



15 November 2021

Ms Fiona Towers  
Acting CEO  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop NSW 1240  
Email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

CC: [Scott\\_Chapman@ipart.nsw.gov.au](mailto:Scott_Chapman@ipart.nsw.gov.au)

Dear Ms Towers

## **IPART's Information Paper on Stormwater Drainage on the Central Coast**

On 22 October 2021 IPART released its Information Paper on Stormwater Drainage.

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

Please see attached a copy of Council's submission to IPART's Information Paper, including a copy of the report to Council dated 9 November 2021. The resolution to that report is reproduced as follows:

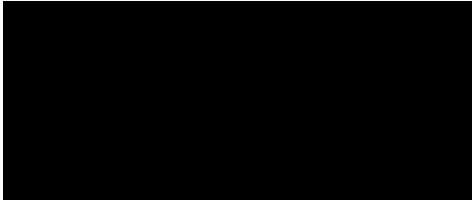
- 1 That Council note the intention to transfer the Stormwater Drainage Charge under the Water Management Act to a Stormwater Drainage Special Rate Variation or equivalent under the Local Government Act.**
- 2 That Council commits to transferring the stormwater drainage charge from the Water Management Act to the Local Government Act by the 2026/27 financial year in parallel with the 2026 Water and Sewer Pricing Review, acknowledging that this will also require a concurrent special rate variation application to IPART.**
- 3 That Council make a formal submission in response to the Independent Pricing and Regulatory Tribunal's Stormwater Drainage Information Paper in line with the above commitments, specifically requesting that IPART maintain**



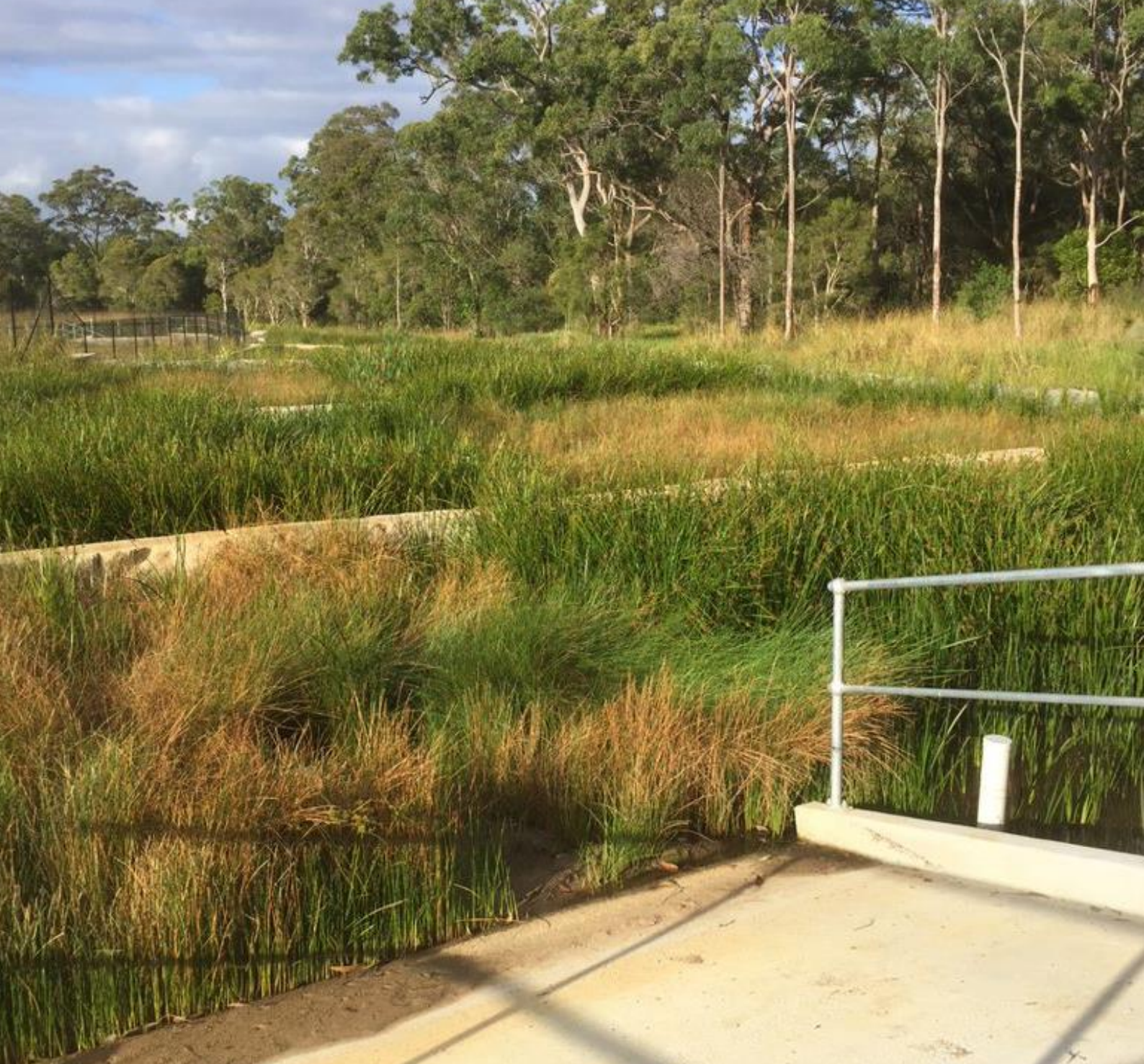
***the stormwater drainage charge under the Water Management Act for the entire period of the 2022-2026 Pricing Determination.***

