ESSENTIAL SERVICES COMMISSION

Goulburn-Murray Water final decision

2020 Water Price Review

3 June 2020

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Summary

This paper sets out the final decision of the Essential Services Commission on Goulburn Murray Water's maximum prices for 2020-2021 and allowable revenue that Goulburn Murray Water may charge over the four-year period from 1 July 2020 to 30 June 2024.

In November 2019, Goulburn-Murray Water provided its pricing proposal[1] to us. We reviewed the pricing proposal according to our two guidance papers for Goulburn-Murray Water. The first guidance paper relates to the infrastructure services[2] that Goulburn-Murray Water provides and aligns with the requirements of Part 6 of the Water Charge (Infrastructure) Rules 2010 (WCIR) and the pricing principles published by the Australian Competition and Consumer Commission (ACCC)[3], to the extent we consider these relevant for approving or determining Goulburn-Murray Water's infrastructure charges[4] for its infrastructure services.

The second guidance paper relates to the prescribed services[5] that Goulburn Murray Water provides and aligns with the requirements of the Water Industry Regulatory Order 2014 (WIRO)[6] for approving or specifying prices for its prescribed services. We released our draft decision on 17 March 2020, and undertook public consultation, including an online public forum on 16 April. We

[1] 'Pricing proposal' encompasses Goulburn-Murray Water's price approval application for the approval of its infrastructure charges for the infrastructure services it provides, as well as its price submission for the approval of its prices for prescribed services it provides.

[2] 'Infrastructure services' means the infrastructure-related services provided by Goulburn-Murray Water which are of the kind referred to in the Water Charge (Infrastructure) Rules 2010.

[3] A copy of the ACCC's pricing principles are attached to the final decision made by the ACCC on 17 February 2012 on the application of the Essential Services Commission of Victoria for accreditation to regulate Goulburn-Murray Water's infrastructure charges under the Water Charge (Infrastructure) Rules 2010 (Cth). These have not been updated since this date.

[4] 'Infrastructure charges' means the charges for infrastructure services regulated by the Commission under the Water Charge (Infrastructure) Rules 2010 and in accordance with accreditation arrangements approved by the ACCC for an initial 10 years from 17 February 2012 and for a further period of 10 years from 17 February 2022.

[5] 'Prescribed services' has the meaning given in the Water Industry Regulatory Order 2014 (WIRO) made under section 4D of the Water Industry Act 1994 (Vic), and as at the date of this final decision, includes groundwater services, diversion services and miscellaneous services as defined in the WIRO except to the extent that any of these specific services comprise infrastructure services.

[6] Made under section 4D of the Water Industry Act 1994 (Vic).

received two written submissions on our draft decision including a further submission from Goulburn-Murray Water.

Where the final decision confirms the position set out in our draft decision, we have not provided the supporting rationale in detail in this report. As such, this final decision should be read in conjunction with our draft decision. The analysis in this paper focuses on areas where we have reached a different position to that identified in our draft decision, or where Goulburn-Murray Water or other interested parties provided new information that required assessment.

In forming our views in our final decision we have also taken into consideration, where relevant, the economic conditions arising from COVID-19 and its implications for Goulbourn-Murray Water.

Prices will fall for most customers with services improving in key areas

Our final decision approves revenue for Goulburn-Murray Water of $439.5 million over the four-year period starting 1 July 2020.[7] This is around $65 million lower than the revenue requirement approved for its current four-year pricing period. The reduction mainly reflects cost efficiencies arising from infrastructure modernisation and Goulburn-Murray Water's business transformation program.

On average, Goulburn-Murray Water's charges and prices will fall by around 10 per cent in 2020-21 (compared to 2019-20). Charges and prices will fall by a little less than one per cent per annum for the remaining three years of its regulatory period.[8]

Generally, Goulburn-Murray Water's service standards will remain the same. However, informed by customer engagement, the business is committing to improvements in the following areas:

- resolving customer queries at the first call, and to the satisfaction of the customer
- increasing water delivery to gravity irrigation customers (targeting 95 per cent)
- improving reliability to pumped irrigation districts[9]
- communication within 24 hours to diversion customers on restrictions on unregulated streams.

Our final decision approves common water delivery charges across Goulburn-Murray Water's six gravity irrigation districts, reforms to bulk storage fees and an increase in service point fees for diversion customers

[7] The revenue requirement is the forecast amount a water corporation needs to deliver on service outcomes, government policy, and other obligations. Along with forecast demand, it is an input to calculating the prices to be charged by a water corporation.

[8] These reductions are calculated on a revenue weighted average of price movements.

[9] This is a commitment to limit supply interruptions during summer months to eight hours or less.

Currently, Goulburn-Murray Water has five of its six gravity irrigation districts on a common water delivery charge, with Shepparton being the exception. Our final decision approves Goulburn-Murray Water's proposal to move to a single charge for all six districts. We consider the costs in each district are sufficiently similar to be covered by a common charge. A single charge supports administrative simplicity and appears to be supported by customers.[10]

We also approve Goulburn-Murray Water's proposal for all retail water customers to pay water storage fees based on a system wide approach. Previously, non-water users were charged a 'basin' specific price, and water users a 'system' wide price.[11] We consider it reasonable that retail water customers should all be required to pay the same charge regardless of whether the customer is a water or non-water user, as they receive the same service.

We approve the proposed increases in metered and unmetered service point fees for diversion customers as we consider Goulburn-Murray Water has provided sufficient information in response to our draft decision, on the costs underlying the price increases, to satisfy us that the proposed charges reflect the efficient costs of providing the service.[12]

The existing revenue cap form of price control

Our final decision is to approve Goulburn-Murray Water's proposal to retain its 'revenue cap' form of price control. This means the revenue Goulburn-Murray Water can earn is fixed at the start of the regulatory period, but customer prices may vary annually – within pre-defined limits – so that it can meet its revenue requirement.

[10] We received a customer submission questioning the inclusion of Broken Creek into the Shepparton gravity irrigation district in response to our draft decision. Our final decision is to include Broken Creek into the Shepparton gravity irrigation district. Our response to the customer submission is outlined in Chapter 9.

[11] Basin and system charges are described in more detail in Chapter 11.

[12] Our consultant Aither also reviewed Goulburn-Murray Water's response to our draft decision on service point fees for diversion customers (metered and unmetered) and considers the costs underlying the service point fees as appropriate. Aither's report can be found at www.esc.vic.gov.au

1. Our role and approach to water pricing

We are Victoria's independent economic regulator

The Essential Services Commission is Victoria's independent economic regulator. Our role in the water industry includes regulating prices and monitoring the service standards of the 19 Victorian Government-owned water businesses. This paper presents our final decision on Goulburn-Murray Water's price submission for its regulatory period from 1 July 2020 to 30 June 2024.[13]

We are reviewing the prices three water corporations propose to charge customers from 1 July 2020

We are reviewing prices for two urban water corporations (South Gippsland Water and Western Water) and Goulburn-Murray Water.

In November 2019, Goulburn-Murray Water provided its pricing proposal to us proposing charges and prices for its infrastructure services and prescribed services for a four-year period starting 1 July 2020. On 17 March 2020 we released our draft decision. We invited submissions on this draft decision through Engage Victoria and held a public forum on-line to accommodate social distancing requirements that were active at that time. We received two submissions and a further submission from Goulburn-Murray Water.

Our task is to assess the pricing proposal against the legal framework that governs our role and make a price determination that takes effect from 1 July 2020. The price determination will specify the maximum charges and prices Goulburn-Murray Water may levy for the infrastructure services and prescribed services it provides, or the manner in which such charges and prices are to be calculated, determined or otherwise regulated.

We assess prices against the Water Charge (Infrastructure) Rules, Water Industry Regulatory Order, and other legal requirements

Goulburn-Murray Water's prices are regulated under two regulatory frameworks[14]:

- infrastructure-related services are regulated under the Commonwealth's Water Charge (Infrastructure) Rules 2010 (Cth) (WCIR).[15] These rules cover approximately 95 per cent of

[13] Under Rule 3 of the WCIR, the regulatory period is defined as four years in duration, which will commence on 1 July 2020 and conclude on 30 June 2024.

[14] Our PREMO incentive mechanism will not apply to Goulburn-Murray Water's services covered by the WIRO as only a small proportion of these services are part of Goulburn-Murray Water's operations.

[15] Specifically, Part 6 of the Water Charge (Infrastructure) Rules 2010 (Cth)

Goulburn-Murray Water's regulated costs. We are accredited to approve or determine Goulburn-Murray Water's infrastructure charges in accordance with the WCIR, under an accreditation provided by the Australian Competition and Consumer Commission (ACCC) for an initial period of 10 years from 17 February 2012 and for a further period of 10 years from 17 February 2022. We may also be guided by pricing principles published by the ACCC, to the extent that we consider these pricing principles relevant.[16]

- Prescribed services comprising groundwater services, diversion services and miscellaneous services as defined in the WIRO, but only to the extent that these specific services are not infrastructure-related, are regulated under the Water Industry Regulatory Order 2014 (WIRO). The WIRO covers the remaining five per cent of Goulburn-Murray Water's regulated costs.

We issued guidance papers to Goulburn-Murray Water on the minimum requirements for the information that it should submit to us to support our assessment. These guidance papers are available on our website, www.esc.vic.gov.au.

The WCIR requires us to adopt a 'building block' approach to review Goulburn-Murray Water's proposed charges for infrastructure-related services. We have also adopted a 'building block' approach to review proposed prices for prescribed services that Goulburn-Murray Water provides.[17]

Part 6 of the WCIR sets out the matters and principles to which we must have regard when approving or determining prices. Clause 11 of the WIRO specifies the mandatory factors and principles we must have regard to when approving prices for prescribed services. These include additional matters specified in the Water Industry Act 1994 (Vic)(WIA) and the ESC Act.

Our approach to regulating Goulburn-Murray Water's charges and prices for infrastructure services and prescribed services, which incorporates all of the above requirements, is set out in our guidance paper in section 2.3.

[16] A copy of the ACCC's pricing principles are attached to the final decision made by the ACCC on 17 February 2012 on the application of the Essential Services Commission of Victoria for accreditation to regulate Goulburn-Murray Water's infrastructure charges under the Water Charge (Infrastructure) Rules 2010 (Cth). These have not been updated since this date. The ACCC no longer mandates these pricing principles and has specified that these be used as guidance only to the extent that the Essential Services Commission finds these relevant.

[17] Clause 12 of the WIRO 2014 provides the Commission with discretion to decide the approach and methodology for approving or specifying prices for prescribed services provided by Goulburn-Murray Water.

In reaching this final decision we have had regard to the requirements of the WCIR and the WIRO in approving Goulburn-Murray Water's charges and prices for the infrastructure services and its prescribed services.[18]

[18] As noted above, only five per cent of Goulburn-Murray Water's business is regulated by the WIRO, which covers its groundwater services, some surface water diversion services and some miscellaneous services which are not infrastructure service-related.

2. Customer engagement

Our guidance required Goulburn-Murray Water to engage with customers to inform its pricing proposal.[19]

Our approach

We have assessed Goulburn-Murray Water's consultation against the requirements we set out in our guidance papers, which include the requirements set out in Schedule 1 of the WCIR for infrastructure services (see Box 3.1).

