



Central Coast Council  
Special Variation Application 2026-27

# Final Report

June 2026

Local Government »



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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  
Jonathan Coppel  
Sharon Henrick

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Chapter 1 >>

Report Summary

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01

IPART has approved Central Coast Council's special variation application.

Central Coast Council (the council) applied to IPART<sup>a</sup> to increase its general income through a permanent special variation (SV) of 12.8% for 2026-27.

The council advised us it sought the special variation to:<sup>1</sup>

- maintain current funding for essential stormwater drainage services without adversely impacting service levels in other areas
- apply an equivalent Drainage Charge to the rate notice for ratepayers who currently pay the soon to be discontinued Stormwater Drainage Charge through the water bill.

Due to legislative changes, the council cannot continue to levy Stormwater Drainage Charges under the *Water Management Act 2000* (WM Act) from 1 July 2026. The council proposed to levy a Drainage Charge under the *Local Government Act 1993* (LG Act) to recover the costs of providing those services, which would form part of the council's general income.

IPART is separately reviewing maximum prices that Central Coast Council's water business can charge for providing water and wastewater services. Regardless of the outcome of that review, due to legislative amendments and the terms of the current determination, from 1 July 2026 the council can no longer collect stormwater drainage charges from water customers under the *Water Management Act 2000*.

The council also explained that under its proposed SV, there is no net impact on ratepayers beyond the rate peg of 3.2%. The council indicated its proposed SV does not result in any individual ratepayer paying more than would have been applicable if the Stormwater Drainage Charge remained under the WM Act.<sup>2</sup>

More information about the council's application and regulatory background can be found in Chapter 2.

## 1.1 IPART's decision

We approved the council's SV application. Our reasons for this decision are summarised in section 1.2 and our detailed reasons are provided in Chapter 10.

Table 1.1 Permanent special variation approved for 2026-27

	2026-27
Annual increase (%)	12.8%
Additional annual income (\$m)	30.2

Notes: Income refers to the permissible general income. The special variation annual increase replaces the rate peg.

<sup>a</sup> On 6 September 2010, the (then) Minister for Local Government delegated to IPART all functions under sections 506, 507, 508(2), 508(6), 508(7), 508A, 548(3) and 548(8) of the *Local Government Act 1993* (NSW), including the power to grant SVs.

## 1.2 IPART's assessment of the council's application

To make our decision, we assessed the council's SV application and supporting materials against the 5 criteria plus any other matter we consider relevant as set by the Office of Local Government (OLG) in its *Guidelines for the preparation of an application for a special variation to general income* (OLG Guidelines).

We found the council met the OLG SV criteria. We have also outlined our consideration of any other matter that IPART considers relevant. We provide a summary of our reasons in the OLG SV criteria assessment table and below.

The council's application has demonstrated the need for the SV. The council currently levies a Stormwater Drainage Charge under the WM Act. This funds the stormwater drainage network, including floodplain risk management planning, asset planning, maintenance and replacement of existing stormwater infrastructure and construction of new infrastructure as the network expands. The council also explained that the stormwater drainage network benefits the community by protecting public infrastructure, safeguarding natural assets, connecting communities and supporting access to work, recreation and essential services.

Due to a legislative amendment outside of the council's control, from 1 July 2026, the council will no longer be able to levy a Stormwater Drainage Charge (see Box 2.1). In response, the council is proposing to replace the Stormwater Drainage Charge with a Drainage Charge under the LG Act. Without the SV, the council would not be able to fund its stormwater drainage functions and activities without adversely impacting service levels in other areas.

Under the SV, the council's permissible general income would increase by 12.8% or \$30.2 million in 2026-27. The council explained this would be offset by a decrease of around \$22.6 million in revenue to its water fund. The difference between the \$30.2 million and the \$22.6 million is that the \$30.2 million includes the additional revenue from the annual rate peg increase. Any future changes to the water fund will be determined separately in water pricing reviews and not determined through this SV assessment.

The council also explained that ratepayers not subject to the Stormwater Drainage Charge (i.e. properties not situated in the current Stormwater Drainage Service Charge Area) would not be required to pay the Drainage Charge levied under the LG Act.

Our assessment shows that without the continuation of this income through the proposed SV, the council's financial position would worsen. Without the SV, operating income forecasts show that the council would have an operating deficit, and would not meet the OLG benchmark for the operating performance ratio. This means that without the SV, the council would not be able to fund its stormwater functions and activities. The council has explained if stormwater drainage service levels were to be reduced, it could lead to public safety risks.

The council, on balance, satisfactorily engaged with and consulted its community and provided sufficient information about the need for and extent of the proposed SV. While the council correctly communicated the dollar impact on ratepayers of the SV, it consulted its community on a 12.67% increase but applied for a 12.8% increase. The council explained that the reason for this difference was due to an increased number of customers paying the Stormwater Drainage Charge in mid 2025-26. We found that during its community consultation the council accurately communicated the total increase in dollar terms for the average ratepayer, by rating category, consistent with its 12.8% SV application.

The council also used an appropriate variety of engagement methods, provided sufficient opportunities for the community to provide feedback, and considered this feedback in preparing its SV application. Taking these factors into account, we assess that the council on balance has adequately communicated the impact of the proposed SV to its community.

We also found that the council has exhibited and adopted the relevant Integrated Planning and Reporting (IP&R) documents. It has also complied with reporting conditions on its most recent SV which is a temporary 15% increase in 2021-22 that can be retained until 2030-31.

Having regard to the context of the proposed SV, we found that the council has made appropriate past savings and demonstrated appropriate future cost-containment and productivity strategies.

As the council has demonstrated the practical and financial need for the SV, that it satisfactorily communicated the SV to the community, that the SV would have a reasonable impact on the council's ratepayers, and that the council has made sufficient productivity improvements and cost containments, the SV has been approved in full.

Chapters 4-9 provide our complete assessment against each of the OLG SV criteria, and the full OLG SV guidelines are set out in Appendix A.

## ASSESSMENT

## Special Variation OLG criteria



## Grading

**Financial need**

The council has shown a financial need for the SV. Due to legislative changes, the council cannot continue to levy Stormwater drainage service charges under the *Water Management Act 2000* from 1 July 2026. The council proposes to levy a Drainage Charge under the *Local Government Act 1993* to recover the costs of providing those services, which forms part of the council's general income. The council requires a special variation, so it maintains current funding for essential stormwater drainage services without adversely impacting service levels in other areas. Our assessment showed that if the council were to continue delivering stormwater services, without an SV, it would have an operating deficit.

**Community awareness**

The council on balance engaged and consulted its community and provided sufficient information about the need for and extent of the proposed SV. The council consulted on applying to increase its general income by 12.67% not 12.8%, however it did consult on the correct dollar impacts on ratepayers. This proposed increase includes the rate peg of 3.2%. We found that the council during its community consultation accurately communicated the total increase in dollar terms for the average ratepayer, by rating category, consistent with its 12.8% SV application.

**Reasonable impact on ratepayers**

We consider the impact of the proposed SV on ratepayers is reasonable as the new Drainage Charge has been set in line with the Stormwater Drainage Charge it is replacing and average rates will generally increase in line with the rate peg of 3.2% excluding the stormwater charges. The council has also stated that ratepayers that do not currently pay the Stormwater Drainage Charge would not pay the new Drainage Charge. The council's average rates with the SV are also in line with rates charged by other councils of similar locality or socio-economic indicators.

**Integrated Planning and Reporting documentation**



We found that the council exhibited and adopted the relevant IP&R documents.

**Productivity improvement and cost containment**

Having regard to the context of the SV, we found that the council's past and proposed future productivity improvement and cost containment strategies were appropriate.

**Other matters IPART considers relevant**

We found that the council has complied with all reporting requirements to date for the temporary SV of 15% over 2021-22 that can be retained up to 2030-31.

Key  Demonstrated  Not demonstrated

## Approval conditions



Our approval is subject to certain conditions including that the council:

- uses the additional income for the purpose outlined in its application.
- reports in its annual report for 2026-27 until 2031-32 the actual program of expenditure funded by the additional income and the outcomes achieved.
- reports in its annual report for 2026-27 until 2031-32 on productivity improvements and cost containment measures.

The full conditions are set out in Chapter 10.

Our *Instrument Under Section 508(2) of the Local Government Act 1993 - Special Variation for Central Coast Council for 2026-27* gives legal effect to these decisions and sets out the conditions of approval.

### 1.3 Stakeholder feedback

Councils are required to consult with their communities as part of the Integrated Planning and Reporting (IP&R) framework. The OLG criteria requires us to look at this consultation process as part of our assessment.

The council has 145,777 rateable properties.

Central Coast Council consulted on its proposed SV with its community using a variety of engagement methods including a dedicated SV webpage, targeted letter deliveries to ratepayers, social media channels such as Facebook, Instagram and LinkedIn, through Coast Connect eNews and a People's Panel workshop. The council received 1,313 written submissions, of which 1,099 were made via an online submission form, 193 were emails, 5 through physical mail and 16 submissions via the People's Panel.

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period and invited stakeholders to provide feedback directly to IPART.

Through this process, we received 951 responses to our feedback form and 230 submissions on Central Coast Council's proposed SV. These submissions and responses raised concerns about:

- affordability of the proposed rate increases
- council's financial management
- council's current services and infrastructure
- different stormwater charges from the LG Act that could have been proposed
- the council's consultation with the community
- sufficiency of existing financial resources.

We consider stakeholder feedback in more detail in Chapter 3.

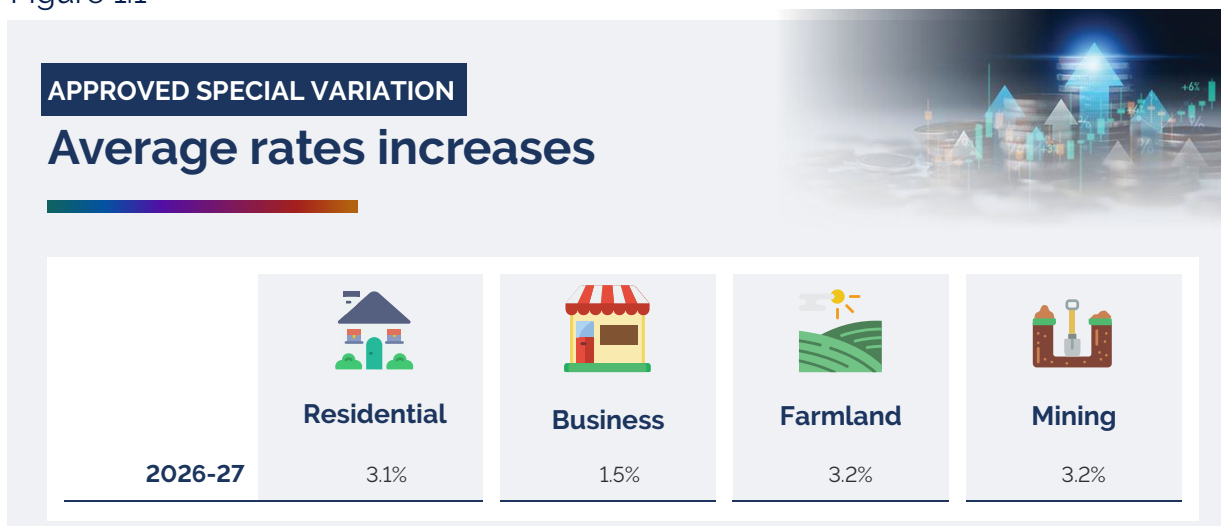
## 1.4 Next steps for the council

Our determination sets the maximum amount by which the council can increase its general income for 2026-27. The council can defer rate increases up to this maximum amount for up to 10 years.<sup>3</sup>

We present both average rate increases and the impact on stormwater charges below. The council retains the discretion to decide how it raises its general income across the rating categories.

While the total increase in council's permissible income is 12.8%, the average increases in rates (excluding the Drainage Charge) are generally in line with the 2026-27 rate peg of 3.2%. This is consistent with the council's explanation that "this SV application is not seeking a rate rise above rate pegging"<sup>4</sup>.

Figure 1.1



Notes: These figures may have been rounded in calculation. These are the council's proposed increases, but it retains the discretion to determine the structure of its rates. Average business rates increase by 1.5%, which is due to the council forecasting an additional 112 business ratepayers on the minimum rate from 2026-27.  
Source: IPART calculations.

From 1 July 2026 properties within the current Stormwater Drainage Service Charge Area will be subject to the Drainage Charge identified in Table 1.2 and no longer pay the Stormwater Drainage Charge levied through water bills. The Drainage Charge to apply from 2026-27 is equivalent to the current Stormwater Drainage Charge escalated by the 2026-27 rate peg (3.2%) as shown below.

Properties not within the existing drainage area will not be subject to this charge.

Table 1.2 Impact of transitioning from current Stormwater Drainage Charge to the proposed Drainage Charge

	<b>Current (2025-26) Stormwater Drainage Charge under WM Act (\$)</b>	<b>Proposed 2026-27 Drainage Charge under LG Act (\$)</b>	<b>Increase (%)</b>
Residential - standalone	147.26	151.97	3.2%
Residential and Non-Residential - multi premises	110.83	114.38	3.2%
Vacant Land	110.83	114.38	3.2%
Low Impact	147.26	151.97	3.2%
Small	147.26	151.97	3.2%
Medium	258.59	266.86	3.2%
Large	1,219.05	1,258.06	3.2%
Very Large	3,694.10	3,812.31	3.2%

Source: Central Coast Council, Part A application Worksheet 4; Central Coast Council, [2025-29 Delivery Program and 2025-26 Operational Plan](#), p 155; IPART analysis.

The rest of this report explains how and why we reached our decision on the council's special variation application in more detail.

## Chapter 2 >>

The council's application and  
regulatory background

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02

This section of our report sets out the council's proposal and summarises the information that the council provided to support its application. The full application and all non-confidential supporting documents are available on our [website](#). This chapter also provides context on the regulatory background underpinning this SV application.

The council applied to increase its general income in 2026-27 by 12.8%. The table below sets out the expected annual revenue this would raise.

Table 2.1 Proposed SV

	2026-27
Annual increase (%)	12.8
Additional annual income (\$m)	30.2

Note: Income refers to the permissible general income.

Source: Central Coast Council, [Application Part A](#), WS 2 and WS 6.

The proposed SV is permanent. This means that the increase would remain in the rates base permanently.

The council advised us it sought the special variation to:

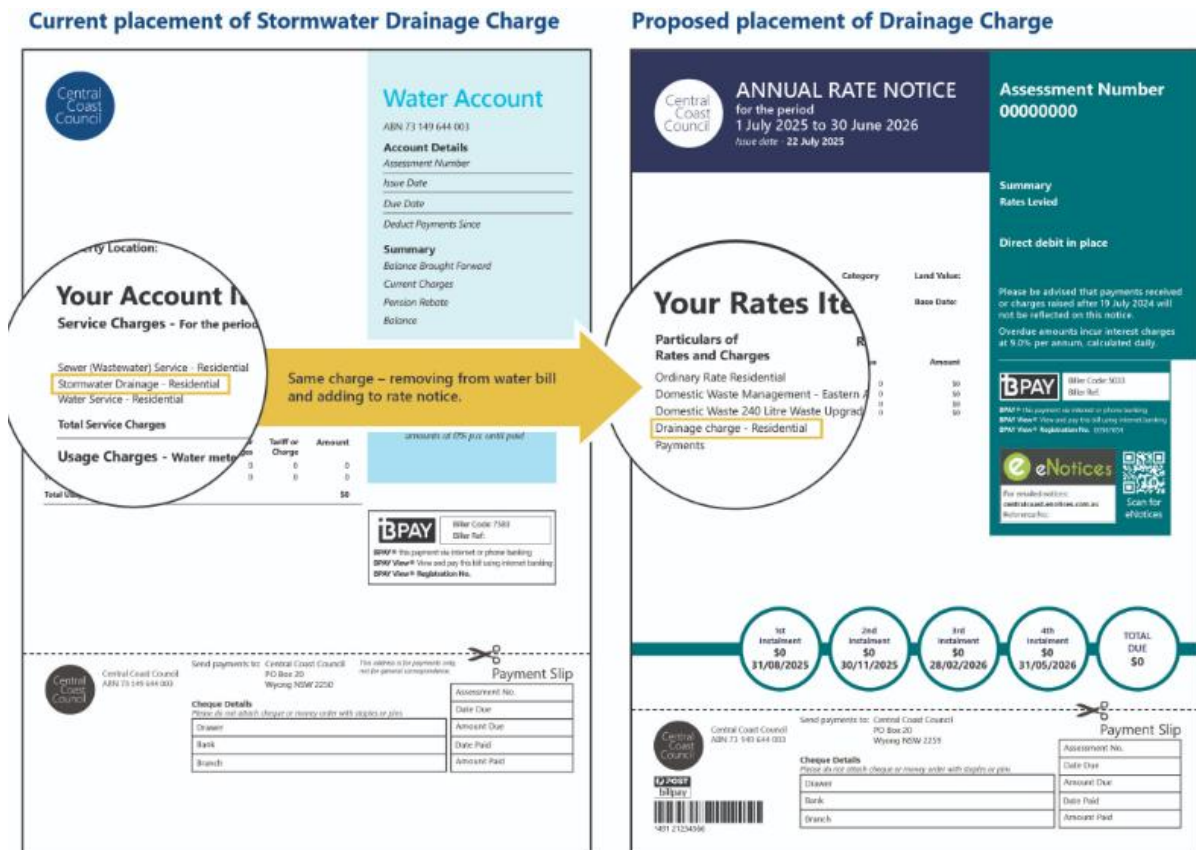
- maintain current funding for essential stormwater drainage services without adversely impacting service levels in other areas<sup>5</sup>
- "enable the transfer of an existing charge", seeking "to increase [the] council's general income through the transfer of a Drainage Charge (not a rate rise) levied through the rate notice to offset the loss of income resulting from the discontinued Stormwater Drainage Charge currently levied through the water bill".<sup>6</sup>

The council also explained that there is no net impact on ratepayers beyond the rate peg of 3.2%. "The proposed SV does not result in any individual ratepayer paying more than would have been applicable if the Stormwater Drainage Charge remained under the [*Water Management Act 2000*]", and that "this SV application is not seeking a rate rise above rate pegging".<sup>7</sup>

The council explained the purpose of this SV is to retain the same level of total income that it can collect through rates and annual charges from 2026-27 and offset the loss of income that would result from the discontinued Stormwater Drainage Charge currently under the *Water Management Act 2000* (WM Act).<sup>8</sup>

The council also explained that an SV would, as shown in Figure 2.1, "transfer income currently generated through the Stormwater Drainage Charge under the WM Act to this income being generated through a Drainage Charge under s501 of the LG Act".<sup>9</sup>

Figure 2.1 The council's explanation of the proposed change to levying charges



Source: Central Coast Council, Your Voice, Our Coast - Stormwater Drainage Charge Transfer.

