

Determining Customer Categories for the Purpose of Levying Water and Sewer Charges

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1 PURPOSE

The purpose of this policy is to outline Council's determining criteria for categorising properties for the purpose of levying water and sewer charges. This policy will ensure equity is maintained with customers and future categorisations follow consistent and clear parameters.

2 STATEMENT

2.1 General

This policy will provide consistency in the determination of property Land Use Types as one of the following:

- Commercial,
- Council,
- Institutional,
- Residential, or
- Rural/Agricultural.

The categorisation of a property as a Community Service Obligation (CSO) is covered under separate policy adopted by Council.

2.2 Common Provisions

There are no common provisions relating to this policy. The policy is only related to the categorisation of properties in respect of Water Supply and Sewer related services consistent with Section 539 of the Local Government Act, NSW 1993.

The categorisation of properties in respect of the ordinary (general) rate is related only to land and value. Connection to water and sewerage services and the respective charges have no relationship on the categorisation of land for rating purposes.

2.3 Other Related Policies

- Downsize, Disconnection or Nominal Sizing of Meters
- Community Service Obligation – Water Supply, Sewer, Effluent and Trade Waste Services
- Liquid Trade Waste Discharge to Sewerage System.

2.4 Definitions

Bed and Breakfast (Commercial) – A property with two or more rooms for rental within the property owner's normal residential premises.

Business-like manner – Professional, commercial, trade, industrial, government, mining operation etc.

Category Description – a description of the purpose for which the land is or could be used.

Commercial – Any property other than Residential, Council, Institutional, Residential, Rural/Agricultural or CSO, and/or any property where the activity or activities are carried on systematically in a business-like manner or commercial venture whether for organised profit or not.

Dominant Use – An activity based on the proportion of the property used for residential/commercial purposes and the intensity of the operation.

Dwelling – Building on a property

Guest House (Commercial) – A property with more than two rooms for rental.

Institutional – i.e., hospital, school, college, police, ambulance or fire station (for the purposes of describing Category Type)

Land Use Types - i.e., Commercial, Council, Institutional, Residential, or Rural/Agricultural

Premises – Dwelling, house or building.

Property – The land assessed for billing purposes. Shoalhaven City Council assigns a unique Property ID to each assessed property.

Residential – The principal place of residence of a person where that person normally eats, drinks and sleeps.

Rural/Agricultural – i.e., farm, market garden (for the purposes of describing Category Type)

Single dwelling – A dwelling which does not contain multiple detached or an attached building with separate and independent entry/exit points.

2.5 Abbreviations/Acronyms

CSO - Community Service Obligation

3 PROVISIONS

3.1 Land Use Types - Classifying a Property

Under Section 313 of the Water Management Act 2000 and Section 193 of the Water Management (General) Regulation 2018, Shoalhaven Water has the authority to determine the classification of land for the purposes of levying service charges according to the following:

- the purpose for which the land is actually being used,
- the intensity with which the land is being used for that purpose,
- the purposes for which the land is capable of being used,
- the nature and extent of any water supply, sewerage or drainage systems connected to, or available for connection to, the land.

Shoalhaven Water have used this framework to create [Land Use Types](#) for the purposes of classifying a property for water billing purposes.

3.2 Charges Policy

The water account charge structure for each property uses the following hierarchy;

- By the size of water meter installed, then by
- [Category Description](#) (the purpose for which the land is or could be used), which in turn determines
- the [Land Use Type](#) (i.e., Commercial, Council, Institutional, Residential, or Rural/Agricultural).

A full list of Category Descriptions and Land Use Types are found in [Appendix I](#).

The relevant charges and respective allowances are contained within Council's Delivery Program and Operational Plan, which is exhibited for public comment each year during May and June.

3.3 Residential Properties

A residential property is so determined if its [Dominant Use](#) is for residential purposes, categorised by a single *premises* on the assessed property. (Includes residential strata plans and the strata assessment units).

The levying of availability charges is based on a standard 20mm water meter service connection.

3.4 Commercial Properties

A commercial property is so determined if:

- It is any [Land Use Type](#) other than Residential, Council, Institutional, Rural/ Agricultural or CSO, and/or
- Any property where the activity or activities are carried on systematically in a business-like manner or commercial venture whether for organised profit or not.

The degree to which a commercial property is conducted as a business, can be reflected in the charges by the [Category Description](#) and subsequent % of sewer discharge factor applied to calculate the sewerage usage charge. Any reduction to the availability charge based on the size of the connection for properties where joint activities (residential/commercial) are carried on is not an option.

3.4.1 Commercial Properties – Sewer & Trade Waste Charges

Sewer and Trade Waste usage charges (as applicable) are levied via the Water Account to commercial properties including non-strata residential properties with a bulk meter, to recover the costs of distributing and treating higher strengths and volumes of sewer. A sewer discharge factor is applied to distinguish the type of property and percentage of volumetric charge applicable.

