

## Agreement in Principle

**Mr PHILLIP COSTA** (Wollondilly—Minister for Water, and Minister for Corrective Services) [10.22 a.m.]: I move:

That this bill be now agreed to in principle.

I am pleased to present the Central Coast Water Corporation Amendment Bill 2010 to the House. The bill clears the way for Gosford and Wyong councils to establish the Central Coast Water Corporation to manage the region's water and sewerage services. The creation of the corporation will see local water and sewerage services delivered by a single provider for the first time. The region's water system is currently jointly managed by the Gosford-Wyong Councils' Water Supply Authority, with individual councils providing on-the-ground water and sewerage services. Bringing these services under the control of a single council-owned provider will enable the councils to better manage the Central Coast's water system in the face of challenges like drought, climate change, rising infrastructure costs and population growth.

The Central Coast has the State's third largest water system and it currently services an urban population of 285,000 people. This figure is tipped to increase to 350,000 by 2020. The Central Coast Water Corporation will provide a single focus for the strategic direction of water services on the Central Coast, better utilise the region's assets and water resources, provide stronger bargaining power in the procurement of materials, assets and finance, and engender a business-focused culture that will improve financial performance and service delivery capability. By ensuring that the business of water and sewerage management is operated effectively, it will benefit local households, businesses and industries by keeping water and sewerage bills affordable and ensuring good quality, reliable services long into the future.

In 2006 the New South Wales Government passed the Central Coast Water Corporation Act to provide a framework for the creation and operation of the Central Coast Water Corporation. Since then, the New South Wales Government has been working with Gosford and Wyong councils to develop a smooth and effective transition to the new arrangements. The changes proposed in the Central Coast Water Corporation Amendment Bill clear the way for the corporation to be established. The bill amends the Central Coast Water Corporation Act 2006, with some minor amendments also to the Energy and Utilities Administration Act 1987.

The proposed amendments empower Gosford and Wyong councils to control the transfer of water supply and sewerage related functions, staff, assets, rights and liabilities to the Central Coast Water Corporation, to determine the transfer timing, specifically when councils will cease to be recognised as water supply authorities under New South Wales water management legislation, and to determine the value of councils' assets upon transfer, in agreement with the Central Coast Water Corporation. I have been working with the councils to ensure that we are empowering them to control this process. The New South Wales Government supports local councils and water authorities managing local water and sewerage services.

The creation of the Central Coast Water Corporation is a local, council-driven solution to local challenges. Gosford and Wyong councils have the local expertise and experience needed to create the corporation and transition to the new arrangements in a timely, effective manner. It makes sense that we empower Gosford and Wyong councils to control the transition process, with appropriate oversight from the New South Wales Government. Together with mayors Chris Holstein and Bob Graham, I recently signed a memorandum of understanding between Gosford and Wyong councils and the New South Wales Government on the creation of the Central Coast Water Corporation. I thank the mayors for their support in this exercise.

The memorandum of understanding outlines a five-phase process for the transfer of functions, staff, assets, rights and liabilities to the corporation. The New South Wales Government is focused on ensuring that the transition is cost effective and will not negatively impact on staff or customers. Therefore, each phase will be subject to a cost-benefit analysis prior to the commencement of the next phase. Each phase has a maximum duration of 15 months and, if all phases demonstrate net benefits, the transition process will be completed over a number of years. Of course, if councils wish they can complete the process earlier.

If this bill is passed, the memorandum of understanding requires Gosford and Wyong councils to take immediate action to approve the corporation's constitution, enter into a voting shareholders' agreement and recommend that the corporation be established within 90 days. Once established, the corporation will be required to report on the status of the transferral process in its annual report and the Auditor-General will scrutinise the process. These requirements will ensure strong oversight by the New South Wales Government and are clearly spelt out in the memorandum of understanding, the Central Coast Water Corporation Act 2006 and this amendment bill.

The five-phase council-controlled transition process will minimise impacts on water and sewerage staff and customers. This means that there will be no disruption to existing water and sewerage services. In fact, customers are only likely to notice a change in the final phase when they begin receiving water and sewerage bills from the corporation rather than their local council, and this was an important part of negotiations with the

councils. That is in the short term. In the medium to long term I expect the creation of the corporation to improve Central Coast water security and help keep water and sewerage bills affordable by improving business efficiency. Water and sewerage prices will continue to be determined by the Independent Pricing and Regulatory Tribunal. In regards to staff, their jobs and working conditions are secure. There will be no forced redundancies or transferred staff for three years, during which time they can apply for a job back at the council if they wish. I will also be seeking Commonwealth approval to continue to protect these staff under the New South Wales industrial relations system.

In conclusion, Gosford and Wyong councils, and the New South Wales Government, all agree that establishing a single council-owned water corporation is the best solution to the challenges facing water and sewerage service provision on the Central Coast. While the Central Coast Water Corporation Act 2006 provides an effective framework for the creation and operation of the corporation, it is necessary to make some minor amendments to give Gosford and Wyong councils greater control over the transition process. The corporation is a local, council-driven solution and it makes sense that local councils manage its creation with appropriate oversight from the New South Wales Government. The Central Coast Water Corporation Amendment Bill clears the way for the corporation to be established and to deliver much needed reform to water and sewerage services on the Central Coast. I commend the bill to the House