GOULBURN-MURRAY WATER 2016 WATER PLAN CUSTOMER RESEARCH REPORT

January 2016

NEWGATE RESEARCH

REPORT PREPARED FOR

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DISCLAIMER

In preparing this report we have presented and interpreted information that we believe to be relevant for completing the agreed task in a professional manner. It is important to understand that we have sought to ensure the accuracy of all the information incorporated into this report.

Where we have made assumptions as a part of interpreting the data in this report, we have sought to make those assumptions clear. Similarly, we have sought to make clear where we are expressing our professional opinion rather than reporting findings. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making.

The qualitative research findings included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population.
For the quantitative research results, the base (number and type of respondents asked each question) and the actual survey questions are shown at the bottom of each page. Results may not always total 100% due to rounding.

This project was conducted in accordance with AS: ISO20252:2012 guidelines, to which Newgate Research is accredited. Project reference number: NGR 1510002.

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NEWGATE RESEARCH

EXECUTIVE SUMMARY

This summary outlines the key findings from an in-depth, independent qualitative research study by Newgate Research into customer perceptions of Goulburn-Murray Water's (GMW's) proposed transition to a new fee structure for its gravity irrigation services. The proposed changes are detailed in GMW's 2016 Water Plan and apply to its four-year regulatory period from 1 July 2016. The research involved n=62 in-depth interviews with a robust stratified random sample of customers of varying sizes and from across GMW's six regions. The interviews were conducted via telephone between December 2015 and January 2016 and lasted an hour each on average. The findings are both qualitative and quantitative, and Newgate Research believes that together, they accurately represent the views of customers overall.

BASELINE PERCEPTIONS & EXPECTATIONS

- To provide context to the findings, customers were asked about their perceptions of the value for money and delivery service quality provided by GMW.
  - Opinions were divided about the value for money of the delivery services, with an average rating of 5.2 on a scale where 0 meant very poor and 10 meant excellent.
  - By contrast, most felt their delivery service needs were being met (74%) or exceeded (6%). However, around one in five (nett 19%) thought the service was below expectations.
- Key unprompted, desired areas for improvement centred on GMW finding ways to reduce costs and prices, continuing the modernisation program, improving water quality, ensuring prompt and reliable access to water, maintaining channels and other infrastructure, and improving communications. Notably, the large majority of customers were unwilling to pay any more for these improvements.
- Price sensitivity was explored, with many customers saying they would notice *any* price increase or decrease. On average, they indicated that prices would need to decrease by 22% to be noticeable and meaningful, while *on average* an increase of 8% would be a material difference. Larger customers were generally more price sensitive than smaller ones, as well as those in irrigation areas currently charged more than others.

IN-PRINCIPLE VIEWS ON UNIFORM PRICING

- Most participants thought it was quite important for customers across all irrigation areas to receive the same minimum service levels, with an average importance rating of 7.8 out of 10.
- Most (79% overall) also thought that customers who receive the same minimum delivery service levels should be charged the same prices. This sentiment ranged from 64% in Central Goulburn to 100% in Shepparton.
- A small majority (53%) felt that even though it costs more to deliver services to some customers, those customers shouldn't necessarily be charged more – and that prices should probably be 'evened out' or 'averaged' across all customers.

WATER PLAN CONSULTATION

- Awareness of the current price review process was quite high, at 73% overall, but notably lower in Shepparton (56%).
- The main sources of information were through word of mouth, local newspapers and directly from GMW. Seven participants had attended one of GMW's information sessions; they came from across all areas and customer sizes.
- It is worth noting that customers responded very positively to this research process, and most commented at the end of the interview that they appreciated the opportunity to participate.

EXECUTIVE SUMMARY CONT'D

REACTIONS TO THE PROPOSED CHANGES

- Those who were previously aware that the price review process was underway were asked to rate how acceptable they thought the proposed changes were, on a scale where 0 meant not at all and 10 meant totally acceptable. On average, ratings were reasonably low, at 4.0, and with 42% of the sample offering a rating of 5 or more.
  - Key reasons for the relatively low ratings were concerns that prices would be increasing, and to a lower level, that some customers would be subsidising others – particularly those in less efficient / more costly parts of the system.
- The concept and rationale for the transition to uniform pricing for the Infrastructure Access Fee (IAF) and Infrastructure Use Fee (IUF) was outlined to *all* participants and the acceptability of this was measured using the same rating scale. In principle acceptability was reasonably high, with 55% of the research participants rating this 7 or higher, and an average of 6.1. Indeed, three quarters (74%) rated this 5 or more, while 11% felt this was not at all acceptable.
  - The key reasons for higher acceptability ratings were that it sounded like a positive and fair move to implement cost efficiencies and savings, although many remained sceptical that this would actually be achieved.
- Once the specific rates proposed for the IAF and IUF were explained to customers, acceptability increased further. The average rating rose to 6.6 out of 10, with two in three participants (65%) giving a relatively high rating of 7 or more. Four in five (nett 79%) gave a 5 or higher, while 11% maintained that this was not at all acceptable.
  - The main reasons for higher acceptability ratings were that customers could see that they would benefit, and it seemed fair even if they may not benefit as much as some customers. There was still quite a degree of scepticism that the proposed changes would actually be implemented.
- In the final part of the interview, participants were given an estimate of the effect of the proposed changes on their overall delivery service charges for the final year of the regulatory period in 2019/20 – when the new prices would be fully implemented. This included the impact of service point fee increases, and there was some drop-off in support for the proposed changes. At this point, the majority (55%) still gave a relatively high acceptability rating of 7 or more, with the average at 6.4 out of 10.
  - The main reason for the slight decline in acceptability was related to the service point fees increasing rather than the uniform pricing for the IAF and IUF. This also prompted some participants to raise questions about delays and issues associated with the modernisation program, and thus how accurate the estimated charges would be.
  - Meanwhile, higher ratings were focused on reduced prices and improved efficiencies, and support for modernisation.

2/10

"It will cost me money - because I've got wheels. To say we're going to get a lower cost when actually it's going to be more is rather disingenuous." (Central Goulburn, Large)

8/10

"If their forecast pricing is correct I would be very happy. But I am sceptical about how they think the price is not going to increase over time." (Loddon Valley, Large)

INTRODUCTION

BACKGROUND AND OBJECTIVES

BACKGROUND

- In September 2015, Goulburn Murray Water (GMW) submitted its *2016 Water Plan* to the Essential Services Commission, outlining its proposed service standards, expenditure and pricing for its core services for the four years from 1 July 2016.
- In the 2016 Water Plan, GMW proposed a uniform pricing approach across all of its customers by 2020 to enable cost efficiencies to be shared with customers and to reflect that customers would be receiving the same minimum service levels by then.
- To support its price review process, GMW commissioned independent market and social research firm Newgate Research to gather feedback and preferences from a random sample of its customers on the proposed changes, specifically focusing on the proposed prices for Infrastructure Access Fee and Infrastructure Use Fee, and overall delivery charges for the four years from mid-2016.

OBJECTIVES

The specific research objectives included:

- Understanding baseline contextual customer perceptions on value for money, quality of delivery services and priorities for the next 5 years;
- Evaluating material differences in water bills among customers and assessing their willingness to pay for improvements to gravity irrigation delivery services;
- Measuring awareness and understanding of the 2016 Water Plan;
- Exploring in-principle perceptions of uniform pricing; and
- Exploring acceptability of the proposed transition to uniform pricing and uniform service levels, including specific information about how the changes would affect customers' water bills.

METHODOLOGY: IN-DEPTH INTERVIEWS

- To explore the views of Goulburn-Murray Water's diverse range of gravity irrigation customers, **Newgate Research conducted n=62 in-depth telephone interviews with a stratified random sample of customers.** This included customers of different sizes – defined mainly by their delivery share, and from across all six of Goulburn-Murray Water's irrigation areas.
- Quotas were set to ensure that **the sample included an excellent and broadly representative mix of customers**. These quotas were similar to actual customer proportions but adjusted slightly to ensure a minimum sample of two interviews per 'cell' (size of customer per irrigation area). This resulted in the large customer sample being somewhat higher than within the overall customer base, which is considered in the analysis – i.e. where there are meaningful differences by customer size, these are noted.

Irrigation Area	TOTAL n=	SAMPLE %	ACTUAL %
Central Goulburn	14	23%	30%
Loddon Valley	10	16%	15%
Murray Valley	11	18%	6%
Rochester	9	15%	13%
Shepparton	9	15%	18%
Torrumbarry	9	15%	18%
TOTAL	62	100%	100%

Customer Size	Delivery Share	TOTAL n=	SAMPLE %	ACTUAL %
Domestic & Stock (D&S) only	Up to 0.1	13	21%	28%
Small	Up to 1.5	21	34%	46%
Medium	1.51 to 5	15	24%	21%
Large	>5.0	13	21%	5%
TOTAL		62	100%	100%

- Participant selection, recruitment and interviewing was undertaken by Newgate Research using a randomised database of all of Goulburn-Murray Water's customers that were able to be classified by size. Further participant profiling is provided in Appendix 2.
- Three cognitive interviews were conducted in December 2015 to test the questionnaire, and the remaining interviews were conducted between 5 and 16 January 2016. The interviews were conducted on an unattributable basis by Jasmine Hoye, Katherine Kailis, Ben Wright, Katherine Rich and Daniel Saulwick. The interviews varied in length from 40 to 80 minutes, depending on customer type and how much the participant had to say. Participants were given $50 in appreciation of their time and in line with standard market research practices. A structured interview guide was used, as provided in Appendix 1.
- Various interviewing techniques were used to ensure we gained a deep understanding of the participants' situations, perceptions and preferences. This included a mix of closed-ended and open-ended questions and probing to ensure we captured the full range of responses and understood the reasons behind these.

NOTES TO THE READER

This research was conducted in accordance with the international quality standard for market and social research (ISO 20252).

In preparing this report we have presented and interpreted information that we believe to be relevant to achieve the objectives of this research project.

Where assumptions are made as a part of interpreting the results or where our professional opinion is expressed rather than merely describing the findings, this is noted. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making.

Please note that *qualitative* findings included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population of all Goulburn-Murray Water gravity irrigation customers.

Verbatim quotes from the research are included in the report to further support and provide evidence of the findings. Quotes are annotated with the relevant irrigation area and customer size.

The *quantitative* results should be considered broadly indicative of the views of customers. The sample size of n=62 customers has a maximum error margin of +/-12.4% at the 95% confidence level for a result of 50%, which falls to +/-9.9% for a result of either 80% or 20% for example.

Percentages may not always total 100%; this is either due to rounding or a question allowing multiple responses.

Newgate Research believes that the combined qualitative and quantitative findings provide an accurate representation of the overall views of Goulburn-Murray Water's customers on the topics explored.

"Mei cu magna perpetua." (Murray Valley, D&S only)

"Lorem ipsum dolor sit amet, nec vidit brute movet et, cum meis sensibus ne." (Central Goulburn, Large)

"Mei cu magna perpetua." (Shepparton, Medium)

1. SATISFACTION & EXPECTATIONS

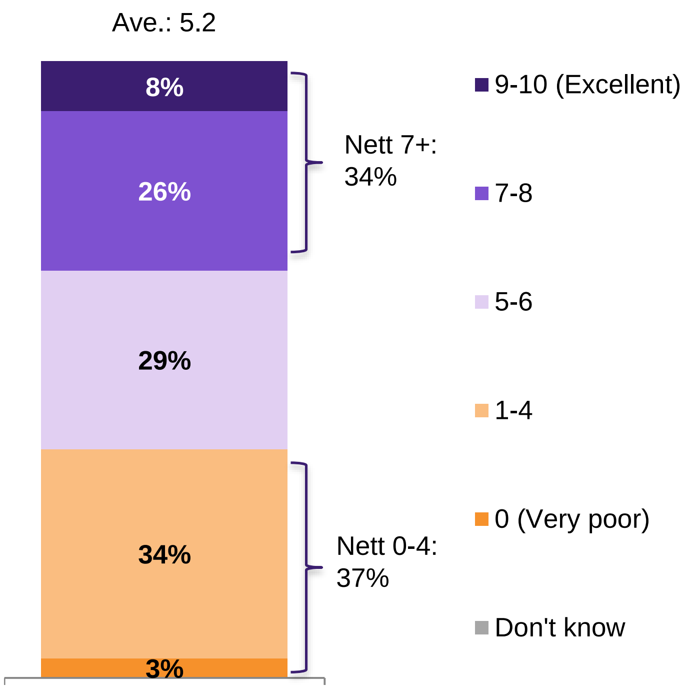
VALUE FOR MONEY

MIXED VIEWS ON THE VALUE FOR MONEY OF GMW'S DELIVERY SERVICES

- To provide context to the findings in this study, the first few questions were about existing perceptions of what GMW delivers to customers. The first question invited customers to rate the value for money of the delivery services they pay for, where 0 meant very poor and 10 meant excellent value for money.
- The overall average rating was 5.2 out of 10, with a broad mix of views. Around a third (34%) offered a relatively high rating of 7 or more, while a similar proportion (37%) gave a low rating of 4 or less. Qualitatively, many customers expressed concerns that the prices are too high, and that they have increased substantially in recent years, often with no apparent rationale being provided or evident.
- The results are tabled below by irrigation area and customer size, in terms of the average rating given and the range of ratings. Note that these are indicative only due to the small sample sizes, but no standout differences were evident.

Average by Area & Size	Average Rating	Range of Ratings
Total	5.2	0 - 10
Central Goulburn (n=14)	5.2	3 - 8
Loddon Valley (n=10)	4.2	0 - 7
Murray Valley (n=11)	5.5	2 - 9
Rochester (n=9)	5.3	0 - 10
Shepparton (n=9)	5.1	2 - 7
Torrumbarry (n=9)	6.0	2 - 10
D&S Only (n=13)	6.6	4 - 10
Small (n=21)	4.7	0 - 10
Medium (n=15)	5.4	2 - 8
Large (n=13)	4.5	0 - 9

Overall Value for Money



Base: All participants (n=62).
Q8: How would you rate the overall value for money of the delivery services that you pay for via your water bill?
Scale: 0 = very poor to 10 = excellent value.

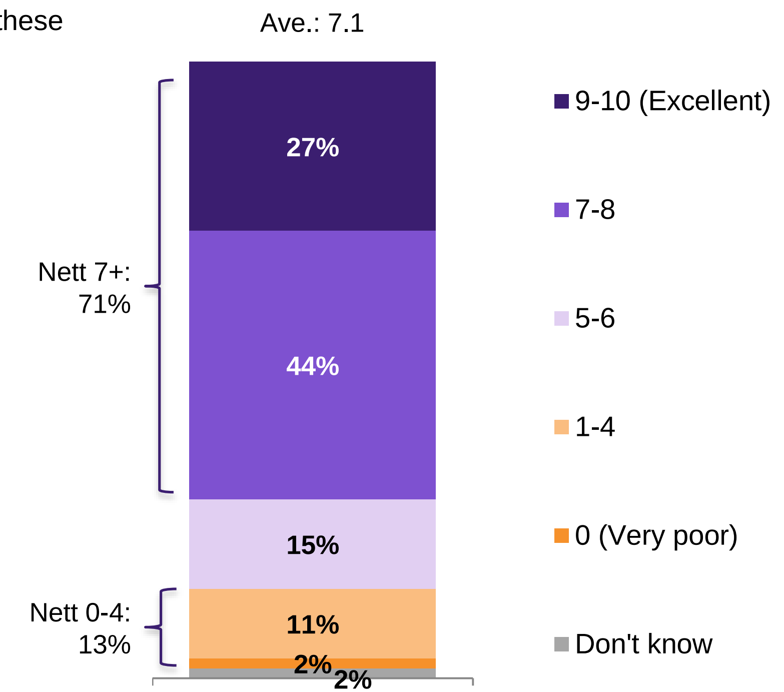
QUALITY OF DELIVERY SERVICE

THE MAJORITY RATED THE QUALITY OF THE DELIVERY SERVICES HIGHLY

- Customers were also asked to rate the quality of the delivery services they receive from GMW, where 0 meant very poor and 10 meant excellent.
- The overall average rating was 7.1 out of 10, with the large majority (71%) giving a relatively high rating of 7 or more out of 10, indicating that most customers are reasonably happy with the delivery services they receive.
- The results are also shown below by irrigation area and customer size, in terms of the average ratings given, and the range of ratings – note that these are indicative only due to the small sample sizes. There was not much difference by area or size, with the highest ratings in Rochester (7.9 on average) and the lowest in Loddon Valley (6.2).

