



KEMPSEY  
Shire Council

## **DIRECTOR SHIRE SERVICES REPORT**

15<sup>th</sup> November 2005

**DSS6                      SEWERAGE CHARGES – MID NORTH  
                                    COAST CORRECTIONAL CENTRE  
                                    FILE: 11559      TAK      {Folio No. 306209}**

### **SUMMARY:**

Reporting on a request to review the sewerage charges for the Mid North Coast Correctional Centre.



With the commencement of the operation of the Mid North Coast Correctional Centre (MNCCC), a number of operational matters were required to be resolved. Council has been having ongoing discussions with representatives of MNCCC and the Department of Commerce regarding the charges for the provision of sewerage services during 2004/2005.

The Department of Commerce, on behalf of MNCCC, have requested an adjustment to the sewer charges for 2004/2005, as set in the Management Plan, on the basis of the staged commissioning of the centre within that financial year.

Council invoiced the MNCCC for sewerage services for the 2004/2005 period according to Council's Fees and Charges at the category for commercial premises ie. at the rate of \$499 for each water closet. An invoice was issued in the amount of \$214,071 being for 429 water closets @ \$499.00 each.

Since the issuing of the invoice, the Department of Commerce has held a number of further discussions with Council and has made the following points:

- The rates levied were higher than those levied on other similar sized facilities in the State.
- The facility was not fully occupied during the rateable period. Occupation occurred in stages with a monthly average of inmates of 288 (56% of 510 capacity).
- The proposed charges for 2005/2006 under the new two part Water and Sewer Pricing arrangements under the Best Practice Guidelines is estimated at \$105,743.

With 27 blocks in the centre, identifying a breakdown of the infrastructure commissioning has not been possible (pedestal count). An alternative method used to calculate the proposed adjustment is to base the charge, in this instance, on the average occupancy of the centre.

The Department has offered to pay an amount of \$124,021 which is equivalent to 58% of the charge originally invoiced.

If compared with the staged commissioning of the centre, then this offer would seem to be reasonable and fair.

#### **REPORT IMPLICATIONS:**

- *Environmental*

*Nil*

- *Social*

*Nil*

- *Economic (Financial)*

*The financial implications of this report is a write-off of \$90,050 in revenue for sewerage charges as a result of revised charges being in line with actual staged occupancy of the centre. The original charge was brought to account in the 2004/05 financial year. The proposed write-off of \$90,050 will reduce the Sewerage Working Funds Account from \$949,277 (as at 30<sup>th</sup> June 2005) to \$859,227.*

- *Policy or Statutory*

*Nil*

- *Director's Review*

*The amended charge is a result of ongoing discussions with the MNCCC and the Department of Commerce and under the circumstances is considered to be a reasonable and acceptable outcome.*

#### **RECOMMENDATION:**

**That the charges for the provision of sewerage for the 2004/2005 period for the Mid North Coast Correctional Centre be calculated on the basis of the staged commissioning of the facility.**