

GMW FUTURE STRATEGIC PLAN

WHAT WE'VE HEARD SO FAR



Our Chair Jo Anderson and our Managing Director Pat Lennon thank the organisations and individuals who contributed time, expertise and enthusiasm to our strategic planning. We encourage continued feedback by visiting gmwater.com.au where you can find a full list of the ideas documented.

Aboriginal acknowledgement

Goulburn-Murray Water proudly acknowledges our region's Aboriginal community, their rich culture and pays respect to their Elders past and present. We acknowledge Aboriginal people as Australia's first people and the Traditional Owners and custodians of the land and water on which we rely. We embrace reconciliation and working towards equality and an equal voice for all.

CONTENTS

INTRODUCTION

Our Strategic Plan – What we've heard so far	4
Our Next Steps	4

WATER RESOURCE AVAILABILITY & SECURITY

Topic 1: Advocating for policy reforms	6
Topic 2: Balancing competing interests	7
Topic 3: Refining water market design	8
Topic4: Ensuring fair tariff structures	9
Topic 5: Securing lasting sources of water	10
Topic 6: Offering new products and services	11
Topic 7: Encouraging new technologies and funding sources	12
Topic 8: Making productive use of water in its lifecycle	13
Topic 9: Adaptive and responsive infrastructure	14

INDUSTRY AND CUSTOMERS

Topic 1: Supporting and promoting regional investment	16
Topic 2. Understanding impacts of industry trends on customers	17
Topic 3: Adapting to meet customer needs	18
Topic 4: Providing recreational water use	19
Topic 5: Providing genuine, purposeful engagement	20
Topic 6: Giving customers options on engagement	21

GMW BUSINESS

Topic 1: Being a trusted partner	23
Topic 2: Efficiently delivering services of value	24
Topic 3: Offering flexible service levels	25
Topic 4: Understanding the benefits of non-prescribed services	26
Topic 5: Driving customer-centred and results-driven behaviours	27
Topic 6: Evolving to match our environment	28
Topic 7: Adopting the right tools, capabilities and processes	29



INTRODUCTION

OUR STRATEGIC PLAN – WHAT WE’VE HEARD SO FAR

We spent the summer gathering facts and feedback concerning our future. In late 2016 and into this year, we’ve hosted a series of workshops dedicated to identifying our challenges and opportunities. These have ranged from the way we do business to the changing needs of our customers along with water availability in a world impacted by climate change.

Over the next few months, this consultation will be used to help develop a Strategic Plan with a view to a 5 to 30 year time horizon and what work we will get on with now – a collaborative approach to ensure the future prosperity of our business and our region.

Our Water Service Committees, Strategic Advisory Committee, Land and On-Water Management Groups, bulk water customers, other stakeholders and our staff have played a key role in this consultation process. We heard more than 2,500 ideas. You will appreciate we cannot act on every idea but those in that class are not lost – every idea is listed on our website.

This document marks an important step in developing our Strategic Plan. What we’ve heard so far – the ideas, challenges and opportunities that our customer representatives, stakeholders and staff have identified as input to consideration of our immediate and longer term direction.

OUR NEXT STEPS

This document is a summary of what we heard and considers the input on how we might meet the challenges of the future. The input has been grouped into 22 “like” topics. Our next steps are:

- Process the ideas and input in a manner consistent with our statutory obligations and the Government’s broader water policy agenda as set under Water for Victoria which was released in 2016 after extensive consultation.
- Establish our key goals/outcomes.
- Discuss these with our customers and stakeholders and then finalise.
- Develop the strategy to deliver on those outcomes.
- Complete our Strategic Plan for release on 28 September.
- Develop an Implementation Plan.

In the meantime, we are getting on with the job of implementing works aligned with our key strategic issues and will engage with our customers in that process. We are progressing the following;

- Whole of Life Asset Costing,
- GMID Asset Review,
- Delivery Share Review (with Government leading),
- Our Engagement Framework,
- Reducing our operating costs, and
- Increased collaboration with the Connections Project to support delivery of the Reset Plan.

For important projects we will be inviting our customers and stakeholders to contribute their experience and perspectives to steering committees or working groups.

WATER RESOURCE AVAILABILITY & SECURITY



TOPIC 1

ADVOCATING FOR POLICY REFORMS

Water policy and potential reforms were important topics of all customers and stakeholder groups involved in our strategic planning. We heard diverse views about many water policy matters. This diversity is an expected outcome given the range of interests and values associated with water across our customers and stakeholders.

The majority of water policy matters apply across Victoria and collectively form the basis of the highly valued Victorian water entitlement framework. In 2016 the Victorian Government released Water for Victoria after extensive community and industry consultation. Water for Victoria sets out the Government's water policy agenda and identifies actions to address current challenges. Several of these actions have moved to the implementation phase and for these and future actions, water entitlement holders, water authorities and other agencies are key stakeholders. As the various policy reviews are undertaken, some will involve consultation directly with entitlement holders, and others will involve GMW and other water authorities and agencies to assist in the development of revised policy.

Advocacy is about sharing our data, knowledge and insights. The input to our strategic planning process serves as an important reinforcement of this information and understanding. GMW will continue to advocate on behalf of the region and stakeholders.

WHAT WE HEARD, EXAMPLES:

“Reserve policy adjustment as infrastructure improved – timing critical”

“Align agriculture and local council planning issues”

OUR CHALLENGES

- We must promote understanding among our customers of the important policy review processes that are underway and planned for the near future.
- We must understand the range of perspectives on water policy matters and advocate for our region.

