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Mr Joe Dimasi
Tasmanian Economic Regulator
Office of the Tasmanian Economic Regulator
Level 3, 21 Murray Street, Hobart TAS 7000
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Dear Mr Dimasi

SUBMISSION ON 2018 WATER AND SEWERAGE PRICE INVESTIGATION DRAFT REPORT CONCERNING SPECIFIC ANOMALIES IN TASWATER'S CUSTOMER POLICIES

Introduction

This submission relates to a number of anomalies concerning TasWater's Customer Policies as applied to multi-owner, multi-lot properties, specifically where the ownership is by tenants-in-common. While tenants-in-common ownership of a property with multiple dwellings is relatively uncommon, it is a legal form of ownership.

The current regulations and rules under which TasWater operates and the proposed rules detailed in the "2018 Water and Sewerage Price Investigation Draft Report" do not appropriately cater for multi-owner, multi-lot properties which are not classified as strata titled properties.

This can lead to an unfair situation for owners of some properties and conflicts with the general principles of administration and pricing that flow from the Objectives of the Water and Sewerage Industry Act 2008.

"The objective of this Act is to protect the long-term interests of customers and to provide for the safe, environmentally responsible, efficient and sustainable provision of reliable and secure water services and sewerage services to the Tasmanian community."

A proposed solution to the problem, which relates to a property's ownership structure, involves section 4.4: Policies of the Report; specifically within Appendix 6: Water and sewerage network and charges policies, Section 4 Sub-metering, sections 4.3.1 and 4.3.2.

Minor changes in these areas as proposed at the end of this submission would overcome a number of issues which are raised in this submission. However, there may be other solutions, such as discretionary clauses, that would resolve the issues.

Issues

Extensive conversations with TasWater staff have confirmed that the current and proposed rules and regulations applicable to multi-owner, multi-lot properties, such as tenants-in-common ownership where there are a number of individual dwellings occupied by individual Owners, result in the following outcomes:

1. Multi-Owners are liable for bills associated with water consumption by individual Owners

In TasWater's Customer Charter it is clear "The property owner is liable for the payment of all *fixed charges, service charges and variable charges* relating to their property."

This means payment of all charges associated with a metered connection to an individual Owner's dwelling becomes the responsibility of all the title holders even when the other Owners may have separate individual metered connections to their dwellings or have no TasWater connection to their dwellings. That is, the water consumed solely by an individual Owner who has separate metered connections to their dwelling becomes the responsibility of all Owners.

This is unfair, unreasonable and promotes inefficient water usage as the actual consumers are not fully responsible for the bills.

2. Any Owner can request disconnection of any of TasWater's water supplies

In TasWater's Customer Contract, (Section 10.5 Disconnections and restrictions of Services for other reasons) states TasWater can disconnect supply when requested by an owner.

During discussions with TasWater staff it is evident that if all title holders of a multi-owner, multi-lot property are responsible for water bills, then ipso facto, any title holder, that is any Owner, could request disconnection of any of the TasWater connections. This would be the case even if the requesting Owner is not an Owner or occupier of a connected dwelling. In reality this means any Owner can hold hostage the water supply to any connected dwelling on the property.

This is highly unacceptable, as it means Owners of connected dwellings on a multi-owner property do not have long term security of supply.

Related Policies

Both of the above issues, (consumers not being responsible for bills, and insecurity against arbitrary disconnection), require a solution that is clear, fair and based on commonsense.

Clearly, the principle that needs to be adopted is that Owners of dwellings with metered connections to TasWater's water supply, and who are the sole consumers of that water, should be liable for the payment of all fixed charges, service charges and variable charges relating to their connection. It would then follow that these Owners alone would have the authority to request disconnection if they so desired for whatever reason.

When ownership is by multiple-owners, say as tenants-in-common, the nearest policy framework is TasWater's Sub-metering Policy.

The Sub-metering Policy “applies to all residential and non-residential strata schemes and multi-unit properties”. In the Policy there are the following definitions:

- “**Multi-unit property** means a property which has more than one sole occupancy unit on one freehold title (ie a property not established as a strata scheme)”
- “**Sole occupancy unit** means a building or other part of a building for occupation by one lessee, tenant or other occupier to the exclusion of any other lessee, tenant or other occupier”
- “**Lot** in respect of a site, means a part of the site –
(a) allocated for separate occupation by the owner of the lot or a person deriving rights of occupation from the owner; “

The above definitions appear to apply to multi-owners as tenants-in-common where:

- Multi-unit property definition: there are multiple dwellings on a property
- Sole occupancy unit definition: the dwellings are for the exclusive use of their owner/occupiers
- Lot definition: the dwellings are occupied exclusively by individual owners as a right derived from all the owners

Under the section on New strata schemes, the Sub-metering Policy states:

(c) “Individual connection to TasWater’s water main

Where there is no common property, no interposing pipework and no requirement for a master meter TasWater may, at its discretion, approve each lot being individually connected to TasWater’s water main.

Where each lot is individually connected to TasWater’s water main each lot owner will be billed a fixed charge (based on the size of each lot’s individual meter) and a variable charge based on the volume of water supplied to each lot as measured by the lot’s individual meter.”

Under the section on Existing strata schemes, the Sub-metering Policy states:

(c) No master meter and individual lot meters

Where there are meters on individual lots but no master meter, each lot owner will be billed as fixed charge (based on the size of each lot’s meter) and a variable charge based on the volume of water supplied to the lot as measured by the lot’s individual meter. ...”

The above sections of the Sub-metering Policy concerning individual connections would be applicable, (at TasWater’s discretion), if a multi-owner property with tenants-in-common was able to be classified as a new or existing strata scheme.

Proposed Solution

In situations where:

- a property is not a strata scheme, nor a strictly a multi-unit property
- but has multiple owners as tenants-in-common occupying individual dwellings with individually metered TasWater connections

for all intents and purposes regarding water consumption, the property functions similarly to a strata scheme.

In these situations, a solution to the issues raised, (i.e. make consumers responsible for bills, and provide security against arbitrary disconnection), would be provided by making:

- the above clause on Individual connection to TasWater's water main for new strata schemes, or
- the above clause on No master meter and individual lot meters for existing strata schemes,

applicable to multi-owner, multi-lot properties with individual lot meters.

This solution or similar would be fair and just.

The co-operation of the Office of the Tasmanian Economic Regulator and TasWater is sought to resolve this rather unique problem, either by making minor appropriate amendments to TasWater's rules and regulations or by inclusion of suitable discretionary clauses.

Sincerely

Graeme Wathen