

1 November 2021

Ms Fiona Towers Acting CEO Independent Pricing and Regulatory Tribunal PO Box K35 Haymarket Post Shop NSW 1240 Email: <u>ipart@ipart.nsw.gov.au</u>

CC: Scott\_Chapman@ipart.nsw.gov.au

Dear Ms Towers

## IPART's Review of Council's water prices from 1 July 2022 – Council response to IPART's Issues Paper

On 28 September IPART released its Issues Paper for the review of maximum prices that the Central Coast Council can charge for water, sewerage, stormwater drainage and other water-related services. Further to IPART's Issues Paper, Council also received correspondence to Council's Administrator Mr Rik Hart, requesting Council include responses to specific questions when responding to the Issues Paper.

Council has considered each of the questions posed by IPART and our response to the Issues Paper has addressed these questions.

Please see attached a copy of Council's response to IPART's Issues Paper. If you have any questions, please contact **and the set of the set of** 

Yours faithfully



David Farmer Chief Executive Officer



Review of prices for Central Coast Council water, sewerage and stormwater drainage services

Response to IPART's Issues Paper

1 November 2021



## Contents

Cor	ntents	2
Exe	ecutive Summary	4
1.	Service standards and output measures	6
2.	Stormwater charges	8
S	tormwater drainage network management	
F	lood planning	12
ι	Jrban channels	13
S	tormwater quality management	13
3.	Corporate overheads	13
4.	Business model	15
5.	Climate change	15
F	orecast demand for services	
L	ong-term water security	
6.	COVID-19	17
7.	Asset renewals	19
8.	WACC parameters	
9.	Labour costs	25
10.	Customer consultation	
11.	Trade waste and miscellaneous charges	
Т	rade waste charges	
A	Ancillary and miscellaneous charges	
12.	Costs and productivity	
13.	Salaries and conditions	
14.	Water restrictions	41
15.	Stormwater	
Ар	pendix A Liquid Trade Waste Pricing Policy	

Table 1 Stormwater drainage funding approach	11
Table 2 Community overall outcomes and how they were represented in proposal in	
operational expenditure	28
Table 3 Ancillary and Miscellaneous charges	32
,	

Table 4 Indicative cost of drought measure/activities for periods water scarcity	36
Table 5 Salary and condition comparison	39
Table 6 Central Coast Water Restriction Triggers	41
Table 7 Residential demand and restriction savings	42
Table 8 Stormwater Levy pricing model, rates and customer numbers	44
Table 9 Revenue raised via Stormwater levy	45

Figure 1 Our Coast Our Waterways Survey Results	9
Figure 2 Outcomes to specific question in Our Coast Our Waterways survey	9
Figure 3 - Results of June 2021 Community Forums	10
Figure 4 Sum of renewals versus sum of budget	21
Figure 5 Sum of renewal costs versus budgets on extending useful life	22
Figure 6 Cumulative Resourcing Plan	26
Figure 7 Forward Implementation Plan	27
Figure 8 Indicative triggers and implementation durations for Central Coast drought	
response (Source: CCWSP 2021)	35
Figure 9 Area where stormwater management charge may apply	44

### **Executive Summary**

Central Coast Council lodged its 2021-22 Pricing Proposal (pricing submission) to IPART on 10<sup>th</sup> September 2021. This included a summary proposal paper, 10 technical papers and Council's regulatory information return.

The Council's pricing submission provided:

- A detailed breakdown of the proposed capital and operating expenditure programs over four years
- Proposed annual revenue requirements and proposed prices for all regulated services
- Background to key issues, the rationale for expenditure and pricing proposals, and an analysis of the likely bill impacts for various customer categories.

IPART published its Issues Paper for the review of Central Coast Council's prices on the 28 September 2021, inviting customer and stakeholder comment.

The information provided in this paper does not repeat information requested from the 12 November 2020 Submission Information Package (SIP). This paper is Council's response to IPART's Issues Paper and includes new information for specific questions posed by IPART. These are:

- 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?
- 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 IPART are seeking further clarification on are:

#### Trade waste and miscellaneous charges

 Please provide cost breakdown data and reasoning for the proposed increase in charges

#### 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.

### 1. Service standards and output measures

## How are Council's service standards set, and how are customers involved in setting those standards?

## How has the council developed its proposed output measures, and have these been informed through customer consultation?

IPART observed in 2019 that Council can achieve service standards at or above those expected by customers, required under Council's licences and to comply with various regulatory guidelines. Council continually aspires to improve by ensuring it listens and responds to the needs of the community. Council uses customer feedback across multiple channels to improve its services.

Council undertook several customer perception feedback activities in the recent past via surveys, direct feedback and project or program-based engagement, which qualitatively and quantitatively gauged the productivity of our partnership with the community:

- Central Coast Council Customer Experience Surveys 2020
- Community Feedback for IPART Submission 2021
- IPART Water Utility Customer Satisfaction Survey 2020
- WSAA National Customer Perceptions Study 2019
- Our Coast Our Waterways Survey 2021

The main objectives of these surveys included:

- Determining customer satisfaction with current operations
- Identifying customer preferences for future water, sewerage and drainage projects and services
- Gauging support for Council determining their drainage charge and issuing this charge through general rates
- Measuring support and willingness of Council residents contributing to the funding of water, sewerage and drainage infrastructure

The findings from these surveys benchmark Council's move towards continuous improvements in its service delivery.

IPART's water utility customer perception surveys specifically asked questions to quantify and benchmark four-key metrics:

- How would you rate your water / wastewater provider on delivering value for money
- How would you rate your <u>trust</u> for your water / wastewater provider
- How would you rate your water / wastewater providers <u>reputation in the community</u> and
- How would you rate your <u>overall satisfaction</u> with your water / wastewater provider as a service provider.

Council conducted customer engagements to help shape its pricing submission including a structured residential survey, website survey via our online consultation hub, and engagement that specifically targeted local business customers. A large number of individual respondents have informed Council's understanding of community priorities for water and sewerage services in the last two years. Community satisfaction was quantified regarding:

- Receiving the right amount of information from Council
- Community awareness of the organisation responsible for supply of water and sewerage services for them
- The quality of supplied water
- Reliability of the water and sewer services
- How Council listens and responds to customer needs

The results from the Customer Experience survey indicated that, in terms of importance, 85% of respondents rated water and sewer service as high importance.

In a customer consultation regarding water resource development, Council wanted to learn how participants value water, and what aspects Council need to take into consideration when planning water for the future. The key values, according to customers, are affordability, availability or long-term yield, environmental impact, water quality, empowerment, efficiency, education and social impact and equity. When asked to rank the values from most important to least important, the response in the priority order was, (1) reliability, (2) environmental impact and (3) cost to operate.

IPART's water utility customer perception surveys specifically asked the following questions:

- How would you rate your water / sewer service provider on delivering value for money
- How would you rate your trust for your water / sewer service provider
- How would you rate your water / sewer service providers reputation in the community
- How would you rate your satisfaction with your water / sewer service provider as a service provider overall

Consultation regarding the management of stormwater quality and waterway health as part of the Our Coast Our Waterways community survey was undertaken by Council in 2021. The results demonstrate that ratepayers have a strong willingness to pay more in order to achieve better stormwater quality outcomes.

Council sets and continues to improve service standards to deliver transient customer expectations as well as continuing to use the water and sewer output measures adopted from our national performance reporting requirements in this pricing cycle as well. Council's customer consultations indicate that the customers place our water and sewer services at very high importance and seek improvement in our service levels.

Council links all capital works projects and programs with the appropriate output measures as required. Council reviews the output measures metrics and performance regularly and

utilises its output to identify prudent annual operational and capital expenditure, benchmarking service levels for customer service, operational and regulatory purposes. In Council's view, rather than linking the water and sewer output measures to numerical longterm asset refurbishment and replacement (km of mains, number of certain assets, etc.), it is prudent to allocate budgets for performance requirements (Technical Paper 2) and customer expectations in the background of Council's financial circumstances and the transition strategy.

Council establishes stormwater drainage output measures in line with the recommendation from the 2019 IPART determination. Council proposes to implement this new output measure to report to the length of drainage assets renewed or upgraded each year. These figures were derived from the historical trend average and historical customer requests and have been adjusted moderately to make allowance for potential disruptions to the program. As indicated in Technical Paper 2, the performance measure is indicative only at present and will vary subject to the type of renewal works undertaken.

## 2. Stormwater charges

## Have ratepayers been consulted about moving some stormwater activities from general fund to IPART determined stormwater charges?

All of the stormwater drainage activities proposed to return from General Fund to the IPART determined Stormwater Drainage Charge in Council's pricing submission are precedented by prior inclusion in the Stormwater Drainage Charge as part of former Council IPART Determinations. Council's stormwater drainage proposal should not be considered a new or innovative approach for IPART or the Central Coast ratepayers.

In recent years, Council has actively consulted with the community regarding the stormwater drainage activities proposed to return in its pricing submission. This has included:

1. Consultation regarding the management of stormwater quality and waterway health as part of the 'Our Coast Our Waterways' community survey undertaken by Council between April and June 2021. The survey attracted over 1,100 respondents and confirmed that clean waterways are a key value across the region. 94.5% of ratepayers surveyed identified Central Coast's waterways as a significant reason as to why they chose to live here on the Central Coast - refer to Figure 1 below which provides a simple graphic summarising the survey outcomes.



Figure 1 Our Coast Our Waterways Survey Results

The survey also demonstrated that our ratepayers have a strong 'willingness to pay' more in order to achieve better stormwater quality outcomes – refer to Figure 2 Summarised results from Central Coast Council's final Coastal Management Program consultation report in response to the statement "I would support more resources being used for the management of our waterways and coast, even if it meant a very small increase in my property or rent".

below which graphs the responses to this specific question.



Total respondents=848

Figure 2 Summarised results from Central Coast Council's final Coastal Management Program consultation report in response to the statement "I would support more resources being used for the management of our waterways and coast, even if it meant a very small increase in my property or rent".

2. Further specific consultation was undertaken in April 2021 to support key aspects of the Council's pricing submission. The consultation was facilitated by Woolcott Research and

Engagement and involved structured surveys, opt in online surveys, phone surveys and two qualitative group sessions (conducted via Zoom).

The consultation included a specific question regarding the potential for Council to charge for stormwater drainage via General Rates versus the IPART determined Stormwater Drainage Charge – refer to the 'Drainage Charge Determination and Billing' question included within Appendix A of Technical Paper 1.

The survey outcome across multiple streams was inconclusive but balanced with, in general – the same amount of support and opposition for a change in the way Council charges for stormwater drainage. The qualitative exploration of the survey results suggested the sentiment expressed by the community on this matter is likely to have been influenced by the economic position of Council which had only recently come to light.

3. Additional specific consultation was also undertaken in July 2021 to explore preferences amongst our ratepayers regarding the stormwater drainage Step Changes proposed in the pricing submission. The consultation was again facilitated by Woolcott Research and Engagement and involved two deliberative engagement forums conducted via Zoom.

The consultation included two specific presentations / questions regarding the stormwater drainage activities proposed to return from in the pricing submission - refer to the options relating to 'stormwater quality and urban channels' and 'flood planning' presented in Appendix B of Technical Paper 1.

The outcome of the consultation (shown below) demonstrated strong support for the inclusion of these stormwater drainage functions in the pricing submission. The outcome also reinforces the ratepayers 'willingness to pay' for service level improvements as reflected in the Our Coast Our Waterways survey.



Figure 2 - Results of June 2021 Community Forums

# 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?

The stormwater drainage activities proposed to return to the IPART determined Stormwater Drainage Charge in Council's pricing submission – have all been previously approved by IPART as being within scope of Council's monopoly services as a Water Authority.

The table below demonstrates the historic (and proposed future) approach to funding the various stormwater drainage activities – highlighting that all of the proposed activities have at some stage been approved by IPART as being funded by the Stormwater Drainage Charge. As part of its pricing submission, Council has proposed to simplify how it charges for stormwater drainage management and reinstate past practice, by returning all stormwater drainage activities to the IPART determined Stormwater Drainage Charge.

