

10th October 2008

IPART
Gosford Wyong Water Review
Sydney

Review of Gosford City Council's & Wyong Shire Council's water, wastewater & stormwater prices from 01 July 2009

Dear Sir

I write on behalf of myself and on behalf of the Property Owners Association (NSW)

The POA is the States major organisation for landlords and is part of the POAA which is the Australia wide body.

I wish to make two comments on the Review.

Firstly the issue of who are customers and secondly the Tillegra Dam

1. **Who are Customers.**

By law Customers are consumers of water who own property in a water Authority area. This customer does not include tenants, boarders, and non owner occupants.

By common language customers and consumers are referred to synonymously.

IPART should prior to proceeding revise its issues paper, return all submissions for revision and adjust all other documentation to insure that the word "customer" is only used in its lawful context.

The definition of Customer should be incorporated in the Glossary of terms and parties told to use the terms correctly.

I suspect that if this was done both Gosford and Wyong would wish to rework their documents and pricing structure applications.

It should be remembered that with most other service provided to residential houses the customer is the consumer. Please consider gas, electricity, landline phone, internet services, mobile phone and pay TV just to list some.

It is important that the supply of water should be treated in the same way.

Currently non landowners, including pensioners, are not eligible to rebates, washing machine concessions, water saving devices etc. They do not receive information and advice included with water accounts.

To achieve this **IPART must recommend that the legislation be changed as soon as possible.**

In the interim the prices set for water, sewer and drainage must be presented in the format of user charges based on a 100% user pays principle.

IPART must also recommend that all households are individually metered at the cost of the water supply authority.

This would allow the cost of water etc to be passed on to tenants where leases contain this provision.

This is very important as demand management strategies involving pricing only impact on parties that pay for water.

IPART must determine a 100% user pays pricing structure.

If IPART chooses not to do this then consideration should be given to the role of landlords as “water wholesalers” to recompense landlords for their accounting costs, debt underwriting and administration landlords should receive a discount from the water authority. These fees should also permit the use of usage estimates, interest charges and late payment fees.

IPART should determine a fee structure to cover landlords costs and liabilities.

2. Tillegra dam

Tillegra Dam is a State Government promise and commitment that has been foisted on Hunter Water to construct and pay for.

The water stored in the proposed dam is an asset that can be converted into cash by the sale of that water with part of the profits being transferred to the State Government.

The operation of the dam should be considered as a business unit. Like all businesses the capital cost, operational costs and maintenance must be funded by sales. In this case water.

The Tillegra Dam should be constructed, owned and operated by the Tillegra Dam Authority and they should survive by selling water etc to third party consumers.

The third party consumers could include Hunter Water, Central Coast Councils and even Sydney Water.

As such it should be the responsibility of the Tillegra Dam Authority to raise the capital.

Until such time as water is purchased by Hunter Water or Central Coast Councils those organisation should not pay one cent.

It is noted that both Gosford and Wyong do not want the water at this stage so presumably IPART will not force customers in the LGA's to pay at this stage.

Consumers and Customers of all water supply authorities should also not have their water costs increased for a product that has not yet been purchased by the suppliers.

I do not comprehend how IPART can consider the input cost for water from the Hunter if there is no intention to draw water.

If IPART chooses to impose a cost then surely the cost should be the same as the consumption by residential users in the Hunter.

Water is a product that is very price reactive. There is only a potential shortage of water because the price is lower than a realistic price.

Clearly the consumption of an area can be regulated by either water restrictions or water pricing.

High water pricing not only reduces water consumption but also raises the viability of alternate methods and processes eg car wash, dry cleaning, air cooling etc, AND improves the viability of developing alternate/extra water sources eg desalination, new dams, deep pumping, purification, recycling.

A significant reason for Tillegra Dam is the 10% drop in rainfall due to “Climate Change”. I suspect that there is no way this claim can be substantiated beyond reasonable doubt. Given that this can not be proven there can be no basis to take this into account. What mechanism to adjust the charge will IPART put in place if this prophesy proves to be incorrect or understated?

The incorporation of costs of dam construction into supply charges prior to supplies being available is simply unjust. I am sure that the Tribunal would consider laughable the notion of Sydney motorists paying now to use a tollway from Sydney to the Hunter Valley some time in the future just on the off chance that they may be the same motorists that would use the road at some time in the future.

The Tillegra Dam proposal is therefore little more than an election promise fulfilment strategy.

I therefore urge the **Tribunal to act independently and not allow Tilligra Dam costs to be included in the current water pricing calculations.**

I or a representative from the POA wish to take a formal part in the public hearing.

Rick Banyard