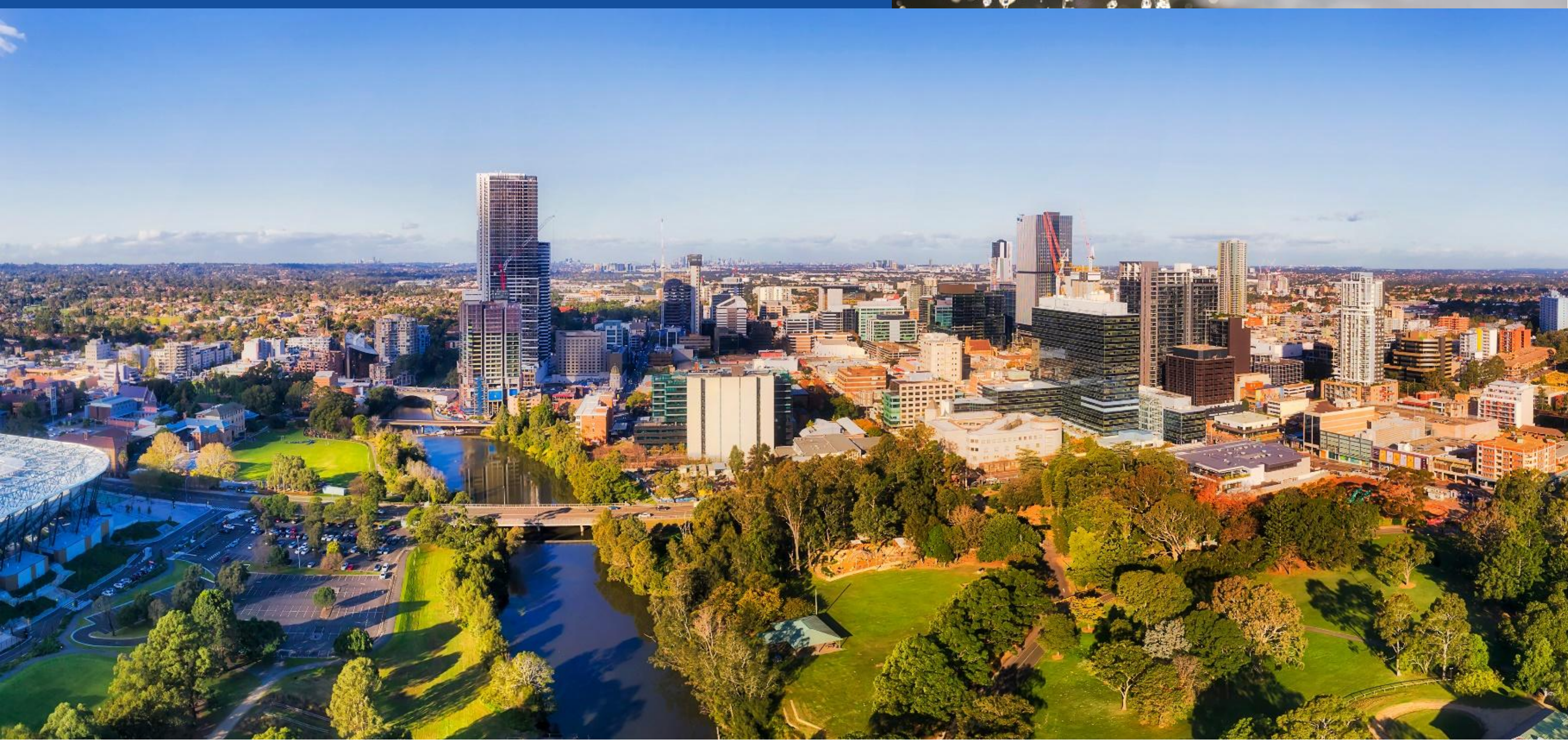
WATER SERVICES
ASSOCIATION OF AUSTRALIA

Water in transition

WSAA submission to IPART on Central Coast Council Water Price Review

December 2025



1.0 Summary

The Water Services Association of Australia (WSAA) is the peak body representing the water sector. Our members provide water and wastewater services to over 24 million customers in Australia and New Zealand and many of Australia's largest industrial and commercial enterprises. In New South Wales, WSAA represents 37 local councils, WaterNSW, Hunter Water and Sydney Water, who service around eight million customers across the state.

