

Peter Preece:KS:GE-0001-37-CE

7 May 2008

Essential Services Commission
Level 2, 35 Spring Street
MELBOURNE VIC 3000

Attention : To Whom it May Concern

Dear Sir/Madam,

**Re: SUBMISSION : REGIONAL AND RURAL BUSSINESSES WATER PLANS 2008-2013
FUNDING OF MAJOR SEWERAGE AND WATER INFRASTRUCTURAL IN
RESIDENTIAL DEVELOPMENTS**

We wish to make a submission to the Essential Services Commission with regard to the current funding requirements of major sewerage and water infrastructure in new residential land developments.

Under the current ESC legislation the "pioneer developer" (developer who proceeds first) is required to fund the major infrastructure even though that they may only own/control 10% of the catchment. We enclose correspondence of a case that indicates the unfairness of this current ruling which has clearly restricted the development of this land.

In this instance, a sewerage pump station is required to be constructed to serve a particular catchment that is made up of approximately 20 land owners. One owner/developer who controlled approximately 15%, (where the pump station was to be located) wanted to proceed with development, however, under the current ruling, this owner/developer is also required to fund the entire pump station and rising main being the "pioneer developer" with out any contribution for other owners/developers within the catchment unless separate agreements with other owners was made. Neither the ESC or water authority (Barwon Water) have helped to facilitate this process which in turn make an agreement with other potential contributing owners/developers extremely unlikely.

Due to these circumstances it is clear as to why the development did not proceed, nor has to this day.

We therefore request a review of the way that major infrastructure projects, both sewerage and water, in residential subdivisions are funded, especially when different property owners are involved and will utilise the same infrastructure. Prior to July 2005, the "pioneer developer" would fund and build the project and the authority would then reimburse to the pioneer developer those funds required, on a percentage catchment basis, to cater for land external to the "pioneer developers" land. These funds would then be recouped by the authority at the time that other owners/developers proceed with development of their land.

This was a fair user pays policy.

There is no doubt that the existing ESC legislation has prevented the development of current residential zoned land in the Geelong Region. This has been compounded by high demand and lack of residential land within the area.

We look forward to the outcomes of the review, should you have any queries on our submission or require any further information, please do not hesitate

Yours sincerely,
TGM GROUP PTY. LTD.

Per:



Peter Preece
Director- Civil Engineer
Encl

TGM

Engineers, Surveyors
& Planners

ABN 33 781 140 246
50 Western Beach
Geelong Victoria 3220
Telephone 03 5229 3147
Facsimile 03 5222 1991
mail@tgmgroup.com
www.tgmgroup.com

Kay Dunn
Peter Preece
Les McGrath
Darren Trigg
Andrew Harman
Jeff Ellett
John Horton

Peter Preece:JT:GE-1210-02-CE

12th October 2006

Barwon Water
PO Box 659
GEELONG VIC 3220

Attention: Alex Wilks

Dear Alex,

RE: 286-288 Barwon Heads Road, Marshall
Proposed Residential Development
Your Ref: 60-061-12403

Further to our ongoing correspondence and ongoing discussions with Barwon Water regarding facilitation and funding of the proposed sewerage pump station for the above development we are seeking Barwon Water's support in requesting the Essential Services Commission to review funding arrangements for "reticulation" assets..

Our understanding is that Barwon Water's position is that due to the Essential Services Commission (ESC) ruling of July 2005, the authority has no power to facilitate a funding scheme to generate the funds to construct the pump station from contributing property owners.

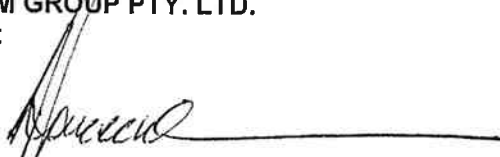
We therefore seek Barwon Water's approval, in principal and subject to ESC approval for the following;

- The pioneer developer would fund the construction of the pump station and recoup, from Barwon Water the money that future development/developers would pay as it proceeds.
- The recouped funds would be generated on a hectare basis of the total catchments and incur CPI over that period of development. Further, the pioneer developer would fund the financing costs incurred by Barwon Water for bringing the construction of the pump station asset forward.

This procedure is similar to that undertaken prior to July 2005 and is fair to distribute costs to all properties that are located within the catchments of the pump station.

We await you reply at your earliest possible convenience.

