

Council Submission to IPART - Increase Stormwater Drainage Levy on Properties > 4.5 hectares

The proposal by the Central Coast Council (CCC) to charge large (greater than 4.5 Ha), non-residential properties a flat fee of \$5,428 per annum for drainage services is manifestly unfair and insupportable for residents on rural¹ land.

Council wishes to ensure all residents contribute towards the management of the stormwater drainage network (see page 160 of CCC submission).

The proposed fee unfairly targets rural properties, especially those in the Wyong valleys. These properties will never receive drainage services yet they are to be charged an exorbitant.

The reason that the land west of the M1 is not included in a Drainage Area is that drainage services are inappropriate for these areas.

Drainage services will never be deployed in these areas. The land is either “bush” or agriculture. Much of the water is absorbed in the soil; the rest flows naturally into the stream and river systems and is utilised for the Central Coast water supply.

It is possible that providing drainage services would be contrary to the requirements of the Sharing Plan for the Central Coast Unregulated Water Sources. (regulation 2009-346)

Council noted that “Value for money has been identified as a top priority for customers.” (page 178)

The rural residents will receive no value for high expenditure. Drainage services will never be provided in these areas.

Adopting the term from the Banking Royal Commission, this is a **Fee for no Service**.

Council asserts that cost to provide storm water drainage services on large blocks is 49 times the cost for small blocks (see table on page 150)

This is an unsupported assertion. In fact, the cost to provide drainage services to the land west of the M1 is zero as they will never receive the services.

Revenue

Although the Council submission states the proposed charge, it does not state the total income that would be raised by the imposts.

The Wyong Annual Value Final Report, 2016, prepared for LPI for property valuations reported 1,538 properties zoned Rural and 2,115 zoned Environmental. The Gosford report recorded 971 properties zoned rural and 1,516 zoned Environmental.

Although the reports do not provide a break-up by area, it is most likely that at least 50% would have an area greater than 4.5 Ha. So, approximately 1,850 properties in Wyong and 1,200 properties in Gosford would be paying this impost

not the grossly inaccurate 530 as stated in the Wyong Regional Chronical on the 17th October. The total revenue generated would be of the order of \$16.5m.

The remaining properties would be in the 1-4.5 Ha range. The annual income from these would be approximately \$5.2m

Total income would be of the order of \$22m. This exceeds the total annual expenditure (Opex and Capex) on drainage works in the Council LGA. (see tables 3.3 and 4.2).

Council does not appear to factor this revenue into their calculations.

Effective on Bills

In its summary, Council asserts that only 400 residents in Wyong will receive an increase in drainage fees. This is clearly wrong as at least 4,000 properties will be affected by the change in the definition of the Drainage Area.. They also assert that this will be off-set by reduction in water and sewerage charges. This is wrong as most of these do not receive water and sewerage services and so there are no fees to off-set.

Cost Benefit Analysis

Council has not provided a cost benefit analysis.

Discounted Cash Flow

Council has not provided a discounted cash flow. I understand that, when setting the development fees charged by Council, iPart requires a DCF analysis. The same should apply here.

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