We welcome the opportunity to provide a brief submission to the price review of Central Coast Councils Water business (CCC Water). The CCC water price review follows on from IPART's reviews of Hunter Water, Sydney Water and WaterNSW. WSAA participated in each of those reviews.

WSAA submissions to those reviews emphasised three messages:

1. **Investment is increasing significantly across the water sector**

   It represents a step change, rather than a once off peak. The proposals from the NSW water utilities are typical of what we expect to see across the sector at this time.

2. **There are risks if investment is not made**

   The UK provides lessons in the risks of not matching investment to the needs of customers.[1]

3. **Cost of living is a significant issue, but we should not kick the investment tin down the road**

   There are several ways of handling a cost-of-living crisis. Deferring investment carries significant risks.

Each of these messages remains relevant. However, this submission concentrates on the first issue as it relates to CCC Water. The detailed analysis supporting the second and third messages can be found in:

- Sleepwalking into a water crisis: Release of the National Performance Report data (read here)
- WSAA submission the NSW water utility price reviews (read here).

This submission presents the latest forward looking investment data for the water industry. The latest data and price trends across Australia confirm previous analysis from WSAA that fundamental charges are underway across the water industry. It provides context for the increases in investment proposed by CCC Water. It shows that CCC Water's investment and proposed price increases to fund that investment are in line with movement across Australia.

2.0 Investment is increasing significantly across the water sector

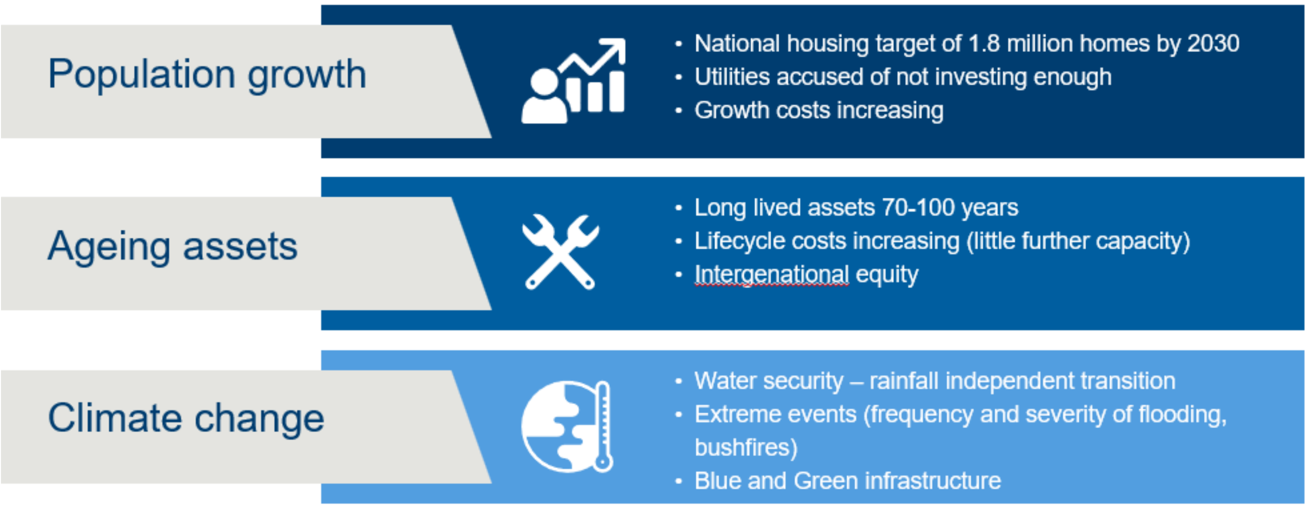
CCC Water is proposing to invest $578 million. This represents an increase of around 52 per cent compared to the amounts IPART used to set prices in the previous determination. Approximately $324 million is to service growth and $254 million for renewals and compliance expenditure.

