



MG Estates PL

Supplementary Submission –
ESC Draft Decision on Coliban Water Pricing

18 May 2023

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Kate Symons
Chairperson, Essential Services Commission
(Via Engage Victoria website)

Dear Commissioners

DRAFT DECISION FOR COLIBAN WATER – supplementary submission

Our comments are in relation to New Customer Contributions (NCCs) and should be read in the context of our detailed submissions to you on 1 December 2022 and 11 May 2023, and Coliban Water's response dated 12 January 2023.

Since your public consultation forum on your draft decision in Bendigo on 1 May 2023, Coliban Water has further engaged with the development sector in a series of 30 minute one-to-one sessions, in the week after the ESC forum and a group session on 15 May 2023. During a discussion following its last forum, the Managing Director of Coliban Water made a verbal commitment for a Negotiated NCC process for MG Estates.

MG Estates had written on 20 April 2023, though representatives seeking a negotiated NCC process. Coliban Water, while indicating verbally it would undertake a negotiated NCC process is yet to commit to do so in writing in a response to the request.

Our reason for wanting a Negotiated NCC is that the information presented to us so far, including in the latest forum has:

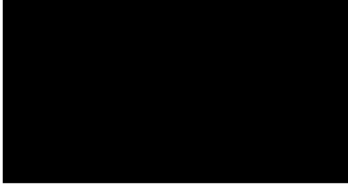
- only been high level and difficult to scrutinise without a detailed information provision of other towns/systems. In relation to infrastructure costs in Maiden Gully MG Estates has a very good understanding of costs and issues and is able to comment authoritatively
- included inconsistent treatment of sunk costs in the ESC model and Coliban Water's proposed model
- not provided justification for the percentage allocations of headworks and other costs to new customers, and the principles which underlie those allocations
- not provided reasons for allocating responsibility for construction and financing of shared works outside our development without a corresponding process for reimbursement/refunds to reflect the benefits to other developments and existing customers

MG Estates has both a fiduciary duty and an obligation to its stakeholders (many of whom will become Coliban Water's future customers in the five year period commencing on 1 July 2023) to know that it is paying NCCs which are fair and reasonable, and demonstrate parity and nexus in the way the NCCs are calculated, negotiated and agreed.

MG Estates has a planning permit for this key project for delivering housing supply in a constrained market. It is in the detailed engineering design phase of the project and is in a position to enter into detailed discussions with the authority. We also expect that Coliban Water will enter good faith negotiations within a negotiating framework which the Commission is yet to approve. MG Estates has not seen the latest proposed negotiating framework that the attendees of the most recent forum were advised was to be submitted by Coliban Water.

We appreciate your independent scrutiny and, given our interest in the parity and nexus of these matters we would be happy to be a party to any future water sector-wide review you may conduct into the calculation and negotiation of NCCs.

Yours sincerely



Mr Gerard Gilfedder
Currie & Brown (Australia) (acting for MG Estates)