Box 3.1 Consultation requirements

Schedule 1 of the WCIR states that regulated water businesses must provide the regulator with:

details of the extent and nature of the consultation processes including matters consulted on and customer feedback received.

Source: WCIR 2010

Our draft decision

We found that Goulburn-Murray Water made improvements to its customer engagement compared to the approach that informed its 2016 pricing proposal and that its approach was consistent with our guidance and the WCIR for consultation.

Our review and final decision

Of the submissions we received on the draft decision, only one included feedback on Goulburn-Murray Water's customer engagement.[20] The submission related to our draft decision to approve uniform gravity irrigation delivery charges. It questioned the methods and the timing of the engagement with affected customers, and ultimately the level of involvement stakeholders had in the final proposals.

[19] Essential Services Commission 2018, Goulburn-Murray Water price review 2020: Guidance on price submission under the WCIR, October, pp. 9–11.

[20] Dudley Bryant 2020, submission to the Essential Services Commission paper 'Goulburn-Murray Water draft decision: 2020 Water Price Review', 24 April.

Goulburn-Murray Water responded to this customer's submission on our draft decision about its consultation process in determining gravity irrigation delivery charges.[21] Details of Goulburn-Murray Water's response is available on our website.

In making our draft decision we saw evidence that Goulburn-Murray Water undertook a variety of methods to engage its customers across a range of topics. Importantly Goulburn-Murray Water's stakeholder feedback informed the majority of its pricing proposal. We consider that it was able to demonstrate its engagement methods were sufficiently inclusive and fit for purpose. We remain of the view that Goulburn-Murray Water's engagement met our guidance.

We encourage Goulburn-Murray Water to continue to develop its engagement practices, and to promote opportunities for affected customers to participate in future consultations, including for pricing proposals.

[21] Goulburn-Murray Water 2020, submission to the Essential Services Commission paper 'Goulburn-Murray Water draft decision: 2020 Water Price Review', 5 May.

3. Service standards and targets

Goulburn-Murray Water has a set of customer service standards. Each service standard has a target level of service for Goulburn-Murray Water to achieve. In its pricing proposal, Goulburn-Murray Water proposed changes to its service standards to better align with customer preferences and to clarify the services covered.

Our approach

The WCIR does not cover Goulburn-Murray Water's service standards, which are regulated under Victoria's legal framework. Under section 4F of the WIA, we made a rural customer service code to regulate the standards and conditions of supply of declared services, which include Goulburn-Murray Water's infrastructure services and prescribed services.[22]

Our guidance required Goulburn-Murray Water to propose service standards and targets that reflect customers' priorities and expectations in relation to service delivery and outline how they are supported in its expenditure plans.

In our guidance we stated that our starting point for assessing service standards would be the average levels of service provided in the 2016–20 regulatory period. Any proposed changes to service standards or targets should be explained. Our guidance also required Goulburn-Murray Water to explain how its services standards and targets have been impacted by the completion of the Connections Project and infrastructure modernisation.

Our draft decision

In our draft decision (pages 7 and 8) we proposed to approve Goulburn-Murray Water's proposed service standards as they are consistent with the requirements in our guidance and were informed by customer engagement.

Our review and final decision

We did not receive any customer submissions to our draft decision, which accepted the service standards and targets included in Goulburn-Murray Water's price submission. Therefore, we consider it appropriate to maintain the views we expressed in our draft decision and accept the service standards and targets submitted to us in Goulburn-Murray Water's 2020 pricing proposal.

[22] The purpose of the rural customer service code is to specify standards and conditions that water businesses must comply with in providing regulated supply services and granting licences to customers (unless specifically exempted by this code or by our decision) but not bulk supply services or licensing provided to an urban water business.

Approved service standards relating to reliability and attending faults are set out in Appendix B and form part of the manner in which Goulburn-Murray Water's services are regulated. We will revise the customer service code for rural water businesses to reflect this final decision on the new service standards and targets.[23]

We require Goulburn-Murray Water to report its performance against these targets annually on its website and directly to its customer service committees.

[23] Essential Services Commission 2018, Rural water customer service code, August.

4. Operating expenditure

Operating expenditure is expenditure required to operate Goulburn-Murray Water's infrastructure, maintain its assets and provide administrative support. It is a key input into customer prices as it makes up about 80 per cent of Goulburn-Murray Water's revenue requirement.

Goulburn-Murray Water is in the final stages of modernising its irrigation infrastructure network. This means some of Goulburn-Murray Water's future operating cost requirements (in terms of the nature and magnitude of expenditure) are likely to differ from past costs.

The operating expenditure that we propose does not represent the amount that a business must spend or allocate to particular operational, maintenance and administrative activities. Rather, it is a benchmark that represents assumptions about the overall level of expenditure to be recovered through prices, and that we consider is sufficient for the business to deliver on its service commitments.

Our approach

We regulate Goulburn-Murray Water's forecast operating expenditure according to the WCIR requirements. We have been also guided by the pricing principles published by the ACCC (Box 4.1) to the extent we consider them relevant.

Box 4.1 ACCC's principles for assessing operating expenditure

In making an assessment of the prudent and efficient operating expenditure for the next regulatory period, the regulator must assess:

- the prudency and efficiency of operating expenditure in the previous regulatory period
- the reasons and evidence supporting changes to service standards in the next regulatory period
- the reasons and evidence supporting changes to operating expenditure in the next regulatory period
- reasonable productivity improvements in providing services over the next regulatory period.

Where relevant, a regulator must compare and take into account operating expenditure of similar businesses.

Forecasts must be based on reasonable assumptions of the efficient costs likely to be incurred in this period.

Source: ACCC Final Decision, Water Charge (Infrastructure) Rules 2010 (Cth), Application by Essential Services Commission of Victoria for accreditation, 17 February 2012, Appendix B.

We assess both:

- controllable costs – those that can be directly or indirectly influenced by a water corporation's decisions
- non-controllable costs – those that cannot be directly or indirectly influenced by a water corporation's decisions.

Our approach for assessing operating expenditure is as follows:

- Establish a base year operating expenditure by reviewing the actual operating costs from the last full year of actual expenditure data (2018-19), and adjust to remove any one-off or non-recurring expenditure items and any inefficient costs.[24]
- Assess Goulburn-Murray Water's proposed changes to annual operating expenditure for each year, including the itemised new costs and new savings arising from modernisation, and assess whether identified adjustments are consistent with efficient expenditure.
- Adjust the forecast operating expenditure based on our findings.

[24] Non-recurring expenditure is any one-off expenditure items that will not continue in future years.

We engaged Aither to provide expert advice to inform our assessment of controllable operating expenditure. Aither's report on its assessment of Goulburn-Murray Water's expenditure forecast is available on our website.[25]

Our draft decision

In our draft decision (pages 9 to 16) we proposed to accept Goulburn-Murray Water's controllable operating expenditure forecast of $272.7 million for the 2020–24 regulatory period.[26] The reasons for this were:

- Evidence indicating its baseline controllable operating expenditure reflects an efficient benchmark.
- Goulburn-Murray Water is committed to absorbing any price increases above the consumer price index for inputs, for example energy and labour.
- It has proposed productivity savings of $45.7 million over the 2020–24 period, resulting from its business transformation and the Goulburn-Murray irrigation district modernisation program. Aither considers these cost savings to be reasonable.
- New expenditure of $5.3 million over the 2020–24 regulatory period for water storage projects had previously been incorrectly allocated (based on Australian Accounting Standards) as capital expenditure. Aither confirmed these projects as being additional operating expenditure and not within the baseline operating expenditure in 2018-19.
- We consider Goulburn-Murray Water's proposed cost changes and productivity savings to be prudent, efficient and consistent with the requirements of our guidance.
- Based on its review of the information provided by Goulburn-Murray Water about the productivity savings, Aither did not consider there to be any material risks of a negative impact on service standards.[27]

In our draft decision we adjusted Goulburn-Murray Water's non-controllable expenditure forecasts where required based on the latest information received from the relevant regulatory authorities on their licence fees and contributions.[28] Table 4.1 sets out our draft decision adjustments to non-controllable operating expenditure.

[25] Aither 2020, A review of Goulburn-Murray Water's proposed operating and capital expenditure, March.

[26] Controllable costs are those that can be directly or indirectly influenced by a water corporation's decisions.

[27] Aither 2020, A review of Goulburn-Murray Water's proposed operating and capital expenditure, March, pp. 20 and 21.

[28] Non-controllable costs are those that cannot be directly or indirectly influenced by a water corporation's decisions.

Table 4.1 Draft decision on total operating expenditure adjustments

$ million 2019-20

	2020-21	2021-22	2022-23	2023-24	Total
Proposed controllable operating expenditure	**72.9**	**66.9**	**66.4**	**66.4**	**272.7**
Proposed non-controllable operating expenditure	**16.2**	**16.2**	**16.2**	**16.2**	**64.7**
Draft decision adjustments:					
ESC licence fee	-0.021	-0.021	-0.021	0.009	-0.054
Environmental contribution	0.040	-0.023	-0.084	-0.144	-0.211
Total draft decision adjustments to non-controllable expenditure	**0.019**	**-0.044**	**-0.105**	**-0.136**	**-0.265**
Draft decision on total operating expenditure	**89.1**	**83.1**	**82.5**	**82.4**	**337.1**

Note: Numbers have been rounded

Our review

In our draft decision we used the environmental contribution values provided by the Department of Environment, Land, Water and Planning and assumed that this will remain flat in nominal terms (decline in real terms) across the 2020–24 regulatory period. We noted in our draft decision the department is currently reviewing the environmental contribution to be recovered over the four years from 1 July 2020, and we would adjust for any changes to the forecast in our final decision. The department has not yet provided advice on the new environmental contribution amount for Goulburn-Murray Water. In light of this, we have inflated Goulburn-Murray Water's 2019-20 environmental contribution figure with our latest inflation forecast and applied this amount to the 2020-24 regulatory period. This has resulted in an average increase to Goulburn-Murray Water's non-controllable expenditure of $0.04 million per year for the 2020-24 regulatory period compared to our draft decision forecast.

Table 4.2 Goulburn-Murray Water's environmental contribution

$ million 2019-20

	2020-21	2021-22	2022-23	2023-24	Total
Proposed	2.69	2.69	2.69	2.69	10.76
Draft decision	2.73	2.67	2.60	2.54	10.54
Final decision	**2.75**	**2.70**	**2.65**	**2.61**	**10.71**

Note: numbers have been rounded

Goulburn-Murray Water's response to our draft decision did not provide any new information on our draft decision for operating expenditure. No new considerations were presented in submissions received following the draft decision which caused us to change our views on operating expenditure.

Our final decision

We have adopted the benchmark for operating expenditure set out in Table 4.3 for the purpose of making our final decision to approve Goulburn-Murray Water's revenue requirement (Table 6.4). We consider Goulburn-Murray Water's approach to forecasting controllable operating expenditure, alongside our $0.16 million increase to the non-controllable expenditure, is consistent with the requirements of our guidance and the ACCC's principles for assessing operating expenditure.