---

[1] As well as higher penalties for Water Utilities that do not meet standards, as part of the restructuring of the of the way the UK water is regulated the Cunliffe review recommended the abolition of the economic regulator Ofwat and the formation of a singe regulator for the water industry covering the environment, health and price regulation.

The drivers of greater capital expenditure in Central Coast are typical of the national trends. Across Australia all utilities are facing the challenges of ageing assets[2], population growth and climate change in different combinations. NSW and the Central Coast are not an outlier, and these utilities are not alone (see Figure 1 Drivers of increased investment on next page).

Figure 1 Drivers of increased investment



However, it is also true that the scale of investment across the industry points to a new phase for the water sector in Australia. Coming after flat customer bills for the last 11 years, this represents an industry transition that governments, regulators and the community are yet to fully understand.

Figure 1 splices historical data from the National Performance Report with WSAA projections for 22 large utilities in Australia. The roughly doubling of annual capital expenditure in real terms between 2013-14 and 2023-24 would be significant enough on its own terms. However, combined with WSAA projections of expenditure rising another 50 per cent, to over $12 billion a year in 2026-27 confirms the step change underway in the industry. For the first time, WSAA has projected forward for 10 years. This shows that the current increase is not a temporary peak, but a permanent increase in the investment that will be required.

The recent determinations for Sydney Water and Hunter Water are reflective of this new phase:

- For Sydney Water IPART approved $13.2 billion in capital expenditure for Sydney Water, which is a 35.5 percent real bill increase over the five year period;
- For Hunter Water IPART approved $1.6 billion in capital expenditure over the 5 year determination, or over a 20 per cent real bill increase over the period.

However, other jurisdictions are showing similar increases:

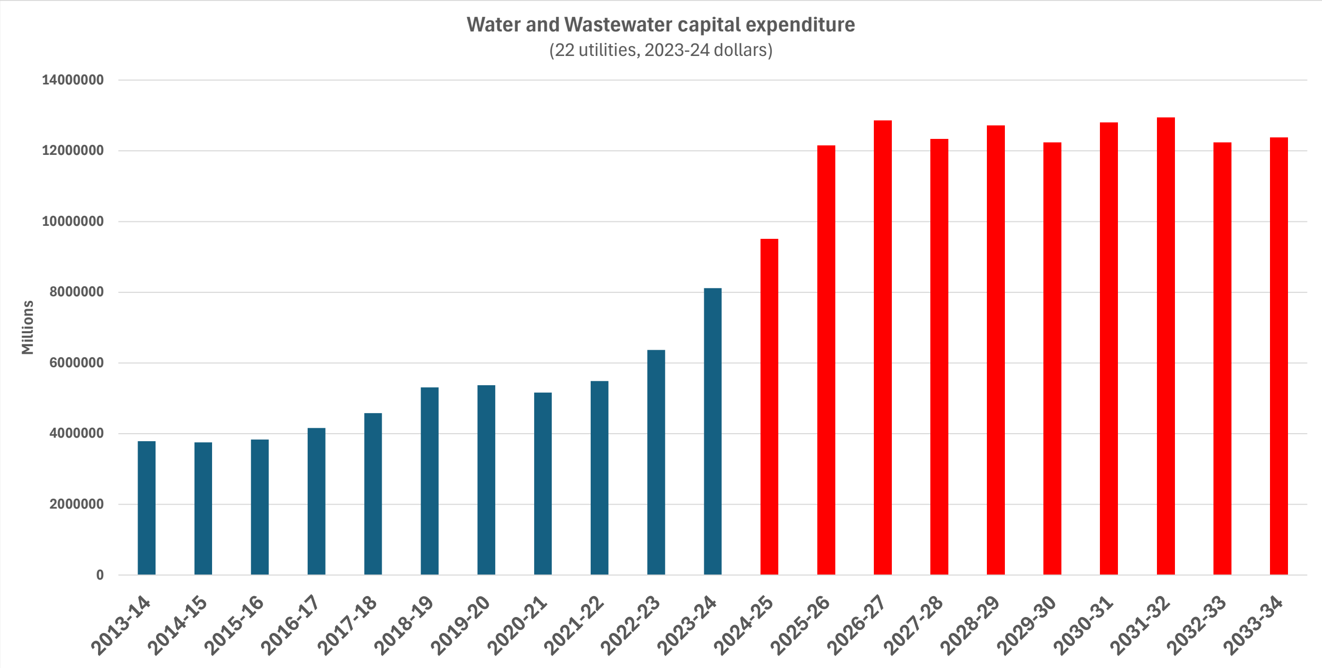
- Melbourne Water lodged its submission on 1 October 2025 and has proposed capital

