

**E10/1130**

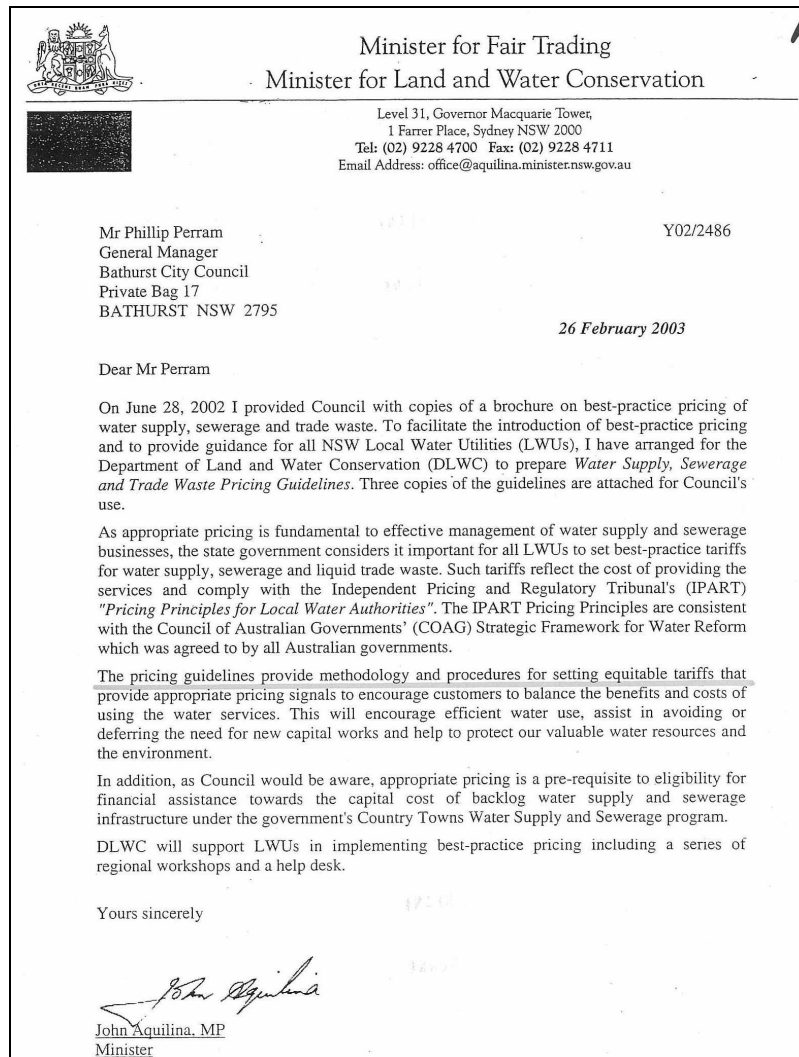
**The following is an index associated with the compact disc on which is copied information on the history of the Sewer Access Charge since 2002 as implemented by Bathurst Regional Council.**

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.

**2003**

**Page 1.** Minister's letter, "pricing guidelines provide methodology and procedures for **setting equitable tariffs**".



**TO THE POLICY COMMITTEE MEETING**  
**HELD ON WEDNESDAY, 26 NOVEMBER 2003**

General Manager  
BATHURST NSW 2795

**1 USER PAYS SEWER PRICING (26.00010) - Item prepared by Toni Dwyer**

**Recommendation:**

**Report:** Councillors are aware that Council has received advice from the Department of Local Government that all Councils must consider the introduction of a user pays sewer system by 1 July 2004.

Council has received a preliminary report at its meeting held 20 August 2003. Council resolved that it would introduce this change.

Council staff are currently working on applying State Government guidelines to sewer pricing. This involves carrying out research on obtaining the best way of determining the Sewerage Discharge Factors to non-residential properties.

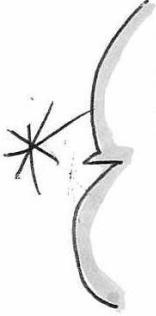
Councillors will be shown a complete Powerpoint presentation of the options available with the exception of non-residential properties as Council has been unable to collect all relevant information to determine the sewerage discharge factor (SDF) prior to the presentation of this report.

When this is completed, a full best practice model will be presented to Council for assessment of the implications and to make the necessary modifications if required. It is expected that this will be completed in time for the February Policy Committee meeting.

Yours faithfully

R Roach  
**CITY TREASURER**

Page 11. Sewer Pricing is described in the Guidelines. Note the guideline that the charge be appropriate to non residential ratepayers. Council is required to assess an “ an estimated volume discharged” and “capacity requirements that their loads “ put on the sewer system. These issues though essential to complying to the Guidelines, lawfully overseen by the Local Government Act are ignored by BRC. sewer rating structure at this time or since that time.



b) *Sewerage Pricing*

Best-practice **sewerage** pricing involves a uniform annual sewerage bill for residential customers. For non-residential customers 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.

For guidance in developing and implementing best-practice pricing tariffs refer to Appendix B.

**Page 13.** BRC were instructed to review its sewer rating structure. BRC did not change its method of making the Sewer Access Charge.

