



## Meeting with Central Coast Council Administrator

27 July 2021

# Agenda

01 Special variation process

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02 Water pricing review process

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Special variation process

## Key steps and planned timeline

- November 2021 - Councils notify IPART of intention to apply for a special variation
- February 2022 – Special variation applications due
- March 2022 – IPART receives submissions from stakeholders on special variation applications
- April 2022 – Special variation applications are assessed by IPART
- May 2022 – Special variation decisions are announced
- Applications are closed and not further considered once a decision is made

## Assessment considerations

- Applications are assessed against the OLG Guidelines - councils need to show:
  - Community awareness of the proposal
  - A demonstrated need for the increased revenue
  - The impact on ratepayers is reasonable
  - IP&R process has been followed
  - Evidence of past productivity savings and plans for future productivity savings
- Compliance with conditions on previous special variations may be assessed.

## Future CCC SV applications

Future SV applications need to:

- Meet Office of Local Government Guidelines
- Satisfy the conditions of the 2021-22 determination
- Show how business recovery plan is being implemented
- Demonstrate the community has been consulted on appropriate service levels
- Provide evidence that cost reduction strategies and measures to improve productivity have been implemented



# Water pricing review process

## Key Messages

- We set maximum water, wastewater and stormwater prices for the Central Coast Council\*
- We will conduct public consultation as part of our review process, and will consider all stakeholder input
- We will engage with the council to ensure we have the best available information to inform our decisions
- We will assess the council's efficient costs
- We will use a building block approach to determine revenue and prices
- Our water price review process is different to our special variations process

\* We set maximum prices for water, wastewater, stormwater and other related services supplied by Central Coast Council in its capacity as a water supply authority. We also set prices for trade waste services and other related miscellaneous customer services (e.g. standpipe hire).



# Our water price review role & objectives

- We are required to set maximum prices for the monopoly water, wastewater and stormwater services for the Central Coast Council
- Our process helps us to set prices that promote the long-term interests of customers

Ensure decisions are based on the best available information

Create incentives for utilities to be more efficient & customer-focused

**IPART's  
water price  
review  
process  
helps us to...**

Be open, transparent and engage with stakeholders

Meet legislative obligations, and consider matters under the IPART Act

## **Our water price review process**

Our review of Central Coast Council water prices will run from September 2021, to May 2022 and will involve:

