

Submission on water pricing for rooming houses in Victoria

25/5/2023



The Registered Accommodation Association of Victoria Ltd (RAAV)

Who is RAAV?

RAAV is an industry association that brings together privately owned and operated rooming houses (RH) in the registered accommodation sector. RAAV members meet the needs of low-income residents who require medium and longer-term accommodation in addition to the growing number of professional and semi-professionals who are seeking this type of accommodation.

RAAV represents the views of the industry and creates a stronger, more cohesive and respected industry.

RAAV is an active voice on behalf of its members. The organisation's core activity is to ensure minimum and acceptable standards in operating registered accommodation and promote application of best practice to raise the image and performance of all privately owned rooming houses. RAAV encourages private rooming house owners and operators to adopt Best Practice Guidelines to assist in the good conduct of business, to meeting their obligations and the wellbeing of residents in rooming houses and other registered accommodation. This activity is partially funded and approved by Consumer Affairs Victoria.

RAAV'S other core activities include:

- Making RAAV's members aware of the legislative requirements as promulgated by the Victorian Government in operating registered accommodation;
- Providing information and assistance to the Government and Local Government in the operation of rooming houses;
- Encouraging un-registered and un-licensed rooming house operators to adopt best Practice in their rooming houses and to seek registration and licensing.

RAAV's Submission

RAAV would like to make a submission to the Essential Services Commission, on behalf of Rooming Houses in Victoria, to have the pricing of water in domestic rooming houses reviewed and restructured.

Rooming houses are classified as domestic or residential properties and they all consist of individual rooms inhabited by residents on individual Rooming House Agreements. You could consider that each room be treated separately vis-à-vis individual apartments and be classified as one residence. The only difference being that there are no separate water meters for each room.

A current example of pricing for a residential property is structured as follows for SE Water:-

Block 1 – usage up to 440 litres per day = \$2.6765 per KL or \$0.0026765 per Litre

Block 2 – usage above 440 litres per day = \$3.426 per KL or \$0.003426 per Litre

A typical rooming house would have on average 7 rooms, which is 7 people or couples using water every day, so it would be impossible to ever stay beneath the 440 litres threshold. Therefore, a typical rooming house would always be paying for water at the higher rate.

If we take a one-bedroom apartment with one resident the daily water usage would most likely be under 440 litres and therefore attract the lower rate. A room in a rooming house could be compared with a one-bedroom apartment and would also be under 440 litres of water consumed per day and thus be on the lower water rate.

Currently there is no incentive for rooming house operators to stay in the lower range of consumption to get the lower price per litre simply because it would be impossible to achieve.

Our request to the ESC is to consider multiple room rooming houses as a separate pricing structure based on the number of rooms. For example:-

Block 1 (rooming houses) – usage up to 240 litres per day x the number of rooms = \$2.6765 per KL

Block 2 (rooming houses) - usage above 240 litres per day x the number of rooms= \$3.426 per KL

Therefore, a rooming house consisting of seven rooms would have a pricing structure as follows:-

Block 1– usage up to 1680 litres per day = \$2.6765 per KL

Block 2 - usage above 1680 litres per day = \$3.426 per KL

This proposal is based upon a rooming house providing details of the number of rooms in the house so that the calculation can be made to determine the number of litres per day for Block 1 and Block 2.

In this case, the use of 240 litres per day is just an example. If the ESC agrees with this submission and believes that a different pricing structure for rooming houses is possible then I would expect that a calculation would be made and a new litres per day figure arrived at.

Alternatively, the ESC may develop a new structure altogether for pricing water usage for rooming houses.

I understand that this submission is late. I was unaware that submissions were being called for from users until I spoke with a member of your Water team yesterday who advised me to make a late submission. If this submission cannot be considered now, would there be a possibility of discussing this request at a later date to review the water pricing structure for rooming houses?

I thank you for taking the time to consider our submission and I look forward to your positive reply or further discussion in the future.

Best regards

Ross McKenry

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