

Prescribed assets and services

Key takeaways

- Prescribed services refer to services GMW delivers as a part of its obligations under the *Water Act 1989 (Vic)*
- In 2015/16, prescribed services accounted for \$129 million in revenue, \$108 million in operating expenditure and \$40 million in capital expenditure

Context

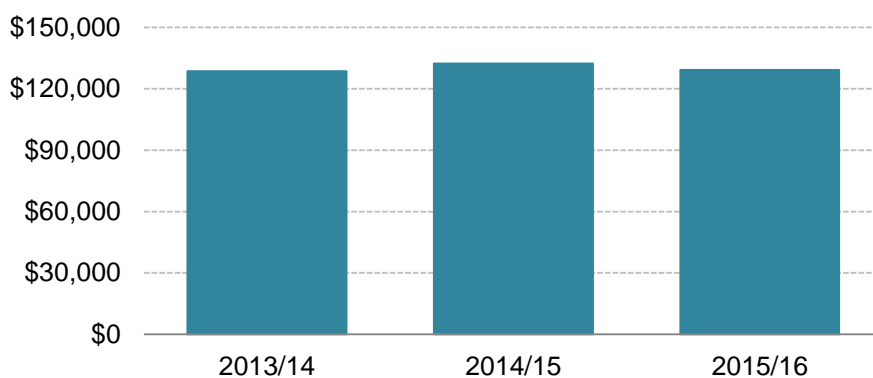
GMW provides a mixture of prescribed and non-prescribed services to its customers. Prescribed services are specified in the *Water Industry Regulatory Order 2014 (Vic)*. Prices and service standards for prescribed services are regulated by the Essential Services Commission.

GMW's prescribed services include:

- Storage – operating and maintaining reservoirs, weirs and dams
- Delivery – managing the supply and delivery of water to customers (including gravity irrigation districts, water districts, domestic and stock supply and environmental watering)
- Irrigation drainage – removal and disposal of run off from irrigation
- Flood protection – flood protection services (e.g. Loch Garry Flood Protection District)
- Diversions – licensing and management of water diversions from surface waterways and aquifers
- Resource management – seasonal determinations for all regulated river systems in Northern Victoria, ensuring minimum passing flows in river systems, management of unregulated surface and ground water.

Facts and figures

Revenue ('000s)

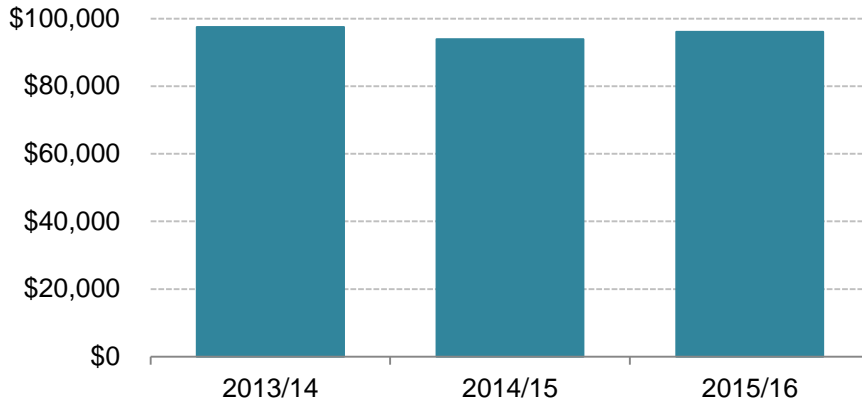


Source: GMW regulatory reporting, GMW internal reporting

Takeaways

- Prescribed revenue across the past 3 years stable, despite variations in deliveries
- Current pricing model for prescribed services leaves little room for revenue growth, even with significant shifts in delivery volumes

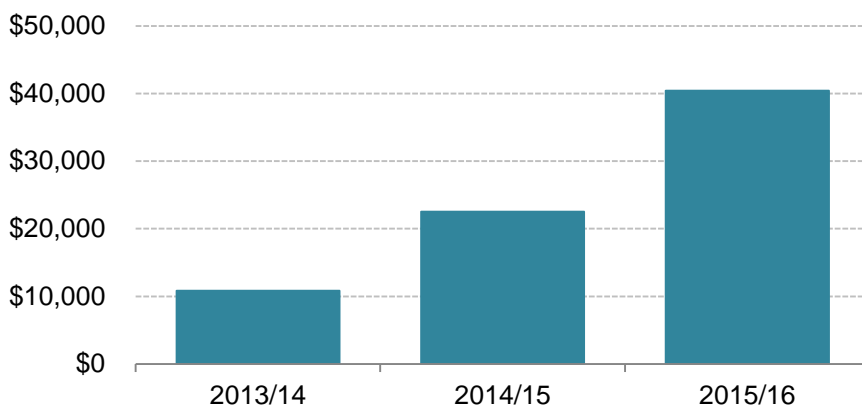
Operating expenditure ('000s)



Takeaways

- Operating expenditure was lower than forecast in Water Plan 3
- Cost reductions driven by an increased focus on efficiency and labour vacancies

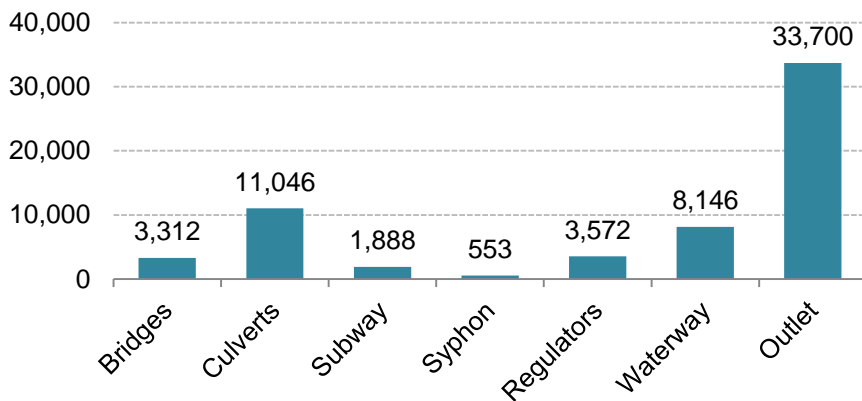
Capital expenditure ('000s)



Takeaways

- CAPEX on prescribed services has almost quadrupled over the past three years
- Figures are significantly impacted by modernisation and the Connections Project
- In 2015/16, much of the increase was financed through \$13 million in operating expenditure savings

Delivery assets



Channels, pipelines and drains

10,400km

Storages and weirs

24

How we're already responding

GMW is reviewing its approach to prescribed services. Recent changes include:

- Refined our service standards in Water Plan 4 and introduced first point of contact resolution targets
- Redesigned our Customer Charter to make it more customer friendly and understandable
- Improved our complaint handling processes to enable greater options for making a complaint
- Provide greater payment options including increasing our discount for early payment