

# STATES OF JERSEY



## DRAFT DRAINAGE (JERSEY) LAW 2005 (APPOINTED DAY) ACT 201-

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Lodged au Greffe on 18th May 2017  
by the Council of Ministers

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STATES GREFFE





Jersey

## **DRAFT DRAINAGE (JERSEY) LAW 2005 (APPOINTED DAY) ACT 201-**

### **REPORT**

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When the Drainage (Jersey) Law 2005 (“the Law”) was enacted, the whole of the Law was immediately brought into force, with the notable exception of Article 4. This was because at that time it was considered to be unnecessary and inappropriate to introduce drainage/sewerage charges under that Article.

As part of the Medium Term Financial Plan (“MTFP”) Addition for 2017 – 2019 ([P.68/2016](#) debated and adopted in September 2016), the States gave ‘in principle approval of the new user pays proposals, commercial liquid and solid waste charges’. It was also agreed, on the adoption of the fifth amendment ([P.68/2016 Amd.\(5\)](#)), that the Department for Infrastructure (“DfI”) would not expend resources ‘on the development of ‘user pays’ charges in relation to domestic liquid and domestic solid waste, other than work connected to the development and implementation of commercial solid and liquid waste charges’. Since that time, DfI has been undertaking the development work on the introduction of these charges for non-householders (commercial users) only.

Consequently, the Council of Ministers considers that it is now necessary and appropriate to bring Article 4 of the Law into force to enable various non-householder user pays charges to be introduced with effect from 31st March 2018.

For the benefit of Members, a comprehensive report has been prepared and is attached as an **Appendix** to this Report, detailing how non-household user pays charges for liquid waste services will function, and demonstrates the principles and policy behind the charging proposals to be brought forward.

In summary, the Appointed Day Act, if passed by the States Assembly, will have the effect of bringing Article 4 into force on 1st September 2017. This will permit the Minister for Infrastructure to prescribe, by Order, fees and charges for the provision of sewerage services and allow 6 months’ lead-in time in preparation for the introduction of charges at the end of March 2018.

#### **Collective responsibility under Standing Order 21(3A)**

The Council of Ministers has a single policy position on this proposition, and as such, all Ministers, and the Assistant Ministers for Infrastructure, are bound by the principle of collective responsibility to support the proposition, as outlined in the Code of Conduct and Practice for Ministers and Assistant Ministers ([R.11/2015](#) refers).

### **Financial and manpower implications**

The cash limit for the Department of Infrastructure has already been reduced by £3.35 million in 2018, and a further £8 million in 2019, in respect of the introduction of new non-householder waste charges.

In addition to the current DfI staffing requirement, it is expected that the following additional posts will be required –

Finance and administrative support:	1.5 FTE
Water Assessment Officer(s) and Waste Water Reduction Advice:	3.0 FTE (3 years) 1.0 FTE (long-term).

It is expected that Waste Water billing and “first contact” customer support will be provided by a third party billing partner, and this is currently being tendered. It is not anticipated that additional staffing will be required in the long term for billing services.

When calculating the additional income achievable from non-domestic liquid waste charges, the additional costs of administration, customer support, water assessment and reduction teams identified above have been included in the assumptions in the model.

Any additional expenditure in relation to the introduction of charges will therefore be covered by the charges themselves, producing net income sufficient to offset the reduction in the departmental cash limit as planned as part of the MTFP Addition proposals approved in September 2016.

## APPENDIX TO REPORT

### Liquid Waste Non-householder charging Report

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## 1.0 Executive summary

### Context

As part of the Medium Term Financial Plan (“MTFP”) Addition for 2017 – 2019 ([P.68/2016](#) debated and adopted in September 2016), the States gave ‘in principle approval of the new user pays proposals, commercial liquid and solid waste charges’. It was also agreed, on the adoption of the fifth amendment ([P.68/2016 Amd.\(5\)](#)), that the Department for Infrastructure (“DfI”) would not expend resources ‘on the development of ‘user pays’ charges in relation to domestic liquid and domestic solid waste, other than work connected to the development and implementation of commercial solid and liquid waste charges’. Since that time, DfI has been undertaking the development work on the introduction of these charges for non-householders (commercial users) only.

The mechanisms for the introduction of non-householder liquid and solid waste charges differ.

In respect of liquid waste, currently charges only exist for both householders and non-householders regarding tanker services. The intention is to extend charging to encompass all liquid waste services provided to non-householders only. The necessary legislation is already in place for the introduction of liquid waste charges and all that is required is for Article 4 of the Drainage (Jersey) Law 2005 to be enacted, to enable liquid waste charging to be undertaken.

However, it is more complicated for solid waste charging as an amendment to the Law is required and that will not be ready until later this year for lodging in June and debate in the autumn.

It is therefore proposed to introduce non-householder liquid waste charges in March 2018 and then non-householder user pays solid waste charges (other than those currently in operation) would be partially introduced in 2018, and then fully introduced in the first quarter of 2019. This would benefit customers as they would not have to pay new liquid and solid charges all at once, in effect they would be ‘soft landed’.

In the MTFP, DfI was asked to make £7.5 million efficiency savings across the Department as well as taking a budget cut of £11.35 million from waste services, and these funds would be redistributed to priority areas as part of the overall package of measures agreed by the States. DfI could then top up its budget with £11.35 million worth of non-householder user pays waste charges. This would maintain DfI’s current funding levels and there would be no reduction in services.

The sum of £11.35 million was estimated to be the proportion of service costs that were generated by waste from the non-householder sector. Of this sum, £3.85 million was the proportion for non-householder liquid waste services, and DfI has therefore developed a set of user pays liquid waste charges based around the cost of service that will generate £3.85 million (net).

User pays waste charges are seen as the right way to raise this much-needed income because –

- they incentivise waste reduction;
- they are a user pays charge and therefore fair; and
- they are the norm in the rest of Europe.

### **Development of fair user pays charges**

Although waste charges have been in operation in other jurisdictions for some time, it is important for DfI to ensure consideration is given to any issues or concerns that stakeholders may have locally regarding the introduction of these charges. DfI has engaged with States Members, Parishes, business representatives and other relevant stakeholders. This will continue and be an ongoing process.

In addition to a low annual standing charge, the proposed liquid waste charges are based on 95% of water usage. This is a model successfully used elsewhere; the assumption being that it is a fair way of charging because almost all fresh water consumed will leave as liquid waste, and the user pays for what is used.

### **Reducing the amount of water used and waste water sent for treatment**

Water is a valuable commodity. There is a significant amount of water that is needlessly poured down the drain every day.

The reduction of the amount of water we use and waste water we generate in Jersey is not only good for the environment, but it also has economic merit. The less waste we have, the lower the cost for treatment and disposal.

Jersey Water has promoted ways to reduce water consumption, and DfI has been doing and will continue to do what it can to minimise the amount of waste water that goes for costly treatment. However, organisations could and should do a lot more. Awareness, promotion and encouragement only reach the willing. Others will only be prompted to change behaviours if there is an incentive to do so.

Charging for the amount of waste water generated will provide an incentive for organisations to try to reduce the amount of water they consume, and in so doing will not only reduce their water bills, but would also reduce their respective liquid waste charge.

Help and advice is already available from Jersey Water, and DfI will promote and augment this in their liaison with organisations over the coming months, as well as through things like the publishing of a handbook, hosting seminars and introducing recycling and waste reduction awards.

### **Waste charges are the norm in Europe**

Waste charges are not new or unusual. Virtually all of Europe charges for liquid waste disposal and has been doing so for many years. It is Jersey that is unusual.

DfI has been able to learn from the way liquid waste charges are working in other countries to help them develop the proposed system which is tailored specifically for Jersey.

### **Reasonably priced charges**

The level of charges has been based around the cost of providing those services. It costs £3.85 million to provide liquid waste services for non-householders, as detailed in section 6.5 of the report. A lot of financial work has been done to establish these figures.

Over the last couple of years, DfI has reviewed the services it provides and driven out efficiencies both in the area of liquid waste and across the Department, so costs have been minimised. For example, a reduction in manpower, energy and vehicle expenditure. DfI has already delivered, or is in the process of delivering, £520,000 of savings in the area of liquid waste alone. In so doing, costs have been minimised and charges are no higher than they need to be.

When comparing our cost of service with other jurisdictions, it has been encouraging to see how reasonable the charges are, especially for a small Island, which does not benefit from any economies of scale.

## **Costs passing to the Public**

It is hard to say how the Public may be affected through businesses possibly putting up prices because of increased overheads caused by waste charges. This is obviously their business decision. It is hoped that at least some can be absorbed. However, it is true to say the costs can be spread throughout their customer base and product or service range, which should mean only small increases to individual members of the Public.

DfI has been and is willing to continue to offer organisations advice on re-use and recycling opportunities that may help them reduce the amount of liquid waste they generate.

### **Not double charging**

The costs (£3.85 million) for providing these services are covered by income from taxes, a budget provided from the Treasury. However, from 1st January 2018 this budget has been removed, and the intention is for the new liquid waste non-householder user pays charges to replace this lost budget for DfI.