[2] Figure 1 notes an intergenerational equity impact of ageing assets. Many assets are reaching the end of their useful life. These assets were built, and paid for in full, generations ago. Because they had been paid for they were implicitly not included in the Regulatory Asset of the utility. This means, the current generation has been receiving the benefit of these assets for free. (In technical terms because of the line in the sand RAB valuations regulatory depreciation is less than actual depreciation). When these assets are replaced the full value enters the RAB and the utility earns a return on the new assets. This is one reason why utilities face pressure to increase prices even to maintain existing levels of service. We can no longer stand on the shoulders of previous generations and must start paying our way.

expenditure of $7.856 billion over the five year period, which is a 62 per cent increase over the previous period.

- TasWater lodged its submission on 30 June 2025 and has proposed capital expenditure of $1.7 billion over the five year period, an increase of 77 per cent over the previous period. TasWater is proposing to increase prices by 8.8 per cent a year for the next 5 years then 5.4 per cent a year in the subsequent five years.
- North East Water, a regional Victorian utility is proposing capital expenditure $279.7 million this
- We understand that Water Corporation in Western Australia is also proposing to increase investment by the same order of magnitude as Sydney Water and Melbourne Water.

Figure 2 A step change in investment in water and wastewater



Source: National Performance Report data, WSAA projections

Note: Preliminary data, final data will not differ materially

In this context, the level of investment proposed by CCC Water is aligned with the general trends across the industry. While price rises are not desirable, they are necessary if Australia is to continue to enjoy the level of water services to which it has become accustomed.

3.0 Price path for the CCC Water determination

In its issues paper IPART asks whether:

Which price path would you prefer? Do you prefer one step increase followed by increases with inflation only in the following years? Or do you prefer gradual price increases for each year over the next 5 years? Or is there another price path option that you would like IPART to consider?

There are no hard and fast rules on the best price path during a determination period.

On the one hand customers do not like large price spikes that are difficult to plan for. On the other hand all things being equal they would like a lower bill increase overtime than a higher increase.

CCC Water is proposing a once of 8 per cent real rise in bills in the first year of the determination and stable bills following that.

Overall, this price rise is not out of alignment with the one year increases we are seeing, or are proposed across Australia, which are often followed by further increases. We understand that the upfront increase is reflective of increased costs from the last price review. One reason is that CCC Water invested more in the last determination than was provided for in prices so there is a catch up effect in this determination.

The main advantage of increasing prices up front — as shown in the IPART issues paper — is that it leads to a lower bill at the end of the determination period than if the price rises are staggered.

More broadly, in a time of steeply increasing investment this discussion points to the desirability of taking a longer term view when setting prices in the future. As set out in the Cunliffe Review of the UK regulatory framework it makes sense to set prices on a five year period but this should take into account a much longer view:

> *The 5-year Price Review cycle should be retained, in England and in Wales, for setting water bills and company revenues over a 5- year period. But water industry investment planning should be conducted on a 5/10/25 year basis, with greater certainty and granularity for the first 5 years, more indicative plans for the following 5 years, and higher-level indication for the longer-term. (Independent Water Commission: review of the water sector - GOV.UK)*

Contact

WSAA welcomes the opportunity to discuss this submission further.

[redacted]

Stuart Wilson, Deputy Executive, WSAA

[redacted]