



Australia's property industry

**Creating for Generations**

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Kate Symons

Commissioner and Chairperson

Essential Services Commission

Level 8, 570 Bourke Street

MELBOURNE, VIC, 3000

**Property Council of Australia response to the *Resetting the greenfields underground negotiated electricity connection customer service standards* prepared by the Essential Services Commission**

Dear Commissioner Symons,

Thank you for the opportunity to be consulted and respond to the *Resetting the greenfields underground negotiated electricity connection customer service standards* consultation paper, issued on 12 December 2022.

The Property Council of Australia welcomes the opportunity to provide input into ongoing policy development and process improvements on electricity connections, and the opportunity for further workshopping and dialogue with our members on continuous improvement initiatives. Our members are delivering thousands of new dwellings each year in Victoria and more timely electricity connections will ensure a greater pace of housing delivery to help address our current shortfall of new housing completions each year.

Through this iterative process and with frequent discussion with industry and policy makers, our response and ongoing dialogue is aimed to take these initial ideas and shape them to make it as practical and collaborative for developers, and the property industry as a whole, ultimately delivering solutions to Victoria's housing shortage.

This response provides some general comments on the proposed policy, followed by the answers to the specific questions the Essential Services Commission seeks.

For more information or to clarify anything contained within this response, please contact Lisa Julian, Policy Manager, on [ljulian@propertycouncil.com.au](mailto:ljulian@propertycouncil.com.au) or 0467 031 427.

We look forward to continuing the conversation with the Essential Services Commission on this and other matters.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Cath Evans', written in a cursive style.

**Cath Evans**

**Executive Director, Victoria**

**Property Council of Australia**

## Property Council response to the consultation paper

We welcome the ESC's ongoing efforts to ensure electricity distributors are transparent. Transparency assists to see which organisations are improving and provides for a more continuous improvement ethos across the industry.

The Property Council of Australia believes to ensure effective delivery of housing, clear and regular collaboration between industry, government and the distributors is instrumental to ensure a process that is as seamless as possible, that ultimately helps with delivery of new built form. Transparent and continuous reporting requirements for distributors will benefit the property industry and time, effort, and staff requirements will likely be reduced once these process improvements are implemented.

### About the Property Council

The Property Council is the leading advocate for Australia's property industry; an industry that accounts for 13 per cent (\$202.9 billion) of Australia's GDP, and the largest Australian employer, contributing to over 1.4 million employees.

In Victoria, property contributes \$58.8 billion to Gross State Product, making up to 13.8 per cent of the Victorian economy. It employs one in four working Victorians, employing more than 390,000 people directly and supporting more than 471,000 workers in related fields. It pays 59 per cent, or \$17.9 billion, in tax revenue, and pays more than \$21 billion in total wages and salaries per year, being approximately 27.9 per cent of wages and salaries paid to Victorian workers.<sup>2</sup>

Our members develop, invest in, design, build and manage the places that matter most to Australians – our homes, shopping centres, office buildings, industrial areas, retirement villages, education, research and health precincts, tourism, and hospitality venues and more.

### Background

Within Victoria, there are currently two standards that apply to distribution businesses. As residential developments in greenfield areas are identified as 'non-standard', they are not beholden to the mandated timeframes for electricity connections present in 'standard' developments. As a result, developers enter negotiations with distribution businesses to connect new developments to the electricity grid. Currently, there is no obligation for works to be completed within a given timeframe.

The timeliness of electricity connections has been an ongoing issue for Property Council members and was highlighted in our submission to Better Regulation Victoria regarding the Planning and Building Approvals Process Review<sup>1</sup>. The Property Council has been represented on the ESC governance committee since it was founded in 2018. While we acknowledge that some improvements have been made, efforts for further improvements and continued transparency is welcomed by the industry.

