



LOWER MURRAY  
WATER

# Lower Murray Water Abridged Corporate Plan 2020-21



# 1 Acknowledgement of Country

Lower Murray Water acknowledges the Traditional Owners of the land on which we work and reside. We recognise their continuing connection to land, waterways and community. We pay our respects to Elders past, present and future.

The Traditional Owner groups within Lower Murray Water's service region lie within the traditional lands of First Nations Peoples, from upstream at Koondrook moving downstream along the Murray River (Mil) through to the western edge of our region at the South Australian border.

They are the Barapa Barapa Peoples, Wamba Wemba Peoples, Wadi Wadi Peoples, Tatti Tatti Peoples, Latji Latji Peoples, Nyeri Nyeri Peoples, Ngintait Peoples and the Wergaia Peoples.

The First Nation Peoples' connection to land and water is the living cultural knowledge that is passed down from generation to generation. The stories that connected the ancestors to their culture still live through the First Nations Peoples of today.

*Acknowledgement of Country written by Stephanie Sloane.*

Stephanie works at Lower Murray Water as a People and Safety Trainee. She is a proud Ngiyampaa woman and has a strong connection to her culture, history and the land. Stephanie has brought not only her experience and passion for people to this role but also a commitment to inspire and mentor others wishing to pursue a career at LMW.



Above: This artwork has been provided by local girl Bella Sloane from the Ngiyampaa tribe. Her painting representing family is titled, 'The connection to Family'.

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## 2 Chair & Managing Director's Introduction

We have pleasure in presenting this abridged Corporate Plan for 2020-21. This 12-month business plan includes financial forecasts, business priorities, corporate risks and commitment towards the seven key priority areas contained in the Minister's Letter of Expectations (LoE) for 2020-21.

Following a year of water restrictions for urban customers, seasonal allocation of only 66% to Murray High Reliability Water Shares and sustained drought conditions for rural customers, both the climate outlook and water availability for 2020-21 look more promising.

Despite strength and resilience continuing in both urban development and rural industries, a rise in customers experiencing hardship due to many factors including coronavirus (COVID-19) has been observed and is expected to further unfold well into 2020-21. LMW will continue to offer support to our customers through our financial assistance and family violence programs where necessary.

The forecast impacts of the coronavirus pandemic are expected to be minimal on the business in 2020-21. Ongoing provision of our water, sewerage, irrigation and associated services to our customers through a 'customer at the centre' engagement approach remains a priority for LMW, as will continuing to implement a statewide 'zero tolerance' on unauthorised take.



Chair of the Board  
Cheryl Rix



Managing Director  
Anthony Couroupis

### 3 Our Region

LMW operates in a remote and arid area of Australia extending from Kerang to the South Australian border, spanning the municipalities of Mildura, Swan Hill and Gannawarra. Our region incorporates key industries such as irrigated horticulture, dryland farming, tourism, food and beverage manufacturing, transport and logistics, retail, health and community services.

LMW provides this extensive region with urban water and sewage treatment, supply and disposal services; river quality water for stock and irrigation; and collection and disposal of subsurface irrigation drainage. Our goal is to contribute to economic, social and cultural development of our region and its many communities, with environmentally responsible and sustainable water management.





## 4 Business Priorities 2020-21

A key focus for 2020-21 is to achieve progress towards our commitment to each of the seven key priority areas outlined in the LoE.

Priority Area	Expectation	LMW commitment
<b>1. Climate change</b>	Activities/services that minimise environmental impacts, mitigate climate change and progress integrating climate change adaptation into planning and decision-making	<ul style="list-style-type: none"> <li>• Net-zero carbon emissions by 2050 via pledge process</li> <li>• Urban water security</li> </ul>
<b>2. Customer and community outcomes</b>	All aspects of service delivery be customer and community-centred and continue to build extensive and effective community engagement and partnerships in its planning and implementation	<ul style="list-style-type: none"> <li>• Communicate and engage effectively and efficiently with customers and our communities</li> </ul>
<b>3. Water for Aboriginal cultural, spiritual and economic values</b>	Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector	<ul style="list-style-type: none"> <li>• Include Aboriginal values in water planning</li> <li>• Generate economic opportunities through supporting access to water</li> <li>• Increase Aboriginal participation in water management and decision-making</li> </ul>
<b>4. Recognise recreational values</b>	Support the wellbeing of rural and regional communities by considering recreational values in water management	<ul style="list-style-type: none"> <li>• Consider shared benefits, including recreational benefits of water in planning and management decisions</li> </ul>
<b>5. Resilient and liveable cities and towns</b>	Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments	<ul style="list-style-type: none"> <li>• Collaborate and implement relevant Integrated Water Management (IWM) commitments</li> <li>• Consider collective community needs within regional context</li> <li>• Support vulnerable customers</li> <li>• Manage water supplies and assets to safeguard drinking water quality and meet relevant regulatory and quality standards</li> </ul>
<b>6. Leadership and culture</b>	Reflect the needs of diverse communities and increase cultural diversity in the workforce and gender equity in executive leadership and the organisation generally	<ul style="list-style-type: none"> <li>• Develop strategies and goals to improve gender and cultural diversity in the workforce and support diversity and inclusion in executive leadership</li> </ul>
<b>7. Financial sustainability</b>	Deliver safe and cost-effective water and wastewater services in a financially sustainable manner	<ul style="list-style-type: none"> <li>• Deliver safe and cost-effective water and wastewater services</li> <li>• Financial sustainability</li> </ul>

