



Annual report 2020/2021



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Cover image: Murray River at sunset

Acknowledgement of Country

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

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

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

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

- Acknowledgement of Country written by Stephanie Sloane.



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



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



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Mildura Water Treatment Plant

About Us

Who we are

Lower Murray Water Urban and Rural Water Corporation is a statutory water authority created under the provisions of the *Water Act 1989*. It assumed the whole of the property, rights, liabilities, obligations, powers and functions of the Lower Murray Region Water Authority and Sunraysia Rural Water Authority.

The *Water (Governance) Act 2006* varied the form and title of Lower Murray Water and established new governance arrangements effective from 1 July 2007. By statute under the *Water Act 1989* Lower Murray Urban and Rural Water Authority became Lower Murray Urban and Rural Water Corporation (LMW).

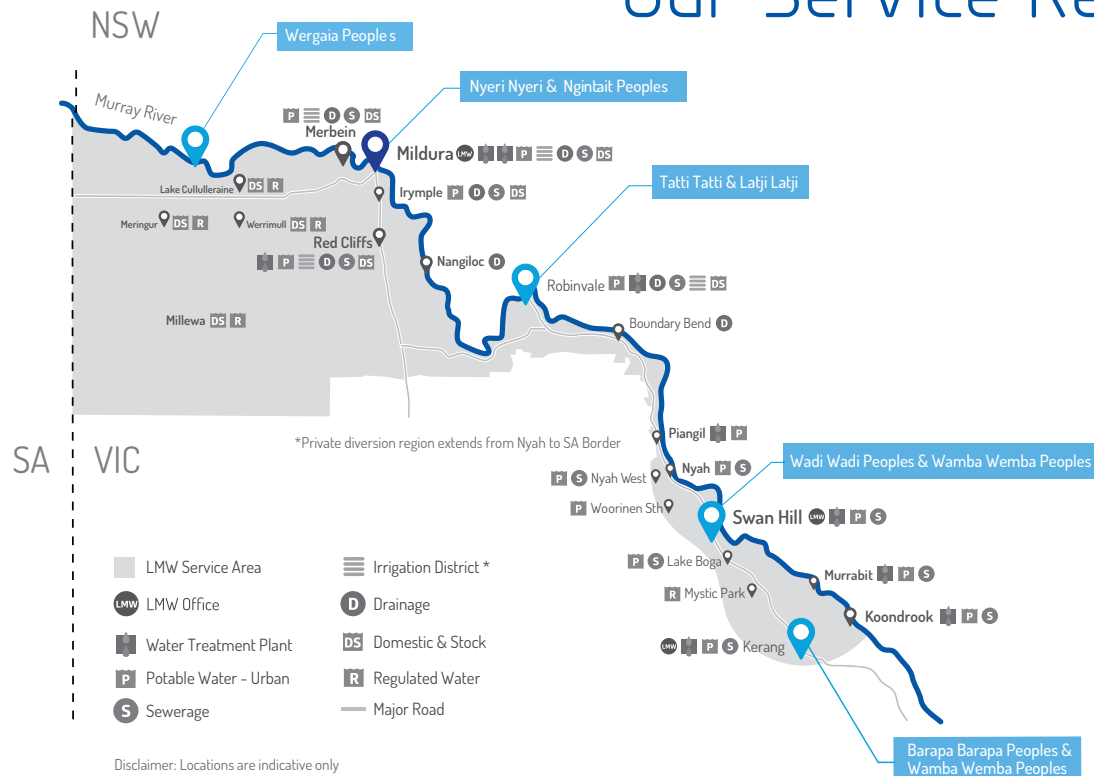
On 19 August 2008 the then Minister for Water, The Hon. Tim Holding MP, issued a determination for LMW to take over the whole of the functions, powers, and duties of the First Mildura Irrigation Trust (FMIT).

During the period 1 July 2020 to 14 February 2021 our relevant Minister was the Hon. Lisa Neville MP, Minister for Water. From 15 February 2021 to 30 June 2021 our relevant Minister was the Hon. Richard Wynne, Acting Minister for Water.



Our Service Region

1



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

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 contribute to the economic, social, and cultural development of our region and its many communities with environmentally responsible and sustainable water management.

LMW provides services to both rural and urban customers including:

- Urban water services to 14 townships via 9 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 10 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).

Victorian Murray Floodplain Restoration Project (VMFRP)

LMW is the lead agency for the Victorian Murray Floodplain Restoration Project (VMFRP). VMFRP will get much needed water back onto nine high-value floodplains along the Murray River. Without this water, these iconic landscapes will continue to decline – along with the many native trees, animals and plants that depend on them.

Healthier floodplains are good for:

- **Local communities and visitors**

Healthy floodplains are beautiful places to visit and are great for recreation like boating, fishing and camping.

- **Traditional Owners**

Traditional Owners have cultural, spiritual, and economic connections to land, water and resources through their relationship with Country, having managed land and water sustainably over thousands of generations.

- **Local wildlife**

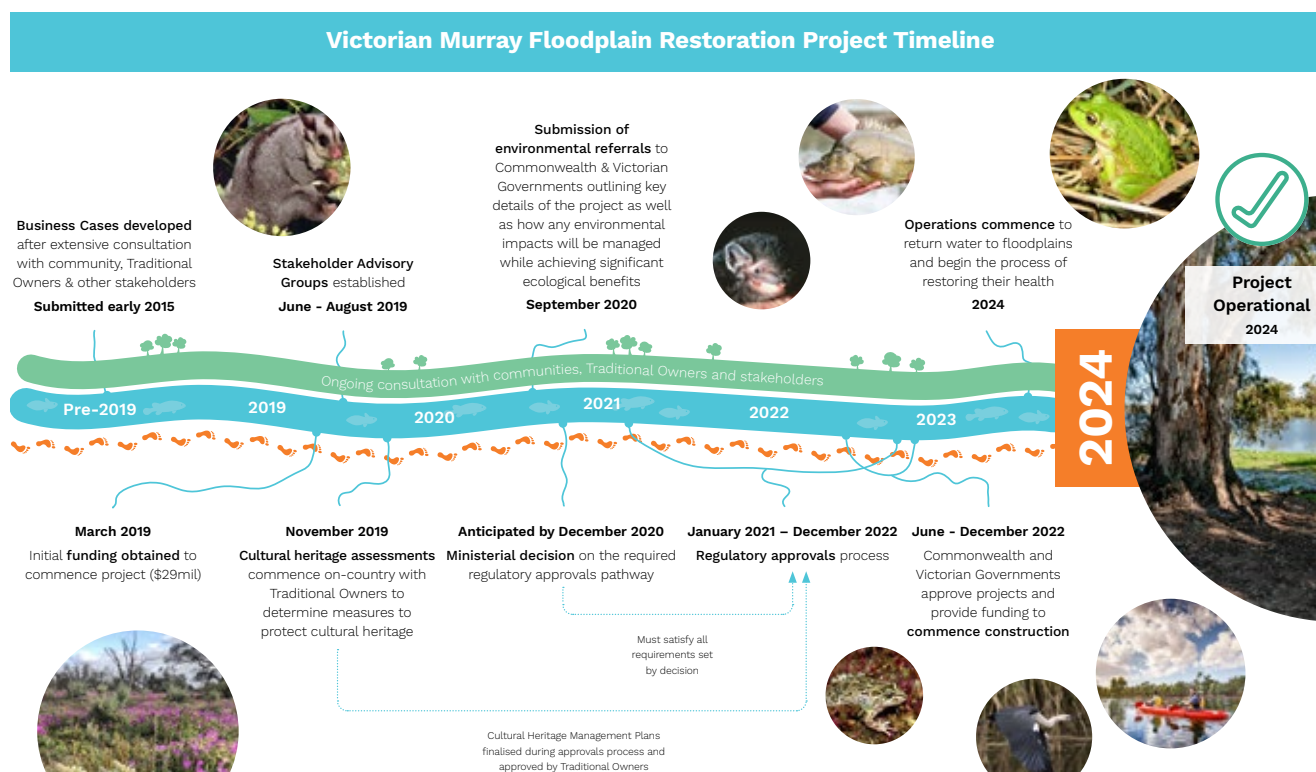
Lots of species rely on floodplains for food, habitat and breeding, from microscopic creatures to frogs, fish, birds, bats and other mammals.

- **Vegetation**

Flooding brings vegetation back to life, creating habitat, foraging and food for floodplain creatures. Some flood dependent species like river red gums and black box trees rely on the bigger floods that used to happen every ten years. Animals like bats and birds nest in the hollows of these trees.

- **Local economies**

Projects will bring substantial financial investment into the region, creating jobs and helping local economies.



Our responsibilities and obligations

LMW engages and collaborates with several agencies and partners including councils, developers, Traditional Owner groups, developers, community, and government agencies to deliver services that add value. We are responsible for ensuring that we operate within specified legislation and are compliant with the various Acts and Regulations that provide direction for, and support us in delivering, upon the objectives, functions, powers, and duties at both a strategic and operational level. Key legislative and compliance obligations that govern Victoria's water industry include:

Water Act 1989
<i>The Water Act 1989</i> grants LMW the power to delegate its various functions, powers, and duties subject to particular requirements. These requirements are set out in our Instrument of Delegation.
Statement of Obligations
Issued by the Minister for Water under the <i>Water Industry Act 1994</i> on 20 December 2015, our Statement of Obligations details obligations regarding performance of our functions. A Statement of Obligations (Emissions Reduction) effective 14 March 2018 is also in place.
Letter of Expectations
Effective 28 February 2020, the Letter of Expectations issued under the <i>Water Act 1989</i> sets out the Minister's performance expectations for 2020-21.
Environment Protection Act 2017
The Department of Health and Human Services regulates our drinking water quality under the <i>Safe Drinking Water Act 2003</i> and the Environment Protection Authority regulates our recycled water under the <i>Environment Protection Act 2017</i> .
By Law #2
LMW currently has one By-Law: By-Law No 2 Urban Water Restrictions, which was created using a Model Water Restriction By-Law issued by the Hon. Peter Walsh MLA, Minister for Water on 27 November 2011. It contains the restrictions and prohibitions on the use of water that may be imposed in our urban water supply districts. We also have a Permanent Water Savings Plan which sets out permanent water restrictions and prohibitions within our service districts.
Essential Services Commission (ESC)
Our economic regulator, the (ESC) approves customer prices and standards of service. Our Pricing Submission was endorsed for the five-year period June 2018 – June 2023. The Pricing Submission outlines pricing, revenue requirements, service standards and capital works for the five-year period for our urban and rural business sectors.
LMW Urban and Rural Customer Charters
Our Urban and Rural Customer Charters outline customers' rights and responsibilities as well as our obligations to provide safe drinking water, sewerage and trade waste services, rural water supply and drainage services.
Australian Competition and Consumer Commission (ACCC)
The ACCC is the Regulator for water businesses extracting water for irrigation from the Murray Darling Basin under federal legislation, <i>Water Charge Rules 2010 (WCR 2010)</i> .
The WCR 2010 contain requirements regarding who determines bulk water operators' infrastructure charges. All rural associated infrastructure charges are regulated and determined by the ACCC to ensure achievement of the Basin water charging objectives and principles.
Murray-Darling Basin Plan
We are the lead agency in a partnership model for the VMFRP, one of the Victorian Government's Sustainable Diversion Limits Adjustment Mechanism projects under the Murray-Darling Basin Plan.



Mildura Water Treatment Plant

Our Year in review



WINNER

Best Tasting Tap Water in Victoria 2020



Report from the Chair and Managing Director

We are pleased to present LMW's Annual Report for the financial year ending 30 June 2021, in accordance with the *Financial Management Act 1994*.

Although this year continues to be shaped by the unprecedented challenges of the global coronavirus (COVID-19) pandemic, LMW's ability to adapt our operations and manage the impacts of ongoing disruption and uncertainty have ensured the continued supply of our essential services, supporting our communities' resilience. Our 'customer at the centre' focus has enabled us to support our customers with compassion as they navigate the financial impacts of COVID-19 and drives us to deliver the best quality services that we can; reinforced by the announcement in October 2020 that the Mildura Water Treatment Plant had been awarded the 2020 IXOM Best Tasting Tap Water in Victoria by the Water Industry Operators' Association of Australia.

This award is a testimony to the great work of all LMW operations staff who deliver high quality services every day of the year.

In 2020, we also commenced the development of our new Strategic Plan which saw us engage with our Board, Executive and Management teams, and Strategic Advisory Committee (SAC) to review previous plans and consider the challenges and opportunities that lie ahead. Subsequently, the LMW Strategic Plan 2021-2026 was finalised in early 2021 and identified six strategic pillars, made up of three Strategic Priority areas and three Strategic Foundation areas. The focus on these key foundation areas will, when embedded across the organisation, enable us to deliver on the identified priorities over the coming five years.

As the Mallee region moves from extreme dry conditions to more normal rainfall, the LMW service region continues to manage financial challenges (compounded by the influence of COVID-19), which has seen downturn in local employment and significant impacts on local businesses. The break in hot and dry conditions because of good winter and spring 2020 rainfall events enabled the lifting of Stage 1 water restrictions for urban customers. An increase in the number and length of blue-green algae (BGA) outbreaks continued to challenge our ability to maintain efficient water quality, with water deliverability still a key issue for our region.

Despite these challenges our service delivery performance continued to a high standard and enhanced engagement with customers and stakeholders enabled us to effectively adapt and manage the impacts accordingly. Our ability to identify, define and deliver upon agreed customer service levels, and improve our responsiveness to customer issues remains a key priority for LMW.

LMW also focused significant efforts on ensuring the effective management and communication of the Minister for Water's expectation relating to zero tolerance to water theft (rural unauthorised take) by our rural customers to ensure a level playing field for all water users. This has required considerable resources and effort to develop our internal systems to better manage compliance and enforcement activity and respond to the recommendations from the independent review conducted by Mr Des Pearson. These concerted efforts led to LMW successfully prosecuting its first case relating to unauthorised take, securing two guilty verdicts sending a clear message to the rural irrigation community that ongoing non-compliance is not acceptable.

Progress in delivering the VMFRP, which aims to return much needed water to nine high-value Murray River floodplains, continued as planned with all milestones for the project having been met and the project progressing to its next phase. Environmental and planning approvals as well as the extensive cultural heritage fieldwork programs progressed as scheduled, including significant stakeholder engagement, particularly with Traditional Owner groups across the nine project sites.

We continued to make positive progress in delivering our Water Plan 4 capital expenditure program this year with completion of the following key projects: Mildura West Water Treatment Plant treated water pump station, and raw water pump station electrical upgrade; Koorlong Wet Weather Storage; Kerang Water Treatment Plant treated water pump station upgrade; and Swan Hill Rising Main Stage 2 in the Urban program; as well as the Mildura Central Rising Main Replacement in the Rural program.

Whilst the second phase of the Sunraysia Modernisation Project (SMP2) was completed in 2019-20, the additional revenue relating to SMP2 required an approach to return this to our rural customers.

Significant consultation was undertaken with all our rural customers representative groups to evaluate a fair and equitable means to reducing customer prices. Subsequently, a 50%-50% distribution approach was supported by our SAC and Customer Service Advisory Committees (CSACs). This approach saw the distribution of 50% of surplus revenue across the two districts within the SMP2 project districts (Merbein and Red Cliffs), and the remaining 50% shared across all rural districts, resulting in a price decrease for the majority of our rural customers in 2021-22.

Customer engagement looked very different in 2020-21, as we utilised technology in new and innovative ways, many of which had not been considered in a pre-COVID-19 world. A range of new initiatives including the continuation of our SAC and CSAC meetings and the delivery of our 2020 Annual Growers' Conference online enabled easier access for customers, particularly for those who had not previously engaged with us through traditional engagement means. Where restrictions made face-to-face engagement possible, we progressed these initiatives which was a welcome change of pace after a lengthy period in lockdown. Our attendance at the Mildura Field Days reflected that sentiment across our customer base and our community, triggering two-way engagement across a variety of topics and issues, including rural unauthorised take, Water Plan 5 planning, Urban Water Strategy development, Community Rebate program and individual property consultation to name a few. Effective engagement with our stakeholders has been identified as an ongoing Strategic Priority pillar in our new strategic plan as we aim to embed authentic customer engagement across the business and enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region.

Although COVID-19 has significantly impacted our staff across our service region, we acknowledge that without their continued resilience during this time, the success of our organisation and its ongoing ability to maintain service levels would not be possible. We spent considerable time and effort in supporting our staff through sustained working from home arrangements and prioritised the wellbeing of staff which saw an increase of referrals to our Employee Assistance Program. Our People Matters Survey results during 2020-21 demonstrate that our people felt supported through these uncertain times, with 90% of respondents acknowledging that

they had received sufficient information on how the changes due to COVID-19 would impact them, and 80% of respondents acknowledging that they received adequate support during the changes due to COVID-19.

Our staff continue to show sustained commitment to demonstrating the 4Cs of the LMW Safety Strategy – communication, commitment, consistency, and clarity – as we continue to see year-on-year improvements to our safety performance. We have achieved a significant improvement in our High Potential Incident Frequency Rate from 13.64 to 0 and aim to maintain this and continue to work on reducing our minor injuries as reported in our Total Recordable Injury Frequency Rate. We continue to work towards developing robust systems and strong safety culture across the organisation to reduce our incidents of accident or injury in the workplace.

Investing in people and safety continues to be a priority for LMW and has been embedded in our new strategic plan as a Strategic Foundation. This focus ensures that we continue to enhance our people and safety, and in particular look to leverage innovation to be more efficient and effective through fostering a high-performing culture.

For the year ended 30 June 2021, we recorded a net profit of \$5.840 million which incorporates revenue and expenditure of the VMFRP. The Net Result before tax and other comprehensive income (including VMFRP) was a profit of \$3.56M. If VMFRP was excluded from the Comprehensive Operating Statement, the Net Result before tax and Comprehensive income would be a loss of \$7.6M for 2021 compared to a loss of \$5.1M for 2020, and the 2021 Corporate Plan projected loss of \$3.34M. Whilst we remain in a strong financial position to continue to meet the current and future needs of our growing customer base, securing our long-term financial success has been identified as a Strategic Foundation in our new strategic plan.

Our thanks once again go to our people for their contribution to our strong performance this year, despite incredibly challenging times and sustained disruption to not only our business, but our everyday lives. We will continue to work collaboratively with our staff, customers, and stakeholders to embrace the opportunities before us and to overcome the challenges that will inevitably continue as our communities continue to navigate this global pandemic.

Finally, our Chair, Cheryl Rix will be retiring from the Board as at 30 September 2021 after serving on the Board for nine years with the last four being Chair. Cheryl has contributed an enormous amount of time and commitment to LMW over this time, and appreciation is expressed for Cheryl's contributions in leading LMW through a challenging period.



Cheryl Rix
Chair



Anthony Couroupis
Managing Director

Dated this day, Friday 1 October 2021

Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Lower Murray Urban and Rural Water Corporation's Annual Report for the year ending 30 June 2021.



Sharyon Peart
Chair
Lower Murray Urban and Rural Water Corporation

Dated this day, Friday 1 October 2021

OUR STRATEGIC CONTEXT

LMW operates within a dynamic industry with significant challenges requiring an innovative, integrated, and strategic approach. Our new Strategic Plan identifies the key strategic priorities and fundamental strategic foundations that will enable us to fulfil our purpose and see our vision come to life.

Having identified six strategic pillars, made up of three Strategic Priority areas and three Strategic Foundation areas, these pillars will drive the strategic direction across 16 Strategic Aspirations (or areas of focus) as represented below:



Building a healthy and sustainable future through our strategic priorities



Service Delivery

Achieve high quality outcomes for our customers

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



Engagement

Effective engagement with our stakeholders

- Embed authentic customer engagement across the business
- Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region



Environment

Better the environment in our region

- Deliver the Victorian Murray Floodplain Restoration Project to the agreed objectives
- Achieve our CO2 emissions reduction target
- Explore enhanced integrated water management that best works for our region

OUR PURPOSE

To support our region to prosper by successfully delivering vital water services.

OUR VISION

A healthy, sustainable water future underpinned by an LMW culture of performance excellence, built in partnership with our staff, customers and communities.



Building a dynamic culture of performance excellence through our strategic foundations



People and Safety

Enhance our people and safety and leverage innovation to be more efficient and effective

- Put 'Safety First' through implementing the 4C Safety Strategy:
 - Communication
 - Consistency
 - Clarity
 - Commitment
- Embed #1LMW by fostering a high-performing culture by attracting, retaining, and developing our people
- Achieve greater equality, diversity, and inclusion
- Adopt improved ways of working through our Business Transformation Program



Infrastructure

Ensure our assets and infrastructure meet current and future needs

- Optimise our infrastructure through improved life cycle management
- Deliver our Water Plan capital expenditure (capex) on time, on quality and within budget



Finance and Governance

Secure our long-term financial success and upgrade our governance, systems and processes

- Achieve year-on-year improvement in our frameworks, policies and performance to meet our risk management and compliance obligations
- Deliver on our Water Plans' revenue and operational expenditure (opex) targets
- Optimise business efficiencies through sustainable pricing, resourcing and procurement





Achievements & Key Initiatives

LMW's Strategy 2015-2018 identified a range of initiatives, priorities, and deliverables to be achieved across whole of the business. This strategy provided direction for the organisation and will be replaced with the new LMW Strategic Plan 2021-2026. The status of each 2015-18 initiative is listed below and how we are delivering on our commitments is described throughout this report.

Customer at the Centre

Key Initiative	Status
Expand opportunities for community involvement through our Engagement Strategy.	Despite COVID-19 lockdowns and restrictions, the focus of customer at the centre has been key to maintaining a sense of normalcy and compassion for our customers. We have committed to ongoing engagement across our urban and rural customers, despite the challenges presented due to COVID-19, including surveys and face-to-face engagement at targeted events where permitted. Seven rural customer advisory committees have also continued utilising technology to stay connected.
Development of the Customer Portal (design concept).	The Customer Portal continues to be progressed and has now been included within the broader Business Transformation Strategy to optimise the design, development, and enablement of customer experiences through this online medium.
Resilience, domestic violence, and customer service training for customer-facing employees.	Targeted Mental Health and Wellbeing for People Leaders training was delivered by the Black Dog Institute to support staff during the disruptions cause by COVID-19. Ongoing training relating to build resilience for staff including Unconscious Bias Training, Diversity, and Inclusion training and EAP Awareness training has been provided with further training scheduled when staff can return to face-to-face workshops.
Support customers to access hardship arrangements	LMW continue to show compassion and empathy to support our customers through financial hardship, which has grown significantly with the impacts of COVID-19. Our commitment to supporting our vulnerable customers through relevant hardship arrangements remains a priority as the pandemic continues.
Deliver the education program	In 2020-21, education programs were impacted significantly, with the majority of sessions scheduled with school groups postponed due to COVID-19. Education with key stakeholder groups, particularly regarding zero tolerance to unauthorised take, was a focus through a range of engagement activity including phone calls, CSAC meetings, emails, social media, and print advertising.

