

YODALLA INVESTMENTS

PTY LIMITED

ABN 29 050 059 062

131 DONNISON STREET (PO BOX 653) GOSFORD, NSW 2250

TEL: (02) 4324 6944 FAX: (02) 4324 9172 MOBILE: 0407 258703

EMAIL: davidkettle@bigpond.com

29 September 2008

Gosford City and Wyong Shire Council Price Review
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office
NSW 1230

Ref: Kensmen-12

Dear Sir/Madam,

Submission re Gosford City Council Water Consumption Charges for Multi Premises

I write to you on behalf of Yodalla Investments Pty Ltd, which manages a strata unit in a commercial building in the Gosford City Centre on behalf of the Kettle Superannuation Fund.

We exchanged correspondence in June 2007 at which time Mr Cox kindly advised of the existing basis for levying water charges for strata units in "Multi Premises" in the City of Gosford and advised of the Tribunal's intention to carry out the current review to take effect from July 2009.

The principal issue that I raised at that time was the apparent inequity in using the following formula in regard to "Multi Premises" where there is a significant variation in the sizes of units contained within a multi premise building:

$$WU = A/B$$

Where:

WU is water used by that property

A is the total quantity of water used by the Multi Premises

B is the number of properties within that Multi Premises

There are undoubtedly many commercial, industrial and residential buildings in the City of Gosford and the Shire of Wyong where unit sizes vary considerably. The issue is whether the current formula, whereby all units in a Multi Premises are levied a similar water charge, produces equitable outcomes for consumers and, in particular, whether such a formula encourages water conservation on the part of individual water users.

As a case in point I referred in previous correspondence to the Kensmen Building, No. 131 Donnison Street in the City of Gosford as an example of a commercial building in which there is a wide variety of commercial unit sizes, all of which are levied the same water charge, regardless of size and the number of employees occupying the unit.

I have set out on the attached sheet a list of the current rateable lots contained within the Kensmen Building and their legally established "Unit Entitlements" under the Strata subdivision of the building. I have then calculated the water consumption charge that would be allocated to each lot if the water charge were levied on a unit entitlement basis, rather than the current formula of $WU = A/B$. The calculations are based on Council's Water Consumption Bill of \$ 75.65 for each unit regardless of size during the period 24/11/2006 to 30/05/2007.

The information provided indicates that the smallest unit (Lot 14) with a unit entitlement of 132 units would be paying \$33.66, in comparison with \$75.65, while the largest unit (Lot 31) with 453 units would be paying \$115.52, in comparison with \$75.65.

At a time when water consumption charges in the City of Gosford are increasing significantly I would urge the Tribunal to review the consumption charges under the current formula, as it is clear that there is a significant discrepancy and inequitable charge between units of differing sizes, leading to potential waste of resources as there is currently no linkage between cost and water use.

The Tribunal is requested to give consideration to the use of unit entitlements, as set out under the Strata Titles Act, as a basis for water consumption charges. Such charging would be comparable with the use of unit entitlements for normal Council rating purposes. The use of unit entitlements would have regard to the size of the unit and its potential occupancy and water use in a more equitable manner than the current formula which has no regard to such matters.

A suggested formula would be as follows:

$$WU = A/B \times C$$

Where:

WU is water used by that property

A is the total quantity of water used by the Multi Premises

B is the number of unit entitlements within the Multi Premises, excluding any parking units

C is the number of unit entitlements allocated to that property, excluding any parking units

I trust that the above information will be of assistance to the Tribunal and I would be agreeable to provide additional information, if so requested by the Tribunal.

Yours faithfully

David Kettle
Director

THE KENSMEN BUILDING, 131 DONNISON STREET, GOSFORD

UNIT ENTITLEMENTS AND WATER CONSUMPTION CHARGES

LOT	UNIT ENTITLEMENT	WATER CONSUMPTION CHARGE W = A/B	WATER CONSUMPTION CHARGE BY UNIT ENTITLEMENT
1	340	\$75.65	\$86.70
2	290	\$75.65	\$73.95
3	290	\$75.65	\$73.95
4	400	\$75.65	\$102.00
5	265	\$75.65	\$67.57
6	342	\$75.65	\$87.21
7	351	\$75.65	\$89.50
8	162	\$75.65	\$41.31
9	238	\$75.65	\$60.69
10	336	\$75.65	\$85.68
11	382	\$75.65	\$97.41
12	290	\$75.65	\$73.95
13	205	\$75.65	\$52.27
14	132	\$75.65	\$33.66
15	336	\$75.65	\$85.68
16	305	\$75.65	\$77.77
17	351	\$75.65	\$89.50
18	336	\$75.65	\$85.68
19	186	\$75.65	\$47.43
20	196	\$75.65	\$49.98
21	290	\$75.65	\$73.95
22	336	\$75.65	\$85.68
23	336	\$75.65	\$85.68
24	305	\$75.65	\$77.77
25	351	\$75.65	\$89.50
26	336	\$75.65	\$85.68
27	186	\$75.65	\$47.43
28	196	\$75.65	\$49.98
29	250	\$75.65	\$63.75
30	357	\$75.65	\$91.03
31	453	\$75.65	\$115.51
32	351	\$75.65	\$89.50
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Total	9480	\$2420.80	(\$0.255 per unit)

Water Consumption Charges for Period 24/11/2006 to 30/05/2007