If you have any questions, please contact me directly on [REDACTED].

Yours sincerely,



**Boris Bolgoff**  
**Director Infrastructure Services**



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

### CCC Response to IPART's Information Paper – *Paying for stormwater drainage on the Central Coast*

15 November 2021

Central  
Coast  
Council



## Executive Summary

The Independent Pricing and Regulatory Tribunal (IPART) published its Information Paper – *Paying for stormwater drainage on the Central Coast* on the 22 October 2021, inviting customer and stakeholder comment.

This document has been prepared as Central Coast Councils response to the stormwater drainage Information Paper and make clear our position in relation to how we charge for stormwater drainage services on the Central Coast, now and into the future.

In the Information Paper, IPART posed three questions to stakeholders:

1. What do you think about funding stormwater services through the council's local government rates rather than through its charges as a Water Supply Authority?
2. Would you prefer to pay for stormwater services through the council's local government rates instead of through its charges as a Water Supply Authority?
3. If stormwater services were to change to be funded through local government rates, when would you want this change to occur?

Whilst there is merit in transitioning from a Stormwater Drainage Charge under the Water Management Act, to local government rates under the Local Government Act – Council would not be able to continue to deliver stormwater drainage services without a corresponding increase in local government rates. The way in which the change is implemented would also be critical in mitigating community and service level impacts.

IPART's preliminary recommendation is that the transition occurs in two years' time. This timing is not supported – and Council recommends that the change be implemented in four years' time at the end of the next Determination period for Water, Sewer and Stormwater.

The timing proposed by Council would provide stability for our ratepayers, ensure continued provision of services, prevent confusion with other processes underway and drive cost efficiencies as the consultation and application process could be run concurrent with the next Water, Sewer and Stormwater Determination.

### **Council Resolution**

Council has demonstrated its commitment to the proposed process and timing via a resolution of Council made at the Council Meeting on 9 November 2021 – and the associated Council Report has formed the basis for this response.

The resolutions have been reproduced in full below.

- 1 That Council note the intention to transfer the Stormwater Drainage Charge under the Water Management Act to a Stormwater Drainage Special Rate Variation or equivalent under the Local Government Act.**

- 2 That Council commits to transferring the stormwater drainage charge from the Water Management Act to the Local Government Act by the 2026/27 financial year in parallel with the 2026 Water and Sewer Pricing Review, acknowledging that this will also require a concurrent special rate variation application to IPART.**
- 3 That Council make a formal submission in response to the Independent Pricing and Regulatory Tribunal's Stormwater Drainage Information Paper in line with the above commitments, specifically requesting that IPART maintain the stormwater drainage charge under the Water Management Act for the entire period of the 2022-2026 Pricing Determination.**

## Questions 1 & 2 - Funding Services Through Local Govt Rates

Central Coast Council is responsible for managing a stormwater drainage network with over 1,200 kilometres of drainage pipe, culvert and open channel infrastructure as well as associated drainage pits, headwalls, detention basins, levees, wetlands, stormwater treatment devices and roadside table drains.

