

# Corporate Plan

2023/24



LOWER MURRAY  
WATER





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## 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 Wamba 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.

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*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.*

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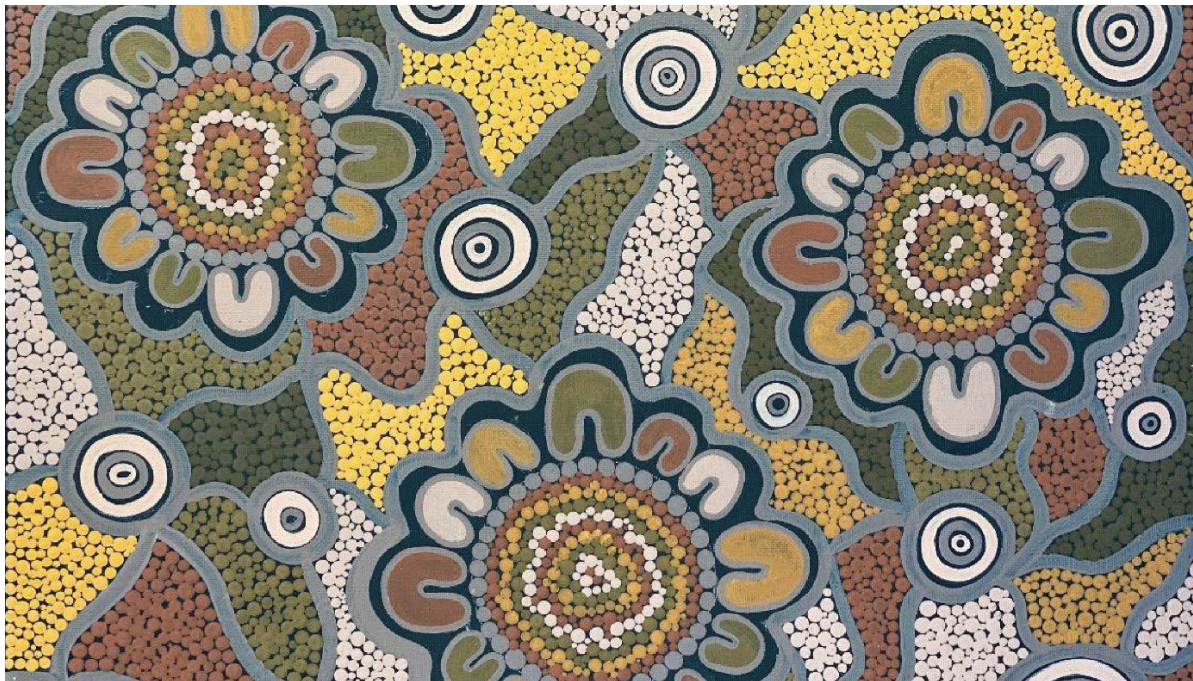


Image 1: This artwork has been provided by local girl Bella Sloane from the Ngiyampaa tribe. Her painting represents family titled, 'The Connection to Family'.

## 2. Chair & Managing Director's Introduction



Chair of the Board  
Sharyon Peart



Interim Managing Director  
Paul O'Donohue

On behalf of the Board of Directors, we are pleased to deliver the 2023-24 Lower Murray Water (LMW) Corporate Plan. As an essential services provider, LMW is committed to its purpose of supporting our region to prosper by successfully delivering vital water services.

Our Corporate Plan is reflective of the strategic priorities and foundations, key initiatives and financial forecasts which demonstrate our commitment to achieving this purpose and addressing the eight key priority areas identified in this year's Letter of Expectations (LoE) as directed by the Minister for Water, Harriet Shing MP.

In the previous year our region experienced the highest River Murray level in 50 years with flooding occurring in the region. Our staff and partner organisations are to be thanked for their amazing efforts in providing the region with water, sewage, and drainage services over this challenging period, whilst protecting our assets. This event has reminded us of the essential services that must be provided to our region every day of the year by Lower Murray Water. We intend to build on the lessons learnt from the flooding and to prepare for the next event, whenever that should be.

In 2022, we farewelled our Managing Director (MD) Anthony Couroupis and welcomed Interim Managing Director Paul O'Donohue while the recruitment of a new MD is progressed. This year will see a new Managing Director for the organisation. The retention and attraction of new staff will be a priority throughout the coming plan and with a strong labour market, the importance of attracting key staff to the region will be essential.

We also thank our rural Strategic Advisory Committee and our Customer Service Advisory Committees for their ongoing support, contribution, and valued advice. Throughout the coming year we will be focusing on our key theme of the customer being the central point of our service delivery. We intend to have more targeted engagement with our urban customers to ensure our delivery is providing the best services available for water and sewer in the region.

We acknowledge the positive behaviour change made by most of our rural customers with approximately a 90% reduction in water theft compared to previous seasons. This is due to a more efficient implementation of our compliance and enforcement processes and the consistent reinforcement of the Minister's Zero Tolerance of Water Theft messaging.

Penalty Infringement Notices across the state has also provided an additional tool for our team to manage noncompliance through activities that support prevention, detection, and enforcement, which ensures that a fair and equitable system is available for all water users.

With increased effects of climate change driving many of our challenges, we remain committed to reducing our Co2 emissions, with LMW working closely with Department of Energy Environment and Climate Adaption (DEECA) and other Victorian Water Corporations to meet and exceed the state's 2050 reduction pledge.

We are committed to demonstrating the 4Cs of our Safety Strategy – commitment, communication, consistency, and clarity – to support the physical and mental health of every staff member and ensure we all go home safe each night. In 2023-24, we continue to build a strong safety culture and in particular focus our efforts on psychological safety.

This year will be the first of our Water Plan 5 (WP5). This pricing and service delivery strategy will see prices stay relatively flat, in real terms, with minor pricing increases and in some irrigation districts, price decreases.

Our Business Transformation Program (BTP) is in full swing which will enable new ways of working through a raft of initiatives that will support the future direction of the organisation, and address current organisational challenges experienced to date. This year will see many internal information technology changes come online to provide a more efficient service to our customer base.

The Victorian Murray Floodplain Restoration Project (VMFRP) continues to work towards delivering water back into nine high-value floodplains along the Murray River. We are the lead agency to coordinate the delivery of the project, alongside partners Goulburn Murray Water, Mallee Catchment Management Authority, North Central Catchment Management Authority, Parks Victoria and the DEECA. These projects are a part of Victoria's commitments to the Murray Darling Basin Plan, delivering water savings including cultural water, efficiencies, climate change adaptation and enabling avoidance of water buybacks.

During the year there will be activities associated with the Sunraysia Water Efficiency Project implementation underway. This \$37M project will undertake significant upgrades to channels and decommission old irrigation outlets across the Mildura, Red Cliffs and Merbein Irrigation District Areas. It is the first year of the new Millewa pump station in operation just upstream of Loch 9 on Murray River. This new station will provide a higher level of security and capacity for our Lake Cullulleraine private diverters and the Millewa Rural Supply District.

The implementation of our action plan associated with our Reconciliation Action Plan (RAP) is a major priority for the organisation throughout this year. Our relationships and connections with local First Nations peoples and organisations across our region in meaningful way. In the second half of the 23/24 plan, we will be looking to progress our RAP from its *Reflect* stage through to the *Innovate* stage.

Although this next period will bring with it significant change, both in ways of working and in leadership, we are looking forward to taking these next steps to see our business thrive into the future.

### 3. Current Business Overview

#### 3.1 Governance

LMW is a Victorian Government Water Corporation created under the provisions of the *Water Act 1989* (Act) via Order in Council, effective 1st of July 2004. LMW is governed by a skills-based Board of nine Directors, comprising a non-executive Chair, seven non-executive Directors and a Managing Director. In accordance with the provisions set in the Act, Directors and the Chair are appointed by the Minister for Water. Directors have a broad range of relevant skills, experience, and expertise to assist meeting organisational objectives. LMW's current Board comprises:

- *Sharyon Peart, Chair*
- *Warren Lloyd, Deputy Chair*
- *Greg Baker*
- *Maxwell Folie*
- *Kate Hughes*
- *Domenic Isola*
- *Michelle Oates*
- *Svetla Petkova*
- *Anthony Couroupis, Managing Director (until October 2022)*
- *Paul O'Donohue, Interim Managing Director (October 2022-current)*

LMW utilise a Finance and Audit Committee; Risk Committee; and Governance, People and Culture Committee to assist the Board to carry out its corporate governance functions. Each committee is chaired by a Board Director and operates under approved terms of reference. Committee members are chosen for the skills, experience, and other capabilities that they bring to the Committees. The Finance & Audit Committee also engages an independent member for additional external expertise. The current independent member is Adam Christou, Managing Director of Protiviti Melbourne, who brings more than 20 years of experience in global consultancies across the public and private sectors to the role.

LMW is led by the Executive Leadership Team that supports and advises the Board. The current team comprises:

- *Paul O'Donohue, Interim Managing Director*
- *Deb Fankhauser, General Manager People and Customer*
- *Ian Stewart, Acting General Manager Infrastructure Services*
- *Michael Vella, Acting General Manager Business Services and Performance*
- *Stuart Mensch, Acting General Manager Service Delivery and Operations*
- *Nardia Sheriff, Corporate Secretary*

Executive leadership is also provided for our three key projects:

- *Dermot O'Daly, Business Transformation Program Director*
- *Josh White, VMFRP Project Director*
- *Daniel Freitag, SWEF Project Director*

#### 3.2 Our Region

LMW operates in a remote and arid area of Victoria, Australia extending along the Murray River from Kerang (Barapa Barapa land) to the South Australian (Latji Latji land) border.

Our region makes up a large part of Victoria's food supply and agricultural industry, with our key industries of irrigated horticulture and dryland farming relying on the delivery of a clean and reliable supply of water. Other industries include food and beverage manufacturing, transport and logistics, retail, health, and community services as well as tourism which relies heavily on the Murray River landscapes.



We provide this extensive region with urban water and sewerage treatment, supply, and disposal; river quality water for stock and irrigation; and collection and disposal of subsurface irrigation drainage. We are committed to achieving our purpose to support our region to prosper by successfully delivering vital water services.

LMW operates the collection, treatment, storage, and delivery of water to approximately 35,000 households along the Murray River, from Koondrook (Barapa Barapa land) to Merbein (Latji Latji Land), servicing 14 townships including Mildura and Robinvale (Latji Latji land), Swan Hill (Wamba Wemba land), Kerang (Barapa Barapa land). LMW provides wastewater collection, treatment and effluent re-use and disposal services to more than 74,000 customers.

We also provide 2,666 irrigation and 2,240 stock and domestic customers with river quality water in the four pumped irrigation districts of Mildura, Merbein, Red Cliffs and Robinvale as well as the Millewa rural district and some areas of the waterworks district of Yelta (Latji Latji land).

Our region is serviced by our nine water treatment plants and ten wastewater treatment facilities. Our head office is in Mildura, and area offices in both Swan Hill and Kerang. LMW currently employs 228 staff.

### 3.3 Our Asset Locations



Map 1: LMW Service area and asset map

### 3.4 Our Services

LMW provides the following services:

- Urban water services to 14 townships via nine treatment plants to 34,784 households and businesses (approx. 74,000 customers) along the Murray River from Koondrook to Merbein.
- Wastewater collection, treatment and effluent re-use and disposal services to 11 towns via ten treatment plants.
- Raw (river quality) water services to 2,666 irrigation and 2,240 stock and domestic customers in the four pumped irrigation districts of Mildura, Merbein, Red Cliffs and Robinvale, and to 297 Millewa waterworks district customers and 12 Yelta waterworks district customers.
- Management of the region's urban and rural bulk water entitlements.
- The collection and disposal of subsurface drainage water from the four pumped irrigation districts, as well as from private diverters in Nangiloc, Robinvale and Boundary Bend.
- Oversight of irrigation and drainage design in new agricultural developments ensuring conformity with salinity management plan development guidelines.
- Management of the private diversion licences of 1,313 water users along the Murray River in Victoria between Nyah and the South Australian border.
- The assessment and approval of licensing, water share and allocation trade applications.
- Reclaimed water for third party use.
- Water supply delivery to important environmental and recreational sites.
- Lead agency in a partnership model for the Victorian Murray Floodplain Restoration Project (VMFRP) including Goulburn Murray Water, Mallee Catchment Management Authority, North Central Catchment Management Authority, Parks Victoria and the DELWP.

### 3.5 Current Situation

Despite the ongoing impact of COVID-19 and more recently floods, the region remains well placed to enjoy continued economic growth in the forthcoming period. Tourism, hospitality, and retail took a significant hit with the 2022 floods impacting the summer period across the region. Horticultural industries are starting to bounce back following challenges of a wetter-than-average irrigation season, export challenges following COVID-19, and escalating cost inputs.

Development within the region continues to prosper with a steady increase in building and development approvals, in both the residential and commercial sectors due to an increase in investment in the manufacturing sector. The communities within our service region are continuing to support each other and recover slowly from the pandemic and the floods and will continue slow-sustained growth.

### 3.6 Our Recent Performance

LMW has an obligation to report monthly and provide annual data to the Essential Services Commission (ESC) against a suite of performance indicators that benchmark all 19 Water Corporations across Victoria.

An annual Water Performance Report providing the compiled data is produced which identifies opportunities for improvements that can be made across the business. These opportunities drive activity for the following year that can be evidenced in 2022-23 results which saw LMW move from being placed as the second lowest Water Corporation regarding the number of complaints made to a water business per 100 customers, to being placed as the lowest across all 19 Water Corporations for the same metric.

A summary of LMW's performance in the 2022-2023 ESC Urban Water Performance Report is as follows:

<b>Lowest</b>	Water quality complaints made to water business
<b>Lowest</b>	Average minutes off water supply per customer
<b>Lowest</b>	Utility relief grant scheme approvals
<b>Fifth lowest</b>	Typical household bills
<b>Third lowest</b>	Customers with instalment plans per 100 customers
<b>Highest</b>	Average water use per household

The ESC Performance Report enables LMW to review its performance and align it to the organisation's strategic plan which is the foundation for developing the variety of programs and staff training opportunities to improve our performance in these areas.

### 3.7 What Our Customers Are Saying

LMW is committed to hearing what our customers need and delivering upon the expectations set for each Water Plan. Driven by our customers, our services and priorities are outlined for each water plan period and include the outcomes that LMW seek to achieve. With a newly developed Water Plan 5, LMW engaged with both urban and rural customers to co-create the following list of outcomes that will form the basis of our performance in Water Plan 5.

#### *Urban*

- *Outcome 1: Services provide customers value for money*
- *Outcome 2: Provide customers reliable and safe drinking water*
- *Outcome 3: Provide customers reliable sewerage services*
- *Outcome 4: Provide customer service avenues that are responsive to resolve requests and enquiries*
- *Outcome 5: Service our communities in a socially responsible and environmentally sustainable manner*

#### *Rural*

- *Outcome 1: Services provide customers value for money*
- *Outcome 2: Provide customers with water when they need it*
- *Outcome 3: Provide customer service avenues that are responsive to resolve requests and enquiries*
- *Outcome 4: Service our communities in a socially responsible and environmentally sustainable manner*

These service outcomes are the key drivers of our new water plan and all its supporting activities. Through a new communication and engagement approach, LMW was able to provide an authentic engagement experience which has generated new insights into the shift of customer perceptions, aspirations, and expectations from Water Plan 4 into our new Water Plan 5 which will commence from 1 July 2023.

In particular, the following insights from both urban and rural customers has shaped Water Plan 5 and the activities that will be undertaken in this forthcoming period.

#### *Urban*

Urban customers now seek a more digitally integrated service from LMW with less reliance on face-to-face personal contact and more willingness to engage through online chats, online application processes and digital communication platforms for updates and information. Engagement feedback demonstrated strong support from urban customers for smart metering capability to enable both environmental sustainability and socially responsible behaviour by LMW customers with 87% of participants in the UDP placing value upon being able to access water usage information, and 85% of customers supporting an investment in the development of a business case for smart metering networks.

## *Rural*

Rural customers are still very reliant on personalised service and would prefer a local 24-hour customer service centre to report leaks and interruptions. Engagement feedback demonstrated an acknowledgement by rural customers that there are cost efficiencies associated with the current centralised after-hours services across the water sector and clearly expressed an unwillingness to pay more for their preferred option of a localised 24-hour service. Although they still seek a personal level of human interaction and service, LMW's rural customers noted a preference for any additional investment to go towards improved digital services that will support more efficient on-farm business practices including:

- Increased functionality for water ordering
- Improved text messaging facilities and scope of messaging through SMS
- A customer portal that provides a central point of personalised information

The overarching customer sentiment across LMW's rural customer base continues to be focused on minimising cost impacts, and that cost efficiency and reduction should be a priority. Any non-essential investments should be sacrificed in preference to lowering rural customer bills. There was, however, an understanding that under-investment has the potential to cause greater costs into the future and from this perspective, further discussions lead to a final position of rural customers supporting targeted and informed investment decisions which sustained assets ahead of time.

## *All LMW Customers*

Whilst there are some distinct differences between the perspectives of urban and rural customers, there were some topics of common interest across these two key cohorts.

Water reliability remains paramount for both rural and urban customers, and customers have expectations that LMW will build secure systems and infrastructure that will ensure the reliability and availability of water supply when required. This includes:

- System resilience in the event of cyber security attacks
- Innovative solutions to enhance customer value including:
  - expand peak usage over a 24-hour period (rural).
  - increase use and availability of recycled water as an alternative source of water for on-farm use and for watering community parks and garden areas (urban and rural).
- purchase additional entitlement to maintain a buffer for dry years and improve water security (urban).

A common priority for both rural and urban customers was to address the challenges of poorer raw water quality that has become increasingly frequent in recent years. Rural customers continued to demonstrate their support for the water quality treatment options utilised by LMW throughout the last Water Plan, as well as expressing a desire for LMW to be innovative in managing changes in water quality. Urban customers also rated investment in innovation in water treatment processes to improve water quality as a very high priority. This represents a significant shift in the sentiment expressed in Water Plan 4 where they were not willing to pay for further investment in this area.

Both urban and rural customers reiterated the importance of LMW maintaining a skilled and engaged workforce, providing professional development for all employees to ensure they can respond to customer enquiries within a reasonable timeframe and are equipped to make decisions to resolve customer requests and complaints quickly. Both customer cohorts expect LMW to be transparent in business processes and work in partnership with customers to achieve the collective aspirations identified, including:

- Clear and regular communication via CSAC and SAC forums to provide information regarding how LMW spends customer fees and charges.
- Clear commitment and communication regarding procurement opportunities and tender processes with a focus on local jobs first as well as obtaining cost efficiencies.
- Enabling rural customers an opportunity to have input into winter maintenance programs to avoid disruption and prioritisation.



Urban and rural customers have clearly expressed the desire for LMW to have a future focus in infrastructure planning and are supportive of investment that enables LMW to achieve this. Specifically, planning relating to the following was identified:

- Infrastructure upgrades to support population growth was rated a very high by urban customers.
- Both urban and rural customers supported investigation into funding opportunities to expand urban water networks into rural areas.
- Redesigning infrastructure systems for demand based on current and future crop types.