OUR OPPORTUNITIES

- We can ensure the concerns of our stakeholders and customers are communicated to government. We are naturally positioned to advocate those views.
- We understand and are positioned to promote the interests of our region.

OUR CONSIDERATIONS

- How will we adapt to the changing needs of our customers?
- How do we support new investment and industries and the transition from current to new industries? What does this mean for our assets and the services we provide?
- How do we manage the challenges arising from reduced water use in our region?



TOPIC 2

BALANCING COMPETING INTERESTS

GMW manages storage and delivery infrastructure and provides rural water services in its region.

Our customers are widely perceived to be irrigators – farmers who require water to grow food and fibre. They make up about half of our customers and provide 60 per cent of our revenue.

However, our largest two customers are not engaged in primary production at all. The Commonwealth and Victorian Environmental Water Holders have the largest holdings of water entitlements, about 30 per cent of the northern Victoria water shares. This water is used to maintain the health of our waterways, rivers, wetlands and floodplains.

Irrigators and environmental water holders have similar interests in our storage services, ensuring that entitlements are stored for usage to meet their objectives. But the delivery service requirements are very different, with the environmental water holders requiring a much lower utilisation of the delivery services in the GMID.

Other customer groups also place different importance on the range of services provided by GMW.

We heard much about the range of services and associated tariffs and its relative importance across our customer groups. We also heard of the different perspective held on policy matters related to the water entitlement framework and water trading. GMW will strive to achieve the right balance in all of these areas and ensure that all customer groups get the services they require.

WHAT WE HEARD, EXAMPLES:

“GMW needs to explain the positive environmental impacts associated with irrigation”.

“Can we manage environmental and irrigation flows to generate ‘win-win’ scenarios?”

OUR CHALLENGES

- We influence policy and provide services to a range of stakeholders with different interests.

OUR OPPORTUNITIES

- We can be proactive: work with our stakeholders to advocate as appropriate for policy development that addresses the needs of our customers.
- We can be reactive: work with our stakeholders to support policy development that promotes the interests of northern Victoria.
- We can explain: stakeholders need to have realistic expectations of our role in policy development.

OUR CONSIDERATIONS

- Does GMW have a role in addressing customer concerns like the Basin Plan’s impact on irrigators?
- We must consistently and clearly explain why we maintain neutrality between market participants.
- How do we provide support to ensure the concerns of our customers are clearly heard by policy makers?



TOPIC 3

REFINING WATER MARKET DESIGN

Victoria's water markets allow farmers, the Victorian Environmental Water Holder and water corporations to buy and sell water entitlements and seasonal allocations, so they can manage their own risk according to their willingness to pay. The water markets allow us to share water security benefits in ways that are equitable, responsive and transparent.

Trading rules introduced during the millenium drought provided water users choice and flexibility during continuing dry conditions. For example, farmers with orchards or other perennial crops could buy water from farmers who decided to forego planting annual crops until conditions improved.

Today, the water market continues to allow farmers and environmental water holders to minimise risk and respond to climate conditions. However as the market continues to evolve, some stakeholders are concerned that water brokers and speculators may drive up the price of water or prevent it from having a productive use. Others fear unbundling will see more water traded out of the district.

Some customers encouraged us to play an active role in the market to ensure supply in dry years.

WHAT WE HEARD, EXAMPLES:

“The environmental water holder should be able to trade back what they don't need/use”

“The majority of water entitlement in the GMID is owned by people aged 50 years and over and many of these people will retire in the coming years and much of this entitlement will be traded. From a risk management point of view, GMW should consider holding water to partially offset the impacts of this”

OUR CHALLENGES

- GMW is able to assist our customers to gain information and knowledge about water markets and how to participate. We have a very diverse customer base covering a large geographic area and many different water markets.

OUR OPPORTUNITIES

- GMW is able to constructively engage with governments in the evolution of the water market.
- GMW can provide input to governments about what customers and other stakeholders are telling us about the opportunities and challenges they face.
- We have an interest in maintaining water inside our region, or aligning any withdrawal with a re-organisation of our infrastructure.

OUR CONSIDERATIONS

- The role and importance of water markets is such that the Commonwealth and State governments have established legislation, rules and governance frameworks that operate nationally, for the Murray Darling Basin, for each state and for each water market.

TOPIC 4

ENSURING FAIR TARIFF STRUCTURES

Our business is large and diverse. GMW undertakes a range of functions and provides a range of services that in other jurisdictions are often split across multiple businesses. Our customers are similarly diverse. Many receive different combinations of services including water storage, district delivery or drainage, and surface and groundwater diversion. As a result, our tariffs are detailed – we must account for the variety of customers we serve and services we provide.

From a pricing and tariff standpoint we provide services in two main categories: those where the service standards, tariff and prices are overseen by the Australian Competition and Consumer Commission (ACCC) and the Essential Services Commission (ESC) as independent economic regulators because the services are of an essential nature; and, those where customers have more choice about whether or not they use them, such as for houseboats and caravan parks.

Some stakeholders like that GMW's tariffs reflect the detail of its service offering so that they pay only for the services that are necessary or relevant to them. Others believe our tariff structures are too detailed or difficult to understand.

