



Greater East Tamaki
Business Association Inc.

16 January 2013

Submission to Watercare Services Ltd: Non Domestic Wastewater Tariff.

This submission is made by the Greater East Tamaki Business Association Inc. (GETBA).

We would like to present this submission to a Watercare panel.

Introduction

GETBA represents the largest industrial precinct in Auckland, a predominantly manufacturing, engineering services and distribution hub of some 2,000 businesses. While 100 businesses employ more than 50 people, the majority are small businesses, and it is this group which we endeavour to ensure are not negatively impacted with regard to fairness and affordability, or required to unduly subsidise large/heavy wastewater users, including domestic. Watercare will be aware of the historical issue and campaign GETBA had with Manukau Water in relation to non domestic low water users subsidising domestic users.

Fixed/volumetric charging regime

GETBA supports a fixed plus volumetric model that is transparent, fairly reflects the user pays principle and encourages sustainability. We accept that the goal of achieving consistency across the 44 legacy Councils' charging models is a challenging one and that there will in the short term be winners and losers. It's important however to consider the medium term and make principle based decisions so that small businesses do not subsidise heavy wastewater users (including domestic), and that legacy Manukau Council businesses do not end up subsidising other legacy Council areas where businesses were not being charged realistically/fairly in the past.

Our calculations based upon a range of local businesses show that nearly all options proposed result in increases. Option Two overall has the lowest increases (and decrease for those using less than 10KL/m) suiting small businesses best with the lowest fixed figure of \$197 (2a) similar to the residential fixed figure of \$190 and less than Manukau's old figure of \$350. However with the 1.6 differential the volumetric rate is higher than residential. We feel strongly that non domestic users should not be subsidising domestic wastewater users, and this differential should be reduced over time as with Auckland Rates. Option Two with its differing levels and ranges of fixed and volumetric charges also allows for customer choice based upon usage.

Apportionment of wastewater revenue

GETBA questions the basis for the decision to retain the apportionment of wastewater revenue between domestic and non domestic. It is understood that this is as a result of a recommendation from Auckland Council, but we question whether this is evidence-based and on the most effective basis particularly having regard to encouraging sustainable behaviour, or whether the main focus has been on minimising change.

Change in basis for charging: phased implementation

The move from a charging system with a focus on pre-treatment of wastewater (separate trade waste charging) to a system with a focus on consumption volume will impact significantly on businesses in wet-based industry sectors such as tanneries. It will be very costly for these businesses to adapt their production processes to accommodate this change in emphasis, as it is not feasible for them to pass these additional costs to customers.

However we support more closely aligning customer pricing with the true cost customers impose on the system – user pays, and understand from Watercare that technological advances and the desire for transparency (removing inefficient historic deals and cross-subsidies), have led to the proposed move from the current load based system to the conservation focused volumetric basis for charging.

GETBA supports a charging regime that encourages sustainability and conservation, but recommends that Watercare allow for phased tariff implementation to enable those businesses with significant increases to spread the impact of the increased cost over a number of years. It may be that the onus be upon businesses to apply for the transition phasing as it could be difficult to make a decision as to the qualification benchmark (% increase for example) as issues of individual business profitability would vary. It would be reprehensible to see businesses forced to close as a result of this change.

Measurement via water meters

In the past some Councils including Manukau provided free meters resulting in some properties having multiple meters per property. Subsequent proposals to charge a Uniform Charge per water meter made these multiple installations financially undesirable. Replacement with one meter or disconnection would involve both the owner and Watercare in unnecessary expense and effort, so we recommend that where multiple meters exist and there is a single property owner then only one Uniform Charge be charged if requested by the owner.

Summary of issues and recommendations:

GETBA supports a fixed plus volumetric model that is transparent, fairly reflects the user pays principle and encourages sustainability. Of the options proposed Option Two while still incurring increases above 10 Kl/m would appear to suit small businesses best. It is envisaged that one of the four proposed options will be chosen, but should that not be the case and a different model be chosen, then a new consultation process should be held.

GETBA raises issues of the differential rate between non domestic and domestic, the reasoning for continuing to apportion the revenue-take exactly the same as previously, negative impact on high water users (especially wet based sectors), and multiple water meters. We submit that:

Watercare allow for phased implementation of tariff changes to enable those businesses with significant increases to spread the impact of the increased cost.

Watercare phase out the domestic/non domestic differential within five years.

Watercare make only one uniform charge in cases where small users/single property owners have multiple meters.

GETBA Contact:

Jane Tongatule, General Manager

09 273 6274

gm@getba.org.nz