## 2.1 Impact of the proposed special variation on ratepayers

The council explained that the proposed SV would not result in any individual ratepayer paying more than would have been applicable if the Stormwater Drainage Charge remained under the WM Act and regulated by IPART.<sup>10</sup>

The council proposed that rates would increase for all categories for the year the SV is in place.

It proposed that on average, for 2026-27:

- the **residential rate** would increase by \$44.40 or 3.1%
- the **business rate** would increase by \$69.50 or 1.5%
- the **farmland rate** would increase by \$76.30 or 3.2%
- the **mining rate** would increase by \$16,701.30 or 3.2%.

The increases are in line with the council's 2026-27 rate peg of 3.2%.<sup>11</sup>

The council provided the number of rates notices that it expects to issue for 2026-27.

Table 2.2 Number of rates notices per category in 2026-27

Ratepayer category	Number of rate notices
Residential	138,039
Business	7,305
Farmland	428
Mining	5
<b>Total</b>	<b>145,777</b>

Source: Central Coast Council, Part A application Worksheet 4.

In addition to increases in ordinary rates, ratepayers previously subject to the Stormwater Drainage Charge in the water bill would instead pay a Drainage Charge under the rates notice. The council said this charge would be indexed in line with the rate peg, which is 3.2% for 2026-27, and that ratepayers that do not currently pay the charge would not be subject to the new charge.

Table 2.3 Number of customers that would be subject to the Drainage Charge from 2026-27 under the rate notice

	Number of charges (no.)	Amount of charge (\$)	Current Stormwater Drainage Charge under WM Act (\$)	Proposed 2026-27 Drainage Charge under LG Act (\$)	Increase (%)
Residential - standalone	108,565	151.97	147.26	151.97	3.2%
Residential and Non-Residential - multi premises	35,506	114.38	110.83	114.38	3.2%
Vacant Land	1,185	114.38	110.83	114.38	3.2%
Low Impact	27	151.97	147.26	151.97	3.2%
Small	1,420	151.97	147.26	151.97	3.2%
Medium	1,749	266.86	258.59	266.86	3.2%
Large	327	1,258.06	1,219.05	1,258.06	3.2%
Very Large	194	3,812.31	3,694.10	3,812.31	3.2%

Source: Central Coast Council, Part A application Worksheet 4; Central Coast Council, [2025-29 Delivery Program and 2025-26 Operational Plan](#), p 155; IPART analysis.

## 2.2 Impact of the proposed SV on the council's general income

The council estimated its proposed SV, reflecting a total increase of 12.8%, would permanently increase its permissible general income by \$30.2 million from \$235.6 million to \$265.8 million. The council explained that this would be offset by a decrease of around \$22.6 million in revenue to its water fund. The difference between the \$30.2 million and the \$22.6 million is that the \$30.2 million includes the additional revenue from the annual rate peg increase. Any future changes to the water fund will be determined separately in water pricing reviews and not determined through this SV assessment.

## 2.3 Legislative Context of the council's application

To ensure it is clear which of Central Coast Council's responsibilities IPART is referring to, throughout this report we refer to Central Coast Council's water, wastewater and stormwater services under the Local Government Act 1993 (LG Act) as 'CCC Water'.

We use the following terminologies when referring to stormwater drainage charges that CCC Water currently levies versus the charges that it proposes to levy from 1 July 2026:

- Stormwater Drainage Charge refers to the current charge under the Water Management Act 2000 (WM Act), which the council may no longer levy, and intends to remove from the water bill, from 1 July 2026
- Drainage Charge refers to the charge that is proposed to be levied under the *Local Government Act 1993* (LG Act) to replace the Stormwater Drainage Charge and to be included on the rates notice from 1 July 2026 for ratepayers who currently pay the charge.

### Box 2.1 Effect of recent legislative changes for the council's permissible general income

As the *Water Management Amendment (Central Coast Council) Act 2024* removed Central Coast Council as a water supply authority and its ability to levy charges under the *Water Management Act 2000*, CCC Water must recover the costs of providing services in accordance with the LG Act from 1 July 2026. A council is only permitted to collect a certain amount of general income each year (permissible general income). General income is made up of income from ordinary rates and some special rates and annual charges (including annual charges for drainage services under section 501 of the LG Act).

CCC Water currently receives income from levying a Stormwater Drainage Charge under the WM Act, which does not form part of the council's general income, but will no longer have the authority to levy this charge from 1 July 2026.

In its application, the council states it proposes to levy a Drainage Charge under section 501 of the LG Act, to replace the Stormwater Drainage Charge under the WM Act. Unlike income from the Stormwater Drainage Charge, any income collected from the Drainage Charge would form part of the council's general income.

### Box 2.1 Effect of recent legislative changes for the council's permissible general income

Without the SV, the council would be entitled to collect less income than it would have been permitted to if the legislative changes had not been made. Because income from the Drainage Charge would contribute to the council's general income from 1 July 2026, the council would have to absorb some costs of providing drainage services and/or adjust its other rates and charges so as to not exceed its permissible general income. An SV is the only mechanism available to the council to increase its general income to enable it to collect the same amount of income that it currently does. That is, the SV would put the council in the same financial position it would have been in if the council had been permitted to continue levying the Stormwater Drainage Charge under the WM Act.

### IPART is reviewing the prices CCC Water can charge for providing water and wastewater services

IPART is separately reviewing the [maximum prices CCC Water can charge households and businesses for water and wastewater services](#).

Due to recent legislative changes, IPART no longer has a standing reference to determine maximum prices for stormwater drainage services for CCC Water.<sup>12</sup> IPART continues to have a standing reference to set maximum prices for water supply, wastewater services and other government monopoly services.

IPART's upcoming determination will not set maximum prices for stormwater drainage services. More [information on that review](#) can be found on our website.

## 2.4 Further information provided

Following our preliminary assessment of the council's application, we asked the council to provide further clarification on:

- its reasons for applying for a different SV percentage than what it consulted on
- the mapping of the Stormwater Drainage Charges from the IPART 2022 water determination to the current SV application at hand
- debt service ratio calculations
- rates and annual charges collectable
- expenditure and revenue efficiencies in the Long-Term Financial Plan
- number of customers who are levied the Stormwater Drainage Charges.

The council provided correspondence to clarify the items above. We considered this additional information in our assessment.

Chapter 3 >>

Stakeholders' feedback to IPART

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03

We expect the council to engage with its community so that ratepayers are fully aware of any proposed special variation and the full impact on them. This is one of the criteria we use to assess the council's application (see Chapter 5 for our assessment and Appendix A for the full criterion).

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period from 17 February 2026 to 9 March 2026, inclusive. Stakeholders could complete a survey-style feedback form and make submissions directly to us.

We have taken all stakeholder feedback into account in making our decision in accordance with our [Submissions Policy](#). The key issues raised in the feedback form and all published (non-confidential) submissions are outlined below.

### 3.1 Summary of feedback we received

We received 951 responses to our feedback form and 230 total submissions from stakeholders, of which 157 were not confidential.



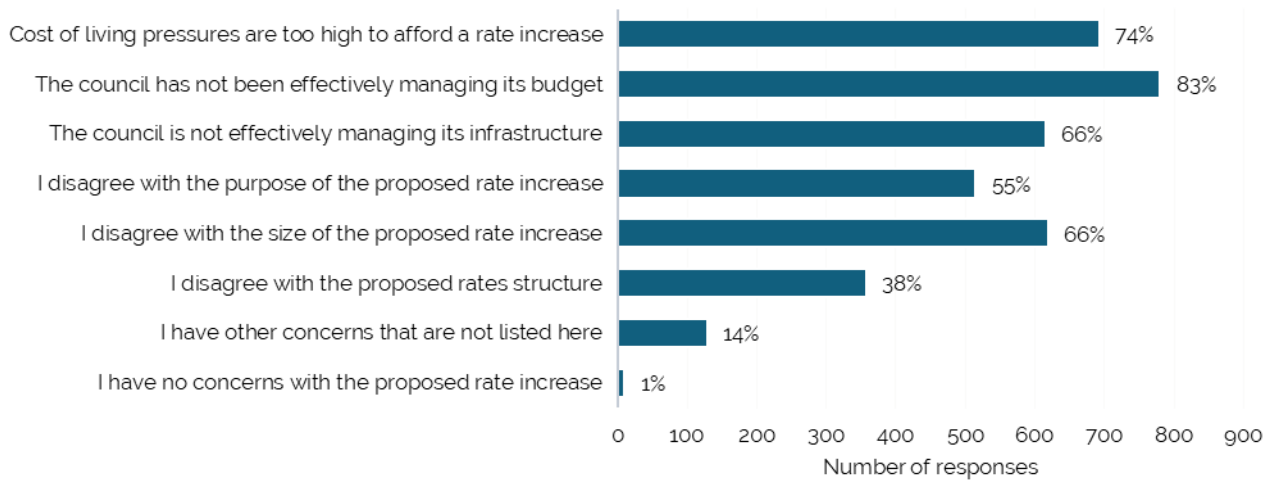
There are approximately 145,777 rateable properties in the council's local government area (see Table 2.2 for more information).

### 3.2 Responses to the feedback form

We published a survey to assist stakeholders in providing feedback to IPART on the proposed SV and on a range of other specific topics. These included the affordability of the proposed rates increases, the council's consultation on the proposed SV, and the council's financial management. We note that while this was a survey-style feedback form, it was not a statistically representative survey and participants self-selected to provide feedback.

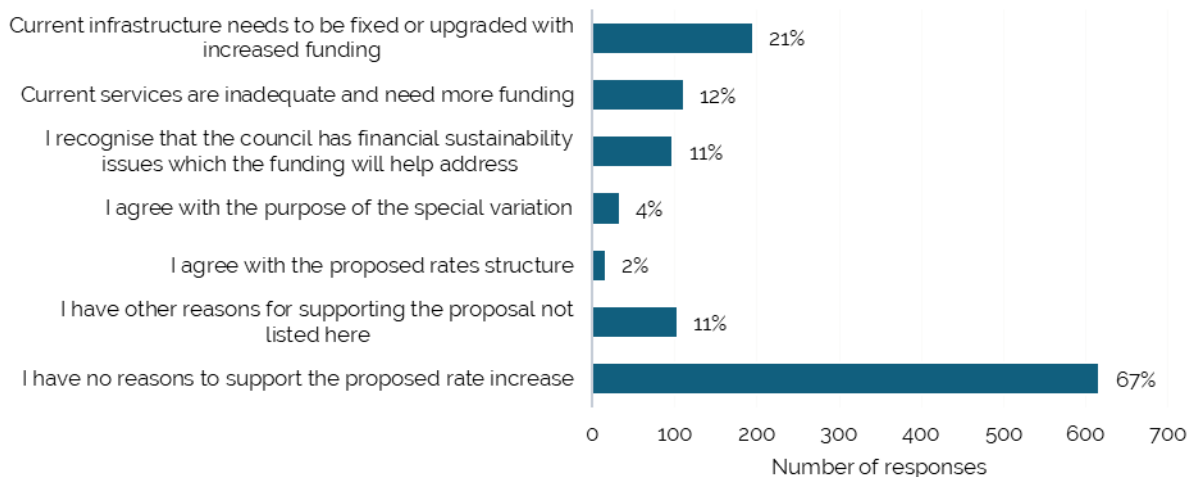
We received 951 responses relating to the council's application. Of these, 882 respondents (93%) were opposed to the proposed SV, 5 respondents (1%) were undecided, 43 respondents (5%) partly supported it, and 21 respondents (2%) supported it. The figures below show the main reasons that stakeholders said they might oppose or might support the proposed SV.

Figure 3.1 Reasons that respondents said they might oppose the proposed SV



Note: We received 938 responses. For this question, respondents could select more than one option and were not required to respond to this question. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.  
Source: IPART.

Figure 3.2 Reasons that respondents said they might support the proposed SV



Note: We received 924 responses. For this question, respondents could select more than one option and were not required to respond to this question. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.  
Source: IPART.

In the feedback form, we also invited feedback on specific topics:

- **Community awareness:** 69% of the 921 respondents who answered the relevant question disagreed or strongly disagreed that the council provided the opportunity for feedback and 88% of 917 respondents who answered the relevant question disagreed or strongly disagreed that the council considered the community feedback in its decision making. We further consider community awareness in Chapter 5.
- **Impact on ratepayers:** 93% of the 917 respondents who answered the relevant question did not agree that the rates increase was affordable (disagreed or strongly disagreed). 91% of 923 respondents who answered the relevant question did not agree that the application considers the impact on ratepayers. 88% of 922 respondents who answered the relevant question did not agree that the application considers different options to reduce the financial impact on ratepayers. 87% of 922 respondents who answered the relevant question did not agree that the application balances the community's need for services and its impact on ratepayers. We further consider the impact on ratepayers in Chapter 6.
- **Productivity and cost containment:** 84% of the 914 respondents who answered the relevant question disagreed or strongly disagreed that the council is effective in providing infrastructure and services for the community while 4% agreed or strongly agreed, and the remainder neither agreed or disagreed. 88% of 913 respondents who answered the relevant question disagreed or strongly disagreed that the council had explained past, or future cost-saving strategies. We further consider the council's productivity and cost containment in Chapter 8.

The full results from the survey are available in Appendix C.

### 3.3 Summary of issues raised

This section summarises the key issues and views raised in the public submissions.<sup>a</sup>

#### 3.3.1 Affordability of proposed rates increases

Most of the submissions we received raised concerns about the impact of the council's proposed SV on the affordability of rates and suggested this would lead to financial hardship.

Some stakeholders cited that combined with water price increases, the SV would be unaffordable. Some submissions also referred to cost-of-living pressures to oppose the SV, including raising concerns about managing the impact of the SV as pensioners.

A few submissions also stated that this SV would add to the financial pressures of the temporary SV of 15% that IPART approved for 2021-22, which enables the council to retain the income to 2030-31.

<sup>a</sup> Where a submission was marked as confidential we have not raised it here to protect confidentiality. Matters raised in the feedback form free-text section have generally been treated as confidential submissions.

We acknowledge these views. However, as noted by the council:<sup>13</sup>

- This SV application seeks to increase its general income through the “transfer” of a Drainage Charge (not a rate rise) levied under the LG Act through the rate notice to offset the discontinued Stormwater Drainage Charge currently levied under the WM Act through a separate water bill (see Chapter 2 and Chapter 6).
- The same ratepayers that were subject to the Stormwater Drainage Charge levied under the WM Act will be subject to the proposed Drainage Charge under the LG Act.
- Ratepayers currently not paying the Stormwater Drainage Charge will not be subject to the proposed Drainage Charge under the LG Act.

Our analysis of the affordability of proposed rate increases is in Chapter 6. We also consider how the council has complied with the conditions of past SVs in Chapter 9.

### 3.3.2 The council's financial management

Many submissions raised concerns that the council has not used its resources efficiently, with several stakeholders making references to the council being placed under administration as an example of a mismanaged council.

The elected councillors are responsible for managing the council's finances. IPART does not have the function of auditing or examining the council's financial decisions or financial management more broadly, beyond our assessment of the SV application against the OLG Guidelines.