In accordance with the Victorian Water Industry Performance Reporting Framework, **Appendix 1** provides LMW Key Performance Indicators (KPI) for 2020-21.

## 5 Financial Forecast 2020-21

Comprehensive financial statements for 2020-21 are contained in **Appendix 2**.

These include:

- Revenues and Expenses (detailed)
- Operating Statement
- Balance Sheet
- Cash Flow Statement
- Key Performance Indicators

These statements have been prepared in accordance with the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.

The information below summarises pricing, revenue, operating expenditure, and capital expenditure costs for 2020-21.

### 5.1 Pricing

Pricing structures for 2020-21 urban and rural pricing remain unchanged from LMW's determination released by the Essential Services Commission (ESC) on 19 June 2018<sup>1</sup>. Tariff schedules are contained in **Appendix 3**.

Urban pricing, using the postage stamp pricing method, assumed a -0.35% real price path, adjusted annually<sup>2</sup> for the average cost of debt and Consumer Price Index (CPI) for the year to March quarter. After applying a -1.79% cost of debt adjustment and the March 2020 annual CPI of 2.19%, urban services will see an increase of 0.60% in 2020-21 for the reference customer.

LMW uses the location pricing method to set prices for rural services and each pumped district has its own tariffs. The existing structure is broken down into its various elements to provide customers with transparency on their bills. Prices are calculated for each district based on forecast demand of volumetric water deliveries, growth, planned operations and maintenance expenditure, and capital investment.

In determining tariff price requirements, costs incurred by an individual district are directly attributed to that service area. Indirect costs, such as corporate overheads, are allocated in proportion to the number of assessments in each district.

Revenue raised by the rural business for regulated services is capped and, as approved by the ESC, subject to the annual price adjustment mechanism for electricity cost movements developed due to the volatility and uncertainty of this market. The electricity price adjustment has not been triggered for 2020-21 prices.

LMW is forecast to exceed the revenue cap in 2020-21, due to the completion of the Sunraysia Modernisation Project 2 (SMP2). The project was completed in October 2019 and additional revenue expected in 2020-21 is \$1.16M. This revenue excess has been approved by the ESC.

Itemised bill impacts for urban and rural customers are presented in **Tables 1 and 2**.

<sup>1</sup> Essential Services Commission 2018, Lower Murray Water Determination: 1 July 2018 – 30 June 2023, 19 June 2018

<sup>2</sup> For the life of the Determination (2018-23)

Table 1. Annual bill impact 2020-21 for urban reference customers

Urban Service	2019/20	2020/21	\$ Change	% Change
<b>Owner Occupier</b>				
Water service charge	\$207.04	\$208.36	\$1.32	
Water usage (477kL)	\$279.77	\$281.51	\$1.74	
Sewerage service charge	\$488.76	\$491.84	\$3.08	
Total reference bill	\$975.57	\$981.71	\$6.14	0.63%
<b>Tenant Occupier</b>				
Water usage (477kL)	\$279.77	\$281.51	\$1.74	0.62%

Table 2. Annual bill impact 2020-21 for rural reference customers

Rural District	2019/20	2020/21	\$ Change	% Change
Merbein (100ML)	\$11,617.69	\$11,937.85	\$320.16	2.76%
Mildura (100ML)	\$14,384.77	\$14,788.13	\$403.36	2.80%
Mildura (high pressure) (100ML)	\$20,809.57	\$21,866.49	\$1,056.92	5.08%
Millewa Waterworks (rural) (4,300kL)	\$8,228.18	\$8,292.81	\$64.63	0.79%
Millewa Waterworks (urban) (400kL)	\$900.46	\$916.37	\$15.91	1.77%
Private diverters (1,000ML)	\$11,803.21	\$12,093.21	\$290.00	2.46%
Red Cliffs (100ML)	\$12,467.69	\$12,886.05	\$418.36	3.36%
Robinvale (100ML)	\$21,767.25	\$22,134.17	\$366.92	1.69%
Yelta Wargan Waterworks (3ML)	\$1,656.59	\$1,682.04	\$25.45	1.54%

## 5.2 Revenue

The forecast revenue for 2020-21 is \$74.4M, and is itemised in **Table 3**. The consolidated financial results are presented in **Appendix 2** and illustrate a Net Earnings (Loss) before tax of (\$3.341M), which is consistent with Water Plan 4 projections.

