

Planned address to ESC in Shepparton Tuesday 23 April 2024 on behalf of Unregulated Domestic and Stock Diversion customers of GMW.

A short history on the management of fees, accounts and services for Unregulated Domestic and Stock customers (UDS) as managed by GMW and approved by ESC.

In 2016 ESC approved the proposed fees by GMW for diverters after the Diverters Tariff Strategy (DTS) was published by GMW.

During the development of the DTS, UDS were not consulted.

During the ESC review of 2016 prices, ESC employed INDEC to report on the GMW proposed prices. No mention is made of UDS in the INDEC report.

The forgotten class of customer!

After 2016 UDS saw huge price increases and the introduction of a new licence fee which was before this period included in annual fees. The fees increased by more than 10% per year over an 8 year period. Is this acceptable?

In the 2020 price review of GMW price submission. ESC was aware of concerns by UDS about fee increases. They still did nothing to investigate or regulate prices for our class of customer. ESC employed AITHER to conduct investigations into proposed fees by GMW. AITHER were not asked to look at fees for UDS. It was only after the price submission by GMW to ESC that ESC asked AITHER to investigate further. Time was limited and the report is full of terms such as high level, assumptions and information lacking. ESC and GMW have had 8 years to "get this right".

At last, during the 2024 review for GMW prices, ESC directed GMW to consult with customers in a better way. GMW employed some ex GMW executives (DG Consulting) to review the fees and justify by demonstrating costs associated with the fees. GMW could not justify and DGC found that the fees were based on a lot of cost assumptions. DG Consulting used dismissive terms for the input by UDS people. "No intrinsic value" "would cost more than it would save"

During this period (2024 price submission and review) GMW have promoted the idea that to separate UDS from other Diverters would cost more money than savings it would achieve. One needs to question this statement. Who would it cost? Who would benefit from savings? Would it in fact remove cross subsidisation?

Presently, ESC employed EGIS to conduct an investigation into the current GMW price submission and asked them to look into some of the fees being charged to UDS customers. One can only assume that this is a result of complaints received.

EGIS reported that they could not find a cost basis for fees for some customer classes. ESC released the DRAFT response to GMW saying that Service Fees were not approved, to justify the costs associated, beef up their assumptions and change the name of this so called service.

- Why did ESC stop there?
- Why are assumptions permitted?
- And why did ESC NOT make a price determination for the fees for the class of customer who has been over paying and cross subsidising for the last eight years?

Our (UDS) experience with GMW and ESC over the last eight years has caused us to question the entire fee charging of GMW for UDS. Not just the Service Point fees. In fact it seems odd that ESC have focused only on the Service Point fee as it relates to Unregulated Domestic and Stock customers and not all of the other fees. As highlighted many times, ESC determine the MAXIMUM that can be charged and leave discretion to GMW to charge appropriately – carte blanche for GMW to charge the maximum. Bears no reflection of the actual costs incurred by the different customer class which equals more cross subsidisation.

- Customer fee of \$130 per year is excessive for merely keeping an account and sending a bill. UDS customers cannot trade, transfer, order, have restrictions applied or managed and report lack of water provides no results.
- Access fee – \$83 for 2 ml - not relevant for UDS
- Water register fee – \$15, passed on from DEECA was once incorporated in annual fee. UDS only have changes during a property transfer. Why the need for an annual fee.
- Resource Management Fee - \$6.46. Surely, for people who do not receive any GMW resource management, this is just another tax.
- License fee - \$700 over 15 years. Was once incorporated in annual fees. So the \$700 is to cover a 15 yearly inspection and review of paperwork. To the UDS customer, this is excessive.
- All of the above plus the \$145 Service Point Fee adds up to more than \$430 per year for some record keeping and a one in 15 year inspection and rights to unpotable water.

All of the fees charged by GMW are excessive or irrelevant for UDS and in need of urgent review by ESC. Or, are the concerns of 3,000 plus customers not worthy of ESC time and resources?

Why has ESC not gone to any effort to understand the physical situation of no services provided by GMW for over 3,000 UDS customers? Why do ESC not meet with affected customers directly and continually leave it to GMW to protect their realm?

ESC has roles of reviewing and regulating prices for essential services industries. Why have ESC not reviewed or regulated prices for the 3,000 plus UDS customers of GMW before now. Is it just reliance on GMW to provide their skewed information to ESC? Or, is this ignorance of the industry and customer classes within or, negligence?

GMW have had plenty of opportunity over recent years to justify to ESC costs for services to UDS and have failed. It is about time ESC did the right thing and specified what the fees should be.

Has GMW responded to the ESC Draft approval of prices for 2024?

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In summary, Unregulated Domestic and Stock customers (UDS) have been neglected and ignored by GMW (Goulburn Murray Water) and ESC (Essential Services Commission) in terms of fees and services. The above highlights the lack of consultation with UDS during price reviews until recently, the significant price increases for UDS, and the failure of ESC to investigate or regulate prices for this customer class. We also question the justification and appropriateness for certain fees charged to UDS and calls for urgent review and regulation by ESC. We are critical of GMW for not justifying costs for UDS services and calls on ESC to specify what the fees should be.

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- We do not believe ESC has inspected the situation of “services” by GMW to UDS thoroughly.
- ESC has requested on many occasions that GMW justify fees for UDS.
- ESC is only receiving data from GMW and it is skewed.
- GMW responses have been unable to and not justified the fees being charged for UDS.
- So why are we compelled to pay such unjustified fees? No justification should mean no fees.
- It is about time ESC made a determination for the level of fees that have been justified.
- It is not only the service point fees that are not appropriate for UDS. Each of the fees levied by GMW need detailed review as to their suitability for UDS.
- We have called on ESC to review all of the fees with regard to UDS before and they have not. ESC has left it to GMW to defend the realm without any detailed oversight.
- We need ESC to take immediate action on fees being charged by GMW for UDS on the basis of because they have and continue to do so simply because of a failure in the review system.
- We would be happy to work with ESC to help them to understand the physical situation of the “service provision” by GMW from the UDS perspective.