Average by Area & Size	Average Rating	Range of Ratings
Total	7.1	0 - 10
Central Goulburn (n=14)	7.2	3 - 9
Loddon Valley (n=10)	6.2	0 - 9
Murray Valley (n=11)	7.1	2 - 9
Rochester (n=9)	7.9	6 - 9
Shepparton (n=9)	7.2	5 - 9
Torrumbarry (n=9)	7.0	2 - 10
D&S Only (n=13)	6.5	3 - 9
Small (n=21)	7.4	2 - 9
Medium (n=15)	7.2	0 - 10
Large (n=13)	7.1	2 - 10

Overall Quality of Delivery Services

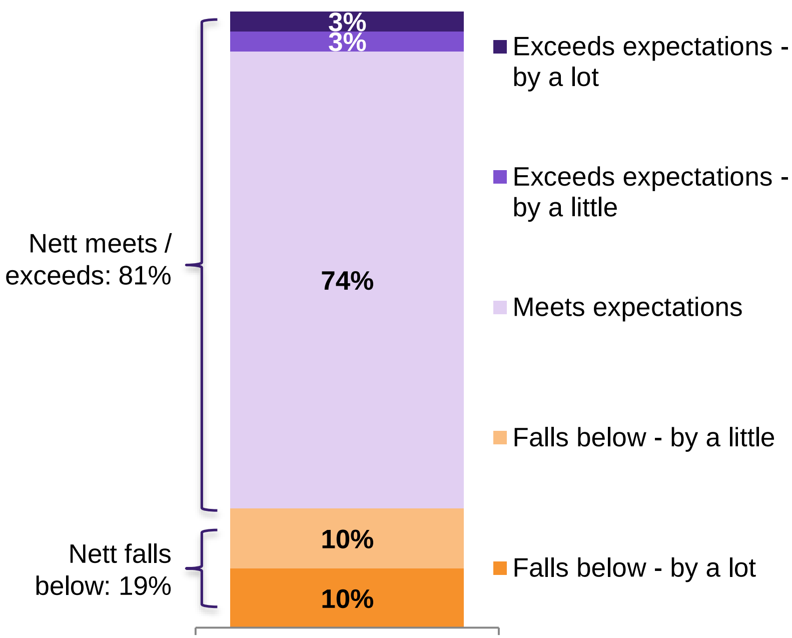


Base: All participants (n=62).
Q9: How would you rate the quality of the delivery services you receive from GMW? Scale: 0 = very poor to 10 = excellent quality.

CUSTOMER EXPECTATIONS

DELIVERY SERVICE QUALITY MEETS EXPECTATIONS FOR MOST CUSTOMERS

Delivery Service vs. Expectations



- To further understand customer expectations, research participants were asked whether the quality of GMW's delivery services for gravity irrigation meet, fall below or exceed their expectations and needs.
- The results show that the vast majority (nett 81%) felt their expectations were being met (74%) or exceeded (6%). Around one in five (nett 19%) reported that the delivery services were falling below their needs, including 10% *by a lot*.
- Although based on a relatively small sample size, the average rating of delivery service quality among those whose expectations were being met was 7.6 out of 10, which is slightly above the overall average of 7.1. Therefore an average rating of 7.6 for service quality may be a useful target to aim for.
- To provide context, results are shown below by irrigation area and customer size – note these are indicative only due to the small sample sizes. There was little difference by customer size, yet some differences are evident by area.

Nett Meets/Exceeds Expectations by Area & Size	%
Total	81%
Central Goulburn (n=14)	86%
Loddon Valley (n=10)	70%
Murray Valley (n=11)	82%
Rochester (n=9)	100%
Shepparton (n=9)	67%
Torrumbarry (n=9)	78%
D&S Only (n=13)	85%
Small (n=21)	76%
Medium (n=15)	87%
Large (n=13)	77%

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Base: All participants (n=62).
Q10: Does the quality of GMW's delivery services for gravity irrigation to your property meet, fall below or exceed your expectations and needs? Is that by a lot or a little?

DESIRED SERVICE IMPROVEMENTS

LOWER COSTS AND CONTINUED MODERNISATION OF THE NETWORK ARE KEY IMPROVEMENTS SOUGHT

Towards the start of the interviews, customers were also asked what delivery service improvements they think GMW should focus on over the coming five years. Their preferences are outlined below in broad descending order of mentions:

- **Reduce costs:** This was a particularly strong theme, which included reducing operating costs and apparent waste, or preventing further price rises, as well as a preference for a metered billing system in which customers are only charged for the water that is actually delivered.
- **Continue the modernisation program:** This included working to reduce evaporation and seepage, with several noting the importance of removing leaking spur channels. Most were supportive of the modernisation program although a few felt it was unnecessary or that it should have been optional. Many were concerned about delays, as this affects their ability to plan.
- **Improve water quality:** Many participants spoke of a need to address poor water quality issues. This included contamination, muddy water and algae blooms, which delay prompt access to water, particularly at the start of the season when it is critically important.
- **Ensure prompt and reliable access to water:** Although many were satisfied with delivery, several emphasised the importance of ensuring that water is always available when needed. In some areas reduced lead-times were also sought for orders (e.g. 24-hours would be better than 48-hours).
- **Maintain the channels and other parts of the system:** This includes removing weeds and carp, and replacing old infrastructure such as bridges.
- **Simplified bills:** Quite a few people mentioned that the bills are hard to understand, and they didn't know what all of the fees and charges were for, or why different bills are sent each year for different charges. While some wanted an itemised bill, some also wanted to know what the overall price per ML is (i.e. total bill divided by number of ML delivered) as this is how they tend to think about their other costs.

"Concentrate on lowering the cost - that's the basic one. With all the automation, delivery costs should be a lot lower than they are; they need to very carefully look at their cost structure. Especially as more gets automated, there's no need for such a high personnel input. Their ordering processes are reasonably smooth, the cost is just too high. It's threatening viability of irrigation." (Central Goulburn, Large)

"They've spent a lot of money modernising things that aren't productive and people haven't irrigated for years, rather than concentrating on helping the customers that are in full production to improve their performance. They are the ones that are going to be bigger customers and more productive. I'm not necessarily one of them but sometimes they waste a lot of money on urban things rather than focusing on the people that are paying the big bills that could most benefit." (Torrumbarry, Medium)

Base: All participants (n=62).
Q11: Looking ahead, over the next five years, what delivery service improvements do you think GMW should focus on?

DESIRED SERVICE IMPROVEMENTS (CONT'D)

LOWER COSTS AND CONTINUED MODERNISATION OF THE NETWORK ARE KEY IMPROVEMENTS SOUGHT

- **Other suggestions:** This included clearer communication with "less spin", pricing that takes local market conditions into account, incorporating a direct transfer system for temporary water trading, sending text messages to confirm water delivery, online modification of water orders and informing customers when water levels are dropped in channels. A couple also mentioned they were charged interest for late payment and wondered whether this was fair, especially when one person said they were not sent any reminder notices – at minimum these would be appreciated.
- The following quotes from participants further illustrate customer desires for GMW to focus on over the coming five years.

"There are issues of trust and credibility. They rob Peter to pay Paul. There are bills we receive in the middle of the year and if you don't pay it there are huge interest amounts added. We get so many bills from them and you can lose track and then you get hit with an interest payment. There are no reminder notices. They just take advantage of the opportunity to hit you for the interest charges." (Torrumbarry, Small)

"They need to keep going with their modernisation program but I am concerned where the money for that is going to come from. Any savings that can be achieved through increased efficiency in the system has to be a good thing so developing that would be a move in the right direction." (Loddon Valley, Large)

"I think it's important that they make sure there are plentiful supplies of water – it's no good if the system is low. One channel is leaking on our property and I don't know why they don't fix it. We've had five acres nearly ruined because the water runs onto it, so working on seepage and leaks would be another area that I would say is important." (Central Goulburn, Medium)

"The proposed modernisation has caused a lot of uncertainty amongst irrigators. People were told they would be connected and have not been. They are running out of money so some hard decisions have to be made. The project was allocated 2 billion dollars and they have already spent 1.2. There will not be enough to go around to everyone who needs to be connected to it." (Rochester, D&S only)

Base: All participants (n=62).
Q11: Looking ahead, over the next five years, what delivery service improvements do you think GMW should focus on?

WILLINGNESS TO PAY FOR SERVICE IMPROVEMENTS

THE LARGE MAJORITY ARE NOT WILLING TO PAY ANYTHING MORE

- In turn, the research participants were asked how much extra they would be willing to pay for GMW to provide the sorts of improvements they would like to see by mid-2019.
- Around three quarters of participants were not prepared to pay anything extra at all.
- Many indicated that they thought the prices should come down rather than go up, and that GMW should focus on finding cost savings and efficiencies in order to do this.
- Among the few (23%) who were prepared to pay more, this was generally in the order of 1-10%, with an overall average of 3%.
- There were no strong patterns by customer size or irrigation area in response to this question, although D&S only customers were slightly more likely to be willing to pay a small percentage more – perhaps reflecting their relatively lower bills.

"I'd be willing to pay slightly more if they delivered what we wanted, such as the modernisation and year round supply, 10 and a half or 11 months of water supply would be beneficial. If the water was available for longer, because at the moment it's coming on August 15th. By that stage and with climate change, we've already lost a window of opportunity in maximising crop fields." (Torrumbarry, Medium)

1%

"I just think as a business they should be improving their standards anyway without the customers footing the bill." (Shepparton, Large)

0%

0%

"The government has taken that much water off us. It was meant go towards environmental flows and now they sell it back as temporary water and are making a lot of money. They can prop up GMW; we should not have to." (Rochester, Medium)

"I don't expect 10/10 because of vagaries, like someone might not shut off their water when they should and it's not GMW's fault it's no-ones, it just happens. It's not worth more than 10% more; we're overcharged and they're overstaffed. If service levels went up by 10% I would expect to pay 10% more." (Central Goulburn, Small)

10%

"I don't think we can pay any more. I don't think people can pay much more, I truly think they'll start losing customers if we do. It's not a happy world out here in irrigation land." (Central Goulburn, Small)

0%

Base: All participants (n=62).
Q15: Thinking about the sorts of delivery service improvements you might like to see from Goulburn-Murray Water, if these are in place by the middle of 2019, how much extra in percentage terms would you be willing to pay for these, if anything?

WHAT A MATERIAL DIFFERENCE IN THE BILL WOULD BE

CUSTOMERS WOULD NOTICE A PRICE INCREASE MUCH MORE THAN A DECREASE

- To understand price sensitivities, the research participants were asked to indicate – in percentage terms – how much their water bill would need to decrease and then increase (at minimum) for them to notice and for it to make a meaningful difference to them.

Material Decrease

- It was somewhat difficult for participants to think about their bills going down because they don't expect this to happen. Many commented that *any* decrease would be appreciated and noticeable, while on average they indicated a drop of around 22% would be a material difference. There were no strong patterns by customer size or irrigation area.

Material Increase

- Customers were much more sensitive to the prospect of their bill increasing, with almost half – across all irrigation areas and customer sizes – saying they would notice *any* increase. On average, an 8% increase would be material.
- The larger the customer, the more price sensitive they were: i.e. D&S only customers cited an average of a 16% increase, through to Large customers saying a 3% increase would be material.
- By area, in Loddon Valley where prices are on the higher end, customers were the most sensitive to increases (4%), while those in Rochester cited the highest average amount (11%) – perhaps reflecting the lower prices there.

Material Increase / Decrease by Area and Size	Average Decrease	Range of Material Decrease	Average Increase	Range of Material Increase
Total	**22%**	**Anything at all - 50%**	**8%**	**Anything at all - 50%**
Central Goulburn (n=14)	19%	5% - 50%	5%	Anything at all - 10%
Loddon Valley (n=10)	23%	Anything at all - 50%	4%	Anything at all - 10%
Murray Valley (n=11)	23%	5% - 50%	9%	Anything at all - 25%
Rochester (n=9)	24%	Anything at all - 50%	11%	Anything at all - 50%
Shepparton (n=9)	19%	Anything at all - 50%	8%	Anything at all - 25%
Torrumbarry (n=9)	22%	5% - 50%	9%	Anything at all - 50%
D&S Only (n=13)	19%	Anything at all - 50%	16%	Anything at all - 50%
Small (n=21)	28%	Anything at all - 50%	5%	Anything at all - 20%
Medium (n=15)	17%	2% - 50%	7%	Anything at all - 25%
Large (n=13)	17%	5% - 50%	3%	Anything at all - 10%

"Ten cents would be noticeable! Even a 5% decrease would be terrific. We would notice it because we're not expecting it to happen. Quite frankly, we think the water bill will go up for sure!" (Loddon Valley, D&S only)

"I don't think it's over the top. I think if they keep it as it has been, but any discount is always positive." (Shepparton, D&S only)

"Anything over 10% would be noticed." (Rochester, Large)

"Our bill is about $36,000 so we'd notice around $3000 dollars - that would be a meaningful decrease." (Torrumbarry, Medium)

Base: All participants (n=62).
Q13: I'd like you to imagine a situation in which your water bill was to go down. By what percentage would it need to fall in order for you to notice and for it to make a meaningful difference to you? / Q14: Now, think about if your water bill was to go up. What is the minimum increase in your bill that you would really notice and would make a difference to you?

