2016 – 2020 Water Plan

What will our plan mean for you?

John Calleja
Managing Director
Goulburn-Murray Water
Agenda

1. Welcome
2. Forecast water availability
3. Providing services customers want
4. Investing in the future of our delivery system
5. Continuing to make operational efficiencies
6. Predictable pricing for the future
7. Transitioning to uniform fees across the GMID
8. Pricing changes for our Diversion & Drainage customers
9. How to provide your feedback outside of today’s session
10. Summary and close
Purpose:
We are here to share our proposed 2016-2020 Water Plan (Pricing Submission) to hear your thoughts.

Session Format:
Overview of key components of the plan, followed by a series of breaks to hear and discuss your feedback.
Constructive feedback – considerations, ideas or concerns.

Other Questions about GMW?
Talk to one of our staff after today’s session.
About Goulburn - Murray Water

• Victoria’s largest rural water provider - store, manage and deliver about 70% of the state’s water.

• Provide services to approximately;
  – 14,000 gravity irrigators,
  – 650 irrigators on pumped systems,
  – 1,100 domestic and stock customers,
  – 10,000 regulated and unregulated surface water diverters, and
  – 8,000 groundwater diverters.

• Provide water to urban water businesses, like Goulburn Valley Water and we provide water to environmental water holders for their environmental programs.
About Goulburn - Murray Water

• We manage 24 Dams and Reservoirs and 10 000km of delivery infrastructure ($4.1 Billion in Assets)

• Role of the Resource Manager – Seasonal Water Determinations and Allocations.

• We manage boating activities on some of our dams, lakes and reservoirs.
The Connections Project, a program designed to provide water savings, will modernise, upgrade and improve the water delivery system within the Goulburn Murray Irrigation District (GMID).

It is a $2 billion once-in-a-lifetime project funded by the State and Commonwealth Governments.
We are changing as we modernise our system

• We are moving away from a manual to an automated water delivery system, and it is changing the way we do business.

• Changes as a result, include;
  – More consistent levels of service for gravity customers across the GMID
  – We now operate and monitor our modernised water system centrally.
  – Our infrastructure spend based on condition and criticality.
  – Taking $20 million of costs out of the business.
  – A more resilient delivery system.
Our 2016 – 2020 Water Plan

What is it?
Outlines our proposed service standards, operating and capital expenditures and proposed pricing for our core services of water storage and delivery.

Why is it required?
The Plan is also our Pricing Submission to the Essential Services Commission. It is a regulatory requirement for the Essential Services Commission (ESC) to assess our pricing and service standards are fair and reasonable.
Water Plan development timeline

December 14 to July 15
WSC, Stakeholders, Customers, Agencies, Departments

May 15
Draft Water Plan to Minister

June / July 15
Customer and Stakeholder engagement, Fact sheets, Information Public Forums

August 15
Final Water Plan submission to ESC
The Balancing Act….Looking ahead

Prices
+3.1% p/a

Input Costs
+1.4% p/a

Production
+2% p/a

Net Farm Income
+6% p/a

Source: ABARES
Average annual change (Aust)
2010-11 to 2015-16(f)
The Balancing Act….Looking ahead
Forecast Water Availability across Northern Victoria
### 15 July 2015 Seasonal Determinations

<table>
<thead>
<tr>
<th>System</th>
<th>HRWS</th>
<th>LRWS</th>
<th>Low Risk of Spill Declaration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>37%</td>
<td>0%</td>
<td>Not declared</td>
</tr>
<tr>
<td>Broken</td>
<td>0%</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Goulburn</td>
<td>45%</td>
<td>0%</td>
<td>Declared 1 July 2015</td>
</tr>
<tr>
<td>Campaspe</td>
<td>50%</td>
<td>0%</td>
<td>Declared 1 July 2015</td>
</tr>
<tr>
<td>Loddon</td>
<td>39%</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Bullarook</td>
<td>0%</td>
<td>0%</td>
<td>-</td>
</tr>
</tbody>
</table>
## 2015/16 Goulburn & Murray Outlooks

