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Pricing Reviews dgk;sa
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The Tasmanian Economic Regulator
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Dear Regulator

ENQUIRY INTO SEWERAGE AND TRADE WASTE CHARGING

The Council has made a submission to this enquiry primarily out of concerns for our not-for-profit sporting communities facing changes in charges that will impact their ability to continue to operate.

While voicing our concerns on behalf of our sporting clubs we would also urge the Regulator to reverse the charges regime for sporting clubs which came into effect in SPS4 immediately, until a better understanding of the impact on these community clubs is reached by both OTTER and TasWater, for reasons that will be outlined in this submission.

TasWater is currently using an ET methodology to calculate sewerage prices for properties connected to its sewerage system. This methodology is a measure of the *potential* load a property places on the sewerage system and represents the sewage discharge from an average single residential house, under dry weather flows. There are still widespread concerns that the ET system is an unfair, 'one-size-fits-all' pricing method that does not accurately reflect usage. The application of the ET methodology to sporting clubs has led to substantial and unreasonable variation in the pricing vs usage level.

It is noted that TasWater engaged Jacobs Australia to review TasWater's approaches to sewerage charging in 2019 and the review found there was a lack of support for the ET methodology; in fact it recommended TasWater undertake further work in relation to its approach to charging for sewerage services, and to consider alternative charging methodologies. It also appears there was very limited consultation, especially around sporting grounds and clubhouses prior to the implementation of SPS4 on 1 July 2022.

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The criteria for assessing water and sewerage charges should be based on affordability, fairness, simplicity (transparency) and be cost reflective. These criteria for assessing charges are not reflected in the ET methodology, which has already started to unfairly impact on our sporting communities. In addition, it does not appear that all sporting bodies are feeling the impact of these increases at the same time. The gradual phase-in of this system across the state, as audits are undertaken, is creating further disparities. In the interest of fairness, any changes should be implemented broadly and concurrently after the audit of all sporting grounds/facilities.

Even after the work of Jacobs, which outlined quite succinctly the concerns around the ET methodology not being reflective of usage, the ET methodology has been implemented with only minor changes.

The continued implementation of the current ET methodology in its current form will ensure that charges do not reflect actual usage and that sporting clubs will struggle, and fail, under the impact of these costs. I have been privy to the changes in costs to at least three sporting venues within the Central Coast area, including their profit and loss accounts, which clearly show that these well-established clubs will fold within twelve months if the ET methodology is introduced.

Usage on sporting clubrooms is quite different to businesses like RSL Clubs and hotels and has declined over time, which further reduces the income that these clubs can generate. This is not helped by the current shortage of volunteers to staff the bars and assist in catering. Additionally, it is not the tendency for players to stay after training or games anymore, and attendance rates have decreased at games compared with previous decades.

I cite two examples of the impact on clubs, as the audits have been undertaken and the increases in the bills are now coming into effect:

29 Water Street, Ulverstone

Previous Equivalent Tenements was 2.8 and the previous annual charge was \$1,974.11. Since the audit has been undertaken by TasWater the revised equivalent tenements is 36.4 with a revised annual charge of \$25,663.45.

To give an example of the difference in costs for period 1 in 2022 to period 1 in 2023 the costs for the club facilities only has increased by 357% from \$912.99 to \$3,260.69 for a quarter only. The Club is only breaking even due to sponsorships and fundraising and clearly cannot sustain this increase in costs.

27 Parsons Street, Ulverstone

Previous Equivalent Tenements was 2 but since the audit has been undertaken by TasWater the revised equivalent tenements is 5.8.

Once again, this change has led to the charges to the Club increasing by \$1,832 per annum. For a small club that is just breaking even, this level of increase is clearly not sustainable.

In relation to trade waste charges for these clubs, it is clear that while they have been required to put in grease traps, the cost of being charged for trade waste does not reflect the usage of the clubs, as they would only use their dishwashers for washing up after functions, which occur infrequently.

I ask that in the interest of community sporting clubs, an urgent review of the ET methodology is undertaken, with particular regard to the fair reflection of costs against usage. In relation to fairness, I would implore the Regulator to advise TasWater to not introduce the charges until a full audit of all sporting facilities are undertaken and the impact on sporting clubs is fully understood. If these changes continue, I believe many longstanding and stalwart clubs will fold because of the direct impact of the ET methodology and audit.

Regards



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GENERAL MANAGER



Cr Cheryl Fuller
MAYOR