The stormwater drainage network provides a region wide benefit to all members of the community regardless of where they live – and does not rely on a direct property connection like a water and sewer service. Every time it rains the whole community benefits from the network as it takes stormwater runoff away from public roads ensuring one can move about the region, minimises and reduces the flooding of private properties, community facilities and public areas and removes pollutants from stormwater runoff thereby protecting our waterways.

Council is unique in that it is both a Water Authority and a Local Government – as such we are entirely responsible for stormwater drainage within our declared drainage areas. This is different to our neighbouring Water Authorities who manage more localised, trunk drainage networks only – with the local Council managing the remainder of the network. This means that Central Coast Council's stormwater drainage network and operations are much more extensive and broader in scope than other Water Authorities.

In the current IPART submission, we have proposed to simplify how we charge for stormwater drainage by funding all related activities via the single Stormwater Drainage Charge. These activities include managing and maintaining the infrastructure that collects rainwater from roads, parks, and private land. It also includes improving the quality of stormwater discharged into our waterways and undertaking flood planning and mitigation.

This approach is preceded by the inclusion of all the above stormwater drainage activities in former Council IPART Determinations and should not be considered new or innovative for Central Coast ratepayers.

IPART have acknowledged the regional benefit provided by the stormwater drainage network in their Stormwater Drainage Information Paper – and made a preliminary recommendation that it would be more appropriate to fund Council’s stormwater drainage services through local government rates – and not through the charges IPART sets for Council as a Water Supply Authority.

### **Council Position**

Council sees the merit in IPART’s recommendation that it would be more appropriate to fund stormwater drainage services through either its local government rates, the introduction of a special rate for stormwater, or levying an annual stormwater charge under the Local Government Act 1993 – with an equivalent drop in rates levied under the Water Management Act. The change would allow Council to more efficiently manage its road and drainage functions, and simplify administration and reporting as there would only be one source of funding.

However, as acknowledged by IPART in its Information Paper, this change could not occur without an increase in local government rates revenue – generally equivalent to the drop in rates levied under the Water Management Act – to make sure Council has enough money to continue to fund its stormwater drainage activities.

## **Question 3 – The Timing of Any Change in Approach**

IPART’s preliminary recommendation is that the transition occurs in two years’ time. This timing is not supported – and Council recommends that the change be implemented in four years’ time at the end of the next Determination period for Water, Sewer and Stormwater.

### **Council Position**

Council does not support the timing proposed by IPART and believes the most appropriate time to make this change is at the end of the next Determination period – with the new funding model to commence from the 2026/27 financial year.

The extended commencement date would provide stability for our ratepayers, ensure continued provision of critical stormwater drainage services and prevent any confusion associated with other Special Rate Variation processes which are currently underway. It would also be more efficient as Council could leverage the same resources allocated to next Water and Sewer Determination process. Council does not consider running a stand-alone special rate application process in two years’ time as being prudent or efficient.

Council’s proposed commencement date would also allow sufficient time to engage with the community on stormwater drainage services, develop the new rating model and work with IPART to transition the price determination process from IPART’s current Water Authority application – to IPART’s SRV or equivalent application.

In general terms, the intention would be to transition the Stormwater Drainage Charge to a Stormwater Drainage SRV or equivalent under the Local Government Act – with the Stormwater Drainage Charge on the Water Rates notice being removed and added to the Council Rates notice. The new rate would undergo a similar level of audit, rigour and approval by IPART – albeit via a different IPART department and different application process.

IPART's preliminary recommendation is that the transition occurs in two years' time. This timing is not supported – and Council recommends that the change be implemented in four years' time at the end of the next Determination period for Water, Sewer and Stormwater.

## Key Risks

The key risks associated with IPART's proposal are presented below:

- Significant stormwater drainage service level reductions if an alternate revenue stream was not confirmed and approved prior to any proposed change.
- Impact on loan repayments which would place Council's trading position at risk.
- Community fatigue and confusion around continual rate changes and financial processes – recent SRV, ongoing public enquiries and application for proposed SRV extension, current Water, Sewer and Stormwater Drainage application and this proposal for another rate change.
- Insufficient time to consult and engage with the community and develop a robust rating / charge model and special rate application to IPART.
- Additional costs and resources associated with undertaking a stand-alone Special Stormwater Drainage SRV or equivalent in 2 years' time (as recommended by IPART).
- Transferring the Stormwater Drainage Charge to be included in the rates bill under the Local Government Act will mean that some residents will pay more, and some will pay less, depending on the value of land due to the rates structure system.

