

MEMORANDUM

TO: DIRECTOR, ENGINEERING SERVICES, SENIOR
ACCOUNTANT, MANAGER WATER & WASTE,
MANAGEMENT ACCOUNTANT

FROM: CHIEF FINANCIAL OFFICER

DATE: 29 JUNE 2004

SUBJECT: 2004/2005 SEWER RATES AND CHARGES

FILE: RR:AL:16.00090

At Council's meeting held on 23 June 2004, Council resolved to amend its sewer rates and charges for 2004/2005 in respect to and including all rates and charges as outlined in this report.

Please refer to the **attached** document.

Bob Roach
CHIEF FINANCIAL OFFICER

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- Proposed new Saleyards.
- Chifley Dam.
- Somerville Museum.
- Unfunded Commitments.

At **attachment E** is a copy of Mr Crisp's submission.

(e) **Waste Management Centre Fees & Charges**

Recommendation: That Council amend its Revenue Policy for 2004/2005 to include new fees and charges as outlined in the report.

Report: Council introduced a weighbridge system at the Waste Management Centre in March 2004. As pointed out in Council's draft Management Plan there was insufficient information available to set the new charges for 2004/2005. Council has now obtained sufficient information to set these fees and charges. At **attachment F** is a complete list of the proposed charges which are required to be adopted by Council to become operative from 1 July 2004.

Included in the Waste Management Centre charges is a reduction in the tonnage charge for waste that is deposited in the Waste Management Centre. The reduction is from \$61.00/tonne down to \$40.00/tonne.

(f) **Sewer Rates and Charges**

Recommendation: That Council amend its sewer rates and charges for 2004/2005 in respect to and including all rates and charges as outlined in this report.

Report: Council has been requested by the NSW Government to introduce new pricing in regard to sewerage charges. The State Government requested that this implementation apply from 1 July 2004 in order to comply with National Competition policy. Such pricing has also been made a prerequisite for eligibility for financial assistance and payment of dividends from the sewerage business. The following is an extract from a Circular from the Department of Energy, Utilities and Sustainability which states:

"Best practice pricing is fundamental to sound management of a sewerage business as it provides:

- *fair pricing to equitably share the cost of service provision and remove significant cross subsidies.*
- *appropriate pricing signals which enable customers to balance the benefits and costs of using the service, thereby promoting efficient use and reduced wastage.*
- *appropriate cost recovery."*

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This change in pricing will impact to varying degrees on sewerage customers.

Typically:

- Lower bills will be experienced by residential customers and non-residential customers with a standard 20 mm service connection and low water usage.*
- Non-residential customers with a large service connection(s) (25 mm or larger) are likely to receive higher bills*
- Customers with high water usage are also likely to receive an increase".*

Attachment G details the break down of all charges applicable to the new sewerage rates and charges to be implemented from 1 July 2004.

(g) **Affordable Video and Multimedia Services**

Recommendation: That Council not amend its Management Plan for 2004/2005 to move funding from below the line for the Community Video Project by Affordable Video and Multimedia Services.

Report: Council has received a request from Mr Bruce Ryan of Affordable Video and Multimedia Services for Council to reconsider his application for financial assistance for the Community Video Project. The purpose of this video project is to archive video records of public events in the city. Council has included this at Item 36.05 as a below the line item in its 2004/2005 Management Plan.

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The following information explains how non-residential customers' sewerage charges will be calculated.

Two part tariff

1. Sewer Usage Charge – charged quarterly with water usage
78cents per kilolitre water multiplied by Sewerage Discharge Factor (*SDF)
2. Access charge – charged annually on Rates Notice
Access Charge applicable to meter size multiplied by SDF

Meter Size	Access Charge
20mm	\$307
25mm	\$480
32mm	\$787
40mm	\$1229
50mm	\$1920
65mm	\$3245
80mm	\$4916
100mm	\$7682
150mm	\$17284

*SDF (Sewerage Discharge Factor) is the estimated percentage of volume discharged into the sewer system from total water consumption. The SDF will vary for individual properties.

To give you an idea of your potential charge for the 2004/2005 year, Council has used your water consumption for the 2003/2004 year.

(A) Water Consumption 2002-2003	xxxx kl
(B) SDF estimated for your property	xx%
(C) Usage Charge	78c/kl
 Total usage charge (A x B x C)	 \$xxx.xx
 Access Charge (meter size charge x SDF)	 \$xxx.xx
 Total estimated charge for 2004/05	 ----- \$xxx.xx =====

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July 3-04



PARADE LIGHTER SIDE the bin

OCAL bloke decided he would bake a loaf for a colleague's birthday this week. He was around the house at bedtime and, within 10 minutes left on the oven timer, our friend decided he would do the right thing and had a bedtime story read to him. The bell went off, and he was when everything went horribly wrong. The poor fellow fell asleep and, yes, nearly an hour later woke up with the smell of burnt loaf. He rushed to the oven to survey the damage and found a charred date loaf which resembled a stick. Needless to say it went in the bin!

LOCKED
A CANADIAN friend made a mistake when she went shopping for a new car. She had a list of cars she wanted to see and had to go to a car dealership. She was in the car park when she noticed a sign that said 'LOCKED'. She was confused and asked the attendant what it meant. He told her that the car was locked because she had not paid for it. She was shocked and asked how she could have done that. He told her that she had not realized that the car was on a hire purchase agreement and she had to pay for it. She was embarrassed and asked how she could have done that. He told her that she had not realized that the car was on a hire purchase agreement and she had to pay for it.

