

# GOULBURN VALLEY WATER PRiCiNG SUBMiSSION 2023-28

BALANCiNG AFFORDABiLiTY AND  
PLANNiNG FOR THE FUTURE OF OUR  
CUSTOMERS' WATER SERViCES

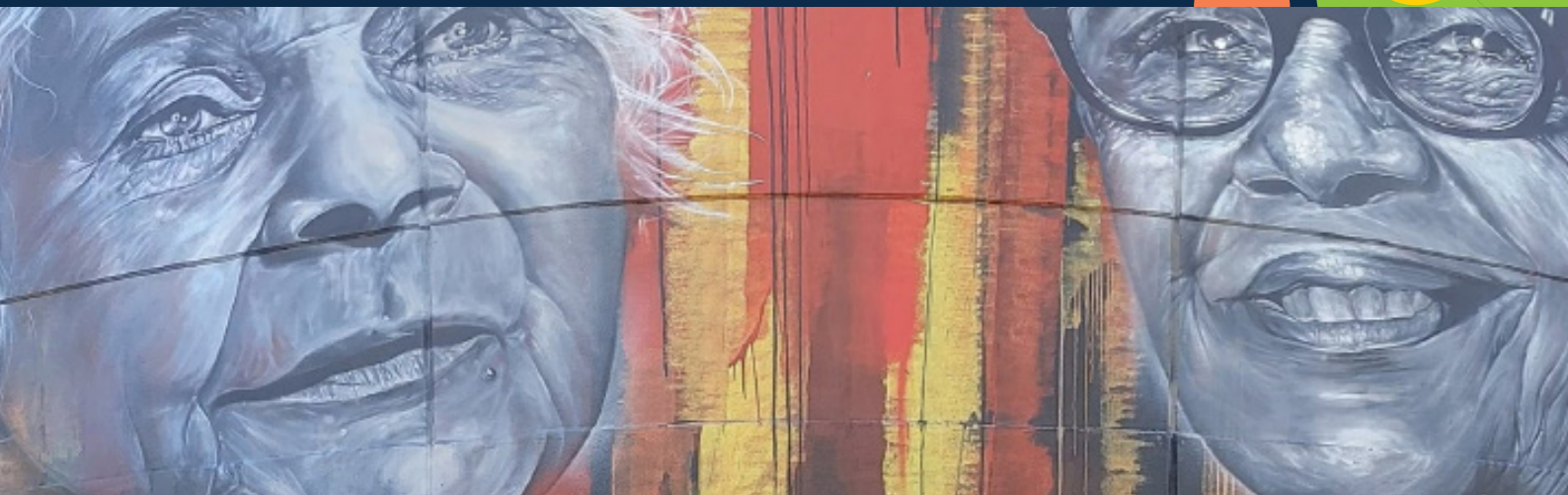




We acknowledge the Traditional Owners of the lands on which we operate as well as all First Nations Peoples. We pay our respect to their elders past and present as well as their emerging leaders. We acknowledge their invincible spirit and look to work in partnership to pave a new path forward.

## Contents

<a href="#">Executive summary</a> .....	4
<a href="#">Board attestation</a> .....	6
<a href="#">Pricing submission summary - Pricing Period 5</a> .....	7
<a href="#">Performance - Pricing Period 4</a> .....	10
<a href="#">Customer sentiment</a> .....	11
<a href="#">Outcomes and outputs</a> .....	11
<a href="#">Controllable operating expenditure</a> .....	12
<a href="#">Capital expenditure</a> .....	13
<a href="#">Supporting documents</a> .....	13
<a href="#">Risk</a> .....	14
<a href="#">Climate variability and economic volatility</a> .....	14
<a href="#">Capital expenditure</a> .....	14
<a href="#">Operating expenditure</a> .....	14
<a href="#">Gifted assets tax treatment</a> .....	14
<a href="#">Growth and demand</a> .....	15
<a href="#">Guaranteed Service Levels (GSLs)</a> .....	15
<a href="#">Customer willingness to pay projects - \$9m</a> .....	15
<a href="#">Circular economy</a> .....	15
<a href="#">Engagement</a> .....	16
<a href="#">Engagement principles and approach</a> .....	16
<a href="#">How engagement has influenced the pricing submission</a> .....	20
<a href="#">Participation preferences</a> .....	20
<a href="#">‘Golden thread’ - from customer engagement to proposed customer outcomes, scorecard and targets</a> .....	21



<a href="#">Management</a> .....	22
<a href="#">Management of the pricing submission process</a> .....	22
<a href="#">Capital expenditure</a> .....	22
<a href="#">Financial sustainability</a> .....	24
<a href="#">Operating expenditure</a> .....	24
<a href="#">Demand and growth</a> .....	25
<a href="#">Supporting documents</a> .....	25
<a href="#">Outcomes</a> .....	26
<a href="#">Customer promises, scorecard measures and targets (Outcomes and Outputs)</a> .....	26
<a href="#">Guaranteed Services Levels (GSLs)</a> .....	27
<a href="#">Service levels</a> .....	29
<a href="#">Customer stewardship over scorecard measures</a> .....	29
<a href="#">Tariff price paths and customer bills</a> .....	30
<a href="#">New fees/charges</a> .....	31
<a href="#">New customer charges (NCCs)</a> .....	31
<a href="#">Developer works charges</a> .....	32
<a href="#">Digital meter charges</a> .....	32
<a href="#">Supporting documents</a> .....	32
<a href="#">PREMO rating</a> .....	33
<a href="#">Overall rating and justification</a> .....	33
<a href="#">Supporting documentation</a> .....	33
<a href="#">Appendix A - Customer bills</a> .....	34
<a href="#">Appendix B - Customer promises, measures, GSLs and targets</a> .....	35
<a href="#">Appendix C - The 'Golden Thread', from customer engagement to pricing submission outcomes</a> .....	42
<a href="#">Appendix D - Capital expenditure</a> .....	50
<a href="#">Appendix E - Operating expenditure</a> .....	56
<a href="#">Appendix F - Tariff schedule</a> .....	60
<a href="#">Appendix G - Top 10 miscellaneous charges</a> .....	70

# Executive summary

Goulburn Valley Water (GVW) is pleased to present our Pricing Submission for the period 1 July 2023 – 30 June 2028 (PP5). This submission addresses the requirements of the Essential Services Commission (ESC) guidance document and demonstrates how we have efficiently met the cost of legislative and government obligations.

We have listened to our customers and this submission reflects their feedback. In PP5 we will continue to improve our already affordable and reliable services and will further support our region's prosperity within our regulatory remit.

The key elements of our submission are summarised in the "Pricing Submission Summary" following this Executive Summary and the Board Attestation.

GVW will start PP5 with both a strong value proposition for our customers and strong finances:

- We provide **trusted and reliable services at the lowest cost.**
  - ▶ The lowest typical residential bill in Australia<sup>1</sup>
  - ▶ Strong service outcomes compared with other Victorian water corporations<sup>2</sup>
- We **deliver what is important to our customers** as reflected in our positive customer value for money and trust metrics.
  - ▶ Top ranking of the seven regional Victorian water corporations participating in the Alliance customer satisfaction survey

- ▶ Sixth of 37 utilities surveyed in the Water Services Association of Australia customer perceptions survey
- Our **financial position is strong** allowing us to support better customer outcomes through prudent use of our balance sheet.
  - ▶ Current debt to Regulatory Asset Base (RAB) well below ESC thresholds at 32%
  - ▶ Cost to serve (opex/ML) is second lowest in Victoria.

GVW has undertaken an extensive engagement process with our customers, stakeholders and community that has informed this pricing submission. Engagement is also informing the development of our strategy ("Strategy 2035") and the operating model that supports it. We are reconfiguring GVW to further embed "customer to the core".

In PP4, GVW delivered a -2% price path for customers and took on considerable risk on their behalf. Climate variability, pandemic and post-pandemic economic volatility, and changing regulatory requirements have all made it challenging to deliver on the ambitious efficiencies promised under PP4.

This means that, despite our operating expenditure being low when compared to other water corporations, we are exceeding our ESC benchmarks.

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<sup>1</sup> [DOC22/73689 BOM National Performance Report 2020/21](#)

<sup>2</sup> [DOC22/15548 Analysis of ESC Water Performance Report](#)

This submission represents our best value-for-money offer, having worked closely with customers to understand their interests, concerns and ambitions. This can be described as follows:

### What are the customers getting?

- Pricing submission outcomes, outputs and Guaranteed Service Levels (GSLs) that reflect what they value as ascertained through extensive and rigorous engagement.
- Steady, predictable prices anticipated over 10 years through the ongoing prudent use of our strong balance sheet.

### How much will it cost the customer?

- The estimated typical annual residential bill for an owner occupier over the five years of the pricing submission will be \$1,037. This is **substantially lower than most current typical bills** across Australia – 40% below the 2020/21 average typical annual bill for Australian and 8% below that for Victorian water corporations.
- Our customers have indicated a willingness

to pay for GVW to provide value in three different areas which has been based on a robust methodology and accounts for 0.8% of the price increases. These were:

- ▶ Support for customers who need our help - \$2m
  - ▶ Carbon emissions abatement options with regional liveability and economic benefits - \$3m
  - ▶ Regional leadership for our communities in transitioning to a lower water, net-zero circular economy - \$4m
- Our proposed price path takes into account the rising cost of living pressures by ensuring a lower path in the first two years.

Even with the price increases proposed, GVW will be amongst the lowest residential bill in both Victoria and in Australia and will continue to offer great value for money to our customers.

GVW has very much appreciated the support from the ESC throughout the pricing submission process. We look forward to working with the ESC to continue providing great outcomes for customers.

# Board attestation

The directors of Goulburn Valley Water, having made such reasonable inquiries of management as we consider necessary (or having satisfied ourselves that we have no query), attest that, to the best of our knowledge, for the purpose of proposing prices for the Essential Services Commission's 2023 price review:

- Information and documentation provided in the price submission and relied upon to support Goulburn Valley Water's price submission is reasonably based, complete and accurate in all material respects
- Financial and demand forecasts are the business's best estimates, and supporting information is available to justify the assumptions and methodologies used
- The price submission satisfies the requirements of the 2023 water price review guidance paper issued by the Essential Services Commission in all material respects.

Signed on behalf of the Goulburn Valley Board:



21 September 2022  
Mark Stone AM  
Goulburn Valley Water Board Chair

Signed:



21 September 2022  
Steve Capewell  
Managing Director

# Pricing submission summary - Pricing Period 5 (PP5)

GVW has intentionally ensured the narrative in this document is concise. We have provided further supporting documentation for each chapter in an accessible drive.

Pricing submission parameter	Proposal	Commentary	Further information
Price path	<p>PP5 – Years 1 &amp; 2 – 1.85%</p> <p>PP5 – Years 3, 4 &amp; 5 – 2.45%</p> <p>PP6 – forecasted 1% but subject to reassessment in 2028.</p> <p>The above includes some new initiatives for which our customers have indicated a willingness to pay. These increase the revenue requirement by \$9m and account for 0.8% of the increase.</p>	The price path is lower in the first two years in recognition of increasing cost of living pressures.	<p><a href="#">Tariff price paths and customer bills</a></p> <p><a href="#">Appendix A – Customer bills</a></p>
Tariff strategy	Same price path across most categories of tariffs, no step tariffs, no change to fixed/variable split.	Consistent with PP4.	<a href="#">Appendix F – Tariff schedule</a>
Fee/charges changes	<p><b>New Customer Contributions</b> – Calculated using Average Incremental Cost methodology.</p> <p><b>Developer Works</b> – Charging a fixed fee rather than ‘at cost’.</p> <p><b>Digital meters</b> – Introducing a new tariff for digital meters.</p>	<p>Increased charges reflecting higher growth and cost of works. Development industry has been consulted.</p> <p>Responding to feedback from developers to streamline the charging process.</p> <p>Previous meter tariffs only covered mechanical meters.</p>	<a href="#">New fees/charges</a>

<b>Pricing submission parameter</b>	<b>Proposal</b>	<b>Commentary</b>	<b>Further information</b>
Customer bills	Owner occupier bills will increase from \$890 in 2022-23 to \$1,151 in 2027-28.	Average over the 5 year period is \$1,037  Customer bills will remain amongst the lowest in Victoria (and Australia) even with the proposed price path increase.	<a href="#">Appendix A – Customer bills</a>
Regulatory period	Five years	Consistent with PP4.	
Price control method	Price cap	Consistent with PP4.	
Prescribed Capex	\$245m (\$1/1/2023)	38% increase on PP4 capex of \$177m (\$1/1/2023)	<a href="#">Capital expenditure</a>
Prescribed Opex	\$293m (\$1/1/2023)  Cost efficiency improvement rate 0.4% average per annum.	1.3% increase on PP4 opex of \$289m (\$1/1/2023).  Cost to service (Opex per ML) is 2 <sup>nd</sup> lowest in Victoria 2020/21.  Controllable Opex baseline is 11% above PP4 determination.	<a href="#">Operating expenditure</a>
Alternate Opex treatment	Software as a Service (SAAS) delivery costs to be treated as capex with effective life of 10-15 years.	SAAS delivery is mostly treated as opex under accounting standards. We propose spreading the benefit of the SAAS projects over a longer period than under accounting standards.	<a href="#">Controllable operating expenditure</a>



Pricing submission parameter	Proposal	Commentary	Further information
Effective lives adjustment	Effective lives of assets in the roll forward of the RAB have been adjusted from a maximum of 50 to 60 years.	This has reduced the price path by 0.6%.	<a href="#">Capital expenditure</a>
Demand and growth	Demand - 0.8% pa Connection growth - 1.5% pa	Based on connections and volumes adopted for the Urban Water Strategy.	See ESC Financial Model worksheet: "Opex_FO" "RevenuePrice Cap_FO"
Outcomes, outputs and Guaranteed Service Levels (GSLs)	<p>Four outcomes (promises), with 3-5 outputs or (scorecard measures).</p> <p>GSLs – 5, streamlined from 12 in PP4. PP5 GSLs were determined by our customers.</p> <p>Three proposals for additional customer value to be included in revenue requirement (Support for customers who need our help - \$2m, carbon emissions abatement options with regional liveability and economic benefits - \$3m, regional leadership for our communities in transitioning to a lower water, net zero, circular economy - \$4m).</p>	<p>Derived from customer engagement which has been broad, authentic and well-planned over PP4.</p> <p>Willingness to pay studies based on rigorous methodology.</p>	<p><a href="#">Engagement</a></p> <p><a href="#">Outcomes</a></p> <p><a href="#">Appendix B - Customer promises, measures, GSLs and targets</a></p>
Premo rating	Advanced	Based on PREMO assessment tool.	<a href="#">Overall rating and justification</a>

# Performance - Pricing Period 4 (PP4)

**This section seeks to answer the question: “Have the performance outcomes to which the business committed in the previous regulatory period been met or exceeded?”**

We extended ourselves in PP4 and received a “Leading” rating for an ambitious submission on behalf of customers. Our promises to customers included:

- Delivering price path of -2% real per annum
- An operating expenditure efficiency rate of 3.1%
- Capital cost estimates for major projects calculated at P40 and smaller project estimates reduced by 10%
- Performance in PP3 exceeded expectations which GVW passed back to customers in PP4 in the form of an efficiency dividend of \$2.3m real per annum
- An ambitious set of outcomes to be annually reported to and evaluated by customers through an Annual Performance Forum (APF).

Much has changed since submitting PP4. Two key changes were the drought in the first two years of the price plan and COVID-19 (coronavirus) since 2020. The region has also experienced La Nina conditions in the past two years.

During the 2018-19 drought, we sought to maintain our customer service levels and incurred additional controllable operating expenditure providing water to some areas and responding to frequent blue-green algae outbreaks, which require significant resources to bring under control.

GVW absorbed this expenditure into our allowable revenue.

During COVID-19, GVW was proactive in ensuring that customers finding it hard to pay bills were looked after by assisting with access to Utility Relief Grants (URGs) as well as payment schemes. We saw a 300% increase in the number of customers on our hardship program and a 270% increase in URGs, compared to pre-COVID levels. Financial assistance was extended to business customers.

Overall, GVW has performed well. We have delivered for our customers:

- The **lowest typical water bill** for our customers in 2020-21 in Australia<sup>3</sup>
- The **second lowest cost to serve** (opex/ML) in Victoria in 2020-21<sup>4</sup>
- **Strong customer sentiment** results
- **Largely delivered the promises** in the pricing submission which our customers have assessed favourably through the APF
- A **financial performance that remains strong** with debt to RAB of 32%.

<sup>3</sup> [DOC22/73689 BOM National Performance Report 2020/21](#)

<sup>4</sup> [DOC22/30184 Derived from BOM National Performance Report data 2020-21](#)

We have also delivered value for our communities beyond what was promised in the pricing submission, including:

- Innovative projects partnering with Yorta Yorta and Taungurung peoples
- Recycled water standpipes for “greening” community projects
- Building circular economy opportunities in the Goulburn Valley with our major industrial customers.