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<sup>1</sup> [Planning and building approvals process review | Victorian Government \(www.vic.gov.au\)](https://www.vic.gov.au/planning-and-building-approvals-process-review)

The Property Council of Australia also welcomes the concurrent work by the Department of Energy, Environment and Climate Action (DEECA) to ensure appropriate regulation for timeliness. While we see the benefit of the stick approach of an imposed penalty if and when a distributor is not improving, we also see the benefit of the carrot approach too. With that in mind, we would recommend introducing accolades or awards for distributors when they have reached a <sup>2</sup>certain level of process and time improvement. This would incentivise further improvements across the industry.

### **Statement of Compliance**

Obtaining a statement of compliance at completion is currently a lengthy process. Stages can be held up due to cosmetic non-compliances which have no bearing on the integrity of the network. Concrete splashes and light pole issues, which are council assets, have prevented a statement of compliance from being issued previously. While non-compliances should be resolved, they should be linked to the tie-in phase of a project rather than the statement of compliance. In operation, this approach would be similar to a civil defects liability period which holds the contractor liable to repair defects. The statement of compliance should be processed in tandem while minor defects are rectified.

From the industry consultation we have undertaken, there are times in the process that the site needs to stop work completely. We have been informed by industry this only occurs within AusNet but is something that needs to be looked at to improve the process as it is becoming a serious issue. These stoppages increase the construction time, delivery cost and impinge on the delivery timelines of the housing stock.

### **AusNet's 3-strike policy**

AusNet's current system does not allow for concurrent designs to be completed, reviewed, and approved within the same project. Currently, work can only be completed on one design at a time, via locking-out the drawing, creating a backlog of work for subsequent stages. This puts additional pressure on the design review and approval timeframes, as future designs cannot commence until the current one is completed, creating delays and stop works on sites while the administrative side of the process is being completed. This is then compounded by the fact that AusNet's 3-strike policy (where if Final Audits aren't completed within 90 days of tie-in, the Developer gets a strike on their record, and three strikes removes the ability for Statement of Compliance to be given) requires additional drawing amendments too.

### Case study

“For a Final Audit to be completed, “tie-in details” are required to be added onto previously completed drawings, meaning that these plans need to be “locked-out” again, resulting in future designs not progressing in the timely manner they would have otherwise and again creating another bottleneck of approvals and delays on the ground for works to be completed.

For context, previously we have been advised by our Electrical Designers, we need to choose between updating previous drawings to achieve Final Audit Compliance and avoid potential “Strikes” on the record, or whether to continue forward on future designs”.

### Review process for concurrent design submission

As outlined, there is currently a linear approach for the distributor completing its connection. If AusNet were to review its current drawing system to allow concurrent designs to be submitted and reviewed for approval, this would greatly remove an administrative delay in the already stretched delivery timelines. This would assist industry to deliver and may reduce some of the overall cost.

### Different design standards for each distribution business

We note you have said in your consultation report, “While we anticipate each distribution business will

### Case study

“One of our stakeholders’ projects currently has 20 stages (almost 700 lots) that are going through electrical design submissions and approvals, but as opposed to completing these concurrently to gain efficiencies and compress the timelines, designs need to be completed, submitted, and then wait for approval before the next one can commence.

Add onto the need to complete Final Audits on at least another five stages in the next few months and the timelines start to become of concern for future delivery.

“If we look at the 15 Business Days for review and approval as committed to in the Consultation Paper and ignore the time taken to design each stage, to have all 20 stages approved, is 300 business days – 60 weeks from start to finish.”

negotiate different standards, we require that the standards include the following three components:

1. An overarching **customer outcomes statement** setting out what a distribution business expects to deliver over the next two years in relation to negotiated connections. This includes the

engagement principles that the distribution businesses will follow when working with developers to connect new residential developments in greenfields areas.

2. A requirement to form a **consultative committee** that meets quarterly to discuss improvements in negotiated connections.
3. A **performance reporting framework** that distributors are to report against to us every six months.”

We see the merit in the above approach and welcome the collaboration between parties. However, some distributors have chosen to meet with their consultative committees every six months, which we feel is a happy medium to continue to track progress without burdensome administration.