Financial	Stormwater Drainage Activities												
Year	Stormwater Drainage Network Management Asset Planning, Capital Works and Maintenance	Urban Channels	Flo Plan	ood Ining	Stormwate Manag Planning, Ca and Main	er Quality ement pital Works itenance							
2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012/13 2013-14 2014-15 2015-16	Stormwater Drainage	Stormwater Drainage Charge and Grants	Stormwater Drainage Charge and Grants (Gosford)	General Rates and Grants (Wyong)	Stormwater Levy, General Rates subsidisation and Grants (Wyong)	Stormwater Drainage Charge (Gosford)							
2016-17	Charge and Grants	G	General Rates		Stormwater Levy (residual								
2017-18		S	and Grants		Genera	IS), Rates							
2018-19					subsidi	sation							
2019-20					and G	rants							
2020-21													
2021-22													
2022-23			<u>Propos</u>	<u>ed</u>									
2023-24													
2024-25													

#### Table 1 Stormwater drainage funding approach

Financial		Stori	mwater Drainage Activities	
Year	Stormwater Drainage Network Management Asset Planning, Capital Works and Maintenance	Urban Channels	Stormwater Quality Management Planning, Capital Works and Maintenance	
2025-26			Stormwater Drainage Charge and Grants	
Existing FTE	5.0	-	-	-
Transfer FTE	-	-	7.2	6.0
New FTE	-	4.0	-	3.0
TOTAL	5.0	4.0	7.2	9.0

In line with the breakdown of activities presented above, specific comments have been provided below demonstrating the nexus between each of the stormwater drainage activities (and associated Full Time Employees (FTE's)) and Council's monopoly service as a Water Authority.

#### Stormwater drainage network management

The 5.0 dedicated FTE associated with stormwater drainage network management have always been linked to Council's monopoly services for stormwater management. The FTE's undertake asset management, asset investigations and the forward planning required to prudently and efficiently operate Council's 1,100km stormwater drainage network over its lifecycle.

Other Council FTEs involved in the physical delivery of stormwater drainage capital or maintenance works are budgeted by Council as General Fund – which means they only charge back time related to stormwater drainage works, via timesheets and associated project / activity account numbers, to the Stormwater Drainage Charge.

#### Flood planning

The 7.2 dedicated FTEs associated with flood planning, proposed to transfer to the IPART determined Stormwater Drainage Charge in Council's pricing submission are responsible for the development of Flood Studies and Floodplain Risk Management Plans. In former Gosford Council, the Flood Planning function was assessed by IPART as being within scope of the Water Authority and was funded via the Stormwater Drainage Charge.

The studies and plans produced by these FTEs, strategically identify and prioritise stormwater drainage upgrade / new and flood mitigation works required to inform future capital works programs and IPART submissions. The outcomes are also used to inform land use / development planning and help support effective flood emergency management.

#### **Urban channels**

The dedicated FTEs associated with urban channel management are responsible for maintaining priority open channels in line with adopted / site specific Plans of Management. In former Gosford Council, the urban channel function was assessed by IPART as being within scope of the Water Authority and was funded via the Stormwater Drainage Charge.

Priority urban channels are identified via strategic flood planning studies as having significant / untenable impacts on flood planning levels and the community if not appropriately managed and maintained. As a result of this assessment, the studies have recommended specific Plans of Management be developed for each priority urban channel to establish the baseline service level required to mitigate the risk.

The 4.0 new FTEs proposed in Council's pricing submission will allow continued baseline implementation of existing Plans of Management as well as accommodate additional priority urban channels identified via planned Floodplain Risk Management Plans.

#### Stormwater quality management

The 6.0 dedicated FTEs associated with stormwater quality management, proposed to transfer to the IPART determined Stormwater Drainage Charge in Council's pricing submission are responsible for maintaining the 434 stormwater quality improvement devices (SQIDs) owned by Council. In former Gosford Council, the stormwater quality management function was assessed by IPART as being within scope of the Water Authority and was funded via the Stormwater Drainage Charge.

Whilst the SQIDs – which include underground proprietary gross pollutant traps, treatment basins, constructed wetlands, biofiltration basins and wet / dry sump – provide a specific stormwater quality treatment function, they are also an intrinsic and physically integrated part of the broader stormwater drainage network and have the potential to impact on network capacity and function if not appropriately maintained.

The 3.0 new FTEs proposed in Council's pricing submission will allow delivery of a prudent and harmonised baseline service level across the entire Council area and are required due to the significant growth in the SQID network over recent years (which is forecast to increase further) due to high levels of growth and development on the Central Coast.

### 3. Corporate overheads

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? As part of Council's Financial Recovery Plan, Council reduced staff numbers to save \$30M and materials and contracts of \$20M. The business units that form corporate overheads have had reductions in their budgets for employee costs and materials and contracts as the reductions were made proportionally based on the budgets as at Quarter 1 for 2020-21.

To meet these reductions, Managers have reviewed their structures and costs to ensure that they are delivering services to meet Council's legislative responsibilities and adjusting their service models to enable continuation of services at best value.

The draft 2020-21 unaudited results show that the operating expenditure for corporate overheads is \$89.9M. The budgeted expenditure for 2021-22 for corporate overheads is \$85.4M.

Whilst there is a small increase of 0.3% in the overheads apportioned to the WSA between 2020-21 to 2021-22, there is a decrease of \$2.8M in the corporate overheads apportioned based on the 2021-22 budget. Whilst there has been a small increase in the percentage of overheads apportioned, based on WSA operating expenditure relative to total operating expenditure of Council, the amount apportioned has decreased as the operating expenditure for corporate overheads has decreased.

Corporate Overheads Allocated by Service	Draft Unaudited 2020/21 Full Year Actuals	2021-22 Budget	Movement between 2020- 21 and 2021- 22
Water	12,006,883	11,137,718	(869,165)
Water % of corporate overheads	12.5%	13.0%	0.5%
Sewer	12,577,520	10,577,708	(1,999,812)
Sewer % of corporate overheads	13.1%	12.4%	-0.7%
Stormwater	3,639,747	3,665,778	26,031
Stormwater % of corporate overheads	3.8%	4.3%	0.5%
Water Supply Authority	28,224,150	25,381,204	(2,842,946)
Water Supply Authority % of Corporate Overheads	29.4%	29.7%	0.3%

The apportionment of corporate overheads to the business is based on the operating expenditure of Council which includes depreciation as a proxy for the capital works program. The apportionment of corporate overheads is dependent on two variables:

- Cost of the support services
- WSA operating expenditure relative to total operating expenditure of Council

Council's 2021 application to IPART for a special variation to its general rates revenue was to deliver financial sustainability and enable Council to repay loans and restricted funds unlawfully accessed.

The IPART instrument issued to Council for the special variation states that Council use the additional income for the purposes of repaying loans and restricted funds.

It should also be noted that Council's submission to IPART for the SV incorporated the \$50M reduction in operating expenditure which includes the reduction in corporate overheads.

Corporate overheads were also apportioned across Council in the SV submission so there will be no further impact from corporate overheads.

### 4. Business model

## 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?

Central Coast Council is in the unique position of being a Water Supply Authority under the Water Management Act, as well as a Local Council regulated by the Local Government Act. Both Acts have different objectives and in some areas are contradictory which places an additional regulatory and administrative burden on the Council. One of the key issues that this creates is the requirement to have separate funds for Water, Sewer and Drainage, with the revenue collected in each of these funds only allowed to be used for each specific purpose i.e. Money in the water fund can only be used for water related purposes. This means that each fund has to cover its own costs and there is no ability for one fund to cross-subsidise the other. This also creates additional pressure on the General Fund of Council as any shortfall or overspend in the Water, Sewer or Drainage funds, must be covered by the General fund.

Central Coast Council has commissioned a review of the Water and Sewer business, with a particular focus on its governance model and how it relates to the rest of the Council. Options being considered under the review include:

- Corporatisation using the model previously contemplated under the Central Coast Water Corporation Act;
- 2. Commercialisation operating the water and sewer business as a separate business unit within Council;
- 3. Joint Venture pursuing a potential joint venture with another utility (likely Hunter or Sydney Water);
- 4. Sale of the business non-preferred option but included for completeness
- 5. Do nothing non-preferred option but used for base case.

This review is currently being finalised, however it is noted that all of the above options, with the exception of Option 5, would require some form of State Government agreement through policy, regulation, or legislative change. Whilst it could be argued that Option 2 could also be implemented without State Government involvement, the issue around the separation of funds would not be resolved under this option without some modification to the Local Government Act.

### 5. Climate change

How has Council taken into account the impacts of climate change on:

- Forecast demand for services
- Long-term water security and future associated costs

The Central Coast Water Security Plan (CCWSP) has investigated the impact of climate change on the long-term water supply and demand balance. The analysis has been undertaken in line with the NSW Water Strategy and demonstrates there is a range of uncertainty for the impacts to both future demand and available supply based on the potential future climate states.

#### Forecast demand for services

The demand forecast for Council's pricing submission has not incorporated any future impacts from climate change. The forecast methodology is outlined in Technical Paper 7 and utilises the Integrated Supply and Demand Planning (iSDP) model. This model is informed by the observed climate sequence and how customers water usage responds accordingly. Future growth in demand is then developed based on the forecast growth in population and the associated demand in consideration of more water efficient water appliances (stock model). Council's forecast is on based average climate conditions and has not assumed any reductions in demand from its upcoming water conservation program which will be developed during the next price period.

#### Long-term water security

The CCWSP used a calibrated demand model to establish the long-term influence of climate on demand. The model predicts per capita water demand based on weather variables (rainfall, temperature, evaporation, and a calculated soil moisture index). The model was calibrated for the years 2013 to 2017 and hence represents the customer response to climate drivers at that time. This calibrated response was simulated over 117 years of climatic data (1900-2017) to establish the baseline long-term influence of climate on the behaviour response of 2013-2017.

The influence of climate change on water demand has been determined as follows:

- Simulate new hindcasts of climate using historic climate data scaled by climate model data to represent the impact of climate change. The climate model data used was from the RCP8.5 2040-2060 NSW and ACT Regional Climate Modelling Expansion 1.5 (NARCliM1.5) data
- Determine long-term average per capita demands for each climate change impact scenario at 2050
- Apply the incremental change to the baseline demand forecast for each scenario by linearly interpolating between current and 2050 demand

Of the six NARCliM models, two were chosen to represent a wet future and a dry future. Both dry and wet models indicated 2% increase in historic observed demand by 2050; the wet and dry scenarios both have higher temperatures leading to both scenarios having a 2% increase in demand.

For the long-term water security perspective, the impact of the climate change (NARCLIM1.5) was also investigated on the current system yield. The dry climate change scenario has

potential to reduce the current system yield by about 16% whereas wet climate scenario may increase the yield by 2%.

The overall approach to the selection of a preferred supply portfolio considered the performance of the options within the current observed climate (via generation of synthetic climate sequences) with 'stress testing' of the portfolios under a dry climate scenario to understand their risks. The analysis showed that the preferred portfolio also provided the greatest resilience to future climate change through the introduction of climate independent supplies.

The long run marginal cost of water would increase if the impacts of climate change resulted in the requirement to bring forward the investments in Council's preferred supply portfolios to maintain the supply/demand balance. A range of scenarios are described in the CCWSP Technical Paper (Cost Benefit Analysis) that includes the impact to the LRMC of a High Demand Scenario with no impacts from climate change (\$3.26/kL), Medium Demand Scenario plus worst predicted climate change (\$7.10/kL) and High Demand Scenario plus worst predicted climate change (\$9.04/kL). These compare to the baseline LRMC within the Cost Benefit Analysis Technical Paper of \$2.14/kL for Council's preferred portfolio under a medium demand scenario with no impacts from climate change.

Further details on Council's analysis related to the CCWSP can be found within several accompanying CCWSP Technical Papers on request. These include Options Selection, Supply System Modelling and Cost Benefit Analysis.

## 6. COVID-19

## 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?

The assessment of COVID-19 impacts to both residential and non-residential customers on the Central Coast in relation to service affordability, whilst understood, was not assessed in relation to billing impacts. It is a challenge to assess affordability whilst ensuring that Council has sufficient revenue to meet service obligations, regulatory and environmental standards and maintain financial sustainability.

It is very difficult to predict what the economy of the Central Coast will look like in July 2022. As recently as October 2021 the economy remains defiant where unemployment rose to only 4.6% in September 2021 (this could also be caused by other underlying factors such as people not looking for work). Commonwealth Bank's head of Australian economics Gareth Aird stated: *"there are now signs that, not only has the damage during the lockdowns been smaller than expected, the rebound in employment should be robust as restrictions lift." Job vacancies have held up well during the lockdowns," he said.* 

"Our expectation at this stage is that employment will post a small negative in the October labour force survey, followed by a bounce of around 150,000 in the November report. Another strong outcome is anticipated in December as Victoria reopens." It is understood that businesses will take a longer time to recover from the recent lockdowns in relation to the Delta outbreak.

The most recent unemployment figures for the Central Coast as of June 2021, shows no movement between the March & June quarters remaining at 6.1%. This compared to December 2020 of 5.5%. For the 12 months prior as of June 2020 the unemployment was 4.7% an increase of 2,329 unemployed people. This statistic compared to pre-COVID statistics as of June 2019 the unemployment rate was 5.6%.