The above risks would be mitigated through the development of a carefully considered change management plan to support the transition away from the Stormwater Drainage Charge under the Water Management Act to a Stormwater Drainage Special Rate Variation or equivalent under the Local Government Act.

It is Council's recommendation that it would be most prudent and efficient to implement the change commencing at the end of the next Water, Sewer and Stormwater Drainage – forecast to be the 2026/27 financial year subject to IPART Final Determination in May 2022.



**Item No:** 2.4  
**Title:** Stormwater Drainage Services on the Central Coast  
**Department:** Infrastructure

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9 November 2021 Ordinary Council Meeting

Reference: F2021/01668 - D14910262

Author: [REDACTED]

Executive: Boris Bolgoff, Director Infrastructure

## Recommendation

- 1** *That Council note the intention to transfer the Stormwater Drainage Charge under the Water Management Act to a Stormwater Drainage Special Rate Variation or equivalent under the Local Government Act.*
- 2** *That Council is committed to make the change from Water Management Act to the Local Government Act by the 2026/27 financial year and will recommend to IPART that the change occur for the 2026/27 financial year.*
- 3** *That Council make a formal submission in response to the Independent Pricing and Regulatory Tribunal's Stormwater Drainage Information Paper in line with the above commitments.*

## Report purpose

To respond to the Independent Pricing and Regulatory Tribunal's (IPART) Stormwater Drainage Information Paper published on 22 October 2021 and make clear Council's position in relation to how it charges for stormwater drainage services on the Central Coast, now and into the future.

## Executive Summary

Historically, Council has funded stormwater drainage services via a combination of the Stormwater Drainage Charge under the Water Management Act and an additional Stormwater Levy under the Local Government Act in the former Wyong Council area.

The Stormwater Levy ceased to be charged in the 2016-17 financial year and since this time Council has had to increasingly subsidise stormwater drainage services using General Fund revenue. This has been done at the cost of other services.

In the current IPART Submission which comes into effect in the 2022-23 financial year, Council has proposed to simplify how it charges for stormwater drainage by funding all related activities via the single Stormwater Drainage Charge.



On 22 October 2021, IPART published their Stormwater Drainage Information Paper, recommending that Council's stormwater drainage services should be funded by local government rates regulated by IPART under the Local Government Act – and not the Stormwater Drainage Charge regulated by IPART under the Water Management Act. It also made a preliminary recommendation that this change should occur in two years' time.

In its Information Paper, IPART posed three questions to the stakeholder and ratepayers:

1. What do you think about funding stormwater services through the council's local government rates rather than through its charges as a Water Supply Authority?
2. Would you prefer to pay for stormwater services through the council's local government rates instead of through its charges as a Water Supply Authority?
3. If stormwater services were to change to be funded through local government rates, when would you want this change to occur?

Whilst there is merit in transitioning from a Stormwater Drainage Charge under the Water Management Act, to local government rates under the Local Government Act – Council would not be able to continue to deliver stormwater drainage services without a corresponding increase in local government rates. The way in which the change is implemented would also be critical in mitigating community and service level impacts.

IPART's preliminary recommendation is that the transition occurs in two years' time. This timing is not supported – and Council recommends that the change be implemented in four years' time at the end of the next Determination period for Water, Sewer and Stormwater.

The timing proposed by Council would provide stability for our ratepayers, ensure continued provision of services, prevent confusion with other processes underway and drive cost efficiencies as the consultation and application process could be run concurrent with the next Water, Sewer and Stormwater Determination

### **Background**

Central Coast Council is responsible for managing a stormwater drainage network with over 1,200 kilometres of drainage pipe, culvert and open channel infrastructure as well as associated drainage pits, headwalls, detention basins, levees, wetlands, stormwater treatment devices and roadside table drains.

