

Angela Bourke,  
General Manager,  
Australian Energy Regulator  
G.P.O Box 520  
Melbourne,  
Victoria 3001



April 23 2019

RE: Cairns Beach Resort/Blue Aurora Pty Ltd.  
Ref: 64334

Dear Madam,

I am the owner of [REDACTED] in the complex and have held this unit since 2006.

The complex was constructed in 1999 as a strata titled motel with a single set of electricity meters as is common in motels. Individual units are not metered and the complex is not wired for such. It is still operated as a holiday complex. It is not a residential complex.

The property has had three managers since it was built in 1999 and all have been responsible for the supply of electricity, and personally liable for payment of the monthly bills. Over that time all owners have received numerous documents detailing how electricity is being recharged to them, the basis of that recharging, and the costs.

The complex is primarily being used as a holiday resort, and I am satisfied, as a long term owner, that the current arrangements are fair and reasonable as electricity is being charged to owners on the basis of occupancy of their unit. Owners with higher occupancies pay more, owners with low occupancy pay less, any owner who occupies their apartment full time (which is illegal under town planning rules) pays on the basis of 100% occupancy. The manager charges for electricity at Ergon standard rates.

There is a lobby group of resident owners who believe that they are being shortchanged as they are paying for 100% occupancy, and who want holiday lettings to subsidise their electricity. They do believe that the current system is unfair.

To date there has been no information provided to owners regarding issues related to the proposal to prevent the manager from on supplying electricity.

Questions relevant to the proposal to prevent the manager from supplying electricity and for which no information has been provided are ...

1. Will the body corporate committee guarantee that the body corporate and individual owners will incur no additional up front or ongoing costs as a result of the removal of current arrangements.
2. Can the committee guarantee that this move will result in substantially lower monthly electricity charges for each and every owner. (a saving of a couple of dollars a month does not offset the disruption and risks entailed in this proposal).
3. There are 3 categories of owners in the complex. Can the committee provide examples of the anticipated monthly savings for each of these?
4. Does the committee/body corporate/Other supplier have the necessary licences to act as a reseller of electricity. If not how are these to be obtained and at what cost to the owners?
5. Ergon is the only supplier of electricity in Cairns. How will Ergon supply/deliver electricity to apartments when they are not metered and the building wiring does not permit this to happen?

6. Does the committee/body corporate/Other supplier have the skills to enter the electricity market and solicit tenders for electricity supply. If not then how is this to be done and at what cost to owners?
7. What are the legal costs involved in causing the supply arrangements to pass from the manager to the committee/body corporate/other supplier?
8. Electricity is presently provided under long term contracts by the manager with suppliers. Causing the manager to abrogate these contracts may result in penalties. What costs and damage claims is the committee/body corporate exposing owners to?
9. Is the body corporate/other supplier prepared to underwrite monthly payments to electricity suppliers irrespective of whether owners have paid for their supply?
10. What is the expected increase in Body Corporate fees to support the initial payments for bulk purchases of electricity?
11. How will the body corporate/other supplier invoice each owner each month, and what is the cost of this? Presently the billing is handled as part of the managers monthly trust accounting system.
12. On what basis is it proposed that the bulk electricity charge be allocated between owners?
13. Is the body corporate/other supplier in a position to chase arrears and defaults in owner payments, and what charges will be incurred by owners as a result of this?
14. How will the body corporate/other supplier manage supply disconnections/connections, and what charges will be incurred in this activity? These happen quite frequently and are handled by the manager at no cost.
15. There is a single supplier provided meter for the entire property. Some owners have private meters in their apartments and readings from these are presently used for calculation of monthly bills. How will the body corporate/other supplier obtain valid readings from these and will there be a cost incurred as a result of this data collection?
16. Will there be any disruption to supply as a result of any takeover action, and how will it affect owners income from holiday lettings?
17. Can the committee provide a timeline and schedule for any service migration?

I am concerned that none of the above issues have been addressed, and that a decision to not provide the necessary approvals to the current manager will cause most owners to suffer financially, both as a result of any migration issues, and longer term, as the owners have no idea on the basis of charge, rates of charge etc. etc. etc.

I note that condition 2(b) and condition 14 of your draft exemption states that any owner may elect to use a supplier other than the manager. In practice this is not physically possible as the buildings in the complex are not wired to enable individual supply and metering to take place. To enable this would require the complete re-cabling of the complex at a cost of tens of thousands of dollars. Should a dissident owner try and enforce this right it may well cause all owners to carry a substantial cost penalty. The only way that this would be acceptable to other owners is if the requesting owners is liable for the entire cost of the re-wiring.

I note that condition 3 (h,i,j,k) refers to meter readings. There are no meters in apartments and supply is taken across the entire property and allocated in proportion to occupancy. Occupancy is used as it is an indicator of energy use.

**In summary ...**

**The current system has worked well for 20 years and I would urge you to provide Blue Aurora with the exemption sought with the removal of conditions relating to the need/liability to re-wire the complex to facilitate individual metering..**

**Ian Stewart**

A handwritten signature in black ink, appearing to read "I Stewart", with a long horizontal stroke extending to the right from the top of the signature.

