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Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB
NSW



2 February 2005

Dear Members of the Tribunal

Re: EnergyAustralia's proposal to increase public lighting prices.

I am writing to you on behalf of the seven NSROC Councils which collectively provide local government services to over 500,000 people living in the north of Sydney. The NSROC Councils have reviewed the proposal by EnergyAustralia to increase public lighting prices by approximately 70 per cent over the next 3 months and find the suggested increase totally unacceptable.

As I am sure you are aware, the income each Council received is largely fixed by 'rate-pegging'. As the State Government seems determined to shift more and more responsibilities and costs onto Local Government, we are now struggling to provide the services and facilities that our communities expect and deserve. An increase of the magnitude suggested by EnergyAustralia would necessitate substantial cost cutting measures to Council services which are already under severe economic pressure. A rough estimation of the additional annual cost to the NSROC councils if the full proposed increase is approved is provided below:

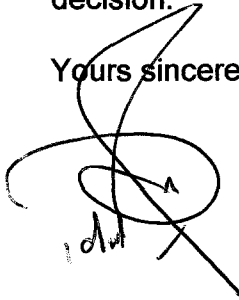
Council	Additional Cost p.a. if full EA proposal approved
Willoughby Council	\$245,000
Lane Cove Council	\$225,000
Hunters Hill Council	\$72,000
North Sydney Council	\$280,000
Ryde Council	\$700,000
Ku-ring-gai Council	\$650,000
Hornsby Council	\$700,000
Total	\$2,872,000

The proposal of Energy Australia is of particular concern because there is no other recourse for councils in the provision of this service. Six out of the seven NSROC councils are also members of the Street Lighting Improvement Program (SLIP) and as such, are also represented by that Program's submission on this matter. NSROC whole-heartedly endorses the SLIP submission and the detailed comments and calculations provided within it. In particular, I would like to emphasise the following points made in the SLIP submission:

- Councils urgently need IPART's regulatory protection, as there is simply no recourse to a contestable market for public lighting services with respect to the existing 246,000 lights owned by EA;
- EnergyAustralia's proposed price increase appears to be based on inappropriate costing and current prices already appear to exceed, by about 12%, the cost of public lighting services performed in a reasonably efficient manner;
- EnergyAustralia's proposed prices for major lighting types are greatly in excess of the costs assessed by the Victorian Essential Services Commission (ESC) during the course of its review of public lighting charges, and
- IPART approval of EnergyAustralia's proposed price increase would send a poor signal with respect to electricity sector reform.

I trust the Tribunal will consider this submission and the others from local government and the concerns of the communities they represent in coming to its decision.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Pat Reilly', written over a large, stylized circular scribble.

Pat Reilly
President
NSROC
(Mayor of Willoughby Council)