Table 3. Budget Revenue 2020-21

Revenue Category	Budget 2020-21 ('000)
Service charges	\$44,315
Usage charges	\$20,510
Developer contributions	\$1,782
Developer contributions - gifted assets	\$3,113
Government contributions / grants	\$100
Investment interest	\$107
Profit (loss) from sale of assets	(\$55)
Other revenue	\$4,533
<b>Total</b>	<b>\$74,405</b>



### 5.3 Operating Expenditure

LMW's planned operating expenditure for the urban business reflects business transformation initiatives, with improved work practices that are expected to yield efficiency savings. However, increases in costs related to electricity, demand growth and improved service levels offset these savings.

LMW's planned operating expenditure for the rural business reflects initiatives expected to yield efficiency savings including improved work practices, automation of pipeline delivery systems and installation of near real-time meter readings.

The use of technology will lead not only to efficiencies for LMW, but also improve service delivery outcomes. Customers can access the LMW website to view up-to-date water consumption, Allocation Account (ABA) balances and irrigation trends along with near real-time flow rates. However, demand growth, improved service levels and increases in electricity costs offset these efficiency savings.

Proposed operating expenditure for 2020-21 is outlined in **Tables 4 and 5**, across each major service category in the urban and rural business respectively.

*Table 4. Budget Operating Expenditure 2020-21 - urban*

Cost Category	Budget 2020-21 ('000)
<b>Controllable costs</b>	
Water	\$22,797
Sewerage	\$16,800
<b>Total controllable costs</b>	<b>\$39,597</b>
<b>Non-controllable costs</b>	
GMW <sup>3</sup> bulk water charges	\$694
Environmental Contribution	\$1,765
License costs	\$78
<b>Total non-controllable costs</b>	<b>\$2,537</b>
<b>Total</b>	<b>\$42,134</b>

*Table 5. Budget Operating Expenditure 2020-21 - rural*

Cost Category	Budget 2020-21 ('000)
<b>Controllable costs</b>	
Irrigation and drainage	\$28,916
Domestic and Stock <sup>4</sup>	\$1,810
Surface water diversions	\$1,224

<sup>3</sup> Goulburn Murray Water

<sup>4</sup> Millewa and Yelta Wargan Waterworks Districts

Total controllable costs	\$31,950
Non controllable costs	
GMW <sup>5</sup> bulk water charges	\$3,132
Licence fees	\$17
Environmental contribution	\$513
Total non-controllable costs	\$3,662
Total	\$35,612

The forecast operating, maintenance and administrative expenses for 2020-21 are \$44.074M.

In accordance with the LMW Enterprising Bargaining Agreement (EBA) salary increases of 3.25% will be implemented in 2020-21. LMW will assess the need to retain vacant positions, taking into consideration new business processes and succession planning.

## 5.4 Capital Expenditure

Total proposed urban and rural capital expenditure of \$32.019M for 2020-21 across each service category is set out in **Tables 6 and 7** respectively.

*Table 6. Budget Capital Expenditure 2020-21 - urban*

Service Category	Budget 2020-21 ('000)
Water	\$15,062
Sewerage	\$7,199
Corporate	\$1,264
Recycled water	\$0
Total	\$23,525

*Table 7. Budget Capital Expenditure 2020-21 - rural*

Service Category	Budget 2020-21 ('000)
Irrigation and drainage	\$5,473
Domestic and Stock <sup>6</sup>	\$1,951
Surface water diversions	\$126
Corporate	\$944
Total	\$8,494

<sup>5</sup> Goulburn Murray Water

<sup>6</sup> Millewa and Yelta Wargan Waterworks Districts

## 6 Risk

The LMW Board views effective risk management as key to achieving and maintaining its operational and strategic objectives. The Board's expectation is that these risks are prudently managed to; optimise opportunities, limit harm to the organisation, its stakeholders and staff, and inform key decisions or actions.

Risk is an integral element of business decision-making across all aspects of the organisation and is supported by a dedicated risk function and the LMW Risk Management Framework. Strategic and corporate risks are reviewed and managed against the organisation's risk appetite by both the Executive Team and the Risk Officer and reported to the Risk Committee and the Board on a regular basis.