Table 4.3 Final decision – Operating expenditure

$ million 2019-20

	2020-21	2021-22	2022-23	2023-24	Total
Controllable costs	72.9	66.9	66.4	66.4	272.7
Non-controllable costs	16.2	16.2	16.1	16.1	64.6
Final decision – operating expenditure	**89.1**	**83.1**	**82.5**	**82.5**	**337.2**

Note: numbers have been rounded

5. Capital expenditure

Capital expenditure is expenditure to renew existing assets and establish new assets that service customers over the longer term. The usual drivers of capital expenditure are maintaining customer service standards and compliance with regulatory and government obligations. Funds provided to Goulburn-Murray Water by government or other outside sources for its Connections Project are not included in customers' prices and therefore, are outside the scope of our assessment.

Our approach

We regulate Goulburn-Murray Water's infrastructure related capital expenditure taking into account the WCIR. We have been guided by the ACCC's pricing principles (Box 5.1) to the extent we consider them relevant. These principles focus on the efficiency and prudency of capital expenditure.

Box 5.1 ACCC's principles for assessing capital expenditure

In making an assessment of the prudent and efficient capital expenditure for the next regulatory period, the regulator must assess:

- the prudency and efficiency of capital expenditure in the previous regulatory period (where relevant to proposed capital expenditure in the next regulatory period)
- the reasons and evidence supporting the commencement of new major capital expenditure projects in the next regulatory period, including whether such projects are consistent with efficient long term expenditure on infrastructure services
- the reasons and evidence supporting levels of capital expenditure in the next regulatory period
- whether the timeframe for delivering the proposed capital expenditure program is reasonable, having regard to the operator's delivery of major projects in the past
- whether the asset management and planning framework of the operator reflects best practice.

Forecasts must be based on reasonable assumptions of the efficient costs likely to be incurred in this period. Subject to confidentiality, external review of an operator's proposed capital expenditure must be made public on the regulator's website.

Source: ACCC Final Decision, Water Charge (Infrastructure) Rules 2010 (Cth), Application by Essential Services Commission of Victoria for accreditation, 17 February 2012, Appendix B.

The benchmark that we adopt for Goulburn-Murray Water does not represent the amount that the water corporation is required to spend or allocate to particular capital projects. Rather, it represents assumptions about the overall level of capital expenditure (to be recovered through prices) that we consider sufficient to operate the business and to maintain or improve services over the regulatory period. Goulburn-Murray Water determines how to best manage the allocation of its revenue and priority of its capital expenditure within a regulatory period.

We engaged Aither to provide expert advice to inform our assessment of capital expenditure. Aither's report on its assessment of Goulburn-Murray Water's expenditure forecast is available on our website.[29]

Our draft decision

In our draft decision (pages 17 to 20), we proposed to approve Goulburn-Murray Water's capital expenditure forecast of $96.3 million for the 2020–24 period. The reasons for this were:

- From its review of three larger capital expenditure projects scheduled to commence during the 2020–24 regulatory period, Aither found that Goulburn-Murray Water's proposed capital expenditure is prudent, efficient and deliverable within the required timeline. We were also satisfied that Goulburn-Murray Water's proposed capital expenditure for the 2020–24 regulatory period is supported by sufficient reasons and evidence.
- Goulburn-Murray Water's forecast capital expenditure for the 2016–20 regulatory period is $38.6 million (27 per cent) less than the capital expenditure approved for this period in our 2016 determination. Aither considers that Goulburn-Murray Water's underspend against the approved capital expenditure allowance in the 2016–20 regulatory period is appropriate and based on deliberate business decisions.
- Aither found Goulburn-Murray Water has the capacity to resource and deliver its capital expenditure program in the 2020–24 regulatory period. Based on Aither's findings and our own assessment of Goulburn-Murray Water's price submission, we were satisfied that the timeframe for delivering the proposed capital expenditure program is reasonable.
- Based on Aither's report and our own review of Goulburn-Murray Water's submission, we were satisfied Goulburn-Murray Water's asset management framework is at an acceptable standard.

[29] Aither 2020, A review of Goulburn-Murray Water's proposed operating and capital expenditure, March.

Our review and final decision

Goulburn-Murray Water's response to our draft decision did not propose any changes to our draft decision's proposed gross capital expenditure. No new considerations for capital expenditure were presented in submissions received following the draft decision which caused us to change our views on capital expenditure.

Accordingly, we consider it appropriate to maintain the views we expressed in our draft decision in relation to the gross capital expenditure benchmark for the same reasons proposed in our draft decision. We consider this benchmark is consistent with our guidance and the ACCC's principles for assessing capital expenditure, and is reflected in our final decision on Goulburn-Murray Water's forecast regulatory asset base (Table 6.2) and its revenue requirement (Table 6.4).

6. Revenue requirement

We must be satisfied that Goulburn-Murray Water's prices are set at a level that generates sufficient revenue for the water business to recover the efficient cost of delivering services over the regulatory period. This revenue does not represent the approval of any particular projects or items of expenditure. Rather, Goulburn-Murray Water should allocate its revenue depending on the most efficient spending options available during the regulatory period, which may change over time.[30]

The WCIR requires us to use the 'building block' approach to estimate the revenue requirement. The ACCC's pricing principles provide further guidance on how to estimate the revenue requirement. We have been guided by the ACCC's pricing principles to the extent we consider them relevant. Under this approach, the revenue is required to reflect operating expenditure and a return on the regulatory asset base updated annually to reflect additional capital expenditure and regulatory depreciation. Chapter 4 covers operating expenditure, this chapter addresses the regulatory asset base, rate of return and depreciation, all of which depends on capital expenditure.

Our approach to rolling forward the regulatory asset base

We regulate Goulburn-Murray Water's infrastructure-related rolled forward regulatory asset base according to the WCIR. Rule 5 of Schedule 1 of the WCIR outlines the requirements for the regulatory asset base (Box 6.1). We have also been guided by the pricing principles published by the ACCC for valuing and rolling forward the regulatory asset base, to the extent we consider them relevant.

[30] We received input from officers of the Environment Protection Authority Victoria to discuss their expectations of Goulburn-Murray Water in the regulatory period from 1 July 2020. It is the water corporation's responsibility to ensure it has priced accordingly to meet all its legislative and regulatory obligations and requirements during the pricing period.

Box 6.1 Regulatory Asset Base

Details of the Part 6 operator's assets, and their value, that are used to provide infrastructure services:

a) in respect of each year of the initial period or the regulatory period that is set to expire:

i) actual contributions from customers and government

ii) actual proceeds from asset disposals and the nature and type of assets sold

iii) the regulatory depreciation of assets and the reasons for the depreciation

iv) from the above, the actual regulatory asset base

b) in respect of each year of the following regulatory period:

i) forecast contributions from customers and government and the assumptions underpinning those forecasts

ii) forecast proceeds from asset disposals and the nature and type of assets anticipated to be sold

iii) the regulatory depreciations of assets and the reasons for the depreciation

iv) from the above, the forecast regulatory asset base.

Source: WCIR 2010, Schedule 1

Regulatory asset base

The regulatory asset base is used to estimate the return on assets and regulatory depreciation in the revenue requirement. Our guidance required Goulburn-Murray Water to propose its:

- closing regulatory asset base at 30 June 2019
- forecast regulatory asset base for each year of the regulatory period from 1 July 2020.

Our draft decision on closing regulatory asset base

We update the regulatory asset base to reflect actual capital expenditure, government and customer contributions, and asset disposals for the period to 30 June 2019. This helps to ensure prices reflect the actual expenditure of a water corporation.

Our draft decision proposed to approve a closing regulatory asset base for 30 June 2019 of $373.6 million. We proposed to approve this amount as Goulburn-Murray Water's actual net capital expenditure was 2.9 per cent lower than the forecast used to approve maximum prices for the

period from 1 July 2016.[31] Goulburn-Murray Water also calculated its closing regulatory asset base in accordance with the requirements of our guidance.

Our review and final decision on closing regulatory asset base

Goulburn-Murray Water accepted our draft decision on the closing regulatory asset base.

No submissions responding to our draft decision raised matters that caused us to change our view on the closing regulatory asset base.

Final decision on closing regulatory asset base

Our final decision approves a closing regulatory asset base at 30 June 2019 of $373.6 million, as set out in Table 6.1.

Table 6.1 Closing regulatory asset base

$ million 2019-20

	2015-16	2016-17	2017-18	2018-19
Opening regulatory asset base 1 July	280.8	310.5	337.8	365.8
Plus gross capital expenditure	43.4	35.3	38.7	19.4
Less government contributions	0.2	0.2	0.9	0.1
Less customer contributions	0.01	0.1	0.1	0.2
Less proceeds from disposals	0.0	0.1	0.2	0.1
Less regulatory depreciation	13.5	7.7	9.5	11.1
Closing regulatory asset base 30 June	**310.5**	**337.8**	**365.8**	**373.6**

Note: numbers have been rounded.

Our draft decision on forecast regulatory asset base

The forecast regulatory asset base is calculated having regard to the closing asset base, and forecasts for capital expenditure, government and customer contributions, and asset disposals.

Our draft decision proposed to approve a forecast regulatory asset base at 30 June 2024 of $427.3 million.

[31] We undertake a prudency and efficiency review where a water corporation's net capital expenditure is more than 10 per cent above the forecast used to approve maximum prices for the period from 1 July 2016. We believe this approach is reasonable given capital expenditure can be relatively 'lumpy' in nature.

Our review and final decision on forecast regulatory asset base

Goulburn-Murray Water accepted our draft decision on the forecast regulatory asset base.

No submissions responding to our draft decision raised matters that caused us to change our view on the forecast regulatory asset base.

Final decision on forecast regulatory asset base

Table 6.2 sets out our final decision on Goulburn-Murray Water's proposed forecast regulatory asset base from 1 July 2020.[32] Our assessment of the components of the forecast regulatory asset base is set out below.

Table 6.2 Forecast regulatory asset base

$ million 2019-20

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening RAB 1 July	373.6	374.1	389.6	402.4	414.7
Plus gross capital expenditure	13.3	28.0	23.5	22.1	22.5
Less government contributions	0.4	2.9	1.2	0.2	0.2
Less customer contributions	0.0	0.0	0.0	0.0	0.0
Less proceeds from disposals	0.1	0.1	0.1	0.1	0.1
Less regulatory depreciation	12.3	9.5	9.4	9.5	9.6
Closing RAB 30 June	**374.1**	**389.6**	**402.4**	**414.7**	**427.3**

Note: numbers have been rounded.

Our draft decision on the rate of return

We regulate Goulburn-Murray Water's rate of return according to the WCIR. We have also been guided by the ACCC's pricing principles for calculating the rate of return, to the extent we consider them relevant.

[32] Our guidance required Goulburn-Murray Water to use forecast figures of the components of its regulatory asset base from the 2016 price determination for incomplete years where actual figures are not available. This is so we can assess the opening asset base for 1 July 2020. An adjustment will be made for any difference between the forecast figures and actual figures at the price review following the 2020 water price review.

Goulburn-Murray Water's proposed prices included a weighted average cost of capital (WACC) assumption of 4.0 per cent (real). In our draft decision we approved a real WACC of 4.0 per cent and stated we would review this figure in our final decision based on updated market information.

