

WOODLEA

25 May 2018

2018 water price review
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

water@esc.vic.gov.au

Issued via Email (original not following in mail)

Dear Sir / Madam,

Western Water - Water Price review

This letter is in response to the draft decision issued by the Essential Services Commission (ESC) on 27 April 2018 in relation to Western Water's price submission. The decision by the ESC to accept Western Water's price submission appears to have been done so without consideration of the points outlined in our letter dated 23 April 2018, specifically a review of the assumptions behind the calculation of New Customer Contribution rates and the forecast capital expenditure has not been undertaken.

A copy of our previous letter is enclosed for your consideration again. We would welcome the opportunity to assist the ESC and Western Water in engaging with industry bodies such as the Urban Development Institute of Australia (UDIA) to include an accurate forecast of lot production and accordingly review the capital works program and budget.

We appreciate the opportunity to contribute and provide feedback to Western Water's pricing submission and if you would like to discuss further please do not hesitate to contact the undersigned on [REDACTED]

Yours sincerely



Matthew Dean
Woodlea Project Director

23 April 2018

2018 water price review
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

water@esc.vic.gov.au
Issued via Email (original not following in mail)

Dear Sir / Madam,

Western Water - Water Price Review

Woodlea is a 7,000 lot master planned community located in Rockbank and has been one of Australia's fastest growing communities since launching 3 years ago having sold approximately 2,500 lots to date. Woodlea is located within Western Water's region and accordingly is a key stakeholder, we write to provide feedback to Western Water's recently submitted Price Submission for the 2018-2020 period.

After review of the submission we provide the following comments and recommendations for consideration by the Essential Services Commission (ESC) as part of the process.

1. NEW CUSTOMER CONTRIBUTIONS (NCC'S)

Section 15 of the submission relates to the setting of New Customer Contributions (NCC's) as well as forecast NCC revenue.

Tables 24 and 25 relate to the forecast review generated from collection of NCC's which is driven by Western Water's assessment of NCC lots. The estimate of the number of greenfield lots produced appears to be very conservative and not reflective of current or anticipated volumes. Woodlea has sought recent sales data for the catchment area on the basis that this provides the best guide to forecast creation of lots and NCC payments over the next two years. 'National Land Survey Program' data provided from Research 4 calculates the number of greenfield sales across Melton, Sunbury and Bacchus Marsh in the 18 months prior to March 30, 2017 to be 7,794 lots. All of these areas are located within Westerns Waters catchment with the exception of small parts of Melton East, this suggests Western Waters estimate of 1773 lots is grossly under estimated. This is further compounded by the recent approval of PSP's in Plumpton & Kororoit and soon to be approved PSP's in Sunbury, which will bring an unprecedented increase in the level of activity in the next 12 months. By under estimating the number of lots Woodlea is concerned the scheduling and budget for capital works will be insufficient.

Recommendation: The ESC engage with the relevant local municipalities and industry bodies such as the Urban Development Institute of Australia (UDIA) to obtain an accurate forecast of lot production and accordingly review of the capital works program and budget.

The proposed increase in NCC's at 36.7% over 2 years is excessive and not reflective of similar water retailers such as the adjacent City West Water. Given Western Water is no longer providing recycled water to new developments the direct comparison of NCC's in 2020 is as follows:

City West Water (Sewer and Water) \$1,382.58

Western Water (flat rate regardless of service) \$5,900.00

Western Waters Fees are 327% higher than City West Water which are also challenged with the significant growth. Home owners should not be burdened with the additional cost.

Recommendation: Western Waters NCC's be reviewed and brought into line with the Melbourne Metropolitan water retailers.

2. CAPITAL WORKS PROGRAM

A review of the capital works program in appendix 4 lacks detail and transparency. However, from the limited information provided, the funds allocated for infrastructure in the Woodlea precinct is significantly less than what is forecast. Woodlea have worked proactively provided to Western Water a realistic program for delivery of major infrastructure to assist preparation of the water plan 4. Please see attached letter dated 10 July 2018 addressed to Western Water. Note all assets and timing shown on the drawings are with areas which have planning permits and active works under construction.