Yours sincerely,
TGM GROUP PTY. LTD.
Per:



Peter Preece
Director – Civil Engineer

Peter Preece

From: Peter Preece
Sent: Friday, 13 October 2006 1:41 PM
To: Alex Wilks
Subject: Barwon Heads Road, Marshall - Sewerage Pump Station Letter

Attachments: TGMSCAN0297_000.pdf

Alex,

Please find attached letter as discussed.



TGMSCAN0297_00
0.pdf (112 KB)

Should you have any queries please do not hesitate to contact me.

Regards

Peter

Peter Preece
Director - Civil Engineer
TGM Group Pty Ltd
Ph: 03 5229 3147
Fax: 03 5224 2503
Mob: 0407 367 621
email: peterp@tgmgroup.com

Peter Preece

From: awilks@barwonwater.vic.gov.au
Sent: Wednesday, 11 October 2006 2:02 PM
To: Peter Preece
Subject: Re: Barwon Heads Road, Marshall - Sewer Pump Station

Attachments: TGMSCAN0288_000.pdf



TGMSCAN0288_000.pdf (951 KB)

Peter,

In response to this request I have once again referred it to BW's Manager of Pricing and Regulation who co-ordinates ESC issues and she confirms that the ESC documents only reference to varying the schedule charge is where it is related to the "bringing forward" shared asset costs. In this case we are discussing "reticulation" assets not assets that the authority is providing.

Therefore, our previous response is consistent with BW's position.

regards
Alex Wilks
Development Services Co-ordinator
Customer Operations
Phone 03 5226 9143
Fax 03 5226 9253

"Peter Preece"
<peterp@tgmgroup.com>

06/10/2006
08:32 AM

"Alex Wilks"
<alex.wilks@barwonwater.vic.gov.au>

To

cc

Subject
Barwon Heads Road, Marshall - Sewer
Pump Station

Alex,

Further to our discussions Wednesday, please find enclosed the original letter from the ESC and supporting documentation that came with that letter. On Page 4 - there is a section specifically relating to the "Process for seeking approval of a greater than scheduled charge", as per our previous letter dated 11 September 2006 we wish to investigate the possibility of "varying the charge" for the catchment that would

utilise the proposed pump station.

I am still not sure on the interpretation of this rule whether this only for pump stations that are due to be constructed by Barwon Water.
>225diametre.

I see no reason why we/Barwon Water can not apply to the ESC to increase the charge to greater than that scheduled and calculate the financing costs also. This we believe would be a win-win for both the Developer and Barwon Water (no out of pocket expenses to Barwon Water).

<<TGMSCAN0288_000.pdf>>

Should you have any queries please do not hesitate to contact me.

Regards

Peter

Peter Preece
Director - Civil Engineer
TGM Group Pty Ltd
Ph: 03 5229 3147
Fax: 03 5224 2503
Mob: 0407 367 621
email: peterp@tgmgroup.com (See attached file: TGMSCAN0288_000.pdf)

PLEASE CONSIDER THE ENVIRONMENT BEFORE PRINTING THIS EMAIL

Peter Preece

From: Peter Preece
Sent: Friday, 6 October 2006 8:32 AM
To: Alex Wilks
Subject: Barwon Heads Road, Marshall - Sewer Pump Station

Attachments: TGMSCAN0288_000.pdf

Alex,

Further to our discussions Wednesday, please find enclosed the original letter from the ESC and supporting documentation that came with that letter. On Page 4 - there is a section specifically relating to the "Process for seeking approval of a greater than scheduled charge", as per our previous letter dated 11 September 2006 we wish to investigate the possibility of "varying the charge" for the catchment that would utilise the proposed pump station.

I am still not sure on the interpretation of this rule whether this only for pump stations that are due to be constructed by Barwon Water. >225diameter.

I see no reason why we/Barwon Water can not apply to the ESC to increase the charge to greater than that scheduled and calculate the financing costs also. This we believe would be a win-win for both the Developer and Barwon Water (no out of pocket expenses to Barwon Water).



TGMSCAN0288_00
0.pdf (699 KB)

Should you have any queries please do not hesitate to contact me.