Our review and final decision on the rate of return

We did not receive any submissions on the rate of return.

There has been a material change in economic and financial market conditions since our draft decision reflecting the impacts of COVID-19. We note that the 10 year BBB rated corporate bond yields and inflation are key inputs to estimating the WACC.[33] Since our draft decision, there has been a significant fall in commonwealth government bond yields, suggesting a fall in the risk-free borrowing rate (albeit the impact on the WACC estimates has been offset somewhat by an increase in yields on corporate bonds, which increases WACC). Taken at face value, the recent (short term, 20 to 40 day average) market data suggests the WACC could be lower than the 4.0 per cent benchmark adopted in our draft decision.[34]

However, many economic commentators, including the Reserve Bank of Australia, have noted the economic shock of COVID-19 has been difficult for markets to price, and that forecasting key economic variables in the current environment is difficult.[35] Given this, we are cautious about adopting an approach that overly relies on short-term market data to establish the WACC, particularly given the longer-term nature of our regulatory decision (four years).

We note that a WACC of 4.0 per cent is close to the implied return provided for in our PREMO pricing approach, which embeds assumptions for the cost of debt and cost of equity that reflect a longer-term view of the rate of return required by Victorian water businesses.[36]

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[33] Debt margin is a WACC parameter, which is estimated based on the yields of BBB rated 10-year corporate bonds plus an allowance for debt raising costs.

Forecast inflation is estimated to convert nominal WACC to real WACC using the Fisher equation. We have estimated a forecast inflation of 1.70 per cent based on the midpoint of 'RBA geometric' and 'bond breakeven' inflation rates. The 'RBA geometric' inflation rate is the RBA forecast CPI inflation rate 1 and 2 years ahead and the midpoint of the RBA target inflation band of 2 to 3 per cent from 3 to 10 years ahead. The 'bond breakeven' inflation rate is implied by the difference between the yields on 10-year nominal and indexed (inflation-linked) Commonwealth Government Securities.

[34] Every 10 basis point reduction in Goulburn-Murray Water's WACC is about a 0.4 per cent reduction per annum in its revenue requirement. Hence, the return on assets (WACC x regulatory asset base) is not a major component of its revenue requirement.

[35] RBA Statement of Monetary Policy, May 2020, p. 77 and 89.

[36] In our PREMO pricing framework, we have adopted a 10-year trailing average of the yield on 10-year BBB rated corporate bonds to calculate the cost of debt. The trailing average approach recognises business may not finance all of its debt around the same time, so holding a portfolio of debt with staggered maturity dates is likely to be an efficient debt financing approach. The trailing average approach aims to be reflective of the actual debt management approaches of an efficient benchmark entity.

Our final decision is to set the WACC at 4.0 per cent. We have adopted this benchmark taking into account the recent volatility in financial markets, and the returns that we consider are commensurate with providing for a revenue stream such that a business recovers its efficient costs, as required by the Water Charge (Infrastructure) Rules. It also produces a consistent regulatory approach across Victoria's water businesses.

Final decision on the rate of return

Our final decision adopts a real WACC of 4.0 per cent.

Our draft decision on regulatory depreciation

We regulate Goulburn-Murray Water's regulatory depreciation according to the WCIR. We have also been guided by the ACCC's pricing principles for calculating depreciation of fixed assets, to the extent we consider them relevant.

Regulatory depreciation is an input to calculating the regulatory asset base. In our guidance, we stated Goulburn-Murray Water should estimate regulatory depreciation using reasonable assumptions about asset life and utilisation. We also noted in our guidance that we prefer a straight-line depreciation profile.

Goulburn-Murray Water's forecast regulatory depreciation was calculated using a straight-line depreciation profile. Goulburn-Murray Water also calculated regulatory depreciation in a manner consistent with our guidance.

Our draft decision proposed to accept Goulburn-Murray Water's forecast regulatory depreciation, as it was calculated in a manner consistent with the requirements of our guidance.

Our review and final decision on regulatory depreciation

Goulburn-Murray Water accepted our draft decision on regulatory depreciation.

No submissions responding to our draft decision raised matters that caused us to change our view on regulatory depreciation.

Final decision on regulatory depreciation

For the reasons set out above, our final decision accepts Goulburn-Murray Water's forecast regulatory depreciation, as set out in Table 6.3.

Our draft decision on revenue requirement

Goulburn-Murray Water proposed a revenue requirement of $439.6 million over a four-year period starting 1 July 2020. However, our draft decision proposed to approve a revenue requirement of $439.4 million, 0.1 per cent lower than proposed by Goulburn-Murray Water. Our draft decision on the revenue requirement is set out in Table 6.3.

Table 6.3 Draft decision revenue requirement

$ million 2019-20

	2020-21	2021-22	2022-23	2023-24	Total
Operating expenditure	89.1	83.1	82.5	82.4	337.1
Return on assets	15.3	15.8	16.3	16.8	64.3
Regulatory depreciation	9.5	9.4	9.5	9.6	38.0
Tax allowance	0.0	0.0	0.0	0.0	0.0
Draft decision revenue requirement	**113.9**	**108.3**	**108.3**	**108.9**	**439.4**

Note: numbers have been rounded.

The adjustments we had proposed in our draft decision on the revenue requirement relate to Goulburn-Murray Water's non-controllable expenditure and correcting a minor discrepancy in the 2015-16 customer contribution figure in the financial model. These adjustments resulted in a small decrease of $0.27 million to the overall revenue requirement.

Our review and final decision on revenue requirement

Our final decision approves a revenue requirement of $439.5 million, 0.04 per cent higher than our draft decision revenue requirement. The change in the final decision revenue requirement is due to the revision to the environment contribution as discussed above in the operating expenditure section. Our final decision on the revenue requirement is set out in Table 6.4.

Final decision on revenue requirement

Our final decision proposes to approve a revenue requirement of $439.5 million over the four-year regulatory period 2020–2024 as set out in Table 6.4.

Table 6.4 Final decision revenue requirement

$ million 2019-20

	2020-21	2021-22	2022-23	2023-24	Total
Operating expenditure	89.1	83.1	82.5	82.5	337.2
Return on assets	15.3	15.8	16.3	16.8	64.3
Regulatory depreciation	9.5	9.4	9.5	9.6	38.0
Tax allowance	0.0	0.0	0.0	0.0	0.0
Final decision revenue requirement	**113.9**	**108.3**	**108.3**	**108.9**	**439.5**

Note: numbers have been rounded.

7. Demand

Demand for Goulburn-Murray Water's services can include the demand for water and the demand for service points.[37] Goulburn-Murray Water's demand forecasts generally do not have a large impact on customer prices as most of Goulburn-Murray Water's costs are fixed and are recovered by fixed charges. The variable component of Goulburn-Murray Water's water bills, which varies with changes in demand, is generally small.

Our approach

We must ensure that Goulburn-Murray Water's proposed demand forecasts meet the requirements of the WCIR. We have also been guided by the ACCC's pricing principles for assessing demand or consumption forecasts for infrastructure-related services (Box 7.1) to the extent we consider them relevant.

Box 7.1 ACCC principles for assessing demand forecasts

A regulator should assess whether demand or consumption forecasts:

- are based on an appropriate and unbiased forecasting methodology
- are based on reasonable assumptions about the key drivers of demand, including:
  - supply restrictions
  - environmental conditions, including water inflows and the availability of water
  - commodities, including the treatment of water as a derived demand
  - any elasticity assumptions
  - demographic impacts, where appropriate
- utilise the best available information, including historical data that can identify trends in demand
- take account of current demand and economic conditions.

Source: ACCC Final Decision, Water Charge (Infrastructure) Rules 2010 (Cth), Application by Essential Services Commission of Victoria for accreditation, 17 February 2012, Appendix B.

[37] Service points are the connection point between a farm and a water supply network (channel, pipeline, river or aquifer).

Our draft decision

Our draft decision proposed to accept Goulburn-Murray Water's proposed demand forecasts outlined in its price submission because these forecasts:

- are based on an appropriate and unbiased forecasting methodology
- reflect reasonable assumptions about drivers of demand
- utilise the best available information, including historical data, to identify demand trends
- account for current demand, current economic conditions and future economic conditions.

Our review and final decision

Goulburn-Murray Water accepted our draft decision on demand forecasts.

No submissions responding to our draft decision raised matters that caused us to change our view on Goulburn-Murray Water's demand forecasts.

Final decision on demand forecasts

We note that Goulburn-Murray Water's revenue cap form of price control means that any changes in demand work their way through prices. Under this form of price control, Goulburn-Murray Water does not receive any windfall and is required to update demand forecasts as part of its annual price approval.

For these reasons we consider it appropriate to maintain the views we expressed in our draft decision.

Our final decision accepts Goulburn-Murray Water's demand forecasts.

8. Form of price control

The form of price control can be an important means of managing risk for water businesses and has implications for how price changes will affect water customers.

Our approach

The ACCC's pricing principles are consistent with the application of any form of price control. In our guidance we supported Goulburn-Murray Water maintaining its revenue cap.

Goulburn-Murray Water proposed to continue to apply its current revenue cap to its regulated tariffs with a rebalancing constraint that limits the weighted average real price change to +/- 10 per cent for any individual tariffs in each year of the regulatory period.

Our draft decision

We proposed to accept Goulburn-Murray Water's proposed continuation of its current form of price control as we consider it balances the requirements of revenue and price stability and includes an appropriate rebalancing constraint on individual tariffs of +/- 10 per cent of the approved price path in each year.

Our review and final decision

Goulburn-Murray Water accepted our draft decision on the form of price control.

No submissions responding to our draft decision raised matters that caused us to change our view on Goulburn-Murray Water's form of price control.

Final decision on form of price control

For the reasons set out above, we consider it appropriate to maintain the views we expressed in our draft decision.

Our final decision accepts Goulburn-Murray Water's proposed form of price control.

9. Irrigation and drainage tariffs

Goulburn-Murray Water provides gravity irrigation and drainage services to the Goulburn-Murray irrigation district (GMID) which covers six irrigation districts, namely Central Goulburn, Loddon Valley, Murray Valley, Rochester, Torrumbarry and Shepparton. Goulburn-Murray Water also provides pumped irrigation and drainage services to customers in the Nyah, Tresco and Woorinen pumped irrigation districts.

Approach to reviewing tariffs

We require Goulburn-Murray Water to have regard to the ACCC pricing principles in designing and explaining its tariffs. It is also best able to coordinate and integrate its tariff structures with its broader risk management policies (which include the form of price control and management of service standards, among others).

We regulate Goulburn-Murray Water's tariffs having regard to the ACCC's pricing principles (Box 9.1) as we consider these relevant for Goulburn-Murray Water's irrigation and drainage tariffs.

Box 9.1 ACCC's principles for approving tariff structures

Tariff structures should:

- promote the economically efficient use of water infrastructure assets
- ensure sufficient revenue streams to allow efficient delivery of the required services
- give effect to the principles of user pays in respect of water storage and delivery in irrigation systems
- achieve pricing transparency
- facilitate efficient water use and trade in water entitlements.

