

112

36



NEW SOUTH WALES

MINISTER FOR ENERGY AND UTILITIES  
MINISTER FOR SCIENCE AND MEDICAL RESEARCH  
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)  
MINISTER ASSISTING THE PREMIER ON THE ARTS

DEUS Ref: 05/1077

Councillor Norm Mann  
Mayor  
Bathurst Regional Council  
Private Mail Bag 17  
BATHURST NSW 2795

5 JUL 2005  
BATHURST REGIONAL COUNCIL  
- 8 JUL 2005  
REF. 26.00010-02/036

Dear Councillor Mann

Further to my letter of 11 November 2004 regarding the introduction of best-practice sewerage pricing by Bathurst Regional Council, I wish to reiterate my broad support for Council's adoption of such tariffs. It is often a difficult process as cross-subsidies are removed and some non-residential customers inevitably face higher sewerage bills.

I am advised that the issue of sewerage access charges for non-residential customers with water supply connections sized for fire flow requirements was recently discussed by the Department of Energy, Utilities and Sustainability's Mr Sam Samra and Council's Mr Bob Roach. I understand Council would be willing to consider developing a rebate scheme for the few non-residential customers with such connections, provided the customer can demonstrate conclusively no water use has occurred through either the fire hose reel or hydrant in the relevant billing period. I applaud the introduction of such a rebate scheme as it will help to ensure the new sewerage pricing structure will be as fair as possible.

I have attached for your information my response to a recent letter I received from Mr Ray Carter and Mr Lachlan Sullivan concerning non-residential sewerage access charges. I trust such a fair and transparent rebate scheme can be developed to assist the Bathurst business sector.

Thank you for your efforts and consideration in this matter.

Yours sincerely

Frank Sartor

DCSE  
Mayor  
G.M.  
DES  
ES  
RD.

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3 Toronto Street  
BATHURST NSW 2795

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Dear Mr Carter and Mr Sullivan

I refer to your letter of 17 May 2005 regarding the implementation of best-practice sewerage pricing by Bathurst Regional Council.

I note your letter refers to the use of fire hose reels for washing down hard surfaces at your premises. This is certainly not sound practice and I would strongly recommend that you cease such use of fire hose reels. However, while this practice continues, Bathurst Regional Council is correct in applying the full sewerage access charge. Hose reels deliver significant peak loads on both the water supply and sewerage systems. The suggestion in your correspondence that such loads may be transferred to the stormwater system is a matter of concern, as any pollutants entering the stormwater system are likely to be discharged to the environment untreated. Under such circumstances, I fully support the full sewerage access charge being levied by Council together with any relevant liquid trade waste charges.

However, I agree that businesses that do not use their fire hose reels should not be charged the full sewerage access charge. Following receipt of your letter, the Department of Energy, Utilities and Sustainability has again spoken with Bathurst Regional Council officers regarding Council's implementation of sewerage pricing. It was agreed that Council would be willing to consider developing a rebate scheme for businesses with a connection sized for fire flows. For such a business which can demonstrate conclusively that no water was used through its fire hose reel or hydrant in a particular billing period, Council would grant an appropriate rebate towards the business's sewerage access charge for that billing period.

Accordingly, I would encourage you to approach Bathurst Regional Council regarding development of a fair and transparent rebate scheme for businesses.

Thank you for bringing this matter to my attention.

Yours sincerely

Frank Sartor

Level 31, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000  
Telephone: (02) 9228 4700 Facsimile: (02) 9228 4711 Email: office@sartor.minister.nsw.gov.au

102



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Frank Sartor

DCSP  
Mayor  
G.M.  
DES  
ES DS RD.

105

A                    \$5,142,542.63 ("Notional" Sewer Rating Revenue) 2003-2004

B.                    How done

Council splits revenue between:

1. Access Charges = Remainder - \$2,645,432.63
2. Usage Charges = (OMA Sewer Performance Report Cost per property x number properties occupied)  
48.56% of total revenue = \$2,497,110

C.                    Council calculates a usage charge/kl

Total usage charges \$2,497,100/total transported through system  
(Annual Sewerage Report) 3,196,000 = 78c/kilolitre

D                    Council calculates Access Charges - based on number and size  
of meters to yield \$2,645,432.63 (see Worksheet attached)  
Then this determines mix. Res: Non-Residential – After charges  
are developed – requires SDF for all properties. Residential SDF  
– average.

