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19th October 1998

Impact of Competition Policy Reforms Inquiry
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

ATTENTION: MR. JOHN COSGROVE

Dear Mr. Cosgrove

Further to the Productivity Commission meeting in Cairns, 12th October 1998. Please find enclosed a copy of a letter sent to us from the Select Committee on the Socio-Economic Consequences of the National Competition Policy, stating they have accepted our submission against the introduction of the National Competition policy two-part tariff in the city of Cairns.

You stated at the meeting you would be requesting our submission from the Senate Committee. Now that they have released it and it is a public document we have enclosed a copy. Any of the supporting evidence will have to be requested by yourself from the Senate Committee.

As we discussed at the meeting you can now use this information as a submission to the Productivity Commission. If you require more information, please contact me.

I have spoken to Michael Bryan, who has also put in a submission and he states that if you wish to request his submission he would be pleased.


You may also like to request the submission that was put in by Graeme Haussmann, President of the Independent Retirees Association, and a former Council Engineer.

Both these gentlemen have been very vocal in their stand against the Council, and both were members of the Water Stakeholder Reference Group, formed by the Council. Both said there was no real public consultation. Prior to the final Council decision they personally paid for brochures to be distributed to the public so that people would know the true story.

We have completed attachment C - 'Registration of Interest' form as we wish to have an update as the commission moves forward.

Yours faithfully


Jan Carr


Lillian Smethurst



AUSTRALIAN SENATE

**Select Committee on the Socio-Economic Consequences
of the National Competition Policy**

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Dear Ms Carr & Smethurst

Release of Submission to Select Committee

Further to my letter acknowledging your submission to the Committee's inquiry into the socio-economic consequences of the national competition policy, I write to advise you that the Committee has considered the submission and has agreed to 'publish' it (ie. the 8 page letter from you to the Committee). This means that the submission is now covered by parliamentary privilege and, while it remains the property of the Committee, is now a public document which you, or anyone else, can distribute as you wish. However, the Committee has decided not to receive the 35 letters as separate submissions on the basis that those letters were sent to you, and not to the Committee. I have returned the originals to you for safekeeping. However, the Committee has kept a copy of each letter under Item 2 of your submission as supporting evidence.

Please note also that all material attached to the submission which had previously been published by you, or some other organisation, has been taken to be supplementary material and as such has not had privilege attached to it. Please do not hesitate to contact me if you have any queries about parliamentary privilege or the status of your submission.

The Committee plans to hold public hearings in Canberra in late October or early November (probably two days) and will call on governmental instrumentalities and peak bodies to take evidence on general issues relating to competition policy. This will be followed by a program of hearings interstate, possibly in the early new year, to investigate more specific issues as they relate to different regions and different industries or sectors of the community. At that stage the Committee may contact you again to invite you to give oral evidence.

Yours sincerely,

Dr Pippa Carron
Secretary

9 October 1998

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The Secretary
Senate Select Committee on the
Socio-Economic Consequences of the
National Competition Policy
SG. 60 Parliament House
CANBERRA ACT 2600

**RE: SUBMISSION AGAINST THE INTRODUCTION OF A TWO PART
TARIFF - BY THE CITIZENS OF AFFORDABLE WATER -
IN THE CITY OF CAIRNS QUEENSLAND**

In March of 1997, Council considered a report on water resources allocation and pricing and **endorsed the commencement of a demand management strategy.**

The 1997/98 Budget, introduced the **first step** in a program to **introduce a two-part tariff.** After this became public knowledge there was a out cry against this harsh policy, and the first petition (collected by Dell Green, - over 1000 signatures) was handed to Cr. Sno Bonneau, who presented this to Council - it was ignored. A User Pays Policy was the push of the propaganda, and at no time did the Council state that their policy was an introduction of A TWO-PART TARIFF, this did not come forward to the public until the Council Meeting 9th March 1998, (closed session) and their report reads - **"As Council became increasingly aware of the NCP and COAG reforms (although the precise details or effects of any legislative requirements were unknown as they were not yet fully developed by government) it was obvious that such requirements would impact on Council's water business and on the basis of charging for the supply of water".**

In the above statement it shows that Council was prepared to introduce a policy long before they fully comprehended any adverse consequences, nor was there any public consultation as to whether this policy should be introduced, it was driven by the Private Local Government Association Inc., of which our Mayor Tom Pyne, is President.

It was during this period, in order to quell the publics anger that a **Water Stakeholder Reference Group** was formed. (After having discussions with two members of this committee, they stated this committee had absolutely no influence on the Council, and that information that was requested by the committee, was never delivered to them).

