

2023-2028

water price submission

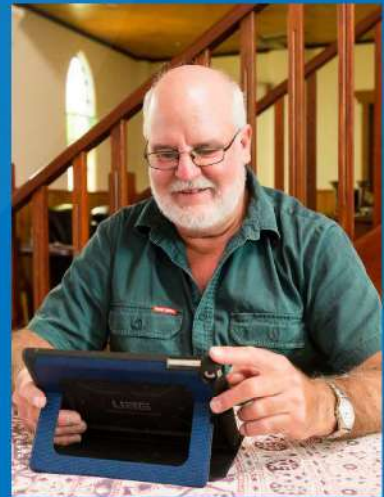


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- Appendix 1 Community Panel Final Report
- Appendix 2 Detailed Capital Program 2023-2028
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- Appendix 4 List of Acronyms

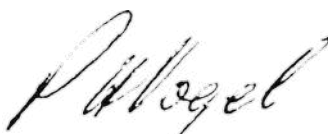
Board Attestation

The directors of GWMWater, having made such reasonable inquiries of management as we considered necessary (or having satisfied ourselves that we have no query), attest that, to the best of our knowledge, for the purpose of proposing prices for the Essential Services Commission's 2023 water price review:

- Information and documentation provided in the price submission and relied upon to support GWMWater's price submission is reasonably based, complete and accurate in all material respects;
- Financial and demand forecasts are the business's best estimates, and supporting information is available to justify the assumptions and methodologies used; and
- The price submission satisfies the requirements of the 2023 water price review guidance paper issued by the Essential Services Commission in all material respects.



Mark Williams
Managing Director



Peter Vogel
Chairperson

1 Executive Summary

We are pleased to submit our 2023-2028 price submission. The submission provides customers with more value through efficiency improvements and directly responds to feedback received where our services are falling short of expectations.

Specifically, over the 2023-2028 regulatory period we are proposing to:

- Upgrade Berriwillock and Culgoa to a drinking water supply
- Complete the upgrades of Kaniva and Moyston to drinking water supplies
- Construct the East Grampians Water Supply Project with funding partners and the community to improve water quality to regulated urban town supplies and connect new rural pipeline customers to a reliable and secure raw water supply
- Improve fire services to commercial customers in industrial zones and transition these customers to an industrial fire service tariff
- Increase the Urban minimum flow rate increased from 10 L/min to 20 L/min to reflect our recent and ongoing pressure improvement program
- Consult with small urban towns to explore different servicing options to improve customer value
- Provide improved water quality to customers serviced by the Piangil and Nyah sections of the Northern Mallee Pipeline
- Implement changes to bulk water tariffs identified from the bulk water pricing review (section 18.2)
- Maintain the recreation water pricing policy and consult with non-residential customers regarding future contributions.

Our ongoing engagement program with customers, regulators and stakeholders has informed our five key outcomes our customers will receive during 2023-2028:

1. Safe Drinking Water
2. Clean Non-drinking Water – Urban
3. Clean Non-drinking Water – Rural
4. Reliable and Affordable Services
5. Healthy and Liveable Region

We are proposing to retain a price cap form of price control and a five year regulatory period.

Our proposed operating and capital expenditure programs are both prudent and efficient. The proposed capital expenditure program is \$203.6 million over five years (net \$163.54 million), close to the 2018-2023 capital program of \$210.1 million.

Forecast total prescribed operating expenditure is \$190.76 million over five years. Projections include incremental operating costs arising from service improvements and

growth projects, and overlay of a 1.4 per annum (average) cost efficiency improvement rate.

PREMO Self-Assessment

Using the guidance provided we have assessed our overall submission to be ‘Advanced’ based on a total score of 16.5. Refer to sections 4 to 8 for more details on our assessment.

Table 1-1 PREMO self-assessment scoring by element

PREMO element	Rating	Score
Performance	Advanced	3.25
Risk	Advanced	3.25
Engagement	Leading	3.75
Management	Advanced	3.25
Outcomes	Advanced	3.0
Overall	Advanced	16.5

The overall price paths proposed and average bill impacts excluding CPI per annum are summarised in the following tables.

Table 1-2 Real price paths 2023-28

	Real % increase/(decrease)				
	Year 1	Year 2	Year 3	Year 4	Year 5
Urban water – potable	(7.9%)	0	0.9%	0	1.0%
Urban water – non potable	(7.9%)	0	0	0	0
Sewerage	(7.9%)	0	0	0	0
Rural pipeline	(7.9%)	0	0	0	0.7%
Commercial off-season usage	(10%)	(5%)	0	0	0
Groundwater	(7.9%)	0	0	0	0
Unregulated licences – surface water	(7.9%)	0	0	0	0
Environment	(7.9%)	0	0	0	0
Bulk water	(10%)	(10%)	0	0	0
Recreation lake water	(7.9%)	0	0	0	0
Minor trade waste	(7.9%)	0	0	0	0

Table 1-3 Forecast average bill impacts excluding CPI per annum - potable (drinking) water customers with a sewerage service

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Residential	\$1,403	\$1,292	\$1,292	\$1,299	\$1,299	\$1,307
Tenant	\$422	\$388	\$388	\$388	\$388	\$391
Non-Residential (20 mm)	\$1,611	\$1,494	\$1,494	\$1,535	\$1,535	\$1,542
Vacant Land	\$448	\$413	\$413	\$413	\$413	\$413

Other considerations influencing future Price Submissions

A parallel planning process has been the development of the Urban Rural Water Supply Demand Strategy. This strategy concluded that based on a continuation of existing demands and current growth trends, GMMWater holds sufficient water entitlement to meet future needs. It is becoming increasingly likely however that the mineral sands companies that hold title to water will commence mining in the medium-term. Should this occur, we will need to better understand how our collective water holding can be secured in the context of the more recent extreme climate scenarios. Augmentation studies to the collective value of \$1.0 million are being proposed to identify future water sources.

2 Our Services

GMMWater serves a region with a population of approximately 72,000 and its activities cover some 62,000 square kilometres, (ie. approximately 25% of Victoria). Urban water supply is a significant activity of GMMWater. In a ‘normal season’, this involves the delivery of about 10 Gigalitres of water to approximately 33,000 urban properties in 71 towns. Most of the water supplied to these urban water supply areas is potable water that meets the specifications of the Drinking Water Regulations of the Safe Drinking Water Act.

Wastewater services are presently supplied to 28 towns within the service area.

Water supply for domestic and stock customers is the predominant rural activity. This involves bulk water delivery to about 11,000 rural customers through a pipeline network. Within the rural waterworks district, GMMWater also supplies bulk water to rural customers for intensive agricultural activities such as viticulture, poultry farms, piggeries and commercial feedlots.

GMMWater owns and operates a number of headworks and bulk water supply assets. Many of these storages have also provided access for recreational activities.

Groundwater management, river diversion and support of key environmental management strategies are also functions of GMMWater. A significant role that GMMWater undertakes in the region under the Wimmera Mallee Bulk Entitlement Order, is as the Storage Manager on behalf of the Minister for Water. GMMWater’s role that it performs on behalf the Minister for Water extends to the management of surface water and groundwater, where it issues diversion licences from unregulated waterways, licences for farm dams and groundwater extraction licences.

As a rural water business within the area covered by the Murray Darling Basin, there is also an expectation we work to implement relevant Murray Darling Basin obligations.

Table 2-1 Key business metrics

Service	No. of Customers	
	2022/23	2027/28
Urban drinking water	30,812	32,559
Urban non-drinking water	2,537	1,615
Urban sewerage services	27,590	28,453
Rural domestic and stock pipeline (connections)	14,680	15,280
Rural domestic and stock bore	225	225
Rural groundwater licencing	248	248
Rural surface water diversion licencing	301	301

Service	No. of Customers	
	2022/23	2027/28
Bulk water - headworks	7	7

The service area of GWMWater is outlined in Figure 2-1 below.



Figure 2-1 Service Area of GWMWater

Supporting documents for more information about us and our services:

GWMWater 2022/23 Corporate Plan - [CMS/3197](#)

GWMWater website - www.gwmwater.org.au

3 Our Environment

The majority of GWMWater’s water supply is drawn from the extensive headworks system in the Grampians catchment. Water supply in the north is drawn predominantly from the Murray River with small quantities sourced from the Goulburn system via the Waranga Western Channel. Groundwater is the source for several towns but our reliance on groundwater for urban supply is diminishing as we convert many groundwater towns to surface water when they are upgraded to drinking water supplies.

Understanding how we can best maintain water supply security in the region will be a key initiative during the 2023-2028 Water Review period as this will be critical in the event mineral sands developments advance in the timeframes they are presently promoting.

This price submission does not include any pricing impacts related to water security beyond investigations based on our assumed demand projections.

3.1 Impact of Climate Change

The most significant challenge for GWMWater remains the impact of climate change on the region.

The impacts of a changing climate are projected to be more acute in Northwest Victoria than the rest of the state. The climate trends of the past 15 years have been consistent with projections produced by the CSIRO in 2007. Whilst the representation of 2007 is relatively dated, the outputs of the science have not changed; it is just more finessed in its presentation. The coarser representation highlights the extent that the eastern catchments of the state are neutral on rainfall and quite pronounced over the Grampians headworks catchment.

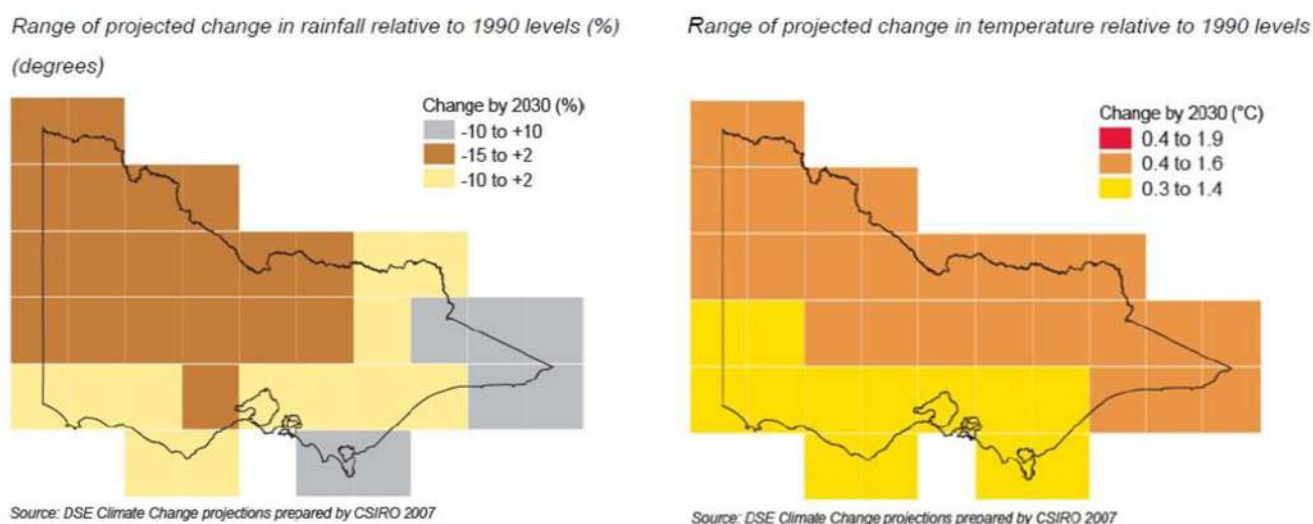


Figure 3-1 CSIRO projected change in rainfall and temperature relative to 1990 levels

In Northwest Victoria it was suggested that by 2030, rainfall could be up to 15% lower, and temperatures could be up to 1.6 degrees Celsius warmer, compared with 1990. Grampians reservoirs, our major water source, have observed on average 15% less rainfall since 1997.

The impact of climate is best demonstrated by the average volume of inflow to our Grampians reservoir system in recent years, which has decreased by 58% over the period since 1997. Average inflow to the Grampians Reservoir system between mid-2017 and mid-2022 was on-par with the Millennium Drought (1997-2010) inflow average.

Focus on Post-1997 Climate for Grampians System

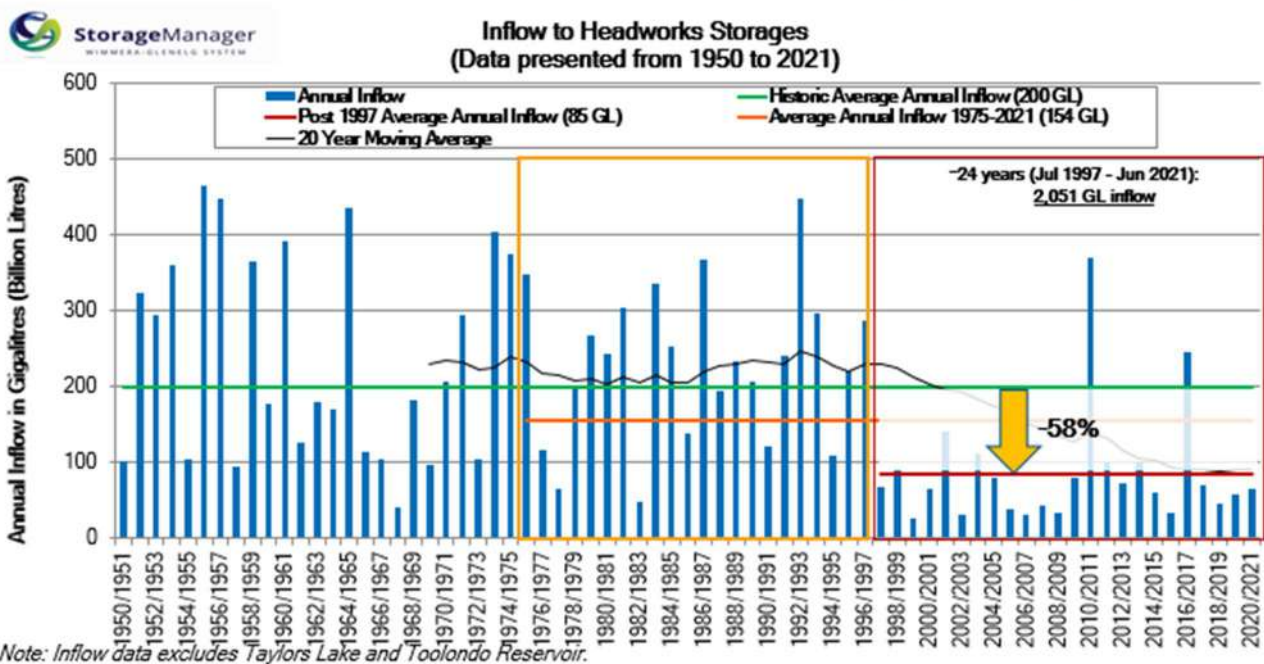


Figure 3-2 Average volume of inflow to Grampians reservoir systems 1950 to 2021

3.2 Urban Rural Water Supply Strategy

Our proposal

We will spend \$1.0 million investigating options for augmentation and supplementation of water supply in the price period to better understand how we can best meet additional demand from mining operations that are increasingly likely to commence operation in the short to medium term.

The Urban Rural Water Supply Strategy^a has recently been finalised and considers a range of possible future climate scenarios, including the more recent climatic conditions of 1975 and 1997 to present.

The configuration of the Grampians supply system has not changed, and its operation reflected in the Wimmera Glenelg Bulk Entitlement Order. The basis of the 2010 conversion remains, and consumptive water requirements of the region have been supported by the growth water created that have underpinned the security of supply. The supply capacity of the region has been supported by the connection to the eastern catchment and this has been enhanced by the design of the South West Loddon Rural Pipeline project.

The supply capability based on the more recent climate scenarios has been matched to demands developed for the Urban Rural Water Supply Strategy. Most demands have been based on a continuation of modest growth in the larger centres and further decline in the smaller centres of the region. What has been overlaid however has been the implications of the mining companies that hold water commencing their operations in the medium-term. There are three tenements that are in the advanced stages of planning that are likely to be operational before the end of the decade.

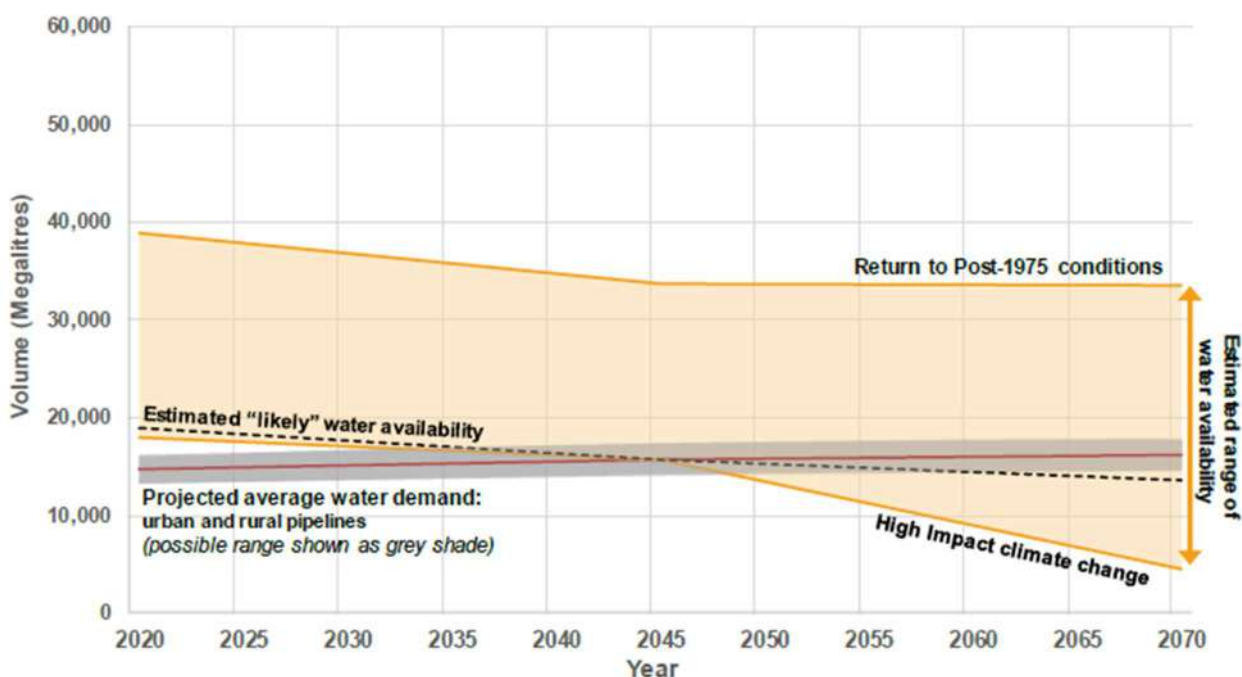


Figure 3-3 Projected average water demand 2020 to 2070

These demands do not include the potential additional demand of the mining companies that presently hold water entitlement but have not been taking water. It is increasingly likely that these mining companies will commence operation within the next five years and this will bring forward the augmentation requirements of the system.

To the extent the climate projections of the CSIRO materialise and the mining developments of the region commence, there is the potential for an imbalance to emerge. In anticipation of this scenario GWMWater has allocated funds to investigate options to further augment the system, through further water recovery, enhancing the interconnection to the Eastern Storages,

exploring the role of groundwater and Integrated Water Cycle management initiatives. These studies include:

- Piping the Rocklands Reservoir to Taylors Lake Channel
- Piping the Lake Wartook to Mt Zero Channel
- Supplementation of Horsham urban water supply with groundwater
- Investigating groundwater capability around the base of the Grampians
- Maximising the use of recycled water (shifting to higher value applications)
- Further supplementing supply from the Waranga Western Channel

Investigation of these opportunities will ensure there is a sound basis for engaging on any investment requirements to secure water supply in the development of the 2027 Urban and Rural Water Strategy and future Price Submissions. Should any of the anticipated timings of the mining developments shorten, projects may need to be advanced and considered in the context of outcomes for future price submissions.

Our proposed approach to investing options to secure water supply was presented to our independent Community Panel^b (see section 6). Panel members unanimously supported the proposal^c.

Key references relating to this section:

- a. Urban and Rural Water Supply Strategy - [R2022-7071](#)
- b. Community Panel Charter - [R2021-13629](#)
- c. GWMWater Community Panel Report PS2023 Final - [R2022-34073](#)

4 Performance

At a glance

- PREMO self-assessed rating for risk assessed as advanced (3.25/4)
- We have performed well against service standards and managed total controllable operating expenditure in line with the benchmark allowance
- We have delivered productivity improvements assisted by our flagship Urban Remote Metering Program achieving objectives outlined in the Business Case
- We are on track to exceed our commitment to reduce carbon emissions by 19% by 2025.
- GWMWater has 'met' customer expectations in terms of satisfaction with our performance, but has not seen any uplift customer satisfaction during the regulatory period.

We have delivered or committed to deliver all the significant projects identified in the *2018 Water Price Review*. This includes delivering on efficiency objectives and adjusting prices across the regulatory period where the delivery of projects has been delayed.

Our flagship project was the Urban Remote Metering Project that was supported by the extension of the Customer Portal to our urban customers. The Urban Remote Metering Project applied the same technology as the rural implementation that preceded it, except we used an integrated meter for standard meter installations. Many towns, in doing so, were being upgraded to dual check as opposed to single check meters. This gave rise to some flow reductions at the customer meter that in many cases required an engineering solution. This had the impact of a service uplift but, in doing so, also delayed some elements of the capital program.

We have made considerable progress in improving our performance in meeting our service obligations in accordance with the targets specific to the urban and rural customer charter. In preparing the 2018-2023 Water Price Review we moderated our anticipated spend on asset renewal as much through the lens of affordability from the draft decision to final determination and in doing so took on additional risk. We have expended more than what was represented in the final determination which, in part, attributed to the related work that we advanced improving water network pressures as an extension of the urban digital metering program.

The supply to recreation water bodies supplied by the Wimmera Mallee Pipeline have continued to be secured by supplementation of their water holding from GWMWater's consumptive water holding. This has been achieved in a period of low inflows whilst we have also been working through the finalisation of the implementation of environmental water pricing policy with DELWP. Water is transferred to the recreation water account to ensure it can continue to enjoy the subsidy that is afforded by the recreation water contribution charge that continues to receive strong community support.

We are on track to exceed our commitment to reduce carbon emissions by 19% by 2025. The significant achievement made to 2021 paused by the slowing of the behind the meter program, combined with a lift in emissions that resulted from a full year of South West Loddon Rural Pipeline operation and an increase in energy and Scope One emissions from our wastewater operations arising from the growth of the food processing and manufacturing sector in the region.

4.1 Our Performance Outcomes

We publish a report on our outcomes performance^a annually. The most recent report published for 2021/22 provides a detailed report on performance against outcome commitments and measures from the 2018 Water Price Review and incorporates changes to outcomes and measures based on engagement with our customers and stakeholders (see Section 8.1).

The increased level of detail included in 2021-22 provides a more informed view on our performance, see Table 4-1 below. The report demonstrates we are performing well in respect to drinking water and rural pipeline services and not meeting customer expectations in respect to urban non-drinking water towns. Other notable areas of performance include achievement of service standards and management of total controllable operating expenditure.

The performance and feedback we receive from customers has informed a number of the initiatives proposed in this submission with a continued focus on improving customer value.

Table 4-1 Our Performance 2021/22 - Summary

Outcome	18-19	19-20	20-21	21-22	22-23
1. Safe and Clean Drinking Water ¹	Green	Green	Yellow		
1.a. Safe Drinking Water ²				Green	
1.b. Clean, Non-Drinking Water - Urban ²				Red	
1.c. Clean, Non-Drinking Water - Rural Pipeline ²				Green	
2. Reliable and Affordable Services	Yellow	Yellow	Yellow	Yellow	
3. Healthy and Liveable Region	Yellow	Green	Green	Green	
Overall	Yellow	Green	Yellow	Yellow	

Further to our outcomes report, the major capital projects status report^b and Water Industry Performance Report^c published by the ESC are also key references considered in our self-assessment.

4.2 Customer Perceptions

GWMWater overlays a combination of qualitative and quantitative data to gain insights into whether customer sentiment demonstrates satisfaction in our performance. We tested our

¹ Outcome 1 superseded by outcomes 1.a., 1.b. and 1.c. in 2021-22.

² New outcome added in 2021-22, previously combined under outcome 1. 'Safe and Clean Water'.

interpretation of these data sets with our independent Community Panel to provide direction on how we can best respond to ensure we are meeting customer expectations.

Essential Services Commission Customer Perception Surveys

Since the implementation of our 2018-2023 Price Submission, GWMWater has maintained consistent scores across all four indicators. As seen in Table 4-2 below, average scores have fluctuated with a variance of up to 1.1.

Table 4-2– ESC Customer Perception Survey Results September 2018 to June 2022

Indicator	Lowest Score	Highest Score	Variance	Average	Median
Value for Money	5.2 (May-19)	6.2 (Jan-22)	1.0	5.85	5.9
Trust	5.6 (May-19)	6.5 (Nov-19)	0.9	6.2	6.3
Reputation	5.6 (May-19)	6.7 (Jun-20)	1.1	6.3	6.4
Overall Satisfaction	5.8 (May-19)	6.8 (Nov-19, Mar-20, Aug20)	1.0	6.4	6.4

GWMWater Customer Satisfaction Surveys

Every two years we engage a third party to undertake a telephone survey of a representative sample of customers to monitor customers’ perceptions of our services and the value for money for the services we provide, including water supply and quality, wastewater services, interruptions, customers service and information.

Customer feedback is gathered according to the customer’s water supply type and source and customer segment (e.g. residential, commercial etc). To achieve a high level of confidence in the results, our urban and rural survey aims to achieve a sample between 650 and 700 customers.

To reconcile results seen in the ESC Customer Perception Survey, GWMWater added the four key indicators as questions to its 2021 survey instrument, undertaken between May and June 2021 . These results^d indicated that GWMWater ratings were significantly higher across all four indicators when:

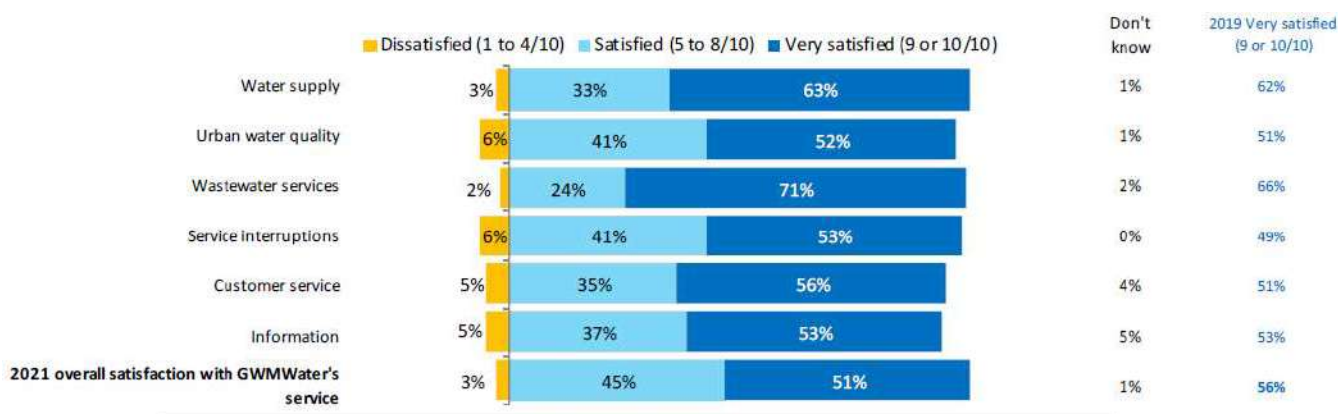
- The results were compared to weighted averages for urban residential customers (both drinking and non-drinking water);
- The survey was undertaken by phone, with customers speaking to a real person;
- The sample size (n=450 compared to ESC April 2021 results, n= 109).

³ On 28 February 2019, a widespread water supply outage occurred in Horsham and Haven townships, affecting GWMWater’s largest urban customer base. Our analysis indicates this may have influenced ratings in the May 2019 survey.

Table 4-3 Comparison compares estimated averages on the four attributes from the ESC survey with the weighted averages for urban residential customers (drinking and non-drinking water combined) obtained from the GWMWater customer survey.

Attribute	ESC Survey (reported May 2021) averages (n=400 per annum/ n=100 per quarter)	GWMWater Customer Survey averages (n=450)	GWMWater Customer Survey 95% CI lower bound	GWMWater Customer Survey 95% CI Upper bound
Value	5.9	7.15	6.95	7.35
Trust	6.3	8.05	7.88	8.22
Reputation	6.4	7.89	7.72	8.05
Overall satisfaction	6.5	8.33	8.18	8.48

Additionally, when we consider satisfaction in the context of controllable service delivery areas such as reliability of service, quality and other interactions with GWMWater, the results indicate consistently high levels of satisfaction between 2019^e and 2021.



* Note: Due to rounding some groups of percentages may not add up to 100

Figure 4-1- Satisfaction across service delivery areas, June 2021

Complaints Data

The above satisfaction scores are consistent with complaints data reflected in the ESC Water Performance Report 2020-21^f which demonstrates:

- Overall, GWMWater is at the lower end of complaints made (per 100 customers) compared with other water businesses and that complaints have remained relative steady over the past five years;
- That complaints are largely attributed to water quality, noting that GWMWater has 39 towns with a regulated (non-drinking) supply which can fluctuate more often than non-regulated (drinking) supplies.

This is also consistent with our performance against Annual Service Standards, which have generally been improving consistently throughout the regulatory period (See Section 4.1).

Customer service

GWMWater was one of only a handful of Victorian water corporations to see improvement in call centre performance over the regulatory period. Undertaken by Customer Service Benchmarking Australia (CSBA), a ‘mystery shopper’ approach testing ease, sentiment and success of interactions with our call centre indicate improved customer experience for those having interactions with us.

Table 4-4 GWMWater CSBA SenseCX scores since 2018-19.

	Overall Score	Ease	Sentiment	Success
2018-19	51	32	61	60
2019-20	55	32	62	69
2020-21	56	34	65	69

Media Analysis

We actively monitor traditional and social media mentions to identify and track issues affecting sentiment. While complaints about water quality or water management generally (in the context of our role as Storage Manager for the Wimmera Glenelg Headworks System), recreation water features most prominently and frequently.

Despite there being multiple government agencies involved in water management in the region, our profile in the community and previous efforts to improve the liveability of our community through recreation water initiatives means GWMWater is often the subject of criticism, even for waterways which are not in our control. This is amplified during periods of low rainfall and inflows via natural catchments.

Our customers provided input about the factors which influence their sense of satisfaction and value at our Customer and Stakeholder Workshops. The outcomes of this engagement is outlined further in section 6.

Interpretation of Customer Insights

GWMWater’s contribution to broader community initiatives such as recreation water forms part of our vision of ‘Healthy environment, thriving community’. Despite the fact that these activities are often outside the core obligations to our customers, they are integral to us being part of the social, economic and environmental fabric of the Grampians, Wimmera and Mallee. Our role, and subsequent ‘duty’ to the community is often misunderstood.

Our interpretation of the above insights has led us to the following conclusions:

1. There are factors influencing community trust / reputation / value for money / satisfaction that don’t directly relate to the services customers are receiving.
2. Areas of dissatisfaction can largely be attributed to water quality, particularly where customers receive a non-potable supply.

3. In terms of services delivered, GMMWater has 'met' customer expectations, and therefore achieved customer satisfaction, but has not seen any uplift in customer satisfaction during the regulatory period.

Community Panel Input

Customer insights was presented as a topic to our independent Community Panel^e for feedback at its first deliberation meeting in April 2022. We presented the results of the various data sets and asked a series of questions to generate discussion. The outcomes of this discussion are detailed further in their final report^e, but in summary the panel agreed that:

- The interim conclusions GMMWater had formed were fair and reasonable;
- GMMWater's performance had met expectations as defined by the customer satisfaction threshold of 5 out of 10, but agreed that GMMWater should strive for higher levels of satisfaction than 5 out of 10;
- They would like to see improvement in performance;
- The key issue affecting customer satisfaction are those customers who do not have a drinking water supply, but that GMMWater could not always control water quality (e.g. an algal bloom). Our interpretation of customer insights was presented to our Community Panel for feedback at its first deliberation meeting in April 2022. The panel agreed that:

GMMWater's response

To respond to customer insights and in narrowing down issues affecting customer sentiment that are within our control, GMMWater has incorporated the following in its Price Submission for the 2023-2028 period:

- Ensuring that prices over the five-year period remain affordable, particularly during a period of escalating living expenses;
- Focusing service improvements in areas which address water quality issues, such as upgrades to a drinking water supplies for Berriwillock and Culgoa, as well as Stage 2 of a 'Clean Water' Project on the Northern Mallee Pipeline (section 13.3.1);
- Doubling our flow rate service standard to 20 litres per minute to better align with customer expectations (section 9);
- Investing in infrastructure to support commercial, industrial customers to meet their fire-fighting requirements under the Building Code (section 18.1)
- Adjusting our Outcomes to provide better clarity overall and higher standards relating to customer satisfaction (section 8);
- Incorporating a new Guaranteed Service Levy which recognises the inconvenience of multiple interruptions or sewer blockages for a customer, regardless of the length of the interruption (section 10);
- Investigating opportunities to secure water supply over the next five years to identify any necessary improvements requiring investment beyond 2028 (section 3).

4.3 Expenditure results compared to benchmark allowances

We understand the importance of referentially checking the basis of assumptions on a regular basis. Management has a good understanding of how changes in the operating environment

may affect the business and ensures any new plans are well informed and consistent with the regulatory framework.

The following sections provide a summary of expenditure results compared to benchmark allowances in the *2018 Water Price Review*.

Capital program (\$m, 01/01/23)

The capital expenditure program of 2022/23 (Appendix 2) is based on commitments identified in *2018 Water Price Review* and new initiatives funded from past government contributions and future rates and charges consistent with the building block approach. The most material variation relates to the South West Loddon Rural Water Supply project which carried over from the previous regulatory period.

The capital works program for the five-year regulatory period reflected in the program is \$210.1 million (net \$150.2 million) compared to \$98.8 million. The variance is growth related and does not impact prices to existing customers except to the extent that it contributes towards productivity improvements.

The following charts provide a comparison of total and net expenditure over the five years on an annual and cumulative basis.

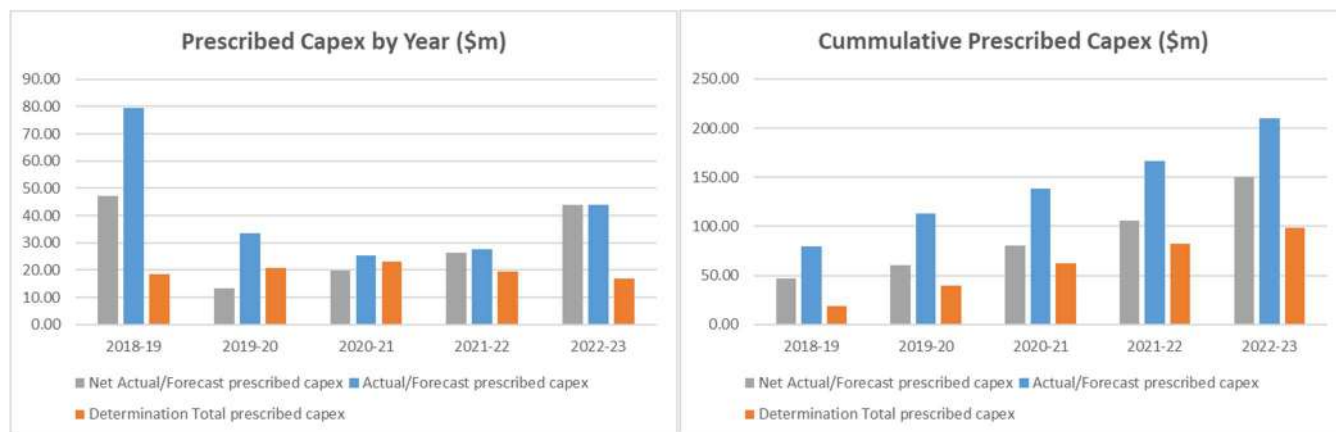


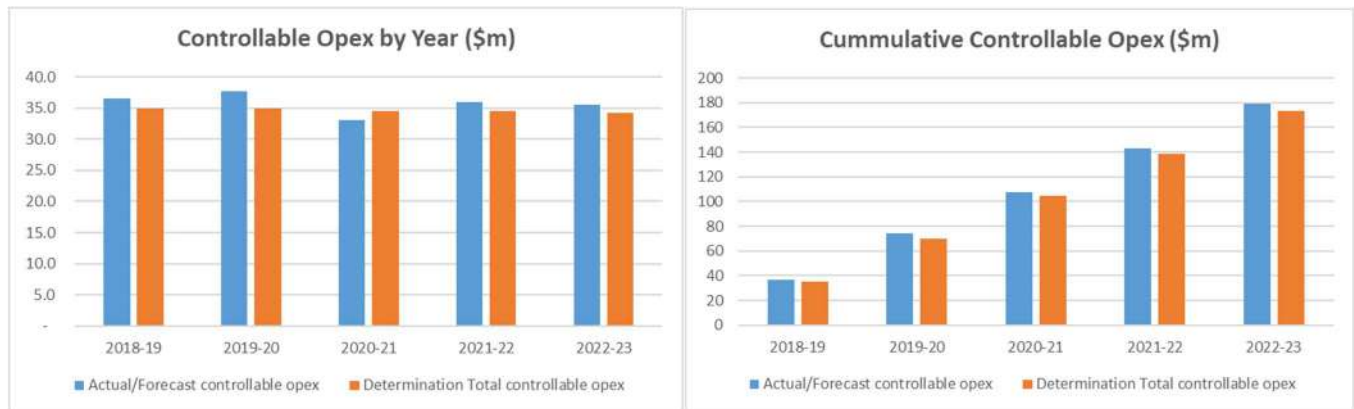
Figure 4-2 Five-year 2018 Water Price Review comparison annual and cumulative (Total and Net)

Controllable operating expenditure (\$m, 01/01/23)

The five-year total controllable operating expenditure amount provided for across the regulatory period in the *2018 Water Price Review* was \$178.8 million compared to actual and forecast controllable operating expenditure of \$173.0 million.

The results reflect some variations in customer demands and impact of changes in leave liabilities arising from changes in the discount rate applied and other provision calculation inputs. Apart from minor fluctuations overall controllable operating expenditure over the five years is close to the previous determination, 3% variance.

Figure 4-3 2018 Water Price Review Reconciliation – Controllable Opex (Prescribed)



4.4 PREMO Assessment - Performance

For the engagement element of PREMO we have assessed ourselves to be **Advanced (3.25/4)**.

Guiding Question	Score	Supporting evidence
To what extent has the business demonstrated delivery of its customer outcomes commitment over the current regulatory period? Did its customers get what they paid for?	3	<p>The business has generally delivered on its outcome commitments, by meeting its performance targets for most output measures across the regulatory period.</p> <p>To the extent we were delayed in delivery of water quality upgrades, GWMWater submitted price proposals that under recovered the revenue requirement in period three and this carried through to the end of the regulatory period.</p> <p>We have reduced our tariffs during the regulatory period where there was a variance in performance.</p>
How does actual operating expenditure across the current period compare with the established benchmark allowance, and to what extent has the business rationalised any discrepancies?	3.5	<p>We met the controllable opex benchmarks while meeting outcome expectations, representing better value for customers going forward.</p> <p>The behind the meter renewable energy program has delivered operational efficiencies.</p> <p>The Urban Remote Metering program has delivered the operational efficiencies anticipated by the business case.</p>
How does actual capital expenditure across the current period compare	2.5	<p>Our major capital project program was largely delivered as forecast, with material</p>

Guiding Question	Score	Supporting evidence
with the established benchmark allowance, and to what extent has the business rationalised any discrepancies?		<p>variations clearly explained to customers through annual reporting processes.</p> <p>Some new initiatives came through within the reporting period. These include:</p> <ul style="list-style-type: none"> • East Grampians Water Supply Project • Water Pressure upgrade program • Urban Rural Water Quality Northern Mallee Stage 1 Trial / Pilot • Horsham Smart Farm / Integrated Water Management • Various Boating and Recreation Upgrades delivered on behalf of Better Boating Victoria and Victoria Fishing Authority. <p>Actual capital expenditure was largely consistent with the benchmark allowances set in the price review. Significant variations to the capital expenditure forecast are clearly identified and explained. This includes uncertain capital expenditure that was excluded from the price benchmarks.</p>
To what extent does customer sentiment demonstrate satisfaction in the business's performance over the current regulatory period? Are customers happy with the value they receive from their water business?	3.5	<p>Overlaying a range of data and insights, we have 'met' customer expectations, and therefore achieved customer satisfaction, but have not seen any uplift during the regulatory period. This is particularly the case for all lakes in the region irrespective of whether they are part of our headworks network where there has been reduced access to water for recreation.</p> <p>We have maintained supply to recreation lakes by allocation of consumptive water to the recreation water entitlement.</p> <p>Areas of service-related dissatisfaction can largely be attributed to water quality, particularly where customers receive a non-potable supply. This is evidenced by data collected from our own customer surveys.</p> <p>Indicators of Customer Satisfaction include:</p>

Guiding Question	Score	Supporting evidence
		<ul style="list-style-type: none"> • A very high Net Promoter Score based on the GWMWater Customer Survey • Number of customer complaints per 100 being relatively steady and consistently at the lower end compared with other Victorian water corporations • Improved service reliability. <p>GWMWater has been progressively improving its customer service performance as represented in the Water Industry Performance Report as produced by CSBA.</p>

Key references relating to this section:

- a. Our Performance - www.gwmwater.org.au/about-us/our-performance
- b. ESC Status of Major Projects Report - www.esc.vic.gov.au/water/sector-performance-and-reporting/water-business-outcomes-reporting
- c. ESC Water Industry Performance Reports - <https://www.esc.vic.gov.au/water/sector-performance-and-reporting/water-performance-reports>
- d. Urban and Rural Customer Survey - May to June 2021 - [R2021-28626](#)
- e. ESC Water Performance Report 2020-2021 - www.esc.vic.gov.au/.../rpt-water-performance-report-2020-21
- f. Urban and Rural Customer Survey - Feb to March 2019 - [R2019-18749](#)
- g. GWMWater Community Panel Report PS2023 Final - [R2022-34073](#)
- h. GWMWater Annual Corporate Plan's 2018/19 to 2022/23 - [CMS/3197](#)

5 Risk

At a glance

- PREMO self-assessed rating for risk assessed as advanced (3.25/4)
- Risk management is an intrinsic part of our day-to-day operations and decision making
- This submission assumes we are best placed to manage risks on behalf of customers based on the available regulatory mitigation tools and management oversight.

