

**WRITTEN QUESTION TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES BY THE DEPUTY OF ST. MARY
ANSWER TO BE TABLED ON TUESDAY 15th FEBRUARY 2011**

Question

Can the Minister inform members –

1. of the latest estimate of the full cost of implementing the Liquid Waste Strategy?
2. what the principal elements of this expenditure are?
3. what progress has been made to establish a funding model for this expenditure?

Answer

- 1) The latest estimate of the full cost of implementing the Liquid Waste Strategy?

The latest estimate for delivering the Liquid Waste Strategy totals £0.55 million.

- 2) The principal elements of this expenditure are?

It is proposed to appoint a competent technical adviser to draw up a Reference Project from the preferred technical solution that emerges from the Liquid Waste Strategy green paper, which will act as the technical pro-forma for assessing alternative funding, procurement and delivery options. The current technical adviser has provided estimates for preparing the Reference Project of approximately £150,000.

A financial adviser is also needed to identify, in consultation with the Treasury and other key stakeholders, the most appropriate delivery mechanism and to work through the various procurement and delivery options to identify a preferred solution, based upon the Reference Project, which would then be presented to the States for consideration. The cost of financial advice in the current market and given the variable nature of the scope is unclear without market testing. A nominal estimate of £150,000, based on similar exercises, has been indicated that should be sufficient for development of a draft business case during 2011.

It will also be necessary to maintain an internal project team to oversee the development of the Business Case. This team would be led by a Director (50% of post) supported by a full time Project Manager (provided by the Technical Adviser) and Project Support Officer (50% post). The cost of this team for 2011 would be approximately £200,000.

External quality assurance for the process by the UK Public Private Partnership Programme is also proposed at a budget cost of £50,000.

It is proposed that the Draft Business Case would be developed by Transport and Technical Services Department in full consultation with and on behalf of Treasury and Resources during 2011.

- 3) What progress has been made to establish a funding model for this expenditure?

Feasibility work on the development of a Liquid Waste Strategy has been undertaken during 2008 and 2009 which sets out the investment needed to replace the aging Sewage Treatment Works, upgrade the treatment technology to meet higher environmental and health demands now required by legislation and to maintain and improve the drainage infrastructure network to an acceptable standard.

Substantial and timely investment of capital funding is necessary to avoid deterioration of the assets to the point where they become critical and to avoid environmental or health regulatory enforcement action.

This investment is estimated in the following table, assuming that the most affordable currently feasible option is adopted. This equates to an investment of approximately £10 million capital per annum.

Investment Element	Approximate 20 Year Capital Cost £' million
Rising Mains (capital maintenance and new build)	£2.0
Sewers (capital maintenance only)	£55.9
Network upgrade (for new properties and additional connections)	£56.4
Sewage Pumping Stations (capital maintenance only)	£8.5
Sewage Treatment Plant and Outfall (capital maintenance and new build)	£43.3
Total	£166.1
Property Connections (new build to achieve 90% connection)	£44.0
Total	£210.1

In addition, the operating costs of the upgraded facilities are considerable. Estimated at approximately £100 million over the 20 year operating period.

The capital investment requirements include the following key items to enable the liquid waste service to provide a sustainable service to existing customers:

- Replacement/rehabilitation of 3km of sewers and drains per year
- Replacement/rehabilitation of 1km of rising mains per year
- Refurbishment of the pumping stations.
- Refurbishment/replacement of assets at the Bellozanne Sewage Treatment Works
- Extension of Bellozanne Sewage Treatment Works such that it can achieve an acceptable Nitrogen discharge standard.
- Extension of the existing Bellozanne Sewage Treatment Works outfall to below low water level.
- Increased odour control provision at Bellozanne Sewage Treatment Works and selected pumping stations.
- Implementation of key projects (including St Peter's Valley, Milbrook and Philip St Shaft) to reduce flooding risk.

The overall expenditure programme, once both capital and operational costs are incorporated, is of the order of £17m per annum over the 20 year plan period.

Potential sources of funding have been identified as follows:

- Direct taxation (as currently);
- Borrowing
- Infrastructure charges to be levied on Developers;
- Direct customer billing for Sewerage and Drainage Services; or
- a combination of the above (potentially introduced in phases)

These will be investigated during the development of the Business Case for delivery of this Strategy with a view to recommending the best balance of charging sources for the States of Jersey.