Image 2: Customer consultation at Red Cliffs Pump Station

## 4. Our Strategic Framework

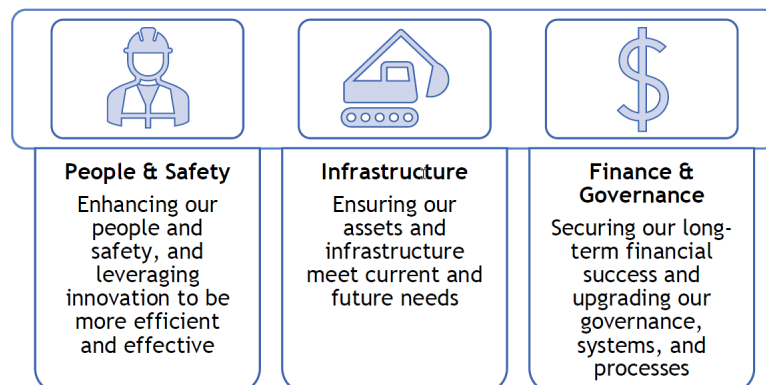
LMW's purpose is to support our region to prosper by successfully delivering vital water services. This purpose is embodied in our strategic framework borne from our vision to create a healthy, sustainable water future underpinned by a culture of performance excellence, and built-in partnership with our staff, customers, and communities. We absolutely agree with, and actively support, Water for Victoria's statement that "Water is fundamental to our communities. We will manage water to support a healthy environment, a prosperous economy and thriving communities, now and into the future."

The *LMW 2021-2025 Strategic Plan* has identified six strategic pillars, made up of three Strategic Priority areas and three Strategic Foundation areas. Activity identified for the 2023-24 period aligns with our Strategic Plan, the Ministerial Letters of Expectations (LoE), Statement of Obligations and the *Water Act* (1989).

LMW's strategy targets the building of a healthy and sustainable future through our *strategic priorities*:



To do this, LMW must build a dynamic culture of performance excellence through our *strategic foundations*:



During the development of our pricing submission for Water Plan 5, it was important that the activities identified were driven by the urban and rural outcomes developed in consultation with our customers and aligned with LMW's 2021-2025 Strategic Plan. In addressing the Minister's expectations in the 2023-24 Corporate Plan, LMW has ensured the customer outcomes, strategic focus and specific expectations are integrated.

















Strategic Pillars	Service Delivery	Engagement	Environment	People and Safety	Infrastructure	Finance and Governance
Customer Outcomes	Achieve high quality outcomes for customers	Effective engagement with our stakeholders	Better the environment for our region	Enhance our people and safety and leverage innovation to be more efficient and effective	Ensure our assets and infrastructure meet current and future needs	Secure our long-term financial success and upgrade our governance, systems, and processes
URBAN						
Services provide customers value for money						
Service our communities in a socially responsible and environmentally sustainable manner						
Provide customer service channels that are responsive to resolve requests and enquires						
Provide customers reliable and safe drinking water						
Provide customers reliable sewerage services						
RURAL						
Services provide customers value for money						
Service our communities in a socially responsible and environmentally sustainable manner						
Provide customer service channels that are responsive to resolve requests and enquires						
Provide customers with water when they need it						

Figure 1: Alignment of LMW's Customer Outcomes and Strategic Pillars

## 5. Delivering Expectations

The 2023-24 Corporate Plan aims to address the expectations as set out by the Minister for Water as an entity that delivers government objectives within the context of the Water Act 1989 (the Act). LMW acknowledges and continues to address these expectations as expressly defined in this year's letter from the Minister, who after the significant challenges including the COVID-19 pandemic and more recently, the 2022-2023 floods, hopes to continue to work together to build Victoria's resilience to climate change, create strong community connections, and lead with integrity and inclusion. Key expectations include:

**LoE 1 – Climate change and energy** Undertake activities and provide services that reduce exposure to climate risks, reduce greenhouse gas emissions, increase renewable energy use, adapt to climate change, and demonstrate reasonable progress in integrating climate change adaptation into planning and decision-making across the business.

**LoE 2 – Customer & community outcomes:** Ensure that all aspects of service delivery will be customer and community-centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.

**LoE 3 – Deliver water for Aboriginal cultural, spiritual, and economic values, and support economic inclusion in the water sector:** Promote self-determination of Traditional Owners, including by supporting the Treaty process as required. Support the implementation of Water is Life: Traditional Owner Access to Water Roadmap [www.water.vic.gov.au/aboriginal-values/the-aboriginal-waterprogram](http://www.water.vic.gov.au/aboriginal-values/the-aboriginal-waterprogram) by enabling increased access to water entitlements under current frameworks and increased cultural benefits from the way we store, deliver, and use water.

**LoE 4 – Recognising recreational Values:** Support the wellbeing of communities by considering recreational values in water management. Where appropriate, support planning for the delivery of the Victoria 2026 Commonwealth Games.

**LoE 5 – Resilient & liveable cities & towns:** Contribute to healthy communities by supporting safe, affordable, high-quality services and resilient, liveable environments and recovery from emergency events that builds back with improved resilience against future risks.

**LoE 6 – Leadership, diversity & culture:** Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in both executive leadership and throughout the organisation, including requirements under the Gender Equality Act 2020.

**LoE 7 – Performance & financial sustainability** Improve efficiency and consistency in the reporting of performance while delivering safe and cost-effective water and wastewater services in a financially sustainable manner.

**LoE 8 – Compliance & enforcement** Apply a consistent, transparent, and risk-based approach to manage compliance and enforcement of the Water Act 1989.

### 5.1 Climate Change

**LoE 1:** Undertake activities and provide services that reduce exposure to climate risks, reduce greenhouse gas emissions, increase renewable energy use, adapt to climate change, and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business

Key focus areas:

- CC1: Emissions reduction
- CC2: Electricity consumption
- CC3: Adaptation to climate change and variability

Water Plan 5 Outcomes:

- Service our communities in a socially responsible and environmentally sustainable manner



Climate change will continue to have an increasing impact on water availability from the Murray River and remains a significant theme for environmental and water management in our region. In the development of the *LMW Strategic Plan 2021-2025*, the following strategic aspirations were identified that seek to address the key focus areas identified in LoE 1:

**1. Strategic Priority: Environment** – better the environment in our region.

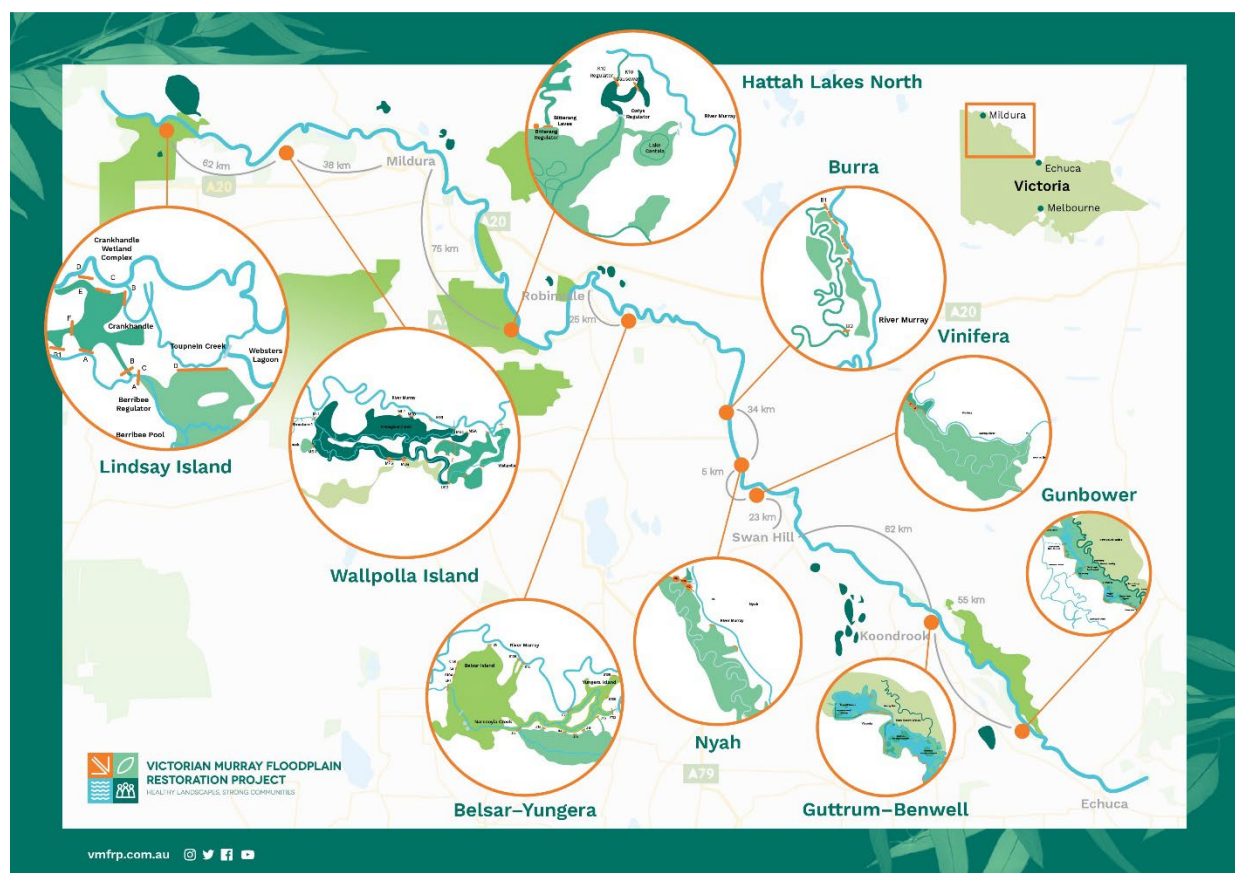
- a) Deliver the Victorian Murray Floodplain Restoration Project (VMFRP) to agreed objectives.
- b) Achieve our CO2 emissions reduction targets.
- c) Explore enhanced integrated water management that best works for our region.

**1. Strategic Priority: Environment** – better the environment in our region.

**a) Deliver the Victorian Murray Floodplain Restoration Project (VMFRP) to agreed objectives.**

LMW is the project lead for the VMFRP working with its project partners Mallee Catchment Management Authority (MCMA), North Central Catchment Management Authority (NCCMA), Parks Victoria (PV), Goulburn-Murray Water (GMW) and DEECA. VMFRP comprises nine discrete environmental works projects that aim to return a more natural inundation regime across approximately 14,000ha of high-ecological-value Murray River floodplain in Victoria through the construction of new infrastructure and the modification of existing infrastructure.

As our towns, cities, agriculture, and industries have grown and evolved over time, so too has the way the river flows, manipulated to suit our purposes by using weirs and dams. While this has benefited regional communities and economies, water no longer flows naturally as it once did, and the Murray River can no longer water the floodplains often enough to keep them healthy. The map below identifies the locations of the nine VMFRP sites along the Murray River.



Map 2: VMFRP Program of works map

In addition to the VMFRP, LMW will be focusing its efforts on the Sunraysia Water Efficiency Project (SWEP). SWEP is an off-farm modernisation project that will upgrade and remove outdated water infrastructure in the Mildura, Red Cliffs and Merbein irrigation districts. The project involves the modernisation of around 27 km of irrigation channel through the installation of channel liners and buried pipelines. In addition, around 279 Dethridge meters will be removed or upgraded, and 210 domestic and stock outlets will have modern flow meters installed.

These works will increase the efficiency of water delivery for LMW customers, remove redundant assets, extend the lifespan of irrigation infrastructure, and support the agricultural productivity of the region. By minimising channel leakage and seepage, and more accurately measuring water used, the project will produce up to 2.5 GL in water savings to be shared between the environment, Traditional Owners and improving urban water security in the Sunraysia region. It is anticipated that the project will be completed in late 2024.



## SUNRAYSIA WATER EFFICIENCY PROJECT

*b) Achieve our CO<sub>2</sub> emissions reduction targets.*

LMW continues to adapt our operations to prepare for a changing climate and has already begun to mitigate our impact by reducing emissions through solar panels installations at many operational sites which optimises pump efficiency.

Having pledged a 39% reduction in emissions by 2025 and net zero emissions by 2035, LMW remains committed identifying ways to ensure that as we produce emissions, we also remove as much greenhouse gas from the atmosphere as is produced. To offset the emissions that cannot be reduced, we will invest in carbon offsets as a strategy to achieve our targets and build a portfolio that meets LMW's needs and our customers' expectations.

LMW is also a partner in the Zero Emissions Water (ZEW) program and has committed to purchase of renewable energy through the partnership. This partnership (between water corporations across the sector) provides us with access cheaper energy rates than we would have as an individual entity. This strategic approach supports LMW in offsetting rising energy costs with the intent to minimise the impact on customer bills. LMW is still developing its maturity in this space and continues to make significant progress to maximise every opportunity to ensure that its targets can be met.

One of the most cost-effective ways for LMW to reduce its emissions is to improve the operational efficiency of its delivery network. Identifying and implementing operational innovations and initiatives reduces our risk exposure to price fluctuations in the energy market. In 2023-24, LMW intends to specifically target optimisation opportunities at its irrigation pump stations and has entered into a partnership with Melbourne University to undertake a study into optimising the operating philosophy of the Robinvale irrigation district main pump station, which is one of LMW's largest energy consuming assets. The study will help determine optimal set points for pump station operation, and result in reduced energy consumption.

Given 74% of LMW's greenhouse gas emissions are due to grid electricity consumption, a significant opportunity to reduce our current emissions profile has been identified. We have committed to sourcing 100% of our electricity from renewable sources in 2025 and will explore a range of renewable energy options, including purchasing directly from electricity retailers, independent clean power producers, and/or generating our own energy through additional solar installations. An options assessment will be undertaken during this period to determine optimum combination of procurement solutions.

LMW is also committed to implementing sustainable asset management practises aimed at improving the energy efficiency of equipment and facilities. This provides an opportunity to reduce carbon emissions while lowering energy costs for our customers. Energy-efficient principles are applied during LMW's procurement processes which ensures that our employees take these considerations into account when defining product requirements or choosing between alternatives.

*c) Explore enhanced integrated water management that best works for our region.*

LMW is currently completing the Sunraysia Water Balance Project in partnership with our local Integrated Water Management (IWM) partners. The generally dry climate of LMW's service area means that innovative options for integrated water management that are suitable for our local environment need to be developed and in a manner that can be effectively achieved using a partnership model with local stakeholders. Key partners include local government and catchment management authorities, and LMW will actively work to develop opportunities over the coming period.

## 5.2 Customer and Community Outcomes

*LoE 2: Ensure that all aspects of service delivery will be customer and community-centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.*

*Key focus areas:*

- C1: Customer Satisfaction (Urban and Rural)
- C2: Customer and Community Engagement

*Water Plan 5 Outcomes:*

- Services provide customers value for money
- Provide customers reliable and safe drinking water
- Provide customers reliable sewerage services
- Provide customer service avenues that are responsive to resolve requests and enquiries
- Service our communities in a socially responsible and environmentally sustainable manner

LMW is focused on delivering services that meet the needs and expectations of our customers and communities, and this has been embedded as strategic aspirations within our *2021-2025 Strategic Plan* to achieve outcomes relating to the key focus areas as outlined in the LoE 2:

1. ***Strategic Priority: Engagement*** – *Effective engagement with our stakeholders.*
  - a) Embed authentic customer engagement across the whole business.
  - b) Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region.
2. ***Strategic Foundation: Infrastructure*** – *Ensure our assets and infrastructure meet current and future needs.*
  - a) Optimise our infrastructure through improved life cycle management.
3. ***Strategic Priority: Service Delivery*** – *Achieve high quality outcomes for our customers.*
  - a) Identify, define, and deliver agreed customer service levels.
  - b) Improve our responsiveness to customer issues by obtaining better service delivery insights.

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### 1. Strategic Priority: Engagement – Effective engagement with our stakeholders.

*a) Embed authentic customer engagement across the whole business.*

LMW remains committed to creating a culture of genuine engagement with our urban and rural customers and continues to monitor our performance and gather insights utilising a range of customer satisfaction surveys. These tools enable us to engage with customers to obtain planning and decision-making insights and to gauge whether we are meeting expectations. Although the surveys are not mandatory requirements of the ESC, they were identified as a key measure in our Water Plan 4 and therefore was a commitment sustained for that period. From 2020, our customer surveys include a DEECA requirement for rural Water Corporations to survey customers against the four common pillars below:

- Value for Money
- Trust
- Reputation
- Overall Satisfaction

Results of the most recent survey have been analysed in conjunction with additional feedback collected from customers during last year's pricing submission consultation for Water Plan 5. We have considered how we can increase overall satisfaction ratings in the final year of Water Plan 4 and into Water Plan 5



including initiatives to address lower satisfaction scores in Kerang and Swan Hill due to taste, odour and pressure concerns.

Current customer engagement levels with LMW's annual survey are low, making it difficult to conclude that the results are an accurate reflection of our broader customer base. To improve this, LMW will be engaging with customers throughout the 2023-24 period to consider other feedback mechanism that may result in higher participation and therefore more reliable information. LMW's business transformation program will ultimately improve our ability to use a range of feedback mechanisms via a new customer portal and CRM system, which will enable us to achieve better and more contemporary engagement throughout Water Plan 5. This uplift will also increase LMW's ability to extract performance data regarding resolution of customer enquiries and time to resolve customer enquiries. This improved data will support customers in accurately measuring LMW's performance and managing customer expectations.

Throughout 2022, LMW developed a communications and engagement framework, strategy, and tool kit, and commenced implementation across the organisation to support best practice community engagement under the IAP2 principles. Initial implementation occurred during the development of Water Plan 5 driven by the People and Stakeholder teams. During 2023-24, training will occur across the organisation to achieve a consistent approach to customer, community, and stakeholder engagement and to ensure delivery of our key customer outcomes and commitments during Water Plan 5.

LMW will further strengthen proactive relationships with our six rural Customer Services Advisory Committees (CSAC) and overarching rural Strategic Advisory Committee (SAC) by working closely with existing members to review the current structure of the committee and consider alternative structures that will maximise participation and knowledge sharing opportunities across all districts within LMW's service area.

As a result of customer consultation for the development of Water Plan 5, LMW was successful in establishing an engaged and committed Urban Deliberative Panel made up of urban customers who attended four workshops during the consultation phase of the submission and demonstrated commitment to ongoing engagement. LMW will investigate the best method to ensure this ongoing engagement either through the revival of our Urban Customer Consultative Committee or an alternative method of genuine engagement that best drives customer insights and supports decision making for our urban networks.

LMW held its Annual Growers Conference on 19 August 2022 following the cancelation of the event in 2021 due to COVID-19 restrictions. The 2022 conference was attended by approximately 90 people and featured speakers from LMW, MDBA, GMW, DEECA, One Basin CRC, VFMRP and Rural Finance Counselling Services covering a range of water, policy, environmental and business-related topics. Early planning has commenced for the 2023 Growers' Conference, with strategies under development to increase attendance numbers and to improve on this year's event based on feedback received.

In 2023-24, we will continue to deliver a tailored education program that reaches beyond schools to raise awareness of water efficiency principles and practices. Supporting our vulnerable and/or impacted communities and customers through encouraging efficient water use practices, this program will reach a broad and diverse audience throughout our communities.

Our work to engage both customer and our community aligns with our Strategic Plan 2021-2025 to ensure authentic engagement is at the forefront of all that we do to provide a better customer experience whilst balancing and appreciating cost pressures for our customers.

b) *Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region.*

LMW engages with many stakeholders across its urban and rural businesses and in 2022-23, key stakeholders of focus included rural customers (irrigators and domestic and stock users) as well as water brokers and professional service providers to reinforce the Minister's clear message regarding zero-tolerance to unauthorised water take.

We will maintain this focus in 2023-24 in addition to supporting the Victorian Government, DEECA and our customers in the implementation of the new Place of Take legislation. LMW have two members of our CSAC/SAC representing LMW customers on DEECA's Customer Consultative Committee to ensure our customer views are considered in the final preparations for implementing the new legislation for rural water licencing. In addition, our General Manager People and Stakeholders meets monthly with DEECA and other Water Corporation executives to monitor the progress for implementation and our Senior Manager Customer Operations and Team Leader Rural Customers are actively engaged with customers, government, and other key industry stakeholders to ensure a smooth transition to the new regulation model from 1 July 2023.

