



Central Coast Council
Southern Region Water Supply and Sewerage Development
Servicing Plan 2024

Version 2.1
Water Assets & Planning
March 2025



Southern Region Water Supply and Sewerage Development Servicing Plan 2024

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Summary of Review/Amendments

Date	Summary of Amendments
October 2024	Original document approved by Council for registration by IPART
March 2025	Addition of standards of service and update to commencement date at the request of IPART

1.0 Introduction

The purpose of this Development Servicing Plan (DSP) is to determine the Developer Charges applicable for water supply and sewerage infrastructure servicing proposed development within the southern region of the Central Coast. Developer Charges and the requirement to carry out works will be implemented as part of relevant development in accordance with the Water Management Act 2000 and the Independent Pricing and Regulatory Tribunal's (IPART) Determination on Maximum prices for connecting, or upgrading a connection, to a water supply, sewerage, or drainage system (October 2018).

Developer Charges relate to the provision of those water and sewerage assets identified in this Plan. Typically these assets service a number of developments within this Plan which provides the basis for sharing of asset costs. All other water and sewerage infrastructure required to service the local development area shall be provided at full cost to the Developer.

For Water Developer Charges, Council continues to operate two regional based charges (Northern and Southern Regions) with a common Headworks DSP in consideration of shared bulk water assets including dams, weirs and treatment plants.

For the purpose of calculating Sewerage Developer Charges, the Southern Region has been developed by utilising the only ocean fall at Winnie Bay. This reflects the ocean outfall Council is currently operating and Environmental Protection Licence. This has been undertaken to reflect the amounts of existing infrastructures in the area. This approach also considers differing future predicted development patterns and associated new infrastructure requirements across the southern region.

This Plan has been prepared in accordance with the requirements of the Water Management Act 2000 using the methodology contained within IPART's 2018 Determination. All calculations have been carried out in the template provided by IPART.

The new Developer Charges, as detailed below, will be applicable for the period 1 April 2025 to 30 June 2025, after which they will be adjusted in accordance with the provisions detailed in Section 13.

2.0 Summary of Developer Charges

Following the adoption of this DSP the combined water and sewerage contribution for all development within the Southern Region will be \$8,890 per Equivalent Tenement (ET). For the purpose of determining Developer Charges payable, all development is assessed on an 'Equivalent Tenement' basis. This is described further in Section 8.

A comparison of the existing and proposed charges for both water supply and sewerage are provided below in Table 1.

Table 1 Developer Charges Summary

Developer Charge	Previous Charge 2019 DSP (\$2024/25)	New Charge (\$2024-25/ET)
Southern Region Water Supply	\$3,111.78	\$2,267
Southern Region Sewerage	\$2,186.07	\$6,623
Combined Water & Sewerage	\$5,297.85	\$8,890

A summary of Water and Sewerage Developer Charges calculation across New South Wales is provided below in Chart 1. Note that the NSW Government is in the process of reversing the 'zero charge' that has previously applied to Sydney Water and Hunter Water's area of operations.

