

IMPLEMENTATION OF BEST PRACTICE SEWERAGE PRICING



Picture - Mulwala Sewerage Treatment Works – Completed November, 2008

1. What is best practice sewerage pricing?

The NSW Department of Energy, Utilities and Sustainability (DEUS), being the regulatory authority for local water and sewer authorities in NSW, recently introduced guidelines on how authorities such as Corowa Shire Council should price their sewer services to consumers. These guidelines mean that the current calculation method of all users financial contribution to the local sewerage system is about to change.

The most significant changes include:

- **Removal** of cistern and pedestal charges on all properties with multiple sewer discharge outlets.
- **Introduction** of increased sewer and water charges to customers with water services/meters larger than the standard 20mm.
- **Introduction** of separate water and sewer charges for non strata subdivided unit dwellings.
- **Introduction** of a two-part tariff pricing structure for all non-residential properties, regardless of the property's rateability status. Details of the two-part tariff structure are:
 - a) An annual sewer access charge will be levied based on the number and size of water supply services connected to the property (those services being capable of discharging to the sewerage system) multiplied by a sewer discharge factor,
 - b) A sewer usage charge will be levied in accordance with a calculation based on total water consumed (those services capable of discharging to the sewerage system) multiplied by a sewer discharge factor, with the basis for the calculation being \$1.00 per Kilo litre discharged.

2. Why best-practice pricing?

Best-practice pricing is a requirement for financial assistance towards the capital cost of infrastructure under the Country Towns Water Supply & Sewerage Program.

DEUS states that best-practice pricing is fundamental for sound management of a sewerage business as it provides:

- Fair pricing to equitably share the cost of services provision and remove significant cross subsidies,
- Appropriate pricing signals enabling customers to balance costs and benefits, thereby promoting efficient use and reduced wastage,
- Appropriate cost recovery for Council.

3. Will Council raise more revenue with best-practice pricing?

Council's intention is to increase sewer revenue to pay for essential improvements. The introduction of best-practice pricing has no bearing on the total revenues raised which will vary whether or not best practice pricing was in place. Best practice pricing will however result in some customers paying more as a result of the demand that they place on the system. Generally, the more you discharge the more you will pay.

4. How will the sewer charge be calculated, and how will the charges be billed?

Single Residential Properties (including unmetered and vacant residential land)

A uniform sewer charge of \$500 will be levied for all residential properties/dwelling where the property is able to be connected to the sewerage system.

Multi-occupancy Residential Properties

A uniform sewer charge \$500 shall be levied on all occupancies contained upon a property such as non-strata flats and units where the property is able to be connected to the sewerage system, regardless if the occupancy is tenanted or not. Typical example being a residential block of 6 occupancies, the uniform residential charge shall be levied 6 times, similarly a residential block of 2 occupancies shall be levied the uniform residential charge 2 times.

Billing: The new annual **residential** sewer charges will appear on the annual rate notice commencing July, 2009 and will be payable as part of the normal quarterly installment amounts.

Non-residential Properties (including unmetered and vacant non-residential land)

Non-residential properties able to be connected to the sewerage system shall be levied a two-part tariff, as detailed in the introduction. The two-part tariff will include a sewer access charge and a sewer usage charge.

For non-residential properties also containing a single residential occupancy or multiple residential occupancies, such properties shall be levied the two-part tariff initially, however further assessment of these properties shall be carried out at a later date.

For unmetered non-residential properties able to be connected to the sewerage system, a minimum charge equivalent to the uniform sewer charge to be levied upon residential properties shall apply.

Billing - The sewer usage charge for **non-residential** properties will appear as a separate line item on the regular water consumption account issued twice annually being payable by the due date. It is expected that the first sewer usage charges will be levied in December 2009

5. What is a sewer discharge factor (SDF)?

The sewer discharge factor (SDF) is the estimated percentage of water used by the property (as recorded by the connected water meters) that is discharged into the sewerage system. For example a property in Band E having an SDF of .90 means that an estimated 90% of the water consumed is discharged to the sewerage system, a property in Band C having an SDF of .40 means that an estimated 40% of water consumed is discharged to the sewerage system.

A list of SDF bands to be used by Council is attached at the end of this information sheet.

6. How can the financial impact of this change be limited?

There are three ways by which the financial impact can be limited:

- a) Some properties are serviced by more than one water supply service. Property owners are urged to look at rationalising the number of water services connected which will not only reduce the amount of the annual sewer access charge but will also reduce the annual water access charge,
- b) Some properties have larger sized water supply services connected which they may not necessarily require. For instance, a property with a 50mm water meter may find that a 20mm water meter will suffice. Downsizing the existing water meter will not only save on the amount levied as a sewer access charge but will reduce the annual water access charge as well.
NOTE: Until the 30th April, 2010, Council is offering to disconnect surplus water supply services and/or downsize existing water meters AT NO COST TO THE PROPERTY OWNER. Please contact Council's rates and property department for an application form. 02 6033 8970.
- c) By reducing water consumption there will be a corresponding reduction in the sewer usage charge. Property owners are encouraged to become waterwise and eliminate any unnecessary water usage.