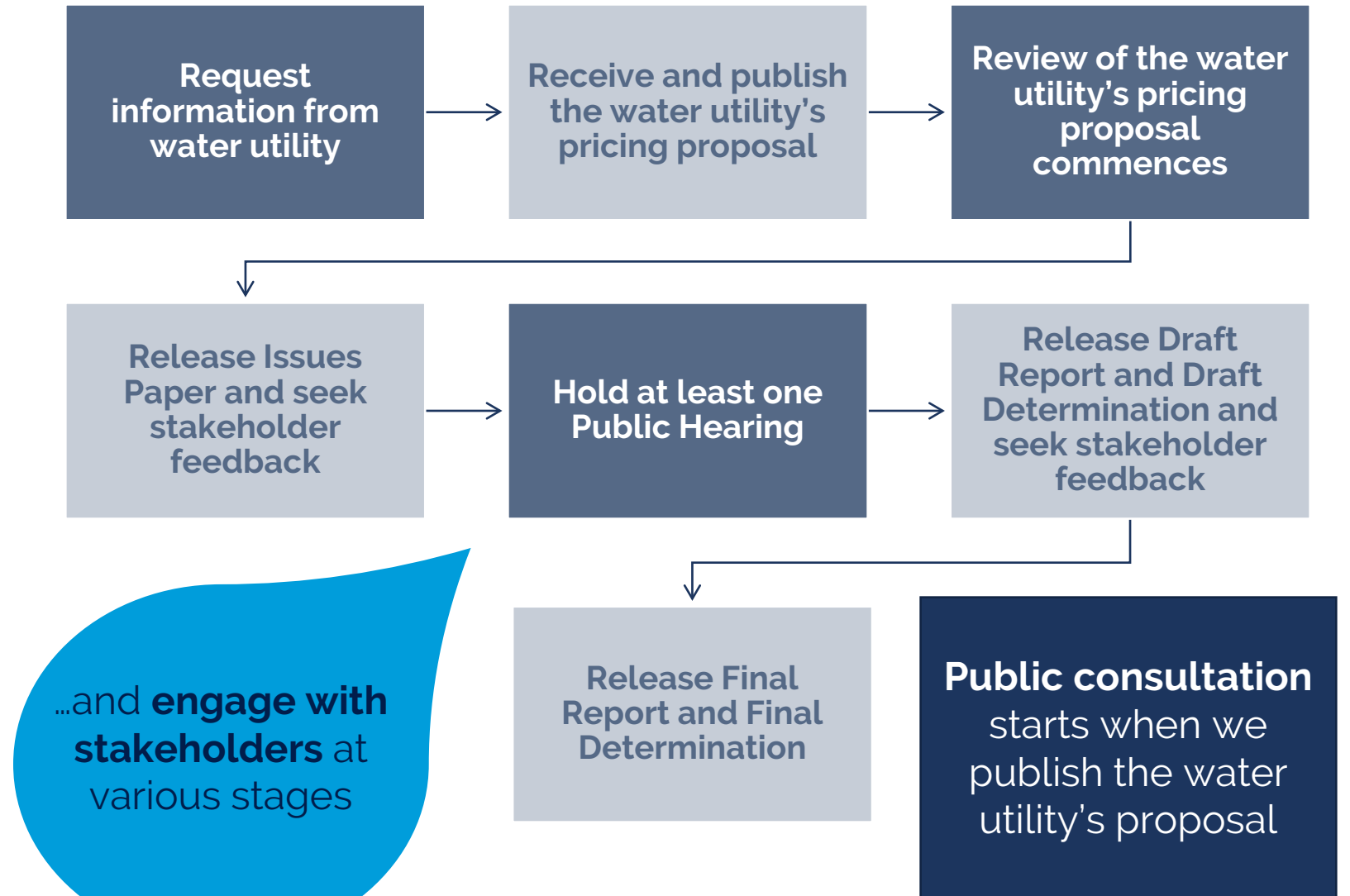
**Public  
consultation  
process**

**Reviewing  
the efficient  
costs of  
delivering  
services**

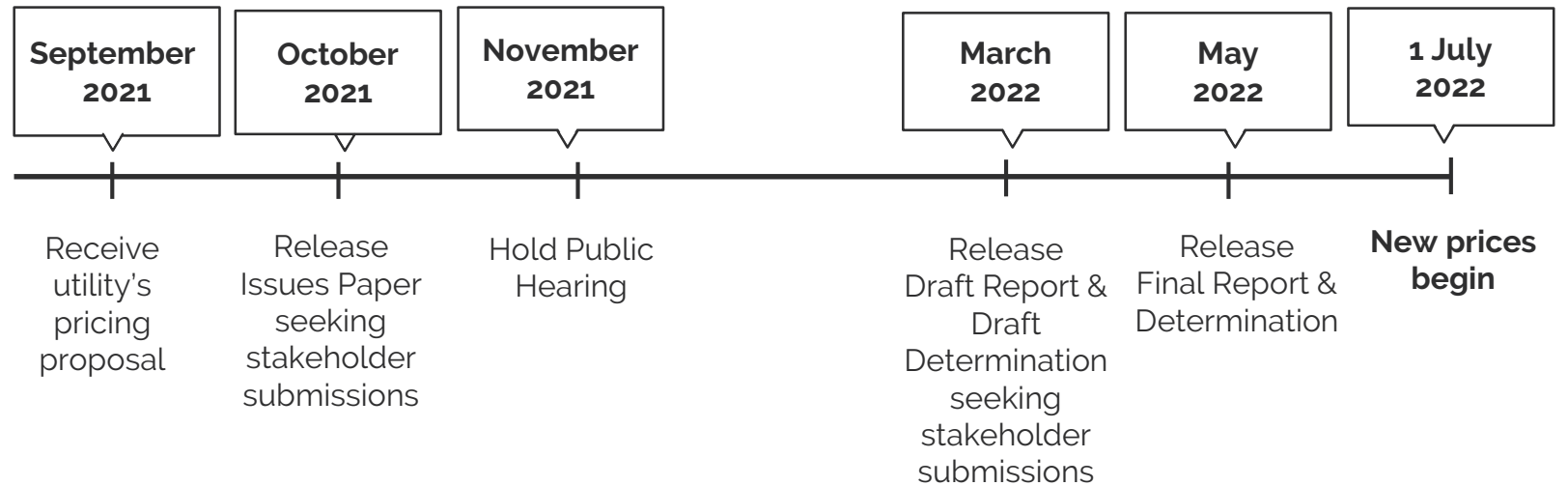
**Analysis,  
considerations  
and decisions  
made by the  
Tribunal**

# Our water price review process

We will apply our **standard consultation process...**



# Timeline for the CCC review



# Our process allows for informed decision-making

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- We will offer multiple opportunities to engage and consult with stakeholders including:
  - Seeking submissions and feedback in response to an Issues Paper and Draft Report
  - Holding at least one Public Hearing
- We will gather and consider a wide range of information from stakeholders including the council, customers, advocacy groups, other government agencies and the general public
- We will engage with the council in the lead up to and during the price review to provide guidance on process, technical issues and data requirements
  - As part of our review process we will assess the accuracy and completeness of information received from the council
  - This helps ensure we have the best available information and data to inform our decisions