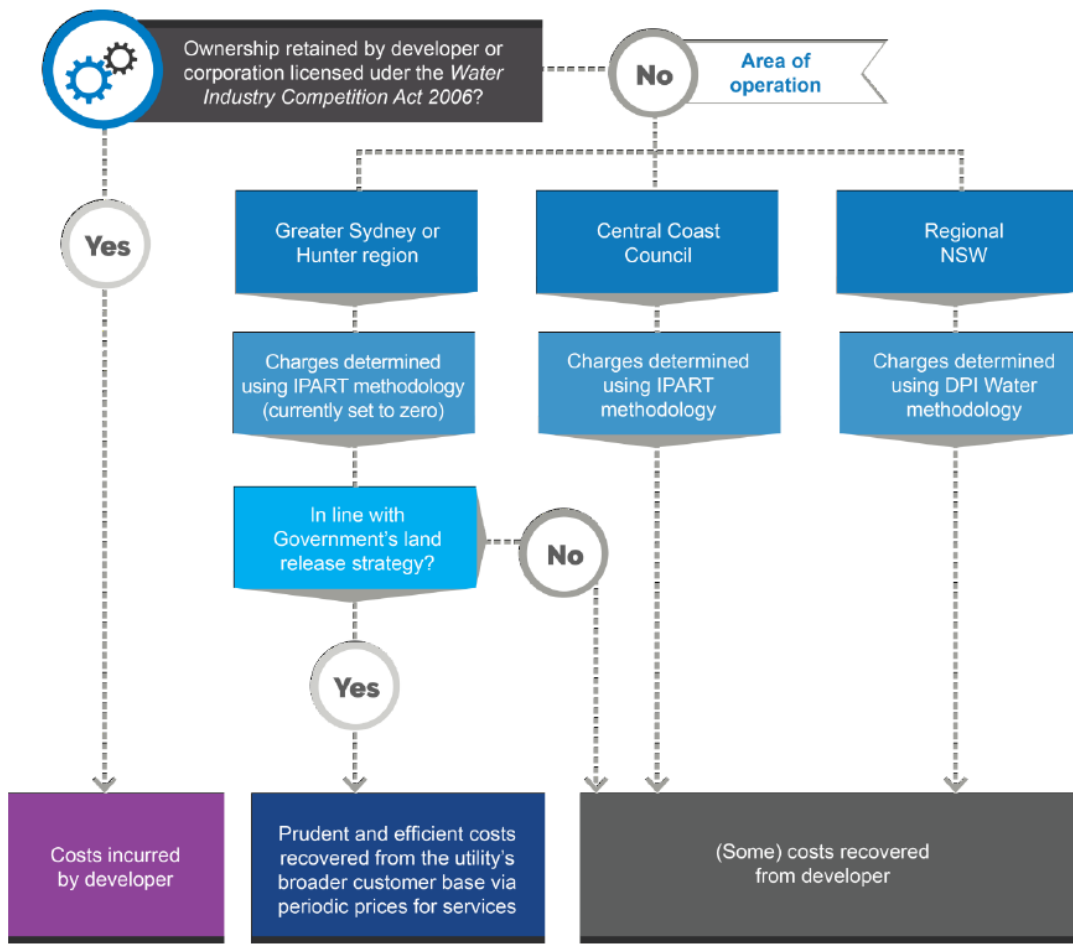


Chart 1 Differing methodologies for funding water and sewerage infrastructure for new development across NSW (supplied by IPART)

3.0 Applicability of the Plan

This DSP describes the requirements applicable to the assessment of Water Supply and Sewerage Developer Charges for any Development assessed under the Water Management Act from 1 April 2025 (subject to registration of the DSP by IPART). Developer Charges payable and any credits for works undertaken in accordance with the plan (in lieu of developer charges), for Development assessed under the Water Management Act within a previous Gosford City Council or Wyong Shire Council Development Servicing Plan will be assessed under the provisions contained within that DSP.

This DSP takes precedence over any of Council's Codes and Policies should there be any inconsistencies in relation to Water Supply and Sewerage Developer Charges.

4.0 Area of the Plan

This DSP covers all lands contained within the former Gosford Council Local Government Area (LGA) as shown in Figure 1.

It is noted that an additional charge applies to land within the Somersby Industrial Estate, with the site being the subject of a separate Deed of Agreement which included charges applicable on a per Hectare basis. Any additional charges applicable within the area defined by the Deed will be determined in accordance with the Deed.

Mooney Mooney and Cheero Point areas are serviced via backlog sewerage schemes and will not be included as part this DSP. The servicing plan for these areas remains unchanged as per IPART Determination 2018 and potential customers should contact Council's Water Assessment Team for further information.

4.1 Basis of determining service areas

The basis for determining the service areas applicable to this plan is outlined in the following sections.

Water Supply Headworks

Central Coast Council owns and manages a single water supply headworks scheme. These headworks provide bulk treated water to the entire Central Coast Water Supply Network via two separate Water Treatment Plant located at Mardi and Somersby. As a result, a common Headworks Developer Charge is applicable to both Water Supply DSPs and is incorporated into the calculation of the Water Supply Developer Charge for both DSPs. This charge is detailed in Appendix A.

Water Distribution

The water supply distribution system takes potable water supplied from headworks assets and delivers this to customers across the Southern Supply Zone. Any site supplied potable water within the former Gosford City Council LGA is part of this area.

Sewerage

Sewage collected from connected properties within the Kincumber Sewerage Scheme is conveyed to either the Kincumber or Woy Woy Sewage Treatment Plants for treatment prior to disposal at the Winnie Bay licenced outfall location. Any site provided with reticulated sewerage within the former Gosford City Council LGA is part of this area.

5.0 Population Predictions and Dwelling Unit Estimates

Council engaged consultants Informed Decisions (.id) to prepare Economic and Demographic profiles for the Central Coast, as well as population forecasts. The information is derived from the Australian Bureau of Statistics Census of Population and Housing and the National Institute of Economic and Industry Research.