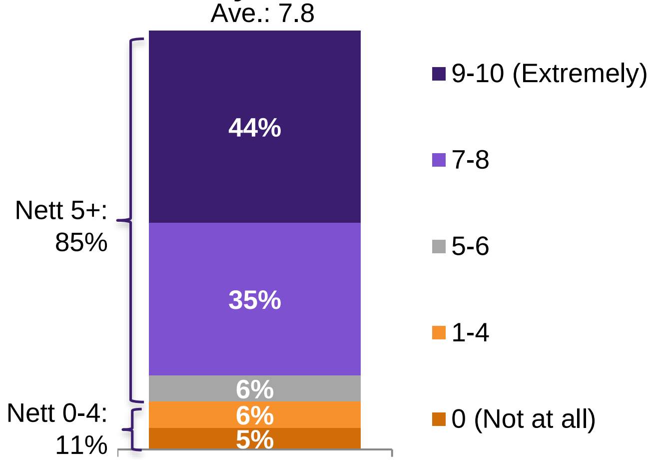
2. IN PRINCIPLE VIEWS ON UNIFORM PRICING

IMPORTANCE OF CONSISTENT MINIMUM SERVICE LEVELS ACROSS ALL IRRIGATION AREAS

THE MAJORITY OF CUSTOMERS STRONGLY SUPPORTED THE CONCEPT OF UNIFORM MINIMUM SERVICE LEVELS

- To understand in-principle perceptions before considering the specifics of the Water Plan, participants were asked to rate the importance of GMW delivering the same minimum service levels across all of its irrigation areas: 0 meant not at all and 10 meant extremely important.
- The overall average rating was 7.8 out of 10, indicating strong support for a uniform minimum level of service delivery. Just under half (44%) gave an extremely high rating of 9-10, and most (79%) gave a relatively high rating of 7 or more.
- The results in the table below show that overall sentiment was broadly consistent across the different irrigation areas and customer sizes however there was a slightly lower level of support among D&S only customers. The wide range of ratings reflects that there are customers on different ends of the spectrum in each of the different irrigation areas, except for Rochester where support was consistently high across all participants. Note: subgroup findings are indicative only due to the small sample sizes.

Importance of Same Minimum Delivery Service Standards for All



Average by Area & Size	Average Rating	Range of Ratings
Total	7.8	0 - 10
Central Goulburn (n=14)	7.8	3 - 10
Loddon Valley (n=10)	7.9	0 - 10
Murray Valley (n=11)	7.5	0 - 10
Rochester (n=9)	8.1	6 - 10
Shepparton (n=9)	7.9	4 - 10
Torrumbarry (n=9)	7.2	0 - 10
D&S only (n=13)	6.9	0 - 9
Small (n=21)	8.5	3 - 10
Medium (n=15)	7.5	0 - 10
Large (n=13)	7.8	1 - 9

Base: All participants (n=62). Don't know = 3%, not shown in chart.
Q16: How important do you think it is for customers across all of Goulburn-Murray Water's irrigation areas to receive the same minimum levels of delivery service?

IN PRINCIPLE PERCEPTIONS OF UNIFORM PRICING

BROAD IN-PRINCIPLE SUPPORT FOR MINIMUM LEVELS OF SERVICE DELIVERY, WITH SOME QUESTIONS AROUND DEFINITION AND FEASIBILITY

Although the majority of participants supported the principle of a uniform minimum level of service delivery there were some concerns over exactly what this meant and how feasible it was to achieve. There were also concerns about the needs of larger farms and issues with supporting isolated farms at the expense of others.

Key reasons for their ratings were, in broad descending order:

- **Broad support for an equitable system:** Many people used the word "fair" when responding to this question. There was a widespread view that in principle all customers should have equal access to water, and thus there was broad support for a minimum service level.
- **Feasibility of a minimum level of service delivery:** A number of participants questioned the feasibility of achieving a minimum level of service whilst others equated a *minimum* uniform level of service with uniform service *across the board*…something they saw as impossible.
- **Lack of clarity about what is a minimum level of service:** Some questioned how the minimum level of service delivery would be defined and how it would relate to their situation.
- **Larger farms have different needs:** A fair few customers felt that changing the system did not address their needs as larger or middle sized irrigators. They felt that the scale of their operation differentiated them from hobby farmers or residential customers, and that a uniform system was not appropriate.
- **Isolated farms should not benefit at others' expense:** Some people who had paid a premium price for their land based on its access to water thought that it was not right to benefit isolated users with a "flat fee".

10/10

"Everyone is entitled to the same level of service whether they are getting one megalitre or a thousand. It should be fair for all and the same standards for all." (Loddon Valley, D&S Only)

8/10

"I think that's important. I think it is fair they receive the same level of service if they are paying the same amount." (Torrumbarry, Small)

6/10

"If someone is further away from their weir and the water has got to travel, they can't expect the same delivery that someone close-by gets. It's just about impossible to have everyone on the same level of service because of the size of the channel. If they want that service, they should be prepared to pay the extra cost." (Rochester, Small)

0/10

"I'm dead against it. All of our lands are larger holdings and our water usage levels are very different to smaller landholders or hobby farmers." (Loddon Valley, Medium)

Don't know

"I think GMW themselves with their modernisation plan have said that some areas are more important and they've painted a picture. If we're in an area with higher users, which we are, we shouldn't be paying as much. They're talking about making it a flat price for those isolated farms. We chose the land where we did for the reason of availability of water." (Goulburn Valley, Large)

8/10

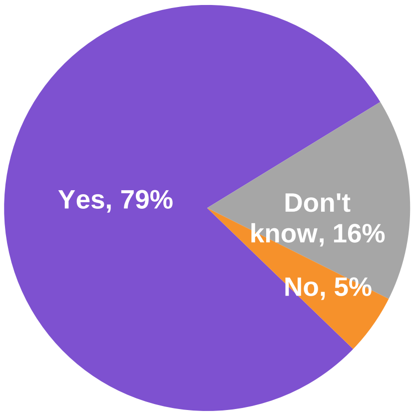
"It doesn't stipulate what the minimum standard is based upon. … I just want to see more transparent information, it is fairly wishy-washy." (Murray Valley D&S Only)

IN PRINCIPLE SUPPORT: UNIFORM PRICING FOR UNIFORM MINIMUM SERVICE LEVELS?

THE MAJORITY OF CUSTOMERS SUPPORT UNIFORM PRICING IF ALL RECEIVE THE SAME MINIMUM SERVICE LEVELS

- Participants were asked whether, in principle, they thought that customers who receive the same minimum service levels should be charged the same prices.
- Overall, 79% of customers interviewed agreed with uniform pricing levels for customers who receive the same minimum service levels and only 5% were opposed to the concept, while 16% were unsure.
- The results are tabled at right by irrigation area and customer size, in terms of the average rating given and the range of ratings – note these are indicative only due to the small sample sizes.
- Support for uniform pricing for the same minimum service levels was relatively consistent across all irrigation areas but notably higher in the Shepparton (100%) and Rochester (89%) irrigation areas and lower in the Central Goulburn (64%) and Murray Valley (73%) areas. Larger customers had slightly higher levels of support than other customer sizes (85%).
- Reasons for these responses are outlined over the page.

Should Customers Receiving the Same Minimum Service Levels Pay the Same?



Yes by Area & Size	% Yes
Central Goulburn (n=14)	64%
Loddon Valley (n=10)	80%
Murray Valley (n=11)	73%
Rochester (n=9)	89%
Shepparton (n=9)	100%
Torrumbarry (n=9)	78%
D&S Only (n=13)	77%
Small (n=21)	76%
Medium (n=15)	80%
Large (n=13)	85%

"I think that if they are receiving the same levels of service they should be charged the same amount… but I think it is highly unlikely that the modernisation program will guarantee the same level of service to everyone." (Rochester, D&S Only)

Yes

"That seems fair if everyone has a similar basic service level." (Shepparton, Small)

Yes

"I know people around Shepparton pay more than we do here. I think what we pay should be of a similar nature." (Rochester, Medium)

Yes

Base: All participants (n=62).
Q17: In principle, do you think customers who receive the same minimum delivery service levels should be charged the same prices?

IN PRINCIPLE PERCEPTIONS OF UNIFORM PRICING CONT'D

IN-PRINCIPLE SUPPORT FOR EQUAL PAYMENT FOR MINIMUM SERVICE LEVELS, WITH RESERVATIONS ABOUT THE PRACTICALITIES

The key themes which emerged in terms of charging customers the same price if they receive the same minimum service levels were, in broad descending order of importance:

- **Same service, same price:** Many customers thought that those who receive a similar service should be charged a similar price, though many acknowledged that in practical terms this could be difficult or impossible to achieve.
- **Local conditions should determine price:** Some customers felt that geographic issues such as distance from the backbone channels should have a bearing on the price of delivering the water.
- **Large farmers should be treated differently to hobby-farmers:** Some participants felt that farmers who used water to produce an income should be charged less per unit than hobby-farmers because their total bills and water use are so much higher anyway.
- **User pays:** A few participants felt that a user-pays model was appropriate, where all costs generated in delivering water to a specific customer were passed on to that person. They disagreed with the principle of spreading the cost across the entire system.

"Yes, it is important that they have some sort of minimum in terms of service… I think they are working towards that with modernisation … and it makes sense that everyone would pay the same." (Shepparton, Large)

Yes

"When talking about service you need to differentiate between bureaucratic service and physical service. If regions are physically different and the systems are different then the pricing should reflect that. It's relative to the geography of the areas and how difficult it is to supply the water." (Central Goulburn, D&S Only)

No

Yes

"Isn't the price uniform at the moment? If I go and buy a litre of milk at Coles in Melbourne and I go and buy it in Shepp, it's the same price, so if I'm getting water of the same quality and same minimum service, whether I'm in X or Y I should pay the same." (Torrumbarry, Large)

Yes

"It would be easier on an administrative level – saves money on staff." (Loddon Valley, Large)

"If you're a hobby farmer and on a lifestyle block… I believe they should pay a lot more because they're not dependent on the water and the property to make an income." (Torrumbarry, Large)

No

No

"The whole business structure should be based purely on the actual cost of delivery to the individual customer and it is not. You can't socialise something across the whole area to spread the cost of the pricing." (Loddon Valley, Small)

"I think that if the costs are higher in another area, the people in that area should carry the costs – it shouldn't be shared. So in principle, yes, but in practice, no. I'm a principle person but also self-centred." (Central Goulburn, Medium)

No

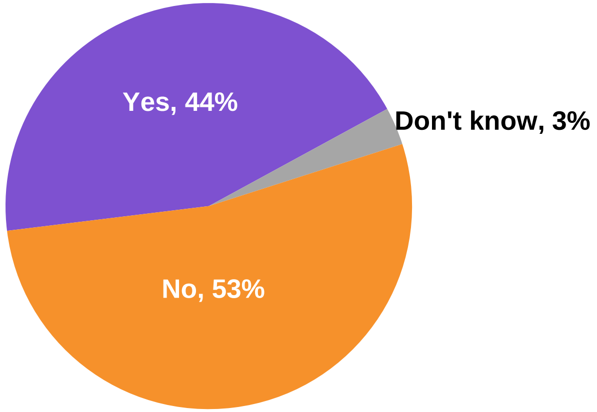
Base: All participants (n=62).
Q17: In principle, do you think customers who receive the same minimum delivery service levels should be charged the same prices?

IN PRINCIPLE: SHOULD HIGHER COST DELIVERY BE CHARGED AT HIGHER RATES?

THERE WERE MIXED VIEWS ABOUT WHETHER CUSTOMERS SHOULD PAY MORE FOR HIGHER DELIVERY COSTS

- The research participants were asked whether they thought some customers should be charged more to reflect the higher costs to deliver services to them.
- Opinions were mixed about whether customers should pay more if it costs more to deliver gravity irrigation services to them. Just over half (53%) didn't think that these customers should pay more (i.e. costs should be average across all customers), and fewer than half (44%) thought that they should.
- The results are tabled at right by irrigation area and customer size, in terms of the proportion who said yes. While these are indicative only due to the small sample sizes, there were notable differences across areas and customer sizes. Those in Torrumbarry and Central Goulburn, and Medium to Large customers more likely to think that customers who cost more should be charged more.

Should Customers Who Cost More Be Charged More?



Yes by Area & Size	% Yes
Central Goulburn (n=14)	64%
Loddon Valley (n=10)	30%
Murray Valley (n=11)	27%
Rochester (n=9)	33%
Shepparton (n=9)	33%
Torrumbarry (n=9)	67%
D&S Only (n=13)	31%
Small (n=21)	38%
Medium (n=15)	53%
Large (n=13)	54%

Base: All participants (n=62).
Q18: It does cost more to deliver some services for gravity irrigation to some customers. In principle, do you think those customers should be charged more than other customers, to reflect the higher costs to deliver services to them?

IN-PRINCIPLE PERCEPTIONS OF UNIFORM PRICING CONT'D

OPINION SPLIT BETWEEN A UNIFORM SUPPLY CHARGE AND PASSING ON HIGHER INDIVIDUAL SUPPLY CHARGES TO CUSTOMERS

The key reasons for saying *no* to charging some customers more for delivery were:

- **One system for all is a fair approach:** Some customers wanted to share the cost of delivery across the entire system based on an in-principle belief that this was a fair and equitable approach.
- **This is how it's always been done:** Other customers who supported sharing the cost of delivery based their view on a historical perspective; i.e. in the past the cost of running the system had been shared across the whole region, and this approach should continue.

"The system was done years ago and everyone was on the same footing so it should stay that way." (Murray Valley, Medium)

"I believe it should be averaged out over the district… I believe that this is what happened in the past. Some customers are hard to get the water to, or were, but I've seen a lot of innovation in recent times which has improved things so I think it should be spread out over the district. Everyone should pay the same." (Loddon Valley, D&S Only)

"Do they do that with telephone or electricity? No. I believe that's my only reason. You've got to run the costs over the whole area just as Telstra do and Origin Energy do, otherwise you end up unfairly handicapping people." (Loddon Valley, Medium)

"It's just essential to everyone. You take the good with the bad like you would in any sort of government decision. You can't say someone in Toorak shouldn't get the same pension as someone in Shepparton because they're closer to amenities; that wouldn't be fair." (Shepparton, D&S Only)

Base: All participants (n=62).
Q18: It does cost more to deliver some services for gravity irrigation to some customers. In principle, do you think those customers should be charged more than other customers, to reflect the higher costs to deliver services to them?

IN-PRINCIPLE PERCEPTIONS OF UNIFORM PRICING CONT'D

OPINION SPLIT BETWEEN A UNIFORM SUPPLY CHARGE AND PASSING ON HIGHER INDIVIDUAL SUPPLY CHARGES TO CUSTOMERS

The key reasons for saying yes to charging some customers more for delivery are outlined below, in broad descending order of importance:

- **Higher infrastructure costs should be passed on:** Some participants thought that if costs of delivery were higher in some cases then that cost should be passed on to the consumer in line with a user-pays model.
- **Isolated properties on cheaper land should not be subsidised:** The increased cost of getting water to isolated properties that have been purchased relatively cheaply should not be passed on to other customers (who paid more for their land).
- **Passing on costs to users promotes rationalisation:** Supporting inefficient irrigators by absorbing the costs of maintaining their infrastructure delays the process of rationalisation.

"We have clay channels and these require less maintenance than other areas such as sandy ground which require plastic lining, which needs to be constantly maintained. If people choose to farm there then why should we pay for the fact that they have chosen an area which is more expensive to maintain?" (Loddon Valley, Medium)

"In principle I believe they should be charged more. The reason they can actually purchase the properties in those areas is because they are cheaper. Instead of paying $3,000 per hectare they pay $1,000. That's why they go into those areas because the ground is not as good quality so they can pay a cheaper price. I've got friends in Pyramid Hill – it's a lot cheaper, but they want us to subsidise their water!" (Central Goulburn, Medium)

"I believe the system needs rationalising and that is one way to encourage the system to continue to be rationalised. This will go on for years and it's basically too expensive not to do that. I think if they leave it that those inefficient irrigators are supplied, it's going to be too hard to provide services and rationalise." (Murray Valley, Large)

"Because if they historically chose to irrigate that land, knowing the costs to irrigate were higher, that's their choice. Changing the rules after the fact is not good – it's a known market." (Central Goulburn, Large)

Base: All participants (n=62).
Q18: It does cost more to deliver some services for gravity irrigation to some customers. In principle, do you think those customers should be charged more than other customers, to reflect the higher costs to deliver services to them?

