



Government of **Western Australia**
Department of **Water**

Guidelines for infrastructure contributions

– Water Corporation

2013

Looking after all our water needs

Guidelines for infrastructure contributions - Water Corporation

Looking after all our water needs

Department of Water
October 2013

Department of Water
168 St Georges Terrace
Perth Western Australia 6000
Telephone +61 8 6364 7600
Facsimile +61 8 6364 7601
National Relay Service 13 36 77
www.water.wa.gov.au

© Government of Western Australia

October 2013

This work is copyright. You may download, display, print and reproduce this material in unaltered form only (retaining this notice) for your personal, non-commercial use or use within your organisation. Apart from any use as permitted under the *Copyright Act 1968*, all other rights are reserved. Requests and inquiries concerning reproduction and rights should be addressed to the Department of Water.

Disclaimer

This document has been published by the Department of Water. Any representation, statement, opinion or advice expressed or implied in this publication is made in good faith and on the basis that the Department of Water and its employees are not liable for any damage or loss whatsoever which may occur as a result of action taken or not taken, as the case may be in respect of any representation, statement, opinion or advice referred to herein. Professional advice should be obtained before applying the information contained in this document to particular circumstances.

This publication is available at our website <www.water.wa.gov.au> or for those with special needs it can be made available in alternative formats such as audio, large print, or Braille.

1 Overview

These guidelines are made under section 85(3) of the *Water Services Act 2012* (the Act). They apply to infrastructure contributions imposed under the Act by the Water Corporation.

1.1 Background

The Water Corporation provides water supply, wastewater and drainage services through an extensive network of infrastructure. The cost of that infrastructure is recovered from a variety of sources, including service and consumption charges, infrastructure contributions, government grants and operating subsidies.

1.2 Applicable legislation

The Act was passed by the Parliament of Western Australia on 22 August 2012. The payment of infrastructure contributions to licensees is dealt with in Part 5, Division 3 of the Act. The Water Corporation is a 'licensee' under the Act.

An 'infrastructure contribution' is defined under section 85(1) of the Act as a financial contribution to a licensee for the purpose of assisting or offsetting present or future costs to the licensee of providing or upgrading infrastructure, the provision of which is or will be necessitated, in part, by the increase in demand for water services brought about, or to be brought about, by the activity of a person.

Section 83 states that an infrastructure contribution is payable and applicable where:

- there is a proposal for the development or subdivision of land and the land is in an operating area of a licence
- there is an application for a building permit under the *Building Act 2011* (WA) (Building Act) and the building work under the permit will be carried out in an operating area of a licence
- building work for which a permit under the Building Act is or was required, is taking or has taken, place on land in an operating area of a licence
- a licensee, such as the Water Corporation, receives an application to discharge trade waste
- a person applies to a licensee for the provision of a water supply, sewerage or drainage service in respect of particular land
- there is a change, or a proposed change, in the use of land in respect of which a water supply, sewerage or drainage service is provided by a licensee
- there is a change, or proposed change, in the use of a water service provided in respect of land by a licensee.

If the Water Corporation is satisfied that, in order to meet a requirement for a water supply, sewerage or drainage service indicated by the proposal, application, building work or change in use:

- there will be, or has been, an increase in demand for that type of water service; and
- water service works are or will be required to meet the demand, either at the time of the increased demand or in the future

the Water Corporation may require the proponent, applicant or owner or occupier of the land to, amongst other things, pay it an infrastructure contribution in accordance with these guidelines.

1.3 Purpose of these guidelines

The purpose of these guidelines is to set out the extent to which an Infrastructure Contribution can be required by the Water Corporation under section 83 of the Act and the methods for determining, or guiding the determination of, the amounts of infrastructure contributions.

The intent of these guidelines is that infrastructure costs are shared fairly and efficiently between developers over time, and between developers and scheme customers.

2 Standard infrastructure contribution

2.1 When is the Standard Infrastructure Contribution payable?

The Water Corporation may require a proponent, applicant or owner of land (as the case may be) to pay to the Water Corporation a standard infrastructure contribution (SIC) in the circumstances set out in section 83 of the Act, where a standard level of service is required. What constitutes a standard level of service is determined by the Economic Regulation Authority under the Act and the Water Corporation's operating licence.