The priority risks that will be proactively managed in 2020-21 are:

- Occupational Health and Safety (OH&S)
- Compliance (unauthorised take)
- Aging infrastructure
- Cyber security
- Non-compliant water (quality and safety)
- Limited water supply/climate variability
- Convergence of water and energy markets
- Ability to attract and retain suitably qualified staff
- Corporate governance and compliance
- Financial sustainability

A comprehensive corporate risk register will continue to be maintained in 2020-21 with actions being taken to address current risks and identify emerging risks to LMW. Risks to delivery of the seven key priority areas in the LoE in 2020-21 will be managed in accordance with this.

As a result of the coronavirus pandemic, a specific risk register has been developed. Service delivery has not and is not expected to be significantly impacted as a result of this pandemic. Minor delays may be experienced within the Capital Expenditure program due to access and mobility issues with some suppliers. A comprehensive assessment of risks to the business as a result of the coronavirus pandemic are outlined fully in the separate document, 'Statement of impacts, actions and initiatives as a result of coronavirus'.

LMW complies with DELWP Standing Directions which mandate agencies demonstrate compliance in Risk Management. This is measured through an attestation of the risk management process. A strategy in the form of the Risk Improvement Plan is derived from the outcomes of the annual attestation ensuring continuous improvement of risk management as an ongoing priority for the organisation.

The Risk Management Attestation is conducted annually and is due prior to the completion of the annual attestation of compliance with Standing Directions in September 2020. The Risk Improvement Plan is updated annually based on outcomes from the attestation process in 2020.



## 7 Appendix 1 - Performance Statement

### Performance Report - Ministerial Reporting Direction 1

	KPI No.	Key Performance Indicator	Measure of	UOM	Industry Reference Point / Benchmark	2020-21 Target
Financial Indicators	F1	<b>Cash Interest Cover</b> - Net operating cash flows before net interest and tax / net interest payments	Ability to meet ongoing interest expense and service debt	times	> 2.5 times	9.0x
	F2	<b>Gearing Ratio</b> - Total Debt (including finance leases) / total assets * 100	Ability to fund proportion of assets using debt	per cent	< 50%	5.6%
	F3	<b>Internal Financing Ratio</b> - Net operating cash flow less dividends / net capital expenditure * 100	Measures ability to finance capital works from cash flow	per cent	> 35%	72.9%
	F4	<b>Current Ratio</b> - Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	Ability to meet existing liabilities in the short term (12 months)	times	> 0	2.0x
	F5	<b>Return on Assets</b> - Earnings before net interest and tax / average assets * 100	Measure of profitability as a percentage of assets	per cent	> 0%	-0.1%
	F6	<b>Return on Equity</b> - Net profit after tax / average total equity * 100	Measure of profitability as a percentage of shareholder equity	per cent	> 0%	-0.3%
	F7	<b>EBITDA Margin</b> - Earnings before interest, tax, depreciation and amortization / total revenue * 100	Ability to generate surplus to fund operations and asset renewal	per cent	> 0%	36.9%
	F8	<b>Credit Rating</b>	Evaluation of credit risk	rating	na	A
Water and Sewerage Service Indicators	WS1	<b>Unplanned water supply interruptions</b> - No. of customers receiving five unplanned interruptions in the year / total number of water (domestic and non-domestic) customers * 100	No. of water customers receiving more than (x) unplanned interruptions in the financial year (ESC REW 9)	per cent	target as specified in customer service code (number)	0%
	WS2	<b>Interruption time</b> - Average duration of unplanned water supply interruptions	Total duration of all water supply customer-interruptions (ESC REW 8)	minutes	target as specified in customer service code (minutes)	60
	WS3	<b>Restoration of unplanned water supply</b> - Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions *100	Water supply interruption when water supply is lost and until fully restored (ESC REW6)	per cent	target as specified in customer service code (%)	99.40%
	SS1	<b>Containment of sewer spills</b> - Sewer spills from reticulation and branch sewers contained within five hours / total sewer spills from reticulation and branch sewers	As per ESC RES 7	per cent	target as specified in customer service code (as a % of total sewer spills)	97%
	SS2	<b>Sewer spills interruptions</b> - No. of residential sewerage customers affected by sewerage interruptions restored within five hours	Residential sewerage customers experiencing sewerage interruptions restored within (x) hours (ESC RES 9)	per cent	target should be average of last five years results OR Corporate Plan target (%)	97%