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Goulburn</td>
<td>Wet</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>74%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Dry</td>
<td>51%</td>
<td>83%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Extreme Dry</td>
<td>45%</td>
<td>50%</td>
<td>59%</td>
</tr>
<tr>
<td>Murray</td>
<td>Wet</td>
<td>72%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>51%</td>
<td>82%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Dry</td>
<td>44%</td>
<td>65%</td>
<td>87%</td>
</tr>
<tr>
<td></td>
<td>Extreme Dry</td>
<td>39%</td>
<td>40%</td>
<td>45%</td>
</tr>
</tbody>
</table>
### 2015/16 NSW Murray General Security

#### Inflow

<table>
<thead>
<tr>
<th>Inflow</th>
<th>1 Sep 2015</th>
<th>1 Nov 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wet*</td>
<td>18%</td>
<td>71%</td>
</tr>
<tr>
<td>Average</td>
<td>1%</td>
<td>35%</td>
</tr>
<tr>
<td>Dry</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

General Security allocation = 0% at 15 July 2015

Wet* = 1 chance in 4 (25% probability of exceedance)
Projected GMID water delivery volumes 2016-20 (ML)
Medium to Longer Term Outlook

- Water predictions are always uncertain
- Long-term availability is likely to decrease
  - Drier climate = greater variability and less consistency

- What will this mean?
  - Reduced water reliability
  - Availability more variable
  - Increased risk of volatility in prices
We will provide the service levels our customers need
Service Standards

• Linked to Operating Costs (the costs of doing business)
• Are reported to the GMW Board and the ESC.
• 30 Service Standards Included in Water Plan 4
  • 7 new service standards proposed
  • 10 Refined to provide greater clarity.
  • 13 remain unchanged.
• Core Standards, Gravity, Diversions, Bulk Water, Pumped.
• We have heard that what is most important to you is that we provide consistent flow rates and supply levels.
Gravity Irrigation Service Standards

Service Levels to transition to a modernised system

1. % of Orders Delivered on Day Requested
2. % of Orders within +/-10% of flow rate for 90% of time.
3. % of Orders within +/-40mm of Supply Level 90% of time.
4. Having no more than 5 unplanned supply interruptions greater than 12 hours in pumped irrigation districts.
Providing levels of service our customers want

Seven new service standards based on customer feedback.

1. Processing 90% of change of ownership applications within 10 business days.
2. Responding to all customer complaints within 10 business days 100% of the time.
3. Resolving 50% of phone calls in the first call in 2016/17 and increasing the target by 2% per cent each year over the following 3 yrs.
4. Having no more than 5 unplanned supply interruptions greater than 12 hours in pumped irrigation districts.
Our new service standards

5. Notifying customers in pumped irrigation districts of system restoration times within 2 hours of an unplanned outage.

6. Announcing 100% of seasonal determination announcements for regulated systems on time.

7. Announcing 100% of risk of spill announcements on time.
We will continue to refine and provide our existing Services

- **Processing customers’ water entitlements quickly:** We will process allocation trade applications in five business days 90% of the time, and water share applications in 10 business days 95% of the time.

- **Helping customers with their questions and concerns:** We will answer telephone calls within 30 seconds 80% of the time.
We will continue to refine and provide our existing Services

- For **drainage customers**, we aim to provide surface and sub-surface drainage with 98% availability.
- For **pumped irrigation customers** we will deliver water orders on demand.
- For **stock and domestic customers** we will reduce the number of continuous supply interruptions of more than 96 hours.
- For **diversion customers** we will provide access to water by managing resources efficiently.
- For **bulk water customers** we will maximise opportunities to capture and store water, and release flows on demand.
Customer Service Standards

Tell us your thoughts:

Do you have any feedback on our proposed new customer service standards?

Do you have any feedback on our refined customer service standards?
We will continue to make operational efficiency savings
We will continue to make operating efficiencies

- During Water Plan 3 we are forecasting to have reduced our cumulative operational costs by ~$16 million against WP3 budget. This is in addition to $6m of savings included in our Water Plan 3.

- We plan to further reduce our operating costs by 2018 (procurement processes, reducing FTE by natural attrition and business improvements).