## Customer sentiment

Customer surveys show strong relationships with our customers:

- Top ranking in Alliance customer satisfaction survey (seven regional water corporation participants) for trust, value for money and community reputation measures

- An overall customer satisfaction score of 96% from our Annual Customer Service Experience Survey
- June 2022 quarterly ESC survey – top three of similar regional urban water corporations for value for money and top five of similar regional urban water corporations for trust.

These results provide independent evidence that our customers believe that GVW is delivering great value for money to our customers.

## Outcomes and outputs

GVW has largely met our commitments to our customers. The ESC annual report of customer outcomes and outputs has been provided in the supporting documents and for 2021-22 is summarised below:

Rating	Output	Detail	Comments
Met	21	Met in full	
Close or largely met	3	<ul style="list-style-type: none"> <li>• Unplanned water supply interruptions restored within five hours</li> <li>• Average time to rectify a sewer blockage</li> <li>• Prescribed events for which affected customers receive real-time notification of details and locations of faults and outages</li> </ul>	<ul style="list-style-type: none"> <li>• 96% of customers restored in 5 hours (target 98%)</li> <li>• 117 minutes (target 100 minutes)</li> <li>• 96% of customers received notifications (target 100%) – APF customers assessed this result as satisfactory</li> </ul>
Not met	2	<ul style="list-style-type: none"> <li>• Number of Safe Drinking Water Act non-compliances</li> <li>• Implementation of a water use behaviour change program by 30 June 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Three events – one taste and odour event due to black water, 2 false positive E.coli detections</li> <li>• While the digital meters system is in place, the lack of a high water usage summer has meant we have not implemented the program this year – we have set up a survey measure to assist in benchmarking water use behaviour</li> </ul>
Total	26		

### Controllable operating expenditure

GVW’s approved controllable operating expenditure for PP4 was \$208m (\$2018) or \$233m (\$2023).

Actual controllable operating expenditure for PP4 is forecast to be \$264m (\$2023) or 13% above the approved benchmark. There are a number of reasons for the increase, summarised as:

- Labour increases under **Enterprise Bargaining Agreement (EBA)** were higher than the CPI which was used to escalate labour costs under ESC assumptions. This was due to the timing of the EBA which was after the pricing determination
- Increase in labour (increase in FTE) and other costs associated with our **digital replacement program**. Current systems are ageing (some more than 20 years old)
- Additional costs associated with responding

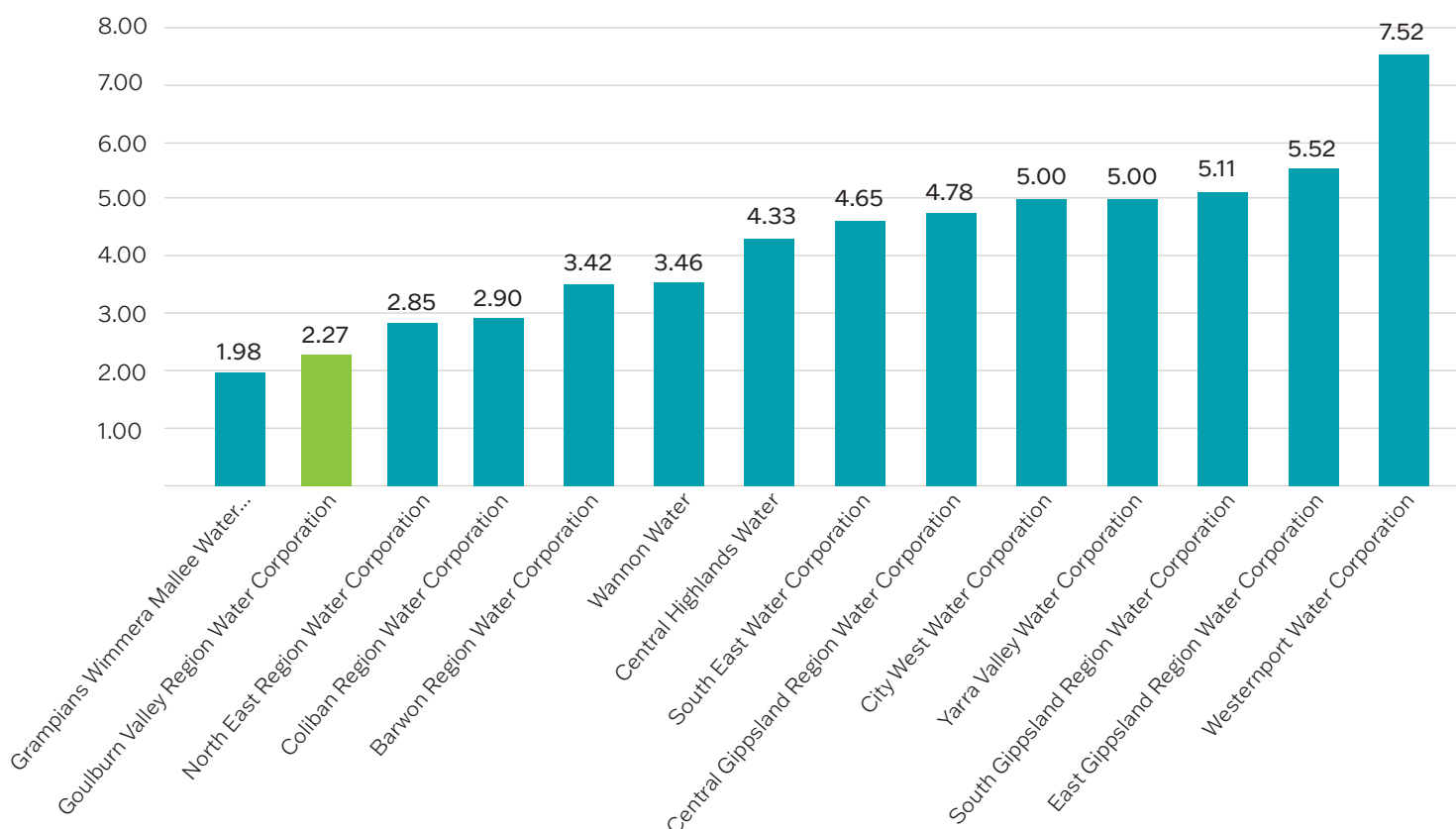
to **drought** in order to maintain service levels for customers and responding to **blue-green algae issues**

- Increases in labour to respond to increasing **regulatory requirements**
- **Organisational restructure** to deliver the capability requirements of our new organisational operating model.

The PP4 Controllable Operating Expenditure Performance Report listed in the supporting document section below provides more detail on the reasons for the increases in controllable operating expenditure.

Despite not achieving the ESC benchmark, GVW has performed strongly compared to other Victorian water corporations, being the second lowest cost to serve (Opex/ML) in Victoria as seen in the graph below, derived from the Bureau of Meteorology’s (BOM) National Performance Report:

**BOM Performance Report - 2020-21 (Opex/ML)**



Benchmarking against other Australian water corporations and an Executive-led efficiency review has occurred in order to ensure our operating expenditure is well controlled.

### Capital expenditure

ESC approved capital expenditure for PP4 was \$145m (\$2018) or \$164m (\$2023).

Actual capital expenditure for PP4 (including the current 2022-23 Corporate Plan budget) is forecast to be \$177m. This represents an 8% increase (\$2023) in expenditure in comparison to the original approved amount.

The increase in expenditure is primarily driven by actual costs to deliver a small number of large projects exceeding the original approved amount. Examples are provided in [Appendix D](#).

Other factors that have impacted expenditure have included:

- GVW adopted P40 cost estimates for PP4 and was not able to find sufficient efficiencies to deliver at this level of investment.
- Significant price rises for materials have occurred in the final two years of PP4 and availability of contractors has impacted the level of competition in tendered prices.

A number of key capital projects have been delivered during the PP4 period and a summary of progress is provided in Appendix D. Over a five-year period, priorities can change and reprioritisation of projects is undertaken to manage risks.

Five of the nominated projects were completed on time. A further two projects were completed within one year of their original scheduled completion and both were delayed, delivering better outcomes for GVW. One project was delayed delivering a better financial result through re-tendering and the other was delayed due to a complex land acquisition process. A total of four projects have been deferred or delayed, either as part of program reprioritisation to manage increased costs on other projects, to address emerging risks or through project-specific factors.

Where projects are deferred, alternative risk mitigation strategies are enacted to manage risks until the project is completed.

### Supporting documents

[DOC22/42659 Goulburn Valley Water – Outcomes – 2018–2023 – Year 4](#)

[DOC22/72749 PP4 Controllable Operating Expenditure Performance Report \(CONFIDENTIAL\)](#)

[DOC22/61197 WSAA ESC Alliance NewFocus customer survey results and comparison 2021/22](#)

# Risk

**This section seeks to answer the question: “Has the business sought to allocate risk to the party best positioned to manage that risk? To what extent has the business accepted risk on behalf of its customers?”**

GVW identifies and manages risks in accordance with the Victorian Government Risk Management Framework under the Minister’s Standing Directions 2018.

GVW is appropriately sharing risk with customers in this pricing submission to ensure that customer bills are not increased inappropriately. This has been achieved in the following ways:

## **Climate variability and economic volatility**

At the time of writing this submission there has been significant climate variability and economic volatility. PP4 has seen positive and negative material impacts on both the cost and the revenue sides of the business and this is expected to continue into PP5. While this is the case, GVW is planning to absorb this risk on behalf of customers by using our strong debt/RAB position to ensure service levels are maintained through PP5. We have analysed our ability to sustainably absorb additional debt which is noted in the [financial sustainability section](#).

## **Capital expenditure**

The uplift in capital expenditure in PP5 over PP4 on the surface might suggest a delivery risk, however GVW has a good track record of project delivery over PP3 and PP4, both in terms of completed projects and expenditure.

Although total capital expenditure is increasing for PP5, the total number of projects to be delivered is similar to PP4 and GVW has put in place safeguards to ensure that the program can be delivered.

Cost estimates for all projects were largely updated between October 2021 and January 2022 and there has been considerable upward volatility in input costs since that time. GVW has chosen to not increase estimates to current market prices and is committed to managing our capex program within the limits provided in this submission.

Business cases which explore options and use Monte Carlo analysis for development of P50 estimates provide assurance of prudence and efficiency of capex estimates and will be made available to the ESC on request. The top 10 major projects have been independently reviewed.

## **Operating expenditure**

Benchmarking against other Australian water corporations and a detailed efficiency review provides assurance of prudence and efficiency of our operating expenditure estimates. GVW has the lowest cost to serve (opex per ML) in Victoria in 2020-21. GVW considers opex per ML the appropriate cost to serve metric for GVW given the number of large industrial users of our services in the region.

## **Gifted assets tax treatment**

GVW is investigating a change in tax law interpretation which means that income from gifted assets may not be treated as assessable (or assessable at a lower amount) for tax purposes.

This means a potential reduction in GVW's tax building block of \$6.8m. This item is still uncertain and we propose to absorb this benefit should it occur, which would assist with reducing the PP6 forecasted price path of 1%.

### **Growth and demand**

Connections growth and demand forecasts were developed for the Urban Water Strategy and are based on an assessment of a range of data including past connection growth, Victoria in Future growth forecasts and current development plans. Average customer growth over the past five years has been 1.5%, with the past three years in the 1.3-1.9% range. Growth is expected to remain at current levels for the PP5 period, which represents an increased growth rate in comparison to past pricing submissions.

### **Guaranteed Services Levels (GSLs)**

GSLs are listed at [Appendix B](#) along with customer promises and scorecard measures. These GSLs were the product of GVW's engagement process and reflect our customers' expectations of us. While we do not believe they represent substantial change in the risk profile for GVW, they are more closely aligned with our customer expectations.

### **Customer willingness to pay projects – \$9m**

GVW will work with customers to set up appropriate stewardship over these projects and commits to passing back to customers in lower price rises if GVW does not use the full amount or if we do not spend the money on projects endorsed by the customers.

### **Circular economy**

The Minister for Water's Letter of Expectation for 2022-23 includes expectations to progress circular economy initiatives. GVW will be looking for ways to progress these initiatives in PP5 with minimal impact to customer prices, including looking for alternate sources of finance.

# Engagement

**This section seeks to answer the question: “How effective was the business’s customer engagement to inform its price submission?”**

GVW’s engagement with customers has been foundational to not just this pricing submission but to our Urban Water Strategy submission and newly drafted “Strategy 2035”. GVW is driven to be “customer to the core” and we have been resetting both our aspirations and organisational structure over the current price period to achieve this.

The engagement that supports this pricing submission’s outcomes (customer promises), outputs (scorecard measures), GSLs and targets has continued the authentic and “fit for purpose” approach that informed PP4. We have further improved our previous customer engagement by strengthening our methodology; using multiple methods and audiences to triangulate data so we are confident in the results.

We engaged 3,000+ people or approximately 4.5% of our customer base, through 44 engagement activities and events, over 20 months. At least one customer in every town we service gave us feedback. Our engagement was broader and deeper than our ‘Leading’ engagement for the 2018 submission.

## Engagement principles and approach

We commenced our engagement for PP5 in late 2020 using a collaborative process involving customers, communities, Board and staff to understand the things that are important and identify priorities.

The engagement built on regular interaction with our customers and communities over PP4 through our Annual Performance Forum (APF) and Customer Carbon Advisory Group (CCAG). GVW understands that proper engagement must be an ongoing part of our organisational culture. It is not something switched on and off around price submissions.

## Principles

The following principles underpinned our engagement:

- Customers who want to, should be able to input into decisions that affect the bills they pay and the value they receive
- We will understand the priorities and concerns of our communities and other organisations we work with such as local governments, developers and plumbers
- We will ask Traditional Owners to partner with us and guide us in the best ways forward to support the empowerment of the First Nations People in our region
- We will be mindful that customers’ circumstances may make it difficult for them to pay their bills and we will work hard to support them. We also understand that circumstances can change
- Many of our staff are customers and also have regular interactions with customers on a daily basis. We will ensure that they have an opportunity to input and participate in the customer engagement
- We involve all staff willing to participate to connect with customers and contribute to the engagement process



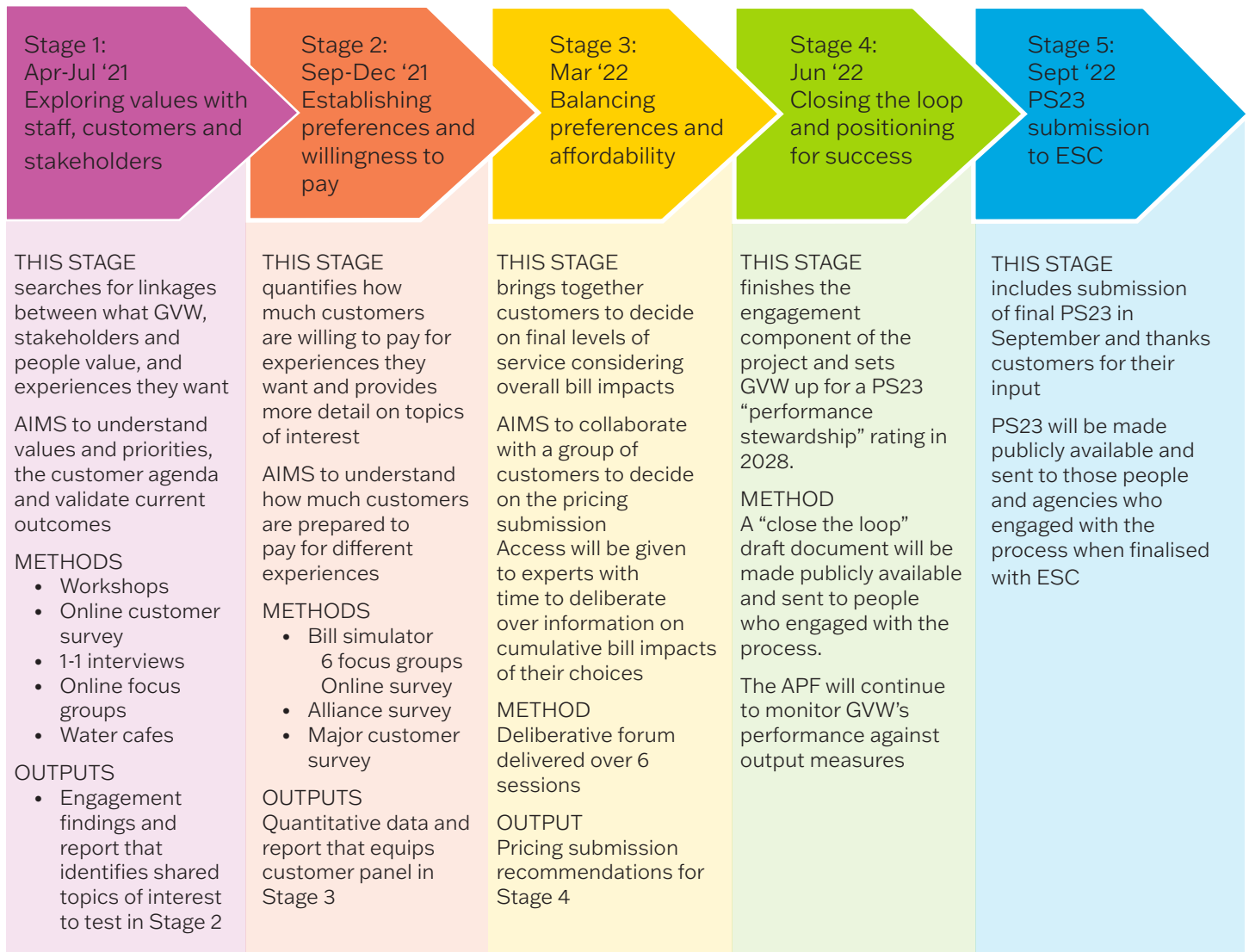
## Approach

Our engagement approach has been informed by the ESC’s customer engagement framework and has met our ambition for ongoing, deeper and broader engagement.