The State government as recently as September 2021 announced an additional \$3.9 billion in funding. This includes<sup>1</sup>:

#### Extension of JobSaver from 28 August

Eligible businesses with a turnover between \$75,000 to \$250 million that continue to experience a minimum 30 per cent decline in turnover due to the Public Health Order will be eligible for payments of up to 40 per cent of their pre-COVID weekly NSW payroll; Eligible businesses in the hospitality, tourism and recreation sectors with a turnover of more than \$250 million and up to \$1 billion that continue to experience the requisite decline in turnover due to the Public Health Order will be eligible to receive payments of 40 per cent of their pre-COVID weekly NSW payroll, up to \$500,000 per week; Eligible Not-for-Profit (NFP) organisations in the social support and animal welfare sectors with a turnover between \$75,000 and \$250 million that show a minimum 15 per cent decline

with a turnover between \$75,000 and \$250 million that show a minimum 15 per cent decline in turnover will be eligible for payments of up to 40 per cent of their pre-COVID weekly NSW payroll. Eligible NFPs will be able to apply from later in September to access backdated payments.

#### **Extension of the COVID-19 Micro-business Grant from 28 August**

*Eligible businesses with a turnover of more than \$30,000 and less than \$75,000 that continue to experience a minimum 30 per cent decline in turnover due to the Public Health Order will be eligible for a fortnightly payment of \$1,500.* 

#### Extension of payroll tax deferrals and waivers

Businesses eligible for a 2021 COVID-19 Business Grant or JobSaver with payrolls \$10 million or less will be eligible for a 50 per cent reduction (waiver) in their 2021-22 payroll tax, up from 25 per cent.

All businesses will also be able to further defer payroll tax payments due from July 2021 through to December 2021. The payments will now not be due until 14 January 2022, and 12-month interest free repayment plans will become available.

#### Extension of support for commercial, retail, and residential landlords

<sup>&</sup>lt;sup>1</sup> Sourced from NSW Liberal website. Details can be found https://nsw.liberal.org.au/Shared-Content/News/2021/COVID-19-economicsupport-measures-extended

*Eligible commercial and retail landlords that provide rental waivers to* COVID[1]19 *impacted tenants and have not claimed land tax relief, will be eligible for a monthly grant of up to* \$3,000; and

*Eligible residential landlords can choose between applying for land tax relief or a further payment of \$1,500, taking total assistance to a maximum of \$4,500 per tenancy if they agree to reduce the rent for COVID-19 impacted tenants by at least \$4,500.* 

Council is focusing on helping the community through its hardship assistance program and recognises the significant stress and the toll the business shutdowns are taking on the community, with many residents and businesses experiencing financial pressures.

To support the community, Council has set up several resources to help. For residents experiencing hardship, specifically loss of regular income, Council is providing:

- Hardship payment arrangements that allow all ratepayers to organise a payment plan over a longer period
- A range of rental relief reductions on a case-by-case basis
- Working with the Central Coast taskforce to assist businesses and residents with a post COVID recovery plan
- A dedicated priority customer service channel for businesses seeking information from Council, including online resources
- Access to Council's one-stop Grant Finder hub to source potential financial injections
- A commitment by Council to procuring goods and services from local businesses whenever possible and promoting its upcoming works program to local suppliers
- Online platforms which help local shoppers and businesses connect with other local businesses
- Non enforcement of delivery times specified in development approvals

Council has also focused on initiative programs which endeavour to support businesses with the following:

- Central Coast Grant finder
- Activating our Town Centres
- Council's Economic Development team
- Central Coast Council Economic Development Strategy
- Register to do business with Council
- Activate Central Coast Economy
- Bigger Backyard Central Coast

### 7. Asset renewals

Will the large increase in reactive maintenance relative to planned maintenance lead to a similar future increase in asset renewals resulting from asset failure?

Council's current and historic approach has been reactive maintenance, which *appear* to cost less in the present, because there is no structured investment in asset preventative maintenance programs. This approach is not sustainable, and it needs to be acknowledged that Council is exceeding the proposed annual budgets and stretching already limited resources. There are a cohort of industry-based studies that show that operating in the reactive space is not sustainable and does actually cost 2-5 times as much as would have been required if proactive maintenance was implemented.

Some clearly identified benefits of proactive maintenance includes the following, but not limited to:

- Extending the operating life of equipment
- Optimizing equipment efficiency
- Reducing energy costs
- Increasing operating transparency and accountability
- Fewer equipment and asset failures
- Improved efficiency in asset lifecycle management
- Better planning for spare parts and labour
- Decreasing the necessary amount of large and small-scale repairs
- Improved compliance with health and safety requirements
- Better adherence to performance service levels
- Improved customer service through continuous and efficient overall performance

One of the major gains by implementing a proactive maintenance program in Council is extending the life of the assets. This can be easily achieved with inspection and condition assessment programs and adherence to a proactive maintenance schedule that is catered specifically for that class of asset. The benefits of this approach will significantly reduce the renewal budget requirements and will allow for better and more efficient management of critical renewal programs rather than ad-hoc or reactive replacements due to poor maintenance, creating greater sophistication for asset lifecycle management.

By investigating and resolving potential failures before they occur and identifying the most optimal preventive or predictive maintenance requirement for optimum performance, Council will be able to extend the operational function and life of the water and sewer assets and minimise the need for major repairs.

Council has broken down water and sewer assets into the following components to align with the IPART reporting requirements:

- Civil Pit, Vents, Hard Stand etc
- Metal Access ladders, platforms etc
- Mechanical Pump, fans, Actuated Valves etc
- Electrical Power Generators, switch gear and assembly etc
- Electrical Control Instrumentation, telemetry etc

A high-level forecast has been prepared to easily identify the possible potential benefits of implementing the proposed asset management improvements and mechanics of preventative

maintenance programs for the upcoming IPART determination period commencing 1 July 2022. This high-level analysis is based on one of the fundamental benefits being extension of useful life to assets. This extension has been applied to those asset classes that will benefit from the condition assessments, inspections, and structured proactive maintenance.

Council has put together two cases:

- Case 1 **Base case** Asset renewals are based on age and useful life
- Case 2 **Extended useful life** Useful life for Civil, Metal and Mechanical items in Discrete assets are extended by 25%. This is only done from 2026 onwards to allow time the proposed OPEX step changes to be implemented.

Case 2 has been included to demonstrate the effects of the operational expenditure step changes Council is requesting as part of its pricing submission. In particular, the large reduction in 2026 renewals (\$147M) is likely to reflect the condition assessments and asset management improvements proposed for all asset classes. Undertaking physical condition assessments will allow Council to prioritise renewals for critical or failing assets and extend the life of assets that have been well maintained. The extension of asset life beyond 2026 is likely to reflect improved operations and maintenance practices that will be implemented as part of the Step Changes (cleaning, monitoring etc).



Figure 3 Sum of renewals versus sum of budget



Figure 4 Sum of renewal costs versus budgets on extending useful life

The 10-year renewal budget is from the 10-year CAPEX programs provided by Council. Beyond 2030 Council has used best engineering judgement and taken the average of the first 10 years and uplifted at 2.5% in keeping with the LTFP.

With the proposed solid plan for proactive maintenance in place, Council has confidence with financial benefits for the medium to long term. Some of these financial benefits include confidence with operational expenditure and resource allocation as well as economies of scale with standardisation of equipment.

## How has the Council developed its proposed output measures, and have these been informed through customer consultation?

This question has been addressed in the response provided to the Service Standards item above.

### 8. WACC parameters

## 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?

The WACC is the Weighted Average Cost of Capital (WACC) is an allowance by IPART in the building block model for the revenue requirements. The WACC is the weighted average cost of debt and equity costs required for a benchmark efficient business to invest in necessary infrastructure.

IPART's benchmark test uses set ratios of debt and equity against Council's Regulated Asset Base (RAB) and required revenue. The tests look at the finance-ability of the business using the 60/40 debt and equity mix to raise required funds to invest in capital investments. This ratio determines the extent that Councils Water, Sewer and Stormwater drainage investments in infrastructure are funded.

Council raises funds purely by borrowing using long term loans (debt). Having a high ratio of debt means that Council services its interest repayments via its cash flows. When raising debt Council MUST borrow as a consolidated entity it cannot be defined by fund.

The Water and Sewer funds can pay dividends to the general fund as defined in the Local Government Act Section 409.6:

(a) deduct, from the money required by subsection (3) to be used only for the specific purpose of water supply or sewerage services, an amount in the nature of a return on capital invested payment (dividend), and

(b) apply that amount towards any purpose allowed for the expenditure of money by councils by this Act or any other Act.

(6) The Minister for Energy and Utilities, with the concurrence of the Minister administering this Act—

(a) is to cause guidelines to be prepared and published in the Gazette relating to the management of the provision of water supply and sewerage services by councils, and

(b) may, if of the opinion that a council has not substantially complied with the guidelines, direct the council to comply with any particular aspect of the guidelines before making any further deduction under subsection (5).

However, to pay dividends, Council's Water and Sewer business, in the context as a Local Water Utility (not a Water Supply Authority) MUST abide by Best Practice i.e.:

Prior to paying a dividend from the surplus of a water supply or sewerage business, the LWU must:

(1) obtain an independent compliance audit report verifying that the LWU has demonstrated achievement of all the required outcomes set out in column (3) of Table 1 (page 22); and

(2) obtain an independent financial audit report (conducted in accordance with Australian Accounting Standards and the requirements of the Ministers for Water Utilities and Local Government) that verifies the water supply and/or sewerage Special Purpose Financial Reports are a true and accurate reflection of the business and that the overhead reallocation charge to these businesses is a fair and reasonable cost.

Part of passing Best Practice Council's Water and Sewer business must have an Integrated Water Cycle Management Plan. The revised framework will be released by NSW Department of Planning, Environment and Environment (DPIE) in July 2022 with compliance required by 2024.

For each pricing submission, IPART prepare a finance-ability test to access how the pricing decisions affect the financial sustainability and the ability to raise funds to manage its activities over the regulatory period.

To do this IPART review the forecast financial performance, financial position and cash flows for a "benchmark business" and the actual business.

There are three tests that are performed:

- **Debt gearing (gearing)** -This is measured as debt divided by the regulatory asset base (RAB).
- **Funds from Operations (FFO) by debt** This is a measure of a business's ability to generate cash flows to service and repay debt. The measurement is regulatory depreciation plus cost of equity (RAB \* WACC)/total debt
- Interest coverage ratio if Council can cover its interest repayments with expected revenue. This is calculated from funds from operations plus interest expense/interest expense.

The FFO is determined by the regulatory depreciation plus the cost of equity/total debt. In the previous determination this ratio underperformed against the benchmark ratio due to limitations in relation to the asset lives that reduced the regulatory depreciation.

Council is governed by both the Local Government Act and the Water Management Act. Council can borrow funds under section 621 of the Local Government Act 1993. The intention to borrow must also be identified in Councils Operational Plan. If borrowings are outside the Operational Plan then approval needs to be sort from the minister.

In essence the returns that are prepared for the Office of Local Government are based on total financial operating costs including financial depreciation, amortisation and interest. This is different to the regulated operational expenditure that excludes these items. Also is the allowance for depreciation based on the Regulated Asset Base.

The Office of Local Government (OLG) have the following performance indicators:

#### • Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

Operating result before capital (excluding interest and depreciation, amortisation, impairment)/Principal repayments and borrowing costs.

#### • Building and Infrastructure Renewals Ratio

The purpose of this ratio is to assess the rate at which these assets are being renewed against the rate at which they are depreciating for building and infrastructure assets. Renewal is defined as the replacement of existing Assets to equivalent capacity or performance capability.

Asset renewals excluding WIP for Special Schedule 7 infrastructure assets only/ Depreciation, amortisation and impairment.

• Debt Asset maintenance ratio

This ratio compares actual maintenance against required maintenance to determine whether Council is investing enough funds to stop the infrastructure backlog from growing.

Actual asset maintenance/ Required asset maintenance.

#### • Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of Council's infrastructure. The backlog ratio shows the infrastructure backlog in proportion to the total written down value (the value of an asset after accounting for depreciation, reflecting the assets present worth).

## *Estimated costs to bring assets to a satisfactory condition/ Net carrying amount of infrastructure assets.*

A key difference is based on the financial depreciation versus the regulatory depreciation. The financial depreciation will always be higher than the regulatory depreciation.