It was also publicized that a **Hardship Committee** would need to be formed - also during this period, a water hot line was started as a means to handle the many complaints that Council was receiving.

In October of 1997, we met and decided to take up a local petition of 'No Confidence' against the Cairns City Council, on the handling of the Water issue. One a pensioner, the

other a mother of four - both of these brackets of the population would be hardest hit by these reforms.

We now represent approximately 23,612 residents who signed a local petition, of 'No Confidence', against the Council and the introduction of the National Competition Policy, two-part tariff water reform policy. These signatures were presented to the Cairns City Council, at a meeting in June 1998.

In addition 2,701 people signed a State petition, asking the State Government to investigate this matter, 2056 of these petitions were presented to the Legislative Assembly on the 17th March 1998. The additional 645 signatures, will be presented shortly, by one of our local members to update the figures.

We met with the Ombudsman, on the 27th of November, 1997, and we received a reply 24 February, 1998 that they still had four points to investigate (see attached letter), since that date we have yet to have any satisfactory reply. During our interview the Ombudsman stated "that the Council was not allowed to make huge profits on water", now that they have introduced the NCP Policy, it appears that they can make any profit they wish.

We held a rally on the 13th of December 1997.

We hoped that this would give the Council and residents an opportunity to express their views in an open debate. Invitations were sent to State and Local members, unfortunately the Cairns City Council placed full page ads in the paper two days before the Rally, these ads, consisted of charts and figures that were not an honest presentation to the public. Along with these ads our Mayor, informed the residents he would not attend the Rally, stating he had weekend business with the PRIVATE Local Government Association. He left Cairns on the day before the Rally.

Ten of our Councilor's who never answered their RSVP's, then turned up and proceeded to sabotage the Rally, by reading reams of technical material, interrupting our State members speeches, also demanding to be heard totally disrupting the process of the Rally until the crowd became fed up with their behavior and began to disperse. The people who were left and the 23, 612 people who signed the Petition of 'No Confidence' have never been acknowledged.

This was a perfect example of Local Government not taking any notice of what the public wants. During the Rally, the State members repeatedly stated that Local Council, did not have to implement the two-part tariff, and that it was the Council who were ignoring any real public consultation. Our Council continued to state that the Federal and State Governments thrust this policy on the Council, backed by statements from the Local Government Association.

The Council has spent over a quarter of a million dollars on propaganda (much of which was not accurate). This only inflamed the residents further. At one stage the Cairns Post stated they had received 119 letters and 106 of these letters were critical of the Council's decision of a User Pays (which we now know as NCP the two-part tariff).

We are sure that you have heard the phrase that "politicians are just not listening to the people", the **Local Council's are not listening to the residents of their cities and towns**, nor are they listening to their **individual** needs of each city and town. Each city and town has IT'S own individual charm and character. With the new process of centralization, this has been lost - the desert areas are treated as the tropics, the wet along with the dry. How can each area be treated with one formula?

Council's are installing water meters at a great cost to their residents in the highest rainfall area in Australia. They are treated the same as the dry areas - **WHY IS THIS SO?** Simply because the Governments see another way to tax people, this is a consumption tax. Water is **BIG BUSINESS**. In Cairns the meter system is not based on individual residence. In duplexes, flats, there is only one meter - how can water usage be fairly distributed? The cost of individual meters will borne by the owner of the properties, even though Council maintains they can be purchased at cost price. They will still have bear the cost of installation.

How do we know this? because it has happened in England, and elsewhere. Who benefits by these privately owned water companies? - the answer is the managers who run the operations who receive salaries of 400 thousand to 900 thousand dollars per annum, (these figures have been published in British newspapers in July 1998). Profits from these companies are in the millions of dollars. The average person could not afford to own shares as they are around 60 dollars per share.

WHAT DOES THE AVERAGE WATER USER GET BESIDES THE BILL?

The governments, bureaucrats, and the **PRIVATE** Local Government Associations, on all levels have not listened to what the people have wanted. **WE THE PEOPLE WANT TO BE HEARD**, we are not blind, deaf or dumb on what is happening. We do not want our water systems privatised, corporatised or whatever terminology suits the department of the day. The message has been loud and clear from the people.

All levels of government have just forged on putting into place what **they** think is best for us, any so called public consultation is merely a farce, regardless of the outcry of the residents. Instead of each centre having a say as to how their local council's should be operated, the input from the "**Private**" Local Government Associations have their own agenda, **which they install**, over the will of the residents, of each city and town. We are fed up with this process. It is the **WILL** of the people, of this city, that something must be done.

