



**South Gippsland Water**

**NCC NEGOTIATING & CHARGES FRAMEWORK**

## Table of Content

<b>1.</b>	<b>Application of Negotiating Framework</b>	<b>3</b>
<b>1.1</b>	<b>Purpose</b>	<b>3</b>
<b>1.2</b>	<b>Who this negotiating framework applies to</b>	<b>3</b>
<b>1.3</b>	<b>No obligation to provide service, good faith obligation</b>	<b>4</b>
<b>2.</b>	<b>Timeframes</b>	<b>4</b>
<b>1.4</b>	<b>Commencing, progressing and finalising negotiations</b>	<b>4</b>
<b>3.</b>	<b>Provision of information by Connection Applicant</b>	<b>7</b>
<b>4.</b>	<b>Provision of information by South Gippsland Water</b>	<b>7</b>
<b>5.</b>	<b>Pricing Principles</b>	<b>7</b>
<b>6.</b>	<b>Charges</b>	<b>8</b>
<b>7.</b>	<b>Consultation with affected parties</b>	<b>9</b>
<b>8.</b>	<b>Payment of South Gippsland Water's Costs</b>	<b>10</b>
<b>9.</b>	<b>Termination of negotiations</b>	<b>10</b>
<b>10.</b>	<b>Dispute resolution</b>	<b>10</b>
<b>11.</b>	<b>Giving notices</b>	<b>11</b>
<b>12.</b>	<b>Terms and abbreviations</b>	<b>11</b>

## **1. Application of Negotiating Framework**

This Negotiating Framework forms a part of South Gippsland Water's Water Plan for the 2013 price determination which applies to the 2013/18 regulatory period.

This Framework applies to both Standardised New Customer Contribution (NCC) Charges (standardised charge for Connection Applicants wishing to connect to the South Gippsland Water System) and Negotiated NCC Charges (applies where the Standardised NCC Charge is not applicable due to the nature and/or locality of the development or arising out of negotiation with the Connection Applicant).

### **1.1 Purpose**

This Negotiating Framework sets out procedural and information requirements relevant to services to which developer charges (New Customer Contributions) apply, as defined in the Water Industry Regulatory Order (WIRO).

New Customer Contributions (NCC) are levied when new connections are made to the South Gippsland Water's water, sewerage and recycled water networks. The framework requires South Gippsland Water and any Connection Applicant to negotiate in good faith to agree the price, standards and conditions of services to be provided. It also provides for transparent information to enable the Connection Applicant to understand the reasons for decisions made by South Gippsland Water.

The requirements set out in this negotiating framework are in addition to any requirements or obligations contained in or imposed under the *Water Act 1989*, the *Planning & Environment Act 1987* (including under any planning scheme or permission), the *Subdivision Act 1988*, subordinate regulation under the described legislation as well as South Gippsland Water's *Land Development Manual (under development)*, or any other relevant legislation or instruments (the "Regulatory Instruments").

In the case of inconsistency between the Regulatory Instruments and this negotiating framework, the relevant Regulatory Instruments will prevail.

This Negotiating Framework does not alter the rights of a Connection Applicant to seek a review of a South Gippsland Water decision by the Victorian Civil and Administrative Tribunal (VCAT).

### **1.2 Who this negotiating framework applies to**

This Negotiating Framework applies to South Gippsland Water in dealing with any property owner - generally a property developer – that is a Connection Applicant who requests connection to South Gippsland Water's works in accordance with section 145 of the *Water Act 1989* ("Application").

It also applies to South Gippsland Water in responding to such requests from a Connection Applicant.

### **1.3 No obligation to provide service, good faith obligation**

Nothing in this negotiating framework imposes an obligation on South Gippsland Water to allow the Connection Applicant to connect to South Gippsland Water's works or provide services to the Connection Applicant.

South Gippsland Water can refuse its consent, consent, or consent subject to any terms and conditions that South Gippsland Water thinks fit, as provided under section 145(3) of the *Water Act*.

However, South Gippsland Water and the Connection Applicant must negotiate in good faith the price, terms and conditions for services sought by the Connection Applicant.

## **2. Timeframes**

South Gippsland Water and the Connection Applicant will use their reasonable endeavours to achieve the following timeframes:

- (a) Agree the milestones, information requirements and any other relevant issues within fifteen (15) business days of South Gippsland Water's receipt of an Application. An Application, under Section 145 of the *Water Act* 1989, for connection means a servicing request made to South Gippsland Water, the details of which are provided in the *Land Development Manual*;
- (b) Respond to the Application giving details of the terms and conditions of the Offer to allow connection:
  - within forty five (45) business days where a Standardised NCC Charge applies; or
  - within one hundred and twenty (120) business days where a Negotiated NCC Charge applies.
- (c) Adhere to any timetable established for negotiations and progress negotiations in an expeditious manner; and
- (d) Finalise negotiations within one hundred and twenty (120) business days of the initial Application.

### **1.4 Commencing, progressing and finalising negotiations**

Table 1 below provides an indicative timeframe regarding the process of NCC negotiations. As mentioned above, dependant on the location and specific requirements of the

development, either a standardised or a negotiated NCC will be applicable. The timeframes for these two charges will differ. It is likely that a Negotiated NCC Charge will require additional design and modelling to be undertaken by South Gippsland Water and/or the Connection Applicant. The two timelines are presented in table 1.

**Table 1 – Indicative timeframes for negotiating connection**

Step	Actions	Timing Standardised NCC Charge (Business Days from Application date)	Timing Negotiated NCC Charge (Business Days from Application date)
1	<b>Application (Section 145) for service requirements and costings of connection</b> Application fee paid	Application date	Application date
2	<b>Negotiation Meeting</b> Parties discuss: <ul style="list-style-type: none"> <li>• the nature of the services required;</li> <li>• any additional information to be provided by the Connection Applicant; and</li> <li>• notification and consultation with other persons potentially affected</li> </ul> Parties agree to timeframes for negotiation and consultation and milestones if different to these indicative timeframes;	15 (if required)	15
3	<b>Connection Applicant provides additional information</b> Connection Applicant provides additional information to South Gippsland Water if requested This includes: <ul style="list-style-type: none"> <li>• Original completed application;</li> <li>• Additional information (if required)</li> </ul>	20	35
4	<b>South Gippsland Water Investigation completed</b> This could include: <ul style="list-style-type: none"> <li>• Where required, Consultation with others potentially affected;</li> <li>• Additional designs &amp; modelling</li> </ul>	35	90
5	<b>Offer</b> South Gippsland Water makes offer, in accordance with relevant regulatory instruments, including: <ul style="list-style-type: none"> <li>- terms and conditions of connection;</li> <li>- NCC (ie developer charge) to apply; and</li> <li>- such Offer will (unless otherwise specified) expire 12 months from being made.</li> </ul>	45	120

### **3. Provision of information by Connection Applicant**

The Connection Applicant must provide sufficient information to enable South Gippsland Water to assess the Application and determine the service requirements and costings for the development. The information generally required by South Gippsland Water is detailed in the *Land Development Manual (under development)*.

The level of information required by South Gippsland Water, and the detail of its response, will vary depending on the complexity and size of the development. As stated above, additional information may be sought by South Gippsland Water in the event of a Negotiated NCC Charge being sought.

### **4. Provision of information by South Gippsland Water**

After consideration of servicing requests South Gippsland Water may provide an offer, via letter, draft agreement and/or notice ("Offer"). The Offer will include specific requirements for the particular development and also include various standard conditions and other information including charges and fees to achieve connection to South Gippsland Water's assets. This includes New Customer Contributions.

The information relating to the Offer is detailed in the *Land Development Manual*.

The Offer is provided by South Gippsland Water pursuant to the Regulatory Instruments.

### **5. Pricing Principles**

South Gippsland Water's NCC charges will:

- (a) have regard to the incremental infrastructure and associated costs in one or more of the statutory cost categories attributable to a given connection;
- (b) have regard to the incremental future revenues that will be earned from customers at that connection; and
- (c) be greater than the avoidable cost of that connection and less than the standalone cost of that connection.

In setting charges, South Gippsland Water will also comply with:

- (a) the regulatory principles set out in clause 14 of the Water Industry Regulation Order (WIRO); and
- (b) Specific pricing principles approved by the Essential Services Commission as part of South Gippsland Water's final pricing determination applying at the relevant time.

## 6. Charges

Developers wishing to connect are to pay/provide the following to South Gippsland Water:

- NCC charges per lot ;
- All reticulation Assets in the area (per definition below); and
- Incremental costs for any larger assets required ; and
- Bring forward charge (if development not in sequence with logical and cost effective expansion)
- Administration developer fee
- As constructed charges

**Table 2 - Standard NCC Charges**

Type	Size	Existing	Yr1	Yr2	Yr3	Yr4	Yr5
<b>Water – ALL</b>	< 450 sqm	\$613	\$900	\$1,150	\$1,450	\$1,750	\$2,030
	450 – 1350 sqm	\$1,217	\$1,370	\$1,530	\$1,700	\$1,875	\$2,030
	>1350 sqm	\$2,434	\$2,365	\$2,290	\$2,225	\$2,155	\$2,030
<b>Waste Water All (exclude PLN)</b>	< 450 sqm	\$613	\$900	\$1,150	\$1,450	\$1,750	\$2,030
	450 – 1350 sqm	\$1,217	\$1,370	\$1,530	\$1,700	\$1,875	\$2,030
	>1350 sqm	\$2,434	\$2,365	\$2,290	\$2,225	\$2,155	\$2,030



<b>Waste Water PLN</b>	All sizes	n/a	n/a	n/a	n/a	n/a	\$10,000
<b>Waste Water Alberton</b>	All sizes	n/a	\$5,000	\$5,000	5,000	\$5,000	\$5,000
<b>Recycled Water</b>	< 450 sqm	\$613	\$900	\$1,150	\$1,450	\$1,750	\$2,030
	450 – 1350 sqm	\$1,217	\$1,370	\$1,530	\$1,700	\$1,875	\$2,030
	>1350 sqm	\$2,434	\$2,365	\$2,290	\$2,225	\$2,155	\$2,030

*Refer appendix 1 NCC area maps to view where standard NCC charges apply.*

### **Definition of Reticulation Assets**

Reticulation Asset are defined as - Water of 150mm or less, Sewer of 225mm or less and all pump stations to service these associated sizes and valves associated.

SGW will contribute the incremental costs over and above these definitions when a larger sized pipe or pumps are required as part of design. The developer is to contribute up to the cost of the above definition. SGW will look to develop a schedule of rates for these so there is clear costing available for any additional incremental costs.

