

# Combined Pensioners & Superannuants Association

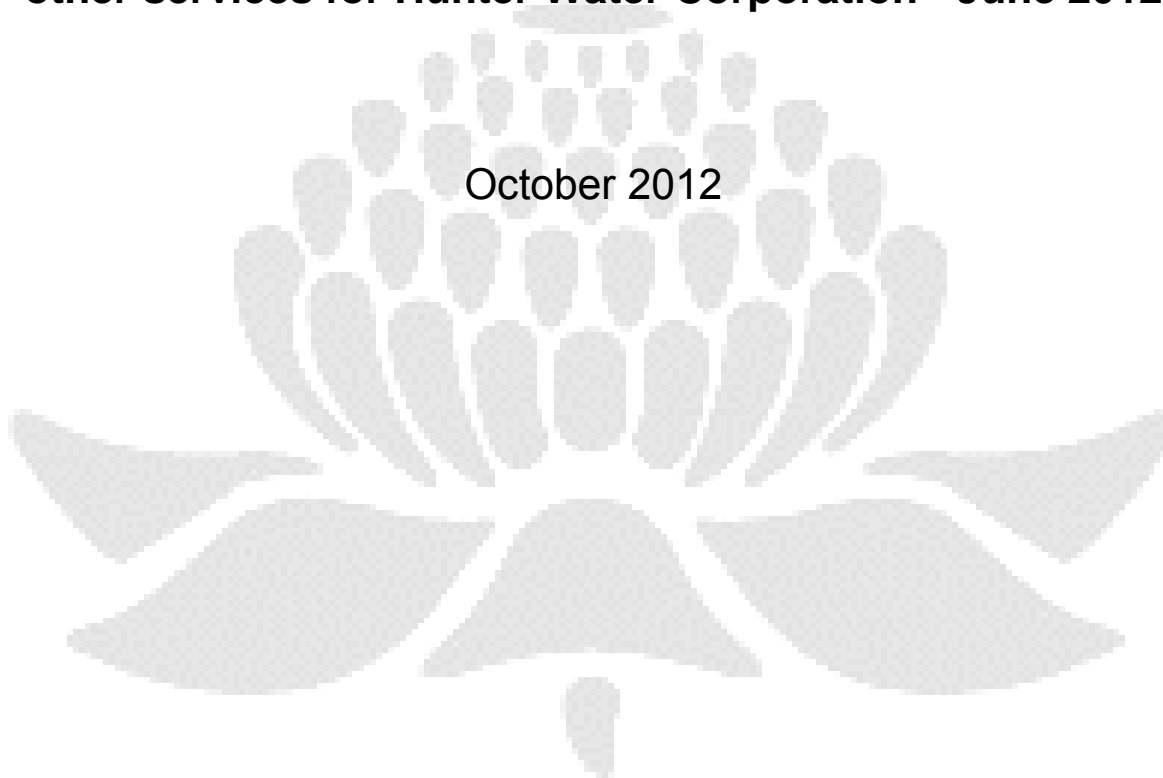
OF NEW SOUTH WALES INC



## **Submission to the Independent Pricing & Regulatory Tribunal**

### **Review of prices for water sewerage stormwater drainage and other services for Hunter Water Corporation - June 2012**

October 2012



## Recommendations

1. The NSW Government apply uniform water rebates across NSW, including for Hunter Water pensioner and other low-income householders, which are structured in the same way as the Sydney Water rebate.
2. The NSW Government extend the water rebate to pensioners living in residential parks and manufactured home estates and all low-income health care card holders.

CPSA was founded in 1931 in response to pension cuts. CPSA is a non-profit, non-party-political membership association which serves pensioners of all ages, superannuants and low-income retirees. The aim of CPSA is to improve the standard of living and well-being of its members and constituents. CPSA has approximately 140 Branches and affiliated organisations with a combined membership of over 29,000 people living in all parts of NSW.

CPSA welcomes the opportunity to make a submission to IPART's *Review of prices for water sewerage stormwater drainage and other services for Hunter Water Corporation - June 2012*.

Water rebates across NSW are inconsistent and treat pensioner and other low-income householders differently depending on where they live and the type of residence they occupy. For this reason, CPSA calls for uniform water rebates for pensioners and low-income householders, set by an independent body such as IPART.

A comparison of the Sydney Water rebate and the Hunter Water rebate for pensioners shows that despite pensioners in the Hunter Water region paying similar water prices as their Sydney counterparts, their rebate is over \$300 less per annum.

A pensioner household in the Sydney Water region using 150 kL of water per year will pay \$410 for their water in 2015/16.<sup>1</sup> By comparison, in 2015/16, Hunter Water intends to charge a pensioner household using 140 kL per year \$715 per year (not adjusted for inflation) after the pensioner rebate is applied.<sup>2</sup>

The Sydney Water rebate is structured as follows: 100% rebate for the water charge, 83% rebate for the sewerage charge, and 50% rebate for the stormwater charge.<sup>3</sup>

The Hunter Water rebate was restructured in 2009 to be increased from a flat rate of \$175 per annum to \$258 in 2013, in line with water price rises. Hunter Water also waives the Environmental Improvement Charge (EIC) for most pensioners.<sup>4</sup>

While the 2009 reform was welcome, the Hunter Water rebate compares poorly with that of Sydney Water. Furthermore, there is no guarantee that it will keep pace with future price rises because it is not set as a percentage of charges. Its indexation with price rises relies on the NSW Government deeming it necessary and the NSW Government has made no indication that it will increase the rebate beyond 2013.

