

**Submission to the
Independent Pricing and Regulatory Tribunal
Review of prices of water, wastewater and
stormwater services for
Gosford City Council and Wyong Shire
Council**



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1. ABOUT NCOSS

The Council of Social Service of NSW (NCOSS) is the peak body for the social and community services sector in New South Wales. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in NSW.

NCOSS provides an independent voice on welfare policy issues and social and economic reforms. It is the major coordinator for non-government social and community services in NSW.

2. INTRODUCTION

NCOSS welcomes the opportunity to comment on Gosford and Wyong Councils' proposed price for water, wastewater and storm water. At the last IPART review of prices, NCOSS recognised that securing the water supply was the most important element of Gosford and Wyong Councils' submissions. This remains a priority. However, NCOSS remains extremely concerned about the impact of past and future price increases on welfare dependent and other low-income households on the NSW Central Coast.

Despite the request in the Issues Paper (IPART 2008) for the Councils to provide information on the impact of proposed prices for water, sewerage and other services on customer groups, neither Council provided significant details of this in their submissions. Similarly, neither Council provided much detail on their mitigation measures to assist consumers adjust to price increases.

This submission provides some comments on the impact of proposed prices on low income households and suggests several elements of a hardship program to mitigate the impact of price rises on low income consumers.

3. IMPACT ON LOW INCOME CONSUMERS

In considering price increases for water it is important for IPART to understand the extent of vulnerability and disadvantage in the Gosford and Wyong communities, the significance of the price increase and the likely effect on low income households.

The NSW Central Coast includes some of the most disadvantaged areas in NSW. Tony Vinson's (2004) study *Community Adversity and Resilience* measured the concentration of disadvantage according to postcode areas in NSW. This study found that the towns of Wyong Shire Council, in particular, suffer from a high degree of disadvantage. Both areas have relatively high proportions of households whose main source of income is a Centrelink pension or benefit (ABS 2003).¹ In the Gosford local government area the proportion of Centrelink income support recipients in 2003 was 23.8% of the population. In the Wyong local government area the proportion in 2003 was 30.0%. (For the whole

¹ 2003 are the latest ABS figures available as at 3 October 2008.

of NSW the proportion was 22.2% and for the whole of Australia the proportion was 22.7%).

The following table compares the weekly income of a single aged pensioner and a single parent family with one child to the annual water bill. Assuming that there is no real increase in Centrelink benefits, the annual water bill of a single aged pensioner in the Gosford local government area will rise by 37% in real terms by 1 July 2012. For a single parent family, the increase will be by 28%. The increases for a resident in the Wyong local government area are much more modest (8% for a pensioner and 7% for a single parent family).

Household	Weekly income*	Annual water consumption*	Annual Water Bill 2008/2009***		Annual Water Bill 2012/2013***	
			Gosford	Wyong	Gosford	Wyong
Single Aged Pensioner	\$281.05	90 kL	\$535.61	\$499.95	\$739.43	\$540.05
Single parent family with one child	\$281.05	130 kL	\$777.41	\$741.67	\$992.43	\$793.07

*Maximum payment available not including rent assistance or other allowances as at 30 September 2008

** Based on a reasonably water efficient household

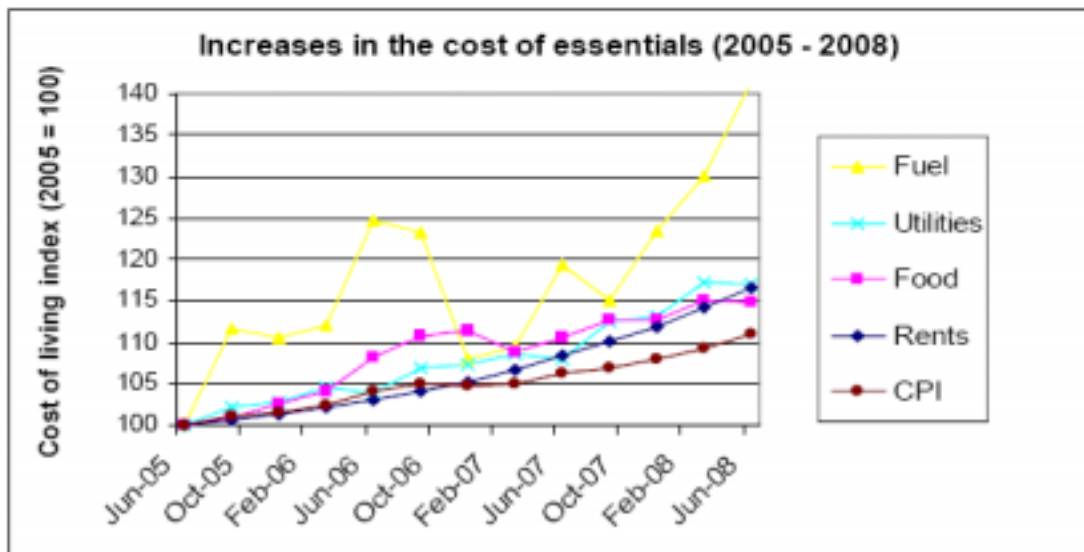
*** Includes maximum allowable aged pensioner rebate under the Local Government Act.