The stormwater drainage network provides a region wide benefit to all members of the community regardless of where they live – and does not rely on a direct property connection like a water and sewer service. Every time it rains the whole community benefits from the network as it takes stormwater runoff away from public roads ensuring one can move about the region, minimises and reduces the flooding of private properties, community facilities and

## 2.4 Stormwater Drainage Services on the Central Coast (contd)

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public areas and removes pollutants from stormwater runoff thereby protecting our waterways.

Council is unique in that it is both a Water Authority and a Local Government – as such it is entirely responsible for stormwater drainage within our declared drainage areas. This is different to our neighbouring Water Authorities who manage more localised, trunk drainage networks only – with the local Council managing the remainder of the network. This means that Central Coast Council's stormwater drainage network and operations are much more extensive and broader in scope than other Water Authorities.

Historically, Council has funded stormwater drainage services via a combination of:

- IPART determined Stormwater Drainage Charge under the Water Management Act
- Stormwater Levy under the Local Government Act in the former Wyong Council area – which ceased to be charged in the 2016/17 financial year via Council Resolution.
- Supplemented by State and Federal Grants for stormwater drainage capital works

The Stormwater Levy ceased to be charged in 2016-17 financial year and since this time Council has had to increasingly subsidise stormwater drainage services using General Rates Fund revenue. This subsidisation is not sustainable and has been done at the cost of other services Council provides.

### Report

In the current IPART submission, Council has proposed to simplify how it charges for stormwater drainage by funding all related activities via the single Stormwater Drainage Charge. These activities include managing and maintaining the infrastructure that collects rainwater from roads, parks and private land. It also includes improving the quality of stormwater discharged into our waterways and undertaking flood planning and mitigation.

This approach is preceded by the inclusion of all the above stormwater drainage activities in former Council IPART Determinations and should not be considered new or innovative for Central Coast ratepayers.

IPART have acknowledged the regional benefit provided by the stormwater drainage network in their Stormwater Drainage Information Paper published on 22 October 2021, and made a preliminary recommendation that it would be more appropriate to fund Council's stormwater drainage services through local government rates – and not through the charges IPART sets for Council as a Water Supply Authority.

Council sees the merit in IPART's recommendation that it would be more appropriate to fund stormwater drainage services through either its local government rates, the introduction of a special rate for stormwater, or levying an annual stormwater charge under the *Local Government Act 1993* – with an equivalent drop in rates levied under the Water Management

## **2.4 Stormwater Drainage Services on the Central Coast (contd)**

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Act. The change would allow Council to more efficiently manage its road and drainage functions, and simplify administration and reporting as there would only be one source of funding.

However, as acknowledged by IPART in its Information Paper, this change could not occur without an increase in local government rates revenue – generally equivalent to the drop in rates levied under the Water Management Act – to make sure Council has enough money to continue to fund its stormwater drainage activities.

In its Information Paper, IPART has also made a preliminary recommendation that the change in the way Council charges for stormwater drainage services should occur in the third year of the next Water, Sewer and Stormwater Drainage Determination period – which would see commencement of the new rating model in the 2024/25 financial year.

Council does not support the timing proposed by IPART and believes the most appropriate time to make this change is at the end of the next Determination period – with the new funding model to commence from the 2026/27 financial year.

The extended commencement date would provide stability for our ratepayers, ensure continued provision of critical stormwater drainage services and prevent any confusion associated with other Special Rate Variation processes which are currently underway. It would also be more efficient as Council could leverage the same resources allocated to next Water and Sewer Determination process. Council does not consider running a stand-alone special rate application process in two years' time as being prudent or efficient.

Council's proposed commencement date would also allow sufficient time to engage with the community on stormwater drainage services, develop the new rating model and work with IPART to transition the price determination process from IPART's current Water Authority application – to IPART's SRV or equivalent application.

In general terms, the intention would be to transition the Stormwater Drainage Charge to a Stormwater Drainage SRV or equivalent under the Local Government Act – with the Stormwater Drainage Charge on the Water Rates notice being removed and added to the Council Rates notice. The new rate would undergo a similar level of audit, rigour and approval by IPART – albeit via a different IPART department and different application process.

### **Consultation**

In recent years, Council has undertaken extensive consultation with the community regarding our stormwater drainage service levels and activities. This has included:

1. Consultation regarding stormwater quality as part of the 'Our Coast Our Waterways' community survey undertaken between April and June 2021. This survey attracted over 1,100 respondents with over 95% of ratepayers identifying Central Coast's waterways as a key reason why they chose to live on the Central

Coast. The survey also demonstrated that a strong 'willingness to pay' more in order to achieve better stormwater quality outcomes.