Traditionally Council has used long term loans to finance large capital expenditures, particularly related to major water and sewerage network projects. The practice of borrowing funds to generate cash flow to deliver large infrastructure allows the cost of the project to be spread across the useful life of the asset in order to facilitate intergenerational equity for these assets. Council secured \$150M in new, emergency borrowings during 2020-2021 which was for the General Fund as part of the Business Recovery Plan. External loan balances were \$348.2M as at 30 June 2021. Of these external loans \$182.1M are for the Water Supply Authority.

External Loans Balance at 30 June 2021											
Fund	\$M	%									
General	166.1	47.7%									
Water	125.0	35.9%									
Sewer	48.1	13.8%									
Drainage	9.0	2.6%									
WSA Total	182.1	52.3%									
Total	348.2	100.0%									

General Fund has loaned the Water Supply Authority \$50.1M as at 30 June 2021 - \$22.7M to the Water Fund and \$27.4M to the Drainage Fund.

Interest expense has been projected based on the rates applicable for each loan.

### 9. Labour costs

#### How will Council implement such a large one-off increase in labour costs in 2022-23?

Council is looking to have a staggered recruitment plan (see Graph 1), according to the summary implementation plan (see Chart 1), utilising multiple channels to fill the various positions. This includes implementing a transition strategy in the lead up to the

determination starting. The transition strategy includes the following steps between now and 1 July 2022.

- Integration planning for the new staff / new teams
- Process mapping of how the augmented teams function and interact
- Position description development
- Identify position criticality and recruitment critical path

It is acknowledged that the resource plan has a heavy weighting in the first quarter of the determination. To achieve this, the plan is proposing to use multiple resourcing channels which include:

- Utilising Council's existing engineering service panel to fill technical roles early in the determination. Then allowing Council to recruit and transition employees into the relevant team
- Utilising existing contract labour panel to fill vacant trade and field-based roles
- Utilising existing staff to step up into higher responsibility positions and backfilling these positions using the contract labour panel
- Employing local graduate engineers to fill junior positions, while developing and mentoring these new staff
- Investigate alternative options to deliver specialist functions. For example, Dam Safety Engineer is a regulatory requirement. Options for how this requirement is met include direct recruitment, service provided by technical specialist or via Engineering Service Panel.



Figure 5 Cumulative Resourcing Plan

#	Task	Responsibility	Start	Finish	Details	18-Oct-21	25-Oct-21	8-Nov-21	15-Nov-21	22-Nov-21 29-Nov-21	6-Dec-21	13-Dec-21 20-Dec-21	27-Dec-21	3-Jan-22 10-Jan-22	17-Jan-22	31-Jan-22	7-Feb-22	21-Feb-22	28-Feb-22	7-1Mar-22 14-Mar-22	21-Mar-22	28-Mar-22 4-Apr-22	11-Apr-22	18-Apr-22	2-May-22	9-May-22	23-May-22	30-May-22 6-Iun-22	13-Jun-22	20-Jun-22	4-Jul-22
1	IPART Audit		Nov-20																												
2	IPART Draft Determination		Mar-22																												
3	IPART Final Determination		May-22																												
4	Integration Planning	Project Team	Nov-21	Feb-22	Designing how the new positions / teams integrate into the existing structure. Undertake a facilitated gap analysis between current and future states. Establish the project working group to deliver this plan. Identify stakeholders and engagement plan. Document exclusions from this process, identify success orteria.																										
5	Process Mapping	Project Team	Nov-21	Feb-22	Develop process description of how the new positions function and interact with the rest of the business processes.								120																		
6	Position Description Development	Project Team	Nov-21	Feb-22	Review current PD for suitability post determination. Consult with Sydney Water / Hunter Water for support in developing new position description								VAS 2																		
7	Identify recruitment position criticality and recruitment critical path	Project Team			Facilited process across W&S								IRIST																		
8	Review current labour hire agreements	CCC Contracts	Apr-22	Jun-22	Review current labour hire agreements in preparation for determination finalisation								L L	j																	
9	Review current Engineering Panel agreements,.	Daniel Kemp / Ruben de Roa Herrero			Review current Engineering Panel agreements, start conversation about critical path resourcing and transition to CCC FTE.																										
10	Pre Determination recruitment	Talent Acquisition			Commence pre onboarding activities																										
11	Commence recruiting	Talent Acquisition	Jul-22		Commence recruiting First Tranche of FTE's, based on approval being received 1 July 2022. Refer to Resource Plan																										
12	Onboarding	People & Culture	Jul-22	Oct-22	Implement first phase of the implementation plan																										

Figure 6 Forward Implementation Plan

## 10. Customer consultation

#### How have the outcomes of Council's customer consultation informed its proposal?

As outlined in Technical Paper 1, Council undertook extensive community consultation in developing its pricing proposal. Information was collected via:

- 1. IPART Submission Engagement Survey April 2021
- 2. IPART Submission Deliberate Engagement on Future Service Options July 2021
- 3. WSAA National Customer Perceptions Survey
- 4. IPART Water Utility Customer Satisfaction Survey
- 5. Annual Customer Experience Survey
- 6. Community Consultation on Water Security Plan

Council's community engagement portfolio developed for the IPART submission identified key areas the community wants Council to focus on:

- Water quality and its reliability
- Water security
- The environment
- A reduction in sewer overflows
- Maintenance of our water and sewer pipe network
- Being prompt in our response to incidents
- Keeping prices to a low and affordable level
- Flood planning

• Asset inspections related to drainage infrastructure

The main areas of concern identified by the community are included in the operational expenditure step change projects business cases for Water, Sewer and Stormwater drainage which form part of Council's pricing submission. Bill impacts were also reviewed once the scope of works were identified with relevant prudent and efficient expenditure put forward. These additional costs were included in Council's proposed revenue requirements.

Customer feedback was considered when developing Council's capital and operational expenditure proposals for its pricing submission (refer Technical Papers 4 and 5 for detail). Customer feedback has also informed Council's proposed service levels for the submission (see Technical Paper 2).

The community's key areas of concern are addressed in several new initiatives for operational expenditure as well as capital investment. The following summary highlights how these issues were addressed and how they have been included in the requested increase in both capital investment and operational expenditure.

Community consultation outcomes	Current issue	Proposed initiative included in submission	Approximate impact to expenditure	Approximate impact on billing
Water quality, reliability and security ( <i>including</i> <i>improved</i> <i>maintenance</i> <i>of pipes</i> )	<ul> <li>The current system does not have the "SMARTS" to identify early system failures</li> <li>Insufficient expenditure to clean water mains to improve water quality</li> <li>The current system requires improvements to ensure asset reliability to delivery safe drinking water for now and into the future.</li> <li>Insufficient expenditure to detect water leakage</li> <li>The recent fires in 2020 highlighted how quickly assets can be impacted. We need to</li> </ul>	<ul> <li>Mains cleaning program - Improving your drinking water quality</li> <li>Increased planned maintenance - building reliability for your assets to avoid unplanned interruptions</li> <li>Increased Asset inspections -reducing overflows</li> <li>Bushfire Management - keeping dam water clean from sediment runoff</li> <li>Catchment management - Ensuring your water sources are clean and free from pollutants</li> <li>Building relationships with our community and</li> </ul>	\$6.8M over four years	\$11.75 per quarter

#### Table 2 Community overall outcomes and how they were represented in proposal in operational expenditure

Community consultation outcomes	Current issue	Proposed initiative included in submission	Approximate impact to expenditure	Approximate impact on billing
	improve the environment surrounding key assets to reduce this risk. This will now be a legislative requirement to ensure the assets are protected to secure your water delivery.	<ul> <li>understanding what their needs are</li> <li>Making it simpler for you to connect with us</li> <li>Working with our community to preserve water and develop sustainable opportunities for the future of your water supply</li> </ul>		
Environment and safety	<ul> <li>Legislative requirements resulting from the changes to the Dam Safety Act.</li> <li>Current practices need to change to ensure compliance and safety</li> <li>Improving our employee safety</li> <li>Outfalls are not compliant with Environmental Protection licences</li> <li>System is not working effectively due to maintenance issues this can result in system failures and environmental breaches.</li> <li>The age of the Treatment Plants (TP) mean that an overhaul is required especially the older TPs to treat the increase in sewerage from the population growth on the Central Coast.</li> </ul>	<ul> <li>Safety -Keeping our community safe</li> <li>Ensuring services delivered align to best practice</li> <li>Skilling - Increasing employee skills to deliver quality services</li> <li>STP's Outfalls - Improved ocean water quality</li> <li>Environmentally responsible</li> </ul>	\$3.6 M over four	\$6.25 per quarter
Reduction in sewer overflows	<ul> <li>Inability to inspect pipes routinely currently only done in high risk/problems areas</li> </ul>	<ul> <li>Increasing our proactive inspections</li> <li>Building reliability into assets to avoid unplanned interruptions</li> <li>Improving our response time to your issues</li> </ul>	\$3.6M over 4 years	\$6.25 per quarter

Community consultation outcomes	Current issue	Proposed initiative included in submission	Approximate impact to expenditure	Approximate impact on billing
	<ul> <li>Experiencing high sewerage overflows from asset failures</li> <li>Less money to replace or repair aging pipes</li> <li>Need to improve our service standards and asset performance that are delivered to our community.</li> <li>Currently experiencing high odour complaints and overflows that exceed our performance standards.</li> <li>Environmental concerns with overflows into our waterways</li> <li>Community safety</li> <li>The current system does not have the "SMARTS" to identify early system failures</li> </ul>	• Fixing small problems now avoids big problems in the future		
Keeping prices low and affordability	<ul> <li>Current pricing for residential customers is lower than it was in 2009 pricing determination.</li> <li>Maintaining Assets with this revenue does not allow for growth and maintenance of aging infrastructure.</li> <li>Changing regulatory obligations requires revenue to meet these additional obligations.</li> </ul>	<ul> <li>Take pricing back to levels like 2018-19.</li> <li>Review bills against other utilities to ensure that the overall bill impacts are reasonable and affordable.</li> </ul>		
Stormwater drainage Asset inspections related to drainage infrastructure and flood	<ul> <li>Meet our legislative requirements</li> <li>Reactively inspect high risk assets such as major drainage culverts under town centres, schools or railway lines.</li> <li>Reactive maintenance of high-risk assets</li> </ul>	<ul> <li>Meeting legislative and industry standards</li> <li>Stormwater quality assets are managed and maintained to the required benchmark of legislative requirements and industry standards</li> <li>Help prevent the catastrophic failure of</li> </ul>	\$5.5M over 4 years	\$9.21 per quarter

Community consultation outcomes	Current issue	Proposed initiative included in submission	Approximate impact to expenditure	Approximate impact on billing
plain management.	<ul> <li>No reduction in the frequency of road or property flooding.</li> <li>Greater chance of the catastrophic failure of stormwater drainage assets.</li> <li>We will not meet legislative requirements and industry standards resulting in polluted stormwater and waterways.</li> <li>Growing asset base due to urban growth will not be able to manage or maintained to meet with legislative requirements and industry standards</li> <li>Critical failure of urban channels which serve as both quantity (flood prevention) and quality (pollution) of downstream environments which potentially results in increased flooding liability and health and welfare of the community and environment.</li> <li>Council's flood information will become outdated. Future decisions and advice about flood prone land will expose the community to greater flood risk.</li> </ul>	<ul> <li>stormwater quality drainage assets.</li> <li>Urban channel assets are managed and maintained to the required benchmark of legislative requirements and industry standards resulting in meeting community expectations and reduction of associated risks impacting quadruple bottom line</li> <li>Council has a legislated responsibility to provide flood advice to the community in good faith, which includes carrying out flood studies and providing flood mapping related to the likelihood of land being flooded and the flood risk.</li> </ul>		

## 11. Trade waste and miscellaneous charges

#### Please provide cost breakdown data and reasoning for the proposed increase in charges.

The 2019 Marsden Jacobs Associates review of proposed prices for Central Coast Council's trade waste and miscellaneous services, stated that:

"We note that for future price determination periods forecast quantities and revenue for miscellaneous charges should be based on longer term historical trends rather than just one year of data. We note that the Council chose to not include overheads in each charge as it considered that the business needed to consolidate its financial accounting system, to determine an appropriate allocation of overheads. While we have not factored overheads into our recommended forecast, we consider that the inclusion of overheads in the Council's miscellaneous charges would reflect the full efficient costs to deliver those services. Rather than recommending a level of overheads to apply to miscellaneous charges from 2019-20, we consider that the Council should undertake further work over the next price determination period to determine an appropriate allocation of overheads to miscellaneous charges. The Council should then apply this approach to prices in the following price determination period".

