

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

REVIEW OF MAXIMUM PRICES FOR CENTRAL COAST COUNCIL'S
WATER, SEWERAGE AND RELATED SERVICES

Tribunal Members

Dr Peter Boxall AO, Chairman
Mr Ed Willett and Ms Deborah Cope, Members

Members of the Secretariat

Mr Hugo Harmstorf, Mr Matthew Edgerton, Mr Anthony Rush,
Ms Elina Gilbourd, Ms Nadja Daellenbach

At

Mingara Recreation Club, Mingara Drive,
Tumbi Umbi NSW

On Tuesday, 27 November 2018, at 10.00am

1 OPENING REMARKS

2
3 THE CHAIRMAN: Welcome, everybody. Let's get started.
4 Good morning, and thank you all for attending this morning
5 at the public forum.

6
7 I would like to begin by acknowledging the traditional
8 owners of the land on which we meet today and pay my
9 respects to elders past and present.

10
11 Welcome to this public hearing. We are conducting
12 this review to determine the maximum prices that the
13 Central Coast Council can charge for water, sewerage and
14 stormwater services from 1 July 2019.

15
16 This review will also determine maximum prices for the
17 council's trade waste and miscellaneous services, the price
18 for bulk water transfers between the council and Hunter
19 Water, and consider the services that the council supplies
20 to Water Industry Compensation Act - or WICA - licensees.

21
22 My name is Peter Boxall and I am the Chair of IPART.
23 I am joined today by my fellow tribunal members, Ed Willett
24 and Deborah Cope. Assisting the tribunal are IPART
25 secretariat members Hugo Harmstorf, who is IPART's chief
26 executive officer, Matt Edgerton, Anthony Rush and
27 Elina Gilbourd.

28
29 In general terms, our price review is seeking to
30 determine what the council's efficient costs of providing
31 water, sewerage and stormwater services are, and how these
32 costs should be recovered through prices. We seek your
33 views on those questions.

34
35 I would like to thank everyone who made a written
36 submission in response to our issues paper, which we
37 released in June, and the council's pricing proposal, which
38 we received in September.

39
40 Our issues paper set out the key issues for the
41 review, provided our preliminary views on some of these
42 issues, and raised questions that we are seeking to answer.

43
44 The council submitted a proposal to IPART in September
45 which outlined its proposed revenue needs and prices. The
46 council's pricing proposal, our issues paper and
47 submissions to our issues paper are available to the public

1 on our website.

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7

We also released a fact sheet on our website on 13 November 2018, outlining our early views on some of the council's key proposals. Copies are available at the registration desk outside.

8 This public hearing is a very important part of our
9 consultation process for this review. As well as the views
10 given in written submissions, we will consider the views
11 you provide today when we decide on the council's prices.
12

13 After this public hearing, our next step is to release
14 a draft determination and draft report for public comment
15 in early April next year. People will then have around
16 three weeks to make further written submissions in response
17 to the draft determination and report before we make our
18 final decision on the council's prices.
19

20 In late May next year, we will release a final report
21 and determination which will set out the maximum prices to
22 apply from 1 July 2019.
23

24 Before we start today, I have a few words about the
25 process for this public hearing. You will see from the
26 agenda that we propose to divide the day into four
27 sessions. Within each session, we would like to discuss
28 several topics. We cannot cover all of the issues in our
29 issues paper in detail, but we have identified some key
30 issues to discuss. There will be time at the end to raise
31 any other issues which we have not covered.
32

33 In the first session, we will discuss the council's
34 proposed prices for water, sewerage and stormwater
35 services.
36

37 In the second session, we will discuss the council's
38 actual and forecast expenditure to deliver water and
39 sewerage services, including operating and capital costs
40 and service levels.
41

42 We will then have a short lunch break and, in the
43 third session, we will discuss how long to set prices for
44 and whether we should allow the council to enter
45 unregulated agreements with any of its customers.
46

47 In the fourth and final session, we will discuss

1 prices for other services, including for bulk water
2 transfers from the council to Hunter Water and vice versa,
3 plus services to WICA utilities and for trade waste and
4 miscellaneous services.

5
6 This final session is also an opportunity for us to
7 hear your views on any other issues you wish to raise that
8 are relevant to the review of the Central Coast Council's
9 water, sewerage and stormwater prices.

10
11 A member of IPART's secretariat will introduce each
12 session and then I will invite participants at the table to
13 comment on the topics. I ask that you limit your opening
14 comments. If time allows there may be an opportunity for
15 further comment.

16
17 Following discussion around the table, I will invite
18 questions or comments from the audience.

19
20 Also today's hearing will be recorded by our
21 transcriber. To assist the transcriber, I ask that each
22 time you comment or speak, you first please identify
23 yourself and if you are representing an organisation, your
24 organisation. I also ask that you speak clearly and loud
25 enough for us all to hear. A copy of the transcript will
26 be made available on our website.

27
28 First, I would like to ask the council representatives
29 to state their names and positions for the record and then
30 make a short presentation. Bileen?

31
32 Central Coast Council's pricing proposal

33
34 MS NEL: Good morning, tribunal members of IPART, members
35 of Central Coast Council and other representatives, and
36 good morning, ladies and gentlemen.

37
38 My name is Bileen Nel and I am the director for water
39 and sewerage. We have a very brief presentation just
40 outlining what we have proposed in our submission that was
41 referenced earlier this morning that we submitted to IPART
42 in September.

43
44 Just to share with you the extent of the Central Coast
45 Council region, this is the first IPART submission as
46 Central Coast Council. Central Coast Council is an
47 amalgamation of two former councils, being the Gosford City

1 Council and the Wyong Shire Council. So this is the first
2 submission, and we have submitted a single submission as
3 Central Coast Council.
4

5 In the state plan of 2036 - the regional plan of
6 2036 - they have provided some graphics of what they
7 believe the demographics of the Central Coast Council will
8 look like in the year 2036. This slide is taken from the
9 extract of the regional plan 2036, which is available on
10 our website.
11

12 It is interesting to note that they are predicting
13 75,500 more people by 2036 with the whole requirement of
14 housing that, of course, impacts what we will do with our
15 water, sewerage and stormwater drainage services going
16 forward to 2036.
17

18 At present, the water and sewer business provides
19 water and sewerage services to approximately 340,000 people
20 on the coast. It is the thirteenth largest water business
21 in Australia and the fourth largest regional water business
22 in Australia.
23

24 We have a very interconnected system. Even in the
25 former two councils, the water system was very connected
26 and it was serviced by a joint water board. When we
27 amalgamated and became Central Coast Council, the water
28 supply remained basically the same as what we had.
29

30 We have a lot of interconnections throughout our
31 networks, and we are able to provide water from various
32 points to various points, so it is really a regional scheme
33 that we have, and we have a connection to the Hunter. Our
34 sewerage systems are catchment based throughout the region.
35 We also own and operate three dams. We have eight
36 treatment plants, 2,400 kilometres of water mains,
37 approximately 2,400 kilometres of sewerage mains, so it is
38 a large network with about 15 reservoirs.
39

40 Recently this year in May, the council adopted the
41 first Central Coast Community Strategic Plan, and the focus
42 of that strategic plan is "One-Central Coast". In the
43 spirit of our community strategic plan we have also adopted
44 a One-Central Coast water, sewerage and drainage services
45 pricing that we have proposed to the tribunal.
46

47 Our overall aim is to provide customers with

1 consistent services for water, sewerage and stormwater
2 drainage across the coast. We did a community engagement
3 session. We had quite a number of submissions, and the
4 outcome of that community engagement is available on our
5 One Coast website. Overwhelmingly, the survey showed that
6 most customers wanted water, 74 per cent; sewerage, 73 per
7 cent; and 65 per cent wanted stormwater drainage services
8 to be common across the Central Coast. The customers said
9 that reliability of services and value for money were the
10 most important things that they wanted us to consider in
11 our submission.
12

13 We have also responded to the feedback that we got
14 from many of our customers. We are proposing to align
15 prices. We are proposing key operation strategies and
16 capital works programs to meet the demands of our
17 customers, and we are also reducing the typical cost of the
18 average residential bill. That is what we are proposing in
19 our submission.
20

21 We are also proposing that we enter into a four-year
22 price determination path - that means that the prices that
23 are set in May next year will be for four years - and that
24 IPART limit the increases in the bills to be determined by
25 the rate of inflation only. We are not proposing, through
26 the four-year period, that bills will go up. They will
27 only be increased by the rate of inflation. We are also
28 proposing that retirement villages remain classified as
29 non-residential customers.
30

31 In our proposal for water and sewerage prices, most
32 residential customers will see a total reduction in their
33 bills. Non-residential customers will be affected in
34 varying degrees, depending on the type of non-residential
35 customer that they are.
36

37 Additional water and sewer capital works we are
38 proposing in this price path include the Mardi to
39 Warnervale pipeline. This is primarily to service the
40 northern area of the former Wyong shire, because that is
41 one of the areas that is in the growth corridors and it is
42 expected to have one of the highest growth rates in the
43 region.
44

45 We are proposing an increase in our water main
46 renewals and sewerage main renewals and also some
47 improvements to our sewerage pump stations to reflect the

1 service delivery that the community has asked us to
2 deliver.

3
4 I will now hand over to Jay Spare, who can introduce
5 himself.

6
7 MR SPARE: Thank you, Bileen. My name is Jay Spare, I am
8 the acting director roads, transport, drainage and waste,
9 and I will be talking to the stormwater drainage component
10 of the proposal.

11
12 Council's proposal on stormwater drainage listened to
13 the community. The main driver was to see consistency
14 across the region, with a drainage that meant alignment of
15 the pricing framework.

16
17 In the former Wyong Shire Council area, the
18 non-residential customers were charged based on the size of
19 their meter - up to a total of \$12,800, I believe was the
20 top charge - whereas, in the former Gosford Council area,
21 it was a flat rate for all, so there was an alignment piece
22 there. It was about aligning those charges.

23
24 In the residential space, there was only about \$4
25 difference between the charges north and south. There were
26 very similar service levels, but there was a real need to
27 look at that non-residential space.

28
29 Aligning the way we categorise the different
30 properties for the charges has been done by leveraging the
31 existing rate classifications and looking at properties as
32 either non-residential, residential or farmland.

33
34 The other piece that is separate, I guess, to the
35 IPART process is consistency for drainage meant alignment
36 of the drainage areas. The picture you see there shows the
37 former Gosford and Wyong drainage areas, and there is a
38 noticeable difference.

39
40 Part of the proposal has been to commence the
41 proceedings to align those. Our proposal has been put
42 forward on the basis that we will see that in the future.
43 I make it clear that that process is subject to another
44 approval process separate to this current IPART submission.

45
46 The key changes, as proposed as part of our proposal,
47 is that all rateable properties pay for stormwater

1 drainage. The impact of that is based on this drainage
2 area. If we go down the path of setting an entire drainage
3 area for the whole LGA declared, this portion here that
4 does not currently receive a charge will start to receive a
5 new stormwater charge. That would not come into effect
6 until that drainage area is declared, and that is subject
7 to an approval process through the minister.
8

9 The other key changes are that non-residential
10 properties are charged based on their land size. This is
11 considered to be more cost reflective of the stormwater
12 drainage service. It is in alignment with our industry
13 partners in Sydney and Hunter in the way they have
14 approached it.
15

16 The other change is the introduction of a low-impact
17 rate for non-res which would apply to those properties that
18 have a reduced impact on the stormwater drainage network.
19 Our investigations indicate that farmland properties, which
20 is the current rates classification, will be classed as low
21 impact, and we are looking at measures to try and
22 pre-qualify farming properties as low impact. What that
23 means is that the low-impact rate is equivalent to the flat
24 standard residential rate of \$110 per year, which is the
25 minimum amount.
26

27 The pictures you will see there are a bit of an
28 example of the type of assets that are involved in
29 stormwater. There is a bit of a misconception about kerb
30 and gutter, which that is definitely not charged as part of
31 the stormwater; that comes out of the general rates. The
32 sorts of things that are box culverts, head walls, pipes,
33 stormwater pits, grease pollutant traps, open drains, and
34 we also have these sorts of roadside drains which are
35 prevalent right throughout our LGA.
36

37 What does our proposal mean for stormwater drainage?
38 It is a reduction in price for all existing residential
39 properties. It is a reduction in price for most
40 non-residential properties as well. We have a low impact
41 rate that we will apply to farmland properties.
42

43 There is an increase - we have to recognise there will
44 be an increase - for some large non-residential
45 properties, and that is about 400 properties across the
46 LGA. So with about 140,000 and we are talking about 4,000
47 that will see an increase. There will be a significant

1 decrease for a small proportion in the former Wyong area as
2 well. They are currently charged up to \$12,000 based on
3 their water meter. They will be charged under the new
4 land-based pricing framework.

5

6 Just to clarify, there is a proposal for a new charge
7 for properties west of the M1 which would only come into
8 effect subject to the declaration of a new LGA-wide
9 drainage area. Thank you.

10

11 THE CHAIRMAN: Thank you very much, Bileen and Jay.

12

13 Now we will have a short introduction to this session
14 for the proposed water, sewerage and stormwater prices from
15 Anthony Rush from the secretariat and then we will open
16 questions and comments.

17

18 SESSION 1: Water, sewerage and stormwater pricing

19

20 MR RUSH: Thank you, Dr Boxall, and thank you to all
21 stakeholders for your engagement in today's public hearing.

22

23 My name is Anthony Rush and today I will present a
24 short background for this review and IPART's role in
25 setting water prices for Central Coast Council before
26 commenting on IPART's preliminary views on the council's
27 proposed water, sewerage and stormwater services.

28

29 This slide provides an overview of the process we go
30 through to determine prices. First, in September 2018,
31 Central Coast Council submitted its proposed revenue needs
32 for the next five years and its proposed prices for water,
33 sewerage and stormwater and other related services.

34

35 Second, IPART then determines the maximum prices the
36 council can charge by reviewing and analysing the council's
37 proposal. We then consider a fair price structure to
38 recover these costs from different customer groups starting
39 with the principles of cost recovery and user pays.

40

41 Third, the council then charges customers up to
42 IPART's maximum prices from 1 July 2019.

43

44 Previously, IPART set prices for the former Wyong and
45 Gosford councils separately. This is the first time that
46 we are setting prices for Central Coast Council in its
47 amalgamated form.

1
2 To be clear, the council's water service functions are
3 separate from its other services and regular council rates
4 collected. In this review we are only setting the maximum
5 prices that council can charge for the water services that
6 it supplies as a water supply authority. Today's
7 discussion is just about water, sewerage and stormwater.
8

9 At the start of each session today, we will present:

10
11 Firstly, the key points of the council's proposal;
12 Secondly the key points made in the stakeholder
13 submissions to our issues paper which we released earlier
14 in the year;
15 IPART's preliminary view, where we have one; and
16 Some questions to start the discussion.
17

18 In terms of the council's proposal for prices, the
19 three key points are:

20
21 Firstly, it is proposed to set the same prices across
22 the former Wyong and Gosford council areas;

23 Secondly, for water and sewerage service prices, the
24 council has proposed that all residential customers would
25 pay the same service charge for each dwelling - that is,
26 that houses and apartments would pay the same service
27 price - and that non-residential customers would pay
28 service prices based on their actual meter size. This
29 includes retirement villages, and I will discuss this in
30 more detail in some other slides; and,

31 Third, the council's final key proposal is introducing
32 area-based stormwater charges for non-residential
33 customers.
34

35 On this slide, we have summarised the council's
36 proposed water and sewerage prices. I will discuss
37 stormwater prices in a couple of slides.
38

39 On the left-hand side, we have water prices and, on
40 the right-hand side, we have sewerage prices. Firstly,
41 looking at water prices, the council is proposing a water
42 usage charge of \$2.20 per kilolitre and a residential
43 service charge of around \$110 per year. We have also
44 included the non-residential service price for a
45 20 millimetre meter, and this price would increase
46 proportionately for non-residential customers with larger
47 meters. In the table below, you can also see that we have

1 shown the percentage change from current prices.
2

3 For water services, the council proposes to reduce all
4 prices, including the usage price per kilolitre, and the
5 annual fixed service prices. However, the story is mixed
6 for sewerage prices. Sewerage prices in the former Wyong
7 area would increase by 11 per cent for residential
8 customers and by substantially more for non-residential
9 customers.