2. Specific consultation undertaken in April 2021 to support key aspects of the current IPART Stormwater Drainage Submission. This 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 services via local government rates as opposed to the IPART determined Stormwater Drainage Charge.

The survey outcome was 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 results suggested the sentiment was influenced by the economic position of Council which had only recently come to light.

3. Additional IPART Stormwater Drainage consultation undertaken in July 2021 to explore ratepayer preferences in relation to the proposed increase in stormwater drainage step changes. The outcome of the consultation demonstrated strong support for the inclusion of the proposed stormwater drainage functions in the current IPART Submission.

A structured and specific program of consultation will be developed to support the proposed change in the way Council charges for stormwater drainage services – with the outcomes used to develop and support the future submission to IPART on the same.

### **Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

The Stormwater Drainage Charge represents a significant revenue stream for Council and one that IPART acknowledged in its Information Paper – could not be absorbed into Council's current local government rates without significant service level and customer impacts. Any transition away from the Stormwater Drainage Charge would need to be supported by a stormwater drainage SRV or equivalent to ensure Council can continue to fund its stormwater drainage activities

## 2.4 Stormwater Drainage Services on the Central Coast (contd)

The table below summarises the proposed Stormwater Drainage Charge revenue phasing in 2021/22 through to the end of the next Determination period:

<b>Proposed Revenue 2022-23</b>	<b>Proposed Revenue 2023-24</b>	<b>Proposed Revenue 2024-25</b>	<b>Proposed Revenue 2025-26</b>
\$24.0M	\$25.4M	\$26.2M	\$28.8M

The Water, Sewer and Stormwater Drainage Determination process applies a 'building block' revenue model to develop stormwater drainage revenue requirements – which then forms the basis for setting the Stormwater Drainage Charge. This model supports full cost recovery on IPART Regulated OPEX components but excludes the funding of Depreciation or Borrowings.

The impact of the proposed change in how Council charges for stormwater drainage services would affect ratepayers differently depending on a number of factors including how it implements the change from charging for stormwater drainage services under the Water Management Act to charging under the Local Government Act.

### **Link to Community Strategic Plan**

Theme 4: Responsible

### **Goal H: Delivering essential infrastructure**

R-H1: Solve road and drainage problem areas and partner with the State Government to improve road conditions across the region.

### **Risk Management**

The key risks associated with the proposal are presented below:

- Significant stormwater drainage service level reductions if an alternate revenue stream was not confirmed and approved prior to any proposed change.
- Impact on loan repayments which would place Council's trading position at risk.
- Community fatigue and confusion around continual rate changes and financial processes – recent SRV, ongoing public enquiries and application for proposed SRV extension, current Water, Sewer and Stormwater Drainage application and this proposal for another rate change.
- Insufficient time to consult and engage with the community and develop a robust rating / charge model and special rate application to IPART.
- Additional costs and resources associated with undertaking a stand-alone Special Stormwater Drainage SRV or equivalent in 2 years' time (as recommended by IPART).



## 2.4 Stormwater Drainage Services on the Central Coast (contd)

- Transferring the Stormwater Drainage Charge to be included in the rates bill under the Local Government Act will mean that some residents will pay more, and some will pay less, depending on the value of land due to the rates structure system.

The above risks would be mitigated through the development of a carefully considered change management plan to support the transition away from the Stormwater Drainage Charge under the Water Management Act to a Stormwater Drainage Special Rate Variation or equivalent under the Local Government Act.

It is Council's recommendation that it would be most prudent and efficient to implement the change commencing at the end of the next Water, Sewer and Stormwater Drainage – forecast to be the 2026/27 financial year subject to IPART Final Determination in May 2022.

### Options

Council will need to increase local government rates revenue / or levy an annual charge to fund stormwater drainage activities from local government rates. This is because it would no longer receive revenue from the Stormwater Drainage Charges that IPART sets for Council as a Water Supply Authority.