Council has adopted the Marsden Jacobs Associates recommendations when setting the prices for both miscellaneous and trade waste charges

#### Trade waste charges

A cost breakdown for Council's trade waste charges is provided in Council's *Liquid Trade Waste Pricing Policy*, attached as Appendix A below.

#### Ancillary and miscellaneous charges

Ancillary Charge	20/21 Charge	Proposed 22/23 Charge (\$20-21)	Estimated frequency	Basis for charge
Table 1 of IPART let	ter			
Standpipe Hire – Annual Fee 65 mm	\$866	\$2,672	93	Based on the formula (Meter size <sup>2</sup> * 20mm price)/400. Reference to Technical Paper 8 (Table 5) indicates that this can be revised to \$2,455.99 (\$20-21)
Standpipe Hire – Annual Fee 25 mm	\$136.39	\$395	25	Based on proposed service charge for 25 mm water meter. Reference to Technical Paper 8 (Table 6) indicates that this can be revised to \$363.31 (\$20-21)
Adjust Existing Water Service – raise, lower or	\$197.13	\$528.30	52	Based on quotation of \$520 (\$19-20) by Council's contracted service provider for lateral adjustment of water meter by $\leq 1$

#### Table 3 Ancillary and Miscellaneous charges

Ancillary Charge	20/21 Charge	Proposed 22/23 Charge (\$20-21)	Estimated frequency	Basis for charge
laterally adjust 20- or 25- mm water meter by $\leq$ 1m				m. Cost includes materials, labour, transport and admin costs
Inspection of New Water and Sewer Assets (including encasements and new junctions) + linear asset	\$6.52 per m	\$16.30 per m	23,102 m	Based on hourly cost of mobilisation of Technical Officer Field Assessments (\$133.55/hr), estimated frequency of inspections (231 per annum), and estimated linear inspection of new water and sewer mains (23,102/yr). Charge based on full cost recovery of field inspections of water and sewer mains.
Standpipe Hire – Security Bond – 65 mm	\$872.60	\$2,013.00	3	Based on replacement cost for 65mm metered standpipe provided by supplier. Note that current standpipes are not repairable as per supplier's advice
Raise or Lower Sewer Manhole inspection fee	\$58.45	\$124.80	12	Based on current (20-21) charge for Inspection of Water and Sewer Assets. Little further analysis due to infrequent number of requests per annum
Special Meter Reading Statement - Online request (online form on Council website)	\$32.19	\$68.06	500	Based on time required to provide service: Finance Officer (0.50 hr @ \$54.31/hr), Water Meter Reader (0.50 hr @ \$63.35/hr), Customer Service Officer (0.17 hr @ \$54.31/hr). Cost includes overheads, including vehicle and travel for meter reading
Building over or adjacent to Existing Water or Sewer Statement	\$56.32	\$118.22	20	Charge revised to \$83.25 upon review of basis of time requirement for Technical Officer Assessments (1 hour @ \$83.25/hr)
Other significant pr	ice increases	·		
Conveyancing Certificate – Statement of Outstanding Charges (s360 Certificate)	\$27.80	\$33.80	700	Increased cost due to time required for Customer Services Officer to manually process application, relative to online application
Property Sewerage Line and Drainage Diagram				Increase in cost of all Property Sewerage Line and Drainage Diagram categories due to change of process, requiring
Property sewer line and drainage diagrams - manual request (hard copy form or telephone)	\$27.80	\$36.53	600	additional time of Land Information Officer (\$54.61) to search and produce property sewer line and drainage diagrams

Ancillary Charge	20/21 Charge	Proposed 22/23 Charge (\$20-21)	Estimated frequency	Basis for charge
Property sewer line and drainage diagrams - online request (online form on Council website)	\$18.89	\$25.67	5000	
Property sewer line and drainage diagrams (with long section) - online requests only	\$22.24	\$36.18	600	
Property sewer line and drainage diagrams (property complex) - online requests only	\$32.24	\$40.96	100	
Special Meter Reading Statement - Manual request (hard copy form or telephone)	\$43.30	\$72.41	60	Based on time required to provide service: Finance Officer (0.50 hr @ \$54.31/hr), Water Meter Reader (0.50 hr @ \$63.35/hr), Customer Service Officer (0.25 hr @ \$54.31/hr). Cost includes overheads, including vehicle and travel for meter reading
Water Billing Search Statement from previous FY, up to and including 5 years	\$38.91	\$45.08	200	Based on time required to provide service: Finance Officer (0.50 hr @ \$54.31/hr), Customer Service Officer (0.33 hr @ \$54.31/hr).
Disconnection of water service	\$244.45	\$408.10	30	Can be revised to \$355.81 (\$20-21). Based on quotation of \$350 (\$19-20) by Council's contracted service provider for disconnection of water supply. Error found in CPI calculation in quotation spreadsheet provided. Cost includes materials, labour, transport and admin costs
Water Service Connection	Various	Various		Based on quotation provided by Council's contracted service provider for various water service connections, as listed in Technical Paper 9. Cost variances include materials costs for installation of services, including meters
Water or Sewer Engineering Plan and Technical Assessment	Various	Various		Assessment processes and key personnel have changed substantially, primarily due to consolidation of functions since the previous review. Pricing of each of the Assessment categories were reviewed, considering the time requirements and

Ancillary Charge	20/21 Charge	Proposed 22/23 Charge (\$20-21)	Estimated frequency	Basis for charge
				labour costs (including overheads) required to undertake assessments in accordance with current processes.

### 12. Costs and productivity

## What are the additional operating and capital costs associated with periods of water restrictions?

Council has a Drought Management Plan (DMP) as part of its long-term water security plan. The DMP is prepared in accordance with the NSW Government Emergency management approach based on Prevent, Prepare, Respond and Recover (PPRR) principles. A summary of key triggers for water restrictions and implementation of major interventions is shown below in Figure 1with the depletion curve based on a 'design drought' sequence.



Figure 7 Indicative triggers and implementation durations for Central Coast drought response (Source: CCWSP 2021)

The DMP recognises that it would be unacceptable for the Central Coast to run out of water, and that emergency tankering is not feasible for our scale of population. The DMP identifies triggers to implement a series of key measures including:

- Water restrictions
- Maximum allowable extraction from ground water schemes
- Reinstatement of Porters Creek Stormwater Harvesting Scheme
- Design and construct Toukley Desalination

The critical path item within the DMP is the delivery of the Toukley Desalination plant which would provide the most substantial and reliable source of supply during a severe and prolonged drought. Current knowledge reflects about 36 months would be required for the design and construction of the desalination plant after it is shovel ready. This assumes Council starts with all required approvals, concept designs and procurement documentation already completed. Analysis of storage depletion with repeated historical rates of decline indicates that Mangrove Creek Dam, once at 45% can reach a critical level of 15% within 36 months and significant intervention is required. The major capital costs will start incurring after 45% storage is reached in Mangrove Creek Dam.

Additional operating and administrative expenditure will also be incurred as part of the Prevent and Preparation stages of the DMP as drought related governance activities are scaled up and activities such as active leak detection and water conservation programs may be scaled up beyond baseline levels.

When in drought, the activities and associated costs detailed in Table 4 will be incurred in the lead up to storage depleting restriction triggers of 50% and below 50%.

Drought measures / Enhanced activities	Estimated Costs (\$M) per annum (opex)	Estimated Costs (\$M) (capex)
<b>Prevent</b> - Water conservation measures (leak detection, pressure management)	1.1	
<ul> <li>Prepare-additional involvement of various governance groups including Water Resilience Committee and subgroups:         <ul> <li>Drought Preparedness Working Group (0.2 FTE)</li> <li>Innovation (0.2 FTE)</li> <li>Communications, Engagement and Education (0.2FTE)</li> <li>Water Resilience Committee (0.4FTE)</li> </ul> </li> <li>Prepare-Additional review and audit of Water Efficiency Management Plans (WEPMs) 0.5 FTE</li> </ul>	0.23	

#### Table 4 Indicative cost of drought measure/activities for periods water scarcity

Drought measures / Enhanced activities	Estimated Costs (\$M) per annum (opex)	Estimated Costs (\$M) (capex)
<b>Respond</b> – Restrictions implementation: programme support (1FTE)	0.15	
<b>Respond</b> – Rec-commissioning small drought response options; enhanced ground water extraction and Porters Creek source mobilisation	1.8	0.8
<b>Respond</b> - Major drought response desalination planning and project management activities 0.5 FTE (would be opex unless capitalised if plant was constructed)	0.075	
<b>Respond</b> - Major drought response desalination Contractor's Design (would be opex unless capitalised if plant was constructed)		9
<b>Respond</b> - Major drought response desalination construction and commissioning (operating cost based on 100% operation of 30ML/day plant)	16	221

FTE = Full Time Employees including on-costs and overheads

### 13. Salaries and conditions

## How do Council's salaries and conditions for its direct labour compare to those in the economy generally for equivalent skills and experience?

Council requires an experienced labour force to manage and maintain its assets. Employees are predominantly paid under the Local Government (State) Award 2020 and Local Government (Electricians) (State) Award. A snapshot of positions and what functions they perform for Water, Sewer and Stormwater drainage are listed below:

- **Chemical/Process engineers** are responsible for chemical, biochemical, and physical processes for sewerage
- **Civil engineers** are responsible for the planning, design, and construction of new assets
- **Electrical Engineers** are responsible for the creation and management of electrical infrastructure including pump stations and assets at treatment plants
- **SCADA engineers** are responsible for designing, configuring, and monitoring SCADA points to ensure our systems function appropriately
- **Environmental engineers** are responsible for assessing the impact on air, water, soil and noise in the vicinity of assets as well as assist in the design equipment for treatment and safe disposal of waste material

- **Mechanical engineers** are responsible for the design, analysis and maintenance of mechanical systems used in Water and Sewer
- **Chemists/laboratory technicians** are responsible for the testing of our water quality ensuring it aligns to Health standards as well testing outfall and environmental incidents to understand impacts on the environment
- **Asset Engineers (both senior and lead)** are responsible for the testing, inspections, and certifications of our assets as well as enhancement for asset longevity
- **Electricians, mechanics, fitters, fabricators, and boilermakers** are responsible for the maintenance our pumps, switchboards, and all mechanical and electrical infrastructure at our treatment plants
- **Technical officers** are responsible for providing maintenance, support and advice to employees in Water, Sewer and Stormwater drainage in relation to the Supervisory Control and Data Acquisition system (SCADA) as well as providing advice regarding easements
- **Asset Officers** are responsible for running the CCTV condition inspection programs, reviews asset conditions information, recommends renewals treatments and develops project briefs for review
- **Civil Crews** are responsible for the maintenance of pipes and pits in the network
- **Designers** plan and design requirements for our infrastructure
- **Analysts** manage our regulatory and compliance requirements as well as data extraction and IT system requirements
- Office staff support management and reporting
- **Dispatchers and schedulers** monitor the network 24\*7 to ensure service delivery
- **System controllers** investigate systems issues (SCADA), suggest improvements as well as efficiencies
- Personal and Executive Assistants support management
- **Project Managers** manage our capital investment projects
- **Team leaders** oversee the functions of specific work groups providing guidance and instruction
- **Section Managers** supervises, directs and organises activities relevant to the Water and Sewer networks.

