



Growers' Conference 2022

A sustainable future together



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LMW Performance, Priorities and Focus





VMFRP

Urban water delivery

SMP2 delivery

Whole of life infrastructure management

People and staffing

Water Plan 5

Compliance

Rural service delivery

Environmental events

Unauthorised take

Stakeholder relationships

Water Efficiency Project

COVID-19

Customer engagement

CO2 commitment

Urban sewerage services



LOWER MURRAY
WATER

LMW's PS4 Performance

During the current regulatory period (2018-2023), district prices in real terms (including PPM, COD & CPI adjustments) have moved as follows for a reference customer:

District	2018-19	2019-20	2020-21	2021-22	2022-23	\$ Change over PS4	% Change over PS4	Average Annual Change
Mildura (100ML)	\$14,139	\$14,384	\$14,785	\$14,709	\$15,455	\$1,316	9.3%	2.3%
Mildura HP (100ML)	\$20,056	\$20,809	\$21,797	\$22,596	\$23,742	\$3,685	18.4%	4.6%
Merbein (100ML)	\$11,425	\$11,617	\$11,905	\$11,214	\$11,729	\$303	2.7%	0.7%
Red Cliffs (100ML)	\$12,193	\$12,467	\$12,845	\$11,836	\$12,438	\$245	2.0%	0.5%
Robinvale (100ML)	\$21,632	\$21,767	\$22,061	\$22,159	\$23,100	\$1,468	6.8%	1.7%
Private Diverters (1,000ML)	\$11,652	\$11,803	\$12,093	\$12,403	\$12,953	\$1,300	11.2%	2.8%

The average CPI for PS4 was 2.33%

Water Plan 5

LMW has engaged with rural customers at multiple points over the past 6 months to discuss PS5 and customer priorities.

During the most recent round of engagement, LMW presented and tested the key proposed projects for inclusion in WP5. LMW also tested the proposed customer outcomes.



Trust in LMW

Customers were satisfied that LMW can make decisions on priorities and investment options.



Minimise costs

Minimising cost impacts should be a priority. Any non-essential investments should be sacrificed for the sake of lowering customer bills noting that under-investing may cause greater costs into the future.

Agreed Customer Outcomes

Services provide customers value for money

Key performance indicators include:

- Customer satisfaction survey responses
- Maintain or reduce 'operating cost per megalitre' of water delivered
- Delivery of top 10 capital projects on time and budget

Service our communities in a socially responsible and environmentally sustainable manner

Key performance indicators include:

- Achieving LMW's Strategic Plan
- Customer satisfaction survey responses
- Percentage of energy from renewable sources
- Percentage compliance with EPA General Environmental Duty

Provide customers with water when they need it

Key performance indicators include:

- Delivery of water orders on time
- Maintaining or improving system reliability
- Reporting to customer committees

Customer service channels that are responsive to resolve requests/enquiries within the agreed KPI's

Key performance indicators include:

- Resolving customer requests/enquiries within the defined response time
- Resolving customer requests/enquiries 'first time right'
- Number of customers registered for self-service portal
- Customer satisfaction survey responses

Rural Revenue Requirements

The net revenue requirement for the rural business:

- Over PS4 regulatory period: \$143.82m
- **Over PS5 regulatory period: \$144.07m**

The total revenue requirement from PS4 to PS5 is an increase of \$250,000 (0.17%).

Operating expenditure (Opex) has decreased by **\$3.7m** (3.35%) from PS4 to PS5, demonstrating a decrease in rural customer contributions to operational expenditure.

Building Block Element - Total Rural Districts	PS4 (Current)	PS5 (2023-2028)
Tax allowance	\$0.00 m	\$0.00 m
Return on Equity New Assets	\$4.03 m	\$3.17 m
Depreciation on New Assets	\$4.26 m	\$4.57 m
Return on Equity Existing Assets	\$15.34 m	\$14.72 m
Depreciation on Existing Assets	\$9.76 m	\$14.93 m
Operating Expenditure and Compliance Costs	\$110.43 m	\$106.73 m
TOTAL RURAL REVENUE REQUIREMENT OVER 5 YEARS	\$143.82 m	\$144.07 m

Indicative Price Path

The PS5 indicative price path for our rural districts model shows that the average price path movement change across all rural districts is **-1.87% plus CPI**.

Rural District	PS4 2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Average % Change from PS4
Mildura (100ML)	\$15,456	\$15,413	\$15,385	\$15,373	\$15,377	\$15,353	-0.13%
Mildura HP (100ML)	\$23,743	\$22,473	\$21,308	\$20,241	\$19,260	\$18,316	-5.06%
Merbein (100ML)	\$11,730	\$11,977	\$12,259	\$12,578	\$12,936	\$13,295	2.54%
Red Cliffs (100ML)	\$12,438	\$12,452	\$12,497	\$12,573	\$12,682	\$12,781	0.55%
Robinvale (100ML)	\$23,101	\$22,625	\$21,618	\$20,676	\$19,794	\$18,969	-3.86%
Private Diverters (1,000ML)	\$12,953	\$13,243	\$13,520	\$13,803	\$14,081	\$13,939	1.49%
Total Costs per ML	\$878	\$863	\$844	\$828	\$815	\$801	

Water Plan 5 - where to next

- Customer consultation (now complete)
- Indicative price path submitted to Minister for Water
- Final submission to ESC by 30 September 2022
- ESC draft decision by 30 March 2023
- ESC final determination by mid-June 2023
- Water Plan 5 commences 1 July 2023

Proposed Capital Expenditure

- Meter replacements
- Irrigation main renewals
- Drainage replacement and air scouring
- Infrastructure
- Minor capital replacements or new assets
- Decommissioning of selected redundant channels and assets
- Business Transformation Horizon 2 (enhanced customer experience, including portal)
- Bermad valve replacement and sluice valve bypass installation (Robinvale)
- Sludge management (Millewa)



Water Efficiency Project

- \$37.9 million project, funded by Federal Government
- Improving approximately 27 km of channel
- Replacing or decommissioning 700 meters (Dethridge wheels and D&S meters)
- Across Merbein, Mildura and Red Cliffs districts

- Up to 2.5 GL of water savings
- 110 local jobs
- Subject to agreement with Australian Government, negotiations are currently underway

Customer committees - SAC and CSACs





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