

Carters

Carter Bros Engineering Pty Ltd

17/01/05

ACN 002 244 411
3 Toronto St
Bathurst NSW 2795
Phone 02 6331 6811
Facsimile 02 6332 3185
Email cartbros@ix.net.au

Tom

Ms Kath Knowles
Administrator

Cc The General Manager
Mr David Sherley

Bathurst Regional Council

Dear Ms Knowles and Mr Sherley

Thank you for our meeting of early December last in regard to the Sewer Access Charges.

Mr John Humphreys did contact me in regard to assessing the water meters on each of our effected properties and no doubt you have those reports by now.

We now await contact from the Council officer in regard to assessing the SDF for each of these properties in a visit to each property as you said would happen.

Could you please let me know how the SDF is calculated prior to this happening ?

So that you may understand our concern about the new Sewer Charge and the high cost imposed on our business as landlords to a multiple of tenanted businesses that in the past Council has been pleased to see developed, I have included with this letter, copies of this years and last years rate notices, on three of our properties as examples of BRC's increased rates, for your attention.

As per the Guidelines, large users of water can expect large increases in Sewer charges. These properties are miniscule users of water and thus should not attract these large increases.

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Admin. Secretary
CFO

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We also agreed at the meeting to assess the effect of the Sewer Access Charge on our properties after the assessment of the water meter sizes and SDF had been carried out and that where changes are agreed upon then these would be back dated to the beginning of the current rate year.

We look forward to settling this matter without too much further ado.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Ray Carter'.

Ray Carter
Director

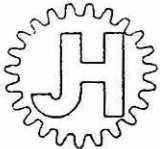
Mobile Phone 0407 258882
Fax 6332 3185

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JOHN HUMPHREYS and ASSOCIATES PTY. LTD.
Consulting Mechanical and Electrical Engineers
and Project Managers

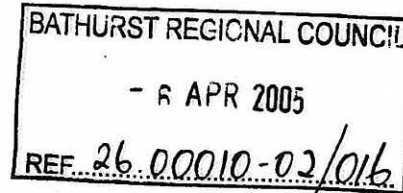
(INCORPORATED IN N.S.W.)

13 KABBERA BOULEVARDE,
KELSO N.S.W. 2795

A.B.N. 36 002 931 295
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15 February, 2005



**REPORT ON IMPLEMENTATION OF "BEST-PRACTICE"
SEWERAGE RATING IN BATHURST,
FOR THE BATHURST CHAMBER OF COMMERCE**

In July, 2004, Bathurst Regional Council changed the basis of their Sewer Rating System from a Land Value basis to a "User Pays" basis. This was in response to the issuing of the "Best-Practice Management of Water Supply and Sewerage" guidelines (May, 2004) by the New South Wales Government Department of Energy, Utilities and Sustainability and the "Water Supply, Sewerage and Trade Waste Pricing Guidelines" (December, 2002) by the Department of Land and Water Conservation.

These Best-Practice guidelines formed part of a list of State Government requirements, which must be complied with in order that Local Government be able to source funding from the State Government, and be able to pay a dividend from the profits generated by their Local Water Utility.

This change in the Sewer Rating System to a "User Pays" basis follows the change to "User pays" water rating some years ago, where the charges now relate to the meter size and usage.

The community generally acknowledges the need for conservation of natural resources, and as such the implementation of the "Best-Practice" guidelines for Water and Sewerage Management is a step toward ensuring water availability for future generations of Australians.

EXPLANATION OF NEW SEWERAGE RATE CHARGES

The new rating scheme involves a two part charge, based broadly on the size of the meter serving the property, and the water usage registered by the meter. Via the use of a Sewerage Discharge Factor, and a cost per kilolitre of water usage as registered on the meter, the charges for each property are calculated using the following formula, the total charge being the sum of the availability and usage charges.

- 1. **Availability Charge:**
(Charged based on water meter size) X (Sewerage Discharge Factor).

Major ✓
clips ✓
AGM ✓
D. Heads ✓

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2. Usage Charge:

(Water usage) X (Sewerage Discharge Factor) X (cost/kilolitre as measured at meter).

where the "Sewerage Discharge Factor" is defined as the proportion of the water, as measured at the meter, that actually enters the sewerage system.