## MEMORANDUM

TO: CR McGILCHRIST  
FROM: GENERAL MANAGER  
DATE: 20 JULY 2005  
SUBJECT: **USER PAYS SEWER**  
FILE: DS:WB:26.00010

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Janice,

I refer to our discussions concerning User Pays Sewer charging and the re-visiting of this issue during 2005/06.

Attached is a "draft" flow chart showing a basic decision-making process which needs to be followed when undertaking this process. Could you please review and let me have any comments as it may be a good starting point when we next visit this issue.



D J Sherley  
**GENERAL MANAGER**

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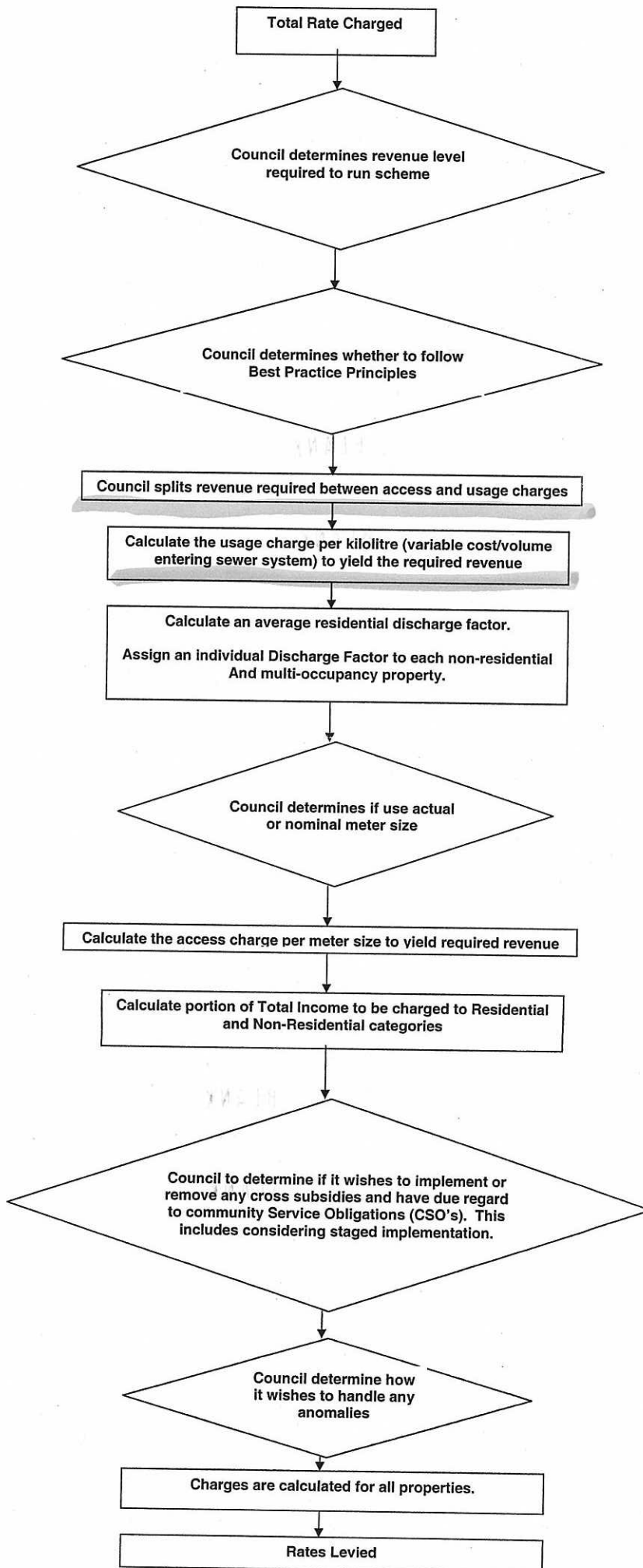
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# SEWERAGE CHARGES

DA

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B

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26.00010-02/038

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Telephone 02 6333 6111

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council@bathurst.nsw.gov.au

www.bathurst.nsw.gov.au

28 July 2005

The Hon. Frank Sartor  
Minister for Energy and Utilities  
Level 31, Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Minister

**Best-Practice Sewerage Pricing**

Thank you for your letter received by Council on 8 July 2005, in relation to sewerage access charges for non-residential customers.