As well as collecting sufficient revenue to recover the cost of services provided, tariff and prices can play important roles in signalling the costs of providing different services and of providing them in different locations. Customers' response to these price and tariff signals can help GMW refine its service offering.

WHAT WE HEARD, EXAMPLES:

“Review bulk water pricing for water users and non-water users”

“Make tariff changes to make the Goulburn Murray Irrigation District more viable for investment”

OUR CHALLENGES

- Ensuring that the services provided and the costs of providing them continue to meet customer needs.
- Our prescribed tariffs are subject to review and approval by the ESC and we are currently one year into a four year water plan.
- Fluctuating demand for our services due to increasing weather variability.

OUR OPPORTUNITIES

- Review our tariffs and prices to ensure they continue to meet the needs of GMW, our customers and other stakeholders in a changing environment.
- Investigate the demand for different service offerings and standards of service.

OUR CONSIDERATIONS

- Tariffs and prices for GMW's essential services are overseen by independent economic regulators (such as the ESC).



TOPIC 5

SECURING LASTING SOURCES OF WATER

The 1950s and 60s saw a boom in dam construction in Australia and around the world as countries sought to manage rivers and store their inflows as a means of lifting agricultural yields and harnessing hydro power. The majority of water storages we manage were built in this time.

New or enlarged dams require very large investment and would be subject to economic appraisal. Additionally, there is new understanding of the environmental impacts of river regulation. The Murray Darling Basin Plan was developed to address these impacts and set sustainable diversion limits (SDLs) which committed basin states to reduce diversions from our rivers.

Better use of water within the sustainable limits is the key to supplementing water availability and water security. Options include more efficient use, on-farm and in the delivery system, recycling and utilising underused surface and groundwater.

Enlarging the storage capacity of the reservoirs and weirs we manage was a recurring topic but is inconsistent with broader water policies.

WHAT WE HEARD, EXAMPLES:

“Maximise on farm efficiencies”

“Allow more on farm storage to capture freak rain events”

OUR CHALLENGES

- Securing further operational efficiency may require more investment.
- There is reduced reliability of good dam inflows with impact of climate change.
- The Murray Darling Basin Plan requires less diversion to comply with the SDLs.

OUR OPPORTUNITIES

- Saving the water available to GMW in the bulk entitlements for operating losses
- Finding new means of bringing in water from outside the region will enhance water security.

OUR CONSIDERATIONS

- How do we balance the interests of the environment with the interests of other customers?

TOPIC 6

OFFERING NEW PRODUCTS AND SERVICES

As a large rural water authority with a diverse customer base and a wide range of functions we possess expertise across disciplines including construction, electrical engineering and control of aquatic weeds, along with the equipment required to do such work. We also have capability in accounting, information technology, communications and human resources.

Making increased use of the people and equipment at our disposal generated customer feedback. There was an appetite for our skills to be shared with customers or for us to partner with other entities to achieve efficiencies. This was expressed in the context of GMW receiving a net return.

We need to consider pathways that enable us to deliver new products and increase service offerings to customers to meet their future needs and to pre-empt changing conditions in water supply, availability and delivery.

Innovation and business development can also highlight the opportunities for us and our customers for new water products and services.

Changes to our customer base means the same set of products and services may no longer be suitable in the future. Our core services need to be able to evolve and keep pace with those changing needs to ensure we are always delivering outcomes that have relevance and value for our customers.

WHAT WE HEARD, EXAMPLES:

“GMW to (pursue involvement in) wastewater recycling”

“Sell airspace of storages used for flood mitigation”

OUR CHALLENGES

- Commercial demand for potential new services and products will need to be tested.
- Exploring and developing new products and services must not distract from provision of core functions.

OUR OPPORTUNITIES

- New products and services could help customers/users to continually adapt their businesses.
- New products and services could attract new customers and broaden GMW's revenue base making GMW more sustainable.
- New products and services could offer value to customers and enable GMW to retain or grow areas of expertise critical to its business functions.
- Partnering with other water authorities may create efficiencies.

OUR CONSIDERATIONS

- GMW is a statutory authority. It will be important to focus on filling gaps in what the private sector provides and remain aligned with competition policy.



TOPIC 7

ENCOURAGING NEW TECHNOLOGIES

Our customers work in an environment where technology continues to grow, operational complexity is increasing and farming systems are becoming more integrated.

As a result, more customers are investing in new technologies. For example GPS, vehicle automation and precision farming help match crop needs with requirements. Computerised whole-farm design improves irrigation efficiency. Aerial machinery is being used to distribute seeds and other inputs with great accuracy.

The water industry as a whole is also facing a common set of challenges including population growth, ageing infrastructure and climate variability. So how much investment in new technologies and innovative practice is needed to meet these changing expectations and needs? Pursuing new technologies must link to generating value for our customers.

Government and industry are more and more willing to invest in enabling change needed to sustain and accelerate the agricultural sector and to deliver effective primary services. Alternate funding sources are a critical avenue for GMW to pursue as we go forward.

Using external funding, wherever possible, will enable us to trial new approaches with less risk to our business and without adverse impacts on customer pricing. External funding options enable us to do this in parallel with meeting our operational commitments

It is not about investing in technology and innovation for the sake of it but for the future value it will create for our customers and our business. We are focussed on receiving returns to benefit our customers.

WHAT WE HEARD, EXAMPLES:

“Invest in research and development for fit-for-purpose low-cost metering technology”

“(We need) innovative approaches to systems and services”

OUR CHALLENGES

- We must make efficient, prudent investments – early stage technologies are often risky.
- We have limited financial and human resources to devote to new technology.
- We are restricted in the use of prescribed service customers’ funds.