While water remains a relatively small component of household expenditure (even in single aged pensioner households) the price increases need to be considered in conjunction with the price increases for other essential goods and services such as food, electricity and fuel. This was highlighted by the Australian Council of Social Service in their submission to the Pension Review (ACOSS 2008). ACOSS showed how the value of the pensions has been eroded:

... since June 2005, the average price of food has risen by 15%, rents have risen by over 17%, household energy bills have risen by 17% and fuel has risen by 41% (see graph 1 below).

Many social security payments are regularly indexed in line with movements in the Consumer Price Index, which has increased by 11% over this period, well below rises in the cost of essentials.

Graph 1



Source: ABS Consumer Price Index

Anecdotal evidence from financial counsellors and Emergency Relief providers indicates that many low income households (especially aged pensioners) pay for essential services (water, electricity and gas) but seek assistance for more daily expenses such as food and clothing. Any price increase significantly above the Consumer Price Index will have an impact on water affordability for welfare dependent and other low-income households, such that the substantial increase proposed by Gosford City Council.

In their submission to the Pension Review, ACOSS has proposed substantial reforms to Australia's social security system that will assist social security recipients to maintain their standard of living in the face of future increases in cost of essential services. While NCROSS is hopeful that the ACOSS proposals will be adopted by the Commonwealth Government, IPART still needs to encourage the Gosford and Wyong Councils to adopt practices that will mitigate the impacts of price rises on low income households.

4. MITIGATING IMPACTS ON LOW INCOME CUSTOMERS

NCROSS is disappointed that neither Council has provided sufficient detail of the current measures to mitigate the impact of price increases on low income consumers for NCROSS to comment. Instead, this section outlines the elements of a 'hardship program' that are needed to ensure low income consumers are better protected from significant price rises of water, wastewater and stormwater services.

Payment plans

NCOSS believes that the IPART should ensure that the Councils have in place payment plans for those households that are having difficulty paying their water bills. As a first step Councils should have in place systems to allow for extensions of time to pay the bill.

The Councils should also be required to offer customers the options of paying their water bills by installment payments (in advance or in arrears). Installment payment plans should be developed that consider:

- the customer's capacity to pay;
- the customer's arrears; and
- the customer's expected consumption needs.

IPART should also ensure that the Councils have in place fair and reasonable procedures for dealing with payment difficulties that a customer may experience under the plan. Failure to make one payment should not be sufficient reason to abandon the plan.

Payment assistance scheme

Both Sydney Water and Hunter Water have payment assistance schemes that allow customers in financial hardship to seek payment vouchers for water bills from community organisations. NCOSS believes that such a scheme should be available on the Central Coast.

Demand reduction

NCOSS notes that both Councils have put in place significant demand reduction measures including rebates for rainwater tanks and water efficient washing machines as well as a household refit program. NCOSS is concerned that the household refit program has been discontinued due to the availability of free refit services by private sector businesses (Gosford City Council 2008). While NCOSS welcomes private sector involvement there is a need to ensure that low income households continue to benefit from the any refits available and that the Councils are able to pick up the program if the private sector fails to deliver the program.

No-interest loans

While NCOSS welcomes the rebates for rainwater tanks and water efficient washing machines these items tend to remain out of reach for many low income earners. No Interest Loan Schemes are a way of bringing these items within reach of low income households. No Interest Loan Schemes (NILS) are a community based program to help low income people buy essential household items or pay various bills. Many low income households get by week to week, but are completely stuck when they need to buy an expensive appliance. No interest loans usually provide small loans of around \$500 to

\$1000 that are usually repaid within one year. NCOSS suggests that Gosford and Wyong Councils fund the capital base of no-interest loans schemes for eligible community organisations in order to allow loans for water efficient washing machines and rainwater tanks as well as plumbing repairs and maintenance.

Pensioner rebates

Both Sydney Water and Hunter Water grant NSW government funded rebates to reduce water bills for pensioners and some other low income customers. NCOSS is concerned that outside the Sydney Water and Hunter Water areas pensioner rebates are more limited and are regulated under separate legislation, the Local Government Act. NCOSS would prefer to see a more equitable approach to pensioner rebates. NCOSS recommends that IPART bring this issue to the attention of the NSW Government by suggesting a review of pensioner rebates for water in its determination.

Membership of EWON

While not strictly speaking an element of a hardship program, membership of the Energy and Water Ombudsman of NSW would provide an independent arbiter of consumer complaints. This is particularly important to ensure complaints about payment plans and extensions of time to pay are dealt with at arm's length.

5. CONCLUSION

NCOSS is disappointed that Gosford and Wyong Councils did not provide sufficient information in their submission on the impact price changes on low income households nor on their programs to mitigate these price increases.

NCOSS believes that the impact of substantial increases in households water bills on low income households, such as proposed by the Gosford City Council in particular, need to be carefully considered by IPART.

NCOSS believes that IPART should require Gosford and Wyong Councils to:

- better manage consumer difficulties through reasonable and affordable payment arrangements;
- develop payment assistance schemes;
- provide capital funding to no-interest loans schemes for water efficient appliances, water saving devices and repairs; and
- join the Energy and Water Ombudsman of NSW.

IPART should also recommend that the NSW Government review water pensioner rebates to develop a more equitable system in NSW.

These will go some way towards reducing the hardship in low-income households in NSW.

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