In preparing the 2024 Water Supply and Sewerage DSPs, Council has assessed the current number of connected Equivalent Tenements (ETs) in accordance with IPART's 2022 Pricing Determination for the Central Coast, being 150kL annual potable water demand per Equivalent Tenement. This is based on the current system annual demand (corrected for climate factors) apportioned to the Northern and Southern Regions based on demand distribution. The projected number of ETs was then projected forwards in accordance with region based population forecasts provided by .id, allowing for forecast differences in dwelling densities across the two regions. This is outlined below in Table 2 and described further in Appendix A.

Table 2 Population LGA with proposed populations for water supply and sewer services

Year	Residential Population (.id)*	Population Water Supply**	population Sewerage***
2023	176,758	99,141	96,284
2026	180,267	101,109	101,640
2031	184,544	103,508	111,299
2036	188,854	105,925	120,552
2041	192,662	108,061	129,166
2046	196,546	110,239	138,395
2051	200,509	112,462	148,285
2055	203,736	114,272	156,704

* Population forecast by forecast.id consulting limited to 2036.

** Population water supply was extracted from Mater Plan study 2012 undertaken by GHD, based on forecast.id and extrapolated up to 2051. This included serviced and un-serviced properties (proposed to be serviced)

*** Population sewerage was extracted from Mater Plan study 2012 undertaken by GHD, based on forecast.id and extrapolated up to 2051. This included serviced and un-serviced properties (proposed to be serviced)

Full details relating to the forecast tools are available via Council's website:

<https://www.centralcoast.nsw.gov.au/business/opportunities-and-investment/profile-central-coast>.

6.0 Reference to Other Development Servicing Plans

The Water Supply Headworks capital components are detailed in Appendix A of this DSP (Central Coast Water Supply Headworks Development Servicing Plan 2024). The cost of these components is included in the calculations for determining water supply developer charges payable under this Plan.

7.0 Future Asset Profile

Greenfield infrastructure is typically designed and constructed by the lead developer under a Works in Kind Agreement (discussed later) with Council.

Council's capital works program is focused on the delivery of brownfield upgrades or major regional infrastructure projects including:

- Treatment plant augmentations
- Upgrades to existing pumping stations and associated pressure pipelines

7.1 Water Supply

Water supply works relevant to this plan are shown in Figure 2 and associated costs and timing are outlined further in Appendix B.

Council has reviewed the known and approved Water and Sewer Servicing strategies prepared by developers and assessed the proposed assets which could qualify for credits under the Development Servicing Plan 2024 (see discussion on Works in Kind).

The Central Coast Council Water and Sewer Department reserves the right to alter the scope and timing of the proposed future assets as these are subject to ongoing review. Any changes to growth patterns, development profiles, land use zoning or any other conditions influence the required location, scale and timing of additional infrastructure. All potential land developers are advised to contact Council's Water Assessment Team for further advice.

7.2 Sewerage

Sewerage works relevant to this plan are shown in Figure 3. The associated costs, timing and methodology used in the sizing of proposed sewerage works is described in Appendix C.

Council has reviewed the known and approved Water and Sewer Servicing strategies prepared by developers and assessed the proposed assets which could qualify for credits under the Development Servicing Plan 2024 (see discussion on Works in Kind).

The Central Coast Council Water and Sewer Department reserves the right to alter the scope and timing of the proposed future assets as these are subject to ongoing review. Any changes to growth patterns, development profiles, land use zoning or any other conditions influence the required location, scale and timing of additional infrastructure. All potential land developers are advised to contact Council's Water Assessment Team for further advice.

8.0 Standards of Service and Equivalent Tenement Calculation

8.1 Standards of Service

The standards of service to be provided to customers are as per Central Coast Councils Water and Sewer Customer Charter.

[Central Coast Council - Water and Sewer Customer Charter](#)

8.2 Equivalent Tenement Calculation - Water Supply

Design parameters relating to water supply headworks are detailed in Appendix A.

For the purposes of assessing additional loads on the water supply system, from a Developer Charges Perspective, 1 Equivalent Tenement (ET) is defined as the following:

- 150 kL/year annual demand (IPART Determination) or
- 0.92 kL/day peak day demand (whichever is greater)

8.3 Equivalent Tenement Calculation - Sewerage

IPART's 2022 Pricing Determination defines a 'deemed sewage discharge' per single residential properties of 125 kL/annum. This figure is adopted for the purpose of determining sewerage developer charges payable for a new development (1ET = 125kL sewage discharge per annum).

