difference (%)	-77.2%	-71.9%	-63.9%	-64.3%	-61.1%	-67.3%

Note: Totals may not add due to rounding.  
Source: IPART analysis

## E.1.5 Tax allowance

Table E.9 Draft decision on the tax allowance for the 2026 determination period (\$millions, \$2025-26)

	2026-27	2027-28	2028-29	2029-30	2030-31	Total
CCC Water proposal	1.12	1.45	1.84	2.17	2.53	9.1
IPART decision	1.48	1.88	2.29	2.64	3.00	11.3
Difference (\$)	0.4	0.4	0.5	0.5	0.5	2.2
Difference (%)	31.9%	29.7%	24.8%	21.4%	18.8%	24.0%

Note: Totals may not add due to rounding.  
Source: IPART analysis

## E.2 Trade waste charges

Our draft decision is to set the maximum trade waste prices from 1 October 2025 to 30 June 2030 as presented in the following tables.

Table E.10 Trade waste application charges (\$2025-26)

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
Category 1	Per application	\$159.54	\$149.16	-6.5%
Category 2	Per application	\$201.94	\$235.51	16.6%
Category 3	Per application	\$3,183.25	\$4,221.43	32.6%
Category S	Per application	\$201.94	\$188.41	-6.7%

Table E.11 Category 3-specific charges

Charge	Unit	2025-26	2026-27 to 2030-31
Pre-lodgement Meeting and Advice	Per application	New charge	\$662.92
Additional Monitoring and Inspection Fee (Category 3)	Per application	New charge	\$447.48

Table E.12 Trade waste approval charges (\$2025-26)

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
Category 1	Per year	\$167.62	\$157.01	-6.3%
Category 2	Per year	\$521.84	\$511.38	-2.0%
Category 3	Per year	\$1,958.92	\$2,002.99	2.2%
Category S	Per year	\$244.86	\$487.83	99.2%

Table E.13 Trade waste usage charges (\$2025-26)

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
Category 2 (compliant pre-treatment)	Per kL	\$2.26	\$2.25	-0.4%
Category 2 (noncompliant)	Per kL	\$19.34	\$20.36	5.3%
Category S (Septic effluent unable to discharge onsite)	Per kL	\$2.26	\$2.96	31.0%
Category S (Septage and chemical toilet waste)	Per kL	\$21.68	\$22.25	2.6%

Table E.14 Re-inspection charge

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
Re-inspection Fee 1,2,3 & S	Per application	\$184.79	\$324.26	75.5%

Table E.15 Mass-based charges (\$2025-26)

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
Biochemical oxygen demand (BOD)	Charge (\$/kg)	\$1.01	\$1.00	-1.0%
Suspended Solids	Charge (\$/kg)	\$1.32	\$1.30	-1.5%
Oil and grease	Charge (\$/kg)	\$1.85	\$1.83	-1.1%
Ammonia	Charge (\$/kg)	\$2.99	\$2.96	-1.0%
Total Kjeldahl Nitrogen	Charge (\$/kg)	\$1.01	\$1.00	-1.0%
Total Phosphorus	Charge (\$/kg)	\$2.09	\$2.07	-1.0%
Total dissolved solids (TDS)	Charge (\$/kg)	\$0.30	\$0.30	0.0%
Sulphate (SO4)	Charge (\$/kg)	\$0.48	\$0.47	-2.1%
Cadmium	Charge (\$/kg)	\$423.81	\$33.15	-92.2%
Chromium	Charge (\$/kg)	\$30.50	\$33.15	8.7%
Copper	Charge (\$/kg)	\$18.66	\$20.36	9.1%
Cyanide	Charge (\$/kg)	\$91.54	\$100.62	9.9%
Fluoride	Charge (\$/kg)	\$4.55	\$4.97	9.2%
Lead	Charge (\$/kg)	\$45.80	\$49.72	8.6%
MBAS	Charge (\$/kg)	\$1.01	\$1.00	-1.0%
Nickel	Charge (\$/kg)	\$30.50	\$33.15	8.7%
Petroleum Hydrocarbons	Charge (\$/kg)	\$2.88	\$3.37	17.0%
pH	Charge (\$/kg)	\$0.53	\$0.59	11.3%
Sulphide	Charge (\$/kg)	\$0.48	\$0.48	0.0%
Zinc	Charge (\$/kg)	\$18.65	\$20.36	9.2%

### E.3 Miscellaneous and ancillary charges

Our draft decisions on miscellaneous and ancillary charges over the 2025 determination period are set out in the following table.

Table E.16 Draft miscellaneous service charges (\$2025-26)

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
<b>Conveyancing Certificate – Statement of Outstanding Charges (s360 Certificate)</b>	Per certificate	32.60	Discontinue	
<b>Property Sewerage Line and Drainage Diagram</b>				
Property sewer line and drainage diagrams	Per title	30.65	17.49	-43%
Property sewer line and drainage diagrams (with long section)	Per diagram	43.20	Discontinue	
Property sewer line and drainage diagrams (property complex)	Per diagram	48.90	Discontinue	
<b>Water and Sewer Service Location Diagrams</b>				
Water and sewer main location plans	Per diagram	26.07	17.49	-33%
Water and sewer main location plans (including long sections). Diagram will include additional longitudinal (depth) data	Per diagram	34.07	29.99	-12%
<b>Special Meter Reading Statement</b>	Per document	38.43	31.24	-19%
<b>Water Billing Record Search Statement</b>				
From previous FY, up to and including 5 years	Per document	53.82	43.73	-19%
From previous FY, up to and including 10 years	Per document	86.23	84.18	-2%
From previous FY, to beyond 10 years	Per document	118.67	118.70	0%
<b>Building Over or Adjacent to Existing Water or Sewer Compliance Advice</b>	Per assessment	67.24	102.03	52%
<b>Water Service Disconnection</b>				
Application	Per application	76.87	54.44	-29%
Physical Disconnection 20mm meter	Per disconnection	291.86	537.77	84%
Physical Disconnection 25mm meter	Per disconnection	New charge	540.48	
Physical Disconnection 32mm meter	Per disconnection	New charge	703.84	
Physical Disconnection 40mm meter	Per disconnection	New charge	703.84	
Physical Disconnection 50mm meter	Per disconnection	New charge	794.95	
Physical Disconnection 65mm meter	Per disconnection	New charge	794.95	
Physical Disconnection 80mm meter	Per disconnection	New charge	1,116.88	
Physical Disconnection 100mm meter	Per disconnection	New charge	1,156.87	
Physical Disconnection 150mm meter	Per disconnection	New charge	1,582.18	

