



NEW SOUTH WALES

APPENDIX

9 of 9
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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

MSO Ref: 09605
DEUS Ref: 04/2100

Mr Lachlan Sullivan
President
Bathurst Chamber of Commerce
PO Box 293
BATHURST NSW 2795

24 DEC 2004

Dear Mr Sullivan

I refer to your letter of 5 October 2004 regarding the introduction of best-practice sewerage pricing by Bathurst Regional Council.

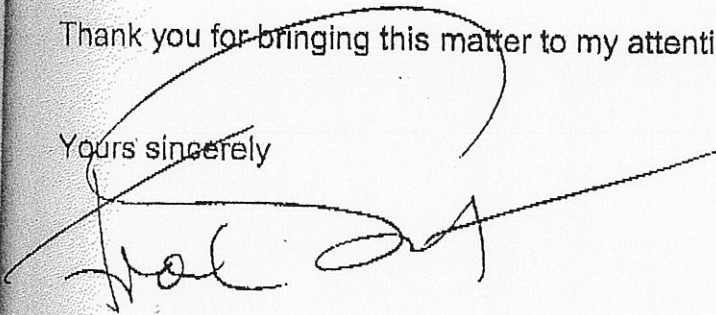
As outlined in the Best-Practice Management of Water Supply and Sewerage Guidelines, the sewer access charge should reflect the customer's capacity requirements.

As you point out, the present charges for some customers such as those with large connections sized for fire flows, may be higher than warranted by their load on the sewerage system. Such customers may wish to submit evidence to Council that supports an alternative approach to determining sewer access charges. This may involve presenting an independent hydraulic report which analyses the customer's historical and likely future water consumption and sewer discharge patterns and the likely peak discharge requirements. Council has assured me that it will assess such evidence provided by its customers on a case by case basis.

I am keen to see that all customers are treated fairly and that businesses in Bathurst are not faced with unwarranted access charges. I will therefore continue to monitor the implementation of the new sewerage charges in Bathurst.

Thank you for bringing this matter to my attention.

Yours sincerely



Frank Sartor

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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Bridge Road (PO Box 42), Nowra NSW Australia 2541 - DX 5323 Nowra
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For more information contact the Shoalhaven Water Group

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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.

2.4. Related Documentation

- Application for water service connection
- Application for water meter service connection down size
- Process for handling of requests/processing/assessing applications (refer appendix 1)

2.5. Common Provisions

There are no common provisions relating to this subject.

3. PROVISIONS

Council will consider all applications for the down size, disconnect or nominal sizing of water meter service connections. Applications must however be:

- Submitted using the applicable application form 118/10/04 and as subsequently amended
- Signed by the property owner or Secretary of the Body Corporate if Strata
- Accompanied by a Consulting Engineers of Hydraulic Report and other supporting documentation as required by Council (the costs incurred in providing the supporting documentation will be at the applicants expense)

The submission of an application and any recommendation contained within the accompanying Consulting or Hydraulics Engineers Report does not place any obligation on Council to approve such a down size to the water meter service connection. All applications are subject to assessment by Shoalhaven Water and Development and Environmental Services. All applications are subject to final determination and approval by the Shoalhaven Water Group Director or his delegate.

The determination and approval by Council of an application and the final nomination of the appropriate size of the water meter service connection will be based on but not necessarily limited to;

- Affect a down size will have on the quality and quantity of water pressure and flow.
- Development Conditions applicable to the premises.
- The effect of downsize on backflow prevention devices,
- The need to provide adequate function of fire support systems eg hose reel or hydrant etc, and conform with the relevant BCA and NSW Plumbing and drainage codes
- The nature of the premises and likely impact for onsite residents ie units, caravan parks etc, and
- NSW Fire Brigade requirements

The Engineers report should address the issues indicated above.

There is no limit to which an application for down size of water meter service connection can be rendered for assessment. The determination of an appropriate down size however will be approved based on the request by the customer but also on the requirements of Shoalhaven Water in providing adequate and appropriate water services together with the requirements of any approved Development Application or meeting various compliance requirements.

All applications for water meter service connections will be effective and adjustments undertaken from 1st July of the financial year in which a completed application is submitted and accepted for determination. Availability charges at the higher rate will however continue to be levied until approval is granted. Adjustments to availability charges will be undertaken only once approval is given.

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Shoalhaven City Council - Down Size, Disconnect or Nominal Sizing of Water Meter Services

Applications involving single dwellings with a metered service of 25mm and where that service is not supporting a fire support system do not require the rendition of a Consulting or Hydraulic Engineer's Report.