GWMWater has a risk management framework based on the International Standard for Risk Management ISO 31000 and the requirements of the Victorian Government Risk Management Framework (VGRMF). This framework is underpinned by our:

- Risk Management Board Policy^a
- Strategic Asset Management Plan^b
- Water Quality Management Plan^c
- Wastewater Quality Management Plan^d

- Risk Register^e
- Operational Risk Register^f

The risk management systems and processes at GWMWater were the subject of an internal audit^g during 2022. Overall, the audit noted that it was evident that risk forms an intrinsic part of day-to-day operations and decision making at GWMWater. This was demonstrated across the organisation with risk being considered at a Board, management, operational and project level. This was further reinforced following a staff survey that demonstrated a strong perception of risk management and how it drives good practices and behaviours across the organisation.

Of the key risks identified, we have not sought to transfer these to the customer; a view we have formed on the basis of the regulatory mitigation tools in Appendix D of the guidance and management plans and actions that are available.

We have demonstrated our proactive approach to managing risks through the performance and management elements of PREMO in previous regulatory periods. This includes being accountable to our customers and regulators for outcomes and commitments.

5.1 Key Risks and Allocation Summary

The key risks relevant to this price submission and relevant sections where they are covered is provided below. Risks are allocated based on who is best placed to manage the risk and the management tools available.

- Inflow risk (see section 3.2)
- Demand forecasting risk (see section 16)
- Operational risks (see section 13.2)
- Construction risks (see section 13.3)
- Regulatory and policy risks (refer Appendix D of guidance; see also section 19.1)
- Financial risks (refer Appendix D of guidance; see also section 16, 17, 18, 19, 20 and 21)
- Business risks (see section 13.2.3)

In summary, we have based our submission on reasonable assumptions with reference to the requirements of the guidance and general assumption that we are best placed to manage the risk on behalf of customer.

5.2 PREMO Assessment - Risk

For the risk component of PREMO we have assessed ourselves to be **Advanced (3.25/4)**.

Guiding Question	Score	Supporting evidence
To what extent has the business demonstrated a robust process for identifying risk, and how it has decided who	3.75	We have implemented a new approach that reduces prices through better risk management, or through accepting risk on behalf of customers. This is evident with modelling prepared for our renewals programs and projected service standard performance.

Guiding Question	Score	Supporting evidence
<p>should bear these risks? i.e such that customers are not paying more than they need to.</p>		<p>We demonstrate compliance with risk standards specified in the Statement of Obligations (e.g. ISO 55000). Strategic asset management and planning and compliance with Standing Directions.</p> <p>We can demonstrate that we have thoroughly evaluated the feasibility of commencement and completion dates for major projects. Business cases are available for all major projects. We optimise and justify projects.</p> <p>The unit rates used to evaluate projects and options reflect recent historical trends, and/or independently verified market forecasts.</p> <p>We can support our assessment of financial viability by reference to cash flow projections and independent benchmarks (e.g. credit rating metrics).</p> <p>Through the form of price control and tariffs proposed, the submission appropriately balances revenue and cost risk between the business and its customers, without materially impacting on price stability (e.g. higher variable tariffs versus fixed may reflect a business taking on greater volume risk on behalf of customers).</p> <p>We have adopted demand projections based on our information and forecasts that are higher than the latest available estimates from the Victorian Government.</p>
<p>To what extent does the proposed guaranteed service level (GSL) scheme provide incentives for the business to be accountable for the quality of services delivered, and provide incentives to deliver valued services efficiently?</p>	2.5	<p>We have proposed a GSL scheme that reflects the main service concerns and priorities of customers. Reviewing GSL with customers and Community Panel.</p> <p>We are retaining all existing GSLs and are introducing two new GSLs related to multiple interruptions with a rebate value of \$80.</p>

Key references relating to this section:

- a. Risk Management Board Policy [CMS/307](#)
- b. Strategic Asset Management Plan [CMS/3277](#)
- c. Water Quality Management Plan [CMS/3469](#)
- d. Wastewater Quality Management Plan [CMS/3226](#)
- e. Corporate and Strategic Risk Register [R2022-35272](#)
- f. Operational Risk Register
- g. Risk Management Internal Audit Report [R2022-13334](#)
- h. 2022/23 Corporate Plan [CMS/3197](#)
- i. Valuation of Regional Water Corporations Infrastructure Assets for Financial Reporting Purposes for the period ending 30 June 2021 [R2022-38653](#)

6 Engagement

At a glance

- GMMWater focused on elevating the inclusiveness, accessibility and depth of its engagement approach in preparing this price submission.
- Innovating to provide hybrid engagement opportunities was highly successful.
- Engagement activities were targeted and fit-for-purpose based on the ability for customers to influence and the level of impact on customer cost and value.
- Proposals impacting customer price and value were presented to the Community Panel for deliberation, along with previous data and insights to inform their views.
- Generally, the panel were conservative in their deliberations in the context of rising living costs, but supported ongoing renewals and initiatives which address dissatisfaction among non-drinking water customers.
- Our PREMO self-assessment for engagement is Leading (3.75/4).

Our 2019-2024 Communications and Engagement Strategy^a was developed in recognition of the varied and changing expectations of our customers and stakeholders. Underpinned by the IAP2 model of engagement^b, the strategy provides a framework for the organisation to continue to meet customer expectations into the future.

Essential to the process was ensuring we had a documented and shared understanding of our customer segments so we could build a robust evidence base of customer insights to help guide how and when we engage. We completed a customer segmentation and profiling project^c in May 2020. This information was used to further segment our customer research in subsequent activities and this evidence base will continue to evolve as our data pool grows.

Our focus for engagement ahead of our 2023-2028 Price Submission was on elevating our approach which was assessed as 'Leading' in 2018. The rolling model and timeline for our approach is represented in Figure 6-1^d. The key principles of the model are:

- Engagement being a continuous feedback loop, with activities starting just months following the submission of our 2018-2023 price review;
- A combination of targeted and broad engagement activity depending on ability to influence and potential for customer cost impact;
- Data gathered from engagement activity feeds into the next, with regular exposure to GMMWater's board;
- The process culminating in a Community Panel, which considers all previous insights gained to make recommendations on Price Submission proposals.

The coronavirus pandemic, while disruptive, provided an opportunity for us to reconsider our approach and innovate to ensure our engagement processes were not compromised. Conversely, our ability to pivot to hybrid virtual and in-person delivery of engagement activities has enhanced the accessibility and depth of our engagement by enabling participation across our substantial geographic footprint as well as incorporating the use of interactive digital tools to gather both quantitative and qualitative data.

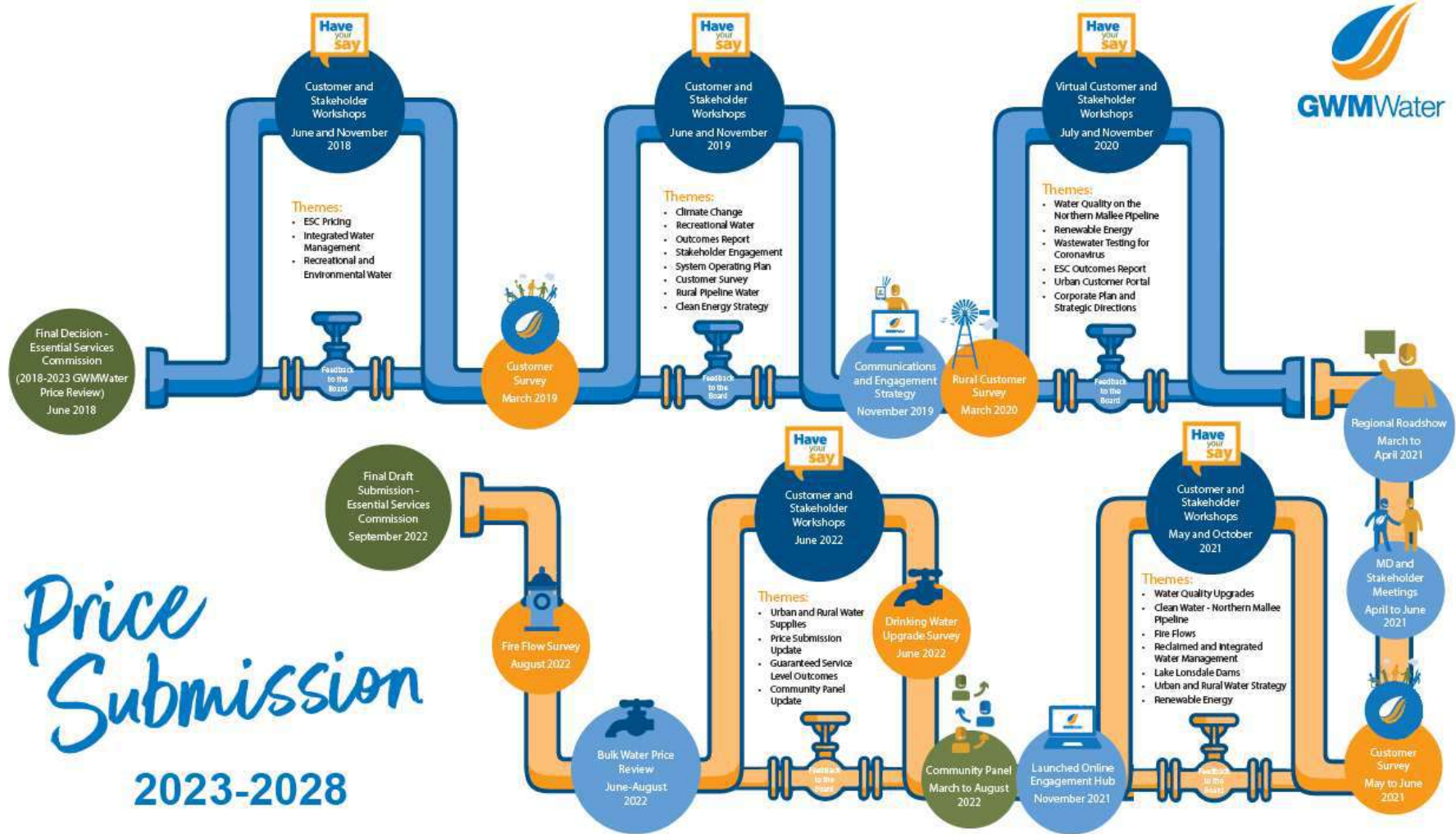


Figure 6-1- GWMWater Engagement Model and Timeline

Foundational engagement activities

Our biannual Customer and Stakeholder Workshops are a cornerstone of our engagement approach. Workshops are broadly advertised and attract stakeholders from local government, environmental organisations, the agricultural, financial, education, health, energy and telecommunications sectors, relevant government departments and regulators, local clubs and waterway managers, as well as interested customers and general public. Participants hear from experts and discuss and provide feedback on topics such as our water resource position and outlook, infrastructure initiatives, our performance, recreation water access and subsidies, renewable energy opportunities and others.

To better understand the factors influencing our customers' sense of value for money, we used our October 2021 Customer and Stakeholder Workshop^e to test assumptions. Participants were asked via an online poll to enter factors that influenced their sense of 'value for money' and then they could vote on each other's responses. The list below shows responses in order of popularity (most voted):

- Recreation water for lakes
- Recreational and environmental water
- Recreational water being given higher supply status would help
- Seeing water supporting community outcomes
- Recycled water
- Quick response to water issues raised
- Water discounts for schools/clubs
- Triple bottom line outcomes
- Safe and state of the art infrastructure
- Community education.

These workshops are supported by more focused, issue specific committees which are convened to assist to the development and strategy and policy, as well as ongoing monitoring of performance. The following committees and forums have been active during the current regulatory period:

- East Grampians Rural Water Supply Project Steering Group.
- Irrigation Diverters Committee.
- Lake Fyans Committee of Management.
- Regional Recreation Water Users Group.
- South West Loddon Project Steering Committee.
- Dunmunkle Creek Asset Decommissioning Project Steering Committee.
- Storage Manager Reference Group.
- Wimmera-Glenelg Headworks Operations Review Project Steering Committee.
- Wimmera-Glenelg Bulk and Environmental Entitlement Storage Manager Reference Group.
- West Grampians Rural Water Supply Project Steering Committee.

Additionally, GMMWater's Managing Director meets directly with key stakeholders such as local government and First Nations groups to understand their needs and priorities on an ongoing basis. These meetings ensure we maintain an open dialogue and can be responsive to emerging needs in local communities.

Our biennial customer surveys serve as an integral feed-in to our work. These surveys and our analysis are expanded on in section 4.2.

Intensive price submission engagement program

Many of the events such as field days and other expos were cancelled due to coronavirus for much of 2020 and 2021. These events provide an opportunity to reach customers and stakeholders who don't participate in our routine engagement activities. In response, during a reprieve from public health measures preventing face-to-face engagement in March and April 2021, we kicked off our more intensive engagement activities with a Regional Roadshow^f. We visited nine towns across our operational area, providing information about our price submission engagement process, recruiting participants for workshops and the Community Panel, updating customer contact details, supporting customers to sign up for the Customer Portal, engaging on renewable energy initiatives and hearing from the community about any water supply issues or general feedback to inform our work.

To elevate accessibility of our engagement program, we launched an online engagement hub^g in November 2021. The platform served as a hub for information about our price submission and engagement process, provided an opportunity to provide feedback on specific topics and register interested in other engagement activities. The hub was supported with a broad range of communication material, including the use of captioned videos to explain some topics. The online hub was supported by social media use to drive traffic to the site, along with QR codes on newsletters and fact sheets.

We consulted individual communities about their appetite for upgrades to provide drinking water in regulated towns in June 2022. These survey results^h were a critical feed-in to our independent Community Panel's deliberations.

Consultancy firm Marsden Jacobs Associates was engaged to undertake a review of bulk water pricing between June and August 2022. The review involved direct engagement with bulk water customers, a report on findings and considerations for future pricing arrangements.

In August 2022, we engaged Bartley Consulting to survey industrial customersⁱ about the potential for infrastructure works to increase pressure within industrial estates to provide minimum fire flows to meet building code requirements. The impact of this work did not have broad-base customer cost impact, so this engagement was undertaken directly with customers, along with relevant local government areas and the Country Fire Authority to inform our planning.

Independent community panel

Between March and August 2022, a Community Panel^k comprising 16 customers reflecting the GWMWater customer base convened to provide recommendations to GWMWater's Board on a series of proposals presented. The panel was chaired by an independent chairperson^l and was supported by a consultancy to ensure the process was transparent and robust. Proposals were supported with data and insights from previous engagements to provide an evidence based for the panel to consider as part of their deliberations.

We used a similar model in the preparation of our 2018-2023 Price Submission, enhancing the process and effectiveness this time by:

- Recruiting participants to ensure the panel reflected incorporated voices of customers reflecting all different customer, people who had experienced vulnerability as well as First Nations representation. This meant we were less reliant on representative groups to speak on behalf of those customers;
- Enabling hybrid meetings which increased both the inclusiveness and accessibility to customers spread across a substantial geographic area;
- Ensuring the proposals presented were selected based on the panel's ability to influence and where there was an impact on customer prices and/or value.

The composition of the panel is detailed in the final report^m, but at a high level, incorporated a range of customer types from across our operational area and:

- Eight males and eight females
- A mix of property owners and tenants
- Ages ranging from mid 20s to 70s
- Individuals, couples and families with dependent children
- People in full time and part time paid employment and retired people
- People involved in education, health and welfare, local government, business operators, farmers, environmental roles
- Traditional Owners
- Community volunteers (Landcare, Country Fire Authority, recreation reserve and sporting group committees of management)
- Six participants who identified as having experience vulnerabilities (including fixed incomes, customers who have been impacted by natural disasters, physical and mental health issues, disabilities, and general financial hardship).

The Community Panel formally reported its recommendations to the GWMWater Board in August 2022. The outcomes of their deliberations are outlined in their final report^m. Generally, the panel were conservative in their deliberations about expenditure on new initiatives in the context of rising living costs. However, they did support a focus on renewals as well as projects which addressed dissatisfaction with non-drinking water supplies.

The panel were asked to provide feedback about their experience both during and at completion of the process. The outcomes of this feedback is detailed in the final report^m, but in summary:

- 100% indicated they enjoyed being on the panel citing being able to have a say on different issues, interacting with diversity of customers and hearing different views, and understanding issues facing GWMWater and its customers.
- They reflected that meetings were well-structured and facilitated, ran to time, kept them interested and engaged.
- The panel appreciated GWMWater staffs' willingness to follow up on queries / issues (including those outside the scope of deliberations), ability to present information clearly and address questions in a way they could understand, as well as overcoming technology challenges due to the hybrid delivery.
- Eleven out of 12 respondents indicated they had sufficient opportunity to express their views. They felt different views were valued, saying disagreements were treated respectfully, the hybrid delivery allowed for a more diverse panel and enjoyed the challenging environment and polar opinions presented by broad range of customers and stakeholders.
- The main area for improvement identified was the timing of delivery of pre-reading, with some participants indicating they did not have enough time to read and consider prior to the meeting.

Engagement outcomes reflected in submission

All of the proposals, assessments of performance and pricing outcomes presented in this price submission are the result of feedback from customers and stakeholders or our obligations to government and other regulators. This is demonstrated throughout our submission.

6.1 PREMO Assessment - Engagement

For the engagement element of PREMO we have assessed ourselves to be **Leading (3.75/4)**.

Guiding Question	Score	Supporting evidence
To what extent has the business justified how the form of engagement suits the content of consultation, the circumstances facing the water business and its customers?	4	<p>The Community Panel assembled reflected a very good socio-economic and geographic mix with representation from indigenous and disadvantaged groups.</p> <p>Our focus for engagement ahead of our 2023-2028 Price Submission was on elevating our approach which was assessed as 'Leading' in 2018. The key principles of the rolling model^d and timeline are:</p> <ul style="list-style-type: none"> • Engagement being a continuous feedback loop; • A combination of targeted and broad engagement activity depending on ability to influence and potential for customer cost impact; • Data gathered from engagement activity feeds into the next, with regular exposure to GWMWater's board;

Guiding Question	Score	Supporting evidence
		<ul style="list-style-type: none"> The process culminating in a Community Panel, which considers all previous insights gained to make recommendations on Price Submission proposals. <p>The demographic of the Community Panel drove us hard on being able to deliver value and ensure affordability was at the forefront of our decision making.</p>
<p>To what extent has the business demonstrated that it provided appropriate instruction and information to customers about the purpose, form and content of the customer engagement?</p>	<p>3.25</p>	<p>The nature of our rolling engagement program provides frequent opportunities to communicate our engagement model^d to customers. We also distributed broad base communication in our customers newslettersⁿ and a fact sheet^o distributed with accounts in January 2022 and the establishment of the online engagement hub ensured all customers were informed and provided the opportunity to participate when and how they chose.</p> <p>Community Panel Governance</p> <ul style="list-style-type: none"> Terms of Reference established for the Community Panel Briefed the Community Panel on the water industry and GWMWater Community Panel had access to experts where appropriate
<p>To what extent has the business demonstrated that the matters it has engaged on are those that have the most influence on the services provided to customers and prices charged?</p>	<p>4</p>	<p>We have aligned our proposals and engagement activities based on the extent to which participants could influence the outcome, as well as those which had an impact on customer cost and/or value. For example:</p> <ul style="list-style-type: none"> Proposals presented to our Community Panel^m had broad base customer impacts in terms of cost and/or value. The bulk water pricing reviewⁱ was undertaken parallel to the Community Panel, as the panel had little ability to influence the outcome. Direct engagement with industrial customers^j regarding fire flows undertaken separately as it had no impact on broader customer prices. The Urban and Rural Water Supply Strategy was undertaken parallel to the Community Panel and we were encouraged to explore options to augment supply given the outlook.

Guiding Question	Score	Supporting evidence
To what extent has the business explained how it decided when to carry out its engagement?	3.75	<p>Our engagement program sought to build on the success of our 2018-2023 engagement program that was assessed as leading.</p> <p>Our rolling engagement program recognises that our consideration of customer needs and expectations does not ‘start’ or ‘finish’ during preparation of a price submission, rather regular customer engagement is embedded in our business as usual practice. Each engagement opportunity provides insight for the next, culminating in a more intensive period in the 18 months prior to submission.</p>
To what extent has the business demonstrated how its engagement with customers has influenced its submission?	4	<p>All of the proposals, assessments of performance and pricing outcomes presented in this price submission are the result of feedback from customers and stakeholders or our obligations to government and other regulators. Customer input is reflected in our:</p> <ul style="list-style-type: none"> • Renewals program; • Approach to water security; • Capital projects to improve water quality across both rural and urban; • Initiatives to improve customer value; • Addition of new GSLs and revised service standards; • Amendments to outcomes reporting; • Tariff structures and overall price path; • Bulk water prices; • Pressure improvement initiatives in industrial estates. <p>Importantly, proposals which were not supported are not reflected in this submission. The Community Panel rejected a proposal that we introduced on behalf of Hindmarsh Shire to introduce fluoride into the water supply of Dimboola and Nhill. Not because they did not believe it was a good idea. They just believed it was the responsibility of the Department of Health to fund.</p>
To what extent has the business demonstrated that its engagement was inclusive of consumers	3.25	<p>The many and varied opportunities to engage has provided all GMMWater customers to participate when and how they choose. Activities such as the Regional Roadshow, hybrid delivery of workshops and Community Panel meetings, as well as comprehensive</p>

Guiding Question	Score	Supporting evidence
experiencing vulnerability?		recruitment ^p of panel members ensured that our panel reflected our diverse customer base, including six people who identified as having experienced vulnerability.
To what extent has the business demonstrated that its engagement was inclusive of First Nations people?	2.5	Participation in our rolling engagement activities, targeted meetings with representative groups and First Nations on our Community ensured our engagement was inclusive of all.

Key references relating to this section:

- a. 2019-2024 Communications and Engagement Strategy - [R2019-56869](#)
- b. IAP2 model of engagement- https://iap2.org.au/wp-content/uploads/2020/01/2018_IAP2_Spectrum.pdf
- c. Customer Segmentation and Profiling - R2020-49219
- d. GWMWater Engagement Model and Timeline - [R2021-25175](#)
- e. October 2021 Customer and Stakeholder Workshop Notes - [R2021-46489](#)
- f. Regional Roadshow Report - R2021-16392
- g. GWMWater Online Engagement Hub - <https://gwmwater.engagementhub.com.au/ps2023>
- h. Drinking Water Upgrade Survey Results - [R2022-20799](#)
- i. Bulk Water Pricing Review – Appendix 3
- j. Fire Flows Survey Results - [R2022-35522](#)
- k. Community Panel Charter - [R2021-13629](#)
- l. Community Panel Independent Chairperson Position Description - [R2021-13631](#)
- m. GWMWater Community Panel Report PS2023 Final – Appendix 1
- n. Tapping In Customer Newsletters - <https://www.gwmwater.org.au/news/539-read-the-latest-news-in-our-customer-newsletter-tapping-in>
- o. Price Submission 2023-2028 Overview Fact Sheet - [R2022-1195](#)
- p. Marketing Plan – Community Panel Recruitment - [R2022-6492](#)

7 Management

At a glance

- The Board and Executive of GWMWater exercise strong governance^a over all its activities.
- Our cost efficiency improvement rate of 1.4% per annum (average) and past productivity achievements demonstrate our ongoing focus on prudent and efficient management.
- Our PREMO self-assessment for management is Advanced (3.25).

The Regulatory Strategy^a has been a point of reference for tracking progress in the development of the Pricing Submission. Regular briefings to the Board have helped guide management on the development of the 2023-2028 Water Price Submission. A management-working group^c has also been active in overseeing the development of the topics to be considered in the development of the plan.

The audit and assurance program^d overseen by the Audit Governance and Risk Committee has been aligned to providing a level of independent review over processes and systems, that management will use and therefore the Board rely upon to prepare the 2023-2028 Water Price Submission.

The programs and activities herein meet all the requirements of Victorian government policy, the expectations of technical regulators, the guidance paper and all the relevant legislative requirements.

The 2023-2028 Water Price Submission sets a cost efficiency target of 1.4% per annum average.

GWMWater uses the same planning tools for all its strategic and operating plans. This ensures consistency and quality of budgets and forecasts.

The processes specific to the development and procurement of projects ensure the best value outcome to customers. These maximise the use of any infrastructure already installed, uses the knowledge base of the asset system to produce reliable cost estimates, utilises project delivery methods that seek to optimise the risk assignment and applies best practice cost management and reporting.

7.1 PREMO Assessment – Management

For the management element of PREMO we have assessed ourselves to be **Advanced (3.25/4)**.

Guiding Question	Score	Supporting evidence
To what extent has the business demonstrated how its proposed	2.5	Forecast operating expenditure incorporates a rate of efficiency improvement equivalent

Guiding Question	Score	Supporting evidence
prices reflect only prudent and efficient expenditure?		to the average rate of a Standard rated business at the 2018 water price review (approx. 1.4% pa).
To what extent has the business justified its commitment to cost efficiency or productivity improvements?	3	<p>Multiple and independent measures are used to support justification for the prudence and efficiency of major expenditure changes, projects or reforms.</p> <p>We have demonstrated proven ability to identify and deliver productivity improvements. This includes the use of technology for monitoring our networks as an efficient way of meeting service standards</p>
To what extent has the business justified or provided assurance about the quality of the submission, including the quality of supporting information on forecast costs or projects?	3.25	<p>The price submission/expenditure forecasts include delivery of government policy commitments (reflected at efficient cost).</p> <p>We have used the collective work of the industry and our assessments to review the basis of our cost projections.</p> <p>We engaged consultants to review material capital project estimates and the quality of the pricing model to provide assurance to support the attestation on the quality and accuracy of the price submission.</p>
To what extent has the business provided evidence that there is senior level, including Board level, ownership and commitment to its submission and its outcomes?	4	<p>The business can provide business cases and justification for all major projects and capital programs, including evidence that a range of options have been considered.</p> <p>Forecast depreciation adopts a straight-line calculation approach.</p> <p>The Board of Directors have been provided regular briefings and attest that it has undertaken appropriate internal procedures to assure themselves of the quality and accuracy of their price submission.</p>

Guiding Question	Score	Supporting evidence
		<p>The price submission addresses all requirements specified in the guidance.</p> <p>The price submission and its supporting documents contain no material or obvious errors or omissions supported by an independent review.</p> <p>The price submission and supporting information are provided to the commission by the time requested.</p> <p>We can demonstrate through our planning processes that we have actively sought to reprioritise expenditure plans to mitigate the cost and price impacts of any new obligations (whether imposed by government or technical regulator, or to address a new service priority revealed through engagement).</p> <p>We have not included any proposals that will result in price shocks.</p>
<p>To what extent has the business demonstrated its price submission is an “open book”?</p>	<p>3.5</p>	<p>We retain meaningful and robust supporting documentation to justify proposals, with ongoing access available to the commission.</p> <p>We are transparent in providing information to the commission on stakeholder views or other information or assessments that may be relevant to the assessment of key initiatives or proposals.</p>

Key references relating to this section:

- a. Corporate Governance Policy - [CMS/575](#)
- b. 2023-2028 Water Pricing Proposal Development Strategy - [R2021-16348](#)

- c. Price Submission Development Working Group Terms of Reference - [CMS/3237](#)
- d. 2022-2025 Internal Audit Plan - [R2022-18497](#)
- e. Marsden Jacob Quality Assurance Review of the GWMWater 2023-28 ESC pricing model - [R2022-38673](#)

8 Outcomes

At a glance

- Customers have provided feedback about the content of and performance against our outcomes at regular intervals during the regulatory period, which have driven the proposed changes to our outcomes.
- The focus of changes relates to providing a higher level of detail, in terms which are meaningful to the customer, as well as responding to feedback about customer satisfaction and the threshold applied.
- For the outcomes element of PREMO we have assessed ourselves to be Advanced (3/4).

8.1 Customer and Stakeholder Feedback

The content of and performance against the Outcomes established for our 2018-2023 was subject to a continuous feedback loop with customers and stakeholders during the regulatory period. Via our **biannual** Customer and Stakeholder Workshops (see section 6) customers provided regular feedback about the relevance of both measures and outcomes, as well as which outcomes they felt we needed to prioritise. This culminated at our June 2022 workshop^a, where feedback from previous engagements were presented back to participants, who then helped to refine our approach^b.

Key areas of feedback included:

- **Customer hardship** was identified as a priority area following our 2019 and 2020 reports. Customers were keen to understand what we were doing to address the gap to our target, including how we were collaborating with local support agencies. While we included commentary as to the value of sponsorship, this was flagged as an opportunity for an additional measure to provide context.
- Although we consistently met targets, our approach to reporting **Customer Satisfaction** was flagged for improvement. Customers queried why five out of 10 was considered sufficient to consider a customer 'satisfied' and suggested a higher threshold rather than an average score.
- At our October 2021 workshop, customers suggested whether we should be incorporating a **water efficiency** target and increasing our efforts in community education about the value of water and tips for water saving. However, once presented with how this would look given the substantial operating area, our customers did not consider adding a measure as useful or feasible.

- **Annual Service Standards** was identified as both an area of priority and improvements to reporting. Customers were unanimous support for splitting service standard and operating expenditure to better reflect GWMWater’s different service types, such as drinking water and non-drinking water, as well as urban and rural services. They also supported reporting on individual standards based on customer chargers (urban and rural) rather than an aggregated result.

8.2 Outcomes

The programs and priorities included in our submission are aligned with the following outcome commitments to our customers.

Table 8-1 Outcome 1: Safe Drinking Water

Output	Measure	Target
Overall Drinking Water Customer Satisfaction (rating of 7 or above out of 10) in GWMWater's customer survey	Percentage of survey responses	> 80%
Total drinking water quality complaints	Number per 1,000 customers	3
Number of Safe Drinking Water Act non-compliances (water sampling and audit)	Number	0
Major projects		
<ul style="list-style-type: none"> • Water Treatment Plant Upgrades - Health Based Treatment Targets (HBT) • Mt Zero Water Treatment Plant - New Clear Water Storage 		

Table 8-2 Outcome 2: Clean Non-drinking Water - Urban

Output	Measure	Target
Urban non-drinking water customer satisfaction (rating of 7 or above out of 10) in GWMWater's customer survey	Percentage of survey responses	> 80%
Urban non-drinking water quality complaints	Number per 1,000 customers	10
Major projects		
<ul style="list-style-type: none"> • Water Quality Upgrade - Kaniva (carried over) • Water Quality Upgrade - Moyston (carried over) • Water Quality Upgrade - Berriwillock and Culgoa • East Grampians Rural Water Supply Project • Northern Mallee Pipeline Clean Water (Stage 2) 		

Table 8-3 Outcome 3: Clean Non-drinking Water - Rural

Output	Measure	Target
Rural pipeline (non-drinking) water customer satisfaction (rating of 7 or above out of 10) in GWMWater's customer survey	Percentage of survey responses	> 80%

Rural pipeline (non-drinking) water quality complaints	Number per 1,000 customers	5
Major projects		
<ul style="list-style-type: none"> • East Grampians Water Supply Project (Project currently in progress (new project 2018-23)) • Northern Mallee Pipeline Clean Water (Stage 2) 		

Table 8-4 Outcome 4: Reliable and affordable services

Output	Measure	Target
Urban Customer Charter - Water		
Minimum water pressure or flow rate a customer should receive	L/min	20
Maximum number of unplanned water supply interruptions in a year	Number	5
Average time taken to attend bursts and leaks (priority 1)	Minutes	30
Average time taken to attend bursts and leaks (priority 2)	Minutes	40
Average time taken to attend bursts and leaks (priority 3)	Minutes	40
Average duration of unplanned water supply interruptions	Minutes	100
Average duration of planned water supply interruptions	Minutes	200
Urban Customer Charter - Sewerage		
Maximum number of sewer blockages in a year	Number	3
Average time to attend sewer spills and blockages	Minutes	22
Average time to rectify a sewer blockage	Minutes	113
Maximum time taken to contain a sewer spill	Minutes	300
Rural Customer Charter		
Maximum number of days of unavailability of D&S Supply Systems for continuous periods	Days	3
Number of days to process temporary transfer of water allowance volumes	Days	15
Number of days to process new applications or permanent transfer of groundwater licences, supply-by-agreement licences, water allowance volumes	Days	60
Number of days to process applications for renewal of groundwater licenses	Days	40
Number of days to process new applications for surface diversion licenses	Days	22
Processing of permanent transfer of surface diversion or groundwater licences within 60 days	Days	60
Other		

Total controllable operating expenditure (cumulative 2023–2028, \$2023 real)	\$ million	177.3
Hardship grants awarded (excluding government schemes)	Number	150
Hardship grants awarded (excluding government schemes)	\$	na
Major projects		
<ul style="list-style-type: none"> • Water Supply System Upgrade - Industrial Fire Flow • Mt Zero Water Treatment Plant – New Clear Water Storage • Headworks Structure Renewal – Rocklands Flume 		

Table 8-5 Outcome 5: Healthy and Liveable Region

Output	Measure	Target
Number of organisations receiving recreation water discounts	Number	na
Self-generated renewable energy used in operations	Number	na
Carbon emission reduction – 90% reduction (from 20,017 tonnes) by 1 July 2030 (cumulative)	Percentage	90% by 1 July 2030
Recycled water use	Percentage	80
Non-compliance incidents with Bulk Entitlements	Number	0
Review of Western Region Sustainable Water Strategy		Met
Level of unaccounted water - Urban (Leakage)	Percentage	10
Level of unaccounted water - Rural pipelines (Non-revenue water)	Percentage	10
Major projects		
<ul style="list-style-type: none"> • Upgrade WWTP & Reuse System - Dimboola • Headworks Structure Renewal – Rocklands Flume • East Grampians Water Supply Project (Project currently in progress (new project 2018-23)) 		

8.3 PREMO Assessment – Outcomes

For the outcomes element of PREMO we have assessed ourselves to be **Advanced (3/4)**.

Guiding Question	Score	Supporting evidence
Has the business provided evidence that the outcomes proposed have taken into account the views, concerns and priorities of customers?	3	Water quality upgrades target customers that are less satisfied with us. Regulated towns and Northern Mallee pipeline customers are generally less satisfied than other customers based on our customer surveys. The number of towns to be included are reflective of the desire to

Guiding Question	Score	Supporting evidence
		<p>maintain price increases from an affordability perspective.</p> <p>Water augmentation studies are looking at ways to secure recreational water as well as meeting the demand of mining companies when they commence operation.</p>
Has the business provided sufficient explanation of how the outcomes it has proposed align to the forecast expenditure requested?	3	<p>Outcomes proposed will align with forecast expenditure.</p> <p>Variations to baseline operating expenditure are justified and explained in this submission and supporting documentation. Incremental costs only include prudent and efficient costs.</p>
Has the business proposed outputs to support each of its outcomes, which are measurable, robust and deliverable?	3	<p>All outcomes proposed have been defined in ways that reflect the customer service experience.</p>
Has the business provided evidence that the outputs it has proposed are reasonable measures of performance against stated outcomes?	2.75	<p>We have proposed outputs that are appropriate measures of performance for each outcome proposed. Measures and deliverables are clearly defined and unambiguous.</p> <p>We have included changes based on feedback including providing a higher level of detail, which are meaningful to the customer, as well as responding to feedback about customer satisfaction and the threshold applied.</p> <p>The outcomes proposed have been prioritised in terms of importance to customers as revealed through customer engagement. The expenditure forecasts reflect the prioritisation of outcomes.</p> <p>Where applicable, we have explained or justified why outcomes proposed are not consistent with customer preferences and priorities.</p>

Guiding Question	Score	Supporting evidence
		The level and composition of forecast expenditure is consistent with the outcomes proposed. The expenditure profile has changed where required to reflect customer priorities.
Has the business demonstrated a process to measure performance against each outcome and to inform customers?	3	We have an established customer performance reporting approach that is targeted to customer needs, including across different regions and customer types. Our reporting is presented in a summarised, easy to read format for customers and shared with participants of our Customer and Stakeholder Workshops as pre-reading ahead of consultation.

Key references relating to this section:

- a. June 2022 Customer and Stakeholder Workshop Presentation and Engagement Activities – [R2022-35394](#)
- b. June 2022 Customer and Stakeholder Workshop Notes – R2022-26394
- c. Our Performance – <https://www.gwmwater.org.au/about-us/our-performance>

9 Service Standards Relating to Reliability and Faults

Our proposal

- Urban water minimum flow rate increased from 10 L/min to 20L/min
- Average duration for planned urban water supply interruptions to be increased from 180 minutes to 200 minutes to reflect increased frequency of longer outages for water main renewal works
- Improve fire services to commercial customers in industrial zones and transition these customers to an industrial fire service tariff
- We will continue to underwrite the security of the recreation water product from consumptive water holdings to the extent we can without undermining the security of water to consumptive water holders.
- As part of the augmentation studies, we will investigate the extent that the reliability of the recreation water product could be improved.

GMMWater maintains a policy of 'like price like service' and therefore the definition of the service standard and its influence on investment and operating costs is significant in shaping pricing decisions.

The level of service is generally described in the customer charter with GMMWater maintaining two customer charters an urban customer charter and a rural customer charter. The customer charters also have a nexus to the concept of 'service district' which has its origins in the Water Act. There are however other arrangements that do not fall within a service district and these are covered in the context of agreements that will generally seek to be an extension of either the urban or rural customer charter.

Pressure and flow

Considerable engagement took place with our Community Panel on pressure and flow in the networks of GMMWater. The work we have done in reviewing pressure and flow as part of the urban remote metering service has allowed us to uplift the minimum flow rate for standard services to 20 litres per minute. Modelled performance of the network suggests that 98% of our urban customers should be able to achieve the minimum flow rate of 20 litre per minute.

GMMWater will update our Urban Customer Service Standards to reflect ESC guidance to ensure customers can easily relate to the minimum service level they can expect. The main changes are highlighted below.

- Minimum flow rate increased from 10 L/min to 20 L/min to reflect our recent and ongoing pressure improvement program in line with customer expectations on minimum flows.
- Rephrasing three of the service standards (b, h and k in the table below) so that they are more meaningful to customers and align with the ESC's definition.
- Average duration for planned water supply interruptions to be increased from 180 minutes to 200 minutes to reflect increased frequency of longer outages for water main renewal

works. This update reflects the water mains renewals program endorsed by the Community Panel.

Customer Portal

Access to customer water consumption data from the customer portal is provided as a free service offer at GWMWater. We generally warrant the availability of the service and are responding to customer requests that are seeking to access the data directly from the communications service provider. The urban customer charter will be amended to reflect the customer portal as being part of the standard GWMWater service offer.

Table 9-1 Proposed Urban Service Standards

Water	
Minimum water pressure or flow rate a customer should receive (L/ min)	20
Maximum number of unplanned water supply interruptions a customer should experience in any 12-month period	5
Average time taken to attend bursts and leaks (priority 1) (minutes)	30
Average time taken to attend bursts and leaks (priority 2) (minutes)	40
Average time taken to attend bursts and leaks (priority 3) (minutes)	40
Average duration of unplanned water supply interruptions (minutes)	100
Average duration of planned water supply interruptions (minutes)	200
Sewerage	
Maximum number of sewer blockages a customer should experience in any 12-month period	3
Average time to attend sewer spills and blockages (min)	22
Average time to rectify a sewer blockage (min)	113
Maximum time taken to contain a sewer spill (minutes)	300

Table 9-2 Proposed Rural Service Standards

Maximum number of days of unavailability of D&S Supply Systems for continuous periods (days)	3
Number of days to process temporary transfer of water allowance volumes (days)	15
Number of days to process new applications or permanent transfer of groundwater licences, supply-by-agreement licences, water allowance volumes (days)	60
Number of days to process applications for renewal of groundwater licenses (days)	40
Number of days to process new applications for surface diversion licenses	22
Number of days to process applications for renewal of surface diversion and supply-by-agreement volumes (days)	60

9.1 Industrial and Commercial Servicing – Fire Service

A consequence to changes in the building code is such that the pressures are inadequate to provide pressure to meet the tactical response requirements for firefighting.

For existing customers in some industrial areas this is impacting on the ability of businesses to access fire risk insurance. For new developments approvals cannot be granted until such time as proponents can prove that the water infrastructure firefighting requirements can be met. The firefighting requirements can be met by installation of local storage or upgrades to the water network to ensure the pressure and flow requirements can be met.

As an extension of the engagement undertaken with the community panel, we have undertaken a deeper engagement process with industrial and commercial customers. In the event that it is deemed that the water supply network has been deemed to have sufficient capacity to meet the tactical fire service requirements they are required to invest in static storage on site to meet the requirements of the building code. The water pressure issues in industrial and commercial areas have consistently been raised as an issue by local government in our consultation and engagement processes.

The installation of local storage tends to be cost prohibitive for developments and is not an efficient use of infrastructure. Many new industries have been lost to the region due to the prohibitive start-up costs associated with the provision of local firefighting infrastructure. Industrial estates have typically been established on the edge towns where there has been access to cheap land with a minimal lens over infrastructure requirements to service the industrial estates.

GMMWater has addressed these issues in an ad hoc way in recent years where solutions can be implemented as part of other asset management related initiatives.

With this submission we are proposing a program of upgrades and renewals to deliver industrial fire flows. Customers in industrial zones receiving the service improvement will transition to an industrial fire tariff on completion of upgrade works on a town-by-town basis.

10 Guaranteed Service Levels

Our proposal

- Retain all existing GSLs and rebate values in the pricing period.
- Introduce two new GSLs related to multiple unplanned urban water and sewer blockage interruptions with a rebate value of \$80.

We are committed to maintaining standards of service that are important to customers and are proposing to retain all existing GSLs and the rebate values in the pricing period. Our approach to retaining the value of existing GSLs is consistent with average bills remaining stable since 2017/18 and was supported by the Community Panel.

Further to retaining existing GSLs, we reviewed our service standards and acknowledge the inconvenience that may be caused to customers who experience multiple interruptions, even though we may restore them within five hours. The Community Panel supported our proposal to introduce two new GSLs related to multiple interruptions. The new GSLs compliment changes to the Industry Standard where the language has been updated to enable customers to more easily relate the standards to their service.