- Seek alternate revenue sources by offering our innovations to other organisations at commercial prices to offset our costs.
Our operating expenditure is forecast to be $399 million. This is just under a $100m per annum with $60m spent on irrigation, $30m on storages, $6m on diversions and $4m on customer services.
Operating Costs for Gravity

Operations

• Remote system monitoring and alarm management
• Manual Scheduling of orders in the Non-automated system
• Field Monitoring of the automated channel network
• Monitoring and Operation of the remaining non-automated section of the delivery network and drainage systems
• Meter Reading which is undertaken as a minimum 3 times per year
• Electricity supply and services.
Operating Costs for Gravity

Operations

- Motor Vehicle usage associated with operations activities
- Water Quality monitoring and stream flow monitoring
- Operation of Customer Service Centres
- Water Services Committee Operations
- Customer Relationship Consultants (Part funded)
Operating Costs for Gravity

Maintenance

• Aquatic and Terrestrial Weed control Channels, Waterways and drains
• Minor Earthworks including leak repair and beaching programs
• Repair and maintenance of piped infrastructure
• Channel desilting
• Annual proactive maintenance programs associated with electronic meters and automated regulators.
Operating Costs for Gravity

Maintenance

- Reactive maintenance associated with the automated network including replacement of batteries, sensors etc.
- Minor asset maintenance including facilities, bridge repairs, non-automated assets (dethridge wheels, manual regulators and drains etc).
- Planned asset inspections to determine Asset Condition Ratings.
- Vehicle & Plant use associated with maintenance activities
GMW’s Dam Operations

• Manage water sharing across regulated and unregulated surface and groundwater systems
• Supervise bulk water operations and fulfill the responsibilities of Resource Manager
• Plan and operate dam structures for releases, harvesting and flood mitigation
• Dam surveillance, analysis and reporting
• Water quality and gauge monitoring
• Emergency response and management
• Site security
• Manage operations of major carriers (Stuart Murray, Cattanach, Warranga Minor and Major Canals) and associated intakes and off takes.
GMW’s Dams Maintenance

- Maintenance of Dams assets
- Embankments
- Spillways
- Weirs
- Channels
- Offtakes
- Intakes
- Towers
- Tunnels
- Fishlocks
- Navigation locks
- Salt interceptions

MDBA Contribution - $14.2m
Tell us your thoughts:

• Do you feel there has been an impact on your services because of GMW’s cost reductions?
• Do you think efficiencies have added value to your service
• Do you have any suggestions about further efficiencies and cost reductions?
Investing in the future of our delivery system
We are investing in the future of our delivery system

• Our capital expenditure is developed through:
  • Retail – Asset Condition, Asset Criticality and consultation with operational staff;
  • Dams – Dams Portfolio Risk Assessment and application of decision and priority system to previously identified works;
  • ICT – works in support of the information technology Future State Strategy.
• prioritised across the business using a multi-criteria assessment that considers:
  • Level of Service; Statutory Compliance; Corporate Risk and Return on Investment
How we prioritise our asset investment

1. Identify Condition of Assets
2. Assign Consequence Rating
3. Calculate Risk Rating
4. Apply Matrix Decision
5. Prioritise Actions
6. Develop Asset Management Plans
ACR allows a first pass at asset prioritisation.
We are investing in the future of our delivery system

• Our capital expenditure addresses different drivers:
  • 74% is to maintain the services delivered by our existing assets.
  • 14% is to meet our statutory obligations in dam and public safety.
  • 12% is to enable more efficient delivery of services (such as increased length of access tracks to reduce maintenance costs).
We are investing in the future of our delivery system

- We plan to invest $126.4m in upgrading and improving our delivery system.

- The planned spend considers the investment already made and planned through the Connections Project.
We are investing in the future of our delivery system

Our plan includes:

• $78.2 m in irrigation services to complete works like channel remodelling, fencing, improving access and constructing crossings.
• $7.3m in drainage services to replace culverts and install drainage pits.
• $4.6m in diversion services to upgrade meters.
• $36.3m in bulk water projects including dam safety upgrades at Tullaroop Reservoir & Lake Buffalo spillway gates.

• The investments include $13.2m in information technology to create more reliable systems that give our customers more efficient service delivery.
Tell us your thoughts:

- Do you support investment in things like channel bank remodelling, bridge replacements and structure renewals?

