



**Submission to the Independent Pricing and Regulatory Tribunal's Draft Report:
Review of price structures for metropolitan water utilities**



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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

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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 137 Branches and affiliated organisations with a combined membership of over 31,200 people living in all parts of NSW. In this submission, CPSA wishes to highlight a number of issues that may affect affordability for people on low incomes, particularly those on Centrelink payments.

Any changes will affect pensioners in different ways because Government pensioner rebates differ considerably between the four water utilities concerned in this review. For example, unless there is an effect on water usage charges, pensioners in the Sydney Water area will witness no changes because rebates will adjust accordingly. The rebate covers 100% of water services charges and 83% of sewerage charges (for which all households already pay the full charge). Any changes may, however, affect households in the Hunter Water, Gosford City Council and Wyong Shire Council areas because rebates are a set dollar figure, not a percentage of service or usage charges. Hunter Water pensioner customers receive a total annual rebate of \$239 as of 1 July 2011 while pensioner customers of Gosford and Wyong Councils receive only \$175.

In the process of making charges more equitable, consideration must be given to the fact that if all residential premises were charged common water and sewerage service, the increased costs experienced by households in strata units and flats would be greater than the reduced costs to those in freestanding dwellings. This will affect pensioner households in the Hunter Water area as well as other household types in both Sydney and Hunter Water. As IPART indicates, charges would increase bills for multi-purpose dwellings (including pensioner households) in Hunter Water by 4.8% with only a slight reduction of 0.8% for freestanding dwellings.

Furthermore, it may also lead to a situation where households in strata units are essentially 'subsidising' households in freestanding dwellings. This is because the costs of providing services to strata units are less expensive. This would be an apparent reversal of the current situation in at least Sydney and Hunter Water areas.

While not within IPART's areas of responsibility, CPSA argues that the best way to ensure affordability for pensioners and other low-income households is to make rebates more equitable across the state and reflective of cost increases. CPSA recognises that the different charges imposed on households reflect the varying costs of providing water services in markedly divergent geographical locations. However, it is because of this that CPSA believes the current rebate is inequitable for most pensioners living across NSW.

CPSA proposes that the NSW Government align the rebate provided to pensioners serviced by Local Government Water Utilities and Hunter Water with that provided to pensioners serviced by Sydney Water. Pensioners will receive a 100% rebate on the water service charge and an 83% rebate on the sewerage charge. As the cost of providing these services increases, pensioners will be shielded from 'price shocks' as their rebate will increase proportionally.

CPSA also proposes that the NSW Government expand eligibility for the rebate to those on Centrelink Allowances and Low Income Health Care Card holders, as well as to residents of relocatable home parks and retirement villages as a matter of urgency. Expanding rebate eligibility would provide enormous relief to those struggling to get by on incomes around and below the poverty line.

CPSA notes that a review of NSW water rebates was undertaken by the Office of Water in 2009 and 2010, however, the outcomes of the review do not seem to have been released and no changes have subsequently taken place.

Recommendations

1. CPSA recommends that due consideration be given to the personal costs that would be experienced by households brought about by changes to the pricing structure of water and sewerage service charges.
2. CPSA recommends that the NSW Government expand the Pensioner Water Rebate to those on Centrelink Allowances and Low Income Health Care Card holders.
3. CPSA recommends that the Pensioner Water Rebate be reformed to replicate that provided by Sydney Water for all low income earners across NSW.
4. CPSA recommends that the NSW Government ensure Water Rebate be available to all pensioners, allowees and Low Income Health Care Card holders, regardless of their location and residential status.