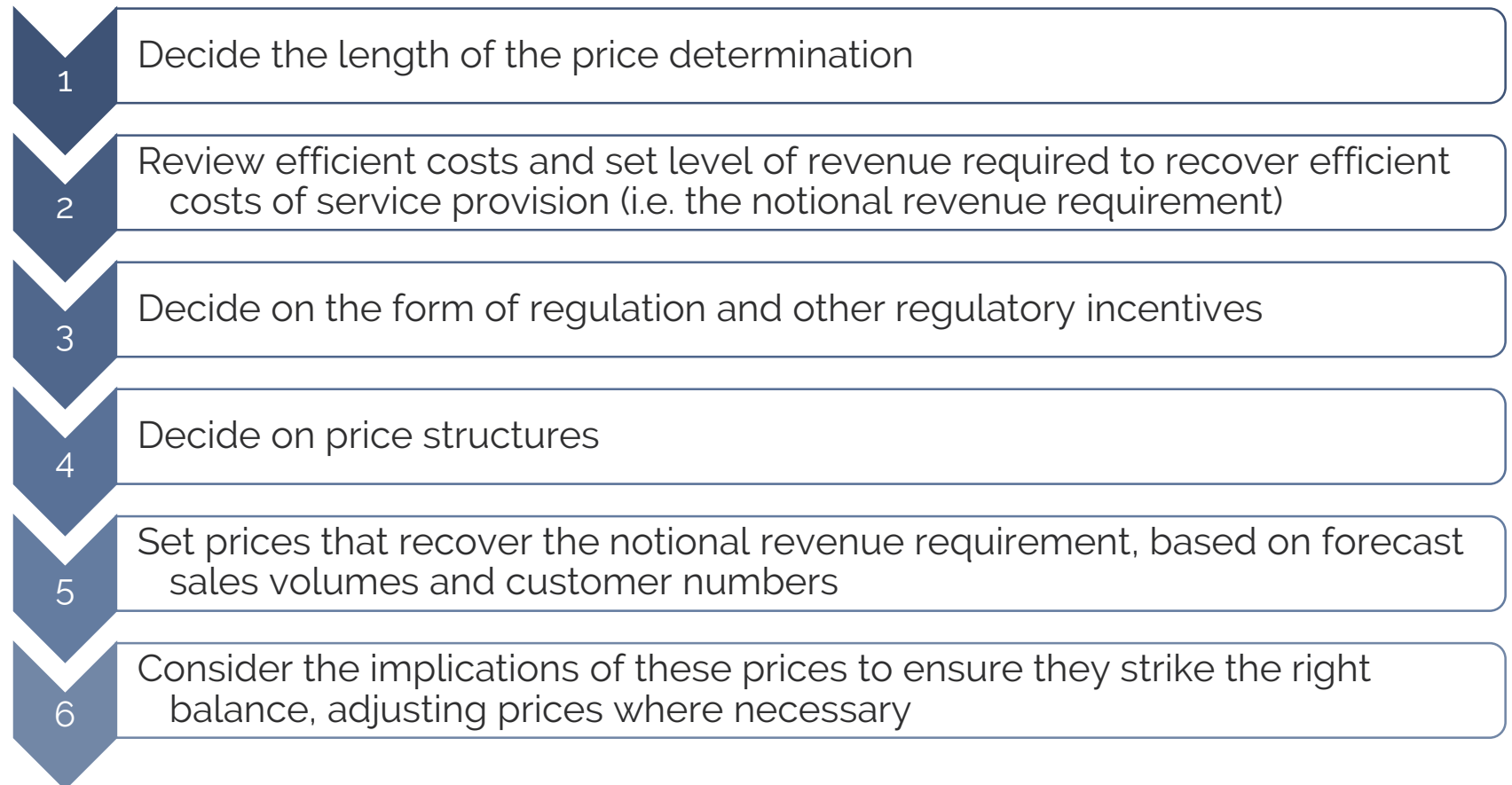
# Our water price review process

We will consider matters under section 15 of the IPART Act when setting prices for the council, in addition to any other matters IPART considers relevant:

 <p>What are the costs?</p>	 <p>Are customers protected from abuses of monopoly power?</p>	 <p>Is there an appropriate return on assets?</p>	 <p>What is the effect on general price inflation?</p>
 <p>Has efficiency improved?</p>	 <p>Do the prices promote environmentally sustainable development?</p>	 <p>What is the impact of our prices on the finances of the utility?</p>	 <p>What is the impact of our prices on contractors etc. of the utility?</p>
 <p>Do our prices promote competition?</p>	 <p>What is the impact of our prices on demand management and least cost planning?</p>	 <p>What are the social impacts of our prices?</p>	 <p>What is the impact of our prices on quality, reliability and safety standards?</p>

