

**Submission to the
IPART Review of prices of water, sewerage,
stormwater services for
Gosford City Council and Wyong Shire Council**



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Council of Social Service of NSW (NCOSS)
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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 the review of prices for water, sewerage, and storm water services for Gosford City Council and Wyong Shire Council.

Both Councils are proposing significant price increases for the upcoming determination period. Gosford City Council is proposing a 53% increase in the average residential bill over the four years from 2012/13 to 2016/17 (assuming water consumption of 200kL per annum), while Wyong Shire Council is proposing a 46% increase over the same time period (assuming water consumption of 160kL per annum).

These proposed increases follow sustained price rises – consistently above CPI – over the current determination period. An average household bill for Gosford City Council customers increased by a total of \$145 (\$2011/12), or 15%, from 1 July 2009 to 20 June 2013, while the average bill for Wyong Shire Council customers increased by \$189 (\$2011/12), or 20.8%.

NCOSS is deeply concerned about the impact of the proposed price rises on low-income customers. Our concern is heightened by the fact that the assistance available to customers in the Gosford and Wyong LGAs areas falls well short of that available to Sydney and Hunter Water customers.

We therefore urge IPART, Gosford City Council and Wyong Shire Council to reconsider the magnitude of the proposed price increases. We also make recommendations on a range of assistance measures that should be implemented to reduce hardship. These measures should be in place to mitigate the impact of any price rises on low income and welfare dependent households, let alone price rises of the magnitude proposed for the upcoming determination period.

3. LOW INCOME CONSUMERS IN THE GOSFORD AND WYONG LGAS

Characteristics of the Gosford and Wyong LGAs that should be taken into consideration in the determination process include:

- Lower overall labour force participation rates (Wyong 53% and Gosford 56%) compared with the Sydney Statistical Division (61%) and New South Wales (59%) and higher rates of unemployment (Wyong 8.2%, Gosford 6.2%) compared with Sydney Statistical Division (5.3%) and New South Wales (5.9%).¹
- Low income levels. For example, Wyong has the lowest median weekly household income level of all LGAs in the Sydney Statistical Division.²

¹ Regional Development Australia. Central Coast Regional Plan 2011-2015. Based on 2006 data.

² City Futures Research Centre UNSW

- A large Indigenous population that is growing at a much faster rate (36%) than the average across NSW (16%)³, and which currently experiences a higher than average unemployment rate (13% higher among those aged 15–24 years and 10% higher among those aged 25–34 years).⁴
- The presence of concentrated areas of disadvantage within the LGAs, with the suburbs of Wyong and The Entrance in the highest decile of disadvantage according to the SEIFA index.⁵

We consider that the extent and nature of vulnerability and disadvantage in the Central Coast should inform the price determination process and the development of effective assistance measures to mitigate the impacts on low income customers.

4. MITIGATING IMPACTS ON LOW INCOME CUSTOMERS

NCOSS believes that all utility providers in NSW should offer hardship programs to assist low income consumers. While the pricing submissions put forward by Gosford City and Wyong Shire Councils contain some information on assistance measures available to low-income consumers, very little detail has been provided.

This submission comments on measures we believe should part of the assistance provided by Gosford City and Wyong Shire Councils to alleviate hardship and assist low income and welfare dependent households to manage their water bills. These include:

- payment plans,
- payment assistance,
- pensioner rebates,
- water efficiency initiatives,
- no-interest loans.

Payment Plans

We note that both Gosford City and Wyong Shire councils have established hardship processes that allow for some customers experiencing financial hardship to enter into a payment plan.

In the absence of more detailed information on how these processes have been implemented it is difficult to comment on their adequacy and effectiveness. However, Gosford City Council states that its hardship committee receives less than ten applications per year, while Wyong Shire Council receives approximately 100 hardship applications per year, of which 5-10 are put before the Hardship Committee. Rather than being indicative of low levels of need within the Gosford and Wyong LGAs, these low figures may be related to:

- A lack of access to information about the program,
- Inadequate referral pathways,
- Narrow eligibility criteria,

³ Aboriginal Affairs NSW, Community Portrait of the Central Coast. Population growth rates based on 2001 and 2006 data.

⁴ Regional Development Australia. Central Coast Regional Plan 2011-2015.

⁵ Australian Bureau of Statistics (2008) *Socio-economic Indexes for Areas (SEIFA)*. Cat. No. 2033.0.55.001

- Application processes that are inaccessible and/or perceived as being inaccessible, invasive, or patronising.

We suggest that the Councils work with customer and community stakeholders to ensure the processes designed to support customers to deal with payment difficulties are both fair and accessible.

Payment assistance

Many low income households do not have the ability to set money aside in case of an emergency. In the event of an unexpected expense – such as a medical bill, fine, or car or household repair – such households may experience difficulties paying water and other bills. Similarly, a period of reduced income, which may be linked to illness, death of a family member, or the availability of work, may similarly result in a financial crisis.

