

Keeping the Community Informed

Effluent Services – Discussion Point

October 2016

What is Shoalhaven Water doing to assess the viability of a continued contract arrangement or the alternative option for customers?

The first step in this process was to review alternative means by which services could be conducted under a contract but in a different way to the current system. For example; options regarding the flexibility for customers to have tanks serviced based on a requested volume to be extracted v's a pump to empty requirement as is currently the case. A single charge for services regardless of the volume removed and "on demand" servicing requests v's the current schedule option and excess charged separately for amounts greater than 2,500 litres.

A number of other local government areas utilise alternative servicing rules which include contracted arrangement, private operators and nil excess charging. There is no common structure as situations are dictated by the number of customers, distance, commercial availability of an operator and demand.

Whilst the current system and charging for scheduled services ranging between weekly to 8 weekly is not always suitable for some property owners, it does provide a structured plan for contractors to manage trucks, service timeframes and travel. This is particularly important given the large distance involved in transporting waste to the sewerage treatment plants and provides a cost effect use of the transport resources. The structure of a servicing schedule also assists to reduce urban traffic concerns and is consistent with the "user pay" principle for charging of services.

If a contract was continued how much would the charges increase by?

This is largely unknown at this time. As a guide, the increase in the contractor charge at the last tender ranged across the services between 23 to 70%. As the tender was last advertised in 2012 it is expected that cost increases will again occur. The last tender followed very soon after the decline began to the number of properties requiring service. That number has now stabilised but it is lower than previously.

Shoalhaven Water has always had a price policy of full cost recovery and this is being achieved by capping increases and staffing changes. Costs for all effluent and septic waste removal are separated from any general rates revenue. That ensures that only those customer that receive the

service, pay for the service (user pay). Whilst the annual charge for the service is levied via the rates notice, it is not treated as a general rate nor used for any other purpose than to pay for the costs of providing effluent services.

Most effluent removal charges have seen increases annually by less than 5% in recent years. The higher costs following the last contract were largely absorbed by staffing changes but any further significant increase in contractor costs would be passed onto customers of the service.

What is the property owner's responsibility in obtaining and maintaining the servicing arrangements?

There was a suite of changes to NSW legislation in 1998 that meant owners or operators of on-site sewage systems at properties (septic, effluent or aerated systems) are required to apply to Council for approval to operate their system. Shoalhaven City Council's Planning & Development Services Group (Environmental Services) has the responsibility to manage and issue these approvals.

Inspections are regularly carried out by Council staff to ensure that the sewage systems installed on properties are operating effectively. Having a contract in place for effluent and septic tank wastes removal together with servicing records of aerated system maintenance schedules provides a good record for property owners and Council to understand the demand and performance of the systems.

If a contract arrangement was not continued, it would be the responsibility of the property owner to make suitable arrangements with a commercial operator of their choice to ensure the systems are serviced effectively.

What is the timeline for a decision and how will property owners know what is happening?

A decision about whether Shoalhaven Water will tender for the service must be reached by early 2017. Once all the customer responses to the survey are considered a report will be provided to Council.

This page on the Shoalhaven Water website will be updated as further information becomes available including the summarised results from the survey. It is also intended to provide the contact details of commercial operators on the website if a contract arrangement is not proceeding. This will enable customers to contact direct with companies to make servicing arrangements to suit.

What are the benefits of staying under a contracted arrangement?

The benefits of a contract arrangement probably differ based on the individual property demand and use. Certainly what is a common benefit for all customers under a contract arrangement is the condition that a contractor must perform a service within a strict timeframe. Additionally, the contractor must have a means by which to perform services regardless of the location within the city. Conversely however, this does come at a contract cost which it is expected would be factored into any tender price submitted.

What are the consequences of not having a contract arrangement?

Customers will be required to “shop around” for their property servicing needs. This is possible now but there has been a limited number of companies interested in specifically providing an effluent removal service. There are a number of companies already providing septic tank cleanout services and there has been an interest shown to expanding into effluent removal.

Could there be an option for property owners to select from a contract service or private arrangement?

There has never been a requirement nor could Council enforce property owners to only use a contracted service, so this is possible now but there has not been much interest shown commercially.

With a contract it is necessary to specify servicing conditions for contract management. Together with a relatively small number of customers that actually require the service, the increased market interest and a situation where customers opt in or out of servicing, such an option would not be cost effective. Under a contract the operator would be required to perform a service regardless of difficulty, time and distance wherein a commercial operator could “elect” to perform or not perform a service based on a commercial decision.

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