WILLINGNESS TO PAY FOR MINIMUM SERVICE LEVELS FOR ALL

THE MAJORITY WERE UNWILLING TO PAY MORE FOR CONSISTENT MINIMUM SERVICE LEVELS TO BE DELIVERED ACROSS ALL CUSTOMERS

- Customers were also asked how much they would be willing to pay for all customers to receive the same minimum levels of delivery service for gravity irrigation from Goulburn-Murray Water.
  - Almost two thirds (63%) said outright that they would not be prepared to pay *anything* extra for this – mainly because they felt they were already paying enough, and to a lesser extent because they didn't feel they should subsidise other customers. Indeed some added that they were already subsidising other customers through higher charges within their irrigation area.
  - Around one in four (24%, or 16 participants) suggested they would be willing to pay more, with the majority of them saying between 1% and 5%.

"Just to help to some degree to keep the whole system alive." (Central Goulburn, Medium)

5%

"We are not here to subsidise someone else. If someone has poor service that will be reflected in what they have paid for the land. They can't expect others to fix that for them." (Shepparton, Medium)

0%

"I'm already paying extra for them. if I was on the lowest level of costs, don't know what I'd say but I'm paying the maximum; this area is the most expensive in the whole of Victoria… and probably Australia." (Shepparton, Small)

0%

"The people that are receiving less now is because GMW doesn't have enough money to lift that service level, so if we all contributed more it might help get that service level over the line. I would be prepared but it would have to be a little bit. It's all got to come out of the end of a cow's teat. It means I've got to make more. I'd love to say yes, bring everyone up to the same level overnight." (Torrumbarry, Large)

1%

"Nothing. Even though I feel for the farmers, I don't want to pay either, as my business is currently unviable." (Central Goulburn, Medium)

0%

"I wouldn't pay anything extra. Those that are happy with their delivery service wouldn't be prepared to pay anything extra and those that have a poor delivery service probably can't afford to pay anything extra because they're probably marginal anyway." (Murray Valley, D&S only)

0%

Base: All participants (n=62).
Q19: How much extra, if anything, would you be willing to pay for all customers to receive the same minimum levels of delivery service for gravity irrigation from Goulburn-Murray Water?

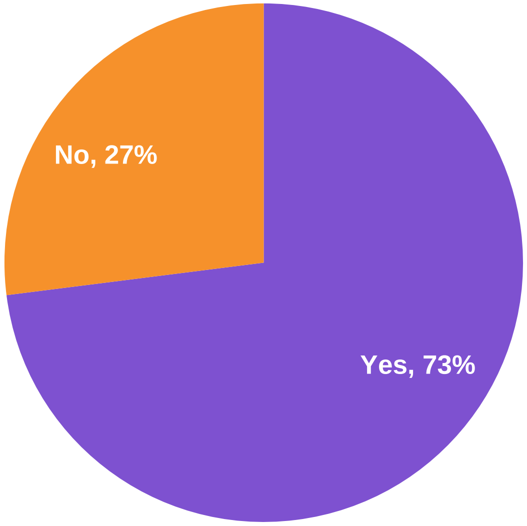
3. WATER PLAN CONSULTATION

AWARENESS OF WATER PLAN

NEARLY THREE QUARTERS WERE AWARE OF THE WATER PLAN

- Around three quarters (73%) of participants in most regions were previously aware of the Water Plan although awareness was somewhat lower in Shepparton (where around half were aware) and Torrumbarry (two thirds were aware).
- Almost all Large customers were aware of the plan and around four fifths of Medium-sized customers were aware of it. In contrast, only around three fifths of Small and D&S only customers were aware of it.
- On average, these participants rated their level of understanding of the proposed changes to the fees and charges in the 2016 Water Plan as 4.4 (on a scale of zero to ten), indicating fairly limited existing knowledge overall.
  - Understanding levels were relatively consistent across regions although slightly higher in Loddon Valley and slightly lower in Murray Valley and Central Goulburn. Understanding was also slightly higher among Large and Medium customers and slightly lower among Small and D&S only customers.

Awareness of the 2016 Water Plan (%)



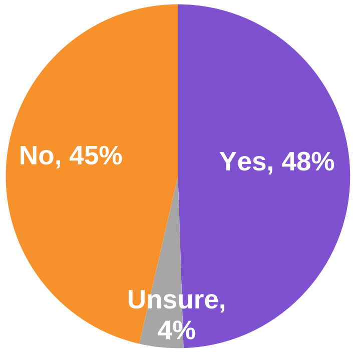
Base: All participants (n=62).
Q20: Before today, did you know that Goulburn-Murray Water is in the process of having its prices reviewed for its 2016 Water Plan, covering the four year period from 1 July 2016?

INFORMATION SESSIONS & FEEDBACK

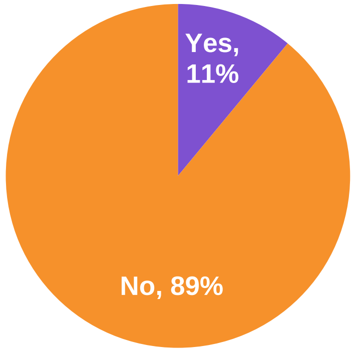
TWO THIRDS WERE AWARE OF THE INFORMATION SESSIONS

- Participants typically heard of the Water Plan via local regional newspapers (the most common source) or via mailed material from Goulburn-Murray Water. Many participants had also heard of the Plan via word-of-mouth or a Water Services Committee member.
- Almost half of *all* participants (48%) were aware that GMW was inviting feedback on its Plan, and 11% (7 participants) had actually attended a GMW information session about it. Those attending included one or two from each irrigation area, and they were mainly small and medium sized customers, with one large customer interviewed for this research having attended.
- Those attending were most interested in hearing about future pricing as well as GMW's plans more broadly. Those who didn't attend spoke of being too busy with other commitments, questioning the relevance of the sessions for them (i.e. small and D&S only customers) and whether their views would actually be taken into account.
  - Most who attended gave the overall quality of the information session a fair rating (6.5 out of 10). Although some felt it was mostly a "PR exercise", others noted that high-quality information was provided and that the staff were straightforward in dealing with difficult questions and hostile reactions, and it was good to hear from other customers.
  - The perceived clarity of the information provided was rated as 6.3 on average out of 10 and the usefulness of the session as 5.7. Most participants rated the sessions as a 6 or better on these metrics, with a small number of very low ratings bringing down the average.
- More broadly, 15% of participants who had previously heard about the price review said that they had already provided feedback to Goulburn-Murray Water (typically at an information session), with another 18% saying that they intended to do so.
- Notably, participants in this research were quite positive about the process and opportunity to provide their feedback.

Awareness of Feedback Opportunity



Attendance at Information Sessions



Base: All participants (n=62). NB: Results include those unaware of Plan, to provide a measure of overall awareness and attendance. Q22: Did you know that Goulburn-Murray Water was inviting customers to provide feedback about its 2016 Water Plan? / Q23: Did you attend any of Goulburn-Murray Water's information sessions about its 2016 Water Plan? (Plus if had attended at Q21.)

4. RESPONSE TO PROPOSED UNIFORM PRICING

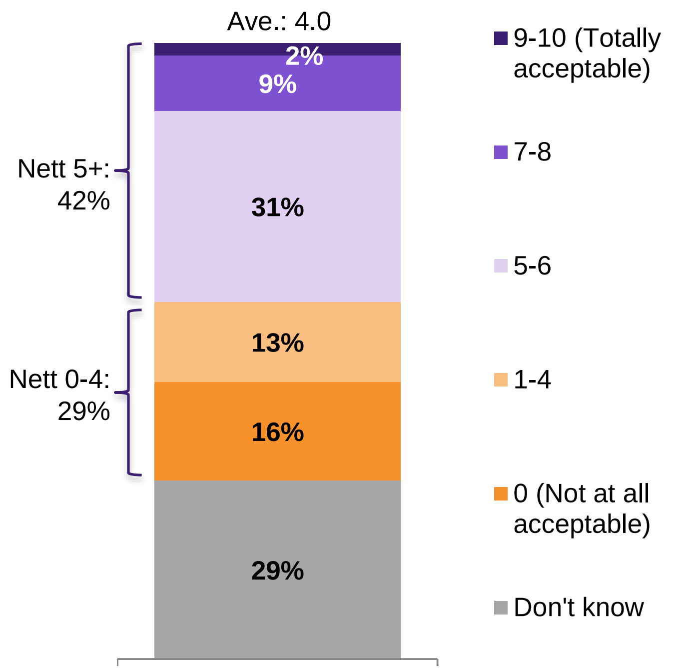
ACCEPTABILITY OF CHANGES (IF PREVIOUSLY AWARE OF REVIEW)

BASELINE ACCEPTABILITY AMONG THOSE AWARE OF THE PROPOSED CHANGES WAS LUKEWARM, BEFORE MORE INFORMATION WAS PROVIDED

- Participants who were already aware that GMW was in the process of having its prices reviewed were asked to rate the acceptability of the proposed changes based on their existing understanding, and before being given more detail.
- As shown at right, acceptability was lukewarm, with just 42% of the sample rating this 5 or more out of 10, while around a third (29%) rated the changes as unacceptable (4 or lower), and the same proportion were unsure (29% 'don't know'). Analysis of the reasons for these ratings is provided on the following pages.
- As shown in the below table, average ratings were low across the board, and particularly notable among customers in Loddon Valley and Murray Valley.

Average by Area & Size	Average Rating	Range of Ratings
Total	4.0	0 - 10
Central Goulburn (n=10)	3.9	0 - 6
Loddon Valley (n=8)	3.0	0 - 7
Murray Valley (n=9)	3.5	0 - 7
Rochester (n=7)	4.8	0 - 7
Shepparton (n=5)	4.7	4 - 5
Torrumbarry (n=6)	5.5	2 - 10
D&S only (n=8)	5.3	0 - 10
Small (n=13)	3.1	0 - 6
Medium (n=12)	5.3	4 - 7
Large (n=12)	3.1	0 - 7

Baseline Acceptability of Proposed Changes (Pre-Information)



Base: Participants who were previously aware GMW was having its prices reviewed (n=45).
Q31: Based on your current understanding of Goulburn-Murray Water's 2016 Water Plan, how acceptable to you are the proposed changes to its fees and charges overall? Scale: 0 = not at all to 10 = totally acceptable.

REASONS FOR BASELINE PERCEPTIONS OF WATER PLAN

LACK OF KNOWLEDGE OF SPECIFIC DETAIL AND SCEPTICISM OF CHANGE BEING IN THEIR BEST INTEREST GOVERNED CUSTOMERS' VIEWS

The participants who were already aware that GMW was in the process of having its prices reviewed were asked to outline the reasons for their acceptability ratings regarding the proposed changes. Few said they knew much about the plan and most of those who scored it relatively highly still expressed reservations based on their limited knowledge of specific details of the Water Plan. There were no standout differences in sentiment by customer area or size at this point in the conversation.

Key reasons for the relatively low acceptability ratings were as follows:

- **Lack of knowledge and specific detail:** Some participants thought the proposed changes were related to the modernisation program, which they thought was necessary and would lead to better service. However even those giving relatively high scores lacked knowledge of the specific details.
- **Concerns regarding feasibility:** Some participants expressed concerns regarding the feasibility of aspects of the plan such as achieving similar or the same levels of delivery service across the whole system.
- **Some opposition based on cross-subsidisation:** There was a view among some that the proposed plan would place an unfair burden on some areas to support less viable areas or those with a different or less efficient system.
- **Changing the goal posts:** Some customers said that they had made financial decisions based on the current pricing structure, including purchasing their land in a particular location. They felt that the changes would be bad for them and would represent a departure from the status quo, which seemed to them unfair.
- **Scepticism and distrust:** Despite a lack of knowledge, there was a substantial degree of mistrust expressed about what the plan might entail. Some participants saw GMW as an entity that looks after its own interests as opposed to the interests of the farmers, and suspected that customers would not benefit from the changes.

"I don't feel informed enough to say. Perhaps there needs to be some direct conversations coming from GMW advising of proposed changes." (Murray Valley, Large)

Don't know

"I will give it a fairly medium score because I think it is good that they are modernising but I don't really know a lot more about it." (Loddon Valley, Large)

6/10

Base: Participants who were previously aware GMW was having its prices reviewed (n=45).
Q32: What makes you feel that way?

REASONS FOR BASELINE PERCEPTIONS OF WATER PLAN CONT'D

"Some of it I understand and agree with in principle but I have concerns about whether reaching similar levels of service is actually achievable." (Rochester, D&S only)

7/10

"It's about charging a less efficient area the same prices as the ones in the more efficient districts I suppose. There is water being pumped out to the other side of Shepparton. We're going to have to subsidise the cost to pump the water to irrigation areas that have a pressurised supply system. They shouldn't pay the same prices as a normal gravity irrigation customer." (Rochester, Small)

5/10

"Because I don't see that putting up our charges is going to help our situation at all. That levelling across the field is changing the rules in an environment in which we'd already made an educated decision about what we chose to do and why." (Central Goulburn, Large)

0/10

5/10

"Depends if GMW are just doing it to make more money, or whether they are trying to actually help people. They're probably top heavy like most quasi-government departments. Who's going to benefit from all of this?" (Murray Valley, Small)

"I think it's been very misleading and very biased. The blueprint document from which this was based… it was available on the website but to get to it you'd have to be looking for it to understand what it actually was and then for the actual water plan to start up it only gave us from Feb 2015 to June to really understand what the new changes were. The information is not really clear or available. Even in the water plan itself, it just repeats itself time and again and doesn't give much specific data." (Murray Valley, D&S only)

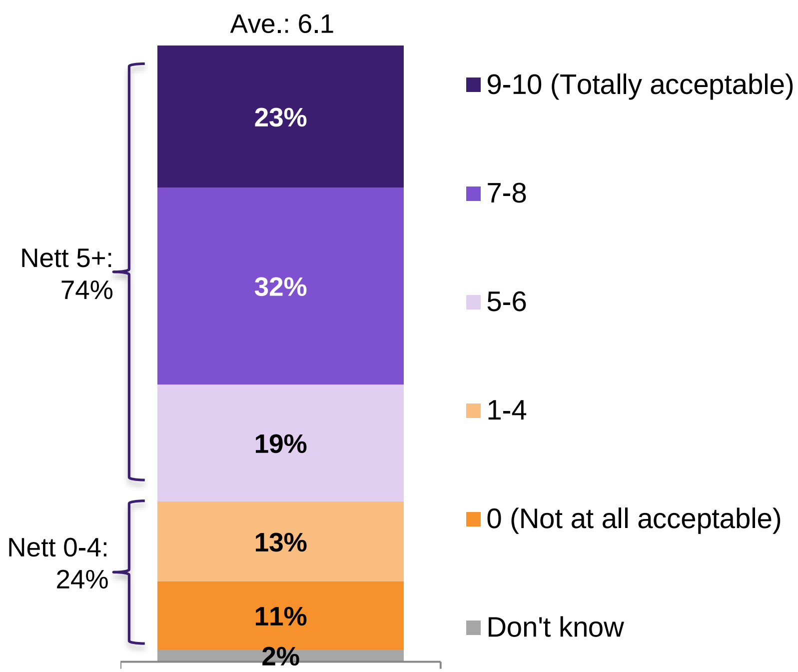
0/10

Base: Participants who were previously aware GMW was having its prices reviewed (n=45).
Q32: What makes you feel that way?

