

To the Whom it may Concern,

## **RE: North East Water Price Submission**

Nordcon has been developing land in North East Victoria for over 40 years and has never previously experienced the challenges with water and sewer infrastructure that we have in the last 3 years. Without significant investment in the coming and future price periods, development will come to a grinding halt.

### **Local Conditions**

The demand in our region is incredibly strong, our last two releases of land on the 30<sup>th</sup> July and 25<sup>th</sup> August were the fastest selling major releases in our history. All lots were sold in less than 24 hours. We have wait lists on all of our current estates and the supply of land into the area is very limited.

Currently there are many areas throughout the North East Water region where no or limited development is currently possible due to the water and sewer infrastructure. Many of these areas have major housing shortages, with both new and rental properties very difficult to find. For the health of many of the areas of North East Victoria growth in the housing stock is essential.

### **Industry Engagement**

3 years ago the level of frustration within the local development industry was very high. As North East Water developed their understanding of the current network and the new compliance regime development was stopped, slowed or limited in most of the main growth areas.

North East Water should be commended on their engagement process with the development industry through the development of this price plan submission. They have been very open with the challenges they have and have been agile to find ways to recommence development in some areas with short-medium term solutions. These projects were often delivered in partnership with developers providing great value for money for their customers.

The robust master planning process was presented to local government and developer stakeholders, with forums and detailed planning meetings used to shape the infrastructure plan. The process has been very transparent, and while everyone hasn't got the projects they would like incorporated into the price period both the selection criteria and the impacts to customers has been articulated.

The process and the options in determining the new NCC's were explained and some of the modelling to support the recommendations presented. While significant increases in NCC's further increase the costs of development we can see the logic of what is proposed and are supportive.

### **Proposed Infrastructure Plan**

Through forums and detailed planning meetings, the infrastructure plan has been developed to enable the major growth areas to continue to develop. Without this investment there would

be no possibility of enabling the State Government housing targets to be achieved. The investment is targeted to provide the most value for money by focusing on servicing the largest development fronts first and staging the investment.

The investment proposed still leave many areas with very restricted levels of development for the foreseeable future. The level of investment will need to continue to be high beyond this price period to facilitate the housing targets beyond the medium term and also to unlock development of some of the smaller towns.

## **New Customer Contributions – Localised vs Standard Rates**

A range of scenarios were presented to the development forums on how the NCC's could be calculated. While there is some logic in a user pay system for the NCC's it is likely to have some perverse outcomes by capping development in smaller areas. The land values are highest in the major development areas and yet the highest charges would likely result in the lower population areas. This would likely freeze development in some locations for very little broad benefit.

There seemed to be some consensus among developers working in different locations that a standardised NCC was less problematic for our region.

## **Support For Plan**

While the price submission does not enable development in many locations in which we have land we support the plan put forward by North East Water. It has been through a robust consultation process and still results in prices for both customers and developers well within industry norms.

Kind regards

Steven Martin

**Engineer Manager – Nordcon Land**