Business Transformation

Key Initiative	Status
Deliver the business transformation strategy	<p>In 2020-21, LMW (like many organisations across Australia) focused on the sustainability, quality and responsiveness of our Customer Service team while maintaining a COVID-safe work environment for staff, contractors, and customers.</p> <p>Due to the pandemic, we were forced to re-prioritise some business transformation objectives but enabled “new ways of working” which capitalised on enhancements delivered during 2018-2020. This includes secure work from home, business collaboration, secure remote management of LMW systems and seamless corporate administration of HR, IT and Payroll functions.</p> <p>LMW also implemented a “staff movement” solution across all our sites to meet contact tracing requirements and our commitments to pandemic management response protocols.</p>
Development of the Customer Portal (functionality).	<p>The refreshed Business Transformation Strategy (BTS) outlines the manner in which transformation will contribute to the future direction of LMW. The purpose of the BTS is to provide LMW with a roadmap of initiatives that will set the future direction of the organisation and address current organisational challenges experienced to date.</p> <p>The BTS will also support an enhanced experience for the customer and will include a program of system enhancements that will expand upon the Customer Portal project and ensure an integrated approach regarding functionality.</p>
Implement business analytics.	Business Analytics has also been included within the broader BTS program. In August 2021, LMW will commence a Data Development project stream to design a logical data model, future state architecture and actionable roadmap.
Uplift Cyber Security and deliver the cyber security strategy.	In 20-21, LMW implemented the ICT Network Segmentation project to improve our resilience to existing and emerging Cybersecurity threats and vulnerabilities. We remain focused on delivering the next phase of our Cybersecurity strategy in 21-22 across key paradigms of People, Process and Technology.

Culture Change

Key Initiative	Status
Develop and commence implementation of a Knowledge Management Framework.	<p>2020-21 saw the development and roll out of LMW's new Leadership and Talent Management (LGTM) Framework which will provide the business processes and systems to enable our people leaders embed the skills they have learned through key leadership programs such as the Proteus Leadership by Design and Leading People and Culture Programs and build capacity across all levels of LMW's workforce.</p> <p>The implementation of the LGTM Framework is a significant cultural shift for LMW and will enable the organisation to deliver strategic objectives in the new LMW Strategic Plan 2021-2026.</p>
Completion of the 'Leadership by Design' program.	The Proteus 'Leadership by Design' program was delivered successfully to the people leaders within the organisation.
Improve on-boarding of new employees.	<p>Significant improvement and enhancements have been made to the on-boarding of new employees, particularly given many of them have started mid-pandemic and have had to commence their employment whilst working from home. A review of the previous processes enabled improvements to be made to ensure that new staff received a consistent on-boarding experience.</p> <p>This has occurred through the automation of the on-boarding process in existing software with success, however future enhancements are anticipated as a result of the Business Transformation Project.</p>
Improve OHS culture and performance.	Significant time and resources have been invested in improving OHS culture and performance with the release of the 4C Safety First Strategy in July 2020. This strategy outlines a program of works that was developed in consultation with the Executive and Safety teams and demonstrates a united commitment to engaging with staff at all levels to improve the approach to safety and establishment of a safety culture which supports the physical and mental health of our workplace.

Asset Optimisation

Key Initiative	Status
Development and implementation of Asset Class Plans.	The development of Asset Class Plans has been completed for seven critical asset groups.
Development and implementation of key asset management improved projects.	Improvements have been focused in the areas of data capture for assets which have a high criticality and where we had data gaps. Adopting formal processes for the review and assessment of asset performance and how this is utilised to inform our asset management tasks with prioritisation driven by asset criticality
Achieve Asset Management Accountability Framework (AMAF) compliance and business integration.	No material non compliances for the mandatory AMAF elements exist. Our maturity self-assessment reveals that we are "developing" in most areas. With new system elements in place our focus is to apply these effectively across the business.

Electricity, Emissions Reduction and Reliability

Key Initiative	Status
Refine the wholesale electricity progressive procurement approach for larger sites.	As the current progressive procurement contract ends in June 2022 and with the move to the State Purchasing Contracts, LMW is exploring procurement opportunities balancing cost, customer outcomes, emissions reduction, and risk.
Select a demonstration site to progress integrated energy and emissions optimisation initiatives.	Several internal efficiency projects have been implemented involving pump efficiencies. The successful initial trial at Robinvale high-pressure irrigation pump station to lower the system pressure by reducing the head loss across individual outlets has been expanded.





DELIVERING VALUED OUTCOMES



Channel Lining - Winter Maintenance Works, Red Cliffs

Our Leadership & Governance

The LMW Board is responsible for corporate governance including:

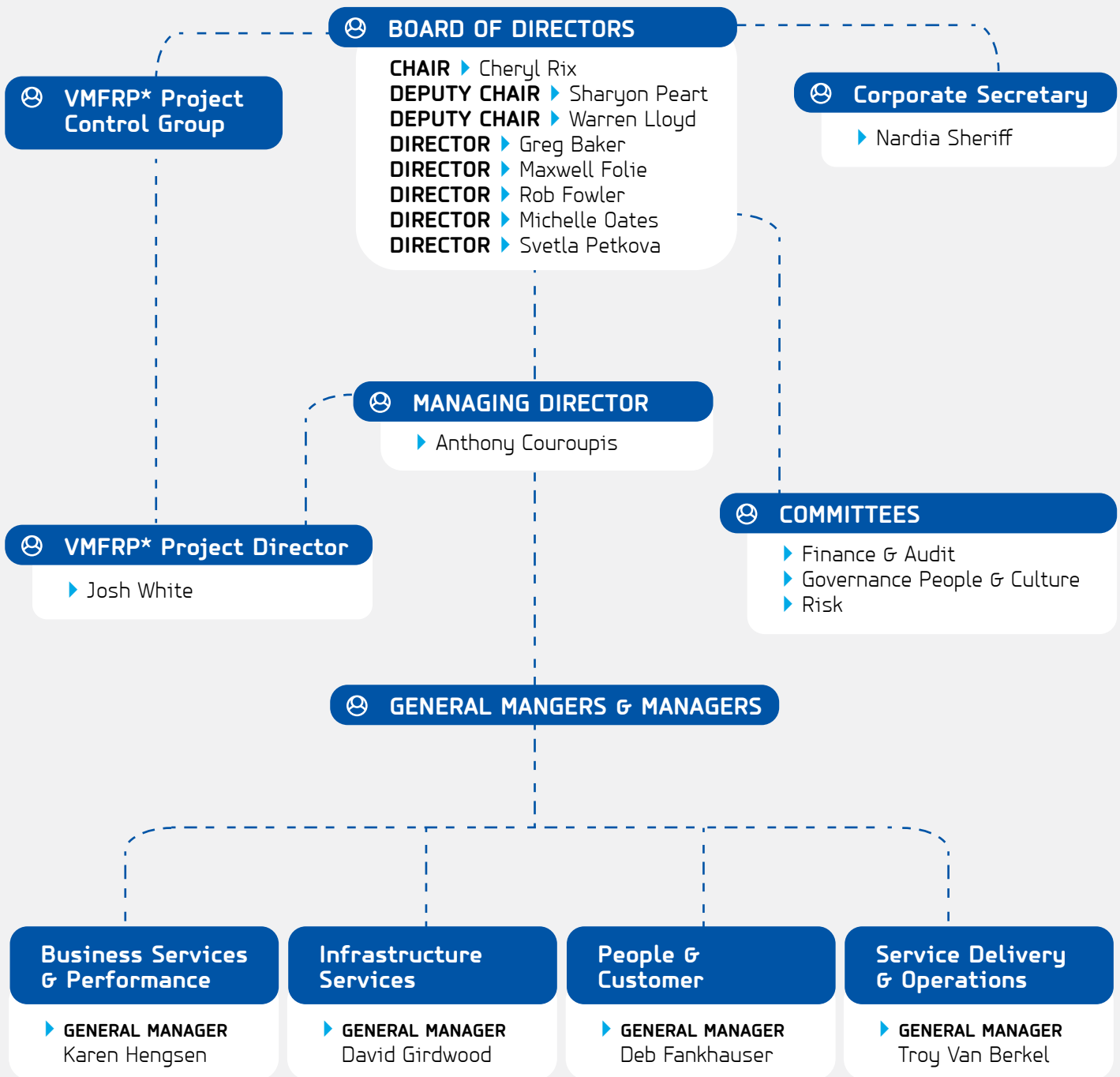
- Developing the strategic direction
- Establishing objectives for management
- Monitoring and achieving these goals and the business' performance
- Oversight of and participation in the Board performance review process
- Recruitment, monitoring and assessment, and the termination of the Managing Director

This section identifies the corporate governance practices for the 2020-21 financial year.

“Our purpose is to support our region to prosper by successfully delivering vital water services”.

ORGANISATIONAL STRUCTURE

2021



*Victorian Murray Floodplain Restoration Project

#1LMW

Governing Board

The LMW Board comprises nine Directors of which eight are non-executive Directors appointed by the Minister for Water, and the ninth LMW's Managing Director, appointed by the Board.

The Board is appointed to ensure the strategic planning and direction of the Corporation complies with Government objectives for the provision of reliable and secure water for urban, irrigation and domestic and stock purposes, wastewater, and drainage services. The Board is also required to meet expectations for the region to deliver Water for Victoria.

Our Directors come from diverse backgrounds and bring a complementary mix of skills and expertise that ensure the Board focuses on LMW achieving optimal strategic, environmental, operational, and financial corporate governance.

The LMW Board is committed to the uplift of our organisation's governance practices and adheres to its role and responsibilities within its Board Charter. In 2020-21, all Directors completed a declaration of private interests.

In May 2020, an externally facilitated Board Performance Review was facilitated by Mr John Harte of Integrity Governance which identified several continuous improvement opportunities to improve the function and oversight of our Board. Most actions resulting from this review have been completed.

"Our vision is to create a healthy, sustainable water future underpinned by a LMW culture of performance excellence, built in partnership with our staff, customers and communities".



Cheryl Rix
Chair

Committee membership:
Finance and Audit Committee*

Ms Rix was appointed to the LMW Board on 1 October 2012, with her current term finishing 30 September 2021. Ms Rix was appointed Chair from 1 October 2017.

Cheryl is the Corporate Secretary and Chief Risk Officer at Mildura Health Fund having previously held the positions of Program Manager for Northern Mallee Leaders and General Manager of Western Murray Irrigation Ltd. Cheryl was also the Chair of Lower Murray Darling Catchment Management Authority (New South Wales).

Cheryl is a past member of the National Community Bank Strategic Advisory Board for Bendigo and Adelaide Bank's Community Bank Network and is also a past board member of Wentworth District Capital Limited and Mildura Development Corporation. Cheryl holds a Bachelor of Commerce, is a Graduate of the Australian Institute of Company Directors and has completed the Mastering the Boardroom program. Cheryl is a Chartered Accountant Fellow and a Fellow of the Australian Rural Leadership Foundation.



Sharyon Peart
Deputy Chair

Committee membership:
Risk Committee and Governance, People and Culture Committee

Ms Peart was appointed to the LMW Board on 1 October 2015, with her current term finishing 30 September 2021. Ms Peart was reappointed Deputy Chair from October 2019.

Sharyon moved from Melbourne to the Mallee in 2003, where she lived on a large citrus, dried fruit and wine grape growing property at Nangiloc. Sharyon's background in corporate business, sales, marketing, and team management gave inspiration to the small business she owns and operates. She has been the sole Director since she created the company in 2005, specialising in retail consultation, managing women's health and well-being. Sharyon served Mildura Rural City as a Councillor for nine years and gained much experience as Portfolio Councillor for art and education, community services and wellbeing, and governance and finance.

Sharyon is the Chair of the Mallee Catchment Management Authority, Chair of Vic Catchments, a member of the La Trobe University Advisory Board and a member of the Commissioner for Environment & Sustainability Reference Group. Sharyon has sound experience in corporate governance, financial management, environmental management, agricultural water uses and associated impacts on the environment, strategic planning, community engagement, relationship building and has completed the Australian Institute of Company Directors course.



Warren Lloyd
Deputy Chair

Committee membership:
Risk Committee and Governance, People and Culture Committee.

Mr Lloyd was appointed to the LMW Board on 1 October 2017, with his current term finishing 30 September 2023. Mr Lloyd was appointed Deputy Chair from October 2019.

Warren comes from a family that has been involved in irrigated horticulture in the Mildura area from its pioneering beginnings. Since 2005, along with his father and uncle, he has been managing the family dried fruit property, giving him considerable expertise in horticulture and irrigation.

Warren chaired LMW's Strategic Advisory Committee from 2015 to 2017 and Customer Services Advisory Committee from 2008 to 2014. He has been a board member of Dried Fruits Australia since 2010. Warren holds a Bachelor of Education and prior to returning to the family business, was a secondary school teacher working in two different states. Warren is a graduate of the Australian Institute of Company Directors.



Greg Baker
Director

Committee membership:
Risk Committee and Finance and Audit Committee*

Mr Baker was appointed to the LMW Board on 1 October 2019, with his current term finishing 30 September 2023.

Greg is an experienced Director and has held Board positions with a range of private companies, not-for-profit organisations, and industry bodies. He is currently Executive Director and Principal Consultant at Severn Consulting, specialising in strategic and commercial advice to asset intensive companies and Governments in the utilities, logistics and manufacturing sectors.

Greg has held senior executive positions at Aurizon, Pacific National and Qenos, in a career spanning more than 40 years. He holds degrees in Chemical Engineering and Commerce and is a graduate member of the Australian Institute of Company Directors.

* see table of attendance for full details regarding movement of Directors into Committees



Maxwell Folie
Director

Committee membership:
Finance and Audit Committee (Chair) and Risk Committee

Mr Folie was appointed to the LMW Board on 1 October 2019, with his current term finishing 30 September 2023.

Max is the Chair of the Mildura Rural City Council Audit and Risk Committee and is a highly experienced international General Manager with a depth of business experience managing risk and improvement drivers for top 20 ASX listed, large global commercial businesses. Max developed and improved Risk Management and Internal Audit operations, systems and reporting and established effective reporting systems for Board Committees and Executive Management.

He also has extensive offshore experience through South East Asia, South America, Canada, Europe, UK, USA, PNG and West Africa. He is a CPA and holds a Diploma of Auditing from RMIT and a Diploma of Business from Monash University, and is also a member of the Australian Institute of Company Directors.



Rob Fowler
Director

Committee membership:
Risk Committee (Chair)

Mr Fowler was appointed to the LMW Board on 1 October 2017, with his current term finishing 30 September 2021.

Rob is an independent consultant based in regional Victoria. Since 2002 he has been working at the frontier of sustainable finance and climate change. During that time his clients have included major corporations, international banks, the UN, national and provincial governments, service providers, industry associations and non-profit organisations.

He has previously held senior advisory and management roles with the Climate Bonds Initiative, Booz and Company, the New South Wales Cabinet Office, the Independent Pricing and Regulatory Tribunal of NSW, and LEK Consulting. Rob holds a Bachelor of Mechanical Engineering and during his professional career has lived and worked in Melbourne, Sydney, Shanghai, Singapore, Abu Dhabi, Boston, Bangkok, East Kalimantan, and country Victoria.



Michelle Oates
Director

Committee membership:
Governance, People and Culture Committee (Chair)

Ms Oates was appointed to the LMW Board 1 October 2017. Her current term ends 30 September 2023.

Michelle is a senior Solicitor and Director of Martin Middleton Oates Lawyers in Mildura, practising predominantly in family law, commercial and property law. Michelle is also Chair and a Director of Chaffey Aged Care. Michelle has commercial law experience in primary industry, water management and land transfers, and advises clients and stakeholders on corporate governance.

Michelle holds a Bachelor of Laws and Legal Practice (Hons) and a Bachelor of Justice and Society from Flinders University and is a graduate of the Australian Institute of Company Directors. Michelle lives and works in the Sunraysia district along with her husband and two young daughters.



Svetla Petkova
Director

Committee membership:
Finance and Audit Committee and Governance, People and Culture Committee*

Ms Petkova was appointed to the LMW Board on 1 October 2019, with her current term finishing 30 September 2023.

Svetla is a respected professional with a strong network of industry contacts. She is a member of the Southern Alpine Resort Management Board and Chair of the Workplace committees and is a Loddon Mallee Waste Resource Recovery Group Board Director. She is a highly skilled Executive, People and Asset Manager with expertise managing services, projects and programs with Grampians Wimmera Mallee Water, Gippsland Water, City West Water, Isaac Regional Council and more recently with Swan Hill Rural City Council.

Svetla excels in the development, coordination and management of multimillion dollar assets and programs, maintaining compliance and meeting governance requirements. Svetla is adept at containing costs through the implementation of systems and procedures that streamline efficiencies. She adapts a consultative approach with a strong record of performance, collaborating with management teams, board, and committees, building effective client and stakeholder relationships. As a leader, she fosters unity and motivates teams towards the attainment of goals.



Anthony Couroupis
Managing Director

Anthony commenced as LMW Managing Director in July 2019 and has extensive executive leadership experience in the water management and natural resources management sectors, as CEO of Western Murray Irrigation Limited, Murray Irrigation Limited and the NSW Murray Catchment Management Authority.

Anthony holds post-graduate qualifications in corporate governance and is a Fellow of the Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors.

* see table of attendance for full details regarding movement of Directors into Committees

Committee Membership and Roles

Board Committees

The LMW Board has established three Committees to support the delivery of its responsibilities, and to provide opportunity for Directors to consider issues in more detail. Terms of Reference have been developed for each Committee with a Director nominated annually as Chair.

All Committees are formed in accordance with section 122C of the *Water Act 1989* that provides for Committees to be established by a water corporation.

Finance and Audit Committee

In February 2021, recruitment for a new Independent Member of the F&A Committee was undertaken following the resignation of Independent Member, Glen Hornsby. Glen made a significant contribution to LMW through his involvement in the F&A Committee for over a decade. A new Independent Member was appointed with Adam Christou attending his first F&A Committee meeting in April 2021 bringing with him experience in internal audit as well as fraud and corruption across both the public and private sectors. All members of the F&A Committee, with the exception of Mr Christou are non-executive LMW Directors.

The F&A Committee has fulfilled its required responsibilities as per the Terms of Reference.

The responsibilities of the Finance and Audit (F&A) Committee include oversight and review of:

- Internal audit
- External audit
- Financial reporting matters
- Compliance with laws, regulations, and internal policies
- Internal controls

Governance, People and Culture Committee

In November 2020, the LMW Governance Committee changed its name to the LMW Governance, People and Culture (GP&C) Committee to reflect its broadened remit. The GP&C Committee assists the Board in carrying out its duties by providing independent and objective review, advice, and assistance in developing effective corporate governance, and making recommendations to the Board for resolution.

The GP&C Committee has fulfilled its required responsibilities as per the Terms of Reference.

The objectives of the GP&C Committee are to:

- Assist the Board to discharge its duty with respect to overseeing all aspects of good corporate governance and compliance.
- support the Board to strengthen the organisation's culture and its people resources.
- Make recommendations to the Board regarding self-review, training and development and the induction of new members.
- review arrangements for executive remuneration, and;
- Assist the Board to discharge its duty regarding its employment responsibilities for the Managing Director.

Risk Committee

The Risk Committee assists the Board in carrying out its duties by providing independent and objective review, advice, and assistance in developing effective risk management, and making recommendations to the Board for resolution.

The Risk Committee has fulfilled its required responsibilities as per the Terms of Reference.

The objectives of the Risk Committee are to:

- Assist the Board to discharge its duty with respect to overseeing all aspects of risk management
- Make recommendations to the Board in regard to the effectiveness of the implementation of the risk framework
- Provide the Corporation's risk appetite and risk tolerance, for presentation and approval by the Board












VMFRP Project Control Group

The VMFRP Project Control Group (PCG) is a sub-committee of the LMW Board with an independent chair to oversee the VMFRP project and provide strategic direction. The Chair reports to the LMW Board. The Project Control Group includes representation from the five project partners and input via observer status from DELWP and DAWE. In April 2021, the PCG welcomed Mr Jim Keary as the new Chair following the subsequent resignation of Mr Carey Anderson.

The objectives of the VMFRP PCG are to:

- Oversee the VMFRP Project
- Provide strategic direction
- Facilitation of partners working together

Attendance at Board and Committee Meetings

Directors	Board Meetings		Risk Committee	Finance & Audit Committee	Governance, People & Culture Committee
	Scheduled	Special			
	Min. 11 meetings per year	(as required)			
 Cheryl Rix¹ (Board Chair)	11/11	1	N/A	3/6	N/A
 Sharyon Peart (Deputy Chair)	11/11	0	5/5	N/A	5/5
 Warren Lloyd (Deputy Chair)	11/11	1	5/5	N/A	5/5
 Michelle Oates (Chair GP&C Committee)	8/11	0	N/A	N/A	5/5
 Rob Fowler (Chair Risk Committee)	11/11	1	5/5	N/A	N/A
 Greg Baker²	11/11	1	5/5	4/6	N/A
 Max Folie (Chair FG&A Committee)	11/11	1	3/5	6/6	N/A
 Svetla Petkova³	10/11	0	N/A	6/6	3/5
 Anthony Couroupis (Managing Director)	11/11	1	N/A	N/A	N/A
 Glenn Hornsby⁴ (Independent Member)	N/A	N/A	N/A	3/3	N/A
 Adam Christou⁵ (Independent Member)	N/A	N/A	N/A	2/3	N/A

¹ Resigned from Finance and Audit Committee as at 1 March 2021

² Appointed to Finance and Audit Committee as at 27 October 2020

³ Appointed to Governance, People & Culture Committee as at 27 October 2020

⁴ Resigned from Finance and Audit Committee as at 1 February 2021

⁵ Appointed to Finance and Audit Committee as at 1 April 2021

Our People & Culture

The leadership bench-strength and culture of an organisation shapes its ability to achieve maximum growth and potential of its human resources. Our focus is driven by the understanding that investment in People and Safety will enable the future success and achievement of our future strategic priorities.

Workforce philosophy

At LMW we recognise that our people are our most important strategic asset in achieving business objectives and it is through investing in our people that we will support the growth and prosperity of our region. During 2020-21 we developed a Leadership and Talent Management Framework (LGTMF) which will support a structured approach to planning for performance and development of our staff and our organisation. Providing a consistent approach enables us to better plan for our future workforce requirements and develop our people to achieve their career aspirations. Based on the Victorian Public Service Competency Framework, employees will be able to identify a career path within LMW and have access to the right development through the 70:20:10 Learning and Development model to achieve their goals. Furthermore, LMW's Executive Team will be able to undertake annual succession planning to ensure we have the right people and talent to meet our current and future workforce requirements.