IN PRINCIPLE ACCEPTABILITY OF UNIFORM PRICING PROPOSAL

THE MAJORITY SAW THE CONCEPT AS HIGHLY ACCEPTABLE

Acceptability of the Concept of Uniform Pricing for Infrastructure Access and Use Fees



- After being introduced to the concept and rationale for transitioning to uniform pricing across the whole of GMW's service area, and before being given specific information about the proposed *prices* for the IAF and IUF, participants were asked to rate the acceptability of the concept.
- The results show majority support for the uniform pricing concept, with 74% of the total sample rating this 5 or more out of 10, and a jump in stronger support (55% rated this 7 or more out of 10).
- Average ratings by area and size were almost all above 5, with the exception of Loddon Valley (at 4.2).

Average by Area & Size	Average Rating	Range of Ratings
Total	6.1	0 - 10
Central Goulburn (n=14)	6.2	0 - 9
Loddon Valley (n=10)	4.2	0 - 9
Murray Valley (n=11)	6.0	0 - 10
Rochester (n=9)	6.4	0 - 9
Shepparton (n=9)	7.4	4 - 10
Torrumbarry (n=9)	6.6	4 - 10
D&S Only (n=13)	6.9	0 - 10
Small (n=21)	6.1	0 - 10
Medium (n=15)	6.3	0 - 9
Large (n=13)	5.1	0 - 9

Base: All participants (n=62). See Appendix 1 for information provided to participants.
Q33: Just in principle, how acceptable to you is the proposed transition to uniform pricing and minimum service levels across Goulburn-Murray Water's whole service area for the Infrastructure Access and Use Fees? Scale: 0 = not at all to 10 = totally.

IN PRINCIPLE ACCEPTABILITY OF PROPOSED UNIFORM PRICING AND MINIMUM SERVICE LEVELS

REASONS FOR HIGHER ACCEPTABILITY RATINGS

The main reasons for higher *in principle* acceptability ratings for the proposed move to uniform pricing and minimum service levels across all irrigation areas were, in broad descending order of frequency/importance:

- **Uniform pricing and service *sound* good - *if* executed successfully:** About a third of customers who gave higher ratings simply thought that the concept sounded good, on the caveat that it can actually be executed as proposed – without a decrease in service levels and with cost reductions. There was, however, a strong degree of scepticism about whether GMW would achieve what it has proposed, and as such whether the cost savings for customers would eventuate. Many of these participants also noted that their opinion might change once they know the specific proposed prices, and how this would affect their water bill. This theme was most prevalent among D&S only customers, and broadly consistent across all irrigation areas except for Shepparton.
- **Price reduction and cost efficiencies:** Many participants thought it was a positive for GMW to pass on the cost savings of improved efficiencies to customers – particularly given the strong desire among customers to see a reduction in their water bill. This theme was strongest in the Shepparton area and among D&S only and Small customers.
- **Fairness:** Many customers supported uniform pricing as it would mean all customers would be on a more "level playing field". While there were somewhat mixed opinions about whether customers should be charged based on the distance of their property from the main water channels (and thus whether it costs more to deliver to more remote customers), quite a few felt that people should not be penalised based on the location of their property. This theme was broadly consistent across customer sizes and strongest in the Shepparton and Murray Valley areas.

"If what they say is true then I think it's good, but I don't believe what they say. You can bet your bottom dollar that they are in it to make money - I'm very sceptical of them. They give with one hand and take with the other." (Central Goulburn, Small)

8/10

"Any cost reduction is the right direction and any re-organisation that leads to streamlining and savings is the right thing to do." (Shepparton, Small)

10/10

"They seem like a good idea in principle. Successfully implementing them is the difficult part. GMW don't have a great track record in terms of bringing about changes. Saying it and successfully doing it are two different things." (Rochester, Large)

9/10

"It's so important for the price not to rise. People at this part of the system probably won't see much more improvement in service, so I'm not expecting the price to rise a heck of a lot." (Loddon Valley, D&S only)

9/10

"From a business point of view it makes sense. It's all good in theory, but I need more detail." (Torrumbarry, Medium)

7/10

Base: All participants (n=62).
Q34: What makes you feel that way?

IN PRINCIPLE ACCEPTABILITY OF PROPOSED UNIFORM PRICING AND MINIMUM SERVICE LEVELS

REASONS FOR LOWER ACCEPTABILITY RATINGS

The main reasons participants gave for *lower* in principle acceptability ratings for the proposed move to uniform pricing were, in broad descending order of frequency/importance:

- **Scepticism about GMW's ability to deliver uniform minimum service levels:** There was concern that those who currently receive lower levels of delivery service would not *actually* see any improvements to their service, particularly as some properties have already been modernised, automated and/or upgraded. This sentiment was relatively consistent across irrigation areas and strongest among Small customers.
- **Subsidisation of other districts:** Customers who were most strongly opposed to uniform pricing tended to believe that they would be subsidising "substandard" and less efficient water delivery systems in other areas which required further maintenance and improvements to infrastructure (which they had already worked hard to achieve in their own area). This sentiment was particularly evident among customers in Murray Valley. Several commented that they understood those in Shepparton in particular or even 'those on the Goulburn system' were going to benefit disproportionately. Counter to this, a few in these areas added that they were *already* subsidising customers in other irrigation areas.
- **Customers won't see the reduced costs:** Many found it hard to believe that GMW currently spends $850,000 per year in administration and operating costs to charge different prices across the districts. A few wanted to see more transparency or proof around this figure. As such, there was some concern that these cost savings to customers would never be realised. A few also commented that even if these savings were achieved, GMW wouldn't pass them on, as they'd seen other promises broken in the past. This sentiment was particularly evident in the Central Goulburn area.
- **Too many unknowns:** Some customers gave low ratings simply due to a lack of specific information and uncertainty around whether their area would "lose out" as a result of the changes. They tended to reserve judgement for when they were given more specific information, and expected they probably wouldn't benefit. This was broadly consistent across irrigation areas and slightly more prevalent among D&S only and Small customers.

5/10 *"If it really is going to save me money I'd say 7. But if you ring me in four years and we didn't get the savings you'd be getting minus 8… So, I'd say 5." (Shepparton, Medium)*

"It acknowledges the fact that each district has a different level of service and different costing. How can you centralise the costing when some will get more and some will get less?" (Loddon Valley, Small) **0/10**

"You should pay for the service you get, and currently the service is terrible." (Murray Valley, Small) **5/10**

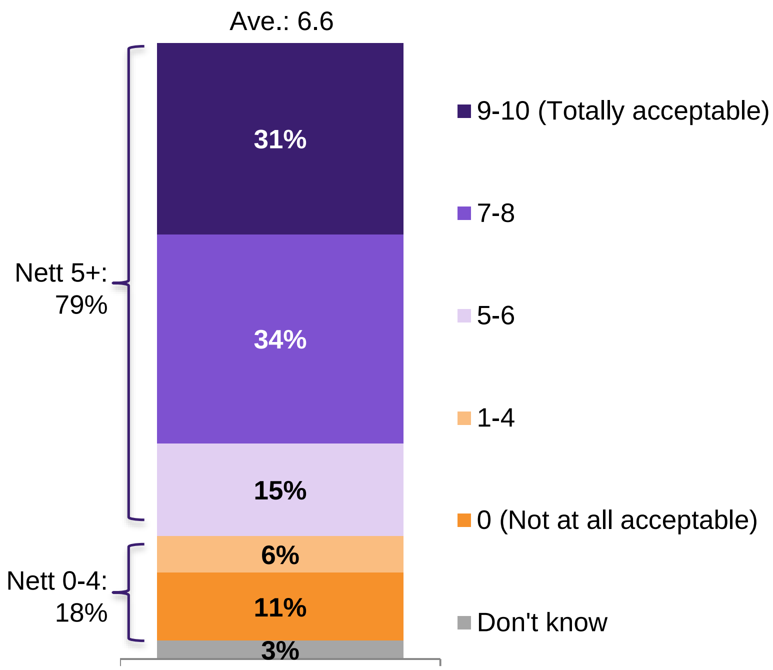
"That's one of those 'it depends' questions. If I live in an area where we're paying high costs, I'm going to be happy. You're not demonstrating to me how it's going to save me money, it's saying it's going to save YOU money. How can you convince me that you're going to charge me more money but save me money?" (Central Goulburn, Large) **0/10**

"They say there will be savings…they cut the guts out of things and cut jobs and you never see the price reduce. I would be surprised if anything comes back to the customer. Someone gets a fat back pocket and the rest of us are buggered." (Torrumbarry, Small) **6/10**

ACCEPTABILITY OF PROPOSED UNIFORM IAF AND IUF PRICES

SINGLE RATE STRUCTURES DREW STRONGER SUPPORT OVERALL

Acceptability of Proposed Prices for Infrastructure Access and Use Fees



- Once given specific information about the proposed prices for the IAF and IUF, including comparisons of projected rates under the current and proposed pricing approaches, acceptability of the proposed changes remained strong, with 79% offering a rating of 5 or more out of 10.
- Unacceptability ratings (0 to 4) were lower as well, at 18%.
- Customers in Shepparton, the area that would benefit the most from the changes, predictably rated this much higher than the average (at 9.4 versus 6.6 overall).
- Lower averages came from the Central Goulburn area (5.3) and Large customers (5.4).

Average by Area & Size	Average Rating	Range of Ratings
Total	6.6	0 - 10
Central Goulburn (n=14)	5.3	0 - 9
Loddon Valley (n=10)	6.3	0 - 9
Murray Valley (n=11)	6.0	0 - 10
Rochester (n=9)	7.1	0 - 10
Shepparton (n=9)	9.4	6 - 10
Torrumbarry (n=9)	6.3	3 - 10
D&S Only (n=13)	7.4	0 - 10
Small (n=21)	6.5	0 - 10
Medium (n=15)	7.2	0 - 10
Large (n=13)	5.4	0 - 10

Base: All participants (n=62).
See Appendix 1 for more information. Q35: How acceptable to you is Goulburn-Murray Water's proposed move to single rates for the Infrastructure Access and Use Fees across all irrigation areas? Scale: 0 = not at all to 10 = totally acceptable.

ACCEPTABILITY OF PROPOSED UNIFORM IAF AND IUF PRICES

REASONS FOR HIGHER ACCEPTABILITY RATINGS

Participants were asked to reflect on their reactions to the specific information about how their charges would be affected by the proposed changes. The main reasons for *higher* acceptability ratings for the proposed move to uniform rates for the infrastructure access and use fees across all irrigation areas were, in broad descending order of frequency / importance:

- **Cost savings – it's going to benefit me:** Customers who strongly supported the changes tended to do so because it was going to reduce their costs significantly. A few of these customers felt this would be particularly beneficial as farming has been "such a battle for so long". While this theme was broadly consistent across irrigation areas, it was strongest in the Shepparton area.
- **Fairness:** About a third of customers who gave higher ratings supported the move to single rates because they felt it was more equitable and reflected a "user-pays" system rather than making some consumers pay more for infrastructure. This theme was broadly consistent across customer sizes and irrigation areas. It is worth noting that a few of the D&S only customers provided high acceptability ratings because they thought this would help most farmers, even though the changes were neither really here nor there or quite marginal for them personally.
- **Sounds good - if the figures are factual and minimum service levels are implemented:** While levels of scepticism decreased slightly after participants were provided with specific information about how their bills would be affected, many still felt that there must be hidden fees involved as the changes sounded "too good to be true". This theme was strongest in Loddon Valley and consistent across customer sizes except for D&S only.

"Well they are discriminating if they don't make it a single fee. It is not anyone's fault if you are in a region where the price is higher. It should be equal." (Rochester, Small)

7/10

"That would be an 11 out of 10 for us. It all comes down to the dollar. We're cut and dry when it comes to saving money. We have four delivery shares that we are trying to lose so a lower cost for those is massive to us." (Shepparton, Small)

10/10

"We're coming down 14% aren't we? Can't see how, there's got to be a catch - there must be something hidden. It might bite me somewhere else." (Loddon Valley, Large)

8/10

"Unless all of the figures [relating to water bills] are made available, you don't know what they're talking about or how honest GMW are being. ... robbing Peter to pay Paul - and that will certainly be happening with the Wheels." (Central Goulburn, Large)

8/10

Base: All participants (n=62).
Q36: What makes you feel that way?

ACCEPTABILITY OF PROPOSED UNIFORM IAF AND IUF PRICES

REASONS FOR LOWER ACCEPTABILITY RATINGS

The main reasons for lower acceptability ratings for the proposed move to uniform rates for the infrastructure access and use fees across all irrigation areas were, in broad descending order of frequency / importance:

- **Subsidisation of other districts is going to disadvantage their own:** There was concern that the move to single rates would mean that some irrigation areas would be unfairly disadvantaged through the subsidisation of other districts. Some of the disadvantages spoken of by customers included cost (particularly in Murray Valley), reduced availability of local services, and missing out on improvements to infrastructure. While this was a concern for some customers with prior knowledge of the Water Plan *before* being presented with specific figures related to their bill, a couple of others without prior knowledge began to question whether this was the intention of the proposed changes. This theme was strongest in Murray Valley and evident across the Central Goulburn and Torrumbarry irrigation areas.
- **Scepticism that there would in fact be an overall reduction in their water bill:** Some gave lower acceptability ratings simply because they found it hard to believe that their water bills would decrease, and couldn't understand GMW's incentive to do so. There was a clear lack of trust among these customers towards GMW and it was generally assumed that while the infrastructure access and use fees may reduce, GMW would make up for it by charging them more for something else (e.g. service point fee increases). This sentiment was particularly prevalent among small customers across Central Goulburn, Torrumbarry and Loddon Valley.