The engagement methodology and planning was thorough and expertise was sought early to provide guidance and assurance over the

process, assist our internal team to build on PP4 engagement and to capture and analyse results, presenting them for GVW to use in decision-making throughout the submission development.

The engagement was conducted over five stages as described below:



**Universal and inclusive engagement** – Our approach has ensured as many voices as possible were given the opportunity to be heard through the engagement process. Any type of customer engagement has potential drawbacks, so the process had many different elements to make us confident that we fairly represented the views of customers and the community.

This included:

- promoting engagement events and activities in different forums and platforms, e.g. newspapers, social media, postcards distributed to libraries and community centres, glass water bottles with QR codes distributed to cafes and eateries across the service area, stickers with survey links on permanent hydration stations
- visiting (where possible) centres or agencies providing support for communities with different needs
- reaching out directly to different cohorts to recruit for focus groups, such as school networks, customer support agencies and filtered customer lists
- building the leadership capability and expanding the customer group established to provide stewardship over our current price plan, with the Annual Performance Forum (APF) playing a pivotal role in the submission development
- scheduling online events at different times of the day to suit participant needs
- supporting customers who offered to participate in events, including transportation to and from face-to-face sessions, providing or paying for childcare, technology support, and translator services
- Branding engagement collateral specifically with an open and inviting colour palette

and style. Information about our engagement stages and activities was housed on the GVW website, explaining what we were asking and what we heard in simple language.

## Adapting the approach

Our engagement was tailored to meet specific customer needs, considering different representation across the service area, employment demands, technical capability, communication preferences and challenges in making direct contact. We also needed to be adaptable in our engagement approach in response to changing restrictions.

**COVID-19 pandemic** - Despite COVID-19, we were able to successfully engage broadly with our customers. We believe our ability to engage was not hampered, and in some cases was enhanced. In order to respond to the changing circumstance we:

- Adjusted timelines, along with planned activities, in response to restrictions and lockdowns.
- Planned face-to-face events that were restricted were moved online and data was collected through a heavier promotion of online feedback mechanisms.

**Vulnerable customer voices** – While we recognised the importance of identifying and meeting the needs of vulnerable customers in PP5, a concern held by GVW staff was the burden that engagement efforts might place on those customers who are struggling daily with higher order issues. Staff from the Customer Accounts and Services team have experience with customers facing significant life issues on a daily basis and they felt that it could be challenging to approach this group of customers directly to get their feedback so we carefully considered how we could reach out to understand these customer needs.

One way we identified was to filter our customer lists for those who held concession cards or had taken up GVW's Hardship Support Program in the past. These customers were invited to be part of customer online focus groups to share their experiences, that could be representative of this cohort of customers.

The broader customer base was asked about support for vulnerable customers, amongst other topics in the Stage 2 engagement survey and 30% of respondents held a concession card, whilst 20% of respondents identified as just meeting basic expenses, or not having enough to do this. This cohort of respondents supported a higher level of investment in this service but the diversity of opinions led to the decision to take this topic to a deliberative forum. Again, we recruited forum members based on their concession card status or participation in the Hardship Support Program.

We found this was the topic that elicited the most discussion at the deliberative forum, and we were pleased to hear the desire for consideration of more than residential customers:

“Of all the topics we discussed I was drawn to the vulnerable customer theme. I felt it was important to get across the need for small business owners like me to have access to incentives or a business focussed payment plan.”

As an alternative approach, GVW also invited support agency representatives to discuss issues faced by vulnerable customers, their needs and ways to collaborate to deliver ongoing support. This information informed stage 3 of the engagement process.

[Engaging Traditional Owners and First Nations Peoples](#) – Yorta Yorta Nation Aboriginal

Corporation and Taungurung Land and Waters Council are the legally recognised Registered Aboriginal Parties in our service area.

GVW has a strong relationship with local Traditional Owners and First Nations Peoples, with a number of projects already underway with particular groups. We want their guidance in our decision-making throughout PP5 implementation, collaborating to further integrate their cultural values and goals into the work we do, as well as supporting Traditional Owners and First Nations Peoples as customers and employees.

We know that many organisations seek input from Traditional Owners and First Nations Peoples to develop and implement plans and strategies; they are 'in heavy demand'. We recognised that we needed to ask how we could work with Traditional Owners and First Nations Peoples to partner to understand overlapping aspirations rather than expecting them to assist us achieve our aspirations only.

We engaged with Traditional Owners and First Nations Peoples during the PP5 development, through interviews with elders and invitations to participate in activities. We received feedback that we needed to carefully consider the language that we used, and there was a willingness amongst the leaders we spoke with to partner on projects and programs that “create mutual benefits”.

We have created a measure in our submission in response to the feedback we received and will continue to partner with Traditional Owners and First Nations Peoples in the development and implementation of their Country Plans, their formal involvement in Crown land management through a Recognition and Settlement Agreement, and in their journey to self-determination.

## How engagement has influenced the pricing submission

Our engagement was carefully planned to inform the pricing submission and the findings at each stage influenced the decisions we made.

In the first engagement stage, we identified priorities of customers and stakeholders and aligned these with GVW staff and Board perspectives. This gave us confidence to retain the PP4 set of customer outcomes in some form, as they were still supported.

Through the engagement, we also found that customers wanted GVW to provide more regional leadership in areas within our regulatory and legislative remit, such as ensuring a secure water future, improving liveability and support for our region's transition to net zero. As a result, we were confident that a new outcome could be added to align with the expectations of many customers and stakeholders.

“...Integrated Water Management, circular economy, energy, greening spaces, public murals etc. Community seems to really love the bubblers. Drought proofing parks and making sure that there are other sources [of water] during drought times.”

- Stakeholder interviewee

Engagement findings also revealed that most of the 26 outputs in PP4 were not descriptions of a desired customer experience. Moreover, 26 outputs was generally considered to be too many. Four or five outcomes each defined by around three experiences is more in keeping with industry and regulator expectations. Engaging over time with customers and stakeholders using multiple methods enabled us to distil the outcomes and outputs of most importance and frame them in a way that reflected what customers told us.

## Participation preferences

Engagement techniques at each stage were considered alongside customer appetite for participation. In all cases, our willingness to share decision-making power with customers was as great or greater than their desire to participate. We asked customers and stakeholders in the first engagement stage about how much they wanted to participate in different decisions and their response regarding the IAP2 level of participation centred around “consult”, though their expectations were general in nature. They told us there might be some issues where they expected much more participation, and our choice of methods in latter engagement stages reflected this desire.

In our deliberative forum, participation was in the “collaborate – consult” range depending on the topic. From Stage 1 engagement, we found that few customers expected to be empowered in decision-making and we made the decision to go no further than collaborate on the investment question for each topic. We were authentic with our customers about the level of the participation and explained why we had chosen the particular level and what that meant for final decision-making. Customer feedback reflected the authenticity of our approach.

“GVW may have an obligation to engage with their customers but they went beyond just an obligation. For GVW to even ask customers what we think is great in itself.”

## **“Golden thread” - from customer engagement to proposed customer outcomes, scorecard measures and targets**

The “golden thread” from customer engagement to customer outcomes has been described in detail for each stage of the engagement process in [Appendix C](#). This gives assurance that the results of customer engagement identified what our customers want and are reflected in our promises, scorecard measures, targets and GSLs.

The design of and effort invested in our engagement journey has resulted in findings that have given a high level of confidence in what is included in PP5. Customer feedback on the community consultation draft supports the decisions made:

“It [the plan] reflects the community and the region it serves”

We believe that the outcomes and outputs reflect what the majority of our customers and stakeholders want.

We have strong evidence of an extensive, broad and deep level of engagement with a large and representative group of customers, using multiple qualitative and quantitative methods. We can demonstrate that customers have materially influenced the key elements of the submission (either directly or indirectly) – taking their feedback into account when determining proposals, therefore reflecting the greatest value for money possible (within the constraints of our operating environment and service level requirements).

## **Supporting documents**

All supporting engagement reports can be found in [Appendix C](#).

# Management

**This section seeks to answer the question: “Is there a strong focus on efficiency? Are controllable costs increasing, staying the same or decreasing?”**

GVW is putting forward our “best offer” which has been derived from strong processes providing assurance over the prudence and efficiency of the financials, as well as our decision-making from engagement findings. The process has been well planned and executed. It has involved ownership of the process at both Board and Executive levels.

## Management of the pricing submission process

GVW has taken the opportunity to integrate our pricing submission planning with both our Urban Water Strategy and “Strategy 2035”. We have called this “Enterprise Planning”. Our customer engagement has informed all of these elements with a view to driving us to be a truly customer-focussed organisation. Some key elements of our process include:

- An **Enterprise Planning Working Group**, with representation from most of the Executive, to drive the execution of a **detailed plan** was established 20 months ago. We held regular meetings to ensure alignment and milestones were met
- Engaging **experienced consultants** early to provide advice and assurance over the process and inputs (Inside Infrastructure, Insync and URAdvisory) but with decision-making squarely with GVW

- **Strong governance and oversight by the Board** providing information and making key decisions. Regular “Deep Dives” enabled the Board to thoroughly understand the process, with information provided by Executive in order to make good decisions. Feedback has been received from the Board at each step and is incorporated into this pricing submission
- **“Open book” approach** evidenced by providing “supporting documents” at the end of each chapter of this submission and on request.

## Capital expenditure

Capital expenditure of \$245m is proposed for the PP5 period. This is an uplift (38%) in expenditure in comparison to PP4, however it represents a continuing investment in improving service levels, providing capacity for growth and meeting compliance obligations.

Over 54% of the program relates to renewal of existing assets, with 25% invested in growth assets and 21% to address improvement and compliance obligations.

The uplift in expenditure is driven by two large standalone projects (large scale solar - \$20.5m, and office accommodation renewal - \$14.8m) and the significant uplift in input costs that has occurred over the past two years (although GVW is not taking up the most recent increases).

A breakdown of expenditure by service and driver and a listing of the top 10 projects and major programs is included in [Appendix D](#).

We provide assurance of the program's prudence and efficiency in the following ways:

- There is a **comprehensive process** undertaken to review the capital program that brings many stakeholders across GVW to consider the prudence of the program
- All capital expenditure is supported by **business cases** which further explore the prudence and efficiency of individual **projects and programs** and associated **options** in a thorough and methodical manner
- The top 10 major projects have been **independently reviewed** with a focus on prudence and efficiency
- Project cost estimates within the submission are set at a **P50** level
- All major projects and programs are **competitively tendered**. Several programs are tendered as term contracts for a number of years to maximise the opportunity for contractors to submit efficient prices
- We have conducted a **review of the effective lives** of our assets which has resulted in reduced regulatory depreciation. We have taken a maximum remaining life of 60 years for the roll forward of the RAB compared to 50 years in PP4. This reduces the allowable price path in the ESC model from 2.75% to 2.15%.

## Renewable energy target

GVW has a target under the Statement of Obligations (Emissions Reduction) to source all electricity from renewable sources by 30 June 2025.

We have assessed available options to achieve

this target and are proposing to implement a large-scale solar option which is the lowest long-term cost option on the basis of a Net Present Value analysis and cost per tonne of carbon emissions reduction achieved. This option is also supported by customer engagement findings that indicate a preference for local solutions rather than purchasing a market option.

The construction of 3 x 5MW solar systems is proposed at a cost of \$20.5m over PP5. This is GVW's largest capital works project by expenditure for PP5. The current cost estimate for the project is approximately \$26m, however we will be setting the challenge to deliver the project within the lower budgeted cost (\$20.5m) through evaluating a range of project delivery approaches and potentially involving the private sector.

## Office accommodation upgrade

The GVW Corporate Office in Shepparton is approximately 30 years old and in need of improvement to address building compliance issues, modernise facilities and provide improved amenities for staff and visitors.

We have been investigating options, including upgrading the existing building or leasing alternative office space.

For the PP5 submission, \$13.8m of capital expenditure has been included for a benchmark option to upgrade the existing building. This option has a lesser impact on customer prices than the lease option. This impacts the price path by 0.16% or an increase of \$5 per annum on customer bills.

GVW will be proceeding on the basis that the final selected option will have no further impact on pricing than the benchmark option included for PP5.

## Financial sustainability

Financial sustainability ratios can be reviewed in the financial model at the “Indicators\_FO” worksheet.

All financial indicators meet ESC benchmarks with the exception of the Funds From Operations (FFO)/Net debt indicator, which is below the benchmark of 10% in most years of PP5. Given the strong debt/RAB ratio, GVW does not consider this a financial sustainability risk.

We have performed sensitivity analysis to ensure that we can absorb some adverse movement in assumptions. This suggests that all other things being equal, we can absorb the following increases if they were to occur, with the debt/RAB staying below 50% in PP4:

- Nominal cost of debt of 2%
- Operating expenditure of 10%
- Capital expenditure of 10%.

## Operating expenditure

GVW has undertaken a thorough review of our operating expenditure for PP5 to ensure that the expenditure is as prudent and efficient as possible. More detailed analysis of operating expenditure (including opex baseline and “base, step, trend”) has been provided in the “PP5 Opex Report” in the supporting documents.

To ensure the prudence and efficiency of our operating expenditure we have:

- Conducted **benchmarking and analysis against other Australian water corporations** which has indicated that our expenditure is largely comparable but with some areas which can be tightened. These have been included in the efficiency review.
- Initiated an **efficiency review**, driven by Executive, which has specific areas in which we will be seeking savings. These have been

included in the financial model. GVW has a track record in finding and enacting savings which we plan to continue.

- Formed the **controllable operating costs baseline** using the 2020/21 actual controllable operating expenditure.
- Performed a **detailed analysis of the adjusted baseline year** of controllable operating expenditure of \$52.1m, including the reasons for the variations to the PP4 benchmark (11%).
- Performed a **detailed review of the forecasted variations to the baseline**.
- Identified a **growth rate of 1.5%** based on the work undertaken in the Urban Water Strategy renewal. We have increased our growth rate slightly on PP4 1.3% as a result of more significant growth in recent years due to COVID-19. It is uncertain at the time of writing this document whether the higher growth rates from recent COVID-19 years will continue. We have performed work to understand the impact of growth on operating expenditure and have concluded that the growth rate is a “near enough” proxy for the year-on-year increase in operating expenditure.
- A new interpretation of the Accounting Standards for the treatment of **Software as a Service (SAAS)** has meant that a significantly larger portion of this type of digital expenditure will be treated as operating expenditure for accounting purposes. GVW believes that there are benefits to digital implementation which should be spread over a longer period. We are proposing that the costs of digital implementations are **spread over 10-15 years**. This results in a reduced customer price path of 0.92%, all other things being equal. See detail in the Capex\_FO input sheet in the financial model.

See graphs at [Appendix E](#).



## Demand and growth

The demand forecast developed for the Urban Water Strategy has been used for customer connection numbers and water volumes for PP5.

Customer connections are based on growth forecasts which are developed from a number of sources including:

- Victoria in Future projections
- Past actual growth rates
- Council planning information
- Current and planned development activity.

Connection growth rates adopted for PP5 are 1.5%, which is an increase from 1.3% in PP4. The recent increase in growth activity related to COVID-19 over the past two years is not expected to be sustained at peak levels, however the adopted growth of 1.5% reflects that growth will remain above past long-term averages.

Water volumes are based on forecasts for individual water systems, with separate forecasts for residential, non-residential and major customers in each system.

Water volumes are based on average climate conditions occurring. We have performed work to understand the relationship between connections growth rates and operating expenditure growth, which indicates that the connections growth rate is a reasonable proxy for operating expenditure growth. See supporting document below titled 'Growth related impacts on operating expenditure'.