The unequal treatment of pensioners under the NSW Government water rebate program is akin to the Pensioner Excursion Ticket costing \$5 for pensioners in Penrith and \$2.50 for pensioners in Bondi.

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<sup>1</sup> Independent Pricing & Regulatory Tribunal, "Draft Prices for Sydney Water's Pensioner Customers", March 2012, 2, [http://www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Metro\\_Pricing/Review\\_of\\_prices\\_for\\_Sydney\\_Water\\_Corporations\\_water\\_sewerage\\_stormwater\\_and\\_other\\_services\\_prices\\_from\\_1\\_July\\_2012](http://www.ipart.nsw.gov.au/Home/Industries/Water/Reviews/Metro_Pricing/Review_of_prices_for_Sydney_Water_Corporations_water_sewerage_stormwater_and_other_services_prices_from_1_July_2012).

<sup>2</sup> Hunter Water Corporation, "Submission to IPART on Prices to Apply from 1 July 2013", September 2012, 251.

<sup>3</sup> Independent Pricing & Regulatory Tribunal, "Draft Prices for Sydney Water's Pensioner Customers," 1.

<sup>4</sup> Hunter Water Corporation, "Submission to IPART on Prices to Apply from 1 July 2013," 130.

Hunter Water customers are subject to different water prices depending on where they live, producing further inequity for pensioners. At the moment, a pensioner living in Dungog pays \$770 for their annual water bill (using 185 kL).<sup>5</sup> This compares with other Hunter Water pensioners, who pay \$667.90 per annum, using 200 kL of water, more than \$100 less than the pensioner in Dungog.<sup>67</sup> Dungog residents will continue to pay higher water bills compared with other Hunter Water customers through to 2016/17, despite the measures taken by Hunter Water to mitigate price rises. However, Dungog pensioners will receive the same water rebate as other Hunter Water pensioners. This is an inequitable outcome for pensioners served by Hunter Water.

Pensioners living in residential parks and manufactured home estates are not eligible for the water rebate. The Hunter Water area of operations is home to a significant number of residential parks, which typically accommodate low-income pensioner households. Those households are not eligible for the water and wastewater rebates.

While CPSA understands the technical obstacles for these rebates being granted, park owners are able to recoup service charges for water and sewerage through park service charges, unlike landlords leasing property under the Residential Tenancies Act.

As a result, these low income households pay the full, unrebated rates for their water and sewerage services. It is a situation that clearly needs to be reviewed.

In addition, other income support recipients (low-income health care card holders), whose incomes are much lower than that of pensioners, are ineligible for the water rebate or the waiver of the EIC. As at 2010, there were 17,476 Newstart allowance recipients in the Hunter region, 65% of whom had been in receipt of the payment for more than 12 months.<sup>8</sup> There were also 12,081 Parenting Payment Single (PPS) recipients. Newstart and PPS are currently \$12,807 and \$16,861 respectively, per annum. The single rate of Age Pension is currently \$20,087 per annum.<sup>9</sup>

It stands to reason that many Hunter Water customers with a low-income health care card have difficulty paying their water bills because of their low income and lack of access to rebates. This is potentially reflected in Hunter Water's payment plan statistics, where in 2011/12, 17,946

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<sup>5</sup> Ibid., 250.

<sup>6</sup> CPSA recognises that a typical pensioner household uses less water than 185 kL and 200 kL per annum (for Dungog and the Hunter respectively) and therefore, their overall bill would be less. CPSA submits these figures to illustrate the higher bills paid by Dungog pensioners compared with other Hunter Water pensioner customers.

<sup>7</sup> Hunter Water Corporation, "Submission to IPART on Prices to Apply from 1 July 2013," 251.

<sup>8</sup> Australian Bureau of Statistics, "National Regional Profile: Hunter (Statistical Division)," *Economy*, Latest ISSUE Released at :30 AM (CANBERRA TIME) 04/11/ CLASSIFICATIONS CODE: 110 2011, <http://www.abs.gov.au/ausstats/abs@nrp.nsf/Latestproducts/110Economy12006-2010?opendocument&tabname=Summary&prodno=110&issue=2006-2010&num=&view=>.

<sup>9</sup> Department of Human Services, "Centrelink website", n.d., [http://www.humanservices.gov.au/customer/information/centrelink-website?utm\\_id=7](http://www.humanservices.gov.au/customer/information/centrelink-website?utm_id=7).

customers were placed on a payment plan to meet their bill payments, representing 7.8% of connected properties (as at 2010).<sup>10</sup>

CPSA calls for the extension of the water rebate to pensioners living in residential parks and manufactured home estates and all low-income health care card holders.

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<sup>10</sup> Hunter Water Corporation, *Hunter Water Annual Report 2010/11*, October 2011, 3, <http://www.hunterwater.com.au/Resources/Documents/Annual-Report-Current/Annual-Report-2010-11.pdf>; Hunter Water Corporation, "Customer Services Report 2011-12", August 2012, 31, (<http://www.hunterwater.com.au/Resources/Documents/Other-Reports/Regulatory-Reports/Customer-Services-Report-2011-12.pdf>).

**Combined Pensioners & Superannuants Association of NSW Inc (CPSA)**

**Address:** Level 9, 28 Foveaux Street, Surry Hills NSW 2010 **ABN:** 11 244 559 772

**Phone:** (02) 9281 3588 **Country Callers:** 1800 451 488 **Facsimile:** (02) 9281 9716

**Email:** [cpsa@cpsa.org.au](mailto:cpsa@cpsa.org.au) **Website:** [www.cpsa.org.au](http://www.cpsa.org.au) **Donations:** 1800 451 488