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
<b>Replace a missing meter</b>				
Replace 20mm meter	Per service	New charge	75.74	
Replace 25mm meter	Per service	New charge	75.74	
Replace 32mm meter	Per service	New charge	113.62	
Replace 40mm meter	Per service	New charge	113.62	
Replace 50mm meter	Per service	New charge	181.79	
Replace 65mm meter	Per service	New charge	227.24	
Replace 80mm meter	Per service	New charge	302.99	
Replace 100mm meter	Per service	New charge	454.49	
Replace 150mm meter	Per service	New charge	537.06	
Unsuccessful site visit	Per service	New charge	60.60	
<b>Workshop test of water meter</b>				
	Per test			
Workshop test of 20mm to 80mm meter	Per meter tested	New charge	387.16	
Workshop test of meter > 80mm	Per meter tested	New charge	599.5	
<b>Water Service Connection</b>				
Application for connection of water service (all sizes)	Per application	76.87	54.44	-29%
Water service connection meter only (20mm)	Per service	139.09	150.62	8%
Water service connection short service (20mm)	Per service	1,756.27	1,534.08	-13%
Water service connection long service (20mm)	Per service	New charge	2,979.36	
Water service connection meter only (25mm)	Per service	222.54	147.09	-34%
Water service connection short service (25mm)	Per service	1,769.94	1,698.53	-4%
Water service connection long service (25mm)	Per service	2,453.03	3,114.80	27%
Water service connection meter only (32mm)	Per service	New charge	234.82	
Water service connection short service (32mm)	Per service	New charge	2,902.19	
Water service connection long service (32mm)	Per service	New charge	4,111.27	
Water service connection meter only (40mm)	Per service	701.67	252.89	-64%
Water service connection short service (40mm)	Per service	3,151.89	3,549.42	13%
Water service connection long service (40mm)	Per service	3,944.65	4,619.16	17%
Water service connection meter only (50mm)	Per service	1,161.89	330.30	-72%
Water service connection short service (50mm)	Per service	3,892.97	3,883.76	0%

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
Water service connection long service (50mm)	Per service	4,721.41	4,897.21	4%
Water service connection meter only (65mm)	Per service	1,179.85	656.82	-44%
Water service connection short service (65mm)	Per service	3,959.65	4,559.62	15%
Water service connection long service (65mm)	Per service	4,627.22	5,739.61	24%
Water service connection meter only (80mm)	Per service	1,256.42	784.74	-38%
Water service connection metered short service (80mm)	Per service	7,588.82	4,939.66	-35%
Water service connection unmetered short fire service (80mm)	Per service	6,493.59	4,939.66	-24%
Water service connection long metered service (80mm)	Per service	14,113.37	8,573.37	-39%
Water service connection unmetered long fire service (80mm)	Per service	13,018.14	8,573.37	-34%
Water service connection meter only (100mm)	Per service	1,523.58	922.78	-39%
Water service connection metered short service (100mm)	Per service	8,003.42	5,429.31	-32%
Water service connection unmetered short fire service (100mm)	Per service	6,979.10	5,429.31	-22%
Water service connection metered long service (100mm)	Per service	14,770.72	9,661.30	-35%
Water service connection unmetered long fire service (100mm)	Per service	13,746.40	9,661.30	-30%
Water service connection meter only (150mm)	Per service	New charge	1,581.32	
Water service connection metered short service (150mm)	Per service	11,571.55	9,409.70	-19%
Water service connection unmetered short fire service (150mm)	Per service	6,979.10	9,409.70	35%
Water service connection metered long service (150mm)	Per service	17,853.34	12,539.82	-30%
Water service connection unmetered long fire service (150mm)	Per service	16,659.41	12,539.82	-25%
<b>Standpipe Hire – Security Bond</b>				
25mm	Per hire	746.81	832.10	11%
65mm	Per hire	2,403.39	1,836.10	-24%
<b>Standpipe Hire – Annual Fee</b>				
25mm	Per hire	330.76	373.70	13%
65mm	Per hire	2,235.91	2,253.93	1%
Standpipe special reading fee	Per reading	144.08	Discontinue	
<b>Standpipe Water Usage (per kL)</b>	Per kL	2.62	3.09	18%
<b>Bulkwater Application Fee</b>	Per application	New charge	52.22	
<b>Backflow Prevention Device Application and Initial Registration</b>	Per application	99.22	91.20	-8%

Charge	Unit	2025-26	2026-27 to 2030-31	Change (%)
<b>Inspection of New Water and Sewer Assets (including encasements)</b>				
Inspection of new water and sewer assets including encasements and new junctions	Per application	148.38	156.98	6%
Linear asset	Per linear metre	7.78	16.46	112%
Laboratory analysis to confirm disinfection	Per 50m of water main	29.85	29.14	-2%
After hours inspection (four hours minimum)	Per four hours	441.76	627.91	42%
After hours inspection (per hour beyond four hours)	Per hour	125.37	156.98	25%
inspection of new water or sewage pump station	Per inspection	6,696.65	7,608.60	14%
<b>Statement of Available Pressure and Flow</b>	Per document	165.75	227.71	37%
<b>Adjust Existing Water Service</b>				
Application for adjustment of water service	Per service	76.87	54.44	-29%
Raise or lower adjust 20mm or 25mm water meter by ≤ 1m	Per service	630.75	453.22	-28%
Laterally adjust 20mm or 25mm water meter by ≤ 1m	Per service	New charge	640.85	
Other water service adjustments <sup>s</sup>	Per service	By quote	By quote	
<b>Raise or Lower Sewer Manhole (Inspection Fee)</b>				
Raise or Lower Sewer Manhole (Inspection Fee)	Per request	145.46	Discontinue	
Physical adjustment	Per adjustment	By quote	Discontinue	
<b>Water or Sewer Engineering Plan and Technical Assessment</b>				
Small projects - relocations, private SPS and/or development ≤10 lots or extension to properties outside area	Per investigation	362.72	546.25	51%
Medium projects > 10 and < 50 lots, and mains relocation incl R&D unit	Per investigation	865.61	1,306.02	51%
Large projects ≥ 50 and <150 lots or large or medium density developments	Per investigation	1,104.67	1,826.67	65%
Special projects (roads and rail or SPS adjustments, relocations, development water catchment areas, or subdivisions > 150 lots)	Per investigation	3,792.12	4,365.48	15%
<b>Section 307 Certificate</b>				
Boundary realignment, subdivisions or developments involving mains extensions (above dual occupancy)	Per certificate	372.73	385.02	3%
Single residential development and dual occupancy	Per certificate	182.23	188.23	3%
Commercial buildings (non-residential)	Per certificate	265.05	273.79	3%
<b>Section 305 Application</b>	Per application	72.02	54.44	-24%
<b>Building in Proximity to Pipelines Assessment</b>	Per assessment	165.66	171.12	3%