In setting rates to cover stormwater drainage costs, Council has a number of options including:

Option	Description	Implications
Stormwater Drainage Charge (2 options presented)	Collect all the required revenue via the Stormwater Drainage Charge under the Water Management Act as proposed in Council's IPART submission	<ul style="list-style-type: none"> <li>• Different to other Water Authorities.</li> <li>• IPART has recommended this should change.</li> </ul>
	A split model similar to other Water Authorities where the Stormwater Charge pays for trunk drainage and local government rates for the remainder of the network	<ul style="list-style-type: none"> <li>• Aligns with other Water Authorities</li> <li>• Defining of trunk drainage difficult given the network and topography</li> <li>• Needs to be supported by other funding streams</li> <li>• Administrative burden managing multiple funding streams</li> </ul>
Stormwater Levy	Reinstating of the Stormwater Levy under the Local Government Act. This is currently capped at \$25 for a house, \$12.50 for an apartment and an area based charge for business	<ul style="list-style-type: none"> <li>• Insufficient revenue on its own – needs to be supported by other funding streams</li> <li>• Potential community confusion and fatigue for new rates</li> </ul>

Option	Description	Implications
		<ul style="list-style-type: none"> <li>• Administrative burden managing multiple funding streams</li> </ul>
Local Government Rates / charge	Collecting all the required revenue via an increase in local government rates i.e. via a Stormwater Drainage Special Rate Variation or equivalent	<ul style="list-style-type: none"> <li>• Timing of the change is critical</li> <li>• Potential community confusion and fatigue for new rates</li> <li>• Requires a separate application to a different section of IPART</li> </ul>

### Critical Dates or Timeframes

To ensure Council allows sufficient time to engage with and consult with the community, develop the pricing framework and approach, prepare the stormwater drainage special rate / charge submission and obtain approval prior to commencement of the 2026/27 financial year – Council would need to commence the process at least 18-24 months earlier in the 2024/25 financial year.

The consultation process and submission development could be sequenced parallel to the next Water and Sewer Determination – driving potential savings and efficiencies for Council and the community by running one engagement process rather than two. Handled appropriately, this could also allay community perception that Council may ask for funding for stormwater drainage services via local government rates / charges and then again by a subsequent Water and Sewer Determination.

### Attachments

1	IPART - Information-Paper-Paying-for-stormwater-drainage-on-the-Central-Coast-22-October-2021	Provided Under Separate Cover	D14901669
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# Paying for stormwater drainage on the Central Coast

22 October 2021

## 1 We are reviewing prices on the Central Coast

IPART sets the maximum prices that Central Coast Council can charge for the water services it delivers to households and businesses as a Water Supply Authority. This includes mainly:

- water supply services, which is the drinking water customers use for everyday use, and
- wastewater services, which is the removal and treatment of the wastewater from fixtures like showers, toilets and sinks.

In the past we have also set prices for most of the council's stormwater drainage activities. These stormwater activities include managing and maintaining the infrastructure that collects the rainwater from roads, parks and private land. It also includes improving the water quality of rivers, lagoons and beaches, and undertaking flood planning and mitigation.

The stormwater prices we set are paid by households and businesses and are fixed annual charges.

We are considering whether to set prices for stormwater drainage anymore, or bring them in line with other councils and have them funded via council rates. We indicated in our 2019 review that we would revisit this issue in our current review.

### 1.1 What has the council proposed?

Amongst its other proposals for water supply and wastewater prices, the council has proposed that we again set stormwater drainage prices. It has asked that we increase the council's Water Supply Authority stormwater drainage annual charge by 68%, from \$108 for a house now to around \$182 next year.

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging. We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Table 1 Council proposes a 68% increase in stormwater drainage annual charges

Type of customer	Current (\$)	Council proposed (\$)	Increase
House	108	182	68%
Apartment	81	136	68%
Farmland	108	182	68%
Vacant land	81	136	68%
<b>Businesses</b>			
• Small/low impact	108	182	68%
• Medium	189	318	68%
• Large	891	1,499	68%
• Very large	2,007	4,543	68%

The council argues that it needs more money to make sure the services are what the community needs and expects. We will review whether the council needs to spend as much as it proposes, and also how the community should pay for it.

The council has proposed that more costs are shifted from its general fund, which is paid for through your local government rates, to its Water Supply Authority for which we set prices.

## 1.2 Who should pay?

When we set the maximum prices for the council's Water Supply Authority as we have in the past, the council sends a stormwater bill to households and businesses in the declared drainage area within the council's boundaries.