Regards

Peter

Peter Preece
Director - Civil Engineer
TGM Group Pty Ltd
Ph: 03 5229 3147
Fax: 03 5224 2503
Mob: 0407 367 621
email: peterp@tgmgroup.com

Our Ref: 60-061-12403
Your Ref: GE-1210-02-CE
Enquiries to: Mr L Wait



**Barwon
Water**

**BARWON REGION
WATER AUTHORITY**
61-67 Ryrrie Street,
Geelong, Victoria.
P.O. Box 659,
Geelong, Victoria, 3220.
D X 22061 (Geelong)
Phone: 1300 656 007
Fax: (03) 5221 8236
ABN 86 348 316 514
www.barwonwater.vic.gov.au

27 September 2006

TGM
50 Western Beach
GEELONG VIC 3220

Attention – Peter Preece

Dear Peter,

RE: 286-288 BARWON HEADS ROAD, MARSHALL

In response to your letter dated 12/09/2006, Barwon Water has reviewed the proposed options expressed for the above location.

Barwon Water has considered each of the proposed options, however given the interpretation of the ESC's guidelines, it is believed that only options 1 & 2 can be considered.

Option 3 cannot be considered since under the Essential Services Commission guidelines, Barwon Water is not able to increase the property charges higher than what was initially scheduled without formal approval from the Commission.

The only option where such increase in charges can occur is in a "bring forward" case where costs are associated with the infrastructure constructed by the authority. (See clause 2.3 of the current ESC guidelines, which makes reference to the above statement)

Therefore under the existing circumstances, Barwon Water can do little to assist with the proposed options offered by TGM when abiding by the ESC's guidelines.

Should you require any further information, please contact Mr Luke Wait, Development Services Engineer (ph 03 5226 9152) at the Lonsdale Street office, South Geelong.

Yours faithfully,

ALEX WILKS
DEVELOPMENT SERVICES CO-ORDINATOR
CUSTOMER OPERATIONS

RECEIVED
29 SEP 2006

BY:.....



Engineers, Surveyors
& Planners

TGM Group Pty. Ltd.
ABN 33 781 140 246
50 Western Beach
Geelong Victoria 3220
Telephone 03 5229 3147
Facsimile 03 5222 1991
mail@tgmgroup.com
www.tgmgroup.com

Directors
Ray Dunn
Peter Preece
Les McGrath
Darren Trigg
Andrew Harman
Jeff Ellett
John Horton

Peter Preece:KS:GE-1210-02-CE

11 September 2006

Barwon Water
PO Box 659
GEELONG VIC 3220

Attention: Alex Wilks

Dear Alex,

RE: 286-288 BARWON HEADS ROAD, MARSHALL
YOUR REF: 60-061-12403

We refer to our brief discussion and previous correspondence from Barwon Water and the Essential Services Commission (ESC) with regard to the construction and funding of the proposed Marshall Sewerage Pump Station.

Our understanding of the options available for the construction of the pump station from both Barwon Water and the ESC is as follows:

1. Do nothing
2. Pioneer Developer funds entire Pump Station (Estimated Value \$667,000)
3. Pioneer Developer facilitates a funding scheme between contributing property owners. (Approximately 20 property owners).

In realistic terms we do not believe that any of the above options are viable and if left in its current state this entire catchment will never be developed.

We therefore request Barwon Water to reassess its options to help facilitate the process for the construction of this pump station as neither the consultant (TGM) or developer has the authority or power to enforce the contributions onto the contributing parties, which would be the fairest way for all parties involved.

We understand, through the new ruling by the ESC, that Barwon Water is able to request alterations to the 'major systems contributions' as long as they are signed off by the ESC. Hence, we request that Barwon Water investigate this option. An example of this may be as follows.

Approximate Total Area = 32.83Ha @ 15 Lots/ Ha
= 492 Lots

Developer Contributions per Lot:
 $\$667,000 / 492 = \underline{\$1,376 / Lot}$

We acknowledge that Barwon Water now has limitations in the way it can administer Major Infrastructure projects, however without the authority's input we believe this project will come to an 'abrupt halt'.

We look forward to your positive response to allow this project to proceed in the earliest possible timeframe. Should you have any queries or require any further information please do not hesitate to contact me.

Yours sincerely,
TGM GROUP PTY. LTD.
Per:

A handwritten signature in black ink, appearing to read 'Peter Preece', with a long horizontal stroke extending to the right.