We assess whether a council has found and implemented efficiencies and cost containment strategies, as well as the financial impact of a proposed SV on ratepayers. We are not authorised to assess the merits of council spending decisions. Our analysis of the council's productivity improvements and cost containment strategies is in Chapter 8.

In Chapter 4, we also considered the scope of the current Stormwater Drainage Charge's expenditure, including potential public safety risks, community disruption or isolation.

### 3.3.3 The council's current services and infrastructure

Some stakeholders expressed that it was not equitable that they are subject to the Stormwater Drainage Charge and would be required to pay the Drainage Charge under the LG Act when they receive no related services such as kerbing and guttering. A few stakeholders also said this was a misallocation of costs by the council.

IPART sets the rate peg or a special variation which limits the total level of general income that a council can recover from ratepayers. A council must make and levy ordinary rates annually. It is the role of the council, as the democratically elected body, to decide what special rates and annual charges it levies, including the proposed Drainage Charge to apply from 2026-27, and the distribution of rates and charges across its ratepayer base, in accordance with the LG Act.

The council advised us that the Drainage Charge under LG Act would apply to existing declared drainage areas (see [here](#)).

### 3.3.4 A different stormwater charge from the LG Act should have been proposed

A few submissions raised that the council should recover stormwater costs by levying a fixed annual charge of \$25 instead. While the submissions do not refer explicitly to a specific clause in the LG Act, based on the amount cited, we take this to refer to section 496A of the LG Act.

The council is proposing to levy an annual Drainage Charge under section 501 of the LG Act to replace the Stormwater Drainage Charge under the WM Act from 1 July 2026.<sup>14</sup>

A council must make and levy ordinary rates annually. Beyond this, it is a matter for the council, as the democratically elected body, to determine what special rates and annual charges it levies, the rating structure and amount of any charge, and the distribution of rates among ratepayers in accordance with the LG Act.

Our analysis of the financial need for the special variation is in Chapter 4 and our analysis of the council's productivity improvements and cost containment strategies is in Chapter 8.

### 3.3.5 The council's consultation with the community

A few submissions put the view that the council had not taken on board the strong community opposition during its consultation process. The stakeholders also expressed that the views of the 16 participants from the People's Panel as part of the council's community consultation, who were generally supportive of the SV proposal, was prioritised.

A stakeholder raised the discrepancy that the council consulted on a proposed increase of 12.67% but applied for a proposed increase of 12.80% for 2026-27. We note that the council accurately communicated the total increase in dollar terms for the average ratepayer, by rating category, consistent with its 12.8% SV application.

Our analysis of the council's consultation with its community is in Chapter 5.

### 3.3.6 Sufficiency of existing financial resources

A few stakeholders suggested that the council has reported surpluses in recent years which does not justify the need for this SV.

Our analysis of the financial need for the special variation is in Chapter 4.

### 3.3.7 Reporting for the SV

A few stakeholders expressed that if this SV was approved that this should be followed by appropriate reporting requirements for the council. One stakeholder said that clear reporting and ongoing performance monitoring should be required if the SV was approved.<sup>15</sup> Another stakeholder in their submission queried what conditions IPART would impose to ensure annual increases in the Drainage Charge are no higher than CPI inflation.<sup>16</sup> A different stakeholder expressed that the approval of this SV would be strengthened by enforceable governance and transparency conditions, such as standalone reporting to preserve transparency of the stormwater related income.<sup>17</sup>

The Tribunal has decided that this SV is subject to reporting conditions, including the requirement for the council to outline in its annual reporting what was funded by the additional income (see Chapter 10). The OLG is the body responsible for enforcing compliance with the conditions attached to SVs.

## Chapter 4 >>

### Financial need

OLG Criterion 1

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04

OLG Criterion 1 requires the council to clearly articulate and identify the need for, and purpose of, the proposed SV in its IP&R documents. It also requires the council to demonstrate the financial need for the SV by assessing its impact on the council's financial performance and position, and by canvassing alternatives to address the financial need.

Note: See Appendix A for the full criterion.

To assess whether the council met OLG Criterion 1, we reviewed the council's IP&R documents and the information in its application. We also considered stakeholders' comments on financial need received via our feedback form and submissions and undertook our own analysis of the council's financial performance and position. We do not audit council finances as part of our assessment of special variation applications, as this is not part of our delegated function.

We found that the council met this criterion.

The sections below discuss our assessment of Criterion 1 in more detail.

## 4.1 The council's IP&R documents

We found that the council's IP&R documents, including its Long-Term Financial Plan (LTFP), Delivery Program and Asset Management Strategy, identify and articulate the need for and purpose of the SV.

The LTFP considers multiple scenarios, including cases where stormwater drainage services income is maintained or discontinued.<sup>18</sup> The Delivery Program explains that the current stormwater drainage charges applies to 30 June 2026 (the 2022 determination period under IPART's water decisions).<sup>19</sup> The Asset Management Strategy, adopted in June 2025, has a stormwater drainage specific asset management plan, which includes condition reporting and considerations of future demand.<sup>20</sup>

## 4.2 Our analysis of the council's financial performance and position

We used information provided by the council in its application and IP&R documents to analyse the council's financial performance and financial position and the impact the proposed SV would have on these. This involved calculating financial forecasts under 2 scenarios:

1. **proposed SV scenario:** which includes the council's proposed SV revenue and expenditure.
2. **baseline scenario:** which does not include the council's proposed SV revenue or expenditure.

We then used these forecasts to examine the impact of the SV on key indicators of the council's financial performance and position – namely its operating performance ratio and net cash (or net debt).

We have generally used averages of the forecasts over the next 5 years for these indicators to smooth annual variability. In this chapter we also present data over a longer timeframe in some tables and charts however we note that data beyond 5 years is subject to greater variability.

#### 4.2.1 Impact on operating performance ratio

The operating performance ratio (OPR) is a measure of a council's ongoing financial performance or sustainability. In general, a council with an OPR consistently greater than zero is considered to be financially sustainable because it measures a council's ability to contain operating expenditure within operating revenue.<sup>21</sup> The OLG has set a benchmark for the OPR of greater than zero (see Box 4.1 for more information).

##### Box 4.1 Operating performance ratio

The OPR measures whether a council's income will fund its costs and is defined as:

$$OPR = \frac{\text{Total operating revenue} - \text{operating expenses}}{\text{Total operating revenue}}$$

where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.

The OLG has set a benchmark for the ratio of greater than 0%.

The ratio measures net operating results against operating revenue and does not include capital expenditure. A positive ratio indicates that an operating surplus is available for capital expenditure.

Generally, IPART considers that a council's average OPR over the next 10 years should be 0% or greater, as this represents the minimum level needed to demonstrate financial sustainability. An OPR consistently well above 0% may bring into question the financial need for an SV.

However, we recognise that other factors, such as the level of borrowings or investment in infrastructure, may affect the need for a council to have a higher or lower operating result than the OLG breakeven benchmark as set by OLG.

Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

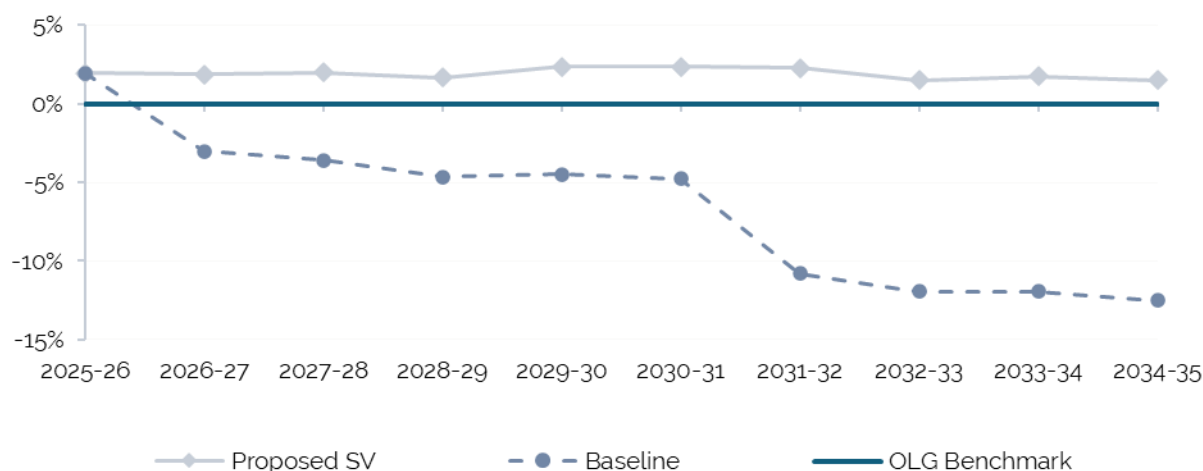
We found that, over the next 5 years:

- **Under the proposed SV scenario:** the council's OPR would meet the OLG benchmark of greater than 0% from 2026-27 at 1.9%. Its average OPR over the 5-year period would be 2.0%.
- **Under the baseline scenario:** the average OPR over the period would be -4.1%.

This suggests that without the SV, the council would have an operating deficit, which would grow over time.

Our analysis of the impact of the proposed SV on the council's OPR over the next 10 years is summarised below.

Figure 4.1 The council's projected OPR



Note: OPR shown excludes capital grants and contributions.  
Source: Central Coast Council, [Application Part A](#).

Table 4.1 The council's projected OPR under 2 scenarios (%)

	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35
Proposed SV	1.9	2.0	1.7	2.4	2.3	2.3	1.5	1.7	1.5
Baseline	-3.0	-3.6	-4.7	-4.5	-4.8	-10.8	-11.9	-12.0	-12.5

Source: Central Coast Council, [Application Part A](#).

The council currently has a temporary SV which allows it to retain the additional income up to 2030-31 (see Chapter 9).

Under the council's baseline scenario, there is a fall in the council's baseline OPR from 2031-32. The council explained in its LTFP that the cause of this fall is the loss of the \$31 million income resulting from the expiry of the temporary SV in 2031-32.<sup>22</sup>

Under the council's proposed SV scenario, the OPR from 2031-32 generally remains in line with previous financial years. The council explained in its LTFP that this scenario assumes that the council would have a permanent SV from 2031-32 that replaces the \$31 million in additional income from the temporary SV expiring in 2030-31.<sup>23</sup>

For the purposes of assessing the council's application, we have considered the assumptions and information provided by the council in its LTFP. The temporary SV will expire in 2030-31 and the council must reduce its general income in accordance with the conditions of its SV instrument by 2031-32. The council must separately apply for an SV if it seeks to continue collecting the additional income from the expiring temporary SV on a permanent basis from 2031-32. This will require the council to consult with its community on the need for and extent of any future rate rise. If the council submits an application for an SV for that or any other purpose, we will assess that application against the criteria in the OLG Guidelines at that time.

In any event, it is clear that without the proposed SV, the council's OPR will not meet OLG's benchmark from 2026-27 and that this position will continue to deteriorate over time.

#### 4.2.2 Impact on net cash

A council's net cash (or net debt) position is an indicator of its financial position. For example, it indicates whether a council has significant cash reserves that could be used to fund the purpose of the proposed SV. We examined the council's cash and investments, and its net cash (debt) to income ratio.

## Box 4.2 Cash and investments and net cash (debt) to income ratio

### Cash and investments

Councils hold cash and investments for a variety of purposes, but the use of these can be restricted in one of 2 ways:

- **Externally restricted.** These funds are subject to external legislative or contractual obligations.
- **Internally allocated.** These are subject to a council resolution to cover commitments and obligations expected to arise in the future and where it is prudent to hold cash to cover those obligations.

Unrestricted funds can be used to fund the council's day to day operations and may be able to be used for the same purpose as the proposed SV. In some cases, this may be enough to avoid or delay the SV or reduce its size. However, this metric does not account for any borrowings or payables that need to be settled.

### Net cash (debt) to income ratio

The net cash (debt) to income ratio can show whether a council has sufficient cash reserves left over that could be used to fund the purpose of the proposed SV, *after* taking out its payables and borrowing obligations.

$$\text{Net cash (debt) to income ratio} = \frac{(\text{Cash} + \text{Investments} + \text{Receivables}) - (\text{Payables} + \text{Borrowings})}{\text{Total operating revenue (excluding capital grants)}}$$

The cash and investments in this formula includes balances subject to *external restrictions* and *internal allocations*.

A positive ratio shows that a council may have access to cash reserves to help address its financial need. A negative ratio shows that a council may not have reserves to rely on to address financial sustainability issues.

For instance, a ratio of 10% means that an entity has 10 cents of net cash per \$1 of operating revenue. Conversely, a ratio of -10% means that an organisation has 10 cents of net debt (i.e. -10 cents net cash) per \$1 of operating revenue.

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## Cash and investments

The council advised us that on 30 June 2025, it held a total of \$640.3 million in cash and investments in its general fund.<sup>24</sup> This comprised:

- **\$351.7 million externally restricted funds.** For Central Coast Council, examples include developer contributions, domestic waste management, and specific purpose unexpended grants.<sup>25</sup>
- **\$159.7 million internally allocated funds.** For Central Coast Council, examples include employee leave entitlements, self-insurance claims, tip replacement/rehabilitation, and water management infrastructure.<sup>26</sup>
- **\$128.9 million unrestricted funds.** These funds can be used to fund the council's day to day operations.

This suggests that the majority of the council's cash reserves are committed to other purposes, except for the \$128.9 million that is unrestricted. In addition, the council's LTFP indicates, that without an SV, its unrestricted cash reserves would decline to -\$12.6 million by 2031-32.<sup>27</sup> This is because most of its unrestricted reserves will be required to fund its accumulated operating deficits each year.

## Net cash (debt) to income ratio

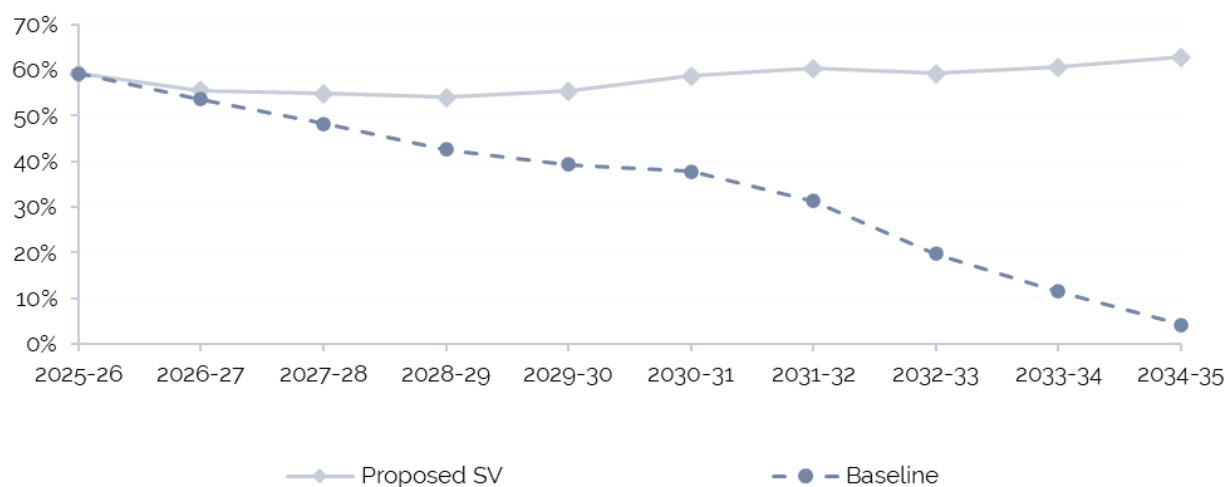
We calculated that as at 30 June 2026, the council would have net cash of \$321.3 million. The council would have a net cash (debt) to income ratio of 59.2%.

Over the next 5 years:

- **under the baseline scenario:** the council's net cash (debt) to income ratio would fall averaging 44.3%.
- **under the proposed SV scenario:** the council's net cash to income ratio would average 55.7%.

The impact of the proposed SV on the council's net cash (debt) to income ratio over the next 9 years is presented below.

Figure 4.2 The council's net cash (debt) to income ratio (%)



Source: Central Coast Council, [Application Part A](#), Worksheet 9 and IPART calculations.

### 4.3 Alternatives to the rate rise

We assessed whether, in establishing the need for the SV, the council's relevant IP&R documents canvassed alternatives to the rate rise to meet the financial need.

The LTFP outlines various scenarios, including the scenario where no action is taken to maintain the stormwater drainage service charges, which is the base case.<sup>28</sup> The LTFP shows that under that scenario there would be a negative operating result for the council from 2026-27 and negative unrestricted cash from 2031-32.<sup>29</sup> While not incorporated into the LTFP, the council has also considered and quantified potential service level cuts, if the SV was not approved.<sup>30</sup>

The council also explained that reductions related to stormwater services must be carefully considered to ensure it does not generate a non-compliance with regulatory or Australian Standards, cause untenable public safety risks or increase the potential for catastrophic asset failure.<sup>31</sup>

It also explained that income generated through the Stormwater Drainage Charge funds critical stormwater drainage services including floodplain risk management planning, asset planning, maintenance, and capital construction.<sup>32</sup> In their application the Council noted reductions in these activities would result in increased public safety risks and increased potential for community disruption or isolation.<sup>33</sup>

We also note that the SV application is the only mechanism available to the council to enable it to maintain the same level of income to fund to the stormwater services.<sup>34</sup>

Having regard to the context of this SV, we assess the council has appropriately canvassed alternatives to the SV.

