

Infrastructure growth charge (IGC)

Your guide to understanding IGCs for laundromats



An Infrastructure growth charge (IGC) is a charge that helps fund our growth-related capital investment costs.

Without the IGC, we would need to recover more of our growth-related costs through our water and wastewater charges.

An IGC can be charged when:

A new property connects to our water or wastewater network, or when a commercial property increases (or expects to increase) their demand on our network.

Why do I need to pay for an IGC?

We rely on customer charges to fund our entire operation, including infrastructure upgrades and debt servicing, because we do not receive funding from any external source (including Auckland Council).

The IGC helps to recover a share of growth-related expenditure; the balance is paid by existing customers' water and wastewater charges and borrowings.

Is an IGC a one-off charge?

The IGC is a one-off charge, unless your water demand continues to increase.

How is an IGC charged?

A development unit equivalent (DUE), is a measure used in the calculation of infrastructure growth charges for a new development or increases (beyond the baseline). A DUE represents 220kL of water use per year. The number of DUE's consumed by a business is used to determine the IGC levied.

If the amount of water used increases by more than 220kL per year, you may be required to pay an IGC.

How much is an IGC?

Charges vary for stand-alone non-metropolitan networks where past and future investments are specific to each network. IGC price schedules can be found online.

Understanding the new IGC assessment process

We've made improvements to our process to ensure a fair outcome to our customers, the industry and Watercare. This process is designed to help you understand the IGC to enable you to manage your water and wastewater usage to ensure your annual water demand stays below your baseline.

Setting your baseline

If you connected to Watercare's network prior to 1 November 2010:

- Your historical water consumption will determine the baseline for your property. The baseline is calculated by taking the average annual demand for water and/or wastewater over the five-year period prior to the period used to calculate your annual demand.
- If IGC payments have been made after 1 November 2010, your baseline will be the previous average annual demand plus any additional IGCs that have been paid.

If you connected to Watercare's network after 1 November 2010:

- IGCs that have been paid (expressed in DUEs) at the time of connection, plus any additional IGCs paid, will determine your baseline.

Determining your IGC

We will review your water demand annually. If this demand exceeds the set baseline, based on the criteria above, you may be required to pay an IGC.

Upon payment of the IGC, the annual demand that triggered the IGC will now become your new baseline and the basis for future annual reviews.

If the annual demand is less than your baseline, you will not be required to pay an IGC.

Invoicing and payment

If you are required to pay an IGC, we will notify you two weeks before the invoice is issued. You will have the option of paying the invoiced amount 10 working days after the date of invoice or in monthly instalments over a 12-month period.

Example 1:

The property has had a connection since 2006 when ABC Laundromat commenced operating. No IGC has been paid. The average annual water demand between 1 July 2015 and 30 June 2020 was 1,980 kL. **This is the property's baseline.**

The water demand of the property for the period July 2019 to June 2020 is 2,420 kL. **This exceeds the baseline by 440 kL.**

The property owner is required to pay an IGC for 440 kL as their annual demand was 2,420 kL or 440 kL greater than their baseline.

Upon payment, **the property's new baseline will be 2,420 kL/year.**

Example 2:

The property has had a connection since 2012 and an IGC was paid for 220kL. ABC Laundromat commenced operating at the property in 2018 and no further IGC has been paid. **The property's baseline is 220 kL.**

The water demand of the property for the period July 2019 to June 2020 is 2,420 kL. **This exceeds the property's baseline of 220 kL by 2,200 kL.**

The property owner is required to pay an IGC for 2,200 kL as their annual demand was 2,420 kL or 2,200 kL greater than their baseline.

Upon payment, **the property's new baseline will be 2,420 kL/year.**

* Development unit equivalent (DUE) A DUE is a measure used in the calculation of infrastructure growth charges for a new development or increases beyond the baseline. A DUE represents 220kL of water use per year. The number of DUE's consumed by a business is used to determine the IGC levied.

Frequently asked questions

Q: What if my property is leased to a laundromat operator?

You may have agreed to our water and wastewater charges to be billed directly to your tenant, however, you are responsible for payment of our charges irrespective of the commercial arrangement between you and your tenant.

Q: Will I be required to pay an IGC?

If your water demand is greater than your baseline, or if the amount of water used increases by more than 220kL per year, you may be required to pay an IGC.

Q: What if my water demand increases by more than one DUE?

You will be required to pay multiple IGCs if your water demand increases by more than 1 DUE (220kL). For example, an increase in water demand of 1,100kL or 5 DUE, will result in 5 IGCs being levied. The IGC rate changes with each financial year and is dependent on the location of your property and the services available.

Q: Will I pay less if I am water-efficient?

As you are a non-domestic customer, your IGC will be calculated based on the volume of water you use. Therefore, if you have water efficient settings on your washing machines or recycling that reduces your water demand, it will reduce how much IGC you pay.

Q: Can I increase my water meter size?

If a laundromat has replaced a different type of business on your property, the water meter may be too small for your water demand. This may result in reduced flow to your property and/or the water meter being damaged. Your water meter can be upgraded to a suitable size by applying on our website. Note that charges will apply to upgrade the meter.

Q: Do I need a backflow prevention device?

A backflow prevention device may need to be installed or upgraded to prevent contaminants or chemicals from your property entering the water supply. This can seriously affect the quality and safety of drinking water. More information can be found on our website.

Q: Will my volumetric charges continue as normal?