Impacts of COVID-19

COVID-19 was understandably an area of focus throughout the year, as we continued to develop and refine our systems to best monitor and assess the risks, and manage the correlating responses, as a result of the continued pandemic situation. Ongoing

provision of our water, sewerage, and associated services to customers through a 'customer at the centre' engagement approach remained a priority, despite the real and potential operational impacts of COVID-19.

Our Board and staff were regularly updated as situations evolved, and the organisation adapted and responded to the everchanging situation at hand. Of course, like most businesses across the country, the impacts have been felt, and the following impacts of COVID-19 relating to our delivery upon the commitments made against the Letter of Expectations are as follows:

- Delay in implementation of key initiatives such as Leadership and Talent Management, however this is now back on track and implementation has begun.
- Leadership and resilience development activities were undertaken instead to support leading teams in uncertain times, and remotely.
- More employees working from home requiring changes to a range of processes including onboarding of new staff and the management of OHS and wellbeing, with the OHS checklist updated to increase employee safety in the home.
- Challenges in managing customer interactions during office closures due to lockdown.

Growth through people

During 2020-21, LMW continued its leadership development program with all new managers who joined the business enrolling in a tailored Leading People and Culture Program through our ongoing partnership with Proteus Leadership. This initiative, along with our new LGTMF, forms part of the foundational development required for LMW to achieve its strategic objective of developing an engaged, high performing, skilled, and diverse workforce.

In addition to this, our learnings through the management of COVID-19 have highlighted the importance of providing the ongoing development to support our leaders to confidently lead their teams through uncertain and challenging times.

To achieve this, we have provided:

- Online Webinars through our Employee Assistance Program (EAP) provider:
 - Managing Remote Workforces
 - Building Trust through Leadership
 - Conducting Remote Courageous Conversations about Performance
 - Manager EAP awareness session
- Mental Health and Wellbeing for People Leaders through Black Dog Institute.

Diversity and Inclusion

We have continued to be a key contributor in the annual progress reports for the Water Industry Equity, Diversity, and Inclusion in 2021 where we featured two case studies showcasing our achievements in Aboriginal employment and Women in Trade. In 2021, we continued our planning and commenced implementation of the requirements under the new *Gender Equality Act 2020*.

This included:

An internal survey to collect valuable feedback from staff regarding our current commitment to:

- Diversity and Inclusion and opportunities for improvement.
- Development of a Gender Impact Assessment Framework, to ensure all new and reviewed policies, programs and services that directly or significantly impact the public are designed so they do not unintentionally reinforce inequalities.
- Increased participation in the People Matters Survey 2021 with 90% participation (65% in 2020).

- Established a staff led Equality Diversity and Inclusion (EDGI) ACTION Committee. The Committee will continue to promote, champion, and encourage EDGI in the workplace and will monitor key areas of performance in this area.

Our focus is not just about meeting EDGI targets but about attracting, recruiting, and retaining the right people for the right positions and genuinely developing an inclusive culture where all people have access to employment opportunities.

Our progress to date is as follows:

Diversity:	Target	Jun-20	Jun-21	Yearly Progress
*% of Women @ LMW	>10%	32%	31%	↓
Women in Senior Leadership	50%	43%	33%	↓
Identify as Aboriginal or Torres Strait Islander	3%	1%	0.5%	↓
Caring Responsibilities	35%	39%	41%	↑
Flexible Work Arrangement in place	35%	34%	42%	↑
Main Language not English spoken at home	20%	7%	7%	→
Disability	10%	3%	2%	↓

* Percentage of women in the workforce is part of LMW's inclusion and diversity focus and not listed as a target in the Victoria Water Industry Strategy, our aim is to increase our women in the workforce by 10% to 42% by 30 June 2023.

Our Workforce Information

The following table discloses the head count and full-time equivalent (FTE) of LMW employees in the last full pay period in June of the current reporting period (2020-21), and in the last full pay period in June 2020 of the previous reporting period (2019-20).

Comparative workforce data

	All Employees				Ongoing						Fixed Term & Casual			
	Number		FTE		Full-time		Part-time		Total		Number		FTE	
	(Head Count)				(Head Count)		(Head Count)		FTE		(Head Count)		FTE	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Gender														
Male	140.00	142.00	140.00	142.00	137.00	139.00	1.00	1.00	138.00	140.00	2.00	2.00	2.00	2.00
Female	66.00	63.00	62.81	61.21	45.00	47.00	13.00	12.00	54.97	57.21	8.00	4.00	7.80	4.00
Self-described	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Age														
15-24	12.00	8.00	12.00	8.00	10.00	8.00	0.00	0.00	10.00	8.00	2.00	0.00	2.00	0.00
25-34	29.00	35.00	28.58	34.60	25.00	33.00	1.00	1.00	25.74	33.60	3.00	1.00	2.80	1.00
35-44	48.00	50.00	47.73	49.73	44.00	45.00	3.00	3.00	46.73	47.73	1.00	2.00	1.00	2.00
45-54	45.00	51.00	43.41	50.47	38.00	47.00	4.00	3.00	40.41	49.47	3.00	1.00	3.00	1.00
55-64	60.00	49.00	59.51	48.51	55.00	44.00	4.00	4.00	58.51	47.51	1.00	1.00	1.00	1.00
65+	12.00	12.00	11.58	11.90	10.00	9.00	2.00	2.00	11.58	10.90	0.00	1.00	0.00	1.00
Totals	206.00	205.00	202.80	203.20	182.00	186.00	14.00	13.00	193.00	197.20	10.00	6.00	9.80	6.00
Demographic Data														
Areas														
Executives	7.00	6.00	7.00	6.00										
Administration	71.00	73.00	67.97	71.21										
Operations	90.00	87.00	90.00	87.00										
Engineering / Technical	38.00	39.00	37.84	39.00										
Sub-total	206.00	205.00	202.80	203.20										
Vacancies	14.00	11.00	14.00	11.00										
Totals	220.00	216.00	216.80	214.20										

Classification level data

Classification Level	June 2020					
	A	B	C	D	E	Total
Band 1	5	3	0	12	14	33
Band 2	8	9	2	42		61
Band 3	10	10	14			34
Band 4	3	3	18			24
Band 5	4	1	20			25
Band 6	0	0	1			1
Band 7	0	0	1			1
Contract Staff						23
Award						
Total	30	26	56	54	14	203

Classification Level	June 2021					
	A	B	C	D	E	Total
Band 1	4	0	1	7	14	26
Band 2	12	8	9	36		65
Band 3	4	10	19			33
Band 4	6	2	14			22
Band 5	1	3	18			22
Band 6	0	1	3			4
Band 7	0	0	0			0
Contract Staff						30
Award						3
Total	27	24	64	43	14	205

Executive Officer data

An Executive Officer (EO) is defined as an executive under Part 3 of the *Public Administration Act 2003*, or a person to whom the Victorian Government's Public Entity Executive Remuneration Policy applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year. The definition of an EO does not include a statutory office holder or an Accountable Officer.

Executive Classification	Headcount			FTE		
	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
Executive - Male	5	5	4	5	5	4
Executive - Female	1	2	2	1	2	2
Total	6	7	6	6	7	6



Occupational Health and Safety

Lead by our Executive and Management teams, LMW has successfully implemented the program of works described in our 4C Safety First Strategy which commenced in July 2020. The program of works - labelled the 4C's - is categorised under four key themes:

- Commitment
- Communication – Two Way
- Consistency
- Clarity

The objective of the strategy is to improve LMW's safety culture and manage our organisational strategic risk to 'ensure LMW's approach to safety achieves zero harm and establishes a safety culture which supports the physical and mental wellbeing of our staff beyond the workplace'.

Statistics	2017-18	2018-19	2019-20	2020-21
Reported Hazards / Incidents	63	15/64	11/36	10/35
Number of Lost Time standard claims	1	3	0	1
Average Cost per Claim	\$15,263	\$16,396	\$0	\$2,807

Key activities successfully implemented include:

- Merging two OHS Committees (Northern and Southern) into one to ensure a consistent approach to the physical and psychological health of our organisation.
- Introduced the 'Golden Safety Hat Award' to reward and recognise staff who demonstrate leadership in safety consistent with the 4Cs.
- All newly appointed Health and Safety Representatives (HSR) completed the 5-day HSR accredited course.
- Safety Conversation KPIs introduced for all levels of Management.
- Management and Executive participation in the OHS Committee Meetings.
- HSR attendance at the Monthly Management meeting to provide an update on the work of the committee.
- One page Safety Performance report distributed to all staff monthly.

LMW has achieved a significant shift in safety culture during the first 12 months of implementation of our 4C Safety First Strategy. Evidence of this shift can be seen through a reduction in our High Potential Incident Frequency Rate from 19.15 to 0 between July 2020 and June 2021. We will retest our safety culture index through the Global Safety Index Survey in 2021-22.

Corporate Information and other disclosures

Government Advertising Expenditure

Our expenditure in the 2020-21 reporting period on government advertising campaigns did not exceed \$100,000.

Consultancy Expenditure

Consultancies under \$10,000

In 2020-21 there were 27 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during the 2020-21 in relation to these consultancies was \$86,504 (excluding GST).

Consultancies over \$10,000

In 2020-21 there were 29 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies was \$3,408,815 (excluding GST). Details of the consultancies are shown in Appendix 3.

Information and Communications Technology (ICT) Expenditure

For the 2020-21 reporting period, we had a total ICT expenditure of \$4,201,000 as detailed below:

- ICT expenditure – refers to our costs in providing business-enabling ICT services. It comprises Business As Usual (BAU), ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.
- Non-BAU ICT expenditure relates to extending or enhancing our current ICT capabilities.
- BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

All operational ICT expenditure	ICT Expenditure relating to projects to create or enhance ICT capabilities		
	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
Business As Usual (BAU) ICT expenditure			
\$4,201,000	\$500,000	\$0	\$271,000

Application and operation of Freedom of Information Act 1982

During 2020-21, we received one request under the *Freedom of Information Act 1982*.

The *Freedom of Information Act 1982* was amended on 1 September 2017 to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement, this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding the request. If the applicant is not satisfied by a decision made by LMW, under section 49A of the Act, they have the right to seek review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

The *Freedom of Information Act 1982* allows LMW to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents, some internal working documents, law enforcement documents, documents covered by legal professional privilege such as legal advice, personal information about other people, and information provided to LMW in-confidence. From July 2021 - Application fee: \$30.10

Making a request

FOI requests can be lodged online at www.foi.vic.gov.au. Access charges may also be payable if the document pool is large, and the search for material, time-consuming. Access to documents can also be obtained through a written request to LMW's Freedom of Information officer, as detailed in s17 of the *Freedom of Information Act 1982*.

Requests for documents in the possession of LMW should be addressed to:

Freedom of Information Officer
PO Box 1438
Mildura Vic 3502
Email: foi@lmw.vic.gov.au

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and foi.vic.gov.au.

Energy and Water Ombudsman

LMW is a member of the Energy and Water Ombudsman (Victoria) (EWOV) Dispute Resolution Scheme, which provides an independent third-party reconciliation process to resolve complaints by customers of electricity, gas and water service providers in Victoria.

In the 2020-21 financial year, EWOV assisted in 17 complaints. Of those 17 complaints 2 were escalated to an investigation.

The Energy and Water Ombudsman (Victoria) may be contacted by writing to:

The Energy and Water Ombudsman (Victoria)
Reply Paid 469
Melbourne VIC 8060
Or, by telephone on 1800 500 509

Public Interest Disclosures Act 2012

We are committed to the aims and objectives of the *Public Interest Disclosures Act 2012* (PID Act), which enables people to disclose corrupt or improper conduct by a public office or a public body. We are a public body for the purposes of the PID Act. A Public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public office or a public body.

'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption. 'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

You can make a public interest disclosure about LMW or its Board Members, officers, or employees by contacting the Independent Board-based Anti-Corruption Commission (IBAC).

GPO Box 24234
Melbourne VIC 3001
www.ibac.vic.gov.au
1300 735 135

We are not able to receive public interest disclosures but have established a procedure setting out how we will protect people against detrimental action in reprisal for making a public interest disclosure about LMW, its Board Members, officers, or employees. You can access our procedure on our website www.lmw.vic.gov.au

Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more. The MPSG guidelines and VIPP guidelines will continue to apply to MPSG-applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

Projects Commenced – During 2020-21, LMW commenced Five Local Jobs First Standard projects totalling \$25.66 million. Of those projects, all are located in regional Victoria, with an average commitment of 92% of local content. No projects were commenced that occurred in metropolitan Melbourne or statewide. MPSG did not apply to any of the five projects.

The outcomes expected from the implementation of the Local Jobs First policy to these projects, where information was provided are as follows:

- An average of 92% of local content commitment was made.
- A total of 38 jobs (Annualised Employee Equivalent (AEE)) were committed, including the creation of 19.8 new jobs and the retention of 18.2 existing jobs (AEE).
- A total of 2.2 positions for apprentices, trainees and cadets were committed, including the creation of .5 new apprenticeships, traineeships, and cadets and the retention of the 1.7 existing apprenticeships, traineeships, and cadets.
- There were four small-to-medium enterprises that prepared a Local Industry Development Plan (LIDP) for contracts, successfully appointed principal contractor. There are 98 small-to-medium-sized businesses to be engaged through the supply chain on commenced Standard Projects.

Projects Completed - During 2020-21, LMW also completed five Local Jobs First Standard projects, totalling \$8.5 million. Of those projects, all were located in regional Victoria, with an average commitment of 89 per cent local content. No projects were commenced that occurred in metropolitan Melbourne or statewide. MPSG did not apply to any of the five projects.

There is an outstanding report for one of the five completed projects. The outcomes from the implementation of the Local Jobs First policy to the other four projects where information was provided, were as follows:

- An average of 80 per cent of local content commitment was made.
- A total of 47 jobs (AEE) were supported, including the creation of 31 new jobs and the retention of 16 existing jobs (AEE).
- A total of five positions for apprentices, trainees and cadets were committed, including the creation of two new apprenticeships, traineeships and cadets and the retention of the remaining three existing apprenticeships, traineeships, and cadets.
- There were five small-to-medium enterprises that prepared a VIPP Plan or LIDP for completed contracts, successfully appointed principal contractor. 35 small-to-medium-sized businesses were engaged through the supply chain on completed Standard Projects.



Major Contracts

In 2020-21, we entered into one major contract (non-capital) with an upper fee limit of over \$10M.

The relevant contract is for environmental and planning approvals for the nine project sites for VMFRP. These works were awarded to GHD Pty Ltd and Jacobs Group Australia partnering as the R8 Joint Venture.

Details about the contract are available on the Victorian Governments contract publishing system www.tenders.vic.gov.au

Compliance with building and maintenance provisions of *Building Act 1993*

LMW ensures that all building and maintenance work undertaken complies with the relevant sections of the *Building Act 1993*, *Building Regulations 2018* and the relevant provisions of the National Construction Code.

We engage appropriately qualified consultants and contractors for all works at our building sites. Works are carried out with the appropriate processes and procedures in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*.

Our asset management teams utilise Infor Software, an enterprise asset information management system, to regulate the mechanisms for scheduling of inspections, maintenance activities, rectification works and reporting on existing buildings. Mandatory testing of emergency and exit lighting, alarms, lift equipment, fire service audits are conducted in accordance with relevant standards including scheduled inspections for preventive maintenance tasks.

Building Activities undertaken in 2020-21	Number
Number of major works projects undertaken by LMW (>\$50,000)	0
Number of building permits, occupant permits or certificate of final inspection issued in relation to buildings owned by LMW	3
Number of buildings that have been brought into conformity with building standards during the reporting period	0

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service. We continue to comply with the requirements of the Competitive Neutrality Policy.

Statement of Availability of Other Information

The following information is available on request, subject to the *Freedom of Information Act 1982*:

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by the agency about itself, and how these can be obtained.
- Details of changes in prices, fees, charges, rates, and levies charged by the agency.
- Details of any major external reviews carried out by the agency (none conducted during 2020-21).
- Details of major research and development activities undertaken by the agency.
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit (no Board members or staff participated in overseas work-related trips during 2020-21).
- Details of major promotional, public relations and marketing activities undertaken by the agency to develop community awareness of LMW and our services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement on industrial relations within the agency, and details of time lost through industrial accidents and disputes.
- A list of the agency's major committees, the purpose of each committee, and the extent to

which those purposes have been achieved.

- Details of all consultancies and contractors, including consultants/contractors engaged.
- Services provided, and expenditure committed for each engagement.





Customer engagement - Mildura Field Days 2021

The 2020-21 Corporate Plan addressed the expectations set out by the Minister for Water which identified the following expectations relating to customer and community outcomes:

- *Eliminate the risk of unauthorised take of water through strategic, targeted, and risk-based approach to compliance and enforcement.*
- *Continue supporting impacted communities and customers through existing hardship arrangements and encouraging efficient water use practices.*

Progress of these and other initiatives and actions identified under each Letter of Expectations (LoE) as outlined by the Minister, are as follows:

Customer and Community Outcomes

LoE 2: 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.

Addressing KPIs:

- C1 Customer satisfaction
- C2 Customer and community engagement

Actions Undertaken:

- Implemented engagement activities in line with the LMW Customer Communications and Engagement Strategy and the IAP2 framework.
- Continued engagement with our customer committees, facilitating five SAC and 26 CSAC meetings and four Special Meetings including ministerial events and partner agency briefings.
- Facilitated consultation with 58 irrigation

customer participants on the implementation of a capacity sharing tool demonstration in Red Cliffs, including Stakeholder Working Group meetings, one-on-one site visits and supporting communications materials throughout the demonstration.

- Delivered the 2020 Annual Growers' Conference online, in accordance with the Victorian Government public health advice, receiving 60 registrations of attendance.
- Conducted customer satisfaction surveys to 4,889 rural customers and a representative sample of 4,590 urban customers.
- Facilitated workshops with approximately 16 irrigator representatives to seek their input on the key drivers for future investment in irrigation infrastructure, as part of the LMW Irrigation Infrastructure Strategy.
- Commenced planning and implementation of consultation for the 2022-2071 Urban Water Strategy, including online surveys, drop-in stalls and focus groups seeking input from urban customers on the quality, efficiency and reliability of their service to inform future service delivery.
- Hosted community field day stalls to promote local projects and services and provide a point of contact for customer enquiries.
- Delivered educational programs and resources to our communities to raise awareness of local services and water efficiency measures through competitions, facility tours, school visits, employment pathway sessions and promotional materials.
- Increased awareness of water market development through traditional and social media, departmental presentations to customer committees and the promotion of water market transparency projects in collaboration with partner agencies.
- Ongoing development of new Customer Relationship Management software and Customer Portal.

Customer Satisfaction Surveys

In October 2020, we conducted our annual Customer Satisfaction Surveys via a paper postal method or online via the LMW website. We received a total of 778 responses, 484 from urban customers and 294 from rural customers.

Customers were asked a range of questions regarding the efficiency and quality of our service, in addition to how they believe we can improve our services in the future. Key highlights include:

- The majority (94%) of urban customers were satisfied with LMW's performance overall (including more than a third (38%) who are 'extremely' or 'very' satisfied).
- A large majority (87%) of rural customers rate their overall satisfaction with LMW as a service provider 5 out of 10 or higher, including 31% who are 'very satisfied' (rating it 9 or 10 out of 10).

There is always room for improvement and these results will drive the identification and development of opportunities that will enable further progress and enhancement across our business. Although the data demonstrates the positive nature of many of the ratings results, there is an opportunity to increase ratings across all the measures, representing a shift from 'satisfactory' to 'excellent' in our customers' perceptions of service delivery and value for money. Insights obtained from these Customer Satisfaction Surveys will be used to inform future strategy in LMW's Customer and Stakeholder Engagement and whilst we acknowledge that satisfactory ratings may be acceptable by industry standards, LMW continues to strive for exceptional service delivery.

Water for Aboriginal Cultural, Spiritual and Economic Values

LoE 3: Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector.

Addressing KPIs:

- AC1 Engagement of Aboriginal communities
- AC2 Engagement of Traditional Owners
- AC3 Aboriginal Inclusion Plan/Reconciliation Action Plan

Actions Undertaken:

- Continued the implementation of our Reflect Reconciliation Action Plan in preparation for its review to ensure future actions are meaningful, mutually beneficial and sustainable.
- One full-time Aboriginal Trainee Position was held for 2020-21.
- Engaged a local Aboriginal artist to feature their artwork in our corporate documents and publications, showcasing local talent and

recognising the significant cultural connections to the land and waterways in our service region.

- Engaged the First People of the Millewa-Mallee Aboriginal Corporation for the provision of cultural services at ministerial events.
- Commenced the planning and facilitation of consultation and engagement with Traditional Owners across our service region, seeking their input and advice on Aboriginal cultural values and interests to inform the LMW Urban Water Strategy 2022-2071.
- Delivered unconscious bias awareness training to 151 staff members aimed at improving cross-cultural awareness and developing a deeper understanding of unconscious bias and associated behaviours.
- Continued advocacy and support for Aboriginal Values as a member of the Northern Mallee IWM forum.
- Significant engagement with Traditional Owner groups as a part of the VMFRP.

Recognising Recreational Values

LoE 4: Support the wellbeing of communities by considering recreational values in water management.

Addressing KPI:

- Rec1 Recreational Values

Actions Undertaken:

- Conducted regular monitoring of BGA levels in the Murray River and Lake Cullulleraine and informed the community of warnings and advice relating to recreational water use, in collaboration with Victorian and NSW BGA coordinators.
- Collaborated with the Mallee CMA to support the provision of water delivery at Lake Hawthorn and Koorlong Lake, as part of the Mallee CMA's 2020-21 Seasonal Watering Proposal for the lower Murray wetlands.
- Supported key land manager partnerships, including:
 - Sunraysia River Watch Inc.
 - Mallee CMA representative committees
 - Lake Hawthorn Management Plan

Resilient and Liveable Cities and Towns

LoE 5: Contribute to healthy communities by supporting safe, affordable, high quality services and resilient, liveable environments.

Addressing KPIs:

- L1 Integrated Water Management (Urban)
- L2 Water Efficiency (Urban)
- L3 Water Bills (Urban)
- L4 Payment Management and Hardship

Actions Undertaken:

- Progressed the implementation of the Sunraysia Regional Water Balance Model as part of our membership of the Northern Mallee IWM forum with model In Development.
- Continued collaboration with regional partners to support the delivery of other Northern Mallee IWM projects to enhance urban waterway values and support resilient communities.
- Continued collaboration with DELWP and other water corporations to deliver the Victorian Water Efficiency Strategy.
- Delivered educational resources and programs to our communities focusing on water efficiency measures.
- Implemented payment instalment plans for 1,659 urban and 241 rural customers under the Financial Hardship Assistance Program.
- Conducted 21 water efficiency audits under the Community Rebate Program.
- Provided rebates to 20 urban customers under the Community Rebate Program.
- Conducted 92 audits and provided 74 rebates for not-for-profit organisations in our region under the Community Housing Retrofit Program.

