



THE ENTRANCE PENINSULA

COMMUNITY PRECINCT

ENCOMPASSING: THE ENTRANCE; THE ENTRANCE NORTH; LONG JETTY TOOWOON BAY; BLUE BAY; SHELLY BEACH & MAGENTA

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10 October, 2012

Mr. James Cox
Chief Executive Officer
IPART
Level 8, 1 Market Street
SYDNEY
NSW 2000

Subject: **REVIEW OF PRICES FOR WATER, SEWERAGE AND STORMWATER SERVICES TO GOSFORD CITY COUNCIL AND WYONG SHIRE COUNCIL**

Dear James,

The aim of this submission is to present arguments against what we believe is excessive price increases asked by Wyong Shire Council (WSC), well in advance of what our community is able to bear.

The Entrance Peninsula Community Precinct (TEPCP) is an instrument of Council that provides a forum for the community to raise their views on the important issues that directly and indirectly affect all the residents of Wyong Shire.

Our argument is a simple one: The 10%pa increase over four years as proposed by WSC is well beyond the capacity of our community to pay.

- The 2011 Census tells us: Median weekly household income in Wyong is **\$934** compared to NSW median of **\$1,237**. Median monthly mortgage repayments in Wyong is **\$1,733** compared to NSW median of **\$1,993**. **It is clearly a low income community.**
- The rebate for pensioners under local government water utilities has stayed fixed at **\$175** for around 20 years. Pensioners in the Sydney Water area receive a rebate of 100% of their water access charges, so any increase is compensated fully. In total, this equates to a rebate of **\$617.14** in 2011-12.
- Price increases do not act as a deterrent to excessive water use with respect to low income households. Pensioners and low income households restrict water use to save money on bills, particularly as the pensioner water rebate is inadequate.
- There is also a high percentage of tenants who live in properties that do not have separate water meters. There is no incentive for this group to make an effort to reduce their water consumption by increased water rates. Many of these are owned by self funded retirees who do not have access to any Centre Link benefits and whose income is dependent on the rent of their investment properties. Any increase in water and sewerage rates cannot be passed onto their respective tenants, many of whom are dependant on social security incomes and rental assistance.
- WSC increased the residential annual bills for customers for the 2009 - 2013 price path by 16.7%. IPART said this was to enable WSC to operate, maintain, renew and develop the assets required to deliver the regulated services. In particular, it is to:

- progress projects to improve the security of the water supply and the availability of water, including the Mardi to Mangrove Link
- provide infrastructure for new growth centres although these costs will be recovered over time, predominantly from new customers.
- increase the capacity of the water and sewerage system to improve performance and reliability of the system.

How can a 46% increase requested by WSC for 2013 - 2016 be justified?

- TEPCP does not believe that our community should have to pay for the infrastructure for new growth areas in the Shire such as Warnervale when these are in response to State Government growth initiatives. It's cold comfort to know that the costs will be recovered in time, as those paying now will all be dead by then.
- In IPART's 2009 decision it stated that it reflects the full, efficient costs of providing the services and should reach this level in the last year (2012) of the determination period. Wyong Council has clearly not been able to achieve this. WSC is now saying the aging infrastructure (40 to 50 year old pipes) are in need of replacing. It is clear that funds should be put aside for a depreciating asset so that they can be replaced at the end of their life.
- The cost of establishing and running the Central Coast Water Corporation is another cost burden on the rate payers that needs careful scrutiny.
- The Mardi to Mangrove link was paid for by the Federal Government and pumping water should be a normal operating expense.
- The Sydney CPI for last year was 1.3%. Continued increases in the base payment of 10%+ is not sustainable by the community. The better way of funding is by relying on income from excess water usage.

TEPCP requests that IPART gives serious consideration to the ability of the user to pay in determining the price increase for the 2013 - 2016 period.

Yours Sincerely



Douglas Darlington

Secretary

The Entrance Community Precinct Committee

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