There will be no changes to the way your wastewater volumetric charges are levied under the Watercare customer contract. We recommend that you check your wastewater pricing plan and the industry type is appropriate for your property. You can also apply for a wastewater audit if you consider the wastewater percentage does not represent the actual volume of discharge.

Q: Do I pay an IGC if I am connected to an alternative water source?

If you are connected to our wastewater network and your wastewater discharge increases by more than 209kL per year, you may be required to pay an IGC. If you have connected to a bore or rainwater tank, you are required to install a meter to measure these sources.

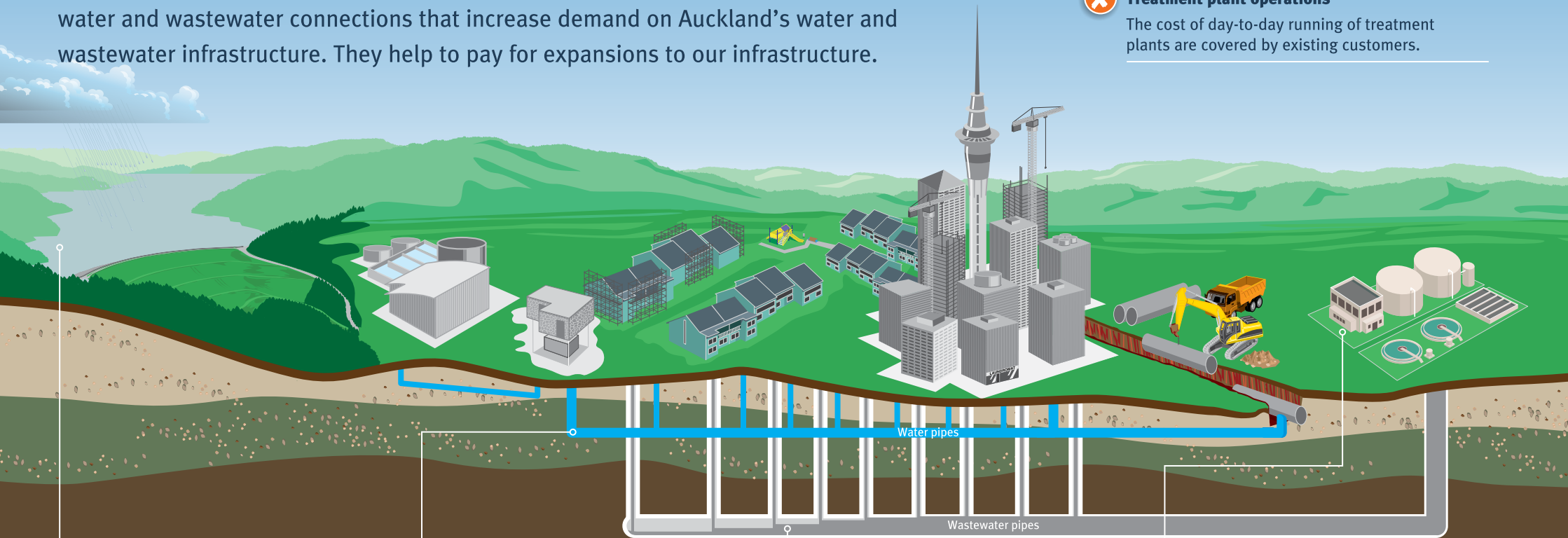
What do infrastructure growth charges pay for?

Auckland is growing steadily. Over the next 30 years, we expect our population to increase by one million people.

To accommodate this growth, infrastructure growth charges (IGCs) are applied to water and wastewater connections that increase demand on Auckland's water and wastewater infrastructure. They help to pay for expansions to our infrastructure.

IGC's do not contribute to:

- Building local networks**
New local networks are often built by developers and vested to Watercare.
- Local network maintenance**
The cost of maintaining pipes and infrastructure in local streets are covered by existing customers.
- Treatment plant operations**
The cost of day-to-day running of treatment plants are covered by existing customers.



New water sources

IGCs contribute towards new water sources. For example, a new water source and treatment plant in Warkworth was commissioned in 2018. It has twice the capacity of the original plant, providing for growth in this fast-growing area.



New transmission water pipes

IGCs contribute towards new transmission (very large) pipes. For example, the 31km Hunua 4 watermain is being built to meet growing demand and increase resilience. It will be completed in 2020.



New transmission wastewater pipes

IGCs contribute towards new transmission (very large) pipes. For example, the 13km Central Interceptor is being built to carry large volumes of wastewater as Auckland grows. It will also significantly reduce overflows in the central city.



New treatment plants and expansions

IGCs contribute towards new treatment plants including expansions. For example, a new biological nutrient removal facility at the Māngere Wastewater Treatment Plant was commissioned in 2018. It extends the treatment capacity of the plant by 250,000 people.

Contact us

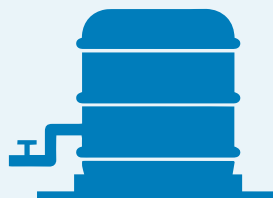
Increase in water demand

If you foresee a significant increase in your water use and subsequent discharge volume, please advise us so the infrastructure growth charge can be determined and the usage charges are accurate.



Alternate water sources

If you have connected to an alternate water source such as a bore or rainwater tank, you are required to meter these sources under our customer contract.



Being waterwise

We encourage you to implement water reuse and adjust the settings of the machines to help reduce water consumption as well as your water and wastewater charges.

For more tips on how to save water in your workplace, visit www.watercare.co.nz and search 'waterwise'.



For more information

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