<sup>s</sup> Note: This charge will not appear in the determination because we are not fixing a price for this service.

## E.4 Bill impacts

Table E.17 Bill impacts for CCC Water's proposed prices and our draft prices for water and wastewater (\$2025-26)

	Water usage (kL/year)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposed</b>							
Typical House	180	\$1,482.74	\$1,598	\$1,598	\$1,598	\$1,598	\$1,598
Annual change			7.8%	0.0%	0.0%	0.0%	0.0%
Typical Apartment	105	\$1,263.39	\$1,357	\$1,357	\$1,357	\$1,357	\$1,357
Annual change			7.4%	0.0%	0.0%	0.0%	0.0%
Large User	250	\$1,692.34	\$1,845	\$1,845	\$1,845	\$1,845	\$1,845
Annual change			9.0%	0.0%	0.0%	0.0%	0.0%
Small User	150	\$1,430.34	\$1,536	\$1,536	\$1,536	\$1,536	\$1,536
Annual change			7.4%	0.0%	0.0%	0.0%	0.0%
Pensioner couple (with rebate)	112	\$1,155.78	\$1,244	\$1,244	\$1,244	\$1,244	\$1,244
Annual change			7.6%	0.0%	0.0%	0.0%	0.0%
Pensioner couple (without rebate)	112	\$1,330.78	\$1,419	\$1,419	\$1,419	\$1,419	\$1,419
Annual change			6.6%	0.0%	0.0%	0.0%	0.0%
Pensioner single (with rebate)	81	\$1,074.56	\$1,148	\$1,148	\$1,148	\$1,148	\$1,148
Annual change			6.9%	0.0%	0.0%	0.0%	0.0%
Pensioner single (without rebate)	81	\$1,249.56	\$1,323	\$1,323	\$1,323	\$1,323	\$1,323
Annual change			5.9%	0.0%	0.0%	0.0%	0.0%
<b>Draft decision</b>							
Typical House	180	\$1,482.74	\$1,612	\$1,612	\$1,612	\$1,612	\$1,612
Annual change			8.7%	0.0%	0.0%	0.0%	0.0%
Typical Apartment	105	\$1,263.39	\$1,371	\$1,371	\$1,371	\$1,371	\$1,371
Annual change			8.5%	0.0%	0.0%	0.0%	0.0%
Large User	250	\$1,692.34	\$1,859	\$1,859	\$1,859	\$1,859	\$1,859
Annual change			9.8%	0.0%	0.0%	0.0%	0.0%
Small User	150	\$1,430.34	\$1,550	\$1,550	\$1,550	\$1,550	\$1,550
Annual change			8.4%	0.0%	0.0%	0.0%	0.0%
Pensioner couple (with rebate)	112	\$1,155.78	\$1,257	\$1,257	\$1,257	\$1,257	\$1,257
Annual change			8.8%	0.0%	0.0%	0.0%	0.0%
Pensioner couple (without rebate)	112	\$1,330.78	\$1,432	\$1,432	\$1,432	\$1,432	\$1,432
Annual change			7.6%	0.0%	0.0%	0.0%	0.0%

	Water usage (kL/year)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Pensioner single (with rebate)	81	\$1,074.56	\$1,162	\$1,162	\$1,162	\$1,162	\$1,162
Annual change			8.1%	0.0%	0.0%	0.0%	0.0%
Pensioner single (without rebate)	81	\$1,249.56	\$1,337	\$1,337	\$1,337	\$1,337	\$1,337
Annual change			7.0%	0.0%	0.0%	0.0%	0.0%

Table E.18 Bill impacts for CCC Water's proposed prices and our draft prices on water usage charges for renters with a separate meter (\$2025-26)

	Water usage (kL/year)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposed</b>							
Renter - typical house	170	445	525	525	525	525	525
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - typical apartment	105	275	324	324	324	324	324
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - large household	250	655	773	773	773	773	773
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - small household	150	393	464	464	464	464	464
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - pensioner couple (no rebate)	112	293	346	346	346	346	346
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - pensioner single (no rebate)	81	212	250	250	250	250	250
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
<b>Draft decision</b>							
Renter - typical house	170	445	525	525	525	525	525
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - typical apartment	105	275	324	324	324	324	324
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - large household	250	655	773	773	773	773	773
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - small household	150	393	464	464	464	464	464
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - small household	112	293	346	346	346	346	346
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%
Renter - pensioner couple (no rebate)	81	212	250	250	250	250	250
Annual change			17.9%	0.0%	0.0%	0.0%	0.0%

Table E.19 Bill impacts for CCC Water's proposed prices and our draft prices on water service and wastewater charges for landlords (\$2025-26)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>CCC Water proposed</b>						
Landlord that leases a separately metered property						
House	1,037	1,073	1,073	1,073	1,073	1,073
Annual change		3.4%	0.0%	0.0%	0.0%	0.0%
Apartment	988	1,033	1,033	1,033	1,033	1,033
Annual change		4.5%	0.0%	0.0%	0.0%	0.0%
<b>Draft decision</b>						
Landlord that leases a separately metered property						
House	1,037	1,086	1,086	1,086	1,086	1,086
Annual change		4.7%	0.0%	0.0%	0.0%	0.0%
Apartment	988	1,046	1,046	1,046	1,046	1,046
Annual change		5.9%	0.0%	0.0%	0.0%	0.0%