This means that the £3.85 million taken from the budget can be redistributed to priority areas as part of the overall package of measures agreed by the States. The charges are therefore releasing central tax funding to pay for more health and education services, which are much needed.

## **2.0 Liquid Waste Services**

### **2.1 Scope of liquid waste services**

DfI is responsible for the collection, treatment and disposal of all of the Island's raw sewage and sewage sludge, and has responsibilities for managing some of the storm water.

Each day the sewage system transports 25,000 tonnes of liquid waste via pumping stations and 571 km. of sewers to Bellozanne Sewage Treatment Works and the smaller Bonne Nuit Sewage Treatment Works. Waste water is treated and made safe before being discharged in accordance with strict environmental standards. There is also a significant foul and storm water storage facility located under Fort Regent and many storm water pumping stations and outfalls. Where properties are not connected to the sewer network, and users have tight tanks, cesspits, and septic tanks, then tanker services are currently provided.

### **2.2 Current funding of liquid waste services**

Currently, liquid waste services are funded almost wholly by the States of Jersey through direct taxation. There are, however, a few exceptions. Householders and non-householders pay for private hauliers to collect some of their liquid waste from septic tanks and tight tanks.

### **2.3 Importance of liquid waste services**

Liquid waste services are vital to maintain the health and well-being of residents and the economy of Jersey. They provide essential hygiene and public health benefits; they prevent diseases; and they support tourism. Jersey is synonymous with clean beaches and a pristine coastal environment, and the waste treatment services DfI provides underpin this brand.

## **2.4 How good are liquid waste services?**

The waste services provided in Jersey compare well to international levels, in terms of customer service, efficiency and environmental protection. Because these services work so well it is easy to forget their importance. They are effectively an invisible service, one that is only noticed when something goes wrong.

The Council of Ministers has undertaken initiatives to drive out efficiencies before the introduction of user pays charges. As a result, DfI has improved performance and efficiency of the services they provide. For example, DfI has invested in an improved and more efficient sludge treatment facility at Bellozanne which has resulted in savings of £800 per day, and has recently started the sewage treatment works replacement project on the same site. Together, these projects will reduce ongoing revenue expenditure.

## **2.5 What happens in other countries?**

The funding of the waste services in Jersey is out of step with other countries and jurisdictions where user pays charges are the norm, and which have been proved to be more efficient, effective and sustainable. Research shows that Guernsey, other Islands, the UK and other European countries have successfully adopted user pays charges for these kinds of services.

Our physically closest comparator is Guernsey. Guernsey businesses pay for liquid waste services separately from any state taxation. The payments comprise a fixed element plus a variable payment related to 90% of their clean water consumption, but it is important to note that Guernsey only carry out limited treatment of their liquid waste before pumping it out to sea.

In the United Kingdom, liquid waste services have been consistently and transparently charged since 1989. This has been successful in driving environmental performance, improvements in service levels and company efficiency.

## **2.6 Efficiencies that DfI has made to reduce the costs**

DfI has continued to identify and target areas of inefficiency to further improve the cost-effectiveness of the services it delivers. As part of the Medium Term Financial Plan 2016 – 2019 the Liquid Waste Section was tasked with making £520,000 of revenue savings. These savings have been or will be achieved by –

- a reduction in manpower and vehicle expenditure in the Drainage Maintenance and Drainage Infrastructure sections;
- the combined heat and power plant that was installed at Bellozanne to generate some of the sites power requirements from the waste gases produced by the sewage treatment process resulting in savings of £800 per day;
- an improved sludge treatment facility;
- a review of energy and water usage;
- reviewing our maintenance and asset management plans; and
- undertaking capital projects to reduce infiltration and saline intrusion into the sewer network will save an estimated £90,000 per annum from 2026 onwards.

### **3.0 The reason for non-householder user pays charges**

#### **3.1 The need for change**

The most significant barrier to changing behaviour in regard to waste in Jersey is the absence of fiscal measures that apply a level of cost to behaviours that are to be discouraged, while promoting other preferable waste management behaviour. This charging mechanism would encourage a sense of ownership for waste producers and enable them to take responsibility for the amount and type of wastes they produce. This follows best practice elsewhere.

Professor Wouter Poortinga, an environmental psychologist at Cardiff University, who has undertaken research in this area, was quoted as saying in respect of a field experiment to reduce coffee-cup waste, “People are far more sensitive to losses than to gains when making decisions – so if we really want to change a customer’s behaviour then a charge is more likely to be effective.”

There are also a number of problems with the current approach to financing waste services. Funding through centralised taxes can be grossly unfair to the majority of taxpayers. There are many cross-subsidies with a lack of transparency. For example, householders are subsidising businesses that are not paying, either directly or indirectly, for the safe disposal and treatment of their liquid waste. As tourists, visitors and travellers have their waste disposed of through businesses, they too are being subsidised by Jersey taxpayers. Non-household users paying for the service they receive is a much fairer system.

#### **3.2 What is achieved by user pays charges?**

It is right and fair to establish transparent non-householder user pays charges for waste services to ensure sustainable services over the long term; to encourage better environmental performance; and to improve customer service and operational performance. Introducing non-householder user pays charges in Jersey will –

- incentivise non-householders to manage their waste more effectively;
- drive more efficient use of services by providing incentives to reduce waste and hence reduce the overall service costs;
- rectify the gross unfairness at the heart of the current funding regime;
- be more transparent and justifiable to householders and non-householders that public funds are being used fairly and appropriately;
- ensure that wastes are treated and disposed of safely over the longer term; and
- generate additional revenue to alleviate the pressure on household taxation for reinvestment.

### **4.0 Implementation**

#### **4.1 Progress so far**

The States Assembly gave ‘in principle’ approval for user pays waste charges for non-household users in September 2016 as part of the MTFP. Since then, DfI has undertaken several activities to support the introduction of the new charges, and these included –

- service reviews to drive efficiency across the whole department;
- legal review and initiatives;
- financial modelling and analysis;
- stakeholder meetings to listen to views and to test options;
- data-gathering of customer information; and
- development of charging options and mechanisms.

#### **4.2 Establishing customer information**

Work is nearing completion to establish an accurate customer database for all non-householders. Jersey Water is helping with this work and has provided their list of non-householder customers (which is permissible under the Data Protection (Jersey) Law 2005). This information is being reconciled and checked with other data sources. Other information is being added to determine the projected waste types and volumes that will be produced by each customer.

#### **4.3 Principles of charging**

The following charging principles ensure that charges are clear, fair and transparent for all customers.

- The charges will be based on the user pays principle to ensure fairness. The more a customer uses the waste service, the more they will pay.
- Every customer who uses waste services as part of a commercial transaction will be charged proportionally to the degree to which the service has been used.
- Waste charge levels will be set to reflect the cost of providing and maintaining the infrastructure associated with the service.
- The income raised from waste charges will remain ring-fenced within Jersey Waste for operating waste services (hence the intention to create Jersey Waste as a States trading organisation similar to Jersey Car Parks and Jersey Fleet Management).
- Charges will need to evolve over time to maintain fairness and reflect changes in both the cost of running the service.

#### **4.4 The legal authority process**

Article 4 of the Drainage (Jersey) Law 2005 needs to be enacted in order to enable liquid waste charging to be undertaken. Article 4 defines who can raise charges and the 4 categories of charges that can be raised. There are no Regulations required to support Article 4.

Article 4 of the Drainage (Jersey) Law 2005 is attached as **Annex 2**.

#### **4.5 Stakeholders' views on introducing new user pays charges for waste services**

DfI has been engaging with stakeholders to determine their views on the proposed charges for liquid and solid waste services. See summary table below –

<b>Stakeholders</b>	<b>Engagement pre-lodging</b>
Council of Ministers	Progress briefings undertaken
States Members	Workshops undertaken
Comité des Connétables	Briefings provided
Environment, Housing and Infrastructure Scrutiny Panel	Briefings provided
Super Stakeholders' Forum (includes Jersey Hospitality Assoc., Chamber of Commerce, Jersey Retail Assoc., Assoc. of Jersey Charities, Jersey Attractions Forum, Jersey Construction Assoc., Jersey Farmers' Union, Jersey Finance)	Briefings provided
Visit Jersey	Informal briefing with head of Visit Jersey
Retail Association (includes Hospitality Association, Consumer Council, Jersey Business, and various retailers)	Briefings provided
Department of Environment Officers	Briefing provided
Cross-section of non-householder organisations	Focus group workshops carried out by independent on-Island resource
Jersey Business	Meeting diarised for 22nd May
Chamber of Commerce	Further meeting diarised for 8th May
Haulage companies	Informal information exchange
Parish officials	Informal information exchange
Jersey Hospitality Association	Informal meeting with head of Association
Jersey Hospitality Association	Further meeting diarised for 10th May
Jersey Attractions Group	Briefing provided
Public	Via specific media briefing and releases and website

At the formal briefing sessions, presentations were given and DfI representatives answered questions and listened to feedback and comment. Both solid and liquid waste charges were covered at the sessions. At the more informal sessions, the outline proposals were discussed together with particular implications and effects.