See Appendix A for the scale of charges based on water meter size.

SEWERAGE DISCHARGE FACTOR DISCUSSION

The Sewerage Discharge Factor, the usage cost per kilolitre and the charge relating to the meter size, are the three components of the sewerage charge which are open to adjustment by the Local Water Utility. As the meter charge and the usage charge are both multiplied by the SDF to get the total sewerage charge, the SDF has probably the greatest influence on the total sewerage rate charged.

The allocation of an SDF of the order of 0.95% to a residential property is unrealistic, with the Pricing Guidelines suggesting a typical value of 0.6 for a residential situation. (P28 note 21 of the Pricing Guidelines). An SDF of 0.6 would seem to be appropriate having regard for the volume of water that the average home owner puts onto his lawns and gardens over a period of 12 months.

The arbitrary allocation of an SDF of 0.95% to most non residential premises is totally contrary to any logic, except for small commercial premises where the only water usage goes to sewerage.

In a small to medium commercial/industrial undertaking, points of connection to sewerage are confined to toilet/change rooms and lunch room areas only, which for economy of construction are generally grouped together and take up approximately 5% of the total floor area, generally located in a corner at the front of the building adjacent to the Council sewer main. The existing Council approach does not reflect this understanding.

There is no basis for saying that the discharges generally from fire hose reels, and hose cocks (which are distributed throughout the building to meet BCA and code coverage requirements) can enter sewerage, because the hoses are physically too short to do so when a building is typically of the order of seventy metres long. The discharge from hose reels and hose cocks when occasionally used for cleaning down, generally finds its way to an adjacent grass/garden area, or to a grated drain or similar collection point where it enters the stormwater system.

In fact, if the discharge from washing down industrial floors/vehicles etc. was to go directly into sewerage, as contended by Bathurst Regional Council, it would have to be considered as an illegal discharge to sewerage, given its inevitable oil and solids content. This type of occurrence, if done on a regular basis, would be detected by Council and would result in the owner being forced to install a trade waste system, having its own associated system of charges.

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Given the foregoing, Council should concede that the only water going to sewerage comes from the toilets and other domestic wet areas of which Council would be aware from their records. On this basis, a "nominal" water meter size should be applied in the sewer rating system, the size of which is adequate to supply the domestic requirements only of the property.

The final note in the Pricing Guidelines relating to Sewerage Discharge Factors, (Note 1, page 93), reads "The LWU should modify SDF values as necessary on the basis of measured characteristics of the wastes in its area".

IMPACT OF NEW SEWERAGE RATES ON BATHURST PROPERTY OWNERS

The financial impact on Commercial, Industrial and Educational property owners varies enormously, depending on how their incoming water supplies have been designed and installed. Some properties with small water meters sustained very little movement in their sewerage charges, while properties with large meters required for hydrant and hose reel services, as well a domestic requirements, sustained sewerage rate increases reportedly of up to 1200%. These projected increases were advised to all non-residential land owners in correspondence from Bathurst Regional Council, dated June, 2004. Many property owners wrote to Council objecting to the projected sewer rate increases, in which case Council offered to review both their water meter size and SDF.

The annual combined availability and usage charge for Domestic Sewerage within the City of Bathurst in the rates notices issued 30/7/04 was \$350.50 per block (Orange City Council combined sewerage rate component at 30/7/04 was \$273.00). This payment entitles the ratable domestic property owner to be connected to sewerage and to use of the order of 260 kilolitres/annum of which, using the domestic SDF of 0.95, would see 247 kilolitres/annum going into sewerage, and the remainder used for lawn/garden watering etc.

In Bathurst, every non residential property owner with a water meter larger than 32 diameter, with the current SDF's, is financially grossly disadvantaged by this new "user pays" sewer rating system, with its access charge based on the installed meter size with a base charge of \$307.00 for a 20 diameter, plus a usage charge based on \$0.78 per kilolitre. This compares with charges by our neighbouring Council, Orange City Council, where the base access charge is \$97.09 for a 20 diameter meter, plus the usage charge based on \$1.28 per kilolitre at the meter with much lower SDF's in place. (See Appendix A for a table of charges by various Water Utilities.) We understand that the Orange Council instructed its officers to adhere to the Best-Practice Management guidelines when formulating their "user pays" sewer charges. In Bathurst, we have examples of non residential properties where the anticipated sewer rate increase over the 2003/2004 charge, was 1100%, where in Orange, the "user pays" sewerage rate for 04/05 has remained steady, or is marginally lower in some cases where actual usage was low. (See Appendix A for a table of rates charges in different areas.)

