

GMW Price Submission

2020-2024



Values

We have committed to a set of values that describes who we are, what we stand for, how we behave, how we do business, how we treat people and how we look to the future.

- Excellence
- Accountability
- Honesty
- Courage
- Care

These values are the foundations upon which our Price Submission was built.

They are enabling us to deliver equitable pricing and a fairer deal for all.

The infographic consists of a central dark blue banner with the text "A fairer deal for all" in orange. Surrounding the banner are 13 white boxes, each containing an icon, a title, and a brief description of a value proposition.

- GMW's Transformation**: We have committed to the values of Excellence, Honesty, Accountability, Courage and Care.
- Customer Engagement**: We have engaged with about 10% of our customers during a two year program of broad and deep engagement.
- Customer Outcomes**: Customers told us they want reliable supply, credible business, fair pricing, efficient operations, responsive services and simple systems.
- Revenue Requirement**: Our lower costs have resulted in a significant drop from \$504m to \$440m over the next four years.
- Lower Prices**: We're pleased to announce most customers will receive a price reduction of about 10%.
- System Pricing**: We're delivering more equitable pricing by moving all customers to the Goulburn or Murray system prices.
- Single Account Fee**: We're delivering simpler billing through only one customer account and one customer fee.
- Service Point Fees**: We're simplifying fees by treating service points the same way for all customer groups.
- Uniform GMID Fees**: A single pricing entity delivers business efficiencies and 'same service same price' to customers.
- Capital Investment**: Our channel-by-channel assessments will optimise assets resulting in a lower capital spend of \$24m per annum.
- Operating Expenditure**: Through efficiencies we can now save \$14.4m in operating expenditure per annum.
- Service Targets**: To ensure delivery of outcomes we have worked with customers to set more meaningful standards.
- Reporting to Customers**: We will report on our performance against service standards and customer outcomes every six months.

Transformation

Our Transformation Working Plan includes 31 actions relating to:

- Leadership
- Financial
- Non-prescribed services
- Organisational resources
- GMW's asset management approach
- System and process improvements
- Engaging with customers, stakeholders and employees

We have generated efficiencies of almost \$20m (opex and capex) per annum for the next four years.

We are passing these savings onto our customers as price reductions.



Customer Engagement

This engagement journey really began with us better understanding our customer segments and demographics and then during 2018 – 2019 we went broad and deep. Over 50 GMW staff were involved in hitting the streets to talk to people and hosting activities across the region.



50,000+
Social media reach



1300+
Customer conversations



36

Customer forum participants over 3 days



18

Customer workshops



1000+

Customer conversations



3000+

Online "Your Say" visits

75

Water Services Committee members



70+

Working group members



3

Major customer events



1

Service standards summit day

2

Pricing and tariff summit days



34

Drop-in days



Customer outcomes and standards

Very clear themes emerged through more than 300 items of feedback.

Customers told us they want:

- Reliable Supply
- Credible Business
- Fair Pricing
- Efficient Operations
- Responsive Services
- Simple Systems

We have also refined our service standards to be more meaningful for customers and more of a stretch for our business.



System Pricing

We're delivering more equitable pricing by moving all customers to the Goulburn or Murray system prices.

Customer Proposals – System Pricing

This is a tariff reform that eliminates the differential between 'water user' and 'non-water user' and moves all retail customers, including the environment and investors, onto the more equitable two-system pricing – either Goulburn or Murray.

We will continue to engage with bulk water customers with a view to also moving them onto system pricing as soon as possible, within this four-year term.

Customer Proposals – GMID Uniform Pricing

At present we have 5 and 1 pricing for irrigation customers in the 6 districts that make up the Goulburn Murray Irrigation District. We are proposing to move those to a single price.

The costs of the various districts have moved toward equilibrium during the past four years as the connections program has modernised infrastructure across the GMID. We have also more correctly allocated the costs and revenues of the Broken Creek.



Uniform GMID Fees

A single pricing entity delivers business efficiencies and 'same service same price' to customers.

Capital Investment

Our capital expenditure is forecast to be \$96.2m over the next four years – a reduction of \$49.2m from the approved allowance for the current term.

Our new Channel x Channel assessment tool is allowing us to optimise our assets and significantly reduce capital costs.





Lower Prices

We're pleased to announce most customers will receive a price reduction of about 10%.

Operational Expenditure

Our total prescribed operating expenditure is forecast to reduce from the current determination of \$404.6 to \$337.3m over the next four years – as a result of our Transformation Plan.

Our prices are capped at CPI and any cost increases beyond that will be borne by the business.



Board Attestation

We have had an extensive Board assurance process that includes an independent review of our information, finances and demand.

We believe this Price Submission is courageous yet achievable. It aligns with our values and reflects the views of the majority of our customers.

It delivers a step change in GMW's performance and announces the renewal of our business.