Drought Response Report

Actions implemented under the Drought Preparedness Plan

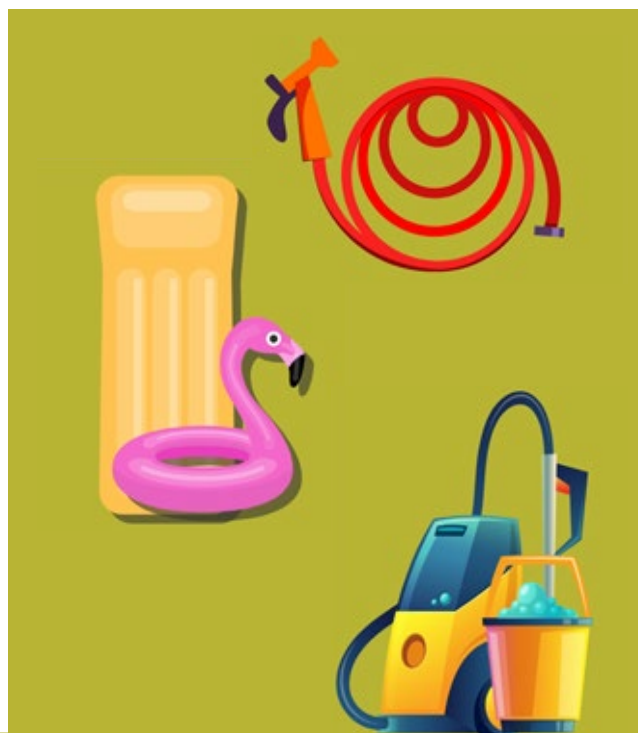
A Drought Response Committee was convened in 2019 to assess the drought situation in terms of climate data, river flows, seasonal allocations, cumulative, year to date water consumption, bulk entitlements, temporary entitlements, and appropriateness of the current or proposed restriction levels. The Committee also assessed resourcing and community impacts. Ongoing evaluation continues to measure the effectiveness of our drought response so that necessary adjustments can be made for the future.

Stages of restrictions of the Water Restrictions By-Law invoked, the measures involved, and communities affected

Following the drought conditions which developed across the last quarter of 2019, and less than a full seasonal allocation, Stage 1 urban water restrictions were implemented. Restrictions commenced in November 2019, together with a staged plan of action. As drought conditions improved across the last quarter of 2020, Stage 2 urban water restrictions were lifted in May 2020 however Permanent Water Saving Rules were in place for all of the 2020-2021 season.

Outline of any measures to be taken to improve future drought response

Information collected and the decisions made relating to drought response was documented for evaluation in the post-drought phase and will be used in future drought planning.



STAGE 1 WATER RESTRICTIONS

AUTOMATIC AND MANUAL WATERING
OR DRIPPER SYSTEM

6am - 10am

6pm - 10pm

On Alternate Days

Water Consumption Report

Water Consumption Report by District								
District Name		Kerang	Koondrook	Lake Boga	Mildura	Murrabit	Mystic Park	Nyah
Note				1	2, 3		4	1
Residential Customers (volume)	Number	1,844	473	449	19,754	44	12	308
	1 Potable water	719	179	223	9,992	20	6	165
	2 Recycled wastewater							
	3 Recycled stormwater							
Non-residential Customers (volume)	Number	323	59	51	2,142	12	3	40
	4 Potable water	187	20	31	2,524	7	3	55
	5 Recycled wastewater				2,466			
	6 Recycled stormwater							
Totals	Total customers	2,167	532	500	21,896	56	15	348
	7 Total potable water volume (1+4)	906	199	255	12,517	27	8	220
	8 Total recycled water volume (2+3+5+6)				2,466			
	9 Total consumption (7+8)	906	199	255	14,983	27	8	220
Average annual consumption ¹		1,111	258		13,341	37	13	
Non-revenue Water	10 Leakage	78	23		265	4		
	11 Firefighting							
	12 Other ²	25	5		334	1		
	13 Total (10+11+12)	102	28		599	5		
Total water all sources (9+13)		1,009	227	255	15,582	32	8	220

All figures have been rounded to the nearest whole numeral

Note: 1 Supplied from Swan Hill

Note: 2 Includes Merbein and Irymple for Water

Note: 3 Includes Mildura, Koorlong and Merbein Recycled Wastewater

Note: 4 Water supplied is raw, non potable

¹ Average annual consumption calculated between 2016-17 and 2020-21

² Unavoidable losses

Water Consumption Report by District

District Name			Nyah West	Piangil	Red Cliffs	Robinvale	Swan Hill	Woorinen South	Total Districts
Note			1					1	
Residential Customers (volume)	Number		260	105	1,617	814	5,044	156	30,880
	1	Potable water	119	50	728	392	2,052	87	14,732
	2	Recycled wastewater							
	3	Recycled stormwater							
Non-residential Customers (volume)	Number		31	16	165	188	856	18	3,904
	4	Potable water	28	70	512	162	773	23	4,396
	5	Recycled wastewater				193			2,659
	6	Recycled stormwater							
Totals	Total customers		291	121	1,782	1,002	5,900	174	34,784
	7	Total potable water volume (1+4)	147	120	1,240	554	2,825	111	19,128
	8	Total recycled water volume (2+3+5+6)				193			2,659
	9	Total consumption (7+8)	147	120	1,240	746	2,825	111	21,787
Average annual consumption ¹				135	1,343	626	3,994		20,859
Non-revenue Water	10	Leakage		9	46	30	94		549
	11	Firefighting							
	12	Other ²		3	33	15	95		512
	13	Total (10+11+12)		12	79	45	189		1,061
Total water all sources (9+13)			147	132	1,319	791	3,014	111	22,848

Per Capita Daily Residential Drinking Water Consumption

LMW provides drinking water to a population of around 74,000. The total annual consumption of water was 14,732 megalitres across this population in our region. This equates to an average of 545 litres per person, per day. This calculation is based on the population figure provided by the 2016 Census – “average household population” multiplied by our water connections for each town.

Major Non-Residential Water Users

Volumetric Range – ML per year	Name of Customers	Participation in water conservation programs
100ML - 200ML	Murrayland Fruit Juices Pty Ltd Qualia Wine Company Pty Ltd	No known participation
200ML - 300ML	Beringer Blass Wines Estates Limited	No known participation
Total Number of Customers	3	0

Community Service Obligations

Our Hardship Program identifies and assists vulnerable customers to manage their waters costs and usage with details as follows:

Community Service Obligations	2019-2020	2020-2021
Concession to Pensioners	\$2,255,257	\$2,236,098
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	\$206,788	\$207,551
Utility Relief Grants Scheme	\$41,726	\$31,559
Haemodialysis Life Support Machine Water Concessions	\$177	\$845.84
Hardship Relief Grant Scheme for Sewerage Connections*	\$0	\$0
TOTAL	\$2,503,948	\$2,475,208

Provision of Concessions

Customers who hold a valid pension concession card issued from Centrelink or a Veteran Affairs Gold/Health Care card are entitled to a concession on water and sewerage charges up to an annual maximum. The annual maximum for 2020-21 was \$337.10. If a customer is receiving only one service, they are entitled to a concession of up to half the annual maximum.

Rebates for Non-Profit Organisations

Non-profit organisations as defined by the State Revenue Office may be entitled for a concession on the service tariff portion of their bill.

Utility Relief Grant Scheme

Residential customers unable to pay their bills as a result of a temporary financial crisis may be eligible for utility relief. Assistance is provided to low-income households who are unable to pay an account and are at the risk of restriction of supply or debt collection action.

Haemodialysis Life Support Concessions

Customers using life support machine at home may be eligible for a concession on their water usage up to 168 kilolitres per year. An application form needs to be completed and signed by a doctor, nurse or hospital social worker confirming use of a life support machine.

Bulk Water Entitlements

Given the unique nature of our business, in servicing both urban and rural customers, the effective management of water is integral to the liveability and resilience of our communities. We manage our bulk water entitlements to ensure that both our urban customers receive quality drinking water, and our rural customers receive water for stock and domestic usage, and irrigation purposes.

In 2020-21, the following tables represent the details relating to the management of our bulk water entitlement:

Bulk Entitlement - Urban

Water Supply System	Off-take Point	Clause 20.1(b) Annual Amount of Water Taken (ML)	Clause 20.1(d) Amount of Water Returned (ML)
Koondrook	Koondrook Pump Station	243.765	0
Murrabit	Metered Outlet No 4266A	32.973	0
Kerang	Kerang Pump Station Pump outlet 2542	569.675	0
Kerang	Koondrook-Kerang pipeline	493.846	0
Swan Hill	Swan Hill Pump Station	3,886.001	0
Woorinen	Linked to Swan Hill	*	0
Nyah West	Linked to Swan Hill	*	0
Nyah	Linked to Swan Hill	*	0
Piangil	Piangil Pump Station	137.574	0
Robinvale	Robinvale Pump Station	594.683	0
Red Cliffs	Red Cliffs Pump Station	1,353.087	0
Mildura	Mildura Pump Station	11,219.925	0
Mildura West	Mildura West Pump Station	2,081.157	0
Mystic Park	Kangaroo Lake	12.541	0
Total		20,625.227	0

3

- Urban Bulk Entitlement of 30,970.9ML Murray system high-reliability water shares.
- No water restrictions were implemented during the 2020-21 water year.
- Clause 20.1 (a) The daily amount of water taken at each off-take point was recorded and included in the total annual amount of water reported in clause 22.1 (b).
- Clause 20.1 (b) Volumes reported for Kerang do not include volumes reported under Goulburn-Murray Water's (GMW) bulk entitlement.
- Water taken at the Mildura and Piangil off-takes and the Koondrook-Kerang pipeline exceeded the nominal volumes listed in the bulk entitlement. Variances in the volume taken are permitted providing the total water allowed under the bulk entitlement is not exceeded.
- Clause 20.1 (c) No new urban off-take points were agreed to or used.
- Clause 20.1 (d) No water was returned at specified or agreed return points.
- Clause 20.1 (e) Our approved Entitlement Metering Program (2011) is being implemented in accordance with clause 21.3. A record of all work undertaken is maintained via a central register.
- We are considering the timing of a review of our Bulk Entitlement Metering Program.
- Clause 20.1 (f) There was no permanent transfer of any part of our bulk entitlement.
- There was 9,834 ML of allocation traded out of our bulk entitlement.
- Clause 20.1 (g) There was no water traded into our bulk entitlement.
- Clause 20.1 (h) There was no amendment to our bulk entitlement.
- Clause 20.1 (i) No new bulk entitlement was granted to us.
- Clause 20.1 (j) We have complied with all provisions of our bulk entitlement.
- Clause 20.1 (k) We did not experience difficulties in complying with our bulk entitlement.

Bulk Entitlement - Rural

Area supplied	Off-take point	Clause 22.1 (b)	Clause 22.1 (d)	Clause 22.1 (e)	Clause 22.1 (f)
		Annual Amount of Water Taken (ML)	Amount of Water Returned (ML)	Amount of Water Supplied to VEWH (ML)	Amount of Water Supplied to Primary Entitlement Holders (ML)
Robinvale irrigation district	Robinvale pumping station	20,032	0	0	19,334
Red Cliffs irrigation district, and remaining Carwarp area of Carwarp-Yelta waterworks district	Red Cliffs pumping station	32,082	0	0	28,623
Merbein irrigation district, and Yelta part of Carwarp-Yelta waterworks district	Merbein pumping station	18,047	0	238	16,475
Millewa waterworks district and diversion licences	Millewa river pump	25,321	0	0	19,255
This is counted as the point where water is diverted from the River Murray	Central Main Pump Station, at King's Billabong	36,160	0	684	34,122
Used to replenish King's Billabong where River Murray flows are at insufficient level to do this (see clause 18.10)	Psyche Bend pumps	N/A	N/A	N/A	N/A
Along River Murray between the Nyah pumps and the South Australian border, and around King's Billabong	Private diversion points	440,875	0	0	0
Total		572,517	0	922	117,809

- Irrigation customers transacted water shares and allocation trades reported by the Victorian Water Register annually.
- Customers received a final seasonal determination of 100 per cent high-reliability water shares for the Murray system on 1 April 2021.
- Clause 22.1 (a) & (b) the daily amount of water taken at each off-take point was recorded and included in the total annual amount of water reported in clause 22.1 (b).
- Clause 22.1 (c) no new irrigation district off-take points were agreed to or used.
- Clause 22.1 (d) no water was returned at specified or agreed return points.
- Clause 22.1 (e) the annual amount supplied via our distribution system to the bulk entitlement held by the Victorian Environmental Water Holder (VEWH) to Lake Hawthorn and Koorlong Basin.
- Clause 22.1 (f) the annual amount supplied to primary entitlement holders other than those referred to in clause 22.1 (e).
- Clause 22.1 (g) our approved Bulk Entitlement Metering Program (2011) is being implemented in accordance with clause 21.3. A record of all work undertaken is maintained via a central register.
- We are considering the timing of a review of our Bulk Entitlement Metering Program.
- Clause 22.1 (h) no transfers occurred of any temporary or permanent water of our bulk entitlement or primary entitlements.
- Clause 22.1 (i) we did not transfer any entitlement or assignment of water allocation under the Act.
- Clause 22.1 (j) no amendments were made to this bulk entitlement.
- Clause 22.1 (k) no new bulk entitlement was granted to LMW with respect to the River Murray.
- Clause 22.1 (l) we fully complied with our bulk entitlement provisions.
- Clause 22.1 (m) we did not experience difficulties in complying with our bulk entitlement.

Compliance Reporting

In 2020-21, we made significant efforts in strengthening our management of unauthorised take and reinforcing the Minister for Water's expectation regarding zero tolerance of water theft. Through a range of continuous improvement initiatives that strengthened our internal systems to better manage compliance and enforcement activity, we continued to build upon the approach identified in the LMW Compliance and Enforcement Strategy 2019, and implement the actions identified in the LMW Rural Unauthorised Take Implementation Plan (RUTIP), which enhanced transparency and accountability.

Through the development and refinement of a risk-based approach, we have embedded a stronger culture of compliance across the organisation which has been driven by the recommendations from Des Pearson's independent Compliance & Enforcement Review and the development of our RUTIP. As at 30 June 2021, all RUTIP actions, and all but one Compliance & Enforcement Review recommendations were completed.

As our approach to unauthorised take has evolved, our focus has expanded to supporting areas within the business that have a compliance function, such as our Metering and Ordering teams and their processes relating to Take Without Order and Ordering Without Take. This has seen an increase in compliance activity and education with rural customers who order water within our metered districts.

Our new strategic plan recognises the importance of year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations, with the management of unauthorised take embedded as a KPI within this Strategic Foundation pillar. In early 2021, the arrival of a new Manager to oversee the compliance and enforcement function enabled us to invest proactively in developing stronger working relationships with DELWP, which included LMW hosting the DELWP Water Compliance Team during a field visit in May 2021 to help improve relationships and deepen the understanding of the operating environment in our region.

Monthly compliance updates were submitted to our Board to ensure improved oversight of the management of unauthorised take, and fortnightly and monthly reporting to DELWP ensured clearer lines of communication were established and fostered between the two agencies. This has enabled further collaboration across the water industry resulting in shared approaches, knowledge, and tools with DELWP and other water corporations to support a coordinated statewide approach to compliance and enforcement.

In 2020-21, LMW successfully prosecuted its first case relating to unauthorised take, securing two guilty verdicts which sends a clear message to the rural irrigation community that ongoing non-compliance is not acceptable.

ZERO tolerance on water theft

Keep your account balance
positive to avoid penalties.

lmw.vic.gov.au

VICTORIA
State
Government

The following table identifies key compliance actions in 2021-21 compared to 2019-20.

Compliance Actions – Rural	2020 - 21	2019 - 20
Potential breaches detected	548	1,782
Investigations commenced	76	1,782
Investigations finalised	76	1,524

	S.33E Unauthorised Take		S.289 Wrongful Take	
	2020-21	2019-20	2020-21	2019-20
Under Investigation				
Dismissed (insufficient evidence)				
No further action required				
Referred to another agency				
Verbal warning				
Advisory Letters	245	807		37
Formal Warning	118	301	157	1
Formal Interview				
Penalty Infringement Notice				
s.151 Notice of Contravention	42	348	20	1
s. 133 Notice of Entry	47	348		1
s. 141 Lockdown	5	12		
Recommended for Prosecution	2			
Finalised Prosecution	1	2		1

In addition to the development of enhanced compliance processes and activity, refinement of our communications and education program was also undertaken last year. Engagement with CSAC groups relating to compliance activity increased in 2020-21, and a review was undertaken of existing messaging and subsequently, the further refinement of sub-groups to enable targeted messaging to key stakeholder groups was developed:

Stakeholder Group	Key Messaging
Growers (LMW Customers)	Clarify the process relating to LMW management of Unauthorised Take (UT) (SMS -> warning letter -> Notices -> Lockdown -> Prosecution).
	Articulate subsequent consequences for non-compliance using case studies.
Water Brokers & Accountants	Consequences and impacts to growers via case studies of poor advice (purchasing in incorrect zones) or delays to water transfers resulting in growers who take advice but remain at risk of LMW lockdown or prosecutorial action given their negative ABA.
	Evidence of poor advice or delays to water transfers will be reported to DELWP for investigation.
D&S Customers	Clarify the expectation of the Minister regarding Zero Tolerance.
	Clarify the process relating to LMW management of UT
	Articulate the subsequent consequences and provide advice regarding how to rectify.
"Serial Offenders"	Targeting the top 30 serial offenders in both the UT and Take Without Order space is a priority to position ourselves for the 21-22 peak season.
	Put offenders on notice and encourage them to review and change their business practices
	Introduce Penalty Infringement Notices
	Reinforce the intent to escalate immediately if change is not seen in 21-22 peak season

Key performance indicators (KPI)

Significant improvement has been made since the inception of KPI metrics relating to unauthorised take. The following data summarises the KPIs against the thresholds of 1% of volume of total water taken and 3% of ABA accounts in negative as at 30 June:

Year	ABAs			Volume			
	Number of ABAs	KPI %		Volume (ML) or water taken under Corporation issued shares/licences	Volume (ML) of Unauthorised Take	KPI%	
		Target	Actual			Target	Actual
2019-20	271	3%	4.40%	530,208.23	1,370.18	1%	0.30%
2020-21	221	3%	3.50%	534,159.04	957.83	1%	0.20%

For most of the 2020-21 year, we remained within the KPI thresholds identified recording significant improvements compared to previous years. Unfortunately, as the end of the season drew nearer, a significant number of ABAs held by our Stock and Domestic (D&S) customers went into negative after the end of season meter reads (for customers without telemetric meters) which identified that many of them had exceeded allocation. Most of these customers had balances under 5ML with approximately 90% of the 220 customers being D&S customers, and the majority of these balances were returned to positive once new allocations were announced in July 2021.

It has been identified that accessing and acquiring small parcels of water (under 5ML) is a challenge for D&S customers and as such, opportunities to best address this in the future and potentially better support D&S customer's to be compliant is being investigated.

Disclosure of asset maturity assessment

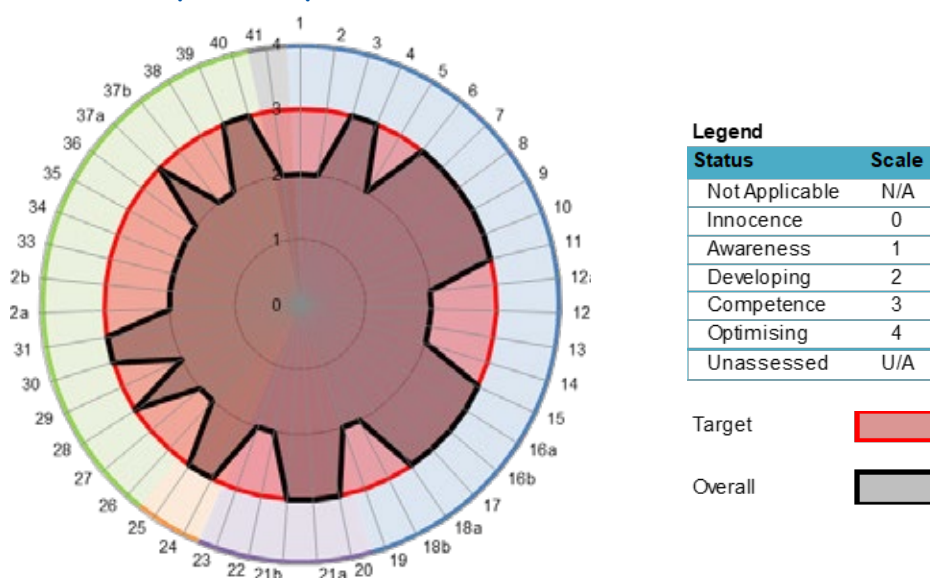
The effective management of LMW assets is critical to the liveability and resilience of our communities. LMW has recently undertaken an asset maturity assessment as a part of its Asset Management Accountability Framework (AMAF). Maturity is ranked based on scores ranging from zero to four for 41 questions which cover the full spectrum of asset management activities under the headings of Leadership and Accountability, Planning, Acquisition, Operation and Disposal.

The levels of maturity are assessed against criteria described as follows:

0 = innocence, 1 = awareness, 2 = developing, 3 = competence 4 = optimising.

The demonstrated maturity levels after the assessment are shown in 'Maturity Spider Graph' below, which indicates several key areas of improvement to reach the desired state.

LMW AMAF Spider Graph 2020 - 2021



Improvements have been identified and significant headway has already been made in the development of documents to support our systematic approach to asset management and the key focus to build awareness and increase the integration of the systems across the business utilising the results of our performance below:

<p>Your agency's overall target maturity rating (i.e., 'Developing', 'innocence', 'competence') and a brief description of what that means.</p>	<p>LMW's target maturity rating is 'developing', meaning systems and processes are being embedded, often applied effectively, with clear links to the AMAF mandatory requirements.</p> <p>An improvement plan has been developed to improve systems and effectiveness of AMAF applications and meet the maturity targets.</p>
<p>A description of your agency's performance against the target maturity within the five categories areas of:</p> <ul style="list-style-type: none"> • leadership and accountability, • planning, • acquisition, • operation, and • disposal. <p>Details should be provided on:</p> <ul style="list-style-type: none"> • areas of non-compliance and material non-compliance including the nature of the requirements and can include details for specific asset classes. • Your agency is encouraged to provide details of the reason for non-compliance, and the plan for and status of improvement. 	<p>Leadership and accountability (requirement criteria 1 to 19)</p> <p>LMW has complied and met competence to 13 of the 19 requirements. LMW has partially complied to 6 of the 19 requirements in this category and has developed an improvement plan to meet the maturity targets.</p> <p>Planning (requirement criteria 20 – 23)</p> <p>LMW has complied and met competence in 2 of the 4 requirements in this category and developed an improvement plan to meet the maturity targets of the 2 remaining requirements.</p> <p>Acquisition (requirement criteria 24 and 25)</p> <p>LMW has complied and met competence in its target maturity levels for these 2 requirements.</p> <p>Operation (requirement criteria 26-40)</p> <p>LMW has complied and met competence to 4 of the 15 requirements. LMW has partially complied to 10 of the 15 requirements in this category and has developed an improvement plan to meet its maturity targets.</p> <p>LMW has 1 unassessed of the 15 requirements in this category as the requirement is not applicable in the context of the organisation.</p> <p>Disposal (requirement criteria 41)</p> <p>LMW has partially complied to this requirement and has planned to improve the effectiveness of application for this requirement.</p> <p>The maturity self-assessment shows that, LMW has fully complied to 21, partially complied to 19 and unassessed for 1 out of the 41 mandatory AMAF requirements</p>

Leadership 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 equity in both executive leadership and throughout the organisation.