2.2 How is the SIC to be calculated?

The SIC is to be determined for water supply, wastewater and drainage by reference to the following formula:

$$\frac{\text{the value of distribution assets} \\ \text{(water, wastewater and drainage services)}}{\text{the total number of single residential equivalent services} \\ \text{(water, wastewater and drainage services)}}$$

SICs for water and wastewater are to apply state-wide, however a drainage SIC is only to be applied in the metropolitan area.

Determining the value of distribution assets

Water

The values of the following water assets are to be included when determining the value of distribution assets for the purpose of calculating the SIC:

- distribution mains, which are pipelines which feed into a reticulation network
- outlet mains, which are pipelines from a storage facility that generally supply distribution mains
- transfer mains, which are pipelines that transfer water between systems or between storage facilities
- pump stations, treatment facilities and storages facilities (for example high level tanks) that are attached to the distribution, outlet and transfer mains that form part of the total distribution system.

The values of the following water assets are to be excluded when determining the value of the distribution assets for the purpose of calculating the SIC:

- source assets, including desalination plants, dams, bores, treatment plants, trunk and supply mains, and associated pump stations
- reticulation assets, which are to be provided by developers
- primary storage facilities (for example reservoirs), which are the first major storage facilities that connect the bulk water transfer with a scheme's distribution mains.

Wastewater

The values of the following wastewater assets are to be included when determining the value of distribution assets for the purpose of calculating the SIC:

- conveyance assets, which are designed to meet the scheme's short term peak capacity requirements including collection mains, branch mains, rising mains and main sewers
- pumping and storage facilities, which are attached to conveyance assets.

The values of the following wastewater assets are to be excluded when determining the value of distribution assets for the purpose of calculating the SIC:

- wastewater treatment plant and disposal assets
- reticulation assets, which are to be provided by developers.

Drainage

The values of the following drainage assets are to be included when determining the value of distribution assets for the purpose of calculating the SIC:

- urban drainage network in the Perth metropolitan area
- branch, compensating, land and main drains

- pump stations and pressure mains.

The value of the assets within the rural drainage districts are to be excluded when determining the value of distribution assets for the purpose of calculating the SIC.

Valuation

The amount of the SIC is to be reviewed at least every four years and indexed annually.

Single residential equivalent services

Water

The single residential equivalent (SRE) for water services is based on the standard instantaneous flow rate for a single residence, being 20 litres per minute, for a 20 mm service (regular-sized service). In determining the total number of SREs for flows higher than a regular-sized service, multiples of the SRE are assigned to reflect the higher instantaneous draw.

Wastewater

The wastewater SRE is based on the standard discharge from a single residence (standard discharge). In determining the total number of SREs for larger developments multiples of the standard discharge are assigned to reflect the higher discharge.

Drainage

The drainage SRE is based on the standard impact of a single residential lot on the Water Corporation's Arterial Drainage Scheme (standard impact). In determining the total number of SREs for other land uses, the impact on the scheme relative to the standard impact are used to reflect the actual impact on the scheme in terms of the SRE.

3 Non-standard infrastructure contribution

The Water Corporation may require a proponent, applicant or owner of land (as the case may be) to pay to the Water Corporation a non-standard infrastructure contribution in circumstances set out in section 83 of the Act, in relation to developments which involve:

- out of sequence and distant developments that are not supported by existing infrastructure
- applications for a water service to a mine or where the peak day water supply demand exceeds 49 kilolitres.

Non-standard infrastructure contributions are made by agreement between the Water Corporation and the proponent, applicant or owner of land (as the case may be) in accordance with section 83(8) of the Act.

The non-standard infrastructure contribution will be calculated on the basis of ensuring full cost recovery by the Water Corporation.

Developers may cooperate to share non-standard infrastructure costs by private negotiation.

Department of **Water**

168 St Georges Terrace, Perth, Western Australia

PO Box K822 Perth Western Australia 6842

Phone: 08 6364 7600

Fax: 08 6364 7601

www.water.wa.gov.au

1365 00 1013