Perhaps not unsurprisingly, the sessions were dominated by questions. The following is a summary of the themes of recurring comment in relation to liquid waste charges or both solid and liquid charges and how DfI has responded –

Stakeholder comment	DfI response
Non-householder stakeholders felt householders should pay as well, as it would be fairer.	Stakeholders were aware that it was not DfI’s decision to exclude householders, and that it was not in DfI’s power to be able to change this independently. DfI undertook to feedback this stakeholder opinion to Council of Ministers and States Members.
Concerns expressed over the implications of improved waste reduction and recycling leading to reduced income from waste charges which would either cause a shortfall in income or lead to price increases.	Non-householders need not fear price hikes as the usual rules regarding States price rises will apply. Prices can only increase by 2.5% or the cost of living, whichever is higher, unless the increase is specifically approved by the Minister for Treasury and Resources in accordance with the Finance Direction on Fees and Charges 4.1.
DfI needs to work with other relevant Departments.	DfI has already been in discussions, meetings or briefings with other relevant States Departments, both at political and officer level.
Concerns over the amount of work there will be for DfI and how they would manage to get it done – in particular the assessments were mentioned and administration costs.	DfI has already undertaken a significant amount of work to assess what is needed to implement charges. Obviously it would not be by wise to set anything up until charges are approved. However, work packages have been identified and are ready to go. The proposed split implementation of solid and liquid waste non-householder user pays charges will also give DfI more time to prepare.
Need to know timings for charges as soon as possible.	Likely timings have already been discussed with stakeholders. This report provides the final proposed timescale which gives some 10 months lead-in time for liquid non-householder charges and nearly 2 years for full solid waste non-householder charges. There will also be about 7 months’ lead-in from the first States debate.
Perceived that the hospitality industry would be impacted the most with the liquid waste charge, and this could lead to business failures.	DfI would agree that the liquid waste charge would impact the hospitality sector more than some others. DfI has provided some examples of the possible cost impact of the new charges (Section 7.3). A Distribution Impact Assessment (“DIA”) was carried out at the time of the MTFP Addition and included analysis of the impact of the proposed solid and liquid waste charges (Section 7.4).

Stakeholder comment	DfI response
	<p>The Economics Unit is carrying out another DIA, which will provide additional information on the likely impact of liquid waste non-householder charges, and this is due to be completed by the end of May 2017.</p> <p>Concerns have been relayed to Council of Ministers.</p>
Charges perceived to be too high and unaffordable for some businesses.	As above.
Soft-landing charges should be considered – States Members in particular thought this.	<p>At first it was thought that both solid and liquid non-householder user pays charges would be introduced at the same time. This has now changed and the implementation is staggered, which is effectively soft-landing the charges.</p> <p>The budgeted income for non-householder user pays waste charges was set in the MTFP and already approved by the States in principle, therefore there is no flexibility for reducing the charges.</p>
Concern over how the seasonality and variability of waste would be handled.	Waste charges are in force in most places in UK and Europe, and DfI is able to learn from best practice elsewhere. Investigations have already been made on how assessments are made.
It was suggested that there should be some incentives.	DfI will provide advice and some assistance with water audits.
Charges need to be fair – current system also seen as unfair with some charges levied affecting some people, for example, the tanker service.	<p>The liquid waste charges are fair as they are based on water usage, therefore customers are directly paying for what they use.</p> <p>The income generated from non-householders will only cover their proportion of the cost of the service.</p> <p>DfI is proposing clear tariffs which can be calculated easily. Assessments will be possible for non-standard situations.</p>
Businesses want more detail to see exactly how it will affect them.	Liquid waste charges are easy to calculate, all the information is now available to enable businesses to calculate the costs for themselves in the vast majority of cases.
Exceptions will be needed for some.	<p>The charge is only applicable to non-householders, so there will be no charge for residential provision such as care homes and lodging houses.</p> <p>There will also be an appeals system.</p>

DfI will be continuing with stakeholder engagement over the coming months and as long as necessary to support the introduction of non-householder user pays charges.

#### 4.6 Timetable for the implementation of non-householder user pays charges

Shown below in table 4.6.1 are the timetables for the introduction of both liquid and solid waste non-householder user pays charges.

##### 4.6.1 Timetables for liquid and solid waste non-householder user pays charges

<b>Liquid Waste Non-householder charges</b>	
Lodge proposition and report for States debate	May 2017
States debate to bring Article 4 of the Drainage (Jersey) Law 2005 into force to permit Liquid Waste charging	18th July 2017
Chargeable service for non-household liquid waste commences	March 2018

<b>Solid Waste Non-householder charges</b>	
Lodge proposition and report for States debate	June 2017
States debate to request amendments to the Waste Management (Jersey) Law 2005 to permit Solid Waste charging	26th September 2017
Increase existing charges to cost recovery (e.g. for green waste, inert material, plasterboard)	January 2018
Privy Council approval of amendments to the Waste Management (Jersey) Law 2005	February 2018
Chargeable service for waste delivered to DfI facilities by non-householders	Quarter 4 2018
Chargeable service for non-householder Waste collected by Parishes and delivered to DfI facilities	Quarter 1 2019

## 5. Customers

### 5.1 Customers

Customers are all non-household entities who use liquid waste service provided by DfI. These include –

- businesses
- States Departments
- community facilities
- charities
- waste delivered to DfI involving a third party commercial transaction
- events.

## 5.2 Entities to which the charges do not apply

The following customers will not be subject to user pays liquid waste charge –

- household customers other than pre-existing tanker service charges and drainage search fees;
- share transfer companies for household properties;
- residential care homes that provide accommodation only to persons with no other permanent address or who are unable to live at their permanent address;
- tenants of residential property owned and operated by a landlord; and
- when a multiple-occupancy commercial premise is supplied by a shared water supply, the liquid waste charge will apply to the owner/operator of the premises.

## 5.3 Small businesses operating from residential properties

DfI recognises that there are many small businesses operating from household premises. These businesses will receive an allowance per quarterly billing period, or part thereof, to account for household consumption based on Jersey Water's quarterly assessed water allowance.

Table 5.3.1 below shows the quarterly water volume allowance applicable to small businesses operating from residential premises based on the number of people living in the registered household. The quarterly assessed allowance table is published by Jersey Water and is revised annually.

**Table 5.3.1: Jersey Water's table detailing the allowance applicable to small businesses operating from residential premises**

<b>No. of People Living In Residential Property used for business</b>	<b>Jersey Water's Quarterly Assessed Water Allowance (m3)</b>
1	12.78
2	24.34
3	32.85
4	39.56
5	46.40
6	55.68

**Example:**

A small business operates within household premises where 3 people live. The volume of water registered by the meter is 40 m.<sup>3</sup>/quarter. If the sewerage volumetric charge is £2.27/m.<sup>3</sup>, then the sewerage charge is calculated as follows:

Water usage in quarter	=	40 m. <sup>3</sup>
Allowance for household for 3 people	=	32.85 m. <sup>3</sup>
Business Usage	=	7.15 m. <sup>3</sup> (40 m. <sup>3</sup> minus 32.85 m. <sup>3</sup> )
Apply 95% Usage Factor	=	6.79 m. <sup>3</sup>
Charge thereon:	=	6.79 m. <sup>3</sup> x £2.27 Volumetric Rate
	=	<b>£15.41 per quarter</b>

#### 5.4 Trade effluent customers

Trade effluent is any liquid waste (effluent) discharged into the sewers from a business or industrial process. This includes any waste water derived from a production process or from washing down or cooling activities. This can be best described as anything other than normal sewage (toilet, bath or sink waste) or uncontaminated surface water and roof drainage (rainwater).

Unlike domestic sewage, trade effluent is highly variable in terms of both strength and volume and may contain substances that present the risk of harm to people, our sewerage network, treatment processes and the environment. Trade effluent controls are in place to reduce these risks to acceptable levels and ensure that our network and treatment processes are not overloaded. Trade effluent cannot be discharged without a consent, and doing so constitutes a criminal offence.

DfI will work with customers to find a solution to dispose of all waste liquids appropriately, although the Department is under no obligation to accept trade effluent, as it must ensure that any discharge to the public sewer is controlled in order to –

- protect the environment;
- prevent damage to our sewers, pumping stations and wastewater treatment processes; and
- protect the health and safety of the Public and our staff.

Schedule 1 to the Drainage (Jersey) Law 2005 (under Article 1(1)) provides a list of premises that are not classified as trade premises for the purposes of establishing whether a Trade Effluent Discharge Consent is required.

#### 5.5 Non-standard customers

DfI recognises that there are non-household sewerage customers where water usage will not fairly reflect the proportion of sewerage usage. In this circumstance, DfI will conduct a water audit or make an assessment of usage on which to base a fair charge that maintains the principles of charging.

Typical customers falling into this category are –

- customers who have installed multiple-source water supplies including, but not limited to, mains water, boreholes, rainwater recycling and tanker water services; and
- customers with sewerage connections but no mains water connection.

## 5.6 States of Jersey Departments

Any premises used exclusively as dwellings will be exempt from the liquid waste charge.

