

26 April 2019

Dr Paul Paterson
Chair
IPART
PO Box K35
Haymarket Post Shop NSW 1240

Dear Dr Paterson,

Review of Central Coast Council's prices for water, sewerage and related services.

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to comment on the Review of Central Coast Council's prices for water, sewerage and related services.

PIAC broadly supports the Draft Determination, and agrees with the balance that IPART has struck between consistency and equity in pricing, affordability and cost-reflectivity. In relation to specific elements of the draft determination, PIAC highlights our support for the following:

- Adopting of a 3-year period for this determination.
- Reducing overall bills for all residential consumers across the new council area.
- Aligning water usage prices for all residential consumers across the new council area.
- Not aligning sewerage service prices, in recognition of the difference in costs related to the separate legacy systems of Gosford and Wyong councils.
- Harmonising the storm-water prices across the new council areas, and moving to a single standard storm-water charge for all properties categorised as residential.
- Setting area-based storm-water charges for all non-residential properties that do not meet the 'low impact' criteria.
- The direction that the council undertake more effective, in-depth, long-term consumer and community engagement to inform its ongoing investment and pricing decisions.

While broadly supportive of the overall draft determination, PIAC wishes to reiterate concerns with the treatment of retirement villages and the payment and funding of rebates.

PIAC understands that Draft Determination has chosen a pragmatic approach, retaining the status quo, to ensure that pensioners and residents of retirement villages are not subjected to significant bill impacts in the short term. However, we contend that this is not an appropriate long-term approach, and that IPART should seek to highlight the need for reform to address the underlying issues:

- The inconsistency in the Government funding of rebates for residential water services, between council's water utilities and state-owned water utilities. Water is an essential service to which all NSW residents have an equal access entitlement. Residents, largely in rural and regional NSW, should not be significantly disadvantaged in rebate support for that access simply as a function of where they live. In relation to this determination, council being required to fund 50% of the rebate-related costs ensures that those costs are subsidised by the broader customer base, including potentially vulnerable customers who are not eligible for rebate support. IPART should recommend a consistent, 100% NSW treasury funded rebate scheme for all NSW water service providers.
- The inconsistency in the degree of rebate support available to customers of different water utilities. The current rebate support available to Central Coast customers is significantly less generous than that available to Sydney Water customers, and is not consistently tied to the usage (and bills) of the customer. IPART should recommend consideration of consistent, proportionate rebates for all eligible water consumers across NSW.
- The ability of some retirement villages to be registered as exempt properties for the purposes of water charges. The exemption framework, and how it applies to residential retirement villages, makes some 38% of retirement villages in the Central Coast area exempt from some water charges. IPART should recommend a review of this exemption framework and whether it remains appropriate, where it delivers a competitive advantage to exempt properties, and impacts the Council's ability to equitably recover costs related to the delivery of water services.
- The lack of consistency and transparency in the water charging arrangements of retirement villages, and concerns that even if rebates were payable to residents, they may not be delivered in full or at all. IPART should recommend a review of the transparency of charging for essential services in retirement villages, with a view to ensuring that the delivery of access to essential water services is costed and recovered on a consistent and equitable basis.
- The inconsistency in access to rebates for essential water services for eligible consumers living in retirement villages, as compared to other eligible residents. PIAC considers the current Australian Electricity Market Commission (AEMC) review of the framework for embedded Electricity networks provides a relevant basis for reform in the consistency of application of rebates to pensioners in retirement villages. Specifically, the principle that the business model of the operator of the residence should not limit a resident's access to an essential service or the supports available for that access¹. IPART should recommend a review of relevant acts, including the Local Government Act where appropriate, to ensure that rebates in support of access to water services, are consistently applied to all eligible NSW residents.

¹ AEMC. [Updating the regulatory framework for embedded networks](#) 31 January, 2019. p.i

Further engagement

PIAC would welcome the opportunity for further engagement with IPART and other stakeholders to discuss these issues in more depth. Please do not hesitate to contact Douglas McCloskey on [REDACTED].

Yours sincerely,

Douglas McCloskey

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Public Interest Advocacy Centre

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