

Response to Essential Services Commission for the price review of Goulburn-Murray Water proposed prices 2024. By Jan and Cameron Reid.



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Goulburn-Murray Water price review 2024

We are reviewing the new prices to apply for Goulburn-Murray Water customers from 1 July 2024.

We certainly hope you do so this time.

This is a submission to the 2024 Goulburn-Murray Water (G-MW) price review to be conducted by the Essential Services Commission (ESC). This response is prepared by a family who is a small customer of G-MW using water under a Domestic and Stock licence from an Unregulated water source.

Since the Diverters Tariff Strategy (DTS) introduced 2014/15, the Essential Services Commission has not been doing their job of reviewing fees for all classes of customer.

The previous reviews of G-MW price proposals by ESC for each water plan are more heavily weighted toward ensuring G-MW has sufficient overall revenue to remain operational rather than drilling down to ensure classes of customers are not being over charged.

The DTS implementation is where the problems began, was not investigated properly for the impact on Unregulated customers and the errors have carried forward without proper scrutiny by ESC.

It is also obvious that G-MW have been overlooking the impacts of fee increases to small customers in this same period. The G-MW paperwork on the DTS makes no mention of the fee impacts or suitability of fees for Unregulated Domestic and Stock Customers.

Price increases for Unregulated Domestic and Stock began in 2015/16 with an increase of 20%, and have continued to rise by more than 10% pa. since, each year over an 8-year period.

All reference in the DTS to customer consultation is about Rural Water Services Committees (RWSC). Members of these committees are commercial water users. This meant that Unregulated Domestic and Stock customers were not represented or considered in the development of the DTS. Unregulated Domestic and Stock are using water for domestic purposes, mostly not commercial.

Within the price submissions by G-MW to ESC for 2016 and 2020, it is obvious that Unregulated Domestic and Stock fees and charges are not considered by G-MW and ESC. Further lack of consultation by G-MW is displayed in the G-MW surveys by the glaring absence of any questions specific to Unregulated Domestic and Stock customer views on prices or services.

When G-MW were asked in about 2018 why fees have risen so much, a senior Diversions person, in response to an Energy and Water Ombudsman (EWOV) Complaint, stated that customers on Regulated water systems had complained that Unregulated water system customers were not paying enough. This complaint would have originated from RWSCs.

The DG Consulting / Aither review conducted earlier this year is claimed to be independent but was conducted by ex-employees of G-MW. The review states a lot of assumptions being made by G-MW. The review also misrepresents views made by customers, it is thought this misrepresentation may have been

made to skew the review outcome. The review also isolates the discussion input to have only emanated from one catchment area. This is further misrepresentation as all catchments have unregulated waterways. The DGC / Aither report refers to cost calculations as having a lot of assumptions. We are paying for these assumptions and yet the review indicates fees are fit for purpose. Leaves us wondering how assumptions can make something fit for purpose.

In the current pricing submission, G-MW state that concerns about over charging for Unregulated Domestic and Stock customers was only from a small group of customer. Whilst it is true that only a small group of customers has raised their concerns publicly, around 3,000 customers and their families are affected and being charged fees for no service provision by G-MW.

During our discussions with G-MW, we have requested that they demonstrate the reasons for the Service Point and Access fees charges. For example, does it fit fee for service notion with such a non-profit organisation standard. G-MW have demonstrated that they do not know what it costs them to service small Unregulated Domestic and Stock customers.

G-MW have been unable to demonstrate to us that they are providing us with any service other than being an instrument for government required licencing at \$50 (annualised) and office administration – invoicing and so forth at \$130 per year. The cost of sending out a bill every 12 months seems very excessive when one considers that really it is only an account keeping fee.

Just because ESC have approved the Service Point and Access fees of \$230 does that give G-MW the right to charge the fee regardless of any service provision or not? Should it not be part of the review to ensure customers are receiving a service being paid for and if the service is not / cannot be delivered, then the charges not approved?

In discussions, G-MW have said we pay Service Point and Access because they need to calculate our water consumption by deeming as we have no meters and that they have some sample properties with meters. The results from the sample properties are applied across the board to all Unregulated customers when the data is not relevant to our customer class. When numbers are considered, the unmetered unregulated (around 3000) being charged fees for no service, amounts to approx. \$250 pa. giving G-MW quite a sizable sum for no effort and from exploited small customers. This makes the Deeming exercise very costly.

The breakdown of costs for the Service Point Fee provided to ESC by the G-MW Managing Director in a letter dated 24 April 2020 lists the elements G-MW would have ESC believe are real costs incurred for all Diversion customers, bears no resemblance to what actually happens for Unregulated Domestic and Stock customers. (see table from page 2 of letter below – full letter attached with notes). None of the costs listed in the table are applicable to the Unregulated Domestic and Stock class of customer unless they are commercial and have a meter which is not the case for Domestic and Stock.

In the letter of response by G-MW to the 2020 ESC draft decision, there is no reference to Unregulated operating costs, nor the operating costs for Access Fees or how they are applicable to small Unregulated Domestic and Stock customers. It remains a mystery as to how ESC approved the fees especially considering that complaints had been lodged to both the Energy and Water Ombudsman of Victoria and ESC about the fees by Unregulated Domestic and Stock Customers.

Domestic and stock/Diversion Unmetered Irrigation

	Annual Equivalent Cost (\$ Real)		Annual Equivalent Cost (\$ Nominal)		Comment
	Gravity	Diversion	Gravity	Diversion	
Annual inspection	\$59	\$74	\$65	\$81	Higher travel costs due to higher labour rate and larger travel distances
Deeming	\$36	\$36	\$39	\$39	
Metering support	\$3	\$3	\$3	\$3	
Battery maintenance	\$2		\$2		
Meter validation	\$3	\$3	\$3	\$3	
Solar panel maintenance	\$4		\$4		
Opex subtotal	\$107	\$116	\$116	\$126	
Corporate O/H	\$22	\$24	\$24	\$26	21% Corporate Overhead applied to Opex subtotal
Subtotal	\$129	\$140	\$140	\$152	
Reg. Depr. + ROA	\$0	\$0	\$0	\$0	
Total	\$129	\$140	\$140	\$152	
GMW Proposed Fee	\$132		\$145		

Extract from letter of response to ESC by G-MW April 24, 2020

Another service G-MW claim they provide is to manage water in times of low water flow. This does nothing for unregulated customers. Has no impact on our ability to obtain water or to not. Equates to no service provision and yet we are being charged fees for services undelivered and undeliverable to us.

Unregulated Domestic and Stock customers do not trade, have rosters, varying allocations nor have the ability to order water. This is simply explained by using the words that G-MW do nothing to manage water for this type of customer. The only service provided by G-MW for Unregulated Domestic and Stock customers is for licence renewals.

The entire management of water and customer services by G-MW points to systemic oversight by G-MW of the needs and practices of small customers on unregulated waterways. The costs have been averaged across all customers and assumptions made in determining fees charged.

In the official description for what the fees are being charged for, it seems the words only mean something to G-MW employees.

Any complaints to G-MW or EWOV are met with "fees have the approval of ESC to be charged by G-MW". How can this be the case when ESC have not investigated the actual costs incurred to be covered by fees? Nor has G-MW demonstrated that the costs for the fees are real. Just a lot of assumptions.

It is unbelievable that ESC have continued to approve fees which have no costing basis or services delivered.

We are requesting the service of ESC to discuss our concerns further and would be happy to meet and participate further to be part of the solution in an effort to solve this problem of fees being charged by G-MW for no service delivery.



Cameron and Jan Reid.

December 4, 2023