NOTE
A quote: "I don't want to be one of those actresses who have a baby-doll hairstyle on their bodies."

Minister queries sewerage fee

By Lisa Gervais

FRANK Sartor has waded into the council's fight with Bathurst Chamber of Commerce Inc. over its new user-pays sewerage scheme. Late yesterday, Mr Sartor's Department of Energy, Utilities and Sustainability indicated that he had queried council about its new charges and is happy with the answer that it has received. The chamber complained to the State Chamber of Commerce, which in turn complained to Sartor's office about the new charge that came into effect on July 1.

Chamber president Lachlan Sullivan has said the sticking point is council charging an access fee based on the size of a business's water meter - in calculating a charge. He argued that a business may have a large water meter, for fire-fighting purposes, but may use very little water and therefore discharge very little water into the sewerage system.

Mr Sullivan believed non-residential customers were being disadvantaged by this method of collecting money. However, a spokeswoman for Mr Sartor said while charging for large connections for firefighting is discouraged by the department, "the council has explained that it doesn't intend to charge customers for fire flows and will deal with this issue on a case-by-case basis".

Mr Sartor said while charging for large connections for firefighting is discouraged by the department, "the council has explained that it doesn't intend to charge customers for fire flows and will deal with this issue on a case-by-case basis".

Council also plans to phase-in the charges for customers facing a large increase in their sewerage bill over a period of three years, the spokeswoman said. "Bathurst Council is planning to charge on a similar basis to other Local Water Utilities, such as Shoalhaven and Eurobodalla, which charge a sewerage access tariff."

charge based on the estimated nominal connection size required for 'normal usage' - not the size that has been installed for fire-fighting purposes."

Bathurst Regional Council is changing its sewerage charges so that they are no longer based on land values and it recently sent out letters to customers explaining the new tariff.

Council has written to each of the 300 non-residential customers facing a large increase in sewerage charges, showing the estimated new sewerage costs under the new tariff.

Car park dilemma: 'We want the best for our customers'

By Brooke Newstead

NO consultation or discussion about council's decision to close 20 car spaces in the IGAMitre 10 car park has left business owners with no other option but to help find solutions.

Ashcroft's Supa IGA owner Tony Mogg has joined the list of Bathurst businesspeople who have offered suggestions to council to help provide the best outcome for users of the car park. Mr Mogg said while he has concerns about the lack of consultation between council and business owners, the decision has been made and the only option now is to think of ways to maximise use of what is left of the car park. The car park currently has a three hour time limit, and one of Mr Mogg's suggestions is to reduce this time limit to just two

increase in monitoring since," he said.

Bathurst Regional Council technical services manager Wayne Sartori said he believes by changing the time limit on parking in the car park, council would be limiting the type of shopper that would consider using it.

"For example, if someone was planning on parking there to go and have a hairdresser's appointment, or if someone was shopping with small children, I just don't think two hours would be enough," Mr Sartori said.

"It may benefit him [Mr Mogg] and his shoppers, but I don't know about the other businesses." Mr Sartori said some people have even suggested council should increase the amount of time people can park in the car park. "One of the biggest issues with

Cattle theft

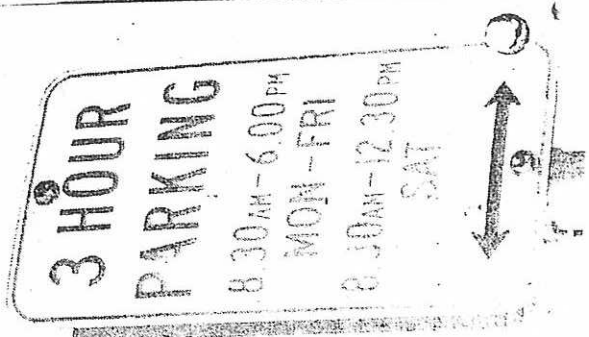
POLICE are investigating the theft of cattle from a Tarana property. The victim told police he went to feed the cattle and they were not there. He returned again a short time later and they were still missing. Inquiries are continuing.

Front door damaged

POLICE were called to a Tyndall Street property after a man maliciously damaged a front door. The offender knocked on the door of the house at 1.10pm on Thursday and asked the occupant for drugs. When she told him they did not sell drugs he became aggressive and kicked the door, damaging it. The man was described as a solid male, Aboriginal in appearance.

Trailer stolen from yard

A BOX trailer was stolen from a Nile Street home. The theft occurred between 8am and 5pm on June 24. The victim told police the trailer and rubbish contained in it were stolen from the front yard.



DIGITAL PRINTS
ON TO PROPER PHOTOGRAPHIC
LONG LIFE PAPER

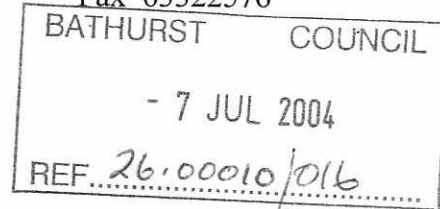
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5/07/2004
3 Toronto St
Bathurst 2795
Ph 0407258882
Fax 63322576



Kath Knowles
Administrator
Bathurst Regional Council

Dear Ms Knowles

As a follow up on our meeting last Friday morning and I thank you for that opportunity.

We hope that we have impressed upon you the effect of the proposed access charge upon our business. What I did fail to tell you, was the amount of that proposed charge is over twenty one thousand dollars per annum, as Council's proposal stood last week.