Our Compliance and Enforcement Communications Plan demonstrates targeted activity to ensure customers are adequately informed about compliance and enforcement requirements, including how Victoria applies a zero-tolerance approach to unauthorised take and most recently, the implementation of Penalty Infringement Notices as a new tool to support the effective management of non-compliance. Various communication platforms will continue to be utilised, including SMS, email and other proactive communication methods that reach our customers at times that best resonate with them.

During 2022-23, we have taken step to strengthen relationships and connections with the First Nations and traditional owner groups across our region. With a strong Reconciliation Action Plan (RAP) in place identifying key activities for implementation in 2023-24, we are confident in our ability to achieve the deliverables within our *Reflect* RAP to allow us to then progress to an *Innovate* RAP.

LMW has worked in partnership with DEECA, other rural water corporations, community, and Traditional Owners to develop Groundwater Management 2030 (GM2030). This document sets out a statement of priorities for the next eight years for DEECA and rural water corporations to achieve in the management of this highly valued resource. LMW's General Manager People and Stakeholders is LMW's representative who will work closely with all key stakeholders in the delivery of GM2030 to deliver strong groundwater management which is flexible to meet opportunities and challenges as water use and industry transforms in the future.

Across the organisation, there is a strong culture of collaboration with staff committed to working with other Water Corporations and key stakeholders. The opportunity to proactively participate and engage in building relationships via various Communities of Practice and Special Interest Groups is encouraged to enable staff to take advantage of new learnings, peer support and innovation.

## **2. Strategic Foundation: Infrastructure – Ensure our assets and infrastructure meet current and future needs.**

a) *Optimise our infrastructure through improved life cycle management*

LMW delivered a robust engagement process during the development of Water Plan 5 with our customers to identify new customer outcomes that will support the identification, prioritisation and focus for new projects.

Customer outcomes for the period 2023-28 are defined in LMW's pricing submissions for both rural and urban services which is currently awaiting a final determination by the ESC. These customer outcomes drive decision making relating to the efficient and effective management of our assets.

Once approved, these outcomes will form the basis of Water Plan 5 and have helped shape LMW's capital expenditure priorities throughout this period. We are focused on delivering the capital expenditure projects identified to support the delivery of the customer outcomes identified as part of the new water plan. As we mature in our application of the Asset Management Accountability Framework (AMAF) across the business, the optimisation process of balancing cost, risk and service levels will become more efficient and embedded through standard business processes.

### 3. Strategic Priority: Service Delivery – Achieve high quality outcomes for our customers.

#### a) *Identify, define, and deliver agreed customer service levels.*

Despite the lingering after-effects of COVID-19 and the impacts of the 2022 Victorian floods, there was little to no impact upon service delivery disruption experienced by our customers which is a credit once again to the commitment and resilience of our staff.

Our service delivery performance was to a high standard throughout the year despite the challenges of flooding which increased the occurrence of blackwater and challenged the organisation to ensure both urban and rural customers were delivered water at a quality that was consistent and of an appropriate standard.

Although much of the effort that goes into steady delivery of water to our customers is often unseen or unnoticed by the public, focus continues ensuring we engage in proactive communication with our customers and the broader community regarding water issues and challenges which enables our ability to continue to respond well during crises such as floods.

In the development of Water Plan 5, we reviewed our agreed customer service levels with our customers and these expectations will be embedded in our new water plan once approved by the ESC. LMW prides itself on its ability to efficiently manage ever increasing compliance and legislative obligations whilst maintaining agreed customer service levels.

#### b) *Improve our responsiveness to customer issues by obtaining better service delivery insights.*

LMW has actively increased its involvement with the Intelligent Water Network (IWN) and is now participating in the following projects during 2023-24 with the hope that new technology will provide customers with better service delivery in the future:

- ***Digital metering systems***: State based business case and economic model
- ***Renewal Program Analytical Solver***: Reviewing one asset type, sewer reticulation, with LMW receiving a prioritisation of sewer data, to develop a prioritised program of works for sewer rehabilitation and maintenance
- ***Remote Field Worker***: Equipped with a high-definition camera that can be used to capture photos and videos in hard-to-reach places such as tunnels, towers or behind large machinery and equipment, which includes hands-free technology.
- ***Water Quality Monitoring***: Real time microbiology using BactoSense
- ***Champions Leadership Program***: Developing emerging leaders across the Victorian Water Industry and ensure there is a new champion and deputy champion for the next cycle.
- LMW continue to develop and implement initiatives and projects across wastewater treatment and reuse sites including:
  - Sludge drying bed refurbishments at the Mildura Wastewater Treatment Plant (WWTP)
  - Irrigation channel refurbishments at the Mildura WWTP re-use farm
  - Biosolids treatment at the Koorlong WWTP

### 5.3 Water for Aboriginal Cultural, Spiritual and Economic Values, and support economic inclusion in the water sector

*LoE 3: Promote self-determination of Traditional Owners, including by supporting the Treaty process as required. Support the implementation of Water is Life: Traditional Owner Access to Water Roadmap by enabling increased access to water entitlements under current frameworks and increased cultural benefits from the way we store, deliver, and use water.*

*Key focus areas:*

- AC1: Supporting Aboriginal self-determination
- AC2: Partnerships with Traditional Owners
- AC3: Aboriginal Inclusion Plan/Reconciliation Action Plan

*Water Plan 5 Outcomes:*

- Service our communities in a socially responsible and environmentally sustainable manner

LMW acknowledges the Traditional Owners of the land on which we work and reside, recognising their continuing connection to land, waterways, and community. Our commitment to genuine engagement with and respect to Elders past, present and future was identified in our *2021-2025 Strategic Plan* via the following strategic aspirations which will enable us to achieve outcomes identified under the focus areas within LoE 3:

1. ***Strategic Priority: Engagement*** – *Effective engagement with our stakeholders.*
  - a) Embed authentic customer engagement across the whole business
  - b) Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region.
2. ***Strategic Foundation: Finance & Governance*** – *Secure our long-term financial success and upgrade our governance, systems, and processes.*
  - a) Optimise business efficiencies through sustainable pricing, resourcing, and procurement.

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#### 1. Strategic Priority: Engagement – Effective engagement with our stakeholders.

*a) Embed authentic customer engagement across the whole business.*

In 2021, LMW completed its inaugural *Reflect* Reconciliation Action Plan (RAP) which was developed in partnership with Traditional Owners in our service region. Committed to building upon our first RAP to foster stronger relationships and understanding, a second *Reflect* RAP was approved by Reconciliation Australia in October 2021.

LMW undertook greater consultation in the development of our new RAP with improvements and feedback considered from LMW's Board and members of LMW's Inclusion, Diversity and Equality (ID&E) Committee. We are confident that with the establishment of a dedicated Diversity and Inclusion Officer role, and our whole of organisation engagement approach through the ID&E Committee to promote, champion and encourage the true value of diversity, we will be able to reconnect and re-establish relationships with local Aboriginal and Torres Strait Islander stakeholders through a second *Reflect* RAP.

The focus of a dedicated Diversity and Inclusion Officer will enable sustained progress of actions identified within both the Gender Equality Action Plan (GEAP) and RAP to occur and enable LMW staff to consider and engage with Traditional Owners more proactively as we provide our services to communities in our region.

As a part of our GEAP, we will be implementing Gender Impact Assessments for all projects, programs, services, and policies developed or delivered by LMW during the forthcoming period. Gender impact



assessments are designed to help organisations think critically about how policies, programs and services will meet the diverse needs of the community in which it serves. With a purpose to create better and fairer outcomes, and make sure all people have equal access to opportunities and resources.

*b) Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region.*

We remain committed to ensuring that our engagement with Traditional Owners is genuine, authentic, and collaborative as we include Aboriginal values in water planning processes, and this occurred during 2022 as when we engaged with the Aboriginal community in the development of Water Plan 5.

Our second *Reflect* RAP will look to identify avenues for LMW to work closely with Traditional Owners on mutually beneficial projects, further strengthening the relationships and providing opportunities to increase pride in Aboriginal cultures within our service region. During the development of Water Plan 5, a potential project regarding carbon offset omissions was identified as a potential joint program between LMW and the First People of the Millewa-Mallee. While still an uncertain project for Water Plan 5, further discussions regarding the potential for a joint program have been held and will be progressed with the First People of the Millewa-Mallee.

Engagement regarding cultural heritage matters for all project and operational service delivery activity has been embedded into business-as-usual, recognising the specialist skills and knowledge Traditional Owners contribute to these areas. We acknowledge that Aboriginal values are inherent in the major projects that we are involved with, and we continually seek opportunities to embed these values into all levels of the organisation. LMW's continued work as the lead agency for the VMFRP Project is an example of this and comes with the understanding that authentic engagement of Traditional Owners is a crucial aspect of the project, and our commitment enables Traditional Owners to recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector.

## **2. Strategic Foundation: Finance & Governance – Secure our long-term financial success and upgrade our governance, systems, and processes.**

*a) Optimise business efficiencies through sustainable pricing, resourcing, and procurement.*

The *LMW Social Procurement Strategy* was renewed in early 2021 and is set for a three-year period from 2021-2023. A review of this strategy will occur in 2023-24 and will continue to focus on the following priority areas:

- Sustainable Victoria regions
- Safe, inclusive, and fair workplaces
- Opportunities for Victorian Aboriginal people
- Environmentally sustainable business practices

LMW is committed to embedding these social and sustainable objectives into the procurement process to achieve meaningful contributions to the economic, social, and cultural development of our community and acting as a leader in embedding the above focus areas in our own workforce strategies. This ensures we are practicing that which we ask our contractors and service providers to demonstrate in their business operations.

LMW has increased our Aboriginal Employment throughout 2022-23 and through the delivery of our RAP, GEAP and internal investment into the development of our Aboriginal employees, we are confident participation from the Aboriginal community will continue to increase in 2023-24.

## 5.4 Recognise recreational values

*LoE 4: Support the wellbeing of communities by considering recreational values in water management. Where appropriate, support planning for the delivery of the Victoria 2026 Commonwealth Games.*

Key focus areas:

- Rec1: Recreational values

Water Plan 5 Outcomes:

- Service our communities in a socially responsible and environmentally sustainable manner.

Water is a vital feature of our region's landscape and the communities that reside within the Murray-Darling Basin, and the opportunity to participate in recreational activities whether in the river, tributaries or floodplains is immense. As such, the following strategic aspirations support efforts to achieve the objectives for LoE 4:

***1. Strategic Priority: Environment - Better the environment in our region.***

- a) Deliver the Victorian Murray Floodplain Restoration Project (VMFRP) to agreed objectives.

***2. Strategic Priority: Service Delivery – Achieve high quality outcomes for our customers.***

- a) Identify, define, and deliver agreed customer levels.

***3. Strategic Priority: Engagement – Effective engagement with our stakeholders.***

- a) Enhance stakeholder relationships to build confidence and generate future opportunities.

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### 1. Strategic Priority: Environment - Better the environment in our region.

*a) Deliver the Victorian Murray Floodplain Restoration Project (VMFRP) to agreed objectives.*

LMW contributes to and supports the community's water-based recreational and environmental values, providing a range of operational assistance to the Mallee Catchment Management Authority (CMA) for the delivery of the Victorian environmental watering programs. Healthy floodplains are beautiful places to visit and are ideal for recreation activities such as boating, fishing, and camping.

The VMFRP will see much needed water gets back onto nine high-ecological-value floodplains along the Murray River, enabling our community to enjoy these surrounds as they participate in recreational activities. Without this water, these iconic landscapes will continue to decline – along with the many native trees, animals and plants that depend on them. The works of the VMFRP will see substantial financial investment into the region, creating jobs and helping local economies, and attracting tourism by enabling visitors from outside our region to engage in recreational activities and contribute economically to our community for generations to come.

### 2. Strategic Priority: Service Delivery – Achieve high quality outcomes for our customers.

*a) Identify, define, and deliver agreed customer levels.*

LMW plays a lead role in ensuring the community can pursue its recreational activities within the Murray River and its waterways safely. LMW remains the lead member of the Sunraysia Regional Algae Coordinating Committee which includes coordination of the local action committee, frequent sampling of local waterways, laboratory assessment for blue green algae and issuing warnings when BGA levels are harmful to human health.

LMW is also committed to ensuring Lake Cullulleraine remains accessible to the community. This popular, 184-hectare lake was once an ephemeral wetland, and is now kept at constant level via water pumped from the Murray River above Lock 9 and during the recent floods was maintained to support recreational lake activity as the Murray River was unable to be used for recreational activity by the community.

Whilst the lake's primary purpose is to supply water for the Millewa community (supplying stock and domestic and irrigation water for large horticulture properties in the area), the lake is a favoured location for locals and visitors to pursue recreational activities such as swimming, fishing, skiing, paddle sports, camping, or bushwalking.

LMW will continue to work closely with relevant stakeholders in 2023-24 to manage the Cumbungi weed at Lake Cullulleraine to ensure that it can fulfil its recreational purpose. This will be done in partnership with Mildura Rural City Council, Millewa Landcare and DEECA as well as the Mallee CMA to ensure the protection of the natural ecosystem and recreational facilities at Lake Cullulleraine.

The 2022-23 floods impacted an operational levee bank at King's Billabong which exists to support environmental outcomes, irrigator requirements and provides community access to natural environments and public walking tracks. Further works to reinforce and reinstate this levee will be undertaken in 2023-24.

Whilst Mildura was not a selected host city for the 2026 Commonwealth Games, we are currently engaged in discussions regarding opportunities across our region as a satellite location that will contribute to the atmosphere and the success of the Games.

### 3. Strategic Priority: Engagement – Effective engagement with our stakeholders.

#### *a) Enhance stakeholder relationships to build confidence and generate future opportunities.*

Effective communication regarding the status of Blue Green Algae (BGA) is particularly crucial to supporting the economy of our region which relies heavily on tourism in summer, and even more so given recent economic recovery efforts post-pandemic and low water quality following the 2022-23 floods. We will continue this role as well as our established routine monitoring for the presence of BGA in customers' source water supply. LMW is in regular communication with key tourism and government stakeholders in the management of this issue.

In addition, LMW will utilise lessons learned from the recent flood event to enhance communications for use in future emergency situations and to further build relationships with community leaders and critical support partners in preparation for the next emergency incident.



Image 3: November 2022 Floods - Riverfront

## 5.5 Resilient and liveable cities and towns

*LoE 5: Contribute to healthy communities by supporting safe, affordable, high-quality services and resilient, liveable environments and recovery from emergency events that builds back with improved resilience against future risks.*

Key focus areas:

- L1: Integrated Water Management (Urban)
- L2: Water efficiency (Urban)
- L3: Circular economy outcomes
- L4: Environmental Statutory Obligations
- L5: Sustainable Water Use (Rural)

Water Plan 5 Outcomes:

- Services provide customers value for money.
- Provide customers with water when they need it.
- Provide customers reliable and safe drinking water.
- Provide customers reliable sewerage services.
- Provide customer service avenues that are responsive to resolve requests and enquiries.
- Service our communities in a socially responsible and environmentally sustainable manner

Creating healthy and resilient communities and supporting liveable environments is integral to LMW's purpose of supporting our region to prosper through successful delivery of vital water services. This commitment is delivered through active community engagement and providing safe, affordable, and reliable essential services during both favourable and adverse conditions.

As identified within the *2021-2025 Strategic Plan*, the following strategic aspirations support LoE 5 of enabling healthy communities:

***1. Strategic Priority: Service Delivery*** - Achieve high quality outcomes for our customers.

- a) Identify, define, and deliver agreed customer levels.
- b) Improve our responsiveness to customer issues by obtaining better service delivery insights.

***2. Strategic Priority: Engagement*** – Effective engagement without our stakeholders.

- a) Embed authentic customer engagement across the whole business.
- b) Enhance stakeholder relationships to build confidence and generate future opportunities.

***3. Strategic Priority: Environment*** - Better the environment in our region.

- a) Explore enhanced integrated management that best works for our region.

***4. Strategic Foundation – Finance & Governance*** - Secure our long-term financial success and upgrade our governance, systems, and processes.

- a) Optimise business efficiencies through sustainable pricing, resourcing, and procurement.

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### 1. Strategic Priority: Service Delivery - Achieve high quality outcomes for our customers.

*a) Identify, define, and deliver agreed customer levels.*

Maintaining a high quality of service delivery across the urban and rural businesses is essential to creating liveability and building resilience within our region. The wellbeing and livelihood of our customers and community has a direct link to the agricultural, tourism and support industries prosperity which forms the economic backbone of our region.

The relationship between water resources and the region's social and economic success is critical – and as a part of this relationship, LMW must deliver its services prudently and efficiently. Following a year filled with the lingering challenges of COVID-19 and new challenges relating to the 2022-23 floods, further opportunities to engage with our communities and work side by side with other agencies to contribute to the community and its ongoing success have since emerged. In particular, the 2022-23 floods saw a regional approach taken, which was instigated by LMW to collaborate more effectively on flood management in partnership with MRCC, Wentworth Shire Council, CMA and Parks Vic. As our region still recovers from these floods, remediation of damaged meters and impacted assets will occur, and the lessons learned will also contribute to the strengthening of our delivery network to ensure that impacts to customers can be reduced further for events.

Critical risks for LMW that continue to affect the liveability and resilience of our community include:

- Flooding, blackwater and Blue Green Algae (BGA) events causing highly variable water quality over sustained periods.
- Water security and maintaining community amenity and liveability, especially as we see a move towards more drier conditions that may bring drought.
- Maintaining affordability of water services to the community under the economic impacts of fluctuating food commodity prices and volatile electricity and gas prices.

We will continue our participation and development throughout 2023-24 in a range of industry forums and initiatives, including Integrated Water Management (IWM) forums and projects to be delivered in collaboration with regional partners as well as Intelligent Water Network (IWN) initiatives in response to our customers expectation that we move towards sustainable practices.

*b) Improve our responsiveness to customer issues by obtaining better service delivery insights.*

Our ability to respond to customer issues is strengthened by a renewed focus on authentic engagement which enhances our ability to better understand and gain insights into challenges that our customers experience. Recent customer engagement throughout the development of our new water plan provides us with a strong baseline to continue discussion with customers and gather new insights to support better service delivery in the new regulatory period.

Insights will continue to be gained through Customer Satisfaction Surveys as well as numerous customer and stakeholder forums both in person and online throughout the year. This ongoing feedback enables LMW to identify where expectations have shifted or changed, and also identify new and emerging issues that will enable us to plan and improve upon the service that our customers currently receive.

Continuous improvement remains a priority across the organisation with opportunities to strengthen our Blue Green Algae (BGA) and blackwater challenges not only through process enhancements, but also through better communication with customers.

## **2. Strategic Priority: Engagement – Effective engagement without our stakeholders.**

*a) Embed authentic customer engagement across the whole business.*

LMW undertakes many activities to ensure that the level of engagement is appropriate and relevant to the stakeholders being targeted. In 2022, LMW developed a new Engagement Framework, Strategy and Toolkit utilising the International Association of Public Participation (IAP2) principles. LMW's engagement is designed and tailored to enable customers and community to proactively contribute to the services that they experience. This is currently undertaken via Customer Satisfaction Surveys and Post Interaction Surveys where customers can articulate their perceptions and views, as well via our Customer Service Advisory Committees which enable us to gain insight into issues and gather feedback that supports strategic and operational decision making. Through LMW's Business Transformation Program Horizon 2, LMW will expand feedback mechanisms to gain a broader and more reflect customer view.



In 2022-23, LMW engaged strongly with customers through the development of our water plan and our Urban Water Strategy. Engagement such as this enables us to test the support for identified approaches and is an opportunity to educate customers resulting in a better understanding of activities and initiatives as they are rolled out. This approach will continue to be embedded into our strategic and plan development throughout 2023-24 as we roll out the Engagement Strategy and Toolkit across the LMW business.

