

Greater Hume Shire Council

Development Servicing Plans For Water Supply and Sewerage 2013



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Greater Hume Shire Council

Development Servicing Plans For Water Supply and Sewerage 2013

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Executive Summary

These Development Servicing Plans (DSPs) cover water supply and sewerage developer charges for the areas served by Greater Hume Shire Council (GHSC) as shown in the maps in Appendix A.

The developer charges calculated for the areas covered by the GHSC DSPs for water supply and sewerage are below:

Area	Proposed Developer 2013/14 \$ per ET	
	Water Supply	Sewerage
Shire wide	\$2870	\$3900

The charges will be indexed on 1st July each year on the basis of movements in the CPI for Sydney.

The DSPs have been prepared in accordance with the Developer Charges Guidelines for Water Supply, Sewerage and Stormwater (2002) issued by the Minister for Land and Water Conservation pursuant to section 306 (3) of the Water Management Act 2000. This document is to be registered with the NSW Office of Water.

The existing assets serving the DSP areas and the timing and expenditures for new water supply and sewerage works that will serve the area covered by these DSPs are shown in section 5.

Water supply and sewerage levels of service to be provided by Council are provided in section 6.

The developer charges methodology including timing of payment; definition of developer charges to be paid and definition of the Equivalent Tenement (ET) of developments which varies from a detached house (1 ET) are described in section 7.

The developer shall be responsible for the full cost of the design and construction of water supply reticulation works within subdivisions.

Section 9 is the Greater Hume Shire Council Development Servicing Plan for Water Supply. Section 9.3 is the Greater Hume Shire Council Development Servicing Plan for Sewerage.

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1 Introduction

Developer Charges have two related functions:

- ❑ They provide a source of funding for infrastructure required for new urban development
- ❑ They provide signals regarding the cost of urban development thus encourage less costly forms and areas of development

Section 64 of the Local Government Act 1993 enables a local government council to levy developer charges for water supply, sewerage and stormwater. This derives from a cross-reference in that Act to section 306 of the Water Management Act 2000 (Outline of relevant legislation is provided in Appendix E).

A Development Servicing Plan (DSP) is a document which details the water supply and/or sewerage developer charges to be levied on development areas utilising a water utility's water supply and/or sewerage infrastructure.

These DSPs cover water supply developer charges in Culcairn and the villages of Jindera, Burrumbuttock, Brocklesby, Gerogery and Gerogery West and sewerage developer charges in Burrumbuttock, Culcairn, Henty, Jindera, Walla Walla and Holbrook, which are served by Greater Hume Shire Council (GHSC), as the local water utility. See maps in Appendix A.

These DSPs enable Greater Hume Shire Council to levy contributions where the anticipated development will or is likely to increase the demand for water supply and/or sewerage services.

These DSPs have been prepared in accordance with the Developer Charges Guidelines for Water Supply, Sewerage and Stormwater (2002) issued by the Minister for Land and Water Conservation pursuant to section 306 (3) of the Water Management Act 2000. This document is to be registered with the NSW Office of Water.

These DSPs supersede any other requirements related to water supply and sewerage developer charges for the area covered by the DSPs areas. These DSPs take precedence over any Council's codes or policies where there are any inconsistencies relating to water supply and sewerage developer charges.

2 Glossary

Below is a list of some terms used in Development Servicing Plans.

Capital Cost	The present Value (MEERA basis) of assets used to service the development
Capital Charge	Capital cost of assets per ET x Return on Investment (ROI) factor.
GHSC	Greater Hume Shire Council
CPI	Consumer Price Index
Developer Charge	A charge levied on developers to recover part of the capital cost incurred in providing infrastructure to new development.
DSP	Development Servicing Plan
EP	Equivalent Person
ET	Equivalent Tenement
LEP	Local Environment Plan
MEERA	Modern Equivalent Engineering Replacement Asset
NPV	Net Present Value
OMA	Operation, maintenance and administration (costs)
Post 1996 Asset	An Asset that was commissioned by a water utility on or after 1st January 1996 or that is yet to be commissioned.
Pre-1996 Asset	An Asset that was commissioned by a water utility before 1st January 1996.
Reduction Amount	The amount by which the capital charge is reduced to arrive at the developer charge. This amount reflects the present value of the capital contribution that will be paid by the occupier of a development as part of future annual charges.
ROI	Return on investment. Represents the income that is, or could be, generated by investing money.
Service Area	An area served by a separate water supply and Sewerage system, a separate small town or village, or a new development of over 500 lots.

