

Upper Ovens Licence Renewal Project

Background

Originally, Upper Ovens Diversions Licences were automatically renewed each year when fixed charges were raised by Goulburn-Murray Water (GMW) and paid by customers.

In 2012, GMW was required to develop the *Upper Ovens River Water Supply Protection Area Water Management Plan* (the Plan). The Plan proposed five year licence terms.

Following the Plan's Ministerial endorsement, its implementation, including the five yearly renewals, was costed in line with regulations. Recovery of those costs was included in GMW's pricing to customers.

In 2014-2016, a state-wide Annual Licence Renewal Project was conducted. This transitioned more than 5000 water licences from one year terms into either five, 10 or 15 year terms (dependent upon their location). While many licences were extended to 15 year terms, Upper Ovens licences stayed on a five yearly renewal cycle, due to technical concerns, including the continued availability of supply and the uniquely connected nature of the surface and groundwater.

Scope of the Plan

In accordance with the Water Act 1989, the objective of the Plan was to ensure groundwater and surface water resources in the area are managed equitably, including ensuring the long-term sustainability of the water resources.

A consultative committee developed the Plan, who considered complex technical issues. The committee consisted of a group of diversions customers, some other local representatives and subject matter experts from GMW, the Catchment Management Authority, Environment Victoria and DSE (now Department of Environment, Land, Water and Planning (DELWP)).

The Plan was developed as a statement about the high environmental values of the waterways. Its scope did not include considering the river's social or economic context.

The Plan's influence on licence term and pricing

The Plan intentionally proposed five year licence terms, to allow a thorough inspection of the area every five years, to ensure regular, new knowledge of the sustainability of the water supply and adequate protection of the waterway environment.

When a licence renewal is required, there is a cost in conducting waterway inspections and carrying out the administrative processes. Those costs to manage, deliver and administer water resources are recovered from customers, in accordance with 'user pays', as Licence Renewal Fees.

This fee was included in GMW's 2020-2024 Pricing Submission that was approved by the Essential Services Commission (ESC) in June 2020.

What our customers told us

In 2020, our customers told us they saw the Licence Renewal Fee as being a new or additional fee.

As this five year licence term is unusual (most are 15 years), many customers said they felt financially disadvantaged by the frequency of the renewals and that the five year term for the Upper Ovens customers was unfair.

Some customers questioned the cost of GMW's site inspection and renewal administration processes, believing them to be over-priced. Some customers mentioned they found the fees confusing and are concerned about potential for overlaps between GMW's regular annual inspections and the five year renewal inspections.

While these were the main items regarding licence terms and renewal fees, customers also had the opportunity to discuss a range of other topics.

Our communications and engagement with customers

Since June 2020, GMW has:

- Made available information and updates on its website about this matter using the YourSay @ GMW page to enable customer feedback online.
- Sent 2 letters, 4 SMS and 4 emails to Upper Ovens diversions customers, providing information and opportunities for customers to join in webinar discussions and workshops.

In addition to the communications and many individual conversations with customers, GMW has hosted three customer webinars, with key agenda items as follows:

- 22 June 2020: Information about the Plan and how it influences the licence term and costs
- 20 and 21 July 2020: Listening to customers concerns and agreeing matters to explore

GMW's commitments to review licence terms and renewal fees

GMW established a project team, and made a number of commitments to customers. This included:

- the establishment of a Focus Group of customers to explore this matter in more detail;
- to review the term of the licence; and
- to review the cost of the licence renewal.

These commitments have been achieved. A Focus Group comprised of 12 customers was established and met by phone, online and in person on two occasions between September and December 2020.

GMW underscored its commitment to customers by extending the payment period for the 2020 Licence Renewal Fee to 30 June 2021, and offering to return the payment to those people who had already paid their fee.

Outcomes of the reviews

GMW reviewed its costs to conduct the licence renewal inspections and associated administrative processes and found they are still accurate. The Essential Services Commission also reviewed these costs in 2020 and found them to be prudent and efficient.

GMW's subject matter experts have reviewed the technical requirements for the need for five year licence terms, to investigate the surface and groundwater systems regarding the ongoing availability of supply and to ensure the required environmental outcomes were being achieved.

After more than a decade of data collection about the waterway environment, GMW has found there is now enough information and knowledge that this frequency could be reduced.

GMW consulted with the Department of Environment, Land, Water and Planning on these findings.

The extension of the licence term for diversions customers in the Upper Ovens River Water Supply Protection Area will now be 15 years.

Customers will still have to pay the same fee associated with their licence renewal, however the term of the licence now covers 15 years instead of five years - a saving of \$93 a year.

The 15 year licence term is now consistent with other licence fee structures in other Water Supply Protection Areas and/or groundwater areas.

Implementing 15 year licence terms

When an Upper Ovens *Take and Use Licence* and *Licence to Operate Works* renewal becomes due it will be reviewed and renewed for the new tenure of 15 years.

Extending the licence term does not reduce the governance of the resource or compromise the environmental objectives:

- Compliance checks occur annually for all metered sites and field officers maintain vigilant for non-compliance within the catchment
- Annual reporting to the minister and externally available on our website
- Ability to reduce allocations if the resource become stretched
- Adaptive management reviews on a 5 year cycle and the licences have conditions that allow change to be implemented without requiring adjustment to the licence conditions

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Licence renewal payments

Anyone who opted for an extension of their renewal fee in 2020 will now be required to pay the licence renewal fee prior to the licence renewal being completed.

What does this mean for you?

GMW will be implementing the change to the term of your licence in the coming weeks and issuing customers with a fifteen year *Take and Use Licence* and *Licence to Operate Works*, dated from 1 July 2020.

If you have not yet paid your fee, you will be required to pay that by 30 June 2021.

Over the longer term, this means the cost of owning and operating a *Take and Use Licence* and *Licence to Operate Works* on the Upper Ovens will change from a five year term to a 15 year term.

Where can I go for more information?

If you require any further information about the licence term or licence renewal fees, please contact the GMW Customer Experience Team on 1800 013 357 or email reception@gmwater.com.au