"Nominal" Sizing for charging purposes

Nominal sizing of meters will be conducted in the same fashion as downsizing. It is important that Council ensure compliance with the various building codes and fire fighting requirements. Nominal sizing where fire services are involved will be limited to the level of connection needed for the property; were a fire service not installed. Nominal sizing of meters for other reasons (exceptional one-off) will require substantiation and will be considered on the merit.

Where approval is given for the nominal sizing of a service connection consequent to fire services being installed and where internal hose reels support that property, the nominal sizing will only remain if the hose reels are protected by lead security seals. Council will reserve the right to levy an availability charge based on the actual size of the connection if those seals are broken. Council will reserve the right to review the status of properties approved for nominal sizing.

The approved nominal sizing of meters will be contained and highlighted within Council's water billing system. The approved nominal sizing is subject to review and change by Council.

Costs

The responsibility for costs in respect of the policy are as follows:

- Costs to undertake disconnection or nominal sizing of meters will be borne by Council,
- Costs to undertake the downsize or subsequent upsize of meters will at the applicants expense,

(The costs to supply and undertake the necessary works will be provided as an estimate on application and will be payable before works are commenced. In the estimate of costs Council will allow for a credit based on the difference in the price of the current connected meter size against that of the new meter size. Council will reserve to re-use the replaced meter as required)

- Costs to provide Consulting Engineers on Hydraulic reports or other supporting documentation in respect of disconnection, nominal sizing or downsizing, will be the responsibility of applicants.

4. IMPLEMENTATION

The Customer and Support Services Section of Shoalhaven Water has responsibility for implementing this policy.

5. REVIEW

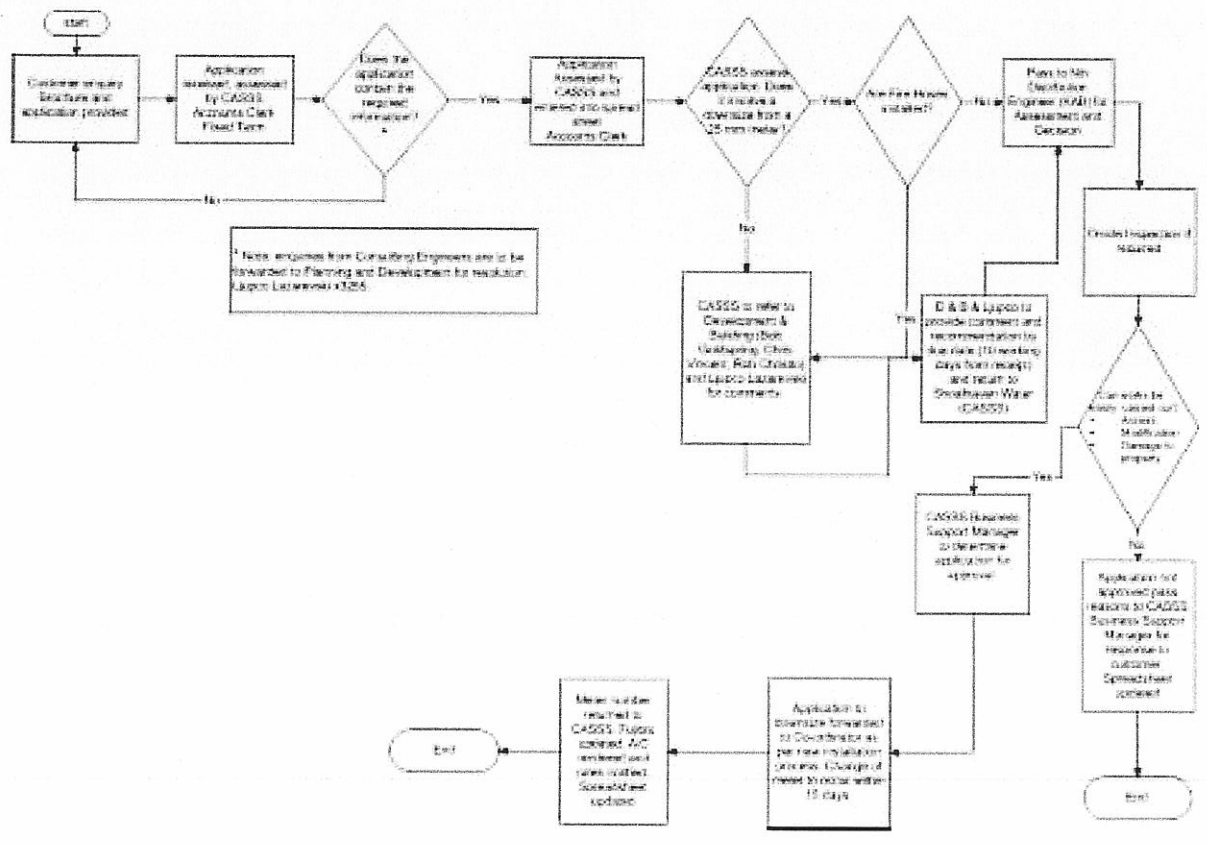
This policy is to be reviewed by SHW 30th June, 2008

