

Dear Mr Bounds,

I wish to make the following submission in relation to the 2015 Price Determination Investigation – Regulated Water & Sewerage Services in Tasmania.

The submission represents a body with interests and ownership in both commercial and residential properties across Tasmania.

In particular the concerns relate to TasWater's methodologies in regard to Trade Waste and Equivalent Tenement assessments and their associated charges.

Yours sincerely

“Name withheld on request”

Sewerage Charges – Commercial Properties

TasWater has chosen a target tariff per sewerage connection as a basis for charges. This tariff and connection uses a residential dwelling with one connection as a base line and refers to this as an Equivalent Tenement (ET) with commercial properties being assessed as multiple ETs based on their activity i.e. offices/retail shops/motels/factories etc. It is agreed that some of these activities produce Trade Waste however this is compensated for in Trade Waste charges. TasWater claim the ET methodology reflects the loading on the sewerage system.

TasWater need to further explain this approach. Loading is created by population and the fact that people are at various locations does not create an increased loading on the system i.e. a person is either at home or at work
– there is no simultaneous increase on the sewerage network.

TasWaters documents as advertised on their website advise sewerage charges are multiples of ET charges. I.e. if a commercial properties waste is fifty times that of a residence then the ET charge for that property is 50 ETs however this discharge is not measured by TasWater. In fact the sewerage charge is in many cases based on the Gross Building Floor Area (GBFA). These are contradictory statements and TasWater need to reassess these methodologies and statements as they are contradictory.

TasWater need to clarify how the sewerage charge and calculation of ETs was established. Many commercial properties are incorrectly identified, i.e. they are paying sewerage charges based on an assessment that they are offices/retail outlets etc. when in fact they are factories/warehouses which are levied on the number of toilets. Consequently many properties are being over charged unbeknown to the property owner. Further only a very small number of these properties have been visited by TasWater staff to confirm the building activity. The process is subjective and not measurable as compared to a water or power meter. TasWater have been required to reimburse customers tens of thousands of dollars for sewerage overcharges. Unfortunately it is left with the customer to bring this to TasWaters attention. If TasWater are issuing accounts then it is the responsibility of Taswater to ensure these are correct and reflect the correct building activity.

As discussed sewerage charges take into account the building activity. Many buildings eg. clubs have a small kitchen with one or maybe two sinks which all form part of the area taken into consideration when calculating the sewerage charges. The sink as always discharges to sewer. TasWater have now introduced Trade Waste charges in addition to sewerage charges which is now applicable to this kitchen. TasWater now need to explain why this is not a duplicate charge in another form for the same service.

Transition to Target Tariffs

Business/residences have been transiting to target tariff for the last six years with some properties paying multiple excessive charges and only being reduced by the 5% side constraint as opposed to those under target and being elevated by 10% or \$50/ET. At the end of the second PSP period this transition will have been in progress for almost a decade. The proposal to achieve target tariff by 2018 is endorsed.

Trade Waste

TasWater have chosen to introduce Trade Waste charges on commercial property owners and not the property tenant who is the generator of the Trade Waste. Other utility providers i.e. TasNetworks charge the nominated account holder. In relation to environmental issues the controlling authority pursues the body causing the nuisance which is generally the tenant and not the property owner. Other jurisdictions throughout Australia engage with the tenant in relation to Trade Waste. All prior Tasmanian Councils who exercised Trade Waste through their by-laws engaged with the tenant.

TasWater appears to have adopted the customer definition as applying to the property owner in matters relating to Trade Waste rather than the generator of this waste. TasWater advise that by adopting this approach provides them the opportunity to endorse unpaid charges against the Property Title as opposed to forfeiting this income should they hold the tenant responsible and the tenant disappears. TasWater should be required to clarify genuineness in regard to considering Trade Waste as only a source of additional income.

TasWater have created an enormous impost on Tasmanian property owners who have tenants under long term leases i.e. 10 years. Many of these leases state the outgoings for which the tenant is responsible and were agreed to well prior to TasWater and the introduction of Trade Waste charges. Consequently these documents did not mention Trade Waste which now calls for the property owner to cover a significant unbudgeted cost. This impost would have been avoided had TasWater levied Trade Waste against the manufacturer of same. Further the introduction of this tax was void of any community/industry representation and only included some community seminars explaining the roll out of the charge.

TasWater need to provide details as to the relationship between Category 1 and 2 commercial dischargers and how the public can easily assess the category into which they fall.

TasWater need to provide detailed transparency and evidence on how Category 1 and 2 chargers have been calculated and how these represent the cost to treat discharge from small business with particular consideration to the fact that Tasmanian Councils who managed Trade Waste prior to TasWater only charged \$60 - \$100/agreement.

TasWater need to provide definition and detail on the measurement of their terms high, medium and low risk Trade Waste customers as to date this appears to rest with the subjectiveness of their staff.

TasWater need to explain how water usage is considered on a customers Trade Waste categorisation with particular consideration to businesses which are a shop front with multi residential/residential dwellings on the same title all using the same water meter.

TasWater need to explain the impact of water usage on categorisation of businesses and sports clubs and venues which use large amounts of water on sports grounds, or landscaping around their business or quantities used in the manufacture of product.

TasWater need to explain categorisation charges in relation to Hotels which provide accommodation or where the owners live on site as the majority of water used in these businesses is of a domestic nature.

With regard to the above and considering water usage is a consideration in categorising customers which results in a charge, Trade Waste water usage needs to be measurable. TasWater needs to advise how it intends measuring and isolating flows associated with Trade Waste as per the above examples.

TasWater has made provision for non compliant charges to be levied against Category 1 and 2 customers who do not have appropriate pre-treatment. The installation of such equipment in many cases will cost around \$7 - 10K/customer. This equipment will remove some loading currently being discharged to the sewerage network. TasWater need to explain what financial advantage there is for the customer to install such equipment as at the present TasWater still intend charging the properties a Trade Waste charge. Further TasWater does not intend measuring biological output or flow of these devices to establish effectiveness.

These devices will require particularly in the case of Grease Traps a pump out. Pump outs are transported to a Sewerage Treatment Plant and charged by TasWater at a kilolitre rate i.e. the Treatment Plant still receives the waste. So now TasWater charge the property owner (not the tenant) a Sewerage Charge, a Trade waste Charge and a charge levied at the Treatment Plant all for the same material. TasWater need to explain to the Tasmanian public how this is not considered as multiple charges for the same service.

In relation to the intended non compliance charges for regulated customers can TasWater provide the public details on the Instrument of Authority under which it will compel existing customers/property owners to install pre-treatment when all existing systems were previously approved by Councils/Local Government under plumbing/building and other local and state legislation.

Proposed Trade Waste Consent for Section 60 Customers

The wording/terminologies employed throughout this document are in many cases inappropriate and confusing to customers. TasWater should also be above the incorrect grammar used in such a document. TasWater needs to rework this document into a customer friendly version.

TasWater should be required to reassess its ET and TIW methodologies, introduce systems to accurately measure customer waste, provide incentive for customers to reduce Trade Waste, measure discharge loadings and price accordingly. The manufacturer of the waste needs to be responsible and charged accordingly and not a third party for financial reasons and security. TasWater needs to demonstrate considerations with water usage in calculating Trade Waste charges and be transparent where multiple charges are being levied for identical services. A more thorough process also need to be employed in the calculation of ETs and Sewerage charges.