Peter Preece
Director- Civil Engineer



Our Ref: 60-061-12403
Your Ref: -
Enquiries to: Mr A Wilks



**Barwon
Water**

BARWON REGION
WATER AUTHORITY
61-67 Ryrie Street,
Geelong, Victoria.
P.O. Box 659,
Geelong, Victoria, 3220.
D X 22061 (Geelong)
Phone: 1300 656 007
Fax: (03) 5221 8236
ABN 86 348 316 514
www.barwonwater.vic.gov.au

28 July 2006

TGM Group Pty Ltd
50 Western Beach
GEELONG VIC 3220



ATTENTION: PETER PREECE

BY:

Dear Peter,

RE: MARSHALL SEWER STRATEGY

In regards to your enquiry, dated 21/06/2006 concerning the funding of the proposed sewer pump station required for the land currently zoned Residential 1 Zone (R1Z) as you are aware Barwon Water has undertaken a sewerage servicing strategy and as a result can advise the following.

The Marshall area, which is currently undeveloped to its full potential under this zoning, will be serviced by the construction of suitable infrastructure to accommodate the future projected flows. The additional reticulation infrastructure required will be:-

- A 15 L/s **pump station** at the low point near the corner of Barwon Heads and Station Roads. The pump station is also to incorporate a 90kL **emergency storage**, in accordance with Barwon Water's standard design practices.
- A 150mm diameter **rising main** to transfer flows from the pump station 820m west to the Outfall Sewer, where it will connect into a manhole in the southwest corner of No. 50 Barwarre Road. (IFCUID 44378).

Financial Arrangements

In accordance with Essential Services Commission's letter to yourselves, dated 12th July 2006, (copy provided to Barwon Water by the Essential Services Commission) the *primary determinant* of how the assets are treated, in terms of 'shared' or 'reticulation', is the diameter of the associated pipes. As the sewer main required to serve the development area is less than 225mm diameter, in accordance with the Essential Services Commission guidelines, the main and its associated assets (pump station and emergency storage) are considered 'reticulation' and are to be developer funded.

Pump Station Location & Rising main Route

It has been identified that the preferred location is located on Lot 49 contained within subdivision of land associated with PPA 693/2006. The developer of this area will need to make allowance for construction of the 150mm dia. rising main within the subdivision's road, and provide this suitable area to accommodate the pumping station.

Barwon Water understands that this lot cannot be developed, as it is part of a flood overlay, and may be turned into a council reserve (public open space). Barwon Water



would require the area set aside for the pump station to be rezoned to Public Utilities Zone (PUZ), in favour of Barwon Water, in order to accommodate the sewage pump station and storage facility.

Should you require any further information please contact myself, Phone: 03 5226 9143, at the Lonsdale Street office, South Geelong.

Yours faithfully,



ALEX WILKS

**Development Services Co-ordinator
Customer Operations**

Peter Preece

From: Peter Preece
Sent: Monday, 17 July 2006 5:23 PM
To: Alex Wilks
Subject: 272 286 Barwon Heads Road, Marshall

Attachments: TGMSCAN0236_000.pdf

Alex,

Just confirming our discussions. As you would be aware there is a current planning permit application for a 69 Lot residential development on the above property. This development will require the construction of the Barwon Heads Road Sewer Pump Station.

It is our understanding that the construction of the pump station will be funded by Barwon Water and our client may be responsible for the upsizing costs. We have received correspondence from ESC with regard to who funds the works, however this is still unclear. Copy attached



TGMSCAN0236_00
0.pdf (210 KB)

Could you please advise of Barwon Water's position with regard to the funding of the works.

Should you have any queries please do not hesitate to contact me.

Regards

Peter

Peter Preece
Director - Civil Engineer
TGM Group Pty Ltd
Ph: 03 5229 3147
Fax: 03 5224 2503
Mob: 0407 367 621
email: peterp@tgmgroup.com

12 July 2006
C/06/8641

RECEIVED
17 JUL 2006

BY:.....

Mr Peter Preece
Director - Civil Engineer
TGM Group Pty Ltd
50 Western Beach
GEELONG VIC 3220

Dear Mr Preece

**NEW CUSTOMER CONTRIBUTIONS:
BARWON HEADS ROAD, MARSHALL**

I refer to your letter dated 20 June 2006, in which you seek advice regarding the treatment of a sewerage pump station and rising main infrastructure to service residential developments.