Table 10-1 Proposed Guaranteed Service Levels

Service level obligation	Rebate \$
Notification to customer advising drinking water not suitable for drinking	100
More than 5 unplanned water interruptions in a year (*New)	80
More than 3 sewer blockages in a year (*New)	80
Unplanned water interruptions not restored within five hours of notification	50
Planned interruption longer than notification	50
Sewer interruption not restored within five hours of notification	50
Sewer spill within a house caused by failure of system not contained within one hour	1,000
Restricting the water supply of, or taking legal action against, a residential customer prior to taking reasonable endeavours to contact the customer and provide information about help that is available if the customer is experiencing difficulties paying.	300

11 Regulatory Period

Our proposal

- Five-year regulatory period

We are proposing a five-year regulatory period. This will provide certainty to customers about the outcomes to be delivered and prices to be charged. It will also allow us to focus on service delivery and achieving the service improvements and customer outcomes without the additional costs of a shorter period or risks over a longer period.

12 Revenue Requirement

Our proposal

- Forecast revenue requirement of \$327.55 million over five years.
- Our return on assets is based on an advanced PREMO rating.

The building blocks that underpin the forecast revenue requirement of \$327.55 million over the regulatory period is summarised in the table below. The revenue requirement is reduced by revenue from new customer contributions and the sale of growth water allowances which is deducted from the regulatory asset base.

Table 12-1 2023 - 2028 Revenue requirement building blocks \$m, 01/01/2023

Revenue requirement	5 years
Operating expenditure	190.76
Return on assets	66.02
Regulatory depreciation of assets	70.77
Adjustments from last period	-
Tax liability	-
Total revenue requirement	327.55

The revenue requirement is recovered through tariffs for services and other revenue sources as outlined below.

Table 12-2 Revenue from determined prices or pricing principles \$m, 01/01/2023

Service	2023-24	2024-25	2025-26	2026-27	2027-28
Urban Water	27.83	27.97	28.55	28.71	29.03
Sewerage	13.83	13.94	14.02	14.10	14.18
Bulk water - headworks	2.19	2.01	2.01	2.01	2.01
Trade Waste	0.13	0.13	0.13	0.13	0.13

Service	2023-24	2024-25	2025-26	2026-27	2027-28
Domestic and stock	17.81	18.63	18.70	18.72	18.83
Surface water diversions	0.10	0.10	0.10	0.10	0.10
Groundwater diversions	0.46	0.46	0.46	0.46	0.46
Total tariff revenue	62.36	63.24	63.97	64.23	64.73
Contract revenue	0.47	0.47	0.47	0.47	0.47
Other non-tariff revenue	1.59	1.59	1.59	1.59	1.59
Revenue not collected	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)
Net prescribed revenue	64.17	65.05	65.78	66.04	66.54

Other non-tariff revenue includes miscellaneous income from application fees, information statements, connections charges, supervision fees and other miscellaneous fees and charges.

The revenue requirement has reduced from the previous determination due to reductions in the regulatory rate of return due to reductions in the cost of debt, productivity and efficiency improvements and higher forecast inflation as shown in the following chart.

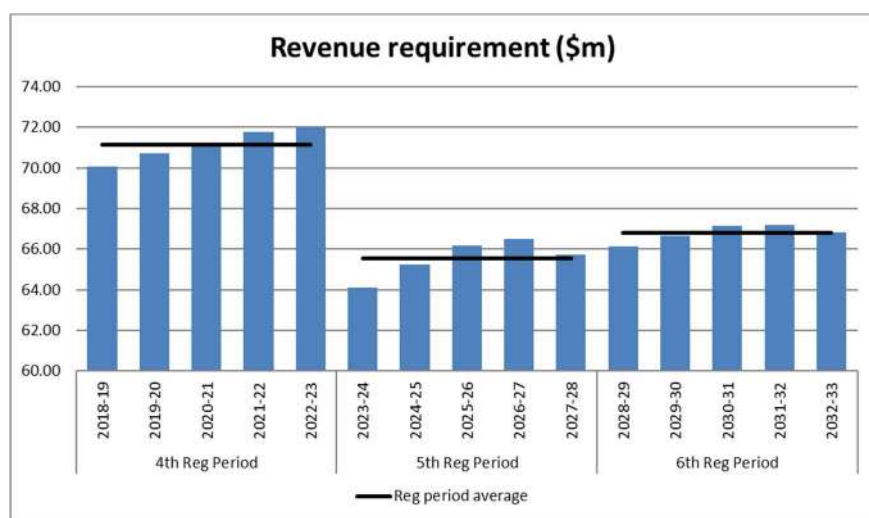


Figure 12-1 2023 Revenue Requirement compared to the 2018 Water Price Review determination

Further details on each revenue requirement component is covered in the following sections.

Key references relating to this section:
 ESC GMMW_2023 Price Review Model [R2022-38611](#)

13 Forecast Expenditure

13.1 Cost Allocation Methodology

In the first instance, all expenditure is ‘directly’ costed to the asset and/or relevant service to which it relates. Cost strings are automated based on the work order type and asset attached to the work order (where applicable) reducing the likelihood of costs being misallocated.

Only ‘indirect’ costs which are generally associated with corporate activities are allocated based on the cost allocation rates (cost drivers) defined in the Corporate Cost Allocation Framework^a.

The framework is reviewed annually as part of the corporate planning process and also as part of the preparation and adoption of the annual regulatory accounts.

13.2 Forecast Operating Expenditure

Our proposal

- Forecast total prescribed operating expenditure of \$190.76 million over five years
- Cost efficiency improvement rate of 1.4% per annum (average)

The following chart shows total actual annual and forecast operating expenditure for 2018-2033.

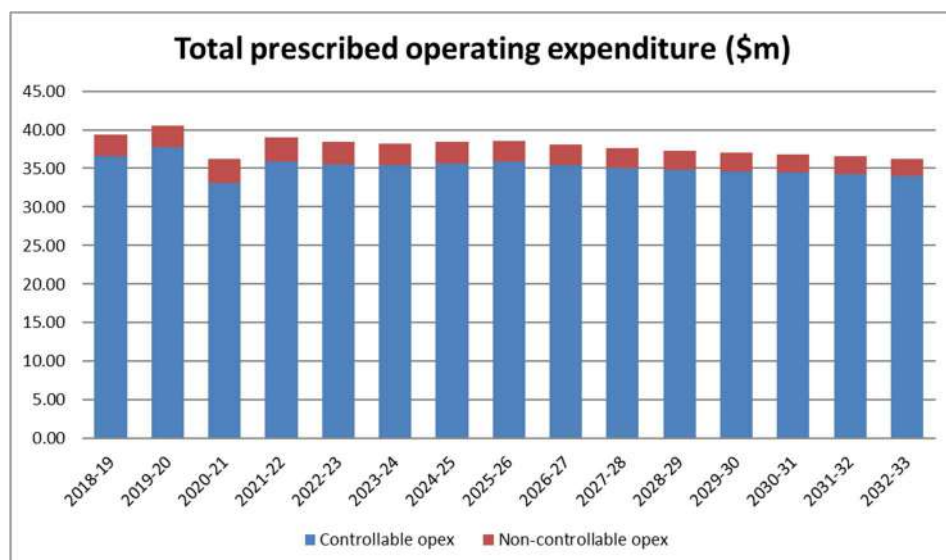


Figure 13-1 Total prescribed operating expenditure (actual and forecast) for 2018-2033

The pricing template includes internal bulk water pricing based on the bulk water revenue requirement (ie. building block approach). The methodology reflects the outcomes of the bulk water pricing review (see Appendix 3) adjusted to recover the balance of the bulk water revenue requirement from urban water and domestic and stock.

13.2.1 Forecast expenditure growth rate assumptions

We have chosen to retain forecast customer growth in the model to calculate forecast baseline operating expenditure growth.

The region typically experiences low growth and has remained relatively constant without any significant factors expected to change this trend. Refer to section 16 for more details on demand assumptions.

13.2.2 Forecast variations to baseline operating expenditure

This includes new and incremental operating expenditure arising from the capital program and material forecast variations to baseline operating expenditure.

During our engagement processes, our customers provided direction in prioritising initiatives and projects to ensure affordability was maintained.

Incremental costs arising from new or improved services reflect the efficient cost of providing these services. Projects being delivered which will impact operating expenditure include the East Grampians Water Supply Project and drinking water upgrade projects (Kaniva, Moyston, Berriwillock and Culgoa).

The projects we are proposing to complete during the regulatory period provide improved customer value and are funded consistent with the building block approach from additional actual and future government contributions (where applicable), new customer contributions (where applicable) and incremental tariff revenue.

All other non-renewals projects in the capital program are assumed to be cost neutral, ie incremental operating costs will be offset by operational efficiencies such as the Northern Mallee Clean Water Project (stage 2).

Other adjustments relate to costs associated with contracting 100% green power in 2025-26 to meet government commitments. Notwithstanding the increase in cost associated with current grid energy, we have set an ambitious energy productivity target based on our Clean Energy Strategy^b. As such, there are no price increases resulting from meeting carbon emission reductions. Refer to section 13.2.4 for more information on carbon neutrality and renewable energy.

With software costs we have been able to keep these to a minimum historically, however will need to move over to the cloud to remain supported and to continue to realise the benefits of digital transformation as an important enabler of our productivity. We have benchmarked costs based on our market research and expectation of achieving a reasonable outcome.

Maintenance and operations schedules have been reviewed. With planned desludging expenditure and redundant asset decommissioning included in the capital program, there are no other adjustments related to maintenance and operations schedules required.

13.2.3 Cost efficiency improvement

Overall cost efficiency improvement rate is 1.4% per annum (average). Management regularly review and assess productivity and efficiency initiatives. The current enterprise resource planning system incorporating the planning and budgeting system has been in use since 2008 and was enhanced further in 2013 with the implementation of the assets and works management modules.

The integrated information system provides a robust platform for developing, monitoring and comparing corporate plans and price submissions. The same corporate plan models are used to prepare the price submission; providing a higher level of confidence on the quality and reliability of the projections.

The ongoing productivity and efficiency initiatives identified include:

- Labour efficiency gains and/or reduced contractor costs realised from past technology investments.
- Rural pipeline extension projects including South West Loddon and East Grampians projects;
- Energy efficiency investments (behind the meter renewable energy) and delivery of the Clean Energy Strategy;
- Rationalisation of redundant infrastructure including removal of high-risk assets;
- Continuously improving and innovating to maximise the utilisation and performance of our assets, water resources and infrastructure through the analysis of actual performance data captured via electronic work orders and the Water Information System; and
- Joint procurement opportunities with other water businesses and Victorian government through the Victorian Government Purchasing Board.

We have included an ambitious energy productivity assumption within our base data of 5% per annum in year 1-2 and 10% per annum in year 3-5. The behind the meter renewable energy program has been a key plank of our delivery strategy. Further opportunities include technology improvements related to more energy efficient infrastructure (design, pumps etc), battery storage, optimising the operation of our networks and further investment in renewable energy generation.

13.2.4 Carbon neutrality and renewable energy

GMMWater has made a carbon emission reduction pledge for 2030 and the SoO (ER) has been updated. The key outcomes of this for GMMWater are:

1. Electricity used is to be 100 percent renewable by 2025.
2. GMMWater carbon emissions are to be reduced to 1,875 tCO₂-e by 2030 (~95 percent reduction) and zero by 2035.

GMMWater has developed a Clean Energy Strategy^b to identify opportunities and guide the pathway towards net zero carbon emissions. The key drivers of the Strategy are to reduce the cost of electricity use and reduce GMMWater's carbon emissions.

Scope One emissions are a direct result of our operations, particularly on-site treatment of wastewater and fleet and represent 15% of GMMWater's total carbon emissions. Scope One emissions can be reduced by making operational changes or offset by creating or acquiring appropriate carbon offsets. We are currently engaging in studies to determine the potential for creation of carbon offsets within the GMMWater service region through tree-planting.

Scope Two emissions result from GMMWater's consumption of electricity that is not generated from renewable sources. Scope Two emissions represent 85 percent of GMMWater's total emissions, largely due to the operation of water pumping stations and treatment facilities. Scope Two emissions are being directly offset through the installation of behind-the-meter solar generation and energy storage. These installations directly reduce electricity consumed from the grid and reduce carbon emissions.

The existing and planned behind-the-meter generation installations will provide about 30 percent of GMMWater's total electricity needs, but replacement of all grid electricity consumption through behind-the-meter generation is unlikely to be the best value method of achieving net-zero Scope Two emissions. To offset all Scope Two emissions, potential larger scale, front-of-meter renewable generation projects are being considered, alongside potential Power Purchase Agreements with renewable electricity project developers or brokers.

13.2.5 Cost escalation

All costs other than labour and electricity are assumed to escalate with CPI, 0% real.

Labour costs are benchmarked to Victorian Government Wages Policy of 1.5% including CPI or (1.5%) real contributing to productivity outcomes.

The collective work prepared by Intelligent Water Networks with Schneider Electric has been used to calculate projected electricity rates.

The environmental contribution is assumed to decrease in real terms by approximately \$1.1 million to \$11.9 million during the 2023-28 regulatory period. The basis of the calculation is expected to remain the same and is based on 5% of applicable urban revenues and 2% of applicable rural revenues.

Key references relating to this section

- a. Corporate Cost Allocation Framework - [CMS/3051](#)
- b. Clean Energy Strategy - [R2019-28343](#)

13.3 Forecast Capital Expenditure

Our proposal

- Our capital program reflects prudent and efficient expenditure based on our Strategic Asset Management Plan and other strategies to deliver improved customer value.
- Forecast capital expenditure of \$203.57 million over five years; net \$163.54 million.
- 49% of net capital program expenditure on asset renewals and 38% on service improvement and compliance projects.
- Our proposed capital program delivers on service and compliance obligations and responds to feedback from customers and the community on the services and outcomes they value.

13.3.1 Summary of capital program

The proposed capital expenditure program is \$203.57 million over five years, close to the 2018-23 capital program of \$210.07 million. The program delivers on service and compliance obligations and responds to feedback from customers and the community on the services and outcomes they value while maintaining affordability⁴.

The key customer value outcomes from the proposed program include:

- **Growth:** New rural pipeline services to previously un-serviced landowners in the East Grampians Water Supply Project area (new project commenced during 2018-2023). Project being delivered in partnership with State and Commonwealth governments, key stakeholders and the local community.

Benefits include extending access to essential services to more Victorians, improving regional productivity and resilience, and improving the productivity and efficiency of our infrastructure and assets to benefit all GMMWater urban and rural pipeline customers.

- **Improvement: Urban water quality**
Converting additional non potable urban towns to drinking water and completion of water quality upgrade commitments carrying over to 2023-2028. The towns of Kaniva and Moyston that will carryover from the 2018-2023 regulatory period. On the basis of engagement and recommendations from the Community Panel (see Appendix 1, pp 32-33), Berriwillock and Culgoa will receive improved water quality over the period.

Northern Mallee pipeline water quality

As a consequence of climate change, source water from the Murray River is becoming increasingly at risk of poor water quality episodes. Elevated turbidity and the increased frequency of algal and black water events has contributed to a loss of support from this customer group as evidenced by

⁴ www.gmmwater.org.au/.../Our Performance 2021-22

our customer surveys (section 4.2). These events create risks to supply reliability, stock health and suitability for use. The poor water quality impact network operations and maintenance costs and treatment facility costs significantly. These risks are expected to increase with climate variability in the future.

Industrial Fire Services

Water access and pressure has become a significant issue for businesses that are required to meet the requirements of the National Construction Code. Compliance with the code can create a significant cost for existing businesses and a barrier for businesses seeking to establish or expand. We directly engaged^a with existing business operators and prospective businesses confirming support for a program of upgrades and renewals to deliver industrial fire flows.

Benefits specifically relate to improving and providing services that are valued by our customers.

- **Renewal:** Our customers told us that improvements to existing services to reduce interruptions, blockages and improved service reliability were a priority (Appendix 1, pp 17-18), and so renewing our aged assets is a key feature of our expenditure outlook. These are predominantly renewal of water and sewer pipes installed during post-war growth that are now reaching the end of their service life. Failures in these assets have a direct impact on customers in terms of water leaks, service outages, sewer blockages and spills.

Given the increasing volume of assets requiring renewal, and the direct link to customer experience, management of these renewals is critical in terms of maintaining affordability and reliability of services.

- **Compliance:** Projects associated with meeting regulatory or legislative obligations include:
 - Wastewater treatment plant upgrade projects at Donald, Dimboola and Ararat,
 - Water treatment plant upgrade projects at Ararat, Stawell, Great Western, Willaura to meet Health Based Treatment Targets (HBT), and
 - Major upgrade to the fluoride facilities Mt Zero water treatment plant in Horsham.

We actively manage risks related to the provision of our water and wastewater services. The proposed program aligns with regulatory requirements and efficiently minimises risks to our customers, community and the environment.

Asset renewal, major maintenance (desludging) and redundant asset decommissioning are guided by the asset management system and the associated Strategic Asset Management Plan (SAMP) in the development of the overall capital program.

The asset system supports the establishment of rates to underpin the development of the capital program. These are the rates used in the most recent revaluation with annual market adjustments. The application of this data supports the costing of the program at both the detail and strategic levels.

Business cases are prepared for major projects in line with the DTF Investment Management Standard and are supported by Monte Carlo assessments to prepare P50 project cost estimates.

Further key supporting strategies include the Information and Communication Technology Strategy^b and Clean Energy Strategy^c, Water Quality Management Plan^d and Recycled Water Improvement Plan^e. Projects are only included where there is a proven business need or benefit and supporting justification.

The composition and profile of the program is similar to 2018-23 as shown in the following chart.

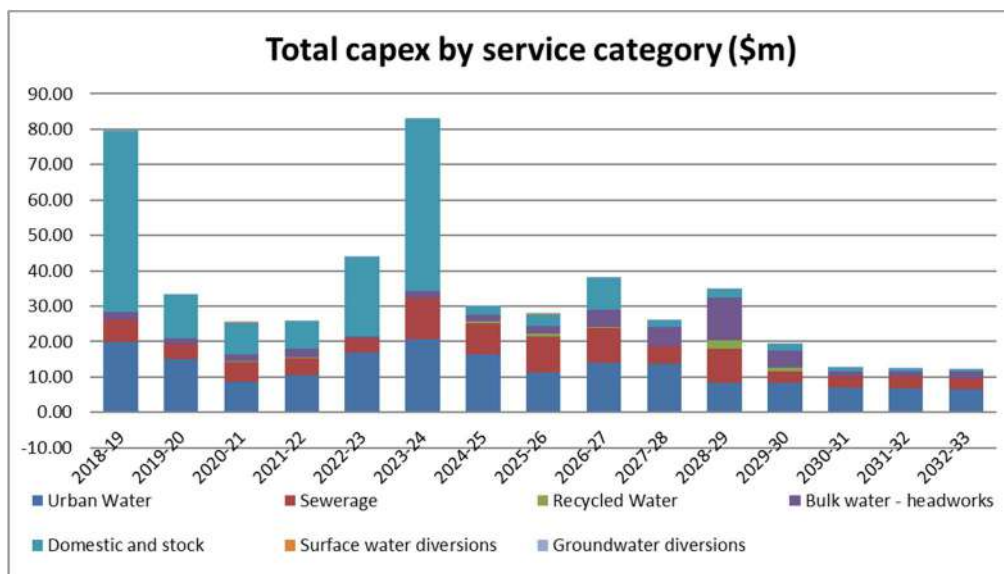


Figure 13-2 Total capital expenditure program 2018-33

Over the five years on a net basis, 49% of forecast expenditure is associated with the renewals program and 38% improvement and compliance projects.

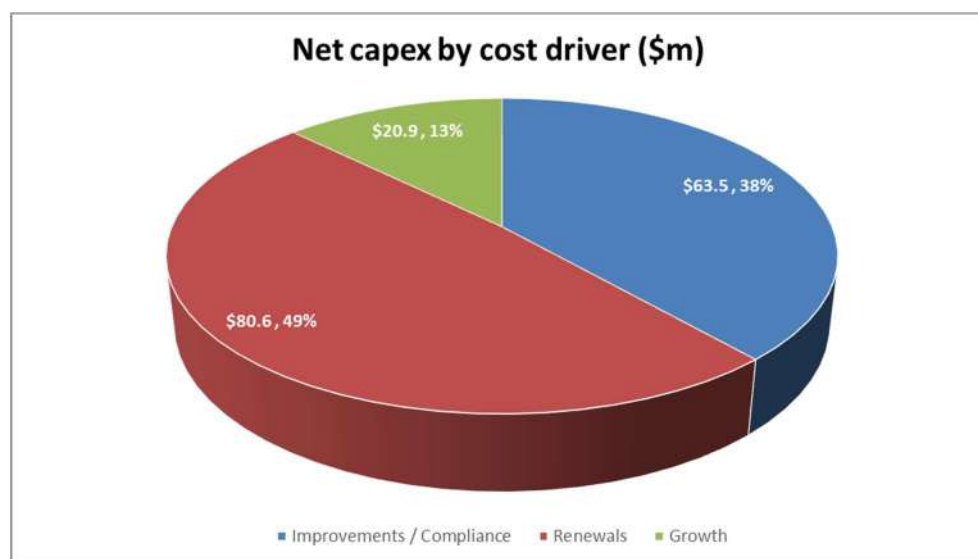


Figure 13-3 Net 2023-28 capital program by cost driver

Refer to Appendix 2 for a detailed summary of the 2023-28 program.

Major maintenance - desludging program

Desludging expenditure has been classified as capital expenditure for the first time this regulatory period. The previous significant wastewater desludging program was completed in 2014 over a six-year period.

The proposed program is supported by recent sludge surveys and is scheduled to be delivered over the period. The program assumes all major desludging activities will be undertaken and will not be required again for 10 years; supporting the treatment as a capital expenditure item for regulatory purposes.

Table 13-1 Planned desludging expenditure 2023-28 \$m, 01/01/23

Capital expenditure	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-2033
Urban Water Storage Desludging	0	0	0	908	0	0	0
WWTP Desludging	0	800	250	350	0	500	0

13.3.2 Major capital projects - 'Top 10'

The following tables provide a summary of our 'top 10' discrete capital projects, by total capital cost over 2023-28.

Table 13-2 Major capital projects expenditure 2023-28

Project 1: East Grampians Water Supply Project		\$46.5 million (\$16.6 million net⁵)
Year asset operational: 2024/25	<p>Description: <i>Project currently in progress (new project 2018-23)</i></p> <p>The project will provide up to 1,500 rural farming properties with the opportunity to access a reticulated water supply, over an area of 530,000 hectares. This will protect and enhance the viability of the regional mixed farming community. The pipeline will also promote a range of additional benefits across triple bottom line outcomes as it will service a highly valued viticulture industry as well as existing and future intensive animal industries. It will enhance firefighting capacity and support recreational, environmental and cultural watering opportunities as well as providing greater resilience for the potable supply for a number of local towns.</p> <p>An Early Work contract to deliver, design and obtain statutory approvals was awarded in January 2020. Design is complete and approvals sufficient to commence works are secured (Cultural Heritage Management Plans for three of six stages are approved). Logistical issues and resourcing inefficiencies (including decreased availability of field representatives for CHMP development) due to COVID-19 restrictions have contributed to extended delivery timeframes.</p>	
Service category: Domestic and stock		
Asset category: Pipeline/network		
Cost driver category: Growth Renewals		
Outcome: 3. Clean, Non-Drinking Water - Rural Pipeline		
Ref: R2017-30989; www.gmwwater.org.au/.../current-projects/EGRPP		
Project 2: Upgrade WWTP & Reuse System - Dimboola		\$7.8 million
Year asset operational: 2027/28	<p>Description:</p> <p>The Dimboola Wastewater Treatment Plant (WWTP) was constructed in 1967. The infrastructure has significant deterioration and is at risk of failure. The current infrastructure is not effectively treating or managing the wastewater. Continued deterioration will create medium-high risks of environmental harm and therefore non-compliance.</p>	
Service category: Sewerage		
Asset category: Treatment		
Cost driver category: Improvements/Compliance		
Outcome: 5. Healthy and liveable region		
Ref: R2017-37918		

⁵ Net outlay over 2023-28. Note, future estimated customer contributions included in pricing template in future years.

Project 3: Northern Mallee Pipeline Clean Water (Stage 2)		\$9.2 million
Year asset operational: 2027/28	<p>Description:</p> <p>Water supplied from the Murray River is prone to episodes of poor water quality due to high turbidity, blue green algae and black water events.</p> <p>These events create risks to supply reliability, stock health and suitability for use, and add significantly to network operations and maintenance costs and treatment facility costs.</p> <p>A single Dissolved Air Flotation (DAF) facility constructed at Nyah will provide Nyah and Piangil systems with cleaner water supplied through an interconnecting pipeline to both systems.</p> <p>Rural pipeline customers on these systems and urban customers at Manangatang will also benefit, as issues of variable water quality affecting treatment plant operation would be eliminated and cost-effective upgrades to facilities to further reduce water quality risks at the Manangatang Water Treatment Plant could occur.</p>	
Service category: Domestic and stock		
Asset category: Pipeline/network		
Cost driver category: Improvements/Compliance		
Outcome/s: 2. Clean Non-drinking Water - Urban 3. Clean Non-drinking Water - Rural Pipeline		
Ref: R2022-30491 ; R2022-25414		
Project 4: Water Quality Upgrade - Kaniva		\$8.5 million
Year asset operational: 2025/26	<p>Description: <i>Project currently in progress; carried over from 2018-23</i></p> <p>Kaniva currently receives a regulated water supply. Raw water is sourced from four groundwater bores spread across various locations in the town. A technical assessment has confirmed the provision of treated water via a 38km pipeline from Nhill; sourcing treated water from the Dimboola Water Treatment Plant as the most cost-effective option.</p> <p>The contract for construction of the receiving infrastructure at Kaniva has been awarded as has the capacity upgrade at the Dimboola WTP which will supply the water.</p> <p>Statutory planning requirements are being completed ahead of tendering the pipeline component of works.</p>	
Service category: Urban water		
Asset category: Treatment		
Cost driver category: Improvements/Compliance		
Outcome: 2. Clean Non-drinking Water - Urban		
Ref: CMS/2166 ; R2021-44930		

Project 5: Water Quality Upgrade - Moyston		\$4.8 million
Year asset operational: 2025/26	Description: <i>Project carried over from 2018-23</i>	
Service category: Urban water	<p>Moyston currently receives a regulated water supply. Moyston receives raw water from weirs on Mt William Creek, Stony Creek and Mason’s Creek via a 100 mm pipeline. During summer months Moyston receives raw water from groundwater bores.</p> <p>Decreased contractor capacity has led to delays in the delivery of the Moyston works. Project planning is well advanced with a Design and Construction Contract expected to be awarded in 2023 and work completed in 2024.</p>	
Asset category: Treatment		
Cost driver category: Improvements/Compliance		
Outcome: 2. Clean Non-drinking Water - Urban		
Ref: CMS/2166 ; R2021-44930		
Project 6: Water Quality Upgrade - Berriwillock and Culgoa		\$5.7 million
Year asset operational: 2027/28	Description:	
Service category: Urban water	<p>Berriwillock and Culgoa are high priorities to address water quality risk and customer dissatisfaction with poor water quality from the Murray River. The proposed project would service Berriwillock and Culgoa, which logically group together, from spare capacity in the Warracknabeal to Sea Lake drinking water pipeline.</p>	
Asset category: Treatment		
Cost driver category: Improvements/Compliance		
Outcome: 2. Clean Non-drinking Water - Urban		
Ref: CMS/2166 ; R2021-44930		
Project 7: Water Supply System Upgrade - Industrial Fire Flow		\$6.2 million
Year asset operational: 2024-2028	Description:	
Service category: Urban water	<p>Proposed fire flow upgrades for industrial zones within declared urban supply districts. Since much of the cost is associated with renewal, included in the pricing template is an estimate of the avoided future renewal (included as contribution), ie Net Present Cost of bringing forward these renewals for pricing purposes.</p>	
Asset category: Pipeline/network		
Cost driver category: Improvements/Compliance		
Outcome: 4. Reliable and Affordable Services		
Ref: R2021-52823		

Project 8: Headworks Structure Renewal – Rocklands Flume		\$6.1 million
Year asset operational: 2028/29	Description:	
Service category: Bulk water - headworks	<p>A condition assessment of Rocklands Flume completed by SMEC concluded that there is zero residual life. There is advanced corrosion of the reinforcement throughout the flume, due to the inherent concentration of chlorides, with severe cracking and spalling deemed likely to worsen. Failure of the Rocklands Flume would disconnect Rocklands Reservoir from the supply system, resulting in inability to deliver environmental flows to the Glenelg River or transfer flows to Taylors Lake; a critical backup supply for the Wimmera Mallee Pipeline. The flume can also supply environmental flows to the Wimmera River.</p>	
Asset category: Headworks		
Cost driver category: Renewals		
Outcome/s: 4. Reliable and Affordable Services 5. Healthy and liveable region		
Ref: CMS/3277 ; R2022-12261		
Project 9: Mt Zero Water Treatment Plant – New Clear Water Storage		\$3.0 million
Year asset operational: 2028-29	Description:	
Service category: Urban water	<p>Increasing the clear water storage volume at Mt Zero WTP with new tank will:</p> <ul style="list-style-type: none"> - Increase operation efficiency - Improve water quality (better DAFF operation) - Improve fluoride dosing control (requirement to meet technical standard) - Reduce supply risk to Horsham - Allow existing 2ML clear water storage tank to be utilised as non-fluoridated backwash/service water supply. 	
Asset category: Treatment		
Cost driver category: Improvements / Compliance		
Outcome/s: 1. Safe Drinking Water 4. Reliable and Affordable Services		
Ref: R2022-13974		
Project 10: Water Treatment Plant Upgrades – Health Based Treatment Targets (HBT)		\$3.6 million
Year asset operational: 2027-28	Description:	
Service category: Urban water	<p>Upgraded treatment processes are required to towns supplied from Lake Fyans (Ararat, Stawell, Great Western and Willaura) to provide sufficient log reduction of bacteria, viruses and protozoa to comply with the Health Based Treatment Targets.</p>	
Asset category: Treatment		
Cost driver category: Improvements / Compliance		
Outcome: 1. Safe Drinking Water		
Ref: R2021-44930		

13.3.3 Material capital program expenditure items

The following material capital programs which are ongoing in nature are provided due to their materiality and impact on prices.

Table 13-3 Material capital program expenditure 2023-28

Major program 1: Urban Water Main Renewals		\$18.1 million
Year asset operational: Ongoing	Description:	
Service category: Urban water	Urban water pipes were largely installed 60 to 80 years ago and are reaching end of life, resulting in greater risk of water leaks and bursts. As a result of our aging infrastructure, we have comparatively poor service reliability compared to other urban water businesses in Victoria ⁶ . Current predictive modelling suggests increased levels of renewal expenditure will be required to maintain service reliability standards. This risk will be actively managed by GWMWater over the pricing period to avoid or minimise the impact (if any) on future prices (from 2028 onwards).	
Asset category: Pipeline/network		
Cost driver category: Renewals		
Outcome: 4. Reliable and Affordable Services		
Ref: CMS/3277		
Major program 2: Sewer Main Renewals		\$9.4 million
Year asset operational: Ongoing	Description:	
Service category: Sewerage	Aging sewer pipes combined with reactive soils and drier climate lead to cracking of pipes and infiltration of tree roots. As a result of this deterioration, we have comparatively high blockage rates compared to other urban water businesses in Victoria ³ . Current predictive modelling suggests a stable level of renewal expenditure will maintain service reliability when used in combination with deployment of monitoring technologies.	
Asset category: Pipeline/network		
Cost driver category: Renewals		
Outcome: 4. Reliable and Affordable Services		
Ref: CMS/3277		

13.3.4 Capital program risk

A detailed assessment has been undertaken as part of the development of the capital program to consider delivery risk and potential for customers to be paying more than they need to.

The program has been prepared to ensure risks are appropriately managed including:

- Moderating the water mains renewal predictive modelling forecast required to meet existing service standards and engaging with the Community Panel on potential service and pricing implications. Renewals are on an as-needed basis with the forecast need and corresponding renewal budget based on inspection and asset age.

Recent pressure and flow improvements exposes our aging infrastructure to greater risk of failure. The majority of our urban water mains are asbestos cement and are at greater risk of failure when operated at greater pressure.

⁶ [Water performance reports | Essential Services Commission](#)

We will actively seek to ensure renewals works are prioritised and service reliability standards are achieved at the lowest efficient cost. In doing so, we will avoid or minimise the impact (if any) on future prices (from 2028 onwards) and only include unavoidable increases in renewals expenditure if required to achieve service reliability standards in future prices.

- Extending use of existing technologies as an efficient solution for managing asset performance. The challenges of an aging water network also translate to the wastewater network.

Renewal of the wastewater network has been undertaken using relining technologies as opposed to asset replacement. These are proven, cost-effective technologies that will be more conservatively deployed as a consequence of introducing improved surveillance over the wastewater network. Internet of Things technology that supported the roll-out of digital metering will be strategically deployed in manholes on the wastewater network to better identify issues in the network as they emerge as opposed to dealing with them when they occur.

We will be aiming to improve wastewater service reliability by prudent investment in asset renewal as well as extending the application of sensor technology using our low-cost communications network.

- Program based procurement panels established during 2018-23 will be maintained and expanded as an efficient procurement model for delivering packages of works and increasing delivery capacity.

With these panels in place, contract commitments that will carry over to 2023-28 and our past performance of delivering programs of similar or greater value since the first regulatory period, we are confident that the proposed program is deliverable, prudent, efficient, and justified.

We are cognisant of the impacts and uncertainties created by global events and the pandemic on the labour and supply chain market and will actively manage these project delivery risks to ensure customers are not unduly exposed to future input price increases. We will proactively monitor the market and revise procurement models as required.

- Regulation and compliance capital improvement projects proposed are prudent and efficient.

Health Based Targets are defined under the Australian Drinking Water guidelines to manage the microbial risks from water supply sources. We are progressively upgrading treatment facilities with priority for drinking water towns supplied from unprotected catchments, particularly the Murray River and Lake Fyans.

Changes in the technical standards specific to the provision of fluoridation were introduced through the period of this 2018-2023 Water Price Review.

We have three towns that presently have a drinking water supply with fluoridation. Horsham had fluoride introduced in 2004, Natimuk in 2010 (when connected to the Horsham water supply) and Ararat in 2013. As a newer system, Ararat required relatively minor reengineering to meet the new fluoridation standards. Horsham as an older system required greater investment, some minor changes have been introduced in this regulatory period but a significant component has carried forward to the 2023-2028 regulatory period. This relates to the construction of additional storage at the Mt Zero Water Treatment Plant. Since the last regulatory period there have been changes to the Environment Protection Act to align with the principles of General Environmental Duty. We have been upgrading our treatment processes and on-site disposal capability to provide greater flexibility as to what we can do with our waste stream. During this regulatory period we were able to secure funding for the Horsham Agriculture SmartWater and Integrated Water Management project to improve the utilisation of recycled water in Horsham.

Key references relating to this section

- a. Fire Flows Survey Results - [R2022-35522](#)
- b. Information and Communication Technology Strategy - [R2021-28861](#)
- c. Clean Energy Strategy - [R2019-28343](#)
- d. Water Quality Management Plan - CMS/3469
- e. Recycled Water Improvement Plan - [R2021-25420](#)

14 Forecast Regulatory Asset Base

The regulatory asset base has been calculated as required by the guidance and includes two adjustments to the 2022-23 determination figures.

1. East Grampians Water Supply Project⁷, +\$21.6 million (Domestic and stock); this is a new rural pipeline growth project being delivered by GWMWater as developer. This project is funded consistent with the building block approach from additional actual and future government contributions, new customer contributions and incremental tariff revenue.

The business case for this project was completed prior to the 2018 price determination. The outcome of the funding application however was unconfirmed at the time and therefore not included in our 2018 submission due to the project being uncertain.

2. Drinking water quality upgrade project (Kaniva), +\$5.85 million (Urban Water); representing delayed expenditure forecast to be spent in 2022-23 compared to the 2018 price determination. We reduced potable water tariffs during the fourth regulatory period to reflect the delay in delivery of drinking water quality upgrade projects.

These projects are specifically consulted on with customers in respect to impact on potable water tariffs for all drinking water customers. The inclusion of this adjustment will bring the basis of potable water tariffs back in line with those previously approved including this commitment.

The following table provides a breakdown of our forecast 2023-28 RAB.

Table 14-1 Regulatory Asset Base, 2023-28, \$million, \$2022-23

RAB, \$1/1/23, \$million	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Opening asset base	453.84	480.75	525.74	536.21	547.31	565.21
plus Gross capex	44.03	83.24	30.08	27.82	36.40	26.03
less Government contributions ⁸	-	0.05	2.81	0.72	0.60	0.53
less Customer contributions	0.00	24.71	2.48	0.73	1.22	0.98
less Proceeds from disposals	16.05	12.21	13.45	14.58	15.49	15.22
less Regulatory depreciation	1.07	1.27	0.88	0.69	1.20	1.16
Closing asset base	480.75	525.74	536.21	547.31	565.21	573.34

The following figure shows the increase in the RAB including over the period.

⁷ <https://www.gwmwater.org.au/our-water-supply/current-projects/east-grampians-rural-pipeline-project> and <https://www.nationalwatergrid.gov.au/program/east-grampians-water-supply-project>: The East Grampians Water Supply, in the East Grampians region

⁸ Includes net present value of avoided future renewals

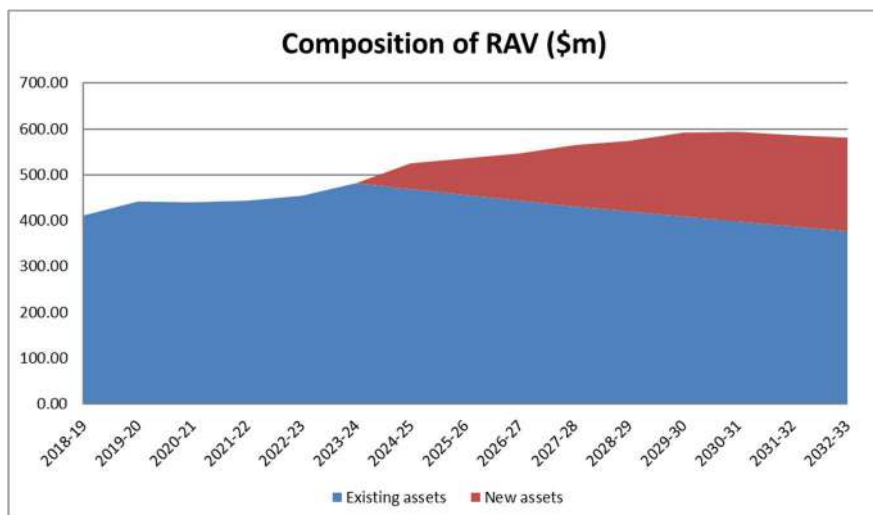


Figure 14-1 Composition of the RAB 2018-33, \$m, 01/01/23

14.1 Regulatory Depreciation

A review of regulatory depreciation has been undertaken based on the average asset life and utilisation.

All regulatory assets are depreciated on a straight-line basis. The following chart summarises regulatory depreciation for the period.

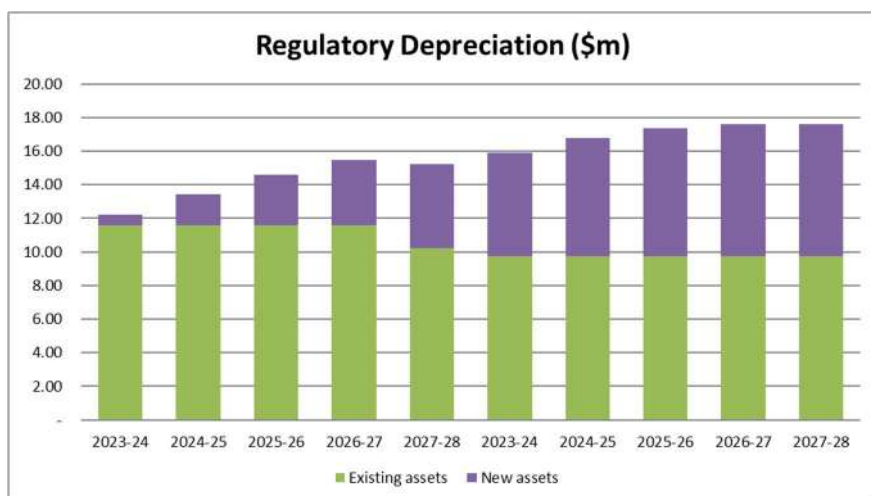


Figure 14-2 Forecast regulatory depreciation of assets 2023-28, \$m, 01/01/23

Desludging expenditure has been included in the regulatory asset base for the first time this regulatory period and is depreciated based on a 10-year program. Refer to section 13.3.1 for further details.

15 Tax Allowance

GWMWater has significant carried-forward tax losses and is not in a tax paying position. As such, we have not proposed an allowance for tax in our revenue requirement. Our tax position is not forecast to change over the financial model template period up to 2032-33.

16 Demand

The demand projections have been developed in the context of the latest available 'Victoria In Future' estimates provided by the Victorian Government, capital project timing where relevant, latest information from development and connection applications and rural pipeline expansion projects including the East Grampians Water Supply Project.

Requirement:	Our submission:
Methodology	<p>We have analysed latest available information from the Victorian Government's 'Victoria In Future' projections, Census data, our historical records including average customer demands and level of development applications and proposals across the region.</p> <p>Projected percentage changes have been applied on a town-by-town and customer type basis. Volumetric demand has been calculated on a town-by-town and customer type basis based on average consumption.</p> <p>Tariff changes and new demands arising from the service improvement or growth projects in the capital program are applied in the year that the asset becomes operational.</p>
Key assumptions	<p>Urban water and wastewater services</p> <ul style="list-style-type: none"> • Horsham, Stawell and Ararat 1%⁹ per annum growth • All other urban towns held constant, 0%¹ per annum • Overall average increase of 165 customers, 0.5% per annum • New sewer scheme customers from Goroke Stage 2 <p>Urban water service improvements – drinking water upgrades</p> <ul style="list-style-type: none"> • Elmhurst moves from non potable eastern Grampians to the potable supply tariff in 2023-24 • Kaniva and Moyston move from non potable groundwater and non potable eastern Grampians respectively to the potable supply tariff in 2025-26

⁹ Latest available Victoria In Future estimates assumes 0.4% per annum growth in Horsham and Ararat town areas. All other towns are forecast to decline between 0.1% to 1.4% per annum.