We sympathise with your position as stated on Friday that Council is obliged to implement an Access Charge as directed by the State Government in order for Council to qualify for certain Government grants. However we do not allow that there is any relationship between the diameter of a water meter, sized to accommodate mandatory fire hose reel systems and the amount of water used on a property or indeed discharged into the sewer system.

That relationship can only be diagnosed by the reading of the *water meter, for which purpose it has been installed.*

The water that may discharged into the sewer system may only be diagnosed by an agreed Sewer Discharge Factor or the installation of water meter for that purpose.

Unfortunately we feel somewhat affronted by Council's public position on the matter to date, especially as Council has chosen to release all information on this matter under the guise, "user pays", which serves only to make the position of any business that would argue against the less obvious part of this proposal (an Access Charge based on Meter size), untenable in the public arena, without having benefit of an exhaustive public education campaign. (not that we would want or have to)

No one would suggest that there should be anything but fairness in the rating system as a whole, however the scheme as proposed merely replaces an equally unfair system where the Sewer Charge was based on land value!

We note in Saturday's Western Advocate since our meeting (3/07/04) that Council may implement a nominal sizing of water meters, taking into account fire systems connected. We appreciate your stated consultative stance in all areas as Council Administrator and so we look forward to liasing with yourself on this matter.

Yours faithfully

Ray Carter

Admin
CFO - R (For Admin)
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to NRM Partnership Agreement and Council will respond.

The Administrator advised that the Heritage Strategy will be considered tonight.

The Administrator advised that a joint Social Plan will be developed. The report tonight is a status on the Bathurst City Council Plan and in the near future a report on the Evans Shire Council Plan will come before Council.

- (9) **John Byrne - Development issue Rockley** advised that the former shire practice was that disputes were referred to Council for determination. A person in Rockley is concerned a matter has been referred to staff for decision and not the Administrator.
- (10) **Craig Lamb - DA 2004/0791, R P Welsh (DPD #11)** advised that people in area erected fences in accordance with covenants, and because of this, there is land that cannot be used. If DA approved will Council pay damages for loss.

The Administrator asked Mr Lamb to provide details in writing so a response can be prepared.

- (11) **Ray Carter - Access Charge Sewer (CFO #10)** - advised that the Access fee is a major impact on business. The report includes comments from Department of Energy and people effected and asked the following:
1. Will Council sideline proposals. Refer department concerning a reasonable strategy.
 2. Will Council sideline use of nominal meter size as recommended by the Department.
 3. What does Council mean by recommendation (e) concerning nominal sizing.
 4. What is the access charge proposed by Council, is it water or sewer access charge. Needs to be explained.
 5. Will Council by choosing to sideline the guidelines, maintain its eligibility under the country towns water-assist scheme.
 6. Council considered this matter in November last year on user pays. the Access charge is not user pays and is not in accordance with Government Guidelines. A meeting was held then in February which Mr Carter was unable to attend. However, no further

This is page 4 of Minutes (Minute Book Folio 9280) of the Ordinary Meeting of Council held on 17 July 2004.

General Manager

Administrator

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consultation with business has occurred since then. Mr Carter tabled his questions.

The Administrator advised that a response would be prepared. It was noted Council was liaising with affected commercial operators as detailed in the report.

APOLOGIES

Nil

MINUTES

- 1 **Item 1 MINUTES OF THE ORDINARY MEETING OF BATHURST REGIONAL COUNCIL HELD ON WEDNESDAY 16 JUNE 2004 (11.00005)**
MOVED: Administrator K Knowles

RESOLVED: That the Minutes of the Ordinary Meeting of Bathurst Regional Council held on Wednesday, 16 June 2004, be confirmed.

- 2 **Item 2 MINUTES OF THE EXTRAORDINARY MEETING OF BATHURST REGIONAL COUNCIL HELD ON WEDNESDAY 23 JUNE 2004 (11.00005)**
MOVED: Administrator K Knowles

RESOLVED: That the Minutes of the Extraordinary Meeting of Bathurst Regional Council held on Wednesday, 23 June 2004, be confirmed.

DECLARATION OF INTEREST

- 3 **DECLARATION OF INTEREST**
MOVED: Administrator K Knowles

RESOLVED: That the Declaration of Interest be noted.

This is page 5 of Minutes (Minute Book Folio 9281) of the Ordinary Meeting of Council held on 17 July 2004.

General Manager

Administrator

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MOVED: Administrator K Knowles

RESOLVED: That Council amend its Revenue Policy for 2004/2005 to include the amended fees and charges in the Planning and Development section.

44 Item 9 ADDITIONAL COUNCIL PENSIONER REBATE ON WATER AND SEWER RATES AND CHARGES (16.00016)

MOVED: Administrator K Knowles

RESOLVED: That Council extend the policy of the former Bathurst City Council previously known as Policy number 61 and 61.1 and titled "Rates-Accumulation of Rates by Aged Pensioners and Rebates" to the residents of the former Evans Shire Council.