From 1 July 2005, Barwon Water may recover the costs of any assets specific to the properties being connected — 'reticulation assets' — and \$500 per lot scheduled contribution for 'shared assets' related to its water or sewerage networks.

The full cost of providing reticulation assets is recovered from customers either through the gifting of assets or through charges. In regards to shared assets, Barwon Water must seek the Commission's approval to levy a contribution greater than the scheduled contribution of \$500. The Commission will assess the proposed non-scheduled contributions against criteria described in the determination. These arrangements are set out in pricing determinations issued by the Commission and the New Customer Contributions Guideline (see attached). These instruments do not override any contractual agreement entered into on or before 30 June 2005.

The Commission's New Customer Contribution Guideline require assets to be categorised as either 'reticulation assets' or 'shared assets'. The primary determinant of how the assets are treated is the diameter of the associated pipe. A water main that is 150 mm or less and a sewerage main that is 225 mm or less in diameter and all associated assets (including pipeline, storage tanks, treatment plants, pumping stations, rising mains, flow control facilities, pre-treatment systems and booster disinfection plants) are generally considered to be reticulation assets.

Under the guideline, infrastructure assets that are provided to service more than one development and associated with water mains greater than 150 mm or sewerage mains greater than 225 mm in diameter are considered shared distribution assets.

Without reference to the diameter of the pipes needed to service the development the Commission can not advise whether the assets should be treated as reticulation or shared.

It is worth noting that the guidelines are flexible in that they do acknowledge that there may be situations where size is an inappropriate determinate. This flexibility is intended to allow water businesses to treat pipes exceeding the thresholds as reticulation where they service a single development. For this to be the case the onus would be on Barwon Water to show that the assets are for the exclusive use of your clients development (now and into the future).

It is also worth noting that there is precedent in Victoria for water businesses to treat assets associated with pipes of a diameter below the threshold size levels as shared assets. This has occurred where water businesses have recognised that they intended to provide the infrastructure regardless of the customers development occurring (i.e. the assets formed part of a wider supply solution and/or such assets were explicitly planned for prior to the development). In the absence of such recognition the Commission will take the position that the assets are treated as reticulation.

If you have any further queries, please contact me on 9651 0235.

Yours sincerely



Mark Fitzgibbon
Regulatory Analyst

Cc: Melissa Stephens Barwon Water

December 2005 | GUIDELINE

**WATER INDUSTRY
NEW CUSTOMER CONTRIBUTIONS**

Essential Services Commission
Level 2, 35 Spring Street
Melbourne 3000, Australia
Telephone +61 3 9651 0222
Facsimile +61 3 9651 3688
reception@esc.vic.gov.au
www.esc.vic.gov.au

New Customer Contributions Guideline

Enquiries concerning the currency of this guideline should be addressed to:

Essential Services Commission
Level 2, 35 Spring Street
Melbourne VIC 3000
Telephone: (03) 9651 0222, Facsimile (03) 9651 3688

AMENDMENT RECORD

Issue No.	Date	Nature of amendment
1	14 December 2005	First issue

1. Purpose

- 1.1 This guideline is published pursuant to section 13 of the Essential Services Commission Act 2001.
- 1.2 The purpose of this guideline is to provide guidance with respect to the application of the pricing principles for new customer contributions in respect of water and sewerage connections as set out in clause 4.3 of Schedule 4 of the water price determination made by the Commission in respect of each of the following water businesses (the *water businesses*) in June 2005 (the *determination*):
- City West Water
 - South East Water
 - Yarra Valley Water
 - Barwon Water
 - Central Highlands Water
 - Coliban Water
 - East Gippsland Water
 - Gippsland Water
 - Glenelg Water*
 - Goulburn Valley Water
 - North East Water
 - Portland Coast Water*
 - South Gippsland Water
 - South West Water*
 - Western Water
 - Westernport Water
- * Glenelg Water, Portland Coast Water and South West Water merged on 1 July 2005 to become Wannon Water.
- 1.3 Schedule 4 of each *determination* sets out the manner in which the relevant *water business* may charge new customer contributions. It states that a *water business* may either:
- Levy the approved *per lot charge* as set out in Schedule 2 of the *determination* (the *scheduled charge*) or
 - Seek the Commission's approval to levy a charge which is greater than the *scheduled charge*.
- 1.4 In seeking approval for a charge that is greater than the *scheduled charge*, the *water business* must provide the Commission with written details of the proposed charge and the basis on which the charge has been calculated. The Commission will approve the proposed charge where it is satisfied that the charge has been calculated in accordance with the pricing principles set out in clause 4.3 of Schedule 4 of the *determination*.

