

Funding infrastructure to service growth

1. Overview

1.1 At a glance

Developers construct new mains that become part of our network. We then manage and maintain these assets going forward. Generally, developers hand over smaller assets to us free of charge, but we pay for larger trunk assets.

Our [Growth Service Plan](#) (GSP) and this policy explain exactly what we pay for.

1.2 Scope

Our policy applies to all developers who are building water, wastewater, stormwater and recycled water infrastructure needed to service urban growth. It applies equally to greenfield and brownfield areas.

Our policy doesn't apply to:

- developments under the Water Industry Competition Act 2006 where we aren't the service provider
- minor service extensions applicants, because the funding structure for these is set by the Independence Pricing and Regulatory Tribunal (IPART)
- infrastructure constructed by our Priority Sewerage Program.

1.3 Objective

Our policy helps developers understand who pays to construct the water, wastewater, recycled water and stormwater infrastructure needed to service urban growth.

2. Policy in detail

The funding of infrastructure depends whether the works will be constructed under a commercial agreement.

2.1 Funding of infrastructure covered by a commercial agreement

If a developer wants to service land ahead of our Growth Servicing Plan (GSP), they can negotiate a commercial agreement with us. Under this agreement, the developer will be responsible for constructing the trunk infrastructure to our requirements.

Appendix 1 of the GSP outlines the circumstances where we'll pay 'reasonable and efficient' costs of this infrastructure. These principles allocate risk to the developers when they develop land 'out of sequence'. (Note: This can include a recycled water scheme where the scheme is regulated by IPART.)

Developers must follow the process outlined in Appendix 2 of the GSP to accelerate the servicing of their land 'out of sequence'. The decision to enter into a commercial agreement will always be at our discretion.

2.2 Funding of infrastructure not covered by a commercial agreement

Developers will fund the design, construction and commissioning stages of infrastructure.

When the developer transfers ownership of this infrastructure to us, we'll pay the developer for infrastructure under this policy.

This includes reasonable overheads but excludes the cost of the developers share of minimum reticulation outlined below.

Our principles for funding

We have two principles, they are:

1. Developers are required to pay for minimum reticulation serving their land.
2. Developers aren't required to pay for infrastructure that provides capacity for other developments or provides frontage or a connection point to either another developer's land or a potential developer's land.

The minimum amount we'll pay

We'll pay a minimum of \$5,000 for professional services and construction costs. This ensures the cost of procuring works in line with our procurement guidelines doesn't exceed the value of the reimbursement.

The allocation of professional service charges

The allocation of professional services must be set out in the Project Brief Package referred to in our procurement guidelines. This will be determined in the same way as the allocation of the design fees, unless we determine otherwise.

Our criteria for funding

- a) The developer will fund 100% of any minimum reticulation that serves the developer's land exclusively, and hand it over to us free of charge.
- b) The developer will fund 50% of any minimum reticulation that serves other land, as well as the developer's land. We will fund the other 50%. For example, this may include a water main that serves land on the opposite side of a road to the development, or a wastewater main along the development boundary that also drains an adjoining lot.

- c) We'll fund 100% of lead-in and lead-out mains that serve other developers' land.
- d) We'll fund 100% of costs to upsize reticulation mains above minimum reticulation.
- e) We'll treat lead-in and lead-out mains, within the development site that don't serve another site, as minimum reticulation and determine funding using criteria 'a' and 'b'. Any upsizing of these mains will be funded using criteria 'd'.
- f) We'll fund 100% of major infrastructure, such as pumping stations, storage reservoirs or treatment plants.
- g) We won't fund the cost of amplification or adjustment of stormwater assets.
- h) We'll consider funding interim infrastructure on a case-by-case basis, (except where excluded by a Memorandum of Understanding (MOU) or Agreement with the applicant, for example, RMS or Local Government Association).
- i) The applicant will fund all adjustments and deviations to our existing mains, except where the funding is covered by a MOU or Agreement with that applicant. A developer or applicant may be required to upsize an existing main as a part of an adjustment or deviation. We'll fund the difference in cost between the existing pipe size and the larger pipe size for water, recycled water and wastewater assets only, except where funding is covered by an MOU or Agreement.
- j) We'll determine the funding of infrastructure amplification using criteria 'a' to 'd' above.
- k) Where we agree to fund infrastructure, the developer must use our procurement guidelines. A choice of one of two pathways, tendering or Schedule of Rates may be used.

3. Definitions

Term	Definition
Amplification	Where a larger main size is required to serve a development because the existing main size doesn't meet the minimum required under the Codes.
Applicant	Anyone who applies for approval to adjust or deviate our existing water, wastewater, recycled water and stormwater asset.
Brownfield areas	Urban areas where Sydney Water generally already has services.
Codes	The relevant codes of the Water Services Association of Australia, including Sydney Water editions.
Commercial agreement	A negotiated agreement that allows a developer to accelerate the delivery of major infrastructure earlier than shown in our Growth Servicing Plan (GSP).
Developer	A person or entity who either: • has been given approval under Part 6, Division 9 of the <i>Sydney Water Act 1994</i> and is seeking a Section 73 Compliance Certificate, or • is seeking approval to adjust, deviate or extend our assets.
Development	Any activity relating to land that needs an approval as specified in Section 69 of the <i>Sydney Water Act 1994</i> .
Minor service extension	A property owner seeking the extension of water-related services to an existing property to make a new connection. (IPART determinations refer to this as a 'minor service extension'). This applicant will not be a Developer or an owner whose property is already connected. The property is not identified as part of our Priority Sewerage Program.
Greenfield areas	Generally, there are areas where we have limited or no services available. These areas are usually the subject of an overall servicing strategy for increased land use such as urban subdivision.
GSP	Our five-year Growth Servicing Plan (shown on our website)

Term	Definition
Interim infrastructure	Water and wastewater infrastructure constructed on the basis that it is likely to be made redundant by the delivery of our ultimate servicing strategy before the end of its engineering life.
Lead-in-main	This is the section of water, recycled water or wastewater main from where it connects to the existing mains system to where the minimum reticulation mains for the development starts
Lead-out-main	This is the section of water, recycled water or wastewater main from where the minimum reticulation mains end, to the end of the main required to cater for future development
Major infrastructure	Works associated with the construction of permanent storage reservoirs, treatment plants, pumping stations and trunk mains
Minimum reticulation	The minimum size main required under the Codes for the height and zoning of the development only. This applies for: • water and recycled water mains – to the section of water main providing frontage for each lot in the development. (Frontage to each lot is generally from boundary to boundary but may include the lead-in or lead-out main where the developer is the only beneficiary) • wastewater - to the section of wastewater main from one metre inside the first lot in the development to one metre past the last lot in the development but may include the lead-in or lead-out main where the developer is the only beneficiary.
Priority Sewerage Program	Our program for improving wastewater services to unsewered urban areas identified as environmentally sensitive.
Project Brief Package	A package that contains (but is not limited to) the project background, scope of works, program, project cost estimate and risk assessment.
Upsizing	The difference between the size of minimum reticulation and the size of the main required by Sydney Water.
Urban Growth	New housing, industrial and commercial development and subdivisions.