

Infrastructure growth charge

terms and conditions

1. What is an infrastructure growth charge?

An infrastructure growth charge (IGC) is a charge we may require you to pay to contribute to our costs in meeting the increased demand on our water and/or wastewater network generated by your development, or changes to water/wastewater services to your property.

To ensure that we can continue to invest in our infrastructure and accommodate Auckland's growth, we charge IGCs on all new water and wastewater network connections, additional residential units at an existing connection, and where a property with an existing connection changes from a domestic to a commercial use and vice versa. We also charge IGCs if you are a commercial customer and water usage at your property increases by 220 kilolitres or more per year, or wastewater discharges from your property increases by 209 kilolitres or more per year.

New water and wastewater network connections, additional residential units and commercial customers increasing their water use/wastewater discharges have the effect of requiring us to provide new assets within our water/wastewater networks, or otherwise increase the capacity of those networks. Charging an IGC ensures a share of the cost of this capital expenditure is paid by customers who create the need for this expenditure, rather than all customers through water service and wastewater service charges. The IGCs may fund capital expenditure incurred both before and after IGCs are charged.

We use IGCs to fund growth-related capital expenditure only. We fund operating costs associated with new and existing infrastructure from water and wastewater consumption charges.

In Auckland, IGCs fund the type of growth-related capital expenditure on water/wastewater infrastructure that outside Auckland is typically funded by development contributions under the Local Government Act 2002. However, unlike development contributions, an IGC is a contractual charge rather than a charge required under legislation.

These terms and conditions outline when an IGC is payable and how it is calculated. They form part of Watercare's customer contract, and should be read together with the rest of the contract.

2. When will we charge IGCs?

2.1 We will charge IGCs:

- when you apply for a new domestic or commercial 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;
- when you apply to obtain the "town to tank" water supply service;
- where a property with an existing connection changes from a domestic use to a commercial use and vice versa; or
- if you are a commercial customer with an existing connection, where annual demand on your property increases, or is anticipated to increase:
 - in the case of water, by more than 220 kilolitres per year above your property's Baseline Demand; or
 - in the case of wastewater, by more than 209 kilolitres per year above your property's Baseline Demand.

For the definitions of domestic and commercial use, see clause 1.2 of the customer contract.

When we charge IGCs, we will issue you with a notice of assessment which sets out the amount of IGCs that you must pay, and how this amount has been calculated.

2.2 Past payment of development contributions

Legislation states that we cannot charge an IGC in respect of a development where a development contribution for water or wastewater infrastructure has been paid to Auckland Council or one of its predecessor councils in respect of the same development. However, in those circumstances we can charge an IGC to reflect an increase in the scale or intensity of the development since the development contribution was required. We will only charge an IGC where that increase in scale and intensity translates into increased demand for water and/or wastewater services.

2.3 Unpaid IGCs or development contributions

In calculating IGCs, we will take into account only IGCs or development contributions relating to your property that have actually been paid. If IGCs or development contributions have been assessed or invoiced (whether to you or a previous owner of your property) but not paid, they are not included in our calculation of your property's Baseline Demand for the purposes of any new IGCs.

3. How many IGCs are payable?

3.1 Domestic customers

We will charge:

- new domestic connections
- new or additional residential units at a property served by an existing connection

one IGC per additional residential unit. However, we charge any additional residential unit with a floor area of less than 65 square metres, 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.

3.2 Commercial customers

We will charge:

- new commercial connections
- properties with an existing connection whose annual demand for water and/or wastewater services has increased or is expected to increase

one IGC per additional development unit equivalent (DUE). For water supply, one DUE is 220 kilolitres of water use per year. For wastewater, one DUE is 209 kilolitres of wastewater discharge per year.