### **7. Consultation with affected parties**

If South Gippsland Water considers that persons other than the Connection Applicant may be affected by proposed connection services, then:

- (a) subject to legal confidentiality requirements, South Gippsland Water may share any necessary information with others potentially affected to assess impacts; and
- (b) parties will allow sufficient time for reasonable consultation with affected parties to occur.

## **8. Payment of South Gippsland Water's Costs**

All developments of land requiring new or upgraded connection to South Gippsland Water's system will incur associated fees and charges payable to South Gippsland Water.

Fees and charges levied by South Gippsland Water are subject to approval processes under the Water Act 1989 and/or as approval by the ESC. Details about the fees and charges can be found on SGW website.

Should the particular application require a Negotiated NCC Charge, rather than the Standardised NCC Charge this will arise from the relevant negotiation, subject to the Regulatory Instruments in place at the time.

## **9. Termination of negotiations**

The Connection Applicant may elect not to continue with its Application and may end the negotiations by giving South Gippsland Water written notice of its decision to do so.

South Gippsland Water may terminate a negotiation under this Negotiating Framework by giving the Connection Applicant written notice of its decision to do so where:

- (a) South Gippsland Water believes on reasonable grounds that the Connection Applicant is not conducting the negotiation in good faith; or
- (b) South Gippsland Water reasonably believes that the Connection Applicant and the particular development will not be able to receive a service from South Gippsland Water; or
- (c) an act of insolvency occurs in relation to the Connection Applicant; or
- (d) South Gippsland Water reasonably believes that the Connection Applicant has provided false or misleading information to South Gippsland Water.

## **10. Dispute resolution**

In the event of a dispute between parties, South Gippsland Water will continue attempts to resolve the matter by negotiation.

After South Gippsland Water provides its Offer, if the Connection Applicant does not accept the Offer and attempts to resolve the matter by negotiation are unsuccessful, generally the Connection Applicant has particular rights to seek a review in the Victorian Civil and Administrative Tribunal ("VCAT") of the terms and conditions of connection and the NCC charge applied. These VCAT review rights, including various timelines, rights and process, are set out in the *Water Act 1989* and the *VCAT Act 1998*.

## 11. Giving notices

The address for correspondence and notices to South Gippsland Water is:

14 – 18 Pioneer Street, FOSTER or  
PO Box 102, FOSTER, VIC 3960

Email: [sgwater@sgwater.com.au](mailto:sgwater@sgwater.com.au)

Fax: 03 5682 1199

A notice must be:

- (a) in writing and signed by a person duly authorised by the sender;
- (b) hand delivered or sent by prepaid post, facsimile or email to the recipient's address for Notices, as varied by any Notice given by the recipient to the sender; and
- (c) if given or received under any Regulatory Instruments or other statute of regulation, must be given under the requirements of that relevant instrument, or other statute or regulation.

## 12. Terms and abbreviations

**South Gippsland Water** – A water corporation established pursuant to Part 6 of the *Water Act 1989*.

**Connection Applicant** – The person making application to connect to the South Gippsland Water system pursuant to Section 145 of the *Water Act 1989*.

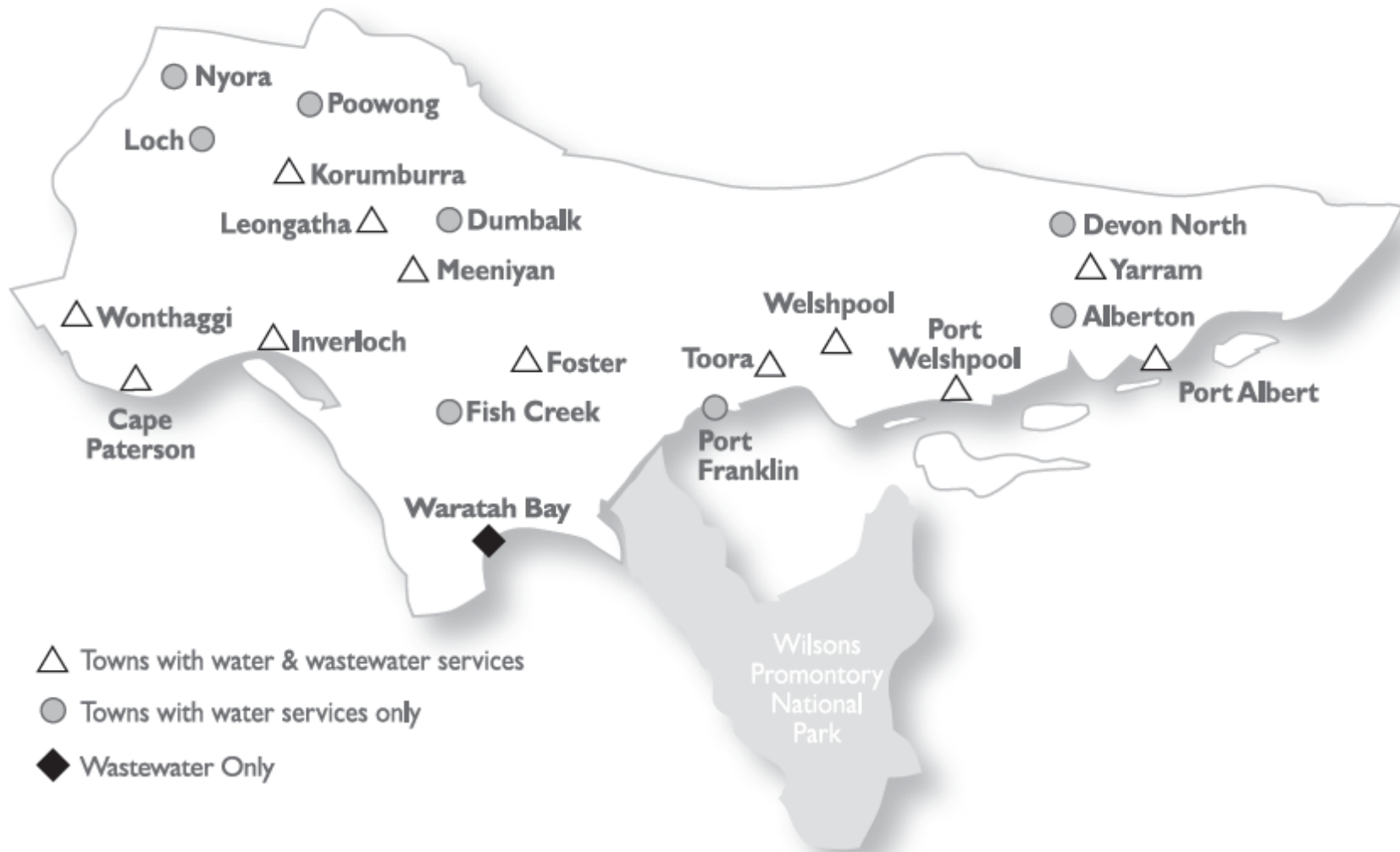
**Land Development Manual** – South Gippsland Water's Land Development Manual, which outlines policies and guidelines for customers to connect to water and sewerage services, available at [Water Corporation website).

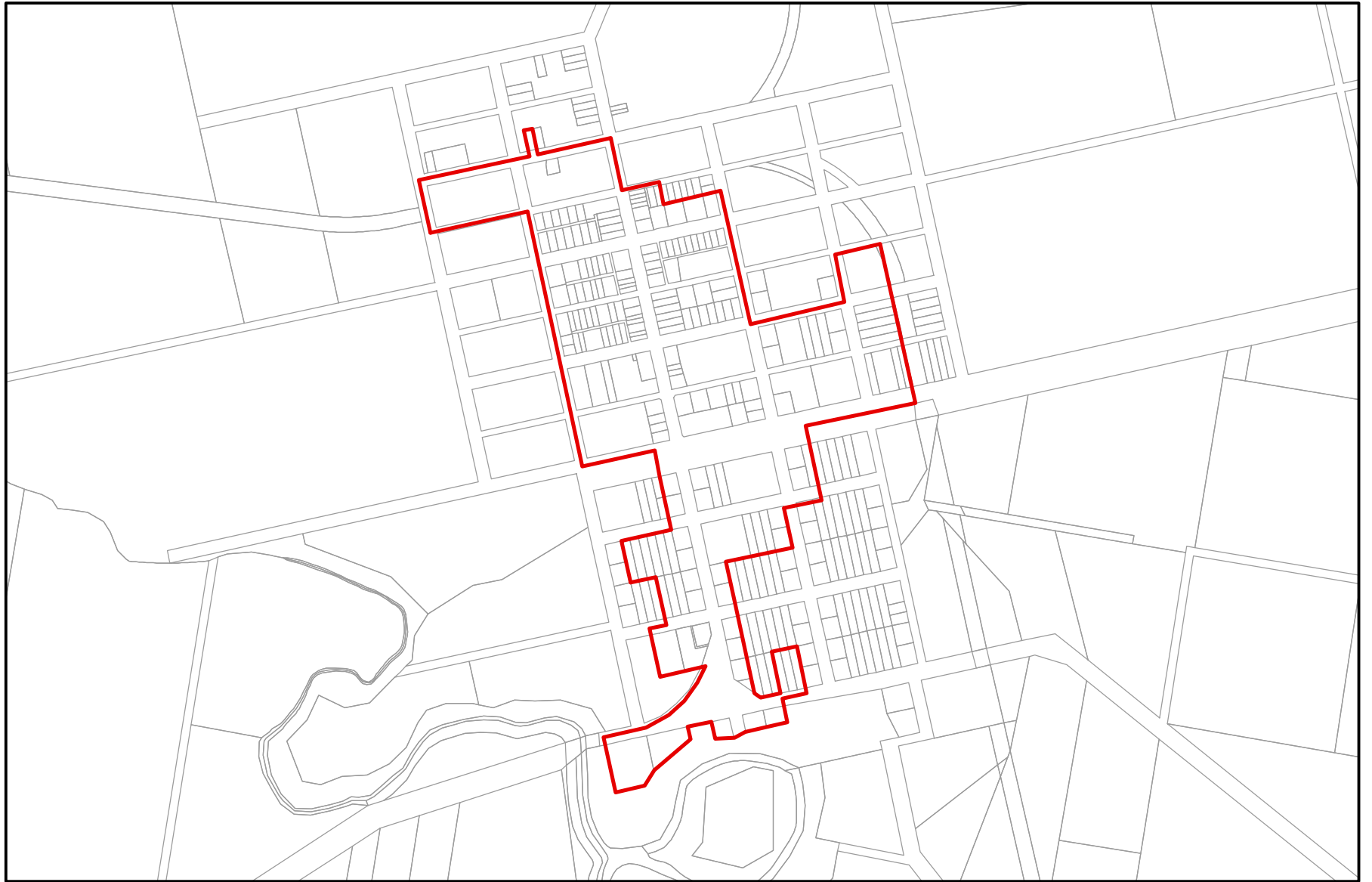
**Standardised NCC Charge** – This is the standardised charge for Connection Applicants wishing to connect to the South Gippsland Water System.

