

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

7 July 2005

Dear Members of the Tribunal,

**RE: EnergyAustralia proposal to increase public lighting prices (70% real)**

On behalf of Council and as a member of the Street Lighting Improvement (SLI) Program, I thank you for the opportunity to make this submission contesting Energy Australia's (EA's) proposal to increase prices by 27% real + CPI + subsequent increases over the next 37 months for public lighting services.

Firstly, Bankstown City Council would like to unequivocally support the recent representations made on behalf of participating councils by the Street Lighting Improvement (SLI) Program.

Bankstown City Council is extremely concerned that while EA has staged its proposals into smaller chunks, the path laid out by EA has the same endpoint as the previous proposal with no acceptable justification.

Bankstown City Council is widely regarded as an efficiently run organisation, dedicated to the provision of effective and efficient services to its community. In order to achieve this objective, Bankstown provides works and services through a combination of its own workforce but with a strong emphasis on competitive tendering and external contracts. The broad experience in relation to external provision of services qualifies Council to say that our experience with EnergyAustralia over many years has left much to be desired.

By any measure, the inefficiencies inherent in Energy Australia's operations have impaired Council's ability to provide the level of public lighting service that our community expects. Areas where this has been most evident include the following:

1. An inadequate maintenance regime resulting in an unacceptably high level of outages and costs.

This situation has persisted for many years with elected Councillors regularly complaining with respect to substandard lighting for both vehicles and pedestrians.

2. Long delays in relation to requests for upgrading of lighting.
3. Continued use of obsolete technology (i.e. 2x20w fluorescent lighting) long after other authorities had upgraded their standards.

Accordingly, Council objects in the strongest terms to price increases that would effectively reward EA's operational inefficiency and its unsound decision to continue the use of costly obsolete technology.

Bankstown Council currently pays EnergyAustralia \$1.6m annually for the provision of street lighting. Of this amount only the energy component is contestable. The

street lighting asset related charges, or SLUOS, represents the largest component of street lighting charges. These are not only non-contestable but incorporate the inefficiencies and obsolete equipment referred to above.

### ***Bankstown Public Lighting Strategy***

In April 2003, following quite extensive investigation and research, Council developed and adopted the "*Bankstown Public Lighting Strategy*". This *Strategy* was undertaken quite separately from the SLI Program but came up with similar findings regarding poor outcomes resulting from Energy Australia's continued use of obsolete technology and unsound maintenance practices. These clearly impaired Local Government's ability to meet its public lighting responsibilities.

Examples of the *Strategy's* findings are:

- If EA abandoned their unsound practice of using assorted makes and types of lamps in 2x20W fluorescent fittings (where the weakest performing lamp determines the bulk replacement time), the bulk replacement time could be extended from 18 months to at least 25 months.
- The use of electronic photocells, instead of continued use of obsolete CS types could double the life of these and 10% reduced burning time (400 hours) annually for each lamp in the network.
- The use of advanced T5 lamps in residential streets could result in 50% longer lamp life and nearly double the amount of light without any extra power consumption.

A copy of the *Strategy* was previously submitted to IPART with Council's submission to Energy Australia's initial attempt at a price increase. Further copies can be obtained by contacting Council's Rowan Morrison on 9707 9403. The *Strategy* clearly demonstrates Council's commitment to effective and efficient provision of public lighting to the community.

Council's adoption of this *Strategy* resulted in Bankstown joining the SLI Program and being one of the first councils to participate in the current trial of improved lighting technology, namely T5 luminaires of which 100 have already been installed.

### ***Street Lighting Assets***

Councils rely on EA as the owner and operator of street lighting assets to manage those assets responsibly on behalf of the community. Appropriate asset management practices are the necessary tools to achieve and ensure cost effectiveness and sustainable financial management.

The management of public assets is a primary responsibility of government organisations. Energy Australia has not demonstrated responsible asset management of street lighting facilities in regard to:

- Life cycle costing
- Choice of assets
- Adoption of a long term and efficient approach to asset maintenance and replacement
- Levels of service to the community

Some of these issues have been addressed in the proposed NSW Public Lighting Code and it is anticipated that on its effective implementation by Energy Australia, significant improvements in asset management practices will result. However, the Code would not address the legacy of poor asset management that has resulted in highly obsolete assets being installed by Energy Australia.

Accordingly, Council would contend that any increases in the street lighting charging regime should not occur until the NSW Public Lighting Code is implemented and "bedded down", appropriate asset management practices are in place and highly obsolete assets are worked out of the system, and not at the cost of Council.

Thank you again for the opportunity to make this submission. Should any members of the tribunal wish to follow-up on any part of this submission please do not hesitate to contact Council's Rowan Morrison on 9707 9403.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R Colley', with a long, sweeping tail extending to the right.

**Richard Colley**  
**General Manager**