

SUBMISSION TO THE ECONOMIC REGULATOR

Subject TasWater Policy , customer charges , Trade waste .

Please note that this submission is in support of all the small businesses of Deloraine (in particular) who have concerns about the TasWater trade waste policy . The petition attached encompasses all businesses in Deloraine that are affected and should be seen as indicative of the problems.

RECOMMENDATIONS

- (a) That the Economic Regulator does not accept the TasWater policy proposed for the next period without making substantial changes.
- (b) That the Economic Regulator initiate a full review of the trade waste policy to ensure that the relationship of the base residential customer charges to the small business charges is fair and reasonable and based on local research and common sense.
- (c) That small businesses such as coffee shops etc. should be classed the same as residential until TasWater can provide local data to quantify any difference in waste content.

EXECUTIVE SUMMARY

- (1) The 3 factors of trade waste requirements and charges .
- (2) Administration costs.
- (3) Business model--- 10 year asset funding.
- (4) The problem of “gifting” of infrastructure.

(1) TRADE WASTE

There are 3 requirements for class 2 trade waste customers that have been set by TasWater , all of which have significant problems .

- (a) The under sink baskets required to manage solids have specifications for 3mm holes . The holes in standard residential sinks are rarely exactly round , but equate to 10mm holes. The 3mm holes are totally inadequate for the purpose – in any residence a person could not even strain the spuds in the sink. TasWater is obliged to eventually enforce this as it has been a part of their published requirements.
- (b) The extra waste water treatment charges already in place are not fairly calculated. The average residential connection has a component for water treatment in the charges that might be, say , \$400 . If that was classed as trade with a %50 loading , then the total bill would rise by \$200. However, the typical small business has seen their bills double due to the method used by TasWater. We can see no evidence that any extra money has been spent on

treatment since the introduction of this charge , and in fact no data has been collected to show what is a fair % increase.

- (c) The problems with the installation of grease traps are well documented--- the initial cost of installation, ongoing costs of cleaning, feasibility of installation in con-joined buildings and heritage listed properties all need to be considered.

TasWater requires grease traps to clean the waste water before it reaches the treatment plants and then imposes very high extra treatment charges -- it is not a matter of one or the other. This matter should be addressed by the Economic Regulator.

TasWater has no local data to indicate whether there is a significant difference in Tas. between residential and small business connections. Any data they have is from problem areas, most probably overseas. We know, for example, that London has a problem with these congealed fat deposits , but we also know that they are due to changing dietary habits and high density housing of groups with oil based cooking . This type of research has no validity in Tasmania.

Deloraine has a sewage line down the main street that carries all the waste from Class 2 customers and other lines from residential areas. It is not as difficult as TasWater pretends to do a test for relative oil content, and they should be compelled to do so.

We ask that the Economic Regulator issue a requirement that TasWater provide local data to substantiate their assumptions of waste water quality from small businesses.

(2) ADMINISTRATION COSTS

TasWater was formed to perform tasks previously done by local councils and staff in their normal workload .

TasWater now has a C.E.O.with a salary package of approx.. \$500,000 , which is within a tad of that of the Australian Prime Minister, and \$100,000 more than the Deputy P.M.. A salary rise of \$18,000 this year follows a rise of \$28,000 the previous year.

There are 7 senior executives each with salaries close to an average \$300,000.

Then there is the chairman and 8 non-executive directors on lesser amounts.

These salary packages are beyond community expectations .

The issue of salary parity with mainland water Boards needs more scrutiny . The issue in Tasmania is mainly a catch-up on infrastructure , we have no issues with water availability or de-salination costs etc.. Mainland staff have much larger businesses to manage and more complex issues (Murray River allocations come to mind).

(3) ASSET FUNDING

The major cause of increased water charges can be traced to the policy of fully funding infrastructure assets over 10 years . This appears to be a carry-over from former Municipal Council practice and has not changed with the Councils still actually owning TasWater.

Anybody buying a house will understand that financing it over a 10 year period will make the monthly payments too expensive . If buying a truck or machinery it is standard good business practice to spread the cost of finance over a period close to the expected life span of the equipment.

By installing infrastructure with an expected life span of 50 – 60 years and committing to funding over only 10 years they are causing totally unnecessary cost rises.

During the last financial year TasWater failed to spend \$28,000,000 of the income received and yet wants to increase water charges by %4.6 each year for the next period. This money obviously comes from water charges and borrowings , but will be paid out as a dividend . Not only should such surplus money in the budget be used to retire debt , but the very idea of borrowing money to pay a dividend is totally wrong .

TasWater , like Municipal Councils , should have a break-even agenda in their budget strategy. Nowhere in the constitution of TasWater , nor of the Economic Regulator for that matter , does it provide for a tax on water (dividend). Both constitutions contain the intention of providing services to the public at the lowest possible cost .

(4) GIFTING OF INFRASTRUCTURE

The problem of developers being required to install basic infrastructure within planning areas and then “gift “ it to TasWater stifles growth , is in many instances unfair , and may well be illegal . The issue is that developers are required to pay for infrastructure and then “gift”it to TasWater , but then are charged the normal charges , which contain a significant proportion for infrastructure installation . This may well constitute “double dipping “, which is illegal , and sooner or later an astute developer will test this .

There is a need to return to the basis of TasWater providing services to the customer boundary within serviced areas , with the customer responsible for internal work. The gifting requirement stifles growth in 2 ways – many developments are withdrawn at an early stage due to cost , and for those that do go ahead the costs are passed on to the buyer , meaning higher land and building costs.

A return to the basis of TasWater funding its own infrastructure within serviced areas will see much lower costs , meaning a faster take up of connections which will benefit both Councils and TasWater itself.

Please note that the public consultation process that was required , and reported to the Economic Regulator by TasWater , is totally different to what happened in practice.

It was only after much difficulty were we able to obtain a meeting with TasWater. Eventually a meeting with 4 TasWater representatives and one from Meander Valley Council was held and all of the above problems were put forward . The end result was that no interest or concern was shown , with one maintaining that TasWater had only ever received 6 complaints , and the one commitment made to send a representative to talk to those affected was not carried out.

Signed

M.J. EASTLEY.

PETITION

We, the undersigned, wish to see a moratorium on the installation of grease traps for small business producing small quantities of "trade waste". We request a meeting with Meander Valley Council and TasWater representatives as soon as possible to discuss the problems and opportunities available.

1.52	Peter Sheehan	Bush Inn Hotel
1.52	Peter Sheehan	Whisky Camel Pot Shop
1.52	Kate Mansfield	CRUZIV 50 ^S DINER
1.52	KATHY CLARK	2 RAILWAY STREET
1.52	Michael Sillan	SULLIVAN'S RESTAURANT
1.52	Jamie Broomhall	Amble Inn
1.52	MARK FLANAGAN	EMPIRE HOTEL
1.52	Monica Hardy	Hardy's Bakery
1.52	STEPHAN GREEN	BRITISH HOTEL
1.52	J. Kaine	Subway
1.52	Robert Green	Deloraine Hotel
1.52	Montanna	HOTH
1.52	Cindy Hausknecht	Deloraine Town Cafe Bar
1.52	Leanne Wankma	Deloraine School
1.52	Barb Harvey	Deloraine Deli
1.52	Grant Ward	Deloraine Deli