3 Administration

Culcairn and Villages Water Supply DSP areas and Burrumbuttock, Culcairn, Henty, Jindera, Walla Walla and Holbrook Sewerage DSP areas	
DSP Area	The areas covered by these DSPs are shown on plans in Appendix A.
DSP Boundaries	The basis for defining the DSP areas boundaries is the existing and future development served by Greater Hume Shire Council water supply scheme and sewerage schemes. Any development outside the water supply and sewerage service areas will require a special agreement with Greater Hume Shire Council.
Application of Developer Charges	Developer charges will be levied to all land within the DSP areas which is serviced, or is proposed to be serviced within one year by reticulated water supply within 75 metres of the property boundary and by reticulated sewerage within 75 metres of the property boundary. GHSC will assess the demand for service in terms of equivalent tenements (ET) and will levy developer charges proportional to the number of ETs. The minimum demand for each development is 1 ET. The developer charges will apply to new development and re-development.
Payment of Developer Charges	Payment of a developer charge is a precondition to the granting of a Compliance Certificate, which must be obtained in order to complete a development. A Compliance Certificate will not be issued until the developer charge payment has been received.
Time & Payment	Council will issue a Notice of Payment – Developer Charges at the time of assessing development application or other type of application. If payment is made within three months of the date of the notice, no further charges will apply for the development. If payment is not received within three months, a payment will be required prior to issue of Compliance Certificate and the charge will be recalculated in accordance with the DSP valid at that time.
Review	Developer Charges relating to these DSPs will be reviewed after a period of 5 years. A shorter review period is permitted if a major change in circumstances occurs.
Indexation	The developer charges will be adjusted on 1 st July each year on the basis of movements in the CPI for Sydney from December to December.

4 Demographic and Land Use Planning Information

4.1 Population Growth Projections

GHSC existing population and growth projections are shown in Table 1 and Equivalent Tenement numbers are provided in Table 2. A 30 year planning horizon is adopted, consistent with the Developer Charges for Water Supply and Sewerage Guidelines, 2002. Detailed population and ET projections are provided in Appendices B and C.

Table 1: Projected Population Growth

Area	2012 Population*	2041 Population	Growth rate**
Burrumbuttock	170	175	0.1%
Culcairn	1,121	1,154	0.1%
Henty	1,078	1,110	0.1%
Holbrook	1,335	1,374	0.1%
Jindera	1,048	1,399	1%
Walla Walla	583	600	0.1%

Source: * Quick Stats - GHSC website

** Source: Personal communication with GHSC staff, email 11 May 2012.

Table 2: Projected Growth in ET

DSP Areas	Equivalent Tenements (ETs) 2012*	Equivalent Tenements (ETs) 2041	Total New ETs	Proportion of Growth
Burrumbuttock	27	28	1	0.4%
Culcairn	581	598	17	7.7%
Henty	569	585	17	7.6%
Holbrook	784	807	23	10.5
Jindera	462	616	154	70%
Walla Walla	288	297	8	3.8%
Total			221	100%

1 ET = a standard urban fully detached dwelling

* Rateable assessments from GHSC billing data base

4.2 Land Use Information

The GHSC DSPs for water supply and sewerage should be read in conjunction with draft Greater Hume Local Environmental Plan 2011 Local Environmental Study.

5 Infrastructure

5.1 Water Supply Infrastructure

5.1.1 Assets

The existing and proposed water supply assets serving the area covered by the DSP for Water Supply are listed in Table 1 and Table 2 of the GHSC 2012 DSP Background Document for Water Supply (See Appendix B).

5.1.2 Capital Costs Estimates

Capital works comprising new works and renewals with an estimated value of \$4 M will be required over the next 30 years to provide water supply services to the Greater Hume Shire serviced area and new development areas. The Developer Charges Guidelines for Water Supply, Sewerage and Stormwater (2002) recommend excluding the cost of future renewals and capital works to improve standards of service from the capital charges calculation.