In general, the following conditions are applicable to the above positions:

- 1. 9-day fortnight or 19-day month
- 2. Typically, 35 or 38-hour working week (depending on position)
- 3. Long service leave
- 4. Superannuation
- 5. 4 weeks annual leave
- 6. Sick leave
- 7. Carers leave
- 8. Parental leave
- 9. Salary sacrifice
- 10. On call or call back

Detail on both conditions and allowances can be found in the Local Government (State) Award 2020 section 16 Allowances, Additional payments, and expenses (pages 88 and 89)

Band/Grade	Weekly Allowances	Hourly rate	Salary without	Salary with 	Award	Market salary
			allowance (52.14weeks)	allowance		comparison Without
						allowance
	1	I	Engineers	I		
Band 3 Level 3	\$79.89 (civil liability)	\$59.41 (35 hours)	\$108,417	\$112,211	\$108,417	\$90,000 - \$130,000
Band 3 level 3	\$234.76 (civil liability & private vehicle)	\$56.95 (35 hours)	\$103,928	\$116,168	\$103,928	\$97,000 - \$133,000
Band 3 level 3	\$66.73 (civil liability)	\$54.47 (35 hours)	\$99,402	\$102,881	\$99,402	\$80,000 - \$120,000
Band 3 level 3	\$69.76 (civil liability)	\$56.95 (35 hours)	\$103,928	\$107,565	\$103,928	\$80,000- \$120,000
Band 3 level 2	\$62.67 (Civil liability)	\$51.16 (35 hours)	\$93,361	\$96,629	\$93,361	\$90,000 - \$112,000
Band 3 level 3	\$68.24 (Civil liability)	\$55.71 (35 hours)	\$101,665	\$105,223	\$101,665	\$80,000- \$100,000
Band 3 level 3	\$244.63 (vehicle, civil liability)	\$59.41 (35 hours)	\$122,814	\$108,417	\$108,417	\$97,000 - \$133,000
Band 3 Level 3	\$244.63 (vehicle, civil liability)	\$59.41 (35 hours)	\$108,417	\$131,016	\$108,417	\$97,000 - \$133,000
	Тес	hnicians, Tech	nnical Officers and	Asset Officers	5	
Band 3 level 1	N/A	\$41.98 (35 hours)	\$76,609	\$76,609	\$76,609	\$65,000 - \$95,000
Band 3 level 2	\$62.67 (civil liability)	\$51.16 (35 hours)	\$93,361	\$96,979	\$93,361	\$90,000- \$112,000
Band 3 level 2	N/A	\$43.69 (35 hours)	\$79,364	\$79,364	\$79,729	\$65,000- \$95,000
Band 2 level 3	N/A	\$45.82 (35 hours)	\$83,616	\$83,616	\$83,616	\$82,900 - \$95,000
Band 2 level 2	N/A	\$42-89 (35 hours)	\$78,269	\$78,2697	\$78,269	\$74,000- \$82,000
Band 3 level 2	\$16.70 (adverse working conditions)	\$47.12 (38 hours)	\$93,359	\$94,230	\$93,359	\$90000- \$112,000
		S	ection Managers	·		•
Band 3 level 4	Market Loading	\$64.35	\$117,432	\$132,000	\$117,432	\$120,000- \$150,000

Table 5 Salary and condition comparison

Band/Grade	Weekly Allowances	Hourly rate	Salary without allowance (52.14weeks)	Salary with allowance	Award	Market salary comparison Without allowance
	1	1	Trades	1	1	1
Band 2 Level 2	\$53.43 (Tool allowance & Adverse working conditions)	\$32.36 (38 hours)	\$64,115	\$82,395	\$64,115	\$65,000- \$95,000
Band 2 level 2	\$50.60 (Tool allowance & Adverse working conditions)	\$34.94 (38 hours)	\$65,225	\$72,669	\$65,225	\$75,000- \$95,000
Band 2 Level 2	\$16.70 (Adverse working conditions)	\$34.94 (38 hours)	\$70,098	\$70,968	\$70,098	\$70,000 - \$80,000
	Project Ma	anagers, Cons	truction Managers	and Project	Officers	
Band 3 Level 3	Market Loading	\$54.47 (35 hours)	\$99,402	\$102,881	\$99,402	\$80,000- \$120,000
Band 3 Level 3	\$71.30 (civil liability)	\$58.20 (35 hours)	\$106,209	\$109,926	\$106,209	\$97,000 - \$133,000
Band 3 level 3	Market Loading	\$50.75 (35 hours)	\$92,613	\$117,359	\$92,613	\$97,000- \$133,000
Band 2 level 2	N/A	\$42.89 (35 hours)	\$78,269	\$78,269	\$78,269	\$80,000- \$120,000
	-	Team Le	aders and Crew Le	aders		
Band 2 level 3	Market loading	\$51.16 (35 hours)	\$93,361	\$102,799	\$93,361	\$80,000 - \$120,000
Band 2 Level 3	Market Loading	\$47.12 (38 hours)	\$93,359	\$100,333	\$93,359	\$80,000 - \$120,000
Band 1 level 4	\$16.70 (Adverse working conditions)	\$34.94 (38 hours)	\$70,098	\$69,227	\$69,227	\$65,000- \$95,000
Daniel 1 Januari 2	¢1C 70	¢21.27	Crews	¢C2.154	¢C2 154	¢ < 5 000
Band 1 Level 3	\$16.70 (Adverse working conditions)	(38 hours)	\$63,024	\$62,154	\$62,154	\$65,000 - \$95,000
	System Co	ntrollers, Disp	atchers , Administ	ration and Scl	hedulers	
Band 1 Level 4	N/A	\$37.94	\$69,236	\$69,236	\$69,236	\$71,000- \$92,000
Band 3 level 2	\$16.00 (first aid)	\$51.16 (35 hours)	\$94,196	\$93,361	\$93,361	\$90,000- \$112,000

Band/Grade	Weekly Allowances	Hourly rate	Salary without allowance (52.14weeks)	Salary with allowance	Award	Market salary comparison Without allowance
	Personal Assistants, Analysts, Technical Officers					
Band 3 Level 2	N/A	\$49.03 (35 hours)	\$89,474	\$89,474	\$89,474	\$97,000- \$133,000
Band 3 level 2	N/A	\$51.16 (35 hours)	\$93,361	\$93,361	\$93,361	\$90,000- \$112,000
Band 3 level 1	N/A	\$41.10 (35 hours)	\$75,837	\$75,837	\$75,837	\$65,000- \$95,000

 Some allowances may be included on top of the base salary. These are based on individual employee provisions and are shown here for illustrative purposes only

\* The salary can vary between regional areas & those located in Sydney

\* The above salaries do not include overtime and are an average only and do not represent personal circumstance

Crew leader salaries vary depending on type and duties

Salaries shown above are exclusive of superannuation

Source: Hays salary guide 2021/22 & 2020 Local Government (State) Award 2020

Salaries vary within a band depending on the experience and seniority

### 14. 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.

The Central Coast Council has assumed that restrictions can reduce the water usage of customers. More water savings can be made in outdoor (climate dependent demand) than the indoor (climate independent) water usage, but some indoor savings are also assumed in higher levels of restrictions. The impact of future water restrictions is also relative to the underlying baseline demand within the community. The Central Coast has previously experienced significant reductions in demand through the Millennium Drought which can result in 'demand hardening' which reduces the effectiveness of future restrictions.

Council also operates 'Water Wise Rules' which are non-enforceable guidelines as part of its Love Water program. Water Wise rules apply whenever formal water restrictions are not in force as outlined in Table 6. Table 7 shows the savings assumptions relative to current demand for the range of water restrictions described in the CCWSP.

Restriction level	Percentage of Mangrove Creek Dam when restrictions are triggered on	Percentage of Mangrove Creek Dam when restrictions are triggered off	Anticipated water savings
Level 1	50%	55%	5%
Level 2	40%	42%	10%

#### Table 6 Central Coast Water Restriction Triggers

Level 3	35%	37%	15%
Level 4	30%	32%	19%
Level 5	25%	27%	23%

#### Table 7 Residential demand and restriction savings

Restriction Level	Estimated Saving in Indoor Use (Climate Independent Demand)	Estimated Saving in Outdoor Use (Climate Dependent Demand)
	%	%
Level 1	0	25
Level 2	0	50
Level 3	1	75
Level 4	2	90
Level 5	5	100

The Central Coast storages are currently 75% full. This is similar to the level of storage at the start of the recent drought, which started in April 2017 and lasted until February 2020. Mangrove Creek Dam dropped to less than 50%, which is the trigger for level 1 restrictions in 34 months (from April 2017 to February 2020). While Council's water storages rebounded quickly after significant rainfall that subsequently occurred during February 2020, Council remained on Level 1 Water Restrictions until December 2020 while longer term climate indicators were able to be observed and ongoing storage recovery was evident. As outlined in Technical Paper 7, Council did not observe any reduction in demand attributable to the above period of Level 1 Water Restrictions for a range of potential reasons.

Council's future storage levels are subject to future available streamflows and the demand for water. There are no reliable tools to forecast future storage levels, but the existing observed climate can be used to inform the probability of reaching certain storage levels in the future, based on our current storage.

The BOM climate outlook for the near future seems to be favourable for storage levels to continue to increase (a La Nina event looks likely to occur over the coming months) however nothing is certain. Council has used WATHNET, water supply system simulation modelling tool to determine the probability of going on restrictions over the pricing period from July 2022 to June 2026. There is about 20% chance of having at least one month of Level 1 restrictions during this period (not foreseeable before August 2023) and a lower likelihood of Level 2 or Level 3 restrictions occurring over the period. It is not foreseeable that the Central Coast could enter Level 4 restrictions or beyond over the upcoming pricing period.

Council can provide additional specific information in regard to the impact of water restrictions on request.

### 15. 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?

Following the 2018 IPART Determination, Council took a proactive approach to informing its customers of the availability of a Low Impact Rate for stormwater drainage. This included updating the Council website to answer the following frequently asked questions:

- What does Council use the stormwater drainage charge for?
- Who is eligible for a Low Impact stormwater drainage charge?
- How do you obtain approval for a Low Impact stormwater drainage charge?
- What is the low impact stormwater drainage criteria and assessment process?
- Do Farmland properties need to apply for the Low Impact stormwater drainage charge?

As part of this update supporting linkages to a Low Impact Rate Process Map, Technical Criteria and Application Form were also added to the website – refer to https://www.centralcoast.nsw.gov.au/residents/property/pay-rates-and-water-bills/pay-water-bill/water-sewerage-and-stormwater-drainage.

To further publicise the final IPART Determination, additional content was also included in the quarterly Rates Notice which is sent to every rateable property in the Local Government Area.

## 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.

In 2005, the NSW Government approved the provision of a Stormwater Management Charge – referred to above the 'Stormwater Levy' – via the Local Government (Amendment) Act 2005, which allowed Council's to improve urban stormwater management in NSW. In accordance with set guidelines and section 496a of the Local Government Act 1993, the provision allowed Council's to charge a \$25 levy to all rateable properties for which the service is available, with a reduced rate for multi-premises and exemptions for vacant land.

In 2006-07, the former Wyong Council adopted the Stormwater Levy to implement specific stormwater quality management actions – both capital and operational – arising from the Tuggerah Lakes Estuary Management Plan as well as undertake works in other waterways within the LGA. The provision was not adopted in the former Gosford Council who continued to fund stormwater quality management, albeit at a lower level well below industry practice, via the IPART determined Stormwater Drainage Charge (and Grants) exclusively.

The Stormwater Levy was applied to all rateable properties east of the M1 Motorway in the former Wyong LGA (refer to the map below) with revenue collected and required to be expended in three distinct catchment areas – Tuggerah Lakes, Lake Macquarie and an Ocean catchment.



Figure 8 Area where stormwater management charge may apply

The Stormwater Levy pricing model, rates and customer numbers is presented in the table below with the Stormwater Drainage Charge model (as at 2020/21) included for reference. It is noted that the customer numbers are very closely aligned with the former Wyong Council Stormwater Drainage Charge as the Levy Catchment is similar in location and size to the current Wyong Declared Drainage Area.

Charge	Туре	Pricing Framewo	Unit of Measure	Rate	Former Gosford	Former Wyong	Total Custom
		rk					ers
Stormwater	Residential	Flat Rate	per property	\$106.85	54,263	53,271	107,534
Drainage Charge	Multi- premise	Reduced Flat Rate	per property	\$80.14	17,438	13,610	31,048
Reference	Vacant	Reduced Flat Rate	per property	\$80.14	837	976	1,813
Year:	Low Impact	Flat Rate	per property	\$106.85	17	6	23
2020/21	Non- Residential – Small	Area based Flat Rate	per property ≤ 1,000 m <sup>2</sup>	\$106.85	844	551	1,395
	Non- Residential – Medium	Area Based Flat Rate	per property > $1,000 \text{ m}^2 \text{ and} \le 10,000 \text{ m}^2$	\$160.28	906	817	1,723
	Non- Residential – Large	Area Based Flat Rate	per property > $10,000 \text{ m}^2 \text{ and} \le 45,000 \text{ m}^2$	\$623.31	166	153	319

Table 8 Stormwater Levy pricing model, rates and customer numbers

Charge	Туре	Pricing Framewo rk	Unit of Measure	Rate	Former Gosford	Former Wyong	Total Custom ers
	Non- Residential – Very Large	Area Based Flat Rate	per property > 45,000 m <sup>2</sup>	\$1,816.5 0	105	79	184
	Stormwater D	rainage Char	ge TOTAL	ł	74,756	69,463	144,039
Stormwater	Residential	Flat Rate	per property	\$25.00	-	52,293	52,293
Levy	Multi- premise	Reduced Flat Rate	per lot	\$12.50	-	6,916	6,916
Reference	Vacant	Exempt	-	-	-	-	0
Year:	Business	Area	per 850sqm	\$25.00	-	2,432	2,432
2016/17		Based	with upper	to			
		Rate	limit of \$5,000	\$5,000			
	Stormwater L	evy TOTAL			-	61,641	61,641

The Stormwater Levy was ultimately ceased via Resolution of the newly amalgamated Central Coast Council at the Council Meeting of 15 May 2017. The table below summarises the revenue raised whilst the Stormwater Levy was in place.

