

Non-prescribed assets and services

Key takeaways

- Goulburn-Murray Water (GMW) offers a mixture of prescribed and non-prescribed services
- In 2015/16, non-prescribed services accounted for \$29.6 million in revenue and \$30.1 million in expenses

Context

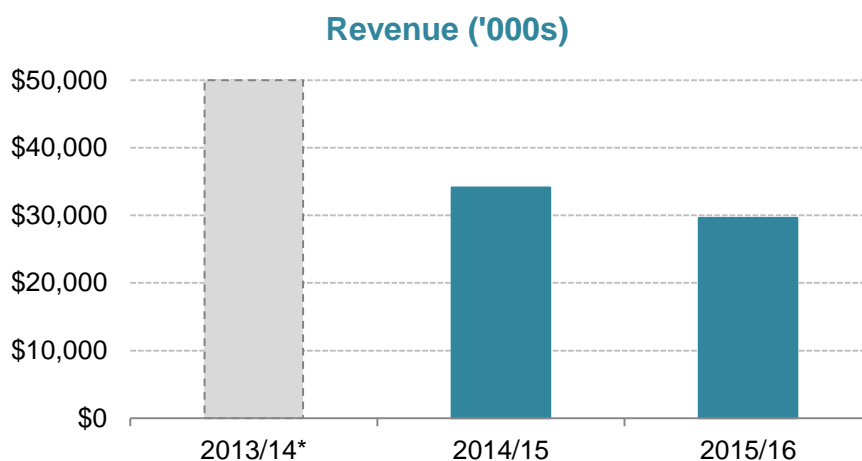
GMW provides a mixture of prescribed and non-prescribed services to its customers. Non-prescribed services are generally either carried out according to a ministerial directive or are commercial services that we provide in the hope of generating additional revenue.

GMW offers a number of non-prescribed services, including:

- Contract services e.g. Murray Darling Basin Authority works
- Houseboats – licensing and management of houseboat customers and provision of sewerage management services
- Land Leasing – allowing exclusive access to GMW's land for various purposes (e.g. caravan parks)
- Foreshores and site licensing, maintenance and cleaning
- Waterway safety
- Events management and applications

GMW's non prescribed services are delivered by the same assets as our prescribed services. While some direct costs are incurred, capital investment is relatively low.

Facts and figures



Takeaways

- Non-prescribed revenue declined from 2014/15 to 2015/16, in line with decline in costs (see below)
- The majority of non-prescribed revenue is generated through contract services

* Data not available



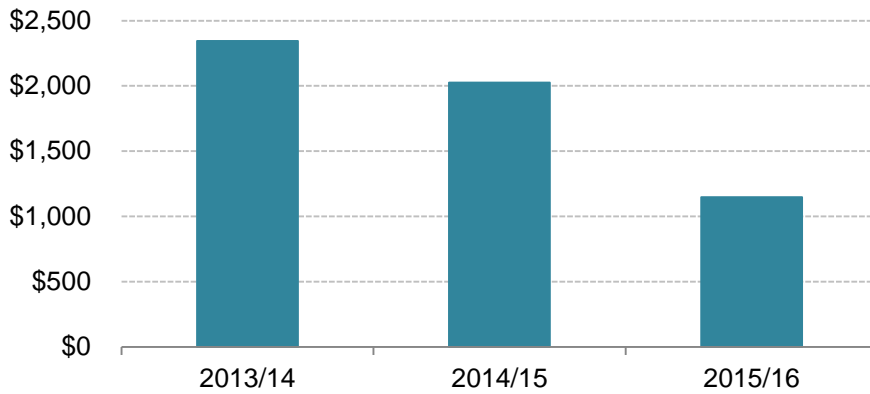
OUR FUTURE

OUR STRATEGIC PLAN

Briefing Paper

Source: GMW regulatory reporting, GMW internal reporting

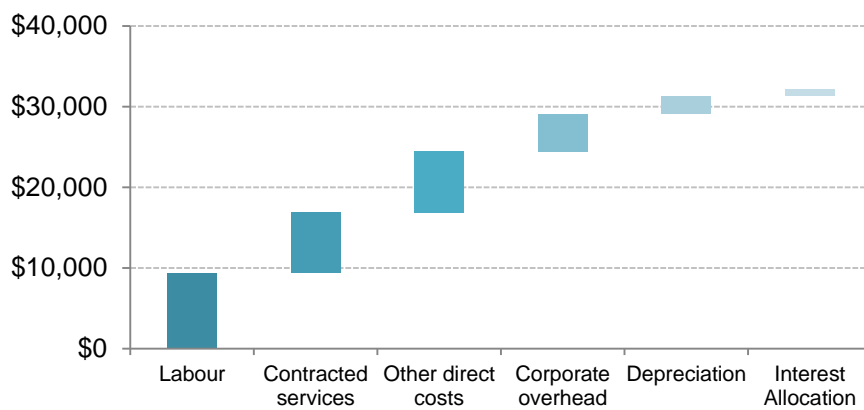
Capital expenditure ('000s)



Takeaways

- CAPEX on non-prescribed services has halved over the past three years
- As a result, non-prescribed share of CAPEX has declined from 17.8 per cent to 2.8 per cent

Expenditure breakdown ('000s)



Takeaways

- Direct costs associated with non prescribed services are around \$25 million per year
- In 2015/16, non prescribed services made a gross margin of over \$5 million and EBITDA profit of over \$500,000

How we're already responding

While GMW has made a concerted effort to reduce the level of expenditure on non-prescribed services, the business is reviewing its approach to pricing of non-prescribed services.