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The phrase "an appropriate sewer usage charge is required for the estimated volume discharged to the sewerage system, together with an access charge based on the capacity requirements that their loads place on the system, relative to residential customers" (P6 Best-Practice Management Guidelines) has been entirely ignored by Bathurst Regional Council, in relation to non-residential properties. One of the most extreme examples of Council's inequitable application of sewer charges is an industrial storage property which uses 2 kilolitres/quarter (actual figures for the first two periods of 04/05 for A/N 2662-34000-5). The access sewerage charge for this property (8 kilolitres/annum going to sewerage) was \$1,167.55 with usage charges still to come, compared with a domestic charge of \$350.50 where some 250 kilolitres/annum goes to sewerage.

Clearly the foregoing example of a 40 diameter meter and a 2 kilolitre/quarter usage (periods 01 & 02, 2004) is an extreme case, where usage to sewer is low due to the premises being accessed for short periods of time by drivers to deliver/pick up palletised stock on a 24/7 basis. As the lawn sprinkler system at this property was not required during what was a wet spring and early summer, it was turned off for this period, clearly establishing the quantity of water going to sewerage each quarter. In dry times, water usage at this property has been up to 400 kilolitres per quarter, (period 04, 2004) 398 kilolitres of which would have been used by the lawn sprinkler system, which gives a calculated SDF of 0.005, a far cry from the 0.95 S.D.F. originally applied to this property by the Bathurst Regional Council.

Council should also realise that to find the funds to pay huge increases in rates, requires property owners running a business, in order to break even, to generate an extra \$6.66 of turnover to pay for every \$1.00 required for rate increases, based on a 15% profit margin or turnover. Given current times, this may prove very difficult for many education and manufacturing organisations.

NOMINAL METER SIZING

A large number of Commercial and Industrial properties in Bathurst have meters which are sized over and above that required to meet domestic requirements, for the purpose of providing adequate flows and pressures for fire hose reel and hydrant systems. The new availability charges for water and sewerage are based on the meter size, which in many instances does not reflect the non emergency water usage (all times when not fighting a fire) or the sewerage capacity requirement of the property.

A more reasonable approach would be to adopt a "nominal" meter size for water and sewerage rating purposes. The "nominal" meter size would be the meter size required to provide an adequate water supply to toilet, shower and lunch areas, being the only areas responsible for a load on the sewer system. Alternatively, an appropriate reduction in the SDF could be put in place (as per Orange Council) to reflect the actual potential load on the sewerage system.

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CONCLUSION

The introduction of this new sewerage rating system has been detailed out and implemented at a time when there were no community elected Councillors in office with whom to discuss these issues prior to implementation.

Further questions coming out of this investigation are:

1. Why did Bathurst Regional Council adopt the financial model that they did in preference to a model which would have been revenue neutral for the non residential sector?
2. Why is it that under the current model, domestic sewerage charges did not increase for 2004/2005, when the sewerage charges for non-residential properties will have increased by many hundreds of percent after the usage charges are taken into account?

We have received encouragement in this issue from the Minister for Energy and Utilities, Mr. Frank Sator, copies of letters from the Minister are attached in Appendices B and C. The Minister states in his last paragraph (Appendix C) that he is "keen to see that all customers are treated fairly, and that Businesses in Bathurst are not faced with unwarranted access charges".

In the interests of the continued Industrial and Commercial growth of Bathurst, and the preservation of the green and leafy appearance of the city, these sewerage charges along with the Trade Waste charges must be revisited, to put our city on a similar rates cost basis to other centres where the new charges have been introduced along the intended guidelines. Possibly, the upcoming Council Election is an opportunity to generate support to have Council look at a revised basis for their sewerage rate system, in terms of fairness of the system across all sections of the community, as recommended in the Pricing Guidelines.



