

Policy No. PP008

# Developer Charges Policy

## 1. Information about this Policy

POLICY INFORMATION

<b>Date Adopted by Board</b> 27/10/2022	<b>Resolution No.</b> 18/049 22/102
<b>Policy Responsibility</b> Engineering Manager	
<b>Review Timeframe</b> Bi-annually	
<b>Last Review</b> 17/10/2022	<b>Next Scheduled Review</b> October 2022

DOCUMENT HISTORY

DOCUMENT NO.	DATE AMENDED	SUMMARY OF CHANGES
	13/08/2016	<p><b>Addition of Water Service Connections Supplying Multiple premise.</b></p> <p><b>Definitions</b>  <b>Current Water Account Holder, Documentary Evidence, Unauthorised Connection, NRCC, SWTWS, Sole Use by Consumer, Public Works, Premises, Contiguous.</b></p> <p><b>Clause 143,144,151,152,153,156 &amp; 160 1Local Government (General) Regulation 2021 to Relevant Legislation section</b></p>
	29/08/2018	<p><b>Amendment to</b>  <b>5 Definitions-Permanent Disconnection Period.</b>  <b>6.10 Permanent Disconnection Connection</b></p>
	28/08/2022	<p><b>Restructured document to improve clarity</b>  <b>Additional wording to improve clarity</b>  <b>Removed multi residential ETs – determine as per water directorate guidelines</b>  <b>Augmentation works may be constructed in house or externally</b>  <b>Developer constructed augmentation works to be valued as per GWCC unit rates for compensation purposes</b>  <b>On site storage discounts (constant flow) info added</b>  <b>Added Regional Economic Development</b>  <b>Added Condensed legislation section</b></p>

FURTHER DOCUMENT INFORMATION AND RELATIONSHIPS

<b>Related Legislation</b>	<p><b>Local Government Act 1993</b>  <b>NSW Local Government (General) Regulation 2021</b>  <b>Water Management Act</b>  <b>Environmental Planning and Assessment Act 1979</b></p>
<b>Related Policies</b>	<p><b>Service Connections Policy</b></p>
<b>Related Procedures, Protocols, Statements and Documents</b>	<p><b>2016 Developer Charges Guidelines for Water Supply, Sewerage and Stormwater-NSW Department of Primary Industries-Water.</b>  <b>Goldenfields Water Operational Plan –Part 2 Financials.</b>  <b>NSW Department of Primary Industries-Water References Rates</b></p>

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### 3. Purpose

To identify the requirement for the levying of Developer Charges as a result of new development, new connections and or an increase in demands on Goldenfields Water water infrastructure as provided for under section 64 of the Local Government Act by its cross reference to sections 305 to 307 of the Water Management Act 2000.

### 4. Scope

This policy applies to all new water service connections and all existing water service connections where development creates new or increased demands upon Goldenfields Water water supply services identified in its Developer Service Plan Areas.

### 5. Definitions

**2016 Developer Charges Guidelines for Water Supply, Sewerage and Stormwater-** Guidelines issued by the Office of Water.

**Agreed Annual Volume** – The Annual Volume used to calculate the Developer Infrastructure Charge to be levied.

**Annual Usage** - The metered water consumption in kilolitres commencing as close as practicable to 1 July and ending as close as practicable to 30 June.

**Annual Volume** – The volume of water in kilolitres required for one year.

**Certificate of Compliance** – A Certificate issued by Goldenfields Water to satisfy the requirement of Section 109J(1)e of the Environmental Planning and Assessment Act 1979.

**Date of Commissioning** – Is the date when the water infrastructure has been completed, has passed the required tests and the water supply is available.

**Developer** - The Owner or Owners of the property where the new or existing development is situated be it residential, rural, commercial or industrial development

**Developer Augmentation Charge** - The Charge calculated to meet the cost of Goldenfields Water supplying additional infrastructure, and or upgrading existing infrastructure to supply the development.

**Developer Infrastructure Charge** – The Charge calculated to recover the investment in assets existing or proposed to serve the development. The Charge is per equivalent tenement.

**Development Servicing Plan (DSP)** - Plan prepared by Goldenfields Water in accordance with the Office of Water guidelines.

**Equivalent Tenement (ET)** - The demand or loading a development will have on infrastructure in terms of the water consumption for an average residential dwelling or house.

**Fire Service Connection** – A connection made to Goldenfields Water's urban or rural infrastructure that is connected solely to firefighting apparatus i.e. fire hydrants, fire hose reels, water storage tanks dedicated to fighting fires, and fire sprinkler systems.

