



Office of the Mayor
Cr Doug Eaton
Mayor of Wyong



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Our Ref: F2004/06782
D03294023
14 March 2013

Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Attn: Mr Jim Cox

Dear Sir,

SUBMISSION - IPART'S DRAFT DETERMINATION ON WATER, SEWERAGE AND STORMWATER DRAINAGE PRICES FOR WYONG SHIRE COUNCIL

A OPERATIONAL EXPENDITURE

I am informed by Council's General Manager that he cannot guarantee security of supply with your proposed 14% decrease in allowable operational expenditure.

Further, he cannot guarantee any of the following:

- Water supply availability
- Water supply health and aesthetic quality
- Sewerage supply availability
- Sewerage overflow/discharge prevention.

Obviously any of these failures pose significant risk to the health and safety of our community and in the case of sewage surcharges to our environment and public health.

The risk is totally unacceptable.

B CAPITAL EXPENDITURE

The proposed reduction means:

- 1 We cannot properly prepare in order to respond to growth. Headworks required for our State Government mandated population increases cannot be provided in a timely manner if pre-construction work is not commenced now. The future planned population can thus not be accommodated in the timeframe planned and Council cannot meet State Government requirements.
- 2 We cannot improve water security with our water supply currently at 58% and having increased by 13% over 4 months it will quite likely reach 80% within the 4 year price path.

However if the capital required for dam improvements is not available then the dam cannot fill beyond 80%.



This in turn means that the dam will have less water in it than it could have had and in a return to drought we will revert to restrictions much more quickly with a negative impact on our communities' amenity, on water sales, income to the water fund and Council's overall financial position.

- 3 We cannot improve the quality of our water supply if funds for treatment improvements are not provided. The recently completed Mardi to Mangrove pipeline has created some water treatment challenges which will become more critical to resolve as population and demand increases.

C CENTRAL COAST WATER CORPORATION (CCWC) EFFECT

- 1 The removal of the CCWC establishment and CCWC Board operational expenditures means that Council has no mechanism for funding either the establishment of the CCWC or its operation in its start-up phase.

As you would be aware Council's finances are already stretched and with the prices proposed by IPaRT in the draft determination Council will not be able to undertake the CCWC works.

Council sees no way forward for the progressing of the CCWC and this will have to be delayed for 4 years.

- 2 The result of the draft price paths is that Gosford and Wyong pricing moves further apart making establishment of the CCWC much more difficult.

If a CCWC were to be established with uniform pricing for all residential customers effectively the Wyong customers would be subsidising the Gosford customers as Wyong's charges would increase and Gosford's decrease with the equalisation process.

Politically this is impossible and bars progression of the CCWC.

D CONCLUSION

The draft pricing determination will force Council into a continuing loss making and cash deficit position which is not a financially sustainable situation for any business. Council's financial position will make it extremely difficult to source borrowings from external parties.

I urge you to review the draft determination in light of the above and also in regards to Council's formal submission. Clearly some additional capital allowance is required and some additional income is also required for Council to guarantee supply.

Yours faithfully



Cr Doug Eaton
Mayor

Attached is a list of Wyong Shire Councillors who have signed in support of this submission

Signatures of Wyong Shire Councillors supporting this submission

Name (Signature)..... 

Name (Please print)..... CR Bob Guadalupe

Name (Signature)..... 

Name (Please print)..... CR LUKE NATNA

Name (Signature)..... 

Name (Please print)..... Cr. WYNNE WEBSTER

Name (Signature)..... CR Adam Troy

Name (Please print)..... 

Name (Signature)..... 

Name (Please print)..... Cr. GAEL BEST

Name (Signature)..... 

Name (Please print)..... CR LLOYD TAYLOR

Name (Signature).....

Name (Please print).....

Name (Signature).....

Name (Please print).....

Name (Signature).....

Name (Please print).....