**Negotiated NCC Charge** – This charge, derived from the NCC principles developed by South Gippsland Water will apply where the Standardised NCC Charge is not applicable due to the nature and/or locality of the development or arising out of negotiation with the Connection Applicant.

**Reticulation Asset:** are defined as - Water of 150mm or less, Sewer of 225mm or less and all pump stations to service these associated sizes and valves associated.

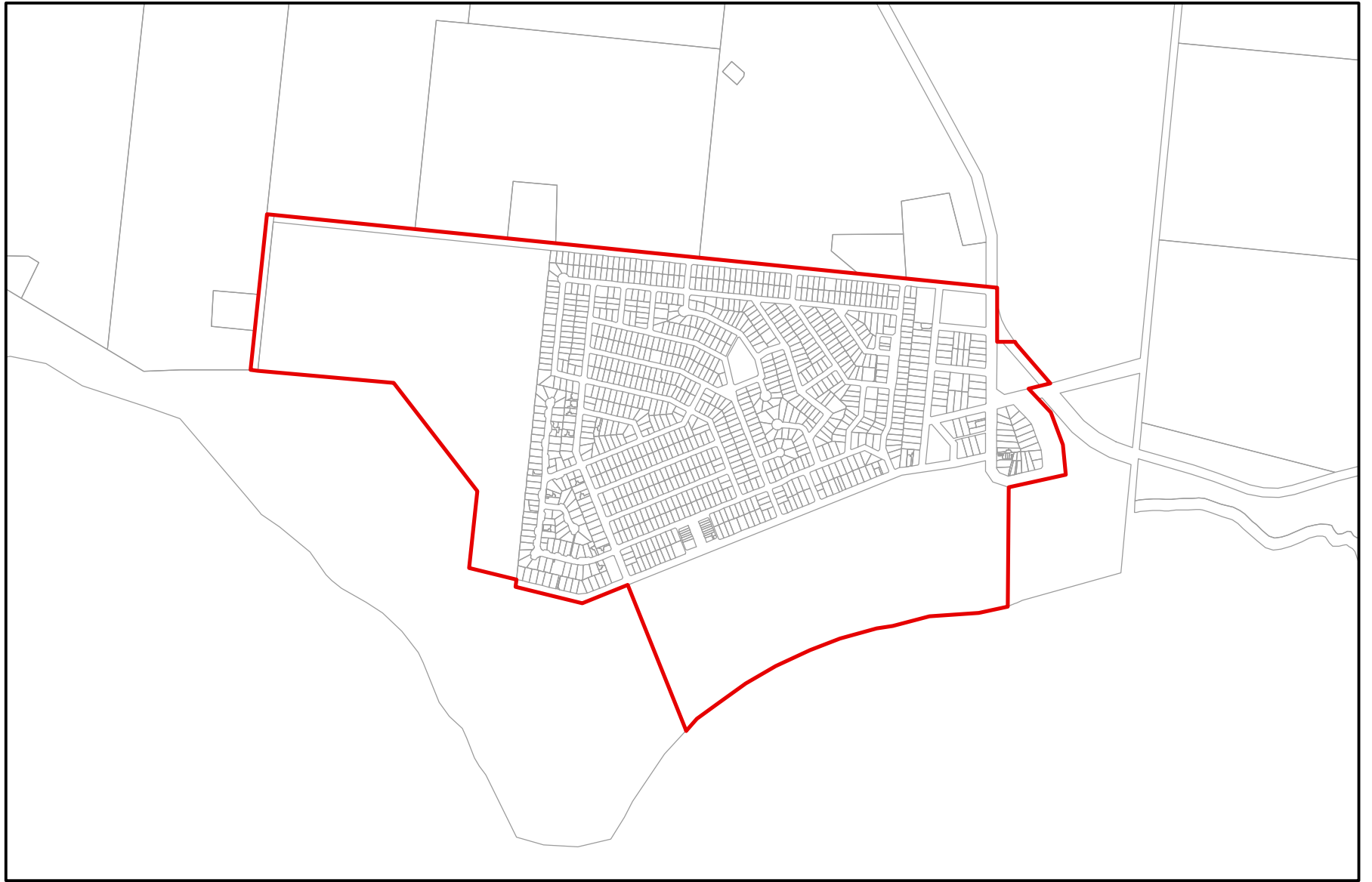
**South Gippsland Water Region  
Current Status of Water and Sewer Services**





Standard new customer contribution boundary  
Alberton





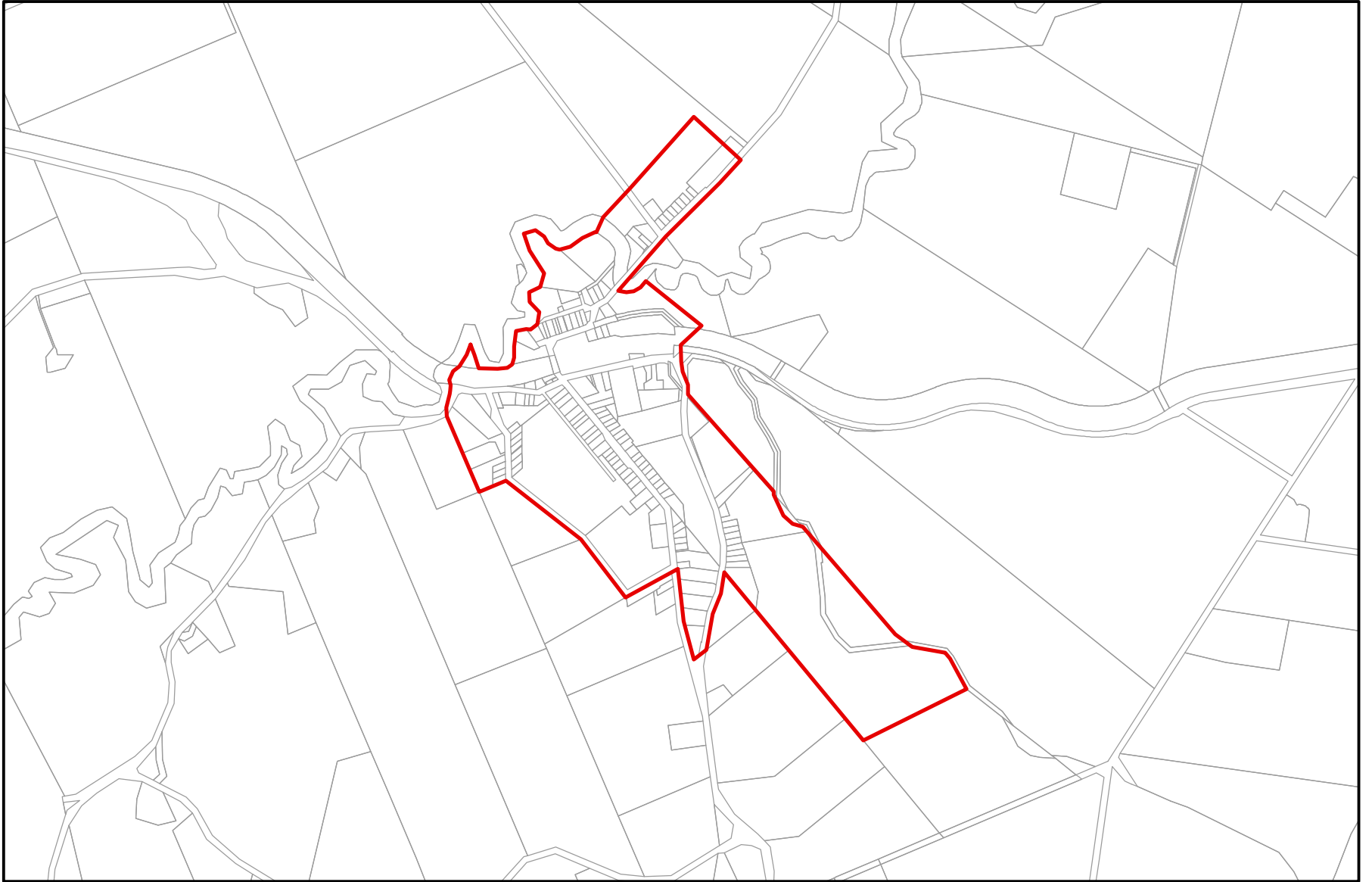
Standard new customer contribution boundary  
Cape Paterson