Based on preliminary analysis of water consumption data, it is estimated that volumetric charges for non-household States of Jersey usage will be approximately £600,000 (of which, £250,000 relates to DfI facilities). It is proposed that these charges be offset by additional budgets provided from the overall income collected from non-householder charges, with a limited number of exceptions.

Where there are direct analogies to the States provision in the private sector, and charges are already made for the use of services, it is proposed that these areas of the States are not given additional budget to meet the required charges, as this would put them on an unfair footing compared to the private sector. Examples include sports facilities and fee-paying schools.

As an example, using data from 2016, it is estimated that the impact on school fees at fee-paying provided schools would be in the order of approximately £4–5 per term (£1 per month or approximately 0.25% of fees), largely as a result of the shared sports facilities on site.

It is planned to transfer budgets at the end of the first year of charges being introduced, once accurate data is known and any concerns have been addressed. Table 5.6.1 shows the indicative amounts to be transferred to States Departments for their Waste Water bills –

**Table 5.6.1: showing the indicative amounts to be transferred to States Departments for their Waste Water bills:**

Community and Constitutional Affairs	£10,500
Environment	£2,750
Education (non-fee-paying)	£106,750
Health and Social Services	£155,000
Non-Ministerial	£750
Infrastructure (no transfer required)	£250,000

## 6. Liquid Waste Charges

### 6.1 Cost of delivering liquid waste services

DfI operates and maintains the asset base and provides the following liquid waste management services –

- conveyance of foul and surface water from householders and business premises to the treatment works at Bellozanne and Bonne Nuit, or the storage facility at Fort Regent;
- drainage and conveyance of highway surface waters and the associated sludge to Bellozanne and Bonne Nuit, or the storage facility at Fort Regent;
- treatment and disposal of the foul sewage;
- treatment and disposal of the surface water;
- treatment and disposal of the sludge from foul and surface wastes; and
- customer and administration services.

## 6.2 Revenue and capital forecast expenditures for the liquid waste service

The operating and capital expenditure requirements of the liquid waste operation over the period 2017–2040 are summarised in Table 6.2.1.

**Table 6.2.1: detailing how DfI calculated the £17.5 million annual revenue and capital expenditure requirement**

	2017 – 2020	2021 – 2025	2026 – 2030	2031 – 2035	2036 – 2040	Total
	4 years	5 years	5 years	5 years	5 years	24 years
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue Expenditure</b>						
Drainage (including Drainage Infrastructure, Drainage Mechanised, Technical Records) (Note 1)	8,578	10,720	11,095	10,972	10,859	52,224
Sewage and Sludge Treatment including STW operations	9,054	11,005	11,005	11,005	11,005	53,074
Pumping Stations and Telemetry	7,740	9,585	9,225	9,225	9,225	45,000
Mechanical, Electrical and Site Services, Stores operations	1,730	1,985	1,985	1,985	1,985	9,670
DfI administration, finance, Health and Safety, corporate resources	4,200	5,250	5,250	5,250	5,250	25,200
Additional costs of collection, assessment and customer support (Note 2)	1,445	650	650	650	650	4,045
<b>Revenue Total</b>	<b>32,747</b>	<b>39,195</b>	<b>39,210</b>	<b>39,087</b>	<b>38,974</b>	<b>189,213</b>

<b>Capital Expenditure</b>						
New STW (Note 3)	49,732	11,650	4,885	3,123	12,475	81,865
Drainage Infrastructure (Note 4)	13,224	31,530	10,730	10,530	10,530	76,544
Network Extensions (Note 1)	–	–	12,600	21,000	21,000	54,600
Pumping Stations	3,440	3,630	3,430	3,630	3,630	17,760
<b>Capital Expenditure Total</b>	<b>66,396</b>	<b>46,810</b>	<b>31,645</b>	<b>38,283</b>	<b>47,635</b>	<b>230,769</b>
<b>Annual Average over the period</b>						<b>17,499</b>

**Notes:**

1. Drainage revenue expenditure is forecast to decrease in later years as network extensions result in fewer properties requiring tanker services.
2. Initial costs of set-up of a new billing system, assessment, customer and business support officers will be required in the early years of non-householder charging.
3. Costs of the new Bellozanne Sewage Treatment Works are included from 2017, reducing to represent capital maintenance requirements over the latter period. Mechanical and electrical equipment is forecast to require replacement after 20 years, in line with normal replacement policy.
4. As a result of a shortfall in funding from the capital programme, increased backlog maintenance work will need to be undertaken in 2019–2025 as funding levels are increased.

The above costs are broadly in line with current operating expenditures, less any savings which have been already made, or are expected to be made over the period.

**6.3 Calculation of householder and non-householder customers**

**Table 6.3.1: illustrating the customer split between householders and non-householders**

Type	Number of Customers	Assumed Volume m. <sup>3</sup> Use*	Return to Sewer	Total Annual Volume	% of Customers based on Annual Volume
Domestic Supplies	36,870	136.9	95%	4,795,130	68%
Non-Householder (incoming main <=25 mm.)	2,685	301	95%	767,780	11%
Non-Householder (incoming main >25 mm.)	644	967.9	95%	592,160	9%

Type	Number of Customers	Assumed Volume m. <sup>3</sup> Use*	Return to Sewer	Total Annual Volume	% of Customers based on Annual Volume
Non-Householder Consented Connection	63	2,754	95%	164,830	2%
				<b>6,319,900</b>	90%
<b>Properties not Connected to Sewer</b>					
Domestic Supplies	5,469	137	95%	711,270	10%
Non-Householder	40	301	95%	11,440	0%
				<b>7,042,610</b>	100%

\* the Assumed Volume data is provided by Jersey Water.

Costs have been apportioned according to usage between the various customers in order to establish the overall volumetric and standing charges required.

The revenue and capital annual requirements of the liquid waste service total £17.5 million, of this, £3.85 million (22%) relates to the cost of non-householder services.

#### 6.4 Types of Liquid Waste Charges

All charges will fall under one of the 4 categories provided within Articles 3(2) and 4(1) of the Drainage Law as follows –

- (a) **General Sewerage Charges:** All non-household customers without a trade effluent consent or individual agreement with DfI;
- (b) **Trade Effluent Charges:** Non-household customers with a trade effluent consent unless they have an individual agreement with DfI;
- (c) **Charges by Agreement with the DfI:** A typical customer that seeks an individual negotiated agreement outside of the standard Trade Effluent or General Sewerage Charges regime; and
- (d) **Miscellaneous Charges:** For example, emptying tight tanks, cesspits, and septic tanks. The Category under which DfI will charge for tankering services.

The charges for both General Sewerage and Trade Effluent will be based on whether customers receive a full or partial service.

#### **Full Service (includes conveyance via sewer network and pumping)**

Customers receiving a full service are connected either directly or indirectly to the public sewer. This charge covers the costs associated with the conveyance (network and pumping), treatment and safe disposal of their wastewater.

### **Partial Service (No conveyance)**

Customers receiving a partial service are not connected to the public sewer, and where tight tanks, cesspits, and septic tanks are used to collect wastewater before it is transferred to Bellozanne by tanker. This charge therefore covers the costs associated with the treatment and disposal of their wastewater only. In this case, customers will make separate arrangements with either DfI or private tanker providers to convey their wastewater to Bellozanne, and the private tanker providers will not be charged at Bellozanne for tanker deliveries. It is estimated that there are only around 40 non-householders that fall into this category.

Both the full and partial user pays charges will be composed of a fixed and variable element.

### **The Charges**

The fixed annual standing charges will cover the service and billing costs that are not related to the volume of waste, and are expected to generate £130,000 per annum. The volumetric variable charges will cover the costs that change with volume, and are expected to generate £3.72 million.

### **Annual Standing Charge (Fixed)**

Standing charges have been set, taking the Jersey Water tariffs into consideration as a proxy for what may be reasonable, whilst ensuring that the bulk of charges relate to the volume of water consumed and returned to the sewer.

For simplicity, there are only 3 charges proposed, based on varying sizes of incoming water supply pipes.

The base level, which relates to supplies of 25 mm. diameter or smaller, is £25 per annum. The remaining charges have then been assessed based on the average volume produced by these customers, compared to the smallest incoming supply tariff as shown in table 6.4.1 –

**Table 6.4.1: illustrating the annual standing charge tariff**

	<b>Average Assumed Water Usage m.<sup>3</sup>*</b>	<b>Volume factor</b>	<b>Standing Charge</b>
up to 25 mm.	301	1.00	£25.00
Over 25 mm.	968	3.22	£80.40
Trade Effluent	2,754	9.15	£228.81

\* Data provided by Jersey Water

The standing charges will be charged monthly or quarterly based on the days in the period.

### **Volumetric Charge (Variable)**

The variable element will be a volumetric charge that is based on 95% of the water usage. The majority of companies in England and Wales use this approach and base their volumetric charges on 95% of the water consumed being returned to the sewer, as

shown in Annex 3. The approach has been used consistently for over 27 years since privatisation.