10
11 This slide shows our preliminary views on some of the
12 council's proposals for water and sewerage. Firstly, on
13 the council's proposal to harmonise prices across Gosford
14 and Wyong customers, for water prices our preliminary view
15 is to support the council's proposal because the water
16 system is integrated across the Central Coast Council area,
17 so the water costs should be shared equally.
18

19 We are not convinced about harmonising sewerage prices
20 because the sewerage system is separated into catchments,
21 and the cost may differ for different customers in
22 different areas. In addition, harmonising costs
23 immediately would result in some very significant price
24 increases for some customers in the Wyong area.
25

26 Secondly, on the council's proposal to maintain the
27 same price for houses and apartments, we did not receive
28 many comments on this issue in submissions, but those we
29 received were mixed. This is an issue we are investigating
30 further and we would be keen to hear your thoughts on this.
31

32 Thirdly, sewerage charges include a "deemed amount",
33 which reflects an estimate of the average amount of
34 sewerage a residential customer discharges into the system.
35 The council has proposed reducing this amount by about
36 25 per cent and our preliminary view is that lowering this
37 deemed amount is reasonable and more reflective of average
38 usage patterns.
39

40 The council has also proposed to continue charging
41 retirement villages as non-residential customers. This
42 means that retirement village operators would tend to pay
43 lower service prices on a per-dwelling basis than
44 residential customers such as houses and apartments.
45

46 Stakeholder submissions were mixed with retirement
47 village operators generally preferring the council's

1 proposal, in part because residents of retirement villages
2 are not eligible for pensioner rebates. Other submissions
3 noted that this approach is not consistent with residential
4 properties and could result in cross-subsidies if
5 retirement villages were paying a lower price.
6

7 We have not reached a preliminary view on this issue
8 yet, but we are considering how to balance these issues.
9

10 On to the big one. On stormwater prices, this slide
11 shows the council's proposed stormwater prices in the blue
12 box on the left. For non-residential properties, the
13 council's proposed prices are based on land area, with a
14 low-impact rate available upon application.
15

16 There are two prices for residential properties, one
17 for houses and a slightly lower charge for apartments. For
18 properties west of the M1 in the former Wyong area, the
19 council has proposed that these prices would only be
20 charged if this area is declared a drainage area by the
21 minister.
22

23 IPART has received loud and clear feedback from
24 stakeholders on the council's proposed non-residential
25 prices. Stakeholders are strongly opposed to applying
26 stormwater-based prices to farmland properties on the basis
27 that this would be unfair and unjustified as it would not
28 be proportionate to the services or infrastructure
29 provided, and unaffordable.
30

31 Our preliminary view is that for non-residential rural
32 properties and farmland properties, area-based charges are
33 not appropriate, but a low-impact rate as a default might
34 be appropriate. A low-impact rate might be appropriate to
35 the extent that all residents benefit from stormwater
36 facilities available in the council area and it would also
37 ensure rural, residential and farmland properties are
38 treated consistently.
39

40 For non-residential properties in urban areas,
41 area-based charging might be appropriate, but we are
42 looking at the methods for calculating this rate and
43 whether this change needs to be implemented over a number
44 of years.
45

46 For this session we are interested in your views on
47 the council's proposed water, sewerage and stormwater

1 prices --

2

3 MR O'ROURKE: Excuse me. Excuse me, Dr Boxall.

4

5 THE CHAIRMAN: You will get an opportunity to ask a
6 question.

7

8 MR O'ROURKE: I appreciate that, but you skipped over
9 several of the points in the submission. My name is
10 Warwick O'Rourke, by the way.

11

12 THE CHAIRMAN: Yes, thanks, Warwick. You will be the
13 first person from the audience I'll call; okay?

14

15 MR RUSH: I would point out that I have summarised
16 stakeholder submissions.

17

18 On this slide, we have a few questions where we are
19 particularly interested in what you have to say, but we are
20 happy to hear from all members of the audience on any
21 issues related to the council's proposed water, sewerage
22 and stormwater prices. Thank you

23

24 THE CHAIRMAN: Thank you very much, Anthony. Council
25 would you like to make any comment at this stage or not?

26

27 MS NEL: No.

28

29 THE CHAIRMAN: Down to the other end, Lorraine, Tim or
30 Thea? Yes, Lorraine?

31

32 MS WILSON: Good morning, and I thank you, Peter, for the
33 ability to be able to speak this morning. My name is
34 Lorraine Wilson. I am the chairman of Central Coast
35 Plateau Chamber of Commerce and I represent the members of
36 that chamber.

37

38 First of all, I would like to congratulate Central
39 Coast Council. The scope and magnitude of the submission
40 you were asked to prepare was indeed huge, and I understand
41 the need to create parity across the previous two local
42 government areas.

43

44 My specific interest is the Central Coast Council
45 Plateau, which is that area west of the M1, arguably one of
46 the largest parts of the Central Coast. We do not have
47 water and sewerage services. We provide our own. We

1 collect our own water and we determine what happens with
2 our own sewerage, even though we pay sewerage licence fees
3 to council every year.
4

5 It is a real concern that the Central Coast Plateau is
6 not recognised more clearly as a major agricultural
7 production area of the Central Coast, in that, until this
8 morning, I actually had not heard of that area being
9 classified as farmland. I thought we were grouped in the
10 letter that we received - at a very late stage, I have to
11 say - as just a meterage area. We were not classed as
12 rural or farmland. This morning it is becoming a little
13 clearer that you are designating rural and agricultural
14 land as a specific area of interest, and perhaps not
15 applicable into that very large figure that a lot of the
16 people here this morning are concerned about.
17

18 Can I just go to the point of transparency. The
19 letter that I received was dated 8 October. It arrived in
20 my mailbox on around the 9th, which was incredible
21 considering our postal service at the moment. However, the
22 submission had to be in by the 12th. I was fortunate that
23 I was given a warning as was the Chamber of Commerce given
24 a warning a week prior, so we had time to get submissions
25 in. Then, at the time, IPART agreed to an extension of
26 time, and I thank them for doing that.
27

28 The transparency of the consultation process was
29 almost nil. The only reason I knew about it was because
30 someone had seen a small notice in a shop at Yarramalong.
31 That was the only reason I knew about it and could be a
32 little forewarned.
33

34 Can I move along. I am thinking at this stage, after
35 what I have heard this morning, that you are now aware that
36 agriculture is a major production zone on the Central Coast
37 Plateau, and this will be recognised.
38

39 My concern now is that the assessment process for
40 low-impact status will require a 20-page document to be
41 filled in for us to access that low-impact status. I would
42 put to council that you look at a simple mobile phone
43 Google Earth search to assess whether people would be able
44 to access that status. Farmers, at the moment, are
45 strapped - absolutely strapped - with regard to
46 profitability and with time, being time poor.
47

1 We have just lost another crop of oranges. I do not
2 need a 20-page document to fill in to say that I can have a
3 low-impact status. Please take that on board. I am not
4 whingeing and I am not crying poor. We are farmers. We
5 understand that these things happen, but we do not need
6 that extra impost.

7
8 In closing, please consider that the area west of the
9 M1 is a major income-producing area of the Central Coast.
10 It produces \$200 million plus a year of
11 food, and it is really important that that food production
12 area remain close to the major city of Sydney. Thank you.

13
14 THE CHAIRMAN: Thank you, Lorraine. Tim?

15
16 MR KEMP: Thank you very much. I thank you for the
17 opportunity as well. My name is Tim Kemp. I am the chair
18 of the NSW Farmers Central Coast Horticultural Branch.
19 I represent our members and farming more generally on the
20 mountain.

21
22 I am going to be really brief. I will reiterate a
23 couple of points Lorraine has made. The consultation for
24 this was, to my knowledge, virtually non-existent for
25 farmers up on the mountain. We also received that letter
26 that was dated the 8th, and we received it on the 9th,
27 which surprised me as well. The submissions at that time
28 closed on the 12th.

29
30 I too had a week's forewarning, so we managed to get
31 the submission in, and also we appreciate the extension of
32 time to the 19th. So we did get our submission in.
33 However, being unaware of it put us on the back foot from
34 the beginning. It made things extremely difficult to
35 canvass the views of our members. As such, the submission
36 came largely from views of our executive.

37
38 I would also like to say that getting charged \$5,500
39 per rateable property is the case for most people. There
40 are certain people who pay two lots of rates. So you are
41 looking at an \$11,000 charge per year for a service that is
42 non-existent. There is nothing done on the mountain for
43 stormwater.

44
45 As Lorraine said, our sewerage is something that we
46 look after ourselves. We pay a licence fee for that. Yet,
47 as far as the stormwater goes, it is absolutely the

1 landholder's responsibility to look after that, and it
2 comes down to good farming practice. Stormwater is what
3 farmers use to grow crops. They store it in dams. If it
4 is not stored in dams, it is directed in a fashion that
5 does not cause erosion and does not cause impact to their
6 neighbours.

7
8 This is a cost that farmers themselves bear and it is
9 something that council does not have a part in at all. If
10 anything, the council does have part in any DA application,
11 and stormwater is a major part of that as well, but that is
12 also covered by the cost to the applicant.

13
14 Also briefly, I would like to reiterate the point that
15 was made about the charge for low impact. We would be
16 extremely concerned if this was an onerous process to go
17 through to get this low-impact status.

18
19 You probably saw me run in at about 10 o'clock this
20 morning. That is because rain is on its way and I had to
21 get stuff done. We are right in the middle of one of our
22 busiest seasons of the year right now. Unfortunately for a
23 lot of us, it has been one of the worst we can ever
24 remember, so time is critical at the moment. Every hour
25 matters, and to have to put time in every year to try and
26 get a low-impact rate would be onerous to every farmer in
27 this room and every farmer on the mountain.

28
29 With this low-impact rate, it is absolutely unclear as
30 to how it will be applied. We would like clarity on that,
31 and we would like simplicity on that. They are the two
32 things we ask for. In closing, thank you for giving us the
33 opportunity.

34
35 THE CHAIRMAN: You are welcome. Thank you very much, Tim,
36 Thea?

37
38 MS BRAY: I am Thea Bray from the Public Interest Advocacy
39 Centre. My organisation represents all of New South Wales
40 household consumers of energy and water products, with a
41 particular emphasis on representing low income and
42 vulnerable households.

43
44 First of all, I just wanted to say that I am happy to
45 see that council is trying to implement the community's
46 wishes to have consistent pricing. Regarding water, we are
47 supportive of having a higher proportion of the water bill

1 being based on usage rather than fixed prices. This helps
2 households to manage their bill size, but hand in hand with
3 this there should be some education around water
4 conservation. Some households are impacted by this
5 more than others, particularly household who are on low
6 income and have large families, who have less ability to
7 reduce their water usage, and also renters who are
8 ineligible for a rebate.

9
10 Regarding sewerage, we support having a discharge
11 factor based on water usage rather than having it being
12 discharged. Again it helps people deal with the size of
13 their bills, and for stormwater, we support having
14 different prices for houses and apartments. Apartments
15 tend to have a lower impact on the system. Thank you very
16 much.

17
18 THE CHAIRMAN: Thank you very much, Thea. Okay, Warwick?
19 We have a roving microphone here.

20
21 MR O'ROURKE: Can I come up there? I've got papers,
22 that's fine.

23
24 THE CHAIRMAN: Sure.

25
26 MR O'ROURKE: Thank you, Dr Boxall. I appreciate you have
27 my written submission. As there are so many people here,
28 I will keep this as brief as I can.

29
30 THE CHAIRMAN: Thank you. Can you just introduce
31 yourself.

32
33 MR O'ROURKE: Yes, I will do that.

34
35 THE CHAIRMAN: Thank you.

36
37 MR O'ROURKE: My name is Warwick O'Rourke. I live in the
38 Yarramalong Valley. I have been in the valley for a mere
39 30 years, so I am a relative newcomer. I have been
40 involved with the Central Coast since the early 1970s when
41 my law firm was appointed to do the legal work for the
42 former Wyong Shire Council, and I continued that until
43 I retired - when I saw the light - in 2004.

44
45 I am particularly concerned this morning with the
46 proposal for a drainage service charge. I believe that
47 most of the people in this room are probably here for the

1 same reason.

2

3 MEMBERS OF THE AUDIENCE: Hear, hear.

4

5 MR O'ROURKE: The area west of the motorway, as we have
6 heard, is not currently part of the drainage area. The
7 council acknowledges that, and the council acknowledges
8 that unless it is included in the drainage area, their
9 proposal to charge those of us west of the freeway a
10 drainage service charge cannot get to first base.

11

12 Secondly, the council has to classify the land to
13 impose this charge under the Water Management Act. The
14 council has arbitrarily classified us into residential and
15 non-residential.

16

17 AUDIENCE MEMBER: And farmland.

18

19 AUDIENCE MEMBERS: No, no.

20

21 MR O'ROURKE: I do not see anything in the council paper
22 that says "farmland". This document here that I took off
23 the council website price submission summary, I don't
24 believe it refers to farmland anywhere. It refers to low
25 impact in the non-residential property section. Contrary
26 to what the council says, and I will stand corrected if
27 they want to read it again, there is nothing in here about
28 farmland.

29

30 Farmland is a form of rate which is very difficult to
31 obtain. I used to have the farmland rate when I grew
32 hydroponic lettuces, had a property running as a lavender
33 farm and had cows and horses. Now I am only down to cows
34 and horses. It is very bucolic, it looks like farmland, it
35 looks rural, but guess what I am rated as?

36

37 MEMBERS OF THE AUDIENCE: Residential.

38

39 MR O'ROURKE: Residential. Dr Boxall and members of the
40 tribunal, that is equivalent to \$6,000 a year on my
41 property.

42

43 The council has made this arbitrary selection of the
44 classifications as residential and non-residential. I fall
45 into residential, because that is what my rate is. On the
46 face of it, I will be up for \$110 a year. However,
47 non-residential - sorry, before I go on to the

1 non-residential, can I say that the Act requires under the
2 regulations - and you would be more familiar with this than
3 I am - that it has it be classified by:

4
5 ... the purpose for which the land is being
6 used or the intensity with which the land
7 is being used for a purpose, or the
8 purposes for which the land is capable of
9 being used, the nature and extent of any
10 drainage systems connected to or available
11 for connection to the land
12

13 Just to say land is residential or non-residential does not
14 take account of any of those requirements for
15 classification.
16

17 If you looked at my property, and many other
18 properties - sure, we have a house there and we live on it.
19 I have 67 acres; there are people out there with 200
20 acres - you would say, "That's a farm." It may not be
21 rateable as a farm, but that is a farm. That probably in
22 my case, under the Act and the regulations, is the purpose
23 for which the land is being used. It is certainly the case
24 of some of my neighbours who have 200 or more acres running
25 significant herds of cattle - definitely - but the council
26 has adopted this very simplistic classification which
27 simply does not accord with the law.
28

29 Then there is non-residential, and they have adopted
30 their low impact for sizes of property. Again, that does
31 not reflect what the regulations require. The simple fact
32 is a small property may be used intensively - and that is
33 one of the categories of classification - a very large
34 property may be barely used at all. If you have 100 acres
35 and you are running 20 cows on it, that is not very
36 intense. No part of the council classification system
37 really accords with the law.
38

39 Can I say this in terms of one of the classifications
40 with regard to the nature and extent of any drainage
41 systems connected to or available for connection to the
42 land, on my property, the northern boundary of it is Wyong
43 Creek. That frontage is roughly about a kilometre long.
44 I do not consider that Wyong Creek is a drainage system.
45 It is certainly not one provided by the council. It
46 predates European settlement, and the same applies to the
47 Dooralong Valley with Jilliby Jilliby Creek.

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Then we get to the council's view that they can levy us a service charge. Again, they do not take account of what the regulation says. The regulation, to keep it short, requires that there be available a service to the property before they can make the charge. There are two components. There is the ability to charge on the availability of a service or on the basis of the usage of a service. Both require the availability of the service. One is called the access component and the other one is called the usage component. There cannot be any usage without availability of a service.

There is no definition of "drainage service" in the Act and regulations. Drainage work is defined, and it talks about reticulated systems of work including pipes, sluice gates, valves, metering equipment. As I said, my property is bounded by Wyong Creek. As far as I am aware, the only works on Wyong Creek between my property - leaving aside bridges across it - are the pumping station at Mardi, which is for the Central Coast water supply. That is where they take the water out and pump it back from Mardi Dam to Mangrove Dam.

Downstream of that, beyond what they call the old milk factory, Dr Boxall, there is a weir. The purpose of the weir, as I understand it, is to separate the brackish water from Tuggerah Lakes from the fresh water upstream so that they get a good water supply for the Central Coast. We will not get involved in returning treated mine water. That is for another forum.

Neither of those works, in my view, are for drainage purposes. They are both works for water supply purposes. So there is no drainage in the relevant sense in the Yarramalong Valley. Whilst I am not as familiar with the Dooralong Valley, I don't believe there is any drainage service there.

THE CHAIRMAN: Okay, Warwick --

MR O'ROURKE: Yes, I am just about finished. The whole of the council proposal seems to totally ignore what the legislation says and the community is pretty upset about all this, as you can gather.

This is a community which has spent 20, 30 years

1 fighting the Kores coalmine on the Central Coast. It has
2 recently taken action in the Land and Environment Court to
3 challenge the consent, and I am quite sure the community
4 will take action, if necessary, to challenge what the
5 council is proposing here unless they bring it into line
6 with the law.

7
8 MEMBERS OF THE AUDIENCE: Hear, hear.

9
10 MR O'ROURKE: My question before was related to a slide
11 put up by your colleague, which had a summary of
12 submissions. One of the summaries was "not legal". My
13 question there was going to be: can we have a comment on
14 what IPART thinks about the "not legal" submissions?

15
16 THE CHAIRMAN: That's why we are here to get your input
17 and the input of others and we --

18
19 MEMBERS OF THE AUDIENCE: No, no.

20
21 THE CHAIRMAN: And we will review that. We have not given
22 a preliminary position on the legal yet.

23
24 MR O'ROURKE: No.

25
26 THE CHAIRMAN: We will deal with that, and that will be in
27 the draft report and you will get a chance to comment on it
28 then.

29
30 I must say, Warwick, you hit the right buttons, I own
31 cattle and I do relief milking. Next please. Thank you,
32 very much, Warwick.

33
34 MR O'ROURKE: Thank you, Dr Boxall.

35
36 MR SPRUCE: Good morning. Everybody a lot of what I was
37 going to say here this morning has been said.

38
39 THE CHAIRMAN: Sorry, can you introduce yourself, please?