The calculation of capital charges includes capital costs for growth only, with an estimated value of \$253.7 K.

The capital cost of works to upgrade and improve water supply services is detailed in Table 2 of the GHSC 2012 DSP Background Document for Water Supply (See Appendix B).

5.1.3 Timing of Works and Expenditure

The 30 years capital works expenditure for water supply is shown in Figure 1. Timing of works and expenditure are to be reviewed and updated when required.

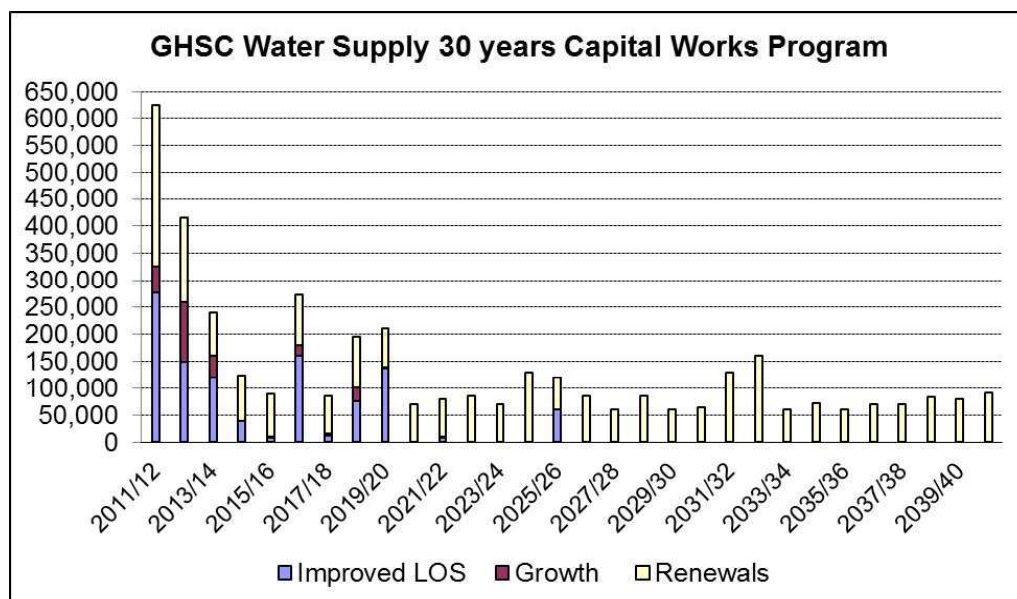


Figure 1: GHSC Water Supply 30 Years Capital Works Program

5.2 Sewerage Infrastructure

5.2.1 Assets

The existing and proposed sewerage assets serving the area covered by this DSP are listed in table Table 1 and 2 of the GHSC 2012 DSP Background Document for Sewerage (See Appendix C).

5.2.2 Capital Costs Estimates

Sewerage capital works comprising new works and renewals with an estimated value of \$11.2 M will be required over the next 30 years to provide sewerage services to the serviced areas and new development areas. The Developer Charges Guidelines for Water Supply, Sewerage and Stormwater (2002) recommend excluding the cost of future renewals and capital works to improve standard of services from the capital charges calculation.

The calculation of capital charges includes capital costs for growth only, with an estimated value of \$3.8 M.

The capital cost of works to upgrade and improve sewerage services is detailed in Table 2 of the GHSC 2012 DSP Background Document for Sewerage (See Appendix C).

5.2.3 Timing of Works and Expenditure

The annual 30 years capital works expenditure for sewerage is shown in Figure 2. GHSC has not allocated any capital works for improved standards of service. Timing of works and expenditure are to be reviewed and updated when required.

