

**REVIEW OF WATER, WASTEWATER AND
STORMWATER PRICES FOR GOSFOR CITY COUNCIL
AND WYONG SHIRE COUNCIL**

**SUBMISSION BY TOTAL ENVIRONMENT CENTRE TO
THE INDEPENDENT PRICING AND
REGULATORY TRIBUNAL**

November 2005

INTRODUCTION

Total Environment Centre (TEC) welcomes the opportunity to contribute to the Independent Pricing and Regulatory Tribunal (IPART) review of water, wastewater and stormwater prices for Gosford City Council and Wyong Shire Council. TEC made a detailed submission to IPART's previous review of metropolitan water agency prices (TEC, 2004). Our comments in regard to Gosford City Council and Wyong Shire Council remain valid and we ask that the Tribunal take those comments into consideration as part of this review. This submission addresses issues raised by the Tribunal's discussion paper issued for the current review (IPART, 2005) and matters that have arisen since the previous determination.

In particular we remain opposed to desalination as an option to augment supply. We urge the tribunal not to factor costs for desalination into pricing determinations and to require the councils to develop more sustainable alternatives including recycling.

OUTSTANDING ISSUES FROM THE 2005 DETERMINATION

Future water supply

TEC notes that Gosford and Wyong Councils face a significant challenge in relation to long term demand/supply imbalance due to prolonged drought and rapid population growth.

The Tribunal's discussion paper (IPART, 2005) lists the following three options for supply augmentation:

- Extensive groundwater abstraction
- Substantial upgrade of the link with Hunter Water Corporation
- Construction of a 20ML/day desalination plant.

TEC is extremely concerned that recycling of treated effluent has not been included in these options. We see this as a serious flaw in the discussion paper and the Tribunal's considerations in this review. Increased effluent reuse offers the most sustainable approach with more efficient use of a scarce resource and reduction in discharge of effluent to receiving waters. We urge the Tribunal to immediately correct its oversight and require the Councils to commence investigation of options for increased recycling.

In our submission to the last review we were particularly concerned to note that less than 0.1% of Wyong Shire Council's effluent was recycled and that it was only planned to increase this to 0.8% by 2005 (Wyong Shire Council, 2004). This represents a lamentable performance on effluent recycling, particularly given the Council's moves toward developing the highly unsustainable option of desalination.

Of the three options listed we see upgrade of the link with Hunter Water Corporation as the least environmentally damaging option. This option should not, however, be allowed

to simply fuel unsustainable demand and ignore the need for a major shift toward recycling. Rigorous demand management options such as permanent restrictions - we note current restrictions are unlikely to be lifted for at least 10 years anyway (IPART, 2005), pricing reform and a major shift toward effluent re-use.

As detailed in our submission to the previous review TEC is strongly opposed to desalination as a supply augmentation option due to the major energy requirements and greenhouse gas emissions involved. We are also concerned about other environmental impacts including entrapment of marine organisms and disposal of brine desalination by-products. We note also that the report, prepared by Atkins/Cardno Consulting for IPART's review of metropolitan water pricing, assessed operational and capital expenditure estimates used by the Councils to support proposed price increases and concluded that figures for a desalination plant should be excluded from the Councils' cost estimates as the case for a desalination plant had not been justified (Atkins Cardno, 2005). TEC strongly concurred with this view and does not believe that any circumstance have arisen to alter this conclusion.

TEC also has serious concerns about the possible impact of extensive groundwater abstraction. We are particularly alarmed at the potential impact on stream flows and ecological communities dependent on groundwater reserves.

Demand forecasts

In previous determinations the Tribunal has taken the view that consumers should not face increased prices because of temporary restrictions. We note however that present restrictions are expected to remain in place for at least 10 years (IPART, 2005). We agree with the Tribunal's conclusion that these should be considered a fixed feature, in fact we strongly believe that in the interest of long term sustainability these restrictions should be adopted as permanent measures.

Price structures

As noted in our submission to the previous pricing review (TEC, 2004) TEC strongly believes that the inclining block tariff model and a reduction in fixed charges as adopted for Sydney Water Corporation prices should be applied to each of the other metropolitan water agencies. We were pleased to note that Wyong Council acknowledged that there is merit in investigating this approach in their submission to the previous (Wyong Shire Council, 2004) and supported the proposals by both Gosford and Wyong Councils to increase the proportion of water revenue attributable to usage charges (Gosford City Council, 2004; Wyong Shire Council, 2004).

We note from Gosford City Council's submission to this review that in September 2005 Council resolved to support an inclining block tariff structure but that logistical issues need to be addressed to allow such a structure to be introduced (Gosford City Council, 2005). We call on the Tribunal to take whatever steps are required in order to address these issues.

TEC remains convinced that both Councils should move to an inclining block tariff structure with reduction in fixed charges as important demand management measures. We urge the Tribunal to adopt a bold approach and institute this essential reform.

REFERENCES

Atkins in association with Cardno (2005) “IPART Capex, Asset Management and Opex Review Overview Report Final”, IPART.

Gosford City Council (2004) “Submission to Independent Pricing and Regulatory Tribunal Proposal for Water, Wastewater and Stormwater Prices for Period 2006/2007 to 2008/2009”, GCC.

Independent Pricing and Regulatory Tribunal (2005) “Review of Water, Wastewater and Stormwater Prices for Gosford City Council and Wyong Shire Council - Issues Paper”, IPART.

Total Environment Centre (2004) “Review Of Metropolitan Water Agency Prices- Submission by Total Environment Centre to the Independent Pricing And Regulatory Tribunal”, TEC.

Wyong Shire Council (2004) “Submission to Independent Pricing and Regulatory Tribunal. Proposed Price Path from July 1 2005”, WSC.