40
41 MR SPRUCE: My name is Ian Spruce. I am from the
42 Dooralong Valley, where I run a small business. My wife
43 and I live in a house, on which I paid for the guttering
44 system which catches the rain that comes out of the sky.
45 I paid for the pipes that made that water go down into my
46 tanks, which I bought. I bought a pump to pump water back
47 up into my house and other places. When it rains, the

1 water ends up in a billabong - a natural billabong, it is
2 not a dam that was built - and we do not take any water
3 from that billabong.
4

5 In fact, in the 18.5 years we have been in the
6 Dooralong Valley, we have never had to buy water. The
7 reason is because we took responsibility. One of the first
8 things I did when I bought the place was put in more tanks.
9 Now, you want us to pay for the bloody water that comes out
10 of the sky as well and the drainage of it into the system.
11 I don't think so. .
12

13 MEMBERS OF THE AUDIENCE: Hear, hear.
14

15 THE CHAIRMAN: Thank you, Ian. The lady here in the
16 front?
17

18 MS HUNT: Thank you. My name is Wilhelmina Hunt. I have
19 a farm at Somersby. I grow pecans.
20

21 We have dams. We collect our water. We don't have
22 any storm water drainage. My main worry is if you are
23 going to bring in this low-impact system, what criteria are
24 you using to judge whether or not my property, or anybody
25 else's here, is considered to be low impact? No-one has
26 made any statement. I have just heard about this low
27 impact affecting me personally. I would like to know what
28 it is and what the criteria is, on whose desk this impact
29 study will arrive, and how long it will take before we find
30 out whether or not we are accepted.
31

32 THE CHAIRMAN: Thank you, Wilhelmina. Yes, just at the
33 back?
34

35 MR DAVIES: Thank you, Mr Chairman. My name is Brian
36 Davies. I concur with what has been said, and I liken
37 what has happened in council to what has happened in the
38 banking Royal Commission, with regard to the fee for no
39 service.
40

41 MEMBERS OF THE AUDIENCE: Hear, hear.
42

43 MR DAVIES: In rural areas, there is very minimal
44 infrastructure, and most of that is the roads, where there
45 are gutters. We have dish drains that channel council
46 water onto our property, luckily for us, in a
47 non-destructive way.

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Some people have spent years coping with the excess drainage water coming off the roads to their properties. One of our neighbours spent about \$7,000 repairing damage. Because the infrastructure is already part of the road system, we pay exorbitant rates. As someone said, we pay, effectively, town rates, but we get no services out in the bush. The roads should be covered in that and I do not see why we should be charged an excess.

There is just one more thing. I think the low impact should be a default position. Council should have to make a case if they want to charge anything extra.

THE CHAIRMAN: Thank you. Yes?

MR WOODLEY: Hi, my name is Steve Woodley. I am on a 70-acre house block out at Yarramalong - residential, of course.

I can give you two examples of how cunning and sneaky this council has been over the last 30 to 40 years. About eight years ago, I took them to a lawyer. They tried to sneak in this stormwater levy. This is not the first time. Their argument relied on their only being able to charge this levy under a different Act than they are trying now if the area was a city, village or town. Their argument came back that everything west of the freeway was a village. It was thrown out. Now they are trying to sneak it through something else.

For my second example, I need a bit of audience participation. Who lives on tank water here? Put your hands down.

Now put your hands up if you have to buy water. Who would like a free tank of water?

I have here a media release - and I was talking to these directors yesterday about it - from our very own council that sees fit to provide a Central Coast tanker and a driver - this was all secret, just released - to the Hunter Valley people in towns to give them free loads of water. I rang up and said, "What about us? What about your own bloody ratepayers?"

On top of that, now they want to charge more. I am

1 already paying \$3,700 a year in rates. If they want to
2 charge more, just absorb it out of the general rates.
3 Anyway, if you want free tank water --
4

5 THE CHAIRMAN: Thanks, Steve. Yes, the lady at the back?
6

7 MS WALKER: My name is Aurora Walker. I live at Ettalong
8 Beach. I own an ordinary block of land. About three years
9 ago, we redeveloped and were told to put in two stormwater
10 drains. Now, there is no structure in place. There is no
11 kerb and guttering. We have to pay for everything
12 ourselves, so if you want it, you pay for the kerb and
13 guttering, and you have to pay nearly \$20,000 to put in
14 stormwater drainage. I think this is exorbitant.
15

16 I did actually complain to the Gosford Council. I was
17 told by the council, "You have to pay it. Besides all of
18 that, we actually need the money." So what do our rates
19 pay for at the end of the day?
20

21 THE CHAIRMAN: Thank you Aurora. Yes?
22

23 MR SHAPPERT: Good morning, Dr Boxall. My name is Craig
24 Shappert. I am a retiree and I live at Henry Kendall
25 Gardens.
26

27 The point I am referring to is the fact that, unlike
28 Hunter Water and Sydney Water, there is no discount
29 available for pensioners who live in a retirement village.
30 Roughly two-thirds of our 780-odd residents are on some
31 form of pension. We feel that the separation vis-a-vis the
32 Hunter Valley for people living in retirement villages
33 there, and in Sydney, is inequitable
34

35 THE CHAIRMAN: Thank you for that comment. Yes?
36

37 MR ALLEN: Good morning and thank you for the opportunity
38 to speak. Dooralong Valley --
39

40 THE CHAIRMAN: Sorry, your name, please.
41

42 MR ALLEN: Sorry, I am Bob Allen.
43

44 Dooralong Valley, as the name implies, is a valley.
45 It has mountains on either side and a flat area down below.
46 Mountains seem to generate a lot of runoff. That is called
47 stormwater, I believe. It runs through our property. Our

1 property is bisected by Dooralong Road. There is a
2 stormwater pipe under the road. I believe that is the only
3 stormwater installation that council has put in over the
4 years.

5
6 My grandchildren are the sixth generation to live
7 on the farm and this charge is absolutely ridiculous.
8 I cannot believe that even a low-impact charge is being
9 considered for us. As I said, we have a creek at the
10 bottom of our property. That creek is called Jilliby
11 Jilliby Creek. It flows into the Wyong River. The Wyong
12 River pumps to Mardi, which pumps to Mangrove Creek Dam.

13
14 Because I am only a simple person, I just want a
15 simple answer. My question is: would it be possible for
16 me - and I am not sure whether I should get an ABN number -
17 to invoice the Central Coast Council for the water on my
18 property?

19
20 MEMBERS OF THE AUDIENCE: Hear, hear.

21
22 MR ALLEN: We are supplying water to the 360,000
23 residents, or dwellings, I can't remember which. However,
24 we get nothing back. We do not get any water. We do not
25 get any sewerage. We are charged what is called an onsite
26 sewerage renewal fee.

27
28 I am ashamed to say that I actually worked for the
29 Wyong Council for 33 years. In all the time since that
30 charge has been initiated we haven't once had a person come
31 out to inspect our onsite sewerage - not once - and that is
32 in at least 12, 13, 14 years, I don't know. Thank you.

33
34 THE CHAIRMAN: Thank you, Bob. Yes?

35
36 MR HAWKINS: Thank you, Mr Chairman. My name is
37 Geoff Hawkins. I live near Spencer. My land is classified
38 as farmland. I am in the Gosford shire, or rather was in
39 the Gosford City Council.

40
41 One question that I was going to ask again relates to
42 what has been said by the previous speaker. I also have an
43 onsite sewerage renewal fee. It costs me \$52 a year. That
44 does not sound much. However, I do my own septic. They do
45 not refer to septic in the council proposal.

46
47 In addition, because I objected to council about it,

1 previously - this was only two months ago - they did not
2 advise me that this work was being done, that this study
3 was being done. I agree with many of the people about the
4 lack of consultation. I would have thought they would have
5 told me that this study was going on.

6
7 However, they also informed me that I have to pay
8 to get an outsider to come and do a quarterly inspection,
9 at around an average of \$100 a quarter. My question is:
10 there is no reference to this fee in the report, as far as
11 I am aware; and, secondly, are they going to continue to
12 make the charge and, if so, what will that charge be?

13
14 MR GARRY CLIFFORD: It will keep going up. I actually am
15 the person who --

16
17 THE CHAIRMAN: Just a second. Just a second. You need a
18 microphone; okay?

19
20 MR CLIFFORD: Okay.

21
22 THE CHAIRMAN: Thank you very much, Geoff. We will take
23 that on board. That sounds like some sort of miscellaneous
24 fee. We will take that on board. Yes, the lady in the
25 front here?

26
27 MS WOOD: My name is Marilyn Wood. My husband and I are
28 cattle farmers out at Greengrove, which is basically in the
29 Spencer/Mangrove Mountain area. We, like so many people
30 here, have creek frontage. We have three kilometres of
31 creek frontage. The rainwater drains across our property
32 into the creek and we therefore take care of the Central
33 Coast Council's drain water problems ourselves at no
34 charge.

35
36 What I am actually mostly wanting to address is the
37 issue of the low-impact rate. We have heard from Mr Spare
38 and other members of council that we will potentially be
39 eligible for a low-impact rate. However, the actual
40 submission put into IPART by the Central Coast Council (at
41 page 160-161) defines it in this way:

42
43 Developed properties are, in most
44 circumstances, be able to absorb stormwater
45 flows due to extensive impervious areas --

46
47 I do not even know how that sentence makes sense, but

1 anyway --

2

3 so rainwater flows into the stormwater
4 drainage network. However, underdeveloped
5 properties such as parks, reserves, sport
6 fields, etc, have greater ability to absorb
7 the rainwater.

8

9 What is missing from that sentence?

10

11 MEMBERS OF THE AUDIENCE: Farmland.

12

13 MS WOOD: Yes, farmland. What we are talking about in the
14 council's submission to IPART for their low-impact rate is
15 publicly owned land, not farmland. It then goes on:

16

17 Properties that are able to reduce run-off
18 into the stormwater network, and thus the
19 impact on the drainage network, may be
20 classified as low impact properties.

21

22 I guess you could say that implies farmland, but it
23 certainly does not specify farmland, and nowhere in
24 council's submission - the actual submission to IPART - is
25 "farmland" mentioned. The mention of "farmland", as other
26 speakers have said, has come out later when council
27 apparently must have realised that it has a problem with
28 farmland outrage about this, and it has come merely in a
29 letter.

30

31 I am curious to know how, if IPART allows this change
32 to go through, we would not be at the mercy of the council,
33 because nowhere is the process or the criteria actually set
34 out in council's submission. Unless they can amend that
35 submission to give us a criteria and a process that
36 includes farmland, we will be at their mercy if this
37 submission is approved by IPART. Thank you.

38

39 THE CHAIRMAN: Thank you, Marilyn. Yes, up the back?

40

41 MS BARNARD: My name is Tassin Barnard and, I am from
42 Australia Walkabout Wildlife Park, not to be confused with
43 the reptile park. We are a working wildlife sanctuary.
44 Half of it is owned and half is leased, so I have two rates
45 notices. I am looking down the barrel of \$11,000 here
46 right now.

47

1 I am representing not only Walkabout Park, but the
2 40,000 school and university students who we put through
3 there on the formalised programs throughout the year. We
4 teeter on the brink of having to close for financial
5 reasons, but have managed to stay open for 13 years. We
6 get zero government funding.

7
8 We used to get some assistance from Gosford City
9 Council in the form of having our rates waived. Unlike the
10 commercial zoos and places around here, we get zero
11 government funding - nothing. We rely purely on people who
12 value what we do and come through the gates and buy tickets
13 so we can fund our education work, which we
14 cross-subsidise, for the Central Coast.

15
16 Now we are looking down the barrel of the \$11,000, and
17 that is on top of the fact that, when the two councils
18 amalgamated, they removed our exemption and we are now
19 paying rates amounting to about \$12,000 a year, which we
20 were not paying until a year ago. The Central Coast
21 amalgamation is really hurting us badly.

22
23 This is probably the key point I want to make: my big
24 concern is for those of us who are not farmers. I think
25 the farmers' voice is big and strong and I see here that it
26 is being heard. My concern is that there will be an
27 automatic exemption for farmers, but for people like us,
28 because we are unique and we don't have another voice, I am
29 very concerned that the efforts that will go into trying to
30 get an exemption will be too hard for us to achieve, and
31 I would like that to be noted.

32
33 THE CHAIRMAN: Thank you, and that's noted. Yes, down the
34 front and then right down the back.

35
36 AUDIENCE MEMBER: This guy over here has had his hand up
37 for about half an hour.

38
39 THE CHAIRMAN: You can be the third.

40
41 MR SMITH: My name is Carroll Smith. I represent Doyalson
42 Animal Hospital.

43
44 I have had a few interactions with the former Wyong
45 Council over this. We have about 10 properties that back
46 on to our five acres. We also have a water easement that
47 goes through, which is an actual easement, and I am quite

1 happy with that. We are on the lower side of the Pacific
2 Highway, so all the water from the Pacific Highway comes
3 down through those 10 properties, right through our
4 property and there is no - I repeat no - facility for
5 stormwater.

6
7 These people have had to put their own drains in.
8 Those drains do not take all the water that comes off the
9 Pacific Highway. We run a business. If we do not provide
10 a service, we cannot charge a fee. I think it should be
11 the same for council. We get nothing. You just keep on
12 taking, taking, taking. That's my point.

13
14 MEMBERS OF THE AUDIENCE: Hear, hear.

15
16 THE CHAIRMAN: Thank you. Right, up the back?

17
18 MR McCauley: My name is Wayne McCauley. I live on
19 40 acres in the Jilliby Valley.

20
21 Jilliby Jilliby Creek is one of my boundaries.
22 Dickson Road is the other. On the other side of Dickson
23 Road to my property is council reserve, Alison Reserve.
24 They put culverts underneath the road and all the run-off
25 from the council reserve runs onto my property and that
26 eventually overflows into Jilliby Jilliby Creek. Can
27 I charge council a rate for all the runoff I get off their
28 property?

29
30 I would like council and IPART to clearly define what
31 is residential and non-residential, and farmland, which
32 just come up today and has not been mentioned before in any
33 of the documentation I have seen. How will the low-impact
34 status be assessed and be considered, and what is a
35 customer? If there are charges for customers, you have to
36 receive something to be a customer. We have no
37 infrastructure for stormwater in our area apart from
38 culverts which give me extra water on my property. Thank
39 you.

40
41 THE CHAIRMAN: Thank you, Wayne. One more up the back and
42 then I will move over to this side.

43
44 MR DAVIS: Good morning. My name is Allan Davis. I live
45 at Palmdale Road, Ourimbah. I would like thank you for
46 your time in being here and for allowing me to speak.
47 Thanks to the Central Coast Council and the sure-to-be

1 members of the \$5,400 club.

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On my way here this morning to be part of this meeting we passed the crematorium, which had a lovely car park. I said to my wife, "I wonder if they're paying a \$5,420 levy." We come here and saw a lovely car park. Will they be paying \$5,420? Where is the parity in all of that? We produce an income. We produce a farming product for people to enjoy. I am sorry, but I have to congratulate everyone who has come here and said what they have to say, because it expresses my point of view, which is the same. Thank you.

THE CHAIRMAN: Thank you, Allan. We will now move over this side.

MR MONRO: Thank you, Mr Chairman. My name is Gordon Monro. I live at Somersby. I don't think you need to get legal advice to read section 125 of the regulations which is very --

MEMBER OF THE AUDIENCE: We can't hear you. Put the microphone nearer your mouth.

MR MONRO: I don't think you need to be a Queen's counsel to read section 125 of the regulations, which clearly states that only residential land or business land may be rated for stormwater drainage. Farmland is automatically exempt. If council wants to pursue that matter, I would certainly agree with Warwick O'Rourke - there will be a court case very, very promptly.

For the other residents, though, who are affected by this proposal, who live in the lands in the rural areas, which, for rating purpose, are rated as residential - you just have to check your rate notice and you will soon see that - the amount of the rating has no relevance to the actual amounts of stormwater discharge.

If you do some maths, and I am happy to submit some figures to the IPART, the amount of stormwater coming off rural land is only that amount which is in excess of your house water. Your house water, under the Water Management Act, is allowed to be harvested. You are allowed to have only 10 per cent of the rainwater falling on your property for your own use.

1 The state government has taken - and I say "taken" -
2 the full rights to use all water - underground, through
3 creeks and rivers, and overground - for its own use. You
4 do not own the water falling on your land. Although you
5 may have an advantage above the land, as soon as it hits
6 the ground, it is the state's water. I put it to you,
7 Mr Chairman, that if it is the state's water, it is the
8 state's responsibility to take care of it.

9
10 THE CHAIRMAN: Thank you, Gordon. Next, the gentleman in
11 the middle.

12
13 MR HORVATH: Thank you. My name is Andre Horvath.
14 We live west of the freeway, virtually right on the freeway
15 on Hewett Road. We are connected to town water and pay
16 water rates. We pay residential rates as well.

17
18 When we moved there in 1991, we set up a wholesale
19 nursery. We employed quite a number of people. We then
20 paid 64 cents a kilolitre and now we are paying \$2.30 a
21 kilolitre. I can't understand how council cannot make a
22 profit out of that and do all of their work out of all of
23 that.

24
25 Our rates have doubled in the last few years because
26 of the increases that IPART allowed - 8.5 per cent over the
27 six years, I think it was. That has almost doubled our
28 rates. They have gone from \$1,200 to almost \$3,000 now.
29 My wages have gone up from \$500 to \$600 or \$700 a week.

30
31 If you look at the average wage or the minimum wage,
32 how can anybody afford to pay thousands more on top of what
33 council is asking with the minimum wage that we are
34 getting? Most of us are retired now or going on to
35 retirement. We cannot afford that. This is something that
36 IPART really needs to look into. I do not know where you
37 sit as far as government services are and how you would
38 evaluate those things that council puts to you.

39
40 We do not have that nursery now, but we moved in in
41 1991 expecting to make a life there, and now we are being
42 gouged from all sorts of areas for extra money and for
43 services that have not been provided. Thank you.

44
45 THE CHAIRMAN: We have time for a couple of more
46 questions. Yes, just behind Andre.

