

Review of GMW customer fees and service point fees

A summary of findings by Aither and DG Consulting

Background

Goulburn-Murray Water (GMW) is preparing its Pricing Submission 2024-28, which is due to the Essential Services Commission (ESC) in September 2023.

As part of this process, GMW commissioned Aither and DG Consulting (DGC) to review and validate the current cost assumptions for the Customer Fee and Service Point Fee.

What is GMW's Customer Fee?

Recovers the administrative costs of maintaining your land and water records, billing, debt management and central customer service. This fee is payable by all GMW customers.

What is GMW's Service Point Fee?

Covers the cost of managing compliance against water entitlements, monitoring, measuring use, and where installed, maintaining meters and related infrastructure.

Customer Fee

What was the scope of the analysis?

The key analysis questions for the customer fee review included:

- Are the activities included under this fee consistent with the purpose and objectives articulated for the fee?
- Relevance of activities to different

services, and whether GMW adjusts for any differences in the allocation of the customer fee.

The scope of the review included:

- Key cost drivers and supporting evidence.
- Evidence/details available to justify costs and their basis.
- An overall "reasonableness" test.
- Commentary on trends/changes in customer data/costs.

Summary of findings

The review found that "the underlying costs and assumptions associated with determining the customer fee are considered reasonable and aligned to the fee being levied".

The current customer fee was not found to be materially over or under recovering the costs it is intended to encompass.

The report noted the current customer fee approach is "more transparent and aligns more closely with costs than the previous Service Fee application", and there may be benefits to GMW communicating the benefits of customer fee-related activities to its customer base.

Service Point Fee

What was the scope of the analysis?

The assessment questions for the service point fee review included:

- Are the activities included under this fee consistent with the purpose and objectives articulated for the fee?
- Relevance of activities to different types of services and service points?

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The scope of the review included:

- For each key service or group of services:
 - Key cost drivers and supporting evidence
 - Available evidence/details to justify costs and their basis
 - Overall “reasonableness” test
 - Commentary on trends/changes in data/costs

Summary of findings

The review found that GMW’s pricing method for service point fees is currently fit-for-purpose, however it is noted that the process does rely on a range of assumptions to derive each process.

DGC suggested the fees should be separated out and separately priced (for GMWs Diversion and Irrigation District customers), though noted that separately priced doesn’t necessarily mean different prices. Separate fees for diversions and irrigation district customer groups would allow for flexibility of cost drivers for each group change in future.

The review also heard suggestions from some diversions customers that diversions domestic and stock customers should be treated differently to diversions unmetered irrigation customers in relation to Service Point fees, however “separating D&S from unmetered irrigation in diversions is not considered to have any intrinsic merit”.

What customer engagement was undertaken in this process?

The DGC/Aither project team met with four members of Diversions Water Services Committees (WSCs), representing surface and groundwater users across the Loddon, Campaspe, Goulburn, Broken, Kiewa, Mitta Mitta and Upper Murray catchments.

The project team also met with four licence holders, representing a number of licence holders who had concerns over GMW fees and charges. These customers were predominantly from the Upper Ovens and nearby streams.

Where can I go for more information about the customer engagement activities planned for GMWs Pricing Submission 2024-28?

For more information visit the GMW [YourSay page](#) to stay up to date with our engagement activities over the coming months.

