



Price and Service Plan 4 Developer Charges Guideline  
from 1 July 2023

## Document Approval and Issue Notice

The Price and Service Plan 4 (PSP4) Developer Charges Guideline is a controlled document. Recipients should remove superseded versions from circulation. This document is authorised for issue once it has been approved.

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## 1. Purpose

To provide a methodology to enable the calculation of Developer Charges under the PSP4, applying from 1 July 2023, as summarised in the following table:

	Sufficient system capacity	Insufficient system capacity
Works internal	Developer pays all costs	Developer pays all costs
Works external – extension <sup>1</sup>	Developer pays costs of extension required for the development*	Developer pays costs of extension required for the development*
Works external – expansion <sup>2</sup>	Developer pays a standard charge per Equivalent Tenement (ET)	Developer pays a standard charge per ET for planned works and an additional bulk charge for unplanned works**

\* Any development connecting to an existing system will, as a minimum, pay for the cost of connecting to the mains for the existing system, in addition to the standard charge and, if applicable, the bulk charge

\*\* We will refer to the system's Growth and Capacity Plans (where available) regarding capacity upgrades or other works planned. We will discuss these plans with the developer.

<sup>1</sup> Extension means the lengthening of water infrastructure and/or sewerage infrastructure to enable connection of a property to an existing water system and/or sewerage system.

<sup>2</sup> Expansion means the augmentation of water infrastructure and/or sewerage infrastructure to accommodate the development or connection of a property that cannot be catered for by a current water system's capacity and/or current sewerage system's capacity.

## 2. Scope

This Guideline sets out the approach to TasWater's application of developer charges under PSP4.

## 3. Compliance Obligations

The applicable compliance obligations are prescribed in the following:

- *Water and Sewerage Industry Act 2008*
- Price and Service Plan 4 (PSP4).

## 4. Introduction

Developer Charges are a means of cost recovery for TasWater's capital investment, where the developer is charged on a user pays basis. This document outlines how to apply both the *standard* and the *bulk* charges.

### 4.1. Applying Conditions

The Policy applies for any new development applications for planning permits lodged at Council from 1 July 2023, with Planning Permit conditions applied as follows:

Condition	Description
<b>Condition 1 (Water and Sewer)</b> <i>Used where the calculation of ETs for water and sewer are the same, usually subdivision land development.</i>	Prior to TasWater issuing a Consent to Register a Legal Document/Certificate(s) for Certifiable Work (Building) and/or (Plumbing), the applicant or landowner as the case may be, must pay a developer charge totalling \$XXXX to TasWater for water and sewerage infrastructure for XXX (XX) additional Equivalent Tenements, indexed by the Consumer Price Index All groups (Hobart) from the date of this Submission to Planning Authority Notice until the date it is paid to TasWater.

Condition	Description
<b>Condition 2 (Water)</b> <i>Used where the calculation of ETs are different for water and sewer, usually most developments other than subdivisions.</i>	Prior to TasWater issuing a Consent to Register a Legal Document /Certificate(s) for Certifiable Work (Building) and/or (Plumbing), the applicant or landowner as the case may be, must pay a developer charge totalling \$XXXX to TasWater for water infrastructure for XXX (XX) additional Equivalent Tenements, indexed by the Consumer Price Index All groups (Hobart) from the date of this Submission to Planning Authority Notice until the date it is paid to TasWater.
<b>Condition 3 (Sewerage)</b> <i>Used where the calculation of ETs are different for water and sewer, usually most developments other than subdivisions.</i>	Prior to TasWater issuing a Consent to Register a Legal Document /Certificate(s) for Certifiable Work (Building) and/or (Plumbing), the applicant or landowner as the case may be, must pay a developer charge totalling \$XXXX to TasWater for sewerage infrastructure for XXX (XX) additional Equivalent Tenements, indexed by the Consumer Price Index All groups (Hobart) from the date of this Submission to Planning Authority Notice until the date it is paid to TasWater.
<b>Condition 4</b> <i>Used where there is a staging plan.</i>	In the event Council approves a staging plan, prior to TasWater issuing a Consent to Register a Legal Document/Certificate(s) for Certifiable Work (Building) and/or (Plumbing) for each stage, the developer must pay the developer charges commensurate with the number of Equivalent Tenements in each stage, as approved by Council.

## 5. Methodology – Standard Charge

The standard charge is the developer’s contribution to future **bulk** system capacity, applied as follows:

For developments within serviced land:	For developments outside serviced land:
Where the existing and/or planned water and/or sewerage infrastructure can accommodate the demands of the development/use (capacity), the standard charge will apply.	Where capacity is available within an existing system, the developer may access the available capacity in that system and pays the standard charge and the costs of extension, including connection, to that system.

### 5.1. Calculating Equivalent Tenements (ETs)

ETs are calculated in accordance with:

- Sewerage Code of Australia Melbourne Retail Water Agencies Integrated Code WSA 02-2014-3.1 MRWA Version 2.0 and TasWater Supplement to Sewerage Code of Australia - MRWA Edition
- Water Supply Code of Australia Melbourne Retail Water Agencies Integrated Code WSA 03-2011-3.1 MRWA Version 2 and TasWater Supplement to WSAA Water Supply Code of Australia - MRWA Edition.

### 5.2. Credits

A site’s existing use is to have ETs calculated using the same methodology for the new development and credited against the ETs for the new development. For example, for three current lots subdivided into five the net payable developer charge is two ETs.