8.4 Calculation of Equivalent Tenements for Specific Development Types

The conversion of a proposed development into Equivalent Tenements (ET) for the purpose of levying water and sewer developer charges is completed as outlined below:

- 1 Reference to Central Coast Council's Equivalent Tenement Calculation Matrix (see Appendix D)
- 2 For wet industry calculate based on annual and daily water and sewage demand/generation rates and compare to the allowances described above.
- 3 For non-standard development, the number and type of fixtures is used with calculation based parameters contained within AS3500.
- 4 Where the above are not relevant then alternate industry specific documents including Public Works, NSW Water Directorate documentation and investigation of similar developments within other NSW Local Government Areas may be used.

Credits for existing development will be provided based on an approved existing/previous use of the site, for which developer charges have been previously paid. ETs which have been calculated and levied on a parcel of land are not transferrable to another parcel of land.

A minimum threshold of 0.25ET is applicable for triggering the payment of developer charges for new development. However, this does not allow the staging of development in increments less than 0.25ET for the purposes of avoiding the payment of developer charges.

All developer charges calculations will be rounded to two decimal places when assessing ET payable and credits applicable.

9.0 Works In Kind and Temporary Works

Developers may apply to provide water and sewer works in kind, in lieu of making monetary contributions (contributed assets) in line with Council's Policy on Works in Kind Agreements.

The above Policy and associated Guideline outline the approach for determining the value assigned to any works in kind. The typical approaches for common asset types is outlined below:

- For liner asset (pipe diameter less than 300mm), the rates paid for works in kind will be the rates used in the calculation of future asset costs for this DSP (summarised in Appendix E). Any additional costs or savings relating to particular site constraints encountered as part of the design and/or construction phases will be borne by the Developer.
- For facility assets (e.g. sewer pumping station or automated network control valves), pressure pipelines, water pumping stations and trenchless construction (due to environmental or infrastructure constraints) methods (for pipe diameter greater than or equal to 300mm), developer is eligible for costs to be based on an independent Quantity Surveyor assessment. Any additional costs or savings relating to particular site constraints encountered following determination of the works in kind value will be borne by the Developer.
- Credits will only be payable upon the acceptance of an asset by Council (no staged payment for investigation and design). for more detail, please refer to Council [Works in Kind Policy – Works Under the Water Management Act 2000](#).

Prior to commencing the design of any contributed assets, the Developer shall contact Council and provide a 'Letter of Intent' (template available) which identifies the subject DSP assets that are intended to be constructed and seeks confirmation what credits may be available for the construction of those assets.

It may be feasible to provide temporary measures to service initial stages of a development in lieu of constructing major works up front. Such proposals will need to be assessed at the time of application. In these cases, the applicant is responsible to fully fund the design and construction of the assets and donate them to Council with a payment of expected operational costs and a further payment towards the future decommissioning of the temporary works. These costs are additional to any costs identified in this Plan. The merits of any proposals for temporary assets will need to consider alignment with the long term servicing strategy, impacts to operation and maintenance and overall risk exposure to Council.

This DSP does not include the provision of reticulation assets which are required to be donated to council by the developer. For the purpose of this DSP, reticulation assets are defined as water mains with a nominal diameter less than 200mm and gravity sewer mains with a nominal diameter less than 225mm.

10.0 Timing and Method of Payment

Unless other arrangements have been approved by Council, the payments for Development Contributions are as follows:

- Involving subdivision, payment is required prior to the release of the Subdivision Certificate.
- Involving building work, payment is required prior to the release of the first Construction Certificate or Complying Development Certificate.

11.0 Developer Charge Calculation

11.1 Calculation Formula

This Development Servicing Plan contains a net present value (NPV) calculation of the cost of total service capacity in the area less the expected net operating surplus (or losses) from providing services in the area. The resultant net cost is then expressed per Equivalent Tenement (ET). A development is charged a multiple of this per ET charge according to the number of ET applicable to that development calculated in accordance with section 8, minus any existing credits applicable to the site.