- 1.5 For the avoidance of doubt, this guideline does not apply to charges in respect of the connection of customers to recycled water infrastructure.
- 1.6 This guideline has effect from the date of its issue until the later of 30 June 2008 or the date on which the Commission's price determination for the subsequent regulatory period comes into effect.

2. Provision of prescribed services

- 2.1 When connecting to a *water business's* water and sewerage network, the *developer* generally provides:
- The *reticulation assets* that are required to service their development and connect to the *water business's* network.
 - In some circumstances *temporary reticulation works*.
- 2.2 Once connected, new customers as well as existing customers pay water and sewerage charges to the *water business* that recover the costs associated with providing:
- Major treatment plants and headworks infrastructure.
 - *Shared distribution assets* that have sufficient capacity to meet future demand and take into account a long-term planning horizon.
 - *Temporary shared works*.
- 2.3 A *water business* may also charge a *developer* a new customer contribution that will recover the costs associated with bringing forward the provision of *shared distribution assets* and the costs of *temporary shared works* calculated in accordance with clauses 3.2 and 3.3 respectively.
- 2.4 If a *water business* refuses to connect a *developer* to its water and sewerage network it must provide a notice to the Commission within 5 *business days* of the refusal, stating the reason, consistent with clause 2.4(c)(ii) of the *determination*.

3. Calculation of a charge greater than the scheduled charge

- 3.1 A charge greater than the *scheduled charge* is to be calculated on the basis of the financing costs associated with bringing forward the provision of *shared distribution assets* and/or *temporary shared works*.
- 3.2 The formulae for calculating the financing costs associated with bringing forward the provision of *shared distribution assets* are:

$$NCC = C - \left[\frac{C}{(1+r)^n} \right]$$

Where:

NCC is the charge for a new customer contribution that is greater than the *scheduled charge* and is an upfront charge

- C* is the estimated capital costs associated with the provision of *shared distribution assets*
- r* is the implied pre-tax WACC as outlined in Annexure A of the *determination* that is relevant to each *water business*
- n* is the number of years that the provision of *shared distribution assets* has been brought forward. If the development is not included in a water business's *development plan*, *n* must be estimated using the best available information and may not be greater than 25 years.

OR

$$NCC = 1 - \left[\frac{1}{(1+r)^n} \right]$$

Where:

- NCC* is the charge for a new customer contribution that is greater than the *scheduled charge* and is a percentage of the total as-completed capital costs associated with the provision of *shared distribution assets*
- r* is the implied pre-tax WACC as outlined in Annexure A of the *determination* that is relevant to each *water business*
- n* is the number of years that the provision of *shared distribution assets* has been brought forward. If the development is not included in a water business's *development plan*, *n* must be estimated using the best available information and may not be greater than 25 years.

- 3.3 The cost of *temporary shared works* is to be calculated as the full efficient cost of providing the *temporary shared works*, but must not be greater than the charge for bringing forward the provision of *shared distribution assets*, as calculated in clause 3.2 of this guideline.

4. Process for seeking approval of a charge greater than the scheduled charge

- 4.1 A *water business* must not levy a charge for a new customer contribution which is greater than the *scheduled charge* without the prior written approval of the Commission.
- 4.2 A *water business* must consult with the relevant *developer* prior to submitting its application for the Commission's approval of a charge for a new customer contribution which is greater than the *scheduled charge*.
- 4.3 When seeking approval from the Commission, a *water business* must provide sufficient information so as to enable the Commission to decide whether to approve the basis on which the proposed charge has been calculated, including:
- An estimate of the capital costs associated with the provision of *shared distribution assets* and any *temporary shared works* that will be brought forward.
 - A drawing of the *shared distribution assets* relevant to the *development*.
 - An explanation of the basis upon which the *water business* has estimated the time in years that the provision of *shared distribution assets* has been brought forward.
 - Any other relevant information, including other information requested by the Commission.
- 4.4 The *water business* must also provide contact details of the *developer* to whom the proposed charge will apply and a description of how the *developer* has been consulted about the proposed charge.
- 4.5 To expedite the approval process, the *water business* may attach to its application evidence that the *developer* has been consulted and does not have any issues with the application.
- 4.6 The Commission will provide the *developer* with an opportunity to comment on the application before continuing with the decision as to whether to approve the proposed charge.
- 4.7 The Commission will respond to applications within 5 *business days* after receiving a response from the *developer* by either:
- Approving or not approving the proposed charge or
 - Indicating the proposed timeframe for a decision, including any further information required to be provided by a *water business*.
- 4.8 Where the Commission does not approve a *water business's* proposed charge, it will provide a statement of reasons.