"Why are they doing that? Are we subsidising others? It's not coming back to us really. Other areas are benefiting from the single price but over here because we're so far from Tatura, if they centralise everything they are going to close the offices. They've already taken a lot of the services back to Rochester which is so far from where we are anyway." (Torrumbarry, Medium)

3/10

"Because we are going to be paying a higher fee to effectively subsidise a less efficient system on the Goulburn, and that is completely unacceptable." (Murray Valley, Large)

0/10

"I like that it is going down, but I don't believe it. I don't believe it - I give them a 3. They will find another charge to put on. There is no competition, they're the only game in town if we want water. Even if they said they were going to put it up 20%, we still have to buy it. They've got big debts themselves and I can't see them giving up anything for free and dropping their prices. I'm highly sceptical of the whole thing. It's a card trick, they'll lose you in the five card trick. The thimble and the bean under it, they move it around and it doesn't get any better." (Central Goulburn, Small)

3/10

"It doesn't deliver any good for us; that is for sure." (Murray Valley, Small)

0/10

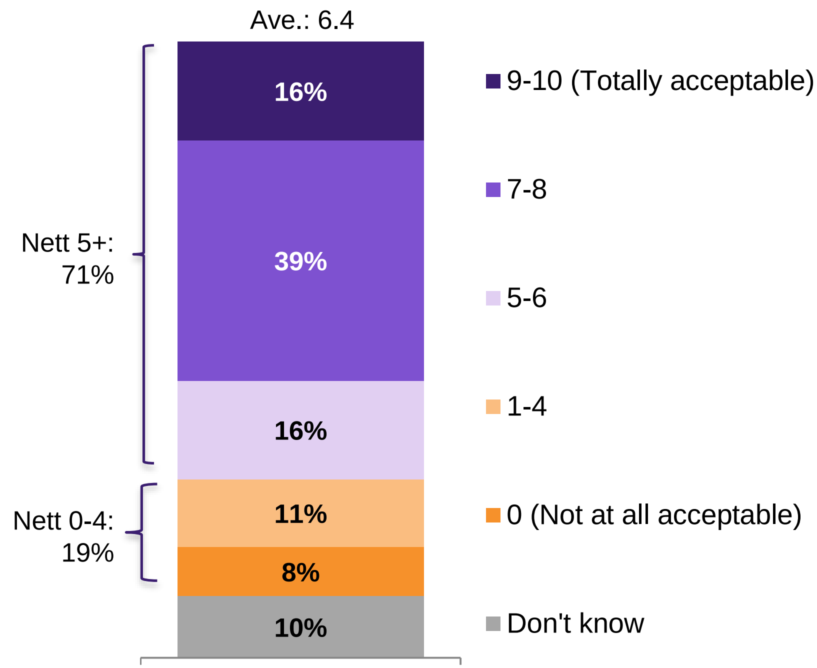
ACCEPTABILITY OF PROPOSED DELIVERY SERVICE PRICING OVERALL (INCLUDING SERVICE POINT FEES)

OVERALL BILL IMPACTS CREATES SOME UNCERTAINTY: MORE INFORMATION SOUGHT

- Once participants were given specific details on the likely impact of the proposed overall delivery service pricing changes on their *own* bills (including the impact of increased service point fees), acceptability remained in the majority, but dipped slightly (not significant), with 71% rating it as 5 or more out of 10. Notably the nett higher ratings of 7 or more remained at 55%, and unacceptability levels were also steady, but the proportion of 'don't know' responses increased to 10%, indicating a need for more information.
- Shepparton participants' ratings were again higher than the average (8.8 versus 6.4), while those in Murray Valley and Large customers gave the lowest ratings (5.1 and 5.5 respectively).

Average by Area & Size	Average Rating	Range of Ratings
Total	6.4	0 - 10
Central Goulburn (n=14)	5.7	0 - 9
Loddon Valley (n=10)	7.0	0 - 9
Murray Valley (n=11)	5.1	0 - 8
Rochester (n=9)	6.0	0 - 8
Shepparton (n=9)	8.8	6 - 10
Torrumbarry (n=9)	5.9	0 - 10
D&S Only (n=13)	7.2	0 - 10
Small (n=21)	5.8	0 - 10
Medium (n=15)	7.0	0 - 10
Large (n=13)	5.5	0 - 10

Acceptability of Proposed Delivery Service Pricing Overall



Base: All participants (n=62).
See Appendix 1 for more information. Q38: How acceptable to you is Goulburn-Murray Water's proposed new delivery service pricing overall? Scale: 0 = not at all to 10 = totally acceptable.

ACCEPTABILITY OF PROPOSED DELIVERY SERVICE PRICING OVERALL (INCLUDING SERVICE POINT FEES)

REASONS FOR LOWER ACCEPTABILITY RATINGS

Participants were asked to reflect on their reactions to the specific information about how their bills would be affected by the proposed changes to delivery service pricing overall. The main reasons for *lower* acceptability ratings for the proposed overall delivery service pricing were, in broad descending order of frequency / importance:

- **Increase in service point fees:** In some instances, the proposed increases to service point fees meant that expected savings through the infrastructure access and use fees were negated or reduced significantly. This was especially relevant to customers who weren't yet modernised and larger customers who had more service points. A couple were concerned that due to the proposed extra costs, irrigation may no longer be viable in the area. This theme was broadly consistent across customers of all sizes except for D&S only.
- **Scepticism about whether customers were given the full picture:** It was clear that some participants remained sceptical about the figures which were provided to them, and some others felt that the costs were difficult to understand. A few customers thought that GMW must have omitted critical information about their water bill (i.e. the estimates provided seemed too good to be true). Some also raised questions about delays and issues associated with the modernisation program, and thus wondered how accurate the estimated charges would turn out to be.
- **Large customers don't want to subsidise smaller and less efficient customers:** Some larger farming customers commented that they don't want to subsidise hobby farmers, residential-only customers or those in Shepparton, as they use water in much more sophisticated and efficient ways, and more of it. Counter to this, a couple of larger customers in the Shepparton irrigation area commented that they had been subsidising customers in other areas for years.

"It will cost me money - because I've got wheels. To say we're going to get a lower cost when actually it's going to be more is rather disingenuous." (Central Goulburn, Large)

2/10

"We would not be happy with that level of increase. That is a very significant increase for us as a small user. We are a small non-profit community group, we would have to pass on all of the increases to the people who use our services." (Murray Valley, Small)

2/10

"I get sick of talking to them about the Plan - they keep changing their mind and you can't get a straight answer out of them. If we go on the diversion of the river system, that bill would come back to $10k, then I wouldn't have to put up with GMW all the time and would have more flow rates and water on the river 365 days a year. Why should I keep this water going just for those three little hobby farmers around me?" (Torrumbarry, Large)

0/10

Base: All participants (n=62).
Q38: What makes you feel that way?

ACCEPTABILITY OF PROPOSED DELIVERY SERVICE PRICING OVERALL (INCLUDING SERVICE POINT FEES)

REASONS FOR HIGHER ACCEPTABILITY RATINGS

The main reasons for *higher* acceptability ratings were, in broad descending order of frequency / importance:

- **Cost savings and reduced prices:** Around two-fifths of customers who gave higher acceptability ratings did so because they were going to see a reduction in their water bill as ‘in the end, it comes down to the dollar’. While overall, most were happy with their proposed cost savings, a couple of customers (particularly in Shepparton) would like to have see a more significant decrease.
- **Improved efficiencies:** Many customers felt it was a positive that they would see improvement in the operation of their water delivery system, with some saying that the modernisation of all districts would help to overcome disadvantages, creating a more “level playing field”.
- **Support for modernisation – though the timeline and costs sound unrealistic:** While customers were happy with the proposed timeline and costs, there was a sense that GMW may over-promise and eventually under-deliver. Many customers found the changes acceptable with a number of caveats, for example, *only* if their property was actually modernised by 2020 and if the prices didn’t inflate beyond what was proposed in the next four years or any time in the near future. Similarly to previous questions, many were concerned that the “devil will be in the detail” and their bills would not in fact decrease. This sentiment was broadly consistent across all irrigation areas except Shepparton, where acceptability was higher.
- **Reasonable expenses related to service upgrades:** About a fifth of customers who gave higher ratings supported the proposed delivery service pricing as they felt the increases (where relevant) were worth the upgrades GMW was planning. A few customers thought the increases were more than what they were expecting and that it would be important for it to be implemented in stages to minimise the financial impact. This sentiment was strongest among D&S only customers.
- Other lower level reasons provided by customers included that they had no choice but to accept the changes and that the changes had minimal impact on them.

8/10

“Yes it's good. It is a bit of a no brainer… with that level of reduction.” (Shepparton, Large)

“If their forecast pricing is correct I would be very happy. But I am sceptical about how they think the price is not going to increase over time.” (Loddon Valley, Large)

8/10

“I accept they’ve got to fit in new meters and do upgrade work and pay for all those things. I think that's fair. When you're paying more money you're never entirely happy. I can be 80% happy as that expense isn't too bad.” (Central Goulburn, Small)

7/10

“It is going to go up whatever they do. I just don’t believe it will go down. It never does.” (Rochester, Small)

7/10

“Well I still find the minimum service levels appealing, but time will tell. Is it ironclad?” (Loddon Valley, Small)

8/10

Base: All participants (n=62).
Q38: What makes you feel that way?

APPENDICES

1. INTERVIEW GUIDE

APPENDIX 1: INTERVIEW GUIDE

Interview Guide for Goulburn-Murray Water 2016 Price Review Research
January 4, 2016 (NGR 1510002)

Background

An excellent mix of customers are to be invited to participate in the research via in-depth telephone interviews. The interviews will be conducted by a small team of Newgate Research's qualitative researchers. Randomised sample is provided separately in the customer database, with information included that should be used to target a broadly representative mix of customers. We need to retain all fields in the database within the final dataset, for analysis purposes. A separate template will be provided for entering the data from each interview.

PROGRAMMING INSTRUCTIONS ARE SHOWN THROUGHOUT IN BOLD CAPS.

QUOTAS – AIM FOR ALL OF THESE TO ENSURE THE SAMPLE INCLUDES AN EXCELLENT MIX OF CUSTOMERS. THESE QUOTAS ARE SIMILAR TO ACTUAL CUSTOMER PROPORTIONS BUT ADJUSTED TO ENSURE A MINIMUM SAMPLE OF TWO INTERVIEWS PER CELL. THIS RESULTS IN THE LARGE CUSTOMER SAMPLE BEING NOTABLY HIGHER THAN WITHIN THE CUSTOMER BASE, WHICH WILL BE CONSIDERED IN THE ANALYSIS.

District Quotas by Customer Size	D&S Only	Small	Medium	Large	Total	Sample %	Actual %
1. Central Goulburn	2	6	4	2	14	23%	30%
2. Loddon Valley	2	3	3	2	10	17%	15%
3. Murray Valley	2	3	2	2	9	15%	6%
4. Rochester	2	3	2	2	9	15%	13%
5. Shepparton	2	3	2	2	9	15%	18%
6. Torrumbarry	2	3	2	2	9	15%	18%
Total	12	21	15	12	60	100%	100%
Sample %	20%	35%	25%	20%	100%		
Actual %	28%	46%	21%	5%	28%		

District = Sample Column D. Customer Size = Sample Column A.

Water Use Level 2014/15 (Sample Column AX)	Number of Customers	%	Target Quotas
None	1889	15%	6
Low (0.5-2.99ML)	3936	31%	20
Medium (3-79.98ML)	3599	28%	18
High (80ML+)	3315	26%	16
Total	12739	100%	60

Water use quotas are targets only, based on their proportions within the sample. This will be monitored throughout fieldwork and adjusted if necessary.

We expect to have a good mix of ages, males and females in the sample (which we acknowledge will be dependent on the proportions within the sample), but have not set quotas because this is not identified in the database.

INTRODUCTION

Good morning / afternoon / evening. My name is **[FULL NAME]** from Newgate Research. We are conducting an important customer consultation research study on behalf of Goulburn-Murray Water.

ASK <u>ONE OF THE TWO</u> QUESTION SERIES IN THE TABLE BELOW, DEPENDING ON WHETHER YOU HAVE THE CUSTOMER'S NAME IN THE DATABASE OR NOT:

IF HAVE A PERSON'S NAME FROM SAMPLE COLUMNS G / H ('CARE OF') IN DATABASE ASK:	• May I please speak with **[FULL CUSTOMER NAME]**? • **RE-INTRODUCE IF SPEAKING WITH A NEW PERSON.** • Can I just ask if you are responsible for making decisions in relation to your water use and bill? o **IF YES, CONTINUE** o **IF NO, ASK IF YOU COULD PLEASE SPEAK WITH THAT PERSON. RE-INTRODUCE IF SPEAKING WITH A NEW PERSON.**
IF NO PERSON'S NAME PROVIDED IN DATABASE (BUSINESS NAME ONLY):	• May I please speak with the person responsible for making decisions in relation to your water use and bill? • **RE-INTRODUCE IF SPEAKING WITH A NEW PERSON.** • Could I just ask for your name please?

IT'S OK IF THEY'RE <u>JOINTLY</u> RESPONSIBLE WITH SOMEONE ELSE. IF THEY'RE UNSURE, ASK FOR THE PERSON WHO IS RESPONSIBLE FOR THE IRRIGATION ON THEIR PROPERTY.

IF ASKS WHICH BILL / PROPERTY: This is for the property at **[INSERT PROPERTY ADDRESS FROM SAMPLE COLUMN I].**

SAY TO ALL: This research is about Goulburn-Murray Water's 2016 Water Plan and its proposed prices for the four years from mid-2016. The purpose is to independently gather customer feedback and preferences about the services you receive from Goulburn-Murray Water, and the proposed changes that will affect gravity irrigation customers such as yourself.

Participation involves a completely confidential interview over the phone. It will go for 30 to 60 minutes depending on your responses, and in appreciation of your time we will reimburse you with $50. This is genuine research and we are not selling anything at all.

> **IF ASKS ABOUT FORM OF INCENTIVE:** This can be deposited to your bank account, or sent to you as a cheque or money order.

We are interviewing a random selection of Goulburn-Murray Water's gravity irrigation customers. The views of customers such as yourself will be extremely helpful in understanding what's important to customers. The research results will be provided to the regulator, the Essential Services Commission, which makes the final decisions on Goulburn-Murray Water's fees and charges.

Are you happy to participate now or can I make a time with you later today, or in the next couple of days?

PROCEED OR MAKE APPOINTMENT IF NECESSARY.

IF NECESSARY: You don't need to know anything about Goulburn-Murray Water to participate.

APPENDIX 1: INTERVIEW GUIDE CONT'D

IF NECESSARY: This interview is not related to **temporary water prices** at all. It is about Goulburn-Murray Water's fees and charges.

IF NECESSARY: Goulburn-Murray Water provided Newgate Research with a random sample of its customers, purely for the purposes of this research, and in accordance with privacy laws.

PRIVACY STATEMENT – READ ONLY IF NECESSARY (EG IF RESPONDENT IS CLEARLY CONCERNED ABOUT THE PRIVACY): Newgate Research is independent of Goulburn-Murray Water and is committed to protecting the privacy of your information. We do this in accordance with the Privacy and Data Protection Act 2014 (Vic). None of your information associated with this interview will ever be provided to Goulburn-Murray Water.

IF NECESSARY: If you wish to check the validity of this research I can give you the contact details for Goulburn Murray Water. **IF YES:**

Telephone: Free call - 1800 013 357 or Standard Call - (03) 5826 3500
Email: reception@gmwater.com.au
Fax: (03) 5826 3334
Postal Address: PO Box 165 Tatura VIC 3616

NB: If at any time it appears the customer has concerns and would appreciate a call from GMW, ask if they would like us to arrange for someone to give them a call. The participant must explicitly say that they are happy for us to pass on their details to GMW.

DATABASE INFORMATION FOR QUOTAS AND ROUTING (NOT ASKED OF PARTICIPANTS)

X1. DISTRICT [SAMPLE COLUMN D]. CHECK QUOTAS.
1. **Central Goulburn**
2. **Loddon Valley**
3. **Murray Valley**
4. **Rochester**
5. **Shepparton**
6. **Torrumbarry**

X2. CUSTOMER SIZE [SAMPLE COLUMN A]. CHECK QUOTAS.
1. **D&S ONLY**
2. **SMALL**
3. **MEDIUM**
4. **LARGE**

X3. WATER USE LEVEL [SAMPLE COLUMN AX]. CHECK QUOTAS.
1. **LOW**
2. **MEDIUM**
3. **HIGH**
4. **NONE**

X4. SERVICE POINTS MODERNISED YET? [SAMPLE COLUMN CO].
1. **YES**
2. **NA (NOT APPLICABLE)**
3. **ASK (UNKNOWN)**

NB: Throughout interview "DNRO" = Do Not Read Out.

[NEW PAGE] MAIN INTERVIEW QUESTIONS

The first few questions are to make sure we have a good mix of customers in the research and are for analysis purposes only.