10 CHANGE OF RATING STRUCTURE - SEWER ANNUAL CHARGE (26.00010) - Item prepared by Bob Roach

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

**Report:** Council at its Working Party held on 11 July 2002, received a comprehensive report on the present rating structure relating to sewer rates and charges. Councillors will recall that the present rating structure is as follows.

- An Ordinary Rate levied according to one of three Categories or one Sub-Category, on a minimum amount or an ad valorem amount,
- plus a Special Sewer Rate levied on all properties connected to the sewer or on properties not connected that are within 75 metres of Council's sewer mains on either a vacant land minimum or an occupied land minimum or an ad valorem amount,
- plus an Additional Sewer Charge levied on properties with a connection to Council's sewer system, which is greater than a normal load. E.g. flats, hotels, motels, aged care units, etc,
- and a Charge in lieu of a Sewer rate levied on properties that are exempt from the sewer rate under section 555 of the Local Government Act, 1993.

Council has received advice from the Department of Local Government that it is required to review its sewer rating structure and introduce a cost reflective user pays sewer charging system by 1 July 2004. Councillors will recall that it introduced a user pays water system from 1 July 2001. This system is now up and working extremely well and very little problems have been encountered or are being encountered.

Council has the following options available.

- (a) To introduce an annual sewer charge levied on all properties connected to sewer or on properties not connected that are within 75 meters of Council's sewer main.
- (b) An additional sewer charge levied on properties with a connection to Council's sewer system which is greater than a normal load (eg, flats, hotels, motels, aged care units, University etc).
- (c) A charge in lieu of an annual sewer charge levied on properties that are exempt from the sewer rate under Section 555 of the Local Government Act 1993.

A full report detailing the calculation of the proposed annual sewer charge will be presented to Council's November meeting.

City Treasurer's Report to the Council Meeting, 20/08/2003.

\_\_\_\_\_ GENERAL MANAGER \_\_\_\_\_ MAYOR

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<b>Council Amalgamations</b>	
<p>In July 2003 there were 126 LWUs providing water supply and sewerage in non-metropolitan NSW. However, during 2003/04 there were several amalgamations resulting in the number of LWUs reducing to 107 in June 2004. The amalgamations were:</p>	
<b>New Council</b>	<b>Old Council</b>
■ Albury City	Albury, Hume (part)
■ Bathurst Regional	Bathurst, Evans
■ Clarence Valley	Copmanhurst, Grafton City, Maclean, Pristine Waters (part), North Coast Water
■ Coffs Harbour	Coffs Harbour, Pristine Waters (part)
■ Cooma-Monaro	Cooma-Monaro, Yarrawlumla (part)
■ Corowa	Corowa, Hume (part)
■ Glen Innes Severn	Glen Innes, Severn
■ Goulburn Mulwaree	Goulburn City, Mulwaree (part)
■ Greater Hume	Culcairn, Holbrook, Hume (part)
■ Gwydir	Barraba (part), Bingarra, Yallaroi
■ City of Lithgow	Lithgow, Rylstone (part)
■ Liverpool Plains	Quirindi, Murrurundi (part), Parry (part), Gunnedah (part)
■ Mid-Western Regional	Mudgee, Merriwa (part), Rylstone (part)
■ Palerang	Gunning (part), Mulwaree (part), Tallaganda, Yarrawlumla (part)
■ Queanbeyan	Queanbeyan, Yarrawlumla (part)
■ Richmond Valley	Richmond Valley, Copmanhurst (part)
■ Tamworth Regional	Tamworth, Manilla, Barraba, Nundle, Parry (part)
■ Tumut	Tumut, Yarrawlumla (part)
■ Upper Hunter	Scone, Merriwa (part), Murrurundi (part)
■ Upper Lachlan	Yass (part), Crookwell, Mulwaree (part), Gunning (part)
■ Warrumbungle	Coonabarabran, Coolah
■ Yass Valley	Yass (part), Yarrawlumla (part), Gunning (part)

<b>APPENDIX G – Council Amalgamations</b>	
<p>In July 2003 there were 126 LWUs providing water supply and sewerage in non-metropolitan NSW. However, during 2003/04 there were a number of amalgamations resulting in a reduction in the number of LWUs to 107 in June 2004. These amalgamations are listed on page ii of this report.</p>	
<p>Seven of the amalgamations involved only minor adjustments to LWU boundaries (with a name change in several cases) but the number of water supply and sewerage assessments remained unchanged (eg. Bathurst incorporated Evans Council and was renamed Bathurst Regional Council, but involved no additional water supply or sewerage assessments). For these cases, the reported water supply and sewerage results are unchanged except that the LWU has been renamed. These 7 LWUs are shown in Table G1 below.</p>	
<b>Table G1 – LWUs with no Change in Water and Sewerage Businesses</b>	
<b>New Council</b>	<b>Old Council</b>
■ Bathurst Regional	Bathurst, Evans

## Director-General's Excellence Awards

### Best-Performing Utilities

Congratulations to the following local water utilities who have been identified as the top 10 performers in 2003/04 for water supply and sewerage. Each of these utilities will be presented with the Director-General's Excellence Award for water supply and sewerage. Ballina, Lismore, Queanbeyan and Wyong Councils are particularly commended as they are a top performer in both water supply and sewerage.