Volumetric information is available for the majority, if not all, non-householder customers from Jersey Water.

It is widely accepted and is considered to be the most accurate, appropriate, and easy way to administer the charge for the smaller users. It also incentivises users to use less water and hence produce less wastewater.

Where there is no volumetric information on water usage, an assessed calculation will be undertaken by DfI Assessment Officers.

#### **Charges by agreement with the DfI**

For a few large industrial customers that create large volumes of liquid waste with variable pollution loads, e.g. the dairy, brewery.

These are special cases that could require an individual agreement to ensure affordable and realistic charges are implemented. In the UK, customers are typically charged using the Mogden formula, which accounts for the volume, type and strength of the liquid waste produced by the user. In the future DfI may apply the Mogden formula as the basis for any special agreement, and will agree any adjustments with the users to encourage pre-treatment by customers, and, also to ensure that the agreed charges are reasonable.

#### **6.5 Income generated from the non-householder user pays liquid charge**

Based on the current view of the non-household customer base, it is estimated that introducing liquid waste charges for non-householders will generate £3.85 million annually. The estimates are considered prudent, and are based on an estimate of 3,400 non-household customers. Table 6.5.1. shows the estimated income that will be generated from non-household liquid waste charges.

**Table 6.5.1: The preferred non-household user pays charging structure for 2018**

Meter Size	No. of Customers	Annual Standing Charge		Volumetric Charge (£m. <sup>3</sup> )		Income
		Full	Partial	Full	Partial	
General Sewage Charges – up to 25 mm.	2,700	£25.00	£16.99	£2.27	£1.54	<b>£1.8m</b>
General Sewage Charges – above 25 mm.	650	£80.42	£54.65	£2.27	£1.54	<b>£1.4m</b>
Trade Effluent and Miscellaneous charges	60	£288.62		£2.27		<b>£0.65m</b>
<b>Total</b>						<b>£3.85m</b>

**Example:**

A business uses 300 m.<sup>3</sup> of water per annum. If the volumetric charge for sewerage is £2.27 per cubic metre (m.<sup>3</sup>) then the General Sewerage Charge is calculated as follows:

Water usage in quarter	=	300 m. <sup>3</sup>
Apply 95% Sewerage Usage Factor	=	285 m. <sup>3</sup>
Multiply volumetric charge	=	285 m. <sup>3</sup> x £2.27 (volumetric rate)
Add Annual Standing Charge	=	£646.95 + £25.00 (standing charge <=25 mm.)
Annual Charge	=	£671.95
Cost per m. <sup>3</sup> of wastewater	=	£2.36 (£671.95/285 m. <sup>3</sup> )

Shown in Annex 1 is a schedule of tariffs and charges for non-household customers.

## 6.6 Assessed Liquid Waste Charges

Water meters are fitted to a large proportion of non-householder premises. Where a water meter is not fitted to a property or premises, a DfI Assessment Officer will make an assessed charge based on the non-householder water usage. This will involve a visit to the premises to assess water usage.

## 6.7 Adjustments to assessed Liquid Waste Charge

Customers may request a review of their assessed charge once a year. The customer is required to provide sufficient data to support their claim for a variation. Where a customer can demonstrate reduced water usage equating to reduced flows to the sewer, DfI will re-assess and provide a revised charge.

## 6.8 Appealing an assessed charge

If, after a site assessment/water audit, a customer wishes to appeal the charge levied, they should advise the DfI customer services department in writing.

Where a customer is not satisfied with DfI response, an appeal can be made which will be dealt with in accordance with the complaints procedure.

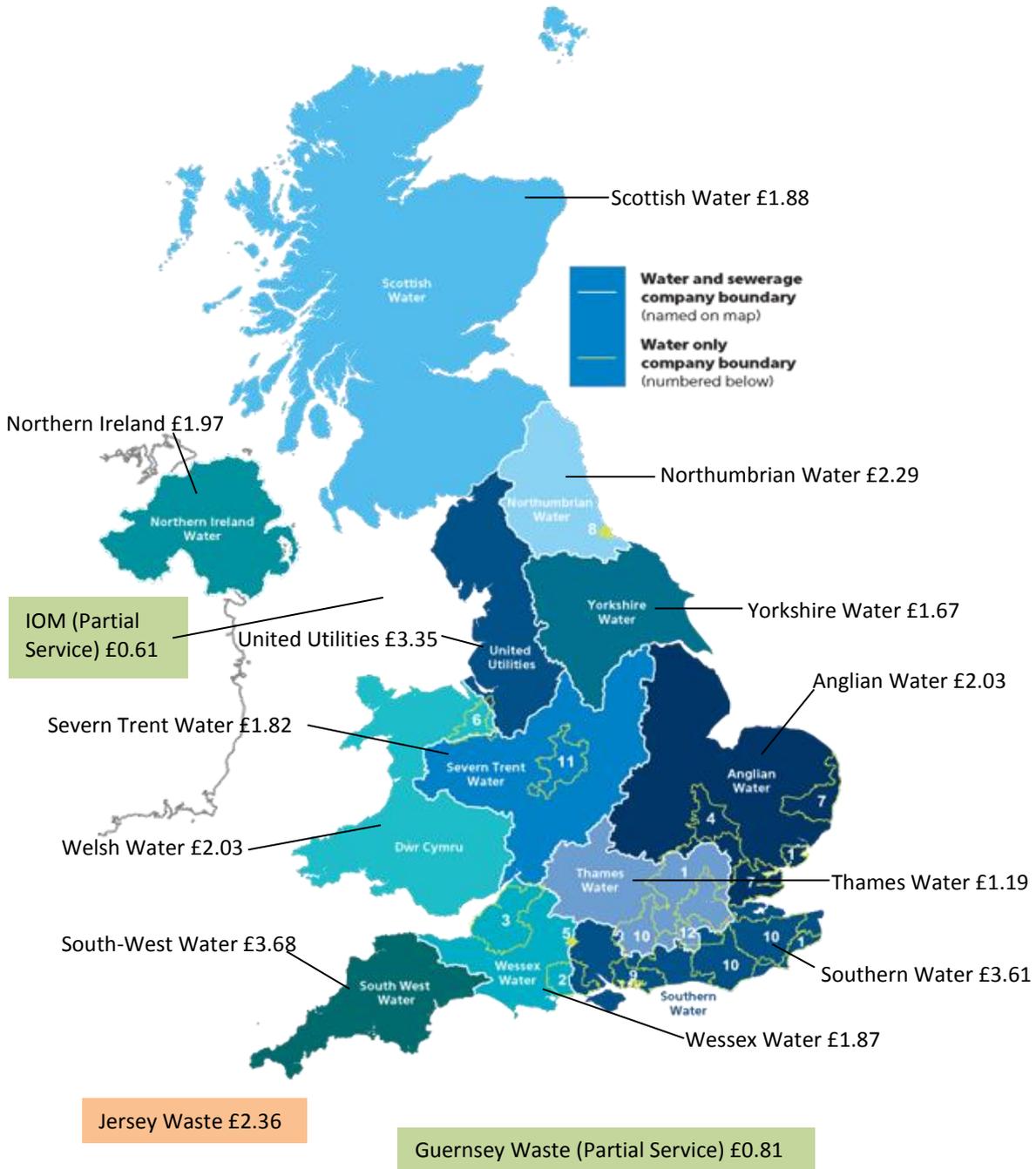
## 7.0 Comparison with other areas

### 7.1 Comparison with liquid waste charges in England, Wales and Guernsey

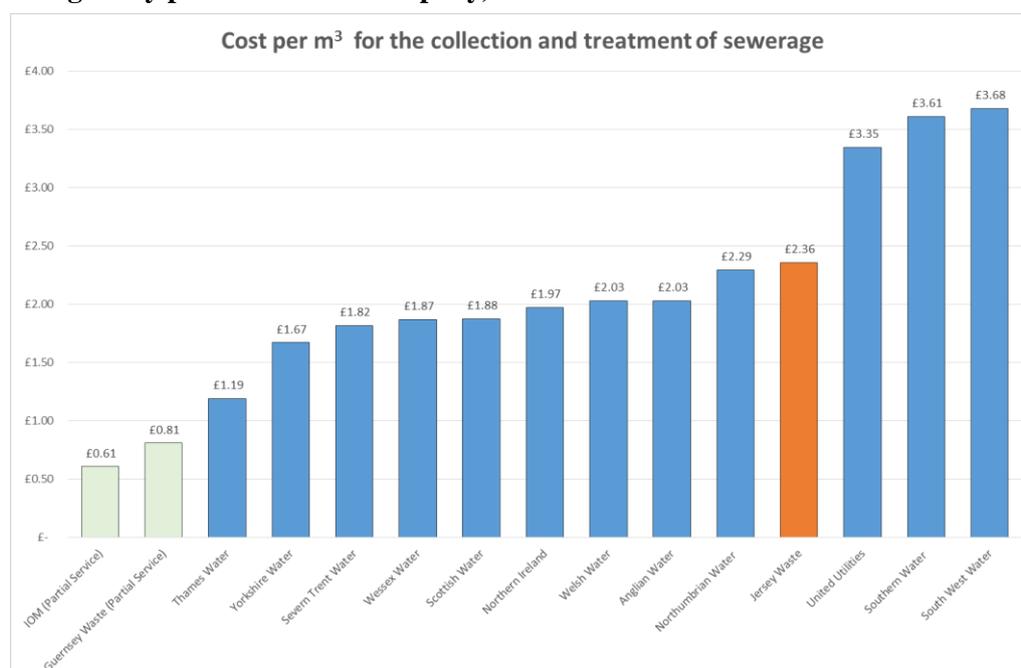
Figure 7.1.1 and 7.1.2 shows how the charges for liquid waste compare with those in Guernsey, England and Wales. The graph shows that Jersey charges are reasonable, considering the differences in scale between the companies. In Guernsey and the Isle of Man, only a partial service is provided. For comparison purposes, an annual water usage of 300 m.<sup>3</sup> has been used as the volumetric and standard charge vary per Wastewater Company.