1 MR STACY: I am Bob Stacy and we live out in Yarramalong.
2 I am a member of NSW Farmers. We are rated as residential.
3 We have a 100-acre property and we run cattle. We also
4 agist horses and we sell some eggs.

5
6 MEMBER OF THE AUDIENCE: And very nice eggs too.
7

8 MR STACY: Firstly, where is the legal basis for this
9 whole thing? We have had the discussion this morning
10 around the sewerage system. We pay an annual inspection
11 fee. We have had one inspection in the eight or nine years
12 we have been there.

13
14 I noticed, when I was doing research for this
15 submission that under, I think it is section 601, if the
16 council charges for a particular service and they do not
17 provide that service, they are actually required to repay
18 the money due.

19
20 MEMBERS OF THE AUDIENCE: Hear, hear.
21

22 MR STACY: I would like to draw IPART's attention to a
23 media release dated 8 October this year, which says:

24
25 The proposed changes to the stormwater
26 drainage charges would see a decrease in
27 the charge for all --

28
29 That's A-L-L --
30

31 residential properties and most businesses.
32

33 I am sorry, but I actually have a relationship with
34 Central Coast Council. I manage one of their properties
35 out at Yarramalong as a volunteer and I am rather shocked
36 that we get told untruths particularly in this sort of
37 format.

38
39 There is one other point which I would like to make,
40 and this is my last point, and it is following up from the
41 gentleman over here. A colleague, who was not able to come
42 this morning, actually received a letter from WaterNSW
43 stating that they are responsible for the water that goes
44 across his property and not council. I have been involved
45 in a project with the EPA and a similar statement was made.
46 So for those people who are west of the divide, in a
47 designated catchment zone, I cannot see how we can have a

1 catchment zone and then get charged for discharge.

2
3 THE CHAIRMAN: Thank you, Bob. We will one more question
4 over here, and then we will move on to the second session.

5
6 MR EYES: Thank you. My name is Laurie Eyes. I am a turf
7 farmer from the Yarramalong Valley. I am here purely by
8 chance, thanks to Tracy at the Yarramalong store who
9 notified us that this was on and that we were about to be
10 burdened with a \$5,400 charge. I think most of you are
11 here by chance as well.

12
13 MEMBERS OF THE AUDIENCE: Hear, hear.

14
15 MR EYES: Yes, such is the system.

16
17 Most of the ground has been covered, but I would like
18 to raise the fact that, in the Hunter and the Sydney
19 systems, we would not be charged anything. The Hunter
20 drainage area is very tightly held around urban areas, and
21 the same goes for Sydney. In Sydney probably 25 per cent,
22 perhaps 30 per cent, of the urban area of Sydney is covered
23 by a stormwater charge. Equivalent turf farms in the
24 Sydney basin are not charged anything at all. I cannot see
25 why we should be the exception to that.

26
27 If Hunter is the golden standard by which we are
28 judging all of this, and I understand, on reading some of
29 the literature from council that that is the case, then the
30 definition of the drainage area should be the same as the
31 Hunter. It should be the same as Sydney. West of the M1
32 would, therefore, not be a drainage area in either of those
33 two areas.

34
35 The other thing is that I can't see why we should be
36 charged charges that are far higher than the Hunter. They
37 are similar systems. In fact, we are keyed into the Hunter
38 system. For example, for vacant land in the higher area,
39 we are charged 42 per cent more than the Hunter. Units and
40 flats are charged, 288 per cent higher than the Hunter.
41 With medium non-residential land, the charge is 26 per cent
42 higher than the Hunter. Large non-residential is 22 per
43 cent higher than the Hunter and very large residential is
44 22 per cent higher than the Hunter.

45
46 One, why should we be designated a drainage area when
47 in the Hunter we wouldn't be; and, two, why should we be

1 charged charges 20, 30, 40 per cent more than in the
2 Hunter? The same goes for Sydney. We would not be in a
3 drainage area there and that should be the standard by
4 which this is judged. This whole business of a drainage
5 area west of the M1 is a farce and it should be stopped
6 immediately. Thank you.

7
8 THE CHAIRMAN: I will give the council a chance to respond
9 to some of the comments and then we will move on to the
10 next session. Yes, Jay?

11
12 MR SPARE: I sympathise with a lot of the arguments you
13 have raised today. I cannot stand here and answer every
14 question because they have been very widespread. To
15 reiterate, I am acting director road, transport and
16 drainage, Jay Spare.

17
18 There are a couple of aspects that I will talk to.
19 I will give some clarity around the low-impact criteria and
20 the process that will be followed. I will explain the
21 non-residential classification and how that incorporates
22 farmland in the proposal we have put forward. I will also
23 talk to the services that are provided by drainage right
24 now that are funded by the stormwater charge in Central
25 Coast Council, right now.

26
27 I will start with the low impact. That is something
28 that, in hindsight, we would have messaged in a lot more
29 detail and perhaps taken a lot of uncertainty out for
30 everyone.

31
32 We recognise, Marilyn, that particular paragraph
33 absolutely should have said "farmland" in there,
34 100 percent.

35
36 MS WOOD: Plus the criteria of the processes.

37
38 MR SPARE: The draft criteria that we were working with
39 when we developed the proposal focused on some high level
40 heads of consideration. We looked at the amount of
41 pervious areas. "Pervious" means the amount of grassed
42 area. "Impervious" is hard-stand concrete which water
43 cannot infiltrate.

44
45 We were looking at the amount of pervious areas. We
46 were working on a certain threshold of 90 per cent in our
47 draft criteria to say if you exceeded 90 per cent of your

1 area as pervious, you would be deemed low impact and would
2 not need to go through extra categorisation.

3
4 The next step down was to look at the percentage of
5 your property that was retained onsite in a storage
6 capacity, whether it was a farm dam, which I know you all
7 have, or whether it was rainwater tanks, and if you do not
8 have farm dams, you will have them.

9
10 In the urban area, you start to talk about underground
11 onsite detention storage, and you then start to talk about
12 a whole host of lower level measures - whether you have
13 treatment, infiltration, whether you are using grassland to
14 transfer runoff around your property.

15
16 Based on that criteria, we looked at farmland.
17 Farmland, by definition, is non-residential. There is an
18 application process you would have gone through to be
19 declared. I am not telling you something you do not know,
20 but with the application you went through to get that, by
21 default, you are non-residential if you are farmland. So
22 we looked at a simple framework that declared --

23
24 MEMBERS OF THE AUDIENCE: Rural residential.

25
26 MR WOODLEY: We have rural. We have rural residential.
27 I am rural residential. I don't know what that is.

28
29 MR SPARE: You are residential. For the pricing
30 framework, we boiled this down to really two categories
31 that affect the majority of the people here - so three..

32
33 MR WOODLEY: So what about 1R, 2R, 3R, 4R, 5R?

34
35 MR SPARE: It has nothing to do --

36
37 THE CHAIRMAN: Just a second. This will not work. It
38 will not work if you are going to talk without a
39 microphone.

40
41 MR SPARE: So the classification was boiled down for
42 simplicity. Was it too simple? Maybe, and that is what
43 I can hear in the room; namely, that it would have been
44 better to have a little more categorisation and clarity.

45
46 Everything was deemed either residential and
47 non-residential, and farmland fell into the non-residential

1 category. With that in mind we had considered that
2 farmland would likely be low impact based on the draft
3 criteria we had.

4
5 We continue to develop that criteria. We have been
6 working with Sydney Water who have been using the
7 low-impact process and methodology for a number of years,
8 and have refined that. Post submission we still continue
9 to refine that and start to prepare processes and systems
10 to be able to apply this following the final determination
11 by IPART - subject to the final determination by IPART.

12
13 The process that would be involved - and I encourage
14 you to have a look at what Sydney Water is doing - is very
15 simple. There are about 10 questions you are asked, such
16 as what is the size of your property? How much roof area
17 do you have? Do you have storage onsite; if so, how much?
18 If you start to get into the lower level ones, so you have
19 concrete underground storage, you would be asked to provide
20 some evidence of what you have. It is really quite simple.

21
22 It would also, to clarify one of the questions, be a
23 one-time-only exercise. You need to apply to council and
24 make that application. You would not need to apply again,
25 unless you redeveloped your property, in which case
26 circumstances would have changed, and you would need to
27 reapply.

28
29 In saying that, you would have heard me say earlier
30 that we have been doing a lot of desktop research across
31 different sectors to see how this would apply. We started
32 to refine and understand exactly what we are heading into
33 here. For the farmland properties, what we are seeing is
34 that low impact will apply across the board and we are
35 looking to pre-qualify that.

36
37 For those other categories - and I heard some talk
38 from the Australian Walkabout and a few other categories -
39 I would love to have a look at your individual case. If
40 you are not deemed as farmland, the application process may
41 very quickly give you confidence that you are low impact as
42 well.

43
44 MR WOODLEY: Can I ask a question, please?

45
46 THE CHAIRMAN: Yes, Steve?

1 MR WOODLEY: I keep hearing the word "impact" today. Can
2 you tell me literally the difference in the impact on a
3 so-called farmland 40-acre block versus 40-acre residential
4 block? What is the difference on the impact?
5
6 MR SPARE: The impact?
7
8 MR WOODLEY: Yes, just the impact, nothing --
9
10 MR SPARE: The proposal that has been put forward is that
11 the difference is one property is generating a profit and
12 the other is just a home residence. So what we have looked
13 at --
14
15 MR WOODLEY: But that's not impact. I am asking you
16 specifically.
17
18 MR SPARE: There is no difference.
19
20 MR WOODLEY: You are meant to be charging for the service.
21 If the impact is the same on a 40-hectare chicken farm as
22 it is at a 40-acre residential block, how can you charge
23 for one not the other?
24
25 MR SPARE: Because the proposal we put forward is to make
26 a distinction between residential property --
27
28 MR WOODLEY: But that's wrong.
29
30 MR SPARE: -- and those properties that are generating
31 profit and benefiting from it.
32
33 MR WOODLEY: Listen to me. Commonsense tells you here's
34 40 acres that has a house on it and here's 40 acres that
35 has a house on it. This guy has 20 cows, so he is
36 farmland. This guy has nothing. The impact is the same.
37
38 MEMBER OF THE AUDIENCE: Where does commonsense come in?
39
40 MR WOODLEY: Yes, where does commonsense come in? The
41 impact is the same.
42
43 THE CHAIRMAN: You have made your point.
44
45 MS WOODLEY: But we are not getting --
46
47 THE CHAIRMAN: You have made your point. It has been

1 recorded, and we will take it on board in making our
2 determination. Okay, Jay?

3
4 MR SPARE: Thank you, Steve. Can I talk quickly as well
5 about the services that are provided and what we currently
6 use the stormwater charge to fund.

7
8 I spent about four years managing the rural depot at
9 former Gosford Council out at Mangrove. We ran significant
10 crews out of that depot and delivered all the maintenance
11 service out there.

12
13 MEMBER OF THE AUDIENCE: Is that why nothing got done
14 there?

15
16 MR SPARE: I won't talk to that. Proportionately about
17 35 per cent of the spend in maintenance out of that depot
18 was on drainage maintenance in the rural area.

19
20 MEMBERS OF THE AUDIENCE: What? Where?

21
22 MR SPARE: The culverts you have spoken about; the
23 roadside drainage you have spoken about; the emergency
24 response when we have water over the road. There is
25 significant infrastructure west of the M1 that we class as
26 drainage that we currently spend on. That occurs in the
27 former Wyong area as well. It is currently being funded
28 by the stormwater charges generated from those east of the
29 M1.

30
31 MR SPRUCE: What ever happened to user pays?

32
33 MS WALKER: So if the east side of the M1 --

34
35 THE CHAIRMAN: Just a second. Just a second. There is no
36 point speaking without a microphone. Jay?

37
38 MR SPARE: Those were the key points.

39
40 I want to talk quickly to the process about low
41 impact. When do you find out whether you are low impact or
42 not? That is something we will wait for, post the
43 determination from IPART. We will have all the process and
44 all the categorisation done. If there are any
45 pre-qualifications, we will have them ready to go and you
46 will be notified immediately, subject to IPART's final
47 determination.

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THE CHAIRMAN: Thank you very much, Jay. I will allow a couple of questions of Jay and then we will move on to the seconds session. You will get an opportunity further on to ask a question. The lady up the back right?

MS KAY: Good morning. My name is Sandra Kay. I own a property at the far north of the shire. From 2006 until 2017, I have been getting charged \$5,000 a year for stormwater drainage. I am wondering if I could have a show of hands from anybody, apart from the Doyalson vet, who actually lives on the Lake Macquarie side of the highway north of Doyalson who has been getting charged this payment. I was confused as to why council has been charging these fees when I read the IPART submission. To my knowledge, where I live has not been declared a drainage area.

MR SPARE: I need to take that one offline. I might get some details from you and I can look it up when I get back. I do not know the specifics of your location or the circumstance, but if I get that information, I will get back to you.

MS KAY: Just one more thing in respect of the lady who owns the zoo. I run a business that is not a rural business, but it requires a large space of land. I cannot see the logic - I do not receive town water. I do not receive any services. The council has indicated that they will not be putting in infrastructure in my area in the short term. Therefore, I basically concur with the majority of people from the valley. As I say, yes, why have I been getting charged these fees?

THE CHAIRMAN: Thanks, Sandra. Jay is taking that on board. One last question before I move on. Aurora?

MS WALKER: It seems to me - and maybe you will tell me if I am interpreting this correctly - that the east side of the freeway is actually paying for the drainage, and these charges are going towards services that are being put in place on the west; is that right?

MR SPARE: Aurora, are you from the former Gosford Council area?

MS WALKER: Yes.

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MR SPARE: No, in which case in former Gosford, the stormwater drainage charge was paid by everyone in the whole LGA. The whole area of operations was declared drainage area and everyone paid. So in the former Gosford, those west of the M1 paid what we considered the fair share under that pricing framework and those funds were then pooled and used to deliver drainage services, a proportion of which came out of Mangrove depot.

MS WALKER: There is no structure on my block of land, which is just a 700 square metre block of land, and I am being charged for the service. I had to actually put in these two drains at a cost to me of nearly \$20,000. I do not see any benefit. There is no kerb and guttering. Unless I actually pay for it, I won't get that.

THE CHAIRMAN: Thank you, Aurora. We have the message. Jay, do you have anything to add?

MEMBER OF THE AUDIENCE: Apply for a refund.

MR SPARE: Aurora, again yours is a specific circumstance. I am happy to take some details from you and we will look into that.

THE CHAIRMAN: Thank you very much for that good and lively session to kick off.

Now we go on to session 2, which is expenditure and service levels. Elina from the secretariat will give a brief outline before we open it for discussion.

MS GILBOURD: Thank you, Dr Boxall.

THE CHAIRMAN: For those who are leaving, if you could leave silently, that would be appreciated. We will take a couple of minutes for people to leave.

MR HAWKINS: A number of people are wanting to leave. It appears as though the first session raised some very considerable issues. If people are leaving, can we understand what the process will be from now? We also heard earlier that the public consultation period was atrocious for many people.

THE CHAIRMAN: Geoff, there is an agenda. There will be a

1 chance in the fourth session for people to ask questions of
2 anything. There are other issues.

3

4 MR HAWKINS: So do we have to wait until all of this
5 happens?

6

7 THE CHAIRMAN: Other people are interested in the other
8 issues. This is not just about stormwater. There are
9 other issues.

10

11 MR HAWKINS: No, I understand.

12

13 THE CHAIRMAN: Can we have some order, please. We are
14 moving on to the second session, thanks, Elina. If you
15 want to converse, please go outside.

16

17 SESSION 2: Central Coast expenditure and service levels

18

19 MS GILBOURD: Thank you, Dr Boxall. In the first session
20 today, we talked about the cost of supplying each service
21 and how those are distributed between different customers
22 through prices.

23

24 In this section, we are taking a step back and talking
25 about how we could determine the total revenue that the
26 council needs to supply its services before we distribute
27 it through prices.

28

29 The council's revenue proposal relates to the service
30 levels that it needs to achieve and its service levels are
31 based around service quality and also the regulations that
32 it needs to comply with.

33

34 We establish the council's revenue needs using a
35 building-block model, which includes a block for the
36 efficient economic costs the council needs to provide its
37 water, sewerage and stormwater services. Each part of the
38 building block that the council has proposed is shown on
39 this slide.

40

41 In total over the four years, council has proposed
42 \$719 million of revenue that it needs to supply its
43 services. The largest amount of revenue is at the bottom
44 there - \$410 million is proposed. The next two components
45 relate to the assets that it needs to supply the services
46 and maintaining those assets. That is a return on the
47 assets that it needs to supply those services and the

1 depreciation associated with those assets over time.

2
3 We also have on this slide two other small blocks to
4 do with tax and working capital that are required to run a
5 business. These are the numbers that the council has
6 proposed and we are reviewing the council's proposal.

7
8 To put these numbers that the council has proposed in
9 the context of its past revenue and expenditure, on the
10 right-hand side, in the white box, we have the council's
11 total revenue per year, on average, over the last six years
12 during the 2013 determination period, and the council's
13 operating and capital expenditure, on average, over that
14 time.

15
16 On the left-hand side, we have the council's proposed
17 revenue, which is just under \$180 million per year, which
18 represents a reduction of 6 per cent on the revenue that it
19 recovered, on average, in the last period.

20
21 In terms of operating and capital costs, the council
22 is proposing an increase. It is proposing an increase on
23 its operating costs by 6 per cent a year, on average, and
24 it is proposing an ambitious capital expenditure program
25 with an increase of 60 per cent, on average, per year over
26 the next few years.