**Goldenfields Water** - Goldenfields Water County Council

**Letter of Offer** – A notice to the Owner outlining conditions of supply and relevant charges to be levied. The Letter of Offer will also include any Connection Charges applicable.

**LG Act** - NSW Local Government Act 1993

**LG Regulations** - Regulations made under the Local Government Act 1993

**Lot** - A parcel of land comprised in a Deposited Plan (DP).

**Office of Water** - NSW Department of Primary Industries-Water at time of publication

**Operational Plan** – The Plan publishing the Fees and Charges made by Goldenfields Water for the current year.

**Permanent Disconnection** – Where the property service pipe is physically disconnected from Goldenfields Water's water mains.

**Permanent Disconnection Period** – A period of time calculated from the date of permanent disconnection to the date the application has been received by Goldenfields Water and appropriate application fee has also been received, and no reconnection has occurred in the intervening period.

**Premises** - For this purpose, it is "land, whether built on or not"

**Service Connection** – The point of connection between the owner's internal plumbing and the Goldenfields Water water supply network separated by Goldenfields Water's water meter.

**Tapping Service and Metering Charge** – The Charge levied for the tapping of the water main, laying of the service connection, installation of the riser and meter and metering device.

**Usage Charge** – The Charge levied per kilolitre for all water recorded through the water meter.

**Vacant Land Charge** – The Charge levied on vacant unconnected properties, applicable to new sub-divisions registered after 01/07/2011.

**Water Directorate Guidelines** - Guidelines prepared by the Water Directorate to assist in determining a Development's ET load.



## **6. Certificate of Compliance**

All development proposals must include an application for a Water Management Act certificate of compliance. Goldenfields Water is the relevant water supply authority constituted under the NSW Local Government Act 1993 and the Water Management Act 2000, as per their proclamation.

Applications should include plans of the development and details of any water requirements for the new development. Developers may choose to apply for a certificate of compliance before submitting a development proposal to the local Council. This may be helpful to obtain information on likely requirements early-on in the development planning and design process. Upon application, the compliance certificate is either issued immediately or conditionally.

Goldenfields Water will issue a Certificate of Compliance following:

- The return of a signed Letter of Offer for connection,
- The full payment of required up front charges as specified in the Letter of Offer
- In relation to subdivisions; the Owner is required to provide Goldenfields Water with a copy of the Registered Final Plan of sub-division. Goldenfields Water will not carry out any works for tapping, service and metering to the property/properties until a copy of the Registered Final Plan of Sub-division has been provided.

## **7. Developer Charges**

Water Supply Developer Charges (sometimes referred to as Section 64 charges) are levied on new or existing developments that place (or have the potential to place) additional load on our water supply systems. These charges are levied so that Goldenfields Water can recover its investment in the water supply network that will serve and benefit the development. This includes the assets directly servicing the development as well as all the assets required to provide the water supply from the source, through treatment and to the development location.

Goldenfields Water levies Developer Charges in accordance with Section 64 of the NSW Local Government Act 1993 and Division 5 of Part 2 of Chapter 6 of the Water Management Act 2000. Developer contributions to the construction of works (sections 305, 306 and 307).

Developer Charges comprise

- Developer Infrastructure Charge
- Developer Augmentation Charge

## **8. Developer Infrastructure Charges**

Developer Infrastructure Charges will be applied to any development which creates new or increased demands upon water supply services, including new dwellings, subdivisions, commercial, industrial, community, institutional rural developments, including change of use. The Developer Infrastructure Charge is calculated on a per Equivalent Tenement basis.

One Equivalent Tenement (ET) is the estimated annual usage from an average residential household. Goldenfields Water uses an Equivalent Tenement of 250 kilolitres per year. The minimum Developer Infrastructure Charge is 1 ET.

Goldenfields Water uses a combination of the following methods for determining the relevant number of ETs for each development:

- Water Directorate's Section 64 Determinations of Equivalent Tenements Guidelines
- Comparison to similar existing developments
- Annual volume calculations provided by applicants



### 8.1 Residential Developments

The standard residential Developer Infrastructure Charge is 1 ET. For dual occupancy and multi residential units the ETs are determined on a per bedroom basis.

### 8.2 Special Conditions – Residential

Goldenfields Water may permit a residential development to proceed provided that the Owner/Developer agrees to permanent water supply conditions for the development, the Owner/Developer will make agreed undertakings in an 88B instrument for each Lot which will apply to any subsequent Owner(s).

