



TITLE: WASTEWATER ACCOUNTING PRINCIPLES POLICY

REFERENCE NUMBER:	DOC/16/84913
RESPONSIBLE DEPARTMENT:	Corporate Services
APPLICABLE LEGISLATION:	Local Government Act 1999 Water Industry Act 2012
STRATEGIC PLAN: Mount Barker 2035	Governance & Leadership GL:4 Manage assets and liabilities through a planned, long term approach
RELATED POLICIES:	Wastewater Pricing Policy SALGA CWMS Accounting Principles
SUPPORTING PROCEDURES:	Nil
ENDORSED BY COUNCIL:	September 2016
NEXT REVIEW DATE:	September 2020

1. POLICY STATEMENT

Mount Barker District Council is committed to ensuring that Council administers the application of fees and costs for the provision of Wastewater Services in a fair and consistent manner.

2. POLICY OBJECTIVES

The purpose of this policy is to ensure that:

- Council complies with all regulatory and industry standards associated with the accounting principles applied to the Wastewater Business financial reporting
- That the Service is properly costed and that the price charged ensures the long run sustainability of the Service.

3. DEFINITIONS

Community Wastewater Management Scheme means any septic tank effluent drainage system or scheme provided or made available by Council for the collection, treatment, storage, distribution and disposal (including by sale of recycled water) of effluent.

Cost of Capital is an allowance for the opportunity cost of capital used to acquire the assets. To calculate the opportunity cost of capital is to apply the long-run real interest rate (i.e. the interest rate net of inflation) to the written down current replacement cost of the service's assets.

Cost of Risk a percentage calculated to recover the risks associated with the wastewater and recycled water business.

CWMS means the Council's Community Wastewater Management Scheme.

Operation & Maintenance means regular ongoing day-to-day maintenance work and operational activities necessary to keep a CWMS or Sewer Scheme operating efficiently. Example: pipe cleaning, treatment of wastewater and operating costs including electricity and chemical charges.

Real Interest Rate as provided by SALGFA, nominal interest rates include a component to compensate lenders for inflationary expectations. The real cost of servicing loans that are set using nominal interest rates falls over time with inflation. If nominal interest rates are 7% and inflationary expectations are 3% this means that real interest rates are about 4%.

Renewal is the replacement or refurbishment of an existing asset (or component) with a new asset (or component) capable of delivering the same level of service as the existing asset.

Sewer Scheme means any system or scheme provided or made available by Council for the collection, treatment, storage, distribution and disposal (including by sale of recycled water) of sewage. A Sewer Scheme excludes a septic tank effluent drainage scheme but may include tankering services as an interim measure.

Upgrade means the enhancement of an existing asset to provide a higher level of service. Examples: increase in pipe diameter to provide capacity for increased flow rates, and may also include the extension of existing infrastructure.

Wastewater Services means the collection, treatment, storage, distribution and disposal (including by sale of recycled water) of effluent or sewage respectively, via a Community Wastewater Management Scheme or Sewer Scheme.

4. ROLES & RESPONSIBILITIES

Council shall:

- Maintain and update equity for the revenue received pursuant to this Policy

- Meet all legislative requirements for the accounting of funds raised by the fees and costs, to the satisfaction of internal and external audit
- Communicate and implement this policy
- Monitor the effectiveness of this policy and recommend to Council any proposals for change.

5. SPECIFIC POLICY INFORMATION

5.1 Council seeks to recover the full cost of providing Wastewater services from the users of the service.

5.2 The full cost of the service equates to a “whole of life” approach to determine costs and includes:

- Operating and maintenance costs
- Capital renewal and upgrade
- Cost of capital
- Cost of risk.

5.3 Council will comply with the following guidelines in applying pricing principles for wastewater and recycled water:

- Section 155 of the Local Government Act 1999
- Pricing principles for recycled water (ESCOSA 2010)
- National Water Initiative Pricing Principles (2004)
- Costing Principles for Local Government (SALGA 2013)
- The Costing and Pricing of CWMS (SALGA 2015)
- CWMS Accounting Principles (SALGA 2015)

6. REVIEW OF PRICING

6.1 All prices are reviewed annually by Council as a part of the Annual Business Planning and Budget process which are adopted after community consultation and published in the Annual Fees and Charges Schedule.

7. PRICING PRINCIPLES FOR WASTEWATER ANNUAL SERVICE CHARGES

7.1 Wastewater service (Community Wastewater Management System (CWMS) or sewer) includes the collection of wastewater, transportation, treatment, storage and disposal of effluent.

7.2 Prices are based on full cost recovery of establishing, operating, maintaining, improving and replacing (including by future capital works and depreciation of assets) as per Section 155 of the Local Government Act 1999, SALGA CWMS Accounting Principles and ESCOSA Principles.

8. GENERAL

8.1 Equity Funds Management:

Financial statements will be prepared in accordance with the Australian Accounting Standards and legislative requirements from the Local Government and Water Industry Acts that will enable the monitoring of and reporting on Council's Wastewater business equity.

9. REVIEW

This Policy will be reviewed every four years, or earlier in the event of changes to legislation or related Policies and Procedures, or if deemed necessary by the General Manager Corporate Services.

10. ACCESS TO THE POLICY

The Policy is available for public inspection at the Customer Service Centre, at the Local Government Centre, 6 Dutton Road, Mount Barker, South Australia and on the Council's website www.mountbarker.sa.gov.au.

9. FURTHER INFORMATION

For further information on this Policy, please contact:

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