Table E.20 Draft bill impacts for a sample of non-residential customers (\$2025-26)

	Water usage (kL/year)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total change
Small business	160	1,541	1,691	1,691	1,691	1,691	1,691	9.7%
Annual change			9.7%	0.0%	0.0%	0.0%	0.0%	
Small / medium shop	165	2,107	2,315	2,315	2,315	2,315	2,315	9.9%
Annual change			9.9%	0.0%	0.0%	0.0%	0.0%	
Medium fast-food outlet	500	3,295	3,604	3,604	3,604	3,604	3,604	9.4%
Annual change			9.4%	0.0%	0.0%	0.0%	0.0%	
Medium licensed hotel	1,200	8,151	8,918	8,918	8,918	8,918	8,918	9.4%
Annual change			9.4%	0.0%	0.0%	0.0%	0.0%	
Large regional shopping centre	102,000	381,219	413,853	413,853	413,853	413,853	413,853	8.6%
Annual change			8.6%	0.0%	0.0%	0.0%	0.0%	

Note: We assumed a discharge factor of 0.85 which represents the ratio of the estimated volume discharged into the sewerage system to the total water consumption.

Table E.21 Benchmark financeability test results based on our draft decisions

		Target ratio	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>Real interest cover</b>		(higher is better)						
Benchmark test	2.2	<b>&gt;2.2x</b>	5.5	3.3	3.7	3.7	3.6	3.7
Does it meet the target?			yes	yes	yes	yes	yes	yes
<b>Real FFO over debt</b>		(higher is better)						
Benchmark test	7%	<b>&gt;7.0%</b>	8.0%	6.4%	7.6%	7.6%	7.2%	7.4%
Does it meet the target?			yes	yes	yes	yes	no	yes
<b>Real gearing</b>		(lower is better)						
Benchmark test	70%	<b>&lt;70%</b>	60%	60%	60%	60%	60%	60%
Does it meet the target?			yes	yes	yes	yes	yes	yes

Table E.22 Financeability results – actual test based on draft decisions

		Target ratio	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
<b>Real interest cover</b>		(higher is better)						
Benchmark test	1.8	<b>&gt;1.8x</b>	9.0	8.7	6.6	5.4	5.1	5.0
Does it meet the target?			yes	yes	yes	yes	yes	yes
<b>Real FFO over debt</b>		(higher is better)						
Benchmark test	6%	<b>&gt;6.0%</b>	37.9%	27.2%	22.3%	20.6%	18.9%	19.7%
Does it meet the target?			yes	yes	yes	yes	yes	yes
<b>Real gearing</b>		(lower is better)						
Benchmark test	70%	<b>&lt;70%</b>	12%	17%	20%	21%	22%	21%
Does it meet the target?			yes	yes	yes	yes	yes	yes

## E.5 Affordability analysis

The following key can be used as a visual guide for the bill impacts set out in Tables D.22 to D.26.

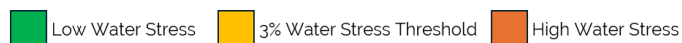


Table E.23 Draft bill affordability impacts for households by income level (\$2025-26, water and wastewater bills as % of total pre-tax income)

Income groups by customer type	Annual income (disposable)	Water usage (kL/year)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Typical house	84,207	170	1.8%	1.9%	1.9%	1.8%	2.0%	1.8%
Typical apartment (small household)	84,207	105	1.5%	1.6%	1.6%	1.6%	1.7%	1.5%
House - large household	84,207	250	2.0%	2.2%	2.2%	2.1%	2.3%	2.0%
House - small household	84,207	150	1.7%	1.8%	1.8%	1.8%	1.9%	1.7%
<b>Income Quartiles<sup>t</sup></b>								
Low-income household	24,377	134	5.7%	6.1%	6.2%	5.9%	6.3%	5.7%
Lower middle-income household	72,347	158	2.0%	2.2%	2.2%	2.1%	2.2%	2.0%
Higher middle-income household	127,751	199	1.2%	1.3%	1.3%	1.3%	1.4%	1.2%
Higher income household	268,498	215	0.6%	0.6%	0.7%	0.6%	0.7%	0.6%
Low Income quartile with typical household use	24,377	170	6.1%	6.6%	6.6%	6.4%	6.8%	6.1%
Low Income - large household	24,377	250	6.9%	7.6%	7.6%	7.4%	7.8%	6.9%
High income - large household	268,498	250	0.6%	0.7%	0.7%	0.7%	0.7%	0.6%
Low-income health care card eligible household - couple	69,077	170	2.1%	2.3%	2.3%	2.2%	2.4%	2.1%
Low-income card - single without child	41,364	150	3.5%	3.7%	3.7%	3.6%	3.8%	3.5%
Low Income typical household use	24,377	170	6.1%	6.6%	6.6%	6.4%	6.8%	6.1%

<sup>t</sup> Income quartile water usage based on IPART's Research Paper: Residential water usage in Sydney, Hunter and Gosford 2016. Low-income households have one or 2 people in a 2- or 3-bedroom dwelling. Income quartile median incomes based on ABS 2021 Census data reported in <https://profile.id.com.au/newcastle/household-income-quartiles> and adjusted for wage growth.

