

TITLE: WASTEWATER INFRASTRUCTURE FEES & AUGMENTATION COSTS POLICY

REFERENCE NUMBER:	14/078069
RESPONSIBLE DEPARTMENT:	Infrastructure and Projects
APPLICABLE LEGISLATION:	Local Government Act 1999 Water Industry Act 2012 New Tax System (Goods and Services Tax) Act 1999 South Australian Public Health Act 2011
STRATEGIC PLAN: Strategic Plan 2009-2019	<u>Urban Growth</u> Outcome 3: The Mount Barker District is a leader in growth area water management
RELATED POLICIES:	Wastewater Pricing Policy
SUPPORTING PROCEDURES:	Nil
ENDORSED BY COUNCIL:	1 September 2014
NEXT REVIEW DATE:	1 September 2017

1. POLICY STATEMENT

The District Council of Mount Barker is committed to ensuring that Council administers the application of capital fees and costs for the provision of Wastewater Services in a fair and consistent manner.

2. POLICY OBJECTIVES

The purpose of this policy is to ensure that:

- Council administers the Wastewater Infrastructure Fees and Augmentation Costs in a fair and consistent manner;
- Council achieves the required future funding for the increased capacity needs of Wastewater Schemes as the district population grows;
- As new development is approved for service, a Wastewater Infrastructure Fee and/or Augmentation Cost is applied to ensure intergenerational equity;
- The Wastewater Infrastructure Fees & Augmentation Costs are maintained at an appropriate level to account for increases in design and construction and future Wastewater Scheme needs, and

- Council complies with all regulatory requirements associated with the provision of Wastewater Services.

3. DEFINITIONS

Allotment has the meaning given to that term in section 4 of the Development Act 1993.

Augmentation Cost means an amount charged by the Council to reflect the cost of infrastructure augmentation required to meet a specific connection request, not otherwise able to be provided by the existing infrastructure. An Augmentation Cost may be applied in either CWMS or a Sewer Scheme.

Community Wastewater Management Scheme means any septic tank effluent drainage system or scheme provided or made available by Council for the collection, treatment, storage, distribution and disposal (including by sale of recycled water) of effluent.

Connection Units means a unit used to calculate the CWMS Infrastructure Fee and Sewer Infrastructure Fee, as defined in Clause 5.1.4.

CWMS means the Council's Community Wastewater Management Scheme.

CWMS Infrastructure Fee means a fee charged by the Council per Connection Unit for development, expansion and upgrade associated with the provision of Wastewater Services by a CWMS Scheme.

Developer means any individual, organisation or business entity that makes application to the Council for an Allotment/development to be connected to a CWMS or Sewer Scheme.

Operation & Maintenance means regular ongoing day-to-day maintenance work and operational activities necessary to keep a CWMS or Sewer Scheme operating efficiently. Example: pipe cleaning, treatment of wastewater and operating costs including electricity and chemical charges.

Sewer Infrastructure Fee means a fee charged by the Council per Connection Unit for development, expansion and upgrade associated with the provision of Wastewater Services by a Sewer Scheme.

Sewer Scheme means any system or scheme provided or made available by Council for the collection, treatment, storage, distribution and disposal (including by sale of recycled water) of sewage. A Sewer Scheme excludes a septic tank effluent drainage scheme but may include tankering services as an interim measure.

Upgrade means the enhancement of an existing asset to provide a higher level of service. Examples: increase in pipe diameter to provide capacity for increased flow rates, and may also include the extension of existing infrastructure.

Wastewater Services means the collection, treatment, storage, distribution and disposal (including by sale of recycled water) of effluent or sewage respectively, via a Community Wastewater Management Scheme or Sewer Scheme.

4. ROLES & RESPONSIBILITIES

Council shall:

- Maintain and update reserve funds for the revenue received pursuant to this Policy;
- Meet all legislative requirements for the accounting for funds raised by the fees and costs, to the satisfaction of internal and external audit;
- Communicate and implement this policy; and
- Monitor the effectiveness of this policy and recommend to Council any proposals for change.