OUR OPPORTUNITIES

- Search harder for technology that may improve our operations. Look globally for existing solutions.
- Commercialise select products and services to generate alternative funding for new technology.

OUR CONSIDERATIONS

- What alternative funding sources can we access for these investments?
- What opportunities provide the best business case to invest in?



TOPIC 8

MAKING PRODUCTIVE USE OF WATER IN ITS LIFECYCLE

Our water travels a long way from catchment to customer. Our delivery network suffers transmission and operational losses (water lost from the point it is released to its delivery point). This may be from channel seepage and leakage, evaporation or end of system outfalls.

Reducing operational losses is important. The Connections Project is investing to upgrade and rationalise our channel network to reduce losses and improve our water delivery efficiency. In addition, a large portion of our annual maintenance budget is spent on works to enhance our delivery efficiency.

Our customers and stakeholders also urged proactive measures, such as more hydro-electricity generation, more incentives for on-farm efficiencies and the integration of groundwater with channel supplies to make the most of our water. Stakeholders emphasised, however, that we must carefully weigh any benefit of further investment in more efficient systems against increasing costs to customers.

WHAT WE HEARD, EXAMPLES:

“Meter stock and domestic bores”

“Optimise channel control systems”

OUR CHALLENGES

- The availability and viability of new technology.
- Resistance to stock and domestic metering from users.

OUR OPPORTUNITIES

- We are well placed to build the profile of water and the importance of water efficiency.
- We can use the learnings from the Connections Project to understand the most cost effective ways of reducing water loss.
- We can find non-consumptive ways to generate value from water as it moves through our systems.

OUR CONSIDERATIONS

- How do we increase productive water use and retain equity between districts and delivery systems?
- How do we manage the ownership of water savings within market rules?



TOPIC 9

ADAPTIVE AND RESPONSIVE INFRASTRUCTURE

Water availability has always had a high year to year variability in our region. Climate change could increase this variability and with this increase, more volatility in prices.

Some stakeholders say our irrigation infrastructure and operating systems need to be more flexible in the future, or able to be tailored to varying water availability. This not only applies to our assets, but to our ability in scaling up or scaling down the services we provide from year to year.

The impact of the Connections Project in delivering flexibility to farmers is immense. Farms on fully modernised systems benefit from ease of initiating and managing irrigation, reliable, fast service delivery and fit-for-purpose infrastructure. This allows customers to innovate and employ smarter on-farm irrigation technology.

However, delivery of new infrastructure to the Goulburn Murray Irrigation District (GMID) is not an end point. Our stakeholders say a mix of outcomes is needed, including removing inefficient infrastructure, to create a “right-sized” and “right capacity” irrigation network able to match seasonal demand.

WHAT WE HEARD, EXAMPLES:

“Excess infrastructure relative to current and forecast delivery remains a primary regional concern”

“Footprint should be sized to reflect current and forecast need”

“Smarter, integrated system operation will enable localised management and greater efficiency”

OUR CHALLENGES

- The Connections Project continues to address engagement and cost challenges associated with rationalising infrastructure.
- Recovering the costs of operating the network as water deliveries and delivery shares reduce.

OUR OPPORTUNITIES

- New technology will help tailor assets and services to the changing requirements of individual areas.
- We can build scalability into the asset base to allow the delivery network to match seasonal demand.
- Operational flexibility in our delivery volumes from year to year makes our future more sustainable.

OUR CONSIDERATIONS

- Do we focus mainly on the Goulburn Murray Irrigation District (GMID)?
- How can we best incorporate the expected impact of climate change on allocation reliability?
- What is, or what should be, the “right” size and “right” capacity for our asset footprint?

INDUSTRY AND CUSTOMERS



TOPIC 1

SUPPORTING AND PROMOTING REGIONAL INVESTMENT

Water is the lifeblood of our irrigation-reliant region and GMW contributes to managing this resource.

This makes us a major player in the Northern Victorian economy. We are at the start of a supply chain feeding primary production and bringing food processing companies to the region, along with thousands of jobs. We are also a large business in our own right, which in turn employs contractors and workers including those involved in the Connections Project.

Our stakeholders agree we can be influential in promoting, facilitating and participating in regional investment. However we are a statutory authority and so involvement would need to be mindful of this.

Some participants thought regional investment was best left to others to promote, like local councils. Their view was that we exist to manage water for our customers and we should concentrate on doing this well.

WHAT WE HEARD, EXAMPLES:

“Be set up to be able to encourage new development”

“Continue to work with new and emerging industries”

“Have better interaction with councils to encourage investment in the district”

“GMW having the most competitive delivery system attracts investment”

“Form public-private partnerships with ‘like’ industries”

OUR CHALLENGES

- Our role is not to lead regional development.
- We cannot favour one industry or one industry participant over another.
- We must be able to demonstrate that the cost of promoting our region leaves customers better off.

OUR OPPORTUNITIES

- We can work closely with regional development authorities, various development forums, and councils to support shared objectives.
- Target investment growth in areas that would benefit our asset operations and existing customers.
- Support marketing the opportunities in our region more effectively.

OUR CONSIDERATIONS

- How should we define and approach our role in attracting regional investment?
- How do we ensure that we remain impartial and not be seen to favour one industry over another?
- Which existing groups or forums should we actively participate in?



