

Customer Update webinar

22 July 2020



AGENDA

PART ONE - GMW's Business Transformation

Presented by: Daniel Irwin, General Manager Strategy and Services Planning

PART TWO - 2020 Pricing Determination

Regulatory requirement and approach

Presented by: Michael Gomez, General Manager Business and Finance

A successful outcome for customers

Presented by: Peter Clydesdale, Manager Diversions

GMW's Business Transformation

Case for change



- Adapting to changing system and service demands
- The changing characteristics of the GMID 'footprint'
- Supporting water affordability for customers
- Meeting short, medium and long term financial challenges
- Improving business practices and efficiencies to support financial objectives (e.g. improved asset management, capital delivery performance and smarter technology)
- Improving regional confidence in GMW
- Operating the business on a more commercial basis
- A need for more effective customer engagement.

GMW's Business Transformation

What did we do



- Critically assessed our business functions and performance:
- Focussed on our role in delivering reliable, affordable water knowing that this drives our region's economy and underpins our collective prosperity.
- Acknowledged change is occurring in our region and this will influence our infrastructure requirements into the future.
- Adjusted GMW's resourcing model to align to service outcomes and business expectations.
- Strategic focus and forward planning - it's about a sustainable business, customers and communities now and into the future.



Excellence



Honesty



Accountability



Courage



Caring

GMW's Business Transformation

Delivering for our region and our future



GMW's Business Transformation

What's next?



- Connections Project completion
- Medium and long-term asset management and financial solutions
- Channel x Channel Project
- Service Planning – Demand, service, cost and investment
- Continue to engage with our customers and stakeholders on actions and issues that affect them
- Implementation of our 2020 ESC Pricing Determination

2020 Pricing Determination

Regulatory requirements



GMW is Governed by the Australian Competition & Consumer Commission (ACCC).

The ACCC pricing principles are:

- Assets are used efficiently
- Efficient delivery of services
- Sufficient revenue
- Principle of user pays for service and pricing is transparent

Every four years GMW is required to submit a forward looking pricing structure/plan based on these principles to the Essential Services Commission (ESC) – this is our Pricing Submission (sometimes known as Water Plan).

2020 Pricing Determination

Engagement approach



Our engagement



50,000+
Social media reach



1500+
face-to-face hours
by about 50 staff



36
Customer forum
participants over
3 days



18
Customer
workshops



1000+
Customer
conversations



3000+
Online Your
Say visits

75

Water Services
Committee
members



70+
Working group
members



2
Major
customer
events



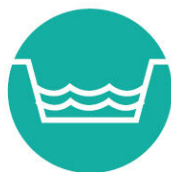
1 Service standards summit day
2 Pricing and tariff summit days



26
Drop-in
days

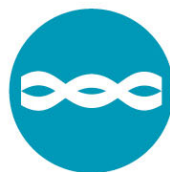
2020 Pricing Determination

What we heard



Reliable Supply

We need our water to stay in the region.



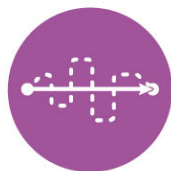
Credible Business

We need GMW to be transparent, honest and trustworthy and have a stable leadership team.



Fair Pricing

We need prices that fairly reflect the true use of infrastructure by all water users (including irrigators, investors and the environment).



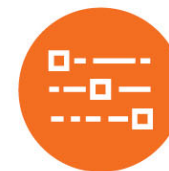
Efficient Operations

We need the business to run lean enough to deliver affordable prices that support farmers to stay on the land.



Responsive Services

We need GMW people and systems to deliver the right flow rates in the right timeframes.

