



# AUSTRALIAN HOTELS ASSOCIATION

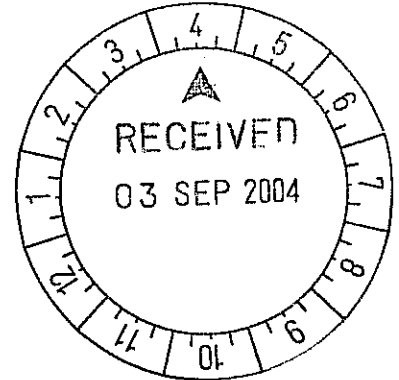
## Western Australian Branch

38 Parliament Place, West Perth 6005 • PO Box 660, West Perth 6872, Western Australia • Telephone (08) 9321 7701 • Facsimile (08) 9321 7730  
Email [excc@ahawa.asn.au](mailto:excc@ahawa.asn.au) • Website [www.ahawa.asn.au](http://www.ahawa.asn.au)

**Bradley Woods**  
Executive Director

2 September 2004

Mr Lyndon Rowe  
Chairman  
Economic Regulation Authority  
Level 6 Governor Stirling Tower  
197 St Georges Tce  
PERTH WA 6000



Dear Mr Rowe

### **Inquiry on Urban Water and Wastewater Pricing**

Thank you for your letter seeking our Association's view on the level and structure of commercial water and wastewater prices.

The AHA would like to review the draft report to be released by March 2005 and determine at that time if specific issues need to be raised on behalf of the hotel industry. I would however like to make the following general points in regard to pricing, in particular wastewater pricing.

Water charges for hotels have risen significantly in recent years, doubling for metropolitan hotels and tripling in some regional areas.

#### *Consumption of Water*

Water consumption charges were previously linked to the Gross Rental Value but are now based on the size of the properties water meter, therefore for a hotel the larger the water meter the higher the "annual water rates". We have been advised that approximately 50% of hotels have a water meter that can be reduced in size to more accurately reflect consumption.

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### *Disposal of Wastewater*

Charges for disposal of wastewater such as sewerage, grease trap, and industrial waste are calculated according to a discharge factor. The discharge factor is an estimation made by the Water Corporation of the volume of water that returns to the sewer. Typically for hotels the discharge factor issued by the Water Corporation is 90% - 95% of incoming consumption. In respect to wastewater charges we have been advised that up to 70% of hotels have been issued a discharge factor that appears to be incorrect and requires a review.

Both areas have a significant impact on water related expenditure and can be reduced. For example credits achieved from the Water Corporation as a result of leaks being identified can fall into the magnitude of:

1. \$35500 - 300 room hotel
2. \$42000 - 48 room hotel
3. \$17590 - Suburban hotel

Credits are frequently achieved as a result of proving to the Water Corporation that water loss did not return to the sewer.

In regard to implementation of full cost recovery for treatment of wastewater by the Water Corporation as a result of National Competition Policy, the levying of charges on actual usage rather than estimated usage is preferred.

Of greater concern to the hotel sector is the sewerage charges, which have been in the metropolitan area for a few years and are now being phased in for regional areas. These charges will be considerable and assistance from the Water Corporation for hoteliers to ensure charges are accurate would be appreciated.

Thank you once again for the opportunity to briefly comment and we look forward to reading the draft report in 2005.

Yours sincerely



**Bradley Woods**  
**Executive Director**