

Non-Domestic Wastewater Tariff

Greater East Tamaki Business Association

Presented by: Marlon Bridge

Commercial Manager, Watercare Services Limited



Background

Why the need to review the non-domestic wastewater tariff?

- “ As from 1 July 2012, Watercare was required to charge for wastewater services to Aucklanders, i.e. can no longer be charged via rates.
- “ There was no consistency in non-domestic wastewater charging regimes across the region. This lack of standardisation and the resulting inequities need to be addressed.
- “ As with Auckland Council's single rating policy, this required an amalgamation of the historic charging regimes for wastewater.
- “ Watercare inherited:
 - “ 44 different tariffs for wastewater based on a variety of measures including land value, number of pans, number of dwellings on a property, fixed charges and volumetric charges
 - “ Individual contracts arranged with the old Councils and water companies.
- “ Consultation on a non-domestic wastewater tariff during the LTP process resulted in a deferral of a decision as to a single non-domestic wastewater tariff pending further consultation with customers. Further consultation was to be led by Watercare.

Background

Who are our non-domestic customers?

- “ Watercare has 22,800 non-domestic customers, including 1700 trade waste customers.
- “ Non-domestic customers are classified as all customers who are **not** domestic customers. (Domestic customer is defined as per Watercare’s customer contract.) This includes but is not limited to: commercial, schools, hospitals, community groups, wet industry, hotels, community facilities, not-for-profit organisations, churches and sports clubs.
- “ Wastewater discharge volumes vary significantly: 85% of our customers use less than 1,000 litres of water per day; of the remaining 15%, some customers use as much as 1,000,000 litres of water per day.
- “ 85% of non-domestic customers generate only 18% of non-domestic wastewater revenue.

Consultation

Consultation Process

- “ All non-domestic wastewater account holders and other interested parties have had the opportunity to make a submission on the proposed tariffs.
 - “ Open meetings throughout the region
 - “ 1-1 meetings
 - “ Online survey
 - “ Formal written submissions
 - “ Oral hearings . 20th and 21st of March 2013

- “ Consultation stats: over 1300 submissions were received by Watercare.

- “ 33 parties attended the oral hearings on the 20th and 21st of March 2013.

Link to the Trade Waste Bylaw Review

- “ In early 2013, in a separate process from the non-domestic wastewater tariff consultation, Watercare sought submissions from the public on its proposal to revoke Auckland’s four legacy trade waste bylaws, and replace them with a single, region-wide trade waste bylaw.
- “ Watercare’s proposed bylaw was put to the Auckland Council at a meeting of the Governing Body on 22 August 2013. Auckland Council decided to adopt the new bylaw. It will take effect from 1 July 2014.

Current State	Proposed Future State
4 trade waste bylaws	Single trade waste bylaw
4 sets of trade waste discharge limits	Single set of trade waste discharge limits
Trade waste charges governed by bylaw	Charges levied under contract
Trade waste load based charges (i.e. charges for contaminants)	No separate trade waste charges.

New Standardised Tariff Regime

- “ New tariff regime was approved by the Watercare Board of Directors on 2 May 2013 and endorsed by Auckland Council on 9 May 2013.
- “ The new tariff regime consists of four pricing plans, each suited to a different level of wastewater discharge.

Pricing Plan	Annual fixed charge (per water meter)	Volumetric charge (per kL)	Suited to approximate annual wastewater volume:
Low User Plan	\$197	\$4.44	<1,320kL
Moderate User Plan	\$500	\$4.21	1,320kL up to 10,000kL
High User Plan	\$7,000	\$3.56	10,000kL up to 88,310kL
Industry	\$75,000	\$2.79	88,310kL or more

All rates quoted are inclusive of GST.

Implementing the New Tariff Regime

The new tariff will be transitioned in over a three year period:

~Year 1 (1 July 2013 . 30 June 2014) . no change to the existing tariff structure for 12 months. This will allow time for customers to plan and prepare for the new tariff.

~Years 2, 3 (1 July 2014 . 30 June 2016) . new tariff (as per point 1.9 above) is transitioned in on a one-third basis per annum until fully implemented.

~Year 4 (1 July 2016) - new tariff fully implemented

The transition period will assist those businesses in dealing with increases in charges as a result of a move to a volumetric user pays approach but it will delay the introduction of cost savings for customers who will benefit from the new tariff.

What will customers pay for 2012/13?

- “ There is no change to the existing tariff regimes for the July 2012 . June 2013 year.
- “ As well as there being no change to the tariff regimes, as a result of operational efficiencies, Watercare has maintained current pricing levels. That means there is 0% price increase on water and wastewater this year.

Impact on Manukau Customers

The Manukau region has 4778 unique non-domestic customers in total. Current charges are based on a combination of an annual fixed charge of \$389.74 plus a volumetric charge of \$2.967 per 1000 litres.

Impact of new tariff:

Pay less	2425 customers
Pay more	2353 customers

Next Steps

- “ A further customer communication is planned for September 2013. Watercare will be seeking details of the nature of business carried out at each customer site so as to ensure the correct wastewater percentage is applied. Customers will be directed to Watercare's online Business Customer Profile tool where they can provide this information.
- “ A recommended wastewater pricing plan for each meter will be communicated to customers in February 2014. Customers can decline the recommended pricing plan and choose an alternative wastewater pricing plan if they desire.
- “ The new tariff will be implemented from 1 July 2014. The new tariff will be transitioned in as follows:
 - “ July 2014 to June 2015 . charges will be comprised of two thirds of the current rate plus one third of the new rate
 - “ July 2015 to June 2016 . charges will be comprised of one third of the current rate plus two thirds of the new rate
 - “ July 2016 onwards . fully charged at new rate