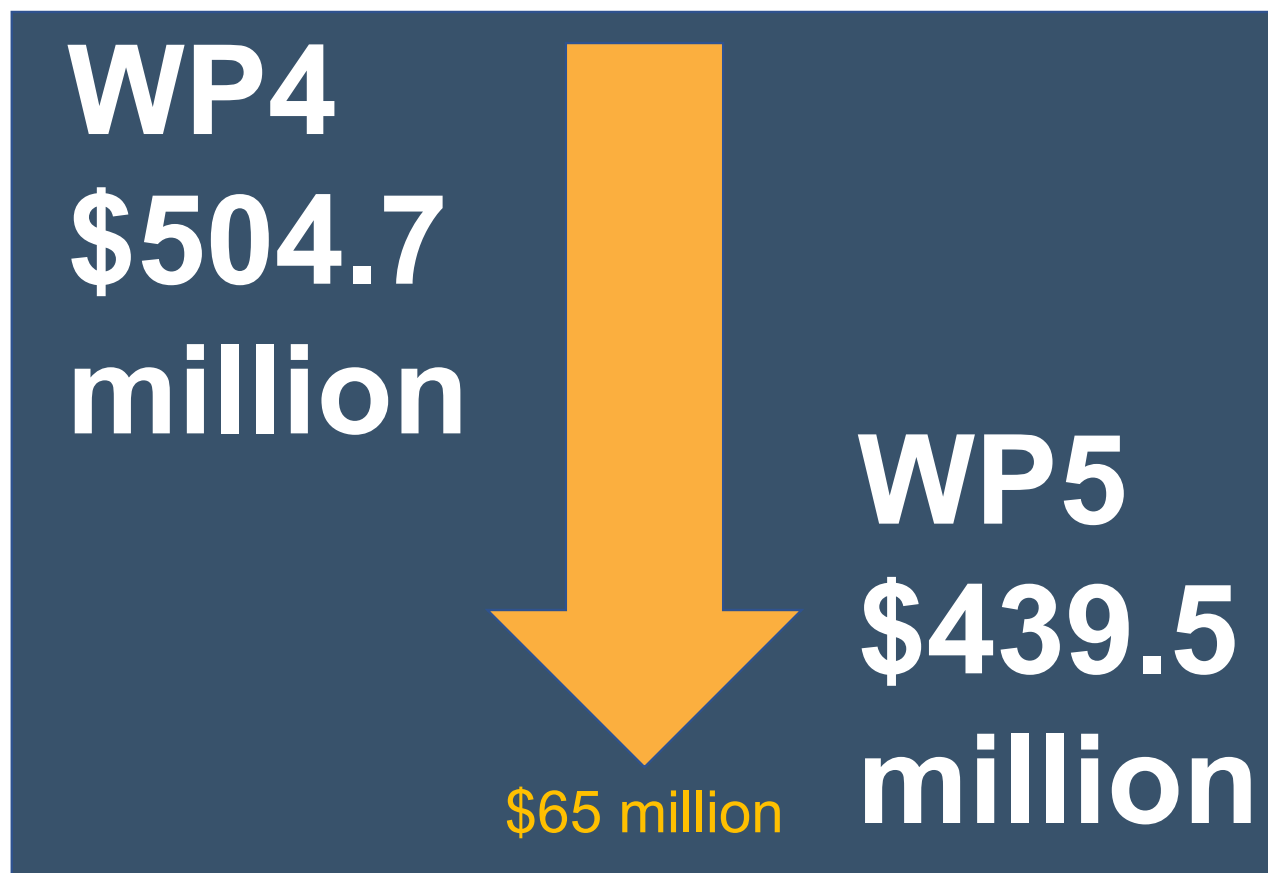


Simple Systems

We need digital information and communications systems that are fast and simple (for customer service, water delivery and billing).

2020 Pricing Determination

The result



- Our Transformation Project is driving business efficiencies
- Operations Expenditure reductions are driving savings
- Customers will see on average a 10% reduction in their bills in 2020/21 compared to 2019/20.

2020 Pricing Determination

A successful outcome for customers



Uniform GMID Fees

A single pricing entity delivers business efficiencies and 'same service same price' to customers.

- Unification of all irrigation areas - previously five areas paid one set of fees, while one area paid a higher fee.
- With most customers receiving fee reductions across the GMID, the timing is right to deliver a uniform Infrastructure Access Fee and Infrastructure Use Fee.
- Most customers will receive a reduction in their overall fee as a result.

From 1 July 2020, GMID customers now pay:

- Infrastructure Access Fee: \$2469/ML/day
- Infrastructure Use Fee: \$4.99/ML

This is a saving of at least \$400 per delivery share for all customers.