1. For how many properties do you receive a water bill from Goulburn-Murray Water?
   INSERT NUMBER ... 0-99

IF Q1 = 0, END WITH THANKS: I'm sorry, this research is with current Goulburn-Murray Water customers. Thank you for your interest today.

IF Q1 IS GREATER THAN 1 SAY:

The random selection of customers resulted in the charges to your property at **[INSERT ADDRESS, SAMPLE COLUMN I IN DATABASE]** in the **[INSERT DISTRICT FROM X1]** irrigation area being the focus of our discussion today. Please keep this in mind throughout the interview.

2. Record Gender **[DNRO]**
   1. Male
   2. Female
   3. Other

3. Are you or any of your immediate family members an employee of Goulburn-Murray Water or other water authority, or a member of one of its Water Services Committees?
   1. Yes, I am a GMW employee
   2. Yes, I am a Water Services Committee member
   3. Yes, I am employed by/ involved with another water authority
   4. Yes, someone in my family is a GMW employee
   5. Yes, someone in my family is a Water Services Committee member
   6. Yes, someone in my family is employed by/ involved with another water authority
   7. No

NOTE: 'IMMEDIATE FAMILY' CAN INCLUDE SAME HOUSEHOLD OR FAMILY MEMBERS IN THE SAME FARMING BUSINESS – EG SIBLINGS, PARENTS, ETC.

IF CODE 2 SAY: GMW values the inputs and advice from its Water Services Committee members and understands each Water Services Committee's position on its Water Plan. For this interview, we are keen to understand your views purely as a customer, rather than as a member of one of the Water Services Committees. Just to remind you your responses in this interview will be kept strictly confidential and not attributed to you in any way. **CONTINUE**

IF EMPLOYEE (Q3=1) END WITH THANKS: Thank you for your interest in this research. As you know, the views of employees are important to GMW, but it is gathering the feedback of employees on the Water Plan through other ways, so thank you again for your time today. Just to remind you my name is **...** from Newgate Research. If you have any queries you may wish to contact my supervisor on (03) 9611 1850 or call the Australian Market Research Society's survey line on 1300 364 832.

APPENDIX 1: INTERVIEW GUIDE CONT'D

4. Is the property a business, a residence only or both? **[IF NECESSARY: INSERT PROPERTY ADDRESS]**
   1. A business
   2. A residence
   3. Both

ASK NEXT IF Q4=1 OR 3. OTHERS SKIP TO Q7.
INTERVIEWER NOTE: IF RESPONDENT INDICATED THEIR PROPERTY IS A FARM IN PREVIOUS QUESTION SELECT CODE A THEN GO TO Q6

5. In which industry is the business or organisation at that address primarily involved? **RECORD BEST FIT**

   SHOW ADDRESS, ONLY REPEAT ADDRESS IF NECESSARY

   a) Agriculture, Forestry and Fishing
   b) Mining
   c) Manufacturing
   d) Electricity, Gas, Water and Waste Services
   e) Construction
   f) Wholesale Trade
   g) Retail Trade
   h) Accommodation and Food Services
   i) Transport, Postal and Warehousing
   j) Information Media and Telecommunications
   k) Financial and Insurance Services
   l) Rental, Hiring and Real Estate Services
   m)Professional, Scientific and Technical Services
   n) Administrative and Support Services
   o) Public Administration and Safety
   p) Education and Training
   q) Health Care and Social Assistance
   r) Arts and Recreation Services
   s) Other Services

IF Q5=A ASK

6. May I ask what type of farming enterprise you have? **ACCEPT MULTIPLE**
   a) Vegetables
   b) Fruit
   c) Grains e.g. wheat, sorghum, canola
   d) Sugar
   e) Fibre e.g. cotton, wool
   f) Forestry / wood
   g) Other horticulture related – e.g. flowers, bees (for propagation), grape vines
   h) Aquaculture / seafood
   i) Beef cattle
   j) Dairy cattle
   k) Sheep – for wool
   l) Sheep – for meat
   m)Pigs
   n) Chickens/poultry – for meat
   o) Chickens/poultry – for eggs
   p) Other (specify)

7. Are you the owner / occupier of the property? **IF NO:** Are you... leasing, share farming, or something else?
   a) Own and occupy the premises
   b) Landlord (e.g. own but don't occupy / leasing it out)
   c) Lessee / tenant
   d) Share farming
   e) Other (specify)

VALUE FOR MONEY, SERVICE QUALITY AND PRIORITIES

We'll first go through a series of questions about your expectations and in-principle preferences before considering some specific aspects of the Water Plan. Please note that ALL of the questions in this interview relate only to gravity irrigation services.

8. Firstly, how would you rate the overall value for money of the delivery services that you pay for via your water bill? Please use a scale from 0 to 10, where 0 means very poor value and 10 means excellent value. *[Don't know = 99.]*

   IF NECESSARY EXPLAIN: This covers the Infrastructure Access and Use Fees, the casual Infrastructure Use Fee if you are charged this, as well as the Service Point Fees and the Service Fee.

9. Using the same scale, how would you rate the quality of the delivery services you receive from GMW?

   REPEAT SCALE ONLY IF NECESSARY: Please use a scale from 0 to 10, where 0 means very poor quality and 10 means excellent quality. *Don't know = 99.*

10. And does the quality of its delivery services for gravity irrigation to your property, meet, fall below or exceed your expectations and needs? **IF DOES NOT MEET:** Is that by a lot or a little?
    1. Falls below - by a lot
    2. Falls below - by a little
    3. Meets expectations
    4. Exceeds expectations - by a little
    5. Exceeds expectations - by a lot

11. Looking ahead, over the next five years, what delivery service improvements do you think GMW should focus on? **OPEN-ENDED RESPONSE, RECORD VERBATIM, PROBE AND CLARIFY AS NEEDED. IF NECESSARY:** For gravity irrigation services only.

12. NO QUESTION 12

WATER BILL: MATERIAL DIFFERENCE & WILLINGNESS TO PAY FOR IMPROVEMENTS

13. I'd like you to imagine a situation in which your water bill was to go down. By what **percentage** would it need to fall in order for you to notice and for it to make a meaningful difference to you?

APPENDIX 1: INTERVIEW GUIDE CONT'D

Please think about this relative to your most recent full year's water bill, for the 2014/15 financial year.

_ _ _ . _% less **[ALLOW DECIMALS. NOTE REASONS / COMMENTS]**

INTERVIEWER NOTE: JUST BASED ON THEIR BEST RECALL OF THEIR LAST WATER BILL. HELP THEM WITH A CALCULATION IF NECESSARY.

14. Now, think about if your water bill was to go up. What is the minimum increase in your bill that you would really notice and would make a difference to you?

_ _ _ . _% more **[ALLOW DECIMALS. NOTE REASONS / COMMENTS]**

IF NECESSARY: Please think about this relative to your most recent full year's water bill, for the 2014/15 financial year.

15. Thinking about the sorts of delivery service improvements you might like to see from Goulburn-Murray Water, if these are in place by the middle of 2019, how much extra in percentage terms would you be willing to pay for these, if anything?

Please exclude CPI adjustments from this, so it's a comparison with today's dollar.

_ _ _ . _ % more **[ALLOW DECIMALS AND ZERO. NOTE REASONS/ COMMENTS]**

IN-PRINCIPLE PERCEPTIONS OF UNIFORM PRICING

16. Some customers currently receive lower levels of delivery service than others because of the infrastructure in their area. As part of its Water Plan, Goulburn-Murray Water has proposed to deliver more consistent minimum service levels across all customers. How important do *you* think it is for customers across all of Goulburn-Murray Water's irrigation areas to receive the same minimum levels of delivery service? Please use the scale where zero means not at all and ten means you think it's extremely important. **EXPLORE REASONS.** *Don't know = 99.*

17. In principle, do you think that customers who receive the same minimum delivery service levels should be charged the same prices? **EXPLORE REASONS.**
IF NECESSARY: This is for gravity irrigation.

    1. Yes____
    2. No____
    3. Don't know

18. It does cost more to deliver some services for gravity irrigation to some customers. In principle, do you think those customers should be charged more than other customers, to reflect the higher costs to deliver services to them? **EXPLORE REASONS.**

    1. Yes____
    2. No____
    3. Don't know

19. As I mentioned, some customers currently receive lower levels of delivery service than others. In percentage terms, how much extra, if anything, would you be willing to pay for all customers to receive the same minimum levels of delivery service for gravity irrigation from Goulburn-Murray Water? **EXPLORE REASONS.**

_ _ _ . _ % more **[ALLOW DECIMALS]**

AWARENESS OF WATER PLAN

20. Before today, did you know that Goulburn-Murray Water is in the process of having its prices reviewed for its 2016 Water Plan, covering the four year period from 1 July 2016?
    1. Yes
    2. No
    3. Unsure

ASK NEXT IF Q20=1. OTHERS (Q20=2,3) GO TO SECTION *ABOUT GOULBURN-MURRAY WATER* (JUST AFTER Q32)

21. Where have you heard about Goulburn-Murray Water's 2016 Water Plan? **MULTIPLE RESPONSE, DNRO, SELECT BEST FIT, ASK IN WHAT OTHER WAYS?**

    1. Information in the mail from GMW
    2. Attended a public information session hosted by GMW
    3. Via email from GMW
    4. GMW's Water Plan web page
    5. Local regional newspapers (specify)
    6. Irrigation e-news
    7. Local radio
    8. Social media
    9. Water Service Committee member
    10. Word of mouth (friends/family)
    11. Attended a public information session hosted by the ESC
    12. Other (specify)

22. And did you know that Goulburn-Murray Water was inviting customers to provide feedback about its 2016 Water Plan?
    1. Yes
    2. No
    3. Unsure

IF CODE 2 NOT SELECTED IN Q21 ASK, OTHERS (CODE 2 SELECTED IN Q21) GO TO Q24B

23. Did you attend any of Goulburn-Murray Water's information sessions about its 2016 Water Plan? **IF NECESSARY:** These were held earlier this year.

    1. Yes
    2. No

IF WENT TO INFORMATION SESSION (Q21=2 OR Q23=1) ASK, OTHERS GO TO Q29

24. What were your main reasons for going along? **OPEN-ENDED RESPONSE, RECORD VERBATIM**

ASK IF Q23=2, OTHERS GO TO Q25

APPENDIX 1: INTERVIEW GUIDE CONT'D

24. B) What were the main reasons you didn't go to any of the information sessions? **MULTIPLE RESPONSE, DNRO, SELECT BEST FIT, ASK ANY OTHER REASONS?**
    1. Didn't know about them
    2. Couldn't go at that day/ time
    3. Location not convenient
    4. Not interested
    5. Prefer to get information in other ways (specify preference)
    6. Not worth attending (specify why)
    7. Other (specify)

    IF ASKED Q24B NOW GO TO Q28

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25. How would you rate the overall quality of the information session on a scale where 0 means very poor and 10 means excellent? *Don't know = 99.*

26. How would you rate the clarity of information provided at the session, using that same scale? **IF NECESSARY:** Where 0 means very poor and 10 means excellent? *Don't know = 99.*

27. How useful was it for you to attend the session, on a scale where 0 means not at all and 10 means extremely useful? *Don't know = 99.*

28. How would you rate your level of understanding of the proposed changes to the fees and charges in the 2016 Water Plan, on a scale where 0 means you do not understand them at all and 10 means you have an excellent understanding? *Don't know = 99.*

29. Have you provided any feedback or expressed your views to Goulburn-Murray Water or any other authorities about the 2016 Water Plan? **SELECT ONE**
    1. Yes, to GMW
    2. Yes, to other/s (specify)
    3. Not yet but intend to
    4. No **(ASK REASONS FOR NOT PROVIDING FEEDBACK)**

IF Q29=1 OR 2

30. In what ways have you provided feedback or expressed your views about the 2016 Water Plan? **MULTIPLE RESPONSE, DNRO, SELECT BEST FIT, ASK ANY OTHER WAYS?**
    1. Written submission to GMW
    2. Written submission to the Essential Services Commission/ESC
    3. Written submission to other (specify)
    4. At a public information session held by G-MW
    5. At a public information session held by ESC
    6. Telephoned GMW
    7. In person at GMW's office
    8. GMW's Water Plan web page
    9. Local regional newspapers (specify)
    10. Irrigation e-news
    11. Local radio
    12. Social media
    13. Water Service Committee member
    14. Word of mouth (friends/family)
    15. Other *(Please specify)*

PERCEPTIONS OF THE 2016 WATER PLAN

ASK NEXT TWO QUESTIONS IF Q20=1. OTHERS GO TO NEXT SECTION

31. I'll go through some specific information in a moment, however based on your current understanding of Goulburn-Murray Water's 2016 Water Plan, how acceptable to you are the proposed changes to its fees and charges overall? Please use a scale where 0 means not at all and 10 means totally acceptable. *Don't know = 99*

32. What makes you feel that way? **OPEN-ENDED RESPONSE, RECORD VERBATIM**

ABOUT GOULBURN-MURRAY WATER

SAY TO ALL: I'll now take you through some specific information about the Water Plan. You may be aware of some of this already; please bear with me as we need to provide the same information to all participants.

It will take a few minutes to go through. Stop me if you need me to repeat anything.

[INTERVIEWERS TO NOTE AREAS OF CONFUSION, QUESTIONS OR COMMENTS AS YOU GO. CHECK IN AS NEEDED TO SEE IF THEY ARE FOLLOWING ALONG. USE ABBREVIATION 'GMW' THROUGHOUT IF APPROPRIATE.]

Firstly, Goulburn-Murray Water is responsible for storing, managing and delivering water to around fourteen thousand gravity irrigators across roughly a third of Victoria. It's also delivering the 'Connections Project', which is funded by the State and Commonwealth governments to upgrade and improve the water delivery systems and service levels for the irrigation network.

Goulburn-Murray Water is required to submit its four year water plan to the independent regulator, the Essential Services Commission (or 'the ESC'), outlining its proposed service standards, expenditure and pricing for its core services.

The ESC assesses whether the pricing and service standards are fair and reasonable for Goulburn-Murray Water's customers. The submission was made in early September 2015 and the ESC's draft decision is due in February. The approved fees and charges will begin to come into effect from 1 July 2016.

TRANSITION TO A UNIFORM DELIVERY CHARGE FOR GRAVITY IRRIGATION CUSTOMERS

The purpose of this particular research is just to gather additional feedback on proposed changes to the Infrastructure Access and Use Fees, and we'll also look at the overall delivery fees.

The Infrastructure Access Fee is a fixed charge based on your delivery share, and the Infrastructure Use Fee is based on how much water you use. Currently there are six gravity irrigation areas within Goulburn-Murray Water's customer area, and these fees are different in each area. This is partly because there are different minimum service levels in the various areas.

In a nutshell the proposal is to transition to single rates for these fees across all customers by 2020, to reflect the fact that customers across all of the irrigation areas will be receiving the same minimum service levels by then. The new charges would be gradually phased in from 1 July 2016.

This uniform pricing approach will reduce operating and administration costs in the order of eight-hundred and fifty thousand dollars per year, and these cost reductions will be passed

APPENDIX 1: INTERVIEW GUIDE CONT'D

on to customers. These savings will be achieved through lower labour costs because GMW would no longer have to undertake separate pricing, budgeting and customer service activities for six separate irrigation areas, as these activities would be centralised.