- What do you think of the investment in information technology to make our systems more reliable and your service delivery more efficient?
Predictable pricing for our customers
Predictable pricing for future planning

• The revenue we require to cover our costs is approx. $120 m per year.

• Pricing over the life of this plan, reflects the real cost of providing our services.

• Over the last two years we have reshaped our pricing structure, and we have reduced our operating costs to ensure our long term financial sustainability and to keep our prices as low as possible.
Pricing for our Gravity customers
We are changing our pricing structure for gravity customers

Delivery Charges
- Currently, our Infrastructure Access and Infrastructure Use Fees are different depending on gravity customers location.
- We propose to transition to a uniform **Infrastructure Access** and **Infrastructure Use Fee** across the whole of the Goulburn Murray Irrigation District (GMID).

Service Point Fees
- Over the Water Plan we will transition to Service Point Fees that reflect the level of service provided.
- A remote read and remote operate – our highest service offering will increase to around $950 per meter.
Transition to uniform GMID Delivery Charges

• We will gradually introduce the changes to the fee charges over the life of the plan to minimise the impact on our customers.

• Most small customers will see an increase in their accounts of between $25 – $40 per year.

• Our medium and large customers will see increases in line with CPI. However, impacts will vary on an individual basis.
Why change our pricing structure for gravity customers?

- Pricing structure is forward looking and easier to administer
- Process for reviews simpler and transparent
- Ensures cost recovery and sends the right signals to all gravity customers
- Reduces administrative costs and provides for predictable price and revenue
- Seen to be fair and equitable where gravity customers who receive a similar level of service pay a similar price irrespective of their location.
- Reflects the structure of the organisation with centralised costs and services
- Reflects modernised and integrated delivery system across the GMID
- Taking a more GMID wide approach to our pricing reflects a more efficient way to deliver services to our customers
- Encourages optimal infrastructure maintenance, operation and capital program delivery
- Reflects the consistent service GMW will provide across the GMID
- Gives effect to ACCC’s pricing principles (transparency, cost reflectivity, ensure sufficient revenue streams to allow efficient delivery of services)
What are the benefits to our customers?

- Simpler and easier to understand pricing structure and prices
- Fair and equitable across customers
- Reduces or removes risks of significant price shocks or volatility within districts
- Reflects benefits derived from modernisation, and organisational efficiencies
- Enables customers who operate across the GMID to better plan and manage their operations
  - Receiving similar service and paying similar prices
  - More predictable and stable pricing
- Support future decisions and plans
- Reduced costs due to less administration, more efficient billing processes, and improved services
- Avoids unintended pricing outcomes for customers
Typical customer bill for our Gravity Customers

- Nominal bill including 2.5% inflation each year

<table>
<thead>
<tr>
<th>Service</th>
<th>Size</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shepparton</td>
<td>Small</td>
<td>$372</td>
<td>$398</td>
<td>$425</td>
<td>$452</td>
</tr>
<tr>
<td>Central Goulburn</td>
<td>Small</td>
<td>$360</td>
<td>$391</td>
<td>$421</td>
<td>$452</td>
</tr>
<tr>
<td>Rochester</td>
<td>Small</td>
<td>$352</td>
<td>$385</td>
<td>$419</td>
<td>$452</td>
</tr>
<tr>
<td>Loddon Valley</td>
<td>Small</td>
<td>$361</td>
<td>$391</td>
<td>$422</td>
<td>$452</td>
</tr>
<tr>
<td>Murray Valley</td>
<td>Small</td>
<td>$363</td>
<td>$395</td>
<td>$428</td>
<td>$461</td>
</tr>
<tr>
<td>Torrumbarry</td>
<td>Small</td>
<td>$364</td>
<td>$396</td>
<td>$428</td>
<td>$461</td>
</tr>
</tbody>
</table>
### Typical customer bill for our Gravity Customers