2020 Pricing Determination

A successful outcome for customers



System Pricing

We're delivering more equitable pricing by moving all customers to the Goulburn or Murray system prices.

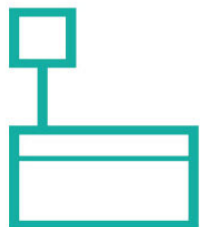
- Eliminates the differential between 'water user' and 'non-water user'.
- Moves all retail customers, including the environment and investors, to system pricing regardless of whether their water entitlement is associated to land (i.e. their status as a water or non-water user).
- Current non-water users will also now be charged storage fees based on a system price rather than the basin price.

From 1 July 2020, Entitlement Storage Fees for high reliability water share owners are:

- Goulburn: \$9.83/ML
- Murray: \$11.18/ML

2020 Pricing Determination

A successful outcome for customers



Service Point Fees

We're simplifying fees by treating service points the same way for all customer groups.

Changes in service point fees - reflect the level of service across different customer groups

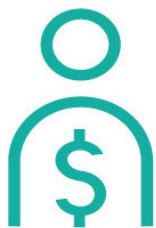
Customer service point fees recover the cost of infrastructure connecting your property to our assets.

Our new pricing structure will:

- Treat all service points the same way across all customer groups and recover the average cost of operating and maintaining each type of service point at the individual service point level; and
- Pumped and water districts have not been charged a service point fee before. This will be transitioned in over the next four years.

2020 Pricing Determination

A successful outcome for customers



Single Account Fee

We're delivering simpler billing through only one customer account and one customer fee.

Single customer fee and Water Register Fee

- A single customer fee to replace multiple service fees will be introduced from 2021/22, along with a Water Register Fee.
- Within a current fixed charge statement, a customer may pay a service fee for on an irrigation service, a drainage service and a groundwater service. From 2021/22 onwards, multiple service fees will be replaced by a single customer fee.
- Currently Water Register Fees for Water Entitlements held within the Victorian Water Register are localised and passed on with the Service Fees. From 2021/22 onwards they will be itemised by customer meaning a user pays and fairer pricing model.
- We will also begin working with customers in implementing single bills which again will mean only a single customer fee.

2020 Pricing Determination

What this means for customer bills

- Majority of customers will receive significant price reductions.
- Across the GMID, customer bills will drop on average of 10 per cent.
- Some small customers may see a minor increase.
- Pumped districts neutral or going down.
- Diverters the majority of bills will go down.

Percentage change on GMW Typical Customer bills from 2019/20 to 2020/21 (including inflation)

		Small	Medium	Large	Extra Large
Pumped Irrigation	Woorinen	-2%	-2%	-3%	
	Nyah	-3%	-4%	-4%	
	Tresco	-2%	-5%	-5%	
Gravity Irrigation	Shepparton	-10%	-29%	-30%	-27%
	Central Goulburn	1%	-10%	-11%	-12%
	Rochester	1%	-10%	-11%	-12%
	Loddon Valley	1%	-9%	-10%	-11%
	Murray Valley	0.3%	-11%	-12%	-13%
	Torrumbarry	0.3%	-12%	-13%	-14%
Water Districts	Normanville		-5%		
	Tungamah		-9%		
	East Loddon		-28%		
	East Loddon North		2%		
	West Loddon		-0.8%		
Diversions	Groundwater	-17%	-13%	-14%	-15%
	Shepparton Groundwater	-11%	-11%	-11%	-12%
	Surface Water Regulated (Goulburn ESF)	0.1%	-6%	-8%	-10%
	Surface Water Regulated (Murray ESF)	-0.5%	-11%	-14%	-17%
	Surface Water Unregulated	-15%	-10%	-11%	-12%

2020 Pricing Determination

Other customer outcomes



Service standards

Revised standards for licensing, customer service, water delivery and complaints management.

Key improvements include:

- First point-of-call resolution, and to the satisfaction of the customer
- Providing water on the day requested 95% of the time
- Supply interruptions for pumped irrigation districts do not exceed eight hours during the during summer months.
- Diversion customers receive notification about restrictions on unregulated streams within 24 hours.

Full list of service standards available at www.gmwater.com.au/customer-charter



Delivering for our region and our future



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