6. APPLICATION OF ESD PRINCIPLES

No ESD principals are applicable to this policy.

Shoalhaven City Council - Down Size, Disconnect or Nominal Sizing of Water Meter Services

Appendix 1 – Flowchart for processing applications
TRIM Reference D04/95504



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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.

Hose reel use

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.

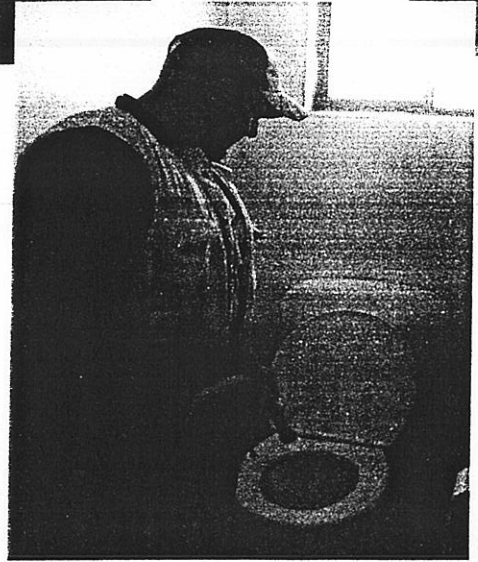
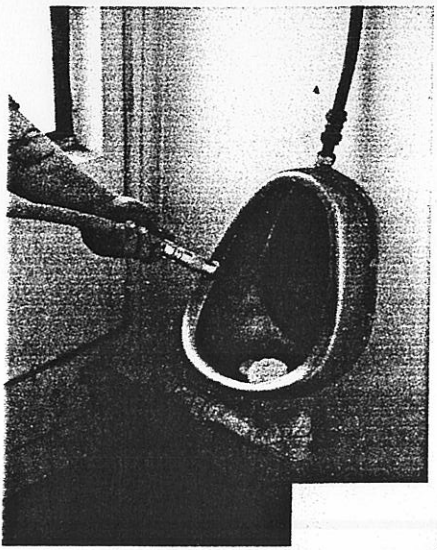
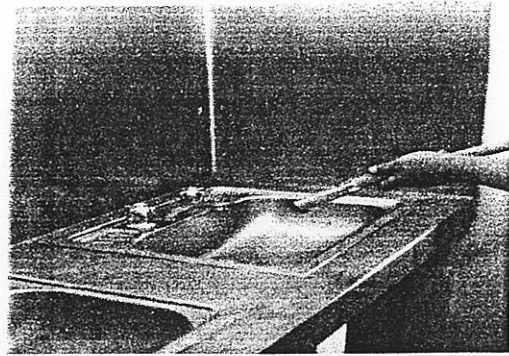
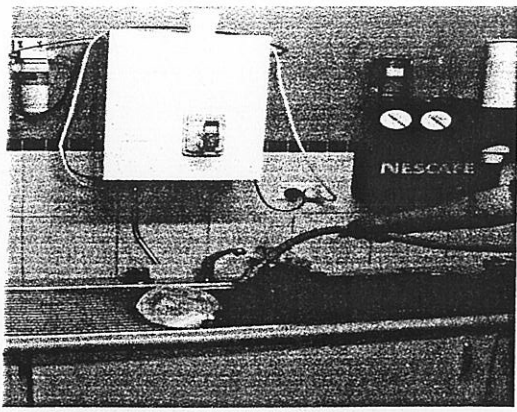
Annual Vacant Land Sewer Charge

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

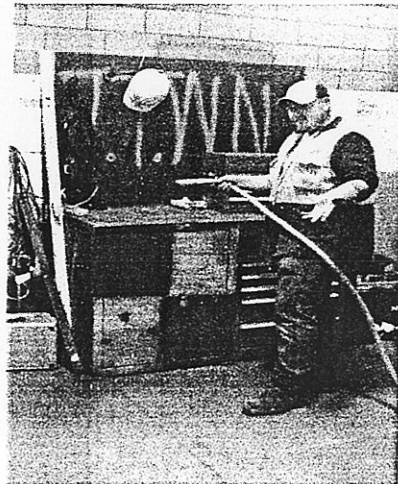
Annual Sewer Access Charge

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.