Requirement:	Our submission:
	<ul style="list-style-type: none"> • Berriwillock and Culgoa move from non potable pipeline to the potable supply tariff in 2027-28 <p>Domestic and stock services</p> <ul style="list-style-type: none"> • East Grampians Rural pipeline extension related growth assumptions based on landowner commitments and future connection forecasts • New customers and/or increased demands from existing customers <p>Environmental water services (Commonwealth)</p> <ul style="list-style-type: none"> • Average actual water allocation as referenced in the bulk water pricing review <p>Bulk water services</p> <ul style="list-style-type: none"> • Recent average demands

17 Form of Price Control

We are proposing to retain the price cap form of price control applied in the *2018 Water Price Review*. A price cap allows us to recover sufficient revenue to cover the costs of providing services and provides customers with price certainty.

We have considered discussions with our Community Panel, key stakeholders and bulk water customers as part of the review of bulk water prices. The key messages we have heard relate to price certainty and affordability.

Requirement:	Our submission:
Form of price control	Price caps applicable to all prescribed services and tariffs listed in our pricing schedule.
Demand and financial risk	<p>Our region has experienced relatively low urban growth centered around the major towns of Horsham, Stawell and Ararat.</p> <p>In regards to standard demand risks we are best placed to manage changes in demands resulting from seasonal variations, rural pipeline extensions, on farm diversification demand changes eg stocking rates and cropping, changes in local urban industries and residential developments.</p>

Requirement:	Our submission:
	<p>We have referenced latest available information from Victorian Government projections, Census data, our historical records and level of development applications and proposals across the region.</p> <p>Growth escalation and bulk water systems augmentation risk presented from mining proposals across the region presents the greatest demand opportunity and security of supply investment risk.</p> <p>For this reason, due to the mitigating capital investment risk which would result from a significant increase in demand, it is proposed to retain a price cap form of price control for all services including bulk water services. It is uncertain when mining operations will commence and/or scale up operations. The impacts of any changes in revenue and corresponding water supply augmentation investment requirements which materialise will be reflected in subsequent regulatory periods.</p>
Proposed formula	No change proposed, as per the <i>Essential Services Commission 2018, GWMWater Determination: 1 July 2018 – 30 June 2023, 19 June.</i>

18 Prices and Tariff Structures

Our proposal

- This price submission proposes to retain existing tariff structures and introduce a new industrial fire service charge.
- Reduce bulk water pricing tariffs based on the outcome of the bulk water pricing review.
- We will maintain the value of the recreation contribution charge of \$18.48 per annum for residential and rural homestead customers and \$9.24 for pensioner and concession card holders.
- During the 2023-2028 regulatory period we will engage with non-residential customers to assess their willingness to financially support the recreation water program.

We have reviewed and engaged on our services and tariff structures against the pricing principles. With the exception of the changes for the 2023-28 pricing period proposed below, no other changes to tariffs are proposed.

The existing tariffs align with the pricing principles, are easy to understand and reflect the services being provided.

18.1 Industrial Fire Service Tariff - New

Customers in industrial zones supported a fire service connection upgrade^a, which involves enhancing our infrastructure to guarantee a flow rate up to 20L/s at 200kPa.

The cost of the upgrade will be shared by customers with a fire service in industrial zones. The fire service charge will increase from the standard charge of \$534 to \$639 per year (an additional \$105 per year).

Customers will only move over to the new tariff on completion of upgrade works on a town-by-town basis.

Indicative schedule and timing of towns planned to be upgraded:

- 2023/24 - Horsham
- 2024/25 - Ararat
- 2025/26 - Stawell
- 2026/27 - St Arnaud and Warracknabeal
- 2027/28 - Nhill, Dimboola, Charlton, Murtoa, Sea Lake and Wycheproof

18.2 Bulk Water Pricing

The bulk water services of GMMWater relate to the operation of the Grampians headworks network that are heavily regulated by the Wimmera Glenelg Bulk Entitlement Order.

In discussion with bulk water entitlement holders there has been two aspects of the concerns about pricing, the cost of the service and the cost relative to the reliability of the water product relative to its modelled reliability.

We commissioned a review of our costing methodologies, and this has been undertaken by Marsden Jacob and Associates. This review looked at our approach to cost attribution and cost allocation assumed the principle of water sharing remained consistent with the bulk entitlement order.

The review of the Western Sustainable Water Strategy will be the catalyst for any assessment of the disproportionate impact of climate performance in Western Victoria on the regulated water systems. The definitive timing for this review is still to be established but will be determined by the Minister for Water and the process coordinated by DELWP.

A further influence of bulk water cost relates to the costs attributed to environmental water. The environmental water policy of Water for Victoria is yet to be implemented and as a result existing cost attribution as it applies to environmental water created by water savings remains. As the largest consumptive water user, bulk water as it applies to GMMWater are based on its share of the costs attributed headworks are part of an internal transfer price. These prices are consistent with the prices applied to all other bulk water users. The only differential in price relates to the relative security of the water held or the extent that it is deemed a prescribed service.

Considering the bulk water pricing review and overall price paths, environment and recreation lake water tariffs have reduced by 7.9% in year one and bulk water tariffs have reduced by 10% per annum over the first two years of the regulatory period. This is supported by the review of bulk water cost allocations and assumes the continuation of the existing revenue basis for environmental water. The scenarios prepared allocating costs on the basis of entitlement and reliability will inform future discussions on bulk entitlements and environmental water pricing.

18.3 Rural Pipeline 'Off Season Commercial - Usage Charge'

We propose to reduce the rural pipeline 'off season commercial - usage charge' by 10% in the first year.

A reduction is proposed to incentivise commercial customers to take water during low demand, off-season periods. The existing usage charge is \$1,067.10 per ML which is 8% or \$88.20 per ML below the standard rural pipeline usage charge.

18.4 Recreation Water Pricing Policy

The recreation water charge that was introduced in 2013 to support subsidies for water supplied to nominated recreation lakes and discounts to sporting clubs has been supported by the community. Our customers reaffirmed their support for the Recreation Contribution Charge and suggested it be extended to non-residential customers (Appendix 1, pp 40-41).

We propose to retain the existing recreation water pricing policy. A specific expectation of the community arising from the conversion of the open channel network supplying earthen dams to a pipeline was the capacity in the pipeline to support the filling of lakes and wetlands of significance that were supplied by the channels.

Upon completion of the Wimmera Mallee Pipeline, the final conversion of the Wimmera Glenelg Bulk Entitlement created a line item within the GWMWater holding for recreation water. The recreation water product is a lower reliability water product that has had insufficient water allocation in most years since the completion of the pipeline. GWMWater has allocated water from its growth water consumptive water holding to secure supply to the lakes whilst the post 1997 dry period has prevailed.

18.5 Fixed versus variable charges

During GWMWater’s various engagement activities and in particular, our customer surveys, (section 6), customers have suggested we reduce service charges and increase the cost of water as an incentive to use less water. While this concept has merit, when the Community Panel was provided a detailed explanation of the potential impact of changing the tariff structure to adjust the proportion of fixed and variable charges; particularly in relation to the impact on tenants and customers experiencing vulnerability, the Panel’s perspective (Appendix 1, pp 40-41) was to maintain the current structure:

- 70% fixed and 30% variable for towns receiving both water and wastewater services, or
- 50% fixed and 50% variable for towns receiving a water supply only.

18.6 Prices and Tariffs

The following tables presents proposed prices and tariffs in real \$, 01/01/23.

Table 18-1 Summary of Urban Water Tariffs

	Service Avail Charge			Volumetric*	
	Residential [^]		Non Res	2022/23	2023/24
	2022/23	2023/24	2023/24		
Urban water potable supply	\$442.32	\$407.27	\$388.79	\$1.7572	\$1.6179
Urban water non-potable pipeline	\$397.16	\$365.69	\$347.21	\$1.5992	\$1.4725
Urban water non-potable Groundwater	\$395.16	\$363.85	\$345.37	\$0.9840	\$0.9060
Urban water non-potable Eastern Grampians	\$397.16	\$365.69	\$347.21	\$1.2946	\$1.1920
Vacant land (Growth Towns)&	\$208.36	\$191.85		Na	Na
Concessional (All Supplies) #	\$288.96	\$266.06		Variable	Variable
Fire Service	\$534.00	\$491.68		Na	Na
Industrial Fire Service	Na	\$588.36		Na	Na

& Growth Towns include Horsham, Stawell, Ararat, Halls Gap, Great Western

Concessional approved sporting clubs also have access to a 15 per cent night watering discount.

[^] Includes annual recreation contribution charge of \$18.48 or \$9.24 for concession card holders

* Volumetric discounts apply to eligible recreational, sporting clubs and schools (<5ML 40%; 5-10ML 25%; >10ML full rate)

Table 18-2 Summary of Urban Wastewater Prices

Customer Group	Charge		Minor Trade Waste	
	2022/23	2023/24	2022/23	2023/24
Residential	\$539.56	\$496.80	Na	Na
Non Residential	\$539.56	\$496.80	\$289.80	\$266.83
Development Rate (Growth Towns)	\$239.84	\$220.83	Na	Na
Concessional (All Supplies)	\$311.92	\$287.20	\$289.80	\$266.83

Table 18-3 Summary of Rural Pipeline Charges

Charge Element	Service Charge	
	2022/23	2023/24
Primary Meter Charge	\$342.72	\$315.56
Standard Meter Charge	\$171.20	\$157.63
Capacity Charge Peak Season (kL)	\$0.9571	\$0.8813
Capacity Charge Off Peak Season (kL)	\$0.2930	\$0.2698
Volumetric Rate Peak Season (kL)	\$1.1553	\$1.0637
Volumetric Rate Off Peak Season (kL)	\$1.0671	\$0.9604
Excess Charge	\$4.1811	\$3.8498
Recreation Lake Water	\$27.41	\$25.22

Table 18-4 Summary of Domestic and Stock Bore Supply Charges

Charge Element	Service Charge	
	2022/23	2023/24
Area Charge - Division 2	\$3.01	\$2.77
Area Charge - Division 2 Special	\$0.83	\$0.76
Area Charge - Division 3	\$1.45	\$1.34
Area Charge - Division 3 Special	\$0.37	\$0.34
Minimum Area Charge	\$576.20	\$530.54

Table 18-5 Surface Water (Diversions)

Charge Element	Service Charge	
	2022/23	2023/24
Unregulated Diversions (per ML)	\$10.03	\$9.24
- Minimum Charge (15 ML)	\$150.68	\$138.74
Unregulated Waterways - Off-stream storages (per ML)	\$4.96	\$4.57
- Minimum Charge (15 ML)	\$74.40	\$68.50

Table 18-6 Summary of Bulk Water Charges

Charge Element	Service Charge	
	2022/23	2023/24
Environmental Water (ex headworks)		
Fixed Charge	\$9.00	\$8.29
Variable Charge	\$18.16	\$16.72
Bulk Water Direct from headworks		
Fixed Charge	\$139.12	\$125.19
Variable Charge	\$139.12	\$125.19

Table 18-7 Summary of Groundwater Charges

Charge Element	Service Charge	
	2022/23	2023/24
Licence volume all areas (ML)	\$6.60	\$6.08
All (licence fee)	\$165.15	\$152.03

18.7 Non-tariff Revenue

The main sources of non-tariff revenue include contract revenue from major trade waste, non-residential recycled water and miscellaneous services.

Miscellaneous charges are calculated based on the actual cost to provide the service. The 'top 10' miscellaneous charges by forecast revenue for the next regulatory period are provided in table 18-8.

Table 18-8 Miscellaneous fees and charges 2023-28

Miscellaneous service	Price
Information Statements (s158)	
Application Fee	60.95
Application Fee - Priority	122.05
Connection Charges	
Water	
Application Fee	60.95
Tapping/Connection Charge (tapping size 20 mm) Includes Pipeline Connections #	354.15
Wastewater	
Application Fee	60.95
Residential	122.05
Commercial and Small Industrial	183.15
Large Industrial	366.40
Disposal Fee	
Septic waste disposal (per load)	38.45
Septic waste disposal (per load) - After Hours Call Out	76.90

Higher charges are incurred for larger tappings

Key references relating to this section

- a. Fire Flows Survey Results - [R2022-35522](#)

19 Adjusting Prices

19.1 Uncertain or Unforeseen Events

We propose the continuation of existing price adjustment mechanisms in the Essential Services Commission 2018, GWMWater Determination: 1 July 2018 – 30 June 2023, 19 June.

At the time of preparing our submission, the outcome of the review state environmental water pricing policy remains uncertain. Our submission assumes the continuation of the existing approach and amount of non-prescribed revenue.

19.2 Adjustment to Prices

Annual changes to benchmark cost of debt are proposed to apply to the following tariffs reflecting services provided with regulatory assets:

- Urban water – Potable
- Urban water – Non potable pipeline
- Urban water – Non potable Eastern Grampians
- Urban water – Non potable groundwater
- Sewerage services
- Domestic and stock – Pipeline supply
- Domestic and stock – Bore supply
- Bulk water – Headworks
- Bulk water – Environment

20 New Customer Contributions

We propose to continue to apply the negotiating framework to assess if a new customer contribution (NCC) is required. NCC assessments apply to all retail and bulk water services including infill or greenfield developments.

GWMWater's existing New Customer Contribution Negotiating Framework aligns with the ESC's NCC pricing principles.

We use the capital contribution model available on the ESC's website¹⁰ and update the financial parameters based on the determination.

¹⁰ <https://www.esc.vic.gov.au/water/codes-and-guidelines/new-customer-contributions-guiding-resources>

21 Financial Position

Our proposal

- Our submission is financially sound as demonstrated by the key financial indicators compared to benchmark.

The following table provides a summary of the forecast financial indicators compared to benchmarks provided in the 2023 Water Price Review Guidance.

Our financial position remains sound and demonstrates effective management of growth and improved services to deliver customer value.

Table 21-1 Financial indicators

	Benchmark	2023-24	2024-25	2025-26	2026-27	2027-28
Funds from operations \$m	-	20.1	24.4	24.2	25.8	28.4
Interest cover (times)	> 1.5 times	4.0	4.6	4.8	5.0	5.9
Net debt / RAB (Gearing) (%)	< 70%	24%	29%	28%	28%	28%
Internal financing ratio (%)	> 35%	33%^	93%	84%	66%	100%
Funds from operations / net debt (%)	> 10 %	16%	15%	14%	15%	15%

^ Represents investment in East Grampians Water Supply growth project funded consistent with the building block approach from additional actual and future government contributions, new customer contributions and incremental tariff revenue

Appendix 1
Independent Community Panel
GWMWater Pricing Submission 2023

Report to GWMWater

Prepared by
Helen Bartley, Bartley Consulting
&
Fay Hull, Chair Independent Community Panel

August 2022

Acknowledgement of Country

GWMWater’s region, customers and community traverse the lands of many Indigenous nations. We recognise the Traditional Owners of these lands and honour their customs and traditions and special relationship with the land as well as those where this report is being prepared. We respect the elders of these nations, past, present and emerging.

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Note and acknowledgements

Note

This report documenting the processes and outcomes of GWMWater’s Independent Community Panel was prepared by Helen Bartley, independent consultant to the Panel, with the assistance of Fay Hull, the Panel’s Chair. The Community Panel verified the perspectives presented in this report are correct at its final meeting on Monday 1 August 2022. Helen Bartley was engaged by GWMWater, to undertake a range of tasks to support GWMWater in establishing the Panel, observing and supporting the Panel in its engagement with GWMWater, independently reviewing discussion papers, undertaking supplementary surveys, and to prepare this report. Fay reviewed this report in her capacity as Chair, in accordance with the requirements of the *Community Panel Charter* for GWMWater’s 2023-28 Pricing Review.

While clarification was sought from GWMWater in relation to background information associated with the establishment of the Panel, the content of this report has been prepared independent of GWMWater. Any comments in relation to the issues that were deliberated on that are presented in this report, are to be taken as the views of the Community Panel, not those of GWMWater.

Acknowledgements

The following individuals are acknowledged for their enthusiastic and positive participation as members of GWMWater’s Community Panel. The numbers in brackets correspond to the number of meetings¹ attended:

- **Fay Hull, Chair** (6)
- Andrew (Cobber) Harrison (4)
- Brendan Auld (5)
- Dianna Blake (2)
- Dianne Carter (1)
- Dylan Feduniw (2)
- Helen Mulraney-Roll (6)
- Joanne Richie (6)
- John Groves (2)
- John McInnes (6)
- Karen Hyslop (6)
- Libby Peucker (6)
- Mikahl Miles (5)
- Peter Philippzig (5)
- Rita Bikins (4)
- Sonia Cunning (5)
- Stephen Greenall (6)
- Tony Westerhoff (5)

In addition, the Panel thanks various GWMWater staff members for their informative presentations, and their responsiveness to questions and issues raised, to assist in their deliberations. The Panel would also like to thank GWMWater for its hospitality making its board room available and providing catering for Panel meetings. Finally, a special note of thanks to Shelly Stockdale for her excellent support during our meetings to enable online Panel members to meet almost seamlessly with those present face-to-face.

¹ Including the induction held on 30 March 2022 and the online meeting held on 7 June 2022.

1 Summary

1.1 Report purpose

This report presents an overview of establishment and findings of GMMWater’s independent customer Community Panel that met on six occasions from March to August 2022², to deliberate on a range of customer-oriented proposals associated with GMMWater’s 2023-2028 Pricing Review.

1.2 Community Panel’s role

1.3 Summary of deliberations

The following table summarises the proposals that GMMWater asked the Community Panel to consider, and the Panel’s perspective on each of the proposals.

Table 1-1: Topics discussed and Community Panel perspectives

Topics	Questions posed to the Panel	Panel’s perspective
Topic 1: Urban water reliability	Does the Community Panel support the proposal to maintain service reliability?	<p>The Panel did not reach agreement on their preferred scenario at the end of Meeting 2, but they did agree they needed more contextual information including:</p> <ul style="list-style-type: none"> • The overall price increase impacts from GMMWater’s other proposals presented to the Panel and other drivers of price. • GMMWater’s level of debt, the value of reducing GMMWater’s debt and the implications for customers now and in the future. • The potential impact of interest rate increases, and whether GMMWater is locked into fixed interest rates. <p>After Meeting 3, subject to GMMWater presenting more information in future sessions about non-drinking water towns, the discussion concluded with most Panel members supporting Scenario B (maintain service reliability). One Panel member was in favour of Option A (improve service reliability).</p>
Topic 2: Customer insights	Are GMMWater’s conclusions related to customer satisfaction fair and reasonable?	The Panel agreed the evidence presented is fair and reasonable.
	Do you feel GMMWater is performing well against customer expectations?	<p>The Panel acknowledged GMMWater’s performance had met expectations as defined by the customer satisfaction threshold of 5 out of 10, and accepted GMMWater’s interim conclusions as presented, i.e.</p> <ol style="list-style-type: none"> 1. There are factors influencing community trust/reputation/value for money/satisfaction that don’t directly relate to the services customers are receiving. 2. Areas of dissatisfaction can largely be attributed to water quality, particularly where customers receive a non-potable supply.

² Including an induction meeting and a reflection session with the GMMWater Managing Director.

Topics	Questions posed to the Panel	Panel's perspective
		<p>3. In terms of services delivered, GWMWater has met customer expectations, and therefore 'achieved' customer satisfaction, but has not seen any uplift.</p> <p>However, the Panel did not consider GWMWater is performing well against customers' expectations, and GWMWater should strive for a higher threshold, than 5 out of 10.</p>
	In what areas do you feel we fall short?	<p>The key issue affecting customer satisfaction from the Panel's perspective was those customers who do not have a drinking water supply.</p> <p>The Panel also acknowledged GWMWater could not always control the water quality (e.g., an algal bloom).</p>
Topic 3: Security of supply	Does the Community Panel support GWMWater's approach to investigating opportunities to secure water supply over the next five years, with a view of investing in any necessary improvements beyond 2028?	<p>All members of the Panel supported GWMWater's approach to investigating opportunities to secure the water supply over the next 5 years, with a view to investing in any necessary improvements beyond 2028, and asked that the following be noted about the Panel's perspective:</p> <ul style="list-style-type: none"> • The limited time they were given to consider the content. • They were impressed by the presentations. • They felt confident the strategies presented to them were working.
Topic 4: Drinking water upgrades	Does the Community Panel support GWMWater's current approach to prioritising towns for upgrading water supply to drinking water quality?	<ul style="list-style-type: none"> • The Panel supported GWMWater's current approach to prioritising towns for upgrading water supply to drinking water quality.
	Based on the information provided to date (noting customer consultation is underway) which towns does the Panel consider highest priority?	<ul style="list-style-type: none"> • While the Panel indicated support for the selection of eleven towns for the drinking water customer survey, members did not form a further view as to which towns among the eleven should be considered the highest priority.
Topic 5: Converting urban towns to rural supplies	<p>What principles should we apply?</p> <hr/> <p>How should they be prioritised?</p>	<p>Panel members agreed to the following principles prioritised from highest to lowest:</p> <ol style="list-style-type: none"> 1. The conversion is practical and feasible. 2. The town profile is such that a conversion to a rural supply would not adversely affect the town. 3. On average customers will pay lower annual charges compared to their existing non-drinking water arrangements. 4. The price outcomes for broader customer base are favourable. 5. Following consultation, customers in the affected town support the conversion.
Topic 6: Drinking water upgrades	Does the Community Panel support GWMWater's proposal to provide drinking water	<ul style="list-style-type: none"> • The Panel agreed the infrastructure cost of upgrading the drinking water supply under either scenario was a

Topics	Questions posed to the Panel	Panel's perspective
	<p>upgrades to Berrillock and Culgoa as a minimum investment during 2023-2028?</p> <hr/> <p>Does the Community Panel support GWMWater to undertake further projects (i.e., Wickliffe and / or Dooen and Pimpinio) if it can be achieved with minimal impact on customer prices?</p>	<p>concern, especially given some water supply upgrades would not be completed during the current regulatory period and given the broader concerns about inflation.</p> <ul style="list-style-type: none"> In principle given the evidence, the Panel supported the minimum investment scenario to upgrade the water supply for Berrillock and Culgoa on the basis that they wanted to be confident the scenario was affordable in the context of GWMWater's overall proposal. Following presentation of GWMWater's proposed price path (Topic 13) the Panel confirmed its support for GWMWater to only upgrade the water supply for Berrillock and Culgoa, at this stage as they wanted to be confident that this option was affordable rather than offering broader support for further projects <u>at this stage</u>.
Topic 7: Fluoridation	Does the Community Panel support the Hindmarsh Shire Council proposal for GWMWater to fluoridate the urban drinking water supplies at Dimboola, Nhill and Kaniva?	<p>The Panel did not support the proposal and noted the following:</p> <ul style="list-style-type: none"> Individual expenditure needs to be contextualised alongside GWMWater's overall proposal. There are probably other infrastructure upgrades that should be higher in priority. Rather than set a precedent, GWMWater should lobby government for fluoride funding to be provided to all GWMWater communities.
Topic 8: Guaranteed Service Levels	<p>Does the Community Panel support the proposal to retain existing GSLs?</p> <hr/> <p>Does the Community Panel support the Proposal to include two new \$80 GSLs for:</p> <ol style="list-style-type: none"> Customers experiencing more than five unplanned urban water supplies interruptions in a year? Customers experiencing more than three sewer blockages in a year? 	<p>The Panel unanimously supported GWMWater's proposal to retain existing GSLs.</p> <hr/> <p>The Panel unanimously supported GWMWater's proposals to include the two new \$80 GSLs for:</p> <ol style="list-style-type: none"> Customers experiencing more than five unplanned urban water supplies interruptions in a year. Customers experiencing more than three sewer blockages in a year.
Topic 9: NWPL Clean Water Extension	Does the Community Panel support GWMWater proceeding with the next stage of works (Nyah-Piangil) to achieve 'clean water' for the systems serviced by the Northern Mallee Pipeline?	All Panel members supported GWMWater's proposal to proceed with the next stage of works (Nyah-Piangil) to achieve 'clean water' for the systems serviced by the Northern Mallee Pipeline.
Topic 10: Tariff Structures	Does the Community Panel support GWMWater's current ratio of fixed to variable charges for customers?	All Panel members supported GWMWater's proposal to maintain the current ratio of fixed to variable charges for customers.

Topics	Questions posed to the Panel	Panel's perspective
	Does the Community Panel support GWMWater's proposal to retain the current Recreation Contribution Charge (RCC) to subsidise the cost of maintaining community sporting amenities and the cost of supplying water to recreation lakes in the region?	All Panel members supported GWMWater's proposal to retain the current RCC to subsidise the cost of maintaining community amenities (such as sports fields) and the cost of supplying water to recreation lakes in the region. However, their support was subject to GWMWater exploring applying the RCC to commercial customers as well as residential customers.
Topic 11: Revised Service Standards	Does the Community Panel support GWMWater's revised Service Standards?	All Panel members unconditionally supported GWMWater's revised Service Standards proposal.
Topic 12: Outcomes	Does the Community Panel support GWMWater's proposed amendments to our Outcomes Reporting Measures?	All Panel members unconditionally supported GWMWater's proposed amendments to its Outcomes Reporting Measures.
Topic 13: Price Path	Based on the information provided does the Community Panel wish to revise previous advice or recommendations on proposals?	Based on the information provided on GWMWater's price path/overall pricing proposal the Community Panel indicated it did not wish to revise any previous advice or recommendations on its proposals.
	Does the Community Panel support GWMWater's proposed price path for an average customer?	The Community Panel supported GWMWater's proposed price path for an average customer.

2 Background

2.1 Context

In October 2016, the Essential Services Commission (ESC) released its *Water Pricing Framework and Approach* for the review of Victoria’s water businesses and services to inform their Pricing reviews for the period 2018 to 2023. One of the key features of the framework and approach is centred on engagement with customers to establish their needs, priorities and concerns. Significantly, the ESC expects water businesses to “work closely with its customers and show it engaged with its customers’ concerns and interests”³.

At that time the ESC introduced an incentive framework known as the Performance, Risk, Engagement, Management, Outcomes (PREMO) model, to assess each water business against each of the elements of this model. In terms of engagement with customers water businesses would be assessed on their effectiveness of engaging with customers⁴. The ESC has not prescribed any particular customer engagement approach that water businesses should adopt; rather it expects water businesses to develop approaches and strategies that are suited to their customers. However, it suggests five principles of good customer engagement as follows⁵:

1. The form of customer engagement undertaken by a water business should be tailored to suit the content on which it is seeking to engage, and to the circumstances facing the water business and its customers.
2. A water business must provide customers with appropriate instruction and information, given the purpose, form and the content of the customer engagement.
3. A water business’s customer engagement should give priority to matters that have a significant influence on the services provided and prices charged by the business.
4. A water business should start customer engagement early in its planning. The engagement should be ongoing, to keep testing proposals with customers.
5. A water business should demonstrate in its price submission how it has taken into account the views of its customers.

GMMWater, in its approach to developing its submission for the 2018-2023 Pricing Review, adopted a multifaceted approach to engaging with customers and the community on matters relating to service and price, beginning the process. This approach included stakeholder workshops, customer surveys and less formal customer engagement to understand customers’ and stakeholders’ needs and expectations and the establishment of a Deliberative Panel to provide opinion, advice and recommendations on its pricing proposals to the GMMWater Board. As a result of that approach GMMWater received favourable feedback from the ESC for its customer engagement and how customer feedback informed its pricing submission.

Given the success of its approach, GMMWater decided to build on its model of engagement in the development of its Pricing Submission 2023 (PS2023).

A copy of GMMWater’s engagement model for PS2023 is presented in Appendix A.

In late 2021, GMMWater produced a *Community Panel Charter* which established the role, functions and responsibilities of the Panel. In particular the Charter defined the role of the Community Panel to:

³ Essential Services Commission 2016, *Water Pricing Framework and Approach: Implementing PREMO from 2018*, October, pg. ii

⁴ *ibid.*, pg. 10

⁵ *ibid.*, pg. 16

“examine and test the observations and directions that GWMWater has taken from these engagement and consultative processes to ensure that they reflect customers’ needs and expectations.”⁶

The Charter also stipulated that an independent person with no current association with GWMWater, other than they may be a customer, would be appointed to Chair the Community Panel⁷ and that the Panel would include up to 15 individuals that collectively could be considered to be reflective of GWMWater’s customer base, who would be selected via an expression of interest process. The Charter also stipulated that the Panel should include customers from the following groups:

- Urban residential property owners from towns where a fully treated (drinking) water supply is available, and GWMWater operates a sewerage system
- Urban residential property owners from towns where only a regulated (non-drinking) water supply is available
- Urban residential tenants from towns where a fully treated (drinking) water supply is available GWMWater operates a sewerage system
- Urban residential tenants from towns where only a regulated (non-drinking) water supply is available
- Urban non-residential customers from towns where a fully treated water supply is available GWMWater operates a sewerage system
- Urban non-residential customers where a regulated water supply only is available
- Indigenous community
- Broad acre farmers (rural water customers)
- Intensive agricultural operators
- Mining or extraction businesses
- Manufacturing businesses
- Sporting clubs
- Recreational water operators (such as lake committees of management)
- Welfare or support sector agencies (to represent the views of customers who may experience financial hardship)
- Environment

Additionally, and acknowledging some overlap with the above criteria, the Community Panel recruitment aimed to ensure representatives of its different customer segments were represented:⁸

- Urban, non-residential (commercial) customers (Segment 1)
- Urban, potable water residential property owners in sewered locations (Segment 2)
- Urban, potable water residential property owners in unsewered locations (Segment 3)
- Urban, potable water residential tenants (Segment 4)
- Urban, non-potable water residential customers (Segment 5)
- Rural, domestic and stock water pipe customers (Segment 6)

⁶ GWMWater, *Water Price and Service Review 2023-28, Community Panel Charter*

⁷ Further, the *Charter* stipulated that the Chair will not have been a director or an employee of GWMWater for at least the past three years.

⁸ As identified in GWMWater’s 2020 *Customer Profile*.

- Rural, take and use water supply customers (Segment 7)

2.2 Panel establishment

2.2.1 Appointment of Panel Chair

The *Community Panel Charter's* intent was for the Chair to be an independent person with no GWMWater association for at least the past three years.⁹ Initially, GWMWater publicly and widely advertised for the Chair including in the region's local newspapers,¹⁰ via social media with a video describing the Panel's purpose

However, no suitable applications were received. Subsequently, the GWMWater Board and Executive Management team identified several experienced and qualified individuals from GWMWater's region who could be suitable candidates for the role of Chair, in line with the requirements of the Charter. GWMWater received three applications. Two applicants were selected for interview, based on their availability until August 2022, and they lived in GWMWater's region.

The Executive Manager - Customer and Employee Experience, with Helen Bartley interviewed the two candidates and prepared a report for the Board. The Chair was selected on the basis of the following criteria:

- Personal – quality and availability: available between 6-12 months, able to chair up to 5 meetings and resides in GWMWater's operational area (20%)
- Capability: experience/understanding of process involved in developing policies and programmes (25%)
- Past performance: experience in chairing forums/meetings (25%)
- Capability: confident with public speaking and interactions with media (10%)
- Capability: able to analyse complex issues and concepts and translate information to others (20%)

Subsequently, the GWMWater board approved Fay Hull's appointment to the position and she was appointed on 21 December 2021.

2.2.2 Appointment of Community Panel members

Expression of interest process

The *Community Panel Charter's* intent was that customers would be selected from an Expression of Interest (Eoi) process to form the Panel.¹¹ Helen Bartley worked with GWMWater in developing the Eoi process and selecting applicants to join the Community Panel.

GWMWater with Helen's support prepared an Eoi which included key questions to identify customers with respect to their water supply source,¹² location in GWMWater's region and customer segment¹³ and in line with the list presented on the previous page of this report, as well as providing details as to how they believed they could contribute as a member of the Panel. The GWMWater senior leadership team agreed to reimburse at a rate of \$40 per hour of meetings they attended and reimbursed them for their travel at current Australian Taxation Office rates.

⁹ As a director or employee.

¹⁰ See Appendix B1 for a list of newspapers where the Eoi was published, the advertising content and sample of online advertisement.

¹¹ GWMWater, *Water Price and Service Review 2023-28, Community Panel Charter*

¹² Urban drinking water, urban non-potable water, rural pipeline, rural groundwater.

¹³ Urban drinking water owners and tenants, non-drinking water, rural pipeline, groundwater and urban commercial customers as well as representatives of customers with low and fixed incomes.

Advertising

GMMWater advertised its EOI for customers to join the Community Panel from December 2021. GMMWater also directly approached individuals and community organisations that represent particular customer interests, such as Traditional Owners and younger residents. A schedule of GMMWater’s communications to advertise the EOI is contained in Appendix B, including a list of community organisations that GMMWater directly approached.

Interested individuals were initially given until 4 February 2022 to submit an application to GMMWater. Copies of the printed and electronic EOI are contained in Appendix C.

To access the EOI, interested individuals were asked to visit GMMWater’s Engagement Hub to download an application form or they could contact GMMWater direct. In addition to contact details, the application form asked individuals to identify their interests, such as the environment, community groups, etc.

Following significant promotion of the EOI, 25 customers submitted applications to GMMWater to join the Panel. Seventeen of these applicants were invited to join the Panel.

Selection

The GMMWater Executive Manager - Customer and Employee Experience, GMMWater’s Stakeholder Engagement Coordinator with Helen Bartley reviewed all 25 applications, and 17 individuals were invited to join the Community Panel. GMMWater also independently recruited Andrew (Cobba) Harrison through the Wimmera CMA, given his role as the CMA’s Aboriginal Water Officer

Following verbal acceptance of their EOI, GMMWater wrote to all successful and unsuccessful applicants advising them of the outcome of their EOI (see Appendix D for copies of letters to successful and unsuccessful applicants). Ultimately, 16 individuals¹⁴ (excluding the Chair) accepted the invitation. Two Panel members withdrew after receiving an invitation,¹⁵ but they were not replaced as the acceptance rate exceeded expectations, and their “customer characteristics” were represented by others on the Panel.

¹⁴ Although the *Charter* stipulated that up to 15 individuals were required to form the Panel. GMMWater invited 18 individuals to allow for possible attrition and anticipating the likelihood that not all individuals would be able to attend all meetings.

¹⁵ One member withdrew from the Panel before the first meeting, another only attended the induction.

Community Panel composition

In terms of representing GWMWater’s customer base, the profile of recruited Community Panel members was as follows (noting that individual customers could belong to multiple categories):

Table 2-1: Community Panel composition

Category	No. of representatives
Urban residential property owners from towns where a fully treated water supply is available GWMWater operates a sewerage system	7
Urban residential property owners from towns where a fully treated water supply is available and GWMWater does not operate a sewerage system	1
Urban residential property owners from towns with a non-potable urban water supply	4
Urban residential tenants	2
Urban commercial customers from towns where a fully treated water supply is available	2
Rural pipeline customers	7
Rural take and use (groundwater) customers	1
Representatives of sporting clubs that receive a supply of water from GWMWater	5
Environmental water representatives	1
Customers who have experienced vulnerabilities ¹⁶	6

The 16 participating Community Panel members came from across GWMWater’s region and include customers who live and / or work in:

- Ararat
- Dimboola
- Edenhope
- Elmhurst
- Horsham
- Kaniva
- Laharum
- Lake Bolac
- Pomonal
- Quambatook
- St Arnaud
- Stawell
- Ultima
- Walpeup

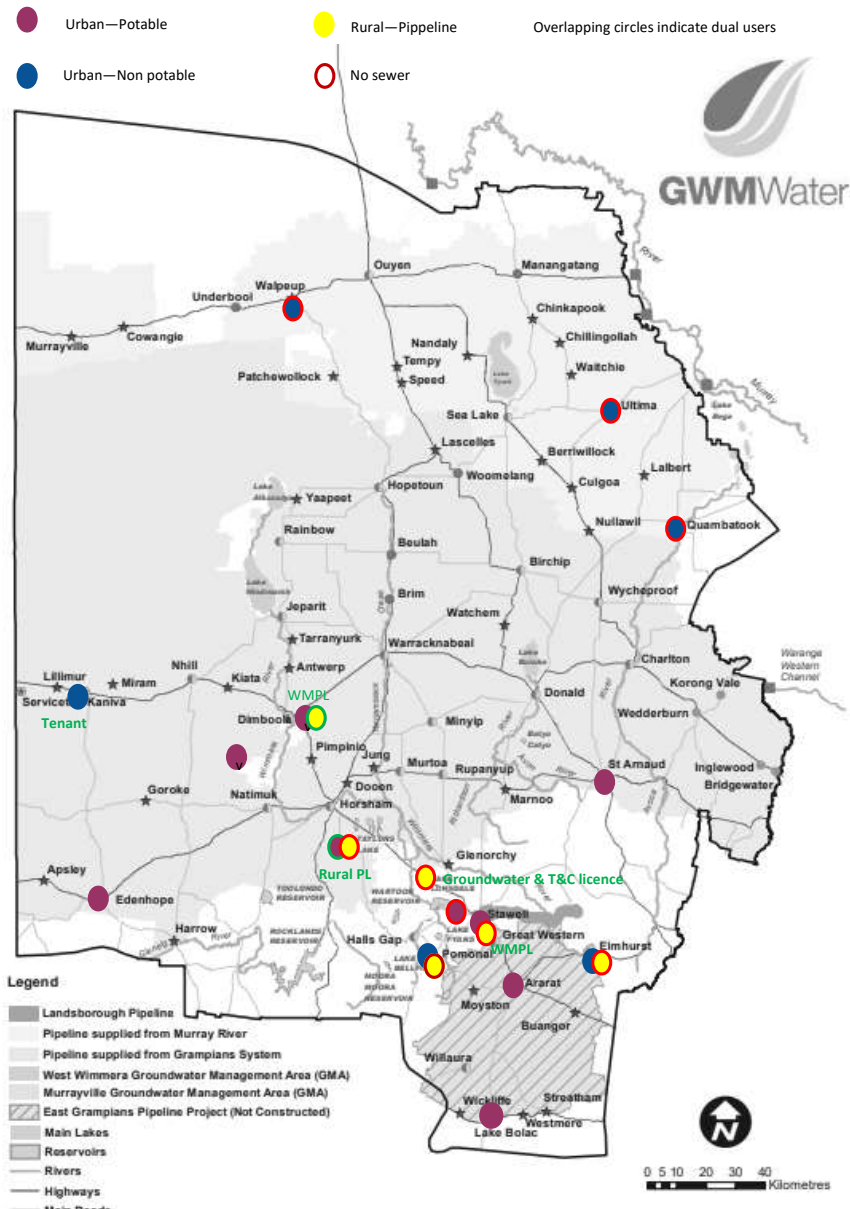
In addition, the Panel was demographically diverse including:

- 8 males and 8 females
- A mix of property owners and tenants
- Age ranging from mid 20s to 70s
- Individuals, couples and families with dependent children
- People in full time and part time paid employment and retired people
- People involved in education, health and welfare, local government, business operators, farmers, environmental roles
- Traditional Owners
- Community volunteers (Landcare, Country Fire Authority, recreation reserve and sporting group committees of management)

The following map illustrates the diversity of GWMWater customers on the Panel with respect to their water supply source/sewerage service and location.

¹⁶ Includes customers on fixed incomes, customers who have been impacted by natural disasters, physical and mental health issues, disabilities, and general financial hardship.

Figure 2-1: GMMWater’s customer Panel composition by location and customer type



2.3 Background information provided to the Community Panel

Consistent with the ESC’s PREMO requirements, GMMWater recognised that Panel members needed to be sufficiently informed to effectively deliberate on GMMWater’s proposals for its pricing submission. Accordingly, GMMWater ran a two-hour hybrid face-to-face and online induction meeting focusing on expectations of the Panel and relationship building. During the induction, GMMWater gave the Panel an overview of its proposed approach to developing its pricing submission and described the role of the Community Panel. At the induction GMMWater also provided Panel members with a folder with additional supporting background information.¹⁷ The Induction Pack information is listed in Appendix E.

¹⁷ GMMWater posted online participants their binders and also emailed content so they had access to the same information as face-to-face participants during the induction.

In advance of Meetings 2, 3, 5 and 6, relevant GMMWater staff prepared draft discussion papers focusing on specific proposals that GMMWater considered could have a significant impact on services and/or pricing, and in line with ESC expectations for customer engagement. Helen Bartley was engaged by GMMWater to review these papers to ensure:

- They focused on aspects of GMMWater’s proposals that were directly relevant to customers
- They would be readily understood by a reasonable or typical customer
- They were succinct (no more than 4 pages per paper)

The Papers covered the following topics:

- Urban water reliability (Topic 1 – meeting 2)
- Customer insights (Topic 2 – meeting 2)
- Security of supply (Topic 3 – meeting 3)
- Upgrading town water supplies to drinking water (Topic 4 – meeting 3 and Topic 6 – meeting 5)
- Principles for converting non-drinking urban water to rural water supplies (Topic 5 – meeting 3)
- Fluoridation (Topic 7 – meeting 5)
- Guaranteed Service Levels (Topic 8 – meeting 5)
- Northern Mallee Pipeline Clean Water Extension (Topic 9 – meeting 6)
- Tariff structures (Topic 10 – meeting 6)
- Service standards (Topic 11 – meeting 6)
- Outcomes reporting (Topic 12 – meeting 6)

Information on the above proposals was also included in presentations to the Panel, prepared and presented by GMMWater staff. At the end of Meeting 6 GMMWater presented the Overall Price Impact of its proposals to the Panel, based on the Panel’s provisional support for the different proposals. This is presented as Topic 13 in this report.

GMMWater prepared an agenda in advance of each meeting. Copies of the agenda for each meeting are provided in Appendix F. A full list of discussion papers and presentation documents is contained in Appendix G. The documents listed in Appendix G are too large to include within this report¹⁸. However, selected details from each paper and/or presentation are included in the relevant sections as context associated with the Panel’s deliberations.

To allow Panel members sufficient time to consider the issues, GMMWater emailed Panel members copies of relevant discussion papers several days in advance of each meeting. Panel members were not provided with copies of presentation slides in advance, as the purpose of these was to explain and support the content in the discussion papers. The Chair and the Panel’s administrative officer both maintained contact with Panel members by phone and email between meetings to foster continued interest among the Panel.