## Supporting documents

[DOC22/72763 PP5 Opex Report \(CONFIDENTIAL\)](#)

[DOC22/68234 Growth related impacts on operating expenditure](#)

# Outcomes

**This section seeks to answer the question: “Do proposed service outcomes represent an improvement, the status quo, or a reduction of service standards?”**

The outcomes proposed in PP5 represent an improvement in the alignment of our service standards to what our customers told us they want. Indeed, they helped us to optimise them.

We asked our customers to help us build the “narrative” for our pricing submission in the fourth customer engagement stage. We asked them to choose the key messages they thought were most important from a set drafted by GVW. The outcome of this exercise was instructional, telling us what our customers thought was the most important to them:

“Customers want us to keep delivering reliable and affordable services”

“We want to support more vulnerable customers”

“We need to meet our net zero carbon emission target by 2035, creating local benefits where we can”

“The pricing submission gives customers what they want at the lowest possible price”

“We will continue investing to maintain and improve infrastructure”

“This pricing submission ensures we leave our region in the best possible shape for future generations”

“We know that our customers trust us”

“Customers have told us that we deliver value for money”

## **Customer promises, scorecard measures and targets (outcomes and outputs)**

We have renamed outcomes as customer promises and outputs as scorecard measures because customers told us these terms were easier to understand.

The customer promises and scorecard measures are the product of extensive, well-planned and executed customer engagement as described in the engagement section of this submission. As a result, they more closely align with our customer preferences than previously.

Our customers expressed that they wanted to see more from GVW than just the “basics” of water and wastewater service delivery. This sentiment also aligns with changes in the Minister for Water’s Statement of Obligations and Letter of Expectations which requires further consideration of circular economy and carbon emissions reduction targets.

Our PP5 promises reflect the feedback from customers, sophisticated stakeholders and community:

- We will provide reliable water and wastewater services customers can trust
- We will lead action and partner with our communities to grow the region
- We will care for the environment and adapt to a future impacted by climate variability
- We will deliver respectful and responsive customer service, balancing affordability, value for money and fairness

In particular, the deliberative forum was representative of customer views, where they wanted and were willing to pay for:

- Support for customers who need our help - \$2m

- Carbon emissions abatement options with regional liveability and economic benefits - \$3m
- Regional leadership for our communities in transitioning to a lower water, net zero circular economy - \$4m

We will establish customer stewardship over these initiatives as described below.

### **Guaranteed Service Levels (GSLs)**

Customers had significant input into the design of our GSLs as described in the engagement section of this submission. They told us what they thought were the most important measures to have GSLs attached to, as well as the appropriate size and best recipient of the rebate. In some cases our customers directed us to apply the rebate to a community rather than affected individuals.

The number of GSLs has been streamlined from 12 in PP4 to five for PP5. The table on the next page explains the PP4 and PP5 GSLs.

Price Plan 2018-23				Price Plan 2023-28		
	Guaranteed Service Level obligation	Rebate if GSL not met	Target each year	Guaranteed Service Level obligation	Rebate if GSL not met	Target each year
Carried on from PP4 to PP5	Containment of a sewer spill in a building within an hour of notification	\$1,000		If we don't respond to a sewer blockage within an hour from when we're notified, we'll provide a \$25 rebate to affected customers	\$25	0
	Water interruptions are re-stored within 5 hours of notification	\$50	98%	If a customer's water supply isn't restored within five hours, we'll provide a rebate of \$20 to that customer	\$20	95%
ESC requirement	Legal action against a residential customer or restriction to water supply is undertaken in a way that meets requirements of the ESC's Customer Service Code	\$300	Pass	If we restrict a residential customer's water without trying to make contact and help the customer if they're having trouble paying bills, we'll pay that customer \$100	\$100	0
New, on recommendation from APF customers				If we don't contain a sewer spill within five hours, we'll make a donation of \$2,000 to the community affected by the spill	\$2,000	0
				If a boil water notice is issued, we'll contribute \$15,000 to the affected community*	\$15,000	0
PP4 projects completed	A tariff structure trial is underway from 1 July 2019	\$5	Pass			
	A decision is made by June 2022 as to whether to extend or vary the tariff trial or to adopt a new tariff structure	\$5	Pass			
	Identified activities to address towns with systemic taste issues are delivered on time	\$25	Pass			
	A program to develop water quality improvement options for towns with non-potable water supply is delivered on time	\$50	Pass			
	A hydration station is installed in towns with potable water within the indicated timeframe	\$20	8 each year			
Removed on recommendation from APF customers	No more than 3 sewage interruptions to a property in any year	\$50	100%			
	No more than 5 unplanned water interruptions to a property in any year	\$50	40			
	Water pressure results meet Customer Charter requirements	\$25	On track			
	Customers receive an SMS as an affected customer during prescribed events. This does not apply if you have not provided a mobile phone number	\$25	100%			

## Service levels

The ESC is currently reviewing the service standards and GVW will work with the ESC towards improved outcomes for customers.

## Customer stewardship over scorecard measures

We sought feedback from members of the current Annual Performance Forum (APF) about their experiences providing stewardship over PP4. They supported the stewardship model that was adopted for PP4. These customers also recommended the following APF improvements for PP5:

- Membership comprise a randomised selection of 40 customers using criteria to ensure we represent our customer base
- Focus on GVW's performance scorecard, including a narrative
- Reporting on the three deliberative forum topics, including high level topics from the Carbon Customer Advisory Group (PP4 customer group) or an equivalent customer group that focuses on implementation of carbon emission abatement projects
- A structured format consisting of face-to-face meetings (where possible) on the weekend that included field trips and expert contributors.

The APF also suggested calling the group the "Customer Accountability Panel" or creating a new name containing the word "stewardship".

The panel will help us to understand issues we are grappling with from the customer perspective and keep us accountable to our promises.

Our commitment to customers for PP5 is to retain the APF to provide a stewardship and accountability role over PP5, augmented by fit-for-purpose customer engagement activities to give feedback and advice on the three topics deliberated by the Pricing Submission 2023-28 Customer Panel.

In addition, based on feedback from major customers, we will seek ongoing advice from interested business customers through an annual engagement and feedback process, to better represent the needs of our customer base.

PP5 customer stewardship will involve:

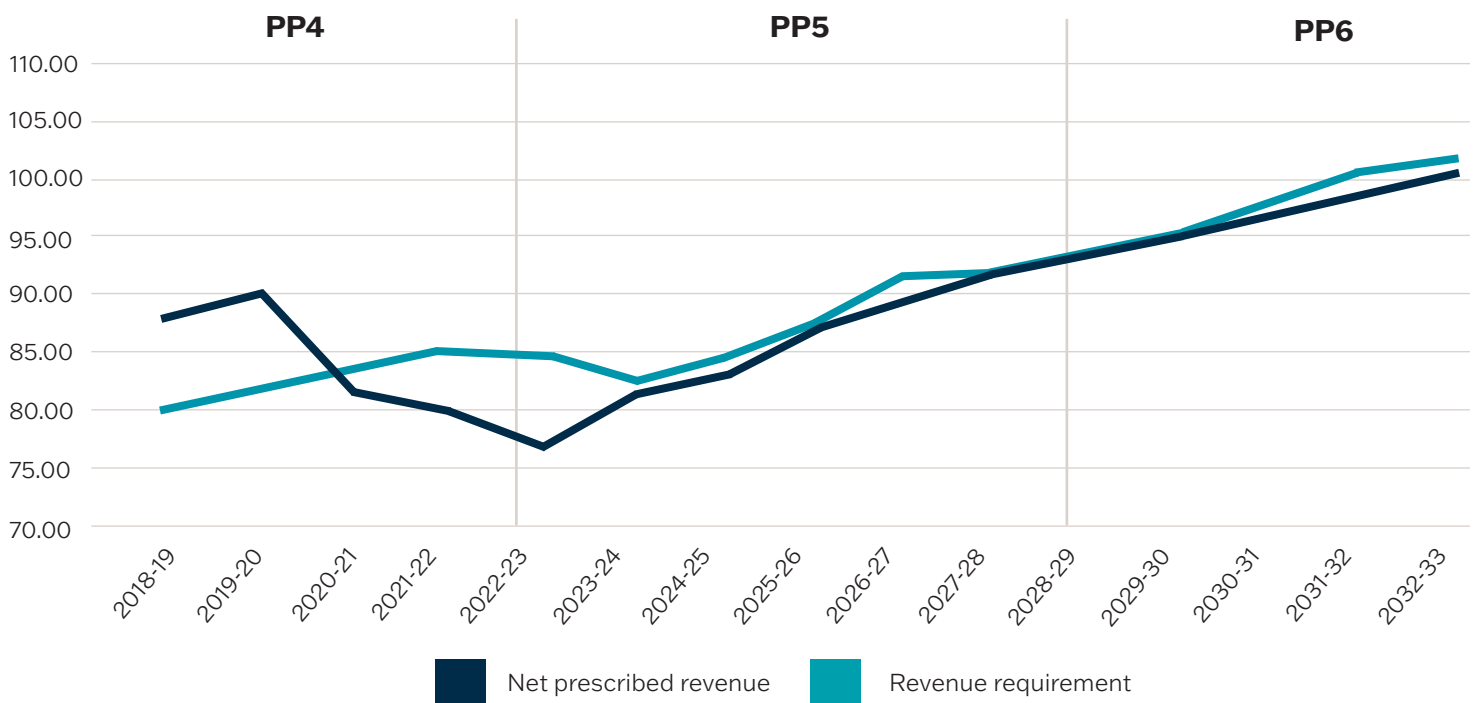
- An **annual forum** to provide progress reports on our PP5 performance, with particular emphasis on the three topics deliberated by the Customer Panel
- An **annual performance scorecard evaluation** by the customer stewardship group which will be published on our website
- Annual performance evaluation **updates to all GVW customers**
- An **annual major customer activity** seeking feedback on performance and input to priority services
- Formation of **special interest customer groups** to provide input on services that are a priority for customers as needed.

### Tariff price paths and customer bills

GVW has had a substantial fall in net prescribed revenue in late PP4 due our -2% price path, the pass through of the annual cost of debt adjustment as well as some year to year weather impacts. This has caused a scissor effect entering into PP5.

The proposed price path (1.85% in years 1-2 and 2.45% in years 3-5), shown below, smooths the scissor effect over PP5. An estimated 1% price path into PP6 will need to be re-evaluated for the next pricing submission.

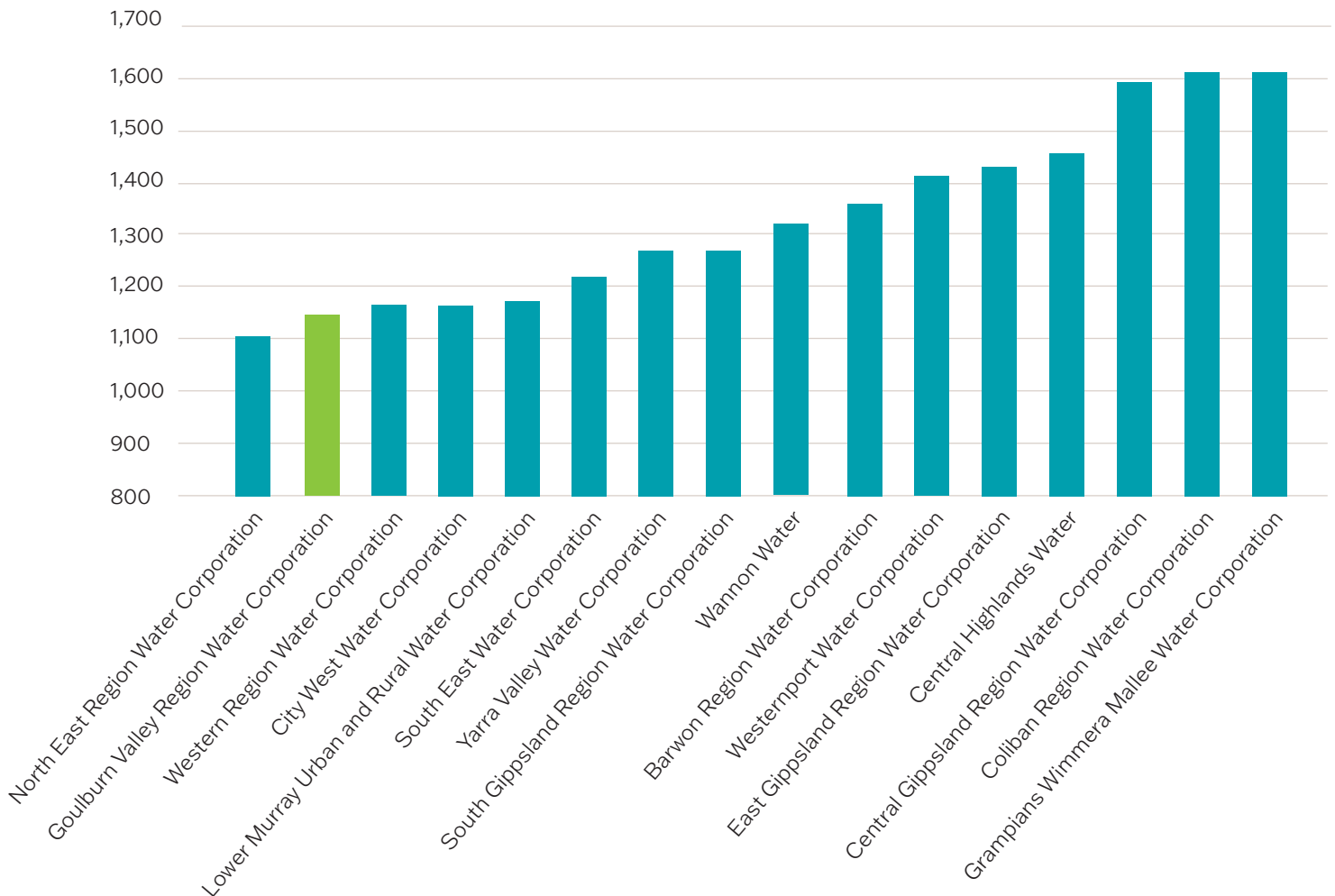
**ESC building blocks - model (\$m 1/1/2023)**



The impact of the price path on customer bills can be seen at [Appendix A](#). Notably, residential typical bills for both owner occupiers and tenants (\$2023) will only return to 2018-19 levels in 2032-33. Our customers will still receive amongst the lowest typical bills in Victoria (and Australia) as shown in the graph below, which extrapolates typical Victorian water corporation customer bills for owner occupiers to the end of PP5<sup>5</sup>.

<sup>5</sup> [DOC22/30184 BOM National Performance Report 2020/21](#)

**Estimated typical owner occupier bill at the end of PP5 (2027-28)**  
**Assumption: PP5 CPI 3% and other water corp price path of 0%**



**New fees/charges**  
**New Customer Charges (NCCs)**

We undertook a revision of NCCs along with nine other regional Victorian water corporations. The ESC, DELWP, Urban Development Institute of Australia (UDIA) as well as our local developers were engaged on the review process. See further information in the supporting document section below.

The following table describes the proposed changes:

Charge	Current charges	Proposed new charges (\$1/1/2023)
Water	\$2,891	\$3,700
Sewer	\$0	\$1,700

It is estimated that the changes will result in approximately \$2.3m of additional NCC revenue each year. This has been included in the ESC financial model as a capital cost offset (see Capex\_FO\_AC in the ESC Financial Model)

## Developer works charges

We worked with local developer representatives to change the way we charge for the cost of GVW staff time on developer works to streamline the development process. We propose shifting from an at cost approach to a fixed cost approach which was requested by the development industry. The fixed cost approach will provide certainty upfront for developers on charges, as well as reduce time required to finalise development projects. The proposed fixed charges have been set at a level which will recover the same amount of revenue as the existing at cost approach. This is based on an analysis for actual costs on projects over the last five years.

We anticipate no revenue impact from this change.

Group	Proposed new charges (\$1/1/2023)
Less than or equal to 5 lots	\$1,815.07
Greater than 5 lots to 15 lots	\$2,590.29
Greater than 15 lots	\$4,380.65

## Digital meter charges

We propose a new charge for digital meters in PP5. Our current meter charges are based on the provision of a mechanical meter (\$183) which is not adequate to cover the costs of a digital meter. The digital meter charge below has been based on the cost of supplying and installing a 20mm digital meter. We have included these charges in “miscellaneous services” in the financial model.

GVW has installed digital meters (approximately 20% of connections) in growth towns and remote towns where there was a positive business case for installation. Customers in these towns receive the benefit of greater access to water consumption data and early detection of leakage or unusual consumption at their properties. The new charge applies for towns with digital meters only.

Meter type	Proposed new charges (\$1/1/2023)
Digital	\$326
Mechanical	\$183

## Supporting documents

[DOC22/73699 - NCC Change - Methodology and Engagement](#)

[DOC22/60127 - Proposed PP5 Tariff Changes - Report for ET Meeting - 3 August 2022](#)



# PREMO rating

## Overall rating and justification

### Advanced

Key supporting points:

- Customers will receive amongst the lowest typical household bill in Australia
- Our customers trust and are satisfied with us
- Our customer engagement has been well planned, inclusive and authentic
- Our customer engagement is the foundation of our pricing submission
- We will absorb financial risk in PP5 in a volatile economic climate on behalf of our customers by prudent use of our strong balance sheet
- The pricing submission oversight and process has been well managed.