The remote location of our region and the increase in extreme weather events because of climate change means resilience within our sector will be integral to delivering high quality service levels and contributing to liveability into the future. The opportunity to engage customers in understanding this better is not to be wasted. Authentic engagement is fostered through transparent communication regarding impacts to operations and service delivery, and by informing our customers proactively when these issues arise. We will continue to support our community through education programs and make opportunities for our customers to engage proactively with us.

*b) Enhance stakeholder relationships to build confidence and generate future opportunities.*

Engagement with our communities during the development of Water Plan 5 and Urban Water Strategy was a key focus in 2022-23 and the implementation of the resulting key strategic initiatives will see strong customer and community engagement continue throughout 2023-24 and beyond.

Acknowledgement that stakeholder relationships are the responsibility of all staff and not just a specific team or unit is key to our ability to engage authentically. LMW remains committed to IAP2 principles training which empowers staff to plan and deliver effective engagement across a range of issues, initiatives, and strategies. LMW will continue to improve engagement with rural customers to better understand their needs and work together in partnership to achieve success by increasing on-farm engagement between our customers, staff and other agencies as well as holding an annual CSAC meeting in our rural districts that all customers can attend and provide feedback.

LMW will strengthen relationships with urban customers built through the development of Water Plan 5 invigorating engagement with urban customers following the positive efforts with the Urban Deliberative Panel during the development of Water Plan 5. This ongoing engagement will provide the opportunity for customers to gain a greater insight LMW's urban operations and provide direct feedback on areas they think we can improve.

Other specific initiatives designed to enhance our relationships with the community and that enable them to access safe, affordable, and reliable services both directly and indirectly will continue throughout 2023-24, includes:

- Access to water efficiency programs such as the Community Rebate and the Housing Retrofit Programs which enable customers to maximise their water usage and efficiency and minimise their costs.
- Access and guidance to government support and concession programs for vulnerable customers.
- Education programs across the community.

### **3. Strategic Priority: Environment - Better the environment in our region.**

*a) Explore enhanced integrated management that best works for our region.*

LMW continues to work closely with local volunteering group Greening Mildura to increase native vegetation at the Bob Corbould Wetland, which enhances the environment and our community. Having thriving wetlands filled with different species of birds and wildlife enhances the wellbeing of those who live near the wetlands or access them for recreational activities. This ongoing partnership with Greening Mildura engages the community in maintaining and caring for these environments and supports a nursery owned and managed by local Traditional Owners of the First People of Millewa Mallee.

LMW continues to partner with a range of stakeholders to lead initiatives that integrate environmental outcomes with operational maintenance including Sunraysia Ozfish, Victorian Fisheries, Mallee CMA, North Central CMA and Goulburn Broken CMA.

Our Urban Water Strategy (UWS) focuses on providing sustainable drinking water to our communities, aligning with the Integrated Water Management (IWM) principles. As a part of the UWS, we are currently undertaking a study to explore the feasibility of provision of recycled water from the Mildura Wastewater Treatment Plant to the main nature strip on Deakin Avenue and other potential public open spaces that currently use potable water for irrigation purpose. This will help to secure sustainable water supply to community significance green amenities to maintain or improve liveability and resilience. LMW has received funding from the Victorian Government under its IWM Grants Program to undertake the study.

#### **4. Strategic Foundation – Finance & Governance - Secure our long-term financial success and upgrade our governance, systems, and processes.**

##### *a) Optimise business efficiencies through sustainable pricing, resourcing, and procurement*

In this forthcoming period, LMW continues its business transformation journey which will see the optimisation of business efficiencies relating to sustainable pricing, resourcing, and procurement. Without these optimised systems and newly created business efficiencies, LMW is challenged in its ability to best serve its customers and contribute to the liveability of our communities. Our business transformation program seeks to enhance the following areas that will contribute to a resilient and liveable community:

- *Sustainable pricing*: ensuring that our revenue matches our expenses and meets our customers' expectations through the identification of services sufficient to require standalone pricing.
- *Resourcing*: ensuring that the right resources match our obligations and the customers' expectations to improve the quality of the services that are provided.
- *Procurement*: the development and implementation of a robust procurement process which encompasses cost versus benefit tests within procurement planning stages and procedures that enable regular market testing and supplier performance evaluation processes to ensure best commercial and social terms are sought.
- *Debtor Management*: through the automation of quarterly bills and electronic reminders as well as increasing early intervention and support for customers experiencing hardship.



Image 4: Biosolids located at Koorlong Wastewater Treatment Plant

## 5.6 Leadership, diversity and culture

*LoE 6: Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equality in both executive leadership and throughout the organisation, including requirements under the Gender Equality Act 2020.*

*Key Performance Indicators:*

- G1: Diversity and inclusion
- G3: Health and Safety

*Water Plan 5 Outcomes:*

- Services provide customers value for money.
- Provide customer service avenues that are responsive to resolve requests and enquiries.
- Service our communities in a socially responsible and environmentally sustainable manner.

The leadership bench-strength and culture of an organisation can shape its ability to achieve maximum growth and potential of its human resources. Our strategic direction in this area is driven by the understanding that the key strategic foundation of People and Safety will enable the future success and achievement of our strategic priorities. The following strategic aspirations have been identified to fulfil LoE 6:

***1. Strategic Foundation: People & Safety*** – Enhance our people and safety, and leverage innovation to be more efficient and effective.

- a) Put 'safety first' through communication, consistency, clarity, and commitment.
- b) Embed #1LMW by fostering a high-performing culture by attracting, retaining, and developing our people.
- c) Achieve greater equality, diversity, and inclusion.
- d) Adopt improved ways of working through our Business Transformation Program.

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### **1. Strategic Foundation: People & Safety – Enhance our people and safety, and leverage innovation to be more efficient and effective.**

*a) Put 'safety first' through communication, consistency, clarity, and commitment*

During the past year, LMW has paid particular attention to safety with an organisation-wide focus creating a collective understanding and approach to safety. In the last quarter of 2022, LMW completed a complete review of our OHS manual which guides our employees in the development of safe methods of work for all works undertaken by LMW employees and contractors, ensuring a safe work environment for our employees, contractors, visitors, and community members. This action was taken in response opportunities for improvement identified in our 2021 Global Safety Index Survey results resulting in the focus on our two lowest performing areas of the survey:

- The regularity of review of LMW's safe work practices and procedures
- The practical application of some safety rules and procedures at LMW

This focus has driven increased engagement of our employees in the review and ongoing development of LMW's OHS Management System, ensuring it is designed for our employees and by our employees with expert advice as required to achieve best practice.

In early 2023, a safety culture review was undertaken which helped the organisation understand its baseline relating to safety and has provided a roadmap in uplifting our collective approach to safety. This will result in all LMW employees undertaking further enhancement of and robust training in LMW's OHS Management System.

LMW recognise that leadership is a critical component of driving a safety-first and with this in mind, engaged Leading Safety to deliver a Safety Leadership program to the Executive and Senior Management Team in early 2023. The safety culture review and actions resulting from the Safety Leadership program will drive a suite of training initiatives delivered across the organisation in 2023-24 to continue to build upon our leadership capabilities.

During 2022-23 LMW had an elevated focus on psychological safety within the workplace and has commenced identification of additional psychological hazards that need active treatment to mitigate or eliminate. This will be supported with a review of LMW's 4C Safety First Strategy and the continued utilisation of wellbeing indicators from the annual Victorian Government People Matter Survey to confirm an improvement in organisational physical and psychological safety performance and culture.

*b) Embed #1LMW by fostering a high-performing culture by attracting, retaining, and developing our people.*  
The first full cycle of LMW's Leadership and Talent Management PDP online program was completed in January 2023 with the new cycle commencing in February 2023. 89% of LMW's employees developed a PDP with their manager in its first year of implementation, and despite strong engagement at commencement of the cycle, engagement has dropped off as we progressed through the PDP cycle. A number of reasons for this have been identified including significant changes in leadership and attrition across the business resulting in increased workload for people leaders. The People Team were not immune to this and a lack of resources championing the PDP process also impacted the outcome. With the People Team now fully resourced, the focus returns to ensuring greater engagement through the entire professional development cycle to further support to people leaders and employees on having effective development discussions.

In December 2022, LMW commenced consultation for the development of our first People Strategy and a review of our employee value proposition (EVP) and organisational values. The intent with this first stage of consultation was to understand the genuine current experience of our employees, focusing on six elements which have the greatest impact on employee experience. These are:

1. Culture
2. Safety, Health, and Wellbeing
3. Rewards and Benefits
4. Onboarding and Attracting Talent
5. Leadership
6. Learning and Career Opportunities

A series of both people leader engagement sessions and employee engagement sessions were held in early 2023 to consider the feedback from the employee experience survey and to co-design this strategy with our employees. In addition, we also utilised results from the Victorian Government People Matter Survey and workforce analytics to validate the feedback received and will continue to use these tools to demonstrate progress toward our strategic foundation of People and Safety.

This work is crucial to instilling a culture where leadership is a behaviour not a title and that the privilege of leadership is in the development of others and with a draft of the People Strategy, EVP, and values complete, it is anticipated that the strategy will be ready for implementation at the commencement of 2023-24.

*c) Achieve greater equality, diversity, and inclusion.*

LMW has achieved our first Gender Equality Action Plan (GEAP) approved by the Gender Commission and implemented quarterly reporting to our Board to demonstrate achievement against the actions within this plan. LMW's Inclusion, Diversity and Equality (ID&E) Committee were instrumental in the development of LMW's first dedicated GEAP and will continue to play an active role in the achievement of the action plan through promoting, championing, and encouraging equality, diversity, and inclusion in the workplace. The Action Plan will complement the work LMW has already done in the delivery of our first RAP with a focus on the achievement of an inclusive work environment that provides opportunity and equity at all levels of the organisation for all people.

In October 2022, Reconciliation Australia (RA) approved LMW's second RAP. In consultation with RA, it was agreed that LMW would continue with a *Reflect* RAP focusing on relationships, respect, opportunities, and governance. Initiatives across our GEAP and RAP aim to achieve:

- Improved participation by Traditional Owners and Aboriginal Victorians in Board, Committees, and other organisational committees.
- Increased participation and representation of Aboriginal people in our business and continue to build on the diversity of our organisation toward the Victorian State Government target of 3%.
- Increased number of females occupying senior leadership positions over projected five-year period.
- Increased participation and representation of females in our business and continue to build on the overall diversity of our organisation including LGBTIQ+ and people with a disability.
- Employment practices that champion gender equality whilst applying an intersectional lens.
- Reporting practices that are rich in content, inspire action and support accountability at all levels.
- A positive culture surrounding Gender and Intersectional Diversity both internally and externally.
- Increased participation of female executive members and Board Directors in the Women in Water's leadership programs and networks.

Since the completion of our first Workplace Gender Audit in June 2022 some of our achievements include:

- Increased Aboriginal employment from 1% to 2%
- Internal appointment increased from 28% to 40%



Image 5: Gender and cultural diversity remains a key focus for 2023-24

*d) Adopt improved ways of working through our Business Transformation Program.*

The Business Transformation Program is fully entrenched in the design, build and configuration of the new LMW cloud-based core Finance and CRM platforms within Horizon 1. Over the next 12 months, LMW will continue its transformation journey through the implementation of agreed business process improvements that will be built on the new core platforms and will manage data migration, system and user testing and training outcomes within the scope of Horizon 1. This will be achieved with the support of many program resources sourced both internally to build the organisation's capabilities, and externally bringing in the support of experts to ensure the program runs smoothly.

Through a team of business analysts, change management specialists and technical experts, work will also commence on the scoping of the next phase of business transformation for LMW (Horizon 2).



## 5.7 Performance and financial sustainability

*LoE 7: Improve efficiency and consistency in the reporting of performance while delivering safe and cost-effective water and wastewater services in a financially sustainable way.*

*Key Performance Indicators:*

- PF1: Audited statement of performance

*Water Plan 5 Outcomes:*

- Services provide customers' value for money.
- Service our communities in a socially responsible and environmentally sustainable manner.

Financial sustainability is a crucial objective for LMW, and we will continue to provide all current services whilst striving for greater cost efficiencies to improve the value provided to customers. The following strategic aspirations have been identified to meet the expectations of LoE 7:

- 1. Strategic Foundation: Finance & Governance** - *Secure our long-term financial success and upgrade our governance, systems, and processes*
  - a) Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations
  - b) Deliver on our Water Plans' revenue and operational expenditure targets
  - c) Optimise business efficiencies through sustainable pricing, resourcing, and procurement
- 2. Strategic Foundation: Infrastructure** – *Ensure our assets and infrastructure meet current and future needs*
  - a) Optimise our infrastructure through improved life cycle management
  - b) Deliver our Water Plan capital expenditure on time, on quality and within budget
- 3. Strategic Priority: Environment** – *Better the environment for our region*
  - a) Explore enhanced integrated water management that best works for our region

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### 1. Strategic Foundation: Finance & Governance - *Secure our long-term financial success and upgrade our governance, systems, and processes*

*a. Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations*

In planning for the recent pricing submission and long-term financial sustainability, LMW has already signaled its intent to focus on our financial sustainability during the forthcoming regulatory period.

Shareholder expectations are that Victorian water businesses will operate in an environment of steady or declining prices. Throughout the development of Water Plan 5, LMW has identified a number of business challenges that include:

- Historical under-investment in people, processes, and technology
- Significant catch up and investment to build efficiencies in ways of working and data intelligent solutions
- Small and dispersed water/wastewater systems over a large regional customer base
- Different regulatory tariff structures due to merger of irrigation districts with different cost and operational structures
- Rural RAB does not include assets transferred to LMW upon its merger resulting in no ability to recover funding for replacements of transferred assets

Our business transformation program is seeking to address some of the issues associated with processes and technology and is designed to enhance our ways of working. However, further strategic work to review

tariff structures and operating models to optimise costs have also been identified as opportunities that will commence in the 2023-24 financial year.

Strong progress continues to be made in the uplift of LMW's governance practices with a new Governance Operating Model, Corporate Governance Framework and Policy and Procedure Management Framework being implemented across the organisation during 2023-24.

*b. Deliver on our Water Plans' revenue and operational expenditure targets*

LMW's revenue streams continue to factor in customer growth and demands through both urban residential development and rural growth. This can be seen through the recent Sunraysia Water Efficiency Project (SWEP) which will increase the efficiency of water delivery to our customers, remove redundant assets, extend the lifespan of irrigation infrastructure, and support the agricultural productivity of the region. The expenditure drivers to deliver these services is continually under review.

The recent year saw a number of changes and challenges that were not forecast in *Water Plan 4* as a result of the devastating flood activity that occurred in Victoria. The financial impact of the floods has been significant for LMW and, as such has sought relief funding from government to minimise the strain. Despite these challenges LMW has continued to maintain the provision of services to its customers with limited interruptions, whilst also providing financial assistance to customers and creditors who have experienced hardship throughout the floods.

LMW is committed to following price paths and expectations that have been set within *Water Plan 5* and continue to be agile where expenditure budgets may not specifically align with the ESC approved operating expenditures. Efficiencies, where possible, have been included in the budgets which have been reviewed as a part of the corporate planning process.

*c. Optimise business efficiencies through sustainable pricing, resourcing, and procurement*

The organisation continues embed the Victorian Government's procurement directives in its processes across the organisation which outlines the process for identifying, planning, acquiring, and sustaining the goods, services and works necessary to enable the organisation to achieve its goals in identifying efficiencies and improvements for customer value. To this end LMW has adopted the Victorian Government's purchase contracts and will be transitioning expiring contracts to further LMW's purchasing value.

As a regulated business, the ESC reviews pricing submissions of water corporations to determine that prudent and efficient spending is occurring and that assets are optimised where possible, ensuring that we are delivering the right asset at the right time in the life cycle.

The development of frameworks and the optimisation of efficiencies requires an appropriate allocation of resources to match our obligations and our customers' expectations. Investment has already occurred with LMW currently in the midst of a business transformation program to optimise systems that will provide better oversight and bring efficiencies to the organisation. Focus during Horizon 1 of the program includes electronic billing and management systems, customer portal and CRM.

## **2. Strategic Foundation: Infrastructure – *Ensure our assets and infrastructure meet current and future needs***

*a. Optimise our infrastructure through improved life cycle management*

LMW continues to mature its application of the Asset Management Accountability Framework (AMAF) to ensure that our planning to maximise the life cycle of our assets is of a best practice standard. We continue to undertake continuous improvement initiatives across our planning, acquisition, operation and maintenance, and disposal of service delivery assets to ensure our expenditure remains prudent and efficient.

Our diverse asset base delivers reliable services to our customers and whilst our maturity has continued to advance over the past year, a program of works is scheduled and budgeted for in 2023-24 to ensure our ongoing compliance against the DTF mandated AMAF which supports LMW's obligation to a whole-of-business-approach to manage our assets and finances responsibly, and sustainably on behalf of the community.

Key components of AMAF include:

- Asset class plans for critical assets
- Roles and responsibilities for LMW staff around asset management

The shift to predictive maintenance strategies for large pipelines, pumps and electrical assets continues to be a focus moving forward as we improve the selection of pipes for renewal or replacement via well-established processes. We have completed a pilot study of assessing reliability of the Merbein Irrigation Pump Station using Failure Modes, Effects, and Criticality Analysis (FMECA) Tool, which will help to identify critical components to allow appropriate measures to be implemented, increasing longevity of the asset. We are planning to undertake similar assessment of other critical Pump Stations in 2023-24.

AMAF continues to enable our critical assets to be positioned at the centre of our business, and places emphasis on a proactive approach that supports the lowering of the risk of failure and disruption to customer service.

*b. Deliver our Water Plan capital expenditure on time, on quality and within budget*

Major flooding which occurred during October 2022 and early January 2023 impacted our capital works program by delaying some of the scheduled projects. Additional expenditure to protect our assets and continue services, which included works to increase the height of the approximately 5 km long levee at the Mildura Wastewater Treatment Plant (WWTP) was also required.

Despite this however, we continued delivering our capital expenditure program including major infrastructure projects including installation of Ultra-Violet (UV) treatment units at our urban water treatment plants and the Millewa Irrigation pump station, minor capital works as well as asset renewal and replacement programs.

In 2023-24, we will continue to embed changes resulting from initiatives to improve resource and project planning, updating of processes, enhanced reporting and the adaptation required in response to strong construction market conditions to deliver customer outcomes within budget. The major capex works program to be delivered in 2023-24 is as follows:

- Red Cliffs Water Distribution system level of service improvement
- Mildura Tenth Street Water Tower refurbishment
- Upgrade of sewer pump station at Robinvale
- Firewall installation of control network of the water supply systems (Sunraysia & Swan Hill regions)
- Design of electrical asset and telemetry for sewer pump stations SCADA system (Sunraysia & Swan Hill regions)
- Water Main Replacements (Mildura, Robinvale, Swan Hill & Kerang regions)
- Sewer Main Rehabilitation (Mildura, Robinvale, Swan Hill & Kerang regions)
- Irrigation Mains Replacement (All districts)
- Irrigation Meter Replacements (All districts)

### 3. Strategic Priority: Environment – *Better the environment for our region*

#### a. *Explore enhanced integrated water management that best works for our region*

Mildura and Koorlong Wastewater Treatment Plants (WWTPs) generates approximately 600 tonnes of biosolids a year. Biosolids are the end-product from sewage treatment at wastewater treatment plants and as a sustainability initiative, we are working with local farmers to realise the valuable nutritional potential via an agricultural application. In partnership with farmers, LMW has applied biosolids to horticulture land which has resulted in a 20% increase in yields. The yield increase is due to biosolids being rich in nitrogen, carbon, and phosphorus.

LMW will continue to process and monitor the biosolids to Victorian EPA standards, ensuring we deliver a safe product for our farmers. By reusing biosolids rather than disposing of them, we are committing to ensuring LMW provides financially sustainable wastewater services to our community, and a service that is both sustainable and applies integrated water management principles.