Standard new customer contribution boundary  
Dumbalk

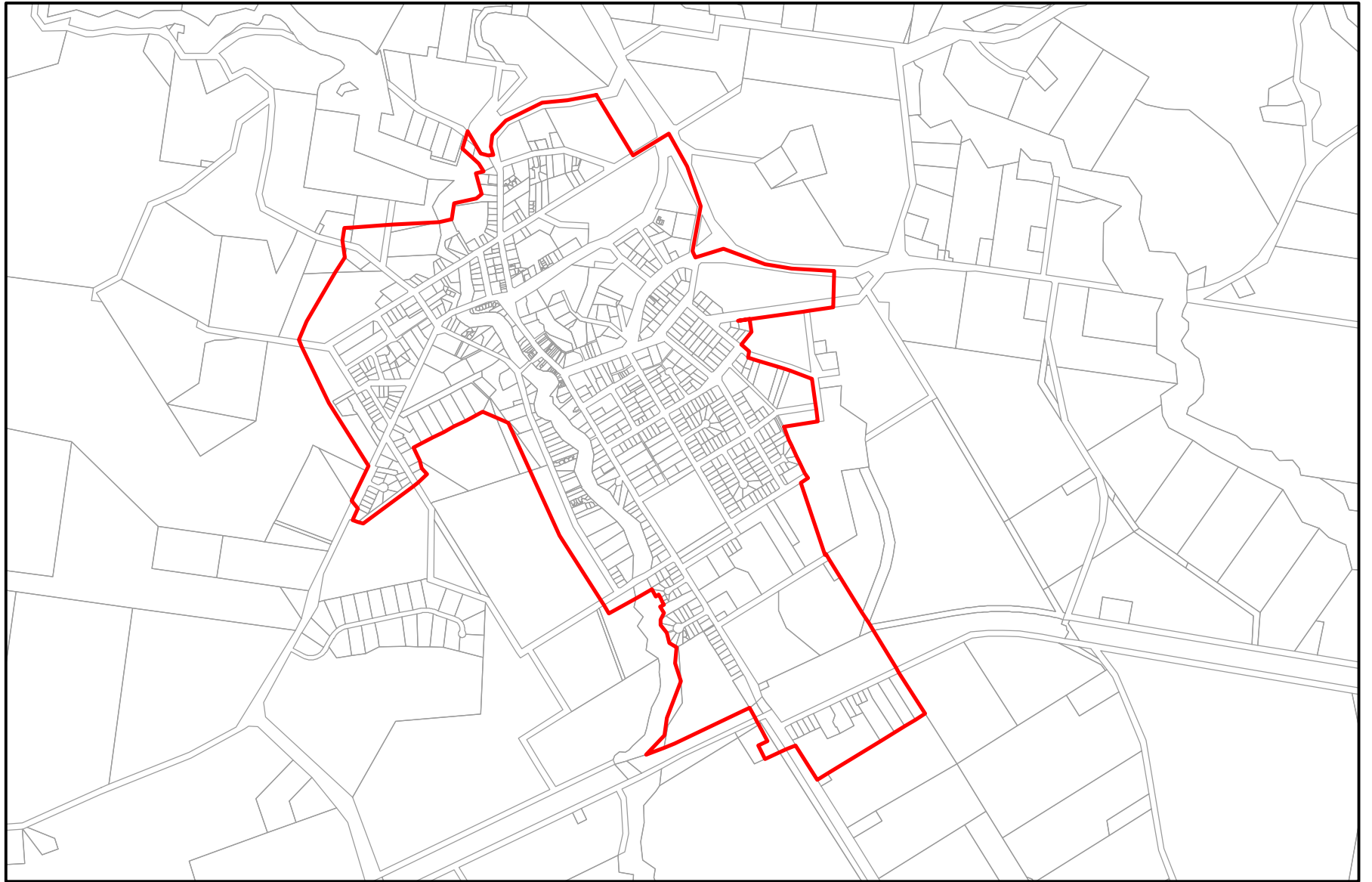




Standard new customer contribution boundary  
Fish Creek

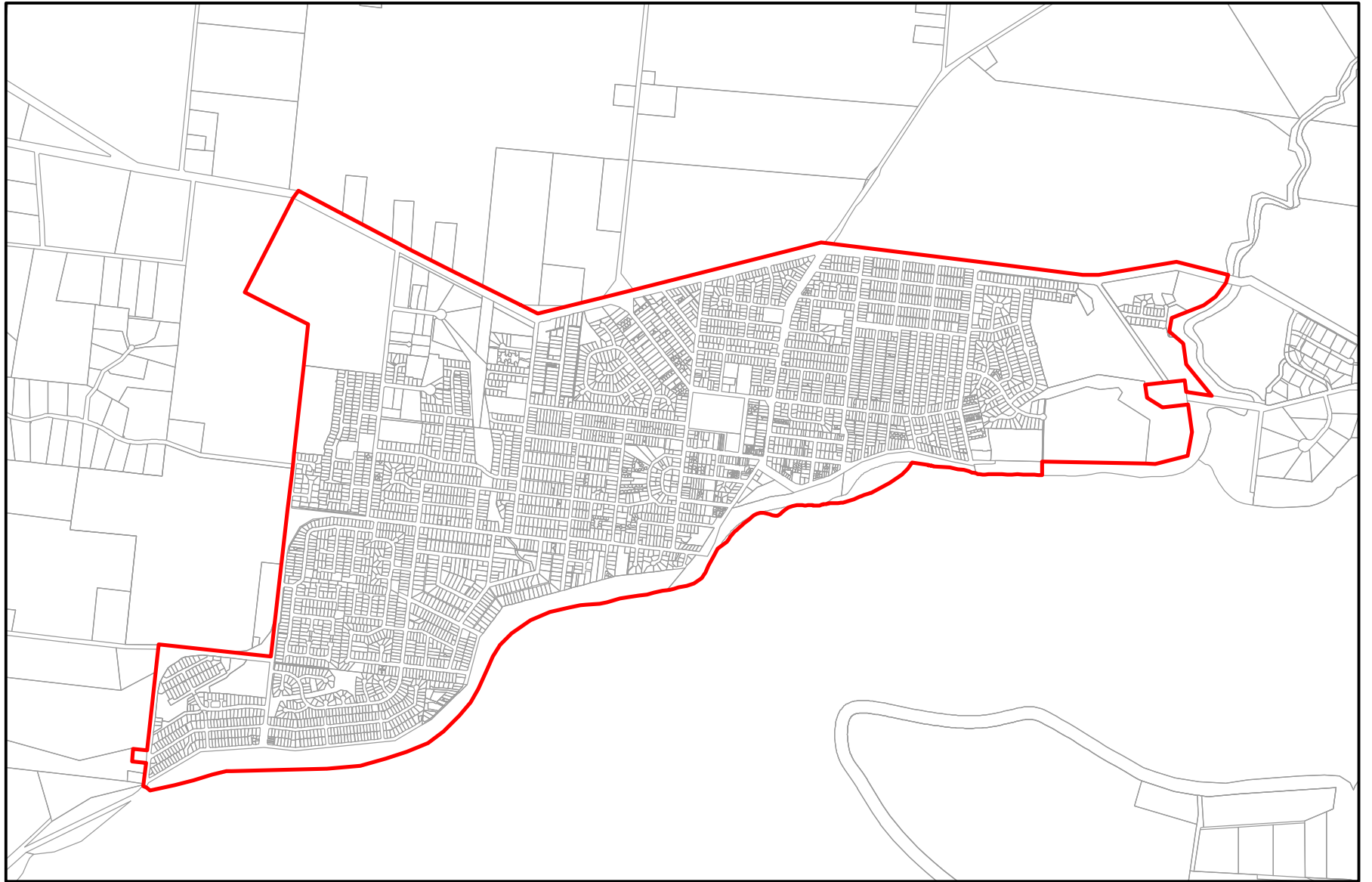






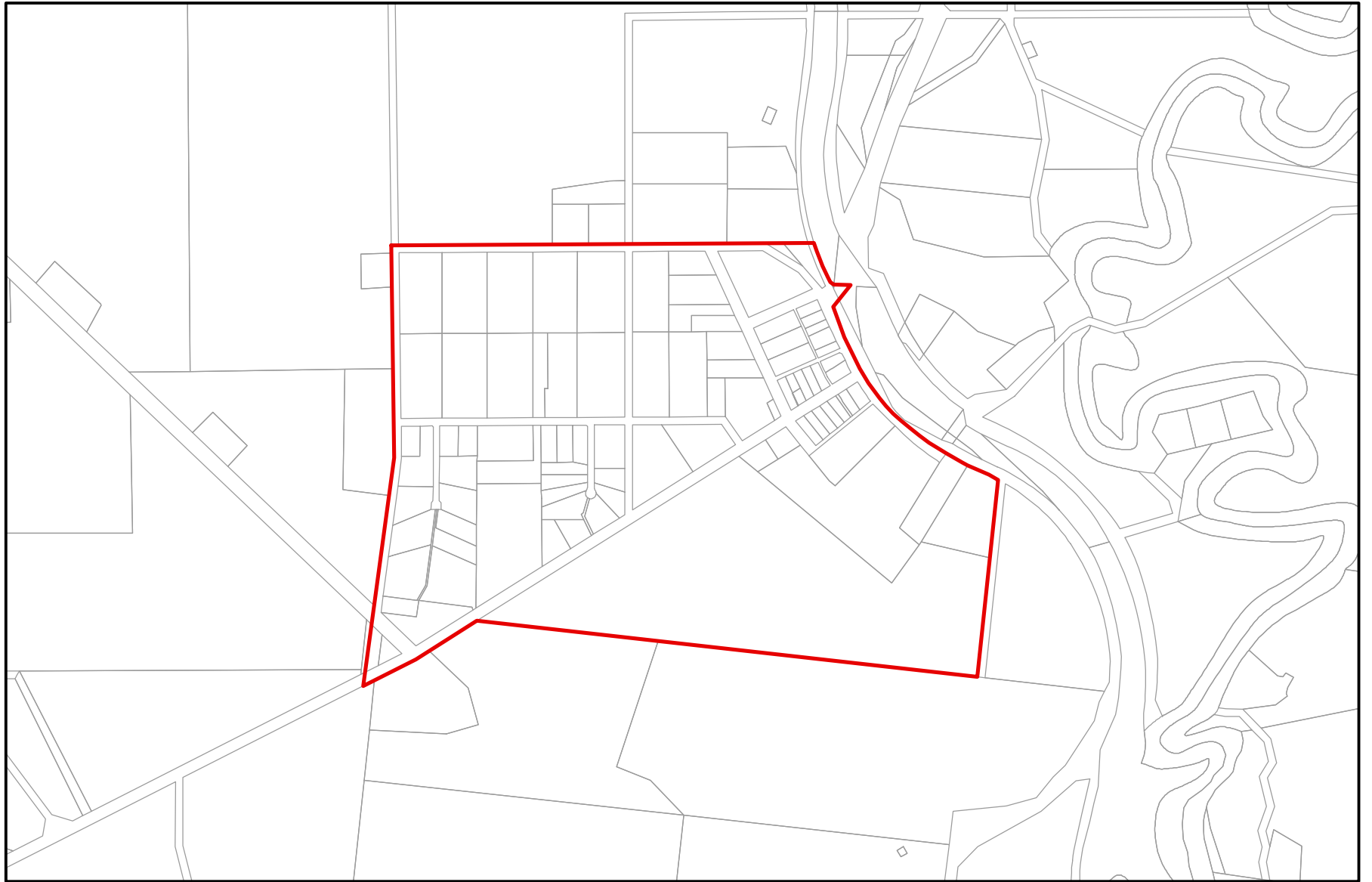
Standard new customer contribution boundary  
Foster