### 8.3 Multiple Premises

Water service connections supply a single premises through a Goldenfields Water meter.

- Individual lots or dwellings within Neighbourhood, Community Strata Titles or like developments, are to be serviced by a separate metered water service connections. Any common lot or common ground within these developments requiring water supply including but not limited to lawns, gardens, and pools is required to have a separately metered water service connection. This is referred to as a Master/subtract meter. A separate Tapping, Service and Meter Charge will apply, however Developer Infrastructure Charges will not be levied on the common ground, but if applicable the additional demand will be divided equally amongst the habitable connections.
- An exception occurs for an owner of multiple lots where the lots are in direct contact. In these circumstances it may be allowable for a single connection to supply the multiple lots. For this to occur the owner must be the same for each of the lots as per the property's certificate of title. The single connection will be dedicated to a single lot

Any identified connection supplying another premises owned separately or not in direct contact will be required to permanently disconnect the other premise unless a historical written agreement/approval exists in which case the current water account holder must provide documentary evidence of the agreement. The provision of a new Goldenfields Water connection to the other premise will attract relevant developer charges

### 8.4 Non Residential Developments

For all non residential developments, the applicant will be required to provide the owner(s) anticipated annual volume. Goldenfields Water will review the provided annual volume to determine if it is consistent with like developments and/or the Water Directorate guidelines.

If the annual volume is not provided, Goldenfields Water will determine an annual volume based on the Water Directorate Guidelines or like developments.

The adopted annual volume will then become the Agreed Annual Volume for that connection. The Developer Infrastructure Charge will be calculated by dividing the Agreed Annual Volume by 250 kilolitres to determine the number of ETs. Calculations will be made to the closest 0.25 ET.

### 8.5 Changed use and/or Increased Demand on Existing Connections

If an existing connection has a changed use or has increased its annual volume, additional Developer Charges may apply. If an existing connection has no Agreed Annual Volume Goldenfields Water will determine one through use of historical data. Where possible and applicable the previous 6 year average (prior to any significant increased demand) will be used.





### **8.6 Fire Services**

Apart from emergencies and limited maintenance, fire services will have a nil demand on Goldenfields Water Systems. Therefore there will be no Developer Infrastructure Charges payable for any connection exclusively for firefighting purposes. Dedicated fire fighting services may be audited and Developer Infrastructure Charges may apply if being use for general water supply. In some circumstances a Developer Augmentation Charge may be required.

### **8.7 Permanent Disconnected Connection**

Developer Infrastructure Charges apply for any reconnection of a previously permanently disconnected water service connection. Reconnection of a previously permanently disconnected water service connection is not guaranteed.

The charge shall be the lesser of:

- The full Developer Infrastructure Charges or
- 120 percent of the current year's 20mm Access Charge (for that property's Goldenfields Water Classification), multiplied by the number of years of permanent disconnection.

### **8.8 Exceeding Agreed Annual Volume**

Once the Developer Charges have been levied and fully paid, it is not expected that property owner(s) should in practice exceed their Agreed Annual Volume.

Goldenfields Water may at its discretion allow the Owner/Developer to access additional water over and above the Approved Annual Volume, provided that

- Sufficient additional supply is available,
- Other Customer's levels of service are not affected and,
- That full payment of all charges are being maintained.

Any additional water provided will not at any time constitute any entitlement over and above the Agreed Annual Volume.

Exceeding the Agreed Annual Volume will require the payment of additional Usage Charges. Any annual usage in excess of the Agreed Annual Volume (plus a 20% grace amount) will be subject to an Excess Usage Charge.

The Excess Usage Charge (per kilolitre) will be at Goldenfields Water's Standpipe Rate as per our fees and charges.

## **9. Developer Augmentation Charges**

In addition to any Developer Infrastructure Charges levied, the Owner/Developer will be required to meet the cost of Goldenfields Water supplying additional infrastructure and/or upgrading existing infrastructure to supply the development.

### **9.1 Pipelines**

Goldenfields Water's letter of offer will detail the required augmentation works for the development to occur. Depending on construction staff availability, the Letter of Offer may include an offer and relevant developer augmentation charges for Goldenfields Water staff to undertake the augmentation works.

Where this is unavailable or the Developer wishes the undertake the augmentation works themselves, the Developer will be required to undertake design and construction of the augmentation works in accordance with Goldenfields Water Design and Construction Specifications which can be





found on our website. Developer augmentation charges will be levied for cut-ins, inspections, commissioning etc required for the works to be completed. Goldenfields Water require a 12 month warranty period from the Developer from the date of commissioning.

