

# FACT SHEET

## WATER AND SEWERAGE INDUSTRY (COMMUNITY SERVICE OBLIGATION) BILL 2009

- The *Water and Sewerage Industry (Community Service Obligation) Bill 2009* requires the three regional regulated entities to grant concessions to eligible customers from 1 July 2009.
- To be an eligible customer, a person must be a customer of a regulated entity in relation to a dwelling, and occupy that dwelling as that person's principal place of residence.
- The eligibility criteria, which will be prescribed in *Water and Sewerage Industry (Community Service Obligation) Regulations 2009*, will include the holders of a Health Care Card or Pensioner Concession Card (issued by Centrelink) and those who hold a Department of Veterans' Affairs Repatriation Gold Card.
- In addition, an eligible customer who resides in a prescribed institution, which is defined in the regulations, and does not receive rental income for a dwelling, is entitled to receive the concession for up to two years beginning from the time that they reside in the institution.
- An eligible customer who resides in a prescribed institution and who has a spouse that resides in that dwelling, is entitled to receive a concession for up to two years from the time that the eligible customer first resides in the institution, regardless of whether the spouse receives a rental income from the dwelling.
- A surviving spouse of an eligible customer, who receives a concession based on the deceased spouse's eligibility, may continue to receive the concession for a period of up to two years after they first become a surviving spouse, provided that an application for a concession is granted before the spouse becomes a surviving spouse. A surviving spouse must apply for a concession based on their own eligibility after two years of receiving a concession under the deceased spouse's eligibility.
- If an eligible customer who has been granted the concession only receives a water service or a sewerage service, but not both, then the concession will be reduced by 50 per cent. The Bill requires that the concession is to apply to a fixed cost component, and not a volumetric charge, in respect of a dwelling. This will ensure that the concession does not distort consumption decisions of households.
- A regulated entity, on receiving an application that includes all the necessary documents and information required to assess the application, will have 21 days in which to assess the application and notify the customer of the outcome. The Bill allows the regulated entities to determine the manner and form in which a customer may apply for the concession and notify their relevant regulated entity regarding a change in their circumstance or eligibility status.

- A concession granted to an eligible customer applies from the day the application is granted by a regulated entity. The concession entitlement expires at the end of the billing period in which an eligible customer is no longer eligible.
- The Bill requires the regulated entities to include a statement in all customers' accounts stating that concessions are available for eligible customers.
- The Bill states that the regulations must prescribe the base amount of the concession for each financial year. For 2009-10 this amount is \$130 per eligible customer per household which is higher than the notional maximum payable in relation to water and sewerage under the existing pensioner rate remissions scheme.
- The Bill provides that councils within a region may increase the base amount of the concession for that region by a notice published in the *Gazette*. However, an agreement to increase the base amount of the concession for a region must be made by more than 50 per cent of the councils in that region. Where councils have increased the base amount in a given financial year, the amount will be considered to be the base rate for the purpose of the following financial year.
- The Bill states that the base amount for a given financial year is the base amount from a previous financial year as provided through the regulations.
- The Bill states that the base amount of the concession in a given financial year may be indexed in accordance with a percentage amount prescribed in the regulations. Under the regulations, indexation for 2010-11 and 2011-12 will be equivalent to the percentage price increases used to transition revenues under the Interim Price Order. From the first price determination, on 1 July 2012, the value of the concession will be indexed in line with the Consumer Price Index for Hobart. However, to ensure that escalation remains appropriate and reflects future prices, a review mechanism has been built into the draft regulations that have been developed in parallel to the Bill.
- The Bill establishes the framework under which the councils are to reimburse the relevant regulated entity in their region for the cost of the concession. The framework includes the requirement for owner councils to enter into an agreement with the regulated entities, by 1 January 2010, which sets out matters including the manner and form under which payments from councils are to be made, the timing of payments, information provision requirements and dispute resolution processes. The Treasurer is to act as the arbitrator in the event that an agreement is not reached. The Treasurer is to have regard to any draft agreement in which more than half of the councils have agreed.

- The Bill also establishes transitional arrangements whereby all existing customers of councils who are eligible to receive the pensioner rate remission in 2008-09 are automatically taken to be eligible for the water and sewerage concession on 1 July 2009. Councils within 30 days of the commencement day of the Bill, are required to provide the regulated entities, with relevant information relating to customers who are automatically taken to be eligible for the concession on 1 July 2009 and that regulated entities must inform concession holders within 60 days of the commencement date of the Bill of their eligibility status.
- The Bill makes a consequential amendment to the *Local Government (Rates and Charges Remissions) Regulations 2004* that will reduce the maximum indexed amount that may be remitted under the pensioner rate remissions scheme, to water and sewerage customers, from \$366 to \$262 to reflect the fact that councils will longer be levying rates for water and sewerage.
- For all other recipients of the pensioner rate remissions scheme, that is pensioners who do not receive both water and sewerage services, the cap will remain unchanged at \$366.