45 Item 10 USER PAYS BEST PRACTICE SEWER CHARGES (26.00010)

MOVED: Administrator K Knowles

RESOLVED: That Council:

- (a) Engineering Staff be made available to provide on-site preliminary assessment and consultation;
- (b) That Finance Staff be made available to explain the principles of best-practice pricing;
- (c) That Council provides a Hydraulic Engineer in the first year of best-practice sewer pricing to assess requests for downsizing and rationalizing of meters;
- (d) That the cost of downsizing or removing meters be met by Council;
- (e) That nominal sizing of meters is not used for calculating access charges due to the common practice of using fire hose reels;
- (f) That no community service obligation be provided for non-rateable properties as most of these are state government bodies (e.g. schools, hospitals) and by doing so it will re-introduce cross-subsidies that will result in Council not meeting the Best Practice Guidelines;
- (g) That if it is determined by the Chief Financial Officer that the increase in sewer prices (including trade waste fees) is substantial and would create

This is page 18 of Minutes (Minute Book Folio 9294) of the Ordinary Meeting of Council held on 17 July 2004.

General Manager

Administrator

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financial pressures, an agreement may be entered into to introduce the charges over a three year period. This will be done by individual application.

- (h) carry out a review of Sewerage Discharge Factors. This review will be carried out on request by Council's Engineering Department provided that sufficient information is given to warrant that review. In the first year of best-practice sewer pricing any adjustment will be effective from 1 July 2004. Reviews requested in following years that result in an adjustment from the date of receipt of the initial request.

REPORTS OF OTHER COMMITTEES

TRAFFIC COMMITTEE MEETING

- 46 Item 1 REPORT OF THE TRAFFIC COMMITTEE MEETING HELD ON 6 JULY 2004 (07.00006)
MOVED: Administrator K Knowles

RESOLVED: That the report of the Traffic Committee Meeting held on 6 July 2004 be adopted.

TRAFFIC GENERATING ADVISORY COMMITTEE MEETING

- 47 Item 1 REPORT OF THE TRAFFIC GENERATING DEVELOPMENT ADVISORY COMMITTEE MEETING HELD ON 6 JULY 2004 (07.00006)
MOVED: Administrator K Knowles

RESOLVED: That the report of the Traffic Generating Development Advisory Committee Meeting held on 6 July 2004 be adopted.

POLICY COMMITTEE MEETING

- 48 Item 1 REPORT OF THE POLICY COMMITTEE MEETING HELD ON WEDNESDAY, 7 JULY 2004 (07.00064)
MOVED: Administrator K Knowles

This is page 19 of Minutes (Minute Book Folio 9295) of the Ordinary Meeting of Council held on 17 July 2004.

General Manager

Administrator

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Madam Administrator

PRESENTED
COUNCIL MEET
21-07-04

21-7-04

Bathurst Regional Council - questions from Ray Carter
3 Toronto St Kelso

- Will Council choose to ^{sideline} ignore the recommended strategies from the Dept of Energy Utilities & Sustainability 27th Feb 04? that is a "reasonable approach" based on connection size required for water supply and allow nil or moderate increase over this charge for the provision of the fire fighting capacity?!
- Will Council choose to ^{sideline} ignore the use of nominal meter size based on normal usage as recommended by the State pot.?
- P14 What does Council mean by Recommendation C.
e. ^{Answer} The water from a hose reel is metered, paid for water. What has this to do with Council not using the "nominal sizes" of water meters for calculating the Access Charge?
- What is the "Access Charge" proposed by Council. Is it a Water Access charge or a Sewer Access charge. If it is a ^{combination} ~~combination~~ of both by Council it should ~~still~~ be properly explained or OK by the State Gov.
- Will Council by choosing to ^{sideline} ignore the guidelines, maintain its eligibility for assistance under the CTWS&S program?
- Council had a meeting on this matter in Nov 03. In Feb it received recommendations from DEUS. yet no more ~~cost~~ consultation was invited. Why!

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It should be remembered that the initial modelling was conducted on a revenue neutral basis. This means that the anticipated income was the same as that derived from 2003-2004 sewer rates and charges. These were used for estimates in the 2004-2005 budget. Any reductions or subsidies now granted will reduce Council's income.

The following recommended strategies from the Department of Energy, Utilities and Sustainability (DEUS) released on 27 February 2004 were:

- Phase in the increases for such customers over five years
- Downsize the connection size for customers with an oversized connection provided standards are met.
- Base sewerage access charges on the peak load the discharger places on the sewerage system. Such dischargers should therefore have the option of providing for Council's consideration, an expert report to establish the peak load (in equivalent tenements (ETs)) their operations place on the sewerage system. In the absence of such a report, the Council can determine the access charge on the basis of the square of the service connection size times the discharge factor. This is the method adopted by Council.
- Assist large water users to use water and sewerage services more efficiently and reduce their demands
- Adopt appropriate measures to deal with any hardship cases
- Where a large connection size is required for fire fighting purposes a reasonable approach would be to apply a charge based on the connection size required for water supply and to allow nil or a moderate increase over this charge for provision of the fire fighting capacity.
- If Council proposes to provide a community service obligation to non-rateable properties (e.g. schools, hospitals, churches etc) it should only be applied to reduce the access charges. This will provide an appropriate pricing signal for water usage and sewage discharge to encourage efficient use of the services

ET's
see Q1

reasonable
approach
see Q2

The modelling presented to Council did not take into account revenue from trade waste fees or Section 64 developer charges. Best-Practice principles were chosen by Council as the alternative to the current rating system.