# Our water price review process

Our review of the council's prices will include the following key steps and decisions:



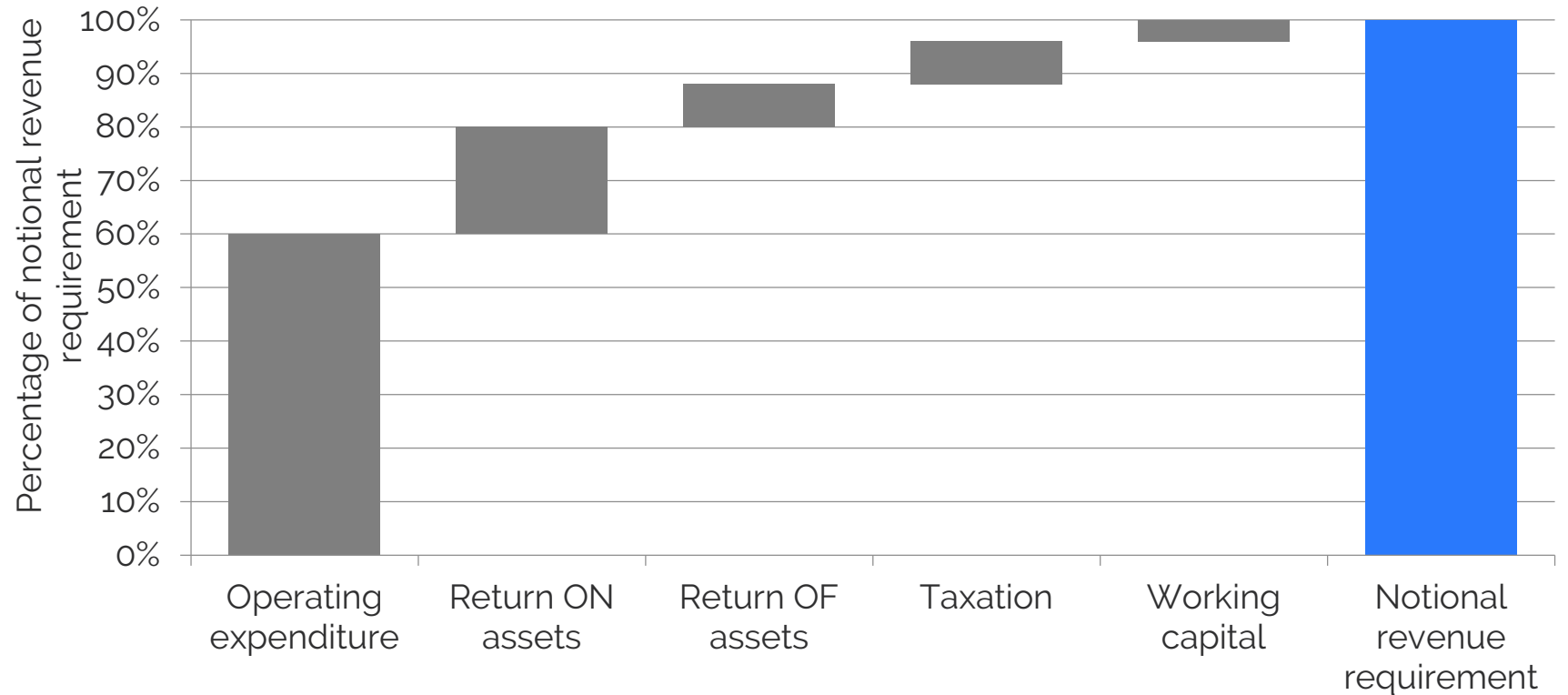
## Our water price review process

- We will engage consultants to advise us on the efficient level of expenditure that the council should need over the next few years to deliver sustainable services into the longer term
  - These consultants will work for, take direction and report to IPART
- The consultant's review will help us decide on how much revenue the council requires to recover the efficiency costs of service delivery
- From this we will determine what prices customers should pay, having reference to those efficient costs



# Our water price review process

We will use a **'building blocks'** approach to determine the level of revenue required by the council to recover the efficient costs of service delivery



We will determine prices based on the notional revenue requirement

# Our water price review is separate to special variations processes

	Water price review	Special Variations
<b>Considerations</b>	Water, wastewater and stormwater services	Council's 'general income' including most of its activities (excludes water, wastewater and stormwater)
<b>Stakeholder submissions</b>	Yes	Yes
<b>Public Hearings</b>	Yes	No
<b>Draft Report</b>	Yes	No
<b>Information requests</b>	Yes	Yes
<b>Timeframe</b>	Typically one year	Three months

# Questions