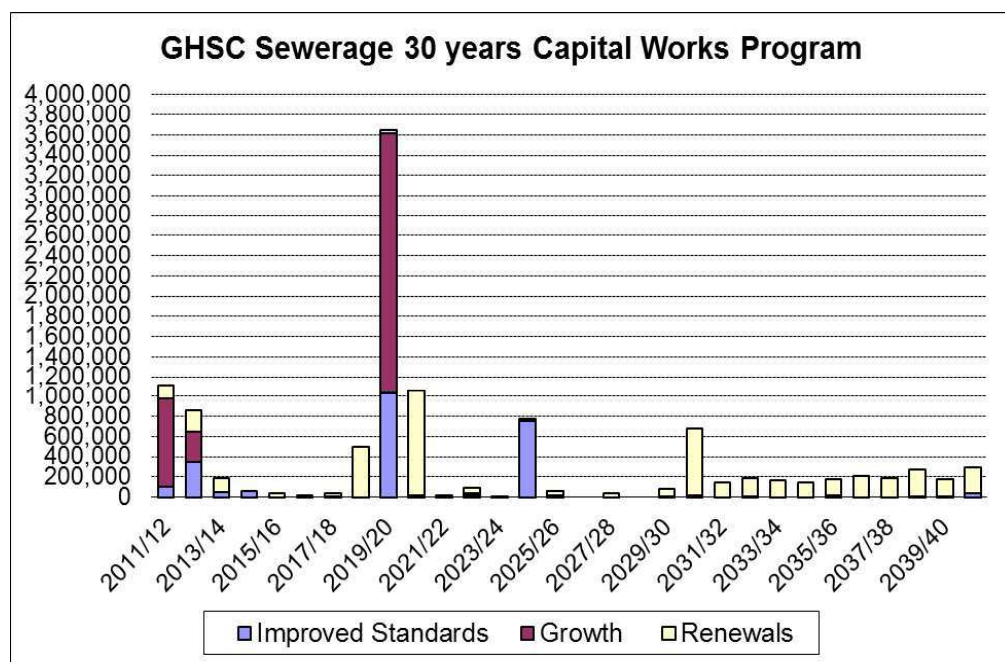


Figure 2: GHSC Sewerage 30 Years Capital Works Program

6 Levels of Service

The Levels of Service (LOS) applied to GHSC's water supply and sewerage schemes are the standard targets that GHSC aims to achieve. They are not intended as a formal customer contract. GHSC system design and operation are based on providing the following levels of service.

6.1 Water Supply

Table 3: Levels of Service for Water Supply

Description	Unit	Four Years Target
Service Provided		
Time to provide an individual connection to water supply in serviced area	Working Days	5
Availability of Supply		
Normal Quantity Available		
Domestic peak day demand	L/tenement/d ay	4000
Domestic annual demand	kL/tenement/annum	275
Pressure		
Minimum pressure when conveying 6 L/min/tenement	Meters head	12
Maximum static pressure	Meters head	100
Consumption Restrictions in Droughts (5:10:10 Rule)		
Average duration	No. months in 10 year period	6
Average frequency	No. times in 10 year period	1
Levels of restrictions	% of normal usage	90%
Supply Interruptions		
Planned:		
Notice to industrial customers	Days	2
Maximum duration of interruption	Hours	8

Description	Unit	Four Years Target
Unplanned:		
Maximum duration of interruption	Hours	8
Total number of interruptions	No. of interruptions/year/ 1000 connections	30
Fire Fighting		
Compliance with minimum flow rates determined by guidelines in Local Government Regulations and NSW Fire Brigade requirements - TBA	% area served	100%
Water Quality		
Compliance with health related criteria of Australian Drinking Water Guidelines (ADWG)	% compliance	100%
Water Quality complaints	Complaints / 1000 customers	2
Average Response Times (Time to have staff on site to rectify problem or answer inquiry)		
System Failure	Hours	2
Other problems & General Inquiries		
Respond to 95% of oral inquiry	Working days	1
Respond to 95% of written inquiry	Working days	5

6.2 Sewerage

Table 4: Levels of Service for Sewerage

Description	Unit	Four Years Target
Availability of Service		
Domestic sewage should be provided to all houses, units or business within the defined serviced area	% of Serviced area connected to domestic sewage	100%
Industrial connections licensed under Council's Trade Waste Policy	% licensed	100%
Systems Failures		
Frequency of Failures		
Reportable dry weather system overflows to environment	Number per year	0
Average Response Times (Time to have staff on site to rectify problem or answer inquiry)		
System Failures		
Major failure with significant consequences or affecting multiple properties	Hours	1
Minor failure affecting only a single property	Hours	2
Other Problems		
Respond to 95% of oral inquiry	Working days	1
Respond to 95% of written inquiry	Working days	5
Odour		
All systems		
Complaints	No./year/1000 properties	2
Effluent Discharge		
All systems		
Compliance with EP license conditions	% compliance	100%