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- Downsize the connection size for customers with an oversized connection provided standards are met.
- Base sewerage access charges on the peak load the discharger places on the sewerage system. Such dischargers should therefore have the option of providing for Council's consideration, an expert report to establish the peak load (in equivalent tenements (ETs)) their operations place on the sewerage system. In the absence of such a report, the Council can determine the access charge on the basis of the square of the service connection size times the discharge factor. This is the method adopted by Council.
- Assist large water users to use water and sewerage services more efficiently and reduce their demands
- Adopt appropriate measures to deal with any hardship cases
- Where a large connection size is required for fire fighting purposes a reasonable approach would be to apply a charge based on the connection size required for water supply and to allow nil or a moderate increase over this charge for provision of the fire fighting capacity.
- If Council proposes to provide a community service obligation to non-rateable properties (e.g. schools, hospitals, churches etc) it should only be applied to reduce the access charges. This will provide an appropriate pricing signal for water usage and sewage discharge to encourage efficient use of the services

The modelling presented to Council did not take into account revenue from trade waste fees or Section 64 developer charges. Best -Practice principles were chosen by Council as the alternative to the current rating system.

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		is assessed as significant and causing hardship. No proposed community service obligation reduction
12	Substantial impact on pre-set budget large increase. SDF review.	Review SDF. 3 year agreement to phase in charges is assessed as significant and causing hardship. No proposed community service obligation reduction
13	Already paying a volumetric charge in trade waste fees. Review of SDF. Request to remove redundant meter	Review SDF. Hydraulic Engineers Report determines if meter can be removed. Provide a full report for review of current Policy for discharge of Liquid Trade Waste to the Wastewater system.
14	40 mm meter only required for fire fighting and feels charge unfair based on this. Request for a SDF review.	Review SDF. No proposed policy on nominal meter sizes. Option to provide expert report on ET equivalent.
15	Request to remove water hydrant at property.	Hydraulic Engineers Report determines if meter can be removed.
16	Feels no relationship between the diameter of the meter and the amount of water used or discharged into sewer. Objects to the term "user-pay" when there is an access charge. Feels system as unfair as charges based on land value. Mentions nominal sizing of meters.	Explain that the new system is termed "Best-Practice" by the state government. Policy direction determined for implementation of sewer charges. Each property may require individual assessment (SDF review, option to provide expert report on ET equivalent and hydraulic engineers assessment for downsizing and rationalisation of meters.

It should be remembered that the initial modelling was conducted on a revenue neutral basis. This means that the anticipated income was the same as that derived from 2003-2004 sewer rates and charges. These were used for estimates in the 2004-2005 budget. Any reductions or subsidies now granted will reduce Council's income.

The following recommended strategies from the Department of Energy, Utilities and Sustainability (DEUS) released on 27 February 2004 were:

- Phase in the increases for such customers over five years

	<p>fire hose reel. Claims that if fire hose reel used it would not be discharged into the sewer.</p> <p>Customer feels nominal size meter or nominal SDF is the solution</p>	<p>on ET equivalent.</p>
4	<p>Review of SDF and downsize request – customer points out that meter is larger than similar development recently approved</p>	<p>Review SDF. Hydraulic Engineers Report to confirm downsize request. Cost of downsize worn by customer and fees adjusted accordingly. Option to provide expert report on ET equivalent.</p>
5	<p>Substantial impact on pre-set budget – large increase. SDF review. Council needs to reconsider to better reflect a 'user pay' system</p>	<p>Review SDF. 3 year agreement to phase in charges is assessed as significant and causing hardship. No proposed community service obligation reduction</p>
6	<p>Will place extreme pressure on management which is principally for the benefit of the wider community. Review of SDF requested.</p>	<p>Review SDF. No proposed community service obligation reduction.</p>
7	<p>Unfair to charge by meter size. Almost all of the charge is access. (Property 1 -Charges \$1875.87 , only \$51.87 usage) (Property 2 - Charges \$747.65 , no usage)</p>	<p>Hydraulic Engineer to analyse if meter size is appropriate. Cost of downsize worn by customer and fees adjusted accordingly. Option to provide expert report on ET equivalent.</p>
8	<p>Review of SDF requested. Request to be implement over two years</p>	<p>Review SDF. 3 year agreement to phase in charges is assessed as significant and causing hardship.</p>
9	<p>Downsize request or use of nominal meter</p>	<p>Hydraulic Engineers Report to confirm downsize request. Cost of downsize worn by customer and fees adjusted accordingly</p>
10	<p>Explanation sought on SDF calculation</p>	<p>Site visit by Engineer to explain and review SDF. Option to provide expert report on ET equivalent.</p>
11	<p>Large meter for fire-fighting maybe. Non-profit and large increase</p>	<p>Hydraulic Engineers Report determines if meter can be downsized. Cost of downsize worn by customer and fees adjusted accordingly. 3 year agreement to phase in charges</p>

Non-Residential Customers

- The State Government guidelines are explained and the reasons why Council is implementing this change.
- It is explained that the sewerage discharge factor is a calculated estimate done by engineers. If the customer feels that the discharge factor is incorrect then they have been asked to put their objection in writing and state their case and recommendation for a new one.
- It is also explained that access fees are based on meter sizes. This access charge reflects the load that can be placed on the sewer system. This is due to the fact that sewer systems must be designed to cater for the capability of the corresponding water supply system. Customers have been advised that water connections may be down-sized or removed for multiple connections; however this would require a report from a hydraulic engineer to ensure that the connection is still satisfactory for the type of property. Indicative prices for the downsizing are provided. Prices have been provided by Council's Engineering Department
- For those properties that have significant increases it is explained that Council is considering phasing in these charges over a probable period of 3 years. Again a request is asked for in writing so that all submissions can be considered and a policy direction taken.
- Written submissions are requested and encouraged.

