

To Delivery Share Review feedback

At its recent meeting on 16 August 2018 the Central Goulburn Water Services Committee read and discussed the Victorian State Government Delivery Share Review Summary Report and completed the Delivery Share Review Discussion Paper.

We now wish to provide you with some additional thoughts and suggestions which we believe are important and should be included in your future deliberations regarding the review.

In our experience as customer representatives we can confidently argue that the majority of irrigators who own delivery shares are very happy with the way delivery shares have performed since their introduction in 2007. We speak with farmers producing food and fibre across the entire range of enterprises and have not heard complaints about the way delivery shares function.

We are very well aware of concerns and complaints by a small number of G-MW customers who own delivery shares as a result of property purchase post 2007. Often these customers were not well advised (if at all) about delivery shares attached to their new property nor did they understand charges relating to delivery share ownership. This is not a failure of the function of delivery shares, it is a problem with the advice these customers have received from their professional advisors (solicitors and real-estate agents) prior to settlement.

We are also aware of complaints from another small group of customers who have sold their water shares and are now left with delivery share they no longer require. The rules and costs concerning the surrender of delivery share have been well known since inception in 2007. It is our view customers selling water shares need to plan for the management of their unwanted delivery share once the decision to sell water shares is made.

We believe the criticism of delivery share is actually based on a misconception. It is our experience that a large number of G-MW customers don't fully understand the purpose of delivery share. In our experience the driver for the criticism is actually the infrastructure access fee tariff attached to delivery share.

Importantly, this committee would like to see a thorough analysis of the infrastructure access fee. Our opinion is that currently the make-up of the fee is not transparent. We recommend a thorough itemised analysis of the cost component included in the infrastructure access fee be undertaken. Once transparency is achieved it may be possible to justifiably shift some costs from the infrastructure access fee to a more appropriate fee ensuring equality across the customer base.

We want to be very clear in our advice and recommendations:

- Delivery shares as they now exist are widely supported by the majority of customers
- The rules related to delivery share are clear and easy to understand
- Delivery share rules are uniform across the GMID and therefore easy for G-MW to administer
- The complaints received from a small number of customers should not result in major changes to delivery shares resulting in further complication of an already complicated system
- In order to achieve transparency for all we recommend a thorough itemised analysis of the cost components included the infrastructure access fee be undertaken

The Committee would prefer to see delivery share remain as they are currently as they have served us well so far. We believe transparency and equity in pricing are necessary ingredients which will assist in maintaining and hopefully attracting investment in the Goulburn Murray irrigation districts.