



Caravanning Tasmania

ABN: 50 835 219 394

25 February, 2015

Office of The Tasmanian Economic Regulator

RE: Submission on behalf of Caravanning Tasmania to the draft price and services plan for water and sewerage.

Dear Sir,

Caravanning Tasmania is the peak industry body for the caravan and camping industry in Tasmania. Caravanning Tasmania represents members who provide over 90% of commercial campsites available in Tasmania.

Caravanning Tasmania has been in discussions with Taswater and its three water corporation predecessors for over four years on the issues surrounding the calculation of water and sewerage charges for caravan parks.

From the very beginning of the introduction of Equivalent Tenement or "ET" based sewerage charges for caravan parks by the previous three water corporations, there have been substantial issues regarding the composition and number of ET's applicable to caravan parks in Tasmania. Caravanning Tasmania is of the opinion that after four years of failure to settle on a fair and reasonable formula for the calculation of sewerage charges for our industry, it is clear that ours is a unique industry requiring a unique approach to find a solution to the problems.

Under the current Price and Services Plan, some caravan parks would be expected to pay sewerage charges of up ten (10) times their total water charges. Whilst these charges have thus far not been fully implemented as a result of our ongoing discussions, they are ultimately the target charges that would be imposed under the current Price and Services Plan. We are therefore of the opinion that the proposed charges for the caravan industry under the draft Price and Services Plan places our industry in a position of subsidising other Taswater customers.



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The current uncertainty surrounding water and sewerage charges is causing irreparable damage to our Industry as operators have no idea what their next water and sewerage bill will look like. Operators are unable to make accurate budgetary decisions for coming seasons.

Property values are being adversely affected as investors are put off by the uncertainty surrounding future charges. Prospective new developments have also been hit by the uncertainty surrounding these charges.

Members have indicated that they are now delaying decisions to upgrade facilities. They are concerned that replacing or renovating amenities blocks or installing new cabins will incur further increases in their charges for sewerage. Some operators are now considering decommissioning or reducing facilities to reduce costs.

Caravanning Tasmania considers that our industry is somewhat unique, especially in Tasmania, due to seasonal occupation, with the peak period lasting around 4 months of the year and very limited trade at other times. Even during the peak period, most operators are only at or near capacity on only a handful of occasions. In fact, the average occupancy rate Statewide is around 30% over a 12 month period. This low occupancy rate has remained fairly static over many years as a result of our island status and the industry being reliant on vehicular traffic.

Provision of water is a simple and transparent process, whereby there is a fixed charge based on the connection size plus a usage charge based on a quarterly meter reading. The ET system is essentially a price reflection of the average sewerage charge for one household based on a fixed connection charge plus an estimated average water component per annum. This ET makes no distinction between the number of toilets or showers in any given household.

Caravanning Tasmania maintains that just as one ET reflects an average households' annual sewerage contribution, so should the system used to levy charges against Caravan Parks. Furthermore, Caravanning Tasmania believes that any charge for the provision of sewerage service to caravan parks should actually reflect the real contribution of those properties to the sewerage system.

The charge for providing any service must surely be based on the cost of providing that service. Over the past four years we have been led to believe in our discussions with all the water corporations that the cost of removing and treating sewerage is equal to providing a similar quantity of potable water. This appears to be supported by the charge levied for one ET being the combination of a fixed connection charge plus 160kl of water.



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After researching various water authorities around Australia, the most common figure found for percentage of water entering a property to the amount exiting as sewerage appears to be around 70%. Caravanning Tasmania believe that this discharge factor of 0.70 multiplied by the actual water being metered entering the property, to be an accurate measurement of the real sewerage contribution to the system.

Caravanning Tasmania have suggested to Taswater that the simplest and most accurate system for calculating sewerage charges for caravan parks would be to use the meter measurement for water in, multiplied by a factor of say 0.70, to arrive at the total volume of sewerage being deposited in the system. This would then be multiplied by a cost per litre to arrive at a total charge. As water meters are read on a quarterly basis, this accurate sewerage charge could be applied on a quarterly basis in arrears.

As there is already a different system used for warehouse space, there seems to be no major issue with adopting a Caravan Park specific system. The same result could also be achieved under the ET system by relating the discharge amount to the 160kl allowed in one ET. As the current composition of one ET includes a 20mm connection charge, this method would also require a discount factor to ensure that only one connection fee is charged per site.

If the sewerage charging system is implemented as proposed under the draft Price and Services Plan, we believe that it may result in the downgrading of infrastructure and in some instances the possible closure of Caravan Parks as they become financially unviable.

Caravanning Tasmania also has concerns with the proposed charges for dump points. The proposed charge of 1 ET per dump point does not specify if this applies to dump points outside of caravan parks or all dump points, including those inside caravan parks.

Taswater indicates in its explanation of the calculation of the dump point charge of one (1) ET, that its figure is based on TVIN 2009 figures for vehicles staying outside of commercial caravan parks. Therefore, the charge should not apply to commercial caravan parks.

If the dump point charge is to be applied to dump points located in caravan parks, Caravanning Tasmania contends that there should be no charge for this service as any use of these facilities is a relocation of sewerage outfall that would normally enter the system via the communal ablutions block. Self contained vehicles using commercial caravan parks do so for the convenience of the facilities provided, including communal ablutions. Any additional charge, let alone 1 ET, would be a case of "double dipping" on the part of Taswater.

Any charge for dump points in caravan parks will likely see no further installation of these services and potential removal of some existing facilities. With illegal dumping of waste already a significant environmental issue, this would only see an escalation of this activity.



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The overwhelming majority of vehicles staying outside of commercial caravan parks are motorhomes. Most motorhomes have the ability to self contain both grey and black water. Caravans rarely have the ability to self contain grey water. Our research indicates that the number of dump points situated outside commercial caravan parks is closer to 45. This would indicate that the volume of liquid being deposited in dump points outside of commercial caravan parks could be much higher than estimated by Taswater. The number of dump points sharing this load could also be substantially less.

Unless a fair system for the provision of these sewerage services is agreed, it will ultimately lead to the removal of existing infrastructure and in the worst case scenario, the closure of some commercial caravan parks. Either of these results would be disastrous for our industry and the tourism sector as a whole. Caravanning Tasmania is proposing a system that will see caravan parks paying a fair amount for receiving a sewerage service.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Anthony Edwards", is written over a light yellow rectangular background.

Anthony Edwards
Chairman