

8th November 2013

Mr. Stuart Peevor,
Manager Pricing and Access
Essential Services Commission of SA,
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Adelaide SA 5001.



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Dear Stuart,

Re: Sewerage, Trade Waste and Property based charging - Inquiry into the reform of SA Water's drinking water and sewerage prices.

Please find below Alano Water's submission regarding the above consultation document. Our submission focuses on urban residential type sewerage charges.

Residential Sewerage charges:

- It is interesting to note the number of interstate water authorities that have adopted a user pays scheme for sewerage charging rather than property value based charging.
- A quick check of the approach of various water authorities in Victoria indicates that a base level charge is made for each house and then metered water volume is used with a factor applied to determine the amount of water returned to the receiving system as sewage.
- Some quick calculations undertaken against charging information available at South East Water's website reveals that if these (South East Water's) charges were used in SA, then low to middle income earners would be paying more for their sewerage rates. The owners of a house valued at \$350,000 using 186kL of water per annum would be charged almost \$200 more than is the case currently under SA Water's existing charges. Further analysis shows that the owners of a property with a valuation of say \$940,000 and using 500kL of water per annum would pay approximately \$437 per year less under South East Water's regime as against SA Water's current charging system. Changing SA Water's charging system to achieve such an outcome would not be equitable or popular. The structure and triggers of an alternative charging system will therefore need careful consideration.
- A shift to a user pays approach where a factor is used to calculate the amount of water returned to the sewer provides every

household with a second point of focus in relation to water use. The current higher price of water delivered to the property will be reinforced by a direct charge for the amount of water going out via the sewer. Is it possible as a result of this type of charging system that households struggling financially might be tempted to change their personal hygiene habits to the point that their health and the health of people around them could be put at risk?

- It is not clear how any of the water authorities interstate deal with homes that have rain water tanks that supply the whole house. Using a 'factor' applied to water delivered by the meter could mean these households will not be paying their fair share. How will any new charging system deal with this?

In summary, we believe that if any changes are to be made to the current SA Water sewerage charges then the following will need to be achieved overall;


1. Any new charging system needs to provide the same level and ideally, a reduced level of charge, especially for low to middle income households.
2. Any new charging system needs to be simple to understand for the consumer and simple to operate for SA Water and for other water utilities such as Alano Utilities. City West Water's (Victoria) sewerage charging system seems unnecessarily complicated.
3. SA Water's revenue is a large determiner of the level of the agency's dollar return to the state government's budget each year. The government will want to protect its level of return from SA Water, especially given the current parlous condition of the state budget. A large shift downwards in SA Water revenue, caused by changes to sewerage charges, could create pressure to increase revenue or cut expenditure in other areas, or as ESCOSA has suggested, lead to a transfer of shortfalls to remaining sewerage service customers.

Non connected properties (rating on abuttal):

Alano Water understands the current charging system in relation to abuttal and we are not in favour of abandoning this charge. Perhaps a reasonable 'minimum rate' would be acceptable as a charge, however it needs to be remembered that in most urban type subdivisions, allotments are too small to accommodate the installation and successful running of on-site household waste water treatment plants. We understand that the history of these types of plants shows they are generally not well maintained and by implication this represents an increased health risk and or the potential for odour nuisance to neighbours.

We thank you for considering the content of our submission and should you have any queries regarding its content, please contact Mr. Chris Brown, our Environmental Specialist on 0423 950 997.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'CA Catalano', written in a cursive style.

For
CA Catalano
Senior Engineer.