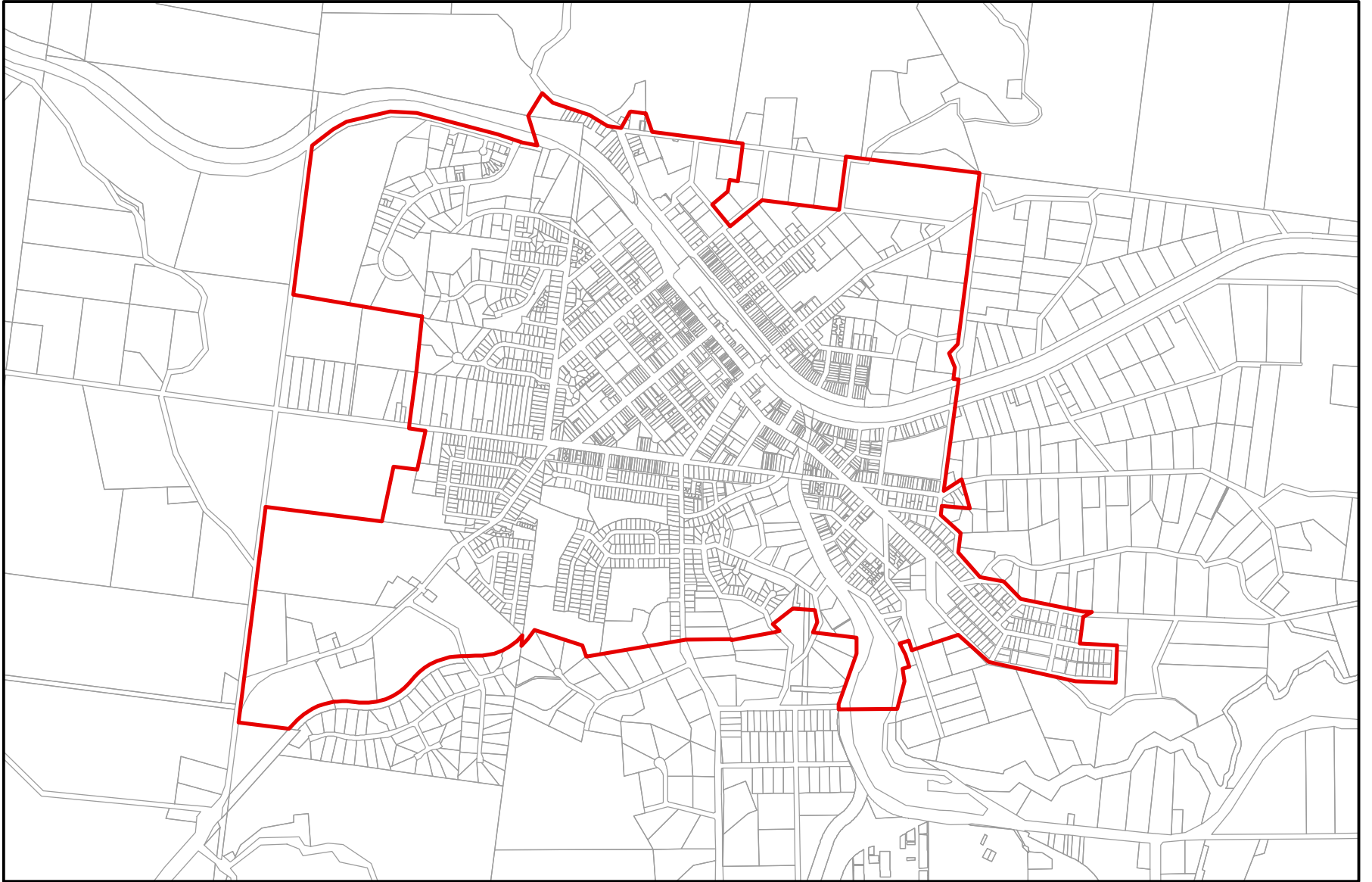
Standard new customer contribution boundary  
Inverloch





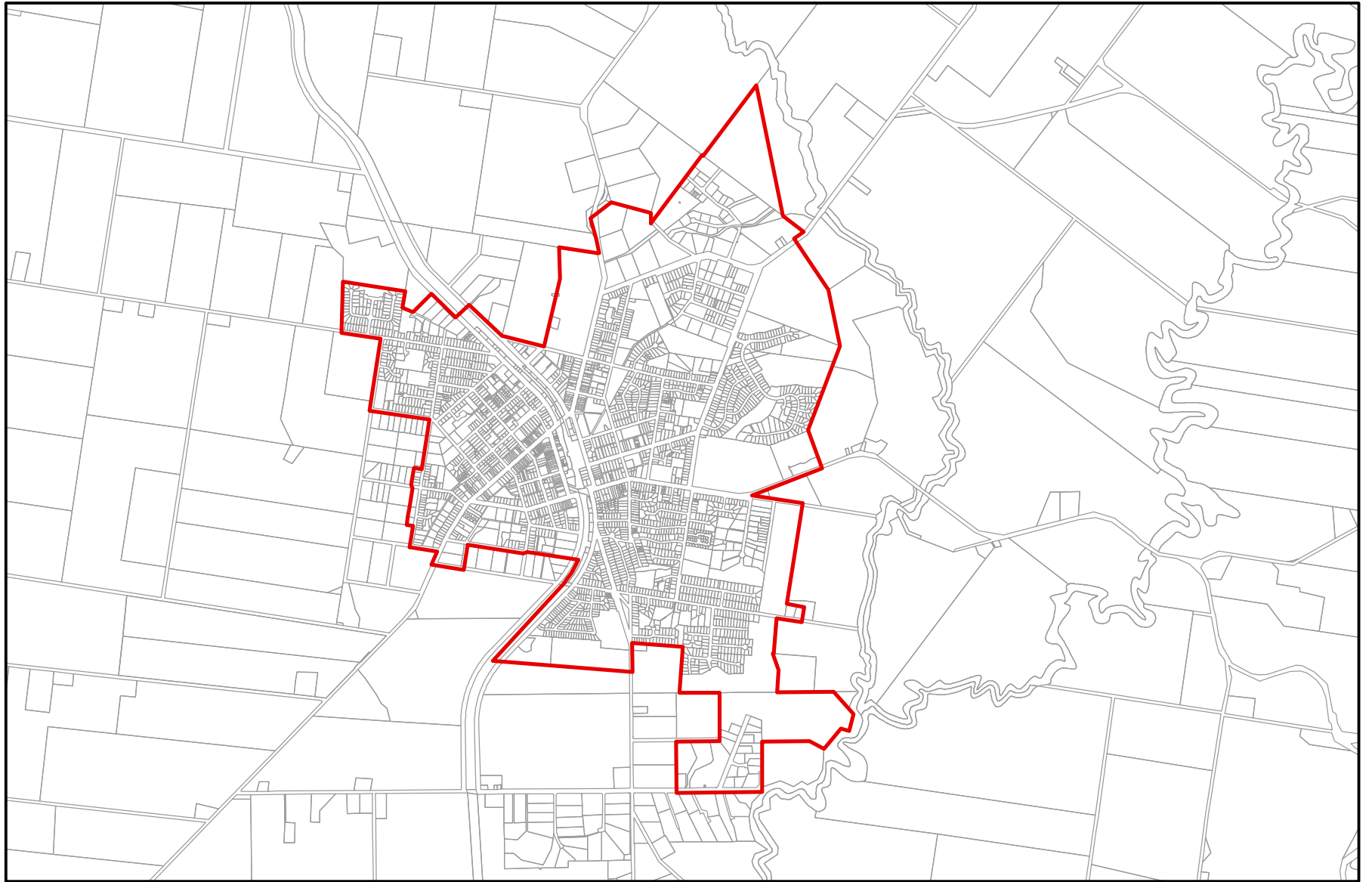
Standard new customer contribution boundary  
Koonwarra





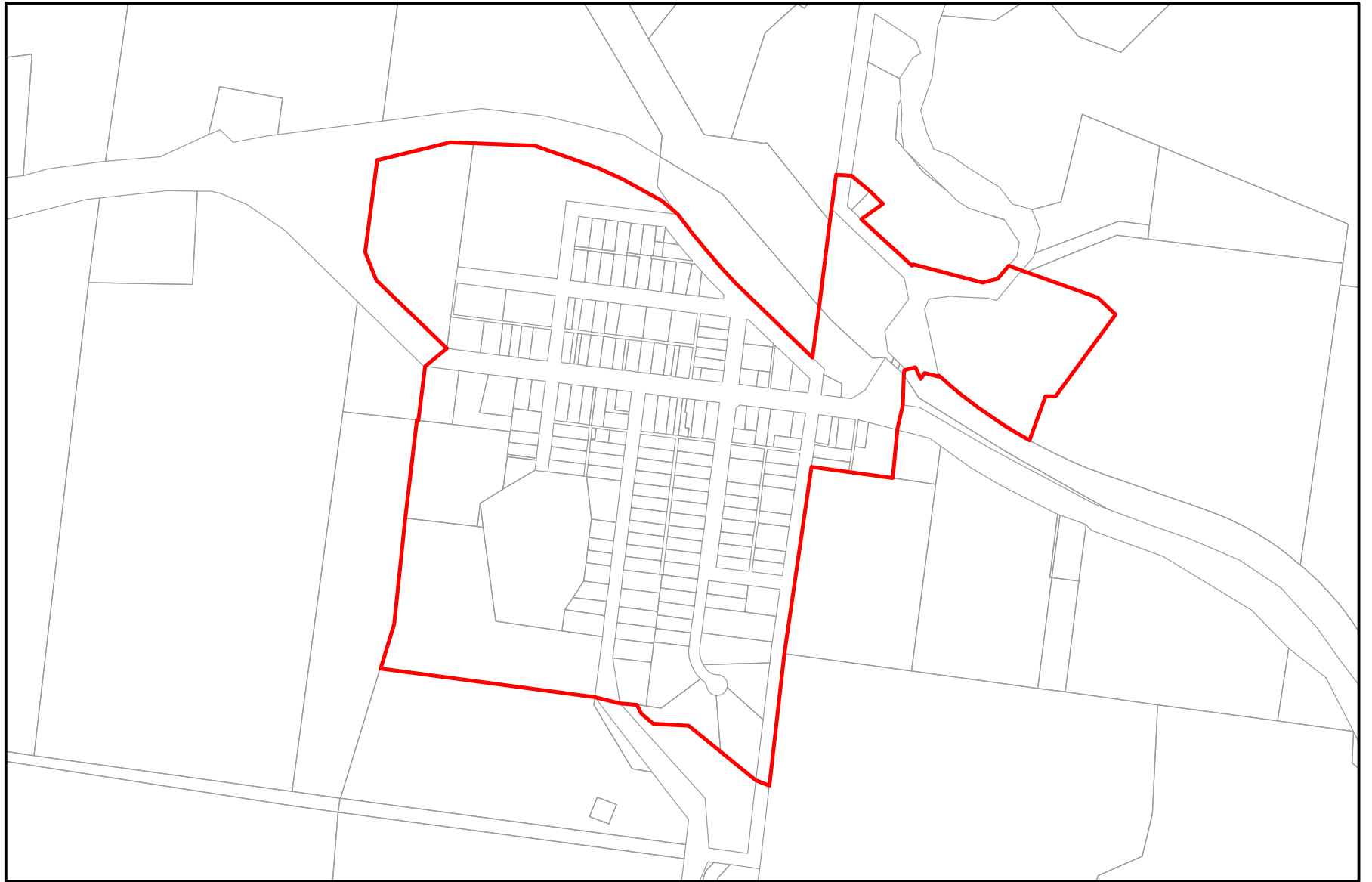
Standard new customer contribution boundary  
Korumburra