LMW generates a variety of wastewaters which undergo some level of processing to remove contaminants and/or pathogens. At the Koorlong and Mildura WWTPs, the wastewater is processed to EPA-approved Class C standards and is used for local food production. The recycled water from Koorlong is used by a third party for irrigation of almonds and wheat, and the recycled wastewater from Mildura is used on LMW's own farm for growing fodder for sheep consumption. LMW generates wastewater from the Mildura West Water Treatment Plan, and this wastewater is processed and reused for irrigation of Mildura Rural City Council's Aerodrome Ovals and Mildura Golf Club's golf course.

Irrigation drainage water is also a wastewater product generated from our farming customers and at present, LMW currently has over 20 irrigation drainage reuse agreements with local farms and households to use this wastewater for irrigating turf, or on horticulture produce. LMW aims to continue to maximise the beneficial use of recycled water for the upkeep of recreational areas and providing support to local food production, ensuring an integrated water management process that is safe and delivers cost effective water services.

In response to the Victorian Government's Statement of Obligations (Emission Reduction), LMW has pledged to reduce carbon emissions by 39 per cent in the 2024-25 financial year, which will result in LMW's total emission to be 24,708 tonnes of CO<sub>2</sub>e. LMW are working on a suite of cost-effective initiatives to reduce our emissions and mitigate the impacts of climate change. Within the rural sector of our business these include additional pressure control optimisation for our irrigation pumps, eliminating unscheduled irrigation water use and over deliveries, and exploring the use of incentives for growers to smooth their demand profile for irrigation water. Additionally, LMW plan to explore larger renewable schemes or power purchase agreements to provide additional emissions reductions. For our scope 2 emissions, we have partnered with the Mallee CMA and North Central CMA to identify opportunities that generate carbon offsets by planting native vegetation on land in our region.

## 5.8 Compliance and enforcement

*LoE 8: Apply a consistent, transparent, and risk-based approach to manage compliance and enforcement of the Water Act 1989.*

*Key Performance Indicators:*

- *CE1: Apply an effective zero-tolerance approach to unauthorised take*
- *CE2: Demonstration of continuous improvement toward implementation of compliance and enforcement strategies, frameworks, and reporting.*
- *CE3: Customer requirements*
- *BE1: Demonstrate bulk entitlements are compliant with individual reporting conditions*

*Water Plan 5 Outcomes:*

- *Services provide customers value for money*
- *Provide customers with water when they need it*
- *Service our communities in a socially responsible and environmentally sustainable manner*

In 2020, the Minister for Water made her intentions clear following an independent review into water compliance measures with a directive that she would be adopting a Zero Tolerance approach to water theft. The Minister's message was reinforced at the 2022 Growers' Conference, and it was made clear that LMW is responsible for investigating non-compliance with the *Water Act 1989*, and to take action to address any unauthorised take of water.

The following strategic aspirations have been identified in the *2021-2025 Strategic Plan* that support activity under this LoE:

***1. Strategic Foundation: Finance & Governance - Secure our long-term financial success and upgrade our governance, systems, and processes.***

- a) *Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations.*
- b) *Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region.*

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**1. Strategic Foundation: Finance & Governance - Secure our long-term financial success and upgrade our governance, systems, and processes.**

*a) Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations.*

Over the past year, LMW has established itself as the leader in managing the non-compliance of the *Water Act 1989* in Victoria. Having developed a strategy and approach that has seen the consistent application of compliance and enforcement measures in alignment with the government's directive, LMW is benefiting from the positive behaviour change of its rural customers which continues to see a significant and sustained reduction of unauthorised take.

In addition to the Penalty Infringement Notices (PINs) that were introduced as a tool to manage unauthorised take during the 2021-22 irrigation season, the most recent irrigation season in 2022-23 saw this same tool implemented for the taking of water without an order. The introduction of these PINs ensures that rural customers who do not abide by the rules and take water when they are not supposed to are penalised, enabling customers who have placed an order to access water when they needed it through LMW's irrigation system network.

In 2023-24, LMW will continue to manage non-compliance of our irrigation customers and will utilise enforcement action that is risk-based and consistent with the state-wide approach. Key focus areas for the forthcoming period include:

- Continue our effective zero-tolerance approach to unauthorised take.



- Continue with implementation of Penalty Infringement Notices across different sections of the Water Act 1989 including the introduction of PINs for taking water outside the parameters of an order for the 2024-25 irrigation season.
- Focus on educating stock and domestic customers on their responsibilities and obligations regarding their rural water entitlements.
- Implementation of identified continuous improvement initiatives that enhance and strengthen our compliance and enforcement strategies and processes.
- Building the capability and knowledge of our Authorised Water Officers and other key LMW staff through training such as prosecution training to reduce the costs associated with enforcement action through the courts.

## 2. Strategic Priority: Engagement – Effective engagement with our stakeholders.

*a) Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region.*

LMW's engagement with stakeholders regarding compliance has proven to be a key driver of the positive behavioural change seen over the past two years. In 2022, consultation with rural customers during the development of the pricing submission reinforced the expectation that irrigators want a system that is fair and equitable and expect that LMW continues to pursue customers that do the wrong thing through the enforcement tools that it has at its disposal.

In 2023-24 LMW will continue to engage with its customers with a focused effort in engaging and educating our stock and domestic customers. With a full contingent of Community & Communications Team in place, efforts will also go into educating professional services providers such as brokers, accountants, and real estate agents to ensure that information being provided to rural customers is accurate and reflective of the current approach. LMW will continue to engage with its stakeholders including DEECA and other water corporations across Victoria to support a consistent approach to managing non-compliance across the state.

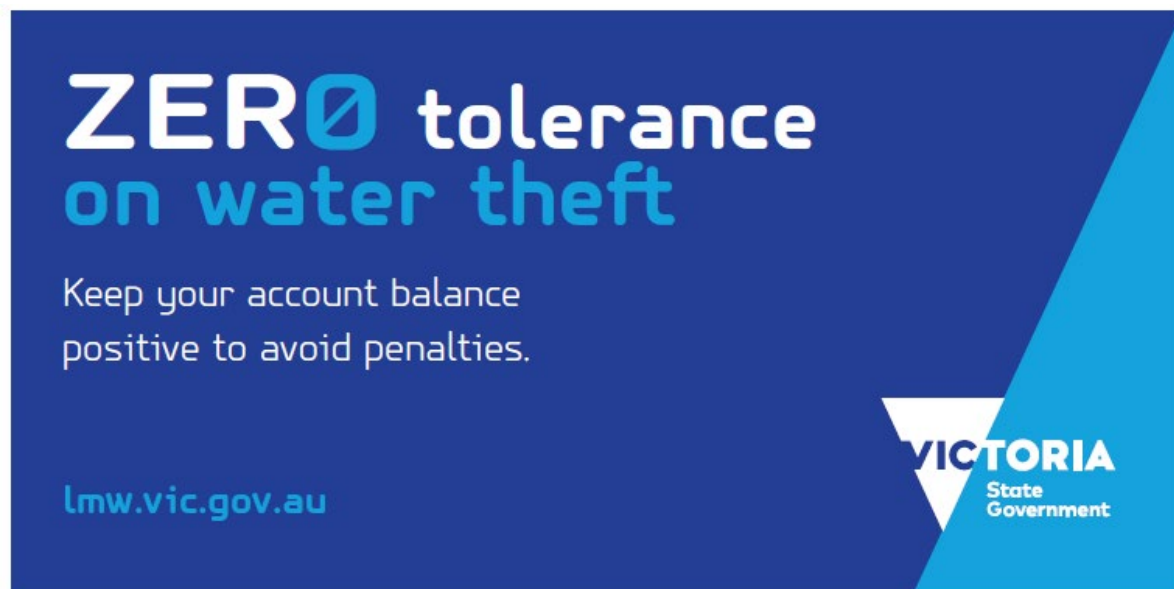


Image 6: Unauthorised Take communications banner

## 6. Risk Management

The LMW Board continues to view effective risk management as key to achieving and maintaining its operational and strategic objectives. With a strong focus on safety, LMW is also developing a new system to better support staff in managing risks across the organisation to optimise opportunities and limit damage to the organisation, its stakeholders and staff from adverse events, key decisions, or actions.

LMW complies with Standing Direction of the Minister for Finance (Ministerial Standing Direction) 3.7.1 – *Risk management framework and processes* which mandate that agencies demonstrate, through an attestation of the risk management process and in 2023, LMW reviewed and updated its Risk Management Framework which saw the commencement of its risk management uplift program as a part of the development of its new Governance Operating Model. The risk management program will be a focus in 2023-24 and will see the finalisation of LMW's Risk Appetite Statement and the development of a more streamlined process and dedicated toolkit to enable our Governance & Risk Officers to work proactively with risk owners across the business.

Risk management attestation will continue to be contributed to annually and findings from our annual attestation programs form part of a governance and risk work plan which will be managed by LMW's Governance Team. Our established Finance & Audit Committee and Risk Committee provide direction and guidance throughout the year.



Image 7: Risk management on site

## 7. Our Financial Performance

Delivering safe and cost-effective water and waste-water services in a financially sustainable manner is crucial and our financial performance is key to achieving this. The following section provides an overview of our future intentions in alignment with the Minister's Letter of Expectations (LoEs) and associated guidelines.

### 7.1 Pricing

#### 7.1.1 Overview

The structures for urban and rural pricing are forecast to remain unchanged for the Corporate Plan period 2023-24 to 2027-28 (subject to changes that may be proposed under *Water Plan 5*) with LMW using the postage stamp pricing method for urban pricing (where all urban townships have common pricing), and the location pricing method for rural pricing.

#### 7.1.2 Urban

Urban pricing is regulated by the ESC who are currently reviewing LMW's Pricing Submission for 2023-24 to 2027-28, with a final determination to be released in June 2023. The *Corporate Plan 2023-24* urban pricing is based on the latest submission provided to the ESC.

The 2023-24 prices comprise regulated price elements (Table 1) to minimise the risk of inflating forecast revenue. Urban pricing for WP5 assumes a 0.34% real price path, adjusted annually for the March quarter average cost of debt and CPI for the year. The Corporate Plan 2023-24 urban pricing continues to follow this price path. After applying an estimated 0.83% cost of debt adjustment and an estimated CPI of 7.00%, urban services will see an increase of 8.25% in 2023-24 for the reference customer. The annual bill impact of this change for urban reference customer is presented in the table below:

Urban Service	Actual 2022-23	Budget 2023-24	\$ Change	% Change
Water Service Charge	\$215.44	\$233.20	\$17.76	
Water Usage (477kL)	\$291.06	\$315.06	\$24.00	
Sewerage Service Charge	\$508.64	\$550.60	\$41.96	
<b>Total Reference Customer Owner Occupier Bill</b>	<b>\$1,015.14</b>	<b>\$1,098.86</b>	<b>\$83.72</b>	<b>8.25%</b>

Tenant Occupier				
<b>Total Reference Customer Tenant Occupier Bill</b>	<b>\$291.06</b>	<b>\$315.06</b>	<b>\$24.00</b>	<b>8.25%</b>

Table 1: Annual bill impact of this change for urban reference customer

#### 7.1.3 Rural

The tariff structures of all rural districts remain unchanged for the Corporate Plan period 2023-24 to 2027-28. LMW uses the location pricing method to set prices for rural services and each district has its own tariffs. 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 the tariff price requirements, costs that are incurred by an individual district are directly attributed to that service area.

The revenue raised by the rural business for regulated services is capped, and as approved by the ESC, who are currently reviewing LMW's Pricing Submission for 2023-24 to 2027-28, with a final determination to be released in June 2023. The *Corporate Plan 2023-24* rural pricing is based on the latest submission provided to ESC. Rural pricing has been adjusted from the rural component of *Water Plan 5* to allow for estimated 0.83% cost of debt adjustment and CPI of 7.00%. The annual bill impact of the changes for rural reference customers is presented in the table below:

Rural District	2022-23	2023-24	\$ Change	% Change
Mildura (100ML)	\$15,255.88	\$16,218.64	\$962.76	6.31%
Mildura HP (100ML)	\$23,742.60	\$23,899.56	\$156.96	0.66%
Merbein (100ML)	\$11,729.28	\$12,744.88	\$1,015.60	8.66%
Red Cliffs (100ML)	\$12,438.28	\$13,240.04	\$801.76	6.45%
Robinvale (100ML)	\$23,100.28	\$23,433.24	\$332.96	1.44%
Private Diverters (1,000ML)	\$12,953.64	\$13,293.64	\$340.00	2.62%
Millewa Waterworks (Rural) (4,300kL)	\$8,238.47	\$8,628.27	\$389.80	4.73%
Millewa – Urban (400kL)	\$934.58	\$994.11	\$59.53	6.37%
Yelta Water Works (3ML)	\$1,687.76	\$1,842.47	\$154.71	9.17%

Table 2: Annual bill impact of this change for rural reference customers

Refer to Section 9.3 for the detailed forecast price path for the regulated rural services.

## 7.2 Operating Expenditure

### 7.2.1 Urban

The financial year 2023-24 is year 1 of our new Water Plan 5. LMW is committed to the delivery of the plan and its objectives. In general terms, LMW's proposed services represent an incremental improvement on current service levels. Through customer surveys, our customers have advised they are satisfied with LMW service levels and that they wish to keep costs to a minimum.

LMW's planned operating expenditure for 2023-24 reflects the urban pricing submission's budget, however, deviates due mainly to a difference in statutory and regulator treatment of business transformation costs. Business transformation initiatives are improved work practices that are expected to yield long-term efficiency savings. The additional costs are in the areas of software licensing, water filtration costs, embedding the *Asset Management Accountability Framework (AMAF)* with improved asset inspection and condition monitoring and meter replacement. The 2023-24 urban operating expenditure budget, including depreciation and interest expenses, is an increase of 10.7% against the 2022-23 urban forecast. Further detail is provided in section 7.3 Operating, Maintenance and Administration Expenses.

The table below sets out the 2022-23 urban forecast and proposed urban total operating expenditure for each year of the Corporate Plan period, across each water and wastewater service category. The table separates out the costs that are not controllable by LMW (GMW bulk water charges and the environmental levy contribution). The total forecast operating expenditure for the Corporate Plan period is also provided. The total budget and planned expenditure remain relatively stable and in-line with assumed inflation in aggregate over the Corporate Plan period.

Urban Cost Category	Current	Corporate Plan 5 Year Period					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	TOTAL
	Forecast \$m	Budget \$m	Planned \$m	Planned \$m	Planned \$m	Planned \$m	\$m
Water	30.14	33.31	33.75	35.57	35.61	37.68	175.92
Wastewater	20.33	22.78	23.54	24.02	23.91	25.22	119.47
External bulk water charges and water allocation purchases	0.70	0.72	0.82	0.85	0.90	0.93	4.22
Environmental contribution	1.78	1.78	1.78	1.78	1.78	1.78	8.90
<b>Total Expenditure</b>	<b>52.95</b>	<b>58.59</b>	<b>59.89</b>	<b>62.22</b>	<b>62.20</b>	<b>65.61</b>	<b>308.51</b>

Table 3: Urban Forecast, Budget and Planned Operating Expenditure 2022-23 to 2027-28

## 7.2.2 Rural

The financial year 2023-24 is year 1 of our Water Plan 5. LMW is committed to the delivery of the plan and its objectives. LMW's planned operating expenditure for 2023-24 reflects the rural component of our pricing submission's budget, however, deviates due mainly to operational costs associated with SWEP, however these are offset from additional funding received. SWEP was an unknown project at the time of preparing the pricing submission and was omitted as a result.

The rural business electricity costs have increase due to a combination of higher energy prices and increased water demand.

The 2023-24 rural operating expenditure budget, including depreciation and interest expenses, is an increase of 11.2% against the 2022-23 rural forecast. Further detail is provided in section 7.3 Operating, Maintenance and Administration Expenses.

The table below sets out the 2022-23 rural forecast and proposed total operating expenditure for each year of the Corporate Plan period, across each major service category. The total operating expenditure for the period is also provided. The total budget and planned expenditure remain relatively stable and in-line with assumed inflation in aggregate over the corporate plan period.

District	Current Period	Corporate Plan 5 Year Period					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	TOTAL
	Forecast \$m	Budget \$m	Planned \$m	Planned \$m	Planned \$m	Planned \$m	\$m
Irrigation and drainage	34.17	39.79	37.74	38.60	39.30	41.94	197.37
Domestic and stock districts	3.21	2.83	2.89	2.95	2.97	3.20	14.84
Surface water diversions	3.21	2.82	2.86	2.96	2.97	3.14	14.74
External bulk water charges and water allocation purchases	3.16	3.28	3.84	4.13	4.42	4.56	20.23
Environmental contribution	0.47	0.47	0.47	0.47	0.47	0.47	2.35
<b>Total Expenditure</b>	<b>44.22</b>	<b>49.19</b>	<b>47.80</b>	<b>49.11</b>	<b>50.13</b>	<b>53.30</b>	<b>249.53</b>

Table 4: Rural Forecast, Budget and Planned Operating Expenditure 2022-23 to 2027-28

## 7.3 Operating, Maintenance and Administration Expenses

LMW continues to strive to deliver on the efficiency of expenditure planned and budgeted for *LMW's Pricing Submission 2024-28*. *Corporate Plan 2023-24* operating expenditure budgets have increased on the forecast 2022-23 by \$10.6M (10.9%).

The main drivers in expenditure variations from the pricing submission budgets for the *Corporate Plan 2023-24* budget are:

- Depreciation
- Disposal of Assets
- SWEP
- Electricity

**Depreciation:** The main increase in expenditure compared to 2022-23 forecast is due to \$4.6m higher depreciation, with key movement resulting from a managerial asset revaluation expected to occur at the end of the 2022-23 year. As per FRD 103 Non-financial physical assets, LMW are required to perform a managerial asset revaluation if the movement in indices from the last valuation exceeds 10%. Based on current indices and estimates, LMW has deemed it highly likely that a revaluation will be required and has budgeted for this to occur, with the end result being an additional ~\$4m in depreciation expense.



**Disposal of Assets:** Disposal of assets are budgeted to increase by an additional \$2.6m with the majority due to the value of land budgeted to be sold within the Mildura irrigation district (\$2.1m). Additional \$0.5m pertains to additional sale of motor vehicles as part of the fleet replacement policy.

**SWEP:** \$2.2m increase in SWEP operational costs which are associated with the removal and decommissioning of irrigation outlets as part of the project. These costs will be fully offset by funding received.

**Electricity** One of the primary increases in operating expenditure is electricity costs, especially in the rural business where substantial use of energy is required in the delivery of large volumes of water. The increase is attributed to a combination of higher energy prices and higher water demand compared to the 2022-23 forecast.

Whole of business electricity is forecast to increase by \$1.0m on 2022-23 forecast with the majority due to increased demand for Urban (19%) and Rural (40%) water delivery. The forecast is modelled on LMW's power consumption, energy demand profile, energy tariffs and water usage/delivery forecast. Energy costs include the additional requirement of the progressively implemented ultra-violet water treatment to which urban customers have confirmed they want the additional protection to ensure consistent, clean, and safe drinking water.

## 7.4 Capital Expenditure

LMW has followed a planned process to build a prudent and efficient capital expenditure program to meet the agreed customer outcomes and associated performance targets, current and new government obligations, and commitments, and/or to manage risk to the business throughout the development of the *Pricing Submission 2024-28*.

LMW has embedded the *Ministerial Directions for Public Construction Procurement* which has been coupled with an organisation-wide review of procurement which has seen the implementation of the *LMW Procurement Framework*. This process has been used for identifying, planning, acquiring, and sustaining the goods, services and works necessary to enable the organisation to achieve its goals and to identifying efficiencies for customer value. LMW continues to mature within the *AMAF*, working towards best practices in asset management ensuring LMW realise the full value of assets in service delivery objectives.