27
28 The council's proposal stated that it needs to
29 increase expenditure to keep pace with growth as well as
30 community expectations to maintain or improve service
31 levels, including reducing the frequency of water main
32 breaks.

33
34 The increased expenditure also partially relates to
35 catching up on projects that were deferred in the last
36 period, including the Mardi to Warnervale pipeline. Also,
37 the council proposes to upgrade the Mangrove Creek Dam
38 spillway.

39
40 As I said, the council's revenue needs that it
41 proposes relate to the service levels that it intends to
42 supply, and we asked the council to provide output measures
43 which reflect the performance target that it aims to meet
44 through its proposed spending.

45
46 This slide shows the council's output measures for
47 water services, which relate to water main breaks per

1 100 kilometres of main and water quality complaints and
2 unplanned interruptions per 1,000 properties. On the left
3 we see the council's current target. In the middle column
4 is the council's performance in 2017-18, and the column on
5 the right-hand side is the council's proposed target going
6 forward. These graphs show that the council has
7 outperformed its targets over the previous period and has
8 also proposed a slight improvement in its targets going
9 forward.

10
11 For sewerage output measures, this slide shows the
12 targets for sewer main breaks and chokes per 100 kilometres
13 of main, sewer odour complaints per 1,000 properties, and
14 sewer overflows per 100 kilometres of main. The council's
15 performance against its sewer service output measures was a
16 bit mixed in these different categories and it has generally
17 proposed to maintain its existing sewerage service
18 standards with a modest improvement to the target for sewer
19 overflows.

20
21 In terms of the comments we have received so far from
22 stakeholders about the council's service levels, the local
23 MP's office commented that they received relatively few
24 complaints about the council's services relative to the
25 other utilities, which suggested that the council's service
26 levels were all right.

27
28 We did receive comments from others that were
29 concerned that the Mangrove Creek Dam extension had not
30 been completed and this might create concerns in terms of
31 drought security. Some also commented that the council's
32 proposal to reduce prices should not impact service levels.
33 Finally, we did hear from a lot of customers in rural areas
34 that they received limited or no stormwater services.

35
36 We have not formed a preliminary view on the council's
37 proposed expenditure or service levels because we have
38 expert expenditure consultants looking into what the
39 council has proposed in detail. They will be advising us
40 on whether the proposed operating and capital costs that
41 the council has proposed are prudent and efficient and
42 whether their output measures are appropriate, and the
43 tribunal will make its decisions based on that
44 advice.

45
46 I should also note here that IPART does not approve or
47 prevent specific projects going ahead - that is for the

1 council to decide as part of running its water business,
2 and its circumstances can change over the course of a
3 determination - but we have used the prudent and efficient
4 costs to establish the costs that the council needs to
5 recover through its prices.
6

7 Similar to the last session, we are interested in any
8 comments that you may have on these issues and we have a
9 few questions on this slide here to start the discussion.
10 Thank you.
11

12 THE CHAIRMAN: Thank you Elina. Council, would you like
13 to make any comments?
14

15 MS NEL: No, thank you.
16

17 THE CHAIRMAN: Any comments down this end? Lorraine?
18

19 MS WILSON: I am very pleased and relieved that you are
20 talking about water security into the future. If we are
21 going to increase our population on the Central Coast, that
22 is one of the things to which I don't think enough
23 attention has been paid in the past, even to the extent
24 of allowing new homes to have tanks attached to them, which
25 I believe is now the case.
26

27 Mangrove Creek Dam will not be the answer that you are
28 looking for unless you extend the wall. I worked there
29 when it was being built. I know that there was a plan at
30 one stage that the wall be extended. Perhaps someone needs
31 to have another look at that, but take into account that it
32 is not a catchment dam. It can't gain the necessary water
33 to fill it just from catchment. It needs that water coming
34 up from Mardi.
35

36 THE CHAIRMAN: Thank you, Lorraine. Thea?
37

38 MS BRAY: I want to make a comment about community
39 expectations that the council refers to in justifying their
40 expenditure.
41

42 Looking through the outline in your submission about
43 customer engagement, it was not clear to us how involved
44 people were in the workshops. We would really support the
45 council, if they have not done it this time around, to next
46 time have deliberative forums where people could be
47 properly informed about the trade-offs of service levels

1 versus the costs. If you have that fully informed feedback
2 from your community, then you can confidently go forward
3 with that, but we are not sure from your customer
4 engagement whether you have enough community support for
5 that.

6
7 THE CHAIRMAN: Thank you, Thea. Council, do you want to
8 comment on the customer engagement?
9

10 MS NEL: Certainly community engagement is becoming more
11 sophisticated. We do do things like deliberative forums,
12 I take that on board. I think we should see this in the
13 light of the fact that we had a significant community
14 engagement forum not just on what was on our "Let's talk
15 prices". We also had a community strategic exercise, and
16 we went through a significant community engagement exercise
17 which we used as part of our community expectations. So,
18 going forward, we take the point about deliberative forums.
19

20 THE CHAIRMAN: Thank you, Bileen. Questions from the
21 floor?
22

23 MR O'ROURKE: If I could, Mr Chairman?
24

25 THE CHAIRMAN: Yes, Warwick.
26

27 MR O'ROURKE: As we are hearing the phrase "community
28 engagement" again, can I go back to the point that this was
29 not particularly well publicised at all.
30

31 Unfortunately Alan Hayes, the owner and editor of the
32 Rural Grapevine, can't be here today. He has a medical
33 appointment. He has priorities - I'm sorry Dr Boxall. He
34 was notified, as I understand it, by a phone call from a
35 member of council staff about a week or so before
36 submissions were due.
37

38 The council, I might note, takes a one-paid
39 advertisement-type operation in his Rural Grapevine, which
40 is published monthly. It is distributed through the
41 Yarramalong and Dooralong valleys. He also publishes the
42 Village Grapevine, and I think the council has the same
43 page in there. However, not once, apparently, did the
44 council take the opportunity to mention any of this in that
45 one-page advertisement. The simple fact is most of us
46 wouldn't be here, as Laurie Eyes mentioned, unless Tracy,
47 who works at the Yarramalong shop hadn't somehow got hold

1 of this information and put a sign up in the shop. It's
2 unbelievable.

3
4 MEMBERS OF THE AUDIENCE: Hear, hear.

5
6 THE CHAIRMAN: Any other questions? Yes, a lady down the
7 front.

8
9 MS HIGGINSON: As the gentleman just commented about the
10 fact --

11
12 THE CHAIRMAN: Sorry, could you give your name.

13
14 MR HIGGINSON: Sorry, I am Margaret Higginson, I come from
15 Bruce Crescent. I have a residential property. I presume
16 it is classed as that. We are actually confused as to what
17 you actually zone it as, but anyway.

18
19 Commenting on the fact about how much advertisement
20 was available about this meeting, we saw it in the
21 Advocate. We do not get the Advocate in our area. I just
22 happened to pick one up at one of the shopping centre.
23 I brought it home, and my friend here, her husband happened
24 to notice it in there. He said we needed to come to this
25 meeting. You know, what? It told us about the meeting,
26 but it did not say where it was at and it did not say what
27 time it was at. So then we looked on the council website.
28 Guess what? It was not on there either. It mentions the
29 meeting, but it does not say what time and it does not say
30 where.

31
32 We had to ring up council, who then said, "Oh, oh,
33 I'll have to look into it", and found out and told us. How
34 many other people would have been here at the meeting if
35 they had known?. Also why go and put the meetings on at
36 10 o'clock in the day when a lot of people are working and
37 a lot of people can't make it, especially our farmers who
38 are working flat chat all day? Thank you

39
40 THE CHAIRMAN: Thank you, Margaret. Right down the back,
41 and then Andre.

42
43 MR AZOURY: I am George Azoury from Kulnura.

44
45 Listening to all this, it seems to be very clear that
46 this initiative started without any community consultation.
47 The assessment did not take into account the reality of how

1 water is used in this area. The propaganda will not work,
2 because it is not really true. There is a lack of
3 definitions of what "residential" and "non-residential"
4 are.

5

6 In fact, I was thinking with a residential if you have
7 a property which is actually a rented property, is that
8 residential still? I do not know. Would you be charging
9 more because it is not occupied by the owner?

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I would suggest that you go ahead with the
amalgamation, but use the intention that if we use city
water or town water, we pay for it. It is very simple. We
have gone through a lot of discussion here. If we do not
use town water, we do not pay for it. If we do not have
any stormwater, we do not pay for it. If you do not have
sewerage, you do not pay for it. It is very simple.
There is no need to complicate things. Thank you.

THE CHAIRMAN: Thank you George. Craig, down the back, and
then at the front

MR SHAPPERT: Thank you, Craig Shappert again. The first
slide that was put up showed a return of assets - correct
me if I am wrong - of \$210 million over, I think, a
four-year period. I am trying to understand what
percentage that represents and how do you calculate the
assets - is it depreciated value? Is it market value? As
someone who is interested in investments, I am just curious
to see how the numbers stack up.

THE CHAIRMAN: Thanks, Craig. Elina?

MS GILBOURD: Craig, basically the council proposes the
expenditure that it wants to spend. We establish a
regulatory asset base of the assets that the council
requires to supply its services for water, sewerage and
stormwater.

That asset base was set at a point in time to reflect
prices that the council was charging at that time. New
assets that the council invests in are rolled into that
regulatory asset base and the cost is recovered over time
based on the weighted average cost of capital that we
assess for the council and also the depreciation based on a
straight line depreciation over the life of the assets.

1 MS DAVIS: Does that mean it is carried or does that mean
2 going to forward?
3
4 THE CHAIRMAN: Just a second. Craig?
5
6 MR SHAPPERT: So what is the actual return then?
7
8 MS GILBOURD: You mean the rate of return?
9
10 MR SHAPPERT: Yes.
11
12 MS GILBOURD: The council has proposed a rate of return of
13 4.3 per cent. We will also calculate our own rate of
14 return as part of the review.
15
16 MS DAVIS: Does that mean that --
17
18 THE CHAIRMAN: Sorry, just a second. We will get you a
19 microphone. Yes?
20
21 MS DAVIS: My name is Natalie Davis. I have recently
22 bought a property at Jilliby.
23
24 Does that mean that you are working off current
25 numbers for revenue or does that mean you are working off
26 the new numbers that you would be looking as far as taking
27 in the west area and all the new rates that you are going
28 to bring in?
29
30 MS GILBOURD: In terms of the west area, as has been said
31 a few times today, the charges will only apply in that area
32 if and when the minister were to declare that area.
33
34 MS DAVIS: I understand that, but the number that you are
35 putting up, is that including those numbers or will that be
36 on top?
37
38 MS GILBOURD: As I understand it, that is including the
39 cost of the infrastructure that the council supplies --
40
41 MS DAVIS: But there is no infrastructure cost. We are
42 talking about the revenue you guys are making. Does that
43 mean that the rate that we will be paying in that area is
44 included in those numbers or would you be earning extra
45 revenue from those numbers?
46
47 MS GILBOURD: My understanding is that the council has

1 proposed revenue that includes those numbers.

2

3 THE CHAIRMAN: Okay, Andre is next, then down the back.

4

5 MR HORVATH: Thank you. I am just wondering why council
6 cannot live within its means. I have a small business and
7 earn a certain amount of income. I cannot just go ahead
8 and buy assets to make the business better without first
9 saving that money. There is \$90 million that you guys have
10 raised since 2013 that you still have not spent. Why don't
11 you give that back to the community?

12

13 Years and years ago when we lived in Sydney, the Water
14 Board actually refunded people money because they had
15 actually made a profit. I am just wondering why you guys
16 can't live within in your means and just save up for those
17 projects.

18

19 THE CHAIRMAN: Okay, thank you, Andre.

20

21 MR HORVATH: Sorry, at the same time, there seems to be an
22 attitude about gold-plating the services so you can
23 actually spend the money. We know how governments run. If
24 they are allocated \$1 million and if they do not spend that
25 \$1 million by the end of the year, then they do not get the
26 \$1 million, so they go out and spend the extra money on
27 just anything that --

28

29 THE CHAIRMAN: That's not how it works with IPART, Andre.

30

31 MR HORVATH: It might be with IPART, but that's the
32 council attitude.

33

34 THE CHAIRMAN: But this is about IPART, and that is not
35 how it works with IPART. We review the capital program put
36 forward by the council, in this instance. If this was
37 Sydney Water or Hunter Water, or the public transport, we
38 would review the capital program, and we make a judgment
39 about whether that capital program is prudent and
40 efficient, ie, whether it is needed or not and we make that
41 judgment. If we consider it to be needed, it is then
42 rolled into the asset base and then a rate of return is
43 charged on it.

44

45 We do not just roll anything into the asset base. We
46 do not just put in anything that is proposed to us by the
47 council or by Sydney Water or anybody else. However, the

1 point is well taken on gold-plating. We are aware of it,
2 and it is an issue, but that is something that we seek to
3 avoid.

4

5 MR HORVATH: Over the last few years when we have had the
6 rate increases, we have also had our land values increase.
7 The council has benefited not only from what they have
8 asked for but they have also benefited from the --

9

10 THE CHAIRMAN: You raised that before. It is a separate
11 issue, but it is an issue that IPART --

12

13 MR HORVATH: But it is the same principle on how they
14 work.

15

16 THE CHAIRMAN: No, it is a different principle because
17 what happens is that, under the New South Wales law, any
18 council that wants to increase its rates by more than the
19 rate peg - and we are delegated to determine the rate peg -
20 it has to apply to IPART for a special variation.

21

22 In the past, about five years ago, Wyong Shire Council
23 applied to IPART for a special variation in order to
24 increase rates by more than the rate peg. That was --

25

26 MR HORVATH: 8.5 per cent.

27

28 THE CHAIRMAN: Yes. That was approved and it went through
29 a rigorous process, as do all of those applications.
30 Indeed, I was in IPART when that was approved, and when
31 that application was made, the rates in Wyong - not
32 Gosford, but Wyong - were low relative to other comparable
33 councils and with other comparable socio-economic groups in
34 other councils, and a decision was made, based on the
35 merits of the case, to grant the right to increase rates.
36 We do not increase the rates. We grant the right to
37 increase them. The council went ahead and did that, and
38 they have to report on the outcome of that every year for
39 about 10 years.

40

41 MR HORVATH: Council also proposed that the cost of water
42 go down from 9 cents, but they are going to make that
43 9 cents back with the automatic 3 per cent that they get
44 the next year.

45

46 THE CHAIRMAN: The council has proposed that. We will
47 review whether the costs are prudent and efficient and

1 whether that price increase is justified or whether it
2 should go down by more or by less. We will put out a draft
3 determination and people will have a chance to comment on
4 it. So that is the process. It is a very well-established
5 process, and it is not just for this council; it is for all
6 the other water utilities we regulate, the public transport
7 system and other utilities.

8
9 Okay, thank you, Andre. Yes, down the back.

10
11 MR WILSON: My name is Leith Wilson. I was wishing to
12 inquire about exemptions for easements. If there are roads
13 and easements for Ausgrid, would they just be completely
14 exempt as far as being a hard surface? It is providing a
15 service in itself. You maintain the road and the property,
16 but it is also a service for Ausgrid to use the road to
17 provide services for the council areas that council is not
18 providing, but you are maintaining that service for the
19 general public as an easement for the service providers to
20 maintain their services.

21
22 Also my other question would be: areas zoned
23 conservation, are they exempt like farmland will be as
24 you're suggesting today?

25
26 THE CHAIRMAN: Okay, thank you, Leith. Jay, do you want
27 to speak to that?

28
29 MR SPARE: With the exemptions for easements, the way that
30 we have modelled the rates database was to look at each
31 land parcel and to land size. We have not actually
32 sub-classified any easements that are on it, so it would be
33 incorporated as part of the land size for the property.

34
35 MR WILSON: But they are hard surfaces. So that is what
36 you are saying makes it. It is a hard surface. It is
37 a non-penetrable surface. It is a non-penetrable service,
38 and --

39
40 MR SPARE: Leith, if you would like to give some details
41 to my section manager, we might be able to have a look at
42 the specific circumstance you are talking about. I do not
43 want to give misleading information. I am not quite sure
44 I completely understand the scenario.

45
46 THE CHAIRMAN: Okay, Leith, they will take it up with you
47 afterwards.

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MR WILSON: Okay. Conservation areas, is it the same for that? You have addressed farmland, but areas that are zoned conservation are still penetrable surfaces mostly - or totally.

MR SPARE: Without knowing exactly what the conservation area is, it sounds like it would be impervious. If it is natural bushland, it would very likely fall into the low-impact category. We need to have a look at that. If you have some specific examples, my section manager Anuj is just behind you now, Leith. He can get some details and I will get back to you.

THE CHAIRMAN: Okay, in the middle here, and then on the right.

MR STACY: Bob Stacy again. I am a little bit confused. I read something on page 15 of the council's submissions where it talks about \$90 million that has not been spent. My experience down in Melbourne was with Yarra Water, where projects had been done and money had not been spent or money had been gained and was left in surplus, that was actually returned to the ratepayers. In fact, I was one of the fortunate people who did not have to pay water rates for three years. What are we doing about that \$90 million? Is that actually included in the statistics that you have presented up here?

MS GILBOURD: Basically the council's proposal - well, I should let Bileen speak to it.

MS NEL: Thank you. We are aware of that \$90 million, and there are various reasons why the large capital works have not been delivered in the period. Our proposal is to use that 90 million in the next determination period. This is for IPART's determination because this is the process that they will go through.

I showed you a slide earlier today about improving the water renewals, because there is backlog there, and sewerage renewals, as well as the improvement works on the Mangrove Creek Dam, to ensure that we can improve our water security. It may not be the full picture; there are a lot of other things we are looking at.