A credit will not be applied for land outside of a serviced area or where the owner(s) are not receiving an account for a service.

### 5.3. Circumstances where water and sewer ETs are different

The standard developer charge is to be divided by two, then multiplied by the corresponding water and sewer ETs as calculated and the charges applied using conditions 2 & 3.

## 6. Methodology – Bulk Charge

This charge is the developer’s contribution to Works External Expansion (bulk infrastructure) required to service the development.

For developments within serviced land:	For developments outside serviced land:
Where the existing and/or planned water and/or sewerage infrastructure cannot accommodate the demands of the development/use (capacity), the developer will be required to pay the bulk charge for the additional capacity upgrade plus the standard charge.	Where capacity is not available within an existing system and no works are planned, the developer pays the standard charge and the costs of extension, including connection, to that system plus a bulk charge for the additional capacity upgrade. All costs for isolated developments are paid by the developer.

Note: Due to the nature and complexity of works, water and sewage treatment plant upgrades are considered to be covered by a standard charge (unless the development is a very large percentage of ETs in relation to the existing serviced area and the land was not expected to be developed). TasWater deems upgrades to these plants to be considered planned works, timed to service the development, even if not currently shown in a plan.

### 6.1. Calculation of bulk charge

The bulk charge for a specific development is the net incremental costs per ET of the capacity augmentation required for the individual development, calculated as follows:

- Net Present Value incremental capex associated with the network capacity upgrade required for this development
- + Net Present Value forecast opex driven by new customers connected to that upgrade
- - Net Present Value forecast revenue from new customers projected to connect to the network capacity upgrade.

The bulk charge is then divided by the number of ETs and applied using condition 2 and/or 3.

If the timing of planned infrastructure needs to be brought forward by an individual development, a bulk charge may be substituted by a bring forward charge based on the incremental financial cost (IFC) calculated as follows:

$$\text{IFC} = (1 - [1/(1+r)^n]) \times \text{cost of capital being provided sooner than planned}$$

Where:

r = estimated pre-tax weighted average cost of capital (WACC)

n = the number of years the asset is required sooner than planned.

Bring forward charges may be paid upfront in full, rather than in stages.

### 6.2. Alternative approach

An alternative approach may be negotiated whereby the developer designs and constructs the required bulk infrastructure, with TasWater reimbursing the developer for the TasWater contribution (i.e. excess ETs) at practical completion of the works.

Careful consideration may be required if the work involves complex infrastructure such as treatment plants or requires work to be performed on existing TasWater assets or land, where the work should be performed by TasWater.

### 6.3. Future developers utilising this bulk infrastructure

Any developers later utilising any excess ETs in any of the infrastructure paid for under 6.1 or 6.2 will be charged the same bulk charge per ET + Hobart CPI, in addition to the standard charge.

## 7. Classifications

The following sections define the types of water and sewerage assets classified as bulk and reticulation.

### 7.1. Bulk - Water

**Raw water mains** – pipes that transport untreated water, typically from the water source /catchment to the treatment site.

**Water treatment plant** – plants treating raw water to potable standards.

**Bulk transfer mains** – water mains that interconnects source(s), treatment works, reservoir(s) and/or supply areas, normally without direct consumer connections.

**Reservoirs** – any dams or concrete (or other material) water supply tanks.

**Pump stations (bulk system)** – typically, pump stations connecting bulk mains to reservoirs.

**Distribution main** – water mains serving as the principal distributor within the supply area, normally without direct consumer connections.

### 7.2. Reticulation – Water

**Pump stations (reticulation system)** – typically, small pump stations boosting discreet reticulation supply zones.

**Reticulation mains** – water mains that connects a distribution main with service pipes. Reticulation mains are generally sized DN100 to DN375.

**Reticulation sub-mains** – water mains that connect a reticulation main with service pipes within areas where the number of consumers is small, thereby minimising deterioration of water quality. Reticulation sub-mains are generally sized DN40 to <DN100. Reticulation sub-mains can also be referred to as rods, rider mains (connecting properties on the opposite side of a road) and loop mains (connecting properties in a cul-de-sac at the end of a road).

**Water service pipes (lateral lines)** – water pipes supplying water from reticulation mains to consumers. The portion of service pipes under TasWater's control generally terminates at the water meter or, for fire services, at the isolating valve of the fire protection system at the main.

### 7.3. Bulk – Sewer

**Sewage Treatment Plants** – Facilities for treating sewage using a range of treatment processes.

**Gravity trunk mains** – the principal sewers of a catchment system that drain to the point of treatment; a network of pipes nominally DN375 to DN600 that connects reticulation sewers.

**Sewage pump stations (to sewer rising main of trunk sewer)** – sewage pumping stations that connect directly to Sewage Treatment Plants or have an ultimate design Average Dry Weather Flows above 12 l/s (see the current version of Sewage Pumping Station Environmental Guidelines by the Environment Protection Authority).

### 7.4. Reticulation - Sewer

**Gravity reticulation mains** – sewers, generally DN150 to DN300, for the collection of sewage from individual properties and conveyance to trunk sewers. Where reticulation sewers serve more than one property they are classed as gravity mains to the point of separation to individual lateral lines.

**Sewer service connections (customer connections)** – the points of connection between the property connection sewer and customers’ sanitary drains, including pipework, inspection opening (IO), and any other fittings on the pipe at those points.

**Sewage pump station and sewer rising mains** – sewage pump stations that connect to gravity reticulation mains or other sewage pump stations or not described above as a bulk assets.