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Gosford Wyong Pricing Review

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Gosford Wyong price setting

I would like to point out that there are seven major groups of households.

They are:-

- owner occupiers
- Tenants in private rental properties
- Tenants in public rental properties
- Occupiers of other accommodation
- Granny flats
- Van villages
- Boarders

The current charging arrangements are grossly unfair as the structure fails to recognise six of the seven types of common occupancy as these groups do not pay Gosford Wyong for the supply of water, sewage or drainage. They also do not contribute towards “environmental improvement”

Gosford Wyong also has not considered other laws and regulations that exist in the community. For example residential tenants are not permitted to be charged for any item on Gosford Wyong's bill other than water use.(and then only under limited circumstances)

Tenants and non property owners are not permitted to hold a Customer Contracts. Without a Customer Contract the authority is unable to issue accounts for water use, sewage or drainage.

Tenants of private rental properties may be required to reimburse the landlord for water use provided the landlord has complied with the requirements of the Residential Tenancies Act and supporting Regulations. A key factor is that the service provided to the tenant by the landlord is individually metered and complies with energy efficiency standards. Gosford Wyong only services one meter per property.

Tenants of public housing have to reimburse the Housing Authority of water use on an estimated basis if the authority chooses. It seems that they do not have to comply with water efficiency standards. Housing tenants do not pay any of the other charges on the normal residential account.

Van and mobile home dwellers are not individually billed by the authority and normally pay in accordance with the site manager's terms.

Occupiers of other accommodation frequently make no contribution for the water used due largely to the significant difficulties the property owner encounters in rebilling and getting the money from the end users.

In the case of sewage and storm water charges (and any other levies) tenants pay absolutely nothing.

The suggestion that tenants pay water and sewage charges as " part of their rent" can not be supported. For example there is no evidence to suggest that rents vary according to the tenants obligations in relation to water use or other charges listed on the Gosford Wyong Account.

The Residential Tenancies Act also makes it unlawful for the Landlord to pass on to the tenant rises in taxes and levies.

Whilst it is true that the tenants rent takes into account the landlords overheads it must be remembered that this can only be done at the commencement of the lease.

Where landlords collect water usage monies from tenants the financial hardship assistance measures offered by Hunter Water do not apply to either the owner or the

tenant. There is no commission (discount or other remuneration) paid to the landlord for the services provided in water billing. There is no acknowledgement that the financial risks associated with debt collection, bad debts and collection costs are totally born by the Landlord.

IPART needs to note that where the collection of water use charges are handled on behalf of a Landlord by an agent the agent charges fees and debt collection costs for the service. To compound the issue Gosford Wyong will not limit the flow of water to the tenants property however is keen to restrict the flow of water to the landlords own residence.

It is totally unreasonable for IPART to allow the Gosford Wyong authority to act in this manner.

The setting of water, sewer and drainage charges by Gosford Wyong is clearly grossly unfair on landlords and positively discriminates between property owners, landlords, tenants and occupants.

IPART need to be aware that a huge number of water users gave accounts with very low water use.

It is also understood that Gosford Wyong does not charge all users equally.

If unequal pricing is to be practiced then IPART should in an open and transparent manner determine the price of water and services for ALL clients including water transfers between Gosford Wyong and Hunter Water.

It would seem reasonable to me that IPART should send Gosford Wyong “back to the drawing board” as all of the factors raised above were known to the Authority when they proposed their charges.

The second aspect of major concern to me and I believe the community served by Gosford Wyong is the issue of the impact of the pricing structure on the environment and the water conservation strategies.

In simple terms if a person makes no contribution to the cost of the water they consume, the sewage they create and the drainage they require then they will not act as responsibly in the handling of the product as a person who pays.

This has major implication for water conservation, the material placed down the sewer and a host of other government initiatives and program outcomes.

Inflating the demand by having considerable non paying users for Hunter Waters

Services also increases the need for water storages, treatment plants and other infrastructure. Both in terms of capital and operating costs.

The pressure from within to increase water supply capability is very unhealthy and fosters its empire building desire.

I and I am sure the community believes that the price structure should be based on meter readings for water, sewage and drainage.

There should be no fixed charges of any type included on the customer's periodic bills.

All occupancies should have individual meters with sewage discharge, drainage and water consumption being measured.

Modern technology is capable of wirelessly providing this facility very cheaply to a central control room.

The cost of the meter should be Gosford Wyongs responsibility. When you buy petrol from a service station you do not take your own meter with you.

I believe that the cost of the meters could be recovered in efficiency gains due to the technological benefits of digital meters as replacements to mechanical meters. There would be no need for meter readers and billing could be far more frequent eg monthly.

Where multi occupancy residential buildings have common property then the land owner should be billed for that usage.

Gosford Wyong should be responsible for all costs associated for installation and maintenance up to the meter.

It is currently the property owner's responsibility to arrange the plumbing from the metering point. This arrangement should continue.

In the transition phase property owners should lodge a request to have the metering adjusted. An application fee of \$50 should apply. This fee should be incorporated in the fees and charges.

All new properties applying for connection would have to be presented in a complying state to suit electronic metering to the agreed metering point just as the current rules are.

Where Gosford Wyong elects to change a property to the new system there would be no fee charged.

There are major advantages of a user pays system with individual metering to each and every household.

These advantages include:-

- Total fairness to all water consumers.
- Every household pays for what it uses
- There are very positive water conservation messages
- The need for wasteful capital expenditure is reduced
- The scarce resource of water is greatly extended
- Households have a financial incentive to invest in water saving strategies and products.
- It positively enforces to each household and its members the need to respect the environment.
- The need for rebates (eg water tanks) and giveaways (eg shower heads) would be eliminated.

Households when purchasing and operating a car consider fuel efficiency, fuel type, price of fuel etc along with the ability to meet their needs. Having made the choice they are 100% financially responsible for their decision. Car makers, sale yards and fuel suppliers live comfortably with this 100% user pays arrangement. Why should water not be the same?

The weak link in the conservation and environmentally responsible strategy is the fixed charges for water use.

IPART could address this by rejecting the Gosford Wyong price proposal and instructing them to using the identified revenues pool bill customers for services on a 100% user pays basis with each charging unit being of equal value for all users.

The third issue IPART needs to note is that as large customers are lost or other major changes occur is that Gosford Wyong has not pruned the organisation proportionally.

Finally IPART needs to consider the rebate paid to the State Government. The pricing determination may be an appropriate time to signal that this tax on the Central Coast is inappropriate and that these funds should be retained by the Central Coast.

In conclusion this submission has tried to highlight that

- Expenditure is not always justified and or prudent
- There is a pre occupied with “empire building”
- Planning is based on supply capacity increased and gives little consideration to demand management
- The pricing structure is based on financial security for the organisation
- The ability of users to pay is of little importance
- The use of fixed charges is not only unfair but sends the wrong conservation / environmental signal to water users.
- All users should pay the same rate per unit as the product is identical.
- Individual meters are fundamental to a realistic pricing structure,

As product of raising the issues the writer believes that IPART should be convinced that the fixed charge inequitable proposal presented be rejected and that pricing for the next period needs to be 100% user pays with the same unit price payable by every user.

I request the opportunity to make an oral presentation at the public meeting.

Rick Banyard,