

ECONOMIC REGULATION AUTHORITY

DEAR SIR

PLEASE FIND ATTACHED MY THOUGHTS ON ABOLISHING VALUATION BASED CHARGES FOR THE CALCULATION OF SEWER CHARGES ON RESIDENTIAL PROPERTIES IN COUNTRY AREAS.

THE RECOMMENDATION ON HAVING A SEPARATE CHARGE FOR A MULTI UNIT PROPERTY COMPARED WITH A HOUSE IS DEEMED TO GENERALLY REFLECT LEVELS OF DISCHARGE.

  
GRAHAM KEW

## **Subject: Country town residential charges**

### **Background**

Historically all rate charges have been based on the gross rental valuation of the property, regardless of actual usage. This was on the premise of capacity to pay and again in no way related to the use or in the case of sewer the amount of discharge.

Apart from the obvious inequities valuation based rating is costly to administer particularly revaluations by the Valuer Generals Office (V.G.O) or when an amended evaluation is applied following a minor addition to a house is made. Needless to say it is also very confusing to customers.

The exercise of valuation based rating is made more academic and without real basis in that regardless of the value, minimum charges apply whilst maximums are contained by limiting percentage \$ increases from the previous rating year. In the case of country town sewer charges each scheme applies a different rate in the dollar when multiplied by the V.G.O valuation provides the calculation for each annual sewer charge. But again a maximum rate in the dollar is applied again distorting the actual amount charged and again making the already complex process academic.

The process is also conflicting in that pensioners and seniors with a more highly valued property (and capacity to pay?) receive greater concessions than their counterparts in lower valued properties.

### **Current Considerations**

The water Corporation in recognising these issues has previously moved to apply a fixed annual charge, on a statewide basis, for water services. All residential properties therefore pay the same with the only variable being water consumption charges. Commercial annual chargers are simply governed by the size of the water service. Similarly sewer charges for commercial properties, are on a statewide basis, are calculated on the number of sewer fixtures and the calculated level of discharge to be treated. The only remaining charge using valuations as a basis of charge in country areas is unfortunately on vacant land and for residential properties. As outlined above these charges are totally outdated.

### **Recommendations**

1. Valuation based charges for residential properties should fall in line with those of commercial properties and be abolished from 1<sup>st</sup> July 2006.
2. Adopt for all country areas three fixed charges
  - a. Vacant land
  - b. Multi unit ~~land~~ *PROPERTIES*
  - c. Stand alone residential properties

Or

As above with variable fixed charges on a town by town basis to reflect cost as s currently done.