## Supporting documentation

[DOC22/57044 - 2023 Water Pricing Submission - PREMO Self Assessment](#)

## Appendix A - Customer bills

			Price path														
			1.85%	1.85%	2.45%	2.45%	2.45%	0.95%	0.95%	0.95%	0.95%	0.95%					
			Inflation					3.00%					3.00%				
<b>Annual bill (\$MOD)</b>			4th regulatory period (current)					5th regulatory period (proposed)					6th regulatory period (forecast)				
<b>Customer group</b>	<b>Water (kL p.a.)</b>	<b>Sewer (kL p.a.)</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2030-31</b>	<b>2031-32</b>	<b>2032-33</b>
Residential typical (owner occupier)	260		948	907	896	874	890	933	979	1,033	1,090	1,151	1,196	1,244	1,293	1,345	1,398
Residential typical (tenant)	260		335	302	298	291	296	310	325	343	362	382	397	413	430	447	465
Water corporation's benchmark	200		849	837	826	806	822	862	904	954	1,007	1,062	1,105	1,149	1,194	1,242	1,291
Non-residential (small)	108	102	905	892	881	859	876	919	964	1,017	1,073	1,132	1,177	1,224	1,273	1,324	1,376
Non-residential (medium)	603	491	2,108	2,079	2,053	2,003	2,041	2,141	2,246	2,370	2,501	2,639	2,744	2,853	2,967	3,085	3,207
Non-residential (large)	3,875	2,545	9,239	9,111	8,996	8,778	8,943	9,382	9,842	10,385	10,959	11,564	12,025	12,503	13,000	13,518	14,055

			Conversion to \$1/1/2023														
			0.91	0.92	0.94	0.95	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34
<b>Annual bill (\$1/1/2023)</b>			4th regulatory period (current)					5th regulatory period (proposed)					6th regulatory period (forecast)				
<b>Customer group</b>	<b>Water (kL p.a.)</b>	<b>Sewer (kL p.a.)</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2030-31</b>	<b>2031-32</b>	<b>2032-33</b>
Residential typical (owner occupier)	260		1,044	985	952	919	890	906	923	946	969	992	1,002	1,011	1,021	1,031	1,040
Residential typical (tenant)	260		368	328	317	306	296	301	307	314	322	330	333	336	339	342	346
Water corporation's benchmark	200		934	909	878	847	822	837	852	873	894	916	925	934	943	952	961
Non-residential (small)	108	102	995	969	936	903	876	892	908	931	953	977	986	995	1,005	1,014	1,024
Non-residential (medium)	603	491	2,320	2,258	2,181	2,105	2,041	2,079	2,117	2,169	2,222	2,276	2,298	2,320	2,342	2,364	2,387
Non-residential (large)	3,875	2,545	10,166	9,893	9,559	9,225	8,943	9,108	9,277	9,504	9,737	9,976	10,070	10,166	10,263	10,360	10,458

Note: the above does not include major industrial customers.

## Appendix B - Customer promises, measures, GSLs and targets

### Promise 1: We will provide reliable water and wastewater services customers can trust

Customers told us they wanted sustainable services they can trust and rely on, now and in the future. This means a supply of clean and high quality drinking water with minimal interruptions, keeping affected customers informed, and the safe disposal and treatment of wastewater in ways that do not harm the environment.

#### Scorecard measures

Customers want..	Delivered through	Measured by	Target	Year 1	Year 2	Year 3	Year 4	Year 5
Safe drinking water	Water supply infrastructure upgrades and maintenance	Number of Boil Water Notices delivered to the community	No Boil Water Notices*	0	0	0	0	0
Drinking water to smell and taste as expected	No communities experiencing widespread taste and odour events	Number of widespread taste and odour events	No reportable widespread taste and odour events*	0	0	0	0	0
To know what's happening when there is a sewer blockage	Rectifying sewer blockages as soon as possible and keeping customers informed	Average time we take to respond, from when a customer notifies us or we become aware of a sewer blockage	We provide an initial response within one hour of being notified of a sewer blockage 100% of the time	100%	100%	100%	100%	100%
Water supply interruptions to be restored as soon as possible	Restoring water supply interruptions as soon as practical and keeping customers informed	Average time from when we notify customers to when we restore their water supply	95% of customers have their water restored within 5 hours	95%	95%	95%	95%	95%
Reliable water pressure	Improving water pressure in identified towns	Number of water pressure improvement projects completed over price plan	We will complete 5 water pressure improvement projects	0	0	1	3	5

\*When caused by a fault in our system

### Planned actions or programs

- Water main replacement program
- Sewer main relining program
- Water treatment process upgrade Network operation
- Water and wastewater treatment
- Network monitoring system replacement (SCADA)
- Increase use of SMS across service area to keep customers informed
- Implement an unplanned water interruptions program that puts safety first
- Deliver water pressure improvement program
- Nathalia Water Supply Pipeline
- Katunga Water Supply Pipeline
- Broadford Water Treatment Plant Upgrade
- Health Based Targets Water Treatment Plant Upgrade Program
- Shepparton Operations Centre Clear Water Storage Augmentation
- Mansfield Raw Water Pipeline Upgrade – Ritchies Reservoir to Mansfield No.3 Reservoir
- Core Business Automation (SCADA) Replacement
- Mansfield Water Treatment Plant Upgrade
- Mansfield Wastewater Management Facility Winter Storage Augmentation

### Guaranteed Service Levels

- If a boil water notice is issued\*, we'll contribute \$15,000 to the affected community
- If a customer's water supply isn't restored within five hours, we'll pay that customer \$20
- If we don't respond to a sewer blockage within an hour from when we're notified, we'll pay affected customers \$25 each

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\*When caused by a fault in our system

**Promise 2 - We will lead action and partner with our communities to grow the region**

Many customers told us they wanted us to take a lead in the region, partnering with community, business, and government to grow the health and prosperity in new ways, in areas within our regulatory and legislative remit. Supporting community development, creating green spaces, using recycled water more, converting waste to energy, supporting country plan for Aboriginal communities in the region – these are all ways we could help our region grow.

**Scorecard measures**

Customers want..	Delivered through	Measured by	Target	Year 1	Year 2	Year 3	Year 4	Year 5
Support for the community	Support for community projects and education	Number of customers who trust us and value our contribution to community	More than 70% of customers trust GVW and believe we are a valued member of the community	70%+	70%+	70%+	70%+	70%+
Leadership and collaboration to deliver value for the region	Leadership and support of others to develop initiatives/projects that improve liveability and support transition to net zero and make the best use of available water	Number of customers who believe GVW delivers value to the region	Y1 – Creation of a customer metric & target for delivering value to the region Y2-5 – Application of the metric					

**Planned actions or programs**

- Develop and deliver a customer project support initiative
- Deliver water cafes across the service area
- Develop collaborations with regional partners to attract funding to implement projects that deliver on circular economy white paper
- Support the Fairley Leadership Program
- Contribute to the Regional Resilience Taskforce
- Implement a customer accountability process for \$4 million investment

### Promise 3 - We will care for the environment and adapt to a future impacted by climate variability

Customers told us at all stages of engagement that they wanted us to look after and protect our environment and adapt to the future impacts of a changing climate. This includes reducing carbon emissions, making sure our service delivery doesn't harm the environment and ensuring long-term water security in a way that cares for the environment and the people living in it. Our 50-year Urban Water Strategy plans for service delivery in the future. We will partner with Traditional Owners and First Nations Peoples to incorporate Indigenous knowledge in new practices, care for country and re-establish cultural connections with the land and waters.

#### Scorecard measures

Customers want..	Delivered through	Measured by	Target	Year 1	Year 2	Year 3	Year 4	Year 5
A healthier environment	Projects that reduce carbon emissions, including those that generate local benefits	Carbon emissions reduction tracking to meet net zero 2035 target	Tonnes of CO <sub>2</sub> e reduced (on track to net zero in 2035)	44,794	37,416	33,674	29,933	26,191
No harm to the environment	Making sure no communities experience sewer spills that have widespread environmental impacts	Sewer spills contained within 5 hours	100% of sewer spills contained within 5 hours*	100%	100%	100%	100%	100%
Listening to Traditional Owners and First Nations Peoples	Partnering with Traditional Owners and First Nations Peoples on projects to enable benefit to all parties.	Number of partnership actions underway linked to country plans and Traditional Owner and First Nations Peoples priorities	Y1 - Development of action plan & progress targets Y2-5 Establishment of metric					
An ongoing supply of water	Implementing the Urban Water Strategy	Implementing actions of the Urban Water Strategy to provide secure water and wastewater services in the future	80% of actions progressing in line with timeframes identified in UWS	80%	80%	80%	80%	80%

\*When caused by a fault in our system

**Planned actions or programs**

- Large scale solar project
- Local benefits carbon emissions project initiation and costing
- Implement a customer accountability process for \$3 million investment
- Traditional Owner partnerships and aligned Country Plan action development
- Implement Urban Water Strategy actions

**Guaranteed Service Levels**

- If we don't contain a sewer spill within 5 hours\*, we'll donate \$2,000 to the affected community

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\*When caused by a fault in our system

#### Promise 4: We will deliver respectful and responsive customer service, balancing affordability, value for money and fairness

Customers told us they wanted a great experience with us, every time they contact us or we contact them. They also said they expect services to be fair and affordable for everyone. This means keeping them informed in different ways, responding quickly and resolving problems and making sure everyone receives value for money, a fair go and extra support when help is needed.

#### Scorecard measures

Customers want to..	Delivered through	Measured by	Target	Year 1	Year 2	Year 3	Year 4	Year 5
Know how GVW delivers on commitments	Letting our customers know about our price plan commitments and having them evaluate our performance	Number of customers involved with a customer stewardship program satisfied with our price plan performance	95% of stewardship program customers are satisfied with price plan performance	95%	95%	95%	95%	95%
Be heard and responded to quickly	Implementing a customer experience improvement program	Number of customer complaints	Y1 – create first call resolution measure & target Y2-5 – establish metric					
Get value for what I pay	Customers being supported and satisfied with their experience with Goulburn Valley Water	Number of customers who believe we provide value for money	More than 70% of customers believe we provide value for money	70%+	70%+	70%+	70%+	70%+
Be shown ways to save water	A water use behaviour change program	Number of customers who understand their water use and how they can change their practices	The number of customers who are aware of information from GVW on how to save water increases by 5% each year	5% increase	5% increase	5% increase	5% increase	5% increase



**Planned actions or programs**

- Deliver an annual performance stewardship workshop
- Implement an annual customer stewardship performance scorecard review
- Update customers and community on annual performance
- Build a customer complaints response framework
- Implement a customer-facing training program to improve customer interactions
- Implement a vulnerable customer framework to increase level and extent of support
- Make customer communication platforms easier to understand for all users
- Develop tools to help residential and business customers save water
- Deliver a water conservation education program
- Increase understanding of customer water use and what motivates change

**Guaranteed Service Levels**

- If we restrict a residential customer's water without trying to make contact and help the customer if they're having trouble paying bills, we'll pay that customer \$100

## Appendix C - The ‘golden thread’: From customer engagement to pricing submission outcomes

### Stage 1 - Exploring values

Stage 1 helped us understand what customers, community partners and staff want from GVW: what they expect, what they’re worried about, and what they’re interested in. It shed light on a key question of GVW “do customers expect us to lead in the region or stick to the basics?” and confirmed the overall engagement approach.

Aim	<p>Stage 1a: To understand and agree on GVW's aims, ambitions and priorities</p> <p>Stage 1b: To understand customer engagement agenda and validate current outcomes.</p>
Audience	<p>Customers (residential and business)</p> <p>Community</p> <p>Sophisticated stakeholders</p> <p>Staff</p>
Activities	<ul style="list-style-type: none"> <li>• Share your thoughts online survey – 536 respondents</li> <li>• Postcards with shorter survey handed out to 46 eateries and 33 post offices/community houses across the service area</li> <li>• Nine online focus groups involving 56 customers of different cohorts</li> <li>• Twenty six 1:1 stakeholder/customer interviews with businesses and partners, including Taungurung and Yorta Yorta elders, developers, agencies supporting vulnerable customers and Culturally and Linguistically Diverse communities and local councils</li> <li>• Community group visits and some water cafes – approximately 350 people</li> <li>• Annual Performance Forum (APF) – 44 participants focused on UWS and water security</li> <li>• Customer Carbon Advisory Group event – 17 participants focused on regional carbon emissions abatement action</li> <li>• 2020 Alliance customer satisfaction survey results – 400 respondents</li> <li>• Staff feedback – 247 responses</li> </ul>
Timing	<p>January – April (Stage 1a)</p> <p>April - July (Stage 1b)</p>

Findings	<ul style="list-style-type: none"> <li>• The online survey and stakeholder interviews brought up idea of regional leadership with customers: Both recorded strong support for GVW supporting the region within its regulatory remit. Out of every ten customers, one articulated an expectation that GVW take a leadership role. Of the remaining nine, six agreed, and three disagreed.</li> <li>• Focus groups and the 2020 Alliance customer survey gave customer voice to their expectations. Neither recorded strong support for anything beyond basic services, though the focus groups reported that by 2030 GVW should focus more on the environment and liveability.</li> <li>• Two events with existing GVW customer groups, focussed on specific subjects that contributed further views on GVW's regional leadership role specific to carbon emissions abatement and water security.</li> <li>• The central finding supported no reason to change the initial engagement approach and that if GVW was to act on the customer expectation for regional leadership, then this needed to be reflected in the customer outcomes.</li> <li>• Customers and community expectations regarding the IAP2 level of participation centred around consult. There were some issues where customers and community expected much more participation.</li> </ul>
Outputs	<ul style="list-style-type: none"> <li>• List of topics identified by staff with tangible bill impacts</li> <li>• List of six topics reflecting shared priorities of customers, community and staff: <ul style="list-style-type: none"> <li>▶ GVW's leadership role in region</li> <li>▶ pressure to be increased in some towns</li> <li>▶ an improved experience by leveraging digital technologies, for example technology to provide customer information on water usage and outages, additional payment options and online problem resolution</li> <li>▶ providing support to vulnerable customers</li> <li>▶ carbon abatement options that deliver value to the region</li> <li>▶ incorporating community amenities in Fryers St accommodation upgrade</li> </ul> </li> <li>• Engagement approach report</li> <li>• Stage 1 engagement findings report</li> </ul>
Participants feedback	<p>An evaluation survey was undertaken with focus group participants, of which 26 responded. Feedback was generally positive with average scores between 4 and 5/5 on process, experience and subject satisfaction measures. Participant comments suggested that their experience was a valuable one.</p>
Connections	<ul style="list-style-type: none"> <li>• Support for the four outcomes of PP4, with the possible inclusion of a new outcome related to our leadership role in the region</li> <li>• Outputs of the current plan needed revision as most of the 26 outputs were not descriptions of a desired customer experience, instead were measurable progress on projects which would deliver experiences</li> <li>• Results of the values exploration were matched with the list of areas identified by GVW where meaningful changes could be made in order to continue to finalise the engagement agenda</li> </ul>
Supporting documents	<ol style="list-style-type: none"> <li>1. <a href="#">DOC21/53041 - GVW - Stakeholder Engagement Approach - Insync - Water Plan 5</a></li> <li>2. <a href="#">DOC21/79889 - Insync GVW pricing submission stage 1 stakeholder engagement findings</a></li> <li>3. <a href="#">DOC22/61216 - Think beyond water stakeholder update December 2021</a></li> </ol>

## Stage 2 - Establishing preferences and willingness to pay

Stage 2 established support for the six initiatives or topics identified from Stage 1 and quantified how much customers were willing to pay for the experiences they want.