2.4 Meeting arrangements and attendance

The Community Panel met on six occasions, including an induction session (Meeting 1) and a reflection session (Meeting 4). The induction meeting was held at the Horsham Golf Club in a function room. GMMWater discussed the location of subsequent meetings with the Panel, for those who would be attending face-to-face. All agreed it made sense to hold subsequent meetings in GMMWater’s boardroom which was set up to allow online participants to join the meetings via MTeams. The choice of venue also meant that GMMWater staff were available to present background information and efficiently respond to

¹⁸ We understand copies of the final versions are stored on GMMWater’s records management system and are available on request.

questions from the Panel. GWMWater also provided administrative support, including assisting the chair with timekeeping and assisting online-participants.

Attendance at meetings was generally very good, with eight of the 16 individuals who remained on the Panel attending all six meetings, and four members attending five meetings.¹⁹

Meeting days and times varied to cater for varying availability of Panel members. Notably, the number of Panel members present was consistently high, with a minimum of 10 members present at each meeting. Meeting details and attendance are as listed in the following table:

Figure 2-2: Community Panel dates and attendance

Meeting	Time	Format	Present face to face	Present online	Total present
1. Induction: Wednesday 30 March 2022	5:30 to 7:30 pm	Hybrid	10	4	14
2. Thursday 22 April 2022	10:00 am to 3:00 pm	Hybrid	11	3	14
3. Monday 16 May 2022	4:00 pm to 8:30 pm	Hybrid	11	3	14
4. Tuesday 7 June 2022	10:00 am to 11:30 am	Optional Online	1	8	9
5. Friday 15 July 2022	9:00 am to 1:00 pm	Hybrid	8	4	12
6. Tuesday 9 August 2022	10:30 am to 3:15 pm	Hybrid	10	3	13

2.5 Meeting conduct

Fay Hull chaired all meetings face-to-face with the support of the GWMWater Engagement Coordinator, to facilitate online members participation when they wished to comment or ask questions during the meetings.

Helen Bartley was present (face-to-face) as an independent observer for meetings 1 to 4 and meeting 6, and online for the majority of meeting 5²⁰ to assess the quality of engagement:

- Did GWMWater provide the Community Panel with sufficient information to enable them to effectively discuss the subject matter?
- Did GWMWater present the information objectively, focusing on the facts rather than expressing personal views?
- Did participants have sufficient opportunity to ask GWMWater questions and seek clarification on aspects of the proposal?
- Was GWMWater responsive to participants requests for further information?
- Did participants work together to discuss the subject matter, consider the diverse views and the trade-offs they needed to make?
- Were they able to form a reasonable view?

¹⁹ Includes the Induction and June meeting where no deliberations took place.

²⁰ With Rachael Murnane observing from 10:30 to 1:00 pm during meeting 5.

Helen took detailed notes in each of the meetings. Meetings were also recorded to provide a formal record of the meetings and assist in the preparation of this report.

At the induction meeting (Meeting 1) GWMWater presented general background information to the Panel about GWMWater's services, the Panel's role and the Panel discussed its code of conduct.

Meetings 2, 3, 5 and 6 focussed on GWMWater's proposals and the Panel's deliberations in relation to those proposals. The general format of these meetings involved:

- The Chair providing a review of the previous meeting including a summary of the Panel's responses to previous deliberative questions, GWMWater's responses to Panel members' questions and an overview of the topics to be covered in the current meeting
- A GWMWater subject-matter staff member providing an outline of the proposal being deliberated (10 to 15 minutes), taking questions throughout their presentation
- The GWMWater staff member leaving the room to allow the Panel to discuss the issue for 10 to 20 minutes, and seeking clarification from GWMWater if required
- The Chair facilitating discussion among Panel members on the issue and then seeking agreement on the Panel's perspective of the issue

Between two and four topics were discussed per meeting.

The Chair reminded the Panel at the beginning and end of each meeting if they wanted more information on a topic or had other issues, they were free to ask GWMWater for additional information. In a number of instances, the Panel requested additional information from GWMWater staff members, which was either provided later in the same meeting or in the subsequent meeting.

The Panel at various times acknowledged the value of the perceived collaborative approach and connection with GWMWater speakers and the Managing Director, and appreciated the efforts made by GWMWater staff to be responsive to their questions.²¹

Before meeting 6, Panel members were emailed a feedback form and time was allowed at the end of meeting 6 to review that feedback and record any additional comments from Panel members.

Overall, the Panel agreed that:

- Their experience was worthwhile and valued by GWMWater
- Meetings were well structured and ran to time
- GWMWater information was generally clear and readily understood, although some topics contained statistical information and detailed graphs that required more time to understand
- All Panel members had an opportunity provide comment on the various topics and seek clarification on issues, both within the group and direct to GWMWater
 - GWMWater was responsive to Panel members questions (including those outside the scope of deliberations)

The Panel's responses to GWMWater's deliberative questions, and recommendations are considered to reflect the views of all or most Panel members.

The following sections of this report detail GWMWater's proposals presented to the Panel, and related questions that GWMWater asked the Panel to consider, as well as documenting the issues raised by Panel members and a summary of the Panel's perspective on each proposal.

²¹ For example, see Interim Feedback from the Panel in Appendix A.

2.6 Progress reporting

The Community Panel reported on three formal occasions:

1. Interim report to GWM Board

The Chair presented an interim report, in the form of a letter to the GWMWater Board's Chair after Meeting 2 (see Appendix H). This report provided GWMWater's Board with details of the Panel's progress to date, and planned activities.²²

2. Presentation to GWMWater's Customer and Stakeholder Workshop

The Community Panel Chair provided an overview of the Panel's role and activities to GWMWater's Customer and Stakeholder Workshop held on Friday 24 June 2022. Those in attendance at the Workshop included local councillors, Catchment Management Authority representatives, and other members of the community as well as GWMWater Board representatives, several GWMWater staff and four members of the Community Panel.

Following the Chair's presentation, three members of the Panel provided reflections on their Panel involvement through a facilitated question and answer session, addressing the following questions:

1. What do you see as the key challenges for the region and GWMWater?
2. What were your reasons for joining the Community Panel?
3. How do you see the Community Panel will make a difference to GWMWater's pricing submission?
4. What key message would you like to give GWMWater?

In responding to the first question the three Panel members reflected on the size and diversity of GWMWater's region and the challenges of ensuring water security into the future. Community Panel members then described the reasons they joined the Community Panel, which included an interest in learning more about water in the region and GWMWater's role, learn from other customers and through their diverse interests being able to represent community views to GWMWater. In responding to Question 3, they commented on the opportunities they had to question GWMWater on its proposals and GWMWater's responsiveness to their questions, using terms such as "open" and "receptive" to what customers had to say. In response to the fourth question, the three Panel members recognised the challenges GWMWater faces in meeting competing demands and they encouraged GWMWater to continue to openly engage with customers.

Informal feedback from Workshop participants indicates that the Panel members spoke openly and honestly and their feedback was well-received by those present.

The Chair also provided some reflections relevant to the Panel and its role. She commented on the value of the workshop to the Panel, apart from the quality of the session itself:

"It was a really valuable exercise, both for those online and those present for the breakout sessions."

She further noted:

"One, it showed that the extended number of participants provided an even broader range of views on the breakout questions. Two, I think that Panel members appreciated the opportunity to hear the views expressed by the Stakeholders who came from different backgrounds and with differing exposure/thoughts on water supply issues. Three I think the Q & A session with Mika, Tony and Libby would have given the Stakeholders a very positive view of the Panel and how it is set up, supported by staff (and Helen) and their approach to the task."

²² Subsequent to the Community Panel Chair writing to the GWMWater Board Chair, GWMWater deferred and amended the proposed content for the 7 June 2022 meeting referred to in the letter to 15 July 2022 and rescheduled the final meeting to 1 August 2022.

3. Formalised written report

This report is the final deliverable for the Panel and was delivered to GWMWater with the endorsement of the Community Panel Chair in August 2022.

3 Topic 1: Urban water reliability

3.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, *Water Price and Service Review 2023-28*, 'Consultation Paper: Urban water service reliability' (CP Discussion Paper 1 – Urban Water Reliability – April 2022 (190422).pdf)
- Presentation by Rob Caris, Executive Manager Service Delivery

3.2 GWMWater's proposal

As GWMWater's urban water pipes age, without investment in the infrastructure the risk to service reliability increases. However, there is a trade-off between service affordability and the risk to reliability. GWMWater developed three scenarios for the Community Panel to consider with the following cost implications for customers

Table 3-1: Urban water reliability scenarios presented to customers

Scenario	Service standard	Compared to the ESC benchmark this would ...	Cost implications
Scenario A: Improve service reliability	Ensure no more than 200 customers to experience greater than four (4) interruptions each year	Achieve a service reliability experience nearer to that of the average Victorian urban customer	+\$3.27 per customer per year for urban water customers
Scenario B: Maintain service reliability	Ensure no more than 200 customers to experience greater than five (5) interruptions each year	GWMWater maintain current performance	No change to customer pricing
Scenario C: Relax service reliability	Ensure no more than 200 customers to experience greater than six (6) interruptions each year	GWMWater to move to a new trade-off, reducing performance in pursuit of reduced costs.	-\$2.18 per urban water customer per year noting that relaxed services come with additional bursts and leaks corresponding to cost of repair

GWMWater explained its preferred option is Scenario B as this option because it would mean:

- *Keep[ing] prices based on existing renewal expenditure levels to maintain affordability.*
- *Only includ[ing] unavoidable increases in renewals expenditure if required to achieve service reliability standards in future prices*

GWMWater also advised the Panel that any urgent renewals that were required above and beyond planned works would be undertaken regardless of the above, and GWMWater would take on the risk.

3.3 Questions to the Panel

In the context of the above information and additional background information presented by GWMWater to the Panel in Meeting 2, the Panel was asked to consider the following question:

- *Does the Community Panel support the proposal to maintain service reliability?*

3.4 Issues raised by the Panel

The Panel raised a number of questions with GWMWater regarding the scenarios:

- Whether the options included CPI
 - GWMWater confirmed that the options included CPI.
- Did GWMWater’s modelling consider the impact of changing population numbers?
 - GWMWater advised it references the Victorian Government’s population projections, noting the projections are pre-COVID, with Horsham, Ararat and Stawell historically projected to grow while the population in many small towns is declining. GWMWater then explained that these numbers are converted into “what each customer pays”
- The implications for rural customers
 - GWMWater explained these scenarios are for urban customers only
- How GWMWater assesses the life span of its infrastructure, and the risk of failure
 - GWMWater explained it models the lifespan of its pipes to predict the likelihood of failure based on the behaviour of existing assets, their location, age, soil etc which in general suggests GWMWater’s pipes have an expected life of around 65-years
- Clarity around scenario A, what is the extra value for customers and how the amount was calculated
 - GWMWater explained that more pipelines would be flagged for earlier renewal and the \$3.27 per customer per year translates to a 1% increase in renewals

Overall, Panel members appeared comfortable with GWMWater’s responses to their questions

3.5 The Panel’s perspective

Meeting 2

The Panel quickly formed a view that they did not support Scenario C, however they were divided as to whether they supported Scenario B or whether GWMWater should consider Scenario A as a preferred option.

Those who supported Scenario A, did so because:

- They favoured more “longsighted” investment now to improve infrastructure and water safety
- They supported paying for a better service in the long term, even knowing they might not be around to benefit
- If GWMWater does not invest in infrastructure, customers will be paying more for maintenance in the future

Those who supported Scenario B, did so because:

- In relation to Scenario A, they were concerned about the impacts on vulnerable customers:
 - *“It might not seem a lot to us, but it could be a hell of a lot of money”*
 - *“GWMWater knows more than I [do] and I will defer to them on that”*

Ultimately the Panel did not reach agreement on their preferred scenario at the end of Meeting 2, but they did agree they needed more contextual information including:

- Including the overall price increase and other drivers of price
 - *“We don’t know what other increases will be suggested in other meetings, we don’t know what’s coming.”*

- GWMWater’s level of debt, the value of reducing GWMWater’s debt and the implications for customers now and in the future
- The potential impact of interest rate increases, and whether GWMWater is locked into fixed interest rates

Follow up discussion (Meeting 3)

At the start of meeting 3, the Chair sought confirmation from the Panel as to its preferred scenario subject to further information that GWMWater may provide in future meetings. The Panel further discussed the cost implications of Scenario A in contrast to some support for GWMWater to be “proactive” in replacing and even improving infrastructure:

- *“You can’t go on forever not improving infrastructure ... more breaks, more infrastructure problems.”*

Subject to GWMWater presenting more information in future sessions about non-drinking water towns, the discussion concluded with most Panel members supporting Scenario B. One Panel member was in favour of Option A.

4 Topic 2: Customer insights

4.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, *Water Price and Service Review 2023-28*, 'Consultation Paper: Customer Insights' (CP Discussion Paper 2 – Customer Insights – April 2022 (190422).pdf)
- Presentation by Adele Rohde, Executive Manager Customer and Employee Experience (Interim)
- Summary reports of customer research and stakeholder workshops provided to Panel members in the Induction meeting.

4.2 GWMWater's proposal

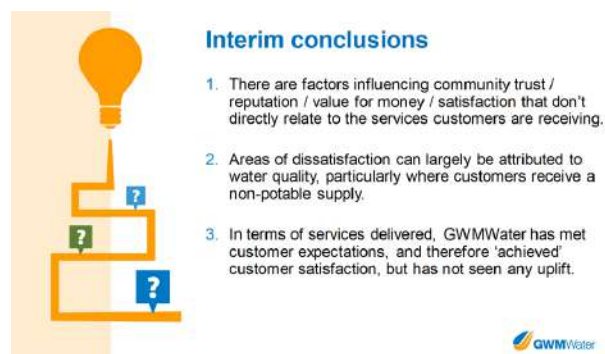
Context

GWMWater gathers customer insights and forms conclusions about customers' expectations from a range of sources.

Under the ESC's PREMO framework,²³ water corporations are expected to self-assess their performance in achieving its statutory and regulatory obligations, while delivering the prices and services customers value. Customer satisfaction forms part of GWMWater's self-assessment of its performance.

The GWMWater Executive Manager Customer and Employee Experience (Interim) provided the Panel with an overview of the various data sources GWMWater uses to self-assess its performance, including its customer survey, the ESC commissioned robo-survey and other data sources and the key findings from those various sources. She also presented the Panel with GWMWater's interim conclusions in relation to its customer insights as shown in the following figure:

Figure 4-1: GWMWater's interim conclusions from its customer insights



4.3 Questions to the Panel

In the context of the information provided in the discussion paper and presented by GWMWater, the Panel was asked to consider the following three questions:

- *Are GWMWater's interim conclusions related to customer satisfaction fair and reasonable?*
- *Do you feel GWMWater is performing well against customers' expectations?*
- *In what areas do you feel we fall short?*

²³ ESC, *Water Pricing Framework and Approach, Implementing PREMO from 2018*, October 2016, available from <https://www.esc.vic.gov.au/sites/default/files/documents/Water-Pricing-Framework-and-Approach-Final-Paper-Oct-2016.pdf>

4.4 Issues raised by the Panel

This topic triggered a customer discussion on GWMWater’s use of social media to engage with customers and gather further insights on customers’ issues. GWMWater explained although they follow Twitter, it does not generate much interest, whereas Facebook is an important two-way communication channel for customers, as well as YouTube (for outbound communication) and more recently the online Engagement Hub.

The Panel also queried the different survey methods to gain a better understanding of the customers who were surveyed and whether the samples were sufficiently large to provide reliable feedback. The Panel was provided with an overview of the sampling method and basic sampling principles were explained. The Panel was introduced to the idea of statistical inference, such that conclusions could be formed about a population from a sample with confidence, even if only a few hundred customers were surveyed, provided the sample was representative of the population.

Some concerns were raised about the ESC surveys. GWMWater advised the ESC had encouraged water corporations to overlay other information when considering the ESC survey results.

4.5 The Panel’s perspective

Due to time constraints, the Panel carried over discussion on this topic and its response to GWMWater’s questions to Meeting 3.

In Meeting 3, the Chair returned to the three deliberative questions presented in Meeting 2

Are GWMWater’s interim conclusions related to customer satisfaction fair and reasonable?

The Panel initially discussed the survey feedback, querying the methodology, querying the sample size, the ESC’s robo survey methodology, with one member discounting the robo calls as “fallacious” and others agreeing.

They were also alarmed that GWMWater’s performance was one of the lowest on the ESC’s water performance chart. Another member queried whether a rating of 5 out of 10 reported in the GWMWater customer survey was genuinely satisfactory:

- *“It’s a minimum acceptable standard, it’s not a good standard – it should be 8 or 9/10 – why are we on the minimum?”*

After discussing the results further, ultimately Panel members concluded, *“the bottom line is that’s what it is”*.

No-one disagreed indicating they accepted the evidence as fair and reasonable.

Do you feel GWMWater is performing well against customers’ expectations?

Although the Panel acknowledged GWMWater’s performance had met expectations as defined by the customer satisfaction threshold of 5 out of 10, and accepted GWMWater’s interim conclusions as per Figure 4-1 the Panel did not consider GWMWater is performing well against customers’ expectations, and GWMWater should strive for a higher threshold.

- *“GWMWater does not have a good standing in the community – I’m unsure why.”*
- *“Customer satisfaction could be improved - they need to find out why.”*

The Panel attempted to rationalise GWMWater’s relatively poor performance, attributing it to a range of factors including:

- The available resources and low population relative to the size of GWMWater’s region covering an area of around one third of Victoria roughly equivalent to the area of Tasmania
- 39 towns without drinking water
- Inheriting old Water Boards, and old infrastructure that needs replacing

- Unfavourable media commentary, e.g., on an algal bloom or recreation water issues

The Panel further concluded, that GWMWater needed to improve its performance:

- *“We’d like to see an improvement in performance – based on the data – you can’t ignore the data.”*

In what areas do you feel we fall short?

The key issue affecting customer satisfaction from the Panel’s perspective was those customers who do not have a drinking water supply, for example:

- *“Unless they move to get more towns to potable water they will continually get a bad review – two months ago I would not want to have watered the garden with their water.”*

Whilst they identified other water quality issues, such as an algal bloom impacting customer satisfaction, they also acknowledged GWMWater could not always control the water quality.

The Panel did not address this question further.

5 Topic 3: Security of supply

5.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, *Water Price and Service Review 2023-28*, 'Consultation Paper: Security of Supply' (CP Discussion Paper 3, Security of Supply – May 2022 FINAL.pdf)
- Presentation by Kym Wilson, Storage Manager
- Presentation by Kym Wilson, Manager Water Resources

5.2 GWMWater's proposal

The following is an extract from CP:

Over the next five years, GWMWater is proposing to:

- *Work with the Storage Manager, Wimmera Catchment Management Authority and the Victorian Environmental Water Holder to define and implement rules for water sharing from Lake Wartook.*
- *Undertake detailed feasibility assessments of supply options for the Horsham urban system and Supply System 6. This could include accessing alternate supplies, constructing cross connections which enable us to move water around or improving water efficiencies, giving us more to work with.*
- *Review the operational management of our Murray and Goulburn water entitlements² and carryover³ strategy, and update this for changes to inter-valley trade rules and limits, and findings from the 2022 Urban & Rural Water Strategy.*
- *Continue the current Edenhope groundwater monitoring regime and undertake a further technical assessment 'health check' if the current town supply borefield is likely to remain in operation for the next five years.*
- *Plan and deliver short-term works to increase Edenhope urban supply system resilience during peak demand periods. This would be an interim measure that may include an additional bore and water storage.*
- *Start planning long-term supply options for Edenhope.*

In addition, Kym Wilson the region's Storage Manager acting on behalf of on behalf of all Wimmera-Glenelg water entitlement holders, presented an overview of the region's historical, current and anticipated water resource position. This presentation included graphs showing inflows into GWMWater's reservoirs and the volumes of water in GWMWater's reservoirs over time as well as rainfall charts and Bureau of Meteorology outlooks.

In his second presentation, as Manager Water Resources at GWMWater, Kym explained the implications of the region's water resource position for GWMWater. He reported on the region's "good security across the board" as published in GWMWater's *Annual Water Outlook* in December 2021 and provided an overview of GWMWater's 50 year *Urban and Rural Water Strategy*. He then provided an overview of GWMWater's water supply systems and strategies to meet forecast demand as per the *Strategy*.

Also, of note in GMMWater’s *Security of Supply* discussion paper:

- *There are no new works proposed that are premised on the need to improve the security of water supply and therefore no price increases that can be directly attributed to securing supply.*
- *The specific issues affecting water sharing from Lake Wartook, operational management of our Murray and Goulburn water holdings and security of source water for non-pipeline supplied urban towns, such as Edenhope, will be considered in the context of ongoing work presently being undertaken and detailed feasibility studies where required.*
- *The reliability of recreation water should also be considered in the context of the pricing for recreation water.*

5.3 Questions to the Panel

In the context of the information provided to the Panel in Discussion Paper 3 and additional background information presented by GMMWater in Meeting 3, the Panel was asked to consider the following question:

- *Does the Community Panel support GMMWater’s approach to investigating opportunities to secure water supply over the next five years, with a view of investing in any necessary improvements beyond 2028?*

5.4 Issues raised by the Panel

The Panel engaged with the presenter to ask a range of questions around water supply and GMMWater’s water resource management. For example, in relation to storage management Panel members asked question around the relationship between floods and inflows into water catchments, they also sought to understand concepts such as “growth water” and “dead water”. They also discussed Bureau of Meteorology outlooks, particularly in relation to El Niño and La Nina and the value of looking at weather predictions compared to looking at historical data.

In relation to the second presentation that focused on GMMWater’s water resource position, Panel members were equally engaged. They were particularly interested in:

- The interconnection between the region’s water catchments and storage systems, and the reasons water travels a long distance to supply some towns. They appreciated GMMWater’s response that an interconnected system provides for resilience if a town can switch supply sources.
- The investment required to increase GMMWater’s supply and discussed when there is abundant water in the Murray River whether could it be stored now for the future.
- Whether GMMWater has any controls over environmental water, are they mandated and where wildlife gets its water. One Panel member was concerned that water could be removed from one area, leaving it without water, to replenish another.
- Whether groundwater customers (especially Edenhope) have access to any other water, noting its supply is becoming increasingly saline.

At the end of the two presentations Panel members highly commended Kym for his “excellent” and “very good” presentations, and the responses he provided to their questions.

After GMMWater left the meeting, the Panel continued their discussion and identified further questions about:

- The impacts of large-scale commercial water use, for example for the gold mine in Stawell, and mining of mineral sands, and whether mining companies make any contribution for the development of the water supply system.
- Conversely how GMMWater can support regional growth
- How environmental flows are maintained if there is no rain and therefore no water flow in rivers

- Use of recycled or desalinated water, and whether treated wastewater used on sporting fields is fully allocated

GWMWater returned to the meeting at the Panel's request and responded to the above questions to the Panel's satisfaction.

5.5 The Panel's perspective

In response to the deliberative question, all members of the Panel supported GWMWater's approach to investigating opportunities to secure the water supply over the next 5 years, with a view to investing in any necessary improvements beyond 2028, and asked that the following be noted:

- The limited time they were given to consider the content
- They were impressed by the presentations
- They felt confident the strategies presented to them were working

6 Topic 4: Drinking water upgrades

6.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, *Water Price and Service Review 2023-28*, 'Consultation Paper: Upgrading Town Water Supplies to Drinking Water' (CP Discussion Paper 4, Drinking Water Upgrades – May 2022 FINAL.pdf)
- Presentations by Nigel Binney, Manager Planning and Development
- Summary report of customer research and stakeholder workshops provided to Panel members as part of their Induction materials

This topic was revisited in Meeting 5 and is also documented under Topic 6 in Chapter 8 of this report.

6.2 GWMWater's proposal

The following is an extract from Meeting 3, *CP Discussion Paper 4 - Drinking Water Upgrades - May 2022*, in relation to GWMWater's proposals associated with this topic:

Using the following criteria, GWMWater has shortlisted 11 towns worthy of further consideration to receive an upgraded water supply:

- *The town's population.*
- *Customer dissatisfaction with current water quality (based on complaints and other data).*
- *Factors that influence the quality and variability of the source water coming from the catchment (river/stream/reservoir/aquifer) such as agriculture, intensive industries, groundwater and other discharges. These factors can increase the risk of untreated water supplied to urban customers.*
- *Services located in each town such as schools, health centres and nursing homes*
- *Food businesses located in each town such as cafes, hotels, food processing businesses.*
- *Tourism to the town and in the locality.*
- *Stakeholders' expectations and priorities, such as the Victorian Department of Health and Local Government.*

The eleven towns are:

- | | |
|----------------|-------------|
| ○ Berriwillock | ○ Lalbert |
| ○ Culgoa | ○ Nullawil |
| ○ Dooen | ○ Pimpinio |
| ○ Goroke | ○ Walpeup |
| ○ Harrow | ○ Wickliffe |
| ○ Jung | |

The Panel was also provided with some statistical information about each town in relation to the criteria above, and a summary of the current average charges to customers and the expected average charges if customers in those towns had a drinking water supply, as shown in the following table.

Table 6-1: Approximate bill impact if customers are migrated to a drinking water supply

Location	Number of Residential Connections	Average Annual Use (kL)	Average Annual Charge (Non-Drinking)	Average Annual Charge (Drinking)	Average Annual Increase	Average Increase for Each Bill	Average Weekly Increase
Berrillock	70	240	\$760.66	\$839.04	\$78.38	\$19.59	\$1.51
Culgoa	60	260	\$791.82	\$873.27	\$81.45	\$20.36	\$1.57
Dooen	16	287.5	\$834.65	\$920.34	\$85.69	\$21.42	\$1.65
Goroke	140	215.7	\$591.64	\$797.48	\$205.83	\$51.46	\$3.96
Harrow	71	315.5	\$687.28	\$968.25	\$280.97	\$70.24	\$5.40
Jung	40	227.5	\$741.19	\$817.65	\$76.45	\$19.11	\$1.47
Lalbert	41	234.1	\$751.55	\$829.02	\$77.48	\$19.37	\$1.49
Nullawil	31	232.3	\$748.61	\$825.79	\$77.18	\$19.30	\$1.48
Pimpinio	33	206.1	\$707.80	\$780.95	\$73.15	\$18.29	\$1.41
Walpeup	58	310.3	\$870.23	\$959.44	\$89.20	\$22.30	\$1.72
Wickliffe	35	282.9	\$743.49	\$912.39	\$168.90	\$42.22	\$3.25

This topic was initially presented and discussed in Meeting 3 and revisited in Meeting 5 when the results of the customer survey were presented to the Panel.

6.3 Questions to the Panel

In the context of the above information and additional background information presented by GWMWater in Meeting 3²⁴, the Panel was asked to consider the following questions in Meeting 3:

1. Does the Community Panel support GWMWater's current approach to prioritising towns for upgrading water supply to drinking water quality?
2. Based [on] the information provided to date (noting customer consultation is underway) which towns does the Panel consider highest priority?

6.4 Issues raised by the Panel

During the presentation, the Panel raised a number of issues about the water supply in non-drinking water towns including:

- A query why some towns that have been “on the list”, “in the paper” in relation to the promise of a drinking water supply (such as Ultima) for many years and are still waiting for an upgrade to their supply?
- Towns, such as Dadswell's Bridge that have no water supply
- The average cost to upgrade a town's water supply to a drinking water standard
- The return on investment in providing towns with 100-200 people with a drinking water supply
- The number of complaints GWMWater receives per annum from customers on a non-drinking water supply
- How GWMWater weights the different criteria to prioritise towns for an upgraded water supply
- Concerns that a customer survey to measure support for a drinking water supply could heighten expectations
- Whether GWMWater could provide drinking water to a central point or single facility rather than connecting all customers

²⁴ See Appendix I2.

6.5 The Panel's perspective

Meeting 3

The Panel initially offered a range of perspectives on which towns should be prioritised for upgrading their water supply to a drinking water standard, trading the cost of providing drinking water with the community benefit:

- The anticipated cost of the upgrades, and who should pay for the upgrades:
 - *"I'm not happy because of the cost - \$5million to \$6 million."*
 - *"You're limited [in what you do] if you're only looking at the price – GWMWater is not a profit organisation."*
 - *"Why not get government funding for new infrastructure, then a small amount payable by ratepayers?"*
 - With reference to the new West Wimmera Health Service site in Goroke, *"Maybe the hospital should pay."*
- A need to consider the common good, including customers who have particular health issues (e.g., people on dialysis) and the potential for improved health outcomes if customers had an upgraded water supply:
 - *"It's about what's for the greater good of the community, just because it costs GWMWater, it might save the community more with better health outcomes."*
 - *"Ultima need to have drinking water everyone needs to be connected to drinking water; we are not a third world country."*

After Meeting 3, the Panel indicated support for GWMWater's current approach to prioritising towns for upgrading water supply to drinking water quality.

While the Panel indicated support for the selection of eleven towns for the drinking water customer survey, members did not form a further view as to which towns among the eleven should be considered the highest priority.

7 Topic 5: Converting urban towns to rural supplies

7.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, *Water Price and Service Review 2023-28*, 'Panel Involvement Paper: Principles for converting non-drinking urban water to rural water supplies' (CP Discussion Paper 5 - Converting Urban Towns to Rural Supplies – May 2022 FINAL.pdf)
- Presentation by Adele Rohde, Executive Manager Customer and Employee Experience (Interim)
- GWMWater's Urban Customer Charter and Rural Customer Charter provided to Panel members as part of their Induction materials

7.2 GWMWater's proposal

GWMWater is seeking to develop a series of principles to determine the feasibility and appropriateness of converting existing urban non-drinking water supplies to a rural tariff and rural service standard. The details are contained in GWMWater's *CP Discussion Paper 5 - Converting Urban Towns to Rural Supplies - May 2022* and the Executive Manager Customer and Employee Experience explained the proposal in an accompanying presentation.

In its discussion paper, GWMWater provided the Panel with some contextual information and high-level principles. GWMWater also presented the Panel with indicative price changes if customers were moved from an urban non-potable water supply to a rural water supply.

- *GWMWater is seeking to develop a series of principles to determine the feasibility and appropriateness of converting existing urban non-drinking water supplies to a rural tariff and rural service standard.*
- *The principles would be considered sequentially (in order) when assessing whether a town should be converted to a rural supply (i.e., if the town fails to meet the criteria for principle one, a proposal to convert the water supply to a rural tariff and rural service standard would not progress).*
 - *We would only consider converting towns that are supplied from a rural pipeline network and would continue to receive the same water supply under the new conditions.*
 - *We are obliged to continue services to existing customers either under the Urban Customer Charter or the Rural Customer Charter.*
 - *If a town passes the criteria to convert to a rural supply we would need to provide customers with the infrastructure to meet the obligations of the Rural Customer Charter (i.e., water storage tanks and pumps).*
 - *There would be no upfront cost to customers, however the electricity costs of running the supplied pumps would be the responsibility of each customer.*

7.3 Questions to the Panel

In the context of the above information and additional background information presented by GWMWater to the Panel in Meeting 3, GWMWater asked for Panel involvement in developing principles for deciding whether to convert small urban towns, currently on a non-drinking water supply, to a rural supply:

We would like your involvement in developing principles for deciding whether to convert small urban towns, currently on a non-drinking water supply, to a rural supply.

- *What principles should we apply?*
- *How should they be prioritised?*

To facilitate discussion, GWMWater presented the Panel with some possible principles and considerations as shown in the following table.

Table 7-1: Possible principles and considerations

Possible principle	Considerations
1. On average customers will pay lower annual charges compared to their existing non-drinking water arrangements.	<ul style="list-style-type: none"> Should we only consider towns where modelling suggests that, on average, customers would be paying lower annual charges compared to their existing non-drinking water arrangements?
2. The town profile is such that a conversion to a rural supply would not adversely affect the town.	<ul style="list-style-type: none"> What if there are health/aged care services, schools / childcare, hospitality (food preparation, accommodation) in the town? Should there be thresholds for maximum number of customer connections or water usage volume? Do population trends need to suggest there is no likelihood of future growth? Does local council need to support the move? What if there is a significant tourism site (or a planned site) increasing visitation to the town (such as silo art)? What other criteria are needed?
3. The price outcomes for broader customer base are favourable.	<ul style="list-style-type: none"> Should we consider conversion if there is an easy, efficient option for supplying drinking water via other infrastructure improvements? For example, incorporating the upgrade into another project. Does the cost of converting to a rural supply need to represent significant savings for all customers, compared to upgrading to a drinking water supply?
4. The conversion practical and feasible	<ul style="list-style-type: none"> Should the condition of the existing infrastructure be a factor if it means significant renewals are required to maintain a non-drinking urban water service? How much consideration should we give to whether there is sufficient space on each property (including public parks and nature strips) for on-property tanks and pumps?
5. Following consultation, customers in the affected town support the conversion	<ul style="list-style-type: none"> Is support from most customers sufficient? Should all customers support the conversion?

7.4 Issues raised by the Panel

Following the presentation, the Panel sought clarification from GWMWater on a number of issues:

- Whether the towns in question could be upgraded to a potable supply instead of being converted to a rural supply?
- Whether if a town was converted to a rural supply it could subsequently be reinstated to have an urban (drinking water supply)
- The difference between an urban non-potable and a rural water supply
- Who would pay the cost of ensuring customers have three-days' supply if the town was converted to a rural supply?

- Who would be responsible if the infrastructure was damaged?
- How many towns are in question?

GMMWater responded to the above questions to the Panel's satisfaction before deliberations commenced.

7.5 The Panel's perspective

Although GMMWater was seeking *involvement* from the Panel as to the principles it should adopt for determining which towns to convert to a rural supply, the Panel chose to focus on the merits of the possible principles presented by GMMWater in their deliberations.

After considerable discussion, one Panel member proposed the following order for the principles and other Panel members agreed:

1. The conversion is practical and feasible
2. The town profile is such that a conversion to a rural supply would not adversely affect the town
3. On average customers will pay lower annual charges compared to their existing non-drinking water arrangements
4. The price outcomes for broader customer base are favourable
5. Following consultation, customers in the affected town support the conversion

The Panel considered that if a conversion was not practical or feasible then that conclusion would automatically rule out consideration of any other principles. Hence what GMMWater proposed as Principle 4, from a Panel perspective should be Principle 1.

Second, the Panel generally agreed that if there was any evidence of growth in the town, which included considering a seasonal or transient population the water quality should be considered for an upgrade, rather than downgraded to a rural water supply. Likewise, they generally agreed if the town had a shop or school the water supply should be considered for an upgrade.

The Panel did not discuss the considerations presented in Table 7-1 in any detail or express any significant concerns with the considerations that GMMWater suggested.

8 Topic 6: Drinking water upgrades

8.1 Customer Panel information sources

This topic was first presented to the Community Panel in Meeting 3 and is also documented under Topic 4 in Chapter 6 of this report.

Additional information to inform Topic 6 included:

- A summary version of the results of the Drinking Water Customer Survey Report emailed to the Community Panel two weeks prior to Meeting 5 GWMWater provided Community Panel members with an overview of feedback from customers in the relevant towns.²⁵
- GWMWater, 2022, 'Consultation Paper: Drinking Water Upgrades for Regulated Towns' (CP Discussion Paper 6 - Drinking Water Upgrades - July 2022 FINAL.pdf)
- Presentation by Nigel Binney, Manager Planning and Development and Sally Marshall, Executive Manager Strategic Planning and Performance

8.2 GWMWater's proposal

See also Section 6.2.

In addition, GWMWater after considering additional information, including the customer survey results, GWMWater identified three potential drinking water upgrade projects to improve services to Berriwillock, Culgoa, Dooen, Pimpinio and Wickliffe customers.

GWMWater prepared two scenarios for the Community Panel to consider, and outlined how it would deliver each investment

- A **minimum investment scenario of approximately \$6 million** which would enable GWMWater to deliver one multi-town project servicing Berriwillock and Culgoa
- A **modest investment scenario of approximately \$10 million** which would enable three projects to be delivered, i.e., in addition to Berriwillock and Culgoa, we could also improve the water quality in Wickliffe, Dooen and Pimpinio

8.3 Questions to the Panel

In the context of the above information and additional background information presented by GWMWater in Meeting 5²⁶, the Panel was asked to consider the following questions in Meeting 5:

- Does the Community Panel support GWMWater's proposal to provide drinking water upgrades to Berriwillock and Culgoa as a minimum investment during 2023-2028?
- Does the Community Panel support GWMWater to undertake further projects (i.e., Wickliffe and / or Dooen and Pimpinio) if it can be achieved with minimal impact on customer prices?

8.4 Issues raised by the Panel

During and following the presentation, the Panel sought clarification from GWMWater on a number of issues:

- More details about the survey that were not included in the summary report or presentation and clarification around the data

²⁵ GWMWater provided the Panel with version of the Bartley Consulting, *Drinking Water Customer Survey 2022*, that it had abridged, i.e., for the record the version provided to the Community Panel is a version prepared by GWMWater from the Bartley Consulting report and does not include details of the survey methodology.

²⁶ See Appendix I2.

- GMMWater subsequently provided the Panel with the full report
- The cost implications for customers in towns where water quality upgrades are proposed versus cost implications for all drinking water customers
 - GMMWater confirming customers in towns where water quality upgrades occur will shift onto a drinking water tariff, and any shortfall between the amount received from the change in tariffs is met by drinking water customers overall, based on “postage stamp” pricing
- A reminder as to the population size in each town
 - With GMMWater noting the number of connected properties is a more accurate measure, and noting GMMWater currently only has access to Census data from 2016 as Census 2021 data and the required scale is not yet available

Independent of GMMWater the Panel discussed in detail the two cost scenarios, with initial views presented as to whether GMMWater’s proposals were reasonable at all. For example, one Panel member was particularly concerned about the cost after they estimated the cost per resident and the cost per household for Lalbert’s water supply to be upgraded, and they further noted the population was declining. Other participants questioned whether a lack of drinking water could be a cause of population decline:

“Is a lack of drinking water pushing people away?”

“If there is good drinking water will people come back?”

Panel members also discussed customer satisfaction and one suggested the Panel should consider whether GMMWater should ensure all customers were happy with their water supply.

One customer also queried whether the treatment processes to upgrade the drinking water supply would adversely affect customers’ septic systems if the town was unsewered, but the Panel established among itself this was not an issue.

8.5 The Panel’s perspective

At the end of meeting 5:

- The Panel agreed the infrastructure cost of upgrading the drinking water supply under either scenario was a concern, especially given some water supply upgrades would not be completed during the current regulatory period and given the broader concerns about inflation.
- In principle given the evidence presented to them, a majority of the Panel supported the minimum investment scenario to upgrade the water supply for Berriwillock and Culgoa on the basis that they wanted to be confident the scenario was affordable in the context of GMMWater’s overall proposal.

9 Topic 7: Fluoridation

9.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, 'Consultation Paper: Fluoridation' (CP Discussion Paper 7 - Fluoridation - July 2022.pdf)
- Presentation by Mark Williams, Managing Director

Jessie Holmes from the Hindmarsh Shire Council, and Virginia Dickson from the Latrobe Rural Health School, Bendigo and Helen Walsh from the Department of Health, to present their perspectives on fluoridation. All presentations supported fluoridation, based on the evidence of the benefits of fluoridation and the Victorian Government's position.

9.2 GWMWater's proposal

Following a request from the Hindmarsh Shire, GWMWater agreed to consider the Shire's proposal to provide fluoridated drinking water to Dimboola, Nhill and Kaniva, reflecting an increase of \$1.00 a year on an average bill for urban drinking water customers

9.3 Question to the Panel

In the context of the above information and additional background information presented in Meeting 5²⁷, the Panel was asked to consider the following questions in Meeting 5:

- Does the Community Panel support the proposal for GWMWater to fluoridate the drinking water supplies in Dimboola, Nhill and Kaniva?

9.4 Issues raised by the Panel

Panel members were not clear as to why at this stage they were being asked to deliberate on this topic, based on the following factors that emerged from their discussion:²⁸

- Consultation needs to be far more widespread and include all communities affected by the fluoridation proposal, not just members of the Hindmarsh municipality
- Consultation needs to be of much higher quality than that undertaken by the Hindmarsh Shire, as presented to the Panel, rather than "consult" on a proposal perceived to be an imposition on the community
- Fluoridation must be funded by government, not GWMWater; if GWM were to proceed with this project it would set a precedent and create a risk that government will expect water corporations to fund future projects
- Hindmarsh should not necessarily expect to be the first Shire in the queue for fluoridation, just because Council has advocated for it; priority communities to receive this service should be based on a set of criteria
- Concerned on the cost of fluoride installations and impact on budget, including any initial capital costs and ongoing operational costs

9.5 The Panel's perspective

The Panel did not support the proposal and noted the following:

²⁷ See Appendix I2.

²⁸ As summarised by the GWMWater Chair in my absence, and consistent with Rachael Murnane's observations.

- Individual expenditure needs to be contextualised alongside GWMWater’s overall proposal
- There are probably other infrastructure upgrades that should be higher in priority
- Rather than set a precedent, GWMWater should lobby government for fluoride funding to be provided to all GWMWater communities

10 Topic 8: Guaranteed Service Levels

10.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, 'Consultation Paper: Guaranteed Service Levels (GSLs)' (CP Discussion Paper 8 – Guaranteed Service Levels - July 2022.pdf)
- Presentation by Sally Marshall, Executive Manager Strategic Planning and Performance

10.2 GWMWater's proposal

GWMWater is proposing to:

1. Retain all existing GSLs as detailed in its respective Urban and Rural Customer Charters
2. Acknowledge the inconvenience caused to customers who experience multiple interruptions, even though it may restore them within five hours, by introducing two new GSLs (shown below)

Table 10-1: GWMWater's proposed GSLs

Proposed Guaranteed Service Levels	Rebate
Notification to customer advising drinking water not suitable for drinking	\$100
Customer experiences more than five unplanned urban water supply interruptions in a year* ^{NEW}	\$80
Customer experiences more than three sewer blockages in a year* ^{NEW}	\$80
Unplanned water interruptions not restored within five hours of notification	\$50
Planned interruption longer than notification	\$50
Sewer interruption not restored within five hours of notification	\$50
Sewer spill within a house caused by failure of system not contained within one hour	\$1,000
Restricting the water supply of, or taking legal action against, a residential customer prior to taking reasonable endeavours to contact the customer and provide information about help that is available if the customer is experiencing difficulties paying.	\$300

10.3 Question to the Panel

In the context of the above information and additional background information presented by GWMWater in Meeting 5²⁹, the Panel was asked to consider the following questions in Meeting 5:

- Does the Community Panel support the proposal to retain existing GSLs?
- Does the Community Panel support the Proposal to include two new \$80 GSLs for:
 1. Customers experiencing more than five unplanned urban water supplies interruptions in a year?
 2. Customers experiencing more than three sewer blockages in a year?

