

## 2015 PRICE DETERMINATION INVESTIGATION REGULATED WATER & SEWERAGE SERVICES IN TASMANIA SUBMISSION.

Please accept my submission relating to the proposed charges to apply to TasWater for the period 2015-2018.

My name is John Mills and I am Secretary/Treasurer of Strata Scheme 57543 in the complex once known as and still affectionately retaining the name Redwood Village, Kingston.

### 1. BRIEF HISTORY OF REDWOOD VILLAGE.

1-1. Originally Redwood Village was a single entity with a Club House, golf course and a nursing home. It was to be a Retirement Village. A covenant was in place that occupiers must be over 50 years of age.

1-2. That covenant has been adopted by all current strata schemes with the majority of owners over 70, a lot over 80 and several in their nineties. Many live alone on the pension. It is therefore important that any fixed charges are non-discriminatory.

1-3. Development began around 1985 in Strata Scheme 1 and by 1992 there existed residential strata schemes 1, 2, 6, 7 & 8 as well as strata scheme 5 which housed a Club House and golf course zoned Recreational. Schemes 3 & 4 were slowly developed in the last 11 years.

1-4. The infrastructure was designed to grow with development. There were no limitations placed on development because things like water meters were never envisaged.

### 2. LIQUIDATION.

In 1992 Redwood Village Pty Ltd went into Receivership. Schemes 7 & 8 amalgamated and became strata scheme 8. Bishop Davies was no longer a part of the complex and Scheme 5 comprising the Club House, bowling green, tennis court and golf course was eventually sold to the RSL.

### 3. THE PRESENT.

We now all share in a unique development. We have 7 individual Strata Schemes spread over a 17-1/2 hectare property. Each is independent of the other, the only common factor being Village Drive which is a carriageway for access to all Strata Schemes. Scheme 5 is derelict. It is owned by a Developer who bought it after the RSL also went into liquidation early 2000's. The golf course is a rubbish dumping ground overgrown with weeds and the club house serves no useful purpose. Amenities are zero.

### 4. GOODBYE KINGBOROUGH COUNCIL, HELLO SOUTHERN WATER.

4.1. 2011 was to be a memorable year. From day one I worked closely with John Pearson, Manager Client Liaison. In his answer to my Email on 28 July 2011 he said that our situation "may be unique".

4.2. After numerous visits, meetings and investigations, Bill Blaik of Southern Water stated clearly in his letter to me dated 7 June 2012 *"Given the complex nature of the pipework within Redwood Village, it has been decided to install one water meter to service the entire village"*.

4.3. I applauded the decision. It was the only one that could possibly make sense and guarantee an equitable deal for every Lot Owner in this village.

4.4. Bill Blaik was not a labourer or plumber. He was the Project Manager, Water Meter Project. I would have expected him to make decisions that were supported by his superiors.

4.5. Unfortunately this was not to be. Less than 6 months later, on 20 November 2012, Mike Paine CEO wrote to me overriding Bill Blaik's decision stating that each strata would receive its own meter but offering as an alternative *"The only way to utilise the 150mm boundary meter (the first installed 20 June 2012) for the development is to have all seven stratas merged into one. You may wish to consult further with your fellow residents and members of the bodies corporate of each individual lot on this issue"*.

(It was obvious from this suggestion that nobody in Southern Water had a clue about the structure or conditions of this place because if they did they would never have made such an implausible suggestion).

## 5. THE LAW AND WATER METERS IN STRATA SCHEMES.

5.1. Reading the literature available at the time, I argued that I believed Southern Water had discretionary powers. They could leave just the one meter as installed. After all, had Redwood Village not gone into liquidation, there would be no dispute. They disagreed.

5.2. They maintained that legislation demanded one boundary meter per strata scheme. The option of individual meters was available for Lot Owners if they paid for installation provided, of course, each body corporate decision was unanimous.

5.3. I persisted arguing that the infrastructure would not allow just one meter for each strata scheme. My own scheme, just 29 units, would need 7 meters to account for all usage. Strata scheme 1, 52 units, would need 3 meters.

5.4. On the TasWater website, under Strata Title Sub Metering, it clearly states that their legislated policy is *"to install one boundary meter on the connection entering the property"*. It further states that *"TasWater only acknowledges a Body Corporate, not individual owners. .... Therefore the 'One in all in' policy is required as TasWater cannot run two different systems to the one block of land"*.