Table E.24 Draft bill affordability impacts for vulnerable groups with and without rebates (\$2025-26, water and wastewater bills as % of benefit amount)

Vulnerable groups with and without rebates	Annual income (disposable)	Water usage (kL/year)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Pensioner - couple without rebate	46,113	112	2.9%	3.1%	3.1%	3.0%	3.2%	2.9%
Pensioner - couple with rebate	46,113	112	2.5%	2.7%	2.7%	2.6%	2.8%	2.5%
Pensioner - single without rebate	30,646	81	4.1%	4.3%	4.4%	4.2%	4.5%	4.1%
Pensioner - single with rebate	30,646	81	3.5%	3.8%	3.8%	3.6%	3.9%	3.5%
Jobseeker - Single, with dependent - without rebate	22,344	112	6.0%	6.4%	6.4%	6.1%	6.6%	6.0%
Jobseeker - Single, with dependent - with rebate	22,344	112	5.2%	5.6%	5.6%	5.4%	5.8%	5.2%
Parenting payment - single - without rebate	27,032	112	4.9%	5.2%	5.3%	5.1%	5.4%	4.9%
Parenting payment - single - with rebate	27,032	112	4.3%	4.6%	4.7%	4.4%	4.8%	4.3%

Table E.25 Draft bill affordability impacts for vulnerable groups not eligible for rebates (\$2025-26, water and wastewater bills as % of total pre-tax income)

Vulnerable groups - not eligible for rebates	Annual income (disposable)	Water usage (kL/year)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Parenting payment - couple without rebate	38,189	170	3.9%	4.2%	4.2%	4.1%	4.3%	3.9%
Jobseeker - Single, no children without rebate	20,862	105	6.1%	6.5%	6.6%	6.3%	6.8%	6.1%
Jobseeker - couple without rebate	38,189	105	3.3%	3.6%	3.6%	3.4%	3.7%	3.3%
Jobseeker - couple, 2 children without rebate	38,189	170	3.9%	4.2%	4.2%	4.1%	4.3%	3.9%
Family Tax Benefit Part A without rebate	63,491	170	2.3%	2.5%	2.5%	2.4%	2.6%	2.3%

Table E.26 Draft bill affordability impacts for renters (\$2025-26, water and wastewater bills as % of pre-tax income)

Renters	Annual income (disposable)	Water usage (kL/year)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Typical house	84,207	170	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%
Typical apartment (small household)	84,207	105	0.3%	0.4%	0.4%	0.4%	0.4%	0.3%
House - large household	84,207	250	0.8%	0.9%	0.9%	0.9%	0.9%	0.8%
House - small household	84,207	150	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%
Low income household	24,377	134	14%	17%	17%	17%	17%	14%
Low Income - large household	24,377	250	2.7%	3.2%	3.2%	3.2%	3.2%	2.7%
Age or disability pensioner – couple	46,113	112	0.6%	0.8%	0.8%	0.8%	0.8%	0.6%
Age or disability pensioner – single	30,646	81	0.7%	0.8%	0.8%	0.8%	0.8%	0.7%
Jobseeker - Single, no children	26,463	105	1.0%	1.2%	1.2%	1.2%	1.2%	1.0%
Jobseeker - Single, with dependent	27,945	105	1.0%	1.2%	1.2%	1.2%	1.2%	1.0%
Jobseeker - Couple, 2 children	43,383	170	1.0%	1.2%	1.2%	1.2%	1.2%	1.0%

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Appendix F >>

Assessment of CCC Water's  
pricing proposal



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## Summary of draft decisions on CCC Water's pricing proposal grading

### **Our draft decision is to grade CCC Water's pricing proposal as Standard**

Our draft decision is to grade CCC Water's pricing proposal as Standard, as it met the guiding principles in our Water Regulation handbook for this grade.

This decision is consistent with our preliminary grading in our Issues Paper and with CCC Water's self-assessment.

IPART sets maximum prices that CCC Water can charge its customers for water and wastewater services, under the *IPART Act*. In setting these maximum prices, we assess CCC Water's pricing proposal and make decisions to protect customers from the abuse of monopoly powers and promote their long-term interests.

This chapter explains the reasons for our draft grading of CCC Water's proposal as Standard.

### F.1 We applied our water regulation framework

When assessing CCC Water's proposal, we used our [Water Regulation Handbook](#) which includes a framework based on customers, costs and credibility, and provides a useful system for analysing the factors that the Act requires or allows us to take into account.

Our water regulation framework aims to encourage each water business to develop pricing proposals that:

- promote their customers' interests
- demonstrate that customer needs and preferences are delivered in the most cost-efficient manner
- enhance their business' credibility.

We expect proposals to explain how they will achieve efficient delivery of services that meet required standards. The framework is centred around water businesses developing pricing proposals that promote customer value. It encourages water businesses to actively involve and engage with their customers, and to bring customers into the decision-making process when they set outcomes. This is essential if water businesses are to identify better ways of delivering services that align with their customers' preferences.

The framework is underpinned by 12 guiding principles which both IPART and water businesses use to develop and assess pricing proposals.



We recognise this is the first time CCC Water has submitted a pricing proposal under the framework, which we are continuing to improve with the help of all stakeholders to achieve our common goal of delivering customer value.

Chapters 3 to 9 detail how we assessed each aspect of CCC Water's pricing proposal. However, ultimately, we assess the quality of CCC Water's pricing proposal based on the grading rubric outlined in Appendix B, which informs how we undertake our price review. There are 3 possible grades for the pricing proposal: Standard, Advanced or Leading (see Box F.1). A Standard grading means we will conduct our usual comprehensive assessment of the pricing proposal while an advanced proposal may require less intensive examination where extensive and well-justified evidence is provided.

## Box F.1 There are 3 possible grades under our water regulation framework

The grades for a water business's pricing proposal are:

- **Leading** – for businesses that are industry leaders in understanding their customers, innovating to deliver services customers want and driving costs efficiencies. These businesses also demonstrate how they deliver significant improvement in customer value through a combination of quantitative and qualitative evidence.
- **Advanced** – for businesses that demonstrate very strong understanding of their customers and are broadly at the cost efficiency frontier.
- **Standard** – for businesses that conduct meaningful customer engagement and have a credible path towards the cost efficiency frontier. This grade is consistent with good practice in the NSW water sector.

Source: IPART, [Water Regulation Handbook](#), July 2023.

## F.2 CCC Water self-assessed its proposal as Standard

CCC Water self-assessed its proposal as Standard and identified the 2 focus principles of robust costs and customer centricity from the framework that it considered reflected its customers' priorities.