Figure 7.1.1: Comparison of liquid waste charges (for comparison purposes an annual water usage of 300 m.<sup>3</sup> has been used, as the volumetric and standard charge vary per wastewater company)

Cost per m.<sup>3</sup> for the collection and treatment of sewerage



**Figure 7.1.2: Comparison of liquid waste charges (for comparison purposes an annual water usage of 300 m.<sup>3</sup> has been used, as the volumetric and standard charge vary per wastewater company)**



It can be seen from tables 7.1.1 and 7.1.2 that for a given quantity of liquid waste, the overall wastewater charge that an authority levies can vary significantly. There are numerous reasons for this, some strategic and others due to the environment of the area.

UK water and sewerage companies are profit-making, although the levels of profit are regulated by OFWAT. They can, however, set their volumetric rates and standing charges at a level that make strategic sense for their operational business.

Some examples of why there is such variability in wastewater charge figures are indicated below –

- The proposed charge for Jersey is user pays, and only reflects the cost of providing the service, including both operational and capital expenditure; however, there is no element of profit, which is not true for commercial companies in the UK.
- A higher cost of living in Jersey than in most of the UK means that generally the costs of providing the service will be higher, cubic metre for cubic metre.
- Some UK authorities offer a reduced standing charge or volumetric rate for very large water consumers, this is not in line with the principles of user pays.
- The condition of assets will determine the costs associated with repair, maintenance and replacement; this will differ from region to region.

## 7.2 Comparison with water supply charges in Jersey

Table 7.2.1 shows how the liquid waste charging structure for non-households aligns with the current water charges levied by Jersey Water.

**Table 7.2.1: Comparison of water supply charges in Jersey**

Meter Size	Jersey Water Charge for 2017		Liquid Waste Charges for 2018	
	Annual Standing Charge <sup>(1)</sup>	£ Per m. <sup>3</sup> <sup>(2)</sup>	Annual Standing Charge <sup>(1)</sup>	£ Per m. <sup>3</sup> <sup>(2)</sup>
<b>Up to 25 mm.</b>	£21.93	£2.61	£25.00	£2.27
<b>32 mm. &amp; 37 mm.</b>	£30.69	£2.61	£80.42	£2.27
<b>50 mm.</b>	£43.83	£2.61	£80.42	£2.27
<b>75 mm &amp; 80 mm.</b>	£71.25	£2.61	£80.42	£2.27
<b>100 mm.</b>	£88.78	£2.61	£80.42	£2.27
<b>150 mm.</b>	£133.70	£2.61	£80.42	£2.27

- (1) The standing charge is charged at an equivalent rate per day based on either small or large businesses. The equivalent rate per day will be charged either monthly or quarterly and is calculated as follows –

**Annual Standing Charge up to 25 mm. – £25**

The equivalent rate per day is 6.84931 pence (e.g. £25/365 days)

**Annual Standing Charge above 25 mm. – £80.42**

The equivalent rate per day is 22.03287 pence (e.g. £80.42/365 days)

- (2) Rate applies to metered or assessed water usage and in case of liquid waste assumes 95% return to sewer.

### **7.3 Impacts on businesses and users**

Volume-based payments are expected to range from £50 to £50,000, with an average of around £1,980 per year for non-household users for liquid waste collection, treatment and disposal. Small businesses will pay significantly less, at around £100 to £400 per year depending, of course, on usage. **The charges for liquid waste services will mean that the majority of non-household customers will, for the first time, make a direct contribution to the costs of the services they receive, as opposed to the whole service being paid for by central taxation.**

Working in collaboration with Jersey Water, DfI has examined the likely annual costs that different types of non-householders across a range of economic sectors will incur. Table 7.3.1 below presents estimates of the scale of charges for different types of non-household customers, based on information about meter sizes and recent estimated volumes for non-householders supplied by Jersey Water. These are based on actual examples of Jersey Water non-householder customers.

**Table 7.3.1: Comparison of typical annual liquid waste and water service charges by economic sector**

Economic Sector	Jersey Water Charge including standing charge £2.61 Per m3	Liquid Waste Charge including standing charge £2.27 Per m3	Example of a typical establishment
Agriculture	£1,990	£1,660	Dairy Farm
Community	£421	£356	Parish Hall
Guest House	£1,736	£1,442	Medium size Guest House
Hair Salon	£973	£812	Hairdresser
Hotel	£14,679	£12,149	Medium size Hotel
Hotel	£48,386	£40,039	Large size Hotel
Laundry	£1,776	£1,513	Launderette
Office	£1,429	£1,237	Medium size Office
Public House	£3,744	£3,150	Country Public House
Restaurant	£4,601	£3,811	Medium size Restaurant
Restaurant	£907	£757	Small Café
Restaurant	£1,145	£954	Small Coffee Shop
Retail Shop	£488	£411	Convenience Store
Retail Shop	£8,042	£6,692	Supermarket

It is possible that some businesses will pass some or all of the charges on to their customers and the end users of the waste services. Examples of the possible cost impacts from the new charges on the end-users have been estimated and are presented in Table 7.3.2. These estimates assume that the costs are passed on in full.

**Table 7.3.2: The financial impact of liquid waste charges for typical users**

		Liquid Waste Charge	
Business	Business Size	Annual Charge	Cost per... Room/ Meal/Employee
Hotel	143 Rooms	£12,149	37p / room / night
Medium Sized Restaurant	150 covers	£3,811	8p / meal
Medium Sized Office	50 staff	£1,237	10p / day / employee

*Assumptions:*

For Hotel: 63% occupancy, open 365 days per year (figures from the States of Jersey Statistics Unit).

For Restaurants: 50% occupancy, open 312 days per year, assumes on average the restaurant will have 2 sittings per cover per day.

For Office: Based on use for 253 days per year.

Shown in Annex 4 is a table calculating the cost of the liquid waste charge for a sample of typical businesses.

#### **7.4 Distribution impact of non-householder liquid waste charging**

A distributional analysis was carried out in 2016 looking at the spending and revenue-raising measures of the MTFP Addition. This was published alongside the MTFP Addition and included analysis of the impact of the proposed solid and liquid waste charges.

Where such charges cannot be offset by efficiency improvements, they are likely to impact on Islanders through one of 3 ways –

- increased prices
- reduced income (as companies seek to find reductions in other costs such as employment costs)
- reduced dividends for shareholders.

Where charges are passed on through prices, they are likely to be regressive.

The degree to which such charges feed through in any of these ways will depend on the nature of the markets for the final product/service –

- Businesses exporting large shares of their output may not be able to pass the costs on through increased prices, as their competitors may not be subject to the same change in their costs.
- Shareholders may not be prepared to take lower returns, and the degree to which it reduces returns relative to other investments could impact (marginally) on the level of investment in the Island.
- Where the businesses affected are competing in local markets against local competitors and impacted to the same degree, the cost is more likely to be passed straight through into prices. This is because there would be little impact on their competitive position and would mean that Islanders (and to some degree visitors) are likely to bear the costs.
- Where demand for the product/service is more sensitive to price changes (for example where it is a discretionary purchase or substitutable with other alternatives) the cost may be less likely to feed through into prices and be more likely to be absorbed by businesses.

In general, activities producing more waste per unit of output would see their prices rise more in absolute terms than other activities. The scale of the cost may also be relevant, as if it is a small proportion of revenue or the cost base, it may not be explicitly passed through.

The Economics Unit is reviewing the new information provided to them by DfI on the proposed non-householder user liquid waste charge, and will provide additional information on the likely distributional impacts. This will include an assessment of whether –

1. Individual sectors are more/less likely to be able to raise prices.
2. Costs which are passed on are more likely to be felt by resident or non-resident customers.
3. The distributional impacts of any price increases in individual sectors are likely to be different from the distributional impacts of general price rises in the economy.

The additional distributional impact assessment is due to be completed by the end of May 2017.