Addressing KPIs:

- G1 Diversity and Inclusion
- G3 Health and Safety

Actions undertaken:

- Implementation of LMW's 4 C Safety First Strategy.
- 21 new People leaders completed the 'Leading People and Culture' development program.
- Finalisation of LMW's Leadership and Talent Management Framework including performance and development planning, succession planning and knowledge management.
- Delivery of Black Dog Institute Mental Health Awareness training for people leaders.
- Delivery of Diversity and Inclusion training for all staff.
- Development of a dedicated Diversity and Inclusion Officer position.
- Development of Equality, Diversity and Inclusion committee



Murray Cod

Outcomes for our environment

The 2020-21 Corporate Plan addressed the expectations set out by the Minister for Water which identified the following expectations relating to environmental outcomes:

Continue to have a significant role in the successful delivery of the Basin Plan projects including:

- *As lead agency in the VMFRP;*
- *Identifying and delivery potential efficiency programs; and*
- *Assisting in addressing deliverability and constraint issues.*

Progress of these initiatives and actions identified under the relevant Letter of Expectations (LoE) as outlined by the Minister, are as follows:

Climate Change

LoE 1: Water corporations are required to undertake activities and provide services that minimise environmental impacts, mitigate climate change, and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.

Addressing KPIs:

- E2 Emission reductions
- E3 Climate adaptation

Actions Undertaken:

- Building on actions from previous years we have been focused on adaptively managing our pathway to meeting our emissions pledge and understanding opportunities for further emissions reductions post 2025.
- Following the successful implementation of small-scale solar energy projects, analysis has been undertaken on the feasibility of bridging the gap between total savings from identified internal emission reduction projects and our emissions reduction pledge by continued direct investment in solar projects or through other market mechanisms.
- Resilience to climate variability has been increased through the investment in further generator standby capacity for key urban water and sewerage assets.
- Implementation of existing urban water strategy, with analysis of best value water entitlement product and commencement of investment in additional water entitlements.
- Work has continued in identifying and measuring water losses within our rural supply networks. This work is culminating in a business case for investment in infrastructure to further improve water efficiency in our rural water supply districts.

Actions Pending:

- Review of Urban Water Supply and Sewerage strategies has considered opportunities for highest value use of “water” resource plus balancing considerations for energy efficiency and delivering customer outcomes, informing projects for consideration within Water Plan 5.
- Fully implement the existing Urban Water Strategy to secure water supply for our urban

customers.

- Finalisation of options analysis for delivering our emissions pledge.
- Completing analysis of resilience measures for the rural business key pumping station assets such as standby generator capacity including balancing risk verses cost consultation with our rural customers.
- Continue work of internal efficiency team in identifying and implementing energy saving projects balancing increased operational complexity with efficiencies

Climate Adaption:

The Urban Water Strategy process is driving planning and adaption options for securing our Urban Water supplies into the future. With the primary source of water being the Murray River, we continue to assess the impacts of climate on raw water quality and peak demand period availability.

The installation of secondary disinfection barriers in the form of Ultraviolet (UV) disinfection on our Water Treatment Plants (WTP) is strengthening our water treatment plant process's ability to treat a greater range of raw water quality, which may result from increased climate variability. Four of nine WTPs currently have UV installed with the remaining plants on track for installation within WP4.

Other resilience measures within the built asset area include a risk-driven approach to standby generator capacity and adapting design requirements for future extreme weather events.

The frequency, duration, and concentration of algal blooms within the Murray River appears to have altered in recent years. Understanding operationally how raw water with increased amounts of algae can be processed through our water treatment processes without impacting our customers remains an area of focus. Additional initiatives include further online monitoring and additional tools to better manage treatment of algae and any potential impacts.

We have adapted and extended our processes for controlling growth of organic materials within our irrigation pipe networks to reduce impacts on customers especially during the spring irrigation period.

Environmental Sustainability Sustainable Water Use

We plan and manage our operations in an environmentally responsible and sustainable manner, while contributing to the economic, social, and cultural development of the region during 2020-21.

- LMW has a pledge to reduce Greenhouse Gas (GHG) emissions by 39% at the end of 2024. While we have seen a drop in our GHG emissions, we have not met the 39% reduction target or our yearly targets, this is due to delays in project implementation. A significant source of our emissions is from purchased electricity, which is produced using nonrenewable energy such as coal. Reducing emissions from electricity is the focus for LMW to achieve our 39% pledge. Specifically, we are exploring projects to reduce electricity use and increase the electricity bought from renewable sources.
- During the 2019-20, LMW commissioned a consultant to model different options for LMW to increase their use of renewable energy. The two options that were explored were, in-house constructions of onsite solar farms and purchasing renewable electricity were further explored in 2020-21. LMW will continue to investigate renewable energy options, ensuring that it maintains an affordable high-quality service to its community and meet its 39% reduction target.
- During 2019-20, LMW worked to improve the energy efficiency of two irrigation pumps, these being Merbein and Robinvale which resulted in works occurring in 2020-21. The software controlling the Robinvale pump was changed to reduce the discharge pressure when pumping at higher flow rates. The positive result from the change was a significant reduction in electricity use and no compromise on pump function. The Merbein irrigation pump had a pressure instrument installed which allowed adjustments to the running pressure in response to demands of the pump. This change resulted in reduced electricity use of pump and no changes in pump function to meet irrigation demands.
- We maintain and protect two important native vegetation offset sites, located adjacent to the Koorlong State Forest. The two sites provide important terrestrial habitat with a significant range of flora and fauna, including species listed as vulnerable under both the Flora and Fauna Guarantee Act and the Environment Protection Biodiversity Conservation Act. Works undertaken over the last twelve months to protect these sites include fence maintenance, rubbish removal, weed and rabbit control.
- We are an active partner in the statewide program that collects water and groundwater data, called the Regional Water Monitoring Partnership. Our contribution is to financial support the monitoring of 28 irrigation drains. Data collected includes volume and electrical conductivity, this data is analysed for trends and assessment of progress to reducing the drain impacts on the Murray River and floodplain.
- We meet regularly with the Mallee CMA to discuss upcoming projects and outcomes from irrigation and drainage projects for the region. We are currently partnering with the Mallee CMA to design and implement of a contaminant monitoring program, to assess water quality risks of irrigation drainage. The project will be implemented at existing monitoring sites associated with the current irrigation drainage monitoring program.
- We work in partnership with the Mallee CMA to deliver Environmental Water through to Lake Hawthorn and Lake Koorlong. The water is delivered to these two important waterways via our drainage and irrigation infrastructure. Lake Hawthorn is an important waterway to our community, it provides the backdrop to the expanding residential estates and provides an important green space for community to walk and undertake bird watching. The lake is recognised for supporting many migratory shorebird species of international importance.
- The Koorlong lake is a small waterway that has one of the best populations Murray Hardyhead in the state, a species that is only known to exist in 6 sites throughout Victoria and is why they are listed as critically endangered under Victoria's Flora and Fauna Guarantee Act.
- At Mildura West Water Treatment Plant, we have an important habitat site for endangered Eastern Hooded Scaly-foot. In 2020-21, we undertook a detailed risk assessment to understand and proactively manage the risks to protect this species.

- We continue to support Ozfish Sunraysia, a community group that improves the Murray River and the floodplain through the provision of excess tree logs from the Koorlong Wastewater Treatment Plant. Ozfish has installed the wood within local anabranches; these will provide important habitat for our native fish, in particular the Murray Cod.



Sustainable and Resilient Water Service Systems

We continue to encourage schemes that promote the sustainable reuse of treated and recycled water. Such schemes have a positive environmental impact by lowering the demand impact on the Murray River. Under the various schemes, water is treated meets EPA legislation and guidelines and then supplied for a variety of beneficial uses.

These include:

- **Koorlong Wastewater Treatment Plant**
wastewater from Red Cliffs, Irymple and parts of Mildura is treated to Class C standards then supplied to a primary producer for use in horticulture.
- **Mildura Wastewater Treatment Plant**
this plant treats wastewater from the remaining part of Mildura to Class C standards. It is then used onsite for the production of pastures, fodder and for irrigating tree lots.
- **Robinvale Wastewater Treatment Plant**
wastewater from the Robinvale area is treated to Class C standards and then used for the production of high-grade fodder.
- **Mildura Water Treatment Plant**
water used in the backwashing and treatment operations is diverted to a separate storage lagoon and then supplied to Mildura Rural City Council for irrigation of the Aerodrome Ovals sporting complex.

- **West Mildura Water Treatment Plant**
reclaimed water from the backwashing and treatment operations is supplied to Mildura Golf Club for the irrigation of its fairways and greens.
- **Irrigation drainage**
water collected by our irrigation drainage system is utilised by a number of individuals for irrigation of turf.

Other Statutory Obligations Environmental Flows

We work with the Mallee Catchment Management Authority (MCMA) to provide environmental water delivery under the Victorian Environmental Water Holders (VEWH). Under the direction of MCMA we use our irrigation and drainage assets to provide water to regional wetlands and floodplains that are under LMW management which includes Lake Hawthorn and the Koorlong Lake.

Environmental water is used to achieve environmental outcomes, including the protection of the endangered Murray Hardyhead and migratory water birds. While we aim to ensure that the Environmental Water targets are met, the needs of our irrigators are number one priority, and this ensures that their access to water is not compromised.

Victorian Biodiversity Strategy

Within our managed land parcels portfolio, there are a number of sites that are located in areas that have high conservation values. These sites are subject to ongoing works aimed at controlling the pests and weeds to ensure that the native species populations remain viable and resilient. Sites that are currently being managed include:

- **Benetook Offset Site**
Located near Lake Koorlong, this 25-hectare site has been subject to intensive conservation over the last decade. The site remains under ongoing management to ensure its conservation values are retained and is currently showing signs of significant native species re-establishment.
- **Koorlong Wastewater Treatment Plant**
a 21-hectare section of old-growth Mallee located within the grounds of the Koorlong Wastewater Treatment Plant and secured as a native vegetation offset site, this site is managed by us to ensure it remains free of weeds and animal pest species – this site also has an additional 14 hectares that has been assessed and can be added to the offset pool.

• Mildura West Water Treatment Plant

a 15-hectare area to the south of the plant provides important habitat for the Eastern Hooded Scaly-foot lizard. This population of lizards is one of only six locations in Victoria. The species is listed as threatened under the Flora and Fauna Guarantee Act and as 'critically endangered' in Victoria under DELWP's Advisory List of Threatened Fauna. We have undertaken pest and weed control at the site and are in the process of upgrading the existing fence to be make it predator proof. Predation from foxes and rabbits has been identified as the main threat to the Eastern Hooded Scaly-foot lizard population.

Victorian Waterway Management Strategy (VWMS)

We strive to achieve healthy rivers, streams, and floodplains through our own works and by supporting our partner agencies. The VWMS provides an integrated framework for management and policy direction for waterway health across the state. The VWMS has informed the development of the Mallee Regional Waterway Strategy 2014-22, of which we are a partner in the delivery of the works program.

State Environmental Protection Policy (Waters)

This is the last year for the SEPP (Waters), under the new Environment Protection Act SEPPs are to be revoked as subordinate instruments and cease to have a legal status in Victoria's environment protection framework.

We are working to manage the transition to the new Environment Reference Standard 2021 (ERS), which outline the environmental values, indicators, and objectives for our region in relation to air, land and water. One of the projects we have partnered with Mallee CMA is to assess impacts relating to irrigation drainage on receiving environments. We will use the ERS to assess the environmental risks. We will continue with our partnership with the Regional Water Monitoring Partnerships, which includes our financial contribution to monitoring the flow and electrical conductivity of irrigation drainage water at 28 sites. We will continue to review and analyse this data to monitor impacts to the Murray River and the floodplain.

Regional Catchment Strategy

The Mallee Regional Catchment Strategy (RCS) 2013-2019 is prepared under the provisions of the *Catchment and Land Protection (CaLP) Act 1994*, in partnership with regional stakeholders, as a framework for strategic action to support and coordinate the ongoing efforts of the region's land managers, government agencies and community groups. It's the key regional planning instrument that provide guidance on works and developments impacting land and water values across the Mallee. We will continue to assist in the implementation of the Mallee RCS, working with the MCMA:

- Participating in workshops for the development of the new Mallee RCS.
- Salinity management and environmental projects.
- Ongoing participation in the Victorian Regional Water Monitoring Partnership (VRWMP) and associated upgrades.
- Participating in committees that provide technical support and monitor the projects emanating from the RCS.

Environmental Protection Agency (EPA) Water Industry Reference Group

We are a member of the Water Industry Reference Group which has enabled us to raise water industry related issues and concerns to both the EPA and the wider water industry. This group is also where the EPA go to seek early input from the water industry on new or amended EPA programs, policies and guidance. We have ongoing meetings with the EPA to keep abreast of the new changes to the *Environment Protection Act 1970* and Regulation.

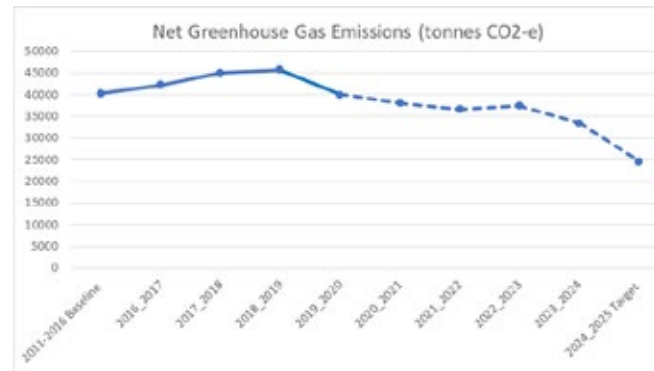
The changes are an outline of our responsibilities which is called the 'General Environmental Duty' (GED). We have had numerous online discussions with EPA to understand and implement actions that ensure our organisation takes reasonable steps to minimise harm to human health and the environment from pollution and waste and therefore meet the GED.

Greenhouse Gas and Energy Reporting

Greenhouse Gas Emissions

We continue with our commitment to reduce our carbon emissions to meet our pledge of a 39% reduction in CO₂-e by 2024-25.

The total CO₂-e for 2020-21 was 38,092.27, which was 141% higher than projected for 2019-20 and as such, we plan to implement additional GHG reducing projects over the next financial year which will see us getting closer to our pledge amount. These projects will 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.



The following Greenhouse Gas Emissions reporting table below provides further detail:

Performance Indicator	Greenhouse Gas Emissions (Tonnes CO ₂ -e)	Variance (%)	Comments
	FY 2020-21 Result		
Irrigation supply and drainage	19,567.80	-5%	LMW had reduced electricity use for irrigation supply and drainage. This was due to changes in energy usage for irrigation pumps at Merbein and Robinvale. The decrease is attributed to pressure control optimisation for both pumps. The other explanation for the reduced emissions is due to the 'emission factor' for purchased Victorian electricity, dropped from 1.02 in 2019-20 to 0.98 in 2020-21, resulting in reduced GHG emissions.
Water treatment and supply (Urban)	6,155.70	-4%	While LMW used the same amount of electricity for water treatment and supply as last financial year the overall GHG emissions have reduced. This is due to the 'emission factor' for purchased Victorian electricity, dropped from 1.02 in 2019-20 to 0.98 in 2020-21, resulting in reduced GHG emissions.
Sewerage/Wastewater collection and treatment	11,852.20	-6%	During 2020-21 there was a decrease in trade waste delivery to Koorlong Wastewater Treatment plant due to reduced flows from a local fruit juicing factory. This resulted in lower methane production, a molecule that converts to a high GHG value. The electricity use for sewage collection, treatment and recycling increased for this financial year however the 'emission factor' for purchased Victorian electricity, dropped from 1.02 to 0.98 resulting in reduced GHG emissions.
Transport and stationary fuel	829.20	11%	The increase was due to an increase in diesel use, which was due to a number of projects over 2020-21, which included: A significant increase in the distance travelled by vehicles due to new staff visiting sites across all LMW's jurisdictions, staff travel travelling to all sites to prepare of Water Plan 5, stakeholder engagement for VMRF and vehicles with decreased passenger numbers (social distancing for COVID-19) meant more cars were used more often for the year. The other increased in diesel use for generators that were used in an increased capacity at Kerang WWTP for the aerator and for as supplementary pumping at Millewa. The other significant use of diesel was for an excavator at Koorlong WWTP to process biosolids at the site.
Corporate offices	467.30	-1%	While LMW used slightly more electricity than last financial year the overall GHG emissions have reduced. This is due to the 'emission factor' for purchased Victorian electricity, dropped from 1.02 in 2019-20 to 0.98 in 2020-21, resulting in reduced GHG emissions.
Offsets (Tree Plantation)	-780.00	0%	
Total Emissions (Projected)	38,092.00 (36,743.00)	-5%	Future projects to meet our GHG pledge include: <ol style="list-style-type: none"> 1. Continue to undertake pressure control optimisation, including dynamic pressure control and district pressure control that reduces wasted energy through the irrigation network 2. Eliminating unscheduled irrigation water use and other over-deliveries of flow rate including losses 3. Use of tariffs to regulate use, including incentivisation for growers to smooth their demand profile 4. Introduction of additional renewable energy options including a mix of behind and front of meter solar and remote renewable offtakes via a power purchase agreement.

Biosolids

LMW worked with two local farms to broadcast 1,416 tonnes of biosolids from the Koorlong WWTP. Both farms grew wheat on the soil with biosolids and the results have been remarkable. The crop growing on land with biosolids is noticeably greener and healthier than the crop without biosolids. Research on biosolids has consistently shown it has a positive effect on crop yields and soil health. Biosolids contain a range of plant nutrients that have beneficial effects on soil fertility and plant growth. The picture on page 57 shows the difference between the crop that utilised biosolids (right) and the crop that didn't (left).

We continue with our investigation and investment into renewables and other technologies to meet our pledge of a 39% reduction in t CO₂-e by 2024-25. Currently we have not purchased any GHG emissions offsets.

Energy Consumption and Generation Reporting

We are committed to reduce our carbon emissions. During 2020-21, we implemented a very successful project to optimise pressure control of Merbein and Robinvale irrigation pumps. The Total Electricity Consumption reporting table provides further detail below:

Performance Indicator	Total Energy Use (MWh)		Variance	Comments
	2019-2020	2020-2021		
Irrigation supply and drainage	20,170.55	19,967.09	-1.01%	There was a decrease in energy usage for irrigation pumps. The decrease can be attributed to pressure control optimisation for pumps Robinvale and Merbein. The changes saw a smoothing of pressure and flow, resulting in more efficient power usage.
Water treatment and supply (Urban)	6,254.98	6,281.35	0.42%	No noticeable difference this financial year to last.
Sewerage/Wastewater collection and treatment	3,616.52	3,728.83	3.11%	The increase in electricity use was due to an increase in pumping requirements to fill a new wet weather storage dam for reclaimed water from Koorlong WWTP.
Corporate offices	464.08	476.88	2.76%	There was an increase in staff in the offices in 2020-21 year compared to the 2019-20 financial year.
Net total	30,506.13	30,454.15	-0.17%	We used slightly less electricity for the 2020-21 financial year due to the savings made on the Merbein and Robinvale irrigation pumps.

Our renewable streams are focused on solar due to our geographic location and other accessibility issues. In 2020-21, the solar projects in operation resulted in an overall 5% usage of renewable energy over the last twelve months. The Total Renewable Electricity Consumption reporting table provides further details below:

Performance Indicator	Total Renewable Energy Used (MWh)		Comments
	2019-20	2020-21	
Solar	2,499.48	1,517.2	We had a decrease in solar power for 2020-21 financial year compared to 2019-20 financial year. The drop could be explained by a slight drop in solar radiation between the two financial years – 2019-20 solar radiation was 222.5MJ/m2 whereas 2020-21 was 216MJ/m2 (data sourced from BOM). The other explanation could be that two sites (17th street PS and Red Cliffs PS) the metres failed to capture the data and therefore the solar energy was not recorded.
Hydroelectric	0	0	NA
Wind	0	0	NA
Biogas	0	0	NA
Greenpower	0	0	NA
Total	2,499.48	1,517.20	As above
Percentage Renewable Electricity (%)	8.20	4.98	As above



Office-based Environmental Impacts

In 2020-21 energy used from electricity in our Kerang, Swan Hill, and Mildura Offices (Corporate) was 2t CO₂-e or 8,374.40MJ per full time employee (FTE). Total energy usage across the offices was up by 2.80% on 2019-20. The total amount of office energy used across all of our offices including Kerang, Swan Hill and Mildura (Corporate) was 423.60 per m².

Energy Use

Performance Indicator Energy Use	2020-2021 Megajoules	Tonnes CO ₂ -e
Corporate Offices (Total Electricity)	1,716,751.40	412.20
Mildura Solar (Generated)	451,800.00	123.00
Green Power (Purchased)	0.00	0.00
Total Use (Including Mildura Solar)	2,168,551.40	535.20

Waste and Recycling

We endeavour to divert as much recyclable waste material from the general waste stream as possible. The total amount of general waste sent to landfill from the northern sites in 2020-2021 was 26,856kg, the equivalent of 129.16kg per FTE.

This figure includes waste generated by the workshop, urban and rural water supply, irrigation, and sewer maintenance crews. The total GHG emissions associated with this waste disposal is 42.40t CO₂-e which is a 12% increase on 2019-2020 figure of 37.72t CO₂-e. All other waste goes to recycling streams that do not require GHG emissions reporting.

We are committed to the principle of “reduce, reuse and recycle”. Our waste procedure is continuously updated, and new opportunities for recycling are adopted as and when they arise. At our Fourteenth Street office in Mildura, 21,245.00kg of waste was sent for recycling, this is a 37% decrease on 2019-20 where 15,496.00kg was sent to recycling.

We are a participant in the drumMUSTER program, which is a volunteer initiative that seeks to divert chemical drums from the general waste stream. Empty drums are appropriately cleaned, rinsed, and stockpiled for collection by drumMUSTER for reuse by industry. Thirty-six drums were delivered to drumMUSTER during 2020-21 which is an increase on the 10 delivered in 2019-20.

