

# Land Development information sessions June 2022



Following on from a survey and meeting held late last year, we held three additional information sessions with developers and consultants during June 2022 to get their feedback.

The key discussion points were; the introduction of the 'Average Incremental Cost' methodology for calculating New Customer Contributions or NCC, how this would impact NCC, and how sewer pump stations should be funded. Discussions have been grouped into topics below.

## Growth Assets

Coliban Water proposes increasing investments to \$435 million over five years, up from \$142 million during the 2018/23 pricing period. The additional investment is required to support growth, compliance and improved services.

Of the \$435 million, \$190 million will be allocated to growth over 2023-28, up from \$50 million. Sewer pump stations (SPS) account for about five per cent of this budget.

During the last five years, only \$20 million was funded by NCC. NCC need to increase significantly to fund future growth requirements, especially as almost no easy-to-develop low cost land remains within the Bendigo Creek channel.

Our investments are prioritised annually based on risk. This flexibility ensures we can adapt to urgent development needs while still delivering on key projects.

## VicWater investigations

NCC vary greatly across the water industry. VicWater initiated a project to understand this and worked with eight water corporations to develop a consistent approach. The VicWater work is now complete. It recommends the adoption of an 'Average Incremental Cost' methodology to calculate NCC. This methodology will change how we approach and charge for NCC if adopted.

*\*Note: The Essential Services Commission has not yet endorsed the 'Average Incremental Cost' methodology.*

## New Customer Contributions (NCC)

Proposed NCC, calculated using the new methodology;

Water \$2262	Sewer \$4889	Recycled Water \$1131
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*\*Note: These are approximate and are not yet finalised.*

We presented options for discussion regarding the implementation of the revised NCC. The Average Incremental Cost method is a fairer and more transparent way of setting NCC. There was support for an upfront increase commencing in year one and also for a ten per cent increase per annum + CPI, phased in over ten years or potentially less. We will seek further feedback from the development community on this.

The threshold for non-growth towns did not deliver the results we hoped for, and we don't believe the discounted rate provides any real benefits. There were no objections to the removal of the discount for non-growth towns. Therefore, we will remove this for 2023-28.

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## Shared sewer pump stations (SPS)

The major change we propose is to include shared SPS costs within the final NCC.

Developers may deliver SPS funded by Coliban Water. We are still refining the details. We think it is simpler to include SPS in the NCC upfront.

During the transitional period, some developers may be advantaged if they delay development until new SPS are complete to avoid high costs. We discourage this practice.

Non-standard NCC result from sharing the cost of some SPS where multiple developers are involved. We acknowledge this is not always equitable, and we will be undertaking further engagement on issues including;

- A further increase to the Sewer NCC to offset Coliban Water funding for all SPS.
- Likely Coliban Water would require developers to deliver the SPS



## General feedback/comments received during feedback sessions

- Maybe some areas shouldn't have increased NCC but should be funded by developers.
- Property prices have increased much faster than NCC. Even with the proposed increases, NCC represents a much smaller share of land values than was the case several years ago.
- The key question is whether there is one owner or are others benefitting
- If identified as a shared asset on augmentation plans, regardless of location, you pay \$4889 and walk away. That way, everyone is paying the same rate.
- Include all SPS and have a higher NCC to cover them all
- Upstream developers may still need a temporary SPS in out-of-sequence developments.
- The main growth areas are Marong, Maiden Gully, Echuca, and Strathfieldsaye.
- New NCC seems to be aligned with other water corporations.

## Engagement (ongoing)

- Developers prefer quarterly meetings initially, then transitioning to bi-annually.
- Face-to-face meetings preferred incorporating the whole region, not just those in Bendigo. Hybrid or online options should be available.
- Newsletters are good if the information is relevant and timely.