



Council of Social Service of New South Wales

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17 November 2005

Review of Water, Wastewater and Stormwater Prices – Gosford and Wyong Councils
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Madam/Sir

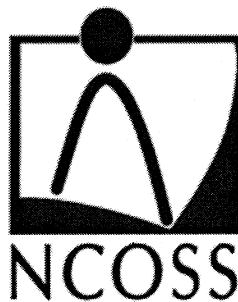
Please find enclosed a submission prepared by the Council of Social Service of NSW (NCOSS) in relation to the Review of Water, Wastewater and Stormwater Prices – Gosford and Wyong Councils.

If further information is required please contact Dev Mukherjee, Senior Policy Officer, on 9211 2599 ext 130, or by email dev@ncoss.org.au.

Yours sincerely

Gary Moore
Director

**Submission to the
Independent Pricing and Regulatory Tribunal
Review of Water, Wastewater and
Stormwater Prices for
Gosford City Council and Wyong Shire
Council**



October 2005

Council of Social Service of NSW (NCOSS)
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1. ABOUT NCOSS

The Council of Social Service of NSW (NCOSS) is the peak body for the social and community services sector in New South Wales. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in NSW.

NCOSS provides an independent voice on welfare policy issues and social and economic reforms. It is the major coordinator for non-government social and community services in NSW.

2. INTRODUCTION

NCOSS welcomes the opportunity to comment on Gosford and Wyong Councils' proposed price paths for water. NCOSS recognises that securing the water supply is the most important element of Gosford and Wyong Councils' submissions. However, NCOSS is extremely concerned about the impact of the proposed high price increases on welfare dependent and other low-income households on the NSW Central Coast.

Prices of essential services, such as water and sewerage, must be kept within reach of low income consumers and not be set at such a level to increase the level of hardship of already disadvantaged households. IPART must consider the impacts on low-income households of the proposed high rapid prices increases.

NCOSS believes that IPART should require Gosford and Wyong Council to:

- better manage consumer difficulties through reasonable and affordable payment arrangements;
- adopt bill smoothing options (e.g. Centrepay);and
- provide water efficiency advice and assistance including refits and No-Interest Loans to low-income households.

3. IMPACT ON LOW INCOME CONSUMERS

In considering the substantial price increases for an essential service it is important for IPART to understand the extent of vulnerability and disadvantage in the Gosford and Wyong communities, the significance of the price increase and the likely effect on low income households.

The NSW Central Coast includes some of the most disadvantaged areas in NSW. Tony Vinson's (2004) study *Community Adversity and Resilience* measured the concentration of disadvantage according to postcode areas in NSW. This study found that the suburbs of Wyong Shire Council, in particular, suffer from a high degree of disadvantage. Both areas also have relatively high numbers of households whose main source of income is a Centrelink pension or benefit (ABS 2003). Average annual income is also below average (ABS 2003).

IPART's (2004) survey of households in Sydney, the Blue Mountains and Illawarra found that the important determinants of water use are household size and whether the household received a water bill. The Public Interest Advocacy Centre's (Freeman 2004) further analysis of IPART's household survey data found that low income households have a limited capacity to reduce their water consumption compared to other households.

While water remains a relatively small component of household expenditure (even in low-income households) the price increases need to be considered in conjunction with the price increases for other essential services such as electricity and transport (public and private). These increases have put further pressure on low-income households already facing significant financial difficulties. Anecdotal evidence from financial counsellors and Emergency Relief providers indicates that many low income households pay for essential services (water, electricity, gas) but seek assistance for more daily expenses such as food and clothing. A substantial increase will put further pressure on already tight budgets.

A comparison of the proposed price paths for Gosford and Wyong Councils with those of Sydney Water and Hunter Water (see table) shows that households in both Gosford and Wyong will have the highest water bills. Some of the most disadvantaged areas will be paying the highest water and sewerage bills in metropolitan NSW.

Household Annual Water Bill*

	Gosford (proposed)	Wyong (proposed)	Sydney	Hunter
2005/2006	690	664	747	545
2006/2007	755	704	749	602
2007/2008	808	752	755	621
2008/2009	869	807	766	643

* Based on 220 kL per year (this represents a reasonably water efficient household of four people with an average sized garden)

IPART should be aware that the Central Coast has some of the most disadvantaged households in NSW, that these households have limited ability to reduce their water consumption, and that the high price rises will have the potential to further entrench this disadvantage.

