

Our process for Central Coast Council's water price review

6 August 2021

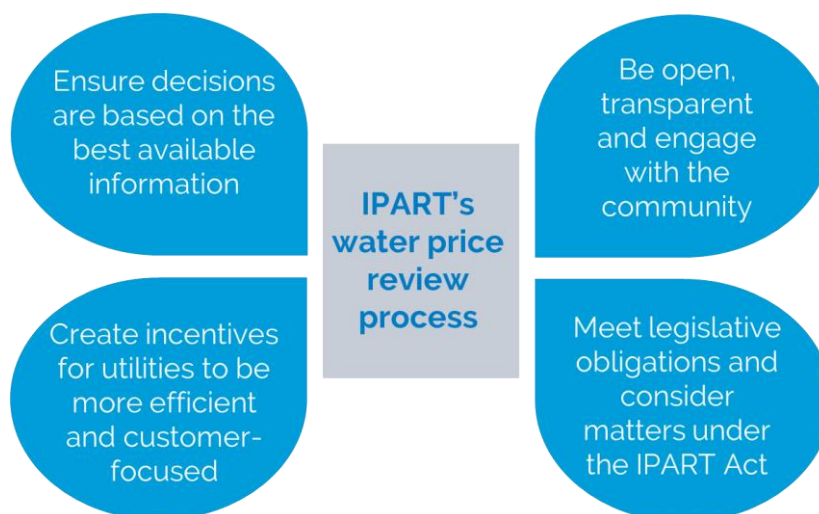
1 We set Central Coast Council's water prices

We are required to set the maximum prices Central Coast Council can charge for its water, wastewater, stormwater and other related services. To do this, we will independently review prices through our current, standard process. Our upcoming review of the council's water prices will start in September 2021.

2 Our process allows for informed decision-making

Our water price review process helps us set prices that promote the long-term interests of customers, through engaging with the community, being transparent and meeting our legislative responsibilities. We gather and consider a wide range of information from customers, the public, government agencies and utilities, as part of our review process to help inform our decision-making (**Figure 1**).

Figure 1 Our water price review process helps us to...



Our current water price review process, which normally runs for about a year, usually involves:

- public consultation
- the use of expert consultants to help us assess the costs of delivering water services
- analysis, and decisions made by IPART.

To start the Central Coast Council water price review, we ask the council for certain information, and in response it submits a written pricing proposal. We will engage with Central Coast Council in the lead up to and during our water price review to ensure we have the best available information and data to inform our decisions. As part of our review process we will assess the accuracy and completeness of information received from the council. We typically engage with the council to:

- provide guidance on what type of information to include in pricing proposals
- provide guidance on and clarify process and technical issues
- collect and verify data and information (some of which may be confidential), relating to costs, demand, revenue, prices and bills, and the information they have on customer preferences.

We update our review process from time to time, as we continuously seek to improve it, and are currently undertaking a review of how we regulate water businesses.

How we consult as part of our review process

We will start our public consultation by publishing:

- Council's pricing proposal which must include a Plain English summary of the proposal
- An Issues Paper seeking feedback from the community on the proposal and what we think are the key issues for the price review. This is usually supported by a media release, web content and social media posts.

As part of our usual water price review process, we provide multiple opportunities during our review for the community to engage with us. You can express your views, raise concerns, make comments and ask questions by making a submission in response to an Issues Paper and Draft Report and/or participating in one of two Public Hearings to be held in November 2021 and April 2022. We generally hold public hearings in-person with an option to join the hearing online but a hearing may be online only if there are public health concerns at the time.

We consider all submissions and comments we receive in making draft pricing decisions which we publish in our Draft Report and Draft Determination. This often means balancing opposing views from different people. We will then seek and consider feedback and submissions on our draft decisions before making our final decisions which we publish in our Final Report and Determination.

The timeline for our upcoming review of Central Coast Council's water prices (**Figure 2**) will follow our usual public consultation process.

