

DEPARTMENT OF ENVIRONMENT, LAND, WATER AND PLANNING
REVIEW OF DELIVERY SHARE IN NORTHERN VICTORIA

Submission By :- Rochester-Campaspe Water Services Committee

30th August 2018

The Rochester Water Services Committee has been advocating for a complete review and breakdown of all fees charged to customer (Storage fees, service fees, service point fee, Infrastructure Access fee, delivery fee) for some period of time.

We believe that any consideration of changes to Delivery Shares should not proceed until the complete review of tariffs under the various categories has been completed.

The call for a review of Delivery Share could well have been called a review of the Infrastructure Access fee which is attached to a Delivery Share.

The principal of why Delivery Shares were first introduced to look at shares in the capacity of the system to deliver water are as applicable today as it was when Delivery Shares were first introduced.

The breakdown of the Infrastructure Access fee (page 14 of the report) we consider to be quite inadequate and does not show any real in depth of breakdown of the fee; but probably raises more questions than answers. There could be a strong argument for example that entitlement losses are a delivery charge not an Infrastructure Access fee charge.

Given that most concern is the high cost of terminating a Delivery Share (which supports a review of the total fee structure) the report and options seem to focus on creating a market for Delivery Shares. With the amount of water that has gone out of the GMID capacity constraints are really no longer a problem. A market for Delivery Shares is most likely applicable on a pipeline which may be already at full capacity.

Because of the Infrastructure Access fee underlying a Delivery Share and the high cost of termination, most terminated Delivery Shares have been associated with the Connections Project within Goulburn Murray Water.

Reference to the roll of the Essential Services Committee in tariffs could be considered a little misleading as their main roll is to look at the overall revenue requirements of the Authorities and not the components of the individual fees.

Our recommendation is that before any of the options in the review are pursued or considered further, it is imperative that a complete review and transparent discussion with the Water Service Committee and customer representatives around the tariff structure must be completed first, as the discussion is really around the Infrastructure Access fee not the roll of Delivery Shares.