



DIRECTOR SHIRE SERVICES REPORT

11th April 2006

DSS9	FLUORIDATION COSTS
FILE: 240	AMB {Folio No. *}

SUMMARY:

Reporting the available information on the impact of fluoridation on water bills.



DESCRIPTION:

This report addresses the concerns raised in NOM5 of 9.8.05 (see [Appendix E](#)).

The cost of fluoridation can be broken into two sections; capital costs and operational costs. NSW Health has agreed to fully fund the capital cost of the fluoridation infrastructure and has offered two consecutive years of \$20,000 grants to cover operational costs (i.e. \$40,000 total).

Macleay Water is progressing with the capital cost reimbursement process. The first progress payment for the South West Rocks facility is currently being sought. The two other facilities are in the design process and capital cost reimbursement will be available once physical work has begun. There should be no impact upon water bills from the capital cost of the fluoridation.

Macleay Water has invoiced NSW Health for the operational grant. To date this will go toward training costs and analysis equipment. Once a fluoridation plant is operational, assessment of the additional costs above those already occurring can be gauged. Any additional costs are expected to be covered by the operational grants in the first two years.

At this point in time it is difficult to enumerate the additional cost of operation. At present there is no similar small fluoridation plant operational against which to benchmark. All designs have had minimisation of labour costs at the forethought and integration with other water treatment duties to further minimise operational costs.

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A full year's operation (chemical, labour and training) for the three fluoridation plants has been estimated at \$71,000. However, the fluoridation plant at Stuart McIntyre Dam and Crescent Head water treatment plant are now not expected to be operational until late 2006. As such, operational costs based on current preliminary estimates would be approximately \$40,000 - the same amount offered as an operational grant by NSW Health. The costs incurred will be closely monitored in the remainder of the 2005/06 financial year with the commissioning of the South West Rocks Water Treatment Plant.

Macleay Water will be in a better position to gauge any operation cost impacts at that point in time. It is expected that operational costs of the fluoridation beyond 2006 / 07 will necessitate an increased water usage rate. At this point in time, given the uncertainties, the likely increase can not be assessed.

REPORT IMPLICATIONS:

- ***Environmental***

There are no environmental implications arising from this report.

- ***Social***

There are no social implications arising from this report.

- ***Economic (Financial)***

It is likely that the financial costs relating to fluoridation of water supplies will require an increase in water charges commencing in 2007 / 2008. It is not possible at this point in time to accurately determine the increase necessary.

- ***Policy or Statutory***

The fluoridation of the three water supplies of South West Rocks, Kempsey / Lower Macleay and Crescent Head is to meet statutory requirements.

- ***Acting Director's Review***

Council has been directed by the State Government to fluoridate three of its water supplies. Whilst funding has been provided for the capital costs and \$40,000 provided for initial operational costs, Council should pursue funds to cover the ongoing operational costs.

RECOMMENDATION:

That Council makes representations to the Minister for Health seeking ongoing funding for the operational costs

associated with the fluoridation of the three water supplies in Kempsey Shire.

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A P Vermeulen
Acting DIRECTOR SHIRE SERVICES