10.4 Issues raised by the Panel

The Panel quickly acknowledged the impact of GWMWater's proposal was so small they did not need to spend much time discussing it.

In relation to existing GSLs, one Panel member queried who determines customer eligible for \$1000 cash payment in relation to a sewerage spill. GWMWater advised it had only needed to make one \$1000

²⁹ See Appendix I2.

payment in recent years and this was determined from GWMWater information rather than an approach from a disaffected customer, or external arbiter.

Additionally, another Panel member questioned whether GWMWater’s GSLs could be widened to cover poor water pressure. GWMWater acknowledged the issue and indicated there would be new service standards and greater clarity GWMWater’s revised Customer Charters. However, there were challenges in proactively assessing the pressure at each supply point and translating this to a GSL. Regardless, GWMWater encouraged customers to continue raise such issues and GWMWater will continue to investigate, including “compensating” customers if services do not meet service standards, regardless of whether it is a GSL.

Another Panel member queried the comparability of the value of GSLs to other water corporations. GWMWater confirmed the values were comparable.

10.5 The Panel’s perspective

The Panel unanimously supported:

- GWMWater’s proposal to retain existing GSLs
- GWMWater’s proposal to include two new \$80 GSLs for:
 1. Customers experiencing more than five unplanned urban water supplies interruptions in a year
 2. Customers experiencing more than three sewer blockages in a year

11 Topic 9: Northern Mallee Pipeline Clean Water Extension

11.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, 'Consultation Paper: Northern Mallee Pipeline Clean Water Extension (Stage 2)' (CP Discussion Paper 9 – NMP Clean Water - August 2022.pdf)
- Presentation by Nigel Binney, -Manager Planning and Development

11.2 GWMWater's proposal

GWMWater is proposing to extend Clean Water to the Nyah-Piangil Systems as the next stage (Stage 2) of its 'Clean Water' upgrades in the Northern Mallee Pipeline (NMP). The proposed extension will reduce the risks to supply reliability, stock health and suitability for use, which also adds significantly to network operations and maintenance costs and treatment facility costs. This proposal should also help address relatively low customer satisfaction among drinking water, non-drinking water and rural customers who have a Northern Mallee Pipeline supply.

The proposal would involve installation of a Dissolved Air Flotation (DAF) facility at Nyah which "float[s] off suspended matter like clay particles"³⁰ resulting in "consistently clean water, which is less likely to cause blockages in meters or affect chemical sprays".³¹

11.3 Question to the Panel

In the context of the above information and additional background information presented by GWMWater in Meeting 6³², the Panel was asked to consider the following questions in Meeting 6:

- Does the Community Panel support GWMWater proceeding with the next stage of works (Nyah-Piangil) to achieve 'clean water' for the systems serviced by the Northern Mallee Pipeline?

11.4 Issues raised by the Panel

During the presentation the Panel sought clarification as to which towns would receive cleaner water as a result of the project. GWMWater confirmed the towns that would benefit included Patchewollock, Speed, Temy, Underbool and Walpeup.

They also explored with GWMWater:

1. The broader community benefit of the project, such as employment opportunities that could arise from the project. GWMWater advised the project delivery would depend on the contractor while operationally GWMWater would probably utilise existing staff.
2. What happens to the sludge and produced by the DAF process. GWMWater advised it will ultimately end up in landfill. This led to a discussion about opportunities to reuse the sludge for example to convert to energy. However, GWMWater advised reuse depends on the quantity, but in the short-term reuse is unlikely.
3. Whether there were any opportunities to share the cost with other organisations, such as local councils if others would also be deriving benefit from the project. However, GWMWater confirmed this was not an option.

The Panel was satisfied with GWMWater's feedback.

³⁰ GWMWater, 2022, 'Consultation Paper: Northern Mallee Pipeline Clean Water Extension (Stage 2)', p.3, Appendix A, (CP Discussion Paper 9 – NMP Clean Water - August 2022.pdf)

³¹ Ibid.

³² See Appendix I2.

11.5 The Panel's perspective

The Panel strongly supported GWMWater's proposal, given ongoing issues with water taken from the Murray River.

- *"I'm all for it."*
- *"I one hundred percent support it."*
- *"Everyone deserves to have clean water, it's a human right. I'm for it."*
- *"I definitely want cleaner water for Walpeup."*

One Panel member wanted to see GWMWater's overall price proposal before unconditionally supporting the proposal:

- *"It's one of the better things GWMWater is doing ... cost always an issue but it depends how it plays out in overall budget."*

However, when they later considered GWMWater's overall price proposal they did not question this proposal.

Therefore ultimately, all Panel members supported GWMWater's proposal to proceed with the next stage of works (Nyah-Piangil) to achieve 'clean water' for the systems serviced by the Northern Mallee Pipeline.

12 Topic 10: Tariff structures

12.1 Customer Panel information sources

Refer to:

- GMMWater, 2022, 'Consultation Paper: Tariff Structures' (CP Discussion Paper 10 – Tariff Structures - August 2022.pdf)
- Presentation by Sally Marshall, Executive Manager Strategic Planning and Performance

12.2 GMMWater's proposal

GMMWater is proposing to:

- Maintain its tariff structure and ratio of fixed to variable charges for customers, i.e.
 - The fixed and variable proportions of the bill will remain approximately:
 - 70% fixed and 30% variable for towns receiving both water and wastewater services, or
 - 50% fixed and 50% variable for towns receiving a water supply only.
 - All customers will share equally in cost of debt changes applied to all customer tariffs annually.
- Retain the existing Recreation Contribution Charge and discounts to eligible customers

12.3 Question to the Panel

In the context of the above information and additional background information presented by GMMWater in Meeting 6³³, the Panel was asked to consider the following questions in Meeting 6:

- Does the community Panel support GMMWater's current ratio of fixed to variable charges for customers?
- Does the community Panel support GMMWater's proposal to retain the current Recreation Contribution Charge to subsidise the cost of maintaining community sporting amenities and the cost of supplying water to recreation lakes in the region?

12.4 Issues raised by the Panel

Current ratio of fixed to variable charges for customers

The Panel queried GMMWater on a number of aspects of its tariff structure:

- Whether the tariff structure was the same for business customers
 - GMMWater confirmed the tariff structure also applied to business customers, apart from the RCC which only applies to residential customers
- The relevance of comparing GMMWater's tariff structure to other water corporations
 - GMMWater noted difficulties in making comparisons because GMMWater's service area accounts for around one third of Victoria but has a small population base

The Panel also discussed affordability and queried GMMWater as to:

- What tenants pay, with GMMWater confirming they only pay the variable component of their bill. The Panel also noted that to some extent tenants contribute to the fixed component of their bill through their rental payments.

³³ See Appendix I2.

- How many customers are tenants? GWMWater advised the Panel tenants account for around 9% of customers.
- Whether bad debts are an issue, especially in relation to tenants - GWMWater noted it tries to pursue customers who are in arrears and while GWMWater does not have the same issues as some larger water corporations relatively the non-bill payment issues are comparable.

Recreation Contribution Charge

Most of the Panel's discussions centred on the fairness of the RCC, both in relation to the beneficiaries of the charge and who pays.

Various Panel members questioned GWMWater as to which recreation lakes and which other facilities benefit from the RCC. GWMWater clarified for the Panel that 14 lakes in the region benefit from the RCC, which allows GWMWater to discount the cost payable by the relevant Council or Committee of Management.³⁴ They subsequently discussed the benefits to the community of the discount, with one Panel members commenting:

- *"We're a beneficiary [as a sporting club representative], in winter we don't water at all. Our bills are small because of this – for the community it's made a major difference and it's benefitted the whole town ... It's really important and great that GWMWater can do this, clubs can afford the water, but they wouldn't without the discount."*

Other Panel members supported this view.

The Panel then questioned GWMWater why business customers do not contribute to the RCC. GWMWater attempted to explain the exclusion of businesses in terms of the RCC being *"more of a benefit to residents"*, *"businesses pay through their residential customer tariff"*. However, the Panel was not satisfied with GWMWater's explanation which seemed inconsistent with "postage stamp" pricing. Several Panel members noted that businesses also benefit from the RCC as community assets such as local lakes attract people to the towns, and business expenses including water bills are tax deductible.

Some Panel members were also concerned that concession card holders pay a reduced RCC, yet they benefit as much as other members of the community, for example *"pensioners play bowls and golf"*. Other Panel members disagreed on the basis of affordability:

- *"Concession card holders -> significantly lower income, I'm sure would have looked at last time."*
- *"It's easy for us to come in with our middle-class lens – we need to be considering with a deeper lens. Some people don't choose [their financial position]"*

12.5 The Panel's perspective

All Community Panel members ultimately supported GWMWater's current ratio of fixed to variable charges for customers.

All Community Panel members supported GWMWater's proposal to retain the current RCC to subsidise the cost of maintaining community sporting amenities and the cost of supplying water to recreation lakes in the region.

However, their support was subject to GWMWater exploring applying the RCC to commercial customers as well as residential customers.

³⁴ GWMWater referenced its publicly available Recreation Contribution charge fact sheet, available from <https://www.gwmwater.org.au/component/edocman/2335-recreation-contribution-charge/download>

13 Topic 11: Service standards

13.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, 'Consultation Paper: Service Standards' (CP Discussion Paper 11 - Service Standards - August 2022.pdf)
- Presentation by Sally Marshall, Executive Manager Strategic Planning and Performance

13.2 GWMWater's proposal

GWMWater is proposing some changes to its service standards to reflect ESC guidance to ensure customers can easily relate to the minimum service level they can expect. The main changes proposed are:

- Minimum flow rate increased from 10 L/min to 20 L/min to reflect GWMWater's recent and ongoing pressure improvement program (**a** in the table below) in line with customer expectations on minimum flows
- Rephrasing three of the service standards (**b**, **h** and **k** in the table below) so that they are more meaningful to customers and align with the ESC's definition, i.e.
- Average duration for planned water supply interruptions to be increased from 180 minutes to 200 minutes to reflect increased frequency of longer outages for water main renewal works (**g** in the table below)³⁵

Table 13-1: GWMWater's proposed customer service standards

	Water	
a	Minimum water flow rate a customer should receive (L/min)	20L/min
b	Maximum number of unplanned water supply interruptions a customer should experience in any 12 month period	5
c	Average time taken to attend bursts and leaks (priority 1) (minutes)	30
d	Average time taken to attend bursts and leaks (priority 2) (minutes)	40
e	Average time taken to attend bursts and leaks (priority 3) (minutes)	40
f	Average duration of unplanned water supply interruptions (minutes)	100
g	Average duration of planned water supply interruptions (minutes)	200
	Sewerage	
h	Maximum number of sewer blockages a customer should experience in any 12 month period	3
i	Average time to attend sewer spills and blockages (minutes)	22
j	Average time to rectify a sewer blockage (minutes)	113
k	Maximum time taken to contain a sewer spill (minutes)	300

As a result of proposed changes to the minimum water flow rate (a above), GWMWater is also proposing to update its urban customer charter as follows:

³⁵ This update reflects the renewals program proposed to the Community Panel at its first meeting.

Figure 13-1: GWMWater’s proposed changes to its Urban Customer Charter

8.2 Minimum Flow Rate

Under normal operating conditions, customers supplied from a water main, or recycled water main, owned by GWMWater can expect the **minimum water supply flow rate available to be 20 litres per minute from a standard 20mm service** except to the extent that:

- a) there is a planned or unplanned interruption to a customer’s water supply
- b) there is a water shortage due to:
 - a drought or emergency which causes restriction to the amount of water available,
 - peak summer demand,
 - when we apply water restrictions.
- c) when the section of the property service pipe, which is the customer’s responsibility to maintain, is damaged or in poor condition. Contact our office if unsure which sections of service pipe the customer is responsible for maintaining
- d) a written agreement to accept supply at a lesser flow rate is in place**
- e) the customer is supplied by a private main
- f) supply is restricted or disconnected in accordance with this charter
- g) where conditions exist which are beyond our control**
- h) if recycled water is reduced due to shortage, or is reduced in accordance with our permitted use rules, or
- i) the *Water Act 1989 (Vic)* and the *Water Industry Act 1994 (Vic)* provides.

The flow rate is measured at the meter or tap at the meter assembly.

Importantly the above would have no cost implications for customers.

13.3 Questions to the Panel

In the context of the above information and additional background information presented by GWMWater in Meeting 6³⁶, the Panel was asked to consider the following questions in Meeting 6:

- Does the Community Panel support GWMWater’s revised Service Standards?

13.4 Issues raised by the Panel

The Panel sought clarification around the reference to a “written agreement” in item d, and what would lead to such an agreement. GWMWater explained a small number of customers outside an urban district may have an “opportunistic water supply” which could have a written agreement regarding a lesser flow rate attached to it.

GWMWater also confirmed to the Panel that the proposed improvements to water pressure were only applicable to urban water customers.

13.5 The Panel’s perspective

The Panel unanimously supported GWMWater’s revised service standards.

³⁶ See Appendix I2.

14 Topic 12: Outcomes reporting

14.1 Customer Panel information sources

Refer to:

- GWMWater, 2022, 'Consultation Paper: Outcomes reporting' (CP Discussion Paper 12 - Outcomes - August 2022.pdf)
- Presentation by Adele Rohde, Executive Manager Customer and Employee Experience (Interim)

14.2 GWMWater's proposal

To comply with ESC requirements, GWMWater is proposing to report on the following Outcomes as measures of its service delivery against customer expectations:

Outcome 1 - Safe and Clean Water – Drinking Water Customers

- Include a satisfaction measure with a threshold rating of seven (7/10). Based on most recent surveys, set a target of at least 80% of customers giving a satisfaction rating of at least seven (7/10)
- Reduce the target number of drinking water quality complaints per 1,000 customers to three (3)

Outcome 2 - Safe and Clean Water – Non-Drinking and Rural Customers

- Include a satisfaction measure with a threshold rating of seven (7/10). Based on our most recent surveys, set a target of at least 80% of customers giving a satisfaction rating of at least seven (7/10)
- Maintain the target number of water quality complaints per 1,000 customers to four (4)

Outcome 3 - Reliable and Affordable Services

- Separate measures for performance against Annual Service Standards into urban services and rural services.
- Separate measures on operating expenditure into urban services and rural services
- Formalise the target number of customers provided with hardship assistance and add a measure for the dollar value of hardship assistance provided
- Put in place more proactive communication and support for customers needing assistance to access the Hardship program. This includes a establishing a dedicated role which focuses on supporting customers and provides outreach and education about the support options available, as well as supporting customers to apply and access that support

Outcome 4 - Healthy and Liveable Region

- Remove the outcome relating to the 'Review of Western Region Sustainable Water Strategy' as this was completed in 2018/19.

14.3 Questions to the Panel

In the context of the above information and additional background information presented by GWMWater in Meeting 6³⁷, the Panel was asked to consider the following questions in Meeting 6:

- Does the Community Panel support GWMWater's proposed amendments to our Outcomes Reporting measures?

³⁷ See Appendix I2.

14.4 Issues raised by the Panel

The Panel's discussion and issues primarily related to Outcome 3. Some Panel members queried GWMWater processes if a customer is having difficulty paying a bill, including what a customer should do and whether a contact number was included on the customer's bill, whether the paperwork was easy to complete, and the criteria for assistance. Panel members were satisfied with GWMWater's response to their queries, in particular all customers are eligible for assistance if they can demonstrate they are having difficulty paying a bill.

Under Outcome 2, the Panel briefly discussed GWMWater including a satisfaction measure with a threshold rating of seven (7/10) and agreed '7' was a better measure of being satisfied than a 5/10. They also agreed that a 7/10 rating was preferable to reporting an average.

14.5 The Panel's perspective

The Panel unanimously supported GWMWater's proposed amendments to its Outcomes Reporting measures.

15 Topic 12: Overall price impact of proposals

15.1 Customer Panel information sources

- Presentation by Sally Marshall, Executive Manager Strategic Planning and Performance

15.2 GWMWater’s proposal

GWMWater explained the considerations behind its proposed price paths, including capital project proposals that had in principle support from the Community Panel in earlier sessions and presented the following summary of its overall price paths (real %).

Table 15-1: GWMWater’s proposed price path

Service	Year 1	Year 2	Year 3	Year 4	Year 5
Urban Drinking Water Customers	0.6%	0%	0.6%	0%	0%
Urban Non-potable Customers	0%	0%	0%	0%	0%
Rural domestic and stock	0%	0%	0.7%	0%	0%
Groundwater	0%	0%	0%	0%	0%
Unregulated licences – surface water	0%	0%	0%	0%	0%

The Panel was also presented with the following information to demonstrate the potential cost impacts of various proposals discussed with the Panel.

Figure 15-1: Average drinking water cost impact

Topics	Questions posed to the Panel	Low	Proposed Medium	High
Carry-over from 2018 Water Price Review - Urban Drinking Customers		\$ 7.08	\$ 7.08	\$ 7.08
Pricing Proposals				
Urban Customers				
Topic 1: Service standards and renewals	Does the Community Panel support the proposal to maintain service reliability?	-\$ 2.18	\$ -	\$ 3.27
Topic 2: Customer insights	Are GWMWater’s conclusions related to customer satisfaction fair and reasonable? Do you feel GWMWater is performing well against customer expectations? In what areas do you feel we fall short?	\$ -	\$ -	\$ -
Topic 3: Security of supply	Does the Community Panel support GWMWater’s approach to investigating opportunities to secure water supply over the next five years, with a view of investing in any necessary improvements beyond 2028?	Planning and investigations		
Topic 4: Drinking water upgrades	Does the Community Panel support GWMWater’s current approach to prioritising towns for upgrading water supply to drinking water quality? Based on the information provided to date (noting customer consultation is underway) which towns does the panel consider highest priority?	Refer Topic 6		
Topic 5: Converting urban towns to rural supplies	What principles should we apply? How should they be prioritised?	Customer Value		
Topic 6: Drinking water upgrades	Does the community panel support GWMWater’s proposal to provide drinking water upgrades to Berrilillock and Culgoa as a minimum investment during 2023-2028? Does the community panel support GWMWater to undertake further projects (i.e., Wickliffe and / or Dooen and Pimpinio) if it can be achieved with minimal impact on customer prices?	\$ -	\$ 7.82	\$ 7.82
	Lalbert	\$ -	\$ -	\$ 4.03
	Dooen and Pimpinio	\$ -	\$ -	\$ 4.93
	Walpeup	\$ -	\$ -	\$ 2.00
	Jung	\$ -	\$ -	\$ 1.60
	Nullawil	\$ -	\$ -	\$ 3.59
	Harrow	\$ -	\$ -	\$ 3.78
	Goroke	\$ -	\$ -	\$ 4.89
	Wickliffe	\$ -	\$ -	\$ 0.55
Topic 7: Fluoridation	Does the Community Panel support the proposal for GWMWater to fluoridate the urban drinking water supplies at Dimboola, Nhill and Kaniva?	\$ -	\$ 1.00	\$ 1.00
Topic 8: Guaranteed Service Levels	Does the Community panel support the proposal to retain existing GSLs? Does the Community Panel support the Proposal to include two new \$80 GSLs for: 1. Customers experiencing more than five unplanned urban water supplies interruptions in a year? 2. Customers experiencing more than three sewer blockages in a year?	\$ -	\$ -	\$ -
Topic 10: Pricing and tariffs	Does the community panel support GWMWater’s current ratio of fixed to variable charges for customers? Does the community panel support GWMWater’s proposal to retain the current Recreation Contribution Charge to subsidise the cost of maintaining community sporting amenities and the cost of supplying water to recreation lakes in the region?	\$ -	\$ -	\$ -
Topic 11: Service Standards	Does the Community Panel support GWMWater’s revised Service Standards?	\$ -	\$ -	\$ -
Average Customer Bill Impact		\$ 4.90	\$ 15.90	\$ 44.54

15.3 Question to the Panel

In the context of the above information and additional background information presented by GWMWater in Meeting 6³⁸, the Panel was asked to consider the following questions in Meeting 6:

1. Based on the information provided, does the Community Panel wish to revise previous advice or recommendations on proposals?
2. Does the Community Panel support GWMWater's proposed price path for an average customer?

15.4 Issues raised by the Panel

The Panel reflected on its in-principle agreement to some proposals. The only issue that remained in contention was the cost of providing drinking water to Berrillock and Culgoa. Some Panel members were concerned about the cost given the small populations in those locations. Other Panel members suggested drinking water was a basic human right, to the extent *"we are supposed to be a first world country and we're talking about water that is unfit for drinking"*. Another Panel member suggested maintenance costs would be less if the water was cleaner.

15.5 The Panel's perspective

Based on the information provided on GWMWater's price path/overall pricing proposal the Community Panel indicated it did not wish to revise any previous advice or recommendations on its proposals

³⁸ See Appendix I2.

16 Evaluation and learnings

16.1 Interim evaluation

To formalise monitoring of their experience and help inform the remaining sessions, at the end of Meeting 3 Community Panel members were advised they would be invited to provide anonymous feedback via an online feedback form. The Chair issued the invitation to members. Twelve Panel members provided feedback and Bartley Consulting collated their responses. Detailed feedback, including verbatim comments is included in Appendix I1.

The key findings from the interim evaluation were:

- All 12 Panel members who responded indicated they enjoyed being a member; in particular they enjoyed:
 - Learning about GWMWater and their water supply
 - Making a valuable and valued contribution
- Most (9 of the 12 - 67%) Panel members indicated they feel they have a good understanding of the Community Panel's purpose, with the three who were less confident commenting on the volume and complexity of information
- All 12 Panel members agreed the presentations are:
 - Sufficiently detailed
 - Easy to understand
 - Useful in helping them form their views on the subject
 - Interesting
- Most (9 of the 12 - 67%) Panel member indicated they feel *very comfortable* about asking question/sharing their opinions in the sessions

16.2 Final feedback

One week before Meeting 6, Helen emailed the Panel a link to an online feedback form to contribute to an evaluation of the Community Panel's experience. The Panel was asked the following questions:

- What did you know when you were approached to sit on the Panel and what encouraged you to say yes?
- Has what you have done been significantly different to what you thought you would do Is there any other information you feel you could have been given to help you make your decisions?
- Do you think the process has been worthwhile for you, the Board and GWMWater?
- What did you gain from the Panel process?
- Would you do it again?
- Any other comments?

Nine Panel members completed the feedback form, in the lead up to the meeting. Their feedback was compiled into a de-identified summary and shared with the Panel during a final reflection session. Ultimately twelve Panel members completed the feedback form. The following summary is based on that feedback combined with Panel members' final reflections.

Feedback includes Panel members who mainly participated face-to-face and those who attended a mix of face-to face and online sessions.

Enjoyment of experience

- All (100%) indicated they have enjoyed being on the Panel, *“most definitely”*
- What did CP members enjoy?
 - Learning more about GWMWater
 - Understanding issues facing GWMWater and different customer/community groups
 - Interacting with diversity of customers and hearing different views
 - Having a say on different issues
 - The lunches!
- **What worked well**
- Meetings:
 - Well-structured
 - Ran to time, *“time goes quickly”*
 - Well-facilitated
 - Kept members interested
 - Interesting, topics were engaging
- GWMWater people
 - Information was clearly presented
 - Questions were addressed and people could understand the answers
 - GWMWater’s willingness to follow up on issues/queries (including those outside the scope of deliberations)
 - Ability to answer *“unscripted”* questions
 - Overcame IT challenges thrown at them
- People’s views were valued (within the group and by GWMWater)
 - Having the opportunity to have a voice,
 - Disagreements were treated respectfully
 - Challenging really good and entertaining – polar opinions, broader range of experience and stakeholders
 - *“This is the most positive and valued committee I’ve been on, appreciate time and effort”*
 - *“Opened up everyone’s eyes to people’s different issues”*
 - *“Gave customers an opportunity to meet GWMWater staff personally, and appreciate their role is very difficult”*
- Teams allowed for a more diverse Panel and more members to be on the Panel

What did not work so well/frustrations/what needs to change

- Pre-reading
 - Lateness of receiving some papers (although some acknowledgement of GWMWater time pressures)

- Sometimes confusing without historical knowledge
- Completeness of information
 - Not all papers were issued with the final agenda
- Some content was heavy/too technical/needed more explanation
- Panel members' perspectives
 - Some members were too focused on their own issues rather than the whole community
 - *"Difficult when living in a self-contained area and not aware of other issues in other areas, I came initially because of issues in my community but knowing full well issues in my community"*
 - *"That's why important to have a broad representation."*
 - *"We get focused on what we want as individuals and our experiences as well as people I work with, I'm here to represent others not just me and my experiences."*
 - Sometimes online participants did not seem like they were part of the group (relatively quiet compared to those around the table in person)
- Time allowed for deliberations
 - Insufficient time on some topics to discuss issues and form a collective view

Perspectives on presentations

- Sufficiently detailed: 12/12 yes agree
- Easy to understand: 10/12 yes agree
- Useful in helping form views on the subject: 12/12 yes agree
- Interesting: 12/12 yes agree

Opportunity to express views

- Sufficiently opportunity to express views: 11/12 yes agree, 1/12 undecided
- Key concerns:
 - Some people felt they had insufficient opportunity to express their views
 - Some content was complex and detailed (e.g., graphs and statistics in presentations)- more time was required to absorb the information to form a view

Recommendation for next Pricing Submission

- 8/12 would recommend a similar approach for GWMWater's next Price Submission, 4/12 were undecided

16.3 Feedback from the Chair

Fay Hull emailed Helen Bartley her feedback about the Community Panel processes, the contents of which are included in Appendix J. Her key points are:

1. The Panel

- Diverse group of individuals who worked well together
- Attendance and diversity were enhanced by combining online and face-to-face participation.

- All members had an opportunity to contribute.

2. Meetings

- Panel members generally had limited knowledge of GWMWater’s operations before they joined the Panel, consequently some topics were complex and challenging.
- Consultation papers provided in advance of meetings were appreciated, although they were not always provided with sufficient time to read before the meetings – meetings could start earlier in the year and be spread apart more to increase preparation time
- Format of staff presentations, questioning then deliberations worked well
- GWMWater was responsive in following up Panel members queries
- Deliberative discussions were robust.

In summary, the Chair’s observations and feedback are consistent with the feedback received from individual Panel members.

16.4 Feedback from GWMWater

Following the final Community Panel Meeting, key people in GWMWater were asked:

- What do you think worked well?
- How has GWMWater benefited from engagement with the Community Panel?
- What would you do differently next time?

Key points follow:

What worked well

- Diversity achieved through the recruitment process
- Having two previous members from the last Panel was quite useful and would suggest doing that again.
- The group itself challenged each other as well as GWMWater, and took their roles seriously
- The hybrid nature also enabled GWMWater to be much more inclusive in its engagement, resulting in better and broader attendance for each session to ensure that diversity was reflected at each meeting

How has GWMWater benefited from engagement with the Community Panel?

- The Panel’s honesty and practical approach were appreciated
- They did not simply tick everything off GWMWater proposed - this direction is extremely helpful in reflect customers’ views about what GWMWater should / shouldn’t get involved in. For example:
 - *“The fluoride topic covered and the commentary they made about not setting a precedent gives us clear direction not just for this pricing period but moving forward beyond that.”*
- Some of the Panel also use the opportunity to ask us questions / advocate for other customers they had interactions with, and GWMWater hopes these customers will continue to both advocate and challenge the organisation based on their knowledge and contacts.

What would you do differently next time?

- Start recruitment earlier – not recruit over Christmas if at all possible

16.5 Learnings

16.5.1 Recruitment

- Whilst for transparency, GWMWater should be commended adopting an open EoI process to recruit the Chair and Panel members, as in 2017 public advertising alone is not an effective method of recruitment.
 - It is therefore important to heighten awareness of such positions by directly approaching potential applicants and alerting them to the advertisements.
 - A combination of open and targeted strategies maximises the chance of forming a Panel that represents the diversity of customer groups
- It is worthwhile inviting more individuals to join the Panel than required, as attrition and absence from meetings are inevitable, although the hybrid model adopted by GWMWater minimises the risk of attrition and absence as members can participate remotely
 - Regardless, recruiting more individuals than required from the outset minimises disruption to the group that could result from top-up recruitment processes and reduces the overall administrative and recruitment costs and burden
- Engaging an independent person, with considerable knowledge of GWMWater’s business, to assist in the recruitment removes any potential for bias, which could occur if GWMWater recruits customers direct, and also reduces the burden on GWMWater

16.5.2 Meeting logistics

- Meeting dates should be set well in advance, choosing varying days of the week and times and dates that suited the majority of Panel members to maximises attendance at meetings
 - Meeting dates should ideally be set during the Induction or soon after, and late changes to meeting dates and times should be avoided
- A hybrid model of engagement can be highly successful, as demonstrated by GWMWater’s approach and Panel feedback, especially in times of uncertainty such as the COVID-19 on people’s ability and willingness to meet face-to-face
 - Face to face participants met at GWMWater’s office in Horsham, being a central location for participants, with technology to support those who were attending online and where GWMWater staff were accessible to present information and respond to Panel members’ questions
 - GWMWater provided training to any Panel member who was not confident using MSTeams to ensure online participants could engage as fully as possible with face-to-face participants
 - Panel members could choose from one meeting to the next whether they would attend in person or online, allowing members to attend if they were not comfortable meeting face-to-face, had caring commitments or even if they were on holidays
- It is important to support and compensate participants for their time and travel if they to attend face-to face:
 - Panel members were given gift cards as a thank you for their time, with the dollar value corresponded to the hours of meetings they attended
 - GWMWater paid mileage for participants who chose to travel to Horsham and met reasonable accommodation costs if meetings started early or were held in the evening
 - GWMWater also provided refreshments and a light meal
 - Meetings were held in a well-ventilated room, with appropriate COVID safe measures in place; if participants were feeling unwell, they were encouraged not to attend face-to-face

- Panel members appreciate receiving an agenda and relevant documentation at least several days ahead of each meeting, allowing them time to prepare for the meeting
 - Before Meeting 3, Panel members did not receive information from GWMWater with sufficient time to review the papers and Panel members noted this impacted their ability to adequately consider the issues. GWMWater acknowledged Panel members' concerns and ensured Panel members were provided with relevant documentation one week in advance of subsequent meetings.
 - However, due to GWMWater resource constraints (including COVID impacts on staff), the Community Panel received two papers for Meeting 6 only two days in advance.

16.5.3 Deliberation topics and information provided to the Panel

- An independent review of discussion papers helps ensure GWMWater's proposals are presented clearly and efficiently and were customer oriented
 - During the review, suggestions were made to shorten some papers by removing Appendices, so Panel members were not overwhelmed with information, especially given GWMWater only sent some papers to Panel members two days before the meeting.
 - Generally, Panel members commented that the consultation papers were clear and easy to read
- Supplementing presentations from relevant staff who can elaborate on proposals, helps improve Panel members' understanding of the issues, allows them to ask questions and be better informed in their deliberations.

16.5.4 Meetings

- Meetings are productive and successful when participants feel respected and supported, information is clearly presented, and questions are answered.
 - Panel members felt that GWMWater respected them and was supportive
 - Panel members met at a suitable venue and refreshments and light meals were provided
 - GWMWater staff were available to present information and respond to Panel members' questions
 - Meetings ran to schedule, with sufficient time allowed for breaks
- Administrative support is invaluable especially when meetings are hybrid, as the administrative support ensures online participants can engage with those meeting face-to-face
- It is important to maintain an accurate record of meetings in multiple formats to provide a true and accurate record of discussions and facilitate report writing
 - With Panel members' permission, meetings were audio recorded
 - Detailed notes were also taken

References

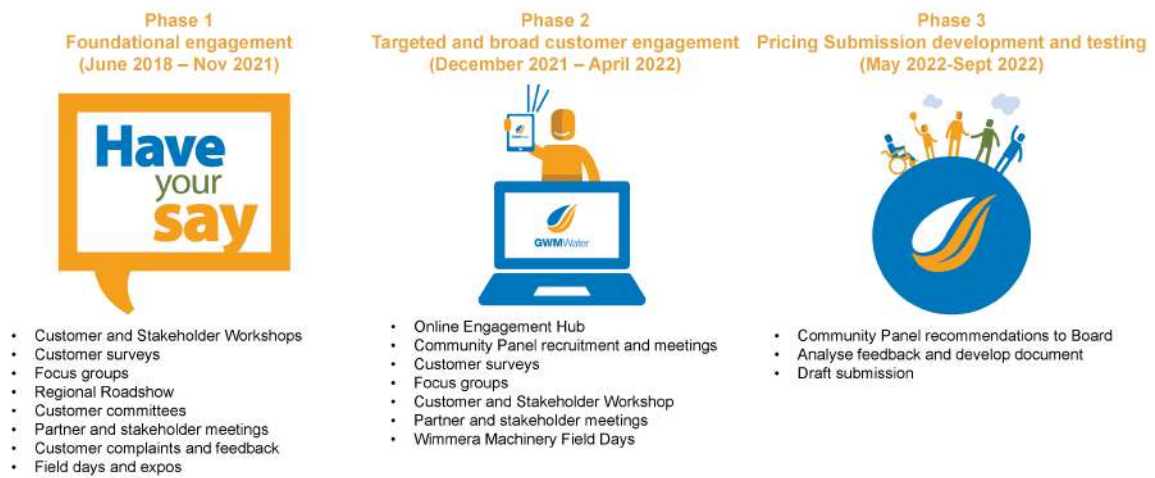
Bartley Consulting, 2022, *Drinking Water Customer Survey 2022 Overview*, (GWMWater PS2023 Drinking Water Survey slides.pdf), unpublished report

Essential Services Commission, 2016, *Water Pricing Framework and Approach: Implementing PREMO from 2018*, available from <https://www.esc.vic.gov.au/sites/default/files/documents/Water-Pricing-Framework-and-Approach-Final-Paper-Oct-2016.pdf>

See also Appendix G for a list of papers and presentations to the Community Panel

Appendix A: GWMWater engagement timeline

Source: <https://gwmwater.engagementhub.com.au/ps2023>



Appendix B: Community Panel recruitment communications

Appendix B1: Chairperson recruitment

Newspaper advertising for the EoI for an Independent Chairperson

- Ararat Advertiser/Stawell Times News
- Ararat Advocate
- Dimboola Banner
- North West Express
- Rainbow and Jeparit Argus
- The Weekly Advertiser, Horsham Times
- Times Ensign
- Warracknabeal Herald
- West Wimmera Advocate
- Wimmera Mail Times

Content published in the newspapers

advertisement

Independent Chairperson, Deliberative Panel

GWMWater Water Price Review Submission 2023-2028

GWMWater is embarking on an intense period of customer and stakeholder engagement that will help influence and shape our 2023-2028 Water Price Review Submission to the Essential Services Commission.

To ensure our submission reflects the priorities and needs of the customers and communities we serve, GWMWater is seeking to convene an independent Deliberative Panel made up of a broad range of customer segments.

The Panel's purpose is to provide opinion, advice, guidance and recommendations on our pricing proposal to the GWMWater Board.

We are seeking applications for the role of Independent Chairperson, Deliberative Panel, to guide and direct the work of the Deliberative Panel and be the key conduit between the Deliberative Panel and GWMWater.

The successful applicant must be highly organised with good written and verbal communication, planning, leadership, influence and negotiation skills.

Remuneration is consistent with Victorian State Government Appointment and Remuneration Guidelines plus reimbursement for any expenses incurred.

Applications close at 5pm on Wednesday 10 November 2021.

For further information and a copy of the position description, please contact GWMWater's Manager Communications and Engagement, Adele Rohde on 1300 659 961.

To apply, send current CV and cover letter, including responses to key selection criteria, to adele.rohde@gwmwater.org.au or drop into the office at 11 McLachlan Street, Horsham.

Mark Williams
Managing Director



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Tel: 1300 659 961

Fax: 03 5381 9881

Email: info@gwmwater.org.au

Website: www.gwmwater.org.au

Certified to best practice standards
ISO 9001 / 14001 and AS/NZS 4801

Online advertisement for Chairperson



Appendix B2: Annotated expression of interest schedule for Panel recruitment

Date	GWMWater promotions	Target audience
1-Dec-21	Community Panel EoI - soft copy via GWMWater Engagement Hub	Customers and community
1-Dec-21	Community Panel EoI - hard copy	Customers and community
1-Dec-21	SMS - Community Panel EoI now open	Customers and community
19 & 20-Dec-21	Facebook - Community Panel EoI with link to EoI on GWMWater's Engagement Hub	Customers and community
19 & 20-Dec-21	Twitter - Community Panel EoI now open with link to EoI on GWMWater's Engagement Hub	Customers and community
10-Jan-22	Screen Saver - Community Panel EoI	GWMWater staff
20-Dec-21	Direct email - Community Panel EoI now open	Customers and community
22-Dec-21	All Staff Email - Community Panel now open	GWMWater staff
1-Jan-22	Media Release - Community Panel Chair Appointment (see Appendix D2 for distribution list)	Customers and community
1-Jan-22	Radio - GWMWater Community Panel (see Appendix D2 for distribution list) ACE Radio (Mixx, 3WM and Swan Hill) ABC Radio (Horsham, Bendigo, Swan Hill, Mildura) Flow FM	Customers and community
25-Jan-22	Letter to community organisations - Community Panel EOI (see Appendix D3)	Community organisations
26-Jan-22	Wetnet - Community Panel EOI open	GWMWater staff

Appendix B3: Media distribution for recruitment of Panel members

Traditional print media distribution

- Ararat Advertiser
- Ararat Advocate
- Beulah Roundabout
- Border Times, Pinnaroo
- Buloke Times
- Casterton News

- Dimboola Banner
- Dimboola Courier
- Gannawarra Times (Formerly Northern Times and Cohuna Times)
- Goroke Free Press
- Hamilton Spectator
- Hopetoun Courier
- Horsham Times
- Horsham Visitors' Information Centre
- Kaniva Times
- KHA Publishing
- Mildura News (media releases applicable to Ouyen-Mildura)
- Murtoa and District Advertiser
- Naracoorte Community News
- Nhill Free Press (Nhill)
- North Central News
- North West Express - Ouyen
- North West Express / Times Ensign
- Rainbow Argus
- Rupanyup Lions News
- Southern Cross News
- Stawell Times
- Stock and Land
- Sunraysia Daily
- Swan Hill Guardian
- The Weekly Advertiser
- The Weekly Times
- Utility Magazine
- Warracknabeal Herald
- West Wimmera Advocate
- West Wimmera Shire Council
- Wimmera Development Association (WDA)
- Wimmera Mail Times

Television

- ABC TV
- Prime TV
- WIN Television

Radio

- ABC regional radio Bendigo, Horsham, Mildura, Swan Hill (inc. ABC Victorian Country Hour and ABC Radio Rural Report)
- Ace Radio – Mixx, 3WM (Wimmera) 3SH (Swan Hill)
- Flow FM

Local councils

- Ararat Rural City
- Buloke
- Gannawarra
- Hindmarsh
- Horsham Rural City
- Loddon
- Mildura Rural City
- Northern Grampians
- Pyrenees
- Southern Grampians
- Swan Hill Rural City
- West Wimmera
- Yarriambiack

Appendix B4: Other distribution for recruitment of Panel members

Welfare

- Aruma, disability support service, Horsham
- Axis Employment, Horsham
- Centre for Participation, Horsham
- Christian Emergency Food Centre, Horsham
- genU, disability support service, Horsham
- Grampians Community Health, Stawell and Ararat
- Grampian Disability Advocacy,
- Just Better Care, aged care service, Horsham
- Kalkee Road Children’s and Community Hub, Horsham
- Latrobe Community Health Service, Horsham
- Noah's Ark, disability support service, Horsham
- Salvation Army, Horsham
- Simply Helping, in home care service, Horsham
- Uniting Wimmera, Horsham
- WDEA Works, Horsham
- Wimmera Primary Care Partnership

Traditional Owners

- Barengi Gadjin Land Council
- Budja Budja Aboriginal Co-operative Ltd
- Dadi Dadi Weki Weki Aboriginal Corporation
- Dja Dja Wurrung Clans Aboriginal Corporation
- Eastern Maar Aboriginal Corporation
- First People of Millewa Mallee Aboriginal Corporation
- Goolum Goolum Community Health Centre, Horsham
- Gunditj Mirring Traditional Owners Aboriginal Corporation

- Latji Latji Mumthelang Aboriginal Corporation
- Wadawurrung Traditional Owners Aboriginal Corporation
- Wadi Wadi Land & Water Indigenous Corporation
- Wadi Wadi Traditional Owner group
- Wadi Wadi Wemba Wamba Barapa Barapa First Nations Aboriginal Corporation

Community Houses

- Horsham Neighbourhood House
- Ouyen Neighbourhood House
- Sea Lake Neighbourhood House

Traders and community development associations

- Apex Club of Goroke
- Natimuk and District Progress Association
- Greater Ararat Business Network
- West Vic Business
- Kaniva Progress Association.

Appendix C: Expression of Interest forms

Appendix C1: Printed Eol form

Water Price and Service Review 2023-28

Community Panel

Expression of Interest

Every five years, each Victorian Water Corporation must submit a plan to the Essential Services Commission (ESC) outlining its service commitments to customers, future projects and the prices it charges. We are currently planning for our 2023-2026 Pricing Submission.

GWMWater is seeking expressions of interest from customers and the community to join its Community Panel. The panel will be made up of a broad range of community members including residential, rural and commercial customers from across GWMWater's operational area to reflect the views of our region's diverse population.

The Community Panel will meet for up to five half days from March to June 2022, in Horsham and/or online to suit individuals. You will be reimbursed for your time and any reasonable travel expenses.

We are separately appointing an independent customer representative to chair the meetings. During the meetings we will present you with our proposals, you can ask questions and seek further information from us. We will ask you to consider our service and pricing proposals from a broader customer perspective for our pricing submission. You will fulfil an important role in our Water Price and Service Review commitment to engaging widely and deeply with our customers and community.

For further information please contact Adelle Rohde, GWMWater Manager Communications and Engagement, during business hours on 1300 659 561.

If you would like to apply, please provide your details below or fill out our online form at: <https://bit.ly/PS2023>

Name: _____
 Address: _____
 Mobile: _____
 Email: _____

To comply with Victorian Government health orders we require proof of COVID-19 vaccination for any face-to-face meetings. Please confirm you can supply this information.
 Yes No

1. What is your interest in joining our Community Panel and how would you contribute?

Please also answer the following questions, to help us ensure our Community Panel represents our diverse region.