Aim	<p>To understand how much money different groups of customers are (or are not) prepared to pay for different experiences and their preferences for different ways of meeting customer expectations. Questions asked in the bill simulator:</p> <ul style="list-style-type: none"> <li>• What role should GVW play in the region?</li> <li>• What level of investment should GVW put toward increasing water pressure in affected towns?</li> <li>• What level of investment should GVW put towards the digital program?</li> <li>• What level of support should GVW provide to customers experiencing misfortune who find themselves in genuine financial need?</li> <li>• Should GVW reduce greenhouse gas emissions in ways that create local jobs and local environmental benefits (as opposed to doing so in the cheapest way possible)?</li> <li>• Should the Fryers St office upgrade include community amenities?</li> </ul>
Audience	Customers
Activities	<p>Techniques used to triangulate customer views in this stage:</p> <ol style="list-style-type: none"> <li>1. An online bill simulation to measure willingness to pay: titles 'Build-a-Bill' tool that showed how selecting different levels of investment impacted on bills for customer groups over one year and for the full five-year pricing period - 1044 responses, 92% residential, 8% either non-residential (business) or both, similar to overall customer percentage breakdown of 90% residential, 10% non-residential</li> <li>2. Six focus groups with different customer cohorts to investigate the reasoning behind bill simulator answers – 44 customers (note:1-on-1 interviews were conducted with a sample of business customers around the region as a proxy for a business customer focus group)</li> <li>3. 2021 Alliance survey – specific questions of 400 customers to assess support for different ways of meeting customer expectations</li> <li>4. Major customer survey – online session and survey with 17 responses from major business customer representatives</li> </ol>
Timing	September – December 2021

Findings	<p>In the bill simulator, three topics garnered more than 70% support from customers to increasing bills to address them in the bill simulator and the other three received less than 60% support, with one of them failing to reach 50% support.</p> <p>Based on these results, the topics that consistently received the lowest investment support (digital program and the inclusion of community amenities in the Fryers St upgrade) were not included in the pricing submission. The topic that consistently received the greatest support for investment (pressure improvements) was taken through as a deliverable under promise 2 in the submission. The three topics where there was the greatest variation amongst customer survey participants in terms of investment support were carried through to the next engagement stage for deliberation.</p> <p>Without any cost implications customers were supportive of many actions proposed under the six topics.</p> <p>The major customer survey revealed that the majority of respondents supported GVW involvement in regional leadership, believed that carbon emissions abatement costs should be shared by all customers and wanted collaborative relationship with GVW and were willing to work on relevant projects together. Survey participants said they were generally satisfied with the current level and method of engagement.</p>
Outputs	<ul style="list-style-type: none"> <li>• Stage 2 engagement report</li> <li>• List of topics with decisions made to take through to next stage of engagement</li> </ul>
Participants feedback	<p>The bill simulator survey link was emailed to randomly selected subset of 31,650 customers. Eleven people responded to the email invitation with negative feedback; 7 people could not easily complete the survey, one person thought the timing was inappropriate, one person was not interested and two people thought the questions were loaded.</p> <p>At the end of the bill simulator survey, participant feedback was sought about their experience. Of those who responded, 689 users felt it was “fair and authentic”, 55 users felt it was “loaded and leading”, while 200 customers had “no opinion”. Additional comments were sought only from those who felt the tool was “loaded and leading”.</p> <p>Feedback collected from focus group participants largely suggested that they enjoyed the process and felt they could openly contribute their thoughts. One participant expressed a strongly negative view, feeling that GVW had an agenda in mind in the construct of the question fields and that they were not given the opportunity to express their views.</p>
Connections	<p>Stage 2 results were not conclusive enough for three of the six topics tested with customers in relation to willingness to pay; regional leadership, local benefits of carbon emissions abatement projects and support for customers in need (hardship support). So the decision was made to take these topics through to Stage 3 for deliberation and decision-making by customers.</p>
Supporting documents	<ol style="list-style-type: none"> <li>4. <a href="#">DOC22/11587 - Insync GVW pricing submission 5 stage 2 engagement report</a></li> <li>5. <a href="#">DOC22/2320 - Information on business customer engagement for PS23 - progress as at January 2022</a></li> </ol>

### Stage 3 - Balancing preferences with affordability

Stage 3 brought together a representative sample of customers to decide on final levels of service considering overall bill impacts.

Aim	For customers to provide advice and recommendations on strategic decisions on 3 topics
Audience	Customers
Activities	<ul style="list-style-type: none"> <li>• A deliberative forum with consensus decision-making, involving 41 customers, named the Pricing Submission Customer Panel <ul style="list-style-type: none"> <li>▸ Took place over two days (face-to-face) and four evenings (online)</li> <li>▸ Representative group of customers deliberated on two questions for each of three topics, informed by written information and expert witnesses</li> <li>▸ Topics had arisen from Stage 1 engagement but could not conclusively be included in or rejected from pricing submission from Stage 2 engagement results</li> </ul> </li> <li>• Online focus group with customer support agency representatives</li> </ul>
Timing	March – May 2022
Findings	<p>A consensus was reached on how much customer money should be put towards <b>regional leadership (\$4 million)</b> and <b>carbon emissions abatement that has local liveability and economic benefits (\$3 million)</b> over the five years of the price path. A consensus could not be reached on the amount of customer money to be put towards supporting customers in need. Using the range across the group's positions, the average of \$3 million was polled. An 80% level support for this position could not be reached.</p> <p>After further deliberation, a final poll captured participants' individual positions on accepting \$3 million. Poll results 45% of participants accepted, 21% of participants thought \$3 million was too little, and 33% of participants thought \$3 million was too much.</p> <p>The final step in the deliberative process involved participants considering the accumulated impact of the three decisions made. Given that there were more participants who thought that \$3 million was too much to be investing in <b>supporting customers in need</b>, this amount was reduced to <b>\$2 million</b>, considering the accumulated impact. A final poll showed that 84% of participants accepted the <b>\$9 million accumulated impact</b>.</p> <p>For each topic, the panel voted on priorities projects or actions for which to invest the additional revenue.</p> <p>Supplementary to the deliberative forum, a focus group with customer support agency representatives recommended ways for GVW to support customers in need and working with other agencies, leading across the region to do this.</p>

Outputs	<ul style="list-style-type: none"> <li>• Recommendations on investment for each of three topics or service areas</li> <li>• List of priority projects for each topic or service area</li> <li>• List of recommendations on ways to support vulnerable customers both directly and in partnership with other agencies</li> </ul>
Participants feedback	<p>In the end-of-engagement evaluation, participants were generally happy with how the sessions were facilitated and the combination of in person and online sessions, although some participants did raise technology issues both in face-to-face and online sessions.</p> <p>Many participants were satisfied with the timeframes and deliberative forum process as a whole. Some participants expressed timeframes as a particular challenge where there was limited time to reach a decision on some topics. Some participants wanted the topics to be presented in a different order and the ability to revisit earlier decisions.</p> <p>There were also participants who challenged the level of detail that GVW presented on potential projects under each topic and how we would be accountable for expenditure of the investment recommendations. Overall, feedback on the experience as a whole was positive.</p>
Connections	<p>Pricing Submission Customer Panel recommendations were accepted. The revenue requirement was incorporated into the submission and priority actions identified under three of the four promises to deliver on projects prioritised by the panel.</p>
Supporting documents	<ol style="list-style-type: none"> <li>6. <a href="#">DOC22/22461 - Customer Panel 2022</a></li> <li>7. <a href="#">DOC22/22456 - Customer Panel Engagement</a></li> <li>8. <a href="#">DOC22/42286 - Insync GVW pricing submission Deliberative Forum Customer Panel Outcomes Report</a></li> <li>9. <a href="#">DOC22/63176 - Customer Support with external support agencies - Workshop 26/4/2022</a></li> </ol>

## Stage 4 - Closing the loop and setting up for success

Stage 4 engagement closed out the engagement strand of the pricing submission and set up for a performance stewardship rating in 2023.

Aim	<p>To take advice from the Annual Performance Forum on promises, scorecard measures and GSLs, as well as how customers will continue to provide stewardship for the next pricing submission to monitor our performance against outputs measures.</p> <p>To make a close the loop document publicly available and send to everyone who engaged with the process for feedback on the key elements on the draft pricing submission</p>
Audience	<p>Customers Community Staff</p>
Activities	<ul style="list-style-type: none"> <li>• Two Annual Performance Forum events – Part 1 online (49 participants) and Part 2 face-to-face (36 participants)</li> <li>• Consultation on a community draft pricing submission summary with an online survey to provide feedback through:             <ul style="list-style-type: none"> <li>▸ Nine water café pop ups</li> <li>▸ Advertising</li> <li>▸ Social media promotion</li> <li>▸ Direct email invitation</li> </ul> </li> </ul>
Timing	<p>May – August 2022</p>
Findings	<p>APF sessions:</p> <ul style="list-style-type: none"> <li>• Preferences for four draft promise word and syntax options</li> <li>• Preferred scorecard measures</li> <li>• Preferred GSLs and rebate values and recommendations on whether the rebate should be paid to an individual or the community</li> <li>• Identification of key narrative messages</li> <li>• Recommendations on stewardship</li> </ul> <p>Consultation feedback on draft submission summary:</p> <ul style="list-style-type: none"> <li>• Largely supportive of the draft submission summary</li> <li>• Small number of people concerned with price increase</li> <li>• Proportion of respondents wanting GVW to stick to core business as consistent with results from earlier engagement stages</li> </ul> <p>Consultant and developer feedback on developer charge changes:</p> <ul style="list-style-type: none"> <li>• Largely neutral or positive about changes in the online session</li> <li>• Feedback provided from those who did not support the changes related to wanting more information about the calculated changes, the timing of application of changes, and service level issues that were not directly associated with charge changes</li> <li>• Suggestions from some to introduce NCC changes in a tiered way</li> </ul>



Outputs	<ul style="list-style-type: none"> <li>• Annual Performance Forum Part One recommendations on promises and scorecard measures</li> <li>• Annual Performance Forum Part Two recommendations on GSLs, pricing submission narrative and PP5 stewardship</li> <li>• Draft Pricing Submission 2023-28 Community Summary document for consultation</li> <li>• Consultant and developer feedback on developer charge changes</li> <li>• Feedback on draft submission consultation</li> </ul>
Participants feedback	<p>Of the 42 responses received from the consultation on the draft pricing submission:</p> <p>Eight respondents did not support or were unsure about the draft submission. The five respondents who did not support the submission had personal issues or particular concerns – pressure, GMW-water related, odour, deliberative forum experience. The three respondents who were unsure challenged GVW’s role or were concerned with price.</p> <p>The remaining respondents supported the submission.</p> <p>The response to the changes in developer charges proposed in the online information session was neutral or positive. Some of the comments made were about adding in an additional tier to the developer fixed charge structure. Other respondents wanted more detail on the analysis undertaken to revise NCC charges.</p> <p>Of the nine responses received from consultants and developers through the feedback survey on the developer charge changes, there were a range of responses. Those who were not supportive wanted more detail on the decision-making for the changes, questioned when and how changes would be implemented or were not willing to pay increased charges without improved service levels.</p>
Connections	<p>Input from the APF into promises, scorecard measures and GSLs incorporated into this submission in the following ways:</p> <ul style="list-style-type: none"> <li>• Proposed promise wording has been updated to include all or parts of customer preferences, balancing length and readability in the final statements.</li> <li>• Recommended scorecard measures have been carried over in their existing or a new form, or incorporated as deliverables against a higher level measure</li> <li>• GSL recommendations have been adopted for all but one GSL – GVW acted on our preference to pay a rebate to the community in the case of a Boil Water Notice being issue and set a proposed payment value.</li> <li>• Key narrative statements were included in the draft Pricing Submission Community Summary</li> <li>• Recommendations on the next performance stewardship panel have been included in this submission</li> </ul>
Supporting documents	<ol style="list-style-type: none"> <li>10. <a href="#">DOC22/61560 - Insync Goulburn Valley Water - Annual Performance Forum Part 1 report</a></li> <li>11. <a href="#">DOC22/61562 - Insync Goulburn Valley Water - Annual Performance Forum Part 2 report</a></li> <li>12. <a href="#">Draft Pricing Submission 2023-28 Community Summary for consultation</a></li> <li>13. <a href="#">Feedback report on draft submission consultation</a></li> </ol>

## Appendix D - Capital expenditure

Table D1 - PP4 key project cost increases

Project description	PP4 determination (\$m 2023)	Actual expenditure (\$m 2023)	PP4 increase (\$m)	GVW comments
Kilmore Wastewater Management Facility Offsets Project	4.46	12.39	7.93	Significant increase in costs due to scope additions required to achieve EPA works approval and under estimation of costs in the original estimate. At higher cost than budget this still remained the preferred project option. This is a new concept and GVW has borne significant costs that others in the industry may not need for future offset projects now the concept is proven.
Shepparton Wastewater Management Facility High Rate Anaerobic Lagoon cover replacement	5.33	9.39	4.06	Actual costs received at tender were significantly above original budget. This is a highly specialised project that attracted only a small field of tenderers. At higher cost than budget this still remained the preferred project option.
Digital Strategy	6.10	8.80	2.70	Strategic priority for GVW to uplift digital capacity above what was originally proposed in PP4. Includes costs for a new finance system which was a project that carried over from PP3 to PP4.

Table D2 - PP4 key project status

Project description	Scheduled completion date	Expected/actual completion date	Status	GVW comments
Mansfield Wastewater Management Facility additional winter storage	2020-21	2024-25	Deferred	This project started in PP3 as a future winter storage and irrigation upgrade project. For PP4 this project was changed to an environmental offsets option which was under investigation at the time. The environmental offsets option was deemed as not feasible and the project reverted to a winter storage option. This winter storage design is now currently being reviewed with land now being rezoned to allow for the construction works to commence.
Shepparton Wastewater Management Facility High Rate Anaerobic Lagoon Cover Replacement	2020-21	2020-21	Completed on time	The new cover is in service and was completed on time.
Shepparton outfall rising main replacement	2019-20	2020-21	Completed late	The project is complete and the new outfall sewer is in service. The project completion date was delayed due to an initial tender process not providing offers that represented good value for GVW. A subsequent re-design and tender process delivered a better value outcome for GVW.
Broadford Water Treatment Plant upgrade	2020-21	2029-30	Deferred	This project will now be completed over an extended period following the completion of Water Treatment Plant optimisation works and a review of opportunities to stage works. Power supply upgrades are currently in progress as a first stage of upgrades. The project has started during PP4 and will now be completed over PP5 and PP6.
Shepparton raw water pump station augmentation	2021-22	2028-29	Deferred	Part of the project has been completed which relates to bypass works for the raw water pump station. At design stage it was identified that the bypass works would provide sufficient contingency to manage risk in the short term and that the pump replacement component could be deferred.
Kilmore Wastewater Management Facility offsets	2021-22	2020-21	Completed on time	Project is completed and new assets are in service.

Project description	Scheduled completion date	Expected/actual completion date	Status	GVW comments
Climate change mitigation strategy	2023-24	2023-24	On schedule	Renewables program Stage 1 is complete. Stage 2 was scheduled for completion in 2021-22, however will carry over into 2022-23 due to COVID-related materials availability and contractor site access delays. Energy performance projects are being implemented as required to support the strategy.
Digital enablement strategy	2024-25	Ongoing	On schedule	The first major project (Finance System Replacement) has been completed in 2020-21. The second major project (Asset Management System Replacement) is currently progressing towards implementation after the signing of a contract in June 2022. The next significant project (Billing/CRM System Replacement) is progressing through the initiation stage and is expected to release a tender to market in September 2022. A number of smaller, supporting projects are on track to commence in 2022-23. The digital enablement strategy is an ongoing program that will extend beyond 2022-23.
Seymour sewer pump station no.1 rising main replacement	2020-21	2021-22	Completed late	The project was completed in 2021/22. The project had been delayed by a compulsory land acquisition process. Risks that this project addressed were managed for the short period of project delay.
Nathalia treated water pipeline	2023-24	2028-29	Deferred	Water treatment plant contingency and redundancy works have been completed which have enabled this project to be deferred in the short term. This was undertaken as part of capital program reprioritisation to manage cost increases experienced on other projects during PP4. Design and planning has commenced in 2021-22 however construction is not scheduled to commence until 2025-26.
Replacement of Abbinga reservoir	2022-23	2020-21	Completed on time	Works are complete and the upgraded Reservoir is in service. Project was completed earlier than originally scheduled due to the opportunity to combine projects and achieve efficiencies.