A discharge factor represents the percentage of the metered water consumption, which is discharged to the sewerage system from a non-residential property. There are two types of discharge factors:

- Sewer (SDF); and
- Liquid Trade Waste (LTWDF).

Sewer discharge factor

The sewer discharge factor is the ratio of all wastewater discharged from a premises to the sewerage system to the total water consumption expressed as a percentage.

$$SDF = \left(\frac{\text{Domestic} + \text{Trade Waste}}{\text{Total Water Consumption}} \right) \times 100$$

Liquid trade waste discharge factor

The trade waste discharge factor is the ratio of the volume of liquid trade waste discharged into the sewerage system to the total water consumption expressed as a percentage.

$$LTWDF = \left(\frac{\text{Liquid Trade Waste}}{\text{Total Water Consumption}} \right) \times 100$$

More detail about Trade Waste Discharge Factors can be found at Council's Policy: *Liquid Trade Waste Discharge to Sewerage System*.

[Appendix II](#) provides Guidance Values for sewer discharge factors for commercial properties.

In the updated *Liquid Trade Waste Management Guidelines 2021* published by the NSW Department of Planning, Industry & Environment, there has been a move away from mandating discharge factors by category. The department notes that where a Utility has been provided validated flow data at a premises, this data is to be used in place of the guidance values.

3.5 Dominant Use

There are likely to be a number of situations where a dwelling is a place of business and residence combined. Council has in the past, defined such for billing purposes e.g., effluent pumpout charges. **If it can be proven** that the Dominant Use of the property is as the primary and principal place of residence, then it will be treated as a residential property. Otherwise, if the primary purpose of the property is for business purposes e.g., a dairy farm, yet it contains the principal place of residence it should be treated as a commercial property.

The interpretation of Dominant Use should be based on the water usage for:

1. The size of the property used for residential/commercial purposes,
2. The intensity of that operation,
3. Size of the operation,
4. Purpose, and
5. Potential Use

3.5.1 Accommodation Premises

Although motels, hotels, guest houses, bed and breakfast, caravan parks and backpacker hostels may be considered to be residential accommodation, they would normally fall under the commercial category on the basis of properties where the activity is systematically carried out in a business-like

manner. Regard should also be given to the size and intensity (and sewer discharge) of the property and whether the water and sewer services are of a normal domestic volume and quality. The most common situation encountered where a residence and business could fall into doubt is a bed and breakfast type facility. A definition of bed and breakfast and guesthouse is therefore provided separately.

3.5.2 Multi-Premise – Non-Strata

Multi premise non-strata properties are categorised as Commercial which accords with the *NSW Best Practice Water Supply, Sewerage and Trade Waste Pricing Guidelines* and this is consistent with a philosophy that they are purchased and operated in a business-like manner.

3.5.3 Dual Occupancy (Attached or Detached)

A property with an Attached Dual Occupancy or Detached Dual Occupancy will be classified residential or commercial on the basis of the premises assessment against the following criterion.

Residential

- Residential zone and normal residential lot size, and
- Each dwelling independently metered to main with 20mm service connections, and
- Maximum of 2 dwellings, and
- Used for residential purposes.

Commercial

- Business or Residential zone, or
- 25mm or larger water service connections, or
- 3 or more dwellings, or
- Used for commercial activity.

These criteria are used to assess and determine whether the property is used in the same manner as normal residential premises.

4 IMPLEMENTATION

The Water Business Service Department of Shoalhaven Water will implement policies relating to the process of categorising properties and the capture/reporting within Council's water billing program.

The process of categorising each properties for the purpose of levying water and sewer charges will be considered on the merits of each case and the Chief Executive Officer (Water Business Services Manager) is delegated to categorise properties where doubt exists, based on a fair and reasonable assessment of the degree and type of sewer services/potential use, against that of residential properties.

5 REVIEW

This policy will be reviewed within one year of the election of every new Council.

6 APPLICATION OF ESD PRINCIPLES

None applicable.

