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Monday 13 July 2015

Mr Chris Pattas  
General Manager - Network Investment and Pricing  
Australian Energy Regulator  
GPO Box 520  
Melbourne Vic. 3001

Dear Mr Pattas,

**RE: PROPOSED DEREGULATION OF MAINTENANCE COSTS FOR STREETLIGHTS  
ON DEDICATED POLES IN VICTORIA**

The Hume City Council wishes to express concern regarding changes to the regulation of public lighting, as presented in the Australian Energy Regulator's (AER's) public lighting forum on Monday 22<sup>nd</sup> June 2015 and proposed in a subsequent issues paper, *Victorian electricity distribution pricing review* (June 2015).

The Hume City Council believes that a shift away from a regulated environment to one in which local government is expected to negotiate service levels and charges for lighting on dedicated poles, will result in a negative outcome for local governments. While the concept of local government and distributors negotiating in good faith to set appropriate charges appears possible in theory, the experience of Hume City Council in obtaining an appropriate service for existing assets that already sit outside of the current OMR has been very difficult.

As maintenance service standards are deteriorating, there appears to be no accountability and if anything, local government needs help with more regulation. Examples within our Municipality are:

- It is evident that many lights are not working. Distributors are not conducting any inspections to identify light faults especially on main roads (even though they claim to)
- There are lengthy delays (often many months) in getting faulty lights repaired/replaced
- Damaged poles are frequently left lying in median strips and along nature strips
- When damaged poles are removed, frequently replacement arrangements are not made until complaints are made by residents
- Distributors are blaming Councils for not supplying decorative light replacements and causing the delays
- Distributors seem to be being charging over inflated charges to Council with exorbitant amounts for additional lighting requests and Council have nowhere else to go to get competitive prices.

Council also raise the issue of what the distributors are maintaining on decorative fittings under the current OMR compared with standard fittings, yet the OMR is the same for both. If anything this aspect requires more regulation rather than deregulation. If there is an issue

with differences in cost between shared assets and dedicated assets then the OMR should be divided into categories.

Suggested categories could be 1. Shared assets 2. Dedicated assets 3. Decorative assets.

The Municipality of the Hume City Council is covered by two distributors which would require Council to negotiate with two distributors one which is at present the smaller of these and is now significantly growing.

The Hume City Council is concerned that this is a process of requiring negotiated outcomes with potentially powerful monopolies where there are no alternative service providers. There is no opportunity for Councils to successfully negotiate while distributors have a monopoly on the service. This will only result in higher costs for the Council and its ratepayers. As each distribution business is effectively a monopoly in its area, our council does not have a choice as to who to negotiate with and so we are at an immediate disadvantage, as we need to continue to provide lighting to our communities. Councils are bound to use the same distributors.

What is required is consistency in both cost and service standards. What benefit would be gained by the community as a whole if service standards are negotiated and ultimately vary from one municipality to another.

It is for this reason, that the Hume City Council does not support the proposed changes to the current system of deregulating prices for public lighting for dedicated poles and that the dedicated poles remain subject to the same level of oversight as DNSP-owned poles.

We strongly support the present system of the AER in regulating public lighting prices. And consider Local Government on their own would not be able to negotiate an appropriate outcome without the centralised support of the AER in regulating these services.

Thank you for the opportunity to provide this feedback on the OMR deregulation proposal. Also on other matters in the current review of DNSP revenue proposals, please refer to the upcoming Northern and Eastern Alliances for Greenhouse Action (Ironbark Sustainability) submission that is made on behalf of Banyule and other local governments.

Yours Faithfully



**John Davis**

Manager Subdivisions

Hume City Council

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