33. Just in principle, how acceptable to you is the proposed transition to uniform pricing and minimum service levels across Goulburn-Murray Water's whole service area for the Infrastructure Access and Use Fees? Please use the 0 to 10 scale, where 0 means not at all and 10 means totally acceptable. *Don't know = 99.*

34. What makes you feel that way? **OPEN RESPONSE, RECORD VERBATIM**

MUST SAY TO ALL: Please note that the proposed future charges I'll take you through next are **exclusive** of inflation to allow you to compare them with today's dollar. Often called 'CPI', this is typically an increase to most goods and services in the order of one to three per cent per year and is applied on top of the approved charges each year.

ONLY IF NECESSARY (EG IF RESPONDENT ASKS WHAT CPI IS): CPI stands for Consumer Price Index; it reflects economic conditions and is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

INFRASTRUCTURE ACCESS FEE

We'll start with the Infrastructure **Access** Fee. As I mentioned, this is a fixed annual fee multiplied by your delivery share, and there is a different charge for each irrigation area, ranging from $2,933 per delivery share in the Rochester area up to $4,454 per delivery share in the Shepparton irrigation area. The proposed changes will represent a decrease for all customers in all irrigation areas by 2019/20. The reduction will be lower for customers in areas that are currently charged less than other areas.

IF NOT IN ROCHESTER OR SHEPPARTON: In your irrigation area the current charge is **[INSERT CURRENT CHARGE FROM 'CURRENT 2015/16 PRICE' COLUMN IN TABLE BELOW FOR THEIR DISTRICT FROM X1]** per delivery share.

IF ASKED WHAT OTHER AREAS ARE CHARGED SAY: That information is all in the Water Plan, but is there a particular area you're interested in? **PROVIDE IF ASKS ABOUT PARTICULAR DISTRICT, OR REITERATE RANGE.**

Rates by District – Current and Proposed	Current 2015/16 Rate per ML/Day	2019/20 Retain District-Based IAF	PROPOSED PRICING: 2019/20 Uniform IAF per ML/Day	Proposed pricing in 2019/20 is… than if district pricing was retained	Difference from Current Rate
1. Central Goulburn	$3,290	$2,677	$2,863	7% higher	13%
2. Loddon Valley	$3,332	$3,337		14% lower	14%
3. Murray Valley	$3,069	$2,984		4% lower	7%
4. Rochester	$2,933	$2,826		1% higher	2%
5. Shepparton	$4,454	$3,465		17% lower	36%
6. Torrumbarry	$3,131	$2,660		8% higher	9%

I'll now explain how this will affect your bills specifically. Feel free to write down these numbers as we go. Looking ahead to 2019/20, which is when the prices will be in full effect…

If the current approach with different prices for each irrigation area was retained the charge would be **[INSERT AMOUNT FOR THEIR DISTRICT FROM THE '2019/20 Retain District-Based IAF' COLUMN]** for your irrigation area. By comparison, if the proposed changes with the same charge for all districts are introduced the charge would be $2,863 per delivery share from 1 July 2019. This is **[INSERT AMOUNT FOR FROM THE 'Proposed pricing in 2019/20 is… than if district pricing was retained' COLUMN]** than it would be if the existing approach were retained.

This move to the same price for all districts represents a price decrease for **all** customers by 2019/20 compared to the current price per delivery share. For your irrigation area, this is a **[INSERT % FROM 'Difference from Current Rate' ABOVE]** price reduction. This is able to be done because of the estimated savings of around $850,000 in administration and operating costs per year.

IF NO INFRASTRUCTURE ACCESS FEE IN 2014/15 (SAMPLE COLUMN AB = '-'): I understand that you didn't have an Infrastructure Access Fee in the most recent financial year (2014/15), but I'll still ask you shortly what you think of the proposed change . **NOW GO TO NEXT SECTION.**

[ONLY IF NECESSARY: If your Delivery Share goes up, you would see a larger price reduction. If it goes down, you would see a smaller price reduction.**]**

INFRASTRUCTURE USE FEE

SAY TO ALL: Just touching on the Infrastructure *Use* Fee now.

[ASK IF NOT MURRAY VALLEY – I.E. X1=1,2,4,5,6. IF IN MURRAY VALLEY, GO TO ** BELOW]	The difference between moving to a single rate for all customers and staying with the current approach is basically the same percentage as for the Infrastructure *Access* Fee. To give you the specific charges, in your irrigation area the current rate is **[INSERT 'Current 2015/16 Rate per ML' FROM TABLE BELOW FOR THEIR DISTRICT FROM X1]** per megalitre. If the area-based approach was retained, by 2019/20 the price would be **[INSERT AMOUNT FOR THEIR DISTRICT FROM THE '2019/20 Retain District-Based IUF' COLUMN]** per megalitre, compared with the proposed single rate of $6.34 per megalitre for all areas. So, moving to a single price for all areas would mean your usage fee would be **[INSERT AMOUNT FOR THEIR DISTRICT FROM THE 'Proposed pricing in 2019/20 is…(x higher/lower) than if district pricing was retained' COLUMN]** per megalitre by 2019/20 than if different prices for each irrigation area remained in place. Compared with the current rate, this proposed new price is **[SAY AMOUNTS IN 'Difference from Current Rate']** per megalitre.
**** [ASK IF IN MURRAY VALLEY - IF X1= 3:]**	To give you the specific charges, in your irrigation area the current rate is $6.08 per megalitre. If the area-based approach was retained, by 2019/20 the price would be $6.06 per megalitre, which would be 2 cents lower than it is now. However, the *proposed* single rate for all areas is actually 28 cents higher than that, at $6.34 per megalitre.

APPENDIX 1: INTERVIEW GUIDE CONT'D

	This increase for your area is due to the price currently being lower than in all other areas – for example, it is $9.34 per megalitre in the Shepparton area.

[IF NECESSARY: a megalitre = a million litres]

Rates by District – Current and Proposed	Current 2015/16 Rate per ML	2019/20 Retain District-Based IUF	PROPOSED PRICE 2019/20 Uniform IUF per ML	Proposed pricing in 2019/20 is… (x higher/lower) than if district pricing was retained		Difference from Current Rate
1. Central Goulburn	$6.50	$5.99	$6.34	35 cents higher	6% higher	16 cents lower
2. Loddon Valley	$7.63	$7.17	$6.34	83 cents lower	12% lower	$1.29 lower
3. Murray Valley	$6.08	$6.06	$6.34	28 cents higher	5% higher	26 cents higher
4. Rochester	$6.50	$6.32	$6.34	2 cents higher	just 2 cents higher	16 cents lower
5. Shepparton	$9.34	$7.46	$6.34	$1.12 lower	15% lower	$3 lower
6. Torrumbarry	$7.11	$5.91	$6.34	43 cents higher	7% higher	77 cents lower

IF X3 = 4 (NO WATER USE): I understand that you didn't use water from GMW in the last financial year, but I'll still ask you to think about this change... **CONTINUE.**

35. Reflecting on this information, how acceptable to you is Goulburn-Murray Water's proposed move to single rates for the Infrastructure Access and Use Fees across all irrigation areas? Please use the zero to ten scale where zero means not at all and 10 means totally acceptable. *Don't know = 99.*

36. What makes you feel that way? **OPEN RESPONSE, RECORD VERBATIM**

OVERALL PRICE CHANGES

There are some other changes proposed to the pricing. Most notably the Service Point Fees will increase. This will be to reflect the increased costs to Goulburn-Murray Water associated with the modernisation of the meters to enable a more consistent delivery service across all irrigation areas.

37. **DO NOT ASK Q37 IF PARTICIPANT IS 'D&S ONLY' – MODERNISATION DOES NOT APPLY TO THESE TYPES OF METERS.** Can I just check if your service points have been modernised as yet?

    1. Yes – fully
    2. Yes – partially
    3. No
    4. Don't know **[INTERVIEWER NOTE: IF UNSURE, IT IS LIKELY THIS HASN'T HAPPENED AS IT INVOLVES SIGNING A CONTRACT AND HAVING THE METERS PHYSICALLY REPLACED – I.E. THEY WOULD KNOW IF THIS HAS HAPPENED]**

CHECK IF DIFFERENT FROM DATABASE (SAMPLE COLUMN GE):

- **IF DATABASE SAYS 'YES' THEY ARE ALREADY MODERNISED BUT THEY SAY OTHERWISE (Q37=2,3,4):** The information I have is that your property *has* been fully modernised. So the prices I give you assume this, and please note that all properties will be fully modernised by 2018.
- **IF DATABASE SAYS 'ASK' AND:**
  - **THEY SAY THEY ARE MODERNISED (Q37=1 OR 2), PROVIDE INFORMATION FROM COLUMNS UNDER 'MODERNISATION DONE' (GG – GJ).**
  - **THEY SAY THEY ARE *NOT* MODERNISED OR UNSURE (Q37=3 OR 4), PROVIDE INFORMATION FROM COLUMNS UNDER 'MODERNISATION NOT DONE' (GK – GN).**

SAY TO ALL:
To summarise the changes, I'll give you an indication of what your total delivery charges would be if the proposed prices are approved by the regulator. Please note that the delivery charges are your:

- Service Fee
- Service Point Fees (**ONLY READ METER TYPES IF NECESSARY:** Domestic & Stock, Local Read, Remote Read and Remote Operate)
- Infrastructure Access Fee;
- Infrastructure Use Fee; and
- If you were charged for it in 2014/15, your Casual Infrastructure Use Fee.

Given the new prices would gradually be phased in over the four years, I will give you an estimate for the first year of full implementation, in the 2019/20 financial year. These assume you use the same amount of water as you did in 2014/15, with your delivery share and number of service points the same as they are now.

You may want to note down your estimated delivery charges for the current financial year (2015/16) for comparison, which are **[INSERT AMOUNT IN SAMPLE COLUMN GF]**.

IF SERVICE POINTS ALREADY MODERNISED OR NOT APPLICABLE (X4 = 1 OR 2 OR Q37 = 1 OR 2):	Firstly, if the **current** approach with different prices for each irrigation area was retained, your estimated *total* delivery charges would be **[INSERT AMOUNT AT SAMPLE COLUMN GG]**, excluding CPI, in the 2019/20 financial year. By comparison, if the proposed changes are introduced, your delivery charges in that year would be **[INSERT AMOUNT AT SAMPLE COLUMN GH]**. This is **[INSERT AMOUNT AT SAMPLE COLUMN GI]** it would be if the current approach were retained. Note that the proposed new charges are **[INSERT AMOUNT AT SAMPLE COLUMN GJ (i.e. % lower / higher than estimated 2015/16 charges)]** your estimated delivery charges in the current financial year.
IF SERVICE POINTS NOT MODERNISED (Q37 = 3 OR 4):	Firstly, if the **current** approach with different prices for each irrigation area was retained, your estimated total delivery charges would be **[INSERT AMOUNT AT SAMPLE COLUMN GK]**, excluding CPI, in the 2019/20 financial year. By comparison, if the proposed changes are introduced, your delivery charges in that year would be **[INSERT AMOUNT FROM COLUMN GL]**. This is **[INSERT AMOUNT FROM COLUMN GM]** it would be if the current approach were retained.

APPENDIX 1: INTERVIEW GUIDE CONT'D

	Note that the proposed new charges are **[INSERT AMOUNT AT SAMPLE COLUMN GN (% lower / higher than estimated 2015/16 charges)]** your estimated delivery charges in the current financial year.

IF SERVICE POINTS NOT FULLY MODERNISED (Q37 = 2 OR 3 OR 4), EXPLAIN: Please note that those estimated delivery charges assume you will upgrade all of your existing service points to "Remote Operate" when your property is fully modernised. Importantly, when the modernisation is complete at your property you are expected to have the opportunity to reduce the number of service points at your property. For each service point you have removed, those amounts I read you would be reduced by $900.

38. Reflecting on this information, how acceptable to you is Goulburn-Murray Water's proposed new delivery service pricing overall? Please use the zero to ten scale. **IF NECESSARY:** Where 0 means it is not at all acceptable and 10 means it is totally acceptable. *Don't know = 99.*

39. What makes you feel that way? **OPEN RESPONSE, RECORD VERBATIM**

DEMOGRAPHICS

Just a final few questions about you for analysis purposes only.

ASK IF PROPERTY OWNER (Q7=A OR B)

40. For how many years have you owned the property?
    RECORD NUMERIC… (ALLOW 0-999)

ASK ALL

41. **REMOVE**

42. Are you currently experiencing any financial difficulty paying your water bills?
    a) Yes
    b) No
    c) Prefer not to say

ONLY ASK IF PROPERTY IS A BUSINESS Q4 = 1 OR 3.

43. How many employees does your business have? **[IF NECESSARY:** Full time equivalent]
    a) None
    b) 1 – 4
    c) 5 – 10
    d) 11 – 19
    e) 20 – 199
    f) 200 or more

44. May I ask which of the following age groups you are in? Firstly, are you aged under or over 40 years? **READ RELEVANT BRACKETS**
    1. Under 18
    2. 18-29
    3. 30-39
    4. 40-54
    5. 55-64
    6. 65 or over
    7. Refused **[DNRO]**

FINAL COMMENTS

45. Do you have any final comments, questions, concerns or feedback you would like Goulburn-Murray Water to consider?

IF ATTENDED AN INFORMATION SESSION (Q21=2 OR Q23=1): This could also include feedback about the information session you attended.

RECORD VERBATIM, ANYTHING ELSE

CLOSING

Thank you so much for participating in this interview and providing your considered feedback.

That's the end of the interview, thank you very much for your help. Would you like a contact number to call if you have any queries regarding this interview?

Would you prefer the $50 incentive via direct bank deposit, a money order or a cheque?

RECORD PREFERRED INCENTIVE TYPE AND ADDRESS OR BANK ACCOUNT DETAILS. IF BANK DEPOSIT ASK FOR EMAIL ADDRESS FOR CONFIRMATION EMAIL.

Would you like Goulburn-Murray Water's website address for more information? **IF YES:** http://www.g-mwater.com.au/

Thank you again for your time.

SAY IF NECESSARY:

Your details will remain with your interview responses for between 1-3 months and you will be able to contact us to request you have access to your information

As this is market research, it is carried out in compliance with the Privacy Act. The information you provided will be used only for research purposes. This research was conducted on behalf of Goulburn-Murray Water.

If you have any queries you may wish to contact me here at Newgate Research on 03 9611 1850, or call the Australian Market Research Society's survey line on 1300 364 832

END OF INTERVIEW

End of document

2. PARTICIPANT PROFILE

APPENDIX 2: PARTICIPANT PROFILE

Total	Sub-groups	No. of Participants	% of Total Sample
		62	100%
Gender	Male	49	79%
	Female	13	21%
Age	18-29	1	2%
	40-54	24	39%
	55-64	14	23%
	65 or over	22	35%
Property details	Business*	17	27%
	Residence only	13	21%
	Both	32	52%
Type of business	Agriculture	48	98%**
	Arts and Recreation Services	1	2%**
Number of employees at business	None	14	29%**
	1 - 4	32	65%**
	5 – 10	3	6%**
Relationship to property	Own and occupy the premises	54	87%
	Lessee/ tenant	2	3%
	Share farming	1	2%
	Other	2	3%
Number of years at property	0-10 years	14	23%
	11-20 years	13	23%
	20+ years	21	34%
Experiencing financial difficulty paying water bills	Yes	20	32%
	No	42	68%

**The sample included a broad mix of farming enterprises, including dairy, sheep, cattle, fruit, cropping and horticulture.*

*** Percentage based on total number of businesses (49), not total sample size.*

NB: Around a third (35%) of participants owned more than one property within GMW's area.

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