We recycle all used fluorescent tubes and lamps across our sites. This initiative removes our used fluorescent lamps from the general waste stream, thus preventing their toxic compounds leaking into the environment. Used fluorescent tubes and lamps are securely stored on site until they are collected by a contractor and taken to a metropolitan recycling facility.

All waste oils and hydraulic fluids produced across our facilities are recycled through the local municipal oil recycling programs.

A further breakdown of specific recyclables include:

Recycled Waste	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Commingled (kg)	1,709.00	1,657.00	1,634.00	1,267.00	747.00	393.00	516.00
Paper (kg)	4,301.00	4,798.00	8,629.00	5,430.00	10,731.00	3,015.00	6,001.00
Printer Cart. (kg)	70.12	66.68	28.42	30.44	25.10	15.36	33.11
Batteries (kg)	3,867.00	3,380.00	6,035.00	3,670.00	705.00	3,053.00	870.00
Scrap Metal (kg)	58,973.00	35,560.00	24,262.00	18,542.00	29,187.00	9,018.00	13,613.00
Styrofoam (m3)	14.25	7.50	8.00	11.00	13.00	2.00	12.00
Fluorescent Lamps (kg)	~120.00	~180.00	~240.00	~300.00	~180.00	~180.00	200.00
Biosolids							1,416,000.00

Paper Use

All copy paper purchased for the year was manufactured from 100% recycled paper, in line with our environmental aims. During the 2020-2021 year, we purchased 620 reams of A4 copy paper at our northern offices, which represents 3.02 reams per FTE, down from 3.43 reams per FTE in 2019-2020.

Water Consumption

Water consumption at our Kerang, Swan Hill, and Mildura Offices for the 2020-2021 year was 10,698.00KL. This equates to 52.20KL per FTE and the units of water used are 2.64kl per m2 for the 2020-2021 financial year.

This is the gross total consumption figure and includes all corporate facilities, garden irrigation, and water used in the workshop, warehouse, and the plant wash-down facilities that are located at our Fourteenth Street office complex.

Transportation

Fuel usage in 2020-21 for the diesel fleet was 11,246,090.40MJ; and 1,007,995.70MJ for the unleaded fleet, giving a total of 742.72t CO₂-e.

We continue to encourage alternatives to private vehicle use for commuting to and from work, although options are limited due to limited availability of public transport in our regional setting.

Given the advent of COVID-19, we have encouraged the use of technologies such as teleconferencing and videoconferencing where possible.

Corporate Greenhouse Gas Emissions

We continue with our investigation and investment into renewables and other technologies to meet our pledge of a 39% reduction in t CO₂-e by 2024-25. Currently we have not purchased any GHG emissions offsets.

Procurement

We have a commitment to environmental sustainability and protection. This is achieved by promoting purchasing practices which conserve resources, save energy, minimise waste, protect the environment and human health and, maintain environmental safety and quality. Furthermore, environmentally sustainable business practice is a priority objective in our Social Procurement Strategy.

Suppliers engaged through a tender are required to ensure compliance with the standards set out in our Environmental Policy. When tendering for a project, responses include information on environmental policies and compliance with any International Standard Organisation (ISO) or industry recognised standards and business practices that contribute to the social procurement objective of environmentally sustainable business practices.

These responses are evaluated and incorporated into the final scoring of tender responses and awarding of works. Of the nine tenders that were conducted during 2019/20, all successful suppliers had an Environmental Management System, seven of which were compliant with ISO 14001:2004 or other industry standards.

Performance Indicator	Tonnes CO ₂ -e	
	2019-2020	2020-2021
Energy Use (Corporate)	473.40	467.30
Vehicle Transport	742.70	820.00
Air Travel (Approx)	28.16	9.23
Waste Disposal	37.72	42.40
Purchased GHG Offsets	0.00	0.00
Total	1,381.27	1,338.92





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Performance Reporting - Financial

The 2020-21 Corporate Plan addressed the expectations set out by the Minister for Water which identified the following expectations relating to financial outcomes:

Financial Sustainability

LoE 7: Delivering safe and cost-effective water and wastewater services in a financially sustainable manner.

Addressing KPIs:

- F1-F8 Financial Indicators

Five-year financial summary

Financial Results	2020-21 \$'000	2019-20 \$'000	2018-19 \$'000	2017-18 \$'000	2016-17 \$'000
Core business revenue	66,703	65,208	66,545	64,335	60,386
Capital contributions	5,584	7,249	3,594	3,538	3,683
Government contributions	81	5	910	-	1,125
VMFRP funding	27,761	14,039	1,402	-	-
Other revenue	884	1,557	2,424	1,432	1,081
Total Revenue	101,013	88,057	74,874	69,305	66,275
Depreciation expenses	29,157	28,324	27,490	27,433	26,250
Borrowing cost expenses	2,794	2,958	3,047	3,265	3,474
VMFRP expenses	16,588	16,062	1,203	-	-
Other expenses	48,914	47,807	48,171	46,447	48,484
Total Expenditure	97,453	95,151	79,911	77,145	78,208
Net Result before tax	3,560	-7,094	-5,037	-7,840	-11,933
Current assets	35,611	19,883	22,139	21,506	26,798
Non-current assets	967,504	882,140	885,324	884,131	887,683
Total Assets	1,003,115	902,023	907,463	905,637	914,481
Current liabilities	20,080	19,740	20,509	15,657	15,957
Non-current liabilities	179,551	153,195	156,274	156,566	161,091
Total Liabilities	199,631	172,935	176,783	172,223	177,048
Net cash from operations	33,773	18,853	26,544	21,270	11,650
Payments for infrastructure property, plant and equipment	16,419	24,411	28,622	23,031	20,985

Note: Comprehensive financial statements can be found on pages 83-86

Performance Indicators	2020-21	2019-20	2018-19	2017-18	2016-17
Internal Financing Ratio	205.3%	76.70%	92.74%	92.35%	55.50%
Gearing Ratio	4.5%	5.17%	5.23%	5.11%	5.58%
Interest Cover (EBIT) times	2.24	-1.45	-0.71	-1.46	-2.55
Interest Cover (Cash) times	13.6	7.70	10.23	7.92	4.82
Return on Assets	0.66%	-0.47%	-0.24%	-0.52%	-0.92%
Return on Equity	0.76%	-0.76%	-0.48%	-0.76%	1.13%

Current year financial review

The Corporation recorded a net result before tax of \$3.6M, which includes revenue and expenditure associated with the VMFRP that recorded a cash profit of \$11.2M. Excluding VMFRP from the financial results, net result before tax would be a loss of \$7.6M.

Whilst the net result (excluding VMFRP) shows a deficit, the result is somewhat consistent with the prior year variance. The cash position is strong, and our financial viability is sound, as shown by net cash in operating surplus in the cash flow statement.

We continue to see strong urban and rural growth, especially from residential development contributions of \$5.0M, and have completed the Sunraysia Modernisation Project 2 (SMP2) which has grown the rural customer base delivering financial benefit to all rural customer districts.

Core business revenue has increased from the previous year, which is not generated from this financial year but principally associated with the previous year's reduced source water for our rural irrigation customers. The Northern Victoria Resource Manager's 2019-20 final seasonal determination only provided 66 per cent of water allocation for holders of high-reliability water shares in the Murray system. However, in 2020-21 seasonal determination provided 100% of water allocation, which saw the removal of Stage 1 water restrictions for urban customers.

Operating expenditure for 2020-21 (excluding VMFRP), exceeded the Corporate Plan target of \$77.8M by \$3.0M. Although it is still comparable to the 2019-20 operating expenditure with an increase of \$1.8M, it does include non-planned additional operational expenditure.

Statutory operating net result deficits are largely driven by high depreciation expenses (\$29.2M 2020-21) due to increases in infrastructure, land and building valuations from cyclical revaluations of those assets. LMW made a tax profit of \$5.52M in 2020-21 which is principally due to tax reporting using actual cost depreciation method where the depreciation expense by comparison is a reduced \$16.5M.

Cash generated from operating activities was \$34.0M and combined with a capital investment in infrastructure property, plant, and equipment of \$16.4M still allowed for a reduction in borrowings of \$1.9M.

Significant changes or factors affecting performance

We experienced challenging water treatment operating conditions throughout 2020-21 which has influenced an unfavourable result. The major challenge was continual poor raw river water quality and BGA outbreaks requiring high chemical dosing rates to provide the community with continual safe drinking water. The urban water filtration costs exceeded budget by \$995K.

Capital projects

During 2020-21 there were no projects completed that exceeded the \$10M disclosure threshold.



Summary of Performance against Corporate Plan Budget (Net of VMFRP)

Financial Results	Actual Result \$'000	Corporate Plan \$'000	Variance \$'000	Variance %
Service and usage charges	61,602	63,214	-1,612	-3%
Government grants and contributions	2,317	2,236	81	3%
Developer contributions	5,584	4,995	589	11%
Other revenue	3,749	4,040	-291	-8%
Total Revenue	73,252	74,485	-1,233	-2%
Depreciation expenses	29,157	28,366	791	3%
Borrowing cost expenses	2,794	3,028	-234	-8%
Environmental contribution	2,251	2,278	-27	-1%
Operating, maintenance and administration expenses	46,663	44,154	2,509	5%
Total Expenditure	80,865	77,826	3,039	4%
Net Result before tax	-7,613	-3,341	-4,272	-128%



Operating results and financial position

We recorded a net result before tax profit of \$3.6M, which includes revenue and expenditure associated with the VMFRP. Timing differences for VMFRP milestone payments and project expenditure at 30 June resulted in the project reporting a profit of \$11.2M. When VMFRP is excluded from the financial results, the net result before tax is a loss of \$7.6M.

The net result before tax (excluding VMFRP) exceeds the 2019-20 result by \$2.5M and the Corporate Plan budget loss by \$4.3M.

Revenue

Core business service and usage charges are under Corporate Plan budgets by \$1.6M which is principally due to two factors. The service regions of LMW received good spring rainfall events which has reduced the usage demand of both the urban and irrigation customers. The SMP2 project was completed in 2019 whereby the accumulated revenue collected from the rural customers throughout the current pricing period 2019-2023 exceeded the ESC revenue cap determination. This resulted in a \$1.0M rebate being issued to the rural customers within the 2021 financial year.

Predominately, other revenue raised throughout 2020-21 was as budgeted, excluding developer contributions which have a small favourable result, primarily due to the urban growth and strong urban residential developer contributions.

Expenditure

Operating expenditure for 2020-21 (excluding VMFRP), exceeded the Corporate Plan target of \$77.8M by \$3.0M, which represents an increase of 4 per cent. We experienced challenging operating conditions throughout 2020-21 which influenced the unfavourable result.

The major challenge was the continual poor raw river water quality combined with BGA outbreaks. The poor raw water quality and BGA required high chemical dosing rates to provide the community with continual safe drinking water. The urban water filtration costs exceeded the Corporate Plan budget by \$995K.

Other challenges impacting expenditure in 2020-21 included:

- Unbudgeted project costs for water efficiency projects to be completed of \$363K. These costs whilst unplanned for the 2021 financial year were fully funded by Government funding received in 2019.

- Write-off of gifted and redundant assets \$799K.
- Additional expenditure for unbudgeted "spillable water account" water returned to irrigators Allocation Bank Accounts of \$321K which is fully recovered through pass through charging.
- Implementing safe working practices due to coronavirus (COVID-19) and employing technology and equipment to enable the workforce to work from home where possible.
- Greater depreciation due to increase in asset carrying value as well as accelerated depreciation of Millewa Pump Station which is now scheduled to be replaced in 2022-23.

In summary, we experienced a number of unforeseen operating conditions throughout 2020-21 which placed upward pressure on budgets.

Significant changes in financial position

As lead agency for the VMFRP, we are currently facilitating designs and approvals required for nine business cases. This is Stage 1 of the project, that will be submitted to the Commonwealth Government for approval of Stage 2 funding for the construction phase.

Throughout 2020-21, LMW received Stage 1 funding of \$27.7M towards work for the nine business cases which has a total project budget of \$84.5M. The expenses incurred and accrued for the project work for 2020-21 are \$16.6M and it remains on budget with the projected cashflow.

We have implemented controls to ring fence all aspects of the VMFRP to ensure it is managed separately to our core business and has no negative impact on customers. There will be no cost burden imposed on our urban or rural customers arising from LMW's lead agency role with the VMFRP.

Subsequent events

No events occurred after balance date which significantly affect the Corporation's operation in subsequent reporting periods.

Infrastructure, Land and Buildings, Property, Plant and Equipment

LMW operations have a significant impact on the region's economy and liveability. The corporation has a Net \$962M of non-current tangible assets, spent \$16.4M in capital and related infrastructure works and made \$69M in operating payments to suppliers and employees during 2020-21.

Summary of Carrying Value by Asset Class

Asset Class	2020-21 \$'000	2019-20 \$'000	2018-19 \$'000	2017-18 \$'000	2016-17 \$'000
Land	14,565	14,664	14,589	13,861	12,282
Buildings	9,500	10,420	9,355	9,025	9,101
Infrastructure	917,353	826,501	830,792	839,600	846,379
Plant and Equipment	7,039	6,576	6,265	6,415	5,635
Works in Progress	13,382	17,999	18,099	9,259	9,511
Total Assets Carrying Value	961,839	876,160	879,100	878,160	882,908

A revaluation of all tangible non-current assets is required to be conducted every five years for financial reporting purposes in accordance with FRD 103H. A revaluation was conducted by an independent valuer in 2020-21 and resulted in an increase in Asset Carrying Value of \$97.9M.

No projects completed during the reporting period exceeded the disclosure threshold of \$10M.

Agreed outcomes with customers were set for the 2018-23 pricing submission period and has seen the following key projects progress or be completed in 2020-21:

Works	Outcome	2020-21 Investment \$'000
Water Treatment Plant Upgrades	Safe drinking water	3,128
WTP UV Installations – providing multiple disinfection barrier	Safe drinking water	802
Water Main Replacements	Reliable drinking water supply	1,825
Sewer Main Replacements	Reliable sewerage services	1,075
Sewer Pump Station Upgrades	Reliable sewerage services	320
Wet Weather Storage	Be mindful of the environment	1,700
Irrigation Main Replacements	Supply water when I need it	1,372
Scada Monitoring and Metering	Supply water when I need it	712
Plant and Equipment Replacements	Supply water when I need it	1,006

For information on our capital projects and the broader Victorian Public Sector, please refer to the most recent Budget Paper No.4 State Capital Program (BP4) available on the Department of Treasury and Finance website. (<https://www.dtf.vic.gov.au/state-budget/2020-21-state-budget>).

Procurement

LMW has a Social Procurement Strategy in place developed in accordance with the Victorian Government Social Procurement Framework released in April 2018.

Social procurement creates an opportunity to use buying power to generate social benefits beyond the products and services required and contribute to the economic, social and cultural development of our region.

The LMW Social Procurement Strategy targeted three priority objectives from the Social Procurement Framework:

1. Sustainable Victoria regions
2. Supporting safe, inclusive, and fair workplaces
3. Environmentally sustainable business practices

The following activities/initiatives were undertaken during the reporting period to build both staff and supplier capability and to support the Social Procurement Strategy:

- Staff were provided with information and training on how to implement social procurement into purchases based on value.
- A list of social enterprises located in the LMW region was created for staff to refer to, making direct spend easier.
- Procurements that meet the tender threshold included criteria for social and sustainable practices or commitments.
- All notification of tender opportunities highlighted the need to respond to schedules relating to social procurement and indicate if a weighting will be applied.
- Suppliers were provided information on social procurement, targeted objectives and how to respond when bidding for tenders.

The following outcomes were achieved during the reporting period.

- Engaged 259 suppliers that have a business registered in the LMW region that is categorised by the Socio-Economic Indexes for Areas (SEIFA) as an area of Socio-Economic disadvantage, with a total spend of \$8M.
- Directly engaged eight Social Benefit Suppliers, all of which are located in the LMW region.

- All suppliers that entered into contracts made a commitment to the Victorian Supplier Code of Conduct which specifies the minimum expectations in the areas of integrity, ethics and conduct; conflict of interest, gifts, benefits and hospitality; corporate governance; labour and human rights; health and safety; and environmental management.
- Entered into three contracts with suppliers that had an environmental management system that was certified by a third-party industry standard.



Performance Report Tables

Financial Performance Indicators

KPI Number	Key Performance Indicator	2019-20 Result	2020-21 Result	2020-21 Target	Variance to Prior Year	Notes	Variance to Target	Notes
F1	Cash Interest Cover Net operating cash flows before net interest and tax / net interest payments (times)	7.70	13.53	9.00	75.7%	1a	50.3%	1b
F2	Gearing Ratio Total debt (including finance leases) / total assets x 100	5.17%	4.46%	5.61%	-13.7%	2a	-20.5%	2b
F3	Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure x 100	76.70%	205.27%	72.94%	167.6%	3a	181.4%	3b
F4	Current Ratio Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	1.37	2.36	1.99	72.3%	4a	18.6%	4b
F5	Return on Assets Earnings before net interest and tax / average assets x 100	-0.47%	0.66%	-0.10%	240.4%	5a	760.0%	5b
F6	Return on Equity Net profit after tax / average total equity x 100	-0.76%	0.76%	-0.31%	200.0%	6a	345.2%	6b
F7	EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue x 100	27.30%	35.06%	36.90%	28.4%	7	-5.0%	

Financial Performance Indicators

Notes Variances greater than 10% described below

- 1a Favourable cash interest cover compared to 2019-20 due to increase in net operating cash flows of \$14.9M, with the majority attributed to additional \$13.7M funding received for VMFRP.
- 1b Favourable cash interest cover compared to target due to increase in net operating cash flows of \$10.4M which is attributed to additional \$13.7M funding received for VMFRP. When preparing the Corporate Plan targets, VMFRP activities were excluded from calculations as this is not part of core LMW activities and is reported separately.
- 2a Favourable gearing ratio variance compared to 2019-20 can be attributed to \$101.1M increase in assets, with the majority as a result of the asset revaluation performed in the current year, which resulted in an uplift of \$97.9M.
- 2b Favourable gearing ratio compared to target with debt held being \$13.0M less than target due to outgoing cash flow from capital expenditure being \$14.3M lower than target.
- 3a Favourable internal financing ratio compared to 2019-20 due to increase in net operating cash flows of \$14.9M, with the majority attributed to additional \$13.7M funding received for VMFRP, as well as an \$8.1M decrease in capital expenditure decrease.
- 3b Favourable internal financing ratio compared to target due to increase in net operating cash flows of \$10.4M which is attributed to additional \$13.7M funding received for VMFRPP, as well as a \$15.6M decrease in capital expenditure decrease. When preparing the Corporate Plan targets, VMFRP activities were excluded from calculations as this is not part of core LMW activities and is reported separately.
- 4a Favourable current ratio compared to 2019-20 due to current assets, specifically cash and deposits, being \$15.6M higher than the prior year, with the majority of movement attributed to a \$12.8M increase in cash at bank held for VMFRP.
- 4b Favourable current ratio compared to target due to a \$13.1M increase in current assets, with the majority of movement attributed to a \$12.8M increase in cash at bank held for VMFRP. When preparing the Corporate Plan targets, VMFRP activities were excluded from calculations as this is not part of core LMW activities and is reported separately.
- 5a Favourable Return on Assets compared to 2019-20 due to a \$10.6M increase in EBIT from the prior year loss of \$4.3M to current year profit of \$6.3M. The majority of the movement is due to increased EBIT profit associated with VMFRP, with the current year resulting in a profit of \$11.2M compared to prior year loss of \$2.0M.
- 5b Favourable Return on Assets compared to target due to a \$7.3M increase in EBIT from the target loss of \$1.0M to current year profit of \$6.3M. The movement is due to increased EBIT profit associated with VMFRP, with the current year resulting in a profit of \$11.2M. When preparing the Corporate Plan targets, VMFRP activities were excluded from calculations as this is not part of core LMW activities and is reported separately.
- 6a Favourable Return on Equity compared to 2019-20 due to an \$11.4M increase in net profit after tax from the prior year loss of \$5.6M to current year profit of \$5.8M. The majority of the movement is due to increased EBIT profit associated with VMFRP, with the current year resulting in a profit of \$11.2M compared to prior year loss of \$2.0M.
- 6b Favourable Return on Equity compared to target due to an \$8.1M increase in net profit after tax from the target loss of \$2.3M to current year profit of \$5.8M. The movement is due to increased profit associated with VMFRP, with the current year resulting in a profit of \$11.2M. When preparing the Corporate Plan targets, VMFRP activities were excluded from calculations as this is not part of core LMW activities and is reported separately.
- 7 Favourable EBITDA Margin compared to 2019-20 due to a \$11.4M increase in EBITDA from the prior year EBITDA of \$24.0M to current year \$35.4M. The majority of the movement is due to increase in EBITDA associated with VMFRP, with the current year movement being a profit of \$11.2M compared to prior year loss of \$2.0M.

Water and Sewerage Service Performance Indicators [1]

KPI Number	Key Performance Indicator	Result		Target	Variance to Prior Year	Notes	Variance to Target	Notes
		2019-20	2020-21	2020-21				
WS1	Unplanned Water Supply Interruptions No. of customers receiving 5 unplanned interruptions in the year / total number of water (domestic and non-domestic) customers x 100	0.00%	0.00%	0.00%	0.0%		0.0%	
WS2	Interruption Time Average duration of unplanned water supply interruptions (minutes)	66.65	58.98	60	-11.5%	8	-1.7%	
WS3	Restoration of Unplanned Water Supply Unplanned water supply interruptions restored within 5 hours / total unplanned water supply interruptions x 100	95.92%	100.00%	99.40%	4.3%		0.6%	
SS1	Containment of Sewer Spills Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers	100%	100%	97.00%	0.0%		3.1%	
SS2	Sewer Spills Interruptions No. of residential sewerage customers affected by sewerage interruptions restored within 5 hours	100%	100%	97.00%	0.0%		3.1%	

Notes: Variances greater than 5% described below

- 8 Favourable variance to prior year can be attributed to our Service Delivery teams continually improving and reviewing our work practices to deliver quality customer outcomes.

Rural water service performance indicators [2]

KPI Number	Key Performance Indicator	Result		Target	Variance to Prior Year	Notes	Variance to Target	Notes
		2019-20	2020-21	2020-21				
C1.4	Rural Water Supply Deliveries Number of orders delivered / total number of orders x 100	99.71%	99.76%	98.00%	0.1%		1.8%	
C1.5	Applications completed within agreed timeframes Number of applications completed / total number of applications	97.00%	98.00%	85.00%	1.0%		15.3%	9
WSR2	Unavailability of Domestic and Stock Supply Duration that domestic and stock service is unavailable in excess of on-property storage	0.00%	0.00%	0.00%	0.0%		0.0%	
WSR3	Groundwater Supply Number of transfers processed within target period / total number of transfers processed x 100	N/A	0%	N/A	N/A		N/A	

Notes: Variances greater than 5% described below

- 9 Favourable variance to target is a result of our Customer Team processing 381 water share transfers in the current year whereby 98% of transfers were approved within 20 business days, exceeding our projected target.

