

# Infrastructure Access Fee elements



## Percentage proportions

- 48% Labour
  - 12% Return on assets
  - 9% Other, including hired plant, electricity, insurances
  - 8% Water Management system
  - 6% Contracted services
  - 5% Leased Plant and motor vehicles
  - 4% Materials
  - 4% Entitlement losses
  - 2% Environment Contribution Levy
  - 2% Depreciation
- More information is provided in the following slides

# Infrastructure Access Fee elements



## Labour 48%

### Services include:

- Customer service centres at Cobram, Kerang, Kyabram, Pyramid Hill, Rochester, Shepparton, Tatura.
- Water delivery (operations), including water bailiffs, system monitoring (e.g. channel levels), initial response to service issues (blockages, leaks), annual inspections, compliance.
- Customer support, including phone call centre, application processing (change of property ownership, water shares, trade, licence transfers, entitlement records for delivery share, water use licence, land licence, etc.)
- Water Planner services, including water orders, 24-hour service to manage the gravity irrigation system, emergency after hours contact point.
- Customer engagement, including Water Service Committees, newsletters and fact sheets.
- Website management, including news and information releases, change of address portal, forms related to price calculator and forms.
- Contribution towards the corporate costs in the governance and management of GMW.

# Infrastructure Access Fee elements



## Labour 48% - continued

### Services include:

- Maintenance of automated system to deliver water within the gravity irrigation system
- Repairs and maintenance to ensure service levels (flow rate and channel height), including channel leak repairs, weed spraying, channel de-silting, level sensor replacements.
- Asset management including inspection regime for channel banks, regulator gates, bridges, and pump stations.

# Infrastructure Access Fee elements



## Return on Assets 12%

The regulated price structure for all water corporations in Victoria provides for a proportion of revenue and fees to recover asset replenishment financing. A 'weighted average cost of capital' (rate set by the ESC) is applied to the asset based set for pricing purposes.

Despite the gravity irrigation system value comprising over 60% of the GMW asset infrastructure, the asset base used in price setting was regulated from 2005 to be very low. Assets contributed by government, such as through the Connections project, are not included in the asset base for price-setting purposes.

# Infrastructure Access Fee elements



## Other 9%

A range of costs, each of which is too small to address in the overall description of the major elements comprising the Infrastructure Access fee. These include:

- Hired plant (for peak load system maintenance during winter)
- Electricity
- Insurances
- Information and communications systems
- Technical and professional service consultants

# Infrastructure Access Fee elements



## Water Management system 8%

A combination of dedicated GMW staff, and support and maintenance licence to ensure the modernised gravity irrigation system operates to provide services at the standards set (channel heights, flow rates, order lead-times).

# Infrastructure Access Fee elements



## Contracted Services 6%

A range of services from office cleaning through to auditors.

# Infrastructure Access Fee elements



## Leased Plant and motor vehicles 5%

- Heavy plant includes earth moving trucks, graders and bulldozers.
- Road fleet includes passenger vehicles, SUVs and four-wheel drives.
- Fuel and registration is included in this cost element.
- Due to the extent of GMW's area of operations, around 11 million Km is driven each year (on public roads and along the 4,500 Km of gravity irrigation channel system).



# Infrastructure Access Fee elements



## Materials 4%

Includes:

- Rock
- Gravel
- Fencing
- Concrete
- Batteries for automated regulator gates
- Tools
- Office supplies

# Infrastructure Access Fee elements



## Entitlement losses 4%

GMW manages storages, whose 'wholesale costs' are recovered linked to bulk entitlements or water shares. Given the delivery network through the GMID is primarily by channels which experience losses through evaporation and leakage, water needs to be stored to deliver these losses. The Entitlement loss component represents the costs to be recovered back to the bulk storage 'business'. DELWP is involved in the assessment of entitlement losses.

Through the current GMW Tariff and Pricing Review, the continued modernization of the GMID via the Connections Project will mean review of the loss element.

The Review is in preparation for the next regulatory period commencing July 2020.

# Infrastructure Access Fee elements



## Environmental Contribution Levy 2%

Gazetted by the Victorian Government for a four-year period to June 2020, all Water Corporations contribute towards environmental projects and initiatives conducted by the government.

# Infrastructure Access Fee elements



## Depreciation 2%

The regulated price structure for all water corporations in Victoria provides for a proportion of revenue and fees to recover asset replenishment financing. The Depreciation element reflects the 'return of' assets through the consumption of the asset through its life.

Despite the gravity irrigation system value comprising over 60% of the GMW asset infrastructure, the asset base used in price setting was regulated from 2005 to be very low. Assets contributed by government, such as through the Connections project, are not included in the asset base for price-setting purposes.

GOULBURN-MURRAY  
**WATER**