**Table D3 - PP5 capital expenditure by service type (\$1/1/2023)**

Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Totals
Sewerage (\$m)	31.55	39.32	35.29	29.15	25.63	38.61	38.25	26.82	28.08	22.57	315.24
Water (\$m)	26.25	20.92	12.79	11.44	12.70	10.16	10.35	18.40	7.24	10.22	140.44
Total (\$m)	57.80	60.23	48.07	40.59	38.32	48.77	48.59	45.22	35.31	32.78	455.68

**Table D4 - PP5 capital expenditure by driver (\$1/1/2023)**

Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Totals
Renewals (\$m)	25.49	30.23	27.85	26.48	23.07	18.80	14.93	19.22	14.23	18.71	219.01
Growth (\$m)	10.34	8.98	5.00	5.07	3.75	17.91	18.54	12.66	14.54	7.83	104.62
Improvements/compliance (\$m)	17.06	16.00	10.08	3.78	6.11	6.54	9.46	7.49	0.55	0.10	77.17
Customer contributions (\$m)	4.91	5.02	5.14	5.26	5.39	5.52	5.66	5.85	5.99	6.14	54.88
Total (\$m)	57.80	60.23	48.07	40.59	38.32	48.77	48.59	45.22	35.31	32.78	455.68

Table D5 - PP5 major capital projects

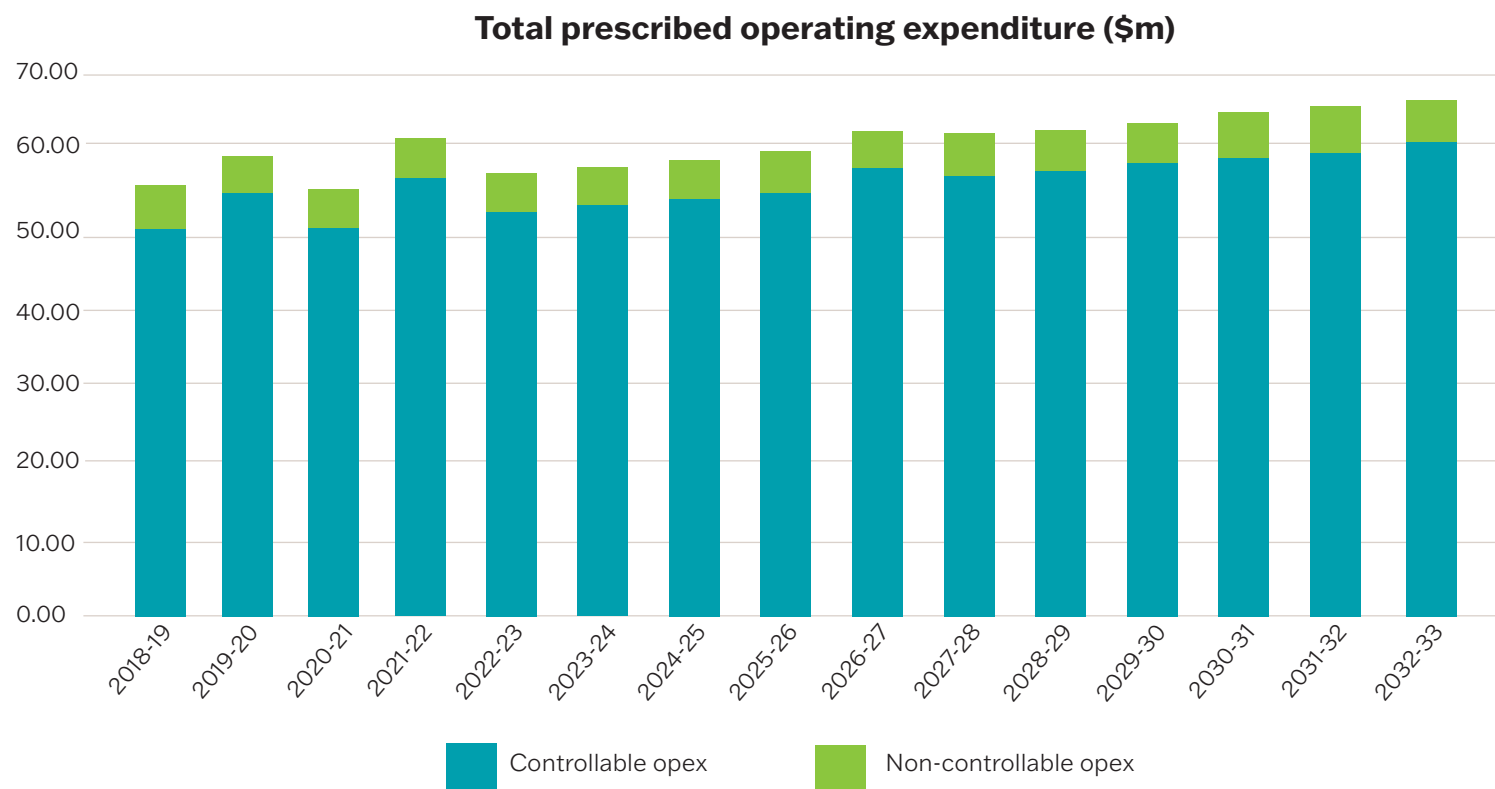
Customer group	Objective	Service	Driver	Category	Start year	Finish year	Project expenditure (\$m)					Total
							2023-24	2024-25	2025-26	2026-27	2027-28	
Large scale solar	Installation of 3 x 5MW solar sites to meet 2025 renewable energy target	Water & Sewerage	Improvements / Compliance	Corporate	2021-22	2025-26	8.00	7.50	5.00	-	-	20.50
Nathalia water supply pipeline	Replace existing Water Treatment Plant which is at end of life with pipeline from another town	Water	Renewals	Pipelines / network	2021-22	2028-29	-	0.24	6.00	7.14	3.96	17.34
Broadford Water Treatment Plant upgrade	Capacity for future growth in Broadford and Kilmore	Water	Growth	Treatment	2017-18	2029-30	0.40	1.00	5.69	6.47	1.00	14.56
Health based targets water treatment plant upgrade program	Installation of additional treatment barriers at Water Treatment Plants to meet drinking water regulations	Water	Improvements / Compliance	Treatment	2022-23	2030-31	3.50	3.50	3.00	1.50	3.00	14.50
Shepparton corporate office upgrade	Renewal of 30 year old building asset including addressing building compliance issues	Water & Sewerage	Renewal	Corporate	2020-21	2024-25	6.30	7.50	-	-	-	13.80
Shepparton Operations Centre Clear Water Storage augmentation	Additional treated water storage capacity for growth	Water	Growth	Pipelines / network	2021-22	2025-26	3.00	6.37	2.37	-	-	11.74
Mansfield raw water pipeline upgrade – Ritchies Reservoir to Mansfield No.3 Reservoir	Renewal of pipeline that is at end of life and provision of capacity for future growth	Water	Renewals	Pipelines / network	2022-23	2026-27	0.50	5.00	5.00	0.75	-	11.25
Core business automation (SCADA) replacement	Replace of existing control and automation equipment which is at end of life	Water & Sewerage	Renewal	Corporate	2022-23	2029-30	0.57	2.35	3.01	1.35	0.81	8.09
Mansfield Water Treatment Plant upgrade	Capacity for future growth in Mansfield	Water	Growth	Treatment	2023-24	2029-30	0.10	0.15	-	1.63	3.20	5.08
Mansfield Wastewater Management Facility winter storage augmentation	Capacity for future growth in Mansfield	Sewerage	Growth	Treatment			3.57	1.51	-	-	-	5.08

Table D6 - PP5 major capital programs (&gt;\$5m)

Customer group	Objective	Service	Driver	Category	Finish year	Project expenditure (\$m)					Total
						2023-24	2024-25	2025-26	2026-27	2027-28	
Water main replacement	Replacement of water mains at end of life to maintain customer service standards	Water	Renewal	Pipelines / network	Ongoing	2.75	2.75	2.75	2.75	2.75	13.75
Asset acquisitions – vehicles	Replacement of Corporate vehicle fleet on an ongoing basis	Water & Sewerage	Renewal	Corporate	Ongoing	1.40	1.40	1.40	1.50	1.50	7.20
Sewer main relining program – collapse prevention	Replacement of sewer mains to maintain service standards and reduce risk of sewer collapse	Sewerage	Renewal	Pipelines / network	Ongoing	1.00	1.00	1.00	1.00	1.00	5.00

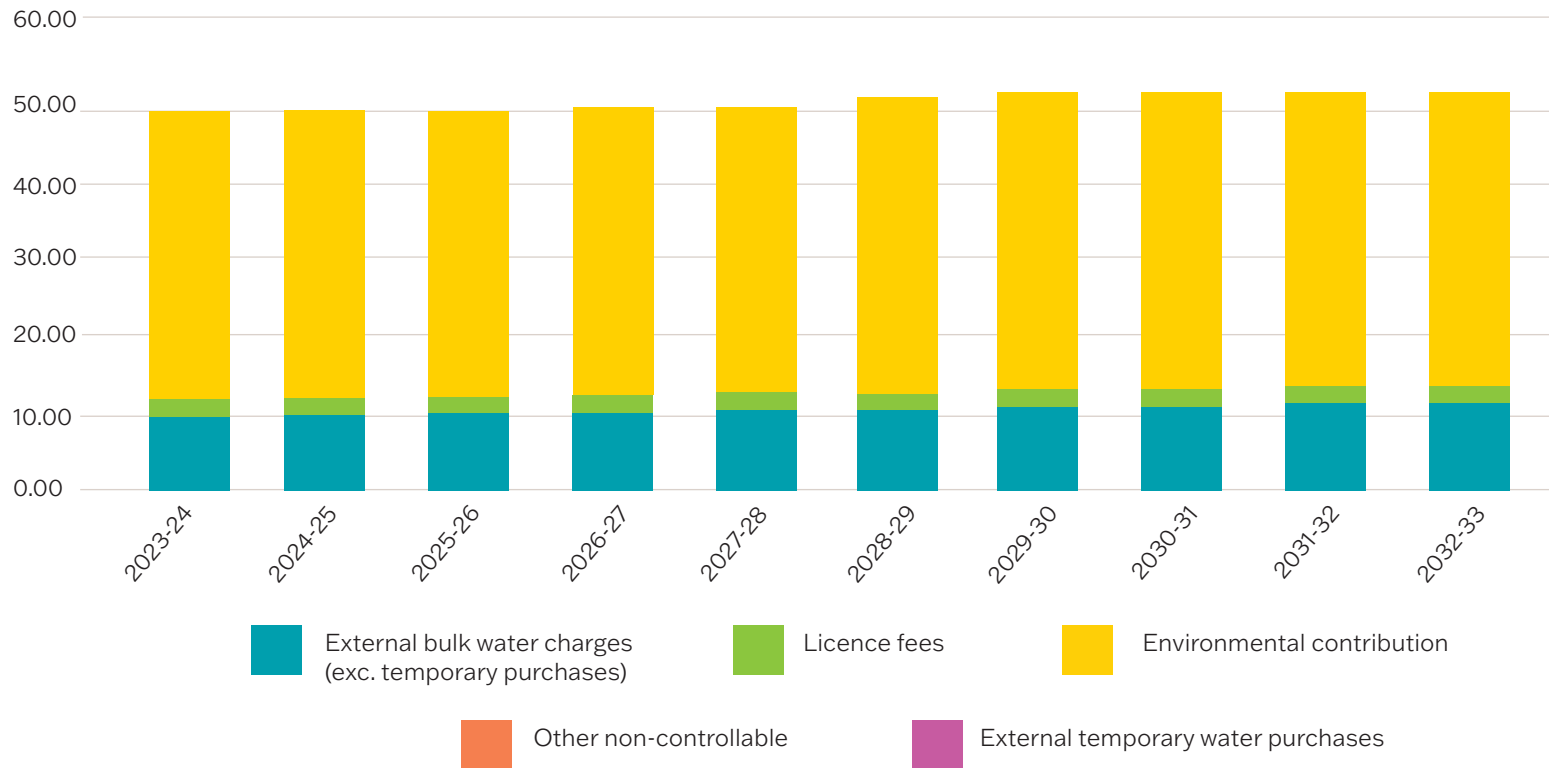
## Appendix E - Operating expenditure

The following graphs have been extracted from the ESC financial model.

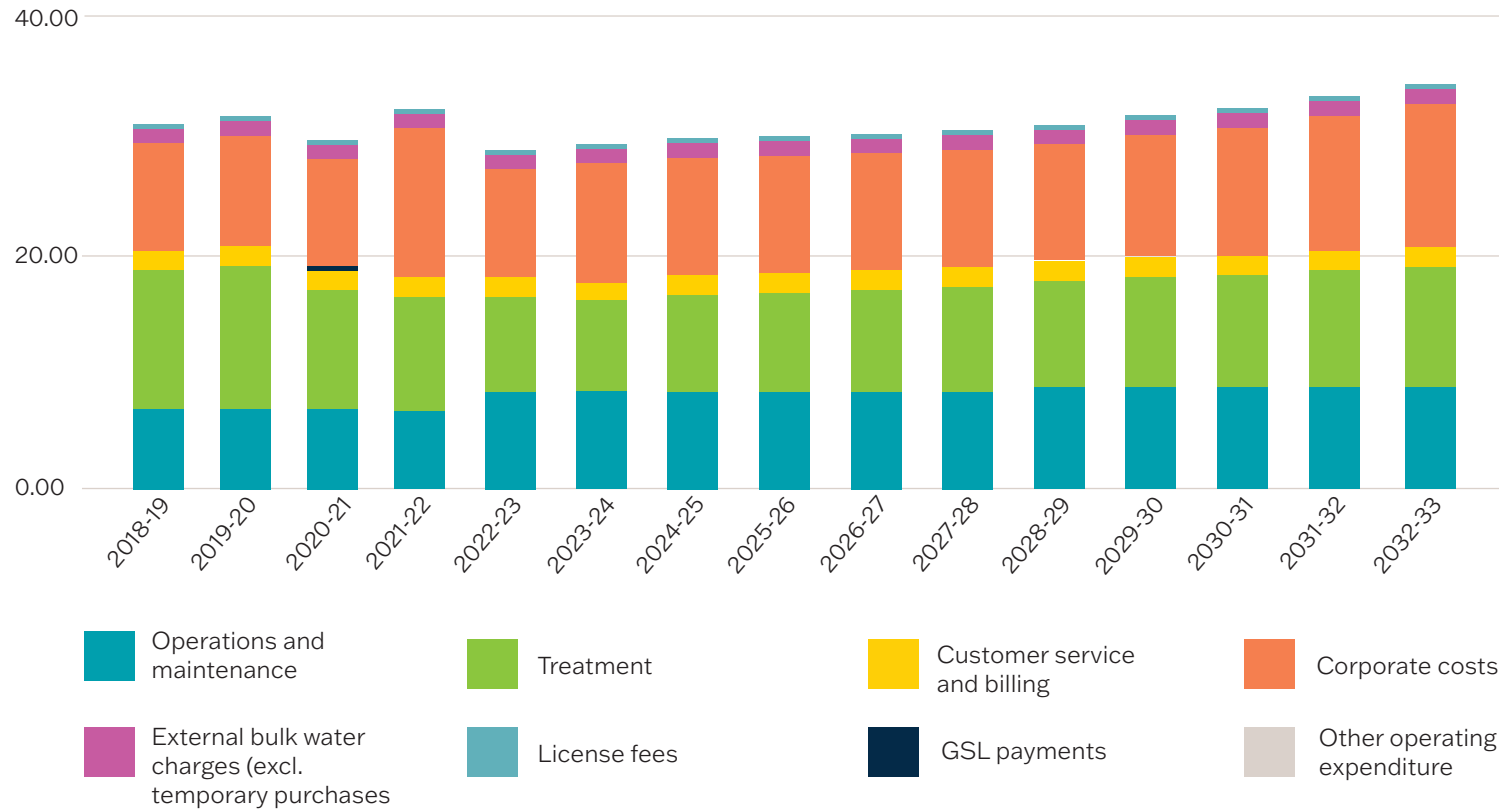




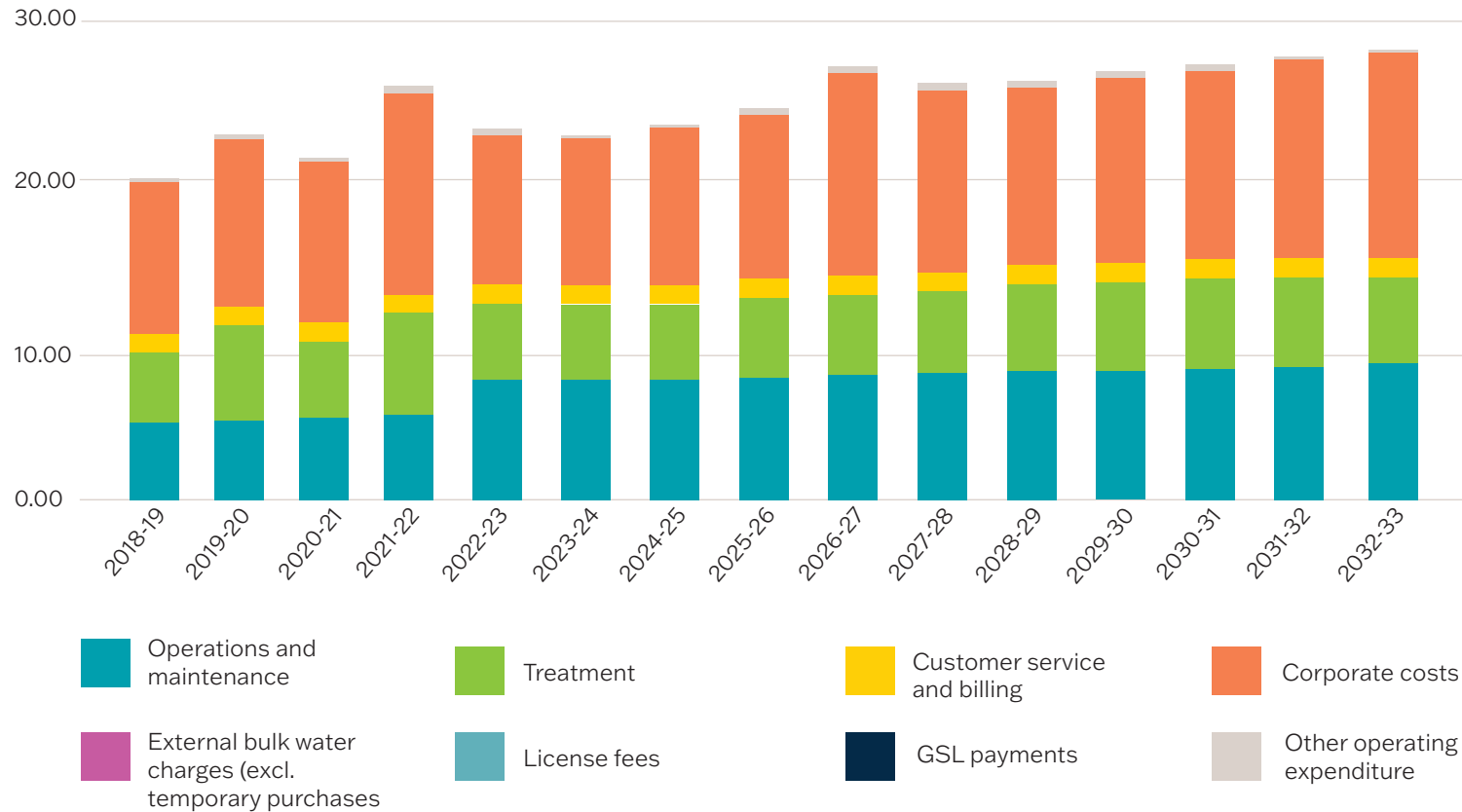
### Non-controllable operating expenditure (\$m)