Then, of course, there is Mardi to Warnervale

1 pipeline which we have shown you is about developing for
2 growth and sustaining the Central Coast for that growth
3 that will occur. We do have in our submission a proposal
4 on what we want to be looking at spending to ensure that we
5 benefit the entire Central Coast Council area.

6
7 THE CHAIRMAN: Can I clarify what the process is, and
8 I'll get to your question, Bob. The \$90 million --

9
10 MR STACY: The approval is given to collect that money -
11 I don't know, whatever that was. If that money is not
12 spent under that approval it has to be, in effect,
13 returned.

14
15 THE CHAIRMAN: Let me just outline what happens. At the
16 last determination, the Gosford and Wyong councils
17 separately put forward, amongst other things, a capital
18 program. The capital program was approved, but not the
19 whole lot. So then, when the price in the last
20 determination was set, it was set based on a regulatory
21 asset base which included the capital program.

22
23 What has happened is that the council underspent the
24 capital program for the reasons that Bileen has just
25 outlined. What this means is that when we go forward to
26 the next determination, we actually reduce the regulatory
27 asset base by the underspend; right?

28
29 MR STACY: Right.

30
31 THE CHAIRMAN: Therefore it does not affect the prices
32 going forward. Now, the council said in its
33 proposition, "We underspent by X. We would like to take X
34 and spend it in the future", we will look independently at
35 what they underspent last time about what capital programs
36 should be approved in the future

37
38 MR STACY: Is it IPART who approves the capital work or is
39 it --

40
41 THE CHAIRMAN: No. IPART approves the capital program -
42 the expenditure which goes into the regulatory asset base
43 and then feeds through into the prices. It is then up to
44 the council to implement the capital works and go ahead
45 with that.

46
47 MR STACY: So you're accountable for what they spend their

1 money on?
2
3 THE CHAIRMAN: No.
4
5 MR STACY: Who is accountable for what they spend their
6 money on?
7
8 THE CHAIRMAN: The council is accountable and you guys
9 vote the council in or out. The council is --
10
11 MR WOODLEY: We can't vote the directors in or out, can
12 we? Therein lies the problem.
13
14 THE CHAIRMAN: Thank you. So over to the right.
15
16 MR WOODLEY: No, I'm not finished here.
17
18 THE CHAIRMAN: No, Steve, you have already had two goes.
19 You can be after this lady.
20
21 MR WOODLEY: That's right, that's democracy.
22
23 MS KAY: One issue that I was disappointed in in relation
24 to the council's submission was that this whole charging
25 structure, particularly for the stormwater drainage fees,
26 was based on land area, yet council's submission did not
27 detail the size of the exempt properties.
28
29 According to the legislation, these include things
30 like roads, cemeteries, parks, and that type of thing,
31 which I have no issue with, but the two significant
32 landowners I do have issue with are the council itself,
33 which has a significant land bank, and the local Aboriginal
34 council which has a land bank, of 3,500 hectares or 6,000
35 hectares, depending on which publication you read.
36
37 Council and the DALC are both developers. This scheme
38 seems to be an impost on current business and for the
39 benefit of other people who are exempt, so that's my issue.
40
41 THE CHAIRMAN: Thank you, Sandra.
42
43 MS KAY: There are just no facts and figures in their
44 submission.
45
46 THE CHAIRMAN: That is noted. Thank you Sandra. Okay,
47 Steve?

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MR WOODLEY: This is a specific question to Bileen. In light of the fact that part of this expenditure went on giving ratepayers in another shire tank water to drink, where is ours? I have two empty tanks.

Secondly, you told me yesterday - and this will interest Tim - the excuse given why council did not consider their own ratepayers for a gift of tank water was because they did research and it showed that no-one suffered from the drought in the Central Coast Council area and no-one needed tank water. In light of that fact - and you now know that to be absolute BS - where is our tank water?

THE CHAIRMAN: Thanks, Steve.

MR WOODLEY: And what research did you rely on? I asked to see it and it has not come forth.

THE CHAIRMAN: Thank you, Steve. Bileen?

MS NEL: Steve, we did have a conversation yesterday regarding the drainage water. I did make it clear yesterday that the actual water that was supplied to those individuals did not come from the Central Coast. It was Hunter.

When we were looking at that, we actually went to several individuals, and I will gladly provide that information outside of this forum, to say that we were able to provide an opportunity to support some drought initiatives that were formalised drought initiatives that were being run by Hunter Water by providing a driver and a tanker for a limited period to take some of Hunter's water.

THE CHAIRMAN: Okay, got that. Thank you, Bileen. I have a couple of questions over here.

MR WOODLEY: But where is our tank water?

MR SMITH: Carroll Smith again from the Doyalson Animal Hospital. I have two questions. What actually happens to the money that developers pay you? We did a renovation on the hospital that cost us \$450,000. We did not redevelop, but we had to pay a DA and we had to pay a contribution, which I think is crap. It was not a development; it was a

1 refurbishment.

2

3 The second thing is; two councils amalgamate. What
4 happened to the economy of scale? Why are we paying so
5 much when we have the amalgamation of two councils and the
6 cost should be less?

7

8 MR MELI: Tass Meli is my name. I am the unit manager for
9 water planning and development. I can answer your question
10 regarding the development contributions funds. Those
11 contributions are set when we do a development assessment
12 plan for the area so that --

13

14 MR SMITH: We just refurbished.

15

16 MR MELI: Anyone who does a development will have that
17 development assessed as to what contributions are required
18 from it in terms of the equivalent population that it
19 services, and there will be a fee based on that charge that
20 is the same.

21

22 MR SMITH: We got nothing back for that. We did not
23 develop.

24

25 MR MELI: Those funds that council collects are then used
26 to provide those services for the growth and --

27

28 MR SMITH: But we are not getting any services. Why
29 should we pay for a service we are not getting? As I said,
30 we run a business. If we do not provide a service, it is
31 illegal for us to charge.

32

33 MR MELI: I am just explaining to you the process as to
34 why those development contributions are collected. Anyone
35 that enacts some development will be charged a contribution
36 levy based on the additional load that that development is
37 going to put on the water and sewer services.

38

39 MR SMITH: But there was nothing extra.

40

41 MR MELI: Those funds are used to provide that
42 infrastructure, which is again outside of the funds that
43 IPART provide for us.

44

45 MR SMITH: Okay, because council then did not supply us
46 with any extra services, can I have that refunded, please?
47 I think this is pertinent because this goes on far too

1 often.
2
3 THE CHAIRMAN: What has been outlined is the process for
4 development charges.
5
6 MR SMITH: Well, why aren't IPART looking into that?
7
8 THE CHAIRMAN: We actually set the formula.
9
10 MR SMITH: But we are not getting the services that we are
11 being charged for.
12
13 THE CHAIRMAN: The point is that when a development takes
14 place --
15
16 MR SMITH: But it was not a development; there were
17 refurbishments.
18
19 THE CHAIRMAN: Just let me speak, please.
20
21 MR SMITH: It was not a development. You are talking
22 development.
23
24 THE CHAIRMAN: No, let me speak. When a development takes
25 place, including when there is a major renovation or some
26 change to a site, what happens is that this puts more
27 pressure on the services delivered by --
28
29 MR SMITH: But that's BS, because we do not get the
30 services.
31
32 THE CHAIRMAN: Just let me speak, okay, then you can have
33 your go.
34
35 MR SMITH: But you are just going round in circles.
36
37 THE CHAIRMAN: I am not going round in circles.
38
39 MR SMITH: You are going round in circles. We are not
40 getting the services, yet we pay for the services.
41
42 THE CHAIRMAN: The payment of the developer charge is for
43 the council, which will have to supply additional services
44 because of the development and it is not --
45
46 MR SMITH: Can they please then tell me what extra
47 services they have supplied from the main --

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THE CHAIRMAN: You can take this up with the council afterwards if you like.

MR SMITH: We have tried. We have tried, and they --

THE CHAIRMAN: And now we're moving on to Tim, who has a question. Thank you.

MR KEMP: I am sorry I was not here earlier, so thank you for the opportunity to speak.

With regard to point number one on that slide there, the only comment I would like to make is to go back briefly to the previous session and ask about the area west of M1. There was a comment made about the stormwater services that were provided. It was said that it was mainly road drainage only. I would like to thank the council for doing that because there are three culverts in front of my property and all three of them drain straight into my dam, so I greatly appreciate the water.

MEMBER OF THE AUDIENCE: You'll get charged for it.

MR KEMP: That is the point I was going to make. The only question is why are we getting charged to handle the water or why do we have to pay to handle the water that council essentially makes?

I am wondering whether there may be a bit of sleight of hand going on. At the moment there is talk of the \$5,400 charge for the big landholders. I am wondering whether they will say, "Well, we won't do that. We'll give you all a low-impact of \$110", and then expect everybody to say thank you for a charge that we should not be paying at all.

THE CHAIRMAN: Thanks Tim. This will be the last question before lunch break. Just here in the front.

MR BURGESS? I am John Burgess from Jilliby. I have a question about whether we can believe what the press tells us regarding stormwater run-off. It has been indicated in the press that if you are zoned residential, you are immediately absolved from that stormwater process. Is that correct?

1 THE CHAIRMAN: Jay?
2
3 MR SPARE: If you are residential, you will pay a flat
4 rate of \$110 per year, unless you are west of the M1 in
5 former Wyong, in which case you will only start paying that
6 subject to a future drainage declaration. So no low-impact
7 process for the residential. It is a flat rate.
8
9 MR BURGESS: Could you repeat that, please.
10
11 MR SPARE: If you are rated as residential, you will pay
12 \$110 per year. If you are west of the M1, you will only
13 start paying that \$110 per year subject to a future
14 drainage area declaration. The residential is not related
15 to the low impact. That is only for non-residential. So
16 for residential, it's \$110, no application required.
17
18 THE CHAIRMAN: That's the council's proposal.
19
20 MR McCAULEY: Can you clarify what is residential and what
21 is not residential?
22
23 THE CHAIRMAN: Sorry, just a second. Give this man a
24 microphone. Yes, Wayne?
25
26 MR McCAULEY: The crux of the matter, as I said earlier,
27 is what is residential and what is not residential?
28
29 THE CHAIRMAN: Jay will have a go at that.
30
31 MR McCAULEY: I pay a residential rate and I am on
32 40 acres. Am I residential as far as this stormwater is
33 concerned?
34
35 MR SPARE: If you look at your rates notice, it will say
36 "residential" or "non-residential". If you are currently
37 rated as residential, you are residential.
38
39 MR McCAULEY: So even though I have 40 acres, it is
40 proposed that I will only get charged \$110?
41
42 MR SPARE: Absolutely. I can't be clearer. If you are
43 rated as residential currently, that is the rating category
44 that is applied and you are residential.
45
46 MR McCAULEY: That's what we all want to know.
47

1 THE CHAIRMAN: Thank you very much. We are going to have
2 a lunch break now for half an hour. We will resume at
3 12.45. Thank you.

4
5 LUNCHEON ADJOURNMENT

6
7 THE CHAIRMAN: Let's get started. Thank you for coming
8 back. If anybody was not here this morning, my name is
9 Peter Boxall, and I am Chair of the Independent Pricing and
10 Regulatory Tribunal - IPART - and with me are my fellow
11 tribunal members Ed Willett and Deborah Cope.

12
13 Also just to remind you that the proceedings are being
14 transcribed and there will be a transcript up on the
15 website in a few days.

16
17 The afternoon session is split into two session. In
18 session 3, we are seeking views on the length of the
19 determination and whether we should allow the council to
20 enter unregulated agreements with any of its customers.

21
22 In the fourth session, we will discuss prices for
23 other services, including for bulk water transfers to and
24 from Hunter Water, for services to WICA licensees, and for
25 trade waste and miscellaneous services. There should also
26 be some time at the end to raise any other issues and
27 questions that you would like to raise.

28
29 First we will have a short presentation from Nadja
30 from the IPART secretariat.

31
32 SESSION 3 - Length of price determination and regulatory
33 incentive mechanisms

34
35 MS DAELLENBACH: Thank you, Dr Boxall. As mentioned,
36 I will be talking to you about two topics - the length of
37 the price determination and unregulated pricing agreements.

38
39 First of all, we decide how long to set the prices for
40 before we review them again. Simply this is for one to
41 five years and for recent reviews, we have decided on
42 four-year determinations. In short, a longer determination
43 provides better stability and a shorter determination sets
44 more accurate prices.

45
46 The council proposed a four-year determination as it
47 considers this balances reasonable cost forecasts and

1 certainty for customers.

2
3 In response to our issues paper, we received minimal
4 comments in submissions. One stakeholder suggested that a
5 shorter determination was appropriate because of the
6 accuracy of the council's cost estimate, and others
7 preferred a longer period for budgetary stability.

8
9 Our preliminary view is that we are currently
10 considering a three-year determination. This is because
11 the council is a relatively new organisation in its current
12 form following the merger and we have more certainty in the
13 earlier cost forecasts.

14
15 Moving on to unregulated pricing agreements. Whenever
16 we review prices, we always look to improve the way we set
17 the prices. One of the options we are considering is
18 whether to introduce the option for unregulated pricing
19 agreements. These are where the council and certain types
20 of non-residential customers would be able to opt out of
21 the maximum prices that we set and instead negotiate price
22 and service levels and enter into a separate contract, so
23 it would be voluntary for both parties.

24
25 We introduced this option for Sydney Water and Hunter
26 Water in 2016 and restricted it to large non-residential
27 customers using an average of at least 20 kilolitres of
28 water per day. The purpose of including this option is to
29 encourage the council to fund efficiencies with mutually
30 beneficial service arrangements.

31
32 The council, in its proposal, proposed not to include
33 this option and mentioned that it has very few large
34 customers. Two stakeholders also disagreed with the idea,
35 thinking that it might lead to disputes, special pleading
36 and that there might be too much political influence.

37
38 Our preliminary view at the moment is that whilst
39 these agreements might not be appropriate for most
40 customers, they may still be suitable for some specific
41 large customers; for instance, where the council supplies
42 other water supply authorities, and this would be Hunter
43 Water or the private water utilities.

44
45 We would also require the council to ring-fence the
46 costs to ensure that there are no impacts on other
47 customers.

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As in previous sessions, we have some questions to begin the discussion, starting with the length of the determination and going on to unregulated pricing agreements. Thank you.

THE CHAIRMAN: Thank you very much, Nadja. Council? No? It might be good to get a comment from Peter Shields, from Hunter Water, and Geoff Cameron, from the WICA licensee. Thank you, Peter.

MR SHIELDS: Peter Shields, manager of the economics team at Hunter Water. We are currently putting together our price submission which is due to go to the tribunal in June next year. We are contemplating a move from a four-year price period to a five-year price period. I guess that carries with it some risk on forecasting, so demand in connection risk, opex risk, if the opex gets out of line over a five-year period.

Interest rate risk has been addressed by recent changes to IPART's WACC method. We can see some merit in the five-year price path. I guess for us being in sync with Sydney Water, we can see some advantages in moving to an offline type process of setting out methodology and approach and then the pricing issues, focusing in on expenditure plans.

However, I guess in the Central Coast circumstances, where you are merging two entities and with all the transitional issues that come along with that, it would make sense to go with a shorter determination period.

THE CHAIRMAN: What about the unregulated?

MR SHIELDS: So with unregulated price agreements, we have had flexible pricing as at 1 July 2016. We had expressed some concerns about unregulated pricing agreements in the price review, but since we have had that ability, we have actually contemplated a number of unregulated agreements. We have not executed an unregulated agreement, but we can see circumstances arising where there would be mutual benefits to Hunter Water and another party from entering into an unregulated agreement.

Again, there needs to be benefits for both parties and consideration of how any cost savings would be treated in

1 the regulatory model. So we support unregulated pricing
2 agreements from the Hunter Water perspective.

3
4 THE CHAIRMAN: Thanks very much, Peter. Geoff or Brad?

5
6 MR CAMERON: Geoff Cameron, Narara Eco Village water
7 utility.

8
9 Our organisation has not put in a pricing submission
10 to the tribunal on this occasion. The logic behind that is
11 because the water scheme for the village, as currently
12 envisaged in our WICA licence, will ultimately involve us
13 being entirely self-sufficient for water and sewer and not
14 taking any services from the local council. We felt, under
15 those circumstances, that putting in a pricing submission
16 for prices for other people was probably not a reasonable
17 thing to do.

18
19 Having said that, we are only now about to complete
20 the first stage of what is a multi-stage project, and it is
21 very likely that there will be changes in technology and
22 the nature of the scheme going forward in future stages.
23 We have indeed been in discussions with council for about
24 the last five years on how they might be involved in water
25 and sewerage services on the site.

26
27 There are some real compromises to be made on
28 sustainability versus economics that we need to work
29 through. I do not have a lot to say at this point in time,
30 I think it is a little early.

31
32 THE CHAIRMAN: Thank you very much, Geoff. Brad?

33
34 MR IRWIN: Brad Irwin, Solo Water. We are the private
35 water utility at Catherine Hill Bay, which is one of the
36 very few WICA licence schemes in the Central Coast Council
37 area. In fact, we could even be the only one.

38
39 We are here basically on behalf of our customers. We
40 buy water off the council at the normal retail rate and we
41 have to put our costs on to it like all businesses. That
42 means it is \$3 a kilolitre for our customers at Catherine
43 Hill Bay.