Residential Customers

The same process as above is followed. Very few enquiries have been received from residential customers. Any received have mostly been a lead on from a non-residential owner who also has a home in Bathurst. No complaints or issues have been expressed from this group or any correspondence received.

At the date of writing this report the following has occurred:

<u>Type</u>	<u>Number</u>
Written submissions/letters	16
Arranged meetings at Council Office	9

A summary of the 16 written submissions are:

	<u>Objections</u>	<u>Possible Solution under proposed policy</u>
1	Review of SDF requested and category	Confirm residential status - uniform annual charge would then apply
2	Access charges based on meter sizes where there is a requirement for hose reels - small/medium sized industrial penalized. A review of SDF requested.	Review SDF. No proposed policy on nominal meter sizes. Option to provide expert report on ET equivalent.
3	Access charge based on meter sizes where there is nominal water use (range 0-92 kl/quarter), only reason for large meter is	No proposed policy on nominal meter sizes or nominal SDF. Option to provide expert report

32mm	787
40mm	1229
50mm	1920
65mm	3245
80mm	4916
100mm	7682
150mm	17284

*Applies also to non-residential strata properties not separately metered

Sewer Usage Charge

That the charge for non-residential and multiple residential properties be 78 cents per kilolitre of filtered water supplied multiplied by a sewerage discharge factor.

On 3 June 2004 letters were sent to a number of non-residential/multiple occupancy properties. These properties were identified as those that would experience an increase of greater than \$100 from the previous years if the above charges were resolved by Council Water consumption from the 2002-2003 year was used to provide usage charge estimates. This was the most recent full year data available at the time.

Letters issued were divided into two groups:

	<u>Number</u>
1) Those with increases greater than \$5000 per annum	35
2) Those with increases greater than \$100 but less than \$5000 per annum	273

The numbers of rate assessments that are subject to sewer charges are:

· Non-Residential/Multiple Occupancy	1270
· Residential	10723

Since the issue of these letters, various media releases and articles, telephone and counter enquires have been taken by Council staff. The usual process in handling these enquiries is to explain why best-practice pricing has been implemented and of how it works.

The normal course of an enquiry is as follows:

10 USER PAYS BEST PRACTICE SEWER CHARGES (26.00010) - Item prepared by Toni Dwyer

Recommendation: That Council:

- (a) Engineering Staff be made available to provide on-site preliminary assessment and consultation;
- (b) That Finance Staff be made available to explain the principles of best-practice pricing;
- (c) That Council provides a Hydraulic Engineer in the first year of best-practice sewer pricing to assess requests for downsizing and rationalizing of meters;
- (d) That the cost of downsizing or removing meters be met by Council;
- (e) That nominal sizing of meters is not used for calculating access charges due to the common practice of using fire hose reels;
- (f) That no community service obligation be provided for non-rateable properties as most of these are state government bodies (e.g. schools, hospitals) and by doing so it will re-introduce cross-subsidies that will result in Council not meeting the Best Practice Guidelines;
- (g) That if it is determined by the Chief Financial Officer that the increase in sewer prices (including trade waste fees) is substantial and would create financial pressures, an agreement may be entered into to introduce the charges over a three year period. This will be done by individual application.
- (h) carry out a review of Sewerage Discharge Factors. This review will be carried out on request by Council's Engineering Department provided that sufficient information is given to warrant that review. In the first year of best-practice sewer pricing any adjustment will be effective from 1 July 2004. Reviews requested in following years that result in an adjustment from the date of receipt of the initial request.

Report: At Council's meeting held on 23 June 2004, Council resolved to amend its sewer rates and charges for 2004/2005. The charges formally resolved are:

Annual Residential Sewer Charge

That the annual charge for single residential (includes residential strata's) and unmetered properties be \$350.30.

Annual Vacant Land Sewer Charge

That the annual charge for vacant land be \$184.40.

Annual Sewer Access Charge

That the annual access charges for non-residential and multiple residential properties are to be the total of the metered charges applicable to the property as shown in the table below multiplied by a sewerage discharge factor.

<u>Size of Water Connection</u>	<u>\$</u>
20mm*	307
25mm	480

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45 Item 10 USER PAYS BEST PRACTICE SEWER CHARGES (26.00010)
MOVED: Administrator K Knowles

RESOLVED: That Council:

- (a) Engineering Staff be made available to provide on-site preliminary assessment and consultation;
- (b) That Finance Staff be made available to explain the principles of best-practice pricing;
- (c) That Council provides a Hydraulic Engineer in the first year of best-practice sewer pricing to assess requests for downsizing and rationalizing of meters;
- (d) That the cost of downsizing or removing meters be met by Council;
- (e) That nominal sizing of meters is not used for calculating access charges due to the common practice of using fire hose reels;
- (f) That no community service obligation be provided for non-rateable properties as most of these are state government bodies (e.g. schools, hospitals) and by doing so it will re-introduce cross-subsidies that will result in Council not meeting the Best Practice Guidelines;
- (g) That if it is determined by the Chief Financial Officer that the increase in sewer prices (including trade waste fees) is substantial and would create financial pressures, an agreement may be entered into to introduce the charges over a three year period. This will be done by individual application.
- (h) carry out a review of Sewerage Discharge Factors. This review will be carried out on request by Council's Engineering Department provided that sufficient information is given to warrant that review. In the first year of best-practice sewer pricing any adjustment will be effective from 1 July 2004. Reviews requested in following years that result in an adjustment from the date of receipt of the initial request.