Urban customer responsiveness performance indicators [3]

KPI Number	Key Performance Indicator	Result		Target	Variance to Prior Year	Notes	Variance to Target	Notes
		2019-20	2020-21	2020-21				
CR1	Water Quality Complaints No. of complaints per 1000 customers	1.02	0.804	1.621	-21.2%	10a	-50.4%	10b
CR4	Billing Complaints No. of complaints per 1000 customers	0.437	0.172	0.717	-60.6%	11a	-76.0%	11b

Notes: Variances greater than 5% described below

- 10a Favourable variance to prior year is a result of receiving 28 water quality complaints compared to 34 in the previous year. Our Water Quality Officer attended residences for water testing and most were resolved by mains flushing whilst others required repairs to mains which were damaged by external parties. We recorded 13 taste and odour complaints compared to 15 last year, all were investigated and resolved by mains flushing.
- 10b Favourable variance to target is a result of complaints received being less than the five year average. Target has been revised from the Corporate Plan submission as the original target supplied was incorrectly calculated based on 100 customers, not 1000.
- 11a Favourable variance to prior year is a result of receiving six billing complaints compared to 15 in the previous year. LMW received fewer complaints relating to high water usage due to wetter conditions.
- 11b Favourable variance to target is a result of complaints received being less than the five year average. Target has been revised from the Corporate Plan submission as the original target supplied was incorrectly calculated based on 100 customers, not 1000.

Urban residential customer water bill indicators [4]

KPI Number	Key Performance Indicator	2020-21 Result	2020-21 Target
L3.A	Total urban residential billed based on average consumption (477kl)	\$981.70	N/A*
L3.B	Total residential urban bill based on 200kl consumption	\$790.70	N/A*

N/A* No target required to be set in corporate plan.

Rural customer responsiveness performance indicators [5]

KPI Number	Key Performance Indicator	Result		Target	Variance to Prior Year	Notes	Variance to Target	Notes
		2019-20	2020-21	2020-21				
CRR4	Billing Complaints No. of complaints per 1000 customers	0.162	0.810	1.670	400.0%	12a	-51.5%	12b

Notes: Variances greater than 5% described below

- 12a Unfavourable variance compared to prior year is a result of receiving five billing complaints compared to one in the previous year. These comprised of one drainage charge, one delivery share, two complaints pertaining to a new meter replacement and one relating to water overuse. LMW customer teams work closely with customers to minimise complaints wherever possible and aim to better explain the cost of services with refreshed rural schedule of charges documents in 2022 to avoid any misunderstanding.
- 12b Favourable variance to target is a result of complaints received in the current year being less than the five-year average. Target has been revised from the Corporate Plan submission as the original target supplied was incorrectly calculated based on 100 customers, not 1000.

Rural customer bill indicators [6]

KPI Number	Key Performance Indicator	2020-21 Result	2020-21 Target
C.1.6.1	Total rural bill gravity irrigation	N/A*	N/A**
	Total bill for a 100 ML customer with high reliability and one service point. (include other associated fees (e.g. drainage, usage) and report by district)		
C.1.6.2	Total rural bill pumped irrigation	\$14,785.73	
	Total bill for a 100 ML customer with high reliability and one service point. (include other associated fees (e.g. drainage, usage) and report by district)	\$21,797.01	
	Mildura	\$11,905.53	
	Mildura High Pressure	\$12,845.05	
	Merbein	\$22,061.45	N/A**
	Red Cliffs	\$1,311.21	N/A**
	Robinvale High Pressure		N/A**
	Private Diverters		N/A**
C.1.6.3	Total rural bill domestic and stock		
	Total bill for a 1 or 2 ML customer (as applicable)		
	Mildura	\$368.23	N/A**
	Mildura High Pressure	\$497.60	N/A**
	Merbein	\$309.95	N/A**
	Red Cliffs	\$326.34	N/A**
	Robinvale High Pressure	\$493.03	N/A**
	Private Diverters	\$149.48	N/A**
	Total bill for water work districts		
	Total bill for a 1 or 2 ML customer (as applicable)		
	Millewa - Township 1 ML	\$1,356.56	N/A**
	Millewa - Rural 2 ML	\$7,917.90	N/A**
	Wargan 2 ML	\$1,252.61	N/A**

N/A* LMW do not have rural gravity irrigation districts.

N/A** No target required to be set in corporate plan.

Urban environmental performance indicators [7]

KPI Number	Key Performance Indicator	Result		Target	Variance to Prior Year	Notes	Variance to Target	Notes
		2019-20	2020-21	2020-21				
E1	Effluent Re-Use Volume (End Use) % recycled	68.60%	59.34%	60.00%	-13.5%	13	-1.1%	
E2	Total Net CO2 Emissions Net tonnes CO2 equivalent	18,838	17,876	16,792	-5.1%	14a	6.5%	14b

Notes: Variances greater than 5% described below

- 13 Unfavourable variance to prior year with reduced effluent reuse volume attributed to 470ML of treated effluent from Koorlong Wastewater Treatment Plant being stored in the new 400ML wet weather storage. Losses can be attributed to evaporation and water absorption by the storage material/soil.
- 14a Favourable variance to prior year is due to the 'emission factor' for purchased Victorian electricity, dropping from 1.02 in 2019-20 to 0.98 in 2020-21, resulting in reduced GHG emissions. During 2020-21, there was a decrease in trade waste delivery to Koorlong Wastewater Treatment plant due to reduced flows from trade waste customers, resulting in lower methane production, a molecule that converts to a high GHG value. The electricity use for sewage collection, treatment and recycling increased for this financial year however the 'emission factor' for purchased Victorian electricity, dropped from 1.02 to 0.98 resulting in reduced GHG emissions. Over the 2020-21 year, there was an increase in diesel use for generators, with additional usage required for Kerang WWTP aerator and Koorlong WWTP excavator to process biosolids. While LMW used the same amount of electricity for water treatment and supply as last financial year, the overall GHG emissions have reduced.
- 14b Unfavourable variance to target is a result of LMW not meeting its CO2e emissions target due to delays in implementation of GHG emission reduction projects. LMW has initiated a review of our strategy ensuring we deliver projects that promote power savings and reduction in CO2e emissions. LMW is developing dashboard reporting systems to closely monitor carbon emissions, keeping the business informed of changes and progress towards meeting LMW's carbon reduction pledge. LMW currently have a set of projects being considered that are aimed at reducing scope 2 emissions by targeting higher operational efficiencies for processes, water pumping, water quality and safety, transport, generation, life energy costs and environmental best practice for any new equipment.

Rural environmental performance indicators[8]

KPI Number	Key Performance Indicator	Result		Target	Variance to Prior Year	Notes	Variance to Target	Notes
		2019-20	2020-21	2020-21				
E2	Total Net CO2 Emissions Net tonnes CO2 equivalent	21,219	20,216	19,951	-4.7%		1.3%	

Financial Management Compliance Attestation Statement

I, Maxwell Folie, on behalf of the Responsible Body, certify that Lower Murray Urban and Rural Water Corporation has no Material Compliance Deficiencies with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Maxwell Folie

Chair
Finance and Audit Committee
Lower Murray Urban and Rural Water Corporation

Dated this day, Friday 1 October 2021

Certificate of Performance Report 2020-2021

We certify that the accompanying Performance Report of Lower Murray Urban and Rural Water Corporation in respect to the 2020-21 financial year is presented fairly and in accordance with the Financial Management Act 1994.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the responsible Minister and as set out in the 2020-21 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the act results and performance targets and/or between the actual results in the current year and the previous year.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the Performance Report to be misleading or inaccurate.



Sharyon Peart
Chair



Anthony Couroupis
Managing Director



Karen Hensgen
General Manager Business Services
and Performance

Dated this day, Friday 1 October 2021

Independent Auditor's Report

To the Board of the Lower Murray Urban and Rural Water Corporation

Opinion	<p>I have audited the accompanying performance report of the Lower Murray Urban and Rural Water Corporation (the corporation) for the year ended 30 June 2021, which comprises the:</p> <ul style="list-style-type: none"> • financial performance indicators • urban water and sewerage service performance indicators • rural water service performance indicators • urban customer responsiveness performance indicators • rural customer responsiveness performance indicators • urban residential customer water bill Indicators • rural customer water bill Indicators • urban environmental performance indicators • rural environmental performance indicators • certificate of performance report. <p>In my opinion, the performance report of the Lower Murray Urban and Rural Water Corporation for the year ended 30 June 2021, presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>

Auditor's responsibilities for the audit of the performance report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.</p> <p>As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control • evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying events and results in a manner that achieves fair presentation. <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE
6 October 2021



Paul Martin
as delegate for the Auditor-General of Victoria

Declaration in the Financial Statements

The attached financial statements for Lower Murray Urban and Rural Water Corporation have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information is set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of Lower Murray Urban and Rural Water Corporation at 30 June 2021.

At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on this day, Friday 1 October 2021.



Sharyon Peart
Chair



Anthony Couroupis
Managing Director



Karen Hensgen
General Manager Business Services and Performance

Dated this day, Friday 1 October 2021

Independent Auditor's Report

To the Board of the Lower Murray Urban and Rural Water Corporation

Opinion	<p>I have audited the financial report of the Lower Murray Urban and Rural Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration in financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
6 October 2021



Paul Martin
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue and income from transactions			
Revenue from service, usage and trade waste charges	2.1.1	61,602	61,091
Victorian Murray Floodplain Restoration Project funding	10.2	27,761	14,039
Government grants and contributions	2.2	2,317	2,260
Developer contributions	2.1.2	5,584	7,249
Net gain/(loss) on disposal of non-current assets	4.1.5	(241)	229
Other income	2.3	3,990	3,189
Total revenue and income from transactions		101,013	88,057
Expenses from transactions			
Depreciation and impairment	4.1.1	28,811	27,937
Amortisation	4.2	346	387
Employee benefits	3.1.1	19,744	19,654
Direct operating expenses	3.2	13,414	13,889
Repairs and maintenance	3.3	6,923	6,781
Victorian Murray Floodplain Restoration Project funding	10.2	16,588	16,062
Environmental contribution	8.2	2,251	2,278
Interest expense	6.1.2	2,794	2,958
Operating expenses	3.4	6,582	5,205
Total expenses from transactions		97,453	95,151
Net result before income tax		3,560	(7,094)
Income tax (expense)/revenue	8.1.1	2,280	1,543
Net result		5,840	(5,551)
Other economic flows - other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation surplus	9.1.2	97,936	1,154
Deferred income tax relating to components of other comprehensive income	8.1.1	(29,380)	(346)
Total other economic flows - other comprehensive income		68,556	808
Comprehensive result		74,396	(4,743)

The accompanying notes form part of these financial statements.

Balance sheet

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and deposits	6.2	21,400	5,783
Receivables	5.1	9,257	9,146
Inventories	5.4	4,293	4,252
Non-financial physical assets classified as held for sale	4.3	-	72
Other non-financial assets	5.6	648	630
Other financial assets	5.5	13	-
Total current assets		35,611	19,883
Non-current assets			
Receivables	5.1	145	153
Infrastructure, property, plant and equipment	4.1.1	961,839	876,160
Intangibles	4.2	5,515	5,827
Other financial assets	5.5	5	-
Total non-current assets		967,504	882,140
Total assets		1,003,115	902,023
Liabilities			
Current liabilities			
Trade and other payables	5.2	9,340	7,845
Contract liabilities	5.3	1,902	1,879
Employee benefits provision	3.1.2	5,905	6,136
Interest bearing liabilities	6.1	2,933	3,880
Total current liabilities		20,080	19,740
Non-current liabilities			
Other financial liabilities	5.5	193	-
Employee benefits provision	3.1.2	159	167
Interest bearing liabilities	6.1	41,820	42,752
Net deferred tax liabilities	8.1.2	137,379	110,276
Total non-current liabilities		179,551	153,195
Total liabilities		199,631	172,935
Net assets		803,484	729,088
Equity			
Contributed capital	9.1.3	633,524	633,524
Physical asset revaluation reserve	9.1.2	270,054	201,498
Accumulated surplus / (deficit)	9.1.3	(100,094)	(105,934)
Total equity		803,484	729,088

The accompanying notes form part of these financial statements.

Cash flow statement

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts			
Service and usage charges		63,127	61,613
Receipts from Government		30,078	14,005
Interest received		98	185
Developer contribution fees		1,288	421
Income for capital purposes		4,296	6,407
Goods and Services Tax received from the ATO		5,010	5,945
Other customer revenue		2,083	2,861
Total receipts		105,980	91,438
Payments			
Payments to suppliers and employees		(69,133)	(69,387)
Interest and other cost of finance paid		(2,794)	(2,958)
Goods and Services Tax paid to the ATO		(280)	(239)
Total payments		(72,207)	(72,585)
Net cash flows from/(used in) operating activities	6.2.1	33,773	18,853
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(16,419)	(24,410)
Proceeds from sale of infrastructure, property, plant & equipment		139	540
Proceeds from sale of assets held for sale		55	100
Payments for intangible assets		(34)	(168)
Payment of Loan to ZEW Ltd		(5)	-
Payment for other financial assets		(13)	-
Net cash flows from/(used in) investing activities		(16,277)	(23,939)
Cash flows from financing activities			
Proceeds from borrowings		2,000	2,000
Repayment of borrowings		(3,879)	(2,831)
Government capital contributions		-	3,151
Net cash flows from/(used in) financing activities		(1,879)	2,321
Net increase/(decrease) in cash and deposits		15,617	(2,764)
Cash and deposits at the beginning of the financial year		5,783	8,547
Cash and deposits at the end of the financial year	6.2	21,400	5,783

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2021

	Contributed capital \$'000	Physical asset revaluation reserve \$'000	Accumulated surplus / (deficit) \$'000	Total equity \$'000
Balance at 1 July 2019	630,373	200,690	(100,383)	730,680
Net result for the year	-	-	(5,551)	(5,551)
Other comprehensive income	3,151	808	-	3,959
Total comprehensive income	3,151	808	(5,551)	(1,592)
Balance at 30 June 2020	633,524	201,498	(105,934)	729,088
Balance at 1 July 2020	633,524	201,498	(105,934)	729,088
Net result for the year	-	-	5,840	5,840
Other comprehensive income	-	68,556	-	68,556
Total comprehensive income	-	68,556	5,840	74,396
Balance at 30 June 2021	633,524	270,054	(100,094)	803,484

The accompanying notes form part of these financial statements.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

1. ABOUT THIS REPORT

1.1 Basis of preparation

A description of the nature of its operations and Lower Murray Urban & Rural Water Corporation's (Lower Murray Water) principal activities is included in the Report of operations, which does not form part of these financial statements.

The financial report includes separate financial statements for Lower Murray Water as an individual reporting entity. This financial report is a general purpose financial report that consists of a Comprehensive operating statement, Balance sheet, Statement of changes in equity, Cash flow statement, Directors declaration and notes accompanying these statements for the period ending 30 June 2021. Lower Murray Water is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accrual and going concern basis and under the historical cost convention, except for infrastructure, property, plant and equipment, derivative financial instruments and the defined benefit obligation, which have been measured at fair value.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

The annual financial statements were authorised for issue by the Board on 1 October 2021.

The principal address is:
Lower Murray Water
741-759 Fourteenth Street
Mildura VIC 3500

The financial information has been prepared based on Lower Murray Water's main functions which gives a more detailed understanding of the different areas of the business. Lower Murray Water provide potable water and wastewater services to Urban customers (Water and Wastewater). The Rural business includes the delivery of river water for irrigation purposes and the provision of drainage services.

The operations of the Victorian Murray Floodplain Restoration Project have been ring fenced from the core business of Lower Murray Water to ensure Lower Murray Water customers are not affected. Refer to Note 10.1 for further detail.

Functional and presentation currency

Items included in this financial report are measured using the currency of the primary economic environment in which Lower Murray Water operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Lower Murray Water's functional and presentation currency.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being Lower Murray Water's operational cycle.

Rounding

Unless otherwise stated, amounts shown in the financial statements are expressed to the nearest thousand dollars (\$'000).

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets, and certain classes of infrastructure, property, plant and equipment.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Comparative information

In these financial statements, Lower Murray Water has changed the classification or presentation of certain disclosures (and relevant comparative information) to improve readability by the user. This change in the presentation has not arisen as a result of the identification of errors or changes in accounting policies by Lower Murray Water. Where adjustments have been made to comparative information as a result of the correction of errors and changes in accounting policies, the nature of error and its magnitude has been disclosed in line with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Accounting estimates

Judgements and estimates require assumptions to be made about highly uncertain external factors such as discount rates, probability factors, the effects of inflation, changing technology, political and social trends and climate change. There are many uncertainties in the estimation process and assumptions that are valid at the time of estimation but may change significantly when new information becomes available.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards that have significant effects on the financial statements and estimates relate to:

Significant judgement and estimation area	Note number
Accrued water usage charges	2.1.1
The fair value of land, buildings, infrastructure, plant and equipment	7.3
Estimation of useful life	4.1.4
Estimated fair value of derivative financial instrument	5.5 & 7.3
Impairment of assets	4.1.4
Employee benefit provisions	3.1.2
Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates	3.1.2
Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15) or AASB 1058 <i>Income of not-for-profit entities</i> (AASB 1058)	2.1.1
The timing of satisfaction of performance obligations	2.1.3
Determining transaction price and amounts allocated to performance obligations	2.1.1

COVID-19

The Coronavirus (COVID-19) outbreak first reported in late 2019 is currently having an unprecedented health and economic impact both internationally and domestically. To reduce the spread of the virus, a series of public health measures were imposed across the world and in Australia, including travel restrictions, a nation-wide call to work from home and significantly reduced levels of activity in both the economy and community. In response to the global health pandemic, the Federal and State governments have been providing a number of economic stimulus packages and policies in support of Victorian families and businesses.

The consequential impacts on Lower Murray Water have included, but are not limited to:

- ensuring a strong response and putting provisions in place to continue to provide essential water and sewerage services for Lower Murray Water customers;
- support for employees transitioning to working from home;
- uplifting our IT network capability to support remote working;
- supporting customers experiencing financial difficulties through arrangements such as our hardship program, more time to pay arrangements and payment plans; and
- providing waivers to our trade waste customers and commercial tenants who are experiencing financial hardship.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

The following financial statement areas have been affected by COVID-19:

- Note 2.1.1 Revenue from service, usage and trade waste charges
- Note 3.1.3 Superannuation
- Note 4.1.4 Depreciation and impairment
- Note 5.1 Receivables
- Note 5.1.1 Impairment of contractual receivables
- Note 5.2 Payables
- Note 6.2 Cash flow information and balances
- Note 7.1.3 Financial risk management objectives and policies
- Note 7.3 Fair value determination
- Note 9.2 Events occurring after the balance date

For the year ended 30 June 2021, Lower Murray Water recognised a net profit of \$5.840 million. Lower Murray Water's net current assets as at 30 June 2021 were \$15.531 million. Lower Murray Water has \$21.400 million of resources comprising cash and cash equivalents, other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements.

Management are continuously reviewing budgets and forecasts while monitoring cash flow requirements and customer payment trends during this period of uncertainty and conclude that the going concern assumption still remains appropriate.

These financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

Compliance information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable *Australian Accounting Standards* (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting* (AASB 1049). Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

This section provides additional information about how Lower Murray Water is funded and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

Lower Murray Water provides water services, wastewater collection treatment and disposal to urban areas along the Murray from Koondrook to Merbein, river quality water services to irrigators and manages private diversion licenses from Nyah to the South Australian border. Where appropriate, amounts have been segmented into the categories Water & Wastewater and Irrigation & Drainage to reflect the services provided. Lower Murray Water's key source of funding is provided from water services charges and volume-based tariffs for water delivered.

Revenue is recognised when control of a good or service has transferred to a customer. Where applicable, amount disclosed as income are net of returns, allowances, duties and taxes.

Structure

- 2.1 Revenue from contracts with customers
 - 2.1.1 Revenue from service, usage and trade waste charges
 - 2.1.2 Developer contributions
 - 2.1.3 Timing of recognition of revenue from customers
- 2.2 Government grants and contributions
- 2.3 Other income

2.1 Revenue from contracts with customers

	Notes	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from service, usage and trade waste charges	2.1.1	61,602	61,091	36,152	35,699	25,450	25,392
Developer contributions	2.1.2	5,584	7,249	5,048	2,424	536	4,825
Total revenue from contracts with customers		67,186	68,340	41,200	38,123	25,986	30,217

2.1.1 Revenue from service, usage and trade waste charges

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Service charges						
Water	23,983	23,630	6,015	5,595	17,968	18,035
Sewerage	15,670	15,414	15,670	15,414	-	-
Trade waste	660	704	660	704	-	-
Recycled water	86	103	86	103	-	-
Irrigation drainage service charges	1,398	1,480	-	-	1,398	1,480
Usage charges						
Water	19,548	19,443	13,464	13,566	6,084	5,877
Recycled water	257	317	257	317	-	-
Total revenue from service usage and trade waste charges	61,602	61,091	36,152	35,699	25,450	25,392

Revenue from service, usage and trade waste charges is determined to be in accordance with AASB 15 *Revenue from Contracts with Customers* (AASB 15).

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (trade waste and recycled water, water and sewerage)	Water service charges are recognised as revenue when services have been provided or service charge has been made. Trade waste charges are recognised as revenue at the end of the service delivery period. As at 30 June 2021 all service charges for the financial year have been invoiced resulting in no service charge accrued revenue therefore no contract asset is required to be reported under AASB 15.	Revenue is recognised over time as service is provided.
Usage charges, Disposal charges - sewerage	Usage charges are billed quarterly in arrears and revenue is recognised over time as Lower Murray Water has the right to receive an amount of consideration based on the unit of water consumed by and sewage, recycled water and trade waste disposed of during the financial year and the regulated price. The meters are read on a cyclical basis with accounts sent on a quarterly basis for both Water & Wastewater and Irrigation and Drainage services. Usage charges are accrued, and services charges are recognised in the quarter services are to be delivered.	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised at a point in time.
Recycled water charges	Recycled water charges are all recognised as revenue over time as the performance obligation is satisfied. Lower Murray Water measures these charges based on the regulated prices and the volume of water consumed by customers, and sewage and trade waste disposed by customers.	Revenue is recognised over time as service is provided
Water trading revenue	Water trading revenue is recognised at a point in time when the trade occurs. This is when the performance obligation is satisfied. The charges are payable at the point of the trade.	Revenue is recognised at a point in time.

Contract assets and liabilities have been disclosed in notes 5.1 and 5.3.