J.K.HUMPHREYS. B.E. M.I.E.A. C.P.ENG.

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MEMORANDUM

TO: ACTING GENERAL MANAGER
DAVID SHERLEY

(COPY: DIRECTOR CORPORATE SERVICES & FINANCE)

FROM: DIRECTOR ENGINEERING SERVICES

DATE: 17 MARCH 2005

SUBJECT: REPORT ON IMPLEMENTATION OF "BEST-PRACTICE"
SEWERAGE RATING IN BATHURST, FOR THE BATHURST
CHAMBER OF COMMERCE

FILE: NA:CB: 26-00010-02

Please find below comments from this department on John Humphreys and Associates Pty Ltd report on Implementation of "Best-Practice" Sewerage Rating In Bathurst, For The Bathurst Chamber of Commerce.

Page 2

SEWERAGE DISCHARGE FACTOR DISCUSSION

Second Paragraph

First line - 0.95%, agree high

Third line - 0.6, too low.

Fifth Paragraph

First line - *There is no basis* - except where we know they get used as wash down water (when not supposed to).

Last Line - . *enters the stormwater system* - which it shouldn't. EPA fine - wash down should go to sewer).

Sixth Paragraph

Third line - ..., *given its inevitable oil and solids content* - then it is illegal to go to stormwater.

Paragraph 4 - This is irrelevant.

Paragraph 5 & 6 - Weak Argument.

Page 3

First Paragraph - The point is not substantiated. Most would go to sewer albeit through a Trade Waste System.

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If he had used the argument that, in food processing etc, a lot of water is taken up in the product, then some credit could be given to it.

IMPACT OF NEW SEWERAGE RATES ON BATHURST PROPERTY OWNERS

First Paragraph

Third line – designed and installed. These are not of Council's doing. Council can only take an "across the board" approach.

Second Paragraph

Sixth line – *SDF of 0.95* – Orange SDF = 0.95.

Third Paragraph – It can not be assumed that Orange represents best practise. If he is going to use Orange as the benchmark for the fixed v's variable argument, then have to concede on the SDF argument – can't have both ways.

Page 4

First Paragraph

Third Line – capacity requirements – A single industrial property can use up the capacity in the treatment plant of 1,000's of residences.

First Paragraph - This is just one example. The capacity and load considerations rightly need to consider the make up of the discharge which is normally much more severe (and needs extra treatment) for industrial than residential.

Second Paragraph

Second line – ..is an extreme case – exactly.

Seventh line – 400 kilolitres – this is larger than the average residential use per year. If this is an industrial storage property, then irrigation usage seems extreme.

Second Paragraph – These numbers seem dodgy.

NOMINAL METER SIZING

First Paragraph – I believe Council has resolved to address the difference between the fire service and the normal use where they are separate.

Second Paragraph

First Line – "nominal" – this is not user pays and I believe at odds with the guidelines.

Fifth Line – SDF – previous argument suggests Orange has SDF of 0.95.

Page 5

CONCLUSION

First Paragraph – this is irrelevant. It had to be implemented last year.

Point 1 – because it would mean residential subsidising Industrial – which is against guidelines.

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Point 2 – for the same reason above, one sector subsidising another is neither equitable or allowed.

Last Paragraph

Third Line – Trade Waste charges must be revisited – will be anyway by instruction from Government.

Seventh Line – across all section. – exactly the point. There is no discussion in this documentation about the impact on residential charges, if Council is to achieve the same income to run the service.

APPENDIX 'A'

Orange City Council – Water Availability Charge \$280 \$1750 \$7000

- if Orange is the favourite, the water charges should also be changed to match theirs.

APPENDIX 'B'

Third paragraph

Fourth line – appointing a hydraulic engineer – we need to appoint an unbiased one.

QUOTATION FROM THE GOVERNMENT PRICING GUIDELINES & BEST-PRACTICE GUIDELINES

Quote 1

Last sentence

THEIR LOADS PLACE ON THE SYSTEM RELATIVE TO RESIDENTIAL CUSTOMERS

– recognising that some industrial place a huge load.

Quote 2

SIGNIFICANT CROSS-SUBSIDIES – like residential subsidising industrial

PROTECTION OF OUR VALUABLE WATER RESOURCES – like discouraging 1600Kpa on watering lawn for industrial storage.

Quote 3

CUSTOMERS PEAK LOAD – salient word.

Quote 4

REMOVING SIGNIFICANT CROSS-SUBSIDIES – exactly.

Quote 5

HAS MORE ACCURATE INFORMATION (RELATING TO SDF'S) – we don't yet. But I suggest that when we do we can't implement on an ad-hoc basis, otherwise our income will be unpredictable.

SUMMARY

Point 1 – ..(FROM THE AREAS).. – I don't know what area has to do with it – it is about load, wherever it come from.


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Point 2 – I suggest we can't have a different one for every property. Maybe the really big ones, but it needs to be remembered that the owner or manager dictates water usage not the property.



Neil Allen
DIRECTOR
ENGINEERING SERVICES

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ADMINISTRATOR'S OFFICE

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

5 April 2005

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

Dear Mr Carter

Implementation of Best Practice Sewer Charges

Council has now completed the requested assessment of your properties.

During this assessment the Sewerage Discharge Factors (SDFs) estimated for each of your properties was reviewed and the changes are listed below.

As requested, Council also engaged John Humphreys and Associates Pty Ltd in the capacity of Hydraulic Engineer to assess your requests for downsizing or rationalizing your water meters. The reports suggest the following changes to your meters. The reports are **attached** for your information.

ADDRESS	ORIGINAL SDF	REVISED SDF	METER	DOWNSIZE (Y/N)
1 Adrienne Street	95%	50%	50mm	N
9 Adrienne Street	95%	50%	50mm	Y (32mm)
11 Adrienne Street	95%	75%	40mm	Y (32mm)
13 Adrienne Street	95%	75%	40mm	Y (32mm)
15 Adrienne Street	95%	50%	40mm	Y (32mm)
2 Littlebourne Street	95%	75%	40mm 32mm	Y (25mm) N
6 Littlebourne Street	95%	75%	50mm	Y (32mm)
10 Littlebourne Street	95%	95%	40mm	Y (32mm)
22 Hampden Park Rd	95%	95%	40mm	N
3 Toronto Street	95%	50%	32mm	N
5 Zagreb Street	95%	50%	80mm	Y (40mm)
369 Stewart Street	95%	95%	100mm	N

Please complete and return the **attached** Works Request form indicating your preference on how you wish to proceed with the recommendations in the report. When this form is received by Council, the requested work will be scheduled. The cost of downsizing or removing meters will be met by Council. When the work is completed your sewer charges will be adjusted to reflect the changes from 1 July 2004.

Further technical questions should be directed to Russell Deans on 6333 6225. Other enquiries can be directed to Toni Dwyer on 6333 6291.

Reference: TD:AL:26.00010
 Enquiries: Mrs Toni Dwyer (02) 6333 6291
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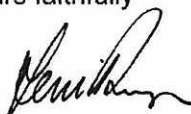
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Attachment E

Carter Bros Engineering Pty Ltd
5 April 2005

Thank you for your input, patience and co-operation in this matter.

Yours faithfully

FIT 

R Roach
DIRECTOR
CORPORATE SERVICES & FINANCE

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10 of 12

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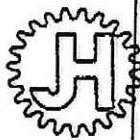
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26.00010

FAX
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SHEET



BATHURST REGIONAL COUNCIL
15 APR 2005
REF: 26-00010-02 / 020

JOHN HUMPHREYS &
ASSOCIATES PTY. LTD.
CONSULTING MECHANICAL ENGINEERS
13 KABBARA BLVD., KELSO, 2795 - PHONE (063) 31 5717
FAX: (063) 32 2107

Fax To: <i>BATHURST REGIONAL COUNCIL</i>	Date: <i>14/4/05</i>
Attention: <i>DAVID SHIPLEY</i>	No. of pages including this page: <i>3</i>
From: <i>JOHN HUMPHREYS</i>	
Subject: <i>SEWERAGE CHARGES</i>	

DAVID,

ATTACHED IS A SUMMARY AND MY IDEAS
ON NON-RESIDENTIAL CHARGES

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OPEB-E

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- TRANSMITTAL
 MINUTE
 INSTRUCTION



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JOHN HUMPHREYS & ASSOCIATES PTY. LTD.

CONSULTING MECHANICAL ENGINEERS
 13 KABBERA BLVD. KELSO. 2795 - PHONE: (02) 6331 5717

14/4/05.

FOR NON-RESIDENTIAL CUSTOMERS
 DATE:

OBJECTIVE: - TO ACHIEVE AN APPROPRIATE SEWER USAGE CHARGE FOR THE ESTIMATED VOLUME DISCHARGED TO THE SEWERAGE SYSTEM, TOGETHER WITH AN ACCESS CHARGE BASED ON THE CAPACITY REQUIREMENTS THAT THEIR LOADS PLACE ON THE SYSTEM RELATIVE TO RESIDENTIAL CUSTOMERS. (PLS SEE PURCHASER GUIDELINES)

Q: NON-RESIDENTIAL COST/KL APPROXIMATING THE RESIDENTIAL COST/KL.

HOW TO ACHIEVE THE ABOVE:

IF ACTUAL METER SIZING IS TO BE RETAINED: -

1 TO COMPENSATE FOR THE WATER METER BEING OVERSIZED FOR THE PURPOSES OF FIRE FIGHTING EITHER A INTRODUCTION A FACTOR INTO THE ACCESS CHARGE TO COMPENSATE FOR O'SIZED METER OR
 B PROVIDE COMPENSATION IN THE S.D.F. TO ALLOW FOR O'SIZED METER (GRANGE COUNCIL)

2 LOWER THE AVAILABILITY CHARGES

THIS WILL INEVITABLY LEAD TO AN INCREASE IN THE RESIDENTIAL CHARGES, BUT WITHOUT A STRONG COMMERCIAL/INDUSTRIAL SECTOR, THE FUTURE OF THE CITY IS QUESTIONABLE.

DISCUSSION

IT WOULD SEEM THAT THERE ARE 2 SEPARATE NON-RESIDENTIAL GROUPS IN THIS ISSUE

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- TRANSMITTAL
- MINUTE
- INSTRUCTION

2



JOHN HUMPHREYS & ASSOCIATES PTY. LTD.

CONSULTING MECHANICAL ENGINEERS
 13 KABBERA BLVD. KELSO. 2795 - PHONE: (02) 6331 5717

DATE:

JOB:

1 MINIMAL WATER USERS (FABRICATION, COMMERCIAL, STORAGE ETC)

2 HEAVY WATER USERS (FOOD PROCESSING, SCHOOLS, UNI)

I BELIEVE THERE IS A CASE FOR 'SUSIDISING' HEAVY WATER USERS TO A DEGREE FOR THE FOLLOWING REASONS:

A ATTRACT NEW MANUFACTURING TO BATHURST

B MANUFACTURING/SCHOOLS BASED IN BATHURST PROVIDE A LARGE PERCENTAGE OF THE LOCAL EMPLOYMENT.

C THE SCHOOLS/UNI BRING MONIES INTO BX FROM OUTSIDE AREAS (KIOS SPENDING) MOTELS ETC.)

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2 BEST PRACTICE/USER PAYS SEWER CHARGES (26.00010) - Item prepared by Bob Roach

Recommendation: That Council not amend its policy and procedures in relation to user pays sewer charges for Council's ratepayers.

Report: At Council's meeting held in June 2004 Council adopted a new best practice/user pays sewer pricing model in respect to sewer services provided to ratepayers for 2004/2005 year. These new charges were the result of an investigation carried out by Council in order to comply with the directions of the NSW Government that Councils must adopt a best practice/user pays sewer pricing system in relation to services provided to ratepayers in the former Bathurst City Council area.

These charges became effective from 1 July 2004 and have been operational since.

With the introduction of a new type of system Council encountered some problems in relation to the introduction of these sewer services. Council has been working with several of these ratepayers in respect to satisfying their requirements and making it an equitable system for all those concerned.

With the election of the new Council in March 2005, there was a request from Council to revisit the sewer charges and the method of introduction of the new system. All Councillors have been supplied with complete details and models of how the previous/former Council were informed of the necessary information needed to introduce a new sewer charge which complied with the NSW Government directions for the introduction of best practice/user pays sewer modelling.

The review included the following considerations:

- (a) There is to be no cross subsidy between classes of customers as outlined in the Best Practice/User Pays Sewer Guidelines.
- (b) The total yield or income from the Sewer Fund is to reflect the cost of operations as well as providing for the future capital replacements needed to operate the sewer operations of Council.
- (c) The access charges have again been modelled on the water meter size.
- (d) In respect to using a system of 'nominal meter access' charges to compensate for the water meter being oversized for the purpose of the fire fighting, consideration was given to addressing this matter.

As advised in points (a) and (b) above, Council needs to raise sufficient funds to operate its sewer system without any cross subsidisation. By changing to a 'nominal access' charge, this may lead to a reduction in income from the 'non-residential' section and an increase in residential charges. This may result in a cross subsidy and would not be acceptable under the Best Practice/User Pays Sewer Guidelines issued by the NSW Government.

- (e) As previously advised, Council needs to continue monitoring the affects of user

Director Corporate Services & Finance's Report to the Council Meeting, 04/05/2005.

GENERAL MANAGER

MAYOR

Residential increase

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3 Toronto St
Bathurst 2795

17/05/2005

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Mr Frank Sartor
Minister for Energy and Utilities
NSW State Government

Your references Ray Carter-MSO Ref : 09208 09538
DEUS Ref 04/1832 04/2123
Lachlan Sullivan- MSO Ref 09605
DEUS Ref : 04/2100

Dear Mr Sartor

We reply to you letters dated 24 Dec 2004 in which you address our questions regarding Bathurst Regional Council's introduction of best-practice sewerage pricing. We take the opportunity to thank you for taking an interest in this matter.

We engaged an hydraulics engineer as you suggested in your letters and attach a copy of that report for you. This report has been presented to Bathurst Regional Council. The report concludes with a similar finding to that which a spokesperson from your department made, having been given specific assurances by Council in July 2004.

Council has determined that they will continue to consider that the peak load on the sewer system be calculated using the physical size of water meters. This includes that portion present only for emergency fire fighting. This is neither equitable nor fair. A copy of that recommendation for Council's May 4 meeting is attached.

The historical use of water from the meter readings of light industrial buildings, of which we speak, is a matter of record. The water usage for these types of buildings is similar to that used in a household. However, the new sewer rate is not reflective of the residential sewer rate as required in the Best Practice Guidelines and this is the case simply because Council considers that water *available* for fire fighting *actually* loads the sewer system.

We have been told that Council considers "water theft" to be an issue. Where is the logic when a fire hose is metered just like a garden hose? This is a false premiss upon which to base the calculation of the load on the sewer system or indeed, a tax.

Bathurst Regional Council have indeed assessed commercial properties in regard to the Sewer Discharge Factor, though in some cases have taken up to eight month to do so. Council has had an hydraulic engineer assess the fire fighting hose reel needs of properties where they have been asked and in some cases the meters can be down sized. We do not have an issue with these items.

What we take exception to is the same issue that you have sought and encouraged us to address in your letters and your spokespersons assurance. This is the fact that in Bathurst we now have a sewer tax, which is partly based on water availability for fire fighting.

We also bring to you attention the item prepared by Mr Bob Roach on the issue "Best practice/user pays sewer charges (26.00010) for Councils meeting held on 4/5/05.

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In (d) it refers to 'nominal meter access charges' and in the second paragraph to a 'nominal access' charge. Here the matter of *nominal* has been attached to the charge and not to the size of the water meter. Nobody has asked for a simple 'nominal charge' for water meters. What has been discussed until this new term has come into play is the determination of nominal water meter size, which would be rightly determined for each property by an hydraulics engineer. When Council say that they will assess each property "on a case by case basis" please do not assume that they have assessed water meters for this purpose. They have not.

Please note also in (d) that Mr Roach acknowledges that "By changing to a "nominal access" charge, (*sic*) this may lead to a reduction in income in the non-residential section and an increase in residential charges." The residential rate for sewer in Bathurst was actually lowered when this new scheme was introduced in July 04, we believe by an amount equal to that by which the non residential has been increased. Therefore cross subsidisation remains within the rating structure of Bathurst Regional Council contrary to DEUS Guidelines. Was it not the intention of this new system to be fair and equitably based on actual usage with comparable charges per kilolitre for the different sectors?