5. Definitions

business day means a day on which banks are open for general banking business in Melbourne, not being a Saturday or a Sunday.

developer is any person or persons, including corporations, trusts, partnerships, unincorporated bodies or other entities, who requests connection to a *water business's* infrastructure, including *shared distribution assets*.

development means an area of land that is owned and/or under the control of a *developer*, for which a request for connection to a *water business's* infrastructure has been submitted to the *water business*.

development plan is a plan that sets out the nature and timing of infrastructure assets to meet the requirements of future *developments*.

headworks and tailworks are infrastructure assets that are owned by a *water business* or water and sewerage wholesaler and may include major water supply reservoirs, a raw water harvesting system, raw water purification/filtration plants, clear water storages, major sewage transfer pump stations, and major wastewater purification plants and disposal systems.

per lot charge means a charge for any connection that is separately titled or is, or can be, individually metered.

prescribed services has the meaning given in the Water Industry Regulatory Order 2003 as at 1 July 2005.

reticulation assets are infrastructure assets that are explicitly provided in relation to *prescribed services* for one *development* and are not required to be upsized to support other future *developments*, and may include a pipeline, a water storage tank, a local treatment plant, pumping station, rising main, sewerage flow control facilities, local booster disinfection plant, a local sewage pre-treatment system. A water main that is 150mm or less in diameter and a sewerage main that is 225mm or less in diameter, and all associated assets that relate to these sized assets are generally considered to be *reticulation assets* although there may be some situations where these sizes are inappropriate.

shared distribution assets are infrastructure assets that are generally provided in relation to *prescribed services* for more than one *development* and do not include:

- a) reticulation assets and
- b) headworks and tailworks.

temporary reticulation works are works explicitly provided in relation to *prescribed services* for one *development* and are not required to be upsized to support other future *developments*. A water main that is 150mm or less in diameter and a sewerage main that is 225mm or less in diameter, and all associated assets that relate to these sized assets are generally considered to be *temporary reticulation assets*.

temporary shared works are works that are generally provided in relation to *prescribed services* for more than one *development* and do not include *temporary reticulation assets*.

Peter Preece:KS:GE-1210-02-CE

COPY

20 June 2006

Essential Service Commission
Level 2
35 Spring Street
MELBOURNE VIC 3000

Attention: Director Regulation (Water)

Dear Sir/ Madam,

RE: **PROPOSED SEWERAGE PUMP STATION AND RISING MAIN
BARWON HEADS ROAD, MARSHALL**

We write to the Essential Services Commission (ESC) seeking clarification/determination of the way in which a Water Authority is required to fund a major infrastructure project such as Sewerage Pump Station and Rising Main that will serve existing undeveloped residential zoned (R1Z) land where there are multiple property owners.

In this particular case TGM Group Pty. Ltd. (TGM) operate for a substantial portion of the property owners within the sewer catchment that will utilise this pump station once land is developed.

We also wish to disclose that TGM has undertaken the Marshall Sewerage Study on behalf of Barwon Region Water Authority comprising of a full report on the strategy of the catchment, options available, recommendations and justifications of locating and sizing both the pump station and rising main. Barwon Water have been provided with a final copy of this report.

TGM have now submitted a Planning Permit Application on behalf of our client who has purchased two (2) parcels of land that will provide approximately 70 residential allotments and will require the above mentioned pump station to be constructed and operational within 12 months.

We believe, through our discussion with the various parties involved in this development industry, that major infrastructure projects such as this, which is clearly a shared asset, and will be utilised by a large number of property owners, and that share assets are to be funded by the relevant water authority.

Please find enclosed a copy of the catchment plan for the pump station and individual property owners timing of intention to development.

We therefore seek clarification/determination of how this shared asset is to be funded. As the planning permit application had been submitted for the 70 lot residential development we require your response as soon as possible.