## **8.0 What can businesses do to reduce water consumption?**

### **8.1 What can businesses do to reduce water consumption?**

Every non-householder uses water in different ways, and some a lot more than others. By using less water, organisations can save money on water supply costs, wastewater disposal charges and other associated costs (e.g. energy for heating hot water that may be wasted). Shown below are some of the strategies that non-householders can adopt to reduce their water consumption:

**Purchase water-efficient equipment.** There are many water-saving devices available to businesses which can help to reduce water use sustainability. For example, there are significant quantities of water used in commercial premises resulting from flushing toilets. However, in many cases a reduction in water use can be achieved by installing cheap and easy-to-fit retrofit devices to W.C.s, resulting in short paybacks.

**Get a water audit.** Non-householders that use significant amounts of water should consider getting professional advice in reducing their water consumption. A commercial water audit examines how much water a business uses and provides detailed information on where opportunities lie for using less (and saving money). Audits can also identify costly water leaks that should be repaired.

**Reduce landscape water use.** Lush green lawn can require dozens or hundreds of litres of water a day to keep it looking so. Organisations can consider planting native landscapes or other less water-intensive alternatives. Also consider installing a rain-harvesting system to collect water on site for landscape irrigation or using a censored irrigation system to better control exterior water use.

**Engage and inform employees.** Every employee plays a role in water usage, so this is a prime opportunity to get employees involved in the business's green efforts. Whether it's as part of a 'green team' effort or by publishing articles in the newsletter, remind employees to be conscientious of water use and ask for their ideas on how to save it.

## **9.0 Trading Operation**

### **9.1 Trading Operation**

In order to achieve an element of ‘ring-fencing’ of the income raised by the new user pays charges. DfI has considered the appropriate corporate structure for Waste Services at some length, taking into account the strengths and weaknesses of the current model of operation and the option for considering trading operation status (as currently used for both Jersey Car Parking and Jersey Fleet Management, both within the remit of the Minister for Infrastructure).

With regard to liquid waste, aside from the significant capital spend on the new Sewage Treatment Works, the annual running of the network, dealing with waste as it arises and general operations of the pumping stations are of a largely predictable nature, both in terms of volumes and costs of treatment.

Solid Waste, however, sees a significant fluctuation in terms of the volumes of waste produced, income, costs and timing of treatment of that waste and, as a result, the departmental income from solid waste can fluctuate. In some years this additional income is “surplus” to the costs incurred; in others, there is a significant deficit between income expectations, actual receipts and treatment costs. The timing of treatment of waste can vary, with some being dealt with as it arises (e.g. ‘green’ waste), and others being stored for years until an acceptable solution can be found (e.g. asbestos). This can lead to a mismatch between the timing of the receipt of income and the expenditure of actually dealing with the waste. This is one of the major reasons why the Department has been carrying forward the sum of around £1 million since 2011 to deal with the legacy asbestos stored at La Collette. The project to finally move this waste to approved cells for long-term storage will be complete in May 2017.

In order to smooth the impacts of waste-streams that are subject to considerable fluctuation and to ensure that sufficient funds are available at the point of final treatment, it is therefore proposed to move towards the waste operation becoming a trading operation no later than 1st January 2020. Further work will need to be undertaken to assess the impact of such a move, with consideration being given to the underlying assets supporting the waste operation, including the drainage network, sewage treatment works and Energy from Waste facility, etc., and the States funding required in order to support the net cost of the operation.

In the interim period, it is suggested that consideration may also be given to allowing an automatic carry-forward of surpluses in the Waste operation to the following year in order to protect, to some extent, the risk associated with income peaks and troughs prior to trading operation status being approved by the States (as currently agreed with Jersey Markets).

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### **Re-issue Note**

This Project is being re-issued to change the lodging body from the Minister for Infrastructure to the Council of Ministers.

### Liquid Waste Schedule of Tariffs and Charges for Non-household Customers for 2018

All non-householder charges fall under one of the 4 categories provided within Articles 3(2) and 4(1) of the Drainage Law.

All charges exclude GST.

**(1) General Sewerage Charge**

All non-household customers without a trade effluent consent or individual agreement with DfI.

**(a) Full Service (Metered Waste Water Tariff)**

This charge is applicable to customers that are connected either directly or indirectly to the public sewer. This charge covers the costs associated with the conveyance (network and pumping), treatment and safe disposal of their waste water.

Meter size	Annual standing charge	Pence per cubic metre Assumes 95% return to the sewer
Up to 25 mm.	£25	227p
Above 25 mm.	£80.42	227p

**(b) Partial Service**

These charges are applicable to premises that have no connection to the public sewer and tight tanks, cesspits, and septic tanks are used to collect wastewater before it is transferred to Bellozanne by tanker. It covers the costs associated with the treatment and disposal of wastewater. In this case customers will make separate arrangements with either DfI or private tanker providers to convey wastewater to Bellozanne, and the private tanker providers will not be charged at Bellozanne for tanker deliveries (as this would be double charging).

Meter size	Annual standing charge	Pence per cubic metre
Up to 25 mm.	£16.99	154p
Above 25 mm.	£54.65	154p

**(2) Trade Effluent Charges**

These charges apply to non-householder customers with a trade effluent consent, unless they have an individual agreement with DfI.

<b>Annual standing charge</b>	<b>Pence per cubic metre</b> Assumes 95% return to the sewer
£288.62	227p

**(3) Miscellaneous Charges (Existing Charges):**

	<b>2017</b> £	<b>2018</b> £
<b>Tanker Service</b>		
Tight Tank systems	59.50	60.99
Charge for Jet Vac Tanker per hour	113.27	116.10
Emergency call-out Weekdays/Saturdays	192.34	197.15
Emergency call-out Sundays/Bank Holidays	259.76	266.25
Discharge at STW – Loads under 500 litres	13.11	13.44
Discharge at STW – Loads over 500 litres	26.84	27.51
<b>Drainage Fees</b>		
Search Fees (for conveyancing purposes)	75.00	76.88
Search Fees (for conveyancing purposes) short notice – (requested within 3 days of completion)	100.00	102.50
Connection to the public sewer for existing properties – initial connection charge	520.40	533.41

**(4) Charges by agreement with DfI**

Some customers will require an individual negotiated agreement outside the standard Trade Effluent or General Sewerage Charge regime. For example, large industrial customers that create large volumes of liquid waste, e.g. the dairy, brewery, and Airport, with variable pollution loads. These are special cases that could require an individual agreement to ensure that affordable and realistic charges are implemented.

**Entities to which the charges do not apply**

The following customers will not be subject to user pays liquid waste charge:

- household customers other than pre-existing tanker service charges and drainage search fees;
- share transfer companies for household properties;
- residential care homes that provide accommodation only to persons with no other permanent address or who are unable to live at their permanent address;
- tenants of residential property owned and operated by a landlord; and
- when a multiple-occupancy commercial premise is supplied by a shared water supply, the liquid waste charge will apply to the owner/operator of the premises.



Jersey

L.3/2005

## **DRAINAGE (JERSEY) LAW 2005**

### **4 Prescription of fees and charges**

- (1) The Committee may by Order prescribe fees and charges that shall be payable to the Committee by any of the following persons –
  - (a) persons to whom the Committee provides sewerage services or facilities;
  - (b) applicants for trade effluent discharge consents or the variation, transfer or revocation of discharge consents;
  - (c) the holders of discharge consents that are for the time being in effect; and
  - (d) persons to whom the Committee provides any other services, facilities or materials under this Law, or for whose benefit the Committee takes any other measures under this Law.
- (2) In prescribing fees or charges under this Article, the Committee shall have regard to the amounts that are needed to meet its expenditure in carrying out its functions under this Law to which those fees or charges relate.
- (3) An Order made under this Article may provide for any of the following matters –
  - (a) in respect of services, facilities or other measures undertaken by the Committee on a continuing or periodic basis, the periodical payment of fees or charges;
  - (b) in respect of trade effluent discharge consents, the periodical payment of fees or charges while discharge consents remain in effect;
  - (c) in respect of discharge consents, different fees or charges in respect of different periods during which discharge consents remain in effect;
  - (d) in respect of discharge consents, different fees or charges according to the kinds or scale of activities, the kinds or amounts of matter, the localities or circumstances and the number of different activities to which discharge consents relate;
  - (e) the assessment of the amounts of fees or charges by reference to the rateable value of land, or by reference to any other criteria by which amounts can be calculated with certainty; and

- (f) the appointment or authorizing of persons or bodies to act as agents of the Committee in the billing and collection of fees or charges payable under the Order.
- (4) Paragraph (3) does not limit the generality of paragraph (1).
- (5) If –
  - (a) the Committee in writing, for the purposes of or in connection with the assessment of the amounts of fees or charges in accordance with paragraph (3)(e), requests the Connétable of a Parish to furnish to the Committee a copy of the Rates List of the Parish or of any part of that list; and
  - (b) the Committee pays the reasonable costs of the Parish of complying with the request,the Connétable shall comply with the request.
- (6) Nothing in the Data Protection (Jersey) Law 1987 shall preclude the Committee or any of its officers, employees or agents –
  - (a) from using, for the assessment of the amount of any prescribed fee or charge, any information in the Rates List of a Parish;
  - (b) from furnishing such information to any person or body mentioned in paragraph (3)(f); or
  - (c) from furnishing such information to an officer, employee or agent of any person or body mentioned in paragraph (3)(f).
- (7) If any fee or charge is prescribed by an Order made under this Article, the Committee may refuse until it is paid to do anything for which it is payable.

