

Ms Susan Faulbaum  
Director, Consumers and Markets  
Australian Energy Regulator

Dear Ms Faulbaum

I write in reference to application from "South Stradbroke Utilities Pty Ltd" (SSU) applications for individual retail exemption

We are concerned that the proposed change could have a detrimental impact on the affordability of Electricity (and gas) and may also impact the security of supply at Couran Cove.

On the face of it, a retail exemption would seem logical for the arrangements on the island, only if there was stable inter-company / Body Corporate relationships and financial environment on the island which there is not, otherwise it would most likely be supported by all.

Couran Cove is controlled by a complex arrangement of body corporates, The rules of how costs are distributed between these entities and then from the body corporate (BC) entities to individual owners were initially established when the resort started in the late 90's and have in most part stayed the same since. To further complicate the situation certain individuals have multiple companies that have significant or controlling interests in multiple of the body corporates. It is impossible to keep up with who owns what as the company shareholdings and structures keeps changing!

Separate to this application Couran Cove is currently struggling with a range of issues where significant debt is owed between these BCs due to long term non-payment of BC levies by certain parties that may be linked or associated with this applicant. It borders on ridiculous with certain individuals ultimately having one company they own being part of a BC defaulting on payments to another BC that they are part of and are pursuing legal avenues to get payment (in part from themselves). Complex agreements have been agreed and executed between parties and BCs about how money that is coming in is to be used, trying to ensure prudent use of available funds. Unfortunately things are getting worse and we find ourselves in a litigious environment with a number of Supreme Court applications (past and future) adding further strain to scarce funding.

We see that any changes associated with this application and reducing possible regulatory oversight and may allow certain parties to argue that existing body corp rules on how costs are distributed for energy use can be ignored. We see this as a large risk on fair and equitable costs for energy supply.

We note that the application comes from a company that is currently not supplying anything to Couran Cove. We assume that the company will at some point take over the role that currently Island Resort Infrastructure Pty Ltd has which is to run the utilities on the island including the Power and Gas arrangements. It may also take over the role for Water and sewerage.

The change would definitely increase costs of supply. The resort does not have suitable existing infrastructure to allow for individual customer electricity metering for all consumers and the application talks about electronic meter reading by a metering agent. This infrastructure does not exist and would be expensive to be installed causing an immediate increase in energy costs. For the metering that is in place, what is connected to an individual meter varies significantly, some apartments/ cabins have one meter that measures their usage as well as the adjacent one. In some cases street lighting comes off certain meters that also have apartments on them. The application proposes apportionment of costs, and while this could result in an equitable outcome it will be important that an independent body scrutinises any proposals and takes input from all stakeholders and can have any decision binding.

Also presumably a price structure will be established for energy supply by SSU (the application is currently proposing this only for electricity supply) and we are concerned this structure will not be equitable. A potential conflict of interest exists where the owners of SSU also own some components of the resort and that conflict may reflect into the pricing structures. Not understanding exactly what SSU will actually be providing, but given its title, it may be going to run the water and sewerage for Courant Cove and clearly metering their own usage would be a significant cost which they would avoid, but this would require estimation of this very high load and make it very difficult to appropriately apportion energy usage, noting that the water and Sewerage was not mentioned in the application as a customer.

We see that less regulatory oversight could impact the security of supply. The existing infrastructure provider "Island Resort Infrastructure Pty Ltd", recently sent the attached letter threatening the "restriction" of supply due to money's owed between body corporates. This is a situation where as an individual owner you have always paid your levies on time, but others haven't and you are then collectively threatened.

We would welcome a complete review from the AER on power supply arrangements for Couran Cove, in its application SSU have stated that there are no other viable arrangements in place for energy and yet within a few kilometres COURAN POINT SERVICES PTY LTD ABN 85089110672, also generate and distribute electricity. Possibly generation could be made a competitive arrangement on the island and network provision handled by a distribution company that could be scrutinised by the AER.

As stated at the beginning a retail exemption would seem to make sense but given the situation that we are in, we feel that any decision on this should be much more thoroughly investigated with pricing structure for energy published by SSU, the extra costs of metering that are to be imposed to be made available to all, apportionment to cover deficiencies in metering published and any other impact on the complex body corporate rules that are present to be understood. As such we would request a significant deferment of any decision and potentially an investigation into energy arrangements.

Finally we have found the application from SSU very confusing, we have added comments to the document where we felt the application did not provide enough information for us to understand what was being proposed, or if we felt the answers were incorrect in some manner.

Thank you for considering this objection

Yours sincerely

Gabrielle Mc

10 July, 2020

**Couran Cove Community Plan MCP 106751**

**C/- Charlotte Divall**

**Stewart Silver Kings & Burns**

**PO Box 8319 GCMC**

**QUEENSLAND 9726**

Dear Charlotte and Couran Cove CBC Committee

**NOTICE OF INTENTION TO RESTRICT SUPPLY OF POWER, WATER AND SEWER SERVICES TO COURAN COVE RESORT**

As you may be aware, Island Resort Infrastructure Pty Ltd (the operator) has filed in the Supreme Court for the recovery of a significant amount of arrears owing to it by the CBC. We note those arrears have been acknowledged by the CBC and the Strata Manager SSKB on a number of occasions. We further note that a member of the CBC has instructed and appointed a lawyer to file a defence on 30 June 2020 (noting the resolution of the CBC Executive Committee on 3 July 2020 to the contrary) and we are now met with allegations that the Agreements we are supplying the services under are in some manner not legally enforceable and that committee member now seeks to deny liability for the debts accrued to date.

We further note that in addition to the arrears referenced above, despite ongoing supply of services by the operator, there has not been a single payment received for the supply of services provided since the end of the CBC budget year in February 2020 and the CBC has failed to resolve its budgets to ensure appropriate levies are struck so that it can continue to raise the required levies. We also note that the subsidiary body corporates of Eco, Lagoon and Broadwater continue to hold significant funds in their bank accounts and refuse to pass these funds to the CBC and if these payments were made, the CBC might have some funds to pay for infrastructure services.

We understand the challenges that are faced by many at the moment, however, there are still significant levies being collected by the subsidiary body corporates and these are not being passed on to the CBC. The provision of infrastructure services to the resort is a very costly exercise and it is unreasonable for the CBC or any of the owners or subsidiary body corporate committees at the Resort to presume services can continue without any payment to the operator for the same.

Ph: (07) 5597 9999

Island Resorts (Infrastructure) Pty Ltd  
ABN 18 613 379 221

As a consequence of the points raised above and the ongoing default of the CBC by failure of the CBC to pay the operator for the supply of its infrastructure services, we hereby advise that unless there is an immediate payment of \$651,057.84 for arrears accrued for infrastructure services of power, water and sewer provided from 1 March, 2020 until 30 June 2020 and in addition an appropriate payment arrangement is reached between the CBC and the operator for a regular weekly payment to the operator of \$38,500 from 1 July 2020 onwards, being part payment for ongoing supply of infrastructure services moving forward, the operator intends to restrict supply of infrastructure services on the date that is 7 Days from the date of this letter.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Graeme Webb', with a stylized flourish at the end.

Graeme Webb Director