	C1.4 (formally WRS1)	<b>Rural water supply deliveries</b> - number of orders delivered/total number of orders * 100	Irrigation water orders delivered on day requested (NPR S1)		target as specified in customer service code (%)	98.0%
	C1.5	<b>Applications completed within agreed timeframes</b> - number of applications completed/total number of applications				85.0%
	WSR2	<b>Unavailability of Domestic and Stock Supply</b> - duration that domestic and stock service is unavailable in excess of on-property storage requirement/length of water season * 100	Unavailability of domestic and stock supply systems for continuous periods in excess of (x) hours as specified in service standard (NPR S3)		target as specified in customer service code (%)	0.0%
	WSR3	<b>Groundwater supply</b> - number of transfers processed within target period/total number of transfers processed * 100	Processing permanent transfer of surface diversion or groundwater licences within (x) days (VS 3)		target as specified in customer service code (%)	NA
<b>Customer Responsiveness Performance Indicators</b>	CR1	<b>Water quality complaints</b> - No. of complaints per 1000 customers	No. of water quality complaints regarding discolouration, taste, odour, stained washing, illness or cloudy water (ESC CRS 4)	number	target should be average of last five years results OR Corporate Plan target (number)	0.16
	CR4	<b>Billing Complaints</b> - No. of complaints per 1000 customers	ESC CRS 7 NPR S7 for rurals	number	target should be average of last five years results OR Corporate Plan target (number)	0.07
	CRR2	<b>Billing and account complaints</b> - No. of complaints per 1000 customers				0.16
<b>Environmental Performance Indicators</b>	E1	<b>Effluent re-use volume (end use)</b>	Volume of treated sewage effluent reused either by the water business, a business supplied by the water business or supplied through a third pipe system for urban reuse (ESC CRR1)	per cent	Corporate Plan target (%)	60%
	E2	<b>Total net CO2 emissions - URBAN</b> Net tonnes CO2 equivalent	Net tonnes of CO2 equivalent emissions (scope 1 and scope 2 emissions only) for the whole business and its activities (ESC CRR 5)	tCO2-e	Corporate Plan target (tonnes)	16,792.0
	E2	<b>Total net CO2 emissions - RURAL</b> Net tonnes CO2 equivalent	Net tonnes of CO2 equivalent emissions (scope 1 and scope 2 emissions only) for the whole business and its activities (ESC CRR 5)	tCO2-e	Corporate Plan target (tonnes)	19,951

## 8 Appendix 2 - Consolidated Financial Statements 2020-21 (27 May 2020)

1. Revenues and Expenses (Detailed)
2. Operating Statement
3. Balance Sheet
4. Cash Flow Statement
5. Key Performance Indicators



## 8.1 Revenues and Expenses (detailed)

	Budget	Current Forecast
Year Ending 30 June	2021 (F)	2020 (F)
<b>Revenues and Expenses (Detailed) (\$'000)</b>		
<b>Revenue From Core Business (As Applicable)</b>		
Bulk Water Fixed Charges to Other Corporations	-	-
Bulk Water Charges	-	-
Urban Water Supply:		
Service / Fixed		
Residential	6,467.00	6,416.00
Non-residential	1,487.00	1,458.00
Total Service / Fixed	7,954	7,874
Usage/Volumetric		
Residential	10,087.00	9,979.00
Non-residential	3,619.00	3,699.00
Total Usage/Volumetric	13,706	13,678
Urban Sewerage		
Service / Fixed		
Residential	13,387.00	13,219.00
Non-residential	2,274.00	2,265.00
Total Service / Fixed	15,661	15,484
Usage/volumetric		
Residential	-	-
Non-residential	-	-
Total Usage/volumetric	-	-
Trade Waste Revenue by Agreement	417.00	381.00
Trade Waste Usage Revenue	-	-
Recycled Water		
Service/Fixed Charges	-	-
Usage / Volumetric Charges	290.00	239.00
Total Recycled Water	290	239
Rural Water		
Rural Water Fixed Revenue		
Irrigation	14,340.00	13,960.00
Stock and Domestic	670.00	665.00
Diversions	5,273.00	5,179.00
Groundwater	-	-
Total Rural Water Fixed Revenue	20,283	19,804
Rural Water Usage Revenue		
Irrigation	6,349.00	5,711.00
Stock and Domestic	165.00	169.00
Diversions	-	-
Groundwater	-	-
Total Rural Water Usage Revenue	6,514	5,880
<b>Total Revenue From Fees &amp; Charges</b>	<b>64,825</b>	<b>63,340</b>
<b>Operating, Maintenance &amp; Administration (OMA) Expenses</b>		
Operating and Maintenance Expense	34,026	33,027
Administration Expense	10,048.00	10,331.00
<b>Total OMA Expenses</b>	<b>44,074</b>	<b>43,358</b>
<b>OMA Expenses Breakdown (Total OMA)</b>		
Bulk water Supply	3,826.00	3,737.00
Headworks	-	-
Urban water - Treatment	2,627.00	2,790.00
Urban water - Reticulation	3,677.00	3,624.00
Sewerage - Reticulation	1,492.00	1,538.00
Sewerage - Treatment	1,776.00	1,996.00
Recycled Water	-	-
Surface Water Diversions	158.00	129.00
Gravity Irrigation	7,871.00	7,046.00
Pumped Irrigation	-	-
Stock and Domestic	267.00	369.00
Groundwater	-	-
Drainage Diversions	473.00	427.00
Other	21,907.00	21,702.00
<b>Total OMA Expenses (Repeat)</b>	<b>44,074</b>	<b>43,358</b>

