



Council of Social Service of New South Wales

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Mr James Cox
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
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Dear Mr Cox *Jim*

Further to our meeting of 1 July 2005, I am writing to express the views of NCOSS in regard to the recent determinations of the Independent Pricing and Regulatory Tribunal on water prices in Sydney and the Central Coast.

NCOSS considers the draft determinations that impose significant price increases for water usage for Sydney and the Hunter will impose an unreasonable burden on low income households.

The proposal for an inclining block tariff for Sydney Water will unfairly discriminate against large low-income households. It should be noted that the proposal for an inclining block tariff appears to have little impact on overall demand for Sydney Water and is forecast to save less than one per cent of total metered water sales by 2007/2008 (Table 4.3 IPART Draft Report and Draft Determination).

Similarly, the final determination for the Central Coast, with a 6.5 per cent increase on the average bill in one year, imposes a greater burden on low income households in an area characterised by socio-economic disadvantage. As the Central Coast determination is for one year, Central Coast residents are faced with the prospect of further increases from 1 July 2006.

The high price increases, while undesirable, can be mitigated by improvements to the current rebate scheme and enhanced retrofit programs.

Expansion of rebates

At present pensioner rebates provide some price relief for only a small number of Sydney Water and Hunter Water customers. To be eligible customers require a Pensioner Concession Card or a Department of Veterans' Affairs Gold Card and must own and occupy a house or home unit. NCOSS believes that the rebate should be provided to Central Coast residents and expanded to include holders of Health Care Cards in all three areas. Health Care Cards are held by recipients of various Commonwealth Government pensions and benefits and would provide a greater safety net for low-income households than the present rebate targeted at aged pensioners.

Retrofit Programs

Sydney Water's Refit Program and Hunter Water's Retrofit Program (in conjunction with Energy Australia) have assisted a significant number of households to reduce their water consumption at no or low cost to the household. NCOSS believes that more low-income households should be assisted by these programs, including households on the Central Coast.

At present tenants who pay for water usage have limited ability to participate into retrofit programs because the permission of the owners is required. IPART should encourage the water utilities to find ways to overcome this barrier.

Similarly, Department of Housing tenants will be required to pay a water charge following a decision of the NSW Government. In order to mitigate the impact of this charge all Department of Housing properties should have a retrofit completed. NCOSS estimates that this will take at least four years depending on the area.

While expanding the rebates and the retrofit programs will go some way towards mitigating the excessive water price increases for low-income households, NCOSS considers that IPART has not taken sufficiently considered the social impacts of price increases.

Proposed solutions in the IPART reports seem to indicate a limited understanding of the role of prices in reducing demand for an essential services and their impact on the most vulnerable members in our society.

Yours sincerely



Gary Moore
Director