

Developer Contributions Pricing Policy Statement

The Developer Contribution Pricing Policy Statement applies to:

- Extensions (lengthen or alter) of existing mains to supply existing or new properties.
- Augmentation of water or sewerage networks where multiple developers will benefit or a number of existing properties not currently connected will benefit.

It does not apply to:

- Connections of new properties to water or sewerage mains which are considered in the Excluded Services Pricing Policy Statement.
- Costs associated with infrastructure within a development area which are met directly by developers.

Regulatory Framework

The Essential Services Commission of South Australia (ESCOSA) takes a principles-based approach to regulating developer contributions. Developer contributions are subject to:

- Relevant National Water Initiative (NWI) Pricing Principles
<http://www.agriculture.gov.au/water/policy/nwi/pricing-principles>
- Relevant ESCOSA pricing principles
<https://www.escosa.sa.gov.au/ArticleDocuments/334/20160606-Water-SAWaterRegulatoryDetermination2016FinalReport.pdf.aspx?Embed=Y>

Pricing Policy Statement

Developer contributions are estimated on a case-by-case basis, based on estimated efficient costs reduced to reflect the benefits other customers receive from the investment. The estimated costs include the incremental costs of new infrastructure, overheads and a reasonable rate of return.

We seek efficient cost in delivering these services by outsourcing work to third party contractors through competitive tendering.

Estimates follow a consistent methodology which can be reproduced over time. We provide transparent information to customers outlining components of the estimated costs and how they have been derived.

Revenue from developer contributions is offset against drinking water and sewerage retail capital expenditure so there is no over-recovery of these costs from other regulated customers.

Extensions

Extension charges are based on individual estimates of the work required.

Where an extension provides future benefit to other regulated customers, we contribute 50% of the material costs for the extension. These costs are recovered from regulated customers through a return of and on our capital investment.

Where an extension is within the development site, the developer is required to directly fund the investment.

Sometimes we require mains being extended to be upsized, or otherwise amended, to service future system growth. These additional costs are funded by regulated customers rather than being recovered through the developer contribution.

We seek efficient costs in delivering extensions by allowing major developers to seek their own estimates for the works (to the standards we require) except for services requiring connections to live mains, commissioning or inspections.

Augmentation

Augmentation charges are differentiated by geographic locations.

Augmentation charges seek to recover revenue from all beneficiaries of the investment over time. The charges are based on the number of equivalent residential allotments to be created in the area, the projected timing of development, the cost of delivering the infrastructure required, a reasonable rate of return, overheads and an assessment of any impact to existing customers.

Due to the time taken to develop land, many augmentation charges will be active for extended periods of time. We periodically review the ongoing need for augmentation charges. This includes an assessment of the infrastructure requirements for each area given updated growth predictions in line with our Augmentation Charges Framework.

Where to find further information regarding developer contributions

A full list of our augmentation charges is published on our website. We also provide information to customers on how our prices are calculated if requested.