This Local Government is a **LAW UNTO ITSELF**. People voted in a Council who promised that they would not put into place a two part tariff system. In fact this Council won the election on this promise. The residents of this City want a say in the decisions as to how this City is managed we are not just here for the council to suck money out of our pockets, especially when it has been done in a devious manner. This Water Policy is nothing more that a money making exercise - it has nothing to do with the health and welfare of our communities, or environment, and is merely a process to place our water resources into the hands of big business.

Families have many expenses - We do not feel that it should be made a privilege to use water. We realize that there is an expense to collecting, treating, and delivering water. What we object to is the manner of creative accounting and the manipulation of figures, formulas etc. In the past we paid for our cost of water and received a fair amount for the health and well being of the community. Now our streets are grubby, our gardens dying and general home hygiene has been neglected. This is one of our main concerns, especially with the young and the elderly.

TRUE ACCOUNTABILITY AND TRANSPARENCY OF COUNCILS ACCOUNT PROCEDURES

I have used my own Council rate figures since 1990 to show this committee that Local Governments are using the National Competition Policy - re: The Introduction of two-part tariff systems to increase their budgets. Especially on the cost of water. The cost of water in Cairns has risen from the 1990 period to the 1998 period from 24 cents per kilolitre to 69 cents per kilolitre a rise of 38%. The excess or consumption use has risen from 35 cents per kilolitre to 51 cents per kilolitre or 38.11%. After a meeting at the water treatment plant we were told that the cost of production and delivery of water was 19.5 cents, and these costs were expected to reduce.

I have show the figures prior to discount as this propaganda was used during the campaign by the Council to give people a false sense of security, we know this as the discount was not only removed from water, but all other utilities. The fire levy, never did received a discount. Now, the only discount available to rate payers when they pay their rates early are on General Rates.

e.g. of a pensioners discount (Six month period of rates)

General rate	\$202.50
Less Council Pension Discount	<u>\$ 81.00</u>
Balance	\$121.50
15% discount	\$ 18.23

During the campaign Council's main theme was the discount of 15% on the water charges.

In previous rate notices the ratepayers received between \$50 to \$70 discounts, if rates were paid within the 30 day period.

WATER RATES AND CHARGES FROM 1990 TO 1998/99 PERIOD

1000 litres of water is equal to 1 kilolitre = 4.17 wheelie bins of water.
Waterwise advertising, states that the average usage of water for an Australian family will use approximately 1300 litres per days which is equal to 5.42 wheelie bins per day.

Therefore, the average family will use approximately 475 kilolitres per year.

Are these statistics for the tropical areas of Australia? or dry areas?

Or is this just another broad spectrum usage figure from southern cities?

Even if this low amount of water is used, it will cost the ratepayer of Cairns an extra \$245 per year over and above their rates.

Prior to amalgamation

1990/91 received 550 kilolitres of water for \$141 - (25.64 cents per Kilolitre)
Excess over the 550 kilolitres was charged at 35 cents per kilolitre.

1991/92 received 550 kilolitres of water for \$144 - (26.18 cents per Kilolitre)
Excess over the 550 kilolitres was charged at 35 cents per kilolitre.

1992/93 received 550 kilolitres of water for \$144 - (26.18 cents per Kilolitre)
Excess over the 550 kilolitres was charged at 35 cents per kilolitre.

1993/94 received 550 kilolitres of water for \$132 - (24 cents per Kilolitre)
Excess over the 550 kilolitres was charged at 35 cents per kilolitre.

1994/95 received 550 kilolitre of water for \$132 - (24 cents per Kilolitre)
Excess over 550 kilolitres was charged at 35 cents per kilolitre

After amalgamation -

1995/96 received 550 kilolitres of water for \$137.70 (25 cents per Kilolitre)
Excess over 550 kilolitres was charged at 35 cents per kilolitre.

1996/97 received 550 kilolitres of water for \$144.80 (26.33 cents per Kilolitre)
Excess over 550 kilolitres was charges at 65 cents per kilolitre **an increase of 30 cents on excess water charges.**)

1997/98 received **200 kilolitres of water for a 10 month period for \$140**
or 70 cents per kilolitre.
Excess charges over 200 kilolitre were 65 cents per kilolitre.
Councils main push was the discount cost of \$119 even if the discount was used, the cost was 59.5 cents per kilolitre for the 200 kilolitres.

1998/99 - Council has introduced the two part tariff system. The period overlapping from the water meter readings will be charged back to April 1998 period at 51 cents but there is no longer any allowance.

Now the base water rate will be \$100, and 51 cents for every drop of water used. The increase in comparison to the allowance figure of 550 kilolitre will now cost residents.

a total of \$100 + 280.50 for 550 kl = \$380.50. An increase of approximately \$240 based on the previous amount of \$140.