TOPIC 2

UNDERSTANDING IMPACTS OF INDUSTRY TRENDS ON CUSTOMERS

The United Nations expects the world population to increase almost 50 per cent by 2050. Rising standards of living and increased consumption mean that global demand for food and fibre can be expected to increase by at least the same amount.

Urbanisation and the impact of climate change means there will be increased demand for agricultural land and water. We will need to do more with less by using ingenuity to lift productivity.

Along with the big picture trend towards increased science and technology are industry trends influenced by seasonal, political and economic factors. We can see some of these trends coming, while other trends have no predictability – we can estimate water allocations from one season to the next based on climate trends and historical data but few of our customers in the dairy industry, for example, expected last year's shock fall in farm-gate milk prices.

Our stakeholders expressed the view that we must monitor and consider the impact of industry trends in our planning. Our stakeholders also saw added value in us sharing meaningful information on industry trends – spreading the knowledge we already have at our disposal for the region's benefit thereby building a genuine sense of partnership between us and our customers.

WHAT WE HEARD, EXAMPLES:

“GMW should consider business trends both locally and globally when developing a future strategy”

“Consider employment projections and community impacts from industries within our region”

“Liaise with councils on development applications to gain an understanding of emerging industries”

OUR CHALLENGES

- Developing the structure to better disseminate information.
- There will be limits to our ability to know about potential industries or trends.

OUR OPPORTUNITIES

- We can better inform our customers about our knowledge of the region.
- Use our regional status and neutrality to promote discussions.
- Actively use industry trends to best use our assets and best serve our customers.

OUR CONSIDERATIONS

- What is the appropriate level of industry knowledge for us to develop in-house in order to effectively monitor trends?
- How do we best engage with industry leaders to understand trends and impacts?
- Can we incorporate the release of relevant public research into our media strategy?



TOPIC 3

ADAPTING TO MEET CUSTOMER NEEDS

Change is not new to our customers. Globalisation has brought economic uncertainties over which farmers have little or no control, like the value of the Australian dollar and fluctuating produce prices. Costs have risen and areas like quality control compliance have made farming a complicated business.

Added to this is the re-balancing of environmental and consumptive water use in the Murray-Darling Basin. Whether customers accept climate change or remain sceptical, recent history has shown we must prepare for extreme weather events.

If we are to partner with our irrigation customers in particular, our workshop participants told us we need to show similar flexibility and adaptability. We have made some progress with channel automation, online services, improving customer relationships and reforming tariffs.

That said, there remains a perception that our business has not kept pace with the changes experienced by most of our customers.

While age and succession issues remain real concerns for customers, we can expect them to continue to adapt, cut costs and show innovation. We must find ways to match their performance.

WHAT WE HEARD, EXAMPLES:

“Dairy farmers are switching to other enterprises as they can’t see any future in dairy”

“Irrigators need water on the spot for their farming”

“We’re seeing multiple farms being purchased – less customers with bigger properties”

“Confidence in hydroponics is growing – we can go grow year-round with year-round income”

OUR CHALLENGES

- We must ensure we maintain delivery of our fundamental service commitments.
- Many of our existing infrastructure assets are long-term, fixed-cost commitments.
- We must find cost-efficient methods of providing choice and flexibility to our customers.

OUR OPPORTUNITIES

- Recognise that the needs of our customers are changing and becoming more diverse.
- Be more flexible: a “one size fits all” approach won’t suffice.
- Align our cost structure and planning to a more dynamic future.

OUR CONSIDERATIONS

- How do we best consult with customers to understand how our assets and services need to change?
- Can we re-shape our cost structure with respect to our mix of fixed and variable charges?
- What are the variable aspects of our services?

TOPIC 4

PROVIDING RECREATIONAL WATER USE

Our major water storages were purpose-built to capture water for irrigation and urban water supply. They now also provide storage for environmental entitlements.

Our water storages also have an important role in providing recreation for visitors. Lake Eildon is the most popular inland waterway in Victoria for boating, followed closely by Lake Eppalock.

As manager of these storages, we provide benefits to the community through public access for activities ranging from boating and fishing to duck hunting and more. We lease foreshore land for caravan parks, recreational clubs, jetties and stock grazing. Additionally we provide toilets, picnic areas and boat ramps at our most popular storages.

Our stakeholders, both internal and external, want us to provide recreational services and to do this in a way that complements the other uses and management of the storages. They want cost sharing that reflects the social benefits received from storages and believe there may be opportunity to expand GMW's revenue by expanding the range of recreational services that we provide.

WHAT WE HEARD, EXAMPLES:

“Recreational users will have issues if inflows and storage levels are lower for longer in the future”

“All storages used by the public to be paid for, including boat ramps and rubbish removal”

OUR CHALLENGES

- Providing a safe enjoyable environment for outdoor activities while maintaining a commercial business.
- Our customers expect us to manage our recreational assets in a commercial manner.
- Most recreational activity occurs in areas where water quality is a prime consideration

OUR OPPORTUNITIES

- Continue recent improvements in how we work with users at our recreational sites.
- Actively pursue alternate funding sources for investment in recreation.
- We can help new commercial operators to invest in recreation, or for existing operators to grow.
- Incorporate the needs of recreational water users in our asset management decision-making.

OUR CONSIDERATIONS

- Can we employ ways for those who benefit from these services to meet the costs?



