

Sewerage : \$21.5 million and counting

On 10th December, 2001, the State Minister for Local Government and Planning, Nita Cunningham, finally announced her department's decision on the joint Councils' request for funding for sewerage at Mission Beach under the Small Communities Assistance Program (SCAP).

The outcome is that she is making a further \$9 million available on top of the \$6.5 million already allocated, subject to a number of conditions.

As part of the decision-making process, Department of Local Government and Planning (DLG&P) sought advice from Department of Natural Resources and Mines (DNR&M), the Environmental Protection Agency (EPA), and other agencies.

It was understood from the beginning that there was insufficient information for EPA to assess the suitability of the proposal for an effluent licence for the disposal of tertiary treated effluent. The research and planning that will need to be done before a licence could be granted is included in the project's cost.

Similarly, DNR&M said there was insufficient information for them to assess the project from the technical viability point of view.

The proposal was for a \$18.7 million scheme, but DLG&P has said that in their opinion this is an underestimate, and that they expect the project to cost \$21.5 million. **This must bring into question the ability of the Council staff and their consultants to do their job properly. How can we have any faith that this extremely expensive and poorly researched project will be managed without further cost blow-outs?**

The conditions attaching to the SCAP funding were brought before Cardwell Shire Council at their meeting of 14th December for approval, which was given.

The conditions state that if the final cost of the project is higher than the estimated \$21.5 million, then the Councils either accept full responsibility to meet the higher cost, or reconsider other options. And if the final cost is less than \$21.5 million, then the Councils' contribution will remain at \$6 million.

That is, if it turns out to be cheaper, the SCAP component will be reduced.

Incidentally, the Council minutes include the comment "*(This is a standard condition of the Smaller Communities Assistance Program funding.)*", but I don't think this is true – none of the funding scenarios used in the past have been for as much as this, and some were for only \$3.5 million. (Only!)

Anyway, the minimum the community will have to find is \$6 million, and if costs blow out, then they will have to find more.

So how much will householders have to pay? Well that is not a straightforward calculation as it depends on a number of choices. The Sinclair Knight Merz (SKM) report into the now-abandoned 'two treatment plants at the beach' project is available on Cardwell Shire's web site at :

www.csc.qld.gov.au/skm_mbs/02_Report/Chapter_13/Figures.pdf and it shows the methodology.

Firstly we need to know the number of private residences, vacant allotments and commercial pedestals. The SKM report quotes figures from GH&D's Delivery Strategy Report, March 1998, giving the values 915, 526 and 563 respectively. (Note that 36% of all residential allotments were vacant.) These figures are obviously somewhat out of date now, but let us stick with them for the moment.

Next we choose a percentage that will be applied to reduce the cost for vacant lots and commercial second pedestals. SKM calculated scenarios with 85% and 50%, although the SCAP application for that project was finally based on 60% for vacant and commercial. Let us stick with that 60% for a start.

At \$400 per private household, and \$240 for the others, that yields \$627,360 per annum.

Next deduct operating and maintenance costs. For the SKM project, these costs were shown as being between \$295,000 and \$315,000 depending on the process chosen. However this project involves connecting the two Shires together and pumping 24 kilometers to Tully. I am going to guess that this

is more expensive, say \$350,000 per annum.

This leaves \$277,360 available to repay the loan for the shortfall in the SCAP funding. According to the SKM report, this is enough to repay a loan of \$3.62 million over 20 years.

This is a long way short of \$6 million, so it means that \$400 per household per annum is not enough.

Working backwards, a \$6 million loan needs repayments of \$458,000, which means an annual income of \$808,000, which means an annual charge of **\$515 per household.**

Now as I said before, I have made a number of assumptions in all of this, and any assumption can be criticised, but this is just a starting point for calculating alternatives.

Using the same assumptions, if the project cost blows out by another million, household contributions would have to be \$563 per annum. And if it blows out by \$2 million, the figure goes up to \$612.

Mayor Tip Byrne and his team, and indeed ALL the candidates at the last Council elections, promised that sewerage would **HAVE TO BE AFFORDABLE** otherwise it would not happen. Do you think that \$515 is affordable?

Instead of pausing and asking people, Council has already rushed ahead and commissioned SKM to do a further \$9,999 study into some of the costings and technical viability of this shambles of a project.

It is clearly time to reconvene the Sewerage Community Advisory Committee and make the Councils tell people what is being planned, and listen to what people think about it.

Progress Association AGM

The Wongaling and South Mission Beaches Progress Association will be holding its AGM at Frogs Hollow on March 21st, 7.30 pm. Nominations for office-holders close with the Secretary on March 7th (contact 40688694 for further details).

The meeting will also decide on its representatives on the Sewerage CAC and the local Marine Advisory Committee. All welcome.

□ Dave Kimble