

Following the State Government pledge to convert the Tea Tree Gully Council (Council) wastewater network to mains sewer via \$65m to SA Water, residents were dismayed to incur yet another Council price hike to \$725 per annum. Residents were informed that Council's policies on price increases to recover what Council estimates to be full cost recovery remain unchanged ie no intention to revise the plan or estimates given that a substantial injection of capital has been made to SAWater and fewer properties will remain on Council's CWMS as transition progresses. Recently a meeting was arranged to inform elected Councillors about the Council's plan to upgrade the current system to mains sewerage and then divest to SAWater with pilot programs on the table where Council intends requesting funds held by SAWater. The public gallery was open but this was not widely advertised with only about 6 residents attending via last minute word of mouth communication.

The attached 2019/20 cost breakdown was put forward as justification to maintain continued price increases. The public gallery was not allowed to ask questions.

If residents had a voice they would query the following:

- The non operating costs of \$1.15m (risk and capital) and the contract expenses of \$567K both of which we assume to be the costs associated with the Council's policy of « renewal of the network and divestment to SAWater ». Surely if SAWater is to undertake the renewal while Council continues to maintain the remaining system these costs would reduce.

- Council is seemingly allowed to approve new housing developments following house demolitions, many of which are being connected to the ageing system with new septic tank installations and when the common effluent pipes fail a flurry of patchwork upgrades follow. Residents were of the understanding that upgrades had to occur prior to new developments being approvedthis flies in the face of planning regulation which states that adequate sewerage services should be available before development takes place, not as a catch up solution. This is occurring in ageing areasit does not make economic sense to allow this to happen when SAWater could be systematically renewing or redirecting pipe work (some of the ageing system snakes across the back yards of properties) in a more economical manner resulting in fewer properties requiring the decommissioning of tanks.

- residents also wonder whether the tail is wagging the dog rather than the dog wagging the tail. Council appears to be seeking to dictate how the sewerage roll out occurs and charge both SAWater and residents/businesses for inefficient planning, reactive development and costly upgrades.

On a positive note residents are relieved to be invited to give opinion to SAWater in a round of consultations despite being told by Council that SAWater and ESCOSA are looking favourably at Council's presentation re the system upgrade and costing.

Thank you for this opportunity to add further information.

Y Pierre

27 September 2020

29% - Non operating costs Risk & Capital.

Community Wastewater Management System (CWMS)



plant & equipment 3% - Hydroject

The City of Tea Tree Gully is licensed by the Essential Services Commission of South Australia (ESCOSA) to operate as an intermediate water retailer under the *Water Industry Act 2012* (WIA) to provide wastewater services in South Australia.

How the CWMS works

Your property is connected to the CWMS because it is not directly serviced by SA Water's sewer system.

The CWMS is a complex pipe network stretching 117 km over 70 zones to support about 12,400 people.

Household waste from toilets, kitchens, bathrooms and laundries enters a septic tank on each property connected to the CWMS.

Solids then settle at the bottom of the tank, while liquid waste flows into the network and then into an SA Water sewer main or an approved treatment facility.

Council cleans sludge from each tank every four years.

While the system is stable, like all utilities, it requires maintenance to remain operational.

How the CWMS is funded

Council charges property owners connected to the CWMS an annual service charge in their rates bill to fund the CWMS. All charges are re-invested in the network.

Unlike other ratepayers, residents connected to the CWMS do not pay SA Water sewer fees.

The operation, maintenance and renewal of the CWMS network cost Council \$4.01 million in 2019-2020.

What your CWMS charge covers

- The operation and maintenance of the network
- Renewal and upgrade of the mains
- Routine pump outs of septic tanks
- Service support
- Fees charged by SA Water to accept wastewater into their system for treatment – about \$700,000 annually
- Costs associated with depreciation, capital and risk

The table opposite shows the CWMS budget breakdown for the 2019-2020 financial year. This includes the funding shortfall of \$907,848, which is currently being subsidised through general rate revenue.

15% Effluent discharge

overheads 12%

Revenue

Service charge revenue (connected)	\$2,945,269
Service charge revenue (unconnected)	\$67,940
Other income	\$94,296
Total revenue	\$3,107,505

Operating expenses

Employee costs - maintenance staff	16% \$639,287
Contractual expenses	\$567,034
SA Water discharges	\$591,664
Plant, materials & maintenance	\$120,124
Depreciation	\$451,000
Employee costs - administration	\$492,811
Total operating expenses	\$2,861,920

Non-operating expenses

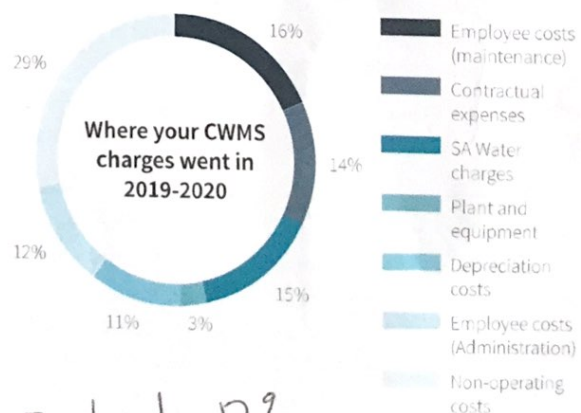
Cost of capital	\$266,124
Cost of risk	\$887,309
Total non-operating expenses	\$1,153,432

Total expenses

\$4,015,353

Funding gap

-\$907,848



Depreciation 11% Maintenance staff 16% Asset consumption

contracts - 14% (septic tank clean ups)