- Nominal bill including 2.5% inflation each year

<table>
<thead>
<tr>
<th>Service</th>
<th>Size</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shepparton</td>
<td>Medium</td>
<td>$9,171</td>
<td>$9,252</td>
<td>$9,334</td>
<td>$9,420</td>
</tr>
<tr>
<td>Central Goulburn</td>
<td>Medium</td>
<td>$8,153</td>
<td>$8,398</td>
<td>$8,663</td>
<td>$8,930</td>
</tr>
<tr>
<td>Rochester</td>
<td>Medium</td>
<td>$7,808</td>
<td>$8,207</td>
<td>$8,607</td>
<td>$9,011</td>
</tr>
<tr>
<td>Loddon Valley</td>
<td>Medium</td>
<td>$8,131</td>
<td>$8,377</td>
<td>$8,625</td>
<td>$8,882</td>
</tr>
<tr>
<td>Murray Valley</td>
<td>Medium</td>
<td>$8,273</td>
<td>$8,628</td>
<td>$8,989</td>
<td>$9,355</td>
</tr>
<tr>
<td>Torrumbarry</td>
<td>Medium</td>
<td>$8,124</td>
<td>$8,453</td>
<td>$8,785</td>
<td>$9,119</td>
</tr>
</tbody>
</table>
Typical customer bill for our Gravity Customers

- Nominal bill including 2.5% inflation each year

<table>
<thead>
<tr>
<th>Service</th>
<th>Size</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shepparton</td>
<td>Large</td>
<td>$29,677</td>
<td>$29,640</td>
<td>$29,612</td>
<td>$29,594</td>
</tr>
<tr>
<td>Central Goulburn</td>
<td>Large</td>
<td>$26,027</td>
<td>$26,473</td>
<td>$27,003</td>
<td>$27,543</td>
</tr>
<tr>
<td>Rochester</td>
<td>Large</td>
<td>$25,011</td>
<td>$25,961</td>
<td>$26,919</td>
<td>$27,887</td>
</tr>
<tr>
<td>Loddon Valley</td>
<td>Large</td>
<td>$25,878</td>
<td>$26,345</td>
<td>$26,822</td>
<td>$27,327</td>
</tr>
<tr>
<td>Murray Valley</td>
<td>Large</td>
<td>$26,777</td>
<td>$27,600</td>
<td>$28,443</td>
<td>$29,306</td>
</tr>
<tr>
<td>Torrumbarry</td>
<td>Large</td>
<td>$26,061</td>
<td>$26,798</td>
<td>$27,544</td>
<td>$28,300</td>
</tr>
</tbody>
</table>
Tell us your thoughts:

• What are your views on the transition to uniform infrastructure access and infrastructure use fees including:
  • Simpler Pricing Structure
  • Sustainable and Productive Agriculture
  • Predictability and stability of Prices

• What are your views on transition to cost reflective Service Point Fees
Pricing for our Diversion Customers
We are also changing our Diversion Customers pricing

- We are **continuing to transition** to our new pricing structure over the first two years of this plan.

- Our diversion customer accounts now consist of five charges; Access, Entitlement Storage, Resource Management, Service and Service Point Fees.

- These changes make our pricing simple, clear and easy to understand and will share the cost of providing services proportionately across diversion customers. They reflect the true cost of providing services.
**Pricing for our diversion and drainage customers**

**Diversion Customers** - Most of our small diversion customers will see increases in their accounts, and our medium and large customers will see decreases in their accounts.

**Drainage Customers** – We are reviewing our pricing.

Customer consultation will be key part of this review as we work to make our pricing fairer and more consistent.
In Summary

• Delivering the Connections Project is critical to achieving our Water Plan outcomes. The Connections Project sets up our customer, our region and our business for the long term.
• We are entering into drier conditions, with likely lower water deliveries.
• We are providing consistent service levels with changes reflecting customers needs.
• Investment on infrastructure is consistent with previous Water Plan.
• We are still committed to reducing our operating costs.
• Providing predictable pricing with a structure that reflects the changing nature of our business.
Tell us your thoughts:

• Do you have any other feedback you would like to give us?
How to provide your feedback

Feedback is important to us, you can provide your feedback by;

