

The economic regulator,  
Dear Sir or Madam,

I would like to make a submission in regard to sewerage charging for a particular class of small business.

I quote from your “Draft Report and Draft Price Determination”. Bold print is my emphasis:

‘One of the key objectives of the reform of the Tasmanian water and sewerage sector was to transition customers to a **rational price** structure .....  
During the third regulatory period, as noted in Section 12.4, TasWater’s tariffs are proposed to complete the transition to a **rational price** structure .....

and

‘Section 68(1) of the Industry Act outlines the following pricing principles

**the price charged** to a particular customer or class of customers is **to reflect at least the costs that relate directly to providing the regulated service** to that customer or class of customers to the extent that it is commercially and technically reasonable to do so.’

and

‘The volume of water or sewerage for which a variable charge applies must be determined through consumption **as measured through a meter**’

and

‘The Economic Regulator’s 2018 Price Determination Investigation Price and Service Plan Guideline requires TasWater to justify and describe how it intends to apply its ET methodology, explain how the number of ETs has been determined for each property type and **justify that the resultant ETs are cost reflective**’

and

‘An ET is an approximate measure of the load (or demand) a property places on the sewerage system and is based on the average discharge of a standard residential dwelling’.

Recently Taswater advised me that my property which is a warehouse/office with 4 toilets has been reclassified from Category/Code BE04 “Office” to MM01 “factory/Workshop/Warehouse”. The result is that my Equivalent Tenancy (ET) factor increased by 50% as did my sewerage charge.

Currently the average domestic dwelling consumes around 200 kilolitres p.a. Category MM01 provides for an ET of  $0.6 \times 4$  (toilets) = 2.4, so my property is deemed to use  $2.4 \times 200$  kilolitres p.a. That is 480 kilolitres but my water consumption is consistently only around 20 kilolitres. This is **not a rational price structure**, it is not fair or reasonable and it is not equitable. It **does not reflect the cost of providing the service**, it is **not related to the water consumed as measured through the meter** and it is **not cost reflective**.

Taswater acknowledge that the volume of sewage is directly related to the volume of water consumed by a property. They have the meter readings and could easily apply a factor such

as they do for caravan parks. If my property were a caravan park, the ET would be  $20 \times 0.75$  divided by 200 = 0.075 but it is 2.4. How can that be fair and reasonable?

My suggestion is that small, non manufacturing business properties should be charged sewerage in accordance with the water consumed. That is a simple matter given that the water consumed is already calculated for the customer account.

Faithfully,

Kevin Close

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