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These are probably the so called "common practice of using hose reel;" situations referred to by Council, for in all of these unlikely situations the water from the fire hose reels would indeed go into the sewer system. All would prove quite messy though, given the required capacity of fire hose reels. These unlikely situations however are deemed to provide an assumed copious load on Council's sewer system. They are indeed the basis for the Sewer Access Charge including the fire hose reel component capacity of non-residential water meters. They are the basis for the inordinate charge for sewer access by Bathurst Regional Council.



In these unlikely scenarios the water from the hose reels will not be entering the sewer system but rather be soaking into the ground , evaporating or going down the storm water drain. Because of this, the use of fire hose reels for these purposes has no bearing on, or does it provide any "impact" or "load" to the sewer system.

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



President: Tammy Middleton

Secretary: Chas McPhail

January 20, 2009

Cr Paul Toole
Mayor
Bathurst Regional Council
PMB 17
Bathurst NSW 2795

CC: Mr. David Sherley, General Manager, Bathurst Regional Council
Mr. Bob Roach, Director Corporate Services & Finance

Dear Cr Toole

Re: Sewerage Access Charges

As Immediate Past President of the Bathurst Business Chamber, this issue has been raised with me by one of our members as one which remains unresolved after my term as President. The purpose of this letter then is to try and provide some resolution to our member on this matter.

Having again reviewed previous correspondence between Council and the Chamber in relation to this issue it appears that there are a couple of points for which we would seek some further clarification from Council.

In our letter dated 12th March 2008, we quoted an excerpt from the Chief Financial Officers' Report to the Council meeting 21/07/04 at page 19 which contained recommended strategies from DEUS for the implementation of the Sewerage Access Charges. Included in the recommendations was:

“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 (ET’s) 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.”

To assist us to adequately respond to our members’ enquiries in relation to this issue, I respectfully ask that Council respond to the following questions:



PO Box 293, Bathurst NSW 2795
Telephone: 02 6332 4522 Facsimile: 02 6332 2125
Email: bathurstchamber@belindas.com.au
ABN 38 778 619 246



1. Is the option mentioned in the excerpt from the report available to businesses?
That being to provide an expert report to Council for consideration to determine their peak load on the sewerage system and be charged accordingly?
2. If so, will Council advise businesses that this option is available to them?

Thank you in advance for your attention to this matter, and I look forward to receiving your responses to these questions which will no doubt clarify the position of Council and resolve our questions in relation to the issue of Sewerage Access Charges.

Yours sincerely



Peter Sargent
Immediate Past President
Bathurst Business Chamber

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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.bathurstregion.com.au

Attachment 4
p 1 of 2

19 February 2009

Mr Peter Sargent
Bathurst Business Chamber
PO Box 293
BATHURST NSW 2795

Dear Peter

Sewerage Access Charges

I refer to your letter of 20 January 2009, regarding sewerage access charges.

In order to understand Council's position on the matter of sewerage access charges the following information is supplied.

- 1) In May 2004, Council received advice from the NSW Government of Guidelines to be used in determining a method to charge customers for the use of Council's sewerage assets.
- 2) From 2003 onwards, Councillors have been presented with various reports and options for the charging of sewer charges.

Council, at its meeting held in July 2004, chose the option that is currently being charged to each customer. The options available to Council were to charge either of the following:

- * (a) Base sewerage access charges on the peak load the discharger places on the sewerage system. Such discharges should therefore have the option of providing for Council's consideration, an expert report to establish the peak load in equivalent tenements (ET's) their operations place on the sewerage system.
- * (b) 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.

Part (b) is the method that has been adopted by this Council.

- * 3) As part of establishing a method of charging Council's engineering staff were requested to categorise each business to determine their sewerage discharge factor (SDF).
- 4) Council on 8 June 2004, wrote to all businesses affected by the introduction of this new system requesting them to advise Council if they required a review of

Reference: RR-AL26.00010-03/026
Enquiries: Mr Bob Roach (02) 6333 8267
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Bathurst Business Chamber
19 February 2009

Attachment 4
P 2 of 2

their business SDF. Council received replies to this request and proceeded to review each property's SDF and where appropriate make the required change.

Council wrote to over 300 landowners who were affected by these proposed changes. Council received replies from 19 landowners and then proceeded to review each of these requests and make any necessary adjustments that were required.

