

Our reference: 20/533-4-5

Contact Scott Chapman
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29 September 2021

Mr Rik Hart
Council Administrator
Central Coast Council
PO Box 20
Wyong NSW 2259

Dear Rik,

IPART's Review of Council's water prices from 1 July 2022 – request for additional information

On 28 September IPART released its Issues Paper for the review of the maximum prices that the Central Coast Council (the council) can charge for water, wastewater, stormwater, and other water-related services. We have also published the council's pricing proposal on our website.

Our Issues Paper seeks community feedback on key issues for the review, with submissions due by 1 November 2021. We are also seeking further information from the council on specific aspects of your proposal, and to our review more generally. In your submission to our Issues Paper, could you please include responses to the following questions and issues we are seeking clarification on.

Questions related to the council's proposal and this review

- How are council's service standards set, and how are customers involved in setting those standards?
- Have ratepayers been consulted about moving some stormwater activities from general fund to IPART determined stormwater charges?
- How are the specific activities of the proposed additional 20.2 FTEs for stormwater services linked to council's monopoly services for which we set prices? How were the existing 13.2 FTEs being transferred being funded previously?
- How was the proposed increase in the proportion of shared corporate overheads allocated to council's water business taken into account in council's consolidated budgeting, including in its 2021 application to IPART for a special variation to its general rates revenue?
- Has council considered the costs and benefits of delivering its water and wastewater services under a more independent business model, such as a Water Corporation?
- How has council taken into account the impacts of climate change on:
 - Forecast demand for services
 - Long-term water security and future associated costs
- How did council assess the impact, if any, the Covid-19 virus and response had on service affordability, for both residential and non-residential customers?

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- Will the large increase in reactive maintenance relative to planned maintenance lead to a similar future increase in asset renewals resulting from asset failure?
 - Are there legislative or regulatory barriers that prevent council being able to meet any of our WACC parameters, such as the benchmark gearing ratio or cost of debt?
 - How will council implement such a large one-off increase in labour costs in 2022-23?
 - How have the outcomes of council's customer consultation informed its proposal?
 - How has the council developed its proposed output measures, and have these been informed through customer consultation?


Issues we seek further clarification on

- **Trade waste and miscellaneous charges**
 - Please provide cost breakdown data and reasoning for the proposed increase in charges, in particular the charges listed in **Attachment A**.
- **Costs and productivity**
 - What are the additional operating and capital costs associated with periods of water restrictions?
 - How do council's salaries and conditions for its direct labour compare to those in the economy generally for equivalent skills and experience?
- **Water restrictions**
 - Please provide estimates of the reduction in water sales volumes during periods of water restrictions. This should include estimates at different levels of restrictions, and any guidance or information on the frequency and duration of those restrictions.
- **Stormwater**
 - Has council informed customers who are billed area-based charges that they may be eligible for the low-impact price, and how they can access information about the application process?
 - Please clarify the history of any stormwater levy included in rates by Central Coast Council or the former Gosford and Wyong councils, and when any such levies ceased.

Could you please provide this information as soon as possible, and by no later than 1 November 2021.

If you have any questions relating to this information request, our staff are available to provide guidance. IPART's contact officer for this review is Scott Chapman, Principal Analyst, contactable on (02) 9290 8449.

Yours sincerely



Fiona Towers

Acting CEO

Signed by: 0d12b4ca-a3fe-4555-a916-2a646059489d

List of attachments to this letter

Attachment A: Trade waste and miscellaneous charges

Attachment A – Trade waste and miscellaneous charges

Please provide cost breakdown data and reasoning for the proposed increase in charges, for the charges listed below.

Trade waste charges

- Annual Fees for Category 1 and 2 activities
- Annual Trade Waste Fees for Category 1 activities
- Reinspection Fees

Ancillary and miscellaneous charges

The charges listed in Table 1.

Table 1 Proposed ancillary and miscellaneous charges

Ancillary Charge	Unit of Measure	2021-22 Charge	Proposed 2022-23 Charge	% change	2022-23 Forecasted Annual Revenue
Standpipe Hire – Annual Fee 65 mm	Each	\$866	\$2672	208%	248,496
Standpipe Hire – Annual Fee 25 mm	Each	\$136.39	\$395	190%	9,875
Adjust Existing Water Service – raise, lower or laterally adjust 20- or 25- mm water meter by ≤ 1m	Each	197.13	528.30	168%	27,472
Inspection of New Water and Sewer Assets (including encasements and new junctions) + linear asset	Per m	6.52	16.30	150%	376,563
Standpipe Hire – Security Bond – 65 mm	Each	872.60	2013.00	131%	6,039
Raise or Lower Sewer Manhole inspection fee	Each	58.45	124.80	114%	1,498
Special Meter Reading Statement - Online request (online form on Council website)	Each	32.19	68.06	111%	34,030
Building over or adjacent to Existing Water or Sewer Statement	Each	56.32	118.22	110%	2,364

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