

STAFF REPORT

TO: Chairman & Members, Engineering Services Committee

FROM: Jeff Cuthbertson

REFERENCE: S302

DATE: 12 January 2005

SUBJECT: School Wastewater Charges

PURPOSE

The purpose of this report is to illustrate to the Engineering Services Committee the different methods neighbouring Councils use to schools for their wastewater charge (pan charge).

BACKGROUND

Council received a submission to the Engineering Services Committee on 16 September 2004. Three schools were represented. It was their claim that Tasman District Council was unfairly charging them on their liquid waste in comparison to other schools in the Nelson area.

Council undertook to check what other schools in and around our region were charged in an endeavour to reduce the effect of Council's charging policy for multiple pans. Refer WK04/090/20 (copy of minutes attached).

The present policy used district wide in the Tasman District is: (Refer page 5, TDC Policy Document Volume II).

- a) the first pan is charged at 100%
- b) second to tenth pans charged at 75%
- c) eleventh and subsequent pans charged at 50%

The charges for 2004/2005 for a), b) and c) are \$320, \$240 and \$160 respectively.

COMMENTS

Council has produced a comparison of charging with the following authorities:

- Nelson City Council
- Marlborough District Council
- Christchurch City Council

It must be acknowledged that a true comparison of each individual authority is impossible to make as we don't have the individual authority's method of subsidy, what is or is not charged, and land and capital values for each authority vary dramatically. The density of population within an area is also a major factor, eg Nelson and Tasman have a similar population base, the difference is that the majority of Nelson's population is connected to a reticulated network and within a very confined area. Tasman on the other hand, has a dispersed population and it is suggested that as much as 20% of the population is not connected to a reticulated network.

The reticulated networks are dispersed throughout the district, with a number of pumping stations and a number of sewage treatment facilities etc. The two most important problems in making a financial comparison is:

- a) what is not included in all costs; and
- b) are the two methods of charging actually comparable,
ie sewerage actual costs vs volumes of water actually used
vs land and/or capital values

Tasman District has decided that all costs for sewage are recovered by only one method, the pan charge. This however is not always true as pre-amalgamation loans have additional effects and the club (the combining of all accounts so that one rate for all is struck) also provides an incentive subsidy of 1/3 of any capital cost for providing a new system within the remainder of the district.

The comparison below is therefore not a true comparison of service level vs service level, but a dollar based assessment on costs. It cannot and should not be used as a comparison of service provided.

Other Councils assessment for waste to schools

a) Nelson City Council

Nelson City Council charges schools based solely upon water used through their individual water meter.

Charging in 2004/2005 is:

80% of water used charged at \$0.93/m³ excluding GST.

b) Marlborough District Council

Marlborough District Council's rate is a combination of a flat rate and land value charging.

Charging in 2004/2005 is:

General sewerage rate of \$153.00

Plus a capital charge of \$0.00233148 per \$ based upon land value

c) Christchurch City Council

Christchurch City Council charges a flat rate based upon capital value for all connections.

The rate for 2004/2005 is \$0.00052406 per \$ on the capital value of the property.

Summary of Charging Methods

	Waimea College	Motueka High School	Parklands School
Tasman District Council			
Rate	\$12,240	\$7,686	\$3,716
Nelson City Council			
Water Used	16,261 m ³	0 m ³	0 m ³
Rate	\$13,610.46	\$0	\$0
Marlborough District Council			
Sewerage Rate	\$153	\$153	\$153
Land Value	\$1,020,000	\$750,000	\$150,000
Rate	\$2,531.11	\$1,901.61	\$502.72
Christchurch City Council			
Capital value	\$7,910,000	\$6,540,000	\$2,820,000
Rate	\$4,145.31	\$3,427.35	\$1,477.85

CONCLUSION

It is very difficult to draw any conclusions as to what is a fair and normal charge for sewerage. As mentioned earlier, it all depends upon the Council's policies of what is charged, the method of charging and what is subsidised by others.

However, this graph does form a basis for discussion with the interested parties.

RECOMMENDATION

That the working party use the information provided to form a basis for negotiations with the schools to form a policy for school wastewater charging.

Jeff Cuthbertson

Utilities Manager