Figure 2 Timeline for our upcoming Central Coast Council water price review



Our review process

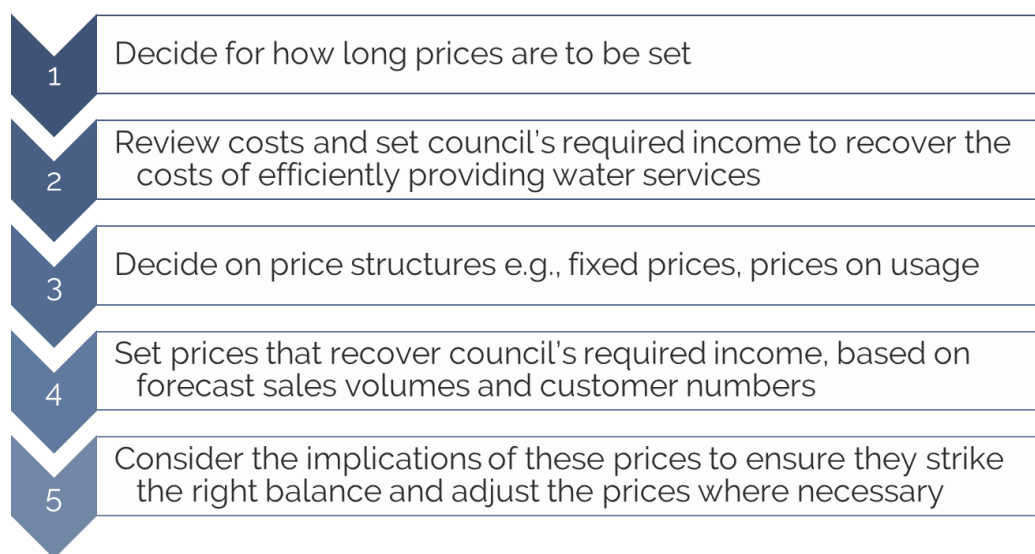
Our goal is to ensure you pay the right amount for the water, wastewater, stormwater and other related services the council provides. The key steps and decisions IPART needs to make to set prices are set out in **Figure 3**. A key step in our review process is to determine how much the council is required to spend over the next few years to deliver services sustainably into the longer term.

We will engage consultants to help us review the council's spending plans to decide how much money the council is required to make to cover the costs it needs to run its water business efficiently. From this, we determine what prices customers should pay based on these costs only. These consultants work for, take direction from and report to us.

As part of our upcoming review of the council's spending, we will assess the quality of the council's core business systems, including asset management, corporate and procurement systems and processes.

We also consider matters under section 15 of the IPART Act (such as customer affordability, environmental impact and service standards) as part of our review process and in making our pricing decisions.

Figure 3 Key steps and decisions made as part of our water review process



3 Our water price reviews are separate to our review on council rates 'special variations'

Our water price review process which looks at the maximum water prices the council can charge is separate to our *local government special variations process* which looks at the rates the council can charge. Our water price review for Central Coast Council only considers water, wastewater, stormwater and other related services, as supplied by the council in its capacity as a water supply authority. The special variation process relates to a council's 'general income' which includes most of its activities, but **excludes** water, wastewater and stormwater services covered by the water price review (though some overhead costs e.g. admin costs, may be shared).

Under our special variations process, councils may apply for a special variation to increase their general income from rates by more than the 'rate peg' percentage which is the maximum increase to rates that councils are allowed. We publish applications on our website and seek submissions and feedback from the community in response. Unlike our water price reviews, we don't hold public hearings as part of our special variations process and we don't release draft reports before decisions are finalised. This is due to the shorter (3 month) timeframe for the special variations process.

During our special variations process we may meet with applicant councils and/or make information requests to gather data and information to help ensure our decisions are based on the best available information. We review, verify and consider all submissions received, as well as any other data and information gathered to inform our decisions.

4 Public consultation on Central Coast Council's water prices will begin in October 2021

We will begin public consultation on the Central Coast Council's water, wastewater and stormwater prices in October 2021 after we receive the council's proposal and publish our Issues Paper. We will advertise the release of our Issues Paper and plans for the public hearings on our [website](#) and via social media. You will have an opportunity to provide feedback and submissions on our draft decisions. In line with our usual water price review process, we will consider all submissions and feedback we receive in making our decisions for this review.

If you would like to receive updates on our 2021 review of the Central Coast Council's water prices, please email CCC_Water@ipart.nsw.gov.au and request to be added to our email mail-out list.