## 8.2 Operating Statement

	Budget	Current Forecast
Year Ending 30 June	2021 (F)	2020 (F)
<b>Operating Statement (FS1) (\$'000)</b>		
<b>Revenue</b>		
Service Charges	44,315	43,543
Usage Charges	20,510	19,797
Developer Contribution	1,782.00	746.00
Developer Contributions - Gifted Assets	3,113.00	6,926.00
Government Contributions / Grants	100.00	106.00
Investment Interest	107.00	87.00
Profit (loss) from Sale of Assets	(55.00)	51.00
Other Revenue	4,533.00	2,807.00
<b>Total Revenue</b>	<b>74,405</b>	<b>74,063</b>
<b>Expense</b>		
Operating, Maintenance and Administration Expense (	44,074	43,358
Environmental Contributions	2,278.00	2,278.00
Interest Expense	2,449.00	2,338.00
FAL	579.00	558.00
IT	-	-
Labour	-	-
Consultants	-	-
Depreciation and Amortisation	28,366.00	27,765.00
Other Expense	-	-
<b>Total Expense</b>	<b>77,746</b>	<b>76,297</b>
<b>Earnings Before Tax</b>	<b>(3,341)</b>	<b>(2,234)</b>
Income Tax Expense	(1,002.00)	(670.00)
<b>Net Operating Result</b>	<b>(2,339)</b>	<b>(1,564)</b>
Dividends Expense	-	-
Transfers (to)/from Reserves	-	-
Other Adjustments	-	-
<b>Net Profit (Loss)</b>	<b>(2,339)</b>	<b>(1,564)</b>
Retained Profit (Loss) Carried Forward	(102,086)	(100,522)
<b>Closing Retained Profit (Loss)</b>	<b>(104,425)</b>	<b>(102,086)</b>

## 8.3 Balance Sheet

	Budget	Current Forecast
Year Ending 30 June	2021 (F)	2020 (F)
<b>Balance Sheet (FS2) (\$'000)</b>		
<b>Current Assets</b>		
Cash on Hand	3,807.00	526.00
Receivables	14,568.00	12,841.00
Less Provision for Impaired Receivables	(312.00)	(312.00)
Investments	-	-
Inventories	4,120.00	4,120.00
Prepayments	331.00	331.00
Other Current Assets	-	-
<b>Total Current Assets</b>	<b>22,514</b>	<b>17,506</b>
<b>Non-Current Assets</b>		
Infrastructure	1,058,468.00	933,568.00
less Accumulated Depreciation	(129,826.00)	(102,214.00)
<b>Infrastructure WDV</b>	<b>928,642</b>	<b>831,354</b>
Land and Buildings	25,479.00	24,605.00
less Accumulated Depreciation	(1,693.00)	(1,279.00)
<b>Land and Buildings WDV</b>	<b>23,786</b>	<b>23,326</b>
Plant, Equipment and Motor Vehicles	21,188.00	20,271.00
less Accumulated Depreciation	(12,808.00)	(12,721.00)
<b>Plant, Equipment and Motor Vehicles WDV</b>	<b>8,380</b>	<b>7,550</b>
Capital Works In Progress	15,805.00	15,805.00
<b>Total Property, Plant &amp; Equipment</b>	<b>976,613</b>	<b>878,035</b>
Non-current Receivables	162.00	162.00
Deferred Tax Assets	23,655.00	23,655.00
Non-current Investments	-	-
Intangible Assets	7,014.00	5,855.00
Other Non-current Assets	-	-
<b>Total Non-Current Assets</b>	<b>1,007,444</b>	<b>907,707</b>
<b>Total Assets</b>	<b>1,029,958</b>	<b>925,213</b>
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Current Payables	6,125.00	6,125.00
Short Term Borrowings	2,933.00	3,880.00
Finance Lease Liabilities (PPP) - current liabilities	-	-
Other Lease Liabilities - current liabilities	-	-
Employee Benefit Provision	2,230.00	2,230.00
Provision for Dividend	-	-
Other Current Provisions	-	-
Other Current Liabilities	-	-
<b>Total Current Liabilities</b>	<b>11,288</b>	<b>12,235</b>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	54,819.00	42,752.00
Long Term Payables	-	-
Finance Lease Liabilities (PPP) - non current liabilities	-	-
Other Lease Liabilities - non current liabilities	-	-
Long Term Employee Benefit Provision	3,757.00	3,757.00
Deferred Tax Liabilities	162,486.00	134,398.00
Other Non-current Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>221,062</b>	<b>180,907</b>
<b>Total Liabilities</b>	<b>232,350</b>	<b>193,142</b>
<b>Net Assets</b>	<b>797,608</b>	<b>732,071</b>
<b>Equity</b>		
Government Equity Contributions	633,468.00	633,468.00
Asset Revaluation Reserve	268,565.00	200,689.00
Other Reserves	-	-
Accumulated Funds (Losses)	(104,425.00)	(102,086.00)
<b>Total Equity</b>	<b>797,608</b>	<b>732,071</b>