However, the council can fund some or all of its stormwater drainage services as a general council function, rather than as a Water Supply Authority. It would fund these services through revenue from yearly local government rates on landholders. This would not be done through the council's Water Supply Authority, so we would not set those rates. However, we do have a role in determining the rate peg and special variations which apply to the council's general income as a whole. Funding through rates may mean some ratepayers who do not currently pay the Water Supply Authority's annual stormwater drainage charge would contribute to stormwater costs through rates.

## 1.3 We think it is better to pay for stormwater services via rates

Our preliminary decision is that the council's stormwater drainage service should be funded through local government rates, not through the charges IPART sets for the Water Supply Authority.

Local government rates is a fairer and more appropriate way to fund stormwater services, as they are more like community services. Most of the costs of managing stormwater services are not related to your house, but to community facilities. In particular, the cost of drains and pipes to make sure roads are safe to drive on during storms, parks and gardens are safe and public land doesn't flood. Most or all of the community benefit from, and have access to, these community facilities.

There are also other potential benefits of using rates revenue to fund stormwater drainage. It allows the council to better manage its roads and drainage budget and functions. It also helps ensure that there is only one source of funding for these functions and avoids potential double counting between rates revenue and Water Supply Authority revenue.

Our role is to protect the long-term interests of customers and ratepayers. This includes ensuring the council's stormwater drainage services are sustainable in the long-term. It also includes taking steps to ensure customers are not paying for services twice.

### 1.3.1 What does this mean for the prices we set?

We would set the Water Supply Authority stormwater prices to \$0. This would mean that the council's Water Supply Authority would not be able to charge its proposed \$182 annual charge to households under our price determination.

### 1.3.2 Would my local government rates go up as a result of this?

Yes. The council would almost certainly need to increase local government rates revenue to make sure it had enough money to fund its stormwater drainage activities. This is because it would no longer receive revenue from the separate stormwater charges that IPART sets for its Water Supply Authority.

While it is ultimately a matter for the council to decide in consultation with the community, it means that the council would likely need a special variation of its rates revenue.

The impact of this proposed change would affect ratepayers differently depending on a number of factors, including how the council decides to collect the additional revenue from ratepayers. In general, how your rates change would also be affected by how much your land is worth as rates are typically linked to unimproved land value.

In setting its rates to cover stormwater drainage costs, the council has a number of options for how it does this. It can:

- Set general rates higher.
- Introduce a special rate for stormwater, that covers a specific geographical area or certain types of land.
- Levy an annual charge for stormwater management services. This is separate from rates and is currently capped at \$25 for a house and \$12.50 for an apartment. Businesses pay an area-based charge. An annual charge for stormwater management services would not raise enough money on its own to pay for what council argues it needs.



### 1.3.3 When might this happen?

Our view at this stage is that we would continue to set stormwater drainage charges for the next 2 years to allow time for the Council to adjust. From July 2024 however, we would set the council's Water Supply Authority stormwater drainage charge to \$0. From then on, the council would need to set its own local government rates or charges to ensure stormwater drainage services can be properly funded.

## 1.4 Tell us what you think

We recognise that this would be a significant change to how we have set prices for the council's Water Supply Authority stormwater services in the past. It also might result in changes to the local government rates you pay to the council each year.

We want to know what you think about changing the way the council funds its stormwater services.



1. What do you think about funding stormwater services through the council's local government rates rather than through its charges as a Water Supply Authority?
2. Would you prefer to pay for stormwater services through the council's local government rates instead of through its charges as a Water Supply Authority? Why?
3. If stormwater services were to change to be funded through local government rates, when would you want this change to occur?

We will publish our draft decisions and draft prices for this review in our Draft Report which we will release in March 2022. In making these draft decisions and setting draft prices, we will consider all feedback we receive, including feedback from our Public Hearing on 26 October 2021, as well as the results of our analysis of the council's proposal. We will undertake further consultation with the community on our Draft Report, including seeking feedback and holding a second Public Hearing.

### Have your say

Your input is critical to our review process.

[Submit feedback »](#)

You can get involved by submitting your feedback and/or attending the public hearing.

[Attend the public hearing »](#)

We are seeking feedback on stormwater by **15 November 2021** on the issues we have identified.