5. SPECIFIC POLICY INFORMATION

5.1 Infrastructure Fee

Where a Developer connects a development to CWMS or a Sewer Scheme, Council applies a Developer contribution, called the Infrastructure Fee.

The name of the fee reflects that income is used by Council for the initial development, expansion (new assets) and upgrade associated with the provision of Wastewater Services. The funds are applied to either CWMS or a Sewer Scheme as determined by the type of scheme servicing the Allotment.

5.1.1 Where the fee applies: In all areas that have CWMS or a Sewer Scheme available and where any new Allotments are created, or any existing Allotments not connected to the scheme are to be connected, or are required to be connected (includes any new Allotment created through the subdivision of any existing Allotment) or development is undertaken.

5.1.2 When the fee is applied: The fee will be applied to the Developer on application to the Council for an Allotment to be connected to CWMS or Sewer Scheme. A further Infrastructure Fee will be applied when approval is sought for subsequent development of an existing Allotment.

5.1.3 How the fee is determined: The cost of a single Connection Unit for use in calculation of either the CWMS Infrastructure Fee or Sewer Infrastructure Fee is determined annually by Council and published in the "Register of Fees and Charges".

5.1.4 How the fee is applied: The CWMS Infrastructure Fee and Sewer Infrastructure Fee payable will be calculated in proportion to the number of Connection Units applicable to specific land use as follows:

- **Minimum Fee:** The minimum CWMS or Sewer Infrastructure Fee to be charged for any allotment shall be one Connection Unit.
- **Residential Dwellings:** A single residential dwelling shall be charged as one Connection Unit, which comprises a single household occupancy whether a flat, unit, semi-detached, row cottage or separate dwelling occupied or vacant.
- **Vacant Allotment:** A single vacant Allotment shall be charged the minimum fee of one Connection Unit. A vacant Allotment comprises any vacant parcel of land held under separate title, capable of sale without requiring approval for division, and is able to be connected to CWMS or a Sewer Scheme.
- **Other Land Uses:** For any land uses not identified above (examples include but are not limited to - retirement village, aged care complex, school, church, commercial, industrial, motel etc.) the number of Connection Units shall be determined by Council.
- The Council determination is to ensure a Fee (to be at least the Minimum Fee) which provides an equitable contribution to funding the CWMS or Sewer infrastructure being provided by Council to service the area.
- The Council determination is to be based on the anticipated demand arising from that particular land use.
- The process for the Council determination shall include the opportunity for input from the Developer.

5.1.5 Separate Rate: Application of the Infrastructure Fee and provision of Wastewater Services may require the declaration of a separate rate by Council over third party land to enable Council to secure and subsequently recoup costs when the third party land is developed.

5.1.6 Use of funds: Funds generated from the Infrastructure Fee will be applied to either CWMS or a Sewer Scheme depending on the type of scheme from which the Wastewater Services to the Allotment are being provided.

The funds will be used for initial development, expansion (new assets) and upgrade of CWMS or a Sewer Scheme that provides Wastewater Services. They may also be used for design, project management and construction in accordance with Council's budgeting process.

5.2 Augmentation Cost

In cases where CWMS or a Sewer Scheme cannot directly meet a request for Wastewater Services, an Augmentation Cost equal to the full cost of the required upgrade or variation to CWMS or the Sewer Scheme is applied by Council in addition to the Infrastructure Fee.

The name of the cost reflects that income is used by Council for the necessary infrastructure augmentation required to meet a specific request for the provision of Wastewater Services, not otherwise able to be provided by the existing infrastructure.

5.2.1 Where the cost applies: In all areas that have CWMS or a Sewer Scheme available and where:

- new Allotments are created;
- developments on an existing Allotment not connected to the scheme are to be connected;
- developments on an existing Allotment are required to be connected, including new Allotments created through the subdivision of existing allotments; or
- development is not able to be serviced by existing Council infrastructure.

5.2.2 When the cost is applied: Details of the works required and the Augmentation Cost will be determined by the Council and provided to the Developer on request for an Allotment to be connected to CWMS or a Sewer Scheme. The Augmentation Cost is applied in addition to the Infrastructure Fee.