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32mm	787
40mm	1229
50mm	1920
65mm	3245
80mm	4916
100mm	7682
150mm	17284

*Applies also to non-residential strata properties not separately metered

Sewer Usage Charge

That the charge for non-residential and multiple residential properties be 78 cents per kilolitre of filtered water supplied multiplied by a sewerage discharge factor.

On 3 June 2004 letters were sent to a number of non-residential/multiple occupancy properties. These properties were identified as those that would experience an increase of greater than \$100 from the previous years if the above charges were resolved by Council Water consumption from the 2002-2003 year was used to provide usage charge estimates. This was the most recent full year data available at the time.

Letters issued were divided into two groups:

	<u>Number</u>
1) Those with increases greater than \$5000 per annum	35
2) Those with increases greater than \$100 but less than \$5000 per annum	273

The numbers of rate assessments that are subject to sewer charges are:

· Non-Residential/Multiple Occupancy	1270
· Residential	10723

Since the issue of these letters, various media releases and articles, telephone and counter enquires have been taken by Council staff. The usual process in handling these enquiries is to explain why best-practice pricing has been implemented and of how it works.

The normal course of an enquiry is as follows:

Non-Residential Customers

- The State Government guidelines are explained and the reasons why Council is implementing this change.
- It is explained that the sewerage discharge factor is a calculated estimate done by engineers. If the customer feels that the discharge factor is incorrect then they have been asked to put their objection in writing and state their case and recommendation for a new one.
- It is also explained that access fees are based on meter sizes. This access charge reflects the load that can be placed on the sewer system. This is due to the fact that sewer systems must be designed to cater for the capability of the corresponding water supply system. Customers have been advised that water connections may be down-sized or removed for multiple connections; however this would require a report from a hydraulic engineer to ensure that the connection is still satisfactory for the type of property. Indicative prices for the downsizing are provided. Prices have been provided by Council's Engineering Department
- For those properties that have significant increases it is explained that Council is considering phasing in these charges over a probable period of 3 years. Again a request is asked for in writing so that all submissions can be considered and a policy direction taken.
- Written submissions are requested and encouraged.

Residential Customers

The same process as above is followed. Very few enquiries have been received from residential customers. Any received have mostly been a lead on from a non-residential owner who also has a home in Bathurst. No complaints or issues have been expressed from this group or any correspondence received.

At the date of writing this report the following has occurred:

<u>Type</u>	<u>Number</u>
Written submissions/letters	16
Arranged meetings at Council Office	9

A summary of the 16 written submissions are:

	Objections	Possible Solution under proposed policy
1	Review of SDF requested and category	Confirm residential status - uniform annual charge would then apply
2	Access charges based on meter sizes where there is a requirement for hose reels - small/medium sized industrial penalized. A review of SDF requested.	Review SDF. No proposed policy on nominal meter sizes. Option to provide expert report on ET equivalent.
3	Access charge based on meter sizes where there is nominal water use (range 0-92 kl/quarter), only reason for large meter is	No proposed policy on nominal meter sizes or nominal SDF. Option to provide expert report

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	fire hose reel. Claims that if fire hose reel used it would not be discharged into the sewer. Customer feels nominal size meter or nominal SDF is the solution	on ET equivalent.
4	Review of SDF and downsize request - customer points out that meter is larger than similar development recently approved	Review SDF. Hydraulic Engineers Report to confirm downsize request. Cost of downsize worn by customer and fees adjusted accordingly. Option to provide expert report on ET equivalent.
5	Substantial impact on pre-set budget - large increase. SDF review. Council needs to reconsider to better reflect a 'user pay' system	Review SDF. 3 year agreement to phase in charges is assessed as significant and causing hardship. No proposed community service obligation reduction
6	Will place extreme pressure on management which is principally for the benefit of the wider community. Review of SDF requested.	Review SDF. No proposed community service obligation reduction.
7	Unfair to charge by meter size. Almost all of the charge is access. (Property 1 -Charges \$1875.87 , only \$51.87 usage) (Property 2 - Charges \$747.65 , no usage)	Hydraulic Engineer to analyse if meter size is appropriate. Cost of downsize worn by customer and fees adjusted accordingly. Option to provide expert report on ET equivalent.
8	Review of SDF requested. Request to be implement over two years	Review SDF. 3 year agreement to phase in charges is assessed as significant and causing hardship.
9	Downsize request or use of nominal meter	Hydraulic Engineers Report to confirm downsize request. Cost of downsize worn by customer and fees adjusted accordingly
10	Explanation sought on SDF calculation	Site visit by Engineer to explain and review SDF. Option to provide expert report on ET equivalent.
11	Large meter for fire-fighting maybe. Non-profit and large increase	Hydraulic Engineers Report determines if meter can be downsized. Cost of downsize worn by customer and fees adjusted accordingly. 3 year agreement to phase in charges

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		is assessed as significant and causing hardship. No proposed community service obligation reduction
12	Substantial impact on pre-set budget large increase. SDF review.	Review SDF. 3 year agreement to phase in charges is assessed as significant and causing hardship. No proposed community service obligation reduction
13	Already paying a volumetric charge in trade waste fees. Review of SDF. Request to remove redundant meter	Review SDF. Hydraulic Engineers Report determines if meter can be removed. Provide a full report for review of current Policy for discharge of Liquid Trade Waste to the Wastewater system.
14	40 mm meter only required for fire fighting and feels charge unfair based on this. Request for a SDF review.	Review SDF. No proposed policy on nominal meter sizes. Option to provide expert report on ET equivalent.
15	Request to remove water hydrant at property.	Hydraulic Engineers Report determines if meter can be removed.
16	Feels no relationship between the diameter of the meter and the amount of water used or discharged into sewer. Objects to the term "user-pay" when there is an access charge. Feels system as unfair as charges based on land value. Mentions nominal sizing of meters.	Explain that the new system is termed "Best-Practice" by the state government. Policy direction determined for implementation of sewer charges. Each property may require individual assessment (SDF review, option to provide expert report on ET equivalent and hydraulic engineers assessment for downsizing and rationalisation of meters.