Source: ACCC Final Decision, Water Charge (Infrastructure) Rules 2010 (Cth), Application by Essential Services Commission of Victoria for accreditation, 17 February 2012, Appendix B.

Gravity irrigation delivery tariffs – our draft decision

Our draft decision proposed to approve Goulburn-Murray Water's proposal for a common infrastructure access fee and infrastructure use fee for the GMID. This would align the Shepparton delivery charge with the other five districts into a single charge from 1 July 2020.

We considered that Goulburn-Murray Water has demonstrated costs are sufficiently aligned to support a common tariff, and its proposal better meets the ACCC's pricing principles. In particular,

we noted that the costs of servicing the Shepparton district relative to the five other gravity districts have narrowed in recent years. Aither estimated that Shepparton's operating cost per delivery share will be reduced from 45 per cent higher than the five other districts combined in 2019-20 to about 11 per cent in 2020-21. This is helped by the addition of Broken Creek customers to the Shepparton district which would spread Shepparton's costs across a larger delivery share base with limited additional operations costs.

Our review

We received a submission in response to our draft decision that opposed uniform tariffs for the following reasons[38]:

- G-MW has not provided evidence that costs in Shepparton have fallen and that it can achieve the expected cost savings in the pricing submission. As a result, the current fee structure should remain until such cost savings are proven. The submission cited that the modernisation investment occurred in all five irrigation districts except Shepparton.
- Broken Creek customers and the Murray Valley water service committee did not support moving Broken Creek customers from Murray Valley to the Shepparton irrigation district.

Another submission questioned the relatively high value for the infrastructure access fee compared to the entitlement storage fee. [39]

In undertaking our review, we noted the following:

- Our consultant Aither reviewed Goulburn-Murray Water's proposed cost savings arising from the modernisation project and the reduction in operating costs in the Shepparton district since 2015-16. All of these savings were considered in the proposal to move towards uniform charges within the gravity irrigation district. Aither found these cost savings and estimates to be reasonable.
- Aither also reviewed for us the appropriateness of transferring Broken Creek customers from Murray Valley to Shepparton and found it to be reasonable on the basis that the majority of water supplied to Broken Creek customers uses Shepparton infrastructure.

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[38] Dudley Bryant 2020, submission to the Essential Services Commission paper 'Goulburn-Murray Water draft decision: 2020 Water Price Review', 24 April. Goulburn Murray Water also responded to Mr Bryant's submission about its consultation process on gravity irrigation tariffs and Goulburn-Murray Water's capacity to achieve the proposed cost savings. Goulburn-Murray Water's response can be found at www.esc.vic.gov.au.

[39] Will Mulholland 2020, submission to the Essential Services Commission paper 'Goulburn-Murray Water draft decision: 2020 Water Price Review', 28 April.

- We note that irrigation delivery fees and storage fees are set independently to reflect the efficient costs of providing irrigation delivery services and bulk water storage services respectively.

Our final decision

For the reasons set out above, we consider it appropriate to maintain the views we expressed in our draft decision. Our final decision accepts the position in our draft decision for the same reasons, and accepts Goulburn-Murray Water's proposed gravity irrigation tariffs as set out in Table 9.1.

Final decision on gravity irrigation tariffs

We approve Goulburn-Murray Water's proposal for a common infrastructure access fee and infrastructure use fee for the GMID.

Table 9.1 Final decision on Goulburn-Murray Water's infrastructure access fee and infrastructure use fee for the GMID

$ million 2019-20

		Infrastructure Access Fee $/ML/Day of delivery share held	Infrastructure Use Fee $/ML
Shepparton	2019-20	$4245.00	$7.40
	2020-21	$2416.42	$4.89
Central Goulburn, Rochester, Loddon Valley, Murray Valley, Torrumbarry	2019-20	$2925.00	$5.10
	2020-21	$2416.42	$4.89

Nyah, Tresco and Woorinen pumped irrigation district tariffs

Goulburn Murray Water provides water to customers in the Nyah, Tresco and Woorinen pumped irrigation districts through dedicated piped and pressured supply networks. The three districts have separate pumps and irrigation infrastructure and different irrigation service charges.

Our draft decision

In our draft decision, we proposed to approve Goulburn-Murray Water's pumped irrigation tariffs as it proposes to continue with existing arrangements, and we consider that it continues to comply with the ACCC's pricing principles.

Our review and final decision

We did not receive any submission on our draft decision on the pumped irrigation district tariffs. On this basis, our final decision confirms the draft decision to accept Goulburn Murray Water's proposed pumped irrigation district tariffs.

Final decision on Nyah, Tresco and Woorinen pumped irrigation tariffs

We approve Goulburn-Murray Water's pumped irrigation tariffs for 2020-21 as set in Appendix C.

Goulburn-Murray Water's drainage tariffs (gravity and pumped)

Goulburn-Murray Water operates and maintains a network of surface drains of various ages, design standards and levels of service across the GMID. It applies various rates and charges which are set on an annual basis to raise revenue for funding of the operation, maintenance and replacement of the drainage infrastructure.

Our draft decision

In our draft decision, we proposed to approve Goulburn-Murray Water's drainage tariffs (gravity and pumped irrigation) as it proposes to continue with existing tariff structures, promotes cost reflectivity and we consider that it continues to be consistent with the ACCC's pricing principles.

Our review and final decision

There are no new considerations in submissions received following the draft decision which caused us to change our views on drainage tariffs. Therefore, we consider it appropriate to maintain the views we expressed in our final decision in relation to the drainage tariffs for the same reasons proposed in our draft decision.

Final decision on drainage tariffs (gravity and pumped)

We approve Goulburn-Murray Water's drainage tariffs (gravity and pumped irrigation). The 2020-21 fees are set out in Appendix C.

Removal of the Torrumbarry Natural Carriers Rebate

Our draft decision

In our draft decision, we proposed to approve Goulburn-Murray Water's proposal to remove the Torrumbarry Natural Carriers Rebate gradually over three years as it better meets the ACCC's pricing principles of cost reflectivity and price transparency.

Our review and final decision

We did not receive any submissions on our draft decision regarding the removal of the pumpers' rebate. Therefore, we consider it appropriate to maintain the views we expressed in our draft decision. Our final decision accepts the position in our draft decision for the same reasons, and accepts Goulburn-Murray Water's proposal to phase out the Torrumbarry Natural Carriers Rebate over three years.

Final decision on Torrumbarry Natural Carriers Rebate

We approve Goulburn-Murray Water's proposal to set the Torrumbarry Natural Carriers Rebate at $8.27 per ML for 2020-21 and phase out the rebate over three years.

10. Diversion services

This chapter reviews Goulburn-Murray Water's proposed diversion services tariff structures. Goulburn-Murray Water provides diversion services to customers who access water from waterways such as rivers, and groundwater. Goulburn-Murray Water's diversion services are associated with its licensing function under delegation from the minister for water.

Our approach

Goulburn-Murray Water's diversion proposals are covered by two sets of regulatory criteria:

- We review groundwater services, and surface water diversion services, which do not use Goulburn-Murray Water's infrastructure-related services, against the WIRO.
- We review surface water diversion customers' storage charges, which use Goulburn-Murray Water's storage infrastructure services, having regard to the ACCC's pricing principles (see Box 9.1).

We regulate Goulburn-Murray Water's diversion services tariffs according to the WIRO's pricing principles (Box 10.1).

Box 10.1 WIRO's pricing principles for approval of tariff structures

Tariff structures should:

- enable customers or potential customers of the regulated entity to easily understand the prices charged by the regulated entity for prescribed services or the manner in which such prices are calculated, determined or otherwise regulated
- provide signals about the efficient costs of providing prescribed services to customers while avoiding price shocks where possible
- take into account the interests of customers of the regulated entity, including low income and vulnerable customers.

Source: Water Industry Regulatory Order 2014, Clause 11(d) (i)-(iii).

Our guidance to Goulburn-Murray Water required it to consult with customers affected by its proposals.

Our draft decision

Our draft decision was to approve Goulburn-Murray Water's proposed diversion tariffs. We noted Goulburn-Murray Water's proposal to rebalance its existing diversion tariffs within the existing tariff

rebalancing constraints and to lower other diversions tariffs to reflect lower operating costs. We also proposed to approve its proposal to charge a resource management fee to 25 identified unregulated surface water licence holders as this promotes greater cost reflectivity and complies with the WIRO pricing principles.

Our review and final decision

We did not receive any submissions on diversions services tariffs. Therefore, we consider it appropriate to maintain the views we expressed in our draft decision. Our final decision accepts Goulburn-Murray Water's diversion services tariffs proposal.

Our final decision on diversion services

We approve Goulburn-Murray Water's proposed diversion tariffs as set out in Appendix C.

11. Bulk storage charges

Goulburn-Murray Water owns and manages storage facilities and assets that store water for wholesale customers (such as urban water corporations and environmental water holders) and retail customers (such as regulated surface water diverters and customers in Goulburn-Murray Water's irrigation districts). [40]

Our approach

We reviewed Goulburn-Murray Water's proposed bulk storage tariff structure against the ACCC's pricing principles for tariffs (see Box 9.1). In our guidance, we emphasised that Goulburn-Murray Water must explain how feedback from engagement has influenced its proposed prices and any proposed tariff reform.

Our draft decision

In our draft decision, we proposed to approve Goulburn-Murray Water's proposal:

- for all retail customers to pay the same storage fees regardless of whether their water entitlement is associated with land (i.e. their status as a water or non-water user)
- for retail customers that are currently non-water users to be charged storage fees based on a system price rather than the basin price
- for bulk entitlement holders to be charged using the basin pricing approach, with the possibility to transition bulk charges to a system price during the next price review.

We engaged Aither to review Goulburn-Murray Water's calculations. Aither concluded that the proposed entitlement storage fee charges for high and low reliability water shareholder have been properly calculated.

Our review

We received a customer submission in response to our draft decision that questioned the relatively low bulk water storage fees compared to infrastructure access fees charged for water delivery to irrigators.[41] The customer argued that there are shared benefits from water storage and water

[40] The northern Victorian regulated water system is divided into the Murray system (which includes the Ovens and King systems) and the Goulburn-Campaspe-Lodden system, which also included Broken River, and is commonly referred to the Goulburn system.

[41] Will Mulholland 2020, submission to the Essential Services Commission paper 'Goulburn-Murray Water draft decision: 2020 Water Price Review', 28 April.

delivery services, hence water entitlement owners should pay a share of network infrastructure costs. Therefore, the customer is in favour of a modest increase in storage charges to ensure a more equitable outcome for farmers.

We have independently verified that the proposed bulk water storage charges and irrigation delivery charges have been correctly calculated and comply with ACCC pricing principle of user pays in respect of water storage and delivery in irrigation systems. We are approving a decrease in infrastructure access fee for all gravity irrigators and a simplification of entitlement storage charges that would result in an overall lower bill for farmers from 2020-21.

Our final decision

We consider it appropriate to maintain the views we expressed in our final decision in relation to the bulk storage charges for the same reasons proposed in our draft decision.

Final decision on bulk storage charges

We approve Goulburn-Murray Water's bulk storage tariff structures set out in Tables 11.1, 11.2 and 11.3.