#### Water Supply

- Albury
- Ballina
- Dungog
- Gosford
- Hastings
- Lismore
- Nambucca
- Queanbeyan
- Riverina
- Wyong

#### Sewerage

- Ballina
- Gunnedah
- Lismore
- Orange
- Queanbeyan
- Singleton
- Wagga Wagga
- Wyong
- Yass Valley
- Young

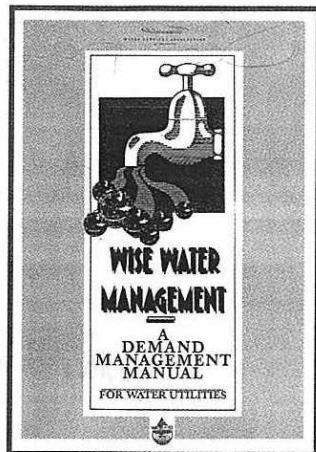
As noted on page 15, each of these utilities has achieved broad compliance with the *Best-Practice Management Guidelines* and has demonstrated a consistently high level of performance across a wide range of key performance indicators.

### Director-General's Excellence Awards

Congratulations to all of the above top 10 performers. As indicated on page vii, each of these utilities will be presented with the Director-General's Excellence Award for water supply and sewerage.

3	Ballina
54	Gunnedah
70	Lismore
93	Orange
97	Queanbeyan
106	Singleton
117	Wagga Wagga
126	Wyong
129	Yass Valley
130	Young

**Page 93.** Appropriate pricing is fundamental to the structure of user pays.



*The NSW government aims to improve the quality and efficiency of services to all residents. To improve the efficiency of non-metropolitan water supply, sewerage and liquid trade waste services, it strongly recommends the introduction of best-practice pricing by non-metropolitan NSW water utilities.*

*As appropriate pricing is fundamental to effective management of water supply and sewerage businesses, the state government considers it important for all water utilities*

*to set cost-reflective tariffs for water supply, sewerage and liquid trade waste in accordance with the Independent Pricing and Regulatory Tribunal's (IPART) "Pricing Principles for Local Water Authorities". The IPART Pricing Principles are consistent with the Council of Australian Governments' (COAG) Strategic Framework for Water Reform which was agreed to by all Australian governments.*

**Page 95.** Pay for use pricing is critical, to be cost reflective. Water pricing options (the **remainder** from annual rates and charges)

The usage charge for the first step of an inclining block tariff should be not less than the marginal operating cost (typically at least 35 c/kL). The second step of an inclining block tariff and the usage charge for a two-part tariff should be based on the long-run marginal cost ie. the sum of the marginal operating cost and the marginal capacity cost (typical values for non-metropolitan NSW range from 80 c/kL to \$1.20 /kL). The access charge should be set to recover the remainder of the required income from annual rates and charges.

**Page 99 & Page 105.** Residential and commercial properties with **SMALL** water use supposed to have received over 10% reduction in water costs.

<b>Results</b>	<b>Benefits</b>
<ul style="list-style-type: none"><li>■ Over 10% reduction in bills for low water users</li><li>■ Small reduction for others with a 20 mm connection</li><li>■ Significant increase for high water users with large service connections due to removal of present cross-subsidies.</li></ul>	<ul style="list-style-type: none"><li>■ The pricing signals provided enable each customer to balance the benefits and costs of his or her water use</li><li>■ More efficient use of water resources and the water supply system.</li></ul>

**■ 10% reduction in bills for residential customers and small non-residential users**

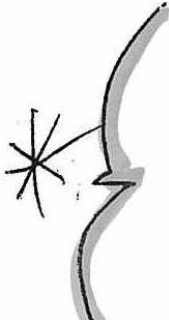
**Page 101.** BRC water pricing was lower than even the “Typical values”

sewerage system. The sewer usage charge should be broadly based on the long-run marginal cost. Typical values for non-metropolitan NSW range from 80c/kL to \$1.50/kL (see box at bottom of facing page).

**Page 103.** Water pricing software given to Councils. Therefore Councils are able to accurately price.

**Pricing software** has been prepared to assist NSW utilities to develop best-practice sewerage and trade waste tariff structures which yield the required income from annual charges and to analyse their impact (percentage real increase in the sewerage bill) on a range of residential, non-residential, trade waste and non-rateable customers

**Page 107.** Sewer Pricing spelt out in the Guidelines.



*b) Sewerage Pricing*

Best-practice **sewerage** pricing involves a uniform annual sewerage bill for residential customers. For non-residential customers 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.

For guidance in developing and implementing best-practice pricing tariffs refer to Appendix B.

**Page 111** BRC consistent claims to work within the Lawful guidelines which contain all the elements of fairness which in fact they ignore

Council staff are currently working on applying State Government guidelines to sewer pricing. This involves carrying out research on obtaining the best way of determining the Sewerage Discharge Factors to non-residential properties.