



Infrastructure growth charge terms and conditions

1. Infrastructure growth charge terms and conditions

1.1 What is an infrastructure growth charge?

As the Auckland region grows, so does the demand for our water and wastewater services. It is estimated that over the next 20 years, demand will grow by around 20 per cent, which will put huge pressure on our water and wastewater infrastructure.

To ensure that Watercare can continue to invest in the city's infrastructure and accommodate Auckland's growth, an infrastructure growth charge (IGC) is applied [to all new water and wastewater network connections, additional residential units at an existing connection, and where a non-domestic customer increases water usage at their property by 220 kilolitres or more per year, or discharge wastewater from their property by 209 kilolitres or more per year.]

This is because the effects or cumulative effects of the development or increase create a requirement for Watercare to provide, or to have provided, new or additional assets or assets of increased capacity. The IGC means that a share of the necessary upgrade cost is recovered from those who create the additional demand, rather than from all Auckland customers.

The IGC recovers growth/bulk-related capital expenditure only and excludes retail infrastructure. It enables Veolia (on behalf of Watercare) to recover from persons undertaking development a fair, equitable and proportionate part of Watercare's total cost of capital expenditure necessary to service growth over the long term. Operating costs in the Papakura District associated with new infrastructure are funded from water and wastewater consumption charges. IGCs are designed in a manner that is generally consistent with the capacity life of the Watercare assets for which they are intended to be used, and in a way that avoids over-recovery of costs.

In Auckland, an IGC is charged instead of development contributions for water supply and wastewater. Many councils outside Auckland require development contributions under the Local Government Act 2002 to recover the cost of growth-related capital expenditure on water supply and wastewater infrastructure. However, unlike development contributions, an IGC is a contractual charge. It is charged when a new property connects to the network, or, in the case of an existing connection, when that connection first becomes liable for the IGC (for example, where a non-domestic customer increases water usage at their property by 220 kilolitres or more per year). This ensures that costs are allocated to persons who will benefit from the assets to be provided (including the community as a whole) as well as to those who create the need for the assets.

These terms and conditions outline when an IGC is payable

and how it is calculated. The IGC is collected by Veolia on behalf of Watercare.

2. When are IGC's payable?

2.1 IGCs are payable:

- where there is a new domestic or non-domestic connection to our network. A new connection includes the installation of a larger water meter, unless this is associated only with a fire sprinkler system;
- where there are new or additional residential units at a property served by an existing connection;
- where a property with an existing connection changes from a domestic use to a non-domestic use and vice versa; or
- in the case of an existing connection for a non-domestic customer, where water and/or wastewater demand increases or is anticipated to increase by more than 220 kilolitres or 209 kilolitres (respectively) per year. Watercare will determine anticipated demand in consultation with the customer.

For the avoidance of doubt, the scenarios above are developments for the purposes of these terms and conditions, and the Charter for Commissioners.

2.2 Development contribution

An IGC does not apply to developments where a development contribution to fund water or wastewater infrastructure has been paid to Auckland Council (or one of its predecessor councils before 1 November 2010) for the same purpose, unless the scale or intensity of the development has increased since the original development contribution was required (refer Local Government (Auckland Transitional Provisions) Act 2010, section 56).

3. How many IGC's are payable?

3.1 We will assess the number of IGCs you must pay based on the Watercare IGC rate for all of Auckland as follows:

3.1.1 Domestic customer connections (including non-residential properties converted to residential use):

- one IGC per additional residential unit; however, where the floor area of any additional residential unit is less than 65 square metres it will be charged two-thirds of the full IGC.
- A “residential unit” is any part of the premises that is separately habitable and capable of separate legal ownership, or has its own separate connection to either water or wastewater services.

3.1.2 Non-domestic customer connections:

One IGC per additional development unit equivalent (DUE). A DUE is defined as a unit of water demand of 220 kilolitres per year on average, or, where a wastewater meter is installed, a unit of wastewater discharge of 209 kilolitres per year on average. For example, for a new connection the water demand is calculated to be 2,200 kilolitres per year, which equates to 10 DUEs.

If you do not know how much water or wastewater your property will use or discharge, and there is no water demand or wastewater discharge information available, Veolia will assess the number of DUEs by comparing it against similar developments or uses. In each case, we may review actual water or wastewater usage one year after the IGC was charged, and may review actual water or wastewater usage on the second and subsequent anniversaries of charging the IGC. We may charge additional IGCs if the review determines that the original assessment of IGCs was too low.

A credit will be given for any IGCs already paid in relation to the property.

The calculation of DUEs is based on the additional demand for water and/or wastewater at the property, as compared to the current demand. For example, for properties with an existing connection where the demand for water and/or wastewater is increasing, the IGC will be based on the additional DUEs (i.e. the number of proposed DUEs less the number of existing DUEs).

DUEs will be rounded to the nearest whole number.

The minimum IGC is one DUE.

Where a property already has a wastewater connection and will not increase demand on the wastewater network, or where a wastewater connection is unavailable, an application for a water connection will be charged a water-only IGC.

4. How much is the IGC?

4.1 The IGC rate for your area is set out in Veolia's Pricing Schedule. The rates are reviewed annually by Watercar