The contents of your letter have been noted and Council will consider this matter later in the year as part of its annual review of user pays pricing for both water and sewerage services within the Bathurst Regional Council area.

Yours faithfully

Norm Mann  
MAYOR

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26.00010-02/042

# BATHURST REGIONAL COUNCIL



Civic Centre Telephone 02 6333 6111  
Cnr Russell & William Sts Facsimile 02 6331 7211  
Private Mail Bag 17 council@bathurst.nsw.gov.au  
Bathurst NSW 2795 www.bathurst.nsw.gov.au

20 September 2005

Mr Ray Carter  
Carter Bros Engineering Pty Ltd  
3 Toronto Street  
BATHURST NSW 2795

Dear Mr Carter

### SDF and Meter Downsizing

I refer to your letter dated 11 September 2005 in regards to the above, and note the numerous previous items of correspondence in regards to this matter.

Council also acknowledges the return of Council's works request advice letter originally dated 5 April 2005 (now attached to your letter dated 11 September 2005), in regards to the downsizings that have been identified as possible by Council's consulting engineer. Council notes the addition of the word "some" prior to recommendations, but is unclear as to which downsizings you wish Council to progress and which you do not. Please advise Council clearly which downsizings you wish to have carried out.

Address	Existing water meter size	Downsize to new meter size	Signature authorizing work to proceed
9 Adrienne Street	50mm	32mm	
11 Adrienne Street	40mm	32mm	
13 Adrienne Street	40mm	32mm	
15 Adrienne Street	40mm	32mm	
2 Littlebourne Street	40mm	25mm	
6 Littlebourne Street	50mm	32mm	
10 Littlebourne Street	40mm	32mm	
5 Zagreb Street	80mm	40mm	

Reference: RD:MO: ~~163336290~~ 26.00010-02/042  
Enquiries: Mr Russell Deans 02 63336290

RD 20/9/05  
at 22/9

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Mr Ray Carter  
Carter Bros Engineering Pty Ltd  
20 September 2005

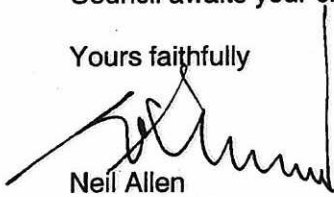
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In regards to the sewer discharge factors (SDF), Council has adopted a number of categories, rather than individual percentages for each property. In your case, the applicable categories are 95%, 75%, and 50%. Council staff have individually inspected each of the properties with you and have taken photographs and notes regarding the potential use of water which cannot return to the sewer. This information along with water meter consumption history and aerial photography is used to determine the closest category SDF to be adopted for a particular property. Council stands by the adopted SDFs in the letter to you dated 5 April 2005.

In regards to your contention about the inclusion of fire hose reels in the overall water meter size which is used to determine the access charge, your specific concerns have been noted and were considered and debated by Council during the preparation of the current Management Plan. Council's resolution of this particular matter at the extraordinary meeting held on 22 June 2005 was "That Council not amend its Management Plan for 2005/2006 in respect of the sewer access charges and in particular the hydraulic report received by the Bathurst Chamber of Commerce's consultant, Mr John Humphries."

Council awaits your clear response to the option of downsizing as detailed above.