TOPIC 5

PROVIDING GENUINE, PURPOSEFUL ENGAGEMENT

The operating revenue our customers provide is regulated by the ESC on behalf of the ACCC. This independent regulator requires us to consult on the fees and charges we levy.

Both internal and external stakeholders advised that we need to do more than meet minimum obligations. There was agreement that our engagement with customers on most matters could be improved in both quantity and quality.

In terms of a tailored approach, this means adopting the most effective means of engaging with our diverse customer base. The method we use to raise an issue with a hydro power corporation headquartered in Melbourne, for example, must be quite different to how we will engage with a dairy farmer in Rochester.

In terms of quality, our customers want meaningful consultation. This means ensuring any customer affected by a decision has a right to be heard in the decision-making process. There was also agreement we need to engage early and often on the “big” issues and not be risk averse in raising unpopular issues.

Customers acknowledge that we cannot satisfy everyone, all of the time, but can do better.

WHAT WE HEARD, EXAMPLES:

“You’ve tended to make decisions then tell us about it”

“(You need) more transparent discussion around policy-making with customers”

“Open conversations and engagement”

“I’m glad to finally see you asking us what we think before decisions are made”

OUR CHALLENGES

- We must retain the final decision-making authority regarding the operation of our business.
- Some information is confidential or commercially sensitive and cannot be made public.
- We have a diverse customer population with diverse views.

OUR OPPORTUNITIES

- We can provide clarity about our engagement: are we informing, consulting or collaborating?
- We have the ability to involve our customers in targeted discussions on specific issues.
- We can close the loop on consultations – explain why decisions were made and why some views weren’t adopted.

OUR CONSIDERATIONS

- Improve our culture of inclusive decision-making and problem-solving.
- Should we formally embed engagement planning into our approval process for projects?
- Should we formally adopt the International Association for Public Participation (IAP2) model, or similar, in our business?

TOPIC 6

GIVING CUSTOMERS OPTIONS ON ENGAGEMENT

Our Water Services Committees (WSC) have traditionally been identified as being at the heart of how we engage with our customers. Their aim at inception in 1994 was to allow customer oversight of our operations and a means to ensure those affected by our decisions had input into our decision-making.

Our stakeholders told us this committee structure, as a means of communication, needs to be placed in a modern perspective. Our WSCs were created to encourage transparency and true engagement with irrigators and domestic and stock customers and their membership still largely reflects this.

Today as our customer base continues to evolve, our circa 100 WSC members only partially represent the current diversity of our customer base and may not represent the preferred option of engagement.

Environmental Water Holders emerged as our biggest customers after 2007 and our methods of engagement with them is outside the committee structure. We also engage in high-level, business-as-usual communication with our hydro customers and our 12 rural and urban water supply customers.

We mail out accounts and newsletters. Technology has provided many new options of engagement – are we making the best use of our website, WaterLINE, social media and SMS alerts?

WHAT WE HEARD, EXAMPLES:

“Customers generally prefer to engage in person”

“Customer Relations Consultants need to be advertised, along with the ability to visit area offices”

“A decent electronic portal is needed for customers to connect with GMW to get something fixed or some information”

OUR CHALLENGES

- We can't offer everything to everyone; our engagement model must be practical and cost-effective.
- Customers often have conflicting views and we need to make choices based on what's best for our region as a whole.
- There will always be “unheard” voices; not all customers will offer an opinion.

OUR OPPORTUNITIES

- We have identified our “like” customer segments – now we can ask how they wish to be engaged and we are getting on with that work.
- We have the technology to offer multiple channels and means of engagement.
- Our engagement model needs to be representative of all our customer segments.

OUR CONSIDERATIONS

- Can we review our current engagement model and identify areas for improvement?
- How do we ensure our engagement is open, fair, collaborative and representative of our customer base?

GMW BUSINESS

TOPIC 1

BEING A TRUSTED PARTNER

GMW performs a range of functions, either directly or under a delegation or appointment, pursuant to the Water Act 1989 (Vic). How we undertake these functions is informed in various ways, including our Statement of Obligations, relevant government policies and the feedback we receive from customers and other stakeholders.

Our customers and other stakeholders want us to place a high priority on their preferences. A consistent topic from our strategic planning consultation was the need for us to build and effectively use our position as a trusted partner with our customers, communities and industries of our region.

This feedback, strong among external stakeholders, was for us to expand our role in supporting regional development. Suggestions included participating in economic development forums and other industry groups. We were also asked to consider ways we could support new and emerging industries.

Our stakeholders expressed a clear view, though, that GMW's role should not be to lead regional development. Our role is about working with other bodies which have that accountability.

WHAT WE HEARD, EXAMPLES:

“GMW should have a major role in supporting local industries”

“Partner with other rural water corporations”

“Consider what support can be provided for emerging and new industries across the region”

“GMW should partner with each industry in an attempt to drive down rates and charges”

OUR CHALLENGES

- We can contribute to regional development initiatives but cannot control the outcome.
- With the rapid changes occurring in domestic and world markets we should focus on creating broad opportunities rather than favouring any one industry or location in our region.

OUR OPPORTUNITIES

- We can continue to drive a culture of partnering with our customers and improve our engagement.
- We can proactively contribute to strategic partnerships where we can add value.
- We are well placed to communicate with stakeholders across the region.