In making its self-assessment, CCC Water told us that it facilitated a range of activities to ensure customer engagement is inclusive, accessible and meaningful. Through these activities, it sought to understand its community's values and to link these to outcomes for proposed operating and capital expenditure to deliver services of the quality expected by its customers.

For the cost principles, CCC Water stated it has:

- adopted IPART's base-trend-step approach for its operational expenditure and used benchmarking against water utilities of a similar size to ensure that the expenditure is efficient
- undertaken a detailed review of its forecast capital expenditure, focusing on the need to undertake critical works to maintain service continuity to the community, considering the age, and condition of assets within the water and sewer networks
- assessed the deliverability of works, taking into account internal resources, current market conditions and community preferences of keeping customer bills low to ease cost-of-living pressures.

For credibility principles, CCC Water recognises the need to improve its communication with the community, and specifically the need to demonstrate being accountable for the services it provides. It submits that it is committed to being transparent in its operations, providing clear information about spending and service delivery and engaging with the community about values and outcomes. To deliver this, it will provide reports and information as part of an Accountability Strategy to demonstrate how it meets its regulatory and community commitments.

For more information, see [Technical Paper 11 of CCC Water's proposal: Accountability, customer influence and self-assessment](#).

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## F.3 We made a preliminary assessment to inform our approach to the review

After a water business submits its proposal, we make a preliminary assessment based on the 3 gradings (see Box F.1 for the types of gradings possible under our water regulation framework). The full grading rubric is also available in Appendix B. This preliminary assessment helps us to determine the approach we take to reviewing a business's proposal.

Our preliminary grading for CCC Water was Standard (see our [2025 CCC Water price review - Issues Paper](#)). As a result, we took a standard approach to our price review process, which includes a detailed review of CCC Water's expenditure. Our draft decisions to CCC Water's efficient expenditure are set out in Chapter 3 and Chapter 4 of this report.

## 9.6 We graded CCC Water's proposal as Standard

Our draft decision is:



20. To grade CCC Water's pricing proposal as Standard.

### Our reasons for a Standard grading



#### Customers

CCC Water made genuine efforts to broaden and deepen the scale and sophistication of initiatives to meaningfully consult with customers. Its customer engagement strategy was appropriate, broad and helped identify the values and outcome priorities that mattered most to customers. While there is room for improvement, overall, we consider that CCC Water meets our Standard grading for all the customer principles.



#### Costs

CCC Water has proposed expenditure to undertake essential works, renew assets and deliver customer priorities such as good quality water and wastewater treatment, reliable services and environmental outcomes. CCC Water has considered operating and capital expenditure trade-offs and has developed an accountability strategy that sets expenditure performance targets as a pathway to meet its regulatory and community commitments. It has also committed to a cost efficiency strategy to improve value for customers. CCC Water has contemplated equitable cost recovery when proposing prices by proposing to provide a contribution to offset costs and reduce price impacts for customers.



#### Credibility

CCC Water acknowledges a need to improve accountability for delivering customer outcomes and improving cost efficiency. CCC Water has shown a commitment to improve in areas that are of value to customers, deliver several operational and capital initiatives over the determination period and provide greater transparency over its operations, via clearer information and reporting on spending and service delivery.

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We took a holistic approach to assessing CCC Water's proposal, considering its self-assessment of its proposal against each of the 12 guiding principles. However, we allocated a single grade to the proposal as a whole, rather than allocating a grade to each principle, consistent with the framework. This approach recognises that each pricing proposal's grading may not be a simple weighted average of the grades for each of the 12 principles. It also reflects the importance of water businesses developing robust proposals that balance customer, cost and credibility outcomes according to customer preferences.

Some stakeholders raised doubts about the authenticity of CCC Water's customer engagement and expressed concern that the consultation was biased.<sup>112</sup> The Justice and Equity Centre submission expressed concern that CCC Water considered its self-assessment of its proposal as 'Standard' as a choice rather than an indication of its level of commitment towards meaningful engagement with the community and key stakeholders.<sup>113</sup>

We consider that while there were areas where CCC Water's customer engagement could be improved, it made genuine efforts to broaden and deepen the scale and sophistication of initiatives to meaningfully consult with customers and incorporate the feedback into its proposal.

Our draft decision is to agree with CCC Water's self-assessment of its proposal and maintain our preliminary Standard grading.

CCC Water demonstrated a Standard pricing proposal because it:

- undertook an extensive customer engagement program comprising 5 stages from August 2021 to August 2025. Community engagement centred around 4 main areas:
  - identifying and prioritising customer and community values and outcomes
  - expectations and preferences around service levels, performance measures and community engagement
  - essential costs, and what customers are willing to pay for on top of baseline bill increases
  - price structures including how price increases should be applied
- used feedback from its customer engagement program to identify priorities that mattered most to its customers and link them to specific activities to deliver the desired community outcomes. The priorities identified were:
  - good quality water
  - quality wastewater treatment
  - reliable and affordable services
  - effective planning with an environmental focus
  - transparency and education.

We note these outcomes generally align with CCC Water's 'business as usual' operations, as it needs to comply with drinking water guidelines and environmental obligations, as well as minimum service levels expected by its customers.

- introduced an accountability strategy that links expenditure to community values and reports progress against the commitments made in its proposal.

