

31 July 2020

South Stradbroke Utilities Pty Ltd Response to Submissions by :

1. Anonymous
2. Kathleen Kirkwood
3. Norman Pinto
4. Margarate Woods
5. Rhonda Dalglish

INTRODUCTION

Most of these submissions were identical or substantially similar in nature. For convenience we elected to use a single response to all submissions. Questions which are able to be understood are formally replied to. Some questions are so unclear as to not be able to be answered in any form due to uncertainty and we also note that some of the submissions contained frivolous allegations and it is the view of the writer that this is not the relevant forum to be dealing with those allegations as they are hearsay or they do not relate to this application.

At the time of writing this response, 31/07/20, there were no further submissions online other than those detailed above. The writer respectfully requests from the AER the right to respond to any further submissions that the AER believes warrant a response.

OWNERSHIP OF INFRASTRUCTURE.

All infrastructure is owned or leased by Island Resorts (Infrastructure) Pty Ltd or other subsidiaries of the owner and operator of the resort. This is clearly documented in the Development Agreement between the Gold Coast City Council, Interpacific Pty Ltd (and its successors, currently Island Resorts (Infrastructure) Pty Ltd) and the Couran Cove Community Body Corporate under clause 11.7 of that document. The development agreement is attached. The land on which the infrastructure sits on is owned by the Couran Cove Resort - Community Body Corporate and is leased to Island Resorts (Infrastructure) Pty Ltd.

This is further documented in the community lease document held by Island Resorts (Infrastructure) Pty Ltd in clause 1.1 wherein it is clearly stated that all fixtures and fittings on the premises leased from the community body corporate are owned by the lessee.

Clause 3.3 of the same lease grants the right for the lessee to bill individual owners for the services to be provided. The lease is attached.

WHO IS THE APPLICANT ?

The applicant South Stradbroke Utilities Pty Ltd is a related party to and is the appointed billing agent for Island Resorts (Infrastructure) Pty Ltd, who as stated in point 1, is the owner of the infrastructure and the current supplier of power to the Couran Cove Resort – Community Body Corporate.

HOW WILL CHARGES BE CALCULATED?

The Couran Cove Community By Laws and Community property leases set out the methodology of how individual owners should be billed for essential services. These by laws are attached. The proposal is to charge strictly in accordance with the relevant by laws in place on the island. It is proposed an open book expenses regime be in place through a specific website where costs are detailed on a monthly basis. All properties will be billed the same rate. The resort relies upon diesel and gas, and the costs of this vary during any given year. Charges will be based on actual cost. The applicant is also exploring options of producing power using Solar to supplement the existing system and reduce costs to all lot owners within the Couran Cove Resort.

METERING

As envisaged in the by laws for the Couran Cove Strata there are currently meters to most of the properties (which are not currently in use). Any properties that do not contain meters will have new meters installed. It is proposed that within a reasonable timeframe after commencement new meters will be installed to all properties to ensure compliance with the relevant regulations.

WHEN WILL THIS START?

Upon approval of the embedded network by AER.

ALLEGATION OF DOUBLE CHARGING/'DOUBLE DIPPING

The current arrangement sees a situation where individuals believe that they have paid for their power by paying their body corporate levies, however, their strata committees withhold those funds and don't pay for the essential services provided. Despite many of the individual owners paying their levies, at the date of writing this response, the Community Body Corporate has not paid the operator for any services for a significant extended period, including for the Community Body Corporates current budget period which commenced on 1 February 2020.

These flaws in the body corporate structure at Couran Cove where the subsidiary body corporates collect levies from owners and do not pass those levies on to the Community Body Corporate so that it can pay for essential services is not a reasonable situation in relation to the provision of power services. If it continues, the current situation will ultimately result in the restriction of services in the very near future. There is a current litigation in the Supreme Court from the operator to recover some of these charges for outstanding services provided and also letters of demand for the unpaid services provided since 1 February 2020.

The operator acknowledges that many of the lot owners may be vexed as they believe that they have paid for power given that there is a charge for the same in their levies. The reality is that their strata committees are not passing those funds collected onto the operator of the power services and have not done so for quite some time now. Individual lot billing will resolve a significant proportion of the current issues and is an urgent requirement in order to maintain supply to the individual units.

It is noted that services already billed to the Community Body Corporate will remain the liability of the Community Body Corporate and not be re-billed again by the operator to the individuals.

WILL ELECTRICITY CHARGES STILL BE IN BODY CORPORATE LEVIES?

Electricity charges to individual properties will not be charged in body corporate levies, as the objective of this application is to have the appropriate approvals in place to do individual lot billing instead of the current arrangement where power is supplied to individual lots on an unmetered basis and charged in the body corporate levies based on lot entitlements and not based on usage. Electricity charges to common areas will still remain in body corporate levies and charged to individual lots on a pro rata bases in accordance with unit entitlements, as is the case in a typical strata environment.

CONCLUSION

The charges cannot be charged based on the AER mainland set tariffs given that there is no grid for the provider to purchase its power from. Being an island environment with no connection to the mainland grid, the power is currently made using diesel generators, which is obviously more expensive than the rates that power supplied to the grid. A move to a combination of solar and diesel will help reduce the rates in the future.

The proposed billing methodology will ensure that the current inequitable system of a flat charge for electricity depending on lot entitlements which ignores the actual power usage to the individual properties will be replaced with a system of metered individual lot billing, to ensure a more equitable arrangement. The proposed arrangement is consistent with the majority of households in Australia where their power is supplied and charged on a usage basis.

It is further noted that the proposed new system was contemplated 20 years ago at the inception of this strata and is on the same basis as agreed by all owners in the strata by laws and all individual owners have already agreed to the proposed system when they purchased the property (as those by laws govern the property and at the time of purchase of the property the incoming purchaser is agreeing that those by laws are the laws which govern the property). Infrastructure used will be the existing assets currently owned and operated by Island Resorts (Infrastructure) Pty Ltd and any new equipment as purchased by the operator over time.

Yours Sincerely

Daryna Sarana
South Stradbroke Utilities Pty Ltd