We calculate the number of additional DUEs by subtracting your property's Baseline Demand from its estimated or actual annual demand. For example:

- A new commercial connection on a greenfield site has a Baseline Demand of 0 DUEs (no IGCs having ever been paid), and an estimated annual demand of 10 DUEs. The IGC assessed is based on 10 DUEs.
- A property with an existing connection dating from 2013 has a Baseline Demand of 2 DUEs (based on IGCs paid on connection), and an estimated annual demand of 10 DUEs. The IGC is based on 8 DUEs.
- A property with an existing connection dating from 2013 was invoiced for IGCs at that time but these were not paid. Its estimated annual demand is 10 DUEs. Because no IGCs have been paid, it has a Baseline Demand of 0 DUEs. The IGC assessed is based on 10 DUEs.
- A property with an existing connection dating from 2009 has a Baseline Demand of 4 DUEs (based on the property's annual average demand for water over the five-year period ending the day before the start of the period used to calculate the Annual Demand), and an estimated annual demand of 10 DUEs. The IGC is based on 6 DUEs.

DUEs will be rounded up or down to the nearest whole number. If less than one DUE (after rounding) has been assessed, we will not charge an IGC.

Where we expect an increase in annual demand, we will consider information you provide us about the expected increase in water usage and/or wastewater discharges on your property to estimate annual demand.

If you do not know how much your water usage or wastewater discharges is likely to increase, and there is no water demand or wastewater discharge information available, when we charge IGCs we will estimate annual demand by comparing the expected use and development of your property with similar uses and development. We will review our estimate of annual demand after two years at the time of invoicing and may charge additional IGCs if our original assessment of annual demand was too low.

3.3 Water services-only and wastewater-only IGCs

Where:

- your property requires a new water services connection but not a new wastewater connection;
- you apply for a new domestic or commercial connection but a wastewater connection is unavailable; or
- at a property with an existing commercial connection, the annual demand for water services (but not wastewater services) has increased or is expected to increase, we may charge a water services-only IGC.

Where:

- your property requires a new wastewater connection but not a new water services connection;
- you apply for a new domestic or commercial connection but a wastewater connection is unavailable; or
- at a property with an existing commercial connection, the annual demand for wastewater services (but not water services) has increased or is expected to increase, we may charge a wastewater-only IGC.

3.4 "Town to tank" water supply services-only IGC

Where you apply to obtain a "town to tank" water supply service, we may charge a "town to tank" water supply service-only IGC.

4. How much is the IGC?

4.1 The IGC rate for your area is set out in the IGC price schedule. The rates are reviewed annually.

4.1.1 Auckland metropolitan area

A uniform IGC rate applies throughout the Auckland metropolitan area. The IGC rate for the metropolitan area is based on growth-related capital expenditure on our bulk networks in the metropolitan area.

4.1.2 Non-metropolitan areas

The IGC rate for non-metropolitan areas is based on the growth-related capital expenditure on the water and/or wastewater scheme servicing the area.

Please refer to the FAQ on the IGC page on our website for information on how the IGC is calculated.

5. When do I have to pay IGCs, and what if I don't pay?

5.1 You must pay:

- IGCs charged for a new domestic or commercial connection by the date set out in our invoice to you, or the day before the connection date, whichever is earlier.
- IGCs charged in any other circumstances by the date set out in our invoice to you.

5.2 If you do not pay IGCs by the due date under clause 5.1, in addition to our rights under clause 3.2, we may:

- for IGCs charged for a new domestic or commercial connection, withhold installation of a water meter or approval of plans for a wastewater connection
- for IGCs charged for new or additional residential units served by an existing connection, suspend any work required to change the connection
- for IGCs charged where annual demand for water/ wastewater services at a property with an existing commercial connection increases or is anticipated to increase, disconnect the property or restrict water supply to the property to reflect the IGCs or development contributions for water services or wastewater services that have been paid.

6. Can an IGC be contested?

6.1 IGC objection process

Yes, an IGC can be contested.

6.2 As the customer, you can choose whether you want to have your assessment reconsidered, or whether you want to object to your assessment (including if you do not agree with the result of your Reconsideration).

- (a) You can request a Reconsideration of your assessment within 10 working days of receiving notice of your assessment.
- (b) If you do not agree with the outcome of that Reconsideration, or you want to proceed straight to an Objection, you can object. Objections are due within 15 working days of receiving notice of your assessment, or, if you have requested a Reconsideration, within 15 days of receiving notice of Watercare's decision on that Reconsideration.
- (c) Once you have objected to your assessment, you cannot request a Reconsideration in respect of the same assessment.

