

29 October 2025



ABN: 14 127 712 976

Rebecca Billings
Commissioner – Price Monitoring and Regulation Division
Essential Services Commission
Level 8/ 570 Bourke Street
MELBOURNE VIC 3000

Dear Rebecca,

Re: SUBMISSION TO ESC REGARDING PRESENTATION OF DRAFT NCC FRAMEWORK

Further to our earlier submission relative to the ESC Draft New Customer Contributions Framework 24 October 2025, we provide our concerns relative to three areas discussed in yesterday's presentation.

- 1) Standard v Negotiated NCC's:**
- 2) Customer Charter (PREMO):**
- 3) Transparency / Information Disclosure (FOI):**

Standard v Negotiated NCC's:

We wish to raise concerns regarding the ESC's encouragement of negotiated NCC in yesterday's presentation. In regional areas this approach risks undermining affordability, equity and sustainable development across the service area.

Importantly, the active developments within our area are eligible for standard NCCs, under the ESC's own definitions. However, there is growing concern that water authorities may selectively apply negotiated NCCs to certain developments, despite those developments meeting the criteria for standard charges. This practice shifts disproportionate costs onto individual developers and undermines consistency, predictability and fairness across the service area.

Across multiple developer forums in our region, there has been strong and consistent support for maintaining standard NCCs across all towns within a service area. This position stems from a shared understanding that the subject authority has systematically failed to invest in infrastructure over the past two decades, particularly in smaller towns now experiencing development pressure.

Without prior investment, these towns face abnormally high infrastructure costs, which if passed directly to developers through negotiated NCCs will have severe consequences:

- **Unaffordable Lots:** High per-lot NCCs make land release financially unviable.
- **Stifled Development:** Developers are discouraged from proceeding, particularly in areas where margins are already tight which contradicts the state governments policy
- **Harm to Smaller Towns:** Communities miss out on growth opportunities, amenities and population renewal.
- **Loss of Housing Diversity:** Fewer developments in smaller towns reduce the mix and availability of housing types and price points across the region.
- **Policy Contradiction:** This trend runs counter to the Victorian State Government's strategic housing objectives, which include facilitating regional growth, increasing land supply and ensuring housing affordability across the state.
- **Penalise developers:** for the authority's historic underinvestment by transferring disproportionate infrastructure costs to a small number of projects contradicts the principles of the ESC's NCC framework.
- **Artificial cost escalation due to redirected capacity:** In some cases, authorities have used existing network capacity (originally intended for future growth) to meet internal compliance or regulatory requirements, such as environmental obligations. Whilst these actions may be necessary, they reduce available capacity for new developments (growth). Authorities then shift the cost of new infrastructure to developers via negotiated NCCs, despite the fact that the need for additional infrastructure was created by their own internal decision making. This practice distorts cost attribution and contradicts ESC's principles of fairness and transparency.

The general consensus among developers was a willingness to cross-subsidise through standardised NCCs, accepting that some towns may require more infrastructure investment than others, but that a uniform charge fosters regional equity and supports the broader objectives of balanced population growth and housing supply.

Encouraging bespoke or negotiated NCCs in areas where water authorities have underinvested effectively shifts their past failings onto developers and future landowners. This is not in keeping with the spirit of the ESC's pricing principles nor the intent of the NCC framework, which should ensure that growth infrastructure is funded fairly, predictably and in a way that supports sustainable development across all areas, not just the most profitable.

We respectfully ask that the ESC carefully consider the points raised above and acknowledge the importance of maintaining standard NCCs, particularly in the context regional developers currently face. In these areas, development viability is highly sensitive to infrastructure cost burdens and introducing inconsistent or negotiated charging frameworks would further undermine affordability and investment.

Furthermore, where a development clearly fits within the definition and intent of a standard NCC site, water authorities should not be permitted to exclude these developments from the standard NCC framework solely because they wish to require developers to gift all infrastructure. This practice not only contravenes the purpose of standardisation but also shifts unjustified financial burdens onto developers, in direct contradiction to the principles of fairness and transparency promoted by the framework.

Customer Charter (PREMO):

We support the linking of the NCC assessment to the PREMO rating but ask that this goes further to include an assessment of the approved Customer Charter metrics, in particular the Delivery Quality (Minimum Flow Rate commitments).

PREMO was introduced by the ESC specifically to ensure that water businesses are held accountable not just for pricing, but for delivering outcomes that reflect customer values, including **reliability**, **service quality** and **transparency**.

We have concerns that the current Customer Charter mandated and approved by the ESC for certain service areas within Victoria contradict the objectives, expectations and regulatory intent of the PREMO framework. Therefore, we are asking that as part of this Framework, a mechanism is included to facilitate a review of the standard commitments provided by authorities, to ensure a quality and reliable service is provided to customers, as within our area we have a 10 litres per minute minimum flow rate commitment and we receive constant complaints regarding quality and reliability of service.

When comparing water authorities across Victoria, we found that whilst there are three authorities who have received approval for low minimum flow rates for 20mm connections (10–15 L/min), two authorities have guaranteed much higher flow rates for larger pipe sizes (up to 130 L/min for 50mm). This suggests their low 20mm benchmarks are simply safety margins, not the norm being delivered.

In contrast, the subject authority's low minimums extend across all pipe sizes, from 20mm (10 L/min) to 50mm (only 60 L/min), well below what other water authorities guarantee. This pattern indicates a systemic supply issue, not isolated internal plumbing faults, as the authority claims. These low guarantees are causing service issues within the subject area. Therefore, the need for an assessment / review of the approved Customer Charter metrics (Delivery Quality - Minimum Flow Rate commitments).

Based on industry plumbing guidelines (AS/NZS 3500.1.2003), a minimum flow rate of 10 litres per minute for a 20mm pipe (as currently committed to by the subject authority) is not adequate to meet the real-life demands of residential households, which typically require closer to 20–25 L/min to function effectively, especially when multiple taps or appliances are used at once.

Transparency / Information Disclosure:

We strongly urge the ESC to include Freedom of Information request activity, as a formal metric in the proposed general disclosures and performance reporting framework.

Over recent years, we have been forced to submit multiple FOI requests simply to obtain basic infrastructure data required to make planning and investment decisions, such as Infrastructure Plans. These requests have arisen due to the water authority's consistent refusal or failure to provide information that is essential to both planning and negotiations under the NCC framework.

This lack of transparency contradicts the ESC's own principles of fairness and information sharing and leads to unnecessary cost, delay and frustration. A recent FOI request we submitted was rejected and is now under review by the Office of the Victorian Information Commissioner. This process has already taken over four months and remains unresolved.

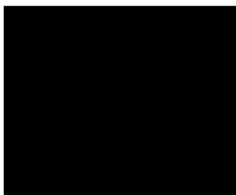
We recommend that the ESC explicitly include the frequency and outcome of FOI applications, as a transparency performance indicator. Authorities with a high volume of FOI activity or unresolved FOI disputes should be subject to review, as this signals deeper issues of non-compliance with transparency and disclosure obligations under the NCC framework.

We appreciate the opportunity to provide input into the ESC's Draft New Customer Contributions Framework. Through our submission, we have highlighted real-world challenges and unintended consequences currently arising under the existing model, particularly in regional contexts.

We hope that by sharing our experience, the ESC will be able to refine the draft framework to better reflect the principles of fairness, transparency and sustainable development.

We urge the Commission to ensure that final guidance provides practical, enforceable protections for developers and communities alike and holds authorities accountable for delivering infrastructure and information in accordance with the long-standing objectives of the NCC framework and broader state development policies.

Kind regards,

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JMP Developments Pty Ltd

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