4. MANAGING HARDSHIP

In the determination for 2005/2006, IPART (2005) requested the Councils, as part of their 2006 pricing submissions, to state their policies on:

- debt and disconnection;
- special payment arrangements for customers having difficulty paying their bills; and

- financial assistance for purchase and installation of water saving devices.

NCOSS is disappointed that neither Council has gone into great detail on these important matters. NCOSS recommends that IPART request each Council to develop appropriate hardship policies that incorporate payment plans, bill smoothing arrangements and payment assistance schemes.

Gosford and Wyong Councils should ensure payment plans are available to people having difficulty paying their water bills. Payment plans permit customers who find they are in short term financial difficulty to pay for their water and sewerage (in advance or arrears) by instalment payments. The payments should have regard to the customer's capacity to pay, their arrears and their expected ongoing requirements. Disconnection should not be permitted unless customers refuse to participate or are not fulfilling the terms of their payment plans.

Bill smoothing allows customers to pay for services such as water and sewerage each fortnight or month preventing financial difficulties when a large bill falls due. Bill smoothing assists customers to budget for essential expenses. IPART will be aware that many energy providers now use Centrepay as a bill smoothing system for Centrelink pensioners and beneficiaries. NCOSS suggests that the Councils adopt Centrepay and consider other bill smoothing systems for low-income households.

Both Hunter Water and Sydney Water operate Payment Assistance Schemes for customers facing significant short term financial difficulties. These schemes refer such customers to accredited community organisations that assess customers' financial situation and may provide a voucher for payment of part or all of a water and sewerage account. An advantage of these schemes is that they put low-income households in touch with community agencies that usually provide a range of services such as financial counseling and Emergency Relief. NCOSS notes that neither Gosford nor Wyong Councils have stated they provide an equivalent scheme. In the light of large and rapid price increases, NCOSS considers the development of similar schemes on the Central Coast a vital element in reducing hardship.

Both the Councils have stated in their submissions that they have programs to assist households with the purchase and installation of water saving devices such as showerheads and rainwater tanks. Little detail on these programs has been provided. NCOSS recommends that IPART request further details of these schemes including whether additional support is given to low-income households. NCOSS considers that free refits for pensioners and other low income earners are essential to reducing disadvantage arising from the proposed price increases. The Councils should also work with the Department of Housing and community housing organisations to refit properties specifically targeted at low-income households.

The Councils should also consider the option of funding No Interest Loans Schemes (NILS) on the Central Coast. These schemes are a community based program to help low income people buy essential household items or pay various bills. Many low income households get by week to week, but are completely stuck when they need to buy an expensive appliance. No interest loans provide small loans of around \$500 to \$1000 and these are usually repaid within one year. This allows the funds to be lent out again. Many low income households have older, less efficient white-goods such as washing machines that consume more water than newer models. Often, the newer, more efficient models are more expensive and beyond the reach of low-income households. The Councils could provide community organisations with funds to offer no-interest loans for the purchase of water efficient white-goods.

5. CONCLUSION

The impact of the proposed price increases will make water bills on the Central Coast the highest in the metropolitan areas. The impact on welfare dependent and other low-income households on the NSW Central Coast is likely to be significant.

NCOSS believes that IPART should require Gosford and Wyong Council to:

- better manage consumer difficulties through reasonable and affordable payment arrangements and other payment assistance;
- adopt bill smoothing options (e.g. Centrepay); and
- provide water efficiency advice and assistance including refits and No-Interest Loans to low-income households.

These will go some way towards reducing the impact of large price increases on low-income households.

REFERENCES

Australian Bureau of Statistics (2003) *National Regional Profile Cat No. 1379.0.55.001*, ABS, Canberra.

Freeman, E. (2004) *Water pricing and vulnerable customers: profiling low-income households*, *Utility Consumers Advocacy Program Occasional Policy Paper No 7*, Public Interest Advocacy Centre, Sydney, NSW.

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