2. How long have you lived in the region?
 Less than two years
 Two to five years
 More than five years

3. Where do you live?
 In a town with a fully treated drinking water supply
 In a town with a non-drinking water supply
 On a rural property connected to a rural pipeline
 On a rural property with a groundwater bore
 On a rural property with a "take and use" licence
 Other (Please describe: _____)

4. Do you have sewerage connected to your property?
 Yes No Unsure

5. Do you own or rent the property you live in?
 Own Rent

6. Do you own or operate a business (other than a farm) in GWMWater's region?
 Yes (Where is your business located? _____)
 No

7. Do you own or operate a farm in GWMWater's region?
 Yes (Where is your farm located? _____)
 No

8. Do you have a card that entitles you to concessions on your water bill?
 Yes No Unsure

9. Do you identify as an Aboriginal or Torres Strait Islander?
 Yes No

10. Do you speak a language other than English at home?
 Yes No

11. Please list any other interests or groups you represent (e.g., sporting club, environment, welfare group, school or pre-school parent, youth group, seniors group)

Please email this form by Friday 4 February 2022 to info@gwmwater.org.au or post it to GWMWater, PO Box 481, Horsham 3402, VIC

gwmwater.org.au
 1300 659 561 info@gwmwater.org.au

Appendix C2: Online Eol form



Title: Express your interest

Q.1 Full name

Q.2 Address

Q.3 Mobile or contact number

Q.4 Email

Q.5 How old are you?
 18-25
 26-35
 36-45
 46-55
 55+

Q.6 To comply with Victorian Government health orders we require proof of COVID-19 vaccination for any face-to-face meetings. Please confirm you can supply this information.
 Yes
 No

Q.7 What is your interest in joining our Community Panel and how would you contribute?

Q.8 How long have you lived in the region?

Q.9 Where do you live?

In a town with a fully treated drinking water supply
 In a town with a non-drinking water supply
 On a rural property connected to a rural pipeline
 On a rural property with a groundwater bore
 On a rural property with a "take and use" licence

Q.10 Do you have sewerage connected to your property?
 Yes
 No
 Unsure

Q.11 Do you own or rent the property you live in?
 Own
 Rent

Q.12 Do you own or operate a business (other than a farm) in GWMWater's region?
 Yes
 No

Q.13 If yes, please specify where your business is located.

Q.14 Do you own or operate a farm in GWMWater's region?
 Yes
 No

Q.15 If yes, please specify where your farm is located.

Q.16 Do you have a card that entitles you to concessions on your water bill?
 Pension
 Veterans'
 Health Care Card
 No
 Unsure

Q.17 Do you identify as an Aboriginal or Torres Strait Islander?
 Aboriginal
 Torres Strait Islander
 None

Q.18 Do you speak a language other than English at home?
 Yes
 No

Appendix D: Letters to Community Panel members

Appendix D1: Panel acceptance letter

Our ref: E2022-7989
Contact: Adele Rohde
Office: 11 McLachlan Street, Horsham

8 March 2022

Address1
Address2
TOWN STATE POSTCODE

Dear Sir/Madam

Appointment to GWMWater's Community Panel

Thank you for your expression of interest to join GWMWater's Community Panel for the 2023-28 Water Price and Service Review. We are pleased to formally offer you a position on the Panel.

The 2023-28 Water Price and Service Review is a period of customer and stakeholder engagement, as part of a five-year pricing submission to the Essential Services Commission. Your input will help influence and shape the future of GWMWater and the services that we deliver to our customers.

The Community Panel will act as an independent panel representing our broader customers and will report to GWMWater's Board. The Panel's purpose is to help inform us of community preferences regarding service provision and a future pricing model. It will be a significant voice and fulfil an important role in driving our Water Price and Service Review consultation and engagement program.

We have engaged the services of Bartley Consulting to assist in this process and appointed Independent Chairperson Fay Hall to facilitate the meetings. We will have up to five meetings between March and June 2022, where the panel will discuss our proposals.

Meetings go for approximately four hours. Along with a gift card to thank you for your time and feedback, at each meeting you will be reimbursed for your travel and we can book overnight accommodation if necessary.



ABN 55 584 588 253
11 McLachlan Street
(PO Box 481)
Horsham Victoria 3402

Tel: 1300 639 961
Fax: 03 5381 9591
Email: info@gwmwater.org.au
Website: www.gwmwater.org.au

Certified to best practice standards
ISO 9001 / 14001 and AS/NZS 4801

The first meeting will be an induction with a focus on expectations and relationship building. It is scheduled for Wednesday 30 March 2022 from 5.30pm to 7.30pm at Horsham Golf Club, 304 Golf Course Rd, Horsham. The meeting will be catered appropriately. We understand it is a long distance to travel for some people and the use of an online option such as Microsoft Teams may be necessary. Ideally, we would like to have as many people attend this first meeting in person.

We thank you for your interest in joining our panel and look forward to working with you over the coming months.

Yours faithfully



Peter Vogel OAM
Chairman
GWMWater Board of Directors

Appendix D2: Letter to unsuccessful applicants

Our ref: E2022-7996
Contact: Adele Rohde
Office: 11 McLachlan Street, Horsham

8 March 2022

Address1
Address2
TOWN STATE POSTCODE

Dear Sir/Madam

Expression of Interest to GWMWater's Community Panel

Thank you for your expression of interest to join GWMWater's Community Panel for the 2023-28 Water Price and Service Review. We achieved an excellent response from willing participants and so shortlisting potential candidates was challenging. After carefully reviewing the expressions of interest, we have decided to pursue other candidates for the panel.

GWMWater's decision is based on the need for diversity on the Community Panel. The Essential Services Commission requires that we hear from a broad range of customers that reflect our diverse community, with people from a variety of cultural backgrounds, abilities, life stages, genders and different types of water users. In some cases, the expressions of interest received had demographics which were over-represented.

Throughout this project we will be looking for additional feedback and input into certain matters. As we value your opinion, we invite you to take part in surveys related to the pricing review and be an active member on GWMWater's Engagement Hub at <https://bit.ly/PS2023>. We would also like to keep your information on file for potential focus groups.

Thank you again for your interest in the Community Panel and we look forward to capturing your feedback via other avenues.

Yours faithfully



Adele Rohde
Manager Communications and Engagement



ABN 55 584 588 253
11 McLachlan Street
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Appendix E: Community Panel induction pack

- Welcome from GWMWater Chairman, Peter Vogel OAM
- Information about GWMWater including:
 - Fact sheet about GWMWater’s business operations
 - Service area map
 - Reservoir schematic
 - Organisation structure chart
 - GWMWater key staff members
 - Urban customer charter
 - Rural customer charter
 - GWMWater performance summary 2020-21
- Water Price and Service Review 2023-28 information
 - Review and process overview
 - Community Panel Charter
 - Community Panel member information
- Customer research and insights
 - List of GWMWater education videos (available on GWMWater’s website)
 - Untreated water supply notice, listing the locations that do not have a drinking water supply
 - Overview of GWMWater’s customer research including customer segmentation, and recent survey results
- Responses to questions Customer and Stakeholder Workshops
 - 30 November 2018, Horsham Golf Course
 - 20 June 2019, Horsham Golf Course
 - 27 November 2019, Horsham Golf Course
 - 20 May 2021, online via MS Teams
 - 8 October 2021, online via MS Teams

Appendix F: Community Panel meeting agendas

Appendix F1: Meeting – 30 March 2022 (Induction)

agenda


Community Panel Induction Meeting

Meeting to be held on Wednesday, 30 March 2022 at the Horsham Golf Club, 304 Golf Course Road, Haven, 5.30pm.

AGENDA

- 5.30pm Housekeeping – *Adele Rohde*
- 5.35pm Acknowledgement of Country – *Fay Hull*
- 5.35pm Welcome – *Peter Vogel, Chairman, GWMWater Board of Directors*
- 5.40pm Introductions
 - o GWMWater Pricing Submission Team – *Fay Hull*
 - o Community Panel
- 6pm Discussion, Community Panel Expectations – *Fay Hull*
- 6.10pm About GWMWater and the Pricing Submission – *Sally Marshall*
- 6.30pm Short break and refreshments
- 6.40pm Community Panel objectives and reflections on the last Pricing Submission – *Helen Bartley*
- 6.50pm Q&A – *Sally and Helen*
- 7.05pm Rules of Engagement/Agreed Behaviours – *Fay Hull*
- 7.20pm Refreshments

A light meal will be provided at approximately 6.30pm



11 McLachlan Street
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Email: info@gwmwater.org.au
Website: www.gwmwater.org.au

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Appendix F2: Meeting – 21 April 2022

agenda

Community Panel

Meeting to be held on Thursday, 21 April 2022 at the GWMWater Office, 11 McLachlan Street Horsham commencing at 10 am

AGENDA

Opening and welcome – *Fay Hull, Chairperson*

Start time	Subject	Speaker / Presenter
10 am	Apologies (please advise Shelly Stockdale on ☎ 1300 639 961)	Fay Hull
10.05 am	Acknowledgment of Country	Fay Hull
10.10 am	Business arising from previous meeting	Fay Hull
10.25 am	GWMWater responses to Panel Questions	Fay Hull / GWMWater as required
10.30 am	Presentation – Our People, Technology, Systems and Service	Rob Curis
10.50 am	Questions and Discussion	Panel
11.00 am	Presentation – Service Standards and Renewals	Chris Wright
11.15 am	Questions and Discussion	Panel
11.30 am	Short Break – Tea, Coffee, Biscuits	
11.45 am	Presentation – Cost Impacts	Sally Marshall
12.15 pm	Questions and Discussion	Panel
12.30 pm	Presentation – Customer Insights	Adele Rohde
12.50 pm	Questions and Discussion	Panel
1 pm	Lunch – a light meal will be provided	
1.50 pm	Discussion Questions	Fay Hull/Panel
2.45 pm	Close	Fay Hull



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Website: www.gwmwater.org.au

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Appendix F3: Meeting – 16 May 2022

agenda



GWMWater

11 McLachlan Street
(PO Box 481)
Horsham Victoria 3402

Tel: 1300 639 961
Fax: 03 9381 9981
Email: info@gwmwater.org.au
Website: www.gwmwater.org.au

Certified to best practice standards
ISO 9001 / 14001 and AS/NZS 4801

6.20 pm	Questions	Nigel Binney
6.30pm	Panel Discussion (20 mins) 1. Does the community panel support GWMWater's current approach to prioritising towns for upgrading water supply to drinking water quality? 2. Based off the information provided to date (noting customer consultation is underway) which towns does the panel consider highest priority?	Fay Hull
6.50pm	Short break – Light meal, tea and coffee	
7.20pm	Presentation – Principles for Converting Small Urban Towns to Rural Supplies	Adele Rohde
7.40pm	Questions	Adele Rohde
7.50pm	Panel Discussion (30 mins) We would like your involvement in developing principles for deciding whether to convert small urban towns, currently on a non-drinking water supply, to a rural supply. 1. What principles should we apply? 2. How should they be prioritised?	Fay Hull
8.20pm	Close – Reference Community Panel feedback	Fay Hull

Community Panel

Meeting to be held on Monday, 16 May 2022 at the GWMWater Office, 11 McLachlan Street Horsham commencing at 4pm.

AGENDA

Opening and welcome – Fay Hull, Chairperson

Start time	Subject	Speaker / Presenter
4pm	Apologies (please advise Shelly Stockdale on ☎ 1300 639 961) – Acknowledgment of Country – Reference Community Panel feedback	Fay Hull
4.05pm	Business arising from previous meeting, including: – GWMWater responses to Panel Questions	Fay Hull
4.10pm	Panel advice to GWMWater regarding questions from first meeting 1. Are GWMWater's interim conclusions related to customer satisfaction fair and reasonable? 2. Do you feel GWMWater is performing well against customers' expectations? 3. In what areas do you feel we fall short? 4. Does the community panel support the proposal to maintain service reliability?	Fay Hull
4.30pm	Presentation and Discussion – GWMWater Water Resource Position, Outlook and Urban and Rural Water Strategy	Kym Wilson
5.30pm	Panel Discussion (30 mins) 1. Does the community panel support GWMWater's approach to investigating opportunities to secure water supply over the next five years, with a view of investing in any necessary improvements beyond 2028?	Fay Hull
6.00pm	Presentation – Upgrading Townships to Drinking Water Supplies	Nigel Binney

Appendix F4: Meeting – 07 June 2022

Hello, please join us for a short virtual presentation and Q&A with our Managing Director Mark Williams. This session will be a time to reflect on the role of the Community Panel and importance of being future-focused while deliberating on the topics. The session will be recorded and made available for those who are unable to attend to watch at a later time. Please feel free to send any questions you'd like covered ahead of the meeting.

Microsoft Teams meeting

Join on your computer or mobile app

[Click here to join the meeting](#)

To participate in this Teams meeting you will require a reliable internet connection, microphone/ speakers or a headset and a camera (if you require video).

[Learn More](#) | [Meeting options](#)

Appendix F5: Meeting – 15 July 2022

agenda



11 McLachlan Street
(PO Box 481)
Horsham Victoria 3402
Tel: 1300 659 961
Fax: 03 5361 9681
Email: info@gwmwater.org.au
Website: www.gwmwater.org.au

Community Panel

Meeting to be held on Tuesday, 9 August 2022 at the GWMWater Office, 11 McLachlan Street Horsham commencing at 10.30am

AGENDA

Opening and welcome – Fay Hull, Chairperson


Start time	Subject	Speaker / Presenter
10.30am	Apologies <i>(please advise Shelly Stockdale on 1300 659 961)</i> – Acknowledgment of Country	Fay Hull
10.40am	Presentation and Discussion - Northern Mallee Pipeline Clean Water Extension (15 mins)	Nigel Binney
10.55am	Questions (10 mins)	Nigel Binney
11.05am	Panel Discussion (20 mins) – • Does the Community Panel support GWMWater proceeding with the next stage of works (Nyalh-Picergil) to achieve 'clean water' for the systems serviced by the Northern Mallee Pipeline (NMP)?	Fay Hull
11.25am	Presentation – Tariff structures (20 mins)	Sally Marshall
11.45pm	Questions (10 mins)	Sally Marshall
11.55pm	Panel Discussion (20 mins) • Does the community panel support GWMWater's current ratio of fixed to variable charges for customers? • Does the community panel support GWMWater's proposal to retain the current Recreation Contribution Charge to subsidise the cost of maintaining community sporting amenities and the cost of supplying water to recreation lakes in the region?	Fay Hull
12.15pm	Lunch break (30 mins)	
12.45pm	Service standards and outcomes reporting (20 mins)	Sally Marshall and Adele Rohde
1.05pm	Questions (10 mins)	Sally Marshall and Adele Rohde
1.15pm	Panel Discussion (20 mins)	Fay Hull

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	<ul style="list-style-type: none"> Does the community panel support GWMWater's proposed amendments to our Outcomes Reporting measures? Does the Community Panel support GWMWater's revised Service Standards? 	
1.35pm	Interactive Session – Overall Price Impact of Proposals (30 mins)	Sally Marshall
2.05pm	Questions (15 mins)	Sally Marshall
2.15pm	Panel Discussion (30 mins) • Based on the information provided, does the Community Panel wish to raise previous advice or recommendations on proposals? • Does the Community Panel support GWMWater's proposed price path for an average customer?	Fay Hull
2.45pm	In camera Panel Session and Reflection	Helen Bartley
3.00pm	Handover of Final Feedback and thanks	
3.15pm	Close	Fay Hull

Appendix F6: Meeting – 08 August 2022

agenda



11 McLachlan Street
(PO Box 481)
Horsham Victoria 3402
Tel: 1300 659 961
Fax: 03 5261 9181
Email: info@gwmwater.org.au
Website: www.gwmwater.org.au

Community Panel

Meeting to be held on Friday, 15 July 2022 at the GWMWater Office, 11 McLachlan Street Horsham commencing at 9am.

AGENDA

Opening and welcome – Fay Hull, Chairperson

Start time	Subject	Speaker / Presenter
9am	Apologies <i>(please advise Shelly Stockdale on 1300 659 961)</i> – Acknowledgment of Country – Reference Community Panel feedback	Fay Hull
9.05am	Business arising from previous meeting, including: – Feedback from panel members – Interim Report to GWMWater Board – Customer and Stakeholder Workshop – Confirming outcomes from Meeting 2: o Support approach to Urban & Rural Water Strategy o Upgrading Towns to Drinking Water – generally support prioritization criteria, pending more information including survey results to be distributed prior to Meeting 4. o Converting Non-Drinking Water Towns to a Rural Supply – Agreed in principle, but suggested alternative sequencing (4, 2, 1, 3, 5).	Fay Hull
9.30am	Presentation – Drinking Water Upgrade Proposal	Nigel Binney
10.00am	Questions (15 minutes)	Nigel Binney
10.15am	Panel Discussion (30 minutes) – • Does the community panel support GWMWater's proposal to provide drinking water upgrades to Errinwilllock and Culgoa during 2023-2028? • Does the community panel see value in GWMWater undertaking further projects and if so, which priority projects should be considered during 2023-2028?	Fay Hull

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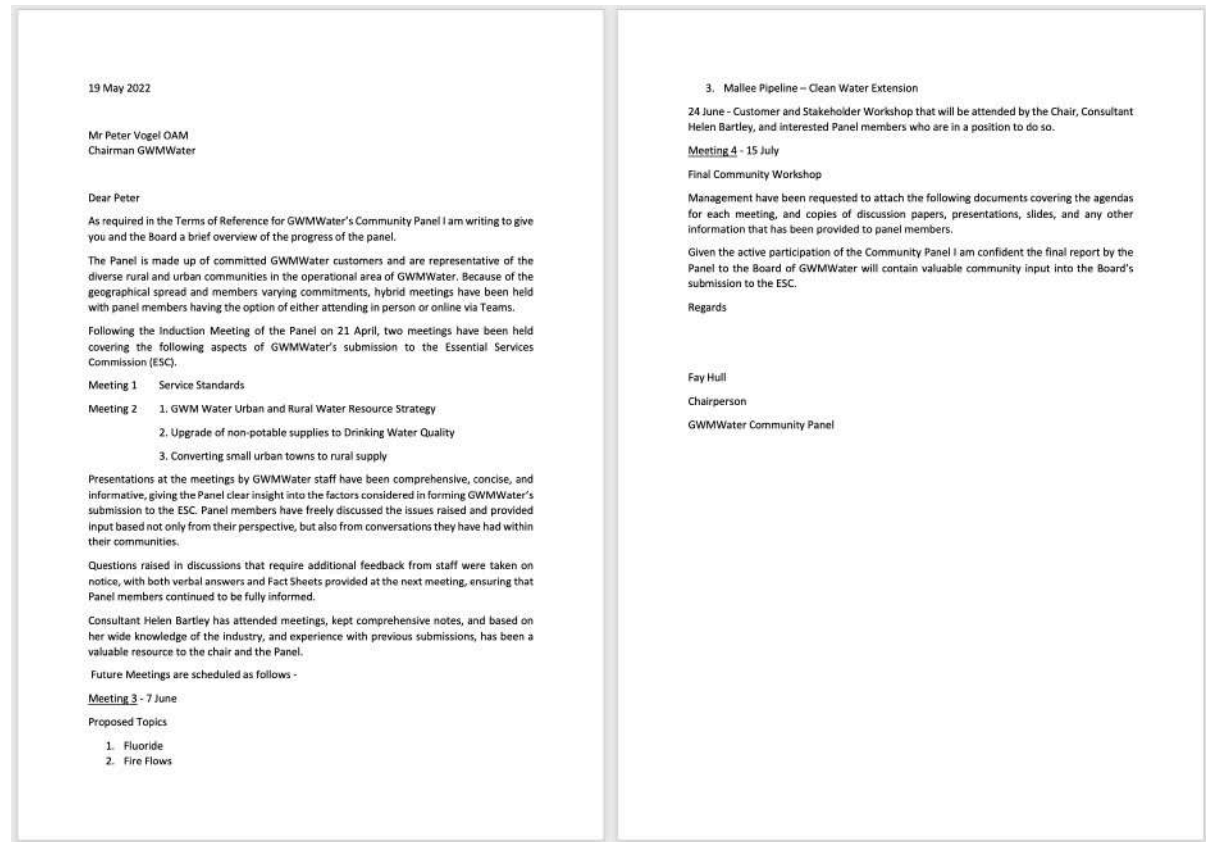
10.45am	Short Coffee / Tea Break (20 mins)	
11.05am	Presentation and Questions – Fluoridation (30 mins)	Mark Williams, Helen Walsh (Department of Health), and Jessie Holmes (Hindmarsh Shire Council)
11.35am	Panel Discussion (25 mins) – Does the community panel support the proposal for GWMWater to fluoridate the urban drinking water supplies at Dimbeola, Nulla and Karntoa?	Fay Hull
12.00pm	Presentation – Guaranteed Service Levels (GSLs)	Sally Marshall
12.20pm	Questions (10 mins)	Sally Marshall
12.30pm	Panel Discussion (30 mins) – • Does the community panel support the proposal to retain existing GSLs? • Does the community panel support the proposal to include two new \$80 GSLs for: 1. customers experiencing more than five unplanned urban water supply interruptions in a year; and 2. customer experiencing more than three sewer blockages in a year?	Fay Hull
1.00pm	Summary and close followed by a light lunch	Fay Hull

Appendix G: Deliberative topics, papers and presentations

Meeting date	Topics discussed	Papers	Presenter(s)	Presentation
Meeting 1 30 March 2022	Induction	No discussion papers issued	Sally Marshall, Executive Manager Strategic Planning and Performance Mark Williams, Managing Director Helen Bartley	About GWMWater and the Pricing Submission <i>Community Panel Induction Meeting PP - 30 March 2022.ppt</i>)
Meeting 2 21 April 2022	Urban water reliability	Consultation Paper: Urban water service reliability <i>CP Discussion Paper 1 - Urban Water Reliability - April 2022 (190422).pdf</i>	Rob Caris, Manager Network Systems and Planning	Our People, Technology, Systems and Service <i>Community Panel Meeting Slides 21 April 2022.ppt</i>
	Customer insights	Consultation Paper: Customer insights <i>CP Discussion Paper 2 - Customer Insights - April 2022 (190422).pdf</i>	Adele Rohde, Executive Manager Customer and Employee Experience (Interim)	Water Service and Renewals <i>Community Panel Meeting Slides 21 April 2022.ppt</i>
Meeting 3 16 May 2022	Security of supply	Consultation Paper: Security of supply <i>CP Discussion Paper 3 - Security of Supply - May 2022 FINAL.pdf</i>	Kym Wilson, Storage Manager and GWMWater Manager Water Resources	GWMWater Water Resource Position, Outlook and Urban and Rural Water Strategy <i>Community Panel Meeting Slides 16 May 2022.ppt</i>
	Drinking water upgrades	Consultation Paper: Drinking water upgrades <i>CP Discussion Paper 4 - Drinking Water Upgrades - May 2022 FINAL.pdf</i>	Nigel Binney, Manager Planning and Development	Upgrading Townships to Drinking Water Supplies <i>Community Panel Meeting Slides 16 May 2022.ppt</i>
	Converting non-drinking water to rural supplies	Consultation Paper: <i>CP Discussion Paper 5 - Converting Urban Towns to Rural Supplies - May 2022 FINAL.pdf</i>	Adele Rohde, Executive Manager Customer and Employee Experience (Interim)	Converting Small Urban Towns to Rural Supplies <i>Community Panel Meeting Slides 16 May 2022.ppt</i>
Meeting 4 07 June 2022	Reflection meeting	No discussion papers issued	Mark Williams, Managing Director	<i>Community Panel Mid Term Review Slides 7 June 2022.ppt</i>
Meeting 5 15 July 2022	Drinking water upgrades	Consultation Paper: Drinking Water Upgrades for Regulated Towns' <i>CP Discussion Paper 6 - Drinking Water Upgrades - July 2022 FINAL.pdf</i>	Nigel Binney, Manager Planning and Development	<i>Community Panel Meeting Slides 15 July 2022.pptx, slides 24 to 35</i>
	Fluoridation	Consultation Paper: Fluoridation <i>CP Discussion Paper 7 - Fluoridation - July 2022.pdf</i>	Mark Williams, Managing Director	Community Panel Friday 15 July 2022 <i>Community Panel Meeting Slides 15 July 2022.pptx, slides 8 to 11</i>

Meeting date	Topics discussed	Papers	Presenter(s)	Presentation
	Guaranteed Service Levels	Consultation Paper: Guaranteed Service Levels (GSLs) <i>CP Discussion Paper 8 – Guaranteed Service Levels - July 2022.pdf</i>	Sally Marshall, Executive Manager Strategic Planning and Performance	Community Panel Friday 15 July 2022 <i>Community Panel Meeting Slides 15 July 2022.pptx, slides 12 to 23</i>
Meeting 6 09 August 2022	Northern Mallee Pipeline Clean Water Extension	Consultation Paper: Northern Mallee Pipeline Clean Water Extension (Stage 2)' (CP Discussion Paper 9 – NMP Clean Water - August 2022.pdf	Nigel Binney, Manager Planning and Development	<i>Community Panel Meeting Slides 9 August 2022.pptx, slides 4 to 14</i>
	Tariff structures	Consultation Paper: Tariff Structures)' (CP Discussion Paper 10 – Tariff Structures - August 2022.pdf	Sally Marshall, Executive Manager Strategic Planning and Performance	<i>Community Panel Meeting Slides 9 August 2022.pptx, slides 15 to 28</i>
	Service standards	Consultation Paper: CP Discussion Paper 11 - Service Standards - August 2022.pdf	Sally Marshall, Executive Manager Strategic Planning and Performance	<i>Community Panel Meeting Slides 9 August 2022.pptx, slides 30 to 38</i>
	Outcomes reporting	Consultation Paper: CP Discussion Paper 12 - Outcomes - August 2022.pdf	Adele Rohde, Executive Manager Customer and Employee Experience (Interim)	<i>Community Panel Meeting Slides 9 August 2022.pptx, slides 39 to 57</i>
	Overall price impact of proposals	N/A	Sally Marshall, Executive Manager Strategic Planning and Performance	<i>Community Panel Meeting Slides 9 August 2022.pptx, slides 58 to 69</i>

Appendix H: Panel Chair’s progress report to GWMWater Board



Appendix I: Evaluation feedback from Community Panel

Appendix I1: Interim feedback

Question	Feedback
<p>Quality of experience To date, have you enjoyed being a member of GWMWater's Community Panel?</p>	<ul style="list-style-type: none"> • All 12 Panel members who responded indicated they enjoyed being a member. • Reasons: <ul style="list-style-type: none"> ○ <i>"Gave me an understanding of how things happen."</i> ○ <i>"GWM have provided me with an opportunity to learn about infrastructure and town planning while providing me with another avenue to be involved with my local community."</i> ○ <i>"I didn't have a lot of knowledge prior to joining the committee and feel as though I have learnt a lot and am better able to make decisions based on the information provided."</i> ○ <i>"I feel like my input is valued by other committee members and GWMWater staff, and it's great to be able to make any contribution to the community. Being a part of this committee has given me a more in depth look at what GWM Water does and offers to the community. Before joining this committee, my understanding of GWMWater was pretty vague, but since getting the opportunity to sit and listen to staff presenting their different roles and covering off on some of GWMWater's main functions, it's such a bigger operation than what meets the eye."</i> ○ <i>"I feel that my input is valued by our group and GWMWater."</i> ○ <i>"Interactive and feel everyone is listened to."</i> ○ <i>"It is a very warm welcoming group of people, and GWMs staff are also making every effort to answer questions quite candidly."</i> ○ <i>"It is interesting to get a feeling for how we receive our water supply."</i> ○ <i>"Learning about the challenges GWM faces and being able to give an opinion has been very interesting."</i> ○ <i>"Making a contribution."</i> ○ <i>"Seeing different viewpoints and how water effects their life. Having an impact in my community."</i> ○ <i>"Sessions have had informative and interesting topics."</i>
<p>Understanding of role Do you feel you have a good understanding of the Community Panel's purpose?</p>	<ul style="list-style-type: none"> • 9 of the 12 (67%) Panel members indicated they feel they have a good understanding of the Community Panel's purpose. • Among the three who were undecided or did not feel they have a good understanding of the Community Panel's purpose, their reasons were: <ul style="list-style-type: none"> ○ <i>"I reckon I do, but there is just SO much to consider. Our town upgrade was to impact consumers by less than \$25 per year, but that obviously doesn't include other normal updates, increases etc."</i> ○ <i>"There are times I feel confused about some things (e.g.). Last night's 16/5/2022 session about who should or shouldn't get water, identifying population etc."</i> ○ <i>"Unsure, I don't know what I don't know, but the subject matter is large and complex."</i>
<p>Quality of information provided</p>	<ul style="list-style-type: none"> • All 12 Panel members agreed the presentations are: <ul style="list-style-type: none"> ○ Sufficiently detailed

Question	Feedback
<p>In relation to the presentations so far, do you feel they are ...?</p> <ul style="list-style-type: none"> • Sufficiently detailed • Easy to understand • Useful in helping you form your views on the subject • Interesting 	<ul style="list-style-type: none"> ○ Easy to understand ○ Useful in helping them form their views on the subject ○ Interesting
<p>Contribution to deliberations</p> <p>How comfortable have you felt about asking question/sharing your opinions in the sessions?</p>	<ul style="list-style-type: none"> • 9 of the 12 (67%) Panel member indicated they feel <i>very comfortable</i> about asking question/sharing their opinions in the sessions <ul style="list-style-type: none"> ○ <i>“As mentioned above, I feel like my input and opinions are valued by all.”</i> ○ <i>“Encouraged to ask questions and felt someone was listening and answering.”</i> ○ <i>“Every effort has been and is made to respond to questions in a timely and informative manner. Staff are really nice, friendly, approachable and make an effort to make you feel comfortable.”</i> ○ <i>“Friendly, comfortable environment.”</i> ○ <i>“I feel that the other participants and GWM are interested in all opinions.”</i> ○ <i>“If I don't speak and ask questions my voice won't be heard. It's a very open environment to feel heard.”</i> ○ <i>“Our purpose I believe is to be informed as possible so we can give an honest opinion.”</i> ○ <i>“The chair is very fair and keeps things on track, also the atmosphere of the sessions has been positive & welcoming.”</i> ○ <i>“The set environment has been managed to promote voice and agency. I don't have a problem with asking the silly questions if they come up.”</i> • Two indicated they feel <i>somewhat comfortable</i> <ul style="list-style-type: none"> ○ <i>“I felt the last meeting was heavily dominated by a select few people and focused very much on their experiences and their opinions rather than the greater good which is what I feel we were there for.”</i> ○ <i>“I think we are all trying to get our heads around a complex subject.”</i> • One indicated they feel <i>somewhat comfortable</i> <ul style="list-style-type: none"> ○ <i>“There are those that are not receptive to alternative opinions.”</i>
<p>Any other comments?</p>	<ul style="list-style-type: none"> • <i>“Always seek for meetings to work towards an outcome or tangible action as opposed to just awareness or conversations. I think we have achieved this in a timely manner most of the time.”</i> • <i>“No 😊.”</i> • <i>“Some participants are using the time to push their personal/local grievances with GWM. This is ok if it is relevant to the workshop but has sometimes it's got out of hand.”</i> • <i>“The GWMWater Annual Report 2020/21 should be sent to Panel members as it gives good background information about GWMWater, it's organisational values etc, etc.”</i>

Question	Feedback
	<ul style="list-style-type: none"> • <i>“Would it be possible to receive the relevant reading material a few days earlier?”</i> • <i>“I am enjoying the interactive conversations of other towns' issues with water.”</i>

Appendix I2: Final feedback

Question	Feedback
<p>Quality of experience Have you enjoyed being a member of GWMWater's Community Panel?</p>	<ul style="list-style-type: none"> • All 12 Panel members who responded indicated they enjoyed being a member. • Reasons: <ul style="list-style-type: none"> • <i>“A good group, cross-section of experience and location, respectful discussions.”</i> • <i>“Better understanding of issues facing GWMWater and the differing issues communities face.”</i> • <i>“Great opportunity for all members to experience and hear about what goes on behind the scenes. Tremendous effort by the Panel and GWMWater to put together such high-quality discussions and decisions which ultimately affects all communities. Hopefully the decisions made are met happily by the communities and the Panel members get some pride and reward out of representing their community.”</i> • <i>“I felt I was able to have a say in every topic.”</i> • <i>“Just an opportunity to learn and help in any way possible.”</i> • <i>“Learned a lot about the services and demands on the business. Have Also enjoyed the diversity of views expressed by the group</i> • <i>“Opportunity to participate & state views.”</i> • <i>“Prior to joining the Panel, I really had no idea what GWM did, and this has really opened my mind and helped me understand all of the different levels at which GWM work”</i> • <i>“The background information has been very informative; it has been interesting working with other Panel members who have such diverse backgrounds and come from varied locations across GWMWater's region.”</i> • <i>“The insight given to us as Panel members into the overall management and supply of a basic commodity being potable drinking water, is far more complex than the majority of mains water users comprehend.”</i> • <i>“Very happy to have the opportunity to learn and understand more about our GWM and water issues in our community”</i> • <i>“Very informative and I feel my views Have been listened to.”</i>
<p>Strengths What has worked well over the time you have been involved?</p>	<ul style="list-style-type: none"> • All 12 Panel members identified strengths of the Panel experience: <ul style="list-style-type: none"> • <i>“Comprehensive presentations.”</i> • <i>“Detailed presentations and excellent knowledge sharing from staff.”</i> • <i>“Everyone's opinion was made to feel of value, and everyone respected one and other even though member come from different communities with different levels of service from GWMWater.”</i> • <i>“Having the papers to read before the meeting and a presentation on</i>

Question	Feedback
	<p><i>the topic.”</i></p> <ul style="list-style-type: none"> • <i>“I believe the individual presenters and the Panelists ability to ask pertinent questions and receive concise answers to those questions”</i> • <i>“I find the Panel members are all very respectful, helpful and we have worked well together as a team.”</i> • <i>“I like how the sessions have run with staff presenting and then allowing time for discussion and then they pop back if there is any clarification required.”</i> • <i>“Inclusion. Appointments well structured. Follow up positive.”</i> • <i>“Organised meetings. Opportunity for feedback.”</i> • <i>“The background information provided by GWM on the questions/topics has been thorough and interesting. The meetings have generally been on time and well facilitated.”</i> • <i>“The presentations by the Staff and the interaction by Panel members drawing out further information.”</i> • <i>“The presentations have been full-on, interesting and sometimes complicated, our group has been fantastic, pleasant, a variety of issues to discuss, we have all had a fair input in the discussions.”</i>
<p>Issues/opportunities to improve</p> <p>Has anything worked not so well or frustrated you/what needs to change?</p>	<p>Eleven Panel members identified issues/opportunities to improve:</p> <ul style="list-style-type: none"> • <i>“Although I understand some people could not make the meetings in person, I feel the online attendees didn't really have much to say or contribute being on the screen because the conversations mostly happen around the table. I personally would try to encourage future Panel members to attend in person at least for 90% of it.”</i> • <i>“Changing times /dates, lateness of information on occasions. Might need a "review meeting" to wrap viewpoints up without the introduction of additional papers?”</i> • <i>“Couple of times the papers were late coming.”</i> • <i>“Final agendas need to include all papers that have been sent. Often papers are sent when they are ready but are not sent again with the final agenda.”</i> • <i>“Missing meetings due to work.”</i> • <i>“Some members have been too focused on their own needs and thoughts about GWM. I feel as a Panel we need to consider the whole community not just what we personally want. Certain people also dominate conversation and speak over people with their thoughts not allowing for further discussion. I think at the beginning there probably needs to be a very clear conversation about the fact that the Panel is there to consider the community as a whole not individual needs.”</i> • <i>“Some of the Panel have either personal or local grievances with GWM, which is OK, but sometimes these issues have been given a little too much time during meetings when are trying to make decisions/recommendations for the broader customer base.”</i> • <i>“Some presentations a little too technical. Some committee members too locally focussed.”</i> • <i>“Time frames with respect to receiving information allowing digestion and the ability to put questions to our local communities would be more helpful. I do understand that all the presenters have a full workload, their ability to answer unscripted questions is to be commended.”</i>

Question	Feedback
	<ul style="list-style-type: none"> • <i>“Time to fully complete the questions, difficult to determine to choose one town needing potable water over another, and the huge costs in doing so. Maybe other avenues need to be explored.”</i> • <i>“Understanding the figures were somewhat confusing and not knowing the history of GWMWater was frustrating. The pre reading was also confusing at times.”</i>
<p>Quality of information provided</p> <p>In relation to the presentations, do you feel they are ...?</p> <ul style="list-style-type: none"> • Sufficiently detailed • Easy to understand • Useful in helping you form your views on the subject • Interesting 	<ul style="list-style-type: none"> • All 12 Panel members agreed the presentations are: <ul style="list-style-type: none"> ○ Sufficiently detailed ○ Useful in helping them form their views on the subject ○ Interesting • Ten of the 12 <i>Panel</i> members agreed the presentations are easy to understand – two disagreed
<p>Contribution</p> <p>Did you feel you had sufficient opportunity to express your views?</p>	<p>Eleven Panel members believe they had sufficient opportunity to express their views</p> <ul style="list-style-type: none"> • <i>“But at times no as conversation was dominated by individual members at times.”</i> • <i>“Following graphs all the time was tricky, too much to take in, in a short time, the presenters were fantastic and extremely good at their roles.”</i> • <i>“I did find it easier to contribute to the discussions when physically present rather than being on teams.”</i> • <i>“I don't think discussion was curtailed at any stage.”</i> • <i>“It is better for these meetings to happen in person, but the online access was pretty well managed. People were able to express themselves even when online.”</i> • <i>“Staff have been really approachable and helpful.”</i> • <i>“The complexities of some of the statistics takes a bit of getting your head around, but overall, I found them very relevant to the discussions.”</i> <p>One Panel member was undecided</p> <ul style="list-style-type: none"> • <i>“Some topics I couldn't make comment due to being undecided and not enough time to make a decision. The meetings are full on and some topics confusing. Seems like you have to hurry up so you can tick the box.”</i>
<p>Recommendation for the future</p> <p>Would you recommend a similar approach for GWMWater's next Pricing Submission?</p>	<ul style="list-style-type: none"> • Eight Panel members would recommend a similar approach for GWMWater's next Pricing Submission • Four were undecided • Six provided further comments: <ul style="list-style-type: none"> • <i>“I don't think anyone can speak to how things will go in future pricing submissions, there will be more ideas and different opinions to take into consideration.”</i> • <i>“I think inform future Panels that it's about Pricing Submissions and what it really means. I had no idea what my role was when I submitted my interest to this Panel.”</i>

Question	Feedback
	<ul style="list-style-type: none"> • <i>“I would recommend a bus trip into our water world for the majority of the group to fully understand our complex system, I have lived alongside all these storages and have had dams, irrigation, channel systems, now our pipeline and pumpstations, maybe this would help to understand it better! Just a thought.”</i> • <i>“Just general community surveys or workshops are insufficient. The Panel provides an opportunity to explore and understand issues in greater depth. I think an additional meeting solely to review the issues raised and come to a definitive viewpoint on each is necessary.”</i> • <i>“No doubt it would be great to have a longer time frame for deliberation by Panelists, I believe we have given informed decisions to the questions asked.”</i> • <i>“This format was very informative and inclusive, perhaps the meetings could be schedule over a shorter period?”</i>
<p>Other comments</p>	<ul style="list-style-type: none"> • <i>“I am better informed what GWMWater does and what communities face when the most essential commodity is water and there is a lack of. I like honesty and transparency and hoped there weren't any hidden agendas.”</i> • <i>“I do think the facilitator encouraged discussion and managed the meetings well. However, I felt ... did not grasp the sense of the Panel discussions outcomes on some issues and was influenced by ... own or GWMWater preferences. I have a nagging feeling that despite its good intentions with the input of Community Panel the outcomes will be what the Executive and the Board prefer / decide. I would like to see a response from the Executive / Board to the viewpoints expressed by the Panel. Maybe that is in train?”</i> • <i>“So pleased to be included in this Panel. I only hope I have contributed something, well worthwhile, thank you all.”</i> • <i>“Some of the smaller communities I believe may well be better off having tank water supplied rather than expensive infrastructure installed to supply a few end users.”</i> • <i>“Thank you for the opportunity.”</i>

Appendix J: Reflections from Community Panel Chair

The Panel worked excellently as a group, with everyone having the opportunity to contribute during discussions, and maintaining a strong commitment to speak on behalf of the community. Much of the success of the Panel came from the Panelists having a diversity of community connections, businesses, careers, and that they came from a wide geographical spread.

Given the distance some Panel members would have had to travel to attend meetings, and with their workplace, business and family commitments, the decision by GWMWater to use Teams for Panel members unable to attend in person proved to be very successful.

While I usually do not single out a staff member for praise, I must highly commend Shelly Stockdale for the excellent work she did in facilitating the participation of those Panel members who joined the meetings using Teams.

Meetings

The Induction Meeting was held at the Golf Club and although this allowed space for the number of Panelists and staff present, it proved not to be ideal, and the subsequent meetings at GWMWater's premises was better suited to Panel deliberations.

There is no doubt that attendance in person is optimal, but Panelists being able to attend online definitely led to higher attendance than would otherwise have been possible.

The Panel members, with two exceptions, had no prior knowledge of the complexity and scope of the operations of GWMWater. This meant that on occasion the complexity of a particular topic challenged the Panel and consideration could be given to breaking these topics into smaller segments.

Panelists appreciated being provided with reading matter prior to meetings but sometimes found the time between receiving the information and meeting day was too short and did not allow sufficient time to absorb the information.

Staff found themselves challenged to assemble the information and develop a presentation in the time available between one meeting and the next. Perhaps consideration could be given to beginning the meetings earlier in the year and allow more time between meetings. This would benefit both staff and the Panelists.

The format of the meetings worked well

- There was a presentation by staff GWMWater on an element of the proposed submission,
- time was allotted for Panel members to question the presenter
- the Panel moved into camera to deliberate on the proposed submission.

Panel members found it valuable that they were able to request a staff member to answer questions that arose during in camera deliberations and as sometimes was the case, answers were provided even when the questions were outside the scope of the Panel's brief. If staff were not able to provide the information while the meeting was in progress the answers were provided either between meetings, or at the next meeting.