7 APPENDIX I - Category Descriptions and Land Use Types

Category Description	Landuse Description
Animal Boarding	Commercial
Bed & Breakfast Commercial (Two or more Rooms)	Commercial
Caravan Park	Commercial
Child Care Centre	Commercial
Church	Commercial
Church Hall	Commercial
Commercial Community Assoc - Common Property-PARENT	Commercial
Commercial Community Assoc - Individual Unit-CHILD	Commercial
Commercial Raw Water	Commercial
Concrete Batching Plant	Commercial
Factory	Commercial
Food Prep (No Retail)	Commercial
Holiday Cabins/Guest House	Commercial
Hotel with Accom	Commercial
Hotel without Accom	Commercial
Laundromat	Commercial
Motel/Tourist Resort	Commercial
Multi Premise (Non-Strata) AND/OR- Dual Occupancy >20 mm	Commercial
Multi Premise (Strata Plan) - PARENT COMMERCIAL	Commercial
Nursery	Commercial
Office	Commercial
Other (Commercial)	Commercial
Other CSO1	Commercial
Other CSO2 (a)	Commercial
Railway Station	Commercial
Reg Club/Organisation (e.g., facility for refreshments RSL/Bowling)	Commercial
Reg Sport Club with multiple sports facilities.	Commercial
Registered Charity	Commercial
Restaurant/Cafe	Commercial
Retail Outlet/Shopping Centre	Commercial
Servo/Garage/Car Sales & Svc	Commercial
Sport/Rec Complex	Commercial
Standpipe	Commercial
Standpipe - Raw Water	Commercial
Standpipe - Rural Fire Service	Commercial
Strata (Unit) Commercial - CHILD within STRATA	Commercial
Swimming Pool	Commercial
Category Description	Landuse Description

Community Centre	Council
Hall/Public Hall/Library	Council
Playing Fields/Sporting Ovals	Council
Public Amenities	Council
Public Museum	Council
Public Reserve (No Amenities)	Council
Public Reserve (With Amenities)	Council
Sewage Pump Station/Treatment	Council
Water Pump Station/Treatment	Council
Bushfire Station	Institutional
Fire Station	Institutional
Hospital	Institutional
Police/Ambulance Station	Institutional
School/College/Church School	Institutional
(Res) Multi Prem (N-Strata) Multiple Connections	Residential
Aged Care Facility	Residential
Bed & Breakfast (Residential Component plus 1 Room)	Residential
Dual Occupancy	Residential
Multi Premise (Strata Plan) - PARENT	Residential
Residential Community Assoc - Common Property -PARENT	Residential
Residential Community Assoc - House - CHILD	Residential
Residential Raw Water	Residential
Single Dwelling or Vacant Land with a Meter	Residential
Strata Assessment (Unit) - CHILD within STRATA	Residential
Vacant No Meter (No availability)	Residential
Vacant No Meter (Sewer Only)	Residential
Vacant No Meter (Water & Sewer)	Residential
Vacant No Meter (Water Only)	Residential
(Com) farm - Raw water	Rural/Agricultural
Farm	Rural/Agricultural
Market Garden	Rural/Agricultural

8 APPENDIX II – Sewer Discharge Factors – Guidance Values

<i>Discharger</i>	<i>Sewer</i>
Bakery with a residence attached ¹	95 70
Bed and Breakfast/Guesthouse (max. 10 persons)	75
Boarding House	90
Butcher with a residence attached ¹	95 70
Cakes/Patisserie	95
Car Detailing	95
Car Wash	75
Caravan Park (with commercial kitchen)	75
Caravan Park (no commercial kitchen)	75
Chicken/poultry shop (retail fresh, no cooking)	95
Charcoal Chicken	95
Club	95
Cold store	7
Community hall (minimal food only)	95
Correctional Centre	90
Craft/Stonemason	95
Day Care Centre	95
Delicatessen, mixed business (no hot food) with a residence attached ¹	95 70
Dental Surgery with X-ray with a residence attached ¹	95 70
Fresh Fish Outlet	95
Hairdresser	95
High School	95
Hospital	95
Hostel	90
Hotel	100
Joinery	95

<i>Discharger</i>	<i>Sewer</i>
KFC, Red Rooster	95
Laundry	95
Marina	90
McDonalds Restaurant, Burger King, Pizza Hut	95
Mechanical Workshop ³	95
Mechanical workshop with car yard	85
Medical Centre	95
Motels small (breakfast only, no hot food)	90
Motel (hot food prepared)	90
Nursing Home	90
Office Building	95
Optical Service	95
Panel Beating/Spray Painting	95
Primary School	95
Printer	95
Restaurant ⁴	95
Self-Storage	90
Service Station	90
Shopping Centre	85
Supermarket	95
Swimming Pool (commercial)	85
Take Away Food	95
Technical College or University	95
Vehicle Wash: Robo, Clean and Go, Gerni Type	95
Veterinary (no X-ray), Kennels, Animal wash	80

Notes:

¹ If a residence is attached, that has garden watering, the residential SDF should be applied.

² A trade waste usage charge is not applicable for this activity.

³ Includes lawn mower repairer, equipment hire.

⁴ Includes café, cantéén, bistro, etc.

⁵ A trade waste usage charge applies if appropriate pre-treatment equipment has not been installed or has not been properly operated or maintained.

⁶ A discharge factor to be applied on the basis of the relevant activity, eg. food preparation/service, mechanical workshop, optical services, etc.