Table 11.1 Entitlement Storage Fee High Reliability Water Share (ESF HRWS) for water and non-water users (per ML)

$ 2019-20

System	Water basins	2020-21 Final decision
Goulburn System	Broken, Goulburn, Campaspe, Loddon and Bullarook	$9.62
Murray System	Murray and Ovens	$10.95

Table 11.2 Entitlement Storage Fee (HR) for bulk entitlement holders (per ML)

$ 2019-20

Water basin	2019-20 Actual	2020-21 Final decision
Broken	$59.96	$59.96
Goulburn	$7.45	$7.45
Campaspe	$26.00	$26.00
Bullarook	$461.67	$461.67
Murray	$9.22	$9.22
Ovens	$75.62	$75.62

Table 11.3 Entitlement Storage Fee Low Reliability Water Share (ESF LRWS) for water and non-water users (per ML)

$ 2019-20

System	Water basins	2020-21 Final decision
Goulburn System	Broken, Goulburn, Campaspe, Loddon and Bullarook	$4.41
Murray System	Murray	$4.02

12. Service point fees

Service points are the connection point between a farm and the water supply network (channel, pipeline, river or aquifer).[42] The service point incorporates a meter to measure water deliveries for water sharing and entitlement compliance management and charging purposes. Goulburn-Murray Water currently charges service point fees for gravity irrigation, pumped irrigation customers as well as surface water and groundwater diverters.

Goulburn-Murray Water currently charges a separate tariff for the following gravity irrigation service points (meters and outlets) for the delivery of water to recover operating and maintenance costs:

- Domestic and Stock – fee recovers the costs of operating and maintaining domestic and stock service points
- Local Operate, Local Read – service point that is manually operated and the meter reading is manually collected
- Local Operate, Remote Read – service point is manually operated and the meter reading is automatically recorded
- Remote Operate, Remote Read – service point is automatically operated and the meter reading is automatically recorded.

It also charges service point tariffs to surface water and groundwater diverters to recover compliance, monitoring, usage, and maintenance of meters at each diversion site for:

- Unmetered service points – refers to service points that do not have a meter installed, or are used only for domestic and stock purposes.
- Metered service points – refers to service points where a meter is installed and is used for purposes other than domestic and stock.

Our approach

Goulburn-Murray Water's service point fee proposals are covered by two sets of regulatory criteria:

- We review service point fees for gravity districts, pumped districts and water districts, against the ACCC's pricing principles (see Box 9.1).
- We review service point fees for diversion customers against the WIRO (see Box 10.1).

[42] Service Point Fees account for about 13 per cent of Goulburn-Murray Water's revenue.

Goulburn-Murray Water's service point fee contains tariffs for services covered by both the WIRO and the WCIR. For this reason, we reviewed its proposal against the requirements of both regulations.

Our draft decision

In our draft decision, we proposed to approve the following elements of Goulburn-Murray Water's service point reform:

- The increase in service point fees for GMID, pumped irrigation and water districts customers. This improves cost reflectivity and better meets the ACCC pricing principles.
- The amalgamation of local read, local operate and local operate, remote read service point fees. We considered, on balance, that it better meets the ACCC pricing principles.
- The application of service point fees to all service points for pumped irrigation and water districts. This will increase efficiency and better meets the ACCC pricing principles.
- A one-off increase in remote operate, remote read service point fees for GMID and pumped irrigation customers. This will lead to greater cost reflectivity and better meet ACCC pricing principles.

We did not accept Goulburn-Murray Water's proposal to increase its metered and unmetered service point fees for diversion customers. We considered that Goulburn-Murray Water's price submission and subsequent information provided to Aither did not sufficiently justify the proposed increase and did not reflect WIRO pricing principles. We suggested that Goulburn-Murray Water reformulate its proposal in response to our draft decision or provide additional information on metered and unmetered service points for diversion customers to support its proposal.

Our review

In its submission on the draft decision, Goulburn-Murray Water provided more detailed and updated costs on Domestic and Stock and unmetered diversions service points as well as Gravity Local Operate and Diversion Metered service points. Goulburn-Murray Water provided sufficient information on the main cost drivers of the service point fees (metered and unmetered). We engaged Aither to review Goulburn-Murray Water's response to our draft decision, and we separately requested additional cost information on service point fees to verify the costs.[43]

[43] Aither 2020, 2020 Goulburn-Murray Water Price Review: Tariff Reform – A review of Goulburn-Murray Water's proposed tariff reform, 6 March.

Our final decision

We are satisfied that Goulburn-Murray Water has justified the proposed service point fees and that it reflects the efficient costs of providing metered and unmetered services for diversion customers. In our view, Goulburn-Murray Water's proposed service point fees are simpler and more transparent than its current fees.

Final decision on Goulburn Murray Water's service point fees

We approve Goulburn-Murray Water's proposed service point fees. The 2020-21 fees are set out in Appendix C.

Table 12.1 Summary of the final decision on service point fees

Proposed service point fee changes	Final decision
Increase domestic and stock service point fees for GMID, pumped irrigation and water districts customers	Accept
Apply service point fees for all service points for pumped irrigation and water districts customers	Accept
Amalgamate local operate, local read and local operate, remote read service point fees for GMID and pumped irrigation customers	Accept
Increase remote operate, remote read service point fees for GMID and pumped irrigation customers	Accept
Increase domestic and stock metered service point fees for diversion customers	Accept
Increase unmetered (excluding domestic and stock) service point fees for diversion customers	Accept

13. Other tariff reform - customer service fee, water register fee and Mitiamo water district tariffs

Goulburn-Murray Water has proposed minor changes to its existing tariff structure for the customer service fee, a separate water register fee and new tariffs for a newly constructed Mitiamo water pipeline district.

Our draft decision

In our draft decision, we proposed to approve Goulburn-Murray Water's proposed changes to its customer service fee and water register fee from 2021-22 as it better meets the ACCC's pricing principles. We also reviewed and approved Goulburn-Murray Water's proposed tariffs related to the Mitiamo pipeline as they meet the ACCC's pricing principle of user pays pricing.

Our review and final decision

We did not receive any submission on our draft decision on these tariffs. On this basis, our final decision confirms the draft decision to accept Goulburn Murray Water's proposal.

Final decision on Goulburn-Murray Water customer service fee, water register fee and Mitiamo water district tariffs

We approve Goulburn-Murray Water's proposal to introduce the customer service fee and water register fee from 2021-22 and its proposal to introduce tariffs for the Mitiamo pipeline from 2020-21.

14. Miscellaneous service charges

Goulburn-Murray Water provides customers with miscellaneous services often related to the major services that it provides. Many of these services are not used frequently. They include granting and transferring licences for customers.

Our approach

Miscellaneous services that relate to Goulburn-Murray Water's infrastructure services are regulated under the WCIR. The remainder are regulated under the WIRO (or are not regulated). We reviewed miscellaneous services charges against both the WCIR and the WIRO, to avoid doubt about the regime under which specific services should be assessed. Our guidance outlined the requirements for miscellaneous service charges (Box 14.1).

Box 14.1 Pricing principles for miscellaneous services

Prices for miscellaneous services must be set according to actual cost calculated on the basis of the aggregate of:

- direct third party or contractor invoice cost
- direct marginal internal costs, including labour, materials and transport costs
- a fair contribution to overheads.

For bank dishonour, debt collection and legal fees, the third party costs must be charged directly to the customer with no contribution for internal costs or a contribution to overheads.

Our draft decision

In our draft decision, we proposed to approve Goulburn-Murray Water's proposal. We are satisfied that Goulburn-Murray Water's proposed miscellaneous services charges are calculated in a way that meets the requirements of the WCIR and the WIRO as the proposed charges are based on the costs of delivering the service.

Our review and final decision

Goulburn-Murray Water did not respond to our draft decision on miscellaneous service charges.

No submissions responding to our draft decision raised matters that caused us to change our view on Goulburn-Murray Water's miscellaneous service charges.

Final decision on miscellaneous services

Our final decision accepts the position in our draft decision for the same reasons, and accepts Goulburn-Murray Water's miscellaneous service charges.

Appendix A: Stakeholder submissions

Stakeholder	Date received
Dudley Bryant	23 April 2020
Goulburn-Murray Water	24 April 2020
Will Mulholland	28 April 2020
Goulburn-Murray Water	5 May 2020

Appendix B: Service standards

Category	Outcome	Customer focussed theme	Service Standard (performance measure)	Target
Customer Service – Licencing and Administration	Efficient Operations	We offer timely transactions for our customers	Processing allocation trade applications within five business days	90%
			Processing water share applications within 10 business days	95%
			Processing change of ownership applications within 10 business days	90%
Customer Service – General Administration	Credible Business	We take quick action on complaints to reach resolutions for our customers	Customer Service Complaints to Energy and Water Ombudsman Victoria (per 1,000 customers)	1.0
			Complaints process managed to the satisfaction of the customer	85%
			We respond to complaints in writing within three business days	100%
	Simple Systems	We answer our customers' calls quickly and effectively	Telephone calls answered within 60 seconds	85%
	Credible Business	The person who answers your call can usually answer your questions	Rate of first point resolution (for phone calls)	2020-21: 64% 2021-22: 66% 2022-23: 68% 2023-24: 70%

Diversions Service Standards	Responsive services	Our diversions customers have access to the water resource monitoring data they need	Within two weeks of it being submitted	90%
	Responsive services	We comply with the Local Management Rules we developed with our customers for unregulated streams and groundwater	Access to unregulated stream flows is managed in accordance with restriction triggers in local management rules	100%
			Customer access to groundwater is managed through seasonal allocations which are announced in accordance with relevant management plans	100%
	Responsive services	Our customers know when restrictions on unregulated streams are in place	Customers receive notification in writing (through SMS, email or written letters) within 24 hours	100%
Water Districts Service Standards	Efficient operations	We supply water to our water districts customers when they need it	Supply interruptions do not exceed 96 hours	100%
Pumped Irrigation Service Standards	Efficient operations	We supply water to our Pumped District customers when and where they need it	Supply interruptions do not exceed eight hours in the summer months and 48 hours in the winter (modified to reflect new summer and winter specific performance measures)	80%
			Irrigation orders are delivered on the day requested	98%

	Simple systems	Our customers are informed by SMS when there is a supply interruption and again when it is restored	Within two hours	100%
Water Delivery Service Standards		Our GMID irrigators are supplied water when and where it's needed	% of orders delivered on a day requested (increase by 2%))	95%
			Flow rate is within 10 per cent of order	80%
Drainage Service Standards	Responsive services	We maintain drains to remove excess runoff	Drains are maintained to a level that they are available to remove run-off (modified measure – to replace below)	98%
Bulk Water Service Standards	Reliable supply	We maximise harvesting opportunities – to deliver the best water outcomes for our customers	Up to 100 per cent of design storage capacity	100%
	Reliable supply	Our regulated systems are delivering water to meet our customers' demands	Percentage of time a customer demand can be met	99%
Bulk Water Service Standards **Network Delivery Efficiency**	Responsive services	Our customers are informed of seasonal determinations on time, every time	As per the defined time frames	100%
	Responsive services	Our customers are informed about risk of spill announcements on time, every time	As per the defined time frames	100%