#### Table 9 Revenue raised via Stormwater levy

Financial Year	Revenue	Comment
2006-07	\$1,694,341	The revenue presented in this table is for the Stormwater Levy only. The associated
2007-08	\$1,697,136	stormwater quality management activities
2008-09	\$1,721,335	Coast Council following amalgamation, had to
2009-10 2010-11	\$1,680,592	be part subsidised by General Fund to ensure the delivery of prudent baseline service levels.
	\$1,699,687	The activities were also supported by appropriate Grant Funding when available.
2011-12	\$1,754,758	
2012-13	\$1,705,809	
2013-14	\$1,720,412	
2014-15	\$1,728,979	
2015-16	\$1,745,569	
2016-17	\$1,748,569	

At the time of the last IPART Determination in 2018/19, Council's stormwater quality management activities were funded by remaining Stormwater Levy revenue with

subsidisation from General Fund – and as such the activity was excluded from the last IPART submission. By the time of the next IPART Determination commencing in 2022/23 – all remaining Stormwater Levy revenue will have been expended with the service being fully subsidised, albeit at a lower level well below industry practice, by General Fund.

As part of this pricing submission, Council has proposed to simplify how it charge for stormwater drainage management and ensure the continued provision of prudent stormwater quality service levels by returning stormwater quality management to the IPART determined Stormwater Drainage Charge.

## Appendix A Liquid Trade Waste Pricing Policy



## Basis of Central Coast Council Charges Liquid Trade Waste

### Basis of Central Coast Council Liquid Trade Waste Charges

Council has an extensive suite of administrative and mass charges applying to the management of the discharge of liquid trade waste to Council's sewerage system.

This document provides a summary of the methodology and assumptions used for each of the charges specified under the categories below;

- a) Administrative Charges (for Categories 1, 2, 3 and S)
  - i) Application Fee for each Category
  - ii) Annual Trade Waste Fee for each Category
  - iii) Common Re-inspection Fee for all Categories
- b) Trade Waste Usage Charge for Category 2 Dischargers (Category 2 only)
  - Compliant
  - Non-Compliant
- c) Mass Based Charges (Category 3 only)
- d) Septic Waste Charges (Category S only)

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories 1

i) Trade Waste Application Fee – Category 1

Basis of Charge:	Required under State Government "Best Practice Guidelines"
	for the management of Liquid Trade Waste (LTW).

Introduced:	Central Coast Council 2019-20
Monopoly Service:	Yes
Service Frequency:	Typically, 10 per annum
2020/21 Charge:	\$99.76
Estimated Income per annum:	\$997.60

#### Narrative:

This fee covers the cost of administration and technical services to process an application and is set on a scale related to the category into which the discharger is classified and reflecting the complexity of processing.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" do not provide default charges and as such requires each water utility to set its own charge.

The charge has only ever been subject to CPI adjustments increasing from \$96.57 in 2019/20 to \$99.76 in 2021/22 in line with the introduction of Council's new LTW Policy.

The current level service provided by Central Coast Council to support the charge is as follows;

- single inspection of premises
- associated administration functions

The assessment of Category 1 applications is undertaken by the Trade Waste Officers.

Average travel time to/from premises: 60 minutes

Average inspection time on premises: 15 minutes

Average administration to process application: 20 minutes

#### Unit Costs:

Trade Waste Officer; Full costs including overheads per hour = \$84.60

#### Total Cost to process application

Trade Waste Officer – 1.25 hours @ \$84.60 = \$105.75 Administrative Functions – 0.33 hours @ 84.60 = \$27.91 Total = \$133.67

Proposed 2022/23 Charge:	\$133.67
Current 2021/22 Charge:	\$99.76
Calculated Fee:	\$133.67

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories 2

i)	Trade	Waste	Application	Fee –	Category	12
יי	mauc	vvusic	Application	I CC	Category	/ ~

Basis of Charge:Required under State Government "Best Practice Guidelines"for the management of Liquid Trade Waste (LTW).

Introduced:	Central Coast Council 2019-2020
Monopoly Service:	Yes
Service Frequency:	Typically, 30 per annum
Current 2021/22 Charge:	\$126.28
Estimated Income per annum:	\$3,788.40

#### Narrative:

This fee covers the cost of administration and technical services to process an application and is set on a scale related to the category into which the discharger is classified and reflecting the complexity of processing.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" does not provide default charges and requires each water utility to set its own charge.

The charge has only ever been subject to CPI adjustments increasing from \$122.25 in 2019/20 to \$126.28 in 2021/22 in line with the introduction of Council's new LTW Policy.

The current level service provided by Central Coast Council to support the charge is as follows;

- single inspection of premises

- associated administration functions

The assessment of Category 2 applications is undertaken by the Trade Waste Officers.

Average travel time to/from premises: 60 minutes

Average inspection time on premises: 30 minutes

Average administration to process application: 30 minutes

#### Unit Costs:

Trade Waste Officer; Full costs including overheads per hour = \$84.60

Total Cost to process application

Trade Waste Officer – 1.5 hours @ \$84.60 = \$126.90

Administrative Functions – 0.5 hours @ \$84.60 = \$42.30

Total = \$169.20

Proposed 2022/23 Charge:	\$169. <b>20</b>
Current 2021/22 Charge:	\$126.28
Calculated Fee:	\$169.20

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories 3

i) Trade Waste Application Fee – Category 3

Basis of Charge:Required under State Government "Best Practice Guidelines"<br/>for the management of Liquid Trade Waste (LTW).

Introduced:	Central Coast Council 2019-2020
Monopoly Service:	Yes
Service Frequency:	Typically, 1 per annum
Current 2021/22 Charge:	\$2,274.52
Estimated Income per annum:	\$2,274.52

#### Narrative:

This fee covers the cost of administration and technical services to process an application and is set on a scale related to the category into which the discharger is classified and reflecting the complexity of processing.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" does not provide default charges and requires each water utility to set its own charge.

The charge has only ever been subject to CPI adjustments increasing from \$2,201.86 in 2019/20 to \$2,274.52 in 2021/22 in line with the introduction of Council's new LTW Policy.

The assumptions used by Central Coast Council to support the above charge are as follows;

- two inspections of premises
- associated administration functions by Council including liaison with Concurrence provider Department of Planning, Industry and Environment Water is estimated at 22 hours.

The assessment of Category 3 applications is undertaken by the Trade Waste Team Leader.

Average travel time to/from premises: 60 minutes per inspection (two inspections)

Average inspection time on premises: 60 minutes per inspection (two inspections)

Average administration time to process application: 22 hours

#### Unit Costs:

Trade Waste Supervisor; Full costs including overheads per hour = \$102.58

Total Cost to process application

Trade Waste Supervisor;

Inspections 4 hours @ \$102.58/hour = \$410.32

Administrative Functions 22 hours @ \$102.58/hour = \$2,256.76

Total = \$2,667.08

Proposed 2022/23 Charge:	\$2,667.08
Current 2021/22 Charge:	\$2,274.52
Calculated Fee:	\$2,667.08

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories S

i) Trade Waste Application Fee – Category S

Basis of Charge:	Required under State Government "Best Practice Guidelines" for the management of Liquid Trade Waste (LTW).
Introduced:	Central Coast Council 2019-20
Monopoly Service:	No
Service Frequency:	Typically, 4 per annum
2021/22 Charge:	\$173.64

\$694.56

#### Narrative:

Estimated Income per annum:

This fee covers the cost of administration and technical services to process an application and is set on a scale related to the category into which the discharger is classified and reflecting the complexity of processing.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" do not provide default charges and as such requires each water utility to set its own charge.

The charge has only ever been subject to CPI adjustments increasing from \$168.09 in 2019/20 to \$173.64 in 2021/22 in line with the introduction of Council's new LTW Policy.

The current level service provided by Central Coast Council to support the charge is as follows;

- single inspection and induction to site
- associated administration functions

The assessment of Category S applications is undertaken by the Trade Waste Officers.

Average travel time to/from premises: 60 minutes

Average inspection time on premises: 30 minutes

Average administration to process application: 30 minutes

#### Unit Costs:

Trade Waste Officer; Full costs including overheads per hour = \$84.60

Total Cost to process application

Trade Waste Officer – 1.5 hours @ \$84.60= \$126.90

Administrative Functions – 0.5 hours @ \$84.60 = \$42.30

Total = \$169.20

Proposed 2022/23 Charge:	\$169.20
Current 2021/22 Charge:	\$173.64
Calculated Fee:	\$169.20

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories 1

ii) Annual Trade Waste Fee – Catego	pry 1
Basis of Charge:	Required under State Government "Best Practice Guidelines" for the management of Liquid Trade Waste (LTW).

Introduced:	Central Coast Council 2019-2020
Monopoly Service:	Yes
Service Frequency:	Typically, 165 per annum
Current 2021/22 Charge:	\$99.77
Estimated Income per annum:	\$16,462.05

#### Narrative:

Category 1 dischargers are those conducting an activity requiring nil or only minimal pre-treatment equipment and whose effluent is well defined and generally (but not completely) of low risk to the sewerage system.

This annual charge is applicable to a limited number of Category 1 LTW dischargers whose activities have been deemed by Department of Planning, Industry and Environment - Water to be of slightly higher risk. The charge is intended to cover the cost of administration and one scheduled inspection of the premises each year to ensure ongoing compliance with approval conditions.

If more than one scheduled inspection is required due to LTW quality issues the cost of any additional inspections is recovered through a separate re inspection charge.

The balance of Category 1 dischargers whose activities have been deemed by Department of Planning, Industry and Environment - Water to be of zero or near zero risk attract no Annual Trade Waste Fee.

Examples of Category 1 dischargers are café / coffee shop / canteen community hall / ice cream parlour / motel / juice bar etc.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" do not provide default charges and as such requires each water utility to set its own charge.

The new LTW Policy was (and continues to be) based on State Government "Best Practice Management Guidelines".

The current functions provided by Central Coast Council to support the charge are;

- annual inspection of premises
- associated administration functions

The management of Category 1 dischargers is undertaken by the Trade Waste Officers. Average travel time to/from premises: 60 minutes per inspection (once yearly) Average inspection time on premises: 20 minutes per inspection (once yearly) Average administration time per annum: 20 minutes

#### Unit Costs:

Trade Waste Officer; Full costs including overheads per hour = \$84.60

Total Annual Costs

Trade Waste Officer – 1.33 hours @ \$84.60 = \$112.52

Administrative Functions – 0.33 hours @ \$84.60 = \$27.92

Total = \$140.44

Proposed 2022/23 Charge:	\$140.44
Current 2021/22 Charge:	\$99.77
Calculated Fee:	\$140.44

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories 2

ii) Annual Trade Waste Fee – Category 2

Basis of Charge:Required under State Government "Best Practice Guidelines"<br/>for the management of Liquid Trade Waste (LTW).

Introduced:	Central Coast Council 2019-2020
Monopoly Service:	Yes
Service Frequency:	Typically, 1,005 per annum
Current 2021/22 Charge:	\$362.11
Estimated Income per annum:	\$363,920.55

#### Narrative:

Category 2 dischargers are those conducting an activity requiring prescribed liquid trade waste

pre-treatment equipment and whose effluent are well characterised.

This annual charge is intended to cover the annual cost of administration and scheduled inspections to ensure ongoing compliance with the approval conditions.

If more than the scheduled inspections are required due to LTW quality issues the cost of any additional inspections is recovered through a separate re inspection charge.

Examples of Category 2 dischargers are takeaway food outlets and radiator repairers.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" do not provide default charges and as such requires each water utility to set its own charge.

The new LTW Policy was (and continues to be) based on State Government "Best Practice Management Guidelines".

The current functions provided by Council to support the charge are;

- scheduled inspections of premises as required
- associated administration functions

The management of Category 2 dischargers is undertaken by the Trade Waste Officers.

Average travel time to/from premises: 60 minutes per inspection (up to twice yearly)

Average inspection time on premises: 30 minutes per inspection (up to twice yearly)

Average administration time per annum: 45 minutes

#### Unit Costs:

Trade Waste Officer; Full costs including overheads per hour = \$84.60

#### Total Annual Costs

Trade Waste Officer – 3.0 hours @ \$84.60 = \$253.80

Administrative Functions – 0.75 hours @ \$84.60 = \$63.45

Sampling / testing = \$120\*

\* Average cost with 400 annual samples / testing cost of \$48,000

Total = \$437.25

Proposed 2022/23 Charge:	\$437.25
Current 2021/22 Charge:	\$362.11
Calculated Fee:	\$437.25

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories 3

ii) Annual Trade Waste Fee – Category 3

Basis of Charge:Required under State Government "Best Practice Guidelines<br/>for the management of Liquid Trade Waste (LTW).

