



# Property Owner's Association of NSW Inc.

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Hunter Water Pricing Review  
IPART  
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## Submission on Hunter Water Pricing 2012

Much has changed since the last IPART hearing for the review of Hunter Water Prices.

Hunter Water has made several major changes including changes to their Board, a new Managing Director and to their priorities. The Government has changed, and IPART has also received a number of additional reports.

The POA is of the belief that the tribunal needs to be considered and address the following:-

- The definition of a Customer and a Customer Contract as applied to water supply issues.
  - The definitions are not included in the determination.
  - It is noted however that the documentation is careful not to use the terms however refers to residential (bills, property, accounts etc).
  - The definition of customer contract precludes greater than 50% of Hunter Water areas households from receiving a water account from Hunter Water. This includes all the community housing households, all private tenants, all granny flats and most multi occupancy buildings. There is also a major number of commercial tenants not billed by Hunter Water.
- The POA can still see no reason why only those who hold Customer Contracts with Hunter Water should pay for the proposed water supply augmentation investigation. Design and construction..

- The Property Owners Association supports the argument that water storage is of long term regional significance however singles out a small sector of that community to meet the cost. This is unjust.
- The cost of the water supply by Hunter Water is to be met by those who hold Customer Contracts. In practice those people may never use one drop of water from the proposed storages etc.
- The NSW Government reaps a dividend of about \$35m from Hunter Water. These funds should stay with Hunter Water and be used to reduce water bills and or be used for future water supply augmentation.
- IPART needs to address and recognise that a major proportion of residential bills are split between two parties. The Landlord and the Tenant.
  - Hunter Water's proposal of changing the composition of the total bill dramatically changes this balance and places a massive and unreasonable cost burden on to the Landlord.
    - The landlord includes not only private landlords but also all public landlords. This includes social housing providers including Housing NSW with about 140,000 properties.
  - Landlords incur major costs in the collection of water use revenue. This includes agent's fees, bad debts etc when legislation including the Residential Tenancies Act defines the tenant as responsible for water use.
  - The water bill split prevents tenant pensioners and others from receiving rebates and concessions and disqualifies them from financial assistance measures.
  - The POA believes that as part of the determination the Tribunal should signal the need to modify legislation to permit water supply authorities including Hunter Water, Gosford / Wyong and Sydney Water to issue Customer Contracts to tenant and other end users rather than just property owners.
  - The Tribunal has not commented on the POA proposition that Landlords be considered as water wholesalers and be supplied with water at a discount rate in order to cover the cost of on selling the water to tenants.
- IPART and Hunter Water has not addressed the issue of inadequate water metering
  - The POA believes that it is only fair and just that water end users have their water supplies metered.
  - The Tribunal would seem to condone the deficiency by providing formula to split accounts among some users. This solution does not meet the requirement of the Residential Tenancy Act that requires for water use to be individually metered.
  - The POA notes that in the scale of fees and charges there are a number of charges relating to the fitment, maintenance and even meter reading. There is however no directive to Hunter Water that individual water meters be mandatory.

- Given the new water meter technology the POA believes IPART should direct Hunter Water to require all new water connections to multi occupancy properties be fitted with individual meters AND existing properties be retrofitted progressively.
- The provision of recycled and reuse water supplies should also be individually metered.
- Sewage and drainage discharge should also be metered and charged solely on a water meter readings
- The POA would like IPART to compare bus and train fares to water pricing. Both bus and train fares are based on 100% user pays. Both are agreed and determined fees for the use of a service and are directly related to the use of the service. This is in total contrast to the Hunter Water application that seeks an extremely high fixed charge and an often very minor use contribution.
- Hunter Water practices water discounting to a variety of customers and others to which water is supplied. The Property Owners Association does not agree with any water price discounting or bonus schemes that exceed 10% of the IPART determined prices.
- Hunter Water does not seem to have adequately considered the water conservation signals and messages from a water pricing strategy that is strongly user pays.
  - Hunter Water's proposal continues to move strongly away from user pays therefore greatly reducing the pressure on the consumer to conserve water and seek water saving strategies.
  - The fixed cost proportion of the forthcoming Hunter Water bills would seem to be the lowest level of user pays since the introduction of the concept.
  - The viability of installing water tanks and other water saving devices is greatly reduced.
  - The signal to introduce new technology (like waterless washing machines) and adopt water saving practices (like commercial car wash facilities) is taken away when water itself is very cheap.
  - By removing a very powerful demand management strategy it would seem to the POA that Hunter Water wants the water consumption of its customers to rise in order to increase its own profitability and grow its corporate empire.

In conclusion the POA is concerned that the foisting on to Hunter Water Customers (as defined) the cost of a questionable new water storages, and corporate financial strategies and Government dividend guarantees and like deliberations to the point where fundamental issues such as conservation, user pays principles, biller reasonability and adequate metering has been not given due consideration.

The POA is of the opinion that the lack of competition in the water supply industry is allowing Hunter Water to dictate to consumers of their product terms and conditions for which there is clear consumer opposition.

We urge IPART to reject the Hunter Water pricing proposal outright.

The Property Owners Association also seeks to make an oral presentation at the public hearing.

The Property Owners Association also advises that we are prepared to meet with IPART Members or Officers if they so wish to discuss our position.

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