OUR CONSIDERATIONS

- What level of participation in working groups, forums, committees and initiatives creates most value?
- Can we help build a better partnership strategy for our region?
- Can we improve the processes and systems we use to engage?



TOPIC 2

EFFICIENTLY DELIVERING SERVICES OF VALUE

An enduring topic across all stakeholder groups was the need for our core services to be provided reliably, efficiently and at a minimum cost to the customer. For our water delivery customers, be they domestic and stock, irrigators, environmental water holders or urban water corporations, this means access to their water entitlement when and where they need it at the desired flow rate and with as few interruptions as possible.

We also have many customers with other needs, be they recreation users, graziers leasing our land, fish farmers or hydro companies. Some core service customers describe these as distractions to GMW – activities best delivered by other agencies or contractors. Others argue we are well positioned to value-add to the core services we provide, creating improved outcomes for all.

Debate over GMW's roles and responsibilities was a re-occurring topic however all stakeholders agree that our first focus must be on getting the basics right.

WHAT WE HEARD, EXAMPLES:

“Provide cost-effective delivery. Try to keep prices down”

“Put money back into assets and concentrate on delivery”

OUR CHALLENGES

- We need to operate within the scope and services of our current price submission (Water Plan 4).
- We must balance cost reduction with maintaining service levels, compliance and safety standards.
- Our future prices will mostly be related to longer-term, fixed asset investments with limited flexibility.
- We must ensure our long-term financial sustainability.

OUR OPPORTUNITIES

- We must continually look for ways to reduce our operational expenditure.
- We must fully recognise the costs and impacts of taking on additional services or value-adding.

OUR CONSIDERATIONS

- Our progress and strategy to deliver operational cost efficiency.
- Changes to services, and related costs, must be developed in consultation with customers to ensure trade-offs are well-informed and supported.

TOPIC 3

OFFERING FLEXIBLE SERVICE LEVELS

GMW may be the only thing a timber plantation company in Victoria’s high country, a superannuation funds manager in Melbourne and a dairy farmer in Rochester have in common; our stakeholders largely recognise that we have a diverse customer base whose needs vary significantly.

They also appreciate that the better we know and understand our customers, the better we can tailor our services to meet those needs – at the right time, in the right way and at the right price.

To aid our understanding, we recently grouped our customers according to the GMW service type that they paid the largest amount for in 2015-16. Using this basis, each of our more than 21,000 active customers were placed into one of 11 groups made up of customers sharing common characteristics, needs and behaviours.

We shared our results with stakeholders in our workshops. This sparked debate on how we balance the cost of being all things to all customers compared to having a more simplified service offering and fee structure. Out of this emerged recognition that our geographical and service diversity means a “one size fits all” approach is not optimal for anyone.

WHAT WE HEARD, EXAMPLES:

“Have tiered classes of services for customers. Pay more or less depending on the service”

“Water services need to be affordable and flexible”

“Customer service is imperative to the longevity of our business and its reputation”

“Is there potential to reduce service levels against each service?”

OUR CHALLENGES

- Any significant changes to service offerings would need to take place over the medium to long term and be informed by significant consultation and support.
- There is a high degree of complexity in accurately tailoring service delivery to individual need; may require investment in data, administrative and other systems.

OUR OPPORTUNITIES

- Our next pricing submission (2020) presents an opportunity to consult with customers about changing our service offerings.
- We need to understand the variable aspects of service.
- Assess the feasibility of a tiered service offering, including pricing considerations.

OUR CONSIDERATIONS

- Continuing to develop our understanding of customer segments will allow us to better understand customer needs.
- It is timely to review our existing service offering in preparation for our 2020 pricing submission.



TOPIC 4

UNDERSTANDING THE BENEFITS OF NON-PRESCRIBED SERVICES

GMW operates a number of water storages in its region. Their primary purpose is to store water entitlements for rural, urban and environmental users.

The storages also create opportunities for a range of complementary activities including passive and active water and land based recreation, power generation, grazing, and forestry for carbon sequestration and timber production.

With a growing population and the increased awareness of the social, cultural and health benefits of recreation, the Victorian Government is keen to promote and enhance opportunities for water based recreation. GMW's storages and the waterways we manage are well-suited.

GMW is keen to explore expansion of recreation services as well as other complementary activities at its storages. This will help maximise the benefits from them to the people of Victoria. GMW believes that there is scope to expand the revenue earned from recreation and other complementary activities at storages, both to enable expansion of range and quality of services available but also to assist to meet some of the costs of the storages that make these complementary activities possible.

Our stakeholders generally told us they are happy for us to provide and facilitate complementary activities at storages where there are clear benefits – like a profit, a public amenity or a positive impact on our reputation.

WHAT WE HEARD, EXAMPLES:

“Keep (non-prescribed services) cost-neutral. They are important to others but marginal to us”

“Divest unprofitable non-prescribed services”

“Co-ordinate with other rural authorities for management of non-prescribed services”

OUR CHALLENGES

- Reputational risk.
- Securing funds to provide some complementary activities, such as recreation facilities and waterway management functions.

OUR OPPORTUNITIES

- We can improve delivery of non-prescribed services to enhance the community's access to waterways and storages for recreational use.
- We can seek to grow complementary activities that provide a positive contribution to the business and seek to eliminate those that do not.

OUR CONSIDERATIONS

- Can we set clear benchmarks for complementary activities, for example the financial, reputational and operational factors that justify participation?
- Can we consult on options to increase revenue, including adopting user pays at recreation facilities?