The Aintree Pump Station has been identified in the report as a significant project. Woodlea have worked closely with Western Water on the design and delivery of the pump station, it is noted that the capital allocation in the Price Submission for this project is grossly under estimated at \$2.342m as the estimated costs provided to Western Water are approximately \$8m.

The following table that is has also been provided to Western Water and provides a breakdown of the key infrastructure that is forecast to be constructed timing over the next 2 years.

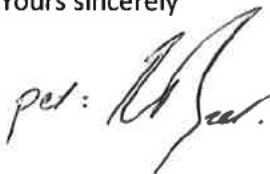
WOODLEA WESTERN WATER REIMBURSABLE ASSETS ANTICIPATED DELIVERY IN CORPORATE PLANS 2018-19 & 2019-20			
Updated	01-03-18		
Red text updates reflect WW advice at meeting of 1/02/2018			
Water Infrastructure	Commencement	Completion	Estimate
Stage 40 - 450mm DW (321Lm) (WW code 851)	13-05-18	FY18/19	\$ 269,379
Stage 41 - 225mm DW (240Lm) (WW code 1754)	17-06-18	FY19/20	\$ 57,240
Taylor's Road Phase 3 375mm DW & 300mm DW (WW1962) & 225mm DW to Stage 41 (WW1754)	01-02-19	FY19/20	\$ 892,000
Stage 43 - 450mm DW (224Lm) (WW861 & 2004), 375mm DW (40Lm) (WW2865), 225mm DW (300Lm) (WW1754)	16-09-19	FY19/20	\$ 293,436
Sewer Infrastructure			
Stage 32 - 300mm BS (252Lm) (WW codes 2033 & 203A)	05-02-18	FY18/19	\$ 248,400
Stage 34 - 300mm BS (242Lm) (WW code 7033)	19-03-18	FY18/19	\$ 252,608
Stage 36 - 300mm BS (320Lm) (WW code 2034)	01-05-18	FY18/19	\$ 203,665
Stage 38 - 750mm BS (294Lm) (WW1320), 600mm BS (113Lm) (WW1363), 300mm BS (212Lm) (WW955)	26-03-18	FY18/19	\$ 2,306,632
Stage 41 - Woodlea Precinct 3 - ISI/s SPS (WW1158), 150mm SRM (550Lm), 525mm SRM (550Lm) (WW1325) Incl Taylor's bridge crossing (Note 3)	15-11-18	FY19/20	\$ 1,591,920
Bonnie Brook SPS - Woodlea Precinct 3 325/s	15-11-18	FY19/20	\$ 7,128,000
			\$ 13,243,280

The total forecast capital expenditure on Western Water funded projects is estimated at approximately \$13.2m however it is noted that in Table A5 of Appendix 4 the capital allocated to the 'Rockbank Catchment' is just \$1.996m. Given that these projects are located within areas that have planning permits, include pre-sold lots and designs and construction are well advanced, the projects should be included within Western Water's capital expenditure program and not subject to bring forward costs.

Recommendation: The ESC and / or Western Water provide a plan or breakdown of infrastructure timing in the growth corridors to ensure timely delivery in line with forecast development rates.

We appreciate the opportunity to contribute and provide feedback to Western Water's pricing submission and would welcome the opportunity meet and discuss our concerns highlighted above. Please do not hesitate to contact the undersigned on [REDACTED]

Yours sincerely

Handwritten signature of Matthew Dean in cursive script.

Matthew Dean
Woodlea Project Director

Our Reference 303450/R3

10 July 2017

Mr. Robert Murphy
General Manager Capital Program & Delivery
Western Water

[Redacted]

Via Email (original not following in mail)

Dear Rob,

Woodlea Estate – Water Plan 4 Capital Allocations

At Woodlea's meeting with Western Water of 16 June, Spiire/ Woodlea undertook to provide forecast dates for sewer and water shared assets in the Woodlea Estate north of Taylors Road. These dates are marked up on the attached strategy plans and reflect Woodlea's realistic development program, noting that most of the works will be within Precinct 3, with the first stage starting construction at the end of this year.

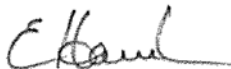
You will also note that the construction of the Frontier Avenue extension along the west side of the Active Open Space and the Government Secondary School are timed to align with the development of the open space and expected land transfer of the school site. Beattys Road between Leakes Road and Frontier Avenue will need to be constructed in conjunction with development of Precinct 5, so as to provide a further connection to Leakes Road as traffic volumes increase.

For context, the current Precinct 3 staging plan and the overall Estate Masterplan (identifying precincts 5 & 7) are also attached.

We ask that Western Water takes account of these delivery forecasts in the preparation of its Capital Works allocations to ensure sequential development of Woodlea is facilitated with the timely provision of sewer and water infrastructure funded in Water Plan 4.

These forecasts can be further discussed at our meeting of Friday 14th July.

Yours sincerely



Elizabeth Hamila
Principal – Spiire Engineering

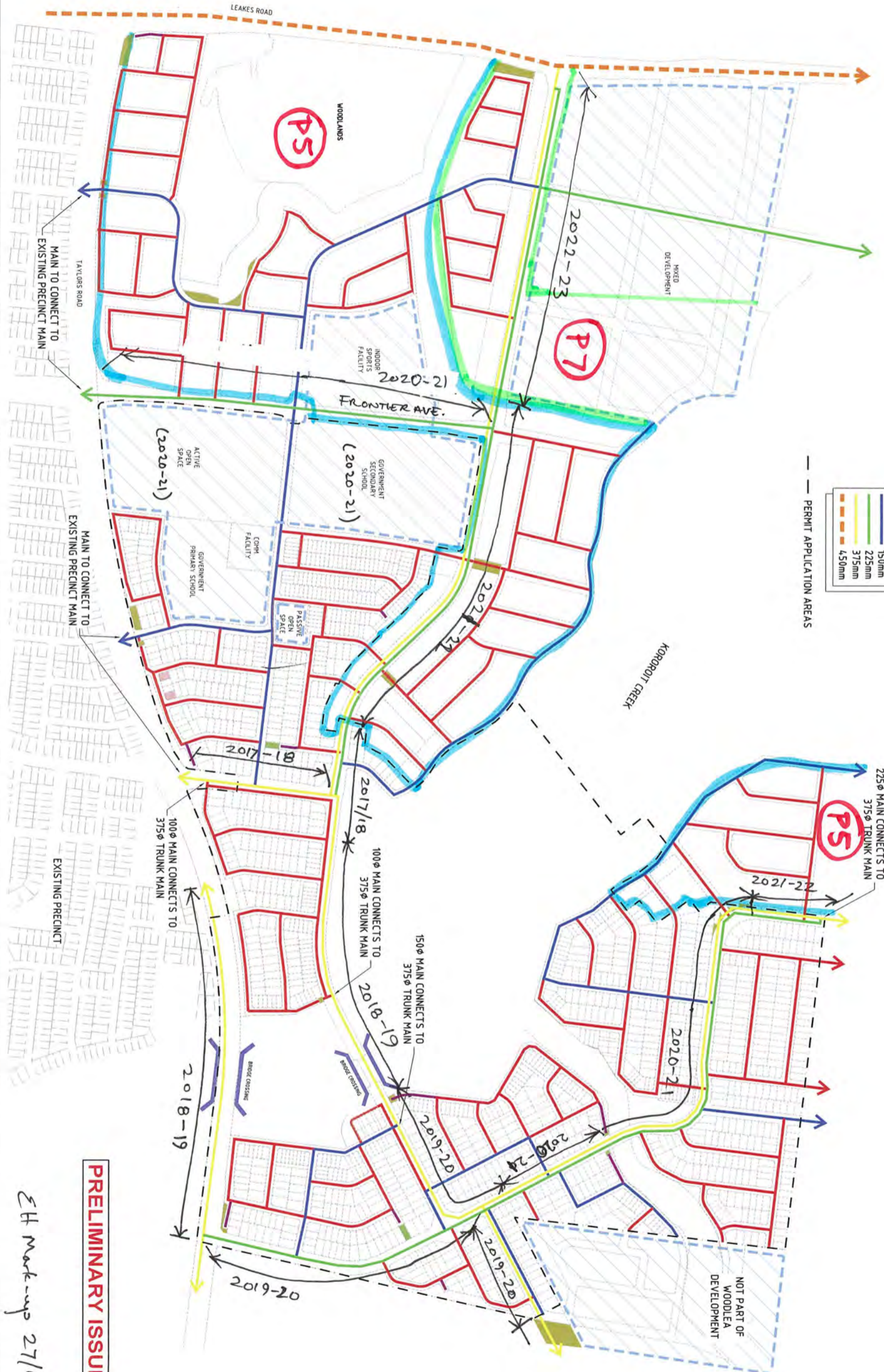
Enclosure 1. Woodlea Precinct 3 water and sewer shared assets – delivery forecasts
2. Precinct 3 Draft Concept and Staging Plan
3. Woodlea Estate Masterplan

Copy to: Charbel Youssef
Development Manager
Woodlea

Matthew Dean
Project Director
Woodlea

[Redacted]

[Redacted]



Rev	Amendments	App'd	Date
B	AMENDED AS PER WESTERN WATER COMMENTS	E.H	27.02.17
A	PRELIMINARY ISSUE	E.H	10.02.17

file name 303450605 Water Strategy DW (Precinct 3&4).dwg layout name G1-1
 file location G:\303450605\CAD
 created by Jayden Coakley plot date 28/2/2017 6:00 PM
 Standard Drawing R041 - Version 20150911

Scale
NOT TO SCALE

Designed	10.02.17
J. OSBORNE	
Checked	10.02.17
J. ROELHNER	
Authorised	10.02.17
E. HAWAIIA	

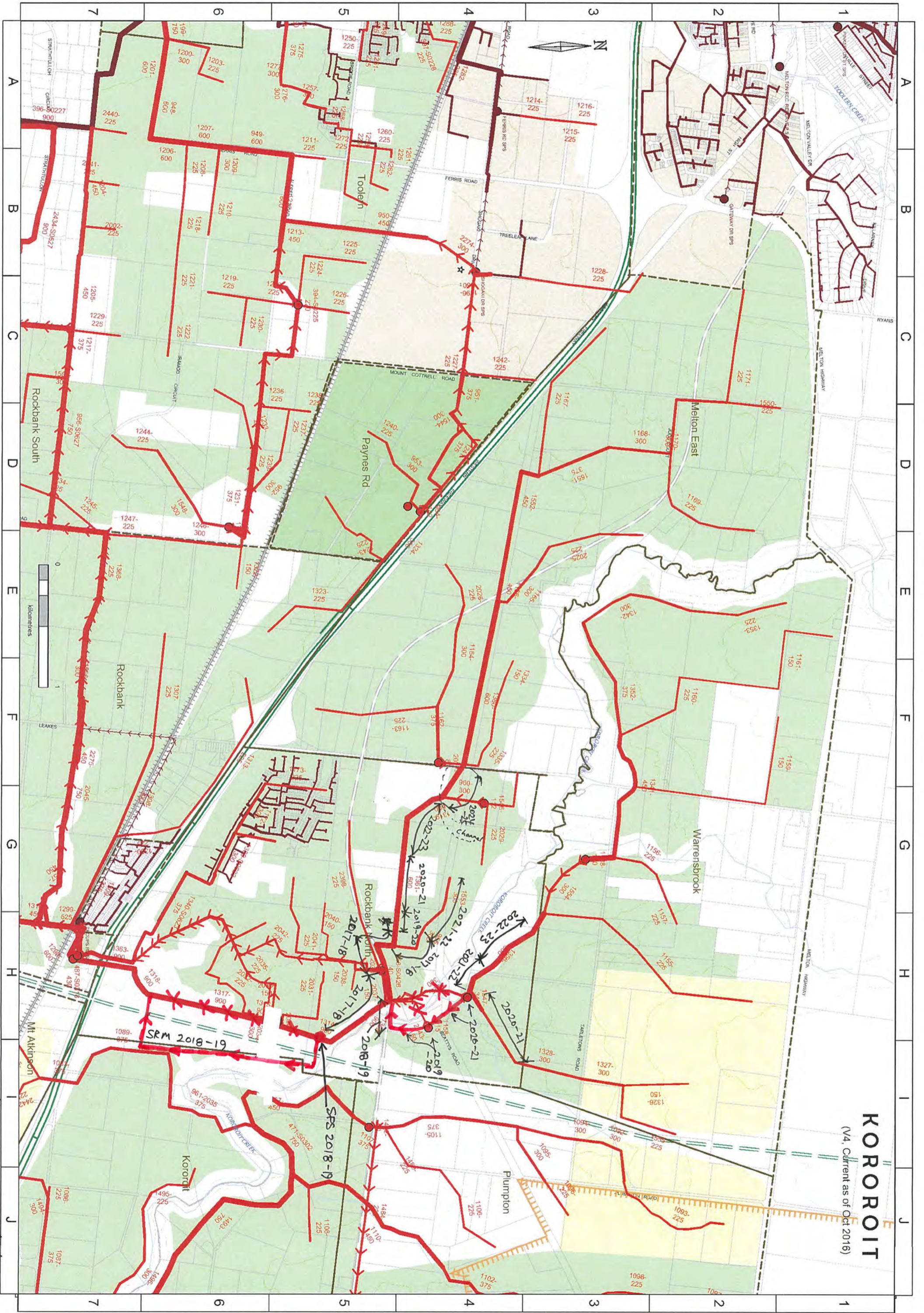
Map Reference 344 JS
 Sheet Number 01
 Dwg Status PRELIMINARY

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 465 La Trobe Street PO Box 16294 Melbourne Victoria 3007 Australia T 61 3 9933 7888
 spire.com.au

WOODLEA
spire
 WOODLEA
 PRECINCT 3 & 4
 POTABLE WATER PIPE STRATEGY
 LAYOUT PLAN
 MELTON CITY COUNCIL
 LEAKES ROAD ROCKBANK PTY. LTD.
 Rev B
 Dwg No 301944R01

EH Mark-up 27/6/17

PRELIMINARY ISSUE



EH markup 27/6/17

KOROROIT
(V4, Current as of Oct 2016)

LEGEND

- Permit 3 Application Area
- Staging Boundary
- Rockbank PSP Boundary
- Active Open Space
- Passive Open Space
- Landscaping / Tree Reserve
- Kororoit Creek Corridor / Below Q100
- Waterways - Drainage Reserve / Flooding
- Waterways - Stormwater Wetlands
- Conservation - Native Vegetation
- Q100 Flood Line
- Rural Conservation Zone (RCZ) Boundary
- Biodiversity Conservation Strategy - Area 15
- Indicative Wetlands / Gross Pollutant Trap
- Indicative Wetlands / Subject to further detailed design
- Indicative Wetlands / Subject to further detailed design
- Heritage Site
- Community Facility
- Government Education Facility (Primary)
- Government Education Facility (Secondary)
- Conventional Density Lots
- Medium Density Super Lots
- Small Housing Lots
- Small Housing Lots - Subject to the Small Lot Housing Code
- Native Vegetation designated to be protected under the WVP for Woodlea North
- 6 Lane Arterial Road (41m)
- Entry Boulevard Connector 1 (34m)
- Entry Boulevard Connector 1 (33m)
- Connector Road with Shared Path (27m)
- Connector Road (25m)
- Access Street Level 1 - Taylors Road with Swale (24m)
- Access Street Level 2 (Modified for shared pedestrian path network 22m)
- Access Street Level 1 (Modified for shared pedestrian path network 21m)
- Access Street Level 1 (Modified for overland flows 21m)
- Access Street - for fire protection (19m)
- Access Street Level 1 Edge (Modified for shared pedestrian path network 18.8m)
- Access Street Level 1 Edge - School Edge (17.0m)
- Access Street Level 1 Edge - Taylors Road (17.0m)
- Access Street Level 1 Edge (14.1m)
- Access Street - Modified for fire protection / BAL 19 (14.5m)
- Access Street Level 1 Edge (13.5m)
- Mews / Shared Drive - Taylors Road (13.0m)
- Connector Road Bridge Crossing (13.0m)
- Mews / Shared Drive (12.0 - 10.0m)
- Laneway (7m)
- Metropolitan Trail (3m)
- Shared Path Network (3m)
- Shared Path Network (2.5m)
- Signalised Intersection
- Vehicular Bridge
- Pedestrian Bridge
- Pedestrian Crossing - Signalised
- Left in / Left out
- Roundabout
- Controlled 4-way

Staging Lot Yield

Stage	Area (Ha)	No. of Lots	% of lots	NDA	Dwelling / Ha >
Stage 38	15.99	90	8.5%	7.04	12.78
Stage 39	9.26	66	6.2%	5.94	11.11
Stage 40	3.05	50	4.7%	2.92	17.14
Stage 41	2.80	46	4.3%	2.80	16.45
Stage 42	7.27	58	5.5%	4.58	12.66
Stage 43	2.77	45	4.2%	2.85	15.79
Stage 44	5.70	50	4.7%	5.32	9.40
Stage 45	3.87	47	4.4%	3.87	12.15
Stage 46	4.05	56	5.3%	3.66	15.28
Stage 47	4.45	50	4.7%	4.45	11.23
Stage 48	2.10	28	2.6%	2.10	13.32
Stage 49	6.54	59	5.6%	4.12	14.32
Stage 50	4.42	49	4.6%	4.12	16.21
Stage 51	4.56	69	6.5%	4.56	15.13
Stage 52	2.62	50	4.7%	2.62	19.08
Stage 53	2.55	46	4.3%	2.55	18.07
Stage 54	2.87	34	3.2%	2.87	11.87
Stage 55	5.44	75	7.1%	5.44	13.79
Stage 56	10.45	62	5.8%	5.44	10.88
Stage 57	14.21	31	2.9%	5.80	5.34
Kororoit Creek Corridor	33.30	0	N/A	0.17	N/A
Total	148.54	1061	100%	82.53	12.86

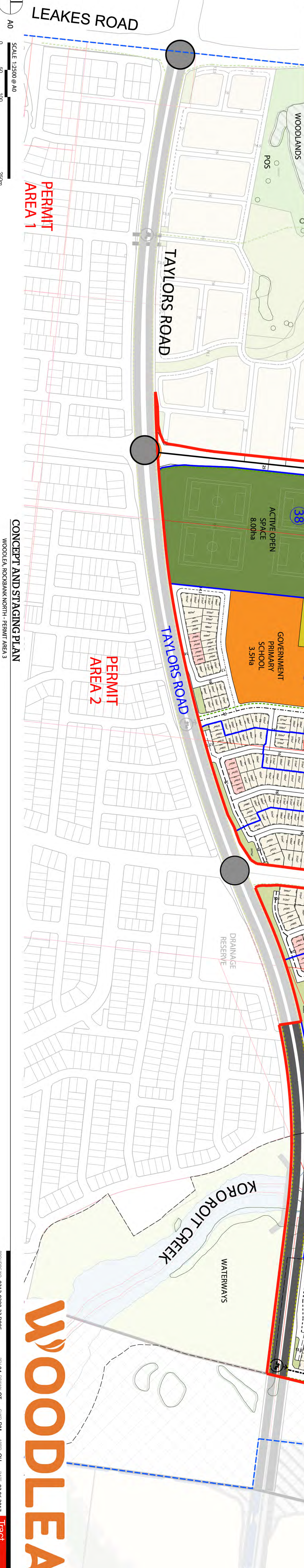
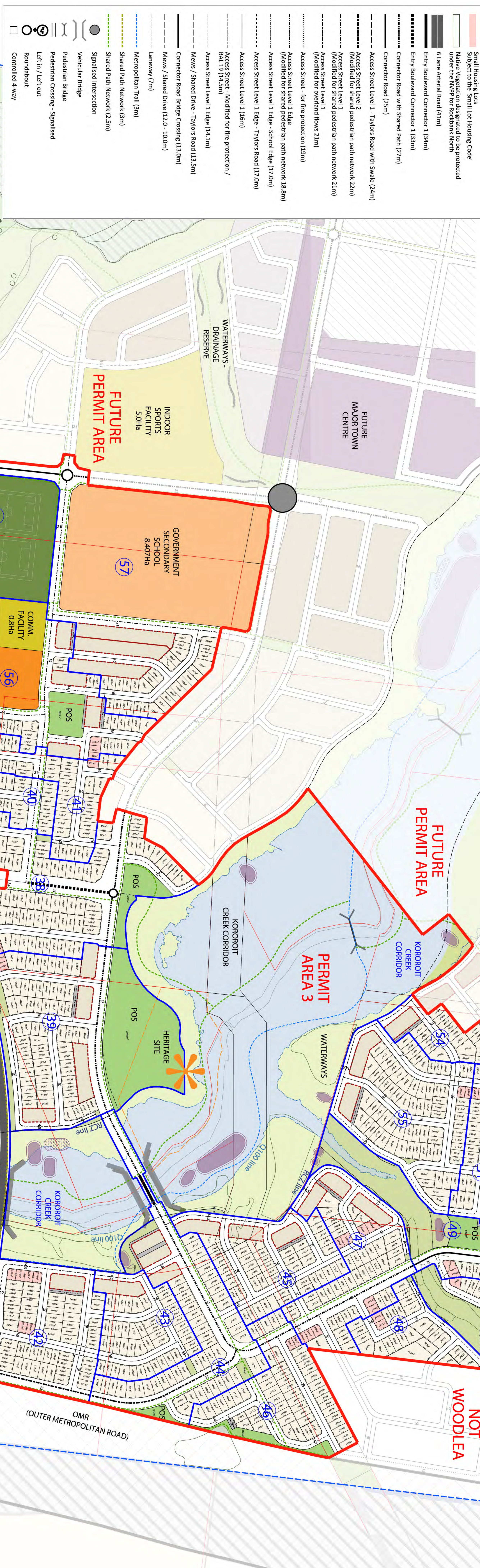
**Areas based on Tract Precinct 3 Concept Plan, dated 2017-06-02*
#Areas in land budget have been rounded from four to two decimal places and may be subject to rounding adjustment (+ or -) No of lots, NDA and Dwelling / Ha excludes MD Super Lots and associated driveway areas.

Development Statistics - Permit 3 Application Area

Land Use	Area (Ha) * #	% TSA	% NDA	% NPA
Permit 3 Areas - Indicative Boundary	148.54	100%		
Government Education Facilities - Primary	3.50	2.4%	4.24%	4.24%
Government Education Facilities - Secondary	8.41	5.7%	10.19%	10.19%
Community Facility	0.80	0.5%	0.97%	0.97%
Arterial Road Widening	2.68	1.8%	3.25%	3.25%
Waterways - Drainage Reserve / Flooding	4.43	3.0%	5.36%	5.36%
Waterways - Stormwater Wetland	10.41	7.0%	12.61%	12.61%
Kororoit Creek Corridor	22.73	15.3%	27.54%	27.54%
Active Open Space	8.00	5.4%	9.70%	9.70%
Passive Open Space	5.02	3.4%	6.08%	6.08%
Conservation - Native Vegetation	0.04	0.0%	0.05%	0.05%
Net Developable Area (NDA)	82.53	55.6%	100%	
Roads (Includes Landscaping / Tree reserves, laneways and mews)	31.15			37.7%
Residential lots (Conventional, Medium and High Density)	51.39			62.3%
Total Number of Dwellings	1061			
Dwelling Density (Dwellings / NDA)	13			

Permit 3 Application Area - Lot Mix	Area (Ha)	No. of lots	Ave. Lot Size	% of lots
Conventional Density Lots (21m and 25m depths)	44.14	998	442	91.9%
Small Housing Lots (21m depths)	2.05	63	326	5.8%
Indicative Medium Density Super Lots (Providing for indicative yield of 218 medium density lots)	5.20	25		2.3%
Total	51.39	1065	473	100.0%

**Areas based on Tract Precinct 3 Concept Plan, dated 2017-06-02*
#Areas in land budget have been rounded from four to two decimal places and may be subject to rounding adjustment (+ or - 0.01). #Yield for medium and high density is subject to future subdivision of superlots and is indicative only.





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- Active Open Space
- Passive Open Space
- Linear Open Space
- Landscaping / Tree Reserve
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- Waterways - Drainage Reserve / Water Treatment
- Conservation - Native Vegetation
- Q100 Flood Line
- Rural Conservation Zone (RCZ) Boundary
- Biodiversity Conservation Strategy - Area 15
- Indicative Wetlands / Gross Pollutant Trap
- Indicative Rain Gardens
- Heritage Site
- Community Facility
- Government Education Facility (Primary)
- Government Education Facility (Secondary)
- Non Government Education Facility (Primary)
- Major Town Centre
- Mixed Use
- Local Activity Centre
- Conventional Density Lots
- Medium Density Super Lots
- Small Housing Lots
- 6 Lane Arterial Road (41m)
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