Introduced:	Central Coast Council 2019-2020
Monopoly Service:	Yes
Service Frequency:	Typically, 26 per annum
Current 2021/22 Charge:	\$1,399.70
Estimated Income per annum:	\$36,392.20

#### Narrative:

Category 3 dischargers are those conducting an activity of an industrial nature and/or which results in the discharge of large volumes (over 20 kilolitres per day) of LTW to the sewerage system.

This annual charge is intended to cover the cost of administration and two scheduled inspections of the premises each year to ensure ongoing compliance with the approval conditions.

If more than two scheduled inspections are required due to LTW quality issues the cost of any additional inspections is recovered through a separate re inspection charge.

While the number of scheduled inspections for Category 3 dischargers is equal Category 2 the overall compliance requirements for Category 3 are higher requiring mandated self-reporting of sampling and testing programmes to Council. Category 3 dischargers also tend to be larger and more sophisticated than Category 2.

Examples of Category 3 dischargers in the Central Coast are Food Manufacturing, Construction Manufacturing and Large Laundromats.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" do not provide default charges and as such requires each water utility to set its own charge.

The new LTW Policy was (and continues to be) based on State Government "Best Practice Management Guidelines".

The current functions provided by Council to support the charge are;

- twice yearly audit/inspection of premises
- associated administration functions\*
- sampling/testing of discharges when necessary \*

\* Category 3 dischargers undertake a high degree of self-monitoring with Council undertaking an oversight role.

The management of Category 3 dischargers is undertaken by the Trade Waste Team Leader.

Average travel time to/from premises: 60 minutes per inspection (twice yearly)

Average inspection time on premises: 60 minutes per inspection (twice yearly)

Average administration time per annum: 60 minutes per month = 12 hours (to review and update spreadsheets)

#### Unit Costs:

Trade Waste Supervisor; Full costs including overheads per hour = \$102.58

As required sampling and testing has not been included in unit costs.

Total Annual Costs

Trade Waste Supervisor – 16.00 hours @ \$102.58 = \$1,641.28

Total = \$1,600.48

Proposed 2022/23 Charge:	\$1,641.28
Current 2021/22 Charge:	\$1,399.70
Calculated Fee:	\$1,641.28

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories S

ii) Annual Trade Waste Fee – Category S

Basis of Charge:

Required under State Government "Best Practice Guidelines" for the management of Liquid Trade Waste (LTW).

Introduced:	
-------------	--

Central Coast Council 2019-2020

Monopoly Service:	No
Service Frequency:	Typically, 22 per annum
Current 2021/22 Charge:	\$157.86
Estimated Income per annum:	\$3,472.92

#### Narrative:

Category S relates to tankers discharging septic waste and or domestic sewerage – (no connection to Council sewerage system) into Councils sewerage treatment plants.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" do not provide default charges and as such requires each water utility to set its own charge.

The new LTW Policy was (and continues to be) based on State Government "Best Practice Management Guidelines".

The current functions provided by Central Coast Council to support the charge are;

- associated administration functions

The management of Category S dischargers is undertaken by the Trade Waste Team Leader.

Average administration time per annum: 2 hours

#### Unit Costs:

Trade Waste Supervisor; Full costs including overheads per hour = \$102.58

Total Annual Costs

Administrative Functions – 2 hours @ \$102.58 = \$205.16

Total = \$205.16

Proposed 2022/23 Charge:	\$205.16
Current 2021/22 Charge:	\$157.86
Calculated Fee:	\$205.16

#### **Basis of Liquid Trade Waste Charges**

#### a) Administrative Charges for Categories 1, 2, 3 and S

iii) Re – inspection Fee Categories 1, 2, 3 and S

Basis of Charge:Required under State Government "Best Practice Guidelines"for the management of Liquid Trade Waste (LTW).

Introduced:	Central Coast Council 2019-2020
Monopoly Service:	Yes
Service Frequency:	Typically, 8 per annum
Current 2021/22 Charge:	\$115.55
Estimated Income per annum:	\$924.40

#### Narrative:

Where non-compliance with the conditions of a LTW approval has been detected and the discharger is required to address these issues, Council may need to undertake additional inspections to confirm that remedial action has been satisfactorily implemented.

If an inspection (over and above those scheduled inspections) is required a Re – inspection Fee is applicable.

#### **Basis of Charge:**

Unlike other LTW charges the "Best Practice Guidelines" do not provide default charges and as such requires each water utility to set its own charge.

The new LTW Policy was (and continues to be) based on State Government "Best Practice Management Guidelines".

The management of a Re-inspection is undertaken by the Trade Waste Officers.

Average travel time to/from premises: 60 minutes per inspection

Average inspection time on premises: 30 minutes per inspection

Average administration time per annum: 20 minutes

#### Unit Costs:

Trade Waste Officer; Full costs including overheads per hour = \$84.60

#### Total Annual Costs

Trade Waste Officer – 1.5 hours @ \$84.60 = \$126.90

Administrative Functions – 0.33 hours/year @ \$84.60 = \$27.92

#### Total = \$154.82

\* does not include any sampling / testing costs

Proposed 2022/23 Charge:	\$154.82
Current 2021/22 Charge:	\$115.55
Calculated Fee:	\$154.82

#### **Basis of Liquid Trade Waste Charges**

### b) Administrative Charges for Categories 2 Category 2 Trade Waste Usage Charge (Compliant and Non-Compliant) Required under State Government "Best Practice Guidelines" Basis of Charge: for the management of Liquid Trade Waste (LTW). Introduced: Central Coast Council 2019-2020 Monopoly Service: Yes Service Frequency: Typically, this charge is applied to 1,005 Category 2 premises per annum Current 2021/22 Charge: \$1.83 per kilolitre (where pre-treatment processes are compliant) \$15.63 per kilolitre (where pre-treatment process is noncompliant) Estimated Income per annum: \$1,414,720.40

#### Narrative:

Category 2 dischargers are those conducting an activity deemed as requiring a prescribed

type of LTW pre-treatment equipment and whose effluent is well characterised.

This volume-based charge is applied to cover the additional cost (over and above sewerage charges) of transporting and treating LTW from the discharger.

Where appropriate pre-treatment has not been provided there is a significant increase in the volume charge to reflect the cost to accept and treat the non-compliant effluent.

#### **Basis of Charge:**

"Best Practice Guidelines" provided a default set of charges to achieve full cost recovery that could be used by water utilities in the event that water utilities could not calculate their own charge.

At the time Central Coast elected to use the default charge in not having access to the type of performance related data that would enable the development of Central Coast specific charges.

The new LTW Policy was (and continues to be) based on State Government "Best Practice Management Guidelines".

The charge has only ever been subject to CPI adjustments in line with the introduction of Council's new LTW Policy.

Calculated Fee:	Not Applicable
Current 2021/22 Charge:	\$1.83 per kilolitre (for compliant pre-treatment processes)
	\$15.63 per kilolitre (for non-compliant processes)
Proposed 2022/23 Charge:	\$1.89 per kilolitre 2.4% CPI on 2021/22 (for compliant pre- treatment processes)
	\$16.20 per kilolitre 2.4% CPI on 2021/22 (for non-compliant processes)

#### **Basis of Liquid Trade Waste Charges**

#### c) Mass Based Charges Category 3 only

Excess Mass and Non-Compliant Excess Mass Charges

Basis of Charge:	Required under State Government "Best Practice Guidelines" for the management of Liquid Trade Waste (LTW).
Introduced:	Central Coast Council 2019-2020
Monopoly Service:	Yes
Service Frequency:	Typically, Excess Mass charges apply to 26 Category 3 premises.
	Non-Compliant Excess Mass charges are only applied on an "as required" basis.

Current 2021/22 Charges:

See Schedule below

Estimated Income per annum:

Estimated combined income per annum for excess mass and non-compliant excess mass is \$366,178.67

#### Narrative:

These charges represent the additional costs to Council to accept and handle the nominated substances.

These charges apply in two cases;

- Excess mass charges will apply for the substances specified that are discharged in excess of the deemed concentrations in domestic sewage.
- Non compliant excess mass charges will apply for the substances specified that are discharged in excess of the Trade Waste Approval Limit.

#### **Basis of Charge:**

"Best Practice Guidelines" provided a default set of charges to achieve full cost recovery that could be used by water utilities in the event that water utilities could not calculate their own charge.

At the time Central Coast elected to use the default charge in not having access to the type of performance related data that would enable the development of Central Coast specific charges.

The new LTW Policy is (and continues to be) based on State Government "Best Practice Management Guidelines".

Calculated Fee:	Not Applicable
Current 2021/22 Charge:	See Schedule below
Proposed 2022/23 Charge:	See Schedule below + CPI

#### TRADE WASTE CHARGES

Charge Component	Category	2021/22
		Charge \$
Excess Mass and		0.81/kg
Non-compliant Excess		
Mass Charge	Biochemical Oxygen Demand	
	Suspended Solids	1.03/kg
	Total Oil and Grease	1.46/kg
	Ammonia (as Nitrogen)	0.81/kg

pH	0.44/kg
Total Kheldhal Nitrogen	0.19/kg
Total Phosphorus	1.56/kg
Total Dissolved Solids	0.05/kg
Sulphate (as SO4)	0.15/kg
Aluminium	0.75/kg
Arsenic	77 69/kg
Barium	38 87/kg
Boron	0.75/kg
Bromine	15 53/kg
Cadmium	355 09/kg
Chloride	No Charge
Chlorinated Hydrocarbons	37 74/kg
Chlorinated Phenolics	1 562 51/kg
Chlorine	1,502.01/kg
Chromium	25 56/kg
Cobalt	15 63/kg
	15.03/kg
	76 60/kg
	70.09/Kg
Fidolide	3.01/kg
	1.02/Kg
	107.00/Kg
	1.57/Kg
	38.37/Kg
	7.69/Kg
Manganese	7.69/Kg
Mercaptans	82.60/kg
Mercury	2,556.85/kg
Methylene Blue Active Substances	0.75/kg
(MBAS)	
Molybdenum	0.75/kg
Nickel	25.56/kg
Organoarsenic Compounds	767.05/kg
Pesticides General (Excludes	763.91/kg
organochlorins and	
organophosphates)	
Petroleum Hydrocarbons (non-	2.41/kg
flammable)	7.00/
Phenolic compounds (non-	7.69/kg
chlorinated)	1= 2= "
Polynuclear aromatic hydrocarbons	15.62/kg
Selenium	53.95/kg
Silver	1.51/kg
Sulphide	1.55/kg
Sulphite	1.55/kg
Thiosulphate	0.28/kg

Tin	7.69/kg
Uranium	8.26/kg
Zinc	15.62/kg

#### **Basis of Liquid Trade Waste Charges**

#### d) Septic Waste Charges (Category S only)

#### Category S usage charge

- Septage and Septic Effluent Discharge Charge
- Domestic sewerage no connection to Council sewerage system

Basis of Charge:	Required under State Government "Best Practice Guidelines" for the management of Liquid Trade Waste (LTW).
Introduced:	Central Coast Council 2019-2020
Monopoly Service:	No
Service Frequency:	Typically, this charge is applied to 22 Category S dischargers per annum
Current 2021/22 Charge:	\$1.83 per kilolitre (Septic effluent unable to discharge onsite) \$18.36 per kilolitre (Septage and septic effluent discharge charge)
Estimated Income per annum:	\$277,056.34

#### Narrative:

Category S relates to tankers discharging septic waste and domestic sewerage – no connection to Council sewerage system.

This volume based charge is applied to cover the additional cost (over and above sewerage charges) of treating septic waste from the discharger.

#### **Basis of Charge:**

"Best Practice Guidelines" provided a default charge that would achieve full cost recovery and that could be used by water utilities in the event that water utilities could not calculate their own charge.

At the time Central Coast Council elected to use their own charge which was a lower charge to the one proposed in the "Best Practice Guidelines". The charge has only ever been subject to CPI adjustments.

Calculated Fee:	Not Applicable
Current 2021/22 Charge:	\$1.83 per kilolitre (Septic effluent unable to discharge onsite)
	\$18.36 per kilolitre (Septage and septic effluent discharge charge)
Proposed 2022/23 Charge:	\$1.89 per kilolitre 2.4% CPI on 2021/22 (Domestic sewerage – no connection to Council sewerage system)
	\$18.16 per kilolitre 2.4% CPI on 2021/22 (Septage and septic effluent discharge charge)