## 8.4 Cash Flow Statement

	Budget	Current Forecast
Year Ending 30 June	2021 (F)	2020 (F)
<b>Cash Flow Statement (FS3) (\$'000)</b>		
<b>Cash Flows From Operations</b>		
<b>Cash Receipts</b>		
Service and Usage Charges Income	64,612.00	63,100.00
Other Customer Revenue	3,021.00	1,124.00
Receipts from Government	100.00	106.00
Developer Contributions	4,895.00	7,672.00
GST Refunds from ATO	-	-
Investment (Interest) Income	107.00	128.00
Other Cash Receipts	-	-
<b>Total Cash Receipts from Operations</b>	<b>72,735</b>	<b>72,130</b>
<b>Cash Payments</b>		
Payments to Suppliers and Employees	(44,074.00)	(50,198.00)
Interest and Other Costs of Finance Paid	(3,028.00)	(2,896.00)
GST paid to the ATO	-	-
Income Tax Payments	-	-
Environmental Contributions	(2,278.00)	(2,278.00)
Other Payments (inc. capital repatriation)	-	-
<b>Total Cash Payments from Operations</b>	<b>(49,380)</b>	<b>(55,372)</b>
<b>Net Cash Inflow (Outflow) from Operations</b>	<b>23,355</b>	<b>16,758</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds/(Payment) from Investments	-	-
Payments for Infrastructure Assets	(32,019.00)	(27,143.00)
Payments for Property, Plant & Equipment	-	-
Payments for Intangible Assets	-	-
Proceeds from Sale of Assets	825.00	761.00
<b>Net Cash Inflow (Outflow) from Investing Activities</b>	<b>(31,194)</b>	<b>(26,382)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from Borrowings	15,000.00	-
Proceeds from Government Equity Contributions	-	3,095.00
Repayment of Borrowings / Overdraft	(3,880.00)	(831.00)
Payment of Dividends	-	-
<b>Net Cash Inflow (Outflow) from Financing Activities</b>	<b>11,120</b>	<b>2,264</b>
<b>Net Increase (Decrease) in Cash</b>	<b>3,281</b>	<b>(7,360)</b>
Cash Held at the Beginning of the Year	526	7,886
Cash Held at the End of the Year	3,807	526
Cash on Hand per Balance Sheet	3,807	526

## 8.5 Key Performance Indicators

	Budget	Current Forecast
Year Ending 30 June	2021 (F)	2020 (F)
<b>Key Performance Indicators</b>		
<b>Financial Performance Indicators</b>		
<b>Short Term Liquidity Indicators</b>		
Current Assets	22,514	17,506
Current Liabilities	11,288	12,235
<b>Net Working Capital (\$'000)</b>	11,226	5,271
<b>Working Capital Ratio (%)</b>	199.5%	143.1%
<b>Profitability Indicators</b>		
Earnings Before Net Interest and Tax	(999)	17
EBITDA	27,474	27,869
Total Revenue from Fees & Charges	64,825	63,340
Total OMA (incl. Env Contribution) Expenses	46,352	45,636
Total Income	74,405	74,063
Total Assets at Start of Reporting Period	925,213	931,118
Total Assets at End of Reporting Period	1,029,958	925,213
Average Total Assets	977,586	928,166
<b>Return on Assets (%)</b>	(0.1%)	0.0%
<b>Gross Operating Margin (%)</b>	28.5%	28.0%
<b>Net Profit Margin (%)</b>	(1.3%)	0.0%
<b>Underlying Result (%)</b>	(4.5%)	(3.0%)
<b>Debt Servicing Indicators</b>		
Net Interest Expense (income)	2,342	2,251
Net Operating Cash Before Net Interest and Tax	26,276	19,526
Net Interest Payments (Receipts)	2,921	2,768
<b>Cash Interest Coverage (Times)</b>	9.0x	7.1x
<b>Long term Interest Coverage (Times)</b>	(0.4x)	0.0x
<b>Long Term Viability Indicators</b>		
Total Debt	57,752	46,632
Total Equity	797,608	732,071
<b>Asset Gearing ratio (%)</b>	5.6%	5.0%
<b>Internal Financing Ratio (%)</b>	72.9%	61.7%
<b>Debt to Equity (%)</b>	7.2%	6.4%
<b>Owners Return Indicator</b>		
Net Operating Result	(2,339)	(1,564)
Total Equity at Start of Reporting Period	732,071	730,680
Average Total Equity	764,840	731,376
<b>Return on Equity (%)</b>	(0.3%)	(0.2%)
<b>Efficiency Indicators</b>		
Total Credit Sales Revenue	66,607	64,086
Accounts Receivable at Start of Period	14,478	9,222
Accounts Receivable at End of Period	14,418	12,691
Average Accounts Receivable	14,448	10,957
Net Cash from Operations	23,355	16,758
Total Operating Cash Receipts	72,735	72,130
<b>Operating Cash Flow Efficiency (%)</b>	32.1%	23.2%