7 Design Parameters

7.1 Water Supply

Investigation, design and construction of water supply components are based on:

- ☐ Councils levels of service (Refer to section 6 above)
- ☐ Design guidelines

7.2 Sewerage

Investigation, design and construction of sewerage components are based on:

- ☐ Councils levels of service (Refer to section 6 above)
- ☐ Design guidelines

8 Developer Charges Methodology

8.1 Capital Charge

The capital charges were calculated for GHSC water supply and sewerage service areas, based on the existing and future assets providing the services in these areas. The calculations of the water supply capital charges are provided in Appendix B (Table 4) and summarized in section 9. The calculations of the sewerage capital charges are provided in Appendix C (Table 4) and summarized in section 9.3.

The capital charges are agglomerated (when required) to calculate a weighted average developer charge for all new development. The weighted average capital charge is calculated on the proportion of growth in each DSP area. The weighted average capital charge is used to calculate the reduction amount for the whole area. Where the capital charges for two or more service areas are within 30%, they should be agglomerated into a single DSP. Council is allowed to do further agglomeration if needed.

GHSC calculated capital charges for water supply are not required to be agglomerated. The developer charges are calculated using the methodology described below and are provided in section 9.

GHSC calculated capital charges for sewerage are required to be agglomerated into three DSP areas. The developer charges were calculated for each of the three DSP areas. The sewerage developer charges are provided in section 9.3.

8.2 Reduction Amount

Council has adopted the NPV of Annual Charges method to calculate the Reduction Amount. This method calculates the reduction amount as the NPV of the future net income from annual charges (income less OMA) for the development area.

The reduction amount was calculated using a Financial Plan prepared using the FINMOD financial planning software and a reduction amount calculator developed by the NSW Office of Water which is based on a 30 year projection. Details of the reduction amount calculations are in Appendix D.

8.3 Reviewing/ Updating of Calculated Developer Charges

Developer charges relating to these DSPs will be reviewed at no greater than 5-yearly intervals. In the period between any reviews, developer charges will be adjusted on 1st July each year on the basis of movements in the CPI for Sydney from December to December as required by the Developer Charges Guidelines (excluding the impact of GST). Developer charges will be those charges determined by Council from time to time and will be published in Council's Annual Fees and Charges.

8.4 Exclusions

The developer charges do not cover the costs of reticulation works and assets commissioned pre -1970.

The developer shall be responsible for the full cost of the design and construction of water supply reticulation works within subdivisions, as well as works leading up to that subdivision.

Council may direct a developer to upgrade reticulation pipes when they are required to service other development. The cost of upgrading will be paid by Council.

8.5 Developments Requiring Forward Funding

Developments requiring the provision of infrastructure prior to Council's planning phase will require the developer to forward fund infrastructure at their own costs. These developers will be reimbursed as Council receive developer charges from other developments reliant on that infrastructure in the area within 10 years of constructing the assets.

8.6 Payment for Developer Charges

All developer charges will be paid at the rate applicable at the time of application for a Certificate of Compliance pursuant to Division 5 of Part 2 of Chapter 6 of the Water Management Act 2000.

8.7 Timing of Payment of Developer Charges

Payment of developer charges must be finalised at the following stages.

- ☐ Development consents for subdivisions – prior to the issue of a subdivision certificate
- ☐ Development consents involving building work – prior to the issue of the construction certificate
- ☐ Prior to issue of Complying Development Certificate
- ☐ Development consents where no construction certificate is required – at the time of issue of the notification of consent

8.8 Determining Developer Charges to be paid

All new properties subject for payment of water supply and sewerage charges are liable for paying developer charges. In order to assess the developer contribution applicable to a specific development, it is necessary to assess the demand that the proposed development will place on the relevant water and/or sewerage systems.