"Ratepayers were told that after amalgamation costs to the ratepayers were to be greatly reduced - this has been proven to be a false statement. The residents of the Mulgrave Shire did not want to become amalgamated with the Cairns City Council. Now both have been handed excessive rate charges". The driving force in this was the State Government and the **Private** Local Government Association of Queensland.

FIGURES FROM BUDGET SHEETS

ACTUAL INCOME AFTER DISCOUNTS - \$ MILLION

YEAR	GENERAL RATES	WATER RATES	EXCESS	SEWAGE	CLEANSING	TOTAL RATES
95/96	27.4	9.1	1.8	15.5	8.5	62.3
		10.9				
96/97	30.3	9.6	1.1	18.4	7.6	67.0
		10.7				
97/98	35.8	4.4	9.4	14.7	6.0	70.3
		13.8				

These figures were taken from the Budget papers that were obtained from the Cairns City Council, and have been calculated by Michael Bryan - who was a member of the Water Stakeholders Group, he and other members of this group state that the group had no influence on the Cairns City Council and that they were put into place only to appear that there was a public consultation process, while in fact this was untrue.

General rates have increased by 3.3 million in the last year and 8 million within the past two years.

The figures show that Council was not honest in the information that the average water user was between 200 to 250 kilolitres per year and that general rates have decreased while the more costly excess has risen. In fact, looking at the figures it is a reversal except for the increase of over 3 million dollars. An increase we stated from the start of our campaign, three million dollars profit.

We the Citizens of Affordable Water believe that there has been a great deal of creative accounting and that the Cairns City Council has not given a clear and accountable costing of the introduction of a two part tariff. Furthermore, we are questioning the 4.4 million dollar income on the general rate charge of water. In the 1996/97 period there was an income of 9.6 million dollars (rate charge \$119), in 1997/98 it dropped to 4.4

million dollars (rate charge \$100) a difference of \$19 dollars. This 5.2 million dollar shortfall figure is questionable.

We request the Senate that the WILL of the people is to challenge these figures and the process of the introduction of this two part tariff, not only on the City of Cairns but the other 17 Council's throughout Queensland.

Over the past eleven months we have received letters and telephone calls, some of these calls are very disturbing. People bathing their children collectively - as they can no longer afford to bathe them individually. People not flushing their toilets after each use. A lady telephoned us, concerned that an elderly friend of hers was standing in a bucket whilst showering, to catch the water so she could put it out on her trees and plants. Dumping of washing water onto their yards. An illegal practice condoned by the Mayor. All of these practices will eventually have a disastrous impact on peoples health, the environment and the city of Cairns, especially here in the tropics where personal hygiene is of utmost importance to curtail disease.

We have observed illegal devises being sold in stores to the uniformed public, who are placing these in their sewage outlets and diverting grey water into their yards. This could have a disastrous effect on the reef.

And finally to say that this is a process to save the environment - THIS IS THE BIGGEST LIE - most of the plants and trees, that were kept alive during the dry period by watering are now dead and brown. Each neighbourhood garden has it's share of birds, frogs, and living things that are part of our environment. Most people will not be able to afford to pay to keep their little patch of the environment alive. Especially if a family used the 550 kilolitres per annum that was allowed in the past on their base rates. Using the same amount of water a low income earner is now having to find another \$20 a month. Many families are already strapped to the board - does this mean we start taking the food out of the mouths of children.

In Cairns, we are not short of water (over 2000 mm of rainfall) - what we are short of is good planning. Both the present and past governments have sidestepped all projects concerning improvements of our water catchments, with the deferring of several projects, even though the statistics indicate a huge population increase.

Lake Morris was built at a cost of 6.5 million. This year Council has spent 30+ million on new council chambers, if our water is in crisis should not this project have been deferred.

Our Council is now spouting they will be able to defer or update projects due to their decision to introduce the two part tariff. INSTEAD THEY SHOULD HANG THEIR HEADS IN SHAME. They have forgotten that their duty of care is to the residents of this City, not the building of edifices to hold their names.

In closing please accept this submission on behalf of the 27,313 signatures that have been collected on various petitions. We are asking that the Committee consider Cairns, as a venue for an open forum in which the residents of Cairns may have their say on the consequences of the National Competition Policy, water reforms re two part tariff.

To this date people are still outraged by this unfair treatment, which they have received under the guise of CONSERVATION OF WATER

Yours faithfully

Jan Carr

Lillian Smethurst

enclosures

newspaper items

miscellaneous letters