

Independent Competition and Regulatory
Commission (ICRC) PO Box 161
Civic Square ACT 2608 icrc@act.gov.au

6 April 2022

Dear ICRC,

Request for a review of sewerage supply charges for property 8 National Circuit, Barton, ACT 2602 (Icon Water Account Number 121861831301) and to the accommodation sector in general

We are the Lessee of the Hotel operating at 8 National Circuit, Barton known as Hotel Kurrajong and write this submission request on behalf of KJ Hotel Holdings Pty Limited, the owner of the property and operating business.

We request that the sewerage supply charges applied to Hotel Kurrajong and the accommodation sector in general be reviewed as we are of the opinion that the property and the accommodation sector are being charged a much higher sewerage supply charge when compared to commercial office and residential properties. We issue this request as we understand that ICRC is scheduled to undertake a price investigation in 2022 for the next regulatory period starting 1 July 2023.

2019 represented a buoyant year for the accommodation sector since then has traded at a lower level of occupancy. Hotel Kurrajong for example traded at 82.30% in FY2019 followed by 57.70% in FY 20, 49.53% in FY 21 and is expected to be at 37.93% for FY22. The Hotel is not expected to reach the same occupancy level as achieved in 2019 in the immediate future.

We believe that we should be charged a similar rate per usage as commercial office space as they are both commercial enterprises and we would expect that usage on commercial office premises would be higher as occupants would spend more awake time in an office than they would in a hotel that largely caters to corporate and government guests which spend most of their time out of the hotel during the day on business and would be normally coming to the hotel to relax and sleep.

We acknowledge that there is ongoing fixed capital, operational and maintenance costs to the infrastructure to ensure the wastewater system can handle periods of peak demand however we also note that a period of peak demand in one building will typically be offset by lower demand in another, placing little to no additional stress on the sewerage system.

Additionally peak demand times for a commercial office building are substantially higher than that for a hotel with the average density of 20 for a commercial office building. Therefore, a fair and equitable pricing structure should account for the fact that a hotel or serviced apartment building should be charged lower than what is charged to a commercial office building.

With occupancy levels not reaching pre-COVID levels in the immediate future, the accommodation sector is not expected to be contributing to peak demand pressure on the wastewater system and in fact is subsidising other building uses such as commercial office and residential dwellings.

A fair and equitable pricing structure would account for the frequency of use and guest density on a per annum basis whilst also having the capacity to cater for peak demand periods.

Please feel free to give me a call if you would like to clarify any points set out in this letter.

Yours Sincerely,



Tish Nyar

Director of Operations ANZ
TFE Hotels