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## 4.4 OLG Criterion 1 – Financial need was demonstrated

In conclusion, our assessment is that the council met OLG Criterion 1.

We note that the proposed SV is to maintain funding for existing stormwater drainage services. Without the SV (i.e. continuation of existing revenue), the council's forecast OPR shows that it would be in an operating deficit and would not meet the OLG benchmark of OPR greater than zero. The net cash to income ratio also deteriorates over time without the SV. These show that the council may become financially unsustainable without an SV.

We have also assessed whether the council considered alternatives to maintaining its current revenue from Stormwater Drainage Charges to be levied under the LG Act from 2026-27. The council explained that potential service level cuts to stormwater management activities must be carefully considered in the context of public safety risks and explained that it funds critical infrastructure. Having regard to the context and purpose of this SV, we assess the council has appropriately canvassed alternatives to an SV. When taking these into account, we assess there is a financial need to continue generating existing income from Stormwater Drainage Charges as Drainage Charges revenue, levied under the LG Act.

Chapter 5 >>

Community awareness

OLG Criterion 2

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05

OLG Criterion 2 requires the council to provide evidence that the community is aware of the need for and extent of the proposed rate increase. It requires the council to:

- communicate the full cumulative increase of the proposed SV in percentage terms and in dollar terms for the average ratepayer, by rating category
- outline its ongoing efficiency measures and performance
- use a variety of engagement methods to ensure community awareness and provide opportunities for community input.

The criterion does not require the council to demonstrate community support for the SV application.

Note: See Appendix A for the full criterion.

To assess whether the council met OLG Criterion 2, we considered stakeholder comments about community awareness that we received through our feedback form and submissions. We also analysed the council's community engagement on the proposed SV.

We found that the council met this criterion on balance.

The sections below discuss our assessment of Criterion 2 in more detail.

## 5.1 Our assessment of the council's engagement and consultation

To assess the effectiveness of the council's community engagement and consultation on the proposed SV, we considered whether:

- the information provided to ratepayers was generally sufficient and clear
- the variety of engagement methods used was effective
- the process used to consult the community provided timely opportunities for ratepayers to be informed and provide feedback on the proposed SV
- the outcomes from the consultation were considered in preparing the SV application.

### 5.1.1 Information provided to ratepayers

We found that the information the council provided to ratepayers about the proposed SV was sufficient to create awareness of its proposal.

The council's consultation materials were generally clear and set out:<sup>35</sup>

- the need for the SV
- the projected average rates and minimum rates in dollar terms for the residential, business and farmland and rating categories, including showing the net impact on the rates notice and water bill from the transfer of the stormwater drainage charge
- what the current Stormwater Drainage Charge funds and what the proposed Drainage Charge would fund
- how to find out more information
- how to provide feedback.

However, a shortcoming was that the council did not accurately communicate the full cumulative increase of this SV application. A stakeholder raised the discrepancy that the council consulted on a proposed increase of 12.67% but applied for a proposed increase of 12.80% for 2026-27.<sup>36</sup> However, we found that the council during its community consultation accurately communicated the total increase in dollar terms for the average ratepayer, by rating category, consistent with its 12.8% SV application.

We consider this in more detail below.

### Community consultation on proposed SV increase

OLG Criterion 2 states that "councils need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category" (see Appendix A for more details).

The council outlined the reasons for the discrepancy in its application, explaining that the:<sup>37</sup>

- "12.67% used for community consultation was based on estimated permissible income as per the 2024-25 audited financial statements...and 2025-26 budgeted annual drainage charges both increased by Council's rate peg of 3.2%".
- "12.8% in Council's application is based on the latest number of charges billed in quarter 2 of 2025-26, which includes growth in the number of charges billed and the 2025-26 permissible income, both increased by Council's rate peg of 3.2%."
- "Difference between the % increase used for consultation purposes and the % used in the SV application lodged with IPART, does not impact the average rates or drainage charges paid by ratepayers."

While a lower full cumulative increase in percentage terms was conveyed to the community, we found that the council has correctly communicated the total increase in dollar terms for the average ratepayer by rating category for its proposed SV.<sup>a</sup> The council has adequately explained to the community that current average rates and drainage charges would be increased in line with the rate peg for 2026-27. We discuss further in section 5.2 how this factored into our assessment of this OLG criterion.

<sup>a</sup> The council explained that any minor differences between the consultation materials and its IPART application was due to the availability of more up-to-date rating information and customer numbers. We assess that the differences would not have had a material impact on the council's community consultation, and the dollar values used for consultation were generally higher than what was ultimately submitted to IPART.

## 5.1.2 Engagement methods used

We found the council used an appropriate variety of engagement methods to promote awareness of its proposed rates increase and provided opportunities for ratepayers to provide feedback.

Throughout its consultation period, the council told us its engagement activities included:<sup>38</sup>

- a dedicated SV webpage (Your Voice Our Coast), launched on 31 October 2025
- targeted letter deliveries to 138,249 ratepayers<sup>b</sup>
- use of social media channels such as Facebook, Instagram and LinkedIn
- communicating through Coast Connect eNews delivered to 20,493 people and print which has a readership of 60,000
- the People's Panel workshop with 16 participants.

## 5.1.3 Process for community consultation

We found the process the council used to engage with and consult the community about the proposed SV was effective.

The council consulted with the community from 31 October 2025 to 11 January 2026 to seek community feedback on the proposed SV.<sup>39</sup>

We assess this consultation period provided enough opportunity for ratepayers to be informed and provide feedback on the proposal, which we discuss further below.

## 5.1.4 Council consideration of outcomes of community consultation

OLG Criterion 2 does not require the council to demonstrate community support for the proposed special variation. However, we expect the council to consider the results of community consultation in preparing its application.

We found the council did appropriately consider the results of community consultation.

The council was provided with submissions it received during its community consultation at the 27 January 2026 meeting.<sup>40</sup>

In total, the council received 1,313 submissions, which can be broken down into:<sup>41</sup>

- 1,099 via the online submission form
- 193 via email
- 5 through post
- 16 via the People's Panel.

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<sup>b</sup> Ratepayers that owned more than one property received a single letter rather than receiving multiple letters for each property (assessment).

The council's engagement report explained that of the 1,313 submissions, 69% did not support the "transfer of the charge" while 25% supported it.<sup>42</sup>

The report explained that the top 2 themes from submissions that opposed the SV were around perceived lack of service/infrastructure and general opposition stemming from cost-of-living concerns and distrust in the council's financial management.<sup>43</sup>

The top 2 themes for those who were supportive were submissions that gave conditional support (i.e. total amount paid does not increase and that services levels are maintained or improved) and stakeholders who expressed that the stormwater "transfer" was a necessary administrative or legal step.<sup>44</sup>

The council also explained that it facilitated the People's Panel (an in-person workshop) with 16 participants.<sup>45</sup> The council said these 16 participants were provided education sessions, including being briefed on the legislative change and the need for the transfer of the stormwater charge (SV).<sup>46</sup> It noted that 15 out of 16 participants showed strong support for the SV.<sup>47</sup>

## 5.2 OLG Criterion 2 – Community awareness was demonstrated on balance

In conclusion, our assessment is that the council met OLG Criterion 2 on balance.

The council engaged with and consulted its community and generally provided sufficient information about the need for and extent of the proposed SV. It used an appropriate variety of engagement methods, provided sufficient opportunities for the community to provide feedback, and considered this feedback in preparing its SV application.

However, a shortcoming of its community consultation was that the council did not accurately communicate the full cumulative increase of this SV application. The council consulted on a proposed increase of 12.67% but applied for a proposed increase of 12.8% for 2026-27. However, we found that the council during its community consultation accurately communicated the total increase in dollar terms for the average ratepayer, by rating category, consistent with its 12.8% SV application.

The circumstances of the SV application are unique in that the council is not seeking to increase ordinary rates above rate pegging. Rather, the council seeks to increase its general income so that the council can continue collecting income from the charges it levies for providing stormwater drainage services.<sup>48</sup>

As a result, the full cumulative increase to general income is different to the increase in dollar terms for the average ratepayer. This is because for individual ratepayers, the total increase in their ordinary rates would generally be in line with the rate peg rather than a 12.8% increase. We explain the impact on individual ratepayers further in Chapter 6.

Taking these factors into account, we assess that the council on balance has communicated the impact of the SV to its community.

## Chapter 6 >>

### Impact on ratepayers

OLG Criterion 3

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06

OLG Criterion 3 requires the council to show that the impact on ratepayers is reasonable considering current rates, the community's capacity to pay and the proposed purpose of the special variation.

Note: See Appendix A for the full criterion.

To assess this criterion, we considered stakeholder comments on the proposed SV's impact on ratepayers received through our feedback form and submissions and analysed the council's assessment of the impact of the SV on ratepayers. We also undertook our own analysis to assess whether this impact is reasonable.

We found that the council met Criterion 3.

The sections below discuss our assessment of OLG Criterion 3 in more detail.

## 6.1 Impact of the proposed SV

Under the proposed SV, permissible general income would increase by 12.8% (around \$30.2 million) in 2026–27. The council also proposes a corresponding reduction in revenue to its water fund (around \$22.6 million). Any future changes to the water fund will be determined separately in water pricing reviews<sup>a</sup> and not determined through this SV assessment.

Thus, the net impact for ratepayers is also the rate peg increase (3.2%). Ratepayers previously subject to the Stormwater Drainage Charge in the water bill would instead pay an equivalent Drainage Charge under the rates notice.

The council also stated it has not proposed any changes to the current Stormwater Drainage Service Charge Area and ratepayers that do not currently pay the Stormwater Drainage Charge would not be subject to the proposed Drainage Charge under the *Local Government Act 1993* (LG Act).<sup>49</sup>

We explain this in more detail below.

### 6.1.1 Impact of the proposed SV on charges for stormwater drainage services

The table below compares the current Stormwater Drainage Charges (2025-26) against what the council has proposed for 2026-27. The increases for all categories are 3.2%, which is the council's 2026-27 rate peg.

<sup>a</sup> IPART is separately reviewing the maximum prices CCC Water can charge households and businesses for water and wastewater services (see Box 2.1).

Table 6.1 Proposed stormwater drainage charge impact

Stormwater drainage charge	2025-26 current Stormwater Drainage Charge under WM Act (\$)	2026-27 proposed Drainage Charge under LG Act (\$)	Increase (%)
Residential - standalone	147.26	151.97	3.2%
Residential and Non-Residential - multi premises	110.83	114.38	3.2%
Vacant Land	110.83	114.38	3.2%
Low Impact	147.26	151.97	3.2%
Small	147.26	151.97	3.2%
Medium	258.59	266.86	3.2%
Large	1,219.05	1,258.06	3.2%
Very Large	3,694.10	3,812.31	3.2%

Source: Central Coast Council, [2025-29 Delivery Program and 2025-26 Operational Plan](#), p 155; Central Coast Council, [Application Form Part A](#), January 2026, WS4 Table 4.3; IPART analysis.

The council's workings show that after 2026-27, the Drainage Charge would increase year-on-year by the relevant rate peg. As actual rate pegs are not yet available for later years, the council has assumed its rate peg would be 3.5% after 2026-27.

Under the current IPART water determination, the Stormwater Drainage Charge is escalated each year by the relevant March-to-March CPI.<sup>b50</sup> We understand that going forward, escalation by the rate peg may yield a different increase than the CPI. Our comparison of the CPI and the council's rate peg from 2023-24 to 2025-26 shows that the increases would generally be similar.

Table 6.2 Cumulative CPI versus the rate peg

	2023-24	2024-25	2025-26
<b>CPI</b>			
<b>Change in Index (CPI) (%)</b>	<b>7.0%</b>	<b>10.9%</b>	<b>13.6%</b>
<b>Rate peg</b>			
Rate peg (%)	3.8%	4.8%	4.3%
<b>Year-on-year cumulative rate peg calculation (%)</b>	<b>3.8%</b>	<b>8.8%</b>	<b>13.5%</b>

Source: IPART, [Maximum prices for water, wastewater and other services supplied by Central Coast Council from 1 July 2022 Final Determination](#), May 2022, pp 30-31; IPART, [Rate peg for NSW councils for 2023-24](#), September 2022, p 10; IPART, [Rate peg for NSW councils for 2024-25](#), November 2023, p 15; IPART, [Rate peg for NSW councils for 2025-26](#), October 2024, p 13.

Note: The change in CPI is as per the definition in our 2022 CCC Water Final Determination (see clause 30.1). To ensure comparability with that methodology, we have calculated a year-on-year cumulative rate peg.

We also note that the council has the discretion to decide whether it increases its general income by the full percentage allowed under any SV or applicable rate peg. If the council decides to increase its general income by the full percentage allowed, it has the discretion to decide how it allocates that increase among ratepayers.

<sup>b</sup> The CPI used is the All Groups index for the weighted average of eight capital cities, published by the Australian Bureau of Statistics.

## 6.1.2 Impact of the proposed SV on ordinary rates

As explained previously, the 12.8% increase in permissible general income is to account for the current Stormwater Drainage Charges revenue levied under the *Water Management Act 2000* (WM Act) being levied under the LG Act from 2026-27. This creates an offsetting effect at a consolidated level where the current Stormwater Drainage Charge income from the water fund is removed and replaced by income from the Drainage Charge levied through the general fund.

Ordinary rates are not affected by this movement and will generally increase in line with the rate peg for ratepayers, which we discuss below.

The council showed that on average, by 2026-27:

- the residential rate would increase by \$44 or 3.1%
- the business rate would increase by \$69 or 1.5%
- the farmland rate would increase by \$76 or 3.2%
- the mining rate would increase by \$16,701 or 3.2%.

These calculations are based on the notional income (total rates income) for each rating category, including sub-categories and special rates, being increased by the rate peg of 3.2%.<sup>c</sup> The council explained that for its application it used the most recent rating information to forecast the 2026-27 average rates.<sup>54</sup> For instance, the council forecasted an increase of 112 business ratepayers on the minimum rate in 2026-27. This explains why on average the business rate increases by 1.5% for individual ratepayers.

Table 6.3 Impact of the proposed special variation on average rates

	2025-26 (current)	2026-27
<b>Residential average rates (\$)</b>	1,446	1,491
\$ increase		44
% increase		3.1
<b>Business average rates (\$)</b>	4,532	4,601
\$ increase		69
% increase		1.5
<b>Farmland average rates (\$)</b>	2,386	2,462
\$ increase		76
% increase		3.2
<b>Mining average rates (\$)</b>	521,916	538,618
\$ increase		16,701
% increase		3.2

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct.  
Source: Central Coast Council, [Application Part A](#) and IPART calculations.

<sup>c</sup> See [Application Part A](#), WS3 and WS4.

## 6.2 The council's assessment of the proposed SV's impact on ratepayers

The criterion requires that the Delivery Program and LTFP show the impact of any rate rises on the community, demonstrate the council's consideration of the community's capacity to pay rates, and establish that the proposed rate increases are affordable having regard to the community's capacity to pay.

The council's Delivery Program and LTFP does not explicitly show the impact of rate rises on the community for 2026-27 or its consideration of the community's capacity to pay rates. However, as noted in Chapter 5, the council has shown the impact of this proposed SV to the community through its consultation materials.

Given the proposed SV would be broadly revenue neutral and impact neutral to individual ratepayers, we assess that the council's approach was appropriate for the circumstances.

However, if the council's SV would have led to increases that are above the rate peg for individual ratepayers, our expectation would be for a council to clearly articulate the impact for each year of the rate rise and consider its ratepayers' capacity to pay in detail.

## 6.3 Our analysis of the proposed SV's impact on ratepayers

To assess the reasonableness of the impact on ratepayers, we considered:

- how the council's rates have changed over time
- how current and proposed rates compare to councils in similar circumstances
- the community's capacity to pay based on socio-economic indicators, historical hardship applications and outstanding rates data
- what hardship provisions the council has in place to mitigate the impact.

While the impact of this SV is generally in line with the rate peg for individual ratepayers, we have further considered affordability in subsequent sections of this chapter, as many stakeholders wrote to us about cost-of-living pressures (see Chapter 3).

### 6.3.1 How the council's rates have changed over time

Over the past 5 years, the average annual growth in the council's residential rates has been higher than the average rate peg increase. Residential rates have increased at an annual average rate of 5.3%, compared to the average rate peg of 3.4% over the same period.

This is due in part to the SV we approved in the last 5 years:

- in 2021-22, we approved a temporary SV of 15% to be retained for 3 years up to 2023-24<sup>52</sup>
- in 2022-23, the council was issued a further temporary SV, which replaced the above SV and enabled the 15% to be retained up to 2030-31 instead.<sup>53</sup>

Table 6.4 Historical average rates in Central Coast Council (\$nominal)

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Average annual growth (%)
Residential	1,118	1,287	1,290	1,339	1,409	1,446	5.3
Business	3,131	3,542	3,561	3,685	3,892	4,532	7.7
Farmland	1,817	2,098	2,116	2,191	2,299	2,386	5.6
Mining	151,000	474,600	460,000	477,400	500,400	521,916	28.2

Note: The average rates do not include the annual stormwater drainage charges.