7. What is the next phase of best-practice pricing?

Following on from the introduction of best-practice pricing for water and now sewer in 2009/2010 the next stage will be the implementation of trade waste pricing. Trade waste pricing will apply to those non-residential properties which discharge waste into the sewerage system that is not domestic sewerage or unpolluted water. Trade waste pricing, however requires further investigation by Council on an individual property basis and you shall be contacted further if you are an identified liquid trade waste discharger.

8. Where can I obtain more information?

More information regarding Best Practice Water and Sewer can be obtained online at

<http://www.dwe.nsw.gov.au> or http://www.dwe.nsw.gov.au/water_urban/town_planning_price.shtml

The Department of Water and Energy

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Sydney NSW 2000 (near Town Hall)
GPO Box 3889, Sydney NSW 2001
t: (02) 8281 7777
f: (02) 8281 7799
e: information@dwe.nsw.gov.au

Contact Council direct on (02) 6033 8970,
233 Honour Avenue Facsimile: (02) 6033 3317
COROWA NSW 2646 Email: council@corowa.nsw.gov.au

Details of Sewerage Discharge Factors

Band A 0% discharge

(0% of water consumed discharged to the sewerage system)

Carpark with no amenities, vacant land

Band B 20% discharge

(20% of water consumed discharged to the sewerage system)

Education facility where water meter includes large area of sporting surface, caravan park where water meter includes large area of peripheral grounds, child care facility where water meter includes large area of recreational surface, showground where water meter includes large area of peripheral grounds, sporting club or facility where water meter includes large area of sporting surface, concrete batching plant, plant nursery

Band C 40% discharge

(40% of water consumed discharged to the sewerage system)

Education facility where water meter excludes large area of sporting surface, caravan park where water meter excludes large area of peripheral grounds, child care facility where water meter excludes large area of recreational surface, showground where water meter excludes large area of peripheral grounds

Band D 70% discharge

(70% of water consumed discharged to the sewerage system)

Aged care accommodation, assisted living accommodation, backpacker accommodation, bed & breakfast accommodation, emergency service property, guest house accommodation, health care facility, mixed commercial & residential property, motel, religious property

Band E 90% discharge

(90% of water consumed discharged to the sewerage system)

Abattoir, accountant, antique store, agricultural product retail centre, agricultural product processing and/or storage facility, amusement centre, animal or animal bi-product dealer and/or processing and/or storage facility, art gallery, automotive electrical workshop, automotive sales dealer, automotive spare parts retailer, bakery, bank, barber, beauty salon, bituminous product storage and/or works depot, building supply depot, bus depot, butcher, cabinet maker, café, carwash, car detailing, cattery, charity outlet, chiropractor, coffee shop, commercial kitchen, community hall, craft store, delicatessen, dental surgery, dental technician, department store, drapery, dry cleaner, chemist, clothing store, community group meeting hall, community services centre, computer retailer and/or repairer, court house, dry cleaner, eatery, electrical goods retailer, electrical contractor, engineering workshop, fish shop, fish and chip shop, florist, fruit shop, funeral parlour, furniture store, general retail premises, general retail depot, general storage depot, general works premises, general workshop premises, gift store, grain depot, hairdresser, gunsmith, gym and/or sporting centre, hardware store, hotel, internet café, ironing service, jewellery store, juice bar, kennel, laboratory, landscape supplies, laundromat, legal practice, library, licensed club, lawn mower retailer and/or workshop, mechanical workshop, medical centre, group meeting hall, mortuary, motorcycle sales dealer and/or repairer, museum, music store, newsagent, nightclub, office, office and adjoining workshop, optometrist, panel beater, pathology centre, pawnbroker, pet store, petroleum storage facility, photographic processing, photographic studio, picture framing, pizzeria, police station, post office, printer, publisher, radiator repairer, restaurant, secondhand goods retailer, service station, scout or girl guide hall, sporting club or facility where water meter excludes large area of sporting surface, spray painter, supermarket, take-away food premises, tavern, telephone exchange, transport depot, travel agent, tyre retailer, veterinary surgery, video/dvd store, warehouse

(NOTE: The abovementioned non-residential activity list is not exhaustive and where a non-residential activity is being carried out on a property which is not listed above, an individual assessment shall be made to determine the most appropriate band for charging purposes)