### **9.2 Tapping, service and meter charges**

Where new pipelines are lain, these works will include the provision of service lines as per Goldenfields Water's Design and Construction Specifications.

Where the service connections to an existing pipeline occur, Goldenfields Water will undertake the tapping and service line works.

In both circumstances Goldenfields Water will install the meter assembly.

The associated costs can be located in Goldenfields Water's fees and charges.

### **9.3 Potential Contribution by Goldenfields Water**

Where new or upgraded infrastructure will benefit existing Goldenfields Water customers with improved levels of service, Goldenfields Water will meet part of the augmentation costs.

For developments requiring water main augmentations, where there is a potential for the creation of dead end mains within an existing LEP Zone Residential, (including large lot residential), Goldenfields Water will consider a contribution to enable the dead end to be removed by linking it to an existing main. A contribution up to \$10,000 will be considered by Council Officers. Augmentation above \$10,000 will be considered by Council on a case by case basis.

## **10. Other Charges**

### **10.1 Vacant Land Charges**

On registration of the sub-division, each newly unconnected lot is subject to a Vacant Land Charge to be levied quarterly.

### **10.2 Backflow prevention**

Some developments may require backflow prevention measures to be installed as per Goldenfields Water's Backflow Prevention Policy.

## **11. Development Incentives**

Goldenfields Water offer the following incentives to encourage development within its supply area and assist developers to reduce or delay some components of the Developer Charges.

### **11.1 Deferred Developer Infrastructure Charges**

If a development involves the subdivision of land into more than three lots, Goldenfields Water may allow a developer to defer payment of the Developer Infrastructure Charges applicable to each subdivided lot for up to 10 years.

Deferred developer charges work as followed:

1. All arrangements shall be committed to an appropriate agreement established between the sub- divider and Goldenfields Water. The agreement shall be accepted by all parties as being publicly available in response to any inquiry to Goldenfields Water (for whatever reason) regarding either the subdivision in general, or a specific allotment in such subdivision. The sub-divider shall provide to any prospective purchaser a copy of this agreement.
2. The total outstanding Developer Infrastructure Charges (debt) created shall be distributed equally (or in such other manner as Goldenfields Water may specifically approve) over all

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useable lots created by the subdivision. The debt will be imposed on each lot in the form of a special charge pursuant to Section 552 of the Local Government Act

3. It shall be the responsibility of the sub divider (as the then property owner at the time of sale) to ensure that full payment is made to Goldenfields Water for the outstanding debt for that lot

The following conditions apply:

- The life of the agreement is limited to the sale of all lots specified, or ten years, whichever is the lesser. Any debts outstanding beyond the life of the agreement shall attract normal interest charges and be subject to such other recovery action as Goldenfields Water may determine.
- Should there be an increase in Goldenfields Water's Developer Infrastructure Charge (for whatever reason), then, in addition to the above debts being levied on each lot, Goldenfields Water will (immediately the new charge applies) debit the increase in Developer Infrastructure Charge to each unsold lot.
- Should there be a decrease in the Developer Infrastructure charges (for whatever reason), then, no reduction will apply and the originally agreed debt shall be maintained on any unsold lot.
- Any further subdivision of any lot, will require the payment of additional Developer Infrastructure charges for any additional useable lots created.
- Dual occupancy may be subject to additional Developer Infrastructure charges, and as such is not included under this agreement, other than the original debt for the original lot or lots as the case may be.
- The agreement is for a specific number of useable lots. Where it is proposed to vary the number of lots, then, consolidation under one title will be the only criteria used in determining a reduction in the number of lots. If the lots are unsold, an adjustment will be made removing the identified lot's debt. Where the lots have been sold, then upon application, a refund being the amount of Developer Infrastructure Charges paid for the original lots, less, the Developer Infrastructure charge (payable at that time) for a single Developer Infrastructure Charge entitlement. In either case the new lands (under one title) will have a single Developer Infrastructure Charge entitlement.
- No associated connection fees can be deferred.
- No capital costs associated with construction of water mains required within the subdivision can be deferred

### 11.2 Staged Developments

Goldenfields Water may, through agreement allow a development to proceed in stages in acknowledgement that some developments will not require the full Agreed Annual Volume up front. Staged development proceeds as follows:

1. The full Developer Infrastructure Charge is determined (based on total anticipated annual water demand when the development is operating at full capacity)
2. An Initial Annual Volume and additional volume indicators (planned staging) is agreed to in writing by both parties
3. The Developer Infrastructure Charge associated with the Initial Annual Volume is paid in full
4. Once an additional volume indicator is reached, the Developer Infrastructure Charges for that new annual volume (next stage) must be fully paid

The following conditions apply:

- Any annual usage in excess of the Initial Annual Volume (plus a 20% grace amount) will be subject to an Excess Usage per kilolitre at the Goldenfields Water's Standpipe Rate.