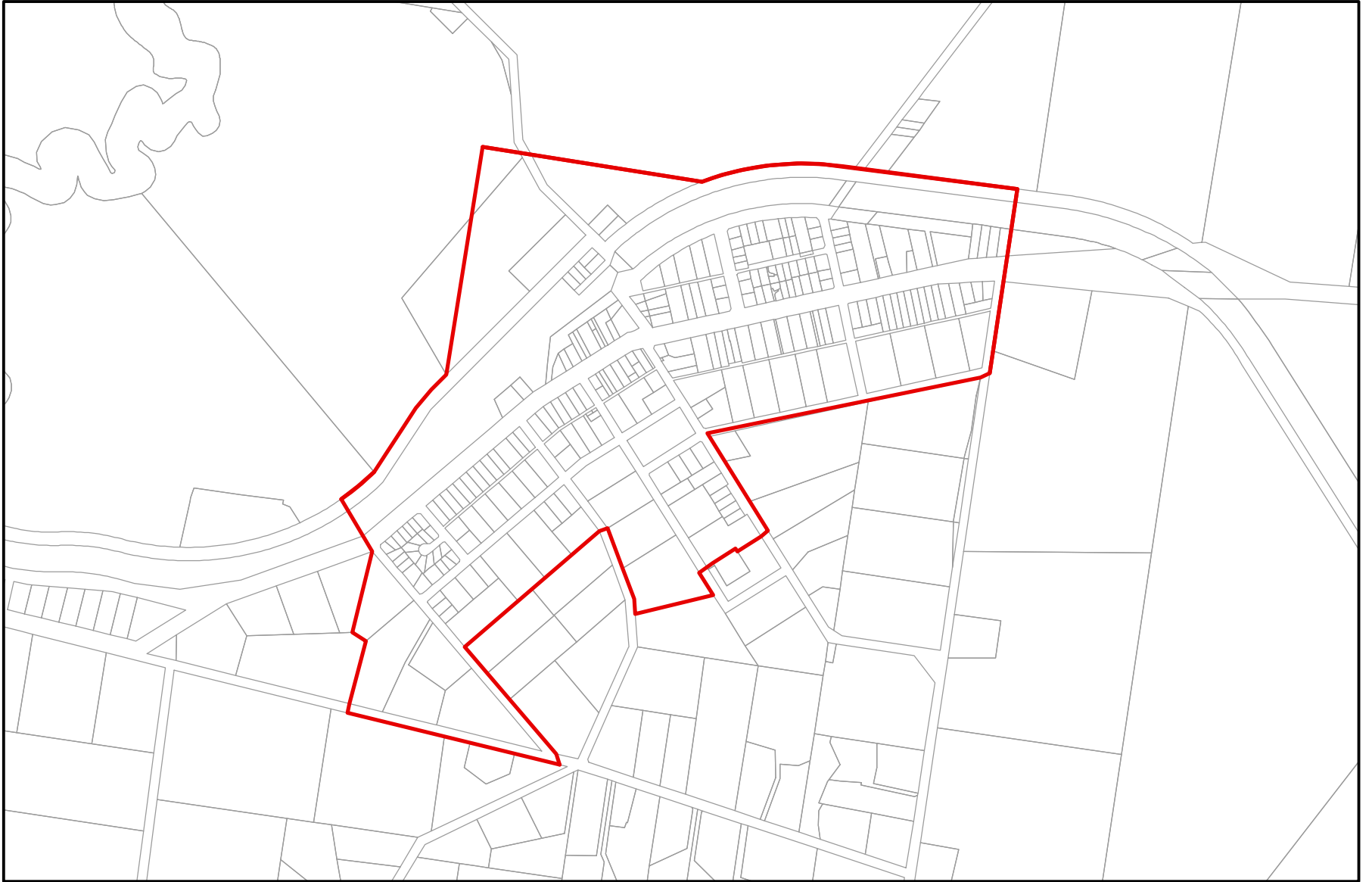
Standard new customer contribution boundary  
Leongatha





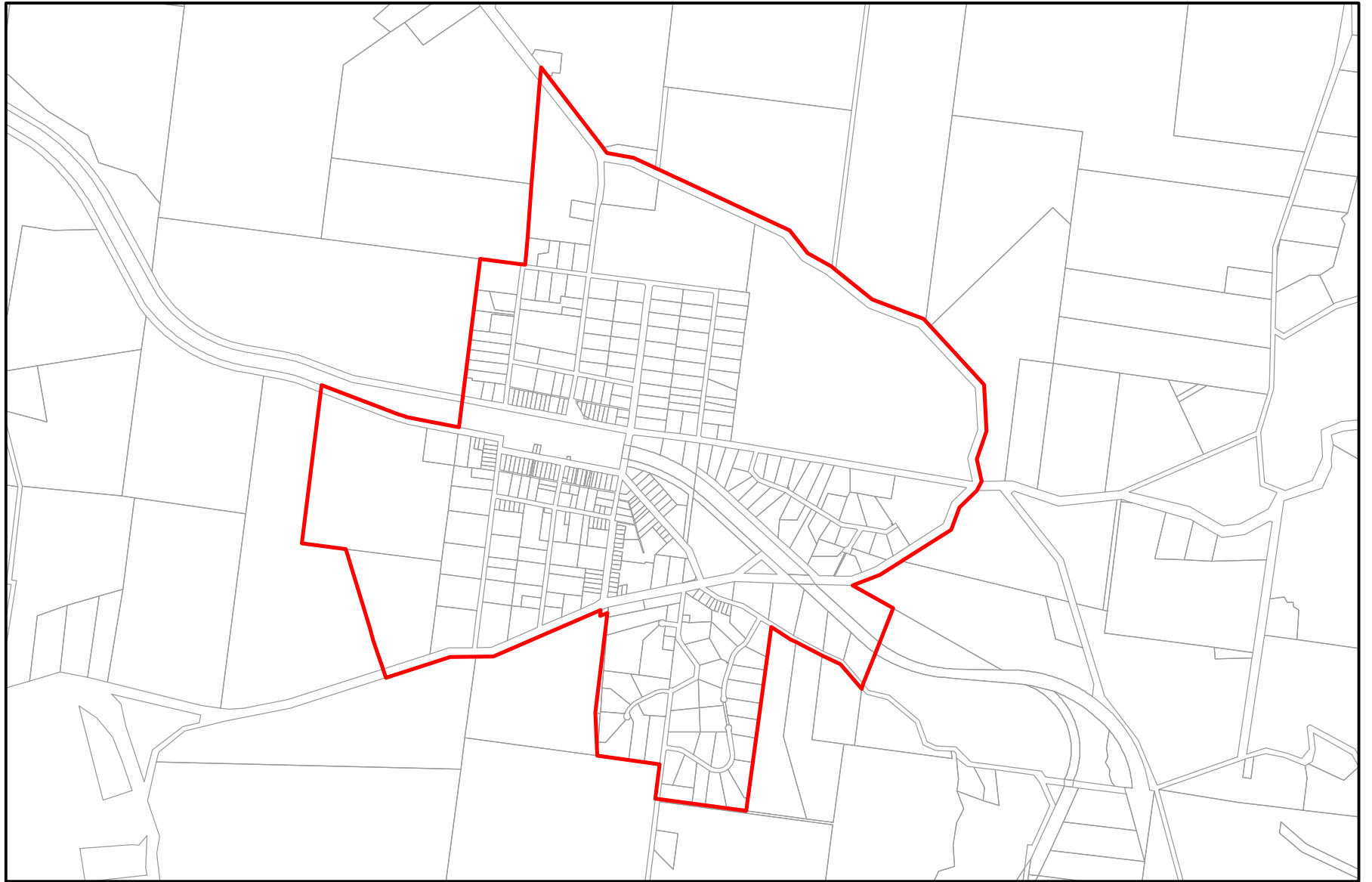
Standard new customer contribution boundary  
Loch