Calling our Customer Service Centre on 1800 013 537

Emailing us at feedbackWP@gmwater.com.au

Complete our online feedback form available at www.gmwater.com.au/feedbackWP

Write to us at PO BOX 165 TATURA Vic 3616

Please ensure you provide your feedback by 7th August 2015.
Contact us

1800 013 357
www.gmwater.com
40 Casey Street
yourname@gmwater.com
<table>
<thead>
<tr>
<th>Menu</th>
<th>2015-16 Pricing</th>
<th>Diversions Pricing</th>
<th>CP Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Sustainability</td>
<td>GMW Benchmarking</td>
<td>Low Reliability Water Shares</td>
<td></td>
</tr>
<tr>
<td>Typical Customer</td>
<td>Cost Allocation - Example</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Typical Gravity customer bill impact
### 2015/2016

<table>
<thead>
<tr>
<th>Gravity</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ change</td>
<td>% change</td>
<td>Total Bill</td>
</tr>
<tr>
<td>Shepparton</td>
<td>$5</td>
<td>1%</td>
<td>$373</td>
</tr>
<tr>
<td>Central Goulburn</td>
<td>$21</td>
<td>7%</td>
<td>$330</td>
</tr>
<tr>
<td>Rochester</td>
<td>$25</td>
<td>8%</td>
<td>$319</td>
</tr>
<tr>
<td>Loddon Valley</td>
<td>$20</td>
<td>6%</td>
<td>$335</td>
</tr>
<tr>
<td>Murray Valley</td>
<td>$25</td>
<td>8%</td>
<td>$329</td>
</tr>
<tr>
<td>Torrumbarry</td>
<td>$22</td>
<td>7%</td>
<td>$334</td>
</tr>
<tr>
<td>Location</td>
<td>No. of Customers</td>
<td>Cost Allocation ($m)</td>
<td>No. of SP's</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------</td>
<td>----------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Shepparton</td>
<td>2446</td>
<td>$1.81</td>
<td>3929</td>
</tr>
<tr>
<td>Central Goulburn</td>
<td>3930</td>
<td>$2.91</td>
<td>7688</td>
</tr>
<tr>
<td>Rochester</td>
<td>1720</td>
<td>$1.27</td>
<td>3511</td>
</tr>
<tr>
<td>Loddon Valley</td>
<td>834</td>
<td>$0.62</td>
<td>2257</td>
</tr>
<tr>
<td>Murray Valley</td>
<td>2075</td>
<td>$1.53</td>
<td>4093</td>
</tr>
<tr>
<td>Torrumbarry</td>
<td>2520</td>
<td>$1.86</td>
<td>5722</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13525</strong></td>
<td><strong>$27200</strong></td>
<td><strong>15444</strong></td>
</tr>
</tbody>
</table>
## Typical Customer Analysis

### Regulated Diverters

<table>
<thead>
<tr>
<th>Service</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Fee</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Access Fee (ML/Day)</td>
<td>0.02</td>
<td>0.80</td>
<td>2.80</td>
</tr>
<tr>
<td>Entitlement Storage Fee (ML)</td>
<td>2.00</td>
<td>70.00</td>
<td>280.00</td>
</tr>
<tr>
<td>Service Point Fee Small</td>
<td>1.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Service Point Fee Large</td>
<td>0.00</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Access Fee (Service Point)</td>
<td>1.00</td>
<td>1.00</td>
<td>2.00</td>
</tr>
</tbody>
</table>

### Unregulated Diverters

<table>
<thead>
<tr>
<th>Service</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Fee</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Access Fee (ML)</td>
<td>2.00</td>
<td>40.00</td>
<td>170.00</td>
</tr>
<tr>
<td>Resource Management Fee (ML)</td>
<td>2.00</td>
<td>40.00</td>
<td>170.00</td>
</tr>
<tr>
<td>Service Point Fee Small</td>
<td>1.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Service Point Fee Large</td>
<td>0.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Access Fee (Service Point)</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
</tbody>
</table>