Both Sydney Water and Hunter Water have payment assistance schemes that allow customers experiencing a financial crisis to seek payment vouchers for water bills from community organisations. These payment assistance schemes can avert a cycle of disadvantage by helping people stay connected to essential services and by reducing the stress and hardship often experienced during a financial crisis.

NCOSS encourages Gosford City and Wyong Shire Councils to make a similar scheme available to customers on the Central Coast.

The Councils should also consider providing additional assistance to customers who cannot afford to cover the cost of essential or urgent plumbing repairs. This approach not only provides assistance in the event of a financial crisis, but can help avoid escalating water bills.

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.

Low-income customers should not be disadvantaged simply because they live in a particular location. Table 1 below presents a comparison of average bills and rebates available to customers across four water providers, demonstrating significant discrepancies in the levels of assistance to which customers are entitled.

Note that the comparison below does not take into account the proposed price rises, or the proposed approach to the provision of rebates. If significant changes are not made, customers in Gosford City and Wyong Shire council will be further disadvantaged as there is no adjustment mechanism linking the value of the rebates available in these areas to CPI or to increases in service charges.

We would like to see a more equitable approach to pensioner rebates, and recommend that IPART bring this issue to the attention of the NSW Government by suggesting a review of pensioner rebates for water in its determination.

Table 1: Average bills and rebates applicable to water customers in freestanding homes for 2012-13

Water Provider	Ave Bill (based on water consumption of 200kL per annum)	Maximum rebate	Rebate as a % of the ave bill
Gosford City Council	\$1140.63	\$216.26 (includes a 50% rebate on stormwater service charges) ⁶	19.0%
Wyong Shire Council	\$1144.56	\$175 ⁷	15.3%
Hunter Water	\$1026.04	\$293.89	28.6%
Sydney Water	\$1165.28	\$620.38	53.24%

Water efficiency initiatives

Neither council provides any information on demand reduction or water efficiency initiatives in their pricing proposals. Previously available rebates for water tanks and washing machines have now ceased. This is disappointing, as water efficiency initiatives can contribute to important sustainability outcomes. When successfully targeted at low-income households, they can also mitigate the impact of price rises, and provide an effective means of supporting people to manage and control their bills.

We also note that water restrictions have lifted, and have been replaced with Water Wise guidelines. Both councils suggest that this will contribute to growth in consumption over the upcoming determination period. For some people this will have the effect of bill increases over and above the projected increases, which are calculated based on constant water usage.

Examples of water efficiency initiatives offered elsewhere include:

- Free tap re-washing services for pensioners and people participating in hardship programs,
- Shower head exchange programs,
- Toilet replacement programs,
- Residential refit programs including rebates for various water efficient appliances.

In order to ensure that these initiatives are accessible to low income and vulnerable people, specific and tailored strategies are required. While rebates for washing machines and rainwater tanks were previously available to customers in Gosford and Wyong LGAs, we are not aware of any efforts made to ensure these were within reach of low-income customers. If this is the case, we can assume that people with low incomes are least likely

⁶ This is based on the information contained in Gosford City Council's pricing submission. The Council's website also states that a rebate of 50% up to a maximum \$37.86 is available on water consumption charges, but it is not clear whether this rebate will be retained for the upcoming determination period. We were unable to find information about the 50% rebate on stormwater service charges on the website.

⁷ This assumes that Wyong Shire Council does not provide any additional discounts to pensioners and low-income earners beyond the rebate of \$87.50 for each of water and sewerage.

to have benefited from these programs, and will therefore be least well placed to manage rising water prices.

IPART should require Gosford City and Wyong Shire councils to continue to implement water efficiency initiatives, including developing strategies to ensure these initiatives are accessible to all socio-economic groups.

No-interest loans

One way of supporting low-income households to benefit from water efficiency measures and to reduce their demand for water is through No Interest Loan Schemes (NILS). NILS usually provide small loans of around \$500 to \$1000 to enable eligible households to purchase specific goods or appliances that would otherwise be beyond their reach. Loans 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.

5. CONCLUSION

NCOSS believes that Gosford City Council and Wyong Shire Council should improve the assistance they provides to reduce financial hardship, and should implement additional measures in order to mitigate the impact of any price increase on low-income households.

NCOSS recommends that IPART should require Gosford City Council and Wyong Shire Council to:

- Reconsider the magnitude of the proposed price increases,
- Work with customer and community stakeholders to ensure the processes designed to support customers to deal with payment difficulties are both fair and accessible,
- Develop a payment assistance scheme to support customers on the Central Coast and consider providing additional assistance to customers who cannot afford to cover the cost of essential or urgent plumbing repairs,
- Implement water efficiency initiatives and develop strategies to ensure these initiatives are accessible to all socio-economic groups,
- Fund the capital base of no-interest loans schemes for eligible community organisations.

Furthermore, we recommend that the inadequacy of existing rebates for Central Coast customers be urgently addressed, and ask that IPART bring this issue to the attention of the NSW Government by suggesting a review of pensioner rebates for water in its determination.

To discuss any of the issues raised in this report in further detail, please contact Rhiannon Cook, Senior Policy Officer on (02) 9211 2599 ext 128 or email rhiannon@ncoss.org.au.