### 7.4.1 Urban

The urban capital works budget for 2023-24 is centered on delivering the agreed service level outcomes as supported by the pricing submission. Total proposed urban capital expenditure for the Corporate Plan period across each service category is set out in the table below.

Service Category	Current Period	Corporate Plan period					
	Forecast 2022-23	Budget 2023-24	Planned 2024-25	Planned 2025-26	Planned 2026-27	Planned 2027-28	TOTAL \$ '000
Water	11.29	9.56	15.93	9.71	6.36	10.40	51.96
Sewerage	3.63	4.26	4.63	4.70	10.93	5.02	29.54
Corporate	2.35	3.79	2.76	2.52	2.00	2.28	13.35
Recycled water	-	-	-	-	-	-	-
Gifted assets	3.89	2.34	1.38	1.45	1.53	1.57	8.27
<b>Total Capital Urban</b>	<b>21.16</b>	<b>19.95</b>	<b>24.70</b>	<b>18.38</b>	<b>20.82</b>	<b>19.27</b>	<b>103.12</b>

Table 6: Forecast, Budget and Planned Urban Capital Expenditure 2022/23 to 2027/28

Major urban capex works to be delivered in 2023-24 are outlined in the table below:

Water Projects – Top 10	Budget 2023-24
Purchase of Water	1,070
Red Cliffs Improve Reticulation Pressure for Township	1,070
Mildura 10 <sup>th</sup> Street Tower	1,022
Mildura West WTP Ground Level Storage	824
Water Main Replacements	749
Mildura Radio Telemetry Water Outstations	714
Kerang WTP Filter Media	375
Kerang Water Roof Tower	337
Merbein TWPS VSD, PLC & Switchboard Upgrade	321
Swan Hill WTP Clarifier	321
Sewer Projects – Top 10	Budget 2023-24
Sewer Rehabilitation Program	696
Robinvale SPS No 6 Renewal	535
HSL Replacement Program	463
Nichols Point Pressure Sewer Rising Main	396
Kerang WWTP Power Upgrade	321
Land Development Growth	268
SCADA Upgrades	214
Merbein Decommission Waste Water Treatment Plant	161
Koorlong WWTP Hand Rail & Pipework	161
Manhole Rehabilitation	144

Table 7: Major urban capex program 2023-24

#### 7.4.2 Rural

The capital works budget for the 2023-24 is centered on delivering the agreed service level outcomes as supported by the pricing submission. Major rural capex works to be delivered in 2023-24 are outlined in the table below:

Irrigation – Top 10	Budget 2023-24
SWEP	23,561
Red Cliffs Radio Telemetry Renewal	492
Private Divertors Metering Program	452
Merbein Radio Telemetry Renewal	444
Red Cliffs Main PS VSD	385
Red Cliffs Pillars PS Pressure Pit	353
Merbein Isolation Valves	321
Mildura Pipelines to Supplement Tight Lines	310
Mildura Irrigation Meter Replacement	294
Red Cliffs Irrigation Meter Replacement	226

Table 8: Major rural capex program 2023-24

Total proposed Rural capital expenditure for the Corporate Plan period across each service category is set out in the table below.

District	CurrentPeriod	Corporate Plan period					
	Forecast 2022-23	Budget 2023-24	Planned 2024-25	Planned 2025-26	Planned 2026-27	Planned 2027-28	TOTAL
Irrigation and Drainage	10.59	26.79	15.11	6.13	8.19	8.11	<b>64.33</b>
Domestic and stock	5.57	0.08	0.53	0.30	0.89	0.08	<b>1.88</b>
Surface water diversions	0.34	0.53	0.55	0.56	0.58	0.60	<b>2.82</b>
Corporate	1.78	2.22	1.39	1.29	0.97	1.09	<b>6.96</b>
<b>Total capital expenditure</b>	<b>18.28</b>	<b>29.62</b>	<b>17.58</b>	<b>8.28</b>	<b>10.63</b>	<b>9.88</b>	<b>75.99</b>

Table 9: Forecast, Budget, and Planned Rural Capital Expenditure 2022/23 to 2027/28

## 8.0 Water Availability and Demand Assumptions

### 8.1 Water availability

Water reserves in the Murray-Darling Basin are well positioned and LMW has adopted a forecast of 100% seasonal determination to Murray High Reliability Water Shares (HRWS) in the *2023-24 Corporate Plan*. This has been based on the February 2023 NVRM outlook where all inflow conditions from wet to very dry provide 100% allocation. This has been deemed appropriate with the current water levels of the storages, despite the Bureau of Meteorology's April 2023 seasonal rainfall outlook which predicts below average rainfall for most of Australia, with our regions to have a 71% chance of falling below median rainfall for the June to August 2023 period. This is presented in the table below:

<b>Murray System Outlook for 2023/24 Seasonal Determination of High-Reliability Water</b>				
<b>Inflow Conditions</b>	<b>3-Jul-23</b>	<b>15-Aug-23</b>	<b>16-Oct-23</b>	<b>15-Feb-24</b>
<b>Wet</b>	100%	100%	100%	100%
<b>Above Average</b>	100%	100%	100%	100%
<b>Average</b>	100%	100%	100%	100%
<b>Below Average</b>	93%	100%	100%	100%
<b>Dry</b>	86%	95%	100%	100%
<b>Very Dry</b>	85%	89%	100%	100%
<b>Extreme Dry</b>	82%	82%	82%	88%

Table 10: Murray System Outlook for Seasonal Determination of HRWS

### 8.2 Water demand

#### 8.2.1 Urban

Consistent rainfall events throughout the winter and spring months, have seen a large reduction in 2022-23 water demand from previous demand levels. The 2023-24 forecast has been set on historical water demand trends overlayed with the Vic Climate Projections data made available by the published CSIRO and DELWP 2019 regional report for the Mallee.

For 2023-24, water demand is based on a 100% seasonal determination to Murray HRWS, with 100% adopted for the remaining plan 2024-25 through to 2027-28. LMW's water demand requirements will be met with Permanent Water Saving Rules (PWSR) remaining in place with no forecast staged water restrictions.

Even though the 2022-23 seasonal determination to Murray HRWS is 100%, LMW is forecast not to carryover any water allocation into the 2023-24 season. The forecast 2023-24 seasonal determination to Murray HRWS is assumed to be 100%, delivering total water availability to LMW of over 32,000ML. This figure is well above the five-year historical urban usage of just over 21,000ML. With no water use restrictions in place, LMW will likely have surplus allocation available to it of approximately 11,000ML.

The residential customer growth / usage is sourced from future growth in households from the Victorian in Future report. The growth equates to approximately 350 new connections per year over the CP period with the average customers' water usage to slightly decrease to 476kL from previous 479kL per annum. Urban water demand is outlined in the table below:

	PWSR	PWSR	PWSR	PWSR	PWSR	PWSR
Service	2022-23 Forecast	2023-24 Budget	2024-25 Planned	2025-26 Planned	2026-27 Planned	2027-28 Planned
Residential Demand	12,814,941	15,468,981	15,610,226	15,753,065	15,897,518	16,043,602
Non-residential demand	3,977,480	4,562,033	4,612,216	4,662,950	4,714,243	4,766,099
Total water demand	16,792,421	20,031,014	20,222,442	20,416,015	20,611,761	20,809,701

Table 10: Urban water demand (kL)

### 8.2.2 Rural

A wetter winter and spring period combined with a milder summer, has reduced the 2022-23 water demand from previous demand levels where rainfall and low water allocation determinations are not a factor. The 2023-24 forecast has been set on previous historical usage trends which includes some drier weather conditions.

Water usage is based on a Murray HRWS seasonal determination of 100%, with 100% adopted for the remaining plan 2024-25 through to 2027-28.

The demand forecast for 2023-24 follows the historical usage trends with additional water usage from SMP2 customers in the Merbein and Red Cliffs districts. The additional SMP2 water usage has been established in consultation with the individual developers planned crop requirements.

Private Diverters do not get billed on water usage and their water usage is controlled by the Annual Use Limit (AUL) as a condition of their Water Use Licence. The current level of AUL held combined with the projected growth aligned to current plantings and future plantings has been used to forecast water usage for the Private Diverters required for their maturing crops.

Rural water demand for pumped irrigation districts and Private Diverters AUL is outlined in the tables below:

Seasonal Determination	100%	100%	100%	100%	100%	100%
Service/District	2022-23 Forecast	2023-24 Budget	2024-25 Planned	2025-26 Planned	2026-27 Planned	2027-28 Planned
<b>Pumped Irrigation - Metered Usage</b>						
Mildura	24,091	31,425	31,425	31,425	31,425	31,425
Mildura HPS	1,690	3,509	3,509	3,509	3,509	3,509
Merbein	13,465	19,621	20,211	20,781	21,039	21,039
Red Cliffs	24,323	35,543	35,990	38,620	39,655	39,655
Robinvale	15,194	19,934	19,934	19,934	19,934	19,934
<b>Total Irrigation</b>	<b>78,763</b>	<b>110,032</b>	<b>111,069</b>	<b>114,269</b>	<b>115,562</b>	<b>115,562</b>
<b>Diverters - Annual Use Limit</b>						
Diverters	683,990	695,522	702,065	708,412	712,876	713,911

Table 11: Rural water demand (ML) – Private Diverters

Seasonal Determination	100%	100%	100%	100%	100%	100%
Service/District	2022-23 Forecast	2023-24 Budget	2024-25 Planned	2025-26 Planned	2026-27 Planned	2027-28 Planned
<b>Stock &amp; Domestic - Metered Usage</b>						
Millewa Urban	68	68	68	68	68	68
Millewa Rural	796	796	796	796	796	796
Yelta WWD	3	3	3	3	3	3

Table 12: Rural water demand (ML) – Millewa

### 8.3 Water Trading Plan

LMW currently holds an urban bulk entitlement of 30.9GL plus water shares totaling another 2.7GL mostly Murray HRWS, with only 21GL on average used annually. Historically, the surplus allocation is either carried over or traded on the annual allocation market. Income varies each year depending on the market price and water availability which has ranged from \$300K to \$1.2m.

LMW has undertaken trade of surplus allocation throughout 2022-23, forecasting trading revenue of \$490k and has forecast to only carryover a small volume into the 2023-24 season. LMW considers strategies to ensure security of supply for customers as the priority before trading any excess allocation, however as the seasonal determination forecast for 2023-24 is 100% for Murray HRWS, LMW have planned to have excess allocation water available to trade.

LMW is currently budgeting for \$825k in revenue from trading surplus allocation in 2023-24.



## 9. Financial Statements

The financial statements in Appendix A 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 financial statements reflect the combination of the previous sections, demand, pricing, operating expenditure, and capital expenditure.

LMW continues to show forecast statutory deficits due to the revaluation of assets and associated depreciation calculations versus the ESC PREMO pricing model used to set service prices. The impact of the revaluation increase in statutory depreciation and the associated deficits are offset on the balance sheet with an increase to Equity through the Asset Revaluation Reserve which is forecast to remain at \$350m in 2023-24. The result for 2023-24 is a deficit of \$14.0m after tax which is lower than the remainder of the planning period due to \$2.4m of funding received for SWEP, where future years remain relatively consistent, but for 2027/28 which increases due to higher depreciation resulting from an asset revaluation required to be completed at the end of 2026/27.

Although LMW's financials show an ongoing deficit, LMW maintains a strong cash flow from operations with the financial indicators, particularly the debt servicing and long-term viability indicators, demonstrating ability to meet interest expenses and service debt while maintaining a strong ability to finance capital works from cash flow and borrowings.

Negative financial indicators will persist in the Return on Assets and Return on Equity with the statutory deficits forecast. See Appendix B for the Performance Report outlining all financial indicator forecast targets.

### 9.1 Dividend

LMW's financial statements show deficits after tax over the planning period, therefore no dividend payment has been forecast.

### 9.2 Borrowings

For LMW to achieve its Capital Works program over the 2023-24 period, LMW has forecast the requirement to borrow externally, from Treasury Corporation Victoria, an additional \$11m whilst retiring debt of \$3m as loan principal falls due or the debt matures.

LMW's Capital Works program in year 2023-24 is \$49.6m which is driving the requirement for the \$11m of external funding within the budget year. Loans increase from \$66.8m to \$74.8m in 2023-24 and are forecast to increase with the large capital works program planned for 2024-25 – 2027-28. Total loans are forecast to be \$103.9m by the end of the planning period. Net borrowings are presented in the table below:

\$'000	2023-24	2024/25	2025/26	2026/27	2027/28
Proceeds from borrowings	11,000	17,000	9,000	12,000	5,000
Repayment of borrowing	(3,047)	(5,100)	(2,176)	(5,246)	(1,320)
<b>Net Borrowings</b>	<b>7,953</b>	<b>11,890</b>	<b>6,824</b>	<b>6,754</b>	<b>3,680</b>

Table 13: Net Borrowings

LMW monitors its debt in line with its approved Treasury Management Policy. The DTF performs an annual desktop review of the financial position of Government business enterprises. This review is performed based on financial statements presented in the prior year's annual report and financial projections as submitted for the next year's budget.

Based on this review, LMW has been assigned a proxy credit rating of 'A' for the 2022-23 year which has been used for the Corporate Plan. The rating is used to calculate the Financial Accommodation Levy for new financial accommodation to be charged to the organisation however currently the desk top rating has not been undertaken by DTF for 2023-24.

### 9.3 Sensitivity Analysis

LMW has previously undertaken sensitivity analysis around demand and interest rates increasing. However currently (as of March 2023) ~70 per cent of LMW's borrowings are fixed beyond 2027-28. This combined with LMW's low asset/debt gearing of 6.6% will result in immaterial movements for 2023-24.

LMW have assessed extreme weather events associated with climate change as the biggest risks to its financial performance. Water storages within the Murray catchment area are severely impacted by either too much (floods) local rainfall or too little (drought) rainfall and therefore water storages within the Murray catchments pose the biggest risks.

Due to the current level of water storages and recent weather events in 2023-24, LMW has undertaken the high rainfall sensitivity analysis. The analysis assumes lower volumetric water usage due to a wet year with high local rainfall in the 2023-24 irrigation season and what impact this would have if the events occurred in consecutive years.

### 9.4 Scenario

Although LMW urban retail and the rural irrigators would have enough water in their Allocation Bank Accounts (ABA) for their water requirements, the need to use the water on outside house gardens or horticulture crops would reduce.

Using the learnings from previous rainfall events and the effect on water usage, demand forecasting decreased *Corporate Plan* levels for the irrigation seasons for 2023-24. LMW's urban customers have a quarterly quantity limit billed via 3 price tiers to which reductions have been the greatest in the top price bracket being 20%. The rural irrigators reduce their water usage ranging from a reduction of 52% to 23% across the districts.

Water demand forecasts for the sensitivity analysis are outlined in the tables below as follows:

	PWSR	PWSR	PWSR	PWSR	PWSR	PWSR
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Service	Forecast	Budget	Planned	Planned	Planned	Planned
Residential demand	12,814,941	15,468,981	15,610,226	15,753,065	15,897,518	16,043,602
Non-residential demand	3,977,480	4,562,033	4,612,216	4,662,950	4,714,243	4,766,099
Total water demand	16,792,421	20,031,014	20,222,442	20,416,015	20,611,761	20,809,701
<i>Change in Demand</i>		<i>High Rainfall</i>				
Residential demand	12,814,941	12,931,698	15,610,226	15,753,065	15,897,518	16,043,602
Non-residential demand	3,977,480	4,048,035	4,612,216	4,662,950	4,714,243	4,766,099
Total water demand	16,792,421	16,979,733	20,222,442	20,416,015	20,611,761	20,809,701

Table 14: Urban Demand Forecasting on High Rainfall

Seasonal Determination	100%	100%	100%	100%	100%	100%
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Service/District	Forecast	Budget	Planned	Planned	Planned	Planned
<b>Pumped Irrigation - Metered Usage</b>						
Mildura	24,091	31,425	31,425	31,425	31,425	31,425
Mildura HPS	1,690	3,509	3,509	3,509	3,509	3,509
Merbein	13,465	19,621	20,211	20,781	21,039	21,039
Red Cliffs	24,323	35,543	35,990	38,620	39,655	39,655
Robinvale	15,194	19,934	19,934	19,934	19,934	19,934
<b>Total Irrigation</b>	<b>78,763</b>	<b>110,032</b>	<b>111,069</b>	<b>114,269</b>	<b>115,562</b>	<b>115,562</b>
<i>Change in Demand High Rainfall</i>						
<b>Pumped Irrigation - Metered Usage</b>						
Mildura	24,091	24,091	31,425	31,425	31,425	31,425
Mildura HPS	1,690	1,690	3,509	3,509	3,509	3,509
Merbein	13,465	13,921	20,211	20,781	21,039	21,039
Red Cliffs	24,323	24,801	35,990	38,620	39,655	39,655
Robinvale	15,194	15,194	19,934	19,934	19,934	19,934
<b>Total Irrigation</b>	<b>78,763</b>	<b>79,697</b>	<b>111,069</b>	<b>114,269</b>	<b>115,562</b>	<b>115,562</b>

Table 15: Rural Demand Forecasting on High Rainfall

The financial impact from the high rainfall event is mostly borne due to a \$4.53m decrease in revenue through reduced water deliveries. An additional \$0.45m reduction in revenue expected to occur via reduced urban water allocation trades due to decrease in demand and trading price. LMW has a high level of fixed costs however electricity has been reduced in-line with the reduction in the water demand being \$0.68m. Additional interest expense of \$0.11m has been made for the 2023-24 and \$0.22m has been included each year after due to an increase in borrowings. The combined effect on the financial results of the reduced water usage is shown in the table below:

	2023-24 '000	2024/25 '000	2025/26 '000	2026/27 '000	2027/28 '000
Total Revenue	82,857	86,429	88,563	91,350	94,503
Total Expenditure	107,214	107,909	111,554	112,552	119,127
Sensitivity Net Results (before tax)	(24,357)	(21,480)	(22,991)	(21,202)	(24,624)
Corporate Plan Results (before tax)	(19,941)	(21,258)	(22,769)	(20,980)	(24,402)
Result variance (loss) (before tax)	(4,416)	(222)	(222)	(222)	(222)

Table 16: Sensitivity analysis financial results on high rainfall event 2023-24 irrigation season.

The financial sensitivity analysis indicates that LMW would increase its loss by \$4.42m in the 2023-24 financial year and have additional ongoing interest expense of \$0.22m. The reduced water deliveries generate lower volumetric charges by \$4.53m, urban \$2.56m and rural \$1.97m.

LMW has a large capital works program over the Corporate Plan period. The combination of this program and high rainfall scenario depletes LMW cash reserves. LMW would need to re-finance an additional \$4m of borrowings when they mature with new borrowings for 2022-23 to remain unchanged. At the end of the 2027/28 financial year borrowings would increase from \$104m to \$108m. It has been assumed that \$4m would be borrowed over a 7-year term at 5.00% plus the Financial Accommodation Levy of 55 basis points.

LMW would need to absorb the urban revenue reduction due to the price cap form of price control. The loss is rather mitigated through the tariff structure assuming approximately 65% fixed charge to 35% variable charge for the urban reference customer service.

The rural form of price control is a revenue cap. Under revenue cap pricing, if the rural business under recovers the revenue requirement as approved by the ESC, it has the option to recoup the revenue losses through increased prices to irrigators for services over the remaining regulated pricing period. The price increases would be significant.

## 10. Key 2022-23 Activities

The following activities have been identified in the LMW Strategic Plan across its six strategic pillars and 16 strategic aspirations and have been mapped against the Minister's expectations and correlating KPI measures.