The developer charge (DC) is calculated in accordance with IPART's 2018 Determination as follows:

$$MP_{Sch1} = \frac{K_1}{L_1} + \frac{K_2}{L_2} - \frac{NPV(R_i - C_i)}{L_3} \text{ for } i = \text{financial years } 1, \dots, n$$

Where:

- MPSch1 means the maximum price per Equivalent Tenement to be serviced by the connection;
- K1 means the Capital Charge for the Pre-1996 Assets that will serve the relevant DSP Area, calculated in accordance with clause 2.3(a) of Schedule 5 and set out in the relevant DSP;
- K2 means the Capital Charge for the Post-1996 Assets that will serve the relevant DSP Area, calculated in accordance with clause 2.3(b) and 2.3(c) of Schedule 5 and set out in the relevant DSP;
- L1 means the Agency's estimate of the number of Equivalent Tenements for Pre- 1996 Assets, calculated in accordance with clause 3.2(a) of Schedule 5 and set out in the relevant DSP;
- L2 means the Agency's estimate of the number of Equivalent Tenements for Post-1996 Assets, calculated in accordance with clause 3.2(b) of Schedule 5 and set out in the relevant DSP;
- L3 means the Agency's estimate of the number of Equivalent Tenements for the Reduction Amount, calculated in accordance with clause 3.2(c) of Schedule 5 and set out in the relevant DSP;

- R_i means the Agency's estimate of the future periodic revenues to be received from new customers in the DSP Area in each financial year i , estimated in accordance with clause 4 of Schedule 5 and set out in the relevant DSP;
- C_i means the Agency's estimate of the future operating, maintenance and administration costs of servicing all new customers in the DSP Area in each financial year i (excluding, for the avoidance of doubt, any Capital Costs), estimated in accordance with clause 5 of Schedule 5 and set out in the relevant DSP; and
- n is the financial year which is 30 years from the financial year in which the relevant DSP was registered with IPART.

11.2 Net Present Value Model Parameters

Council has used the following parameters as required in calculating the developer charge:

- A 0% real discount rate for Pre 1996 assets.
- A real discount rate for post 1996 assets of 4.9% which is equal to Wyong Shire Council's Pre-tax Weighted Average Cost of Capital (WACC)
- A real discount rate of 4.9% for the expected net revenues and costs equal to Wyong Shire Council's Pre-tax WACC
- Consumption per annum for an average residential customer of 150kL/year;
- A forecast horizon for expected net revenues and costs of 30 years; and
- Any assets constructed prior to 1970 are excluded from the calculation.

11.3 Asset Description

Details relating to the size, length and date of commissioning of existing assets were taken from Council's financial asset register which was used to complete a recent revaluation of Council's Water and Sewerage Assets in 2022.

The value of existing assets was determined using a Modern Engineering Equivalent Replacement Asset (MEERA) approach as required by IPART. This same approach was required for the 2022 Water and Sewerage Asset revaluation which has satisfied Audit Office of NSW requirements.

11.4 Developer Charges

A summary of the developer charges is provided below in Table 3, with the full calculation available in Appendix F.

It is noted that GST is not payable on Water and Sewerage Developer Charges amounts, nor is it payable for credits on works undertaken in lieu of Developer Charges payable.

Table 3 Summary of Developer Charges Calculations

	Headworks Capital Charge (\$/ET)	Distribution Capital Charge (\$/ET)	Operating Surplus (\$/ET)	Total Charge (\$/ET)
Scheme	(a)	(b)	(c)	(d)=(a)+(b) -(c)
Southern Region Water Supply	\$5,975	\$1,779	\$5,487	\$2,267
Southern Region Sewerage	N/A	\$9,850	\$3227	\$6,623

12.0 Method of Updating Developer Charges Payable Under This Plan

The Development Servicing Plan will be reviewed:

- Once, and no more than once, in each five year period, with the first five year period starting on 1 April 2025: and
- When and to the extent required by a determination of the Independent Pricing and Regulatory Tribunal.

12.1 CPI Adjustment

If there is no review of Developer Charges in any given year (Year n), the Developer Charges then prevailing must be multiplied to take effect from 1 July in each such year by the number derived from the application of the following formula:

$$\frac{CPI_{\text{March year } n}}{CPI_{\text{March year } n-1}}$$

Where:

CPI = the consumer price index, All Groups index number for the weighted average of eight capital cities as published by the Australian Bureau of Statistics, or if the Australian Bureau of Statistics does not or ceases to publish the index, then *CPI* will mean an index determined by IPART;

March_{year n} = the March quarter for Year n; and
March_{year n-1} = the March quarter for the year before Year n.

12.2 Dispute Resolution

A developer who is dissatisfied with how Council has calculated a developer charge has a right to have the dispute arbitrated under the Independent Pricing & Regulatory Tribunal Act.

The first step of this arbitration process is to contact Central Coast Council.

If the complaint has been reviewed by Council and the customer is still dissatisfied, the customer may request to have the dispute arbitrated under Section 31 of the IPART Act.