- 5) Council has since 2004 used this method to charge customers for the use of the sewerage assets.
- 6) Each year Council invites submissions from its ratepayers and customers on any aspect of items contained within the Management Plan including the method of charging for sewer as well as the SDF charge contained in the Revenue Policy section of the Management Plan.
- 7) This issue has been raised many times by a member of the Bathurst Business Chamber, and again I would like to reiterate that it was Council's decision to adopt the method they did. That is, the Council determined the access charge on the basis of the square of sewer connection size times the discharge factor.
- 8) As Council has adopted its method of charging then the option you refer to regarding the peak load in equivalent tenements (ET) is not available to Council's customers at the present time. However, as pointed out in item (6) each and every ratepayer has the right to make a submission on the Management Plan including the method of charging for sewer charges.
- 9) Council will invite and consider all submissions made in determining its Management Plan and Revenue Policy for the 2009/10 period.

I trust this explains Council's position in relation to sewer access charges.

Yours faithfully

Paul Toole
Paul Toole
MAYOR OF BATHURST

Reference: RR:AL:20.00010-03/026
Enquiries: Mr Bob Rosch (02) 6333 6257
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233 College Rd
Bathurst
10/02/09

Tammy Middleton. President
Peter Sargant . Immediate past president
Lachlan Sullivan President at the time of introduction of the Sewer Access Charge

Dear Tammy
Peter
Lachlan

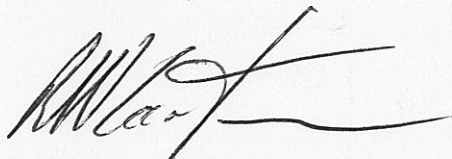
re the BBC letter to BRC re Councils method of applying the Sewer Access Charge
the BRC reply to the BBC dated 19 February 2009 and
the letter to myself from the BBC dated March 5, 2009

Council has tried in their letter falsly to imply that the option to submit an experts report is not available. I can assure you that it is and could only be removed with approval from the State Government. Be assured that this option is what makes the Councils method of applying the Sewer Access Charge acceptable to the State Government. Our concerted efforts to have this option made widely known has effectively been stonewalled to the detriment of all non residential ratepayers.

I submit to you a copy of a report I have had done ascertaing ET's on one property of mine with the covering letter to Mayor Paul Toole. I am presently effecively being overgharged by up to 400% for sewer access on this property. This is no light matter for Bathurst non residential ratepayers wether or not they are members of the Chamber.

One good thing that has come from Councils reply is contained in cl 6) where they invite submissions on the matter. I intend to have an expert submission done on this matter and request that it be submitted to Council through the BBC.

Yours faithfully



Ray Carter

Mobile Phone 0407 258882

President: Tammy Middleton



Secretary: Chas McPhail

March 5, 2009

Mr. Ray Carter
Carter Bros. Engineering P/L
3 Toronto St
Bathurst NSW 2795

Dear Ray

Re: Sewer Access Charges

As you are aware, at your request we have recently written to Bathurst Regional Council on this subject requesting some clarification in relation to an excerpt from the Chief Financial Officers Report to the Council Meeting 21/07/04 at page 19 posing the following questions:

1. Is the option mentioned in the excerpt from the report (i.e. for businesses to provide for Council's consideration, an expert report to establish the peak load in equivalent tenements (ET's) their operations place on the sewerage system and be charged accordingly) available to businesses?

And

2. If so, will Council advise businesses that this option is available to them?

We have now received a reply from the Mayor of Bathurst Regional Council, Paul Toole which I have attached for your reference. You will note that the response from Council states at (8):

"...the option you refer to regarding the peak load in equivalent tenements (ET) is not available to Council's customers at the present time. However, as pointed out in item (6) each and every ratepayer has the right to make a submission on the Management Plan including the method of charging for sewer charges"

I trust that this response clarifies Councils' position at this time in relation to the questions we have raised. The correspondence also indicates that Council will invite and consider all submissions made in determining its Management Plan and Revenue Policy for the 2009/10 period.

Yours sincerely

A handwritten signature in black ink, appearing to read "P. Sargent".

Peter Sargent
Immediate Past President



**BATHURST
REGIONAL COUNCIL**

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19 February 2009

Mr Peter Sargent
Bathurst Business Chamber
PO Box 293
BATHURST NSW 2795

Dear Peter

Sewerage Access Charges

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Council, at its meeting held in July 2004, chose the option that is currently being charged to each customer. The options available to Council were to charge either of the following:

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