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Chairperson,
Essential Services Commission
Level 8
570 Bourke Street
MELBOURNE VIC 3000

11 November 2025

Dear Commissioners

**MG ESTATES PTY LTD SUBMISSION: ESSENTIAL SERVICES COMMISSION (ESC)
DRAFT NEW CUSTOMER CONTRIBUTIONS (NCCs) FRAMEWORK**

The submission is being made by MG Estates Pty Ltd (MGE) in response to the Essential Services Commission's (ESC) Draft New Customer Contributions (NCCs) Framework.

MGE proposes to develop land located at 244 Edwards Road, Maiden Gully (land) by, amongst other things, a staged subdivision of the land into 1,380 lots (development). The development is authorised by a planning permit AM/798/2017/A (and plans, endorsed under that permit) issued by the Greater Bendigo City Council.

The original MGE submission outlined twelve (12) recommendations that the NCC framework should include. These recommendations were as follows:

1. A statement that Negotiated NCCs are the default basis of calculating NCCs, and Standard NCCs will apply for administrative ease in some cases. For example, Coliban Water might decide that any subdivision of less than "X" lots will be required to pay a Standard NCC.
2. A statement that it is a land owner or developer's right to seek a Negotiated NCC, not for it to be at the sole discretion of Coliban Water.
3. Removal of an error – the current framework states Negotiated NCCs apply in addition to Standard NCCs, whereas our understanding of the Commission's material is that it is one or the other.
4. Dispute resolution - better practice might be to offer a disaffected land owner or developer an escalation process before referral to VCAT. This might be a) referral to more senior officers within the organisations of both parties and b) referral to a mutually agreed independent arbiter. A choice of one or both or neither of these processes could save both parties time and money.
5. Provide a link to a public copy of Coliban Water's long-term (20+ years) strategic servicing plans that are consistent with the latest planning schemes and precinct plans, to assist with identification and timing of back-bone infrastructure and sequential versus leap-frog development.
6. A statement on guiding pricing principles that are to be used, those being soundly based on Water Law, Planning Law, VCAT precedents and the Water Industry Regulatory Order. This should include any principles for the consideration of infrastructure other than pipes, such as pumping stations, re-treatment facilities, rising mains, pressure reduction, network monitoring equipment etc. In particular:

- a. What are “reticulation” assets for which a developer is responsible? Pipe size alone should not be the sole criterion as there are pipe depth and onsite versus offsite issues to consider as well as non-pipe infrastructure.
 - b. What are “headworks/tail works” assets and how are costs apportioned to existing customers and future customers? Together with treatment plants, consideration needs to be given to back-bone infrastructure such as balancing tanks, transfer water mains, main and trunk sewers, and rising mains.
 - c. What are “shared” assets and how are costs apportioned to existing customers and future customers?
7. Inclusion of a statement on how reimbursements will be administered.
 8. Inclusion of a statement on how the cost of assets are apportioned to growth when there are multiple drivers. Also, how costs allocated to growth are further apportioned to new customers (as opposed to climate change, for example). (We note that the Board of Coliban Water has endorsed some cost allocation principles, so these should be included in the published framework).
 9. Inclusion of a statement on the treatment of sunk costs and any conditions precedent for their inclusion in any NCCs applied. This should include a statement on how Coliban Water will ensure fair treatment between developers and between pricing periods.
 10. Inclusion of a statement on the calculation of net revenues and net costs included in NCC calculations, and how any postage stamp pricing of service and usage charges is accommodated.
 11. Inclusion of a statement on the treatment and explicit exposure of any geographic cross-subsidies and who pays (new customers only or the whole customer base).
 12. Inclusion of a statement on the treatment of the uncertainty inherent in these inputs and calculations how the uncertainty will be accommodated.

It is noted that the draft framework provides the following direction:

- The default under the Water Act is for NCCs to be negotiated if no standard NCC is approved and that even if a standard NCC is approved it is open to the connection applicant to request a negotiated NCC. The authority is to advise the applicant of the costs of initiating a negotiated outcome.
- The standard NCC is a maximum price, and it is submitted that it should be clearly stated that a negotiated outcome should not exceed the maximum standard charge and can be less than the standard charge.
- It is submitted that the framework should be modified to clarify that a standard charge does not apply in addition to a negotiated charge.
- It is noted that clearer dispute resolution processes are included in Section 4.7 of the draft framework and include internal review by the water business, independent commercial dispute resolution and a potential for VCAT review.
- The detailed information requirements in Section 5 of the framework including detailed costing models with data sources and development servicing plans. This information should include all detailed

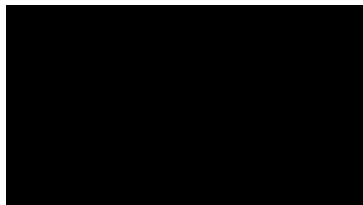
costing models with data sources and development servicing and augmentation plans used in calculating the NCC charges. This information should be readily available on the water authority's web page. It is noted that these costs and the calculation methods are to be included in NCC negotiation Frameworks.

- It is noted connection policies should address the businesses' arrangements for asset gifting. This includes what constitutes a reticulation asset.
- It is understood that the ESC will develop preferred models to calculate NCCs. These calculations should address both customer specific costs and shared costs as well as potential revenues.

It is noted that most of the original submission recommendations have been included in the draft framework. However, the calculation of reimbursements or payment of the delivery of Works in Kind infrastructure has not been addressed. It is submitted that this issue should be addressed in the framework.

I hope this letter is clear. Please do not hesitate to contact me on [REDACTED] if you wish to discuss any aspect further.

Yours sincerely
For and on behalf of
Townify



Gerard Gilfedder
Town Planner

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