Standard new customer contribution boundary  
Meeniyan

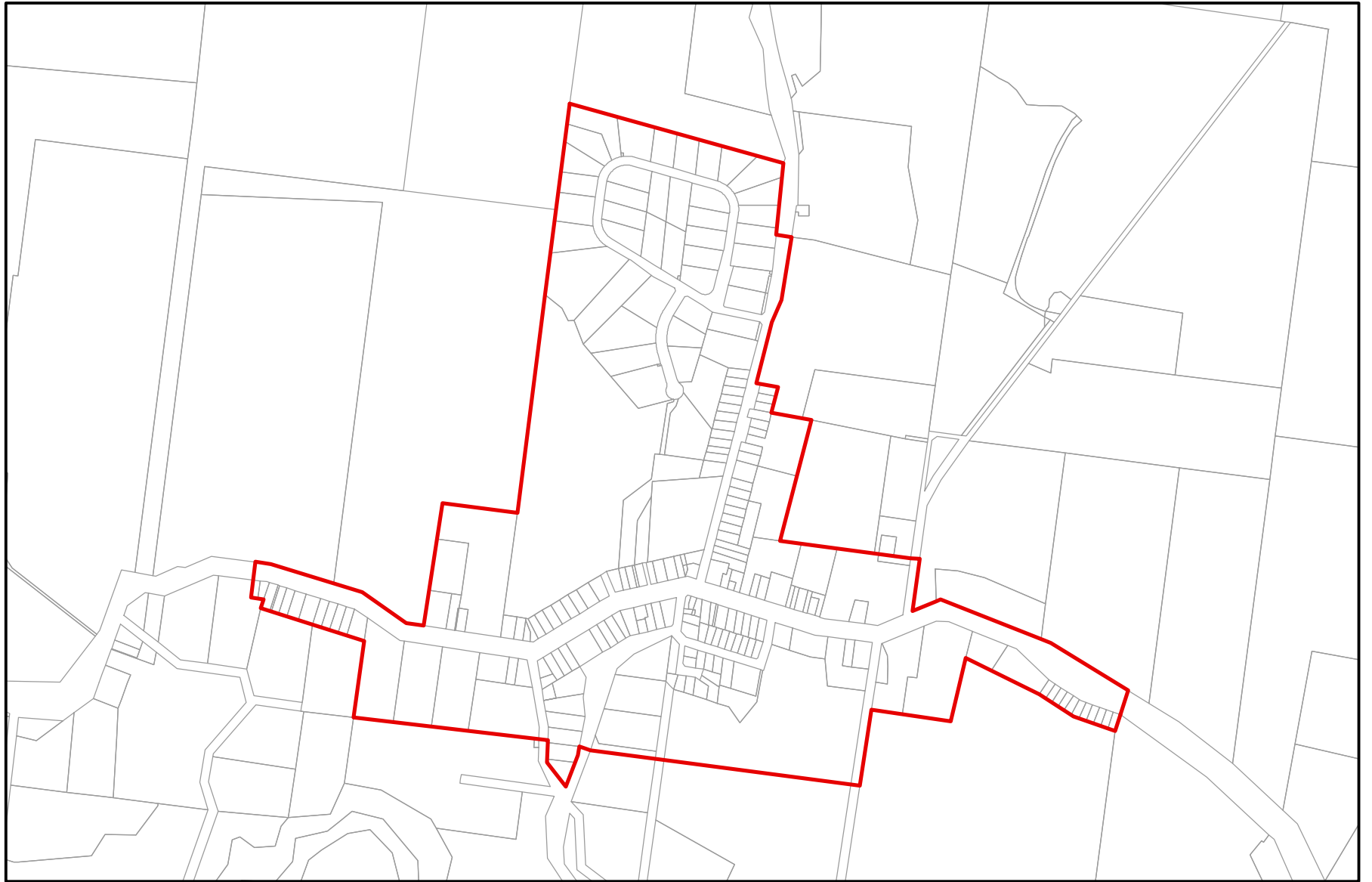




Standard new customer contribution boundary  
Nyora

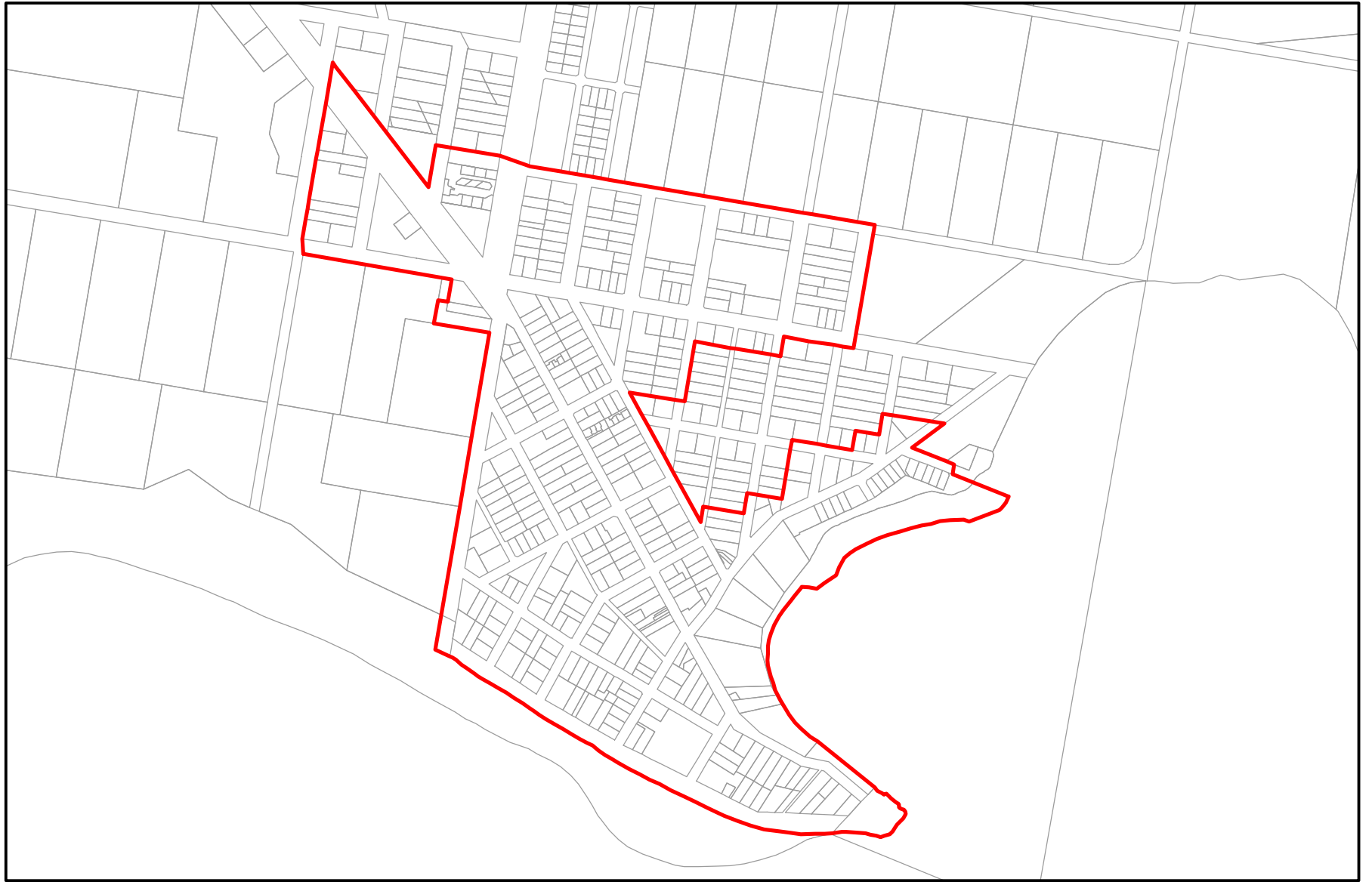






Standard new customer contribution boundary  
Poowong





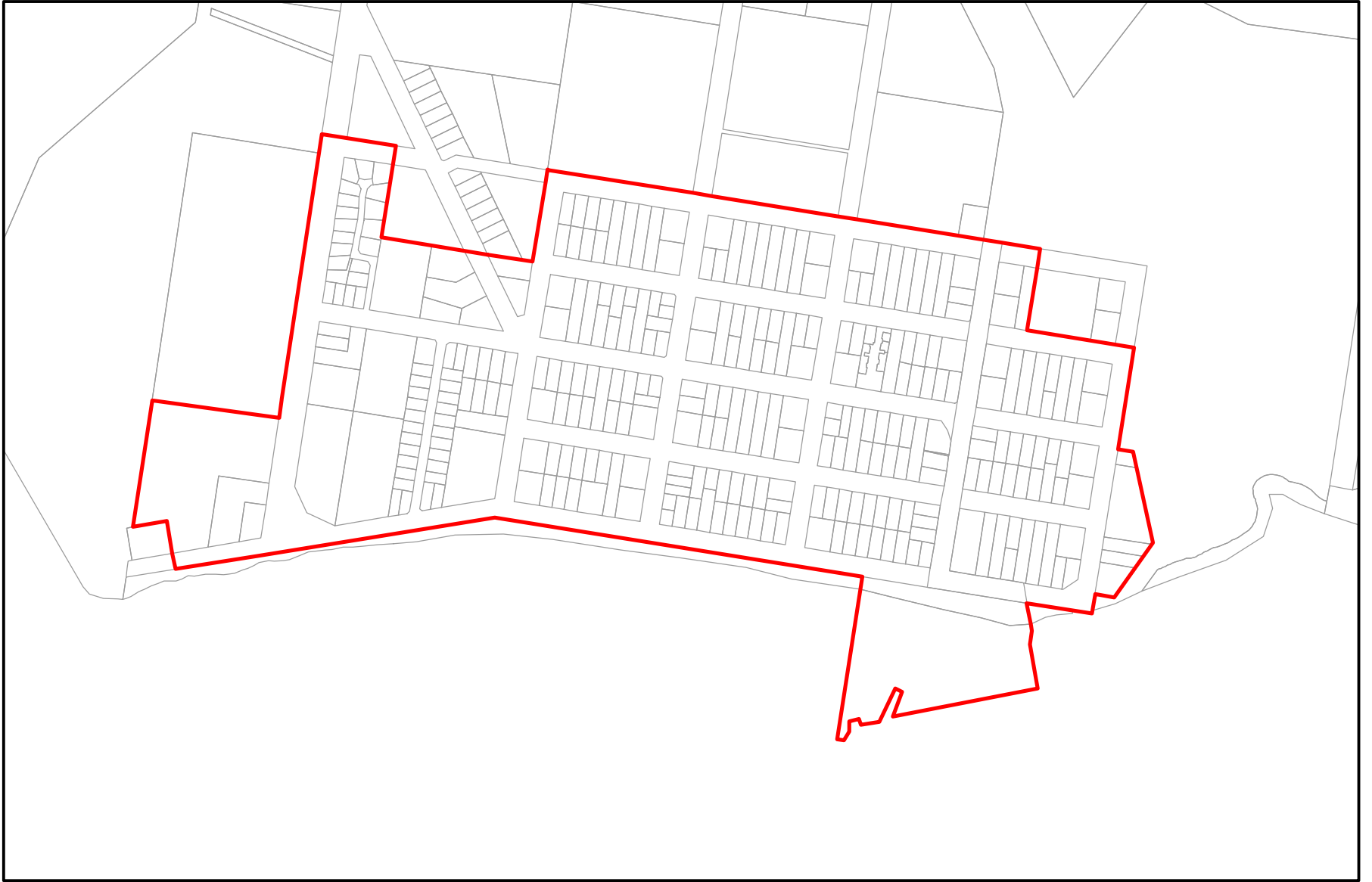
Standard new customer contribution boundary  
Port Albert