A pleasing aspect of the deliberations was that discussion flowed freely and was at times quite robust. If a Panelist did not fully support a proposal they were encouraged, not only by me as chair, but by other Panelists to elaborate on their position, no one was discouraged from putting forward a dissenting view.

Staff are to be congratulated on the work they put into preparing presentations and supporting papers and, for their excellent level of support to the Panel. The Panel were very appreciative of the tea/coffee and meals provided.

The Panel were an eclectic group, and this contributed to the successful outcome. I was privileged to work with them, and appreciate them for the time, effort, and important contribution they made in ensuring

there was genuine community input into the development of GWMWater’s submission to the Essential Services Commission.

Helen Bartley of Bartley Consulting was invaluable in her support of the deliberative process due to her of depth of knowledge of community consultation, involvement with other state water authorities, as well as GWMWater, and her previous involvement in the community consultation phase of the 21017-2022 submission. The Panel were very appreciative of Helen’s work.

Fay Hull

Chair

GWMWater Community Panel 2023-2028

Appendix 2 - Detailed Capital Program 2023-2028 \$'000 01/01/2023

Description		2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)
Water						
Renewal	Water Main Renewals	3,953	2,925	2,445	5,446	3,294
	Water Treatment Plant Major Infr Asset Renewals	1,247	2,134	440	350	380
	Domestic Water Meter Replacements	60	60	60	60	60
	Bulk Water Meter Replacements	92	20	20	20	20
	Water Bore Renewals	100	150	250	300	300
	Water Pump Station Asset Renewals	185	310	81	80	80
	Water Storage Tank Renewals	671	493	286	125	89
	Urban Water Storages Renewals	408	470	630	150	500
	Plant & Equipment	35	35	35	35	35
Compliance	Urban Water Storage Desludging	0	0	908	0	0
	Water Major OH&S Upgrades	30	30	30	30	30
Improvement	Mt Zero WTP Upgrades	24	798	0	0	3,058
	WTP Upgrades and Modernisation	1,039	987	558	350	383
	Water Treatment Plant Upgrades - Health Based Treatment Targets (HBT)	0	500	500	500	2,051
	Water Quality Upgrade - Berriwillock and Culgoa	0	100	2,600	3,010	0
	Water Quality Upgrade - Kaniva	6,000	2,528	0	0	0
	Water Quality Upgrade - Moyston	3,300	1,506	0	0	0
	Water Supply System Upgrades	558	210	470	520	718
	Water Supply System Upgrade - Industrial Fire Flow	550	1,916	910	1,524	1,287
Growth	Water Developer Works Planning & Supervision	40	40	40	40	40
	Water Cont to Developer Works	25	25	25	25	25
Wastewater						
Renewal	Sewer Main Renewals	1,547	2,411	2,575	1,450	1,450
	Waste Water Treatment Plant Major Infr Asset Renewals	745	1,450	745	851	650
	Sewer Pump Station Asset Renewals	880	660	660	660	440
	Wastewater Major OH&S Upgrades	50	50	50	50	50
Compliance	Wastewater System Upgrades	600	400	1,925	1,000	800
	WWTP Desludging	800	250	350	0	500
	Upgrade WWTP & Reuse System - Dimboola	200	1,200	3,000	3,350	0
	Upgrade WWTP & Reuse System - Donald	2,000	552	0	0	0
	WWTP Instrument - Testing Equipment	20	20	20	20	20
Improvement	Sewer System Upgrades	300	300	300	0	200
Growth	Sewerage Scheme - Goroke	500	583	0	0	0
	Horsham Smartwater Integrated Water Management	2,520	0	0	0	0
	WWater Developer Works Planning & Supervision	60	60	60	60	60
	WWater Cont to Developer Works	60	60	60	60	60
Reclaimed Water						
Renewal	Reuse Schemes	0	779	779	272	0
Domestic & Stock						
Renewal	Domestic and Stock Water Main Renewals	29	29	110	29	29
	D&S Meter Replacements	205	288	288	371	1,033
	Domestic and Stock Water Pump Stations Renewals	35	635	80	80	80
	Plant & Equipment	868	740	671	530	125
Improvement	Domestic and Stock Supply System Upgrades	46	46	46	46	46
	Northern Mallee Pipeline Clean Water Stage 2	0	100	1,800	7,330	0
	Domestic and Stock Water Pump Stations Upgrades	20	20	20	20	20
Growth	East Grampians Water Supply Project	46,473	0	0	0	0
Diversions						
Compliance	Surface Water Diversion Metering	8	12	8	8	8
Groundwater						
Compliance	Groundwater Meter Replace Program	41	90	16	17	18
Improvement	Groundwater Monitoring Bores	90	0	0	0	0
Headworks						
Renewal	Dam Safety Reviews	90	140	240	170	220
	Headworks Structure Renewals	510	750	760	3,810	3,840
	Waterway Structures	162	84	59	64	120
Compliance	Dam Safety Works	280	200	360	275	500
	Waterway Structures Upgrades	100	175	225	175	25

Description		2023/24	2024/25	2025/26	2026/27	2027/28
		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Corporate						
Renewal	Computer Software	625	145	120	0	25
	Computer Hardware	1,028	156	36	153	384
	Motor Vehicle Purchases	1,939	1,325	1,057	1,809	1,763
	Plant & Equipment	485	485	485	485	485
	Office Fit-out & Redevelopment	163	167	170	177	180
	Communications Equipment	396	385	362	410	444
Improvement	Energy Efficiency Projects	100	100	100	100	100
Growth	Behind the Meter Projects	950	0	0	0	0
Total Capital Expenditure		83,243	30,084	27,825	36,396	26,026

Appendix 3 - Bulk Water Pricing Review

MARSDEN JACOB ASSOCIATES

economics
public policy
markets
strategy

GWMWater – bulk water pricing review 2023-28

Final report

30 September 2022

A Marsden Jacob Report

Prepared for GWMWater
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1. Introduction

Marsden Jacob Associates has been engaged by GWM Water to undertake a review of bulk water charges to inform its approach for its 2023-28 price submission to the Essential Services Commission.

GWMWater provides a range of water services with water sourced from multiple systems. The pricing policies at GWMWater are based on the principle of 'like-price for like-service' or 'postage stamp' pricing. To the extent there are differing costs in providing different services, cost reflectivity is attempted to be maintained by capturing costs at all elements of the water cycle from 'catchment to tap'.

As a regulated water business GWMWater attempts to maintain consistent prices and avoids having 'bespoke' pricing arrangements. GWMWater has a number of larger customers that are categorised as bulk water customers and in many cases the service provided may vary. The cost of bulk water systems is also recovered from all benefiting customers (urban and rural pipeline) embedded within their tariffs.

The purpose of this review is to assess GWMWater's bulk water prices for the 2023-28 regulatory period, which include:

- Bulk water charges
- Environmental water charges for the Commonwealth Environmental Water Holder and the Victorian Environmental Water Holder
- Recreational Lake water charges.

This review of bulk water pricing has aimed to:

- Adopt the principles of the full cost recovery policy of the National Water Initiative.
- Reflect the water policy context of the Victorian government as reflected in
 - Our Water Our Future (2004)
 - Water for Victoria (2016)
- take into account all data and information that is available including water entitlements and demand projections
- Pricing principles to the extent they are reflected in the Essential Service Commission's 2023-2028 Water Price Review Guidance Paper and the Water Industry Regulatory Order (WIRO).
- To the extent it applies, the ACCC building block model as required by the Commonwealth Water Act 2007.

The next sections of our report include:

- Section 2 which provides background and context for the review of bulk charges
- Section 3 outlines our approach to reviewing headworks costs including an updated forecast Headworks Regulatory Asset Base and Headworks revenue requirement
- Section 4 outlines our assessment and recommendations for allocating headworks costs to bulk water tariffs, taking into account entitlement share and reliability associated with entitlements.

2. Background and context

This section provides an overview of GMMWater's bulk water services provided and prices current charged and the allocation framework for the Wimmera-Mallee system.

2.1 Bulk water services provided

GMMWater provides a range of bulk water services in relation to the Wimmera-Mallee system headworks. These include:

- Headworks management – GMMWater monitors, maintains and operates reservoirs and headworks assets to achieve the following:
 - ensure structural & operational integrity
 - maintain water security
 - facilitate environmental outcomes & mitigate against adverse events
 - manage water quality
 - provide opportunities for recreational activities
 - manage flood impacts
 - facilitate the protection of aboriginal heritage
 - Implement Storage Management rules and environmental program.
- Resource management – GMMWater in its role as Storage Manager, accounts for and allocates water resources within the Grampians Reservoirs, prepares allocation outlooks and undertakes bulk system resource planning and reporting and communication activities.
- Compliance – This includes key activities such as monitor compliance, investigate and mediate disputes between entitlement holders, investigate and deal with significant unauthorised use of water, supervise any qualification of rights made by the Minister
- Environmental delivery services - GMMWater supplies water from its headworks reservoirs and pipelines to waterways and wetland sites specified by environmental water managers. GMMWater actively diverts or directs unregulated waterway flows at the request of environmental water managers, for the purpose of providing environmental benefit.

Appendix 1 provides an overview of current bulk water services provided by GMMWater in relation to the Wimmera -Mallee system.

2.2 Current allocation framework

Table 1 provides a breakdown of the current allocations in the GWMWater’s Wimmera Mallee system.

Table 1: Current entitlements in the Wimmera and Glenelg Rivers bulk water system¹

Entitlement holders	Entitlements (ML)	Share %
GWMWater Urban	16,685	14%
GWMWater Rural	16,005	13%
GWMWater Recreation	3,090	3%
GWMWater Bulk Water	14,450	12%
Environment - CEWH	28,000	24%
Environment - VEWH	40,650	34%
Total	118,790	

Table 2 outlines the basis for the allocation of the water entitlement. All entitlement holders receive the same level of reliability except for the Commonwealth Environmental Water Holder (CEWH) which receives a lower level of reliability. The CEWH only receives allocations on its entitlements after all other entitlement holders receive a 100% allocation.²

Table 2: Current allocation framework for Wimmera and Glenelg Rivers - GWMWater system

WATER AVAILABLE (ML)	A	B	C	D	E	F
	126,050	98,050	75,971	53,459	45,253	0
	100%	78%	60%	42%	36%	
Grampians Wimmera Mallee Water						
System operating water:						
Pipeline and balancing storage losses	2,960	2,960	2,960	2,960	2,960	0
	100%	100%	100%	100%	100%	
Commonwealth Environmental Water Holder	28,000	0	0	0	0	0
	100%	0%	0%	0%	0%	
Glenelg compensation flow	3,300	3,300	825	50	50	0
	100%	100%	25%	2%	2%	
Recreation	3,090	3,090	648	0	0	0

¹ Excluding system losses, wetlands and Glenelg compensation flow entitlements

² BULK ENTITLEMENT (WIMMERA AND GLENELG RIVERS – GWMWATER) ORDER 2010, Schedule 2.

WATER AVAILABLE (ML)	A	B	C	D	E	F
	126,050	98,050	75,971	53,459	45,253	0
	100%	78%	60%	42%	36%	
	100%	100%	21%	0%	0%	
Wimmera-Mallee Pipeline Product (Urban and Rural)	44,720	44,720	36,352	25,725	21,540	0
	100%	100%	81%	58%	48%	
Coliban Water						
Wimmera-Mallee Pipeline Product	300	300	244	173	145	0
	100%	100%	81%	58%	48%	
Wannon Water						
Wimmera-Mallee Pipeline Product	2,120	2,120	1,723	1,220	1,021	0
	100%	100%	81%	58%	48%	
Environment						
Wetlands	1,000	1,000	250	0	0	0
	100%	100%	25%	0%	0%	
Wimmera-Mallee Pipeline Product	40,560	40,560	32,970	23,332	19,537	0
	100%	100%	81%	58%	48%	

Source: BULK ENTITLEMENT (WIMMERA AND GLENELG RIVERS – GMMWATER) ORDER 2010, Schedule 2.

2.3 GMMWater’s current bulk water charges

Table 3 outlines GMMWater 2022-23 bulk water charges, which are the focus of this review. We note that the bulk charges, recreation usage charges and the CEWH’s environmental water charges are regulated by the ESC, and are included in schedule 2 of GMMWater’s current price determination. However, the VEWH’s environmental water charges are not regulated by the ESC, as the VEWH’s supply of environmental water is not considered to be a prescribed service in the WIRO³.

Table 3: 2022-23 bulk water charges

Bulk charges	2022-23 prices - \$ per ML
Bulk allocation	139.12
Usage	139.12

³ <https://www.esc.vic.gov.au/sites/default/files/documents/2018-water-price-review-gmmwater-draft-decision-20180328.pdf>, p.30.

Bulk charges	2022-23 prices - \$ per ML
CEWH - allocation	9.00
CEWH - Usage	18.16
VEWH – allocation	9.00
VEWH - usage	18.16
Recreation - usage	27.41

2.4 Pricing principles

This review of bulk water pricing has sought to:

- Adopt the principles of the full cost recovery policy of the National Water Initiative.
- Reflect the water policy context of the Victorian government as reflected in Water for Victoria (2016)
- Take into account all data and information that is available including water entitlements and demand projections
- Cost and tariff efficiency principles to the extent they are reflected in the Essential Service Commission’s 2023-2028 Water Price Review Guidance Paper⁴ and pricing principles included in the WIRO
- To the extent it applies, the ACCC building block model as required by the Commonwealth Water Act 2007.

2.5 Customer and stakeholder engagement

GWMWater organised individual meetings with bulk water customers and other key stakeholders to seek input into the proposed methodology for the bulk water pricing review. The meetings revisited the approach taken in the 2018 bulk water pricing review and outlined a proposed approach for allocating headworks costs and reviewing bulk water charges for the 2023-28 regulatory period.

Feedback from customers and stakeholders provided and considered in the review is outlined below.

⁴

<https://www.esc.vic.gov.au/sites/default/files/documents/2023%20water%20price%20review%20guidance%20paper%20-%20August%202022%20amendment.pdf>.

Table 4: Summary of customer and stakeholder feedback

Customer and stakeholder Issues raised	Response and proposed approach
How was the initial Regulatory Asset Base value of GWMWater’s Headworks servicing the Commonwealth set and how the value has been updated over time?	The headworks RAB starts with a \$0 opening value in 2004-05 ⁵ based on the Essential Services Commission 2006, Rural water price review final decision and has been updated with actual headworks capital costs to 2021-22 and forecast headworks capital costs from 2022-23 onwards.
How costs for services are allocated across entitlement holders including the Commonwealth in setting prices, taking into account the volume and reliability of entitlements?	Refer to sections 2 and 3 which outline our recommended approach for allocating costs across entitlement holders, and accounting for the lower reliability received by the Commonwealth.
Whether the assumptions on the reliability of Commonwealth entitlements are reasonable.	We have revised the assumptions on the Commonwealth’s forecast reliability in both the allocation of costs and the forecast variable revenue over the 2023-28 regulatory period.
With reference to the 2018 approach, is it appropriate to spread the total headworks costs based on all GWMWater’s water entitlements and water sources not included in the cost base? It might be prudent to provide a comparison of the preferred methodology to a recut based on the entitlement share met by relevant headworks.	The share of entitlements has been updated in Table 1 to only include bulk customers that utilise the headworks system and therefore should only pay a share of headworks related costs. The cost basis has been reviewed to confirm only headworks related costs are included.

⁵ Essential Services Commission 2006, Rural water price review – rural and urban water businesses water plans 2006-07 to 2007-08 final decision GWMWater, p. 19

3. Review of headworks costs 2023-28

In this section we outline our assessment of headworks and the application to bulk charges.

We have focused our review on costs of GWMWater’s headworks system. Bulk customers only utilise the headworks system and therefore should only pay a share of headworks related costs.

3.1 Headworks RAB

As a starting point in assessing the headworks costs to recover from bulk charges we have updated GWM’s headworks regulatory asset base (RAB) for the 2023-28 period. The headworks RAB starts with a \$0 opening value in 2004-05 and has been updated with actual headworks capital costs to 2021-22 and forecast headworks capital costs from 2022-23 onwards. The headworks RAB provides a key input into our estimates for future headworks costs for the 2023-28 regulatory period.

The headworks RAB has been calculated on annual basis consistent with the ESC’s methodology, as follows⁶:

- Opening Asset value
- Plus gross capital expenditure
- Less government contributions
- Less customer contributions
- Less Proceeds from Asset Disposal
- Less regulatory depreciation.

Table 5 provides a breakdown of the forecast 2023-28 headworks RAB for GWMWater.

Table 5: Regulatory Asset Base for headworks, 2023-28, \$million, \$2022-23

Headworks RAB, \$2022-23, \$million	2023-24	2024-25	2025-26	2026-27	2027-28
Opening asset base	64.4	64.6	65.0	65.7	69.1
plus Gross capex	1.1	1.3	1.6	4.5	4.7
less Government contributions	0.0	0.0	0.0	0.0	0.0

⁶<https://www.esc.vic.gov.au/sites/default/files/documents/2023%20water%20price%20review%20guidance%20paper%20-%20August%202022%20amendment.pdf>, p.38.

Headworks RAB, \$2022-23, \$million	2023-24	2024-25	2025-26	2026-27	2027-28
less Customer contributions	0.0	0.0	0.0	0.0	0.0
less Proceeds from disposals	0.0	0.0	0.0	0.0	0.0
less Regulatory depreciation	(1.0)	(1.0)	(1.0)	(1.0)	(1.1)
Closing asset base	64.6	65.0	65.7	69.1	72.7

3.2 Headworks Revenue requirement

We then estimated a headworks revenue requirement for the 2023-28 regulatory period, consistent with the ESC's approach to water and sewerage pricing, which includes:

- Operating expenditure
- Return on Assets
- Regulatory Depreciation.

To develop an estimate of operating costs, we have used GMMWater's well-established system for the costing of direct and indirect costs against different business segments and the planning of maintenance and operational activities. The methodology for allocation of direct and indirect costs is outlined in GMMWater's Corporate Cost Allocation Framework.

All expenditure is 'directly' costed to the relevant line of business to which it relates. Only 'indirect' costs which are generally associated with corporate activities are allocated under the framework. Using this approach, average annual headworks operating costs have been estimated at \$4.60M, which includes the following:

Table 6: Headworks average annual operating costs, 2023-28, \$million, \$2022-23

Operating cost Categories	Annual operating costs
Operations	2.00
Maintenance	0.49
Administration	2.08
Environmental Contribution Levy	0.03
Total headworks annual operating costs	4.60

To estimate forecast regulatory depreciation on new assets, we have used an average asset life of 80 years across all assets. Regulatory depreciation on existing assets is based on the actual average asset life of GWMWater’s headworks assets when added to the Regulatory Asset Base. Forecast regulatory depreciation also includes an allocation of corporate regulatory depreciation costs.

We have assumed a rate of return consistent with the ESC’s forecasts which is applied to the estimated headworks Regulatory Asset Base.

Table 7: Regulatory Rate of Return, 2023-28

	2023-24	2024-25	2025-26	2026-27	2027-28
Regulatory rate of return	2.55%	2.36%	2.26%	2.17%	2.11%

Table 8 provides a breakdown of the forecast annual revenue requirement for headworks, which averages \$7.5 million per annum.

Table 8: Headworks forecast revenue requirement 2023-28, \$million, \$2022-23

Revenue requirement, \$2022-23, \$million	2023-24	2024-25	2025-26	2026-27	2027-28	Average annual revenue requirement
Return on assets	1.6	1.5	1.5	1.5	1.5	1.5
Depreciation - headworks	1.0	1.0	1.0	1.0	1.1	1.0
Depreciation – corporate allocation	0.3	0.3	0.3	0.3	0.4	0.3
Operating expenditure	4.6	4.6	4.6	4.6	4.6	4.6
Total	7.5	7.4	7.4	7.5	7.6	7.5

4. Approach to allocating costs and options for reviewing bulk water prices

This section outlines our assessment of approaches for allocating the recovery consistent with principles of cost reflective pricing.

4.1 Cost allocation based on entitlement

We consider a reasonable a starting point for allocating headworks costs to inform the review of bulk water charges would be to allocate costs based on share of bulk water entitlements to GMMWater’s Wimmera Mallee headworks system.

We consider this approach is consistent with the ESC’s cost reflective pricing principles, on the basis that it reflects the potential demand on the system of the entitlement holders. This approach is also consistent with other bulk water service providers, including Melbourne Water’s approach for setting bulk water charges to metropolitan retail water businesses and Goulburn Murray Water’s bulk storage fees.

Table 9: Wimmera-Mallee system entitlements by category

Entitlement holder categories	Entitlements (ML)	Share %
GMMWater Urban	16,685	14%
GMMWater Rural	16,005	13%
GMMWater Recreation	3,090	3%
GMMWater Bulk Water	14,450	12%
Environment - CEWH	28,000	24%
Environment - VEWH	40,560	34%
Total	118,790	

The following shows the allocation of the forecast 2023-28 average annual revenue requirement to entitlement holders based on entitlement share. This allocation of headworks costs is on the basis on that all entitlements are equal in their level of reliability. This equates to \$62.70 per ML of entitlement.

Table 10: Allocation of headworks costs based on entitlement

	Entitlement share	Share of average annual revenue requirement, \$M 2023-28	Average cost per entitlement \$ per ML
GWMWater Urban	14%	\$1.0	\$62.70
GWMWater Rural	13%	\$1.0	\$62.70
GWMWater Recreation	3%	\$0.2	\$62.70
GWMWater Bulk Water Customers	12%	\$0.9	\$62.70
Environment – CEWH	24%	\$1.8	\$62.70
Environment – VEWH	34%	\$2.6	\$62.70
Total		\$7.5	\$62.70

4.2 Discount for CEWH based on reliability – historical allocations

As noted above, the CEWH’s entitlements have a lower reliability compared with other bulk water entitlements. On this basis we consider it is reasonable to discount the cost allocation to the CEWH compared with other Wimmera-Mallee Pipeline Project (WMPP) entitlement holders.

In assessing options for discounting the entitlement share for the CEWH, we consider using the relative levels of reliability between the CEWH with other WMPP customers provides a reasonable basis. This is on the basis that all other WMPP entitlement holders receive, on average, X times the amount of allocations as the CEWH on a per ML of entitlement basis, and hence should pay X times per ML of entitlement compared with the CEWH.

This approach is consistent with discounting for lower reliability or setting of price premiums for higher security used by other bulk water suppliers, including WaterNSW. WaterNSW’s approach has been approved by IPART in multiple pricing reviews, including IPART’s most recent determination for WaterNSW in 2021.⁷

In applying this approach, we have set the discount using modelled average historical allocations over a 129 year-period for the CEWH and other WMPP customers from 1891 to 2020. This is the reliability level used for establishing the CEWH’s Bulk Entitlements.⁸

Using the average allocation for the CEWH and the WMPP customers we generate the CEWH’s relative reliability at 80.1%.

⁷ https://www.ipart.nsw.gov.au/documents/final-report/final-report-review-water-nsws-rural-bulk-water-prices-september-2021?timeline_id=6913

⁸ Department of Sustainability and Environment, Explanatory note for bulk entitlements and environmental entitlements, March 2012, p.5. To note the allocations were based on data from 1891 to 2009, whereas the data used for our analysis was from 1892 to 2020.

Table 11: Relative reliability ratio of CEWH cost allocation

Average Allocation	CEWH	Other WMPP customers	Relative reliability ratio
Historic scenario – 129 years	74.4%	92.9%	80.1%

4.2.1 Adjusted revenue recovery based on CEWH discount

Using the reliability ratio calculated above we adjusted the revenue recovery based on the following:

- Set CEWH cost recovery at 80.1% of other higher reliability customers. On this basis, other WMPP customers pay 1.25 times the CEWH on a \$per ML basis
- All other entitlement holders would increase their revenue share.

Table 12: Allocation of headworks costs – discount for CEWH

	Entitlement share	\$per entitlement - adjusted	Adjusted revenue recovery - \$million
GWMWater Urban	14%	65.8	1.1
GWMWater Rural	13%	65.8	1.1
GWMWater Recreation	3%	65.8	0.2
GWMWater Bulk Water Customers	12%	65.8	1.0
Environment – CEWH	24%	52.7	1.5
Environment – VEWH	34%	65.8	2.7
Total headworks cost allocation			7.5

4.2.2 Bulk water prices for 2023-28 – historical allocations

We have assessed what projected bulk water prices would be for the 2023-28 period when aligning to the adjusted cost allocation included in Table 12. To forecast revenue and prices we have also used average demand over the past 12 years for each bulk water customer category. Table 13 provides a breakdown of forecast prices and price changes required to align with the adjusted cost allocation based on historical allocations.

Under this scenario we note that:

- Significant price increases would be required for CEWH and the VEWH to match the \$per entitlement revenue share. Prices for VEWH would also need to differ to the CEWH to match the revenue shares.
- Price for bulk customers would reduce by 60%

- We have retained current prices for recreation customer on the basis that shortfall in cost is being recovered through urban and rural customer recreation contributions⁹.

Table 13: Pricing scenario – with discount for CEWH using historical allocation scenario

Bulk charges	2022-23 prices - \$ per ML	2023-24 price adjustment	Proposed prices	Forecast volumes (ML)	Forecast annual revenue - \$million
Bulk - allocation	139.12	-55%	\$63.21	14,450	\$0.91
Bulk - usage	139.12	-55%	\$63.21	578	\$0.04
CEWH - allocation	9.00	444%	\$49.14	28,000	\$1.38
CEWH - usage	18.16	444%	\$98.93	1,051	\$0.10
VEWH – allocation	9.00	248%	\$31.43	40,560	\$1.28
VEWH - usage	18.16	248%	\$63.27	22,005	\$1.39
Recreation - usage	27.41	0%	\$27.42	2,504	\$0.07
Total Revenue – bulk water customers only					\$5.17

Given the material price increases for the CEWH and VEWH that would be required under this scenario, the next section we explore alternative climate adjusted average allocation scenarios in the setting of the reliability ratio.

4.3 Discount for CEWH based on reliability – post 1997 scenario

As an alternative to using historical average allocations, we have assessed average historical allocations over 129 year-period that have been adjusted to represent post-1997 weather conditions for CEWH and other WMPP customers. We note that the post-1997 adjusted average allocations more closely reflect allocations over the past decade.

Using the average allocation for the CEWH and the WMPP customers under this scenario we generate CEWH’s relative reliability to other WMPP customers at 8.6%.

Table 14: Relative reliability ratio of CEWH cost allocation – post-1997 scenario

Average Allocation	CEWH	Other WMPP customers	Relative reliability ratio
Post 1997 scenario – 129 years	5.3%	61.6%	8.6%

⁹ GMMWater, 2020-21 Annual Report, p.30.

4.3.1 Adjusted revenue recovery based on CEWH discount – post-1997 scenario

Using the reliability ratio calculated above we adjusted the revenue recovery based on the following:

- Set CEWH cost recovery at 8.6% of other higher reliability customers. On this basis, other WMPP customers pay 11.6 times the CEWH on a \$per ML basis
- All other entitlement holders would increase their revenue share to \$79.20 per ML.

Table 15: Allocation of headworks costs – discount for CEWH using a post-1997 scenario

	Entitlement share	\$per entitlement - adjusted	Adjusted revenue recovery - \$million
GMMWater Urban	14%	79.2	\$1.3
GMMWater Rural	13%	79.2	\$1.3
GMMWater Recreation	3%	79.2	\$0.2
GMMWater Bulk Water Customers	12%	79.2	\$1.2
Environment – CEWH	24%	6.9	\$0.2
Environment – VEWH	34%	79.2	\$3.2
Total headworks cost allocation			\$7.5

4.3.2 Bulk water prices for 2023-28 – post 1997 allocations

We have assessed what the projected bulk water prices would be for the 2023-28 regulatory period when aligning to the adjusted cost allocation included in Table 17.

Table 18 provides a breakdown of forecast prices and price changes required to align with the adjusted cost allocation using the post-1997 allocations.

Under this scenario we note that:

- CEWH cost recovery is set at 8.6% of other higher reliability customers. Other WMPP customers pay 11.6 times the CEWH on a \$per ML basis
- For the CEWH it results in a lower revenue recovery compared with current prices, therefore would result in a real price reduction of 30%
- VEWH charges would require a 324% price increase to match its cost allocation
- Bulk water prices would reduce by 45% to match its cost allocation
- As with the historical usage scenario, we have retained current prices for recreation customer on the basis that shortfall in cost is being recovered through urban and rural customer recreation

contributions.

Table 16: Pricing scenario – based on entitlement share with post-1997 discount for CEWH

Bulk charges	2022-23 prices - \$ per ML	2023-24 price adjustment	Proposed prices - \$	Forecast volumes (ML)	Forecast annual revenue - \$million
Bulk - allocation	139.12	-45%	\$76.52	14,450	\$1.1
Bulk - usage	139.12	-45%	\$76.52	578	\$0.0
CEWH - allocation	9.00	-30%	\$6.31	28,000	\$0.2
CEWH - usage	18.16	-30%	\$12.73	1,051	\$0.0
VEWH – allocation	9.00	324%	\$38.26	40,560	\$1.6
VEWH - usage	18.16	324%	\$77.02	22,005	\$1.7
Recreation - usage	27.41	0%	\$27.42	2,504	\$0.1
Total Revenue – bulk water customers only					\$4.7

4.4 Discount for CEWH and VEWH based on reliability – post 1997 scenario

Under this scenario we have applied CEWH’s relative reliability to other WMPP customers using the post-1997 scenario at 8.6%, consistent with the scenario in section 4.3. Additionally, in this scenario we have factored in a discount for the VEWH on the basis that broader benefits that are provided to the community through the water that is supplied to the environment.

4.4.1 Adjusted revenue recovery based on CEWH and VEWH discount – post-1997 scenario

Using the reliability ratio calculated above we adjusted the revenue recovery based on the following:

- Set CEWH cost recovery at 8.6% of other higher reliability customers. On this basis, other WMPP customers pay 11.6 times the CEWH on a \$per ML basis
- Discount provided to the VEWH so that cost recovery remains consistent with current levels
- All other entitlement holders would increase their revenue share to \$126.40 per ML.

Table 17: Allocation of headworks costs – post-1997 scenario discount for CEWH and VEWH

	Entitlement share	\$per entitlement - adjusted	Adjusted revenue recovery - \$million
GWMWater Urban	14%	126.4	\$2.1
GWMWater Rural	13%	126.4	\$2.0
GWMWater Recreation	3%	126.4	\$0.4
GWMWater Bulk Water Customers	12%	126.4	\$1.8
Environment – CEWH	24%	10.9	\$0.3
Environment – VEWH	34%	19.6	\$0.8
Total headworks cost allocation			\$7.5

4.4.2 Bulk water prices for 2023-28 – post 1997 allocations discount for CEWH and VEWH

We have assessed what projected bulk water prices would be for the 2023-28 period when aligning to the adjusted cost allocation included in Table 17.

Table 18 provides a breakdown of forecast prices and price changes required to align with the adjusted cost allocation using the post-1997 allocations.

Under this scenario we note that:

- CEWH cost recovery is set at 8.6% of other higher reliability customers (excluding the VEWH). Other WMPP customers pay 11.6 times the CEWH on a \$per ML basis
- We have assumed that VEWH charges would remain aligned to the CEWH prices and therefore are unchanged
- Under this scenario, bulk water prices would reduce by 13% to match the cost allocation
- As with the historical usage scenario, we have retained current prices for recreation customer on the basis that shortfall in cost is being recovered through urban and rural customer recreation contributions.

Table 18: Pricing scenario –post-1997 scenario discount for CEWH and VEWH

Bulk charges	2022-23 prices - \$ per ML	2023-24 price adjustment	Proposed prices - \$	Forecast volumes (ML)	Forecast annual revenue - \$million
Bulk - allocation	139.12	-13%	\$121.51	14,450	\$1.8

Bulk charges	2022-23 prices - \$ per ML	2023-24 price adjustment	Proposed prices - \$	Forecast volumes (ML)	Forecast annual revenue - \$million
Bulk - usage	139.12	-13%	\$121.51	578	\$0.1
CEWH - allocation	9.00	0%	\$9.00	28,000	\$0.3
CEWH - usage	18.16	0%	\$18.16	1,051	\$0.0
VEWH – allocation	9.00	0%	\$9.03	40,560	\$0.4
VEWH - usage	18.16	0%	\$18.18	22,005	\$0.4
Recreation - usage	27.41	0%	\$27.42	2,504	\$0.1
Total Revenue – bulk water customers only					\$2.9

4.5 Recommendations for reviewing bulk water prices for 2023-28

We consider using entitlement share in the Wimmera-Mallee bulk water system is a reasonable basis for reviewing GMMWater’s bulk water prices for the 2023-28 regulatory period. It is also consistent with the ESC, WIRO and National Water Initiative pricing principles related to cost reflective pricing. Entitlement share reflects potential demand on the system and therefore provides a reasonable basis for allocating costs. It is also consistent with the approach taken by other bulk service providers.

We also consider it is reasonable to provide a discount based on a relative reliability of the CEWH’s bulk entitlement. Using average historical allocations over a 129 year-period provides a reasonable basis for setting a discount for the CEWH and is consistent with the reliability level used for establishing the CEWH’s Bulk Entitlements.

In applying a discount to the prices charged to the CEWH, GMMWater may also want to consider factoring in recent historical actual allocations. We have provided scenarios in section 4.3 and 4.4 which base the relative reliability discount for the CEWH on average historical allocations adjusted for post-1997 weather conditions. We consider it would be reasonable for GMMWater to increase the discount provided to the CEWH up to the relative reliability based on the post-1997 scenario average allocations, which are similar to more recent historical allocations.

We also understand that GMMWater may seek to provide a discount to the revenue recovered from the VEWH on the basis of the broader environmental benefits provided to the community. This is consistent with the scenario included section 4.4. Under this scenario, GMMWater would need to account for the impacts associated with a discount to the VEWH on the overall cost recovery across the CEWH, bulk water customers and other urban and rural customers.

If GMMWater is considering price increases for the 2023-28 regulatory period, they would also need to ensure they are consistent with the ESC and WIRO pricing principles, including the avoidance of price shock. We note this was a concern raised by the ESC during the 2018 price review process.

For bulk prices, we consider that to be cost reflective it is reasonable to introduce a price reduction for the 2023-28 regulatory period. The level of price reduction will depend on the level of discount provided for the environmental water charges for the CEWH and the VEWH, as shown in the scenarios above.

We also consider it is reasonable to retain recreation usage charges at their current level on the basis that additional contributions are received to cover recreational headworks costs through urban and rural recreation contributions.

Appendix 1. Bulk water services provided by GWMWater

Service	What Occurs	Why GWMWater is responsible?	Who benefits	What costs are involved
Headworks Management	<p>GWMWater monitors, maintains and operates reservoirs and headworks assets to achieve the following:</p> <ul style="list-style-type: none"> • ensure structural & operational integrity • maintain water security • facilitate environmental outcomes & mitigate against adverse events • manage water quality • provide opportunities for recreational activities • manage flood impacts • facilitate the protection of aboriginal heritage • Implement Storage Management rules and environmental program 	<p>Storage Manager Appointment</p> <p>Statement of Obligations</p>	All entitlement holders	<p>Planning and directing the operation of headworks for water harvesting / transfers (corporate labour). Operation of headworks assets for the purpose of water harvesting or transfers (operational labour). Maintenance and up-keep of reservoirs and headworks assets (inc. channels, regulators). Dam safety program (inspections, assessments & surveillance). Upgrade works, capital replacements of assets over time. Water monitoring of headworks and monitoring used to inform headworks operations (operational/ contractor/capital replacement costs). Property insurance of dams and headworks assets, excluding pipelines.</p>


Service	What Occurs	Why GMMWater is responsible?	Who benefits	What costs are involved
Headworks Management (administration)	<p>In consultation with entitlement holders:</p> <ul style="list-style-type: none"> • Prepare, review and update Storage Management Rules • Prepare an annual operating plan • Prepare a program to assess and manage the environmental effects of operating weirs and storages facilitate water trade 	<p>Storage Manager Appointment</p> <p>Statement of Obligations</p>	All entitlement holders	Operational planning, Storage Management Rules updates, BE reviews, reviews of operating rules, system rules (Corporate labour, consultant fees), water monitoring data/ information.
Resource Management	GMMWater in its role as Storage Manager, accounts for and allocates water resources within the Grampians Reservoirs, prepares allocation outlooks and undertakes bulk system resource planning and reporting and communication activities.	<p>Storage Manager Appointment</p> <p>Statement of Obligations</p>	All entitlement holders	Resource Management, water allocation, bulk water resource planning & modelling, bulk water resource reporting obligations, reviewing entitlement holder plans (corporate costs). Water monitoring used for reporting and to inform resource management & planning (operational/contractor/capital replacement costs), Storage Manager Website upkeep.
Compliance	<ul style="list-style-type: none"> • Monitor compliance • investigate and mediate disputes between entitlement holders, • investigate and deal with significant unauthorised use of water, <p>supervise any qualification of rights made by the Minister</p>	<p>Storage Manager Appointment</p> <p>Statement of Obligations</p>	All entitlement holders	Operational cost (on-ground compliance checks), corporate labour.


Service	What Occurs	Why GMMWater is responsible?	Who benefits	What costs are involved
Corporate (Administration)	<p>Corporate governance and administration activities undertaken in accordance with legislation, Instrument of Delegations, Board and management policies, Committee Charters and GMMWater Customer Charters.</p> <p>Maintain systems and processes to support the undertaking of storage manager functions and environmental services:</p> <ul style="list-style-type: none"> • integrated resource planning • financial management services • regulatory accounting • taxation compliance • information and communications systems • human resource management • internal and external audit • planning and monitoring corporate strategies, budgets and pricing submission 	<p>Ministerial delegations and directions</p> <p>Statement of Obligations</p> <p>Storage Manager Appointment</p>	All entitlement holders	Corporate governance and administration costs allocated based on proportion of labour and contractor costs incurred to support the headworks operations, maintenance and administration activities. Costs include proportion of administration costs not directly costed to the relevant line of business to which it relates. Functional areas include Executive (including Board, Managing Director and Executive Managers), finance, regulation and assurance, human resources, information and communication technology, legal and corporate resources.

Service	What Occurs	Why GMMWater is responsible?	Who benefits	What costs are involved
Environmental Delivery Services (Headworks)	GMMWater delivers water from reservoirs at rates and in patterns specified by environmental water managers, and re-regulates at downstream locations to meet environmental objectives.	GMMWater's Bulk Entitlement & Storage Manager Appointment (4.1b) Statement of Obligations	Environmental water holders	Coordinating implementation of environmental watering plans (corporate labour). On ground activities to deliver environmental watering plans (operational labour). Water monitoring used solely for the measurement of environmental delivery or proportionate cost if shared use. Maintenance of delivery assets used solely for environmental water delivery. Accounting for and maintaining accounts of environmental water delivery (corporate labour).
Environmental Delivery Services (Wetlands – Pipeline Supplied).	GMMWater supplies water from its pipeline to wetland sites specified by environmental water managers.	GMMWater's Bulk Entitlement & Storage Manager Appointment (4.1b) Statement of Obligations	Environmental water holders (VEWH only)	Coordinating implementation of environmental watering plans (corporate labour). On ground activities to conduct water delivery (operational labour). Pipeline operational cost. Accounting for and maintaining accounts of environmental water delivery (corporate labour). Maintenance and replacement of meters.
Environmental Delivery Services (ad-hoc)	GMMWater actively diverts or directs unregulated waterway flows at the request of environmental water managers, for the purpose of providing environmental benefit.	Storage Manager Appointment Statement of Obligations	Environment	Operational cost of on-ground works (operational labour). Coordination of on-ground works (corporate labour).
Other Services	Attendance upon request at environmental advisory groups, workshops, review of watering proposals etc.	Storage Manager	Environmental Water holders/ all entitlement holders.	Corporate labour, travel.


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Appendix 4 - Glossary of Terms

ADWG	Australian Drinking Water Guidelines
ANCOLD	Australian National Committee on Large Dams
BE	Bulk Entitlement
BGA	Blue Green Algae
BMP	Biosolids Management Plan
BOOT	Build, Own, Operate and Transfer
CMA	Catchment Management Authority
COATED	Customer, Organisation, Accountable, Transparent, Efficient, Disciplined
CSO	Community Service Obligation
D&C	Design and Construct
D&S	Domestic and Stock
DELWP	Department of Environment, Land, Water and Planning
DHHS	Department of Health and Human Services
DRAP	Dams Risk Assessment Program
DTF	Department of Treasury and Finance
EC	Electrical Conductivity
EIP	Environmental Improvement Plan
EMP	Emergency Management Plan
EMS	Environmental Management System
EPA	Environment Protection Authority
ESC	Essential Services Commission
EWOV	Energy and Water Ombudsman of Victoria
FAL	Financial Accommodation Levy
FRD	Financial Reporting Direction
GMP	Groundwater Management Plan
G-MW	Goulburn-Murray Water
HAA	Haloacetic Acids / Halogenated Acetic Acids
IPART	Independent Pricing and Regulatory Tribunal
KPI	Key Performance Indicators
KRA	Key Result Areas
MOU	Memorandum of Understanding

NMP	Northern Mallee Pipeline
PREMO	Performance, risk, engagement, management and outcomes
RAB	Regulatory Asset Base
REALM	REsource ALlocation Model
RIS	Regulatory Impact Statement
RMP	Risk Management Plan
ROA	Return on Assets
ROE	Return on Equity
SBA	Supply by Agreement
SCADA	Supervisory Control and Data Acquisition
SDWA	Safe Drinking Water Act
SEPP	State Environment Protection Policy
SFMP	Streamflow Management Plan
SMP	Salinity Management Plan
SoO	Statement of Obligations
TCV	Treasury Corporation Victoria
TDS	Total Dissolved Solids
TER	Tax Equivalent Regime
THM	Trihalomethane
TWA	Trade Waste Agreement
VWIA	Victorian Water Industry Association
WACC	Weighted Average Cost of Capital
WHO	World Health Organisation
WIRO	Water Industry Regulatory Order
WMPP	Wimmera Mallee Pipeline Project
WMW	Wimmera Mallee Water
WQMP	Water Quality Management Plan
WSA	Water Services Agreement
WSM	Wimmera Southern Mallee
WSPA	Water Supply Protection Area
WTP	Water Treatment Plant
WWMP	Wastewater Management Plan
WWTP	Wastewater Treatment Plant