## 9 Appendix 3 - Tariff Schedules 2020-21 (urban and rural)

<i>Tariff and Price Component Summary</i>	<i>Unit</i>	<b>2019/20</b> <i>Price</i> <i>(1 July 2019)</i>	<b>2020/21</b> <i>Price</i> <i>(1 July 2020)</i>
<b>URBAN PRICES</b>			
PPM - Price Path Mechanism includes CPI & Cost of Debt			
<b>Water - Availability - Domestic &amp; Non-domestic</b>			
20mm	pa	207.04	208.36
<b>Usage - Domestic</b>			
First Tier	kl	0.4497	0.4525
Second Tier	kl	0.8184	0.8235
Third Tier	kl	1.0518	1.0585
<b>Usage - Non-domestic</b>			
Volumetric	kl	0.8184	0.8235
<b>SEWERAGE</b>			
<b>Sewerage - Domestic &amp; Non-domestic</b>			
Availability	pa	488.76	491.84
<b>RURAL PRICES</b>			
<b>IRRIGATION</b>			
<b>Mildura Irrigation</b>			
Delivery Share	DS	599.36	610.64
Delivery Fee	ML	54.55	57.03
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.22	9.42*
Service Charge	Ass	100.00	100.00
Drainage Div 1	DS	58.52	58.52
<b>Mildura High Pressure Irrigation</b>			
Delivery Share	DS	802.76	885.12
Delivery Fee	ML	94.39	94.90
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.22*	9.42*
Service Charge	Ass	100.00	100.00
Drainage Div 1	DS	58.52	58.52
<b>Merbein Irrigation</b>			
Delivery Share	DS	405.20	421.96
Delivery Fee	ML	46.06	47.06
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.22*	9.42*
Service Charge	Ass	100.00	100.00
Drainage Div 1	DS	92.84	92.76



<b>Tariff and Price Component Summary</b>	<b>Unit</b>	<b>2019/20 Price (1 July 2019)</b>	<b>2020/21 Price (1 July 2020)</b>
<b>Red Cliffs Irrigation</b>			
Delivery Share	DS	468.08	482.16
Delivery Fee	ML	47.00	49.27
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.22*	9.42*
Service Charge	Ass	100.00	100.00
Drainage Div 1	DS	92.96	93.16
<b>Robinvale Irrigation</b>			
Delivery Share	DS	944.96	950.20
Delivery Fee	ML	83.25	86.10
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.22*	9.42*
Service Charge	Ass	100.00	100.00
Drainage Div 1	DS	88.96	88.88
<b>DOMESTIC &amp; STOCK</b>			
<b>Millewa Rural (Irrigation)</b>			
Delivery	kL	0.16	0.15
Service Charge	Ass	100.00	100.00
Rural Access - House	Connection	536.46	528.37
Rural Access - Scrubland	ha	0.57	0.58
Rural Access - Stock	ha	2.37	2.41
<b>Millewa Urban (Irrigation)</b>			
Delivery	kL	0.66	0.73
Service Charge	Ass	100.00	100.00
Urban Access - No Offtake	Connection	268.23	264.18
Urban Access - Offtake	Connection	536.46	528.37
<b>Other Stock &amp; Domestic (Irrigation)</b>			
Connection Charge (Pipeline)	Connection	314.53	323.03
Delivery (Pipeline)	ML	414.02	419.67
Service Charge	Ass	100.00	100.00
<b>LICENSING</b>			
<b>Diversions (Irrigation)</b>			
Operational Fee	ML/AUL	2.47	2.56
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.22*	9.42*
Service Charge	Ass	100.00	100.00
<b>Non-water Users</b>			
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.22*	9.42*
Service Charge	Ass	100.00	100.00

\* Entitlement Storage Fee Estimate