Standard new customer contribution boundary  
Port Franklin





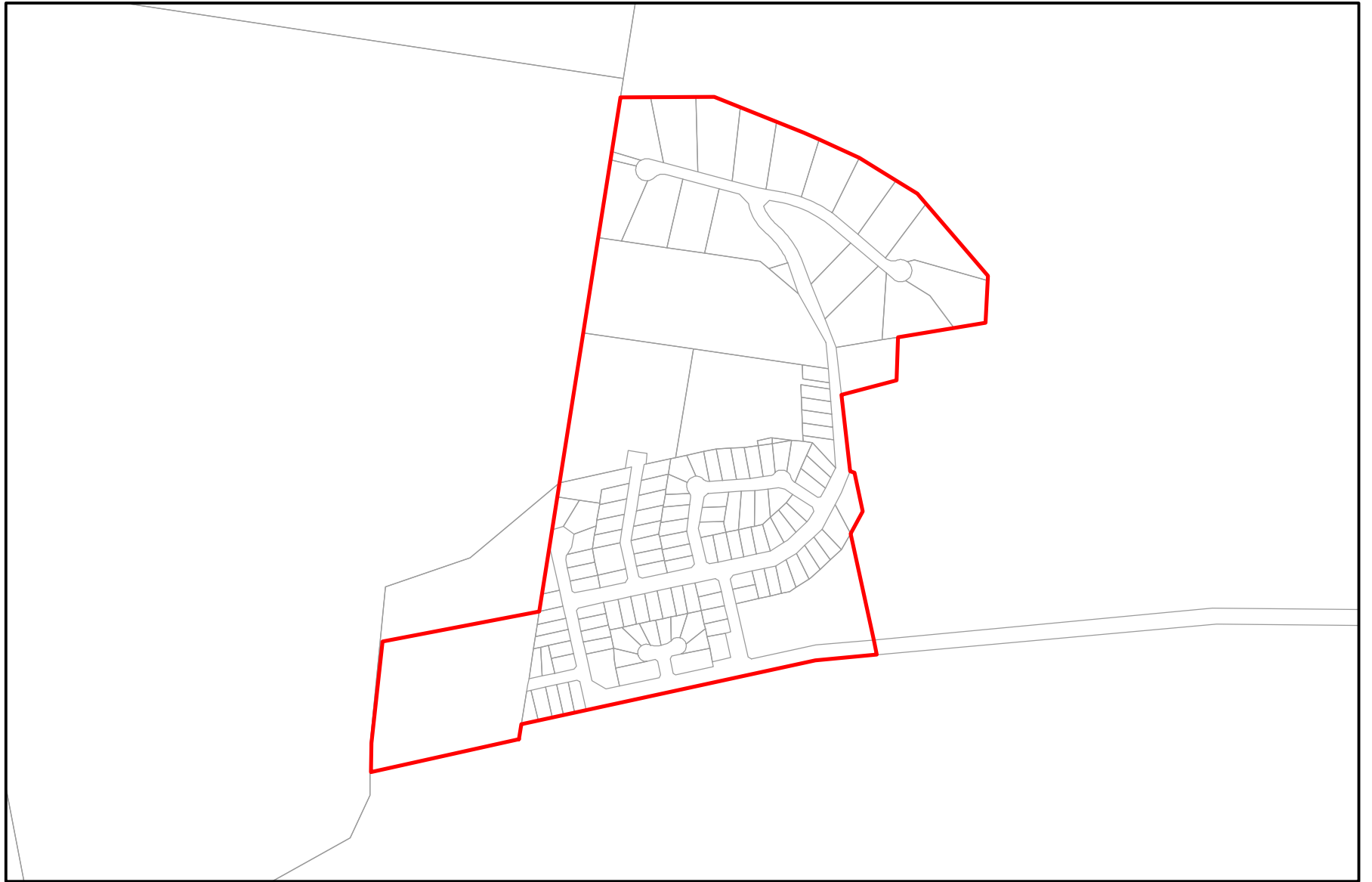
Standard new customer contribution boundary  
Port Welshpool





Standard new customer contribution boundary  
Toora





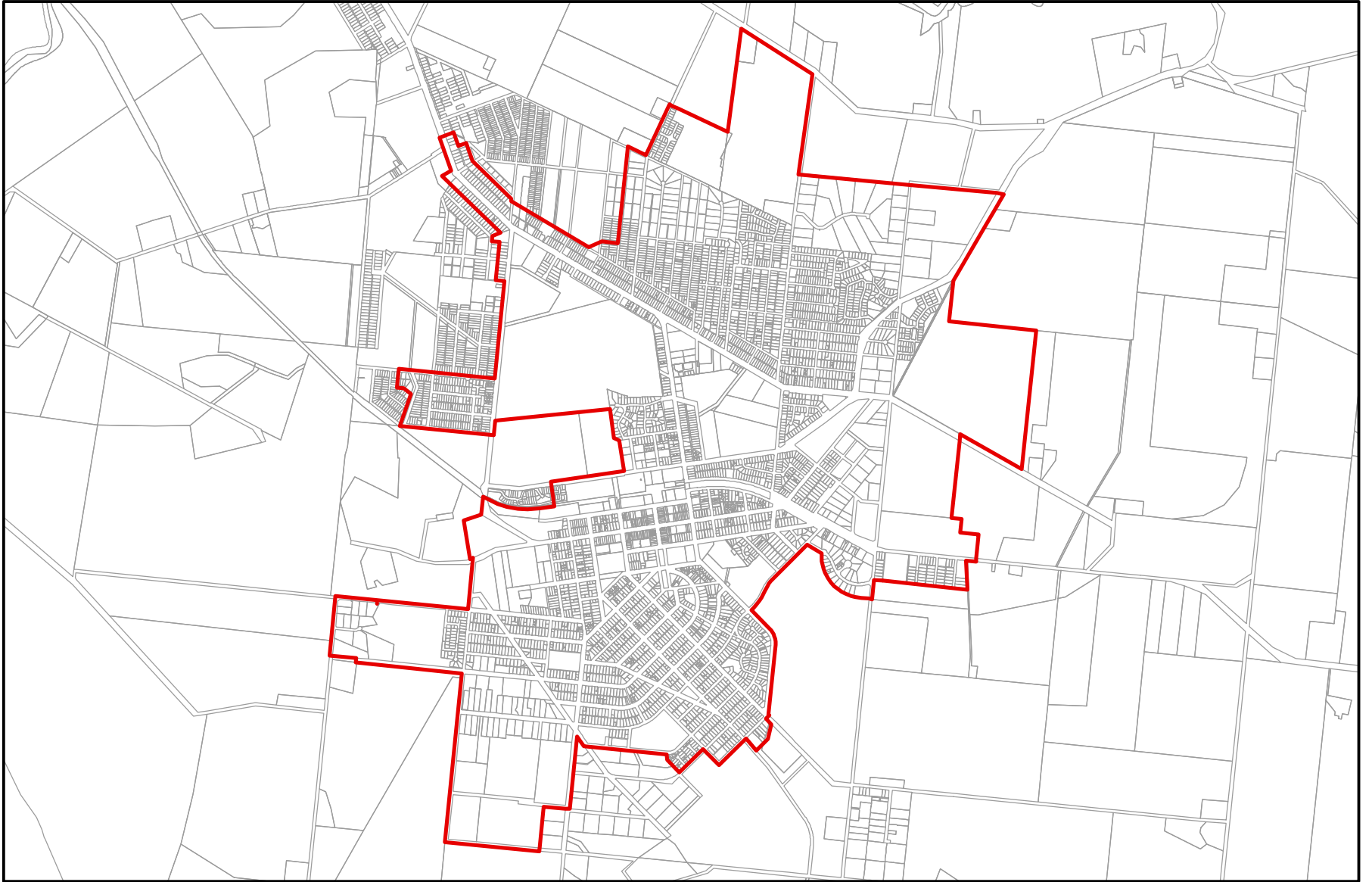
Standard new customer contribution boundary  
Waratah Bay





Standard new customer contribution boundary  
Welshpool

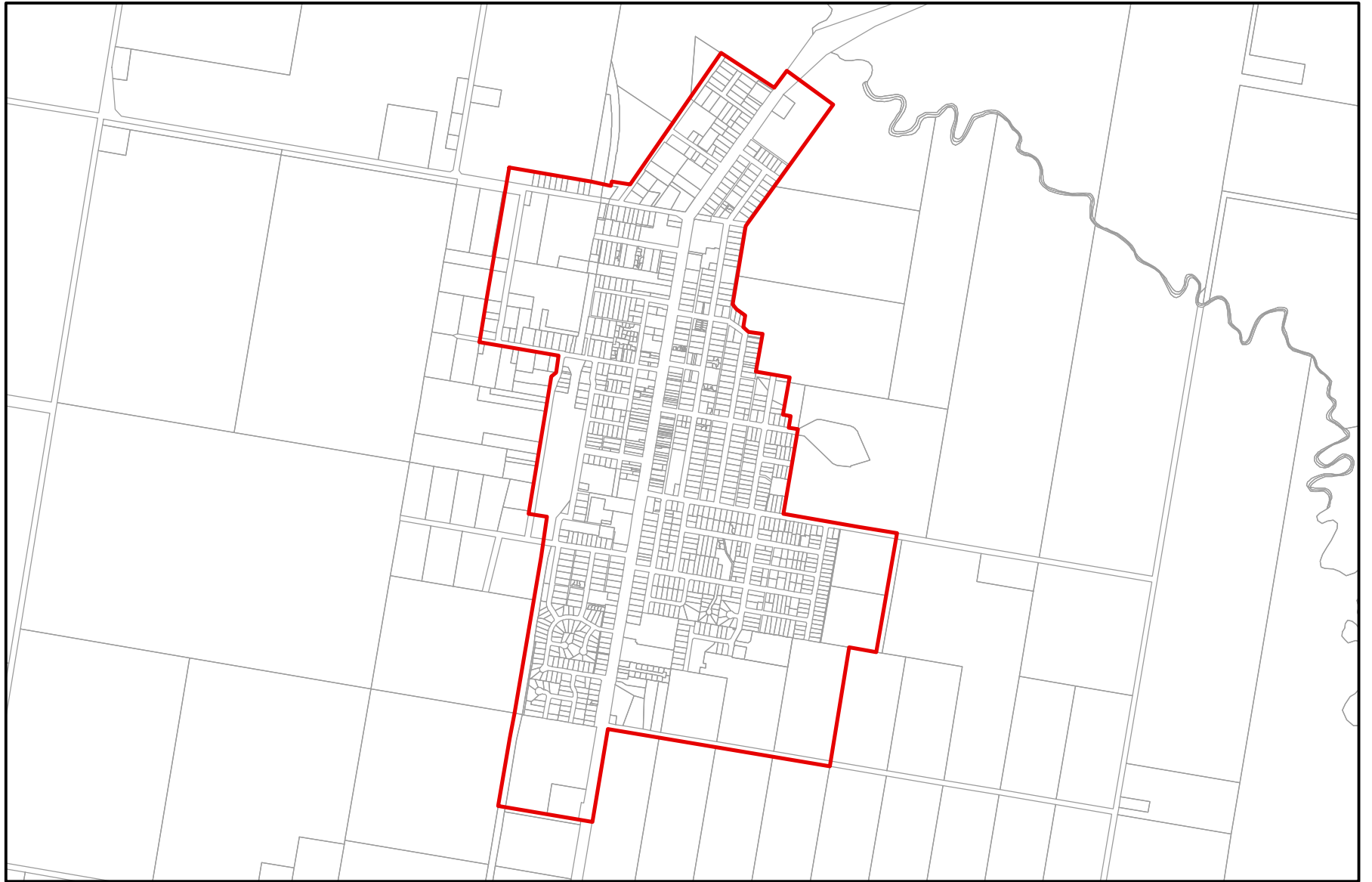




Standard new customer contribution boundary  
Wonthaggi







Standard new customer contribution boundary  
Yarram