**Total operating expenditure by cost category - Water (\$m)**



**Total operating expenditure by cost category - Sewerage (\$m)**



## Appendix F - Tariff schedule

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
<b>1.1 Water tariff – Service charge (per annum)</b>						
Meter size						
20mm	Y1+2 - 1.85%, Y3-5 - 2.45%	173.26	181.76	191.80	202.39	213.57
25mm	Y1+2 - 1.85%, Y3-5 - 2.45%	270.73	284.01	299.70	316.25	333.72
32mm	Y1+2 - 1.85%, Y3-5 - 2.45%	443.58	465.34	491.05	518.17	546.79
40mm	Y1+2 - 1.85%, Y3-5 - 2.45%	693.12	727.12	767.28	809.67	854.39
50mm	Y1+2 - 1.85%, Y3-5 - 2.45%	1,083.03	1,136.16	1,198.92	1,265.14	1,335.02
80mm	Y1+2 - 1.85%, Y3-5 - 2.45%	2,772.61	2,908.62	3,069.28	3,238.81	3,417.71
100mm	Y1+2 - 1.85%, Y3-5 - 2.45%	4,332.22	4,544.74	4,795.77	5,060.66	5,340.18
150mm	Y1+2 - 1.85%, Y3-5 - 2.45%	9,747.54	10,225.70	10,790.52	11,386.53	12,015.47
200mm	Y1+2 - 1.85%, Y3-5 - 2.45%	18,167.81	19,059.03	20,111.75	21,222.63	22,394.86
250mm	Y1+2 - 1.85%, Y3-5 - 2.45%	27,076.54	28,404.78	29,973.72	31,629.32	33,376.36
300mm	Y1+2 - 1.85%, Y3-5 - 2.45%	40,880.65	42,886.05	45,254.86	47,754.51	50,392.23
Vacant Lots	Y1+2 - 1.85%, Y3-5 - 2.45%	86.63	90.88	95.90	101.20	106.79
<b>1.2 Water tariff – Usage charge (per kL)</b>						
Potable	Y1+2 - 1.85%, Y3-5 - 2.45%	1.1926	1.25	1.32	1.39	1.47
Non-potable	Y1+2 - 1.85%, Y3-5 - 2.45%	0.8346	0.88	0.92	0.97	1.03
Raw water – for districts with raw water services	Y1+2 - 1.85%, Y3-5 - 2.45%	0.5960	0.63	0.66	0.70	0.73

	New
	Name change
	Removed

	New
	Name change
	Removed

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
<b>1.3 Sewerage tariff – Service charge (per annum)</b>						
Residential	Y1+2 - 1.85%, Y3-5 - 2.45%	450.02	472.10	498.18	525.69	554.73
Vacant land	Y1+2 - 1.85%, Y3-5 - 2.45%	224.99	236.03	249.06	262.82	277.34
Non-residential	Y1+2 - 1.85%, Y3-5 - 2.45%	450.02	472.10	498.18	525.69	554.73
Cistern (per cistern for major customers)	Y1+2 - 1.85%, Y3-5 - 2.45%	450.02	472.10	498.18	525.69	554.73
<b>1.4 Sewerage tariff – Volumetric charge for non-residential customers (per kL)</b>						
Usage charge	Y1+2 - 1.85%, Y3-5 - 2.45%	1.6256	1.71	1.80	1.90	2.00
<b>1.5 Trade waste charges</b>						
Trade waste application fee	Y1+2 - 1.85%, Y3-5 - 2.45%	102.26	107.28	113.20	119.46	126.05
Sample test fees	Y1+2 - 1.85%, Y3-5 - 2.45%	-	-	-	-	-
Category 1 & 2 service charge – all districts (per annum)	Y1+2 - 1.85%, Y3-5 - 2.45%	232.65	244.06	257.54	271.77	286.78
Shepparton – Category 3						
Flow – per Kl	Y1+2 - 1.85%, Y3-5 - 2.45%	0.6705	0.70	0.74	0.78	0.83
BOD – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.4139	0.43	0.46	0.48	0.51
Sodium – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.9393	0.99	1.04	1.10	1.16
Nitrogen – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.8053	0.84	0.89	0.94	0.99
Phosphorus – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	2.1486	2.25	2.38	2.51	2.65

- New
- Name change
- Removed

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
Shepparton – Category 4						
Flow – per Kl	Y1+2 - 1.85%, Y3-5 - 2.45%	0.5655	0.59	0.63	0.66	0.70
BOD – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.2819	0.30	0.31	0.33	0.35
Sodium – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.7139	0.75	0.79	0.83	0.88
Nitrogen – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.9967	1.05	1.10	1.16	1.23
Phosphorus – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	2.2647	2.38	2.51	2.65	2.79
Mooroopna – Category 4						
Flow – per Kl	Y1+2 - 1.85%, Y3-5 - 2.45%	0.5929	0.62	0.66	0.69	0.73
BOD – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.2955	0.31	0.33	0.35	0.36
Sodium – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.7484	0.79	0.83	0.87	0.92
Nitrogen – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	1.0449	1.10	1.16	1.22	1.29
Phosphorus – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	2.3743	2.49	2.63	2.77	2.93
Tatura – Category 3						
Flow – per Kl	Y1+2 - 1.85%, Y3-5 - 2.45%	0.8956	0.94	0.99	1.05	1.10
BOD – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.5624	0.59	0.62	0.66	0.69
Sodium – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	1.2536	1.32	1.39	1.46	1.55
Nitrogen – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.9973	1.05	1.10	1.17	1.23
Phosphorus – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	2.2525	2.36	2.49	2.63	2.78

	New
	Name change
	Removed

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
Tatura – Category 4						
Flow – per Kl	Y1+2 - 1.85%, Y3-5 - 2.45%	0.9159	0.96	1.01	1.07	1.13
BOD – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.2011	0.21	0.22	0.23	0.25
Sodium – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	1.2664	1.33	1.40	1.48	1.56
Nitrogen – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.9967	1.05	1.10	1.16	1.23
Phosphorus – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	2.2647	2.38	2.51	2.65	2.79
All other districts – Category 3						
Flow – per Kl	Y1+2 - 1.85%, Y3-5 - 2.45%	0.8053	0.84	0.89	0.94	0.99
BOD – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.5364	0.56	0.59	0.63	0.66
Sodium – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.9513	1.00	1.05	1.11	1.17
Nitrogen – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	0.8053	0.84	0.89	0.94	0.99
Phosphorus – per kg	Y1+2 - 1.85%, Y3-5 - 2.45%	2.1486	2.25	2.38	2.51	2.65
<b>1.6 Developer charges - New Customer Contributions (per lot)</b>						
Water (per lot)	0%	3,700.00	3,811.00	3,925.33	4,043.09	4,164.38
Sewer (per lot)	0%	1,700.00	1,751.00	1,803.53	1,857.64	1,913.36
<b>1.7 Miscellaneous fees and charges</b>						
Water sales via standpipes – per KL.	0%	2.87	2.96	3.05	3.14	3.23
Information statements – per item	0%	57.72	59.45	61.24	63.07	64.97
Special meter read fee – per read	0%	56.64	58.34	60.09	61.89	63.75
Meter fee – per 20mm meter	0%	189.01	194.68	200.52	206.53	212.73

	New
	Name change
	Removed

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
<b>1.7 Miscellaneous fees and charges (cont.)</b>						
Sewer connection fee – per connection	0%	177.49	182.81	188.30	193.95	199.77
Septic tank waste receival fee (per litre)	0%	0.05	0.05	0.05	0.05	0.05
Grease trap waste receival fee (per litre)	0%	0.19	0.20	0.20	0.21	0.22
<b>1.8 Non-core miscellaneous fees and charges</b>						
Access to personal information	0%	31.24	32.18	33.14	34.14	35.16
Meter accuracy test – per test	0%	222.21	228.88	235.74	242.82	250.10
Fire service tests – per test	0%	222.21	228.88	235.74	242.82	250.10
Water quality test – per test	0%	190.02	195.73	201.60	207.65	213.87
Replacement of galvanised iron property service pipe*	0%	638.66	657.82	677.56	697.88	718.82
Maximum charge*	0%	-	-	-	-	-
Water tapping fee						
20mm service – per tapping	0%	66.38	68.38	70.43	72.54	74.72
25mm service – per tapping	0%	77.62	79.95	82.35	84.82	87.36
32mm service – per tapping	0%	88.60	91.26	94.00	96.82	99.72
40mm service – per tapping	0%	99.71	102.71	105.79	108.96	112.23

\* GST applies to these fees and charges



	New
	Name change
	Removed

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
Water tapping fee (cont.)						
50mm service – per tapping	0%	110.95	114.28	117.71	121.24	124.88
80mm, 100mm, 150mm, 225mm services – per tapping	0%	556.26	572.95	590.14	607.84	626.08
Water consent to connect						
20mm service – per connection	0%	110.95	114.28	117.71	121.24	124.88
25mm, 32mm, 40mm, or 50mm service – per connection	0%	166.79	171.79	176.95	182.25	187.72
80mm, 100mm, 150mm or 225mm service – per connection	0%	333.74	343.75	354.07	364.69	375.63
Water shutdown fee to enable connection (if required)	0%	211.41	217.75	224.28	231.01	237.94
Fire service charges						
20mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	18.15	19.04	20.09	21.20	22.37
25mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	28.36	29.75	31.39	33.12	34.95
32mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	46.48	48.76	51.46	54.30	57.30
40mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	72.64	76.20	80.41	84.85	9.54
50mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	113.51	119.08	125.65	132.59	139.92
80mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	290.65	304.91	321.75	339.52	358.28

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
Fire service charges (cont.)						
100mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	454.17	476.45	502.76	530.53	559.84
150mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	1,021.92	1,072.05	1,131.26	1,193.75	1,259.68
200mm service – per annum	Y1+2 - 1.85%, Y3-5 - 2.45%	1,816.75	1,905.87	2,011.15	2,122.23	2,239.45
Water meter fee - new connection or damaged meter (per meter)						
Mechanical - 20mm service	0%	183.00	188.49	194.14	199.97	205.97
Mechanical - 25mm service	0%	333.74	343.75	354.07	364.69	375.63
Mechanical - 32mm service	0%	667.67	687.70	708.33	729.58	751.46
Mechanical - 40mm service	0%	946.01	974.39	1,003.63	1,033.73	1,064.75
Mechanical - 50mm service	0%	2,226.16	2,292.94	2,361.73	2,432.58	2,505.56
Mechanical - 80mm service	0%	2,893.99	2,980.81	3,070.24	3,162.34	3,257.21
Mechanical - 100mm service	0%	3,728.79	3,840.65	3,955.87	4,074.54	4,196.78
Mechanical - 150mm service	0%	4,007.30	4,127.52	4,251.34	4,378.88	4,510.25
Mechanical- 225mm service	0%	6,399.95	6,591.94	6,789.70	6,993.39	7,203.20
Meter box to protect meter if required (per meter box)	0%	71.12	73.26	75.45	77.72	80.05
Digital meter - 20mm	0%	326.00	335.78	345.85	356.23	366.92
Digital meter - greater than 20mm	At cost	-	-	-	-	-

	New
	Name change
	Removed

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
Sewer connection fees - per connection						
Residential connection other than standard (e.g. unit development)	0%	233.19	240.19	247.39	254.82	262.46
Small commercial/industrial connection	0%	233.19	240.19	247.39	254.82	262.46
Alterations to existing connections	0%	144.30	148.63	153.09	157.68	162.41
Sewer plan and build-over fee (application fee for building over Authority works) – per plan	0%	206.26	212.45	218.82	225.38	232.14
Cut in sewer point/manhole fee – per cut in	0%	556.26	572.95	590.14	607.84	626.08
Water backflow prevention application fee – per application	0%	155.41	160.07	164.87	169.82	174.91
Water backflow prevention annual test fee – per annum	0%	66.11	68.09	70.13	72.24	74.40
Recoverable works and fire plug maintenance *	0%	-	-	-	-	-
Legal cost recovery – debt recovery charges and legal costs incurred *	0%	-	-	-	-	-

	New
	Name change
	Removed

\* GST applies to these fees and charges

	New
	Name change
	Removed

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
Sewer connection fees - per connection (cont.)						
Water reconnection fee (following disconnection as part of debt collection procedures) – per reconnection	0%	38.77	39.93	41.13	42.36	43.64
Water reconnection fee After Hours in addition to the Water reconnection fee (following disconnection as part of debt collection procedures) – per reconnection	0%	108.53	111.79	115.14	118.59	122.15
Damage to restrictor cap and/or lock (following restriction as part of the debt collection procedures) – per damaged item	0%	-	-	-	-	-
Dishonour cheque fee*	0%	-	-	-	-	-
Dishonour electronic fund transfer fee*	0%	-	-	-	-	-
EasyWay payment card (to assist customers with periodic payments) – per card	0%	7.60	7.83	8.06	8.31	8.56
Freedom of Information – provision of documents via Freedom of Information request	0%	31.24	32.18	33.14	34.14	35.16

\* GST applies to these fees and charges

	Price path	1-Jul-2023	1-Jul-2024	1-Jul-2025	1-Jul-2026	1-Jul-2027
<b>1.9 Developer and landowner works and fees charges</b>						
District extension fee		-	-	-	-	-
Application fee	0%	1,192.45	1,228.23	1,265.07	1,303.02	1,342.11
Further costs to extend districts*		-	-	-	-	-
Landowner or developer works charges*		-	-	-	-	-
Feasibility report fee*						
Design, supervision, review and administration charge*						
Landowner or developer works charges - Less than or equal to 5 lots	0%	1,815.07	1,869.52	1,925.61	1,983.38	2,042.88
Landowner or developer works charges - Greater than 5 lots to 15 lots	0%	2,590.29	2,668.00	2,748.04	2,830.48	2,915.39
Landowner or developer works charges - Greater than 15 lots	0%	4,380.65	4,512.07	4,647.43	4,786.85	4,930.46

	New
	Name change
	Removed

\* GST applies to these fees and charges

## Appendix G - Top 10 miscellaneous charges

(\$1/1/2023)

#	Top 10 miscellaneous charges	2023-24	2024-25	2025-6	2026-27	2027-28
1	Developer contributions sewer	657,547	657,547	657,547	657,547	657,547
2	Developer contribution water	156,601	156,601	156,601	156,601	156,601
3	Meter charges - standpipe sales	558,000	558,000	558,000	558,000	558,000
4	Information statements - water/sewer	291,408	291,408	291,408	291,408	291,408
5	Septic tank discharge fees	280,200	280,200	280,200	280,200	280,200
6	Meter fees	183,500	183,500	183,500	183,500	183,500
7	Meters digital	146,700	146,700	146,700	146,700	146,700
8	Sewer connection fees	172,320	172,320	172,320	172,320	172,320
9	Sale of Recycled Water	125,146	125,146	125,146	125,146	125,146
10	Tapping fees	135,345	135,345	135,345	135,345	135,345
	Other miscellaneous income	547,932	547,932	547,932	547,932	547,932
		<b>3,254,699</b>	<b>3,254,699</b>	<b>3,254,699</b>	<b>3,254,699</b>	<b>3,254,699</b>

All of the above charges have been calculated in accordance with the principle and requirements of the Water Industry Regulatory Order 2014 (WIRO).