Appendix G 

Glossary

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Term	Definition
<b>2022 determination period</b>	This is the determination period preceding the 2026 determination. It covers a 4 year period from 1 July 2022 to 30 June 2026 and covers the maximum prices for water and wastewater services delivered by Central Coast Council.
<b>2026 determination period</b>	The 5 year period for which new determination of maximum prices in the final report applies.
<b>Assessment tool</b>	Guidance material to assist businesses preparing pricing proposals. It sets out, for each of the 12 principles in the framework, the key considerations IPART is going to make when assigning a grade to a proposal.
<b>Base-Trend-Step approach (BTS)</b>	The approach IPART will use when setting operating expenditure allowances. 'Base' refers to the efficient recurring expenditure required each year, calculated from recent past data. 'Trend' refers to predictable changes in expenditure over time due to known factors such as demand growth or inflation. 'Step' refers to changes in expenditure caused by new requirements or new processes.
<b>Building block model</b>	IPART's standard method for calculating a business's required revenue. Costs are broken down into 5 components to establish the amount of revenue needed to recover them.
<b>Cap-and-collar</b>	Cap on the maximum amount of benefits to be paid out through financial incentive schemes.
<b>Capital Efficiency Sharing Scheme (CESS)</b>	An incentive scheme to provide water businesses with a fixed share of any efficiency gains (or losses) associated with the capital expenditure during a determination period.
<b>Carve-out</b>	Mechanism to allow businesses to exclude some uncontrollable costs from the calculation of capital expenditure incentive schemes.
<b>Central Coast Council (CCC)</b>	Central Coast Council
<b>CCC Water</b>	Central Coast Council's water business
<b>Cost pass-through</b>	Tool to allow businesses to pass some costs directly to customers within the determination period, under limited circumstances.
<b>Customer</b>	In the context of this report, 'customer' refers to direct bill payers as well as end users who might not be in a direct paying relationship with a water business (for example, an occupant or tenant of a serviced property).
<b>DCCEEW</b>	Department of Climate Change, Energy, the Environment and Water
<b>Determination period</b>	The period of time over which a determination of maximum prices applies.
<b>Discount factor</b>	The factor used to modify an annual amount to convert it to net present value terms.
<b>Early engagement</b>	Opportunity for businesses to engage with IPART 1 to 2 years before submitting their proposals.
<b>ESCOSA</b>	Essential Services Commission of South Australia, the independent regulator of essential services in South Australia.
<b>Efficiency Benefit Sharing Scheme (EBSS)</b>	An incentive scheme to provide water businesses with a fixed share of any efficiency gains (or losses) associated with the operating expenditure during a determination period.
<b>Efficiency factor</b>	Factor applied to a business's forecast expenditure, when appropriate, to adjust it for ongoing productivity improvements.
<b>EPA</b>	Environment Protection Authority, the primary environmental regulator for New South Wales.
<b>ESC</b>	Essential Services Commission, the independent regulator of essential services in Victoria.
<b>Expenditure review</b>	IPART's method for reviewing a business's expenditure to ensure customers are only paying efficient costs.
<b>FFO</b>	Funds from operations
<b>Financial incentives</b>	Mechanisms to adjust a business's revenue requirement based on its performance, for example by rewarding the quality of a proposal (ex-ante incentives) or realised improvements in efficiency (ex-post incentives).
<b>Incentive payments</b>	The amount calculated through the application of an incentive scheme that is used to modify the revenue requirement in a subsequent determination period.
<b>IPART Act</b>	The <i>Independent Pricing and Regulatory Tribunal Act 1992</i> , which establishes IPART's regulatory role and functions in New South Wales.

Term	Definition
<b>LIS</b>	Line in the sand. The LIS value is equal to the present value of future free cashflow and is used to establish the value of a business's initial Regulatory Asset Base.
<b>LRMC</b>	Long Run Marginal Cost
<b>LTW</b>	Liquid Trade Waste
<b>LWU</b>	Local Water Utility
<b>Net Present Value (NPV)</b>	The discounted value of a stream of benefits (or costs) taking into account the time value of money.
<b>NPR</b>	Bureau of Meteorology National Performance Report
<b>NRR</b>	Notional Revenue Requirement, the revenue needed by a business to recover the cost of providing their services.
<b>Operating licence</b>	A regulatory instrument that authorises a water business to undertake its functions. Issued under the requirements of an Act by a Minister or the Governor, it contains terms and conditions governing a water business's operations. Not all water businesses are subject to a licence.
<b>Outcome Delivery Incentive (ODI)</b>	An incentive scheme to provide financial benefits (penalties) for achieving (not achieving) customer agreed outcomes.
<b>Price controls</b>	Methodologies used by water businesses and the regulator to set prices charged to customers. Main examples are price caps and revenue caps.
<b>RAP</b>	Regulators Advisory Panel
<b>Regulatory Asset Base (RAB)</b>	Calculated as the economic value of all assets the business owns. The RAB is used as the basis to calculate the revenue we provide to businesses in our determinations.
<b>Re-opener</b>	Option to reopen a determination and replace it partially or entirely. This is a last resort solution in case unforeseen cost changes materially impact a business's capacity to carry out its services.
<b>Revenue requirement</b>	Amount of revenue a business should recover from customers to cover its costs, as calculated by IPART during a price determination.
<b>Revenue risk</b>	The risk of businesses not collecting enough revenue from customers because of unforeseen increases in expenditure that are not reflected in the revenue allowance.
<b>Sharing ratio</b>	The fixed ratio of sharing of gains (or losses) between customers and a water business.
<b>SRMC</b>	Short Run Marginal Cost
<b>Stakeholder submissions</b>	Submissions prepared by stakeholders in the sector (such as water businesses, advocacy groups and other regulators) in response to our Draft Report or Discussion Papers.
<b>True-up</b>	Mechanism to allow businesses to pass some unexpected costs to consumers in the following determination period. This is reserved for limited circumstances.
<b>Underspend</b>	Actual expenditure savings in any year of a determination period compared to forecast expenditure. A negative underspend is an overspend.
<b>Water regulation framework</b>	There are 3 pillars of our water regulation framework: Customer, Cost and Credibility. The 12 principles we use to grade businesses' proposals are grouped under these pillars. Further detail can be found in our <a href="#">Water Regulation Handbook</a> <sup>14</sup> .
<b>Weighted average cost of capital (WACC)</b>	The post-tax real cost of capital as determined by IPART as part of a regulatory review.

