

Passing on water charges

Information for landlords

You can pass on water usage charges to your tenant provided all the minimum criteria have been met.

Minimum criteria

The minimum criteria for passing on water usage charges are:

- the rental premises must be individually metered (or water is delivered by vehicle, such as those with water tanks on rural properties) and
- the charges must not exceed the amount billed for water usage by the water supplier and
- the rental premises must meet required 'water efficiency' standards.

Water efficiency standards

A rental property is considered water efficient if it meets these standards.

Water efficient devices	Minimum water efficiency standard required
Internal cold water taps and single mixer taps for kitchen sinks and bathroom hand basins	A maximum flow rate of 9 litres per minute
Showerheads	A maximum flow rate of 9 litres per minute
No leaking taps	No leaking taps anywhere on the premises at the start of the tenancy or when the other water efficiency measures are installed

The requirement for sink and basin taps to have a maximum flow rate of 9 litres per minute does not apply to other taps in the premises, such as bathtub taps,

laundry taps, outside taps for the garden, or taps which supply washing machines and dishwashers.

You do not necessarily need to change the showerheads and tap fittings. The water efficiency measures can be achieved simply by installing aerators or regulators to existing taps and showerheads and fixing any leaking taps on the premises.

Proving water efficiency

The presence of the water efficiency measures needs to be noted on the ingoing Condition report for the premises. There is no requirement to provide a report from a plumber or the water supply authority certifying their existence. However, it may help to keep:

- invoices or file notes of work done
- receipts for any items bought
- packaging, warranties or instruction manuals.

If you are unsure if your existing taps and showerheads meet the required standards you could carry out a simple bucket and stop watch test to see if, when fully turned on, the flow rate is less than 9 litres in a minute.

For any water fixtures made from 2005 onwards, the easiest way to check if they meet the required efficiency standard is to look for products with a Water Efficiency Labelling and Standards scheme (WELS) rating of three stars or higher. A three star rating indicates a maximum flow rate of 9 litres per minute. WELS is Australia's water efficiency labelling scheme which rates fixtures including taps and showerheads according to water efficiency.

Timeframe for installing water efficiency measures

If you are entering into a new tenancy agreement from 31 January 2011, you need to ensure the premises are water efficient in order to pass on water usage charges to the tenant.

For all tenancies in place **prior** to 31 January 2011, you have 12 months to make the premises water efficient. You will be able to continue to charge existing tenants for water usage during this transitional period even if the premises are not water efficient. From 31 January 2012, you will need to ensure the premises are water efficient if you wish to continue charging the tenant directly for water usage.

Charges limited to water usage

Only the water usage (volume) costs charged by the supplier may be charged to the tenant. Other costs on the water bill, such as water service or sewerage services are payable by you and cannot be charged directly to the tenant. You cannot charge the tenant an administration fee for passing on the bill, late fees or additional amounts.

Asking the tenant for payment

The tenant has to be given a copy of the part of the water bill you receive setting out the water usage charges or some other evidence showing how you calculated how much they owe for water. You must seek reimbursement within 3 months of getting the bill, otherwise the tenant doesn't have to pay. The tenant must be given 21 days to pay the amount they owe you. If you request payment within the 3 months, and the tenant doesn't pay, you can still take action to recover the money later on (eg. by making a claim against the bond).

Things to know

Some important points to remember include:

- If the tenant removes or tampers with the water efficiency devices they still have to pay for water usage.
- Water billing periods are unlikely to align with tenancy agreements. It is important that the water meter reading be noted on the condition report at the start and end of each tenancy to accurately calculate each tenant's water consumption.

- These provisions apply to all tenancies, regardless of the terms of any existing tenancy agreements. However, tenants in social housing premises may have a different system applied for calculating and paying for water usage. Contact Housing NSW for further information.
- If the water usage charges suddenly go up by a significant amount, this may indicate a leak or faulty appliance in the premises requiring your urgent attention. It may be helpful to contact the water supplier about average water consumption.
- You cannot save up all the water bills and pass them on to the tenant at the end of the tenancy. Payment must be requested within 3 months of receiving each bill.
- You must pay the water supplier's bill, even if you have not yet received the tenant's payment.
- When the tenant vacates the property, check that the water efficiency measures are still in place when you complete the final condition report.

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