

# Abbey Beach Resort Management Limited

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Licensed Responsible Entity AFSL 238450

12<sup>th</sup> February 2006

Country Water and Wastewater Pricing Enquiry,  
Economic Regulation Authority,  
6<sup>th</sup> Floor,  
197 St George's Terrace,  
PERTH 6000.

Attention Mr Greg Watkinson.

Dear Sir,

I make this submission in respect to wastewater aspects of the Draft Report issued 31<sup>st</sup> January 2006.

I would like to see a more radical view arising from the enquiry.

There seems to be a need to examine the fundamentals by stepping further back from what is currently in place.

I comment as follows:

1. For the most part residential and commercial properties discharge "Domestic" waste water (toilet, bathroom, kitchen and laundry waste water) from people living a normal life and on this basis residential and commercial properties should be rated similarly. "Industrial" waste would then be separately rated.

An unnecessary emphasis on having separate "residential" and "commercial" property charges creates an artificial separation that is difficult to define and even more difficult measure and correlate for the respective purposes. This makes it difficult to have a separate Commercial Rate that is cost reflective over different types of commercial properties and a Residential Rate that is also cost reflective.

2. Draft Finding # 17

To be truly cost reflective the rate charges should probably be based upon the number of people who contribute "Domestic" waste water for each particular property and since most people have a residence this overall charge would be best charged against their respective residences.

If this was possible it would not matter whether a person was at home, at work, at the pictures, in hospital, out shopping, at sport, at a restaurant, staying at a hotel overnight, etc. when he required a toilet because each person would have already paid once, on their residence, for the 24 hour service

required whether he was at home or not. The resulting effluent would always be treated by the same Corporation (or contractor to the Corporation) whatever the source.

However, the number of people per residence would be difficult to determine, except as estimated from winter water usage, and it may be that a uniform fixed charge to all residential and commercial properties for all "Domestic" waste services plus a variable charge based upon winter water usage at the respective properties would be the closest achievable approximation to a people based charge.

In such an arrangement Draft Finding # 17 would not be necessary.

3. Draft Finding # 18

Artificial corrective measures should not be necessary in a suitably designed rating system.

The Cap and the 200kL effluent allowance should disappear under a fixed charge plus variable charge system such as that in section 2 above.

4. Draft Finding # 19

Current commercial wastewater charges are also not cost reflective because they are based on "Fixtures." This produces additional rates in commercial properties when additional fixtures are installed for "convenience", as distinct from "load", purposes. The same additional charge does not occur in residential properties.

This problem would also disappear under a Domestic waste classification.

5. Draft Finding # 20

Uniform pricing for commercial users coupled with a cost-recovery pricing approach for residential users - also means that a short stay strata lot, residential apartment with three fixtures in a commercial property pays a combined charge of \$1220 which is more than double the country average residence charge of \$472 and almost double the residential Cap.

There is direct commercial competition between the vast number of rental holiday houses and zoned short stay residential accommodation properties but there is a large difference in the sewer rate charges applied for these identical usages.

This is certainly not cost reflective.

6. Fixtures Charges

It seems likely the current Fixtures charges were not rationally determined from the sewerage costs for commercial properties but were calculated to replace the revenue previously generated from metropolitan commercial properties under the old GRV and, if that is true, then the current fixtures charges are even further from being cost reflective than were the original GRV based charges.

The metropolitan area based Fixture charges are too high to be uniformly applied in country areas because they effectively generate rates in total as though the country commercial properties had metropolitan commercial GRVs, but redistribute charges over the respective properties according to the number of fixtures and this is seriously in error in the total.

This aspect does not seem to have been addressed in the Draft Report but if true, it is further evidence in favour of improving the system and not trying to distinguish between residential and commercial properties.

#### 7. Strata Titled Commercial Properties

The Draft Report does not seem to have addressed the disparity between strata titled properties and non strata titled properties where the large disparity is due to the 200kL allowance per strata lot and amounts to \$386.20 per strata lot ( $200 \times \$1.931 = \$386.20$ ). I enclose a copy of the letter I received from the Corporation in answer to my previous correspondence to them that was copied to you.

This allowance is seemingly made to correct an anomaly but it distorts the system. A better system is needed.

This cannot be cost reflective and is further evidence in favour of change and not trying to distinguish between residential and commercial properties.

I suggest as follows:

- (a) If a property is suitable for permanent residence it should be separately rated. In such cases it is likely to have a separate meter and billing would then be the same as any other residence.
- (b) If a property is suitable for permanent residence and it does not have a separate meter, billing of the fixed charge would be to the resident with volumetric charge to the body corporate.
- (c) If the property is commercial or suitable only for short term residential accommodation it should be rated as one overall property and billed to the body corporate as a single service plus volumetric charge. The rationale is that each occupier has already paid their personal fixed charge at their place of permanent residence.

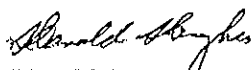
#### 8. Urban Report

The Draft Report seems to assume that recommendations made in the Urban Report will flow on into Country water and wastewater charging because the base issues are the same and that the local issues raised in the Draft Report will be in addition to the base issues.

Thanks for the opportunity to comment on the Draft Report

I hope to be able to attend the meeting in Mandurah on Wednesday 15<sup>th</sup> February 2006.

Yours sincerely,

  
Harold Hughes.