5.2.3 How the cost is applied: The Augmentation Cost will be applied to the Developer on a user pays basis, as a charge equal to the full cost of the Upgrade required to Council's infrastructure, and attributable to the specific request for the provision of Wastewater Services, not otherwise able to be provided by the existing Council infrastructure.

In a circumstance where the augmentation will involve infrastructure that will service other than the Developer's Allotment(s), the 'beneficiary pays' principle will be applied by Council for the purposes of apportioning costs between Developers.

Apportionment of costs by Council between Developers may involve the declaration of a separate rate by Council over third party land to enable Council to secure and subsequently recoup costs incurred when the third party land is developed, and apply the 'beneficiary pays' principle.

5.2.4 Use of the funds: Funds generated from Augmentation Costs will be used for the specific augmentation works only, and are not for the provision of additional collection networks, subject to Clause 5.2.5.

5.2.5 Council Initiated Upgrade: If the Council decides to upgrade infrastructure beyond that required for the specific Wastewater Service request (i.e. to provide capacity for future growth) the Council will fund the additional (over and above the requirement for the subject development) upgrade cost, and recoup this additional cost through application of an Augmentation Cost to subsequent developments on a 'beneficiary pays' basis. Security for the additional Council initiated Upgrade may require the declaration of a separate rate by Council over the third party land.

5.3 Operation & Maintenance

Infrastructure Fees and Augmentation Costs will not be used to fund CWMS or a Sewer Scheme Operation & Maintenance and Renewal.

These costs are provided for by the Council's Annual Service Charge, which has been individually calculated for CWMS and Sewer. The amounts are determined annually and applied as part of the Council's rating process.

6. GENERAL

6.1 Rise & Fall: The Infrastructure Fee & Augmentation Cost will be adjusted annually at each 1st July based on the Producer Price Index, Australia - (Stage of Production Cat. No. 6427.0) Index Number 3101 Road and Bridge Construction South Australia, as published by the Australian Bureau of Statistics, where:

Adjusted price = **A x C / B**

Where:

A = the fee immediately prior to the adjustment date.

B = the value of the Index as first published for the June quarter immediately prior to the most recent past price adjustment.

C = the value of the Index as first published for the latest quarter immediately prior to the adjustment date

6.2 Additional Review of Fees & Costs: The Infrastructure Fee and Augmentation Cost may be reviewed by Council annually at each 1st July to take into account (among other things) new technology, market conditions and current and proposed regulatory requirements. Any change to the Infrastructure Fee or Augmentation Cost as a result of this additional review will be applied in addition to Rise & Fall detailed in Clause 6.1.

6.3 Option for Procurement of the Upgrade: The Developer may choose to accept and pay the Augmentation Cost as advised by the Council (who will undertake the work), or not pay the Augmentation Cost and independently at the Developer's risk procure the Upgrade; the works being fit for purpose and to Council's standards.

6.4 Goods and Service Tax: The Wastewater Infrastructure Fees and Augmentation Costs are exempt from the Goods and Services Tax in accordance with Division 81 of A New Tax System (Goods and Services Tax) Act 1999.

6.5 Payment: Wastewater Infrastructure Fees and Augmentation Costs will be due and payable within Council's thirty day trading terms on receipt of a Council tax invoice unless otherwise stipulated by Council.

6.6 Reserve Funds Management:
Financial statements will be prepared in accordance with the Australian Accounting Standards and legislative requirements from the Local Government and Water Industry Acts that will enable the monitoring of and reporting on cash reserves.

7. REVIEW

This Policy will be reviewed every three (3) years, or earlier in the event of changes to legislation or related Policies and Procedures, or if deemed necessary by the General Manager Infrastructure and Projects.

8. ACCESS TO THE POLICY

The Policy is available for public inspection at the Customer Service Centre, at the Local Government Centre, 6 Dutton Road, Mount Barker, South Australia and on the Council's website www.dcmtbarker.sa.gov.au.

9. FURTHER INFORMATION

For further information on this Policy, please contact:

Title: Manager, Wastewater Operations

Address: PO Box 54, Mount Barker

South Australia, SA, 5251

Telephone: 8391 7200

Email: council@dcmtbarker.sa.gov.au