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- Where a staged development agreement exists, part of the Excess Usage Charge will credit any future Developer Infrastructure Charge. Any credit will be calculated at the Current Year's Developer Infrastructure Charge rate.

### 11.3 Compensation for already paid Development

When a Developer is levied a Developer Augmentation Charge in excess of \$10,000 they will be eligible to be partially compensated by any future Developers who use that infrastructure for their development.

Compensation for already paid development proceeds as follows:

1. The original Developer pays for the augmentation works
2. The augmentation works are valued based on the value of the works when entered into Goldenfields Water's asset management system at the time of commissioning (this utilizes Goldenfields Water unit rates for valuation rather than actual construction costs)
3. Any future connections within 10 years of commissioning which utilize that infrastructure may be required to compensation towards the original developer. The compensation amount is calculated using the number of connections the augmentation is servicing at the time that the Letter of Offer is produced.
4. The compensation amount is then paid to the original developer minus an administration charge of 10%

The following conditions apply:

- The augmentation value must exceed \$10,000 (2016 rate indexed to CPI)
- The original developer is only compensated up to 50% of the augmentation value
- The compensation arrangement would cease after 10 years from the date of commissioning or after 50% of the augmentation value has been recovered by the original Developer, whichever occurs first.
- It is the original Developer's responsibility to ensure they provide and maintain up to date contact details for the duration of the compensation period to enable Goldenfields Water staff to process the compensation

### 11.4 On site storage discounts

On site storage discounts (previously referred to as constant flow) may be applicable where the development has suitable on site storage requirements to buffer the demand on our system providing a relatively constant or limited demand.

For discount to apply the developer is required to have a minimum of 3 days on site storage available. The flow rate into the development will be limited via a restrictor installed in the meter assembly. Removal of the restrictor will result in full developer charges being levied.

### 11.5 Regional Economic Development

It is recognized that large developments may attract significant Developer Infrastructure Charges that could jeopardize the viability of the development within Goldenfields Water's supply area. These developments may provide regionally significant benefits to the supply area through provision of employment opportunities and growth as well as benefits to Goldenfields Water through increased water sales.

Council may consider entering into a Voluntary Planning Agreement with a Developer whereby the applicable Developer Infrastructure Charges will be based upon the development's individual

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requirements rather than using the predetermined charges which incorporates a number of region-wide financial, social and environmental factors. Depending on the requirements of the development the VPA may allow Goldenfields Water to reduce the applicable Developer Infrastructure Charges.

To apply to enter into a VPA, the developer must provide a detailed report for Council consideration providing supporting evidence that the development will provide an economic benefit to the region. This report must be reviewed by and supported by the relevant Constituent Council.

To apply for a VPA on the basis of Regional Economic Development:

1. The relevant Constituent Council must have an agreed Memorandum of Understanding in place with Goldenfields Water addressing Certificate of Compliance requirements between the Councils
2. The Development Consent conditions requires the Developer to obtain a Certificate of Compliance from the County Council for the Development
3. With their application for a Certificate of Compliance, the developer provides a detailed financial evaluation supporting the development as being regionally significant.
4. Goldenfields Water Board will make a determination on a case by case basis
5. If successful, the Developer enters into a Voluntary Planning Agreement with Goldenfields Water to facilitate payment and the granting of the Certificate of Compliance.

## 12. Relevant Legislation

Legislation	Section	Section heading
Local Government Act 1993	64	Construction of works for developers
	552	What land may be subject to a water supply special charge
	553	Time at which land becomes subject to special rate or charge
	608	Council fees for services
Local Government (General) Regulation 2021	143	Inspection of pipes and drains and measurement of water and sewage
Water Management Act 2000	Division 5 of Part 2 of Chapter 6 305, 306 and 307	Application for certificate of compliance Authority may impose certain requirements before granting a certificate of compliance Granting certificates of compliance
Environmental Planning and Assessment Act	7.4	Planning Agreements