New Customer Contribution Negotiating Framework

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1. Application of Negotiating Framework

This Negotiating Framework forms a part of GWMWater's approved price submission to the Essential Services Commission.

1.1 Purpose

This Negotiating Framework sets out procedural and information requirements relevant to services to which developer charges apply. It requires GWMWater and connection applicants 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 GWMWater.

The requirements set out in this negotiating framework are in addition to any requirements or obligations contained in 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, 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 GWMWater's decision by the Victorian Civil and Administrative Tribunal (VCAT).

1.2 Who this negotiating framework applies to

This Negotiating Framework applies to GWMWater and to any property owner - generally a property developer – that is a connection applicant who requests connection to GWMWater's works in accordance with section 145 of the *Water Act 1989*.

It also applies to GWMWater in responding to such requests from a connection applicant.

1.3. No obligation to provide service, good faith obligation

Nothing in the negotiating framework imposes an obligation on GWMWater to allow the Connection Applicant to connect to GWMWater's works or provide services to the connection applicant.

GWMWater can refuse its consent, consent, or consent subject to any terms and conditions that GWMWater considers appropriate, as provided under section 145(3) of the *Water Act 1989*.

However, GWMWater and the connection applicant must negotiate in good faith the price, terms and conditions for services sought by the connection applicant.

1.4 Timeframes

GWMWater 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 10 days of GWMWater's receipt of an application;

b) Finalise negotiations within 120 business days of the initial application or earlier as agreed for standard connections.

1.5 Commencing, progressing and finalising negotiations

Table 1 below provides an indicative timeframe regarding the process of NCC negotiations.

Step	Actions	Timing
1	Receipt of written application for connection	X
2	Parties discuss: the nature of the services required; any information to be provided by the connection applicant Parties agree: timeframes for negotiation and consultation; funding of investigation costs; and milestones Connection applicant pays application fee.	X + 10 Business Days
3	Connection applicant provides information to GWMWater	X + 30 Business Days
4	Where required, GWMWater consults with others potentially affected	X + 50 Business Days
5	All necessary information is received by GWMWater,	Y

	including: the completed application; the Connection Applicant's information; and consultation feedback where required.	
6	GWMWater provides Commerical Information and makes offer (in form of Notice).	Y + 20 Business Days
7	Parties finalise negotiations	Y + 70 Business Days

1.6 Provision of information by connection applicant

The connection applicant must provide sufficient information, as required by GWMWater, to enable the proper assessment of the application. The connection applicant also has an obligation to provide additional information if requested by the GWMWater.

Both GWMWater and the connection applicant will maintain information as 'Commercial in Confidence' as agreed.

1.7 Provision of information by GWMWater

GWMWater has an obligation to provide relevant information (including cost information) to the connection applicant in order for the connection applicant to either proceed / not proceed with the application.

1.8 Pricing Principles

GWMWater's new customer contribution and associated 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, GWMWater will also comply with:

a) The regulatory principles set out in clause 14 of the WIRO; and

b) The Commission's Pricing Determination

1.9 Consultation with affected parties

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

a) subject to legal confidentiality requirements, GWMWater may share any necessary information with others potentially affected to assess impacts
b) parties will allow sufficient time for reasonable consultation with affected parties to occur.

1.10 Payment of GWMWater's Costs

The connection applicant will be required to pay GWMWater an application fee and other investigation costs as agreed.

In circumstances where the development is part of the rural pipeline network and the development requires a 'standard water connection', developers will be required to purchase a water allowance.

All other associated connection fees and charges will be applied in accordance with the prices and pricing principles set out in the price determination made by the Commission for GWMWater.

1.11 Termination of negotiations

The connection applicant may elect not to continue with its application for a service to which a developer charge applies and may terminate the negotiations by giving GWMWater written notice of its decision to do so.

GWMWater may terminate a negotiation under this Negotiating Framework by giving the connection applicant written notice of its decision to do so where:

a) GWMWater believes on reasonable grounds that the connection applicant is not conducting the negotiation under this negotiating framework in good faith;
b) GWMWater reasonably believes that the connection applicant will not acquire be able to receive a service from GWMWater; or
c) An act of insolvency occurs in relation to the connection applicant; or
d) GWMWater reasonably believes that the Connection Applicant has provided false or misleading information.

1.12 Dispute resolution

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

After GWMWater 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 the various time lines, rights and processes are set out in the *Water Act 1989* and the *VCAT Act 1998*.

1.13 Giving notices

Address for notices:

GWMWater

PO Box 481

HORSHAM VIC 3402

1.14 Terms and abbreviations

Connection Applicant – The person making the application to connect to GWMWater's system.

Application – The formal request for servicing conditions made pursuant to Section 145 of the *Water Act 1989*.

GWMWater - means Grampians Wimmera Mallee Water Corporation. (ABN: 35 584 588 263).

Commission – means the Essential Services Commission of Victoria.

Price Determination - means the GWMWater Determination: 1 July 2023 – 30 June 2028, 23 June made by the Commission under section 33 of the Essential Services Commission Act 2001 and clause 8 of the Water Industry Regulatory Order 2003.

Standard Water Connection - a connection that does not service a household.

Primary Water Connection – a connection that services a household and has the benefit of providing a primary allowance of 730 kL.