44
45 I guess our point of view is just to try and get a new
46 category. WICA licences did not exist until a few years
47 ago, so the old categories of residential and

1 non-residential were appropriate. It could be that there
2 be a new category, or whether we specifically negotiate
3 with the council, or whatever it is, we are pretty
4 flexible. However, from the point of view of our
5 customers, we do not really want them to be disadvantaged
6 at their tap. That is all we are really concerned about
7 with this whole thing.

8
9 THE CHAIRMAN: Thanks very much, Brad. Thea?

10
11 MS BRAY: Regarding the price determination, we are
12 generally supportive of four years. It seems to have a
13 good balance. We would also be supportive of three years
14 length, given the merger issues and also given a few other
15 issues that have come up, such as charges between
16 apartments and houses, which should really be explored with
17 the community as to how they feel about those.

18
19 Regarding unregulated pricing agreements. We would
20 like to see the balance struck between end users who are
21 residential being protected by having fair prices, but that
22 there not be a stifling of innovation or environmental
23 benefits in that.

24
25 THE CHAIRMAN: Thank you very much, Thea. Questions?
26 Yes, right here.

27
28 MR AZOURY: George Azoury from Kulnura. Just a general
29 comment here. Would you consider moving away from setting
30 an arbitrary period to set prices but go on what you have
31 in your accounts against proposed projects in consultation
32 with the community needs, a rather practical approach
33 moving forward. So you do not say three, four, five years,
34 but base it on real projects that are in place?

35
36 THE CHAIRMAN: I think it would be difficult for the
37 regulator, which is us, to set prices on an ongoing basis
38 unless we can come up with the methodology which the
39 council and everybody understands and can apply year after
40 year after year.

41
42 MR AZOURY: I understand what you are saying. Essentially
43 the group here in front of us are providing services for
44 us - the community. We are paying for those services. At
45 times, there will be new things happening. There are
46 particular areas that need to be improved. There will be
47 costs involved in those areas. Obviously, that means we

1 have to raise funds for those projects, therefore, going
2 back to the council determining what should be done and
3 then the cost basis of these projects.
4

5 I am hearing that you are moving out on your figures
6 at three, four, five years on prices without thinking about
7 what does it all mean? It is all to do with what you are
8 going to do for us, what the council will do, or will it
9 mean we are going to do it for ourselves?
10

11 THE CHAIRMAN: What tends to happen is that if you have
12 relatively less faith in the forecasts, if there is a high
13 degree of uncertainty, then you tend to go for a shorter
14 period because you can actually reset the price after, say,
15 three years rather than making it five.
16

17 The argument usually for going for five years is that
18 this is a costly process for you people, for the council,
19 for IPART, so therefore why not do it every five years
20 rather than every three.
21

22 I can tell that my colleagues are itching to say
23 something.
24

25 MS GILBOURD: I wanted to add that, as part of the
26 process, each time we review, we do look at a sample of the
27 largest capital expenditure projects as well as the
28 operating expenditure that the council proposes to spend.
29

30 In the previous session, I mentioned that we have
31 expenditure consultants that look into that. They do a
32 very thorough audit and, based on that sample, work
33 out what the council can reasonably spend over the next few
34 years. So the figure is based on assessing actual
35 projects as a sample of the types of projects that the
36 council undertakes and applying the areas for efficiency to
37 the rest of the council's expenditure program.
38

39 MR AZOURY: I just made this comment based on the earlier
40 point that we have \$90 million in the coffers and it is not
41 used. So that was my general comment.
42

43 THE CHAIRMAN: That tends to be an argument for making it
44 a shorter period.
45

46 Are there other questions or comments on these issues?
47 Anybody else? Sorry, there is a lady down the back.

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MS SIMCOE: My name is Pam Simcoe, and I am blind. I can't see, so somebody will have to hold on this piece of paper for me while I read it. We live at Central Mangrove. We have a small dam in the front of our place that has contour banks to stop the water from running down the road, which is Wisemans Ferry Road.

For a start, our place does not run water. It is very sandy. We have two dams on the place. They have only ever been full twice in 44 years, so I don't like your chances of getting any water from us. The runoff from Wisemans Ferry Road - from the road itself - is more than what comes from our place.

I was interested to hear somebody mention an easement. We have a long easement. It is round about 500 metres long. I do not see that we should be responsible for that because they drive up and down it all the time and we don't. Those are my thoughts on that one.

The other point is that if this comes into effect, signed by the minister, what will happen is that there will not be any farms. Therefore my next question is: will we be allowed to subdivide? I don't think so. Okay. Thank you.

THE CHAIRMAN: Thank you very much for those comments, Pam.

Somebody else mentioned that issue before. The council said they would get back on that. Maybe they can include this in it. Yes?

MR MELI: Yes.

THE CHAIRMAN: So council will come back to you on the easement issue.

Are there any other questions or comments before we move on to the next session? No?

Let's move on to session 4, which is on the prices for other services, bulk water, WICA, which was raised earlier by Brad, trade waste and miscellaneous charges, and Elina from the secretariat will introduce this.

1 SESSION 4: Other prices

2
3 MS GILBOURD: Thank you, Peter. In the sessions before
4 lunch, what we were discussing was related to the water,
5 sewerage and stormwater services provided to residences and
6 businesses across the council's area.

7
8 In this session, we will talk through the other prices
9 that the council has proposed, which include the price for
10 water transfer from Hunter Water to the council, and what
11 Hunter Water has also proposed to be transferred the other
12 way. We will speak to that first.

13
14 Then we will discuss the water supply to private water
15 utilities, which are represented at the table today, and
16 the trade waste prices and miscellaneous prices that the
17 council charges. So I will talk about each one in turn.

18
19 The first one is the bulk water price between Hunter
20 Water and the council. Hunter Water and the council have
21 a two-way contract to purchase water from each other when
22 one has low dam levels and the other has adequate supply.
23 IPART sets the price in each direction that they pay for
24 the water although, as discussed, we are interested in
25 views about whether Hunter Water and the council would be
26 open to having the option to make an unregulated agreement.

27
28 The council and Hunter Water both propose maintaining
29 the current approach, where the prices are the higher of
30 the two water utilities' short run marginal costs, which
31 would be, at this stage, the council's costs of 33 cents
32 per kilolitre.

33
34 Our preliminary view is that the short run marginal
35 costs might not reflect the full opportunity of the cost of
36 transfers between the two utilities, but we will weigh up a
37 number of factors including the cost of supplying the
38 service, the stability of the price over time and the
39 nature of the agreement between the two.

40
41 We are interested in views about whether the short run
42 marginal cost is reasonable or whether each utility's long
43 run marginal cost would be appropriate. We are also
44 interested in views about whether the price should be the
45 same in both directions or if there is reason to make it
46 different.

1 The second set of prices is prices to WICA licensees.
2 As mentioned by Brad in the earlier session, there was no
3 previous category for prices to private water utilities
4 that are licensed under the WIC Act, as these are
5 relatively new.

6
7 The council has two private water utilities that it
8 supplies, or plans to supply; namely, Solo Water, which is
9 Catherine Hill Bay, and the Narara Eco Village. The
10 council currently charges them the same non-residential
11 price as for all non-residential customers, which is a fixed
12 charge related to their meter size and usage charge per
13 kilolitre of usage.

14
15 We only received a submission on this from Solo Water.
16 They made a submission saying that the price that they are
17 currently charged is too high and does not reflect the
18 costs of service. They suggested it should be lower
19 reflecting the cost of service.

20
21 We are interested in views about whether we do need to
22 set prices for these two schemes; on what basis the prices
23 should be set; and whether there are other issues that we
24 need to factor in, such as costs and cost savings, for
25 example, to do with development that need to be factored in
26 to the prices charged to these utilities.

27
28 The final issue is quite different. It is the charges
29 that the council levies for trade waste and miscellaneous
30 services. The council receives trade waste from some
31 customers which is of a higher level of contamination than
32 regular household sewerage and it charges annual fees and
33 application fees for those services. It also charges
34 miscellaneous prices for certain one-off services like
35 connections. As the council has merged, it has taken the
36 opportunity to review the prices in detail and has proposed
37 to align the prices across the two areas.

38
39 This table summarises the proposed trade waste prices
40 by trade waste categories. There are four categories. As
41 you can see from the table, the story is mixed, so some
42 will be going up from what they previously were in the
43 Wyang and Gosford areas and some will be going down.

44
45 There are too many miscellaneous charges to list on a
46 PowerPoint slide, but the story for those is also mixed.
47 We have specialist consultants looking into these prices

1 and checking that each of them reflects the cost of the
2 service that is applied. We did not receive any comments
3 on these prices in submissions and since the council has
4 proposed quite significant changes, we are interested in
5 any views that you have to share today.

6
7 As with the previous session, we might deal with each
8 of the issues in turn and here are some questions to start
9 off the discussion. Thank you.

10
11 THE CHAIRMAN: Thank you, Elina. Peter, do you want to
12 kick off?

13
14 MR SHIELDS: Thank you. I will talk about the benefits of
15 the Hunter Central Coast pipeline agreement. Hunter Water
16 considers that the agreement is working well and achieving
17 the original purpose of the scheme. The interconnection
18 between the regions takes advantage of different storages,
19 different weather, different customer behaviour in each
20 region, and it does improve the yield in both regions.

21
22 Hunter Water and Central Coast originally built a
23 combined source model that shows yield improvements due
24 to the transfer agreement in both regions. In our region,
25 it is something like four gigalitres, which is the
26 equivalent of eight years of growth in our system on the
27 water supply.

28
29 The primary reason for building the transfer scheme
30 was to act as a drought response measure, a water security
31 insurance measure of sorts. It is effective when storages
32 in one utility are dropping and the other utility has water
33 available and that avoids or defers the need for more
34 expensive drought response measures like, high cost water
35 efficiency initiatives or restrictions on water use.

36
37 The agreement sets out storage levels and water
38 transfer rates, which were agreed back in 2006 as part of a
39 funding agreement for the infrastructure that supports the
40 scheme.

41
42 Our submission includes Hunter Water modelling on the
43 transfer flows between regions. It shows that there is
44 little flow in most years other than flows for operational
45 reasons to maintain water quality in the pipeline. Nine
46 years out of 10, or eight years out of 10, there are no net
47 transfers of any significance.

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IPART has tried multiple approaches for setting the transfer price over multiple past price reviews. In 2013, IPART concluded the advantage of setting the price on short run marginal cost is that it encourages a regional approach to water resource management and encourages the use of existing infrastructure. We agree with that reasoning. It does remove any financial consideration that may stymie water sharing between the regions.

Again the main reason that we think alternative approaches would not work is this issue of forecasting risk. You would need to forecast net movements in water for Hunter Water or for Central Coast. If it is set at an LRMC, there may be material financial adjustments to the revenue requirement. Then, with the scheme running so infrequently, you are subject to that forecasting risk and the risk of over-recovery or under-recovery of revenues.

I understand that was the basis for shifting to the 2013 determination. Again we support the reasoning and the logic of the tribunal back at that time.

The utilities have infrastructure funding arrangements in place and those costs have been capitalised into the RAB of each business. Again, I think if we were to do a voluntary agreement, we would support Central Coast having the ability to enter into a voluntary agreement with Hunter Water over the transfer pipeline.

If we were to do a voluntary agreement, it would be the higher of the SRMC of both utilities. We think it makes sense to be the higher. It does not make sense for Central Coast to purchase water at their own cost of producing water. We think it should be different to that, so it should be the higher of the SRMCs.

We support the 2013-2016 decisions and we will be proposing something similar in our upcoming price submission.

THE CHAIRMAN: Good, thank you very much, Peter. Brad?

MR IRWIN: I think I jumped forward last time to get to the microphone, so I have probably said most things. Just to reiterate, in my mind, it is a different category of wholesale supply. We on-sell to a small residential

1 customer and that is what we are looking at. We are happy
2 either way. If it is voluntary agreement where we
3 negotiate with council or if it is imposed by IPART, we are
4 not that fazed. There are benefits in IPART making a
5 ruling, because there is no scrutiny then about how the
6 agreement is made. It would be open and transparent, which
7 we like as a private company as well. Most people assume
8 we are big greedy capitalists just because we are a private
9 company. Anything that is transparent is good from our
10 point of view as well, but we are happy either way.

11

12 THE CHAIRMAN: Thank you, Brad. Geoff?

13

14 MR CAMERON: I would like to add to my previous comments,
15 in the hypothetical case that we, in the future, take
16 services from council and in the interim period where we
17 are now, as we are constructing the first stage of our
18 development, we are taking services from council, I think
19 it would be reasonable to recognise the actual costs being
20 borne by the licence holder, in this case the WICA licence
21 holder, for both the retail and network operations. They
22 are quite significant, as you could imagine, for a customer
23 base of approximately 120 houses. That is a significant
24 impost on the residents.

25

26 If we receive services at normal residential charges
27 or non-residential charges and then need to pass those on
28 plus our own costs, I think you can see that the financial
29 impost on our customers could be fairly unreasonable.

30

31 THE CHAIRMAN: Thanks very much, Geoff. Thea?

32

33 MS BRAY: Nothing, thank you.

34

35 THE CHAIRMAN: Any comments or questions on this issue or
36 these issues?

37

38 MR McCAULEY: Just a question, I guess, of clarification on
39 the miscellaneous costs. We are on a rural property. We
40 have a septic system. We pay an onsite sewerage management
41 domestic fee. Is that covered in these miscellaneous costs
42 or how is it determined? Is IPART looking to see whether
43 that is a reasonable figure that is charged to us?

44

45 THE CHAIRMAN: Thank you, Wayne. Council?

46

47 MR MELI: Just in response there, that onsite service

1 management fee you talk about is not included in these
2 charges. It is an environmental charge. It is for
3 registering that system so that council is aware that it is
4 there. It is really just like registering any other item
5 that council needs to know is there. Frequently these are
6 in the catchment areas, so if there was any issue, council
7 just needs to have a record that that system is there.

8
9 MR McCAULEY: Is there any transparency on how you
10 determine the rate?

11
12 MR MELI: I can't answer that question. It is an
13 environment and planning charge, so not a water and sewer
14 charge. Thank you.

15
16 THE CHAIRMAN: Andre, and then George.

17
18 MR HORVATH: I believe with Macquarie Council - I have a
19 friend who lives in the Newcastle area - that the sewerage
20 charge is charged every five years and it is cheaper than
21 what we actually pay. So what is the difference between
22 them and us? That guy is also on a septic system. It
23 seems like councils can make up their own pricing things
24 perhaps.

25
26 MR MELI: As I say, of course, it is not a price that is
27 set under this process, so it --

28
29 THE CHAIRMAN: Well, it's on the record. The issue is on
30 the record, so council can obviously follow it up.

31
32 MR MELI: Yes.

33
34 THE CHAIRMAN: Thanks, Tass. Yes, George?

35
36 MR AZOURY: On this point again, I hear that there is a
37 registration fee. Therefore, I would suggest that it
38 should be a one-off fee not a yearly fee.

39
40 THE CHAIRMAN: That is on the record. Yes, the lady up
41 the back.

42
43 MS BAXTER: Thank you. My name is Maurean Baxter. I just
44 heard - and this is just an observation that I am making on
45 those water rate charges - that there were some significant
46 increases, mainly for ex Wyong Council areas. They were
47 above 80 per cent, and some were well over a 100 per cent

1 increase, and there was one for Gosford which was well over
2 300 per cent. I just do question how we can have such a
3 disparity in those pricings.
4

5 I have no interest in industrial waste, but just the
6 sheer observation of that seems to be that there would need
7 be some adjustments made and that it would be inequitable
8 to bring those in onto these industries in one foul swoop.
9 Thank you.
10

11 THE CHAIRMAN: Thank you very much. Once we have reviewed
12 the charges and come to a decision, there is an issue about
13 whether it should be introduced over time. Thank you very
14 much.
15

16 Are there any other questions or comments? It is now
17 sort of an open forum so anything that was overhanging from
18 this morning, you can now re-prosecute. Yes?
19

20 MR SMITH: This is probably not an overhang from this
21 morning. I am just wondering what is happening with Vales
22 Point power station and the EPA. I understand there is a
23 lot of asbestos there. Council has not let us know what is
24 going on.
25

26 THE CHAIRMAN: That is somewhat --
27

28 MR SMITH: I know this is not the forum for this sort
29 of --
30

31 THE CHAIRMAN: It is somewhat out of the purview for this
32 forum.
33

34 MR SMITH: This is a public forum.
35

36 THE CHAIRMAN: Yes, this is a public forum.
37

38 MR SMITH: I am a member of the public and the public
39 needs know what is going on.
40

41 THE CHAIRMAN: The issue is about the issue of water
42 pricing. Because this forum is being transcribed, that is
43 now on the record.
44

45 MR SMITH: That's the way I want it because we have had no
46 indication of what is going on.
47

1 THE CHAIRMAN: Well, you have achieved that. It is on the
2 record. Council can follow up or you can follow up with
3 council.

4
5 MR SMITH: And the EPA is involved.

6
7 THE CHAIRMAN: Thank you. Two up the back, and then
8 George.

9
10 MS BAXTER: Maureen Baxter again. Just referring to some
11 issues from earlier on, one is the sewerage service. We
12 were not on sewerage for a number of years. We then had a
13 sewerage system put in, which enabled the then Wyong Shire
14 Council to open up and develop a large number of areas.

15
16 Unfortunately, one of the consequences of that is that
17 now, when we have flooding, we actually have raw sewerage
18 coming out of that sewerage system and it affects our own
19 sewer system. We have not been able to get anything done
20 about that in the interim period and I am just wondering if
21 there is any provision in the sewerage service to have that
22 looked at.

23
24 THE CHAIRMAN: Thank you, Miriam. Council?