### Gravity

<table>
<thead>
<tr>
<th>Service</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Fee</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Infrastructure Access Fee (ML/Day)</td>
<td>0.03</td>
<td>1.50</td>
<td>4.70</td>
</tr>
<tr>
<td>Service Point Fee (D&amp;S)</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Service Point Fee (LR)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Service Point Fee (RR)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Service Point Fee (RRRO)</td>
<td>0.00</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Infrastructure Use Fee (ML)</td>
<td>3.00</td>
<td>100.00</td>
<td>410.00</td>
</tr>
<tr>
<td>Entitlement Storage Fee HRWS (ML)</td>
<td>3.00</td>
<td>100.00</td>
<td>410.00</td>
</tr>
</tbody>
</table>
## Forecast pricing for our Diversion Customers

A typical small, medium and large diversion customer is defined as:

<table>
<thead>
<tr>
<th>Typical customer</th>
<th>Surface Diversions</th>
<th>Groundwater Diversions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regulated entitlement per year</td>
<td>Unregulated entitlement per year</td>
</tr>
<tr>
<td>Small diversion customer</td>
<td>2 ML</td>
<td>2 ML</td>
</tr>
<tr>
<td>Medium diversion customer</td>
<td>70 ML</td>
<td>40 ML</td>
</tr>
<tr>
<td>Large diversion customer</td>
<td>280 ML</td>
<td>170 ML</td>
</tr>
</tbody>
</table>

### Groundwater Divisions

<table>
<thead>
<tr>
<th>Groundwater Diversions</th>
<th>Typical customer</th>
<th>Typical Account</th>
<th>Proposed Increase / Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shepparton Irrigation Region</td>
<td>Small</td>
<td>$251</td>
<td>$5</td>
</tr>
<tr>
<td>Shepparton Irrigation Region</td>
<td>Medium</td>
<td>$630</td>
<td>-$104</td>
</tr>
<tr>
<td>Shepparton Irrigation Region</td>
<td>Large</td>
<td>$1,465</td>
<td>-$345</td>
</tr>
<tr>
<td>Other intensive</td>
<td>Small</td>
<td>$380</td>
<td>$57</td>
</tr>
<tr>
<td>Other Intensive</td>
<td>Medium</td>
<td>$1,457</td>
<td>$8</td>
</tr>
<tr>
<td>Other intensive</td>
<td>Large</td>
<td>$3,605</td>
<td>-$364</td>
</tr>
<tr>
<td>Other</td>
<td>Small</td>
<td>$339</td>
<td>$82</td>
</tr>
<tr>
<td>Other</td>
<td>Medium</td>
<td>$1,110</td>
<td>$219</td>
</tr>
<tr>
<td>Other</td>
<td>Large</td>
<td>$2,585</td>
<td>$256</td>
</tr>
</tbody>
</table>

*These estimates include a projected CPI increase of 2.5 per cent each year.*
### Forecast pricing for our Diversion Customers

A typical small, medium and large diversion customer is defined as:

<table>
<thead>
<tr>
<th>Typical customer</th>
<th>Regulated entitlement per year</th>
<th>Unregulated entitlement per year</th>
<th>Entitlement per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small diversion customer</td>
<td>2 ML</td>
<td>2 ML</td>
<td>20 ML</td>
</tr>
<tr>
<td>Medium diversion customer</td>
<td>70 ML</td>
<td>40 ML</td>
<td>170 ML</td>
</tr>
<tr>
<td>Large diversion customer</td>
<td>280 ML</td>
<td>170 ML</td>
<td>500 ML</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surface Diversions</th>
<th>Typical customer</th>
<th>Typical Account</th>
<th>Proposed Increase / Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16</td>
<td>2016-17*</td>
<td>2017-18*</td>
</tr>
<tr>
<td>Unregulated Waterways</td>
<td>Small</td>
<td>$282</td>
<td>$70</td>
</tr>
<tr>
<td>Unregulated Waterways</td>
<td>Medium</td>
<td>$804</td>
<td>$0</td>
</tr>
<tr>
<td>Unregulated Waterways</td>
<td>Large</td>
<td>$2,245</td>
<td>-$650</td>
</tr>
<tr>
<td>Regulated Waterways</td>
<td>Small</td>
<td>$285</td>
<td>$78</td>
</tr>
<tr>
<td>Regulated Waterways</td>
<td>Medium</td>
<td>$1,263</td>
<td>$129</td>
</tr>
<tr>
<td>Regulated Waterways</td>
<td>Large</td>
<td>$4,149</td>
<td>$143</td>
</tr>
</tbody>
</table>

