

Response to ESC Draft Decision on CHW PR23



Price Submission 2023-28

30 September 2022



Growth Planning

We further convey our disappointment that assets identified for inclusion within the Capital Expenditure for Growth Infrastructure in CHW PR23 will not fulfill the requirements for servicing the identified growth in the City of Ballarat. The risk of repeating recent shortcomings in the provision for infrastructure to accommodate population growth in Ballarat and providing a minimum 15-year land supply to the region is significant.

In addition, the absence of the draft decision to commit to detailed planning, design and shovel-ready documentation poses major ramifications. Ramifications experienced by developers (and indirectly by CHW) during the current CHW PR18 period through the provision of interim and temporary infrastructure solutions.

Whilst the northwest and western growth areas are “not yet subject to a rezoning application” the commitment and resolution of the City of Ballarat is clear:

“At the meeting of 16 September 2020, Council acknowledged limited greenfield land supply as the existing Ballarat West growth area develops. The need to expedite planning for growth areas is a priority as the city is projected to grow to 185,000 by 2040-41.”

“Without planning for additional land, growth area supply will effectively exhaust from 2025-26 from when lot production per year will decrease significantly to the low 100s per year.”

In response to the immediate land supply crisis in Ballarat, City of Ballarat formulated the following resolution, which was unanimously accepted by the Councillors, at its February 2022 meeting:

Apply to the Minister for Planning in accordance with Section 8A (2) and (3) of the Planning and Environment Act 1987 to obtain authorisation to prepare Amendment C221ball to the Ballarat Planning Scheme, by:

1. **a) rezoning the growth areas to the Urban Growth Zone in accordance with Attachments E, F and G; (Attachments E, F & G identified the Northern Growth Area, Northwestern Growth Area and the Western Growth Area)**

The draft decision response on delaying growth planning poses significant concern in consideration of delivering land to address the City of Ballarat’s land supply priority.

“the expenditure included in Central Highlands Water’s forecast for the next regulatory period should be reallocated into the 2028–33 regulatory period, alongside the remainder of the relevant projects’ expenditure. We agree with our consultant’s view, noting this is an appropriate approach to address timing risk on behalf of customers.”

The suggestion to delay expenditure and the subsequent planning, design and ‘shovel-ready’ documentation to PR28 would further delay the delivery of vital infrastructure to support the growth of Ballarat, which has currently (as outlined in PR23) been programmed for 2028-29 and 2029-30.

During the current CHW PR18 period interim and temporary infrastructure to support Ballarat’s strong growth rate was predominately driven by developers. Developers through the provision of temporary infrastructure (predominately sewer pump stations), at their cost with minimal reimbursement from CHW drove development to ensure Ballarat facilitated the high-rate of growth.

It is vital that CHW PR23 provides suitable expenditure to support and deliver the key planning, design and ‘shovel-ready’ documentation of the vital infrastructure required to support the continued high-rate of growth in Ballarat.

New Customer Contributions (NCC's)

The introduction of revised NCC's in future growth areas is supported in principle by Integra and generally the greater Ballarat development community. NCC's provide the opportunity to introduce an equitable system that enables delivery of major infrastructure in new growth areas at minimal cost to Central Highlands Water. However, the implementation of revised contributions within the existing growth areas is considered inequitable.

In addition, the introduction of NCC's without robust planning and delivery outcomes (see above) is not a sustainable model. The introduction of revised (increased) NCC's in new growth areas, will significantly diminish the appetite of developers to continue to deliver interim and temporary infrastructure, without contribution. However, the construction of well planned, designed and shovel ready infrastructure by developers to support growth which is acknowledged (offset) by robust NCC's would be strongly supported.

There has been significant developer funded CHW infrastructure, primarily the provision of temporary pump stations (8No.) that have been delivered during CHW PR18, predominately without compensation/contribution. Subsequently, the introduction of new increased NCC's for future stages of these developments would be highly contentious.

Also, with Equity a key pillar of CHW PR23, it would not appear equitable that currently zoned land would incur increased NCC's towards infrastructure that was programmed to be delivered in previous Water Plans e.g., \$34m worth of growth infrastructure rolled over from CHW PR18 into CHW PR23.

The ability to introduce new, increased NCC's in the new Growth Areas is somewhat clearer, more tangible, and equitable and could potentially be further increased (if required) to support permanent assets that accommodate new growth.

The transparency and certainty that NCC's based on permanent well planned and designed infrastructure provides developers is strongly encouraged and supported. It is acknowledged that the provision of permanent infrastructure to support future growth areas will ultimately be borne by developers, facilitated through NCC's.

With robust planning and design of permanent infrastructure supporting NCC's, developers are provided with surety in the delivery of sewer and water supply infrastructure to support each of the current three (3) growth areas as outlined in the City of Ballarat Council resolution and potentially other future growth areas.

We support the provision of new (increased) NCC's that represent well planned and designed permanent infrastructure that delivers sustained growth.

We strongly discourage the introduction of the inequity that would be derived through the implementation of revised (increased) contributions within the existing growth areas.

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