OBSERVATION. At face value, that policy seems reasonable. Unfortunately the Company does not practice what it preaches. They do not want a combination of a boundary meter and private individual meters yet that is precisely what they have installed in Strata Scheme 2.

In 5.1 they deny having discretionary powers. Their decision to mix and match in Scheme 2, if not discretionary, what is it? The law says just one meter per scheme. We got 7. And our shared 'Fixed charges' are inflated as a result. Strata Scheme 1 is the same with 3 meters.

## 6. THE INEQUALITY OF THE CURRENT SYSTEM.

6.1. Redwood Village started off as a single entity : 17-1/2 hectares of strata living. Through no fault of the Lot Owners the Company went into liquidation. The original design of this village, once of no consequence, now sees 7 different strata schemes all paying different amounts to TasWater each quarter because of the infrastructure.

6.2. Each strata scheme has a different number of Units. Mine, Strata Scheme 2, has 29. Scheme 1 has 52. Scheme 8 has 72 etc etc. One of the problems is the NEW Fire service levy. As Redwood Village Pty Ltd, one charge would have applied. Because of liquidation TasWater now recoup a windfall at no cost to them.

6.3. TasWater inherited all the infrastructure in Redwood Village. There were no installation charges and the 100mm pipe sitting here in case of fire has never, as far as I know, been serviced by TasWater and has cost them zero. Yet they claim 25% of a full service charge on this 100mm pipe. Why? If we were a stand-alone scheme, we would need nothing more than a 50mm pipe to service our 29 units in case of fire. We are victims of circumstances beyond our control.

The following figures predict a bleak future for the pensioners in this village.

- . Scheme 2 current charge for Fire Service 2014/15 ..\$1912.25 divided by 29 - \$59pa per owner
- . Scheme 1 " " " " " " .. \$1912.25 divided by 52 - \$36pa per owner

At the present rate of increases (6%pa) by 2023, \$1912.25 will have grown to \$3047.83. A further 5 years to \$4078.68 and by 2033 it will be \$5458.13. (assuming 6% will be the constant growth rate).

In view of the massive profits disclosed by the Mercury on Sunday 11 January 2015, I do not know how they can justify an ongoing 6% increment. Pensioners get less than 2%pa and even the Forces were looking at similar.

## 7. WHAT IS THE SOLUTION?

7.1. It is important that any change to compulsory expenditure on Lot Owners is given every consideration and analysis to ensure it does not create hardship on anyone. Also, expenditure has to be seen as justified, reasonable, necessary and especially equitable.

Unfortunately, with the introduction of water meters, that sentiment is far from reality in Redwood. No such in-depth study was conducted yet if one was carried out, there is no evidence of equity: quite the contrary.

7.2. To begin with, the Fire Levy – if TasWater can seriously justify its inclusion on our accounts – should be one charge for the village, not per strata scheme. After all over 240 Lots are served by one 100mm pipe for fire. Any instrumentality is entitled to recoup costs. But when infrastructure is inherited free of cost and there are no ongoing expenses, then their levy is neither reasonable nor justifiable in my opinion.

7.2. Secondly, enough people in authority have recognised that this complex is unique. I believe our situation deserves a visit from someone from the office of the Economic Regulator or the Minister or both; in other words the decision makers of our future bills. Whilst TasWater have a code of 'one in all in' they are also working to a 'one size fits all' approach when it comes to Redwood Village. It requires a bit more investigation and sincere interest.

## 8. CONCLUSION.

8.1. Because I was affected, I took a personal interest in the introduction of water meters from day one. I attended meetings with Southern Water executives and on several occasions had representatives in my home.

8.2. Possibly my past mistake was not to involve the Government. Unfortunately water meters were a new service and as with any new service there are usually teething problems. This submission is an opportunity to correct matters.

To make amends I am writing direct to the Hon Jeremy Rockliff MP, Minister for Primary Industries and Water inviting him to inspect this complex recommending some changes to legislation.

#### 9. THE ANSWER:

Two things would need to happen to guarantee no strata scheme or Lot Owner in Redwood is unfairly billed as is the case at the moment.

1. The Fire Service levy must be changed to one charge for the village.

2. In the interests of fairness and equity, revert back to one meter for the village. It's already installed on the 150mm pipe that fully services this complex. The single and other meters installed would become redundant – a small price to pay if TasWater hope to establish credibility by putting people before profit. This action would no doubt require a change to legislation.

Redwood Village is unique. We need legislation specific to our circumstances. And of course TasWater would also benefit greatly by having only one meter to read thus simplifying their billing operations.

John Mills