Source: OLG, [Time Series Data 2024-25](#), Central Coast Council, [Application Part A](#), IPART calculations.

### 6.3.2 How the council's rates compare to other councils

We compared the council's current average rates, and what they would be with the SV, with those of comparable councils. We then considered these findings together with the socio-economic comparisons discussed in section 6.3.3 and the available hardship provisions discussed in section 6.3.4 to help us assess the reasonableness of the proposed rate increase.

The councils we have selected for comparisons are outlined below.

- Based on locality: Lake Macquarie Council, Hornsby Shire Council, City of Newcastle and City of Wollongong. While Newcastle and Wollongong do not share a border with Central Coast, we selected these councils as they are Sydney commuter suburbs like Central Coast.<sup>d</sup>
- Based on similar socio-economic advantage and disadvantage (SEIFA rank): Penrith City Council, Blacktown City Council, Liverpool City Council and Canterbury Bankstown Council.<sup>e</sup>

#### Box 6.1 Comparable councils

In our analysis of rate level and capacity to pay indicators, we have compared the council to other councils that are comparable to it based on their locality and Socio-Economic Indexes for Areas (SEIFA) rank.

##### Comparable councils based on locality

Comparable councils based on locality includes neighbouring and nearby local government areas (LGAs). These council areas are not necessarily similar, but as ratepayers are more likely to be familiar with them and the differing service levels they provide, this comparison may help them assess their own rates level.

<sup>d</sup> We also used Newcastle and Wollongong for average rate comparisons in our [2022-23 SV report](#).

<sup>e</sup> Central Coast Council has a SEIFA rank of 87 out of 128 NSW councils. In general, a lower SEIFA rank indicates a higher level of relative disadvantage.

## Box 6.1 Comparable councils

### Comparable councils based on SEIFA rank

Comparable councils based on SEIFA rank means councils whose LGAs have similar levels of socio-economic advantage and disadvantage, as measured by Socio-Economic Indexes for Areas (SEIFA). SEIFA is a series of indexes that rank Australian LGAs according to relative socio-economic factors. It is developed by the [Australian Bureau of Statistics](#) using the latest census results (currently 2021). We used the 'Index of Relative Socio-economic Advantage and Disadvantage' which includes 23 variables covering income, household make-up, housing, education levels and employment.

### Comparison of average rates

Our comparison of average rates does not include stormwater drainage charges. This was to enable like-for-like comparisons with other councils.

Both the council's current and proposed average residential rates in 2026-27 are lower than the averages for comparable councils based on locality and the average for comparable councils based on SEIFA rank.

See Table 6.5 for more information.

We found that both the council's current and proposed average business and farmland rates in 2026-27 are lower than the averages for comparable councils based on locality and for comparable councils based on SEIFA rank.

See Table 6.6 for more information.

Table 6.5 Comparison of the council's average residential rates under the proposed SV (Average residential rate) (\$)

Council	2025-26 (current) <sup>b</sup>	2026-27 <sup>c</sup>
<b>Central Coast Council</b> (average rates only)	<b>1,446</b>	<b>1,491</b>
<b>Comparable based on locality</b>		
Lake Macquarie	1,785	1,842
Hornsby	1,584	1,672
Newcastle	1,874	1,953
Wollongong	1,833	1,905
<b>Average<sup>a</sup></b>	<b>1,784</b>	<b>1,855</b>
<b>Comparable based on SEIFA rank</b>		
Penrith	1,607	1,666
Blacktown	1,225	1,429
Liverpool	1,401	1,458
Canterbury-Bankstown	1,416	1,474
<b>Average<sup>a</sup></b>	<b>1,384</b>	<b>1,492</b>

a. The average rate of comparable councils by locality and SEIFA rank are weighted by the number of assessments.

b. To derive the 2025-26 average rates for comparable councils, we used OLG's time series data as at 2024-25 (latest available) and escalated this by its rate peg, or if applicable, its approved SV.

c. To derive the 2026-27 average rates for comparable councils, we used OLG's time series data as at 2024-25 (latest available) and escalated this by its 2025-26, 2026-27 rate peg, or if applicable, its approved SV.

d. Blacktown City Council has also applied for an SV for 2026-27. The average rates for this council assumes, for the purpose of the comparison, that the proposed SV was approved. IPART's actual decision in relation to Blacktown City Council's SV application is set out in a separate report.

Source: OLG, [Time Series Data 2024-25](#); ABS, [2021 Census DataPacks](#), General Community Profile, Local Government Areas, NSW and IPART calculations.

Table 6.6 Comparison of the council's average business and farmland rates under the proposed SV

	Average business rates (\$)		Average farmland rates (\$)	
	2025-26 (current) <sup>b</sup>	2026-27 <sup>c</sup>	2025-26 (current) <sup>b</sup>	2026-27 <sup>c</sup>
<b>Central Coast Council</b>	<b>4,532</b>	<b>4,601</b>	<b>2,386</b>	<b>2,462</b>
<b>Comparable based on locality</b>				
Lake Macquarie	5,690	5,872	2,695	2,781
Hornsby	3,971	4,189	2,532	2,671
Newcastle	14,368	14,971	2,569	2,677
Wollongong	12,146	12,620	4,899	5,090
<b>Average<sup>a</sup></b>	<b>9,809</b>	<b>10,205</b>	<b>3,096</b>	<b>3,242</b>
<b>Comparable based on SEIFA rank</b>				
Penrith	10,351	10,734	16,879	17,504
Blacktown	12,937	15,090	2,374	2,769
Liverpool	7,082	7,373	5,138	5,349
Canterbury-Bankstown	9,040	9,411	na	na
<b>Average<sup>a</sup></b>	<b>9,929</b>	<b>10,738</b>	<b>11,415</b>	<b>11,896</b>

a. The average rate of comparable councils by locality and SEIFA rank are weighted by the number of assessments

b. To derive the 2025-26 average rates for comparable councils, we used OLG's time series data as at 2024-25 (latest available) and escalated this by its rate peg, or if applicable, its approved SV.

c. To derive the 2026-27 average rates for comparable councils, we used OLG's time series data as at 2024-25 (latest available) and escalated this by its 2025-26, 2026-27 rate peg, or if applicable, its approved SV.

d. Blacktown City Council has also applied for an SV for 2026-27. The average rates for this council assumes, for the purpose of the comparison, that the proposed SV was approved. IPART's actual decision in relation to Blacktown City Council's SV application is set out in a separate report.

Source: OLG, [Time Series Data 2024-25](#); ABS, [2021 Census DataPacks](#), General Community Profile, Local Government Areas, NSW and IPART calculations.

### 6.3.3 The community's capacity to pay based on socio-economic indicators

To assess the community's capacity to pay the council's proposed rates, we considered a range of indicators of socio-economic status and levels of vulnerability in the community.

This assessment focused on residential rates, as residential ratepayers represent the majority of ratepayers.<sup>f</sup>

<sup>f</sup> Note that our assessment looks at the community as a whole and does not distinguish between those that directly pay rates and those that may indirectly be impacted.

## Box 6.2 How we assessed capacity to pay

To help us understand the impact of the proposed SV on residential ratepayers, we compared selected socio-economic indicators for the council's community and the comparable councils' communities, using data from the 2021 census. We also considered the council's historical hardship and outstanding rates data. These measures provide an indication of the community's ability to pay additional rates and are useful to consider together with the average rates comparisons.

### Socio-economic indicators

We considered the following socio-economic factors when assessing the capacity to pay of residential ratepayers.

- The median income levels, and the ratio of average residential rates to median household income, which are indicators of capacity to absorb cost increases.
- The proportion of people on selected Government payments<sup>9</sup>, which could be an indicator of levels of vulnerability as recipients may generally be on lower and fixed incomes.
- The level of outright home ownership, where a higher level may indicate that a community has more capacity to pay (as more households do not need to pay mortgage or rent payments).
- The proportion of occupied private dwellings where 30% or more of the household's imputed income is put towards housing costs, which can be an indicator of households experiencing cost-of-living pressures. However, putting 30% or more of a household's imputed income towards housing may not always be a sign of financial stress. A household may choose to make more mortgage repayments or reside in a more expensive area and have a sufficiently high income.

We also note that the cost of living has increased since this data was collected in the 2021 census.

### Hardship applications and outstanding rates

We collected 5 years of historical data related to a community's ability to pay rates to understand trends in the area. This included:

- how many applications for hardship assistance were made to the council
- how many ratepayers were on hardship arrangements
- the value of rates (\$) that were outstanding as at 30 June.

We note these indicators can apply to very small proportions of the population.

<sup>9</sup> These are the Age Pension, Disability Support Pension and JobSeeker Payment.

Comparison of Central Coast Council's area to comparable councils' areas, generally shows that it is below on most indicators. IPART's analysis of ABS Census data and OLG data found some key insights.

- Median income is lower in the than the average for comparable LGAs based on locality and Socio-Economic Indexes for Areas (SEIFA) rank.
- The typical household in the Central Coast LGA spends around 1.8% of its household income on residential rates. This is slightly less than average in comparable LGAs based on locality (2.0%) but higher when compared by similar SEIFA rank (1.6%).
- 3.5% of the council's rates were outstanding, which is lower than the average for other comparable councils by locality (4.6%) and similar SEIFA rank (5.9%). This meets the OLG benchmark of lower than 5%.
- 16.5% of households meet the definition of housing cost stress. This is more than the average in comparable areas based on locality (14.8%), but less than average in comparable areas based on SEIFA (21.0%).
- 34.5% of dwellings are owned outright, which is higher than other comparable councils based on both locality and SEIFA rank comparisons.

Table 6.7 Comparison of the council's socio-economic indicators

	Median annual household income (\$) <sup>a</sup>	Current average residential rates to median household income ratio (%) <sup>b</sup>	Outstanding rates and annual charges ratio (%) <sup>c</sup>	Proportion of population in receipt of select Government payments (%) <sup>d</sup>	Proportion of households that pay more than 30% of income towards housing costs (%) <sup>e</sup>	Dwelling owned outright (%) <sup>f</sup>
<b>Central Coast Council</b>	<b>78,364</b>	<b>1.8</b>	<b>3.5</b>	<b>21.1</b>	<b>16.5%</b>	<b>34.5</b>
<b>Comparable based on locality</b>						
Lake Macquarie	84,396	2.2	4.7	20.4	13.0%	37.1
Hornsby	125,684	1.3	2.6	9.6	14.5%	33.9
Newcastle	91,520	2.1	4.2	17.4	15.9%	29.2
Wollongong	87,464	2.2	7.0	18.6	16.0%	34.2
<b>Average</b>	<b>97,266</b>	<b>2.0</b>	<b>4.6</b>	<b>17.0</b>	<b>14.8%</b>	<b>33.6</b>
<b>Comparable based on SEIFA rank</b>						
Penrith	98,956	1.7	4.5	13.8	18.2%	24.7
Blacktown	109,564	1.3	5.8	12.3	18.4%	20.2
Liverpool	94,588	1.5	7.5	14.6	23.4%	23.0
Canterbury-Bankstown	80,912	1.8	5.8	16.5	24.0%	28.5
<b>Average</b>	<b>96,005</b>	<b>1.6</b>	<b>5.9</b>	<b>14.3</b>	<b>21.0%</b>	<b>24.1</b>

a. Median annual household income is based on 2021 ABS Census data.

b. The 2025-26 average rates for comparable councils are calculated based on the OLG's time series data as at 2024-25 (latest available data) escalated by a council's 2025-26 rate peg or approved SV, as relevant.

c. The Outstanding rates ratio (%) is derived from the OLG's Rates & Annual Charges Outstanding Percentage for the General Fund as at 2024-25 (latest available data). The formula is 'rates and annual charges outstanding (\$)' *divided by* 'rates and annual charges collectible (\$)'.

d. Proportion of population in receipt of select government payments (%) is based on the total number of Age Pension, Disability Support Pension and the JobSeeker Payments *divided by* the estimated resident population from the ABS Data by Region.

e. Proportion of occupied private dwellings where 30% or more of the household's imputed income is put towards housing costs payments is calculated by the following formula - |households where mortgage repayments are more than 30% of the imputed household income (no.) + households where rent repayments are more than 30% of the imputed household income (no.)| / total occupied private dwellings (no.). These measures are from the ABS Data by Region.

f. Dwelling owned outright (%) is from the ABS Data by Region.

Source: OLG, [Time Series Data 2024-25](#); ABS, [Socio-economic Indexes for Areas \(SEIFA\) 2021](#), March 2023; ABS, Data by Region, Local Government Areas, NSW, Median Weekly Household Income and IPART calculations.

In addition to these socio-economic indicators, we considered historical data on the number of ratepayers applying for hardship provisions. Recent trends can give an indication of ratepayers' ability to pay current rates levels and the potential impact of other recent cost increases.

Over the last 3 years the number of ratepayers on the hardship policy has ranged from 77 to 86. The average amount owing per ratepayer on hardship policy has decreased over the last 3 years from \$3,273 owing in 2022-23 to \$1,709 owing per ratepayer on the hardship policy in 2024-25.

### Box 6.3 Rates and annual charges outstanding ratio

The rates and annual charges outstanding ratio measures the impact of uncollected rates and annual charges on a council's liquidity and the adequacy of its debt recovery effort. This is defined as:

$$\text{Rates and annual charges outstanding ratio} = \frac{\text{Rates and annual charges outstanding}}{\text{Rates and annual charges collectible}}$$

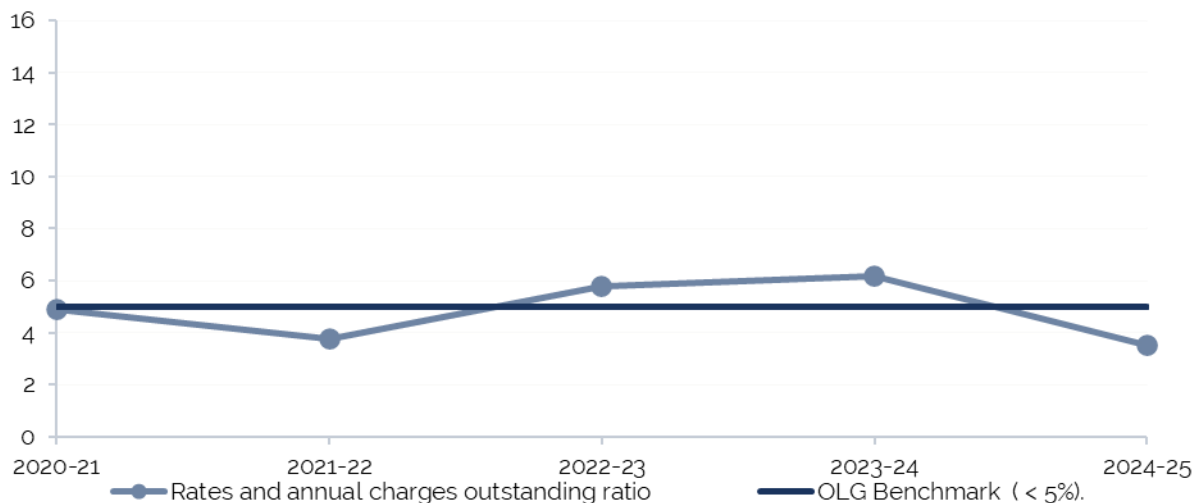
The OLG has set a benchmark for the ratio of less than 5% for metropolitan councils and less than 10% for regional and rural councils.

Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

We also considered the council's rates and annual charges outstanding ratio. While a rates and annual charges outstanding ratio above the OLG benchmark can be a reflection of how effectively the council has managed its debt recovery efforts, it can also be an indication that a greater number of ratepayers have been unable to pay their rates on time.

The average rates and annual charges outstanding ratio across 2020-2021 to 2024-25 is 4.8%. This meets the OLG benchmark of less than 5% for metropolitan councils.

Figure 6.1 The council's rates and annual charges outstanding ratio (%)



Source: OLG Time Series Data and IPART calculations.

### 6.3.4 The council's hardship policy and availability of concessions

A hardship policy can play an important role in mitigating the impact of an SV on vulnerable ratepayers. We are satisfied that the council has a hardship policy in place to assist vulnerable ratepayers, and it has appropriate strategies to make its community aware about how to access this, including publishing the policy on its [website](#) and referencing the policy in its IP&R documents.<sup>54</sup>

The hardship policy provides assistance by:<sup>55</sup>

- periodical payment arrangements
- writing off accrued interest and costs
- rate relief for any ratepayer who suffers substantial hardship as a consequence of the making and levying of a rate following a new valuation.

Under the *Local Government Act 1993*, councils must provide concessions to eligible pensioners which is half of the total ordinary rates and domestic waste management service charge, up to a maximum of \$250. More information about this is available on the council's rebates and hardship assistance [webpage](#).