Yours faithfully



Neil Allen  
**DIRECTOR**  
**ENGINEERING SERVICES**

117

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# BATHURST REGIONAL COUNCIL



## COUNCILLORS MEETING WITH THE PUBLIC

CHAIRMAN, CR NORM MANN

Wednesday, 9 November 2005

Attendees: Mann, Crisp, Haysom, Bourke, Byrne, Tode, North

Apology: Knowles, Mc Gilchrist

Staff: GM, DCSF, Sartori, DEPBS

### Agenda

Started 5.45 pm 5.30 pm

Michael Lyons – Renshaw's Funeral Service ✓

See Item #5  
on attached  
paperwork

6.00 pm

Mr Ben Bardon – Central West Group Apprentices

6.30 pm

Working Parties

1. Development Application Process
2. Rating Structure Review
3. User Pays Sewerage

Take  
from Notes

①  
see spiral  
bound  
document

D J Sherley  
GENERAL MANAGER

6.55 pm  
Attendees: Mann, Crisp, Bourke, Byrne, Tode, North, Haysom  
Staff: GM, DCSF, DCS, Sartori

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**WORKING PARTY**

**3. User Pays Sewerage**





# BATHURST CITY COUNCIL SEWER PRICING MODELS

Discussion Forum  
26 November 2003



4/20/2005

1



## Why Change?



- The NSW State Government - User Pay Sewer by 1 July 2004.
- Council has recommended at its meeting of 20 August 2003 to replace Ad-Valorem Charges with Annual Sewer Charges.
- Change in philosophy of how to distribute the costs of running a sewer system in the community – Ability to Pay v. Benefit

4/20/2005

2

## Why Best Practice?

- National Competition Policy – State Government must get local water and sewer suppliers to use best practice methods.
- Requirement for:
  1. Dividend Payment from Sewer Fund to General Fund
  2. Government Grants
  3. Applications for Special Variations of Rate Income
  4. Financial Reporting

4/20/2005

5

## Similarities with current Water Pricing

- Access Charge + Usage Charge
  - Access Charge is proportional to water meter size
  - Usage charge is calculated on metered water supply
- Differences are:
  - Both charges **softened** with SDF applicable to the type of premises
  - Residential usage is **averaged**, resulting in a uniform annual charge

4/20/2005

6



■ **Non Residential and Multiple Occupancy**

**This type of premise is currently under review and it is too early to supply any estimated sewer charges. Council will collect the SDF over the next month and a separate report will be made to the February meeting.**

4/20/2005

9

■ **Vacant Land Estimate**

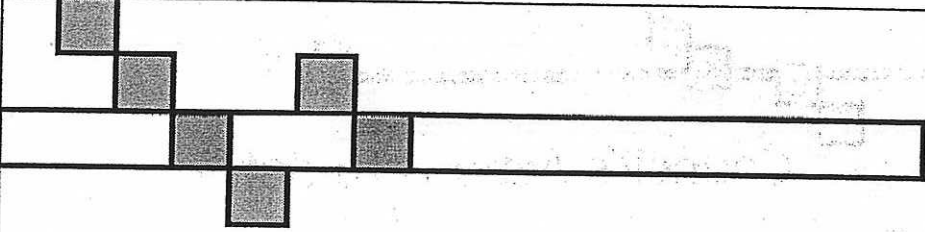
Uniform Annual Charge

Residential SDF x 20 mm access charge

Current	Full Best Practice	Best Practice over 3 Years			Best Practice Categorized	Base + Ad Valorem
		Year 1	Year 2	Year 3		
\$351	\$135	\$185	\$160	\$135	\$135	\$135

4/20/2005


10



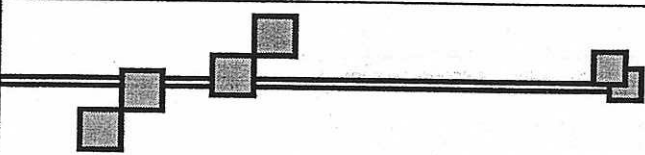
# BATHURST CITY COUNCIL SEWER PRICING MODELS