An Equivalent Tenement (ET) is the basic unit of measure to quantify the demand or loading on water supply or sewerage systems respectively. One ET represents the equivalent demand or loading from a standard residential household.

In order to assist with the assessment of water and sewerage demand or loading, GHSC uses the following documents:

- ☐ Water Supply Investigation Manual (1986)
- ☐ Manual of Practice: Sewer Design (1984)
- ☐ NSW Water Directorate's Guidelines for Determining Water and Sewer ET Figures

Credit for existing use is inherent in the calculation of the ET loading, as the developer charges are levied for the additional ET loadings a development will place on the infrastructure. For example, if a single residential lot is subdivided into four residential lots, the development has a credit of one ET from the existing use. The developer charges will be applied for the three additional ETs.

8.9 Developments outside Boundaries of DSP

After the adoption of DSPs, an unforeseen new development may occur outside the boundaries of the DSPs (see Appendix A). If the planning authorities approve the development, Greater Hume Shire Council as the local water utility may either:

- ☐ Apply the developer charges adopted for the DSPs for water supply and/or sewerage to the new development, or
- ☐ Prepare a new DSP for water and/or sewerage for the new development

Such a development is likely to require the construction of specific assets. Provided that there are no other constraints to the development, Greater Hume Shire Council may approve construction of the essential assets ahead of time. In such cases the assets will be sized by Council in accordance with the requirements of the DSPs, and the full capital cost would be met by the developer, in addition to the developer charges levied on the development.

If the asset funded by this developer will serve other future development, the developer may be reimbursed when Council collects developer charges from the future development. Council and the developer must enter into an agreement stating how the developer will be reimbursed in the future.

8.10 Exemption of Developer Charges

Under section 306 (4) and (5) of the Water Management Act 2000, the Minister for Planning may make a determination in regard to developer charges levied on Crown development. Crown developments for essential community services (education, health, community services, and law and order) are exempt from general developer charges. Water utilities may charge these developments only for that portion of the direct connection cost (e.g. for a lead-in main) relating to Crown development.

8.11 Cross Subsidy

Council may levy lower charges than the calculated value, but the actual charges need to be shown in the DSP. Levying lower charges than the full cost recovery amount means that development is cross-subsidised by existing development. Such cross subsidy needs to be disclosed in the DSP.

The DSP Guidelines require the disclosure of the cross subsidy by existing customers only if a lower developer charge is adopted.

This section of the DSPs will be expanded upon in the event that Council decides to impose lower developer charges than the charges shown in this document.

9 Water Supply DSP

9.1 Calculated Developer Charges

The developer charges for the areas covered by this DSP have been calculated on the basis of the following capital charges and reduction amount. The capital charges for the two service areas are not within 30% of each other, therefore they are not required to be agglomerated into a single DSP area.

Table 5: Water Supply Developer Charges Calculation

Service Areas	Capital Charge 12/13 per ET	Weighted Capital Charge per ET	Reduction Amount per ET	Calculated Developer Charge per ET	
				11/12	13/14*
Villages	\$22,581	\$20,507	\$0	\$22,581	\$22,874
Culcairn	\$5,865	\$538		\$5,865	\$5,941
Total		\$21,046			

* Based on estimated CPI increase of 1.3% (June 12 to June 11)

9.2 Adopted Developer Charges

Council proposes to adopt a lower developer charge than the calculated amount to ensure that new development is attracted to the Shire. The proximity to Albury is an important factor, and Council intends to levy similar charges to those charged in the Albury LGA. Albury City Council is in the process of reviewing its developer charges but GHSC expect that the Albury charges will remain similar to the current levels, as Albury in turn is affected by low charges in Wodonga.

The proposed developer charge is shown in Table 6.

Table 6: Adopted Developer Charges for Water Supply

Area	Developer 2013/14 per ET
	Water Supply
Shire wide	\$2870

9.3 Cross Subsidy

Levying lower charges than the calculated developer charges has the impact of existing development providing cross subsidy to new development.

The value of the cross subsidy for water supply is estimated at \$100 per assessment per annum. This is shown graphically in Figure 3.