2.1.2 Developer contributions

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Developer contributed assets						
Fees paid by developers	4,296	6,828	3,813	2,160	483	4,668
Assets or services received from developers	1,288	421	1,235	264	53	157
Total developer contributions	5,584	7,249	5,048	2,424	536	4,825

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	<p>Developer contributed assets arise where developers pay for the cost of construction of new assets and subsequently gift these assets to Lower Murray Water, which operates, maintains and replaces them in perpetuity.</p> <p>Revenue from developer contributed assets is recognised at a point in time when Lower Murray Water has satisfied its performance obligation. Depending on the type of developer application, this can result in the performance obligation being satisfied:</p> <ul style="list-style-type: none"> when the Statement of Compliance is issued to the customer, or when the customer is connected to Lower Murray Water's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued. <p>Developer contributions for construction of assets received by Lower Murray Water that have not satisfied these obligations are reported as Contract Liabilities as per AASB 15.</p> <p>Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.</p>	Revenue is recognised at a point in time.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fees paid by developers	New customer contributions are paid by developers to connect new housing developments to existing water supply and wastewater systems. The charges contribute towards the cost of augmenting Lower Murray Water, water supply distribution systems and sewerage disposal systems.	Revenue is recognised at a point in time.
	Depending on the type of new customer contribution application, this can result in the performance obligation being satisfied at a point in time when Lower Murray Water satisfies its performance obligation. This will vary depending on the type of application submitted by the customer. As a result, a performance obligation can be satisfied when:	
	<ul style="list-style-type: none"> the Statement of Compliance is issued to the customer; or the customer is connected to Lower Murray Water's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued; or the customer receives consent from Lower Murray Water to proceed with their application. <p>The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission.</p>	

2.1.3 Timing of recognition of revenue from customers

Lower Murray Water derives revenue from the transfer of goods and services over time and at a point in time for the following charges.

Service charges	Water	Sewerage	Trade waste	Recycled water	Irrigation drainage service charges	Total revenue from service charges
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020						
At a point in time	-	-	704	-	-	704
Over time	23,630	15,414	-	103	1,480	40,627
Total	23,630	15,414	704	103	1,480	41,331
2021						
At a point in time	-	-	660	-	-	660
Over time	26,158	15,670	-	86	1,398	43,312
Total	26,158	15,670	660	86	1,398	43,972
Usage charges	Water	Recycled water	Total revenue from usage charges			
	\$'000	\$'000	\$'000			
2020						
At a point in time	-	-	-			
Over time	19,443	317	19,760			
Total	19,443	317	19,760			
2021						
At a point in time	-	-	-			
Over time	17,373	257	17,630			
Total	17,373	257	17,630			

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Developer contributions	Fees paid by developers \$'000	Assets or services received from developers \$'000	Total revenue from developer contributions \$'000
2020			
At a point in time	6,828	421	7,249
Over time	-	-	-
Total	6,828	421	7,249
2021			
At a point in time	4,296	1,288	5,584
Over time	-	-	-
Total	4,296	1,288	5,584

2.2 Government grants and contributions

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income recognised as income of not-for-profit entities						
Government contributions (non-capital)	81	5	81	3	-	2
Government pensioner concession reimbursement	2,236	2,255	2,175	2,200	61	55
Total government grants and contributions	2,317	2,260	2,256	2,203	61	57

Lower Murray Water has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

Government pensioner concession reimbursement relates to funds reimbursed to Lower Murray Water, by government for concessions attributed to customer accounts and recognised in accordance with AASB 15.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Grants and contributions received from the Victorian State Government are accounted for as Equity - Contributions by Owners in accordance with FRD 119A Transfers through contributed capital (refer to Note 9.1.1).

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Lower Murray Water has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, Lower Murray Water recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions* (AASB 1004);
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16 *Leases* (AASB 16);
- a financial instrument, in accordance with AASB 9 *Financial Instruments* (AASB 9); or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137).

A government grant is not recognised until there is reasonable assurance that Lower Murray Water will comply with the conditions attaching to it, and that the grant will be received.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

2.3 Other income

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from fees	1,573	1,141	1,292	851	281	290
Annual water trade income	1,292	472	1,177	450	115	22
Customer service obligations	1	249	1	249	-	-
Interest income	98	146	11	32	87	114
Sundry income	1,026	1,181	376	271	650	910
Total other income	3,990	3,189	2,857	1,853	1,133	1,336

Income is brought to account when services have been provided or charges determined.

Income from fees relates to multiple charges such as Meter fees, subdivision processing fees and information statement fees received by Lower Murray Water.

Annual water trade income is revenue from sale of excess allocation of Lower Murray Water urban bulk water entitlement.

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

3. THE COST OF DELIVERING SERVICES

Introduction

This section provides additional information about how Lower Murray Water's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

Structure

- 3.1 Expenses incurred in delivery of services
 - 3.1.1 Employee benefits - comprehensive operating statement
 - 3.1.2 Employee benefits - balance sheet
 - 3.1.3 Superannuation
- 3.2 Direct operating expenses
- 3.3 Repairs and maintenance
- 3.4 Operating expenses

3.1 Expenses incurred in delivery of services

	Notes	2021 \$'000	2020 \$'000
Employee benefit expenses	3.1.1	19,744	19,654
Direct operating expenses	3.2	13,414	13,889
Repairs and maintenance	3.3	6,923	6,781
Operating expenses	3.4	6,582	5,205
VMFRP expenses	10.2	16,588	16,062
Total expenses incurred in delivery of services		46,663	61,591

3.1.1 Employee benefits - comprehensive operating statement

	2021 \$'000	2020 \$'000
Employee Benefits		
Salaries and wages, annual leave, long service leave and termination payments	17,737	17,721
Employer superannuation contributions	1,774	1,651
Directors and chair remuneration and allowance	233	282
Total employee benefit costs	19,744	19,654

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

Directly attributable costs for bringing an asset to the location and condition necessary for operation, such as costs of employee benefits arising directly from the construction or acquisition of the item of infrastructure, property, plant and equipment are capitalised.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period (see note 3.1.3).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when Lower Murray Water is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

3.1.2 Employee benefits - balance sheet

Provision is made for benefits accruing to employees in respect of annual leave, long service leave, accumulated sick leave and accrued bonuses for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2021 \$'000	2020 \$'000
Current provisions:		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	1,072	1,051
Unconditional and expected to settle after 12 months	969	826
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	145	291
Unconditional and expected to settle after 12 months	2,817	3,035
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	174	191
Unconditional and expected to settle after 12 months	455	473
Accumulated RDO, sick leave & accrued bonus	273	268
Total current provisions for employee benefits	5,905	6,136
Non-current provisions:		
Employee benefits	142	149
On-costs	17	18
Total non-current provisions for employee benefits	159	167
Total provisions for employee benefits	6,064	6,302

Reconciliation of movements in on-cost provisions

	2021 \$'000
Opening balance	682
Additional provisions recognised	244
Amounts utilised during the period	(283)
Effect of changes in the discount rate	3
Closing balance	646
Current	629
Non-current	17

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Liabilities for wages and salaries (including non-monetary benefits, annual leave, accumulating sick leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because Lower Murray Water does not have an unconditional right to defer settlement of these liabilities.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

On-costs

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

Long Service Leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability even where Lower Murray Water does not expect to settle the liability within 12 months. Lower Murray Water does not have the unconditional right to defer the settlement of the entitlement should an employee take LSL within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value - if Lower Murray Water expects to wholly settle within 12 months; or
- Present value - if Lower Murray Water does not expect to wholly settle within 12 months.

Conditional long service leave is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction within the Comprehensive Operating Statement.

Performance payments

Performance based bonus payments for Lower Murray Water's Executive Officers and staff on employment contracts (where applicable) are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contracts to balance date.

Lower Murray Water ceased to pay performance based bonus in the 2019-20 financial year in accordance with the Premier's decision to remove performance bonuses from Executive Contracts from 1 July 2020.

3.1.3 Superannuation [Vision Super]

Superannuation contributions

Lower Murray Water's obligations for contributions to the fund are recognised as an expense in Comprehensive operating statement when they are made or due.

Lower Murray Water makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Super, referred to as "The Fund"). The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive operating statement when they are made or due.

Contributions by Lower Murray Water (excluding an unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2021 and 30 June 2020 are detailed below:

Scheme	Type of scheme	Rate (%)	2021 \$'000	2020 \$'000
Vision Super	Accumulation	9.5%	797	1,114
Vision Super	Defined benefits	9.5%	137	143
Super Trust of Australia	Accumulation	9.5%	185	68
Other Superannuation Funds	Accumulation	9.5%	638	300
Other Superannuation Funds	Defined benefits	9.5%	17	26
Total contributions to all funds			1,774	1,651

	2021 \$	2020 \$
Unfunded liability payments to Vision Super	-	-
Contributions outstanding to Vision Super	4	81,036
Expected contributions to be paid to Vision Super	99,027	138,808

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2021, this was 9.5% as required under Superannuation Guarantee (SG) legislation). Contributions to the accumulation plans are expensed as the contributions are paid or become payable.

Defined benefit fund

Lower Murray Water does not use defined benefit accounting because sufficient information is not available. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the group in the new fund cannot be measured as a percentage compared with other participating employers. Therefore, the fund actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 *Employee Benefits* (AASB 119).

Funding arrangements

Lower Murray Water makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. In addition, Lower Murray Water reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

The 2020 triennial actuarial investigation

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020. The vested benefit index (VBI) was 104.6%. Because the VBI was above 100%, the 30 June 2020 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

To determine the VBI, the Fund Actuary used the following long-term assumptions:

	2021	2020
Net investment returns	5.6% p.a.	6.0% p.a.
Salary information	2.5% p.a. for two years 2.75% p.a. thereafter	3.5% p.a.
Price inflation (CPI)	2.0% p.a.	2.0% p.a.

The Fund's full actuarial investigation as at 30 June 2020 identified the following:

	2021 \$m	2019 \$m
VBI surplus/(deficit)	100.0	151.3
Total service liability surplus/(deficit)	200.0	233.4
A discounted accrued benefits surplus	217.8	256.7

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2020.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2020.

The 2021 interim actuarial investigation

An interim actuarial investigation was conducted for the Fund's position as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. The actual VBI was above the 100%, being 109.7% indicating that the Fund is in a satisfactory financial position.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of Prudential Standard SPS 160 *Defined Benefit Matters* (SPS160) and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Lower Murray Water) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

3.2 Direct operating expenses

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Bulk water charge	3,300	3,736	627	660	2,673	3,075
Electricity	6,994	6,572	2,389	2,091	4,605	4,481
Chemicals	1,561	1,357	1,441	1,285	120	73
Consultants	1,559	2,223	874	1,212	685	1,011
Total direct operating expenses	13,414	13,889	5,331	5,248	8,083	8,640

The bulk water charge relates to Lower Murray Water's entitlement to access bulk water and are recognised as expenses in the period in which they are incurred.

Electricity, chemicals, consultants and other charges are recognised as expenses in the period in which they are incurred.

3.3 Repairs and maintenance

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Infrastructure	3,777	3,418	2,235	2,262	1,542	1,156
Consumables	2,416	2,619	1,371	1,419	1,045	1,200
Other	730	744	441	411	289	333
Total repairs and maintenance	6,923	6,781	4,047	4,092	2,876	2,689

Routine maintenance, repair costs and minor renewal costs that do not enhance the performance of the asset are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Consumables include materials used in the process of routine maintenance and are expensed as incurred.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

3.4 Operating expenses

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
IT Expenses	1,547	1,393	1,392	734	155	659
Administrative expenses	1,407	1,270	810	793	597	478
Bad debt expense	245	103	214	85	31	19
Write off of assets	799	581	390	199	409	382
Staff related expenses	335	233	176	122	159	110
Travel	93	189	54	104	39	84
Subscriptions	225	193	142	106	83	87
Rates	191	201	152	157	39	44
Other	1,740	1,042	909	649	831	393
Total other expenses	6,582	5,205	4,239	2,949	2,343	2,256

Operating expenses generally represent the day-to-day running costs incurred in normal operations and are deemed relevant for the understanding of this financial report. They are expensed in the period in which they are incurred.

Expense from derivative financial instruments relates to the investment in Zero Emissions Water Limited (ZEW) has been included in other expense category. Refer Note 5.5.1 for further details on the arrangement between the Corporation and ZEW.

The Corporation pays or receives the difference between the floating electricity price and the fixed price set under the agreement for the units of energy supplied into the National Electricity Market by the solar farm. The future settlements of Contract for Difference (CfD) are classified as derivative financial instruments.

The Corporation has initially recognised the CfD derivative financial instrument and is measured at fair value based on the best available information. The initial recognition expense represents the fair value of the expected future settlements at the initial recognition, currently in a liability position.

The initial recognition of the CfD derivative is treated as a “transaction” for the purposes of annual financial statements on the basis that it is an interaction between two entities by mutual agreement in respect to which no cash flows take place on effective date.

Refer to Note 7.3 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

Gain/Loss on the fair value of derivative financial instrument represents the movement in the fair value of the financial instrument compared to initial recognition. This net gain/loss reflects a positive/negative fair value movement in the Corporation’s electricity derivative in the PPA as a result of lower floating electricity prices. Any gain/loss is recognised as an other economic flow included in net result

NOTES ACCOMPANYING FINANCIAL STATEMENTS

4. KEY ASSETS AVAILABLE TO SUPPORT DELIVERY OF OUR SERVICES

Introduction

Lower Murray Water controls infrastructure property, plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Lower Murray Water to be utilised for delivery of those outputs.

Structure

- 4.1 Infrastructure, property, plant and equipment
 - 4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
 - 4.1.2 Initial recognition and subsequent measurement
 - 4.1.3 Accounting for revaluation movements
 - 4.1.4 Depreciation and impairment
 - 4.1.5 Net gain/loss on disposal of non-current assets
- 4.2 Intangible assets
- 4.3 Non-financial physical assets classified as held for sale

4.1 Infrastructure, property, plant and equipment

4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment

	Land \$'000	Buildings \$'000	Infrastructure assets \$'000	Plant, equipment and vehicles \$'000	Works in progress \$'000	Total \$'000
Year ended 30 June 2021						
Opening net book amount	14,664	10,420	826,501	6,576	17,999	876,160
Fair value of asset received free of charge	64	-	-	-	-	64
Additions including developer contributions	-	6	1,231	1,487	14,938	17,662
Transfer between asset classes	30	481	18,631	405	(19,555)	(8)
Disposals	(30)	(216)	(797)	(121)	-	(1,164)
Depreciation charge	-	(317)	(27,149)	(1,345)	-	(28,811)
Revaluation	(163)	(874)	98,936	37	-	97,936
Closing net book amount	14,565	9,500	917,353	7,039	13,382	961,839
Total as at 30 June 2021 represented by:						
Gross book value	14,565	9,567	917,581	20,879	13,382	975,974
Accumulated depreciation	-	(67)	(228)	(13,840)	-	(14,135)
Net book value as at 30 June 2021	14,565	9,500	917,353	7,039	13,382	961,839

	Land \$'000	Buildings \$'000	Infrastructure assets \$'000	Plant equipment and vehicles \$'000	Works in progress \$'000	Total \$'000
Year ended 30 June 2020						
Opening net book amount - 1 July 2019	14,589	9,355	830,792	6,265	18,099	879,100
Fair value of assets received free of charge	75	-	346	-	-	421
Additions including developer contributions	-	1	-	1,709	22,700	24,410
Transfer between asset classes	-	293	22,276	231	(22,800)	-
Disposals	(30)	-	(581)	(335)	-	(946)
Depreciation and amortisation	-	(383)	(26,332)	(1,222)	-	(27,937)
Revaluation	-	1,154	-	-	-	1,154
Transfers in/(out) of assets held for sale	30	-	-	(72)	-	(42)
Closing net book amount	14,664	10,420	826,501	6,576	17,999	876,160
Total as at 30 June 2020 represented by:						
Gross book value	14,664	10,432	922,595	19,228	24,294	991,213
Accumulated depreciation	-	(12)	(102,389)	(12,652)	-	(115,053)
Net book value as at 30 June 2020	14,664	10,420	820,206	6,576	24,294	876,160

NOTES ACCOMPANYING FINANCIAL STATEMENTS

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, infrastructure, plant, equipment and vehicles, used by Lower Murray Water in its operations. Items with a cost or value in excess of \$1,000 (2020: \$1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Items of infrastructure, property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Motor Vehicles

Vehicles are valued using the current replacement cost method. Lower Murray Water acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in Lower Murray Water. Management review and set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103I Non-Financial Physical Assets (FRD 103I).

The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by Lower Murray Water to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103I. Lower Murray Water in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

Lower Murray Water assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The valuer has advised that the current market environment, impacted by coronavirus (COVID-19), creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

Refer to Note 7.3 Fair value determination for further information on the revaluation methods used for the asset classes.

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Revaluation increases or decreases arise from differences between an asset's carrying value and its fair value.

Revaluation increases and revaluation decreases relating to individual assets within a class of infrastructure, property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated surplus/(deficit) on derecognition of the relevant asset.

Revaluation increments are credited directly to equity in the physical asset revaluation surplus/(deficit), except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining the net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as an expense in the net result, except that, to the extent that a credit balance exists in the physical asset revaluation surplus/(deficit) in respect of the same class of assets, they are debited to the physical asset revaluation surplus/(deficit).

NOTES ACCOMPANYING FINANCIAL STATEMENTS

The last full revaluation was conducted in June 2021 and the next full revaluation for Lower Murray Water is scheduled for June 2026.

4.1.4 Depreciation and impairment

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. Land is considered to have an infinite useful life and therefore is not depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life, commencing from the time the asset is held ready for use.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset class	Useful life (years)
Water, irrigation and drainage infrastructure	
Buildings	50 - 80 years
Plant and machinery	8 - 20 years
Storage tanks / channels / pipelines	60 - 250 years
Pumping stations	10 - 80 years
Sewerage infrastructure	10 - 80 years
Plant and equipment	8 - 20 years
Motor vehicles	8 - 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. The impacts of COVID-19 and climate-related emerging risks were taken into account when estimating the useful life of these assets.

Land, earthworks, land under declared roads, and core cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of infrastructure, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off, except to the extent that it can be debited to a physical asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. The impact of climate risk is not a key assumption in the current replacement cost and fair value less costs to sell. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

The recoverable amount of specialised non-cash-generating assets which are held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*.

Whilst the potential risks and related opportunities from climate related change are considered as part of Lower Murray Water's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on Lower Murray Water's principal activities, particularly from an asset impairment standpoint.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

4.1.5 Net gain/loss on disposal of non-current assets

The surplus/(deficit) from ordinary activities includes the following specific net gains and expenses:

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Proceeds from sale of non-financial assets	135	540	71	185	64	355
Proceeds from sale of assets held for sale	59	100	31	-	28	100
Disposal of non-financial assets other than assets	(366)	(335)	(65)	(176)	(301)	(159)
Disposal of non-financial assets - assets held for sale	(69)	(75)	(36)	-	(33)	(75)
Net gain/(loss) on disposal	(241)	229	1	9	(242)	220

4.2 Intangible assets

	Water shares	Software development costs	ZEW – Large-scale generator certificates	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2020				
Opening net book amount - 1 July 2019	4,797	1,249	-	6,046
Additions	-	168	-	168
Amortisation	-	(387)	-	(387)
Closing net book amount	4,797	1,030	-	5,827
Total as at 30 June 2020 represented by:				
Cost of fair value	4,797	8,331	-	13,128
Accumulated amortisation	-	(7,301)	-	(7,301)
Net book value as at 30 June 2020	4,797	1,030	-	5,827
Year ended 30 June 2021				
Opening net book amount - 1 July 2020	4,797	1,030	-	5,827
Additions	-	15	11	26
Disposals	-	-	-	-
Transfer between asset classes	-	8	-	8
Impairment of assets	-	-	-	-
Amortisation	-	(346)	-	(346)
Closing net book amount	4,797	707	11	5,515
Total as at 30 June 2021 represented by:				
Cost of fair value	4,797	8,354	11	13,162
Accumulated amortisation	-	(7,647)	-	(7,647)
Net book value as at 30 June 2021	4,797	707	11	5,515

Recognition and measurement

Intangible assets represent identifiable non-monetary assets without physical substance.

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use (when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). The amortisation

NOTES ACCOMPANYING FINANCIAL STATEMENTS

periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

A summary of the policies applied to Lower Murray Water's intangible assets is as follows:

	Water Share Entitlements	Software development costs	Large-scale generation certificates
Useful lives	Indefinite	Finite	Indefinite
Amortisation method used	Not amortised or revalued	3 years - straight line	Not amortised or revalued
Internally generated/acquired	Acquired	Acquired	Acquired
Impairment test/Recoverable amount testing	Tested annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; Reviewed annually for indicators of impairment	Tested annually and where an indicator of impairment exists

Water Shares are treated as an intangible asset on the balance sheet at cost (in accordance with AASB 138 Intangible Assets and FRD 109A Intangible Assets), and will not be subject to amortisation, as they have an indefinite life. Lower Murray Water holds the following Water Shares: Permanent Water - High Reliability - Murray / Goulburn: 2,585.54 ML / 550 ML. Permanent Water - Low Reliability - Goulburn: 216 ML.

Water shares are tested annually for impairment using the latest prices from the Victorian Water Register.

Urban bulk water entitlements are not recorded on the balance sheet as they are held by Lower Murray Water in trust, for the Victorian State Government. These entitlements enable the organisation to carry out its core business operations.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in section 4.1.4.

4.3 Non-financial physical assets classified as held for sale

Vehicles held for sale

2021 \$'000	2020 \$'000
-	72
-	72

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. Lower Murray Water considers that the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

5. OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from Lower Murray Water's operations and the delivery of services.

Structure

- 5.1 Receivables
 - 5.1.1 Impairment of contractual receivables
 - 5.1.2 Ageing analysis of contractual receivables
 - 5.1.3 Reconciliation of the expected credit loss allowance
- 5.2 Payables
 - 5.2.1 Ageing analysis of contractual payables
- 5.3 Contract liabilities
- 5.4 Other assets
- 5.5 Other financial assets
 - 5.5.1 Investment in ZEW Ltd
- 5.6 Other non-financial assets

5.1 Receivables

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current Contractual						
Trade receivables	6,426	7,920	4,531	4,297	1,895	3,623
Sundry debtors	2,269	412	1,191	412	1,078	-
Allowance for expected credit losses	(553)	(379)	(382)	(338)	(171)	(41)
	8,142	7,953	5,340	4,370	2,802	3,582
Non contractual other receivables						
Trade receivables non contractual	796	693	204	594	592	99
Statutory						
GST Receivables	319	501	167	263	152	238
Total current receivables	9,257	9,146	5,711	5,227	3,546	3,919
Non-current Contractual						
Sundry debtors	145	153	145	153	-	-
Total non-current receivables	145	153	145	153	-	-
Total receivables	9,402	9,299	5,856	5,380	3,546	3,919

Receivables consist of:

Receivable	Initial measurement	Subsequent measurement
Contractual receivables (service and usage charges)	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. Lower Murray Water does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.	Classified as financial instrument and measured at amortised cost less any expected credit loss.
Statutory receivables	Measