

E10/1130

The following is an index associated with the information on the history of the Sewer Access Charge since 2002 as implemented by Bathurst Regional Council.

On the pages noted are items that back our claims of corrupt conduct in regard to this matter.

The numbering for this index is at the bottom right hand corner.

2005

Page 1. Our properties are miniscule water users

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.

Page 7. No basis for saying discharges generally from fire hose reels can enter the sewer

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.

Page 9. Only water entering sewer is in reality from realistic sources. Some increases up to 1200%. Every non-residential ratepayer with a meter larger than 32 mm is disadvantaged

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,

Page 11. Guidelines ignored.

- Calculated SDF's a farce

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 inconsideration is

- \$6.66 turnover to pay \$1 for rate increase is anti-business

(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

- The "reasonable" approach. Reasonable approach is in Councils policy but ignored

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.

Page 13. Question – Why did BRC adopt their "method" Non-residential charges increased many hundreds of percent. Political implications?? BRC Staff are so helpful to politically ambitious Councilors.

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?

Page 29. How to achieve an appropriate sewer usage charge

14/4/05.

FOR NON-RESIDENTIAL PAYERS
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 * (ALSO SEE PARAGRAPH 6.2)

OR: 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. INTRODUCE 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 (ORANGE COUNCIL)

2. LOWER THE AVAILABILITY CHARGES

Page 33. Nominal size again rejected. BRC warned about residential increase; certainly not fairness to non-residential ratepayers. In reality , nominal sizing (ie the size effectively and actually needed for domestic purposes is the size that would supply the water that may enter the sewer. The increased size on the nominal size is only needed for fire fighting purposes.)

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.

(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.

central 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.

Page 35. Hydraulic Engineers report concludes same as Minister Sartors department. BUT Sartor does not act on this either.

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.

Page 36. Obviously Orange abides by the guidelines properly **acknowledging, fairness, load actually put on the sewer and comparable with the residential charge**

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.

Page 81. Simplots objection – an illogical charge

- (c) **Simplot Australia Pty Ltd - Proposed Changes to Sewer Rates & Charges**
Recommendation: That Council not amend its Management Plan for 2005/2006 in respect to the proposal by Simplot Australia Pty Ltd.
- Report:* Council has received a submission from Simplot Australia objecting to the method that Council uses to charge for sewer rates and charges. Their objection is based on the following.
- The meter size is illogical.
 - The estimate of their Sewerage Discharge Factor appears to be high.
 - The level of charge is excessive.
- Refer to **attachment 3** for a copy of the complete detailed submission.

Page 83. What was the Bathurst Regional and Residents Assn proposal?

- (e) **Bathurst Regional Ratepayers' & Residents' Association Inc. - Rating Structure Review**
Recommendation: That Council not amend its Management Plan for 2005/2006 in respect of the proposal by Bathurst Regional Ratepayers' & Residents' Association Inc.
- Report:* Council has received a second submission from Bathurst Regional Ratepayers' & Residents' Association Inc. in respect to providing another alternate rating structure for the Bathurst Regional Council which gives fair and equitable distribution of rates across all categories. Refer to **attachment 5** for a copy of the complete detailed submission.

Page 97. John Humphries report rejected

RESOLVED: 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.

Page 99. Carter's submission rejected

Dear Mr Carter

Submission on Sewer Rates & Charges

At Council's meeting held on 22 June 2005, Council received your submission in respect to sewer access charges contained within the Bathurst Regional Council 2005/2006 Management Plan.

Following consideration of your submission Council resolved that it 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.

Page 101. John Humphries report rejected yet Council tell DEUS it is willing to consider a rebate scheme??? Talk about duplicity.

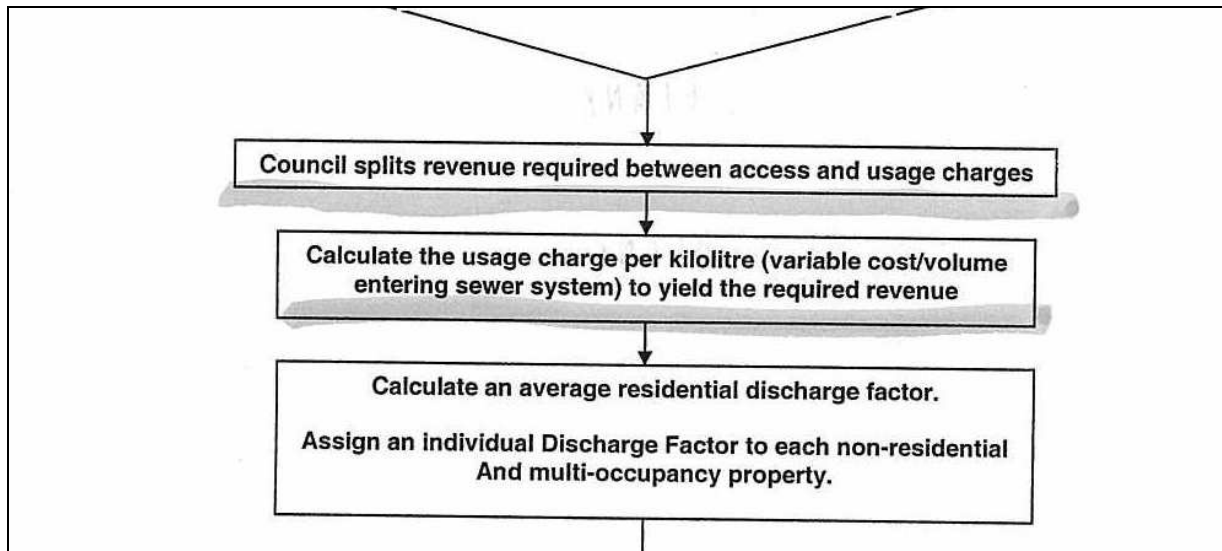
I am advised that the issue of sewerage access charges for non-residential customers with water supply connections sized for fire flow requirements was recently discussed by the Department of Energy, Utilities and Sustainability's Mr Sam Samra and Council's Mr Bob Roach. I understand Council would be 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.

Page 102. Hose reels deliver significant peak loads. For goodness sake!! Where did Mr Nemztow go??? HE knew full well what Council was up to. See our submission done on this in our 2010 Submission to the Management plan.

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.

Page 109. Council splits required revenue between access and usage charges. The access charge is mentioned elsewhere as picking up only the remainder

Usage charge determined – Yes; low to appease “political concerns”

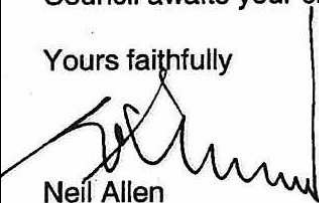


Page 117. Just as the now Engineer Services Director thought that the Experts report option was available obviously so did Neil Allen.

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