

30th November 2015

Mr David Heeps
Chief Executive Officer
Essential Services Commission
Level 37 / 2 Lonsdale Street
MELBOURNE VIC 3000
Via email david.heeps@esc.vic.gov.au

Dear David,

Goulburn Murray Water (GMW) – Water Plan 4

I am a large scale dairy farmer and irrigator in the central Goulburn area. After seeing the presentation of the water plan 4 proposal I have a number of concerns I wish to present to you.

Service Point Fees (SPF)

I understand that bench marks have to be set, however I do not reflect a typical customer of GMW, with the example of one service point outlet and 100 ml of water. My farm has been through modernisation and of the 28 wheels I had, I now have 18 of the new remote read outlets on a total management controlled channel that is fully automated, with a further two on a newly acquired property that is under review. Through no fault of my own, I am dissected by a number of GMW owned channels and drainage drains, as well as roads and believe the service point fees are excessive and are becoming a significant financial burden on the viability of my business. I was un-aware that the cost of the new outlets would become so significant. Originally the first outlet fee was \$100 per annum with other consecutive outlets \$50. Over 18 outlets the costs were \$950 per annum. Unfortunately as GMW moves to their proposed \$1,000 fee which covers operational and not replacement costs my annual cost for outlets alone will be \$18,000 per annum. GMW is increasing service point fees without a decrease in the majority of the Infrastructure Access Fee's (IAF) - the only winner appears to be Shepparton. Service point fees should not be increased so significantly to recover costs but should instead be recovered through the IAF.

With a single pricing model you also lose transparency between districts and will see cross subsidisation for areas without accountability. The savings have been suggested to be around \$850,000 are really unquantifiable. What may happen is that this will make the pricing platform easier to push blanked price increases easier over all irrigation districts. The suggestion that this will help cover for natural or other disasters is not a valid argument as irrigators should not be asked for full recovery of costs in any one year.

If we were to move to single pricing model, would we see a possible rationalisation of water services committees and a loss of representation of the irrigator? I see that GMW construe's silence in a public meeting for general agreeance which could not be further from the truth. Lack of attendance could be concluded as apathy but the complexity and depth of irrigation change and issue is too large and evolving for the average customer to follow or understand. Single pricing sounds like a simplification of the bill, of which it is not.

Currently the district pricing model provides accountability and transparency and therefore does not require change. The change to single pricing is being driven by GMW, importantly is not by customer demand.

Yours sincerely,



David Kerr