*These estimates include a projected CPI increase of 2.5 per cent each year.
Connections Project Assumptions

• The Project will be completed during the four year life of the 2016 Water Plan.
• More efficient water delivery methods will become ‘business as usual’.
• Our proposed service standards reflect the commitment to achieve a delivery efficiency of 90 per cent by the end of the 2016 Water Plan.
• The Connections Project is a dynamic project and will continue to evolve – this means assumptions will be refined in finalising the 2016 Water Plan and over the coming years.
Our operating profit and cash flows have moved from negative to positive and are forecast to remain at current levels.
Financial Sustainability of GMW

Water Storage and Delivery

GMW has a very low debt relative to its $4 billion of assets.
GMW’s net debt is well below the forecast debt detailed in our 2010/11 Corporate Plan.

GMW’s debt position is very sound.
GMW’s overall real revenue growth is capped by the regulator at 1.5% per year (i.e. CPI + 1.5%) however GMW has generated cost savings that have allowed it to recover less revenue while maintaining financial sustainability.
## Snapshot of GMW's core responsibilities compared to NSW rural water entities

<table>
<thead>
<tr>
<th>Entity</th>
<th>Customers</th>
<th>Staff</th>
<th>Storage</th>
<th>River delivery</th>
<th>Irrigation districts</th>
<th>Drainage</th>
<th>Urban suppliers</th>
<th>Licences</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMW</td>
<td>35,000</td>
<td>741</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
</tr>
<tr>
<td>Water NSW</td>
<td>6000</td>
<td>313</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
</tr>
<tr>
<td>Murray irrigation</td>
<td>2308</td>
<td>149</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
</tr>
<tr>
<td>Murrumbidgee</td>
<td>2500</td>
<td>176</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
</tr>
</tbody>
</table>

Note: Many of the functions undertaken by GMW are the responsibility of other government departments and authorities in other states.  
Disclaimer: Information in this table is sourced from the entities’ annual reports.
GMW benchmarks strongly against a basket of other businesses including:

- SunWater (Rural water utility)
- Global database of energy utilities and Australian utilities
- Global corporate entities

<table>
<thead>
<tr>
<th>Function</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCE</td>
<td>2</td>
</tr>
<tr>
<td>ICT</td>
<td>2</td>
</tr>
<tr>
<td>HUMAN RESOURCES</td>
<td>1</td>
</tr>
<tr>
<td>HEALTH &amp; SAFETY</td>
<td>2</td>
</tr>
<tr>
<td>COMMUNICATIONS</td>
<td>1</td>
</tr>
<tr>
<td>PROCUREMENT</td>
<td>1</td>
</tr>
<tr>
<td>LEGAL</td>
<td>3</td>
</tr>
<tr>
<td>FACILITIES MANAGEMENT</td>
<td>3</td>
</tr>
</tbody>
</table>

1. GMW is among the lowest cost performers. This indicates limited opportunities for cost reductions.
2. GMW's costs are in line with the average costs for this function across the basket of benchmarked businesses. This indicates some possible scope for cost reductions but not significant reductions.
3. GMW's costs are among the highest cost performers. This indicates the greatest scope for cost reductions. Special needs may be driving the higher costs. These areas have relatively low costs compared to other corporate costs.
GMW’s Employee Numbers

FTE Movement

Date | FTE
---|---
1/09/2013 | 900
1/01/2014 | 880
1/05/2014 | 860
1/09/2014 | 840
1/01/2015 | 820

Menu
Low Reliability Water Shares (LRWS)

- Seasonal determinations for low-reliability water shares (LRWS) are unlikely under current climate forecasts.
- LRWS seasonal determinations are influenced by statistical inflows and use.
- Statistical inflows mean water does not need to be in storage for seasonal determination.
- Statistical inflows were reduced by the severity of the millennium drought.
  - eg a 99% probability of exceedance inflows to Lake Eildon now has less volume than it did before the drought.
- Customers still need to pay the entitlement storage fee for LRWS.
  - The fee covers the cost of maintaining the dam that can hold the LRWS volume.