TOPIC 5

DRIVING CUSTOMER-CENTRED AND RESULTS-DRIVEN BEHAVIOURS

Stakeholders told us we need to place greater emphasis on commercially-driven, customer-centred decision-making in all that we do. We must place the customer first in how we go about delivering services.

There are challenges to deliver on this. For example, we act as both the partner and the policeman in our capacity as a statutory water authority. We capture, store and deliver water for our customers however we are also responsible for issuing licences, enforcing regulations and ensuring compliance.

In addition, our customer base is diverse and has conflicting needs – like balancing the demands of irrigators and environmental water holders. We cannot choose sides or be seen to show favour.

However the need for us to apply commercial rigour across our operations, and be accountable to all our customers by acting in accordance with their needs, featured in many strategic planning discussions.

WHAT WE HEARD, EXAMPLES:

“Look at GMW as a private company not government. Remove red tape, reduce sign-offs”

“GMW needs clarity of purpose – we have conflict in our roles”

“(Our services) should be of benefit to the paying customer”

OUR CHALLENGES

- Cultural change in a large organisation takes time and commitment.
- Achieving commercial outcomes while meeting the expectation of a diverse range of stakeholders.

OUR OPPORTUNITIES

- Place customer needs and outcomes at the centre of all business decisions.
- Achieving results increases our customer and employee satisfaction.

OUR CONSIDERATIONS

- Can we effectively link the way we measure our business performance to customer outcomes?
- Do we investigate the drivers behind our existing practices and determine where we need to change?



TOPIC 6

EVOLVING TO MATCH OUR ENVIRONMENT

Less than five years after GMW was established in 1994, patchy rainfall, an El Nino weather pattern and climate change combined to create the worst drought since European settlement.

The millennium drought went beyond the design capabilities of our water supply systems, placing great stress on the environment and water users. This especially affected irrigators, who were used to high allocations in the wet second half of the 20th century

The drought led to policy reform aimed at building adaptability and resilience to weather variability and climate change, and to restoring a balance between consumptive and environmental uses of water. Outcomes included major infrastructure investments to increase water use efficiency, with some of the savings returned to the environment. There was also a program of entitlement purchase by the Commonwealth. Environmental water holders are now one of GMW's biggest customers.

Consumptive users turned to the water market to help them adapt and governments and water corporations responded by introducing new water products and revising trading rules to create greater choice, flexibility and confidence in the market. In the same period many of our customers experienced de-regulation in their industry, reduction of tariffs, negotiation of free trade agreements, competition from new water users, and the vagaries of global commodity prices.

Our operating environment is far different today than it was at our establishment. Yet in fundamental ways the challenges and opportunities for GMW and our region remain the same - to provide affordable services to meet customers' needs and to maximise value from scarce water resources.

WHAT WE HEARD, EXAMPLES:

“Are there GMW services that could be outsourced?”

“Review staff numbers in lieu of new technologies and necessary spread of office locations”

“Transfer responsibility of structure licensing on storages to municipalities”

OUR CHALLENGES

- We need to balance any cost savings with the risk of relying on external providers to deliver services.
- We need to act within our human resource and industrial relations policies and applicable legislation.
- We need to ensure any change does not disrupt the delivery of services.

OUR OPPORTUNITIES

- Technology has and will provide opportunities to reduce cost and improve services.
- We can explore opportunities to work with other entities to generate synergies and cost savings, e.g. sharing expert resources, shared procurement, common ICT (information and communication technology) systems, etc.

OUR CONSIDERATIONS

- What alliances and partnerships can we form to strengthen the business?
- What can we outsource to reduce costs?



TOPIC 7

ADOPTING THE RIGHT TOOLS, CAPABILITIES AND PROCESSES

GMW has significantly improved our services and how we provide them since we were first established in 1994.

Substantial changes include; modernised infrastructure (Woorinen, Normanville, Tungamah, East Loddon, much of the GMID); on-line water ordering with 24/7 staffing support; standard water order notice reduced for most customers from 4 days to 2 days or less with flexibility to order up to 10 days in advance; on-line allocation trade with instantaneous approval compared to previous 5 day manual process; customer relationship consultants providing personalised at property assistance; call centre with single-point issue resolution; on-line customer portal enabling account query and payment, change of address and contact information, and other e-services.

Despite these significant improvements we are aware that we have further opportunities to improve our technology and processes. We are conscious that we must be selective to ensure any changes meet customers' needs and provide value for money. We are committed to improving our customer engagement processes to ensure this feedback occurs. We are also committed to a culture that drives cost efficiency.

WHAT WE HEARD, EXAMPLES:

“We need to understand our technology and systems to ensure we make the most of what we’ve got”

“Invest in staff capability”

“Automate our processes”

“Use technology to reduce paperwork in field services – use tablets and all-digital (solutions)”

OUR CHALLENGES

- We have financial constraints, particularly around capital intensive information, communication and technology investments.
- We have challenges in attracting and retaining staff with specialist skill sets in a regional area.

OUR OPPORTUNITIES

- We can make targeted investment in new, fit-for-purpose technology.
- We can improve the capabilities of our staff through effective training and succession planning.

OUR CONSIDERATIONS

- What engagement processes do we need to ensure we understand and respond to customer needs?
- What capabilities and resources do we need to deliver the right outcomes for customers?
- How can we ensure ideas for improvement are appropriately raised and addressed in our business?