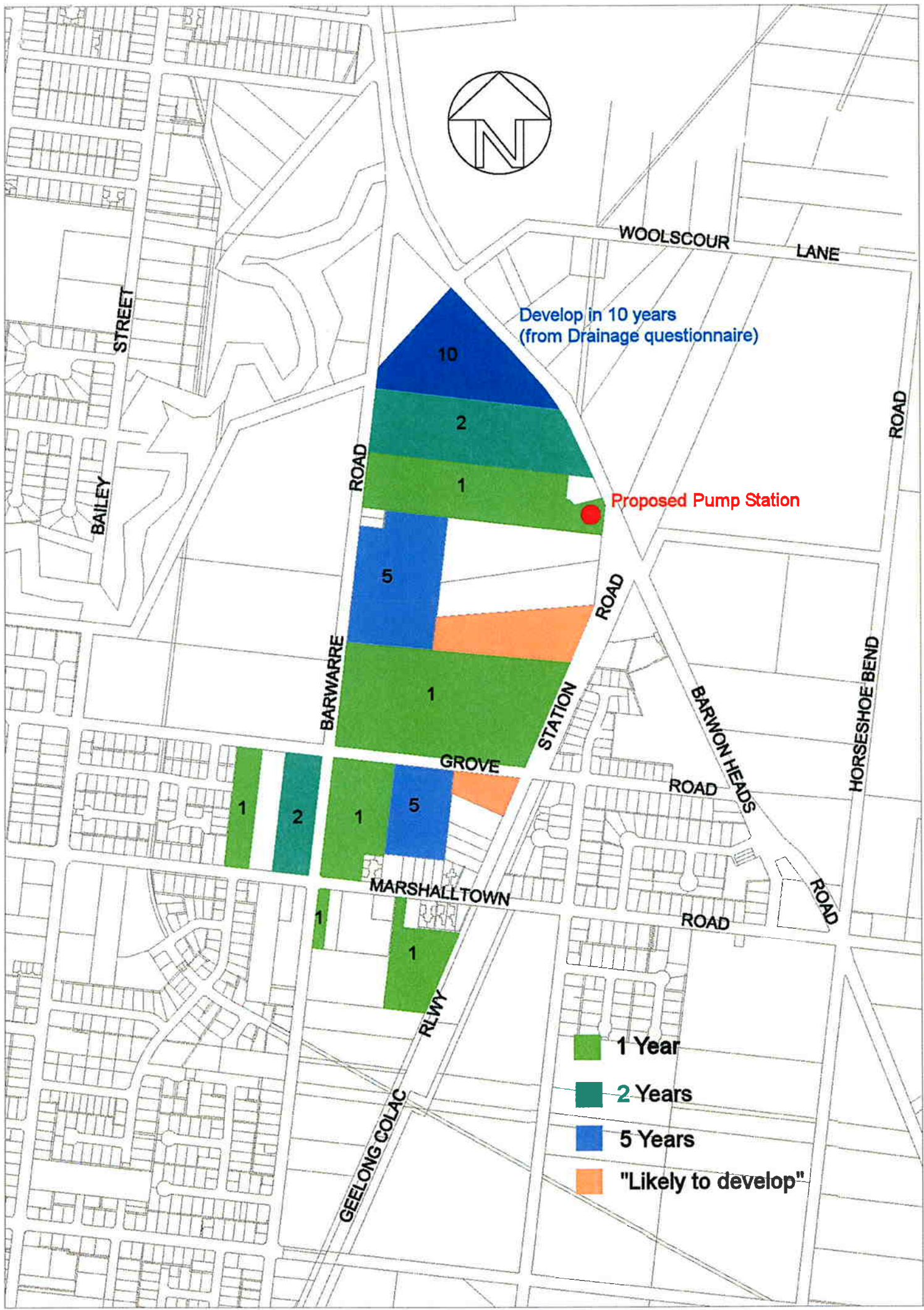
Should you have any queries or require any further information, please do not hesitate to contact me.

Yours sincerely,
TGM GROUP PTY. LTD.
Per:

A handwritten signature in black ink, appearing to read 'Peter Preece', with a long horizontal flourish extending to the right.

Peter Preece
Director- Civil Engineer

Enl



Develop in 10 years
(from Drainage questionnaire)

Proposed Pump Station

- 1 Year
- 2 Years
- 5 Years
- "Likely to develop"