“A continued need to keep distributors accountable for their performance in connecting new housing developments,” resonates with the Property Council of Australia.

### Questions posed in the consultation paper

Do stakeholders support the proposal for the greenfields underground negotiated electricity connection customer service standards to be extended to three years? If not, why?

We support this as this time frame will have allowed the changes to be embedded, and understand that often a change process can take some time to come into effect.

Noting that CitiPower and Powercor did not achieve the performance levels of the metrics it proposes to remove (particularly the time to review master plans), do stakeholders support its proposal to reduce the number of performance measures it reports on? If not, why?

We note that some distributors have chosen to reduce the number of metrics they report on. We support the streamlining of process if that assists a distributor to deliver more quickly and efficiently, while still being mindful of its customer expectations. However, in this instance, both of these distributors need to re-examine their operations, so they can deliver in a timely way, and provide evidence of their improvements to both customers and their respective boards.

Do stakeholders agree with Jemena’s approach to continue reporting on the same performance measures for 2023 - 25? If not, why?

We note that Jemena approach to continue reporting the same metrics and have also noted its improvement in response time. Consistency and certainty is supported by the Property Council and the property Industry as a whole. Yet, the timelines reported on are not in keeping with what the projected timelines are, so there has been time creep.

Do stakeholders support United Energy's proposed changes and approach to its reporting metrics, particularly the reduced number of performance measures? If not, why?

We note that United Energy is achieving 100% of its objectives according to its reporting. Therefore, we support it reducing the number of its reporting metrics.

Do stakeholders support CitiPower and Powercor's proposed approach of having consultative committee meetings every six months, rather than quarterly? If so, would stakeholders expect CitiPower and Powercor to provide its consultative committee with quarterly reports against their performance metrics? If not, why?

Reporting should be undertaken on a bi-annual basis: data needs to be current enough while allowing most sites to go through the process.

Provided the distributors achieve their timelines within a plus/minus of 5 per cent, we support reducing the committee meetings to every six months and see the benefit in doing so. We do not see the merit in supporting quarterly updates for the committee if the meetings are to be every six months, as this is deemed to be a waste of resourcing and contradicts process improvement.

Is AusNet Services' current approach of quarterly meetings with its developer consultative committee meeting the needs of key stakeholders? If not, why?

Overall, yes, although it would assist if material can be distributed earlier ahead of meetings, but material is always comprehensive.

Do stakeholders consider that individual one-on-one industry stakeholder engagement is the best practice for engagement with Jemena, and that it meets the needs of key stakeholders (such as the ability to have one point of contact to allow issues to be raised)? If not, why?

The Property Council sees the merit of both one-on-one and also round table discussions. Often, round table discussions can bring forth further discussion, due to a sharing of ideas. Round table discussions will result in time savings and lower costs, however, the Property Council absolutely supports commercial in confidence discussions and negotiation.

Do stakeholders support United Energy's proposed approach of having consultative committee meetings every six months, rather than quarterly? If so, would stakeholders expect United Energy to provide its consultative committee with quarterly reports against their performance metrics? If not, why?

We would welcome distributors achieving their timelines within a plus/minus of 5 per cent and we support reducing the committee meetings to every six months and see the benefit in doing so. We do

not see the merit in supporting quarterly updates for the committee if the meetings are to be every six months, as this is deemed to be a waste of resourcing and contradicts process improvement.

Do stakeholders consider that each distributor's proposed customer outcomes statements meets the needs of industry stakeholders, and is well aligned with the outcomes that stakeholders expect? If not, why?

We see the statements as being appropriate, as they outline ensuring improvements can be made where practicable. We absolutely support, 'without compromising safety and reliability', that is highlighted in many of the customer statements. This is one of the tenets of the property industry, particularly on building sites.

We support the industry working together to achieve its outcomes in a safe and efficient way with appropriate and adequate training in all safety measures. We do not support shaving off time in a process if it is deemed to be unsafe.