6.3 You can request a Reconsideration of your assessment if you think that Watercare has:

- (a) incorrectly calculated, assessed, or applied these terms and conditions to your development; and/or
- (b) relied on, recorded, or used information that was incomplete or contained errors when assessing the contribution required against these terms and conditions.

6.4 Your request will be considered by Watercare's Reconsideration Panel. The Panel may confirm, vary, or cancel your assessment.

6.5 The grounds for an Objection are set out at paragraph 5 of the Charter for Commissioners.

6.6 For more information on the Reconsideration and Objection process, refer to the 'Reconsiderations and Objections' factsheet and the Charter for Commissioners on our website.

IGC price schedule – domestic and commercial customers

Area	Water and wastewater		Water only		Wastewater only	
	<i>Excluding GST</i>	<i>Including GST</i>	<i>Excluding GST</i>	<i>Including GST</i>	<i>Excluding GST</i>	<i>Including GST</i>
Metropolitan ¹	\$16,095.00	\$18,509.25	\$8,047.00	\$9,254.05	\$8,047.00	\$9,254.05
Beachlands and Maraetai (wastewater only)	\$10,873.00	\$12,503.95	N/A	N/A	\$10,873.00	\$12,503.95
Helensville and Parakai ⁵	\$30,450.00	\$35,017.50	\$15,225.00	\$17,508.75	\$15,225.00	\$17,508.75
Kawakawa Bay (wastewater only)	\$38,082.00	\$43,794.30	N/A	N/A	\$38,082.00	\$43,794.30
Northeast sub-regional ²	\$23,889.00	\$27,472.35	\$7,644.00	\$8,790.60	\$16,244.00	\$18,680.60
Omaha/Matakana/Point Wells (wastewater only)	\$10,552.00	\$12,134.80	N/A	N/A	\$10,552.00	\$12,134.80
Owhanake ³ (wastewater only)	\$34,949.00	\$40,191.35	N/A	N/A	\$34,949.00	\$40,191.35
Southwest sub-regional ⁴	\$25,843.00	\$29,719.45	\$8,011.00	\$9,212.65	\$17,832.00	\$20,506.80
Wellsford	\$25,602.00	\$29,442.30	\$11,008.00	\$12,659.20	\$14,593.00	\$16,781.95

Where a customer 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 infrastructure growth charge.

No further connections are available in **Bombay, Kingseat, Muriwai and Waiwera**.

¹ The Metropolitan network area covers customers supplied by Watercare's contiguous water supply system and/or serviced by any of Watercare's wastewater treatment plants at Māngere, Rosedale, Army Bay or Pukekohe. It includes the Hibiscus Coast, Kumeu, Huapai, Riverhead, Paerata, Clevedon, Pukekohe and Bucklands.

² The Northeast sub-regional IGC applies to Warkworth, Snells Beach and Algies Bay (currently serviced by the Warkworth and Snells Beach wastewater treatment plants). The Northeast sub-regional IGC replaced the Snells Beach IGC from 1 July 2018 and Warkworth IGC from 1 October 2018.

³ The Owhanake (Waiheke) IGC is payable in the case of existing commercial connections, where that connection first becomes liable for the IGC (for example, where demand increases) under Watercare's infrastructure growth charge terms and conditions included in our customer contract. Connections for new customers are available subject to completion of staged upgrades to the wastewater treatment plant.

⁴ The Southwest sub-regional IGC applies to areas of Franklin where the wastewater treatment plant the property connects to is not the Pukekohe or Māngere wastewater treatment plant. The Southwest sub-regional IGC replaced the Clarks Beach IGC and Franklin IGC from 1 July 2018.

⁵ Helensville and Parakai are areas of low supply and although a price is listed above may not be available at a certain location.

** For more information please visit www.watercare.co.nz and search for 'Infrastructure Growth Charges'. The IGC terms and conditions are on page 16 of our customer contract, which can be found by visiting www.watercare.co.nz and searching for 'Customer Contract'.