

Making every drop count

The anomalies of strata water billing that exist throughout Australia need addressing, according to the experts. **Shane McNally**

IT'S been a long time since water was free anywhere and owners of strata-titled units are aware more than most of how the costs can add up – even when they're not using it.

Simple arithmetic isn't causing them the most angst, though, rather it's the inequities of the different states' various reading, pricing and even taxing methods. In the many cases where one meter is read, there has long been a sense of dissatisfaction over each owner having to pay an equal share when they're not using equal amounts of water.

This can and has led to trouble between unit owners, particularly when one water-conscious person is paying for the excess used by another owner.

The variation in water charging between different states – and even within each state – complicates matters and potential owners need to equip themselves with the information specific to their particular body corporate.

In South Australia and Victoria, when there is a single meter, the total unit entitlement and usage is divided between units and each owner is sent an individual bill. Where there are separate meters, it's a simple billing arrangement for precisely the water used. This is considered the best and fairest method but isn't available throughout Australia.

In other states, the body corporate is sent a bill for the entire group's usage and this is then divided equally among each member of the group depending on their unit entitlement.

In New South Wales, this attracts an additional 10 per cent GST component because the owners' corporation is deemed to be on-selling the water.

New South Wales

Institute of Strata Title Management general manager Bruce Wheeler believes the current situation in NSW is unfair and

QUICK TIPS

Multi-unit dwellings can do their bit to save water consumption by:

- Installing tanks to hold water for the gardens and/or swimming pool.
- Installing solar tubing to heat the pool.
- Installing individual water meters to encourage residents to save water.
- Replacing single flush toilets with dual flush models.
- Installing water-saving showers and taps.

the government has no right to the GST. He is calling for an across-the-board move towards individual water meters as a fairer means of billing and also as a water saving measure.

"Individual water meters will benefit individual owners and tenants, as they will only pay for the water each residence uses," he says.

"Owners can install water saving devices and measure the effect of these devices in saving water and money.

"The building will still have to pay for water used in common areas such as gardens, lawns and swimming pools and this would be paid out of the quarterly strata levy.

"Technology is available that allows a meter to be clamped around the water pipe where it enters each individual household in a building. These meters can be read remotely, no longer requiring water meter readers to try to gain access to security buildings to read the meter.

"This has two advantages: one, that individual households can be billed, removing the controversy about overpayment of GST, and secondly, strata units can monitor their individual water consumption levels.

"The current one-meter situation is unfair because at present there is one water bill per building and this is paid out of the strata levy which is calculated as a share of the unit entitlement.

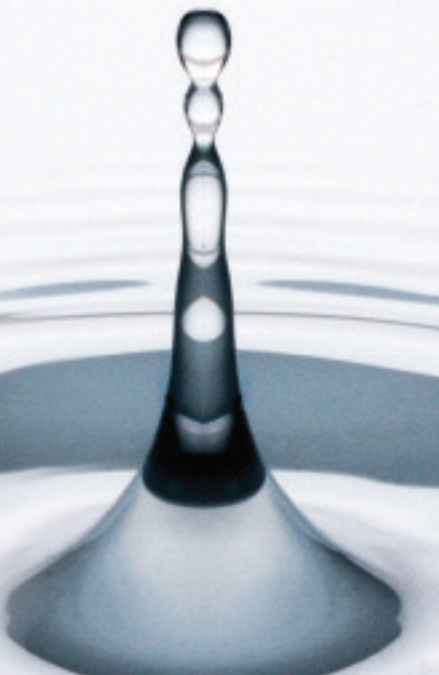
"Water bills aren't paid based on consumption by each unit, meaning owners could be paying for the excessive water consumption of their neighbour."

Wheeler says the GST anomaly is costing residents millions of dollars each year and argues billing individuals rather than whole buildings for water would partly address the problem.

"Federal legislation currently prevents buildings registered for GST claiming GST back on the proportion of their levy which pays for water.

"This is significant as it has been estimated by the NSW Government that its strata unit owners pay \$12 million in GST each year that should be refunded but isn't because of a legal loophole favouring the government."

Wheeler says the institute wants the federal and state governments to act on several issues. These include: closing the GST loophole so owners are no longer paying non-existent GST on water bills;



introducing legislation making it mandatory for all new strata buildings to have individual water meters that can be read electronically from outside the building; and new legislation that progressively requires existing strata buildings to retro-fit individual electronic water meters at the water authority's expense.

"If these issues were addressed we would see a reduction in water usage and a much fairer billing payment system for all," Wheeler adds.

Queensland

Community Titles Institute of Queensland president Tim Carrigg says the water billing practice varies, depending on whether or not the property has individual meters.

It's up to the body corporate to read the meters and recover costs from each residence, although in some strata schemes council reads the meter and invoices directly.

"Some high-rise units have only one meter and the water charges are then allocated to each unit on a per lot entitlement basis," he says.

"Other developments have meters in each residence or unit and it's up to the body corporate to read the meters and then recover the costs from each owner on a consumption basis.

"Most councils only want to recover the bulk cost from the strata scheme and aren't interested in the internal break-up, however Brisbane is changing and will now read and invoice directly if approved meters are installed."

South Australia

Strata manager Gordon Russell of Unit Care Services says South Australia has been on the right track since it bit the bullet and addressed the matter in the mid 1990s.

"Water isn't a major issue here now because we found some systems to get around it but it took some work to sort that out," he says.

"It goes back to 1994 when the Olsen Government decided to change the water billing arrangements for all people in South Australia.

"The Real Estate Institute (SA) did some really constructive work and put a working party together and we got all of the parties around the table and the E&WS (now SA Water) spent a quarter of a million dollars re-jigging their computer systems. They did that when they realised it would be illegal to bill the person in Unit 1 for everybody else's water consumption. Despite that, we were still stuck with the one meter, so they worked out there were a number of ways to do this – the body corporate could pay the whole bill or the unit owners could divide it up among themselves.

"Now any new body corporate needs to have individual meters and that's brought about some new interesting problems because sometimes meters are under-read by up to 70 per cent. The difference is what the corporation has to pay. If meters aren't getting professionally read or tested every few years, there's a high chance they're reading inaccurately. People shouldn't just assume their meters are reading correctly all the time."

Russell says while individual meters are an advantage, the cost of upgrading outweighs the cost of years of consumption.

"There can be major plumbing work in older groups that may require four feeds – from the kitchen, bathroom, laundry and toilet – so often it can run into thousands of dollars depending on the work that's required."

Victoria

Institute of Body Corporate Managers Victoria general manager Rob Beck says the water situation is a complicated one that requires careful consideration. He says some bodies corporate are now beginning to charge for water without any heating component.

"I think this is an important issue as tenants in many bodies corporate are getting free water and, in particular, free hot water," he adds. "There's no reason to be frugal and hearsay indicates that half-hour showers aren't uncommon.

"Under the *Residential Tenancies Act*, the energy charge can't be passed on. Some buildings don't have individual hot water meters, separate to the individual cold water meter and supply.

"There may be an Origin meter that measures hot water volumes into a lot, though that statutory information is retained by Origin to drive off individual energy bills. In that situation, South East Water measures and bills cold supply individually and provides a bulk hot water bill to the body corporate." ■