## 6.4 OLG Criterion 3 – Impact on ratepayers was demonstrated

In conclusion, our assessment is that the council met OLG Criterion 3. We consider the impact of the proposed SV on ratepayers is reasonable because average rates for all categories in 2026-27 will generally increase in line with the rate peg of 3.2%. This is due to the offsetting impact when the current Stormwater Drainage Charge is replaced by a Drainage Charge under the LG Act, as proposed by the council. The council has also advised that ratepayers that do not currently pay the Stormwater Drainage Charge would not pay the new Drainage Charge.

We found that that the amount that residential ratepayers would pay in 2026-27 was generally lower than similar councils by locality and comparison by SEIFA. For business and farmland ratepayers the estimated 2026-27 average rates were generally lower when compared to similar councils by locality and SEIFA.

Our analysis of the council's socio-economic indicators showed that the council for most indicators was below similar councils. On average, its historical outstanding rates have generally been below the OLG benchmark of 5% in the last 5 years.

We have considered these factors. The council has a hardship policy and a process for eligible ratepayers to apply for concessions. When also considering that the SV application proposes average rates and stormwater drainage charges increase by no more than the rate peg, we assess the council has demonstrated OLG Criterion 3.

## Chapter 7

### IP&R documents

OLG Criterion 4

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OLG Criterion 4 requires the council to exhibit, approve and adopt the relevant Integrated Planning and Reporting (IP&R) documents before applying for the proposed SV.

Note: See Appendix A for the full criterion.

To assess whether the council met Criterion 4, we checked the information provided by the council.

## 7.1 OLG Criterion 4 – IP&R Documents was demonstrated

We found that the council met the criterion. It exhibited (where required), approved and adopted its IP&R documentation.

The council:

- exhibited its current Community Strategic Plan from 1 May to 2 June 2025<sup>56</sup>, and adopted it on 23 June 2025<sup>57</sup>
- exhibited its current Delivery Program from 1 May to 2 June 2025<sup>58</sup>, and adopted it on 23 June 2025<sup>59</sup>
- exhibited its [current LTFP](#) from 1 May to 2 June 2025<sup>60</sup>, and adopted it on 23 June 2025, which is also available on the council's website<sup>61</sup>
- exhibited its current Asset Management Strategy from 1 May to 2 June 2025<sup>62</sup>, and adopted it on 23 June 2025<sup>63</sup>
- submitted its SV application on 28 January 2026.

In conclusion, we found that the council exhibited and adopted the relevant IP&R documents.

### Box 7.1 Integrated Planning & Reporting documents

The IP&R framework allows councils and the community to engage in important discussions about service levels and funding priorities and to plan for a sustainable future. This framework underpins decisions on the revenue required by each council to meet the community's needs.

The relevant documents are the Community Strategic Plan, Delivery Program, Long-Term Financial Plan (LTFP), and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended) public exhibition for 28 days (and re-exhibition if further amended). Councils are also expected to post its LTFP on its website.

Source: Office of Local Government [Integrated Planning and Reporting Guidelines](#).

## Chapter 8 >>

# Productivity and cost containment strategies

OLG Criterion 5



OLG Criterion 5 requires councils to explain and quantify the productivity improvements and cost containment strategies that have been realised in past years and are expected to be realised over the years of the proposed SV.

Councils should present their productivity improvements and cost containing strategies in the context of ongoing efficiency measures and indicate if the estimated financial impact of those measures has been incorporated in the council's Long Term Financial Plan.

Note: See Appendix A for the full criterion.

To assess this criterion, we considered stakeholders' comments on the council's productivity and cost containment performance that we received through our feedback form and submissions. We also analysed information provided by the council on its productivity and cost containment performance and examined some key indicators of the council's efficiency.

We found that the council met this criterion.

The sections below discuss our assessment of Criterion 5 in more detail.

## 8.1 The council's information on realised and proposed productivity savings

The council told us that since 2021-22, the council's efficiency targets have achieved an estimated \$3.9 million in productivity gains to date.<sup>64</sup>

The council also plans to deliver several projects for improving its productivity and efficiency that it said are incorporated in its LTFP, which are expected to deliver an estimated \$12.7 million in productivity savings by 2031-32, as well as proposed revenue improvements escalating to \$6.8 million by 2031-32.<sup>65</sup>

## 8.2 Our analysis of the council's information on productivity savings

We analysed the information the council provided on its realised and proposed productivity improvements and cost containment strategies.

### 8.2.1 Realised productivity improvements and cost containment to date

We found that the council has made some productivity and cost containment gains to date.

The council indicated that the one-off and ongoing savings are the result of the following initiatives since 2021-22:<sup>66</sup>

- \$800,000 reduction in software costs via consolidation of property and rating systems
- \$108,000 reduction in printer costs
- \$337,000 increased revenue from new revenue streams
- \$1.6 million reduction in electricity costs via new energy contracts
- \$20,000 savings in water and electricity charges via added monitoring systems
- \$950,000 reduction in electricity and maintenance costs by switching streetlights to LEDs
- \$70,000 additional revenue from flood certificates.

The council also explained in this application that it has achieved the following targets as part of its financial recovery plan:<sup>67</sup>

- \$30 million in employee cost savings
- \$20 million materials and services reductions in costs
- \$175 million cap on capital expenditure
- \$60 million in property sales.

These 4 targets were also outlined in the council's 2022-23 SV application, where the council in that application explained that these targets were substantially implemented.<sup>68</sup> We have also taken those into account for this assessment.

The circumstances of the SV application are unique in that the council is seeking to increase its general income so that it can continue collecting income from the charges it proposes to levy for providing stormwater drainage services (also see Box 2.1).<sup>69</sup> The council has also provided documentation detailing the negative monetary and service level impacts that would affect its provision of stormwater drainage services if the SV is not approved.<sup>70</sup> We also note that IPART determined the efficient costs of providing stormwater drainage services as part of our 2022 Water Review.<sup>71</sup> Having regard to the circumstances, we considered that the council has adequately explained and quantified its past productivity improvements and cost containment strategies.

## 8.2.2 Proposed productivity improvement and cost containment strategies in coming years

We found that the council's application outlines some strategies and activities for further improving its productivity and efficiency in the coming years.

The council explained it has incorporated the following into its LTFP:

- efficiency targets of \$2.2 million in 2026-27 with annual targets of around \$2 million per year forecasted to a cumulative \$12.7 million target by 2031-32<sup>72</sup>
- targeted annual efficiency targets of 0.75% on materials and services to be identified each year after 2031-32<sup>73</sup>
- proposed revenue improvements from sources other than rates and annual charges of \$5.7 million over 4 years from 2026-27 to 2029-30, escalating to \$6.8 million in 2031-32.<sup>74</sup>

The council explained that these were quantified into *Scenario 2 Maintain rating and annual charges income* (i.e. proposed SV scenario) of its adopted LTFP, which is the proposed SV scenario that was provided to us.<sup>75</sup> This scenario reflects that the Stormwater Drainage Charge would be maintained as the new Drainage Charge. The council also explained that proposed reductions<sup>76</sup> if the SV were not approved was not incorporated into the LTFP. The council said the rationale for this was that the base case scenario assumes that no specific actions are taken by the council to change the current trajectory of its operating income and expenditure with income currently generated through the Stormwater Drainage charges ceasing on 30 June 2026.<sup>77</sup>

It also provided some examples of specific efficiency areas and additional revenue, such as:<sup>78</sup>

- review of commercial property strategy
- review of investment management strategy
- digital transformation program
- corporate service efficiencies
- review of legal costs
- service delivery reviews
- depot master planning
- Developer Application improvement plan.
- reviews on services provided by the council including:
  - childcare
  - leisure centres
  - property portfolio
  - waste management
  - customer service

- programs of drainage specific actions and other items delivered as part of the council's broader programs of work including:
  - improved asset and data management capabilities
  - use of AI
  - de-escalation of a declared dam.<sup>79</sup>

Having regard to the context of this SV, we consider the council has outlined appropriate productivity and cost-containment strategies for the future.

### 8.3 Indicators of the council's efficiency

We examined indicators of the efficiency of the council's operations and asset management processes, including how its efficiency has changed over time and how its performance compares with that of similar councils. This data is presented in Table 8.1 and Table 8.2 below.

We found that between 2020-21 and 2024-25, the council's:

- number of full time equivalent (FTE) staff, on average, grew by 3.5% each year
- average annual cost per FTE decreased by an average of -3.1% nominal per annum
- employee costs as a percentage of operating expenditure decreased by -4.2% each year.

We also found that compared to the average of comparable councils based on locality, the council has:

- less staff per population than the average – it has one FTE for every 185.2 residents
- lower operating expenditure per capita.

These performance indicators only provide a high-level overview of the council's efficiency at a point in time. Additional information would be required to accurately assess the council's efficiency and its scope for future productivity gains and cost savings.

Table 8.1 Trends in selected efficiency indicators for the Central Coast Council

Performance indicator	2020-21	2021-22	2022-23	2023-24	2024-25	Average annual change (%)
FTE staff (number)	1,671	1,901	1,712	1,825	1,916	3.5
Ratio of population to FTE	206.9	183.3	204.0	194.4	185.2	-2.7
Average cost per FTE (\$)	133,223	85,655	107,987	106,608	117,617	-3.1
Employee costs as % of operating expenditure (General Fund only) (%)	43.4	33.7	34.6	34.0	36.7	-4.2

Source: OLG, Time Series Data 2024-25, IPART calculations.

Table 8.2 Select comparator indicators

	Central Coast Council	Locality average	NSW average
<b>General profile</b>			
Area (km <sup>2</sup> )	1,681	494	5,558
Population	354,803	193,862	63,965
General Fund operating expenditure (\$m)	495.7	325.3	116.8
General Fund operating revenue per capita (\$)	1,761	2,033.8	2,240.0
Rates revenue as % of General Fund income (%)	52.6	52.7	43.3
Own-source revenue ratio (%)	75.9	74.6	67.9
<b>Productivity (labour input) indicators</b>			
FTE staff	1,916.0	1,130.3	399.3
Ratio of population to FTE	185.2	171.5	160.2
Average cost per FTE (\$)	117,617	106,269	115,178
Employee costs as % of operating expenditure (General Fund only) (%)	36.7	36.9	37.4
General Fund operating expenditure per capita (\$)	1,397	1,678	1,827

Note: Locality is defined in Box 6.1.

Source: OLG, [Time Series Data 2024-25](#), IPART calculations.

## 8.4 OLG Criterion 5 – Productivity improvements and cost containment strategies was demonstrated

In conclusion, our assessment is that the council met OLG Criterion 5. The council outlined appropriate past productivity improvement and cost containment initiatives, having regard to the purpose of the SV, which is to enable the council to collect the same level of income that it currently does. The council also quantified future efficiency targets for expenditure and revenue, which we found to be appropriate having regard to the context of this SV. We also found for the council that for some efficiency indicators it performs better or is line with comparable councils and the NSW average. For instance, it has similar average costs per FTE to the NSW average, and has a lower general fund operating expenditure per capita compared to the NSW average.

## Chapter 9

Any other matter IPART  
considers relevant

OLG Criterion 6

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09

OLG Criterion 6 provides that IPART may take into account any other matter that it considers relevant.

Note: See Appendix A for the full criterion.

We consider that a relevant matter is whether the council has been granted an SV in recent years, and if so, whether the council has complied with any conditions attached to that SV.

## 9.1 We consider the council's compliance with conditions imposed on past SVs

Since IPART was delegated the function of granting SVs in 2010, IPART has granted Central Coast Council 2 SVs:

- temporary SV of 15% in 2021-22 to be retained for 3 years up to 2023-24<sup>80</sup>
- in 2022-23 the temporary SV above was replaced with a new SV instrument that enabled the council to retain the 15% increase to 2030-31.<sup>81</sup>

## 9.2 The council has complied with conditions imposed on past SVs

We have reviewed the council's compliance with our reporting conditions in the last 5 years from 2020-21 to 2024-25.

Overall, we found that the council has complied with conditions imposed on past SVs.

### 9.2.1 Temporary 15% SV which can be retained up to 2030-31

We have reviewed the council's annual reports from the last 5 years and have assessed that the council has complied with the conditions of this SV.<sup>82</sup>

A condition of the 15% temporary SV is that the council in its annual report each year from 2021-22 to 2030-31 reports:

- the program of expenditure that was actually funded by the Additional Income
- any significant differences between the Proposed Program and the program of expenditure that was actually funded by the Additional Income and the reasons for those differences
- the outcomes achieved as a result of the Additional Income
- the Council's actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance as outlined in the Long Term Financial Plan
- any significant differences between the Council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in the Long Term Financial Plan and the reasons for those differences.<sup>83</sup>

We have reviewed the council's annual reports from 2021-22 to 2024-25 and have assessed that the council has complied with this condition to date and note that the council must continue to comply to 2030-31.<sup>84</sup>

Chapter 10 >>

IPART's decision on the  
SV application

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# 10

Based on our assessment of the council's application against the OLG SV criteria and consideration of stakeholder feedback, we have approved the council's proposed permanent SV to general income for 2026-27.

Table 10.1 IPART's decision on the special variation to general income (%)

	2026-27
Annual percentage increase (%)	12.8%

Source: IPART calculations.

Our *Instrument Under Section 508A of the Local Government Act 1993 - Special Variation for Central Coast Council for 2026-27* gives legal effect to this decision and sets out the conditions of approval.

## 10.1 Reasons for our SV decision

We made the decision to approve the SV in full after reviewing the council's application and submissions as the council has demonstrated a need for the special variation, and generally met the OLG SV criteria.

The council's application has demonstrated the need for the SV. The council currently levies a Stormwater Drainage Charge under the *Water Management Act 2000 (NSW)* (WM Act). This funds the stormwater drainage network, including floodplain risk management planning, asset planning, maintenance and replacement of existing stormwater infrastructure and construction of new infrastructure as the network expands. The council also explained that the stormwater drainage network benefits the community by protecting public infrastructure, safeguarding natural assets, connecting communities and supporting access to work, recreation and essential services.

Due to a legislative amendment out of council's control, from 1 July 2026, the council will no longer be able to levy a Stormwater Drainage Charge (see Box 2.1). In response, the council is proposing to replace the Stormwater Drainage Charge with a Drainage Charge under the *Local Government Act 1993 (NSW)* (LG Act). Without the SV, the council would not be able to fund its stormwater drainage functions and activities without adversely impacting service levels in other areas.

Under the SV, the council's permissible general income would increase by 12.8% or \$30.2 million in 2026-27. The council explained this would be offset by a decrease of around \$22.6 million in revenue to its water fund. The difference between the \$30.2 million and the \$22.6 million is that the \$30.2 million includes the additional revenue from the annual rate peg increase. Any future changes to the water fund will be determined separately in water pricing reviews and not determined through this SV assessment.

The council also explained that ratepayers not subject to the Stormwater Drainage Charge (i.e. properties not situated in the current Stormwater Drainage Service Charge Area) would not be required to pay the Drainage Charge levied under the LG Act.

Our assessment shows that without the continuation of this income through the proposed SV, the council's financial position would worsen. Without the SV, operating income forecasts show that the council would have an operating deficit, and would not meet the OLG benchmark for the operating performance ratio. This means that without the SV, the council would not be able to fund its stormwater functions and activities. The council has explained if stormwater drainage service levels were to be reduced, it could lead to public safety risks.

The council, on balance, satisfactorily engaged with and consulted its community and provided sufficient information about the need for and extent of the proposed SV. While the council correctly communicated the dollar impact on ratepayers of the SV, it consulted its community on a 12.67% increase but applied for a 12.8% increase. The council explained that the reason for this difference was due to an increased number of customers paying the Stormwater Drainage Charge in mid 2025-26. We found that during its community consultation the council accurately communicated the total increase in dollar terms for the average ratepayer, by rating category, consistent with its 12.8% SV application.

The council also used an appropriate variety of engagement methods, provided sufficient opportunities for the community to provide feedback, and considered this feedback in preparing its SV application. Taking these factors into account, we assess that the council on balance has adequately communicated the impact of the proposed SV to its community.

We also found that the council has exhibited and adopted the relevant Integrated Planning and Reporting (IP&R) documents. It has also complied with reporting conditions on its most recent SV which is a temporary 15% increase in 2021-22 that can be retained until 2030-31.

Having regard to the context of the proposed SV, we found that the council has made appropriate past savings and demonstrated appropriate future cost-containment and productivity strategies.

As the council has demonstrated the practical and financial need for the SV, that it satisfactorily communicated the SV to the community, that the SV would have a reasonable impact on the council's ratepayers, and that council has made sufficient productivity improvements and cost containments, the SV has been approved in full.