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- <sup>1</sup> Individual (Bergin K.), submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, November 2025
  - <sup>2</sup> Individual (name suppressed) (W25/2361), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed) (W25/2697) submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, November 2025.
  - <sup>3</sup> Individual (name suppressed) (W25/2361), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025
  - <sup>4</sup> Individual (name suppressed) (W25/2290), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, October 2025; Individual (name suppressed) (W25/2395), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed) (W25/2717) submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025
  - <sup>5</sup> Individual (name suppressed) (W25/2335), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025
  - <sup>6</sup> Individual (name suppressed) (W25/2701), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025.; Individual (name suppressed) (W25/2697) submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, November 2025; Individual (name suppressed) (W25/2723), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025.
  - <sup>7</sup> Individual (Brooks K.), submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, November 2025, p 5.
  - <sup>8</sup> Individual (Brooks K.), submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, November 2025, p 5; Individual (Gallagher D.), submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, November 2025.
  - <sup>9</sup> The Justice and Equity Centre, submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, December 2025p 7.
  - <sup>10</sup> Individual (Mortimer J.), submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, October 2025
  - <sup>11</sup> The Justice and Equity Centre, submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, December 2025.
  - <sup>12</sup> NSW Parliament, (Mehan D.), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025, p 1.
  - <sup>13</sup> Central Coast Council, Water and Sewer, Pricing Proposal, September 2025, p 22.
  - <sup>14</sup> Water Services Association of Australia, submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, December 2025.
  - <sup>15</sup> Individual (name suppressed) (W25/2717) submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025, p 1.
  - <sup>16</sup> Individual (name suppressed) (W25/2361) submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed) (W25/2394), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed) (w25/2697) submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025.
  - <sup>17</sup> Individual (name suppressed) (W25/2698), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (Krestensen A.), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025.
  - <sup>18</sup> Water Services Association of Australia, submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, December 2025, p 1.
  - <sup>19</sup> Individual (Armstrong K.), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed)(W25/2397), submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, November 2025.
  - <sup>20</sup> The Justice and Equity Centre, submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, December 2025, p 7.
  - <sup>21</sup> Individual (Brooks K.), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025, p 3; Individual (name suppressed) (W25/2717) submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025), p 2.
  - <sup>22</sup> Individual (name suppressed) (W25/2355), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed) (W25/2371), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025.
  - <sup>23</sup> Individual (Morrison P.), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, October 2025; Individual (name suppressed) (W25/2361), submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper, November 2025; ; Individual (name suppressed)(W25/2701), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed)(W25/2394), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed)(W25/2395), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025; Individual (name suppressed)(W25/2397), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025.
  - <sup>24</sup> Individual (Brooks K.), submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper, November 2025, p 8.

- <sup>25</sup> The Justice and Equity Centre, [submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper](#), December 2025, p 11.
- <sup>26</sup> NSW Parliament, (Mehan D.), [submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper](#), November 2025, p 1.
- <sup>27</sup> The Justice and Equity Centre, [submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper](#), December 2025, p 5.
- <sup>28</sup> Individual (Mortimer J.), [submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper](#), October 2025; Individual (Morrison P.), [submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper](#), October 2025; Individual (Brooks K.), [submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper](#), November 2025, p 5; Individual (Wynn N.), [submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper](#), November 2025.
- <sup>29</sup> Individual (Mortimer J.), [submission to IPART 2026 Central Coast Council water and wastewater services price review – Issues Paper](#), October 2025.
- <sup>30</sup> IPART, [Water Regulation Handbook](#), July 2023, pp. 42-43.
- <sup>31</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, p 22-30.
- <sup>32</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, pp 4-5.
- <sup>33</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, p 11.
- <sup>34</sup> DCCEEW, [Local Water Utility performance](#), accessed 19 February 2026
- <sup>35</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, p 6.
- <sup>36</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 41.
- <sup>37</sup> Central Coast Council Water and Sewer, [Pricing Proposal](#), September 2025, p 27.
- <sup>38</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, pp 4-5.
- <sup>39</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, p 11.
- <sup>40</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, p 32.
- <sup>41</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 53.
- <sup>42</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, pp 6-7
- <sup>43</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 6.
- <sup>44</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, pp 51-52
- <sup>45</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, pp 46, 56.
- <sup>46</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 55.
- <sup>47</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 3.
- <sup>48</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 37.
- <sup>49</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 55.
- <sup>50</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 48.
- <sup>51</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 50.
- <sup>52</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 42.
- <sup>53</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 5 – Operational Expenditure](#), September 2025, p 11.
- <sup>54</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 50.
- <sup>55</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 49
- <sup>56</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, pp 49, 62, 105, 109
- <sup>57</sup> Individual (Bergin K.), [submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper](#), November 2025; Individual (Krestensen A.), [submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper](#), November 2026; Individual (name suppressed) (W25/2700) [submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper](#), November 2025; Individual (name suppressed) (W25/2697) [submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper](#), November 2025.
- <sup>58</sup> Individual (Brooks K.), [submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper](#), November 2025, p 5; Individual (Gallagher D.), [submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper](#), November 2025; Individual (Wynn N.), [submission to IPART 2026 Central Coast Council water and wastewater services price review– Issues Paper](#), November 2025.
- <sup>59</sup> IPART, [Review of Central Coast Council water prices – Information Paper - Operating and capital costs](#), May 2022, p 14.
- <sup>60</sup> IPART, [Review of Central Coast Council water prices – Information Paper - Operating and capital costs](#), May 2022, pp 15-16.
- <sup>61</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 65; [CCC Water Pricing Proposal – Technical Paper 4, Capital expenditure](#), September 2025, pp 10, 23.
- <sup>62</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 70.
- <sup>63</sup> Central Coast Council Water and Sewer, [Pricing Proposal – Technical Paper 4, Capital expenditure](#), September 2025, p 24.
- <sup>64</sup> Arup/HoustonKemp, [Central Coast Council Water 2026-31 Expenditure Review](#), 28 January 2026, p 66.
- <sup>65</sup> NSW EPA, <https://www.epa.nsw.gov.au/news/epamedia/250109-central-coast-council-fined-for-spilling-1-8m-litres-of-untreated-sewage>, accessed 19 February 2026

- <sup>66</sup> [Central Coast Council Water and Sewer, Pricing Proposal – Technical Paper 4, Capital expenditure, September 2025, p 11.](#)
- <sup>67</sup> [Arup/HoustonKemp, Central Coast Council Water 2026-31 Expenditure Review, 28 January 2026, p 71.](#)
- <sup>68</sup> [Arup/HoustonKemp, Central Coast Council Water 2026-31 Expenditure Review, 28 January 2026, p 65.](#)
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