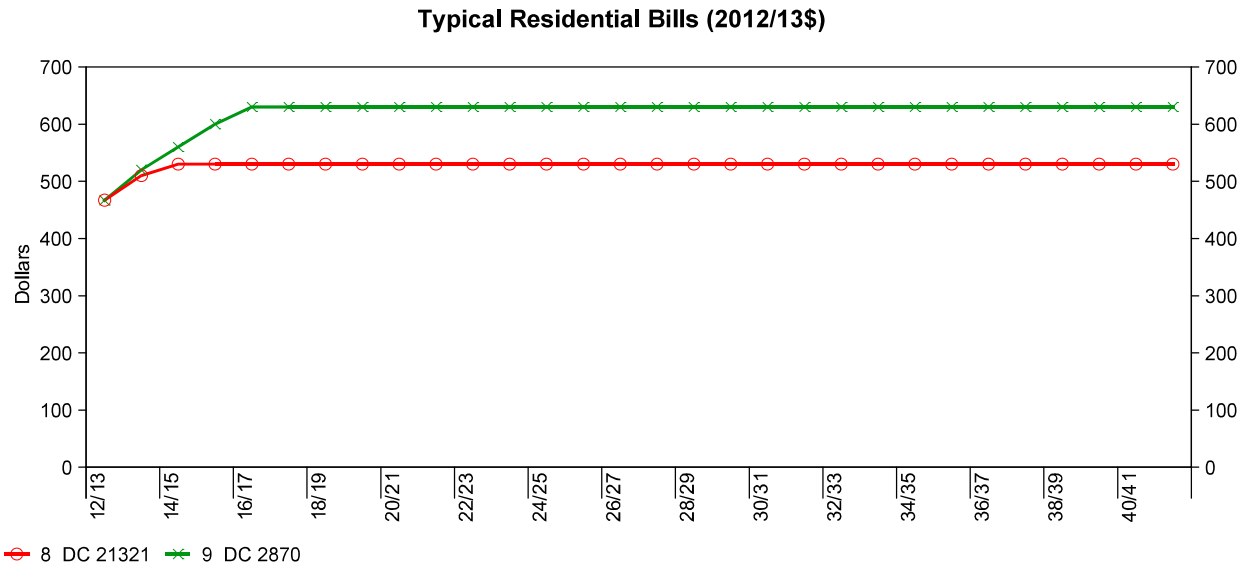


Figure 3: Water Supply Cross Subsidy

Notes to Figure 3:

1. The forecast typical residential bill (TRB) at calculated developer charges (weighted average \$21321 per ET) is \$530 (red line)
2. The forecast TRB at the proposed developer charge (\$2870 per ET) is \$630 (green line)

10 Sewerage DSP

10.1 Calculated Developer Charges

As previously mentioned the calculated capital charges for sewerage are required to be agglomerated. Council may do further agglomeration if required. The agglomeration of the service areas into DSP areas is provided in Table 7. The weighted average capital charge is calculated on the proportion of growth in each DSP area and it is used to calculate the reduction amount for all three DSP areas.

Table 7: Agglomeration of Capital Charges Calculation

Area	Capital Charge per ET	Agglomeration	Proportion of growth (%)	DSP area Capital Charge 12/13 per ET
Burrumbuttock	\$ 19,923	DSP area 1	8.1%	\$15,425
Culcairn	\$ 15,216			
Henty	\$ 13,545	DSP area 2	81.4%	\$12,017
Jindera	\$ 11,912			
Walla Walla	\$ 10,916			
Holbrook	\$ 2,977	DSP area 3	10.5%	\$2,977

The reduction amount calculated is \$662 per ET (Details about the reduction amount calculation is provided in Appendix D). Therefore the sewerage developer charges for the DSP areas covered by this DSP are as follows:

Table 8: Sewerage Developer Charges Calculation

	Developer Charge 11/12 per ET	Developer Charge 12/13 per ET*
DSP area 1	\$14,465	\$14,653
DSP area 2	\$12,030	\$12,186
DSP area 3	\$2,601	\$2,634

* Based on estimated CPI increase of 1.3% (June 12 to June 11)

10.2 Adopted Developer Charges

Council proposes to adopt a lower developer charge than the calculated amount to ensure that new development is attracted to the Shire. The proximity to Albury is an important factor, and Council intends to levy similar charges to those charged in the Albury LGA. Albury City Council is in the process of reviewing its developer charges but GHSC expect that the Albury charges will remain similar to the current levels, as Albury in turn is affected by low charges in Wodonga.