It should be remembered that the initial modelling was conducted on a revenue neutral basis. This means that the anticipated income was the same as that derived from 2003-2004 sewer rates and charges. These were used for estimates in the 2004-2005 budget. Any reductions or subsidies now granted will reduce Council's income.

The following recommended strategies from the Department of Energy, Utilities and Sustainability (DEUS) released on 27 February 2004 were:

- Phase in the increases for such customers over five years

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Financial Implications

As modelling was completed on a revenue neutral basis any downward adjustments from reviews of Sewerage Discharge Factors or meter size changes will reduce Council's budgeted income for 2004-2005. The budgeted income for 2004-2005 for sewer charges was the same as the actual income for 2003-2004 rates.

Yours faithfully

R Roach
CHIEF FINANCIAL OFFICER

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City Administrative Centre
Bridge Road (PO Box 42), Nowra NSW Australia 2541 - DX 5323 Nowra
Phone: (02) 4429 3111 - Fax: (02) 4422 1816

Southern District Office
Deering Street, Ulladulla - Phone: (02) 4429 8999 - Fax: (02) 4429 8939

Email: council@shoalhaven.nsw.gov.au

Website: www.shoalhaven.nsw.gov.au

For more information contact the Shoalhaven Water Group

DOWN SIZE, DISCONNECT OR NOMINAL SIZING OF WATER METER SERVICES

Policy Number: POL07/57 • Adopted: 23/02/2004 • Amended: 23/11/2004, 27/06/2006 • Minute Number: MIN04.231, MIN04.1503, MIN06.851 • File: ~~28864-02~~ • Produced By: Shoalhaven Water Group • Review Date: 30/06/2008

1. PURPOSE

The purpose of this Council Policy and Internal Process is to provide guidance on managing applications to down size, upsize, disconnect or nominal sizing of water meter service connections.

2. STATEMENT

The introduction of Best Practice Pricing contains as a key element of the pricing structure for the Water and Wastewater Availability Charge, a cost based on the size of the water meter service connection.

Council at its meeting 27th June, 2006 considered it appropriate to provide customers with the option of being able to down size the water meter service connection in order to reduce the price impact of the availability charges. There may also be a future need to upsize connections which have previously been approved for downsize. Limited costs for application of this initiative will be considered by Council at the level outlined in paragraph 3. The downsize of the water meter service connection is not an automatic option and must be considered in light of the need to provide appropriate water supply services to the premises.

2.1. Scope

This policy applies to all service connections including CSO.

2.2. Abbreviations/Acronyms

CSO – Community Service Obligation

DA – Development Application

BCA – Building Code of Australia

2.3. Definitions

Engineer – Person with appropriate qualifications in the Engineering field and eligible for membership with the Institute of Engineers Australia.

Certificate of Compliance – Statement from the Water Supply Authority certifying that all Water and Sewerage requirements for a development have been fully satisfied under the Water Management Act.

Single Dwelling – a property of not more than 1 building eg does not contain dual occupancy, strata or granny flat.

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It should be remembered that the initial modelling was conducted on a revenue neutral basis. This means that the anticipated income was the same as that derived from 2003-2004 sewer rates and charges. These were used for estimates in the 2004-2005 budget. Any reductions or subsidies now granted will reduce Council's income.

The following recommended strategies from the Department of Energy, Utilities and Sustainability (DEUS) released on 27 February 2004 were:

- Phase in the increases for such customers over five years
- Downsize the connection size for customers with an oversized connection provided standards are met.
- Base sewerage access charges on the peak load the discharger places on the sewerage system. Such dischargers should therefore have the option of providing for Council's consideration, an expert report to establish the peak load (in equivalent tenements (ETs)) their operations place on the sewerage system. In the absence of such a report, the Council can determine the access charge on the basis of the square of the service connection size times the discharge factor. This is the method adopted by Council.
- Assist large water users to use water and sewerage services more efficiently and reduce their demands
- Adopt appropriate measures to deal with any hardship cases
- Where a large connection size is required for fire fighting purposes a reasonable approach would be to apply a charge based on the connection size required for water supply and to allow nil or a moderate increase over this charge for provision of the fire fighting capacity.
- If Council proposes to provide a community service obligation to non-rateable properties (e.g. schools, hospitals, churches etc) it should only be applied to reduce the access charges. This will provide an appropriate pricing signal for water usage and sewage discharge to encourage efficient use of the services

ET's
see Q1

reasonable
approach
see Q2

The modelling presented to Council did not take into account revenue from trade waste fees or Section 64 developer charges. Best-Practice principles were chosen by Council as the alternative to the current rating system.

Chief Financial Officer's Report to the Council Meeting, 21/07/2004.

GENERAL MANAGER

ADMINISTRATOR

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