25
26 MR MELI: Without knowing specifically where you are
27 located, Miriam, I cannot comment specifically. Part of
28 the proposal, as you have heard mentioned earlier, was for
29 us to increase our level of spending and to be able to take
30 care of a lot more of those issues in terms of limiting
31 sewer main breaks and chokes.

32
33 MS BAXTER: I have a following question, which is more on
34 stormwater. A lot of those older places throughout Wyong
35 Shire Council area that were built alongside the waterways
36 do not actually discharge stormwater into the street area.
37 Those discharges go into the waterways. We do not have
38 stormwater collection by the council because whatever comes
39 in either goes into the wetland areas or into the waterways
40 system; yet we are still being charged.

41
42 Further to that, the older developments were all on
43 what was traditionally the quarter-acre block, but what we
44 are finding now is that the newer developments are on a
45 much smaller footprint of land and you have a very large
46 house put there, so there is very little cleared land to
47 take up any rainfall. You will have mostly hard surfaces,

1 whereas the older properties have a much smaller ratio of
2 hard surface to permeable land.

3
4 I think being charged one charge across the board has
5 a degree of inequity, which I acknowledge would be very
6 difficult to address, but there is also the issue of
7 rainfall across the area, because this does significantly
8 differ from one area to another throughout the Central
9 Coast. Whereas you can have huge downpours in one area,
10 you can have almost no rain in another. Thank you.

11
12 THE CHAIRMAN: Thank you for those points. Yes?

13
14 MR MARCOUX: Russell Marcoux, from the Yarramalong Valley.

15
16 Again on this issue, I wanted to speak earlier but
17 perhaps received the assurance regarding residential
18 rating. I want to highlight and place on the record, from
19 my perspective, the inequity of basing charges on the land
20 area. Specifically with regard to the impact of
21 conservation zoning in my area, for many of us probably
22 60 per cent or more of our land is actually zoned
23 conservation area. We cannot do anything with it. We pay
24 a very substantial rate for the privilege of sponsoring the
25 ecology. I am happy to do that, but I do not want to be
26 kicked in the guts because of the extended assessment of my
27 land area where I cannot make any use of it, in fact.

28
29 The other aspect is we are classified as a water
30 catchment. That, by its very nature, imposes restrictions
31 on what we can and can't do. Yet again, council has taken
32 the privilege of charging for that water which passes
33 across our land and wants to impose a fee on it. It just
34 seems highly unjust and improper.

35
36 THE CHAIRMAN: Thank you, Russell. The issue of the
37 conservation area came up this morning and that is noted.
38 Okay, George and then Marilyn.

39
40 MR AZOURY: I would just like to thank you for having this
41 forum. I think that it is very important for all of us in
42 this community. I want to encourage these things to happen
43 more regularly because often when things like this happen
44 we hear about them through the grapevine or neighbours or
45 by accident. I am sure there will be some funds around to
46 enable these things to continue and I think that it will
47 bring us closer together in achieving what we want to do

1 together.

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I want to ask a general question, and we have had a lot of questions today. Would these be published or would they be available to the community? Will they be answered openly? Will there be transparency completely or rather we will we not hear from you until the next time around?

9 THE CHAIRMAN: Thank you very much. Thanks for those
10 comments, George. The transcript will be on our website
11 within a few days. So the questions and answers and
12 contributions will be there. Obviously members of the
13 public can take up issues with IPART or the council.

14
15 MR AZOURY: I am sorry, I beg your pardon. I have one
16 last question.

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I asked the question before to do with the \$110 levy for residential properties and I am not talking about farmland. Would you consider not having that at all because the services provided are not there?

23 THE CHAIRMAN: We will make a determination on what we
24 think. We will first do a draft determination of what we
25 think the appropriate charge is. The council's proposition
26 is for \$110 for residents and for low impact. That is
27 their proposition. We will evaluate that and we will come
28 to a landing on what we think it should be and that will be
29 in our draft determination, our draft report, which will be
30 coming out in early April so people can have another chance
31 at it before we make the final determination. Thank you
32 very much. Yes, Marilyn?.

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MS WOOD: I am just looking here at the council's actual submission to IPART. I am looking at the table where they set out their proposed charges, and I am looking at the stormwater drainage section, which goes over pages 11 and 12. If you look down there, for non-residential properties which have low-impact dwelling, it is \$110.77, and the unit of measure for that is "dwelling".

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Now, on page 12 also when you look at small, medium, large and very large properties, the unit of measurement once again is "dwelling". I am curious, and maybe somebody from council can explain to me, why the unit of measure for non-residential properties is "dwelling". Doesn't this mean that if we do not actually have a dwelling on our

1 non-residential property, we do not have to pay any
2 charges?
3
4 THE CHAIRMAN: I think we will get the council to clarify
5 that. Is Jay here?.
6
7 MR SHARMA: My name is Anuj Sharma. I think I have spoken
8 to you before.
9
10 MS WOOD: Yes, you have.
11
12 MR SHARMA: It is meant to be property that was in there.
13 This is the FAQ sheet, from my understanding.
14
15 MS WOOD: That is the actual submission that has been put
16 into IPART.
17
18 MR SHARMA: That is meant to be property for
19 non-residential.
20
21 MS WOOD: So has IPART been notified of that?
22
23 MR SHARMA: We have spoken, but - yes, we have spoken.
24
25 THE CHAIRMAN: We have been now.
26
27 MS WOOD: Because we have two rateable properties. Both
28 constitute our farm. One property has a residence on it,
29 plus the cows running around. Immediately adjoining that,
30 we have a property with no residence on it and just the
31 cows running around. I was really hoping that we would not
32 be charged for anything where we did not actually have a
33 residence.
34
35 MR SHARMA: It would be property based, yes. It is not
36 going to be relevant in terms of these measures, yes.
37
38 MS WOOD: Thank you.
39
40 THE CHAIRMAN: Thank you, Marilyn. So we have Ross,
41 I think, down there, then the lady in the middle, and then
42 over here.
43
44 MR HITCHCOCK: Thank you very much for giving me the
45 opportunity to speak here. I have an irrigation drainage
46 management plan in place. I am also in agriculture. I
47 grow citrus up in the mountain - the plateau as it is

1 referred to -- -

2

3 THE CHAIRMAN: Sorry, can you just give your full name,
4 please, Ross.

5

6 MR HITCHCOCK: Sorry, I am Ross Hitchcock.

7

8 I found that the letter was quite clear on the
9 farmland and its rateable structure. I do not think that a
10 20-page justification for rural areas for the benefit of
11 property drainage is over-onerous. I have gone through the
12 motions of creating an irrigation drainage management plan.
13 I also have an extraction licence, a licence for use, and a
14 usage fee applicable for 70 megalitres of stream flow of
15 which I have only used five megalitres, so 60 megalitres
16 have actually flown down into the Warre Warren Creek and
17 the Mangrove Creek Dam weir.

18

19 The listing of the stormwater on the roads was
20 originally a levy. I would like to go back and remind
21 people here that the original levy in the Gosford area was
22 to supplement the buying of properties which, ironically,
23 go up to the Eco Village at Narara, for the Narara Valley.
24 That was in the Gosford area, and it was to prevent all the
25 flooding that occurred through there.

26

27 I was also a witness to the flooding that occurred in
28 the Gosford areas, around the hotels and the main streets.
29 My grandfather related stories about all the chicken sheds
30 and the structures floating down Narara Creek. In some
31 respects, I am very pleased that we have a rateable
32 structure in place that will support that type of business.

33

34 In the Wyong area, that levy was to support the runoff
35 from sewerage and onsite work and fertilisers, running into
36 the Tuggerah Lakes. That is why it never went west of what
37 was then the M3 and the M1. I am a bit disappointed in
38 some respects that the argument that it is not affecting or
39 was going to extend past that point, because the levy has
40 now moved from a levy to a generalised rate thing which has
41 never, ever been the intention of it. However, I am quite
42 happy to pay that rate because I have an irrigation
43 drainage management plan in place and I will deal with that
44 later.

45

46 I would also like to know what is the business
47 partnership with Sydney Water. I know that Mooney Mooney

1 receives its water and the sewerage services from the
2 Hunter district, so I am not sure why there is no
3 representation or input into this forum for bulk water
4 purchasers and the supply services to the Mooney Money
5 area. That is a statement, but it is a question too,
6 I guess.
7

8 I might add to that that the whole area in the Central
9 Coast Council from the border supply catchment area right
10 through is all a catchment area and the drainage system is
11 part of that. The runoff does not run uphill, therefore,
12 we all are contributing to the stormwater issues.
13

14 I have stormwater leave my property, and I make no
15 bones about that. However, in our view, there is no
16 sediment or nutrient in it. Unfortunately, a lot of my
17 farming neighbours and others have a system in place
18 whereby nutrients in stormwater runoff is of great concern
19 and is not being addressed. I would hate to see - with the
20 efforts that I have put into creating a stormwater drainage
21 management plan - that just because you have farmland means
22 to say you will get an exemption to the rates.
23

24 I wrote these notes down as I was going along, so some
25 of them were - oh, yes, with the Mangrove Creek Dam, as
26 Lorraine was saying, to increase the size of wall was
27 always part of the state government's structure, plus the
28 improvements to the spillway.
29

30 Originally council put that in and then said that was
31 a benefit to the mountain areas for those who were paying
32 for the stormwater drainage "because look at what we are
33 doing to the Mangrove Creek Dam." I would hate to think
34 that that would be the justification for spending the
35 money: "We are spending the money in the rural areas. Look
36 at what we are doing with the Mangrove Creek Dam." The
37 Mangrove Creek Dam upgrade does not benefit us directly.
38

39 I read sometime earlier last month that this meeting
40 was going to be here. I confirmed with Mingara two weeks
41 ago that this had already been booked. To say this was a
42 suddenly sprung-on affair, I find to be rather irritating.
43 I did have a feeling of what was going on months ago, but
44 I thought by now the public angst would well and truly be
45 gone, but it is still here, so now I am speaking to it, and
46 there is more of it, as it turns out.
47

1 I would like to add that I am also a third-generation
2 farmer. 60 per cent of our 68-hectare farm is a flora and
3 fauna reserve. I have no qualms about the issue of the
4 stormwater and its permeability. I would also like to
5 read, for the benefit of those who do not know what an
6 irrigation drainage management plan is just a short
7 extract. This is from a licensed document that used to
8 come from the Department of Irrigation which then morphed
9 into the Department of Land and Water, and all the other
10 little conservation icons they add to it.

11
12 Just bear with me for a moment. I am sorry, I can't
13 find it, but it more or less analyses your ability to
14 irrigate your farm efficiently. It also puts into place
15 what provisions you are going undertake to make sure that
16 you do not have any nutrient runoff from. It also puts into
17 place that the amount of water you have will irrigating
18 will be used most effectively and efficiently.

19
20 If you couple that in with "Farm for the Future",
21 which we all should be doing, it also identifies those
22 areas which are regenerating and which areas can or cannot
23 then accept stormwater runoff. Fowl manure is used on the
24 mountain. You have people who are creating open areas and
25 putting a lot of fowl manure on them. The nitrogen levels
26 in that is enough to kill off any vegetation. The argument
27 is that, yes, you can use fowl manure but there is no
28 regulation going into it. Therefore, I see an irrigation
29 drainage management plan as an integral part of sustaining
30 the future of farming and our rural area up here.

31
32 I will leave it at that point - sorry, no, there is one
33 more point here that I should make. Mangrove Creek Dam
34 reaches a capacity of 85 per cent before they even hook up
35 the Mardi system. The catchment of the dam area is
36 sufficient to fulfil the requirements of this area if we
37 have a normal rainfall, and I know we have not having
38 normal rainfall right now. But to think that the Mardi Dam
39 system will be the only way that water will get into the
40 Mangrove Creek Dam is a bit of a fallacy.

41
42 Thank you, very much, Mr Chairman, and thank you again
43 for this forum.

44
45 THE CHAIRMAN: Thank you. Yes, in the middle here?

46
47 MS POINTER: My name is Kaye Pointer. This is perhaps a

1 little aside from this forum, but it is relevant to water.

2
3 In my lifetime in the mountain area, I have witnessed
4 some disasters. My concern is that DA applications go
5 through. Council then approves these with regulations and
6 the compliances. On several occasions I have seen these
7 compliances fail, relating to drainage and water supplies.
8 Is there some way that we can actually make sure that there
9 are not any more disasters and to prevent some of these, to
10 actually listen the landholders and consult with the
11 landholders surrounding the properties that are doing the
12 DAs to prevent this happening? If it does not happen,
13 there will be more disasters if we get the high rainfall
14 that we often get.

15
16 One thing that I am referring to is Piles Creek and
17 the management of the drainage that goes into that.
18 I predicted that there would be a disaster because I saw
19 what they were doing around Piles Creek. I have an ecology
20 background. My main concern is that these hard surfaces we
21 are seeing really need to be considered. We need to
22 consider parkland as part of our assets, and how the water
23 is conserved on any of unsealed areas is of great interest
24 in water management.

25
26 Another point relates to the quality of the water, and
27 this has been mentioned by a few people, and the amount of
28 fertiliser that is going in, and how people are utilising
29 the water upstream and putting pollutants and other things
30 downstream, inadvertently often, and perhaps ill-educated.
31 Maybe there should be some sort of, as has been said, a
32 leniency for those who are less polluting towards the
33 environment.

34
35 As another aside, when they bury the chicken dumps up
36 on Mangrove Mountain, that water is contaminated, so any
37 groundwater has to be treated or should be treated by the
38 landholders. We are being slogged potentially with that as
39 well as a whole lot of other issues. That is all going
40 into our water supply too. People are not being notified
41 of all these treatment processes that go into the costs of
42 getting their water their safely.

43
44 With regard to the stormwater damage, I disagree with
45 one of the comments that was made earlier. Our road was
46 impassable for six months. Gosford Council could not
47 repair it for us until we actually complained to the

1 parliamentary offices before we got results. For over six
2 months, we could only pass it by walking, and that was a
3 council road.

4

5 THE CHAIRMAN: Thank you very much, Kay. Are there any
6 other questions or comments? Yes?

7

8 MR SMEDLEY: Hello, I am Alan Smedley from Ravensdale.

9

10 There are a couple of points that are not clear in the
11 submission and they are in various ways different from what
12 we were aware of with the original submissions with the
13 farmland and all that. The council needs to clarify the
14 difference in costs and the difference in categories of
15 zoning so we can all understand better what is going on
16 with what is proposed.

17

18 Also the matter was raised about certification of
19 septic systems. I know of a septic system that was installed and
20 was approved by an independent certifier. I raised with
21 the Wyong Council about this septic being installed in less
22 than 100 metres from a live river. Nothing has been
23 resolved about that. It is still there and people are
24 living there. What is the council doing about the
25 certification and qualification of independent certifiers?

26

27 THE CHAIRMAN: Okay, council can take that one on board.

28

29 MS NEL: Yes, we will take it on board, and maybe we can
30 get the details afterwards.

31

32 THE CHAIRMAN: Thank you. Ross?

33

34 MR HITCHCOCK: Thank you, Mr Chairman. There is just one
35 thing I noticed down the bottom, which goes back a bit
36 further. We had the members of parliament, both federal
37 and state, I presume, as part of consultation process. How
38 normal is that?

39

40 THE CHAIRMAN: From time to time, members of the
41 parliament do make submissions to pricing reviews such as
42 this.

43

44 MR HITCHCOCK: It is just that it appeared on what
45 I thought was the council presentation where they were
46 having comments from MPs.

47

1 THE CHAIRMAN: No, that was part of a submission. What
2 happened is that members of the public, including many
3 people in this room, made submissions, as did the local
4 member.

5
6 MR HITCHCOCK: So would it be then the people who made
7 comments to the local MPs to forward on to IPART, would
8 that be double-dipping or would it be a --

9
10 THE CHAIRMAN: No. The member of parliament made a
11 submission in their own right. They were not forwarding on
12 submissions that they received. People make submissions
13 directly to IPART and, in the case in question, the member
14 of parliament made a submission in their own right. They
15 were not forwarding or stapling on submissions from the
16 public.

17
18 MR HITCHCOCK: So they were making it as a member of
19 parliament, were they? They were not making it as an
20 individual who happened to be a member of parliament?

21
22 THE CHAIRMAN: They were making it as an individual who
23 happened to be a member of parliament.

24
25 MR HITCHCOCK: Should it not have appeared on there as a
26 member of parliament then?

27
28 THE CHAIRMAN: I am sorry, I am advised that it was the
29 member for the The Entrance on behalf of constituents, but
30 it was their submission.

31
32 MR HITCHCOCK: Thank you very much, Mr Chairman.

33
34 THE CHAIRMAN: Thank you. Are there other questions or
35 comments. No? We are just about right on time.

36
37 CLOSING REMARKS

38
39 THE CHAIRMAN: On behalf of IPART, I would like to thank
40 you all very much, including those who stayed the course.
41 We really do appreciate your efforts and your
42 contributions. We will be considering them as well as the
43 written submissions when we make our decisions on the
44 council's prices to apply from 1 July 2019.

45
46 Just to recapitulate, we plan to release a draft
47 report and determination for public comment in April next

1 year. People will have about three weeks to make further
2 written submissions, if they want, in response to the draft
3 decisions, so that we can consider these before we make our
4 final decisions on the council's prices.

5
6 A final report and determination will be released
7 in May 2019 and the maximum prices that we set will apply
8 from 1 July 2019.

9
10 Finally, as mentioned through the course of today, a
11 transcript of today's proceedings will be available on our
12 website in a few days.

13
14 Thank you very much for attending and have a good
15 afternoon.

16
17 AT 1.50PM, THE TRIBUNAL WAS ADJOURNED ACCORDINGLY
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