## Councillors' Working Party

— ■ ■ ■ —  
10 March 2004



4/20/2005 **1**

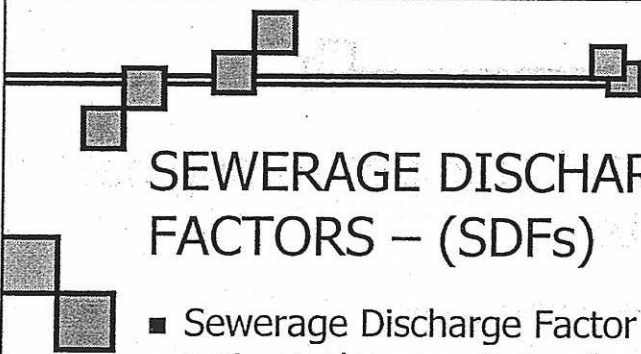


## Why Change?

- The NSW State Government – Best Practice by 1 July 2004
 

*"Unless councils have carried out a benefit/cost analysis that has demonstrated that, for their community, best practice pricing is not cost effective there is not sufficient reason for retaining rates based charges and water allowances"* – Letter from the Minister for Local Government to the Mayor, received 16/12/03
- Council's recommendation 20/8/2003 to replace Ad-Valorem Sewer Rates with Annual Sewer Charges (Ability to pay v. Benefit principle)

4/20/2005 **2**



## SEWERAGE DISCHARGE FACTORS – (SDFs)

- Sewerage Discharge Factor (SDF) – estimated percentage of volume discharged into the sewerage system from total water consumption.
- BASIS OF BEST PRACTICE MODELLING

4/20/2005

5

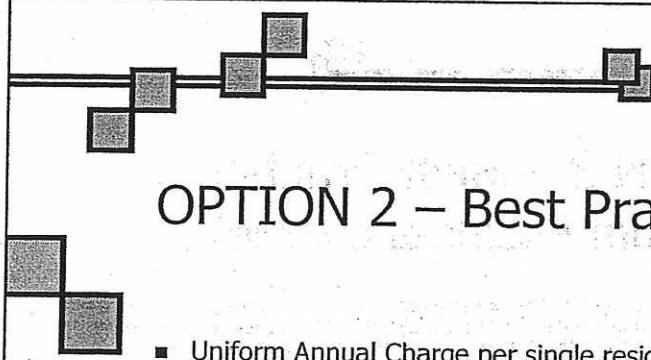


## Sewerage Discharge Factors used in modelling

- 5% A very small proportion of metered water is discharged to the sewerage system 5 – 25%, e.g. concrete batching plant
- 25% A small proportion of metered water is discharged 25 - 50% , e.g. typical nurseries and market gardens
- 50% Approximately half of metered water is discharged 50 - 60%, e.g. typical licensed club with catering facilities and substantial external watering, typical school
- **60% Residential ,e.g. average residential property**
- 75% A significant proportion of metered water is discharged 75-95%, e.g. typical public swimming pool with showering/toilet facilities and external watering
- 95% Most if not all, of metered water is discharged 95 -100%, e.g. typical restaurant, retail outlet.

4/20/2005

6



## OPTION 2 – Best Practice

- Uniform Annual Charge per single residential property (includes stratas, excludes flats) - **\$350.50**
- Uniform Annual Charge per vacant property - **\$184.40**
- Two part charge for non-residential properties (includes flats),

Usage Charge = SDF ( Water Consumption X  
**78c**/kilolitre)

Access Charge = SDF x Access Charge for meter size (see next slide)

4/20/2005

9



## OPTION 2 : ACCESS CHARGES

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

4/20/2005

10

## OPTION 4 – Charges Implemented over 3 years

	Year 1	Year 2	Year 3
Residential	\$378	\$364	\$355
Vacant	\$211	\$198	\$184
Non-Residential			
20mm	\$189	\$248	\$307
25mm	\$296	\$388	\$480
32mm	\$485	\$636	\$787
40mm	\$757	\$993	\$1229
50mm	\$1183	\$1552	\$1920
65mm	\$2000	\$2622	\$3245
80mm	\$3029	\$3973	\$4916
100mm	\$4733	\$6207	\$7682
150mm	\$10648	\$13966	\$17284

N.B. The usage charge of 78c/kl would remain

4/20/2005

13

## Impact of options

- Please refer to handouts for details on a sample of properties.

4/20/2005

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48 Item 10 CHANGE OF RATING STRUCTURE - SEWER ANNUAL CHARGE (26.00010)

MOVED: Cr L Schofield SECONDED: Cr M Tudor

**RESOLVED:** That Council proceed to introduce an annual sewer charge for all rateable properties within the Council area as outlined in the report.

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USER PAYS SEWER

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