Responsive services	We maintain the minimum required flow rates in our rivers	Flow requirements as specified in the relevant bulk entitlements	98%
Efficient operations	Our delivery systems efficiently deliver water from storage to our customers	Water delivered to customer properties through the closed piped network as a percentage of water extracted	92%
Responsive services	We maintain the minimum required flow rates in our rivers	Water delivered to customer properties through the open channel network as a percentage of water extracted	85%

Appendix C: Goulburn-Murray Water's Proposed Prices ($ 2019-20)

Business segment	Tariff Description	District	Units	2020-21
Customer service and billing	Service Fee	Customer service and billing	Property	117.30
Irrigation	Service Point Fee - Local Read	Shepparton	$/Service Point	366.57
Irrigation	Service Point Fee - Remote Read	Shepparton	$/Service Point	733.14
Irrigation	Service Point Fee - Remote Operate	Shepparton	$/Service Point	1,045.94
Irrigation	Service Point Fee - D&S	Shepparton	$/Service Point	141.74
Irrigation	Infrastructure Access Fee	Shepparton	$/ML/day	2,416.42
Irrigation	Infrastructure Use Fee	Shepparton	$/ML	4.89
Irrigation	Casual Infrastructure Use Fee	Shepparton	$/ML	41.13
Irrigation	Distribution Access Fee	Shepparton	$/ML/day	2,416.42
Irrigation	Distribution Use Fee	Shepparton	$/ML	4.89
Irrigation	Termination Fee	Shepparton	$/ML/day	24,164.22
Drainage	Community Surface Drainage Fee	Shepparton	$/KM	705.00
Drainage	Area Fee	Shepparton	$/HA	14.81
Drainage	Water Use Fee	Shepparton	$/ML	3.85
Drainage	Drainage Diversion Site Fee	Shepparton	$/Site	215.05
Drainage	Drainage Diversion Agreement Fee	Shepparton	$/ML/ENT	2.20
Drainage	Flood Protection Fee	Loch Garry	$/HA	1.62
Water supply districts	Water Allowance Storage Fee	Tungamah	$/ML/allowance	8.49
Water supply districts	Infrastructure Access Fee	Tungamah	$/KL/day	133.77
Water supply districts	Infrastructure Use Fee	Tungamah	$/ML	49.41
Water supply districts	Excess Fee	Tungamah	$/ML	1,955.03

Irrigation	Service Point Fee - Local Read	Central Goulburn	$/Service Point	366.57
Irrigation	Service Point Fee - Remote Read	Central Goulburn	$/Service Point	733.14
Irrigation	Service Point Fee - Remote Operate	Central Goulburn	$/Service Point	1,045.94
Irrigation	Service Point Fee - D&S	Central Goulburn	$/Service Point	141.74
Irrigation	Infrastructure Access Fee	Central Goulburn	$/ML/day	2,416.42
Irrigation	Infrastructure Use Fee	Central Goulburn	$/ML	4.89
Irrigation	Casual Infrastructure Use Fee	Central Goulburn	$/ML	41.13
Irrigation	Distribution Access Fee	Central Goulburn	$/ML/day	2,416.42
Irrigation	Distribution Use Fee	Central Goulburn	$/ML	4.89
Irrigation	Termination Fee	Central Goulburn	$/ML/day	24,164.22
Drainage	Community Surface Drainage Fee	Central Goulburn	$/KM	705.00
Drainage	Area Fee	Central Goulburn	$/HA	8.86
Drainage	Water Use Fee	Central Goulburn	$/ML	2.73
Drainage	Drainage Diversion Site Fee	Central Goulburn	$/Site	215.05
Drainage	Drainage Diversion Agreement Fee	Central Goulburn	$/ML/ENT	2.20
Drainage	Subsurface Drainage Local Benefit Area Fee	Central Goulburn	$/HA	3.68
Drainage	Subsurface Drainage Local Benefit Water Use Fee	Central Goulburn	$/ML	1.38
Drainage	Subsurface Drainage Municipal Local Benefit Area Fee	Central Goulburn	$/HA	14.71
Irrigation	Service Point Fee - Local Read	Rochester	$/Service Point	366.57
Irrigation	Service Point Fee - Remote Read	Rochester	$/Service Point	733.14
Irrigation	Service Point Fee - Remote Operate	Rochester	$/Service Point	1,045.94
Irrigation	Service Point Fee - D&S	Rochester	$/Service Point	141.74
Irrigation	Infrastructure Access Fee	Rochester	$/ML/day	2,416.42
Irrigation	Infrastructure Use Fee	Rochester	$/ML	4.89
Irrigation	Casual Infrastructure Use Fee	Rochester	$/ML	41.13
Irrigation	Distribution Access Fee	Rochester	$/ML/day	2,416.42

Irrigation	Distribution Use Fee	Rochester	$/ML	4.89
Irrigation	Termination Fee	Rochester	$/ML/day	24,164.22
Drainage	Community Surface Drainage Fee	Rochester-Campaspe	$/KM	705.00
Drainage	Area Fee	Rochester-Campaspe	$/HA	9.33
Drainage	Water Use Fee	Rochester-Campaspe	$/ML	2.29
Drainage	Drainage Diversion Site Fee	Rochester-Campaspe	$/Site	215.05
Drainage	Drainage Diversion Agreement Fee	Rochester-Campaspe	$/ML/ENT	2.20
Drainage	Subsurface Drainage Local Benefit Area Fee	Rochester	$/HA	15.55
Drainage	Subsurface Drainage Local Benefit Water Use Fee	Rochester	$/ML	0.98
Drainage	Subsurface Drainage Municipal Local Benefit Area Fee	Rochester	$/HA	62.19
Irrigation	Service Point Fee - Local Read	Loddon Valley	$/Service Point	366.57
Irrigation	Service Point Fee - Remote Read	Loddon Valley	$/Service Point	733.14
Irrigation	Service Point Fee - Remote Operate	Loddon Valley	$/Service Point	1,045.94
Irrigation	Service Point Fee - D&S	Loddon Valley	$/Service Point	141.74
Irrigation	Infrastructure Access Fee	Loddon Valley	$/ML/day	2,416.42
Irrigation	Infrastructure Use Fee	Loddon Valley	$/ML	4.89
Irrigation	Casual Infrastructure Use Fee	Loddon Valley	$/ML	41.13
Irrigation	Distribution Access Fee	Loddon Valley	$/ML/day	2,416.42
Irrigation	Distribution Use Fee	Loddon Valley	$/ML	4.89
Irrigation	Termination Fee	Loddon Valley	$/ML/day	24,164.22
Drainage	Community Surface Drainage Fee	Loddon Valley	$/KM	705.00
Drainage	Area Fee	Loddon Valley	$/HA	5.78
Drainage	Water Use Fee	Loddon Valley	$/ML	3.38
Drainage	Drainage Diversion Site Fee	Loddon Valley	$/Site	53.76
Water supply districts	Water Allowance Storage Fee	Normanville	$/ML/allowance	8.49

Water supply districts	Infrastructure Access Fee	Normanville	$/KL/day	167.32
Water supply districts	Infrastructure Use Fee	Normanville	$/ML	110.91
Water supply districts	Excess Fee	Normanville	$/ML	1,955.03
Water supply districts	Water Allowance Storage Fee	East Loddon North	$/ML/allowance	8.49
Water supply districts	Infrastructure Access Fee	East Loddon North	$/HA	2.35
Water supply districts	Distribution Access Fee	East Loddon North	$/ML/day	2,416.42
Water supply districts	Distribution Use Fee	East Loddon North	$/ML	4.89
Water supply districts	Excess Fee	East Loddon North	$/ML	1,955.03
Water supply districts	Water Allowance Storage Fee	East Loddon	$/ML/allowance	8.49
Water supply districts	Infrastructure Access Fee	East Loddon	$/KL/day	65.93
Water supply districts	Infrastructure Use Fee	East Loddon	$/ML	65.83
Water supply districts	Excess Fee	East Loddon	$/ML	1,955.03
Water supply districts	Water Allowance Storage Fee	West Loddon	$/ML/allowance	8.49
Water supply districts	Infrastructure Access Fee	West Loddon	$/HA	2.62
Water supply districts	Excess Fee	West Loddon	$/ML	1,955.03
Water supply districts	Water Allowance Storage Fee	Mitiamo	$/ML/allowance	8.49
Water supply districts	Infrastructure Access Fee	Mitiamo	$/KL/day	155.38
Water supply districts	Infrastructure Use Fee	Mitiamo	$/ML	25.31
Water supply districts	Excess Fee	Mitiamo	$/ML	1,955.03
Irrigation	Service Point Fee - Local Read	Murray Valley	$/Service Point	366.57
Irrigation	Service Point Fee - Remote Read	Murray Valley	$/Service Point	733.14
Irrigation	Service Point Fee - Remote Operate	Murray Valley	$/Service Point	1,045.94
Irrigation	Service Point Fee - D&S	Murray Valley	$/Service Point	141.74

Irrigation	Infrastructure Access Fee	Murray Valley	$/ML/day	2,416.42
Irrigation	Infrastructure Use Fee	Murray Valley	$/ML	4.89
Irrigation	Casual Infrastructure Use Fee	Murray Valley	$/ML	41.13
Irrigation	Distribution Access Fee	Murray Valley	$/ML/day	2,416.42
Irrigation	Distribution Use Fee	Murray Valley	$/ML	4.89
Irrigation	Termination Fee	Murray Valley	$/ML/day	24,164.22
Drainage	Community Surface Drainage Fee	Murray Valley	$/KM	705.00
Drainage	Area Fee	Murray Valley	$/HA	11.18
Drainage	Water Use Fee	Murray Valley	$/ML	2.63
Drainage	Drainage Diversion Site Fee	Murray Valley	$/Site	215.05
Drainage	Drainage Diversion Agreement Fee	Murray Valley	$/ML/ENT	2.20
Drainage	Subsurface Drainage Local Benefit Area Fee	Murray Valley	$/HA	3.97
Drainage	Subsurface Drainage Local Benefit Water Use Fee	Murray Valley	$/ML	1.66
Drainage	Subsurface Drainage Municipal Local Benefit Area Fee	Murray Valley	$/HA	15.86
Irrigation	Service Point Fee - Local Read	Torrumbarry	$/Service Point	366.57
Irrigation	Service Point Fee - Remote Read	Torrumbarry	$/Service Point	733.14
Irrigation	Service Point Fee - Remote Operate	Torrumbarry	$/Service Point	1,045.94
Irrigation	Service Point Fee - D&S	Torrumbarry	$/Service Point	141.74
Irrigation	Infrastructure Access Fee	Torrumbarry	$/ML/day	2,416.42
Irrigation	Infrastructure Use Fee	Torrumbarry	$/ML	4.89
Irrigation	Casual Infrastructure Use Fee	Torrumbarry	$/ML	41.13
Irrigation	Distribution Access Fee	Torrumbarry	$/ML/day	2,416.42
Irrigation	Distribution Use Fee	Torrumbarry	$/ML	4.89
Irrigation	Termination Fee	Torrumbarry	$/ML/day	24,164.22
Drainage	Community Surface Drainage Fee	Torrumbarry	$/KM	705.00
Drainage	Area Fee	Torrumbarry	$/HA	4.50