The proposed developer charge is shown in Table 9.

Table 9: Adopted Developer Charges for Sewerage

Area	Developer 2013/14 per ET
	Sewerage
Shire wide	\$3900

10.3 Cross Subsidy

Levying lower charges than the calculated developer charges has the impact of existing development providing cross subsidy to new development.

The cross subsidy is not expected to increase the TRB in the next 10 years. However, or foreshadowed \$50 reduction in the TRB will not be possible. The value of the cross subsidy is therefore \$50 per assessment per annum from 2024. This is shown graphically in Figure 4.

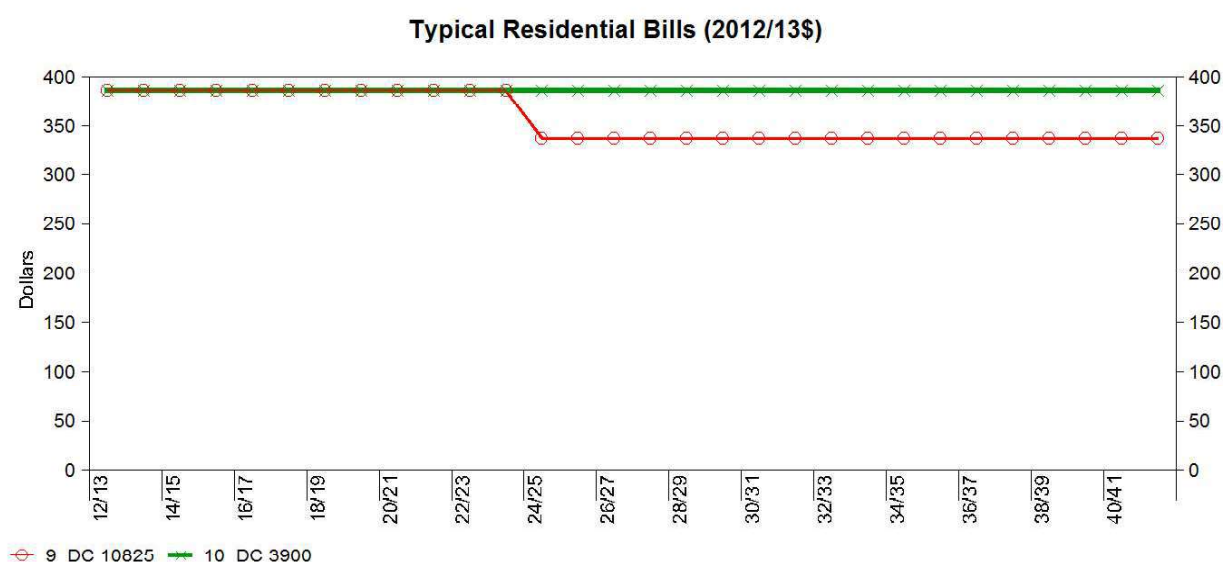


Figure 4: Sewerage Cross Subsidy

Notes to Figure 3:

1. The forecast typical residential bill (TRB) at calculated developer charges (weighted average \$10825 per ET) is \$386, reduced to \$336 in 10 years (red line)
2. The forecast TRB at the proposed developer charge (\$3900 per ET) is \$386 for the planning period (green line)

11 Reference Documents

Background information and calculations relating to these DSPs are contained in the following documents:

- ❑ Developer Charges for Water Supply, Sewerage and Stormwater Guidelines, December 2002, published by NSW Office of Water
- ❑ GHSC 2012 DSP Background Document for Water Supply (Appendix B)
- ❑ GHSC 2012 DSP Background Document for Sewerage (Appendix C)

Note: These background documents contain detailed calculations for the capital charges and developer charges, including asset commissioning dates, size/length of assets, MEERA valuation of assets, 30 years capital works program, assets current and future capacities.

12 Other Related Plans

- Section 94 Contribution Plan