

DEVELOPMENT SERVICING PLANS – POLICY

Purpose

The purpose of this policy is to clearly articulate Western Water’s approach to preparing and administering Development Servicing Plans.

Scope

The Development Servicing Plans Policy applies to investments in the expansion of Western Water’s water and sewer networks.

Policy

Western Water is committed to meeting the needs of development, which aligns with Government policy to promote population growth within Western Water’s region.

Western Water will support development in our region in a way that minimises costs without an unreasonable price impact to existing customers. To achieve this, Western Water prepares Development Servicing Plans that represent fairness between existing and future customers, and respond to the costs of servicing remote developments, within the regulatory framework.

The policy will support the development of Western Water’s systems to the areas able to be most efficiently serviced (logically-sequenced development) for each service (water and sewer).

Approach

- **Essential Services Commission (ESC) New Customer Contribution framework** – Western Water will prepare and administer Development Servicing Plans in accordance with the ESC New Customer Contribution framework.
- **Price Determination** – The Development Servicing Plans will reflect Western Water’s planned investments in water and sewer network expansion assets as contained in the capital program for the Price Determination. The Price Determination determines customer tariffs and New Customer Contributions.
- **Population forecasts** – Western Water will use Victorian government-approved population forecasts.
- **Infrastructure investment** – The timing of Western Water’s investment in infrastructure will provide sufficient development land to meet the rate of population growth forecasts.
- **Engagement** – Western Water will engage with the development industry and others to identify the locations of upcoming development activity.
- **Connection points to water and sewer networks** – Western Water will identify the locations of connection points on the existing water and sewer networks with sufficient spare capacity to service future development.
- **Logically-sequenced expansion** – Western Water will prepare Development Servicing Plans depicting investment in a logically-sequenced expansion of the water and sewer networks.
- **Determination of logically-sequenced development** – Western Water will consider the locations of current and upcoming development activity relative to the connection points on the existing water and sewer networks with sufficient spare capacity. Logically-sequenced development areas will be balanced across Western Water’s region, taking into account the rate of development activity and the spare capacity in the existing networks.
- **Open and transparent** – Western Water will publish the Development Servicing Plans on Western Water’s website.

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- **Earlier than planned investment** – Investments required to be built earlier than shown on the Development Servicing Plans to meet the needs of development will be termed earlier than planned investments.
- **Incremental-financing-costs** – Developers who require Western Water to build assets earlier than planned will be charged incremental-financing costs, based on the date that Western Water commits to that investment (date of tender acceptance) and the date shown on the Development Servicing Plans for that investment.
- **Temporary assets** – Temporary assets can be an alternative servicing solution to building assets earlier than planned. Western Water will collaborate with developers who require assets to be built earlier than planned to determine if a temporary solution represents the least-community-cost to service the development. Developers will fund temporary solutions.
- **Development Agreement** – the Development Agreement between Western Water and the developer will clearly set out the servicing solution for a development and if assets are required to be built earlier than planned or if temporary assets are favoured to service that development.

Key Principles

In applying the policy Western Water will:

- Act with **honesty and integrity**.
- Be **open and transparent** in the preparation of Development Servicing Plans.
- Act in **good faith in the best interests of the public**, that is demonstrate accountability for actions, accept responsibility for decisions and not engage in activities that may bring the process into disrepute.
- Act **fairly and impartially**, that is avoid bias, discrimination, caprice or self-interest; demonstrate respect for others by acting in a professional and courteous manner.
- **Use information appropriately**, that is ensure information gained is only applied to proper purposes.
- Exercise **due care, diligence and skill**, that is ascertain all relevant information; make reasonable enquiries; understand the implications of decisions.
- Act within the powers and functions set out the *Water Act 1989* and Ministerial obligations.

Review and Revision process

As required under the ESC's NCC Framework, Western Water will review the Development Servicing Plans annually. The review will be limited to considering the locations of growth and network expansions at a regional level in comparison with the Development Servicing Plans. The annual review process will only involve revisions to the Development Servicing Plans if there have been substantive and significant changes to the underpinning assumptions and the revisions can be accommodated within the boundaries of the Price Determination, as determined by Western Water's Board.

Western Water will undertake a complete revision of Development Servicing Plans in the preparation of each Price Submission.

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Related Policies & Procedures

- ESC Guidance Paper – New Customer Contributions (August 2012)
- ESC New Customer Contributions: Explanatory Note (December 2013)
- Western Water Development Servicing Plans (July 2018)
- Western Water Guide to New Customer Contributions (July 2018)
- Western Water Price Determination (2018)

Accountability for Implementation

Western Water Board

