

Determining Residential and Commercial Properties for the Purpose of Levying Water and Sewer Charges

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1 PURPOSE

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

2 STATEMENT

2.1 General

This policy will provide consistency in the determination of properties as residential or commercial. The categorisation of a property as a 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.

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

2.4 Definitions

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

Dwelling – Building on a property

Property – Assessment.

Premises – Assessment.

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

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

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

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

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

2.5 Abbreviations/Acronyms

LGA – Local Government Act

CSO - Community Service Obligation

3 PROVISIONS

3.1 Charges Policy

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 supply to recover the costs of distributing and treating higher strengths and volumes of sewer. A discharge factor and Land Use is applied to distinguish the type of property and percentage of volumetric charge applicable. The levying of availability charges is also undertaken through the Water Account and for residential properties is based on a standard 20mm water meter service connection. The availability charge for a commercial or non-strata residential property with a bulk meter supply is based on the size of the water meter service connection.

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.

3.2 Categorisation of a Property

There is a need to ensure clear determination is made on what factors constitute a premises being classified as commercial. The NSW Department of Primary Industries Water “Best Practice Pricing Guidelines” provide no guidance or definition in this matter.

The Department of Local Government issues a Council Rating and Revenue Raising Manual that provided guidance into the residential category of the ordinary rate. Council considered it reasonable to take guidance from that Manual in respect of determining what is residential and commercial as long as the relationship of the ordinary rate and charges for services provided were kept in perspective.

3.2.1 Residential

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).

3.2.2 Attached Dual Occupancy or Detached Dual Occupancy

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

3.2.3 Commercial

A commercial property is so determined if:

- It is any assessment other than residential or CSO, and/or
- Any assessment 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 Land Use Category 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.

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 eg effluent pumpout charges. **If it can be proven** that the dominant use of the assessment 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 eg 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

Although motels, hotels, guesthouses, 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 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.

Multi premise Non-strata assessments 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.

The Director Shoalhaven Water is delegated to make the determination of CSO and Level based on the above criteria in cases where dual Land Uses exist. Approval for the recognition of an organisation for CSO is vested in the Director Shoalhaven Water or nominated representative.

4 IMPLEMENTATION

The Water Customer and Business Service Section of Council’s Shoalhaven Water Group will implement policies relating to the process of categorising properties as residential/commercial and the capture/reporting within Council’s water billing program.

There is likely to be some “grey” areas to the distinction between residential/commercial as not all cases will be clear-cut. Indeed it may be in the case of a dairy farm, which has, a meter serving the house, that meter is classified as residential. Each such case will be considered on its merit and the General Manager (Water Customer & 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.