The neighbouring Orange City Council implemented the new system very similar to the DEUS Guidelines resulting in minimal changes to charges. Bathurst Council has written differing accounts in regard to the Guidelines. On one occasion that they must comply with the Guidelines or "miss out on State funding" and another where they seek to justify their own interpretation that the "Guidelines are only for guidance." We therefore have little confidence in Council's stance on the matter and believe that you should make the matter clear to all concerned.

You suggested in your letters that if we believe that the access charge subscribed to us by Council does not reflect our load on the sewerage system we may commission an independent hydraulic report and present it to Council. We have done that and have concluded that the load on the sewer system or a tax upon it, can **never** be reflected in an arrangement that includes the water capacity available for emergency use, just as your spokesperson inferred in July 04. (See news article attached)

Clearly the matter will not be resolved fairly until it is addressed by yourself. We hope that you will see fit to give a directive on the issue.

Yours sincerely,



Ray Carter
Carter Bros Engineering
m 0407258882



Lachlan Sullivan
past President and member
Bathurst Chamber of Commerce
0400312795

17 Item 7 DRAFT 2005/2006 MANAGEMENT PLAN (16.00097)
MOVED: Cr P Toole SECONDED: Cr I North

RESOLVED: That the draft 2005/2006 Management Plan for General, Water, Sewerage and Waste Funds be placed on public exhibition, subject to:

- (a) Item 36.04 - That funding of \$6,000 be included for a promotional CD/video funded from the projected surplus.
- (b) Item 7.01 - That additional funding of \$5,000 be included for Arts OutWest from the projected surplus.
- (c) That Council prepare a feasibility report in relation to the re-use of grey water including:
 - (i) A cost/benefit analysis of establishing a grey water service.
 - (ii) Indicative cost of required infrastructure.
 - (iii) Potential users.
 - (iv) A fee structure in keeping with user pays best practice principles.
 - (v) Incentive based policies that encourage industrial community and household grey-water use.

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7 DRAFT 2005/2006 MANAGEMENT PLAN (16.00097) - Item prepared by Bob Roach

Recommendation: That the draft 2005/2006 Management Plan for general, water, sewerage and waste funds be placed on public exhibition.

Report: The 2005/2006 Management Plan has made provision for existing services provided by Bathurst Regional Council.

Budgets have been prepared using a balanced budget method for each of the three funds.

Included in the budgets are the following capital works.

● Flood Levy Construction	\$ 900,000
● Road Maintenance	\$2,735,000
● Road Construction	\$2,779,000
● Depot Upgrade	\$ 900,000
● Street Lighting	\$ 619,000
● Roundabout - George & Keppel Streets	\$ 250,000
● Lagoon Road Reconstruction	\$ 333,000
● Bush Fire Control	\$ 134,000
● Rural Fire Services	\$ 456,000
● Security Upgrade at Airport	\$ 220,000
● Plant & Equipment Replacement	\$1,225,000
● Village Improvements	\$ 200,000
● New Public Toilets	
* Morse Park	\$ 150,000
* Sofala	\$ 30,000
● Voluntary Acquisition Scheme (Flood Properties)	\$ 525,000
● Parks Maintenance and Construction	\$1,050,000
● Rugby Union Park Upgrade	\$ 600,000
● CBD Project - Haymarket Reserve	\$ 450,000
● Gasworks Site Remediation	\$ 100,000
● Upgrade of Telephone System	\$ 250,000
● Saleyards	\$3,720,000
	\$17,626,000

ASSUMPTIONS

The following assumptions have been incorporated in the Management Plan.

Consumer Price Index

The Federal Government has advised that the anticipated CPI for 2005/2006 will be 3.5%.

Rate Increases

The assumption for rate increases are:

- General purpose rate increased by 3.5%.
- Water rates and charges - No increases are proposed.
- Sewerage rates and charges - No increases are proposed.
- Domestic waste charges - Increased by 5%.

Director Corporate Services & Finance's Report to the Council Meeting, 18/05/2005.

GENERAL MANAGER

MAYOR

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