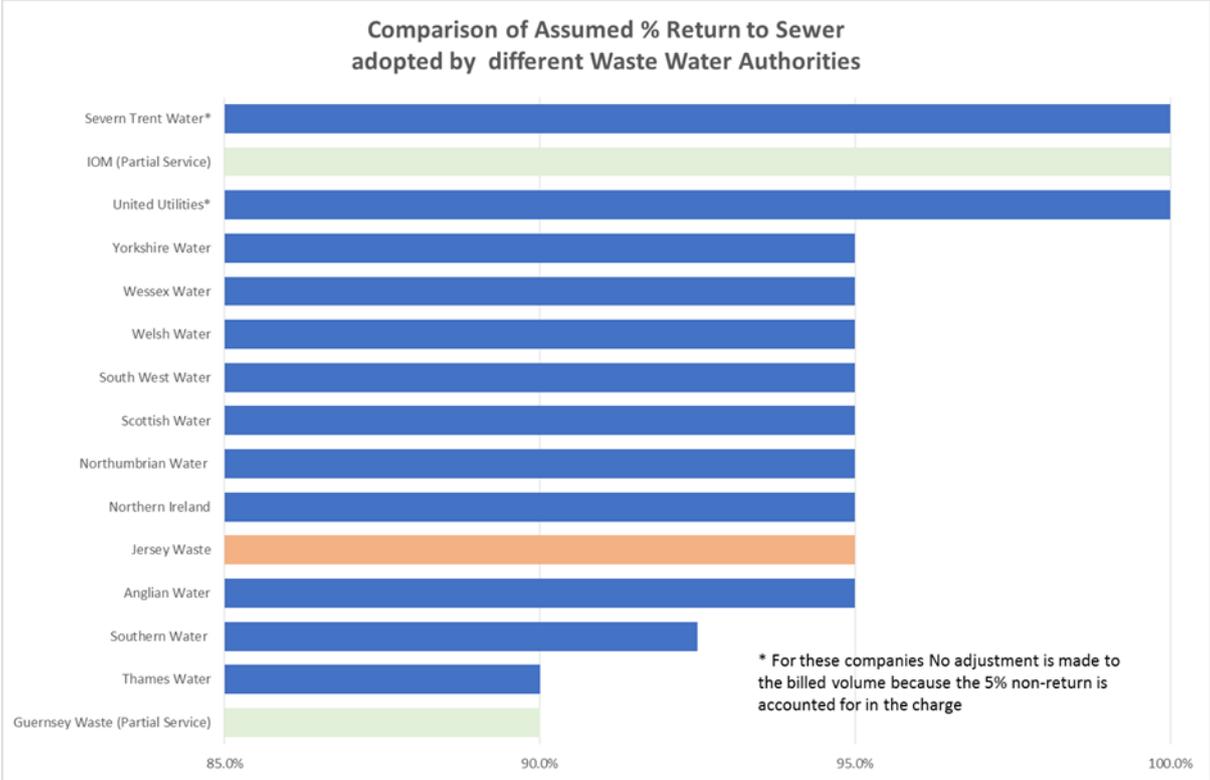


Table showing the cost of the liquid waste charge for a sample of typical businesses

<b>Volumetric Charges</b>											
<b>Existing Water Supply Charge (m3)</b>		£ 2.6089									
<b>Proposed Sewerage Charge (m3)</b>		£ 2.2700									
<b>Description</b>	<b>Calculation</b>	<b>Ref.</b>	<b>Dairy Farm</b>	<b>Parish Hall</b>	<b>Medium Sized Guest House</b>	<b>Hairdresser</b>	<b>Medium Sized Hotel</b>	<b>Large Sized Hotel</b>	<b>Laundrette</b>		
Annual Water Charge Supply Charge			£ 1,990.50	£ 421.44	£ 1,735.55	£ 973.75	£ 14,679.72	£ 48,386.43	£ 1,776.06		
Water Supply Standing Charge			£ 43.00	£ 21.50	£ 21.50	£ 21.50	£ 43.00	£ 129.00	£ 42.97		
Volumetric Water Supply Charge			£ 1,947.50	£ 399.94	£ 1,714.05	£ 952.25	£ 14,636.72	£ 48,257.43	£ 1,733.09		
Water Volume Used (m <sup>3</sup> )		A	746.5	153.3	657.0	365.0	5,610.3	18,497.2	664.3		
<b>Calculating Sewerage Charge</b>											
Multiplier for % Return to Sewer		B	95%	95%	95%	95%	95%	95%	95%		
Calculated Sewerage Volume (m <sup>3</sup> )	= A x B	C	709.2	145.6	624.2	346.8	5329.8	17572.4	631.1		
Calculated Volumetric Charge	= C x £ 2.27	D	£ 1,609.79	£ 330.59	£ 1,416.82	£ 787.12	£ 12,098.62	£ 39,889.28	£ 1,432.56		
Sewerage Standing Charge		E	£ 50.00	£ 25.00	£ 25.00	£ 25.00	£ 50.00	£ 150.00	£ 80.42		
Total Proposed Sewerage Charge	= D + E		£ 1,659.79	£ 355.59	£ 1,441.82	£ 812.12	£ 12,148.62	£ 40,039.28	£ 1,512.98		
Assumed Days Operating			365	253	365	312	365	365	312		
Cost of Proposed Sewerage Charge per day operating			£ 4.55	£ 1.41	£ 3.95	£ 2.60	£ 33.28	£ 109.70	£ 4.85		
<b>Description</b>	<b>Calculation</b>	<b>Ref.</b>	<b>Medium Sized Office</b>	<b>Country Public House</b>	<b>Medium Sized Restaurant</b>	<b>Small Café</b>	<b>Small Coffee Shop</b>	<b>Convenience Store</b>	<b>Supermarket</b>		
Annual Water Charge Supply Charge			£ 1,429.90	£ 3,743.86	£ 4,601.82	£ 907.09	£ 1,145.15	£ 488.10	£ 8,041.86		
Water Supply Standing Charge			£ 30.09	£ 30.09	£ 21.50	£ 21.50	£ 21.50	£ 21.50	£ 42.97		
Volumetric Water Supply Charge			£ 1,399.81	£ 3,713.77	£ 4,580.32	£ 885.59	£ 1,123.65	£ 466.60	£ 7,998.89		
Water Volume Used (m <sup>3</sup> )		A	536.6	1,423.5	1,755.7	339.4	430.7	178.8	3,066.0		
<b>Calculating Sewerage Charge</b>											
Multiplier for % Return to Sewer		B	95%	95%	95%	95%	95%	95%	95%		
Calculated Sewerage Volume (m <sup>3</sup> )	= A x B	C	509.7	1352.3	1667.9	322.5	409.2	169.9	2912.7		
Calculated Volumetric Charge	= C x £ 2.27	D	£ 1,157.07	£ 3,069.78	£ 3,786.06	£ 732.02	£ 928.80	£ 385.69	£ 6,611.83		
Sewerage Standing Charge		E	£ 80.42	£ 80.42	£ 25.00	£ 25.00	£ 25.00	£ 25.00	£ 80.42		
Total Proposed Sewerage Charge	= D + E		£ 1,237.49	£ 3,150.20	£ 3,811.06	£ 757.02	£ 953.80	£ 410.69	£ 6,692.25		
Assumed Days Operating			253	365	312	312	312	312	312		
Cost of Proposed Sewerage Charge per day operating			£ 4.89	£ 8.63	£ 12.21	£ 2.43	£ 3.06	£ 1.32	£ 21.45		

## Explanatory Note

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This Act will, if made, bring Article 4 of the Drainage (Jersey) Law 2005 into force on 1st September 2017, the remainder of the Act having come into force on 28th January 2005. Article 4 empowers the Minister for Infrastructure to prescribe fees and charges payable to that Minister by –

- (a) persons to whom the Minister provides sewerage services or facilities;
- (b) applicants for trade effluent discharge consents or the variation, transfer or revocation of discharge consents;
- (c) the holders of discharge consents that are for the time being in effect; and
- (d) persons to whom the Minister provides any other services, facilities or materials under that Law, or for whose benefit the Minister takes any other measures under that Law.



Jersey

## **DRAFT DRAINAGE (JERSEY) LAW 2005 (APPOINTED DAY) ACT 201-**

*Made* [date to be inserted]  
*Coming into force* [date to be inserted]

**THE STATES**, in pursuance of Article 55(2) of the Drainage (Jersey) Law 2005<sup>1</sup>, have made the following Act –

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### **1 Commencement of Article 4**

Article 4 of the Drainage (Jersey) Law 2005<sup>2</sup> shall come into force on 1st September 2017.

### **2 Citation**

This Act may be cited as the Drainage (Jersey) Law 2005 (Appointed Day) Act 201-.

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<sup>1</sup> *chapter 22.080*  
<sup>2</sup> *chapter 22.080*