Drainage	Water Use Fee	Torrumbarry	$/ML	1.99
Drainage	Drainage Diversion Site Fee	Torrumbarry	$/Site	53.76
Drainage	Area Fee	Tyntynder	$/HA	11.83
Drainage	Water Use Fee	Tyntynder	$/ML	4.71
Drainage	Drainage Diversion Site Fee	Tyntynder	$/Site	53.76
Irrigation	Infrastructure Access Fee	Woorinen	$/ML/day	4,988.82
Irrigation	Casual Infrastructure Use Fee	Woorinen	$/ML	95.44
Irrigation	Infrastructure Use Fee	Woorinen	$/ML	20.61
Irrigation	Termination Fee	Woorinen	$/ML/day	49,888.15
Drainage	Subsurface Drainage Area Fee	Woorinen	$/HA	2.31
Drainage	Subsurface Drainage Water Use Fee	Woorinen	$/ML	0.92
Irrigation	Additional Service Point Fee	Nyah	$/Service Point	-
Irrigation	Infrastructure Access Fee	Nyah	$/ML/day	4,750.20
Irrigation	Casual Infrastructure Use Fee	Nyah	$/ML	95.35
Irrigation	Infrastructure Use Fee	Nyah	$/ML	24.10
Irrigation	Termination Fee	Nyah	$/ML/day	47,502.00
Drainage	Subsurface Drainage Water Use Fee	Nyah	$/ML	4.91
Irrigation	Additional Service Point Fee	Tresco	$/Service Point	-
Irrigation	Infrastructure Access Fee	Tresco	$/ML/day	5,542.14
Irrigation	Casual Infrastructure Use Fee	Tresco	$/ML	96.16
Irrigation	Infrastructure Use Fee	Tresco	$/ML	13.03
Irrigation	Termination Fee	Tresco	$/ML/day	55,421.42
Drainage	Subsurface Drainage Fee	Tresco	$/ML	2.00
Surface water diversions	Service Point Fee - Unmetered	Regulated Waterways	$/Service Point	141.74
Surface water diversions	Service Point Fee - Metered (excluding D&S)	Regulated Waterways	$/Service Point	366.57
Surface Water Diversions	Access Fee	Regulated Waterways	$/Service Point	195.80

Surface water diversions	Service Point Fee - Unmetered	Unregulated Waterways	$/Service Point	141.74
Surface water diversions	Service Point Fee - Metered (excluding D&S)	Unregulated Waterways	$/Service Point	366.57
Surface Water Diversions	Access Fee	Unregulated Waterways	$/Service Point	75.20
Surface Water Diversions	Resource Management Fee	Unregulated Waterways	$/ML	2.90
Groundwater diversions	Access Fee	Shepparton Irrigation Region Groundwater	$/Service Point	59.20
Groundwater diversions	Resource Management Fee	Shepparton Irrigation Region Groundwater	$/ML	0.70
Groundwater diversions	Service Point Fee - Unmetered	Groundwater	$/Service Point	141.74
Groundwater diversions	Service Point Fee - Metered (excluding D&S)	Groundwater	$/Service Point	366.57
Groundwater diversions	Access Fee	Groundwater	$/Service Point	132.00
Groundwater diversions	Resource Management Fee	Groundwater	$/ML	3.98
Bulk Water Services	ESF HRWS (water user)	Broken Basin	$/ML/ENT	9.62
Bulk Water Services	ESF LRWS (water user)	Broken Basin	$/ML/ENT	4.41
Bulk Water Services	ESF HRWS (non water user)	Broken Basin	$/ML/ENT	9.62
Bulk Water Services	ESF HRWS (water user)	Goulburn Basin	$/ML/ENT	9.62
Bulk Water Services	ESF LRWS (water user)	Goulburn Basin	$/ML/ENT	4.41
Bulk Water Services	ESF HRWS (non water user)	Goulburn Basin	$/ML/ENT	9.62
Bulk Water Services	ESF LRWS (non water user)	Goulburn Basin	$/ML/ENT	4.41
Bulk Water Services	Above Entitlement Storage Fee	Goulburn Basin	$/ML/ENT	3.85
Bulk Water Services	ESF HRWS (water user)	Campaspe Basin	$/ML/ENT	9.62
Bulk Water Services	ESF LRWS (water user)	Campaspe Basin	$/ML/ENT	4.41
Bulk Water Services	ESF HRWS (non water user)	Campaspe Basin	$/ML/ENT	9.62
Bulk Water Services	ESF LRWS (non water user)	Campaspe Basin	$/ML/ENT	4.41
Bulk Water Services	Above Entitlement Storage Fee	Campaspe Basin	$/ML/ENT	16.04
Bulk Water Services	ESF HRWS (water user)	Loddon Basin	$/ML/ENT	9.62
Bulk Water Services	ESF LRWS (water user)	Loddon Basin	$/ML/ENT	4.41

Bulk Water Services	ESF HRWS (non water user)	Loddon Basin	$/ML/ENT	9.62
Bulk Water Services	ESF HRWS (water user)	Bullarook Basin	$/ML/ENT	9.62
Bulk Water Services	ESF LRWS (water user)	Bullarook Basin	$/ML/ENT	4.41
Bulk Water Services	ESF HRWS (non water user)	Bullarook Basin	$/ML/ENT	9.62
Bulk Water Services	ESF LRWS (non water user)	Bullarook Basin	$/ML/ENT	4.41
Bulk Water Services	ESF HRWS (water user)	Murray Basin	$/ML/ENT	10.95
Bulk Water Services	ESF LRWS (water user)	Murray Basin	$/ML/ENT	4.02
Bulk Water Services	ESF HRWS (non water user)	Murray Basin	$/ML/ENT	10.95
Bulk Water Services	ESF LRWS (non water user)	Murray Basin	$/ML/ENT	4.02
Bulk Water Services	Above Entitlement Storage Fee	Murray Basin	$/ML/ENT	4.19
Bulk Water Services	ESF HRWS (water user)	Ovens Basin	$/ML/ENT	10.95
Bulk Water Services	Spill Reliability (water user)	Ovens Basin	$/ML/ENT	4.02
Bulk Water Services	ESF HRWS (non water user)	Ovens Basin	$/ML/ENT	10.95
Bulk Water Services	WR Equivalent	Goulburn Basin	$/ML/ENT	9.50
Bulk Water Services	WR Equivalent	Murray System	$/ML/ENT	10.80
Bulk Water Services	High Reliability (HR)	Murray Basin	$/ML/ENT	9.22
Bulk Water Services	Low Reliability (LR)	Murray Basin	$/ML/ENT	4.19
Bulk Water Services	High Reliability (HR)	Ovens Basin	$/ML/ENT	75.62
Bulk Water Services	High Reliability (HR)	Broken Basin	$/ML/ENT	59.96
Bulk Water Services	Very High Reliability (VHR)	Goulburn Basin	$/ML/ENT	7.79
Bulk Water Services	Low Reliability (LR)	Goulburn Basin	$/ML/ENT	3.85
Bulk Water Services	High Reliability (HR)	Goulburn Basin	$/ML/ENT	7.45
Bulk Water Services	High Reliability (HR)	Campaspe Basin	$/ML/ENT	26.00
Bulk Water Services	Low Reliability (LR)	Campaspe Basin	$/ML/ENT	16.04
Bulk Water Services	Coliban Capacity Share	Campaspe Basin	$/ML/ENT	32.70
Bulk Water Services	High Reliability (HR)	Loddon Basin	$/ML/ENT	44.13
Bulk Water Services	High Reliability (HR)	Bullarook Basin	$/ML/ENT	461.67

Bulk Water Services	Low Reliability (LR)	Bullarook Basin	$/ML/ENT	279.73
Customer service and billing	Service Fee - Non Water User	All Basins	$/Property	117.30
Water supply districts	Service Point Fee - D&S	Tungamah	$/Service Point	39.10
Water supply districts	Service Point Fee - D&S	East Loddon	$/Service Point	39.10
Water supply districts	Service Point Fee - D&S	Mitiamo	$/Service Point	141.74
Water supply districts	Distribution Access Fee	Mitiamo	$/kL /day	155.38
Water supply districts	Distribution Use Fee	Mitiamo	$/ML	25.31
Irrigation	Service Point Fee - D&S	Woorinen	$/Service Point	39.10
Irrigation	Service Point Fee - D&S	Nyah	$/Service Point	39.10
Irrigation	Service Point Fee - D&S	Tresco	$/Service Point	39.10
Irrigation	Service Point Fee - Local Read	Woorinen	$/Service Point	112.41
Irrigation	Service Point Fee - Local Read	Nyah	$/Service Point	112.41
Irrigation	Service Point Fee - Local Read	Tresco	$/Service Point	112.41
Irrigation	Service Point Fee - Remote Operate	Woorinen	$/Service Point	263.93
Water supply districts	Service Point Fee - D&S	Normanville	$/Service Point	39.10
Customer service and billing	Customer Fee*	Customer service and billing	$/Customer	-
Customer service and billing	Water Register*	Customer service and billing	$/Transaction	-
Irrigation	Delivery Share Reservation	Shepparton	$/ML/day	2,416.42
Irrigation	Delivery Share Reservation	Murray Valley	$/ML/day	2,416.42
Irrigation	Delivery Share Reservation	Central Goulburn	$/ML/day	2,416.42
Irrigation	Delivery Share Reservation	Rochester	$/ML/day	2,416.42
Irrigation	Delivery Share Reservation	Loddon Valley	$/ML/day	2,416.42
Irrigation	Delivery Share Reservation	Torrumbarry	$/ML/day	2,416.42
Irrigation	Delivery Share Reservation	Nyah	$/ML/day	4,750.20
Irrigation	Delivery Share Reservation	Woorinen	$/ML/day	4,988.82

Irrigation	Delivery Share Reservation	Tresco	$/ML/day	5,542.14
Drainage	Drainage Diversion Site (High Flow)	Shepparton	$/Site	83.09
Drainage	Drainage Diversion Site (High Flow)	Murray Valley	$/Site	83.09
Drainage	Drainage Diversion Site (High Flow)	Central Goulburn	$/Site	83.09
Drainage	Drainage Diversion Site (High Flow)	Rochester-Campaspe	$/Site	83.09
Drainage	Drainage Diversion Site (High Flow)	Loddon Valley	$/Site	83.09
Drainage	Drainage Diversion Site (High Flow)	Torrumbarry	$/Site	83.09
Drainage	Drainage Diversion Site (High Flow)	Tyntynder	$/Site	83.09
Bulk Water Services	ESF LRWS (non water user)	Broken Basin	$/ML	4.41
Bulk Water Services	ESF LRWS (non water user)	Loddon Basin	$/ML	4.41
Bulk Water Services	Spill Reliability (non water user)	Ovens Basin	$/ML	4.02
Bulk Water Services	ESF Above Entitlement Storage Fee	Murray Basin	$/ML	4.27
Bulk Water Services	ESF Above Entitlement Storage Fee	Campaspe Basin	$/ML	16.36
Bulk Water Services	ESF Above Entitlement Storage Fee	Goulburn Basin	$/ML	3.93

*Indicates fees that will be introduced from 1 July 2021.