## 10.2 We have put conditions on the special variation

The Tribunal decided to impose the following conditions:

- The council use the additional income for the purpose of funding the proposed program (see Table B.2 in Appendix B)
- The council report in its annual report for each year from 2026-27 to 2031-32 (inclusive):
  - the program of expenditure that was actually funded by the additional income, and any differences between this program and the proposed program in Table B.2
  - any significant differences between the council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in the Long-Term Financial Plan, and the reasons for those differences
  - the outcomes achieved as a result of the additional income
  - whether or not the council has implemented the productivity improvements as set out in Appendix B
    - i if so, the annual savings achieved through these measures, and what these equate to as a proportion of the council's total annual expenditure
    - ii if not, the rationale for not implementing them
  - any other productivity and cost containment measures the council has in place, the annual savings achieved through these measures, and what these savings equate to as a proportion of the council's total annual expenditure.
- The primary purpose of the additional income is to enable the council to fund Stormwater Management Services.

## 10.3 Impact on ratepayers

IPART sets the maximum allowable increase in the council's general income, but the council determines how it allocates any increase across different categories of ratepayer. Based on what the council has told us in its application, the expected impacts on ratepayers under the approved SV are shown in Table 10.2 and Table 10.3 below.

Under the proposed SV, the council's permissible general income would increase by 12.8% or \$30.2 million in 2026-27. This 12.8% increase in permissible general income (PGI) is to account for the current Stormwater Drainage Charges revenue levied under the WM Act being levied under the LG Act from 2026-27.

Table 10.2 Impact of current Stormwater Drainage Charge to the Drainage Charge under the rate notice

	<b>Current Stormwater Drainage Charge under WM Act (\$)</b>	<b>Proposed 2026-27 Drainage Charge under LG Act (\$)</b>	<b>Increase (%)</b>
Residential - standalone	147.26	151.97	3.2%
Residential and Non- Residential - multi premises	110.83	114.38	3.2%
Vacant Land	110.83	114.38	3.2%
Low Impact	147.26	151.97	3.2%
Small	147.26	151.97	3.2%
Medium	258.59	266.86	3.2%
Large	1,219.05	1,258.06	3.2%
Very Large	3,694.10	3,812.31	3.2%

Source: Central Coast Council, Part A application Worksheet 4; Central Coast Council, [2025-29 Delivery Program and 2025-26 Operational Plan](#), p 155; IPART analysis.

Ordinary rates are not affected by this movement and will generally increase in line with the rate peg for ratepayers, as shown below.

We found that on average, if the council chooses to increase rates so as to recover the maximum permitted general income under the approved SV:

- the residential rate would increase by \$44 or 3.1%
- the business rate would increase by \$69 or 1.5%
- the farmland rate would increase by \$76 or 3.2%
- the mining rate would increase by \$16,701 or 3.2%.

The council's rate peg for 2026-27 is 3.2%, so average rates are generally increasing in line with the rate peg.

Table 10.3 Indicative annual increases in average rates under the approved SV (2025-26 to 2026-27)

	2025-26 (current)	2026-27	Cumulative increase
Residential average rates (\$)	1,446	1,491	-
\$ increase	-	44	44
% increase	-	3.1	3.1
Business average rates (\$)	4,532	4,601	-
\$ increase	-	69	69
% increase	-	1.5	1.5
Farmland average rates (\$)	2,386	2,462	-
\$ increase	-	76	76
% increase	-	3.2	3.2
Mining average rates (\$)	521,916	538,618	-
\$ increase	-	16,701	16,701
% increase	-	3.2	3.2

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct.  
Source: Central Coast Council, [Application Part A](#) and IPART calculations.

## 10.4 Impact on the council

Our decision means that the council may increase its general income by \$30.2 million over the next year. This increase can remain in the rates base permanently.

The council explained this would be offset by a decrease of around \$22.6 million in revenue to its water fund. Any future changes to the water fund will be determined separately in water pricing reviews and not determined through this SV assessment.

The table below shows the percentage increases we have approved and estimates of the annual increases in the council's permissible general income.

Table 10.4 Permissible general income of council from 2026-27 from the approved SV

	2026-27
Increase approved (%)	12.8
Cumulative increase approved (%)	-
Increase in PGI (\$'000)	30,160
Cumulative increase in PGI (\$'000)	-
PGI (\$'000)	265,774.4

Source: IPART calculations.

This extra income will enable the council to:

- maintain current funding for essential stormwater drainage services without adversely impacting service levels in other areas
- apply a Drainage Charge to the rate notice under the LG Act for ratepayers who currently pay the Stormwater Drainage Charge under the WM Act.

With the SV, the council's projected:

- OPR will improve and reach around 4.1% in 2026-27, in line with OLG benchmark of greater than 0% – as shown in Figure 4.1
- net cash to income ratio, which is currently projected to decline, will stabilise and remain around 60% until 2034-35 – as shown in Figure 4.2.

# Appendices

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Appendix A >>

OLG Assessment Criteria

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A

## A.1 Special Variations assessment materials

The Office of Local Government (OLG) sets the criteria for assessing special variation applications in its special variation guidelines. The guidelines help councils prepare an application to increase general income by means of a special variation.

A special variation allows a council to increase its general income above the rate peg. Special variations can be for a single year or over multiple years and can be temporary or permanent.

IPART applies the criteria in the guidelines to assess councils' applications. In brief, the criteria for a special variation include:

1. the need for, and purpose of a different revenue path for the council's General Fund must be clearly set out and explained in the council's IP&R documents
2. there must be evidence that the community is aware of the need for and extent of a proposed rate rise
3. the impact on affected ratepayers must be reasonable
4. the relevant IP&R documents must be exhibited (where required) approved and adopted by the council
5. the IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies of the council
6. any other matter that IPART considers relevant.

We also provide comprehensive guidance on our approach to assessing special variation applications. This includes information for councils on our expectations of how to engage with their community on any proposed rate increases (see [our guidance booklet](#)).

### Criterion 1: Financial need

**The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the special variation) is clearly articulated and identified in the council's IP&R documents,** in particular its Delivery Program, Long-Term Financial Plan and Asset Management Plan where appropriate.

In establishing need for the special variation, the relevant IP&R documents should canvass alternatives to the rate rise. In demonstrating this need councils must indicate the financial impact in their Long-Term Financial Plan applying the following 2 scenarios:<sup>a</sup>

- Baseline scenario: General Fund revenue and expenditure forecasts which reflect the business as usual model, and exclude the special variation.
- Special variation scenario: the result of implementing the special variation in full is shown and reflected in the General Fund revenue forecast with the additional expenditure levels intended to be funded by the special variation.

<sup>a</sup> OLG, IP&R Manual for Local Government "Planning a Sustainable Future", March 2013, p 71

The IP&R documents and the council's application should provide evidence to establish the community need/desire for service levels/project and limited council resourcing alternatives. Evidence could also include analysis of council's financial sustainability conducted by Government agencies.

In assessing this criterion, IPART will also consider whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the *Local Government Act*. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the special variation.

## Criterion 2: Community awareness

**Evidence that the community is aware of the need for and extent of a rate rise.** The Delivery Program and Long-Term Financial Plan should clearly set out the extent of the General Fund rate rise under the special variation. In particular, councils need to communicate the **full cumulative increase** of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV. Council's community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. The IPART fact sheet includes guidance to councils on the community awareness and engagement criterion for special variations.<sup>b</sup>

## Criterion 3: Impact on ratepayers is reasonable

**The impact on affected ratepayers must be reasonable**, having regard to the current rate levels, existing ratepayer base and the proposed purpose of the variation. The council's Delivery Program and Long-Term Financial Plan should:

- clearly show the impact of any rate rises upon the community
- include the council's consideration of the community's capacity and willingness to pay rates
- establish that the proposed rate increases are affordable having regard to the community's capacity to pay.

In assessing the impact, IPART may also consider:

- Socio-Economic Indexes for Areas (SEIFA) data for the council area
- Whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the *Local Government Act*.

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<sup>b</sup> See section 4 of IPART's [2026-27 guidance booklet](#).

#### Criterion 4: IP&R documents are exhibited

**The relevant IP&R documents<sup>c</sup> must be exhibited (where required), approved and adopted by the council** before the council applies to IPART for a special variation to its general income. We expect that councils will hold an extraordinary meeting if required to adopt the relevant IP&R documents before the deadline for special variation applications.

#### Criterion 5: Productivity improvements and cost containment strategies

**The IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies** the council has realised in past years and plans to realise over the proposed special variation period.

Councils should present their productivity improvements and cost containment strategies in the context of ongoing efficiency measures and indicate if the estimated financial impact of the ongoing efficiency measures have been incorporated in the council's Long-Term Financial Plan.

#### Criterion 6: Any other matter that IPART considers relevant

**Any other matter** that IPART considers relevant.

The criteria for all types of special variation are the same. However, the magnitude or extent of evidence required for assessment of the criteria is a matter for IPART.

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<sup>c</sup> The relevant documents are the Community Strategic Plan, Delivery Program, and Long-Term Financial Plan and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended), public exhibition for 28 days. It would also be expected that the Long-Term Financial Plan (General Fund) be posted on the council's web site.

Appendix B 

Projected revenue, expenses  
and operating balance



B

As a condition of IPART's approval, the council is to report until 2031-32 against its proposed SV expenditure and projected revenue, expenses and operating balance as set out in its LTFP (see Table B.1 and Table B.2). It also needs to report on its progress against future productivity improvements and cost containment strategies that it set out in its application and as summarised below.

Revenues and operating results in the annual accounts are reported both inclusive and exclusive of capital grants and contributions. To isolate ongoing trends in operating revenues and expenses, our analysis of the council's operating account in the body of this report excludes capital grants and contributions.

## Productivity improvements and cost containment strategies

Our analysis of the council's future productivity and cost containment can be found in Chapter 8 of this report.

As set out in the council's response in section 7.3(a) of its SV application Part B, its upcoming initiative included:

- Review of commercial property strategy
- Review of investment management strategy
- Digital transformation program
- Corporate service efficiencies
- Review of legal costs
- Service Delivery reviews
- Depot master planning
- Developer Application improvement plan
- Reviews on services provided by the council including:
  - childcare
  - leisure centres
  - property portfolio
  - waste management
  - customer service.

In addition, the council also outlined that future improvements will include programs of drainage specific actions and other items delivered as part of the council's broader programs of work, which include improved asset and data management capabilities, use of AI and de-escalation of a declared dam.<sup>85</sup>

Table B.1 Long-Term Financial Plan – Summary of projected operating statement for Central Coast Council under its proposed SV application (\$'000)

	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2030-31</b>	<b>2031-32</b>	<b>2032-33</b>	<b>2033-34</b>	<b>2034-35</b>
Total revenue	625,620	631,062	619,954	638,303	656,524	675,341	694,775	714,888	735,732
Total expenses	545,125	561,394	580,793	594,503	611,547	629,585	652,805	670,180	691,504
Operating result from continuing operations	80,495	69,668	39,160	43,800	44,978	45,757	41,970	44,708	44,228
Net operating result before capital grants and contributions	9,261	10,315	8,744	13,295	13,680	13,645	9,024	10,905	9,546
Cumulative net operating result before capital grants and contributions	9,261	19,576	28,320	41,615	55,295	68,940	77,965	88,870	98,416

Note: Numbers may not add due to rounding.

Source: Central Coast Council, [Application Part A](#), Worksheet 10 and IPART calculations.

Table B.2 Proposed program – summary of projected expenditure plan for Central Coast Council under its proposed SV application (\$)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
<b>Operating expenses</b>									
Drainage services - operational costs	29,251,195	29,993,762	30,757,680	31,532,497	32,321,150	33,136,289	33,989,505	34,877,085	35,816,058
<b>Capital expenditure</b>									
Renewals - Drainage infrastructure renewal projects	13,760,798	12,648,019	13,755,543	15,866,248	16,471,724	17,967,044	19,384,181	20,972,450	22,116,036
New assets - Drainage infrastructure	2,754,567	1,575,019	1,682,711	795,857	1,928,020	1,527,827	1,345,664	1,344,463	1,910,223
<b>Other uses of proposed SV income</b>									
Loan repayments	612,332	651,416	692,886	736,559	783,002	647,931	689,407	119,816	123,429
<b>Total</b>	<b>46,378,892</b>	<b>44,868,216</b>	<b>46,888,820</b>	<b>48,931,161</b>	<b>51,503,896</b>	<b>53,279,091</b>	<b>55,408,757</b>	<b>57,313,814</b>	<b>59,965,746</b>

Note: Numbers may not add due to rounding. The council advised that the amounts shown above reflect all of the council's expenditure on Drainage required to maintain the required service standard for this service and associated assets.

Source: Central Coast Council, [Application Part A](#), Worksheet 8 and IPART calculations.

Appendix C 

Results of IPART's public  
consultation feedback form



As part of our stakeholder engagement, we published a survey-style feedback form that asked respondents 15 questions relating to:

- support or opposition to the council's SV application
- views on the affordability of the proposed SV
- awareness of the proposed SV
- views on the council's past and proposed cost management strategies.

We accepted responses for 3 weeks from 17 February 2026 to 9 March 2026.

We received 951 responses on Central Coast Council's SV application.

A summary of the results is also available in Chapter 3. This appendix provides the results for questions about affordability, awareness of the SV, and council's past and proposed cost management strategies. It also provides the breakdown of the categories of ratepayers that responded.

We note that while this was a survey-style feedback form, it was not a statistically representative survey. Respondents were able to self-select to provide feedback and the results may not be representative of the whole community's views.

Table C.1 Responses to reasons that oppose the proposed rate increase

Reasons for opposing the proposed rate increase	Number of responses	Percentage of responses
Cost of living pressures are too high to afford a rate increase	693	74%
The council has not been effectively managing its budget	780	83%
The council is not effectively managing its infrastructure	616	66%
I disagree with the purpose of the proposed rate increase	515	55%
I disagree with the size of the proposed rate increase	619	66%
I disagree with the proposed rates structure	357	38%
I have other concerns that are not listed here	129	14%
I have no concerns with the proposed rate increase	10	1%

Note: The total number of responses for each question was 938. The reasons were provided by IPART. The respondents were able to select multiple answers and were not required to respond to this question.

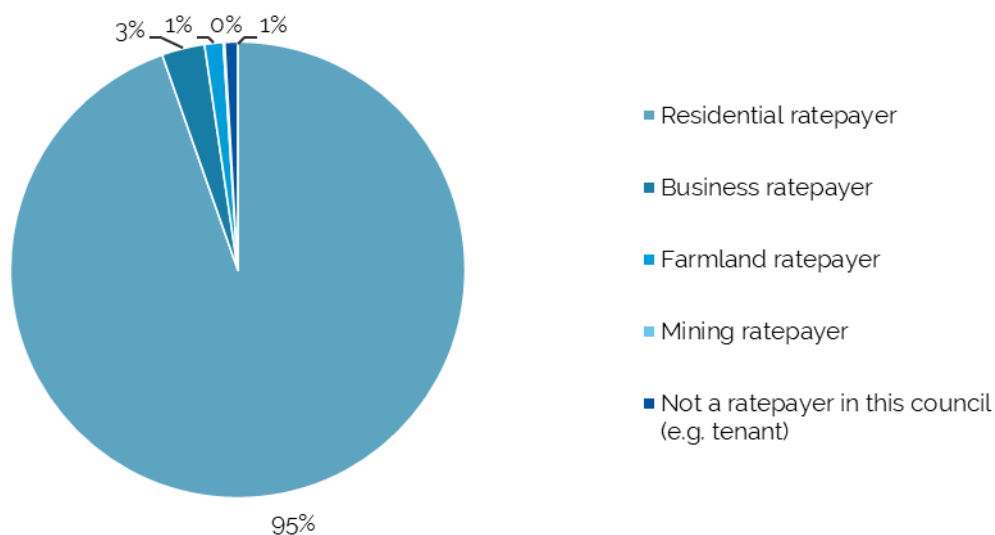
Source: IPART.

Table C.2 Responses to reasons that support the proposed rate increase

Reasons for supporting the proposed rate increase	Number of responses	Percentage of responses
Current infrastructure needs to be fixed or upgraded with increased funding	195	21%
Current services are inadequate and need more funding	111	12%
I recognise that the council has financial sustainability issues which the funding will help address	98	11%
I agree with the purpose of the special variation	33	4%
I agree with the proposed rates structure	16	2%
I have other reasons for supporting the proposal not listed here	104	11%
I have no reasons to support the proposed rate increase	617	67%

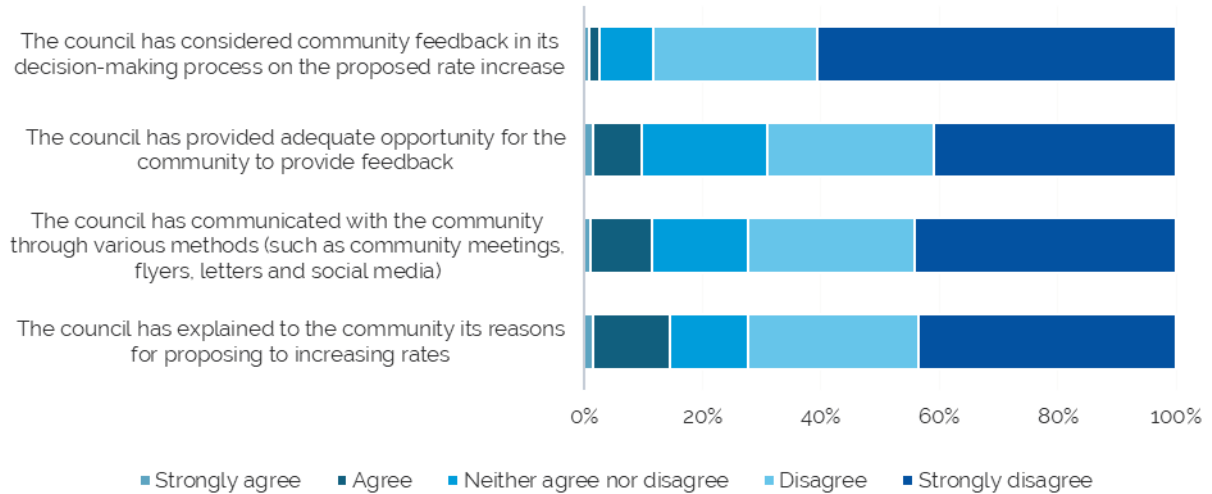
Note: The total number of responses for each question was 924. The reasons were provided by IPART, the respondents were able to select multiple answers and were not required to respond to this question  
Source: IPART.

Figure C.1 Respondent ratepayer types



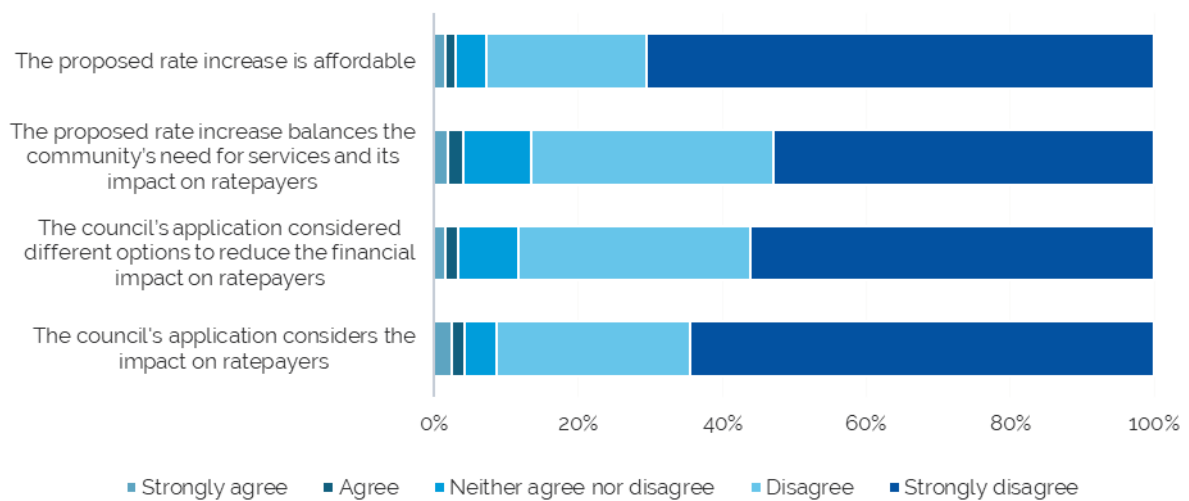
Note: The total number of responses for each question was, on average, 920. The numbers in the chart show the number of respondents that selected that response.  
Source: IPART.

Figure C.2 Responses to questions about awareness and understanding of the proposal



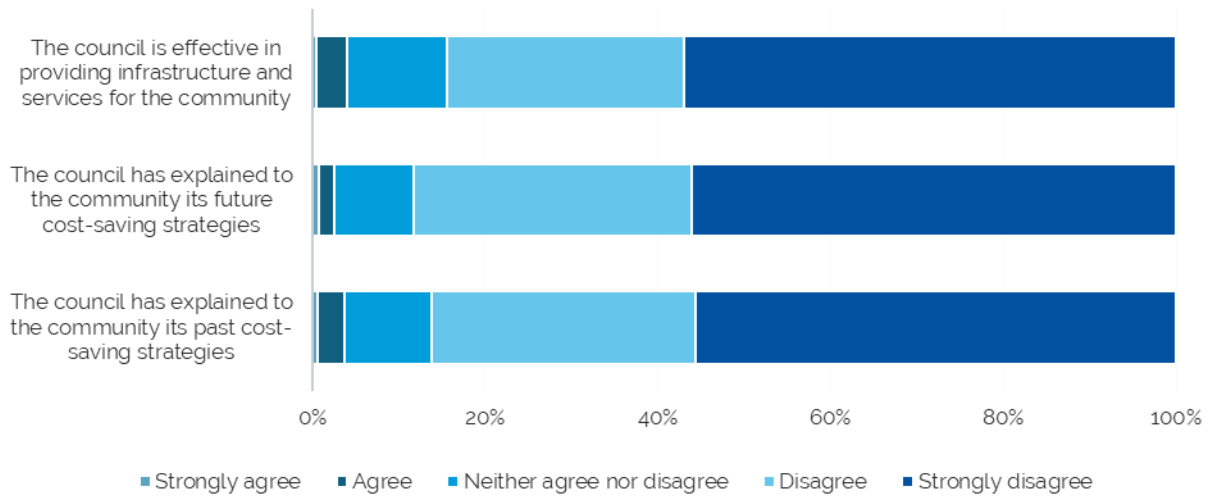
Note: The total number of responses for each question was, on average, 921. The numbers in the chart show the number of respondents that selected that response.  
Source: IPART.

Figure C.3 Responses to questions about affordability



Note: The total number of responses for each question was, on average, 914. The numbers in the chart show the number of respondents that selected that response.  
Source: IPART.

Figure C.4 Responses to questions about the council's cost-saving strategies



Note: The total number of responses for each question was 914. The numbers in the chart show the number of respondents that selected that response.  
 Source: IPART.

Appendix D 

Glossary



D

Term	Meaning
ABS	Australian Bureau of Statistics
Baseline scenario	Shows the impact on the council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.
Baseline with SV expenditure scenario	Includes the council's full expenses from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with its full expenditure program included in its application, but could only increase general income by the rate peg percentage.
Central Coast Council Water or CCC Water	The term we use to refer to the Central Coast Council when discussing its responsibilities of providing water, wastewater and stormwater services under the Local Government Act.
Drainage Charge	The charge that the council proposes to levy under section 501 of the Local Government Act to recover the costs of providing stormwater drainage services. This charge is intended to replace the Stormwater Drainage Charge from 1 July 2026.
General income	Income from ordinary rates, special rates and annual charges, other than income from other sources such as special rates and charges for water supply services, sewerage services, waste management services, annual charges for stormwater management services, and annual charges for coastal protection services.
IPART	The Independent Pricing and Regulatory Tribunal of NSW
IP&R	Integrated Planning & Reporting
Local Government Act or LG Act	<i>Local Government Act 1993</i> (NSW)
MR	Minimum rates are the minimum amount of an ordinary rate that a council may levy. This must not exceed the statutory maximum set out in section 548(3)(a) of the Local Government Act, unless IPART (under delegation from the Minister) has approved a higher amount.
OLG	The Office of Local Government
OLG SV Guidelines	<a href="#">Guidelines for the preparation of an application for a special variation to general income.</a>
OPR	The Operating Performance Ratio (OPR) measures whether a council's income will fund its costs, where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.
PGI	Permissible General Income is the notional general income of a council for the previous year as varied by the percentage (if any) applicable to the council. A council must make rates and charges for a year so as to produce general income of an amount that is lower than the PGI.
Proposed SV scenario	Includes the council's proposed SV revenue and expenditure.
Rate peg	The term 'rate peg' refers to the annual order published by IPART (under delegation from the Minister) in the gazette under s 506 of the <i>Local Government Act 1993</i> .
SEIFA	Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census. It consists of four indexes, the Index of Relative Socio-economic Disadvantage (IRSD), the Index of Relative Socio-economic Advantage and Disadvantage (IRSAD), the Index of Economic Resources (IER), and the Index of Education and Occupation (IEO).
Stormwater Drainage Charge	The charge that the council currently levies under the Water Management Act. Due to a recent legislative amendment, the council will no longer have the authority to levy this charge from 1 July 2026.
SV or SRV	Special Variation is the percentage by which a council's general income for a specified year may be varied as determined by IPART under delegation from the Minister.
Water Management Act or WM Act	<i>Water Management Act 2000</i> (NSW)

- 1 Central Coast Council, [Application Form Part B](#), January 2026, p 5.
- 2 Central Coast Council, [Application Form Part B](#), January 2026, pp 14, 30.
- 3 [Local Government Act 1993](#) (NSW), Section 511.
- 4 Central Coast Council, [Application Form Part B](#), January 2026, pp 14, 30.
- 5 Central Coast Council, [Application Form Part B](#), January 2026, p 5.
- 6 Central Coast Council, [Application Form Part B](#), January 2026, p 28.
- 7 Central Coast Council, [Application Form Part B](#), January 2026, pp 14, 30.
- 8 Central Coast Council, [Application Form Part B](#), January 2026, pp 12-13.
- 9 Central Coast Council, [Application Form Part B](#), January 2026, p 12.
- 10 Central Coast Council, [Application Form Part B](#), January 2026, p 30.
- 11 IPART, [Rate pegs for NSW councils for 2026-27](#), September 2025, p 12.
- 12 [Independent Pricing and Regulatory Tribunal Act 1992](#), Schedule 1.
- 13 Central Coast Council, [Application Form Part B](#), January 2026, p 28.
- 14 Central Coast Council, [Attachment 6 CCC Council Report SV Application to IPART Stormwater Drainage Charge Transfer](#), January 2026.
- 15 Anonymous W26/1699 submission to IPART Central Coast Council 2026-27 Special Variation Application, March 2026.
- 16 K Brooks W26/2157 submission to IPART Central Coast Council 2026-27 Special Variation Application, March 2026, p 3.
- 17 T Zeman W26/2328 submission to IPART Central Coast Council 2026-27 Special Variation Application, March 2026, pp 10-13.
- 18 Central Coast Council, [Long-Term Financial Plan 2025-2035](#), May 2025, pp 16-58.
- 19 Central Coast Council, [2025-29 Delivery Program and 2025-26 Operational Plan](#), p 150.
- 20 Central Coast Council, [Asset Management Strategy and Plans 2025-2035](#), pp 65-74.
- 21 Office of Local Government, [Performance Benchmarks](#), May 2020.
- 22 Central Coast Council, [Long-Term Financial Plan 2025-2035](#), May 2025, p 18.
- 23 Central Coast Council, [Long-Term Financial Plan 2025-2035](#), May 2025, p 20.
- 24 Central Coast Council, [SV Application Part A](#), February 2026, WS 9.
- 25 Central Coast Council, [Financial Statement 2024-25](#), Sep 2025, p31.
- 26 Central Coast Council, [Financial Statement 2024-25](#), Sep 2025, p32.
- 27 Central Coast Council, [Long-Term Financial Plan 2025-2035](#), May 2025, p18.
- 28 Central Coast Council, [Long-Term Financial Plan 2025-2035](#), May 2025, p18.
- 29 Central Coast Council, [Long-Term Financial Plan 2025-2035](#), May 2025, p19.
- 30 Central Coast Council, [Attachment 10 CCC Drainage Service Levels and Efficiencies](#), pp 1-7; Central Coast Council, [Attachment 6 CCC Council Report SV Application to IPART Stormwater Drainage Charge Transfer](#), January 2026, pp 8-12.
- 31 Central Coast Council, [Application Form Part B](#), January 2026, p 13.
- 32 Central Coast Council, [Application Form Part B](#), January 2026, p 18.
- 33 Central Coast Council, [Application Form Part B](#), January 2026, p 18.
- 34 Central Coast Council, [Application Form Part B](#), January 2026, p 14.
- 35 Central Coast Council, [Communications Report](#); Central Coast Council, [Stormwater Drainage Charge Transfer](#).
- 36 Central Coast Council, [Application Form Part B](#), January 2026, pp 3, 24.
- 37 Central Coast Council, [Application Form Part B](#), January 2026, pp 24-25.
- 38 Central Coast Council, [Community Engagement Report](#); Central Coast Council, [Communications Report](#).
- 39 Central Coast Council, [Application Form Part B](#), January 2026, p 21.
- 40 Central Coast Council, [Ordinary Council Meeting – 27 January 2026 Attachments](#), January 2026, pp 215-379.
- 41 Central Coast Council, [Application Form Part B](#), January 2026, p 21.
- 42 Central Coast Council, [Community Engagement Report](#), p 1.
- 43 Central Coast Council, [Community Engagement Report](#), pp 3-4.
- 44 Central Coast Council, [Community Engagement Report](#), pp 3, 5-6.
- 45 Central Coast Council, [Community Engagement Report](#), p 7.
- 46 Central Coast Council, [Community Engagement Report](#), p 7.
- 47 Central Coast Council, [Community Engagement Report](#), p 7.
- 48 Central Coast Council, [Application Form Part B](#), January 2026, pp 12-13, 18.
- 49 Central Coast Council, [Application Form Part B](#), January 2026, p 28; Email to IPART, Central Coast Council, 27 February 2026.
- 50 IPART, [Maximum prices for water, wastewater and other services supplied by Central Coast Council from 1 July 2022](#), May 2022, pp 30-31.
- 51 Central Coast Council, [Application Form Part B](#), January 2026, p 26.
- 52 IPART, [Instrument under section 508\(2\) special variation for Central Coast Council 2021-22](#), May 2021.
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- 54 Central Coast Council, [Delivery Program 2025-2029 and Operational Plan 2025-26](#), pp 160-161.
- 55 Central Coast Council, [Hardship and Debt Recovery Policy](#), 2024, pp 3-4.
- 56 Central Coast Council, [Planning our future 2025 - 2035](#), 2 May 2025.
- 57 Central Coast Council, [Application Form Part B](#), January 2026, p 31.
- 58 Central Coast Council, [Planning our future 2025 - 2035](#), 2 May 2025.
- 59 Central Coast Council, [Application Form Part B](#), January 2026, p 31.
- 60 Central Coast Council, [Planning our future 2025 - 2035](#), 2 May 2025.
- 61 Central Coast Council, [Application Form Part B](#), January 2026, p 31.

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- <sup>62</sup> Central Coast Council, [Planning our future 2025 - 2035](#), 2 May 2025.
- <sup>63</sup> Central Coast Council, [Application Form Part B](#), January 2026, p 31.
- <sup>64</sup> Central Coast Council, [Application Form Part B](#), January 2026, pp 34-35.
- <sup>65</sup> Central Coast Council, [Application Form Part B](#), January 2026, p 36.
- <sup>66</sup> Central Coast Council, [Application Form Part B](#), January 2026, pp 34-35.
- <sup>67</sup> Central Coast Council, [Application Form Part B](#), January 2026, p 32.
- <sup>68</sup> IPART, [Central Coast Council Special Variation Application for 2022-23](#), May 2022, pp 33-34; Central Coast Council, [Application Form Part B](#), 2022, p 18.
- <sup>69</sup> Central Coast Council, [Application Form Part B](#), January 2026, pp 12-13, 18.
- <sup>70</sup> Central Coast Council, [Attachment 10 CCC Drainage Service Levels and Efficiencies](#), pp 1-7.
- <sup>71</sup> IPART, [Funding Stormwater Services, Central Coast Water Prices](#), May 2022, pp 11-15.
- <sup>72</sup> Central Coast Council, [Application Form Part B](#), January 2026, p 36.
- <sup>73</sup> Central Coast Council, [Ordinary Council Meeting - 27 January 2026 Part 4.1](#), January 2026, p 6.
- <sup>74</sup> Central Coast Council, [Application Form Part B](#), January 2026, p 36.
- <sup>75</sup> Email to IPART, Central Coast Council, 27 February 2026; Central Coast Council, [Application Form Part B](#), January 2026, p 36.
- <sup>76</sup> Central Coast Council, [Attachment 10 CCC Drainage Service Levels and Efficiencies](#); Central Coast Council, [Attachment 6 CCC Council Report SV Application to IPART Stormwater Drainage Charge Transfer](#), January 2026, pp 8-12.
- <sup>77</sup> Email to IPART, Central Coast Council, 27 February 2026.
- <sup>78</sup> Central Coast Council, [Application Form Part B](#), January 2026, p 36.
- <sup>79</sup> Central Coast Council, [Application Form Part B](#), January 2026, p 34.
- <sup>80</sup> IPART, [Instrument under section 508\(2\) special variation for Central Coast Council 2021-22](#), May 2021.
- <sup>81</sup> IPART, [Instrument under section 508\(2\) special variation for Central Coast Council 2021-22](#), May 2022.
- <sup>82</sup> Central Coast Council, [Attachment 5 CCC Annual Report Extracts 2021-22 to 2024-25](#).
- <sup>83</sup> IPART, [Instrument under section 508\(2\) special variation for Central Coast Council 2021-22](#), May 2022.
- <sup>84</sup> Central Coast Council, [Attachment 5 CCC Annual Report Extracts 2021-22 to 2024-25](#).
- <sup>85</sup> Central Coast Council, [Application Form Part B](#), January 2026, p 34.