Minister's Expectation	LMW Strategic Alignment				Minister's LoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
Climate Change and energy	Strategic Priority: <b>Environment</b> – <i>Better the environment in our region</i>	Deliver the Victorian Murray Floodplain Restoration Project to agreed objectives	VMFRP Funding & Regulatory Approval	1. Successful variation for planning & approvals funding approved 2. Successful delivery of the Sunraysia Water Efficiency Project	E1
		Achieve our CO <sub>2</sub> emissions reduction target	Reduction of CO <sub>2</sub> emissions	1. Develop a CO <sub>2</sub> emissions reductions plan 2. Optimisation of irrigation pump stations (Melbourne University study) 3. ZEW partnership for purchase of renewable energy	E1 E2
		Explore enhanced integrated water management that bestworks for our region.	Collaborative integrated water management	1. Develop a measure 2. Understand alternative water sources and applicable regulatory environment 3. Build relationships with stakeholders to identify value proposition for region	E3
Customer and Community Outcomes	Strategic Priority: <b>Engagement</b> – <i>Effective engagement with our stakeholders</i>	Embed authentic customer engagement across the whole business	Improved Customer Experience	1. Implement Customer Engagement Framework & Strategy 2. Embed new processes and Engagement Toolkit across the organisation 3. Improve customer engagement mechanisms to collect feedback following Customer Portal & CRM activation	C1
			Urban and Rural Service Delivery	1. Review & restructure of Customer Advisory Committees 2.	C1
		Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region	Stakeholder relationships	1. Implementation of Stakeholder Engagement Framework 2. Implementation of second <i>Reflect</i> Reconciliation Action Plan 3. Support Place of Take legislation	C2 C3
			Water Plan 5 implementation	1. Implementation of Water Plan 5 Project Plan	C2
	Strategic Foundation: <b>Infrastructure</b> – <i>Deliver our Water Plan capital expenditure (capex) on time, on quality and within budget</i>	Optimise our infrastructure through improved life cycle management	Optimise our assets through balancing cost, risk and service levels	1. Expand linkages with industry to ensure LMW is adopting latest Technology	
				1. Continue process of embedding AMAF into LMW's business processes 2.	

Minister's Expectation	LMW Strategic Alignment				Minister'sLoE
	Strategic Pillar (Priority/Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
	Strategic Priority: <b>Service Delivery</b> – <i>Achieve high quality outcomes for our customers</i>	Identify, define and deliver agreed customer service levels	Rural Service Delivery	1. Collate and implement learnings and impacts of 2022-23 Victorian Floods on operational approaches.	
		Improve our responsiveness to customer issues by obtaining better service delivery insights	Urban Service Delivery	1. Digital metering systems 2. Renewal program analytical solver 3. Remote field worker 4. Water quality monitoring 5. Champions leadership program	
Water for Aboriginal cultural, spiritual and economic values, and support economic inclusion in the water sector	Strategic Priority: <b>Engagement</b> – <i>Effective engagement with our stakeholders</i>	Embed authentic customer engagement across the whole business		1. Implementation of second <i>Reflect</i> Reconciliation Action Plan 2. Implementation of Customer Engagement Framework & Strategy	AC1 AC2 AC3
		Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region		1. Implementation of second <i>Reflect</i> Reconciliation Action Plan 2. Implementation of Customer Engagement Framework & Strategy VMFRP	AC2 AC3
Recognise recreational values	Strategic Priority: <b>Environment</b> – <i>Better the environment in our region</i>	Deliver the Victorian Murray Floodplain Restoration Project to agreed objectives			
	Strategic Priority: <b>Service Delivery</b> – <i>Achieve high quality outcomes for our customers</i>	Identify, define and deliver agreed customer levels		1. Lead the Sunraysia Regional Algae Coordinating Committee (BGA)	REC1
	Strategic Priority: <b>Engagement</b> – <i>Effective engagement with our stakeholders</i>	Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region		1. Partnership with key agencies to take learnings from the 2022-23 Victorian Floods regarding Kings Billabong Levee	REC1
Resilient and liveable cities and towns	Strategic Priority: <b>Service Delivery</b> – <i>Achieve high quality outcomes for our customers</i>	Identify, define and deliver agreed customer levels	Rural Service Delivery	1. Partnership with key agencies to take learnings from the 2022-23 Victorian Floods and apply to future operations and responses	
		Improve our responsiveness to customer issues by obtaining better service delivery insights	Urban Service Delivery	1. Digital metering systems 2. Renewal program analytical solver 3. Remote field worker 4. Water quality monitoring Champions leadership program	L1 L2 L4 L5



Minister's Expectation	LMW Strategic Alignment				Minister'sLoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
	Strategic Priority: <b>Engagement</b> – <i>Effective engagement with our stakeholders</i>	Embed authentic customer engagement across the whole business	Improved Customer Experience	1. Implementation of the Customer Engagement Framework & Strategy 2. Improve customer engagement mechanisms to collect feedback following Customer Portal & CRM activation	
		Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region	Stakeholder relationships	1. Implementation of Stakeholder Engagement Plan 2. Review & restructure of Customer Advisory Committees	
	Strategic Priority: <b>Environment</b> – <i>Better the environment in our region</i>	Explore enhanced integrated water management that best works for our region	Collaborative integrated water management	1. Develop a measure 2. Understand alternative water sources and applicable regulatory environment 3. Build relationships with stakeholders to identify value proposition for region	L1 L2
	Strategic Foundation: <b>Finance &amp; Governance</b> – <i>Secure our long-term financial success and upgrade our governance, systems and processes</i>	Optimise business efficiencies through sustainable pricing, resourcing and procurement	Sustainable Pricing – revenue that matches our expenses and meets customers' expectations	1. Deliver LMW's Business Transformation Program	L3
			Resourcing – the right resources to match our obligations and customers' expectations	1. Deliver LMW's Business Transformation Program	
			Procurement – improve procurement to drive commercial outcomes	1. Implementation of Procurement Improvement Plan and associated training	
			Debt Management – ensure our debt management achieves best practice	1. Electronic billing and management systems upgraded via Business Transformation Program to achieve: <ul style="list-style-type: none"> <li>• Full automation of quarterly bills to customers</li> <li>• Automated electronic reminders to customers</li> </ul> 2. Increased early intervention for customers experiencing hardship	
Leadership, Diversity & Culture	Strategic Foundation: <b>People &amp; Safety</b> – <i>Enhance our people and safety, and leverage innovation to be more efficient and effective</i>	Put 'safety first' through communication, consistency, clarity and commitment	Safety leadership, performance and culture	1. Review and update 4C Safety First Strategy 2.	G2
		Embed #1LMW by fostering a high-performing culture by attracting, retaining and developing our people	Talent Management/Staff Engagement	1. Implementation of Leadership & Talent Management Framework 2. Finalisation and implementation of People Strategy, Employee Values Proposition and Organisational Values	
		Achieve greater equality, diversity and inclusion	Equality, diversity and inclusion	1. Implementation of the Gender, Equality, Action Plan 2. Implementation of the second <i>Reflect</i> Reconciliation Action Plan	G1

Minister's Expectation	LMW Strategic Alignment				Minister's LoE
	Strategic Pillar (Priority/Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
		Adopt improved ways of working through our Business Transformation Program	Improved staff productivity by working better together	1. Deliver LMW's Business Transformation Program	
Performance & Financial Sustainability	Strategic Foundation: <b>Finance &amp; Governance</b> – <i>Secure our long-term financial success and upgrade our governance, systems and processes</i>	Achieve year-on-year improvement in our frameworks, policies and performance to meet our risk management and compliance obligations	Comprehensive understanding of LMW's operating environment	1. Review LMW's financial sustainability 2. Development and implementation of a Governance Operating Model	
		Deliver on our Water Plans' revenue and operational expenditure targets	Revenue and opex optimisation	1. Deliver Sunraysia Water Efficiency Project 2. Identify and embed learnings from the 2022-23 Victorian Floods and apply to future operations and responses	PF1
		Optimise business efficiencies through sustainable pricing, resourcing and procurement	Sustainable Pricing – revenue that matches our expenses and meets customers' expectations	1. Delivery of Business Transformation Program	PF1
			Resourcing – the right resources to match our obligations and customers' expectations	1. Delivery of Business Transformation Program	
			Procurement – improve procurement to drive commercial outcomes	1. Implementation of Procurement Improvement Plan and associated training	
			Debt Management – ensure our debt management achieves best practice	1. Electronic billing and management systems upgraded via Business Transformation Program to achieve: a. Full automation of quarterly bills to customers b. Automated electronic reminders to customers c. Increased early intervention for customers experiencing hardship	
	Strategic Foundations: <b>Infrastructure</b> – <i>Deliver our Water Plan capital expenditure (capex) on time, on quality and within budget</i>	Optimise our infrastructure through improved life cycle management	Optimise our assets through balancing cost, risk and service levels	1. Expand linkages with industry to ensure LMW is adopting latest technology 2. Continue process of embedding AMAF into LMW's business processes 3.	
		Deliver our Water Plan capital expenditure on time, on quality and within budget	Delivery the capital expenditure plan	1. Annual capex targets met on time, on quality and within budget 2. Top ten water plan priority projects delivered	PF1

Minister's Expectation	LMW Strategic Alignment				Minister'sLoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
	Strategic Priority: <b>Environment</b> – <i>Better the environment in our region</i>	Explore enhanced integrated water management that bestworks for our region	Collaborative integrated water management	<ol style="list-style-type: none"> <li>1. Understand alternative water sources and applicable regulatoryenvironment</li> <li>2. Build relationships with stakeholders to identify valueproposition for region</li> </ol>	
Compliance & Enforcement	Strategic Foundation: <b>Finance &amp; Governance</b> – <i>Secure our long-term financial success and upgrade our governance, systems and processes</i>	Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations	Comprehensive understanding of LMW's operating environment	<ol style="list-style-type: none"> <li>1. Development and implementation of a Governance Operating Model</li> <li>2. Review and update Compliance Framework</li> <li>3. Review and update Compliance &amp; Enforcement Strategy</li> <li>4. Implement C&amp;E Communication Plan</li> <li>5. Ongoing stakeholder engagement with DEECA and Water Corporations to ensure consistent approach to compliance</li> </ol>	CE1 CE2 CE3

11 APPENDICES

111.1 Consolidated Financial Statements

Financial Statements

	Prior Year Budget	Current Forecast	Budget	Forecast	Forecast	Forecast	Forecast
Year Ending 30 June	2023 (PY)	2023 (F)	2024 (B)	2025 (F)	2026 (F)	2027 (F)	2028 (F)
Revenues and Expenses (Detailed) (\$'000)							
Revenue From Core Business (As Applicable)							
Bulk Water Fixed Charges to Other Corporations	-	-	-	-	-	-	-
Bulk Water Charges	-	-	-	-	-	-	-
Urban Water Supply:							
Service / Fixed							
Residential	6,779.00	6,863.00	7,538.00	7,876.00	8,229.00	8,598.00	8,984.00
Non-residential	1,515.00	1,534.00	1,697.00	1,773.00	1,852.00	1,936.00	2,022.00
Total Service / Fixed	8,294	8,397	9,235	9,649	10,081	10,534	11,006
Usage/Volumetric							
Residential	10,763.00	9,188.00	11,936.00	12,437.00	12,960.00	13,505.00	14,073.00
Non-residential	3,754.00	3,395.00	4,205.00	4,393.00	4,590.00	4,796.00	5,011.00
Total Usage/Volumetric	14,517	12,583	16,141	16,830	17,550	18,301	19,084
Urban Sewerage							
Service / Fixed							
Residential	14,006.00	14,149.00	15,649.00	16,376.00	17,135.00	17,931.00	18,762.00
Non-residential	2,367.00	2,422.00	2,623.00	2,730.00	2,842.00	2,959.00	3,080.00
Total Service / Fixed	16,373	16,571	18,272	19,106	19,977	20,890	21,842
Usage/volumetric							
Residential	-	-	-	-	-	-	-
Non-residential	-	-	-	-	-	-	-
Total Usage/volumetric	-	-	-	-	-	-	-
Trade Waste Revenue by Agreement	385.00	516.00	412.00	424.00	437.00	450.00	464.00
Trade Waste Usage Revenue	-	-	-	-	-	-	-
Recycled Water							
Service/Fixed Charges	-	-	-	-	-	-	-
Usage / Volumetric Charges	299.00	279.00	320.00	329.00	339.00	349.00	360.00
Total Recycled Water	299	279	320	329	339	349	360
Rural Water							
Rural Water Fixed Revenue							
Irrigation	13,750.00	13,951.00	14,768.00	15,295.00	15,797.00	16,344.00	16,880.00
Stock and Domestic	666.00	675.00	707.00	709.00	711.00	716.00	721.00
Diversions	5,641.00	5,836.00	6,026.00	6,196.00	6,343.00	6,494.00	6,535.00
Groundwater	26.00	20.00	28.00	29.00	30.00	31.00	32.00
Total Rural Water Fixed Revenue	20,083	20,482	21,529	22,229	22,881	23,585	24,168
Rural Water Usage Revenue							
Irrigation	6,870.00	4,987.00	7,169.00	7,126.00	7,206.00	7,187.00	7,105.00
Stock and Domestic	151.00	152.00	165.00	181.00	198.00	216.00	245.00
Diversions	-	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-	-
Total Rural Water Usage Revenue	7,021	5,139	7,334	7,307	7,404	7,403	7,350
Total Revenue From Fees & Charges	66,972	63,967	73,243	75,874	78,669	81,512	84,274
Operating, Maintenance & Administration (OMA) Expenses							
Operating and Maintenance Expense	35,241	41,533	44,608	45,314	46,217	45,184	46,017
Administration Expense	12,433.00	13,286.00	13,029.00	12,744.00	13,688.00	14,567.00	14,284.00
Total OMA Expenses	47,674	54,819	57,637	58,058	59,905	59,751	60,301
OMA Expenses Breakdown (Total OMA)							
Bulk water Supply	3,893.00	3,862.00	4,001.00	4,656.00	4,984.00	5,327.00	5,487.00
Headworks	-	-	-	-	-	-	-
Urban water - Treatment	3,168.00	4,271.00	3,684.00	3,722.00	3,846.00	3,974.00	4,077.00
Urban water - Reticulation	3,740.00	3,919.00	4,242.00	4,141.00	4,304.00	4,372.00	4,653.00
Sewerage - Reticulation	1,474.00	1,674.00	1,600.00	1,877.00	1,759.00	2,005.00	1,951.00
Sewerage - Treatment	1,906.00	1,652.00	1,972.00	2,223.00	2,115.00	2,176.00	2,217.00
Recycled Water	-	-	-	-	-	-	-
Surface Water Diversions	136.00	122.00	151.00	162.00	167.00	172.00	178.00
Gravity Irrigation	6,489.00	6,163.00	6,875.00	7,491.00	7,808.00	8,110.00	8,268.00
Pumped Irrigation	-	-	-	-	-	-	-
Stock and Domestic	730.00	550.00	383.00	448.00	458.00	474.00	483.00
Groundwater	6.00	3.00	7.00	8.00	8.00	8.00	8.00
Drainage Diversions	422.00	409.00	555.00	491.00	513.00	623.00	536.00
Other	25,710.00	32,194.00	34,167.00	32,839.00	33,943.00	32,510.00	32,443.00
Total OMA Expenses (Repeat)	47,674	54,819	57,637	58,058	59,905	59,751	60,301

Financial Statements

	Prior Year Budget	Current Forecast	Budget	Forecast	Forecast	Forecast	Forecast
Year Ending 30 June	2023 (PY)	2023 (F)	2024 (B)	2025 (F)	2026 (F)	2027 (F)	2028 (F)
Operating Statement (FS1) (\$'000)							
Revenue							
Service Charges	45,135	45,966	49,448	51,408	53,376	55,459	57,480
Usage Charges	21,837	18,001	23,795	24,466	25,293	26,053	26,794
Developer Contribution	1,748.00	1,721.00	1,931.00	1,989.00	2,048.00	2,110.00	2,173.00
Developer Contributions - Gifted Assets	2,500.00	4,327.00	2,332.00	2,402.00	2,474.00	2,549.00	2,625.00
Government Contributions / Grants	4,062.00	2,133.00	2,762.00	836.00	-	-	-
Investment Interest	28.00	280.00	225.00	225.00	225.00	225.00	225.00
Profit (loss) from Sale of Assets	(137.00)	142.00	(54.00)	120.00	139.00	56.00	62.00
Other Revenue	4,935.00	5,631.00	4,216.00	4,316.00	4,449.00	4,578.00	4,715.00
Total Revenue	80,108	78,201	84,655	85,762	88,004	91,030	94,074
Expense							
Operating, Maintenance and Administration Expense (OS)	47,674	54,819	57,637	58,058	59,905	59,751	60,301
Environmental Contributions	2,250.00	2,251.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00
Interest Expense	2,190.00	2,764.00	3,335.00	3,863.00	4,454.00	4,917.00	5,276.00
FAL	511.00	506.00	554.00	606.00	665.00	686.00	715.00
IT	-	-	-	-	-	-	-
Labour	-	-	-	-	-	-	-
Consultants	-	-	-	-	-	-	-
Depreciation and Amortisation	36,260.00	36,262.00	40,820.00	42,242.00	43,497.00	44,407.00	49,934.00
Other Expense	-	-	-	-	-	-	-
Total Expense	88,885	96,602	104,596	107,019	110,771	112,011	118,476
Earnings Before Tax	(8,777)	(18,401)	(19,941)	(21,257)	(22,767)	(20,981)	(24,402)
Income Tax Expense	(2,633.00)	(5,520.00)	(5,982.00)	(6,377.00)	(6,831.00)	(6,294.00)	(7,321.00)
Net Operating Result	(6,144)	(12,881)	(13,959)	(14,880)	(15,936)	(14,687)	(17,081)
Dividends Expense	-	-	-	-	-	-	-
Transfers (to)/from Reserves	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
Net Profit (Loss)	(6,144)	(12,881)	(13,959)	(14,880)	(15,936)	(14,687)	(17,081)
Retained Profit (Loss) Carried Forward	(117,622)	(119,740)	(132,621)	(146,580)	(161,460)	(177,396)	(192,083)
Closing Retained Profit (Loss)	(123,766)	(132,621)	(146,580)	(161,460)	(177,396)	(192,083)	(209,164)

Financial Statements

	Prior Year Budget	Current Forecast	Budget	Forecast	Forecast	Forecast	Forecast
Year Ending 30 June	2023 (PY)	2023 (F)	2024 (B)	2025 (F)	2026 (F)	2027 (F)	2028 (F)
Balance Sheet (FS2) (\$'000)							
Current Assets							
Cash on Hand	4,904.00	11,811.00	15,809.00	6,400.00	7,432.00	6,261.00	6,349.00
Receivables	9,767.00	10,444.00	10,222.00	10,167.00	10,117.00	10,108.00	10,171.00
Less Provision for Impaired Receivables	(553.00)	(656.00)	(656.00)	(656.00)	(656.00)	(656.00)	(656.00)
Investments	-	-	-	-	-	-	-
Inventories	4,634.00	5,048.00	5,048.00	5,048.00	5,048.00	5,048.00	5,048.00
Prepayments	632.00	891.00	891.00	891.00	891.00	891.00	891.00
Other Current Assets	-	-	-	-	-	-	-
Total Current Assets	19,384	27,538	31,314	21,850	22,832	21,652	21,803
Non-Current Assets							
Infrastructure	970,671.00	1,007,410.00	1,050,055.00	1,087,076.00	1,012,486.00	1,039,795.00	1,060,705.00
less Accumulated Depreciation	(68,076.00)	(2,045.00)	(40,457.00)	(81,575.00)	-	(43,225.00)	(91,829.00)
Infrastructure WDV	902,595	1,005,365	1,009,598	1,005,501	1,012,486	996,570	968,876
Land and Buildings	24,852.00	27,928.00	27,302.00	27,868.00	28,785.00	29,218.00	29,621.00
less Accumulated Depreciation	(730.00)	-	(478.00)	(1,094.00)	-	(648.00)	(1,377.00)
Land and Buildings WDV	24,122	27,928	26,824	26,774	28,785	28,570	28,244
Plant, Equipment and Motor Vehicles	23,603.00	22,945.00	25,325.00	27,736.00	29,730.00	31,191.00	32,957.00
less Accumulated Depreciation	(16,796.00)	(16,272.00)	(18,039.00)	(18,170.00)	(18,305.00)	(18,443.00)	(18,598.00)
Plant, Equipment and Motor Vehicles WDV	6,807	6,673	7,286	9,566	11,425	12,748	14,359
Capital Works In Progress	16,443.00	29,176.00	29,176.00	29,176.00	29,176.00	29,176.00	29,176.00
Total Property, Plant & Equipment	949,967	1,069,142	1,072,884	1,071,017	1,081,872	1,067,064	1,040,655
Non-current Receivables	141.00	137.00	137.00	137.00	137.00	137.00	137.00
Deferred Tax Assets	19,871.00	18,356.00	18,356.00	18,356.00	18,356.00	18,356.00	18,356.00
Non-current Investments	-	-	-	-	-	-	-
Intangible Assets	16,001.00	11,547.00	13,364.00	15,098.00	16,805.00	18,567.00	24,103.00
Other Non-current Assets	7.00	4.00	4.00	3.00	7.00	6.00	7.00
Total Non-Current Assets	985,987	1,099,186	1,104,745	1,104,611	1,117,177	1,104,130	1,083,258
Total Assets	1,005,371	1,126,724	1,136,059	1,126,461	1,140,009	1,125,782	1,105,061
Current Liabilities							
Bank Overdraft	-	-	-	-	-	-	-
Current Payables	5,271.00	7,895.00	7,895.00	7,664.00	7,664.00	7,664.00	7,664.00
Short Term Borrowings	1,047.00	5,047.00	5,110.00	2,176.00	5,246.00	1,320.00	1,399.00
Finance Lease Liabilities (PPP) - current liabilities	-	-	-	-	-	-	-
Other Lease Liabilities - current liabilities	-	-	-	-	-	-	-
Employee Benefit Provision	2,620.00	2,980.00	2,980.00	2,980.00	2,980.00	2,980.00	2,980.00
Provision for Dividend	-	-	-	-	-	-	-
Other Current Provisions	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-
Total Current Liabilities	8,938	15,922	15,985	12,820	15,890	11,964	12,043
Non-Current Liabilities							
Long Term Borrowings	61,784.00	61,784.00	69,674.00	84,498.00	88,252.00	98,932.00	102,533.00
Long Term Payables	-	-	-	-	-	-	-
Finance Lease Liabilities (PPP) - non current liabilities	-	-	-	-	-	-	-
Other Lease Liabilities - non current liabilities	-	-	-	-	-	-	-
Long Term Employee Benefit Provision	3,533.00	3,836.00	3,836.00	3,836.00	3,836.00	3,836.00	3,836.00
Deferred Tax Liabilities	151,109.00	180,153.00	174,171.00	167,793.00	169,810.00	163,516.00	156,196.00
Other Non-current Liabilities	193.00	147.00	147.00	148.00	147.00	147.00	147.00
Total Non-Current Liabilities	216,619	245,920	247,828	256,275	262,045	266,431	262,712
Total Liabilities	225,557	261,842	263,813	269,095	277,935	278,395	274,755
Net Assets	779,814	864,882	872,246	857,366	862,074	847,387	830,306
Equity							
Government Equity Contributions	633,525.00	647,525.00	668,848.00	668,848.00	668,848.00	668,848.00	668,848.00
Asset Revaluation Reserve	270,055.00	349,978.00	349,978.00	349,978.00	370,622.00	370,622.00	370,622.00
Other Reserves	-	-	-	-	-	-	-
Accumulated Funds (Losses)	(123,766.00)	(132,621.00)	(146,580.00)	(161,460.00)	(177,396.00)	(192,083.00)	(209,164.00)
Total Equity	779,814	864,882	872,246	857,366	862,074	847,387	830,306



Financial Statements

	Prior Year Budget	Current Forecast	Budget	Forecast	Forecast	Forecast	Forecast
Year Ending 30 June	2023 (PY)	2023 (F)	2024 (B)	2025 (F)	2026 (F)	2027 (F)	2028 (F)
Cash Flow Statement (FS3) (\$'000)							
Cash Flows From Operations							
Cash Receipts							
Service and Usage Charges Income	66,778.00	63,708.00	73,030.00	75,629.00	78,418.00	81,248.00	84,004.00
Other Customer Revenue	5,013.00	6,551.00	4,651.00	4,616.00	4,748.00	4,848.00	4,922.00
Receipts from Government	4,062.00	2,133.00	2,762.00	836.00	-	-	-
Developer Contributions	4,249.00	6,048.00	4,263.00	4,391.00	4,523.00	4,658.00	4,798.00
GST Refunds from ATO	-	-	-	-	-	-	-
Investment (Interest) Income	28.00	280.00	225.00	225.00	225.00	225.00	225.00
Other Cash Receipts	-	-	-	-	-	-	-
Total Cash Receipts from Operations	80,130	78,720	84,931	85,697	87,914	90,979	93,949
Cash Payments							
Payments to Suppliers and Employees	(49,174.00)	(57,546.00)	(57,637.00)	(58,290.00)	(59,905.00)	(59,750.00)	(60,301.00)
Interest and Other Costs of Finance Paid	(2,701.00)	(3,270.00)	(3,889.00)	(4,469.00)	(5,119.00)	(5,603.00)	(5,991.00)
GST paid to the ATO	-	-	-	-	-	-	-
Income Tax Payments	-	-	-	-	-	-	-
Environmental Contributions	(2,250.00)	(2,251.00)	(2,250.00)	(2,250.00)	(2,250.00)	(2,250.00)	(2,250.00)
Other Payments (inc. capital repatriation)	(2.00)	(1.00)	-	-	(1.00)	3.00	(1.00)
Total Cash Payments from Operations	(54,127)	(63,068)	(63,776)	(65,009)	(67,275)	(67,600)	(68,543)
Net Cash Inflow (Outflow) from Operations	26,003	15,652	21,155	20,688	20,639	23,379	25,406
Cash Flows From Investing Activities							
Proceeds/(Payment) from Investments	-	-	-	-	-	-	-
Payments for Infrastructure Assets	(33,225.00)	(39,440.00)	(49,566.00)	(42,774.00)	(27,130.00)	(31,680.00)	(29,490.00)
Payments for Property, Plant & Equipment	-	-	-	-	-	-	-
Payments for Intangible Assets	-	-	-	-	-	-	-
Proceeds from Sale of Assets	655.00	717.00	3,132.00	787.00	699.00	376.00	492.00
Net Cash Inflow (Outflow) from Investing Activitie:	(32,570)	(38,723)	(46,434)	(41,987)	(26,431)	(31,304)	(28,998)
Cash Flows From Financing Activities							
Proceeds from Borrowings	12,000.00	-	11,000.00	17,000.00	9,000.00	12,000.00	5,000.00
Proceeds from Government Equity Contributions	-	14,000.00	21,324.00	-	-	-	-
Repayment of Borrowings / Overdraft	(3,988.00)	12,012.00	(3,047.00)	(5,110.00)	(2,176.00)	(5,246.00)	(1,320.00)
Payment of Dividends	-	-	-	-	-	-	-
Net Cash Inflow (Outflow) from Financing Activitie:	8,012	26,012	29,277	11,890	6,824	6,754	3,680
Net Increase (Decrease) in Cash	1,445	2,941	3,998	(9,409)	1,032	(1,171)	88
Cash Held at the Beginning of the Year	5,038	8,870	11,811	15,809	6,400	7,432	6,261
Cash Held at the End of the Year	6,483	11,811	15,809	6,400	7,432	6,261	6,349
Cash on Hand per Balance Sheet	4,904	11,811	15,809	6,400	7,432	6,261	6,349

Financial Statements

	Prior Year Budget	Current Forecast	Budget	Forecast	Forecast	Forecast	Forecast
Year Ending 30 June	2023 (PY)	2023 (F)	2024 (B)	2025 (F)	2026 (F)	2027 (F)	2028 (F)
Key Performance Indicators							
Financial Performance Indicators							
Short Term Liquidity Indicators							
Current Assets	19,384	27,538	31,314	21,850	22,832	21,652	21,803
Current Liabilities	8,938	15,922	15,985	12,820	15,890	11,964	12,043
Net Working Capital (\$'000)	10,446	11,616	15,329	9,030	6,942	9,688	9,760
Working Capital Ratio (%)	217%	173%	196%	170%	144%	181%	181%
Profitability Indicators							
Earnings Before Net Interest and Tax	(6,615)	(15,917)	(16,831)	(17,619)	(18,538)	(16,289)	(19,351)
EBITDA	29,673	20,625	24,214	24,848	25,184	28,343	30,808
Total Revenue from Fees & Charges	66,972	63,967	73,243	75,874	78,669	81,512	84,274
Total OMA (incl. Env Contribution) Expenses	49,924	57,070	59,887	60,308	62,155	62,001	62,551
Total Income	80,108	78,201	84,655	85,762	88,004	91,030	94,074
Total Assets at Start of Reporting Period	1,007,636	1,007,636	1,126,724	1,136,059	1,126,461	1,140,009	1,125,782
Total Assets at End of Reporting Period	1,005,371	1,126,724	1,136,059	1,126,461	1,140,009	1,125,782	1,105,061
Average Total Assets	1,006,504	1,067,180	1,131,392	1,131,260	1,133,235	1,132,896	1,115,422
Return on Assets (%)	-1%	-1%	-1%	-2%	-2%	-1%	-2%
Gross Operating Margin (%)	25%	11%	18%	21%	21%	24%	26%
Net Profit Margin (%)	-8%	-20%	-20%	-21%	-21%	-18%	-21%
Underlying Result (%)	-11%	-24%	-24%	-25%	-26%	-23%	-26%
Debt Servicing Indicators							
Net Interest Expense (income)	2,162	2,484	3,110	3,638	4,229	4,692	5,051
Net Operating Cash Before Net Interest and Tax	28,676	18,642	24,819	24,932	25,533	28,757	31,172
Net Interest Payments (Receipts)	2,673	2,990	3,664	4,244	4,894	5,378	5,766
Cash Interest Coverage (Times)	10.7x	6.2x	6.8x	5.9x	5.2x	5.3x	5.4x
Long term Interest Coverage (Times)	(3.1x)	(6.4x)	(5.4x)	(4.8x)	(4.4x)	(3.5x)	(3.8x)
Long Term Viability Indicators							
Total Debt	-	66,831	74,784	86,674	93,498	100,252	103,932
Total Equity	-	864,882	872,246	857,366	862,074	847,387	830,306
Asset Gearing ratio (%)	0%	6%	7%	8%	8%	9%	9%
Internal Financing Ratio (%)	78%	40%	43%	48%	76%	74%	86%
Debt to Equity (%)	0%	8%	9%	10%	11%	12%	13%
Owners Return Indicator							
Net Operating Result	(6,144)	(12,881)	(13,959)	(14,880)	(15,936)	(14,687)	(17,081)
Total Equity at Start of Reporting Period	785,958	785,958	864,882	872,246	857,366	862,074	847,387
Average Total Equity	392,979	825,420	868,564	864,806	859,720	854,731	838,847
Return on Equity (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Efficiency Indicators							
Total Credit Sales Revenue	68,720	65,688	75,174	77,863	80,717	83,622	86,447
Accounts Receivable at Start of Period	10,937	10,937	9,925	9,703	9,648	9,598	9,589
Accounts Receivable at End of Period	9,355	9,925	9,703	9,648	9,598	9,589	9,652
Average Accounts Receivable	10,146	10,431	9,814	9,676	9,623	9,594	9,621
Net Cash from Operations	26,003	15,652	21,155	20,688	20,639	23,379	25,406
Total Operating Cash Receipts	80,130	78,720	84,931	85,697	87,914	90,979	93,949
Accounts Receivable Turnover (Days)	63.0	68.0	56.0	53.0	51.0	49.0	48.0
Operating Cash Flow Efficiency (%)	32%	20%	25%	24%	23%	26%	27%

## 11.2 Performance Report

	Indicator Name	Description	ESC reference (if applicable)	UOM	Applies to	2022-23 Target	2023-24 Target
<b>Financial Performance</b>	Cash Interest Cover	Net operating cash flows before net interest and tax/net interest payments	n.a	times	all	10.70	6.8
	Gearing Ratio	Total Debt (including finance leases)/total assets * 100	n.a	%	all	6.20	6.6
	Internal Financing Ratio	Net operating cash flow less dividends/net capital expenditure * 100	n.a	%	all	78.30	42.7
	Current Ratio	Current assets/current liabilities (excluding long-term employee provisions and revenue in advance)	n.a	%	all	217.00	195.9
	Return on Assets	Earnings before net interest and tax/average assets * 100	n.a	%	all	- 0.70	- 1.4
	Return on Equity	Net profit after tax/average total equity * 100	n.a	%	all	- 0.80	- 1.6
	EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortisation/total revenue * 100	n.a	%	all	37.60	29.0
<b>Operational Performance: Water and Sewerage Network Reliability</b>	Water Service – minutes off supply (planned and unplanned)	How many minutes on average a customer was without water supply during a year	REW 8	minutes	retail urban entities	10.00	10.0
	Unplanned water supply interruptions	Percentage of customers receiving (x) unplanned interruptions in the year	REW 5	%	retail urban entities	-	-
	Sewerage Service – sewer blockages	Number of sewer blockages reported per 100 kilometres of sewer main	RES 1	number	retail urban entities	17.40	17.4
	Sewerage Service – sewer spills	Number of sewer spills reported per 100 kilometres of sewer main	RES 6	number	retail urban entities	3.20	3.2
	Sewerage Service - containment of sewer spills	Sewer spills from reticulation and branch sewers contained within 5 hours	RES 7	%	retail urban entities	97.00	97.0
<b>Operational Performance: Water Service</b>	Rural water supply deliveries	Number of orders delivered / total number of orders	n.a	%	rural entities	98.00	98.0
	Transfer of Water Shares - applications completed within agreed timeframes	Number of applications completed / total number of applications	n.a	%	rural entities	85.00	85.0
	Unavailability of Domestic and Stock supply	Duration that domestic and stock service is unavailable in excess of on-property storage requirement / length of water season	n.a	%	rural entities	-	NA
	Groundwater supply	Number of transfers processed within target period / total number of transfers processed	n.a	%	rural entities	-	NA
<b>Operational Performance: Customer Responsiveness</b>	Water bills – customers on flexible payment plans	No. of customers with instalment plans	UPP 1	n.a	retail urban and rural entities	n/a	
	Water bills – customers awarded hardship grants	No. of customers awarded hardship grants	UPP 6	n.a	retail urban and rural entities	n/a	
	Customer Responsiveness - water quality complaints	No. of complaints per 100 customers	CRS 4	number	retail urban entities	0.01	0.1
	Customer Responsiveness – number of payment issue complaints	No. of complaints per 100 customers	CRS 7	number	retail urban and rural entities	0.03	0.0
	Customer Responsiveness - total complaints	No. of complaints per 100 customers	CRS 3	number	retail urban and rural entities	0.25	0.3
<b>Operational Performance: Water Reuse</b>	Recycled water – effluent treatment and reuse	Proportion of water recycled as a percentage of the volume of effluent produced	CRR 1	%	retail urban entities	60.00	60.0

## 11.3 Tariff Schedule

		Actual 2022/23	Budget 2023/24	Planned 2024/25	Planned 2025/26	Planned 2026/27	Planned 2027/28
Tariff and Price Component Summary	Unit	Price (1 July 2022)	Price (1 July 2023)++				
<b>URBAN PRICES</b>				PS5 estimated using CPI 3.0% increases (ESC financial template)			
<b>Water - Availability - Domestic &amp; Non-domestic</b>							
20mm	pa	215.44	233.20	241.01	249.08	257.42	266.04
<b>Usage - Domestic</b>							
First Tier	kl	0.4678	0.5064	0.5233	0.5408	0.5589	0.5776
Second Tier	kl	0.8515	0.9217	0.9525	0.9844	1.0173	1.0513
Third Tier	kl	1.0946	1.1849	1.2245	1.2655	1.3078	1.3516
<b>Usage - Non Domestic</b>							
Volumetric	kl	0.8515	0.9217	0.9525	0.9844	1.0173	1.0513
<b>SEWERAGE</b>							
<b>Sewerage - Domestic &amp; Non-domestic</b>							
Availability	pa	508.64	550.60	569.04	588.10	607.80	628.16
<b>RURAL PRICES</b>							
<b>Irrigation</b>							
<b>Mildura Irrigation</b>							
Delivery Share	DS	618.16	662.15	677.13	692.45	708.12	724.14
Delivery Fee	ML	60.40	63.86	64.47	65.08	65.70	66.33
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.72	10.01	10.77	11.55	12.36	12.73
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	59.36	64.35	66.61	68.95	71.37	73.88
<b>Mildura High Pressure Irrigation</b>							
Delivery Share	DS	1,031.72	1,053.56	1,027.12	1,001.34	976.21	951.71
Delivery Fee	ML	95.64	93.70	87.64	81.97	76.67	71.71
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.72	10.01	10.77	11.55	12.36	12.73
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	59.36	64.35	66.61	68.95	71.37	73.88
<b>Merbein Irrigation</b>							
Delivery Share	DS	384.40	436.43	473.05	512.75	555.78	602.42
Delivery Fee	ML	48.99	52.19	53.09	54.01	54.95	55.90
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.72	10.01	10.77	11.55	12.36	12.73
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	94.32	97.84	96.90	95.97	95.05	94.14
<b>Red Cliffs Irrigation</b>							
Delivery Share	DS	404.80	450.92	479.54	509.97	542.33	576.75
Delivery Fee	ML	53.68	55.44	54.67	53.91	53.16	52.42
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.72	10.01	10.77	11.55	12.36	12.73
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	93.92	97.53	96.69	95.86	95.04	94.22
<b>Robinvale Irrigation</b>							
Delivery Share	DS	974.22	996.58	973.26	950.49	928.25	906.53
Delivery Fee	ML	92.44	92.23	87.86	83.70	79.74	75.96
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.72	10.01	10.77	11.55	12.36	12.73
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	90.00	94.72	95.18	95.64	96.10	96.57
<b>Domestic &amp; Stock</b>							
<b>Millewa Rural (Irrigation)</b>							
Delivery	kL	0.12	0.14	0.16	0.19	0.22	0.26
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Rural Access - House	Connection	514.58	586.11	637.34	693.05	753.63	819.51
Rural Access - Scrubland	ha	0.59	0.60	0.59	0.58	0.57	0.56
Rural Access - Stock	ha	2.44	2.52	2.48	2.44	2.40	2.36
<b>Millewa Urban (Irrigation)</b>							
Delivery	kL	0.80	0.77	0.71	0.66	0.61	0.56
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Urban Access - No Offtake	Connection	257.29	289.33	310.62	333.47	358.01	384.35
Urban Access - Offtake	Connection	514.58	586.11	637.34	693.05	753.63	819.51
<b>Other Stock &amp; Domestic (Irrigation)</b>							
Connection Charge (Pipeline)	Connection	289.00	368.50	448.58	546.07	664.74	809.20
Delivery (Pipeline)	ML	432.92	457.99	462.56	467.18	471.85	476.56
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
<b>Licensing</b>							
<b>Diversions (Irrigation)</b>							
Operational Fee	ML/AUL	3.12	3.17	3.08	2.99	2.90	2.82
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.72	10.01	10.77	11.55	12.36	12.73
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
<b>Non Water Users</b>							
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.72	10.01	10.77	11.55	12.36	12.73
Service Charge	Ass	100.00	100.00				

++ Estimated Prices (ESC approval not completed)

