Blakes Manor Self Contained
Heritage Accommodation
18 West Goderich Street
Deloraine TAS 7304

Our Ref: 20240205_Submission_Inquiry into Sewerage Charging

Attention: David Richardson
Specialist Policy Advisor
Office of the Tasmanian Economic Regulator
Email: office@economicregulator.tas.gov.au

Inquiry into Sewerage Charging: Draft Report December 2023

Reference is made to the invitation to make a submission on the Inquiry into Sewerage Charging. Please find following our submission on the Draft Report.

Background

We are a locally owned, family operated accommodation business in Deloraine. We provide heritage style accommodation services for tourists and business travellers. We are a small operator with 4 suites and cater for those travellers who wish to experience some of Tasmania's history and personalised hospitality.

We have professional experience in the waste and environmental management industry and have provided advice to businesses in the past on water, energy and waste minimisation. We have been active since acquiring the property, to implement water, waste and energy efficiency measures to reduce the environmental impact of our business. This has also assisted us in controlling our operating costs so that our room rates are competitive with our peers.

For our business/property, charges on waste water infrastructure is currently determined using the Equivalent Tenement (**ET**) method of calculating sewerage charges. We do not produce trade waste so our submission is limited to comments on the ET method, and fixed and variable charges.

Current Equivalent Tenement Method

Using rudimentary 'rule of thumb' methods such as the ET is unfair, unreasonable, inaccurate and can overestimates businesses impact on the waste water

infrastructure. The ET method assumes that each accommodation business is similar and operates in similar ways.[1] This is an incorrect assumption as each business is very different. These differences can arise from, but not necessarily limited to:

- Water/waste minimisation strategies implemented;
- Operation of the business such as managing occupancy rates or how suites are occupied (such as single bedroom couple suites through to multi-room family suites).
- Personnel capability, including those employed, to service the suites
- Facilities and amenities available for guests

Each of the above can directly impact on outflows to the waste water system.

We appreciate that the ET method has been used historically as it make it very easy for TasWater to determine infrastructure charges. This is the case even if these infrastructure charges aren't representative of the business being charged. It also gives TasWater a method which is difficult to challenge as ET calculations are based on the number of bedrooms metric. This is unfair as businesses that have lower infrastructure impacts (from lower occupancy rates, don't utilise all bedrooms all the time, implement water minimisation practices and/or don't have water discharging facilities) are charged the same sized[2] accommodation businesses which have substantially higher infrastructure impacts.

Fixed and variable charge is fairer. It removes the the differences between accommodation businesses from calculations and better reflects the actual impacts of each and every business on the waste water infrastructure. Rather than similar sized businesses being charged the same, those which have higher impacts, are charged more than those who have lower impacts.

Fix charge should be based on the size of the reticulated water connection (noting that it is already subject of a fixed water charge) The bigger the connection, the higher the potential flow rates into the waste water infrastructure and thus the fixed cost component should be greater. Having a fixed component is reasonable as it those with higher potential inflow/outflows are charged more as the potential impacts are greater.

Variable charges should be based on a discharge factor (which could be also described as volume based pricing or discharge pricing) as there is a direct correlation between inflows (reticulated water) and out flows (to the waste water infrastructure). This ensures that the actual individual impact on waste water infrastructure is fairly charged to users under the 'user pays principle'.

---

1 Noting that the same principle applies to residential dwellings. Currently a one person household has the same imfrastructure charges as a large family, even though the impact of a large family on waste water infrastructure is substantially greater. Like businesses, this is unfair.

2 Number of bedrooms

Additional benefits of waste water variable charges

Waste water variable charge based on water inflows has many benefits over the current ET method, these include:

- Providing incentives to reduce water use through water minimisation practices
- Placing downward pressure on the need to upgrade/augment reticulated and waste water treatment systems; and
- Improving the potential reliability of potable water storages used for reticulated water

One of the main benefits will be sustainability of water and waste water infrastructure. The Department of Premier and Cabinet has highlighted that over coming decades, there will be a '*significant change in rainfall patterns from season to season and varying between different regions'*. This means for Tasmania, there will be greater variability in rainfall and potential reduction in current potable water storage reliabilities.

Imposing variable charges allows TasWater to start preparing for the projected changes in rainfall variability and water storage reliability. Variable charges encourage users to minimise their water use. If one uses more water, this is reflected by a corresponding increase in waste water charges. Basic economic principles apply and those with high water charges will be encouraged to reduce their water use to minimise their costs.

The reduction in water use has the potential to improve potable water storage reliability (assist in balancing out increased rainfall variability through more water available for longer) and reduce corresponding inflows into the waste water system (reducing treatment costs and need to capital investment/augmentation). This is a win for anyone that uses and relies on the TasWater's reticulated and waste water infrastructure.

Variable charges also provides opportunity in the future for TasWater to implement water domestic and industry water minimisation programs, like those which have occurred in other states. There there are capacity constraints, these programs assist users in reducing their water use and can assist in deferring/reducing network augmentation and capital expenditure costs.

Conclusion

As outlined above, we support the Tasmanian Economic Regulator to make a decision to transition the current waste water charging framework from the ET method to fixed and variable charge approach.

Doing so will encourage more sustainable use of the TasWater water and waste water infrastructure, ensure that those who use more of the infrastructure pay for it ('user pays principle') and will allow TasWater to reduce its long term operating costs (through reduced augmentation or capital investment from capacity constraints).

We hope that the Tasmanian Economic Regular review finds a similar conclusion and that Tasmanian moves towards a more sustainable infrastructure network where infrastructure charges reflect usage, rather than inaccurate rudimentary 'rule of thumbs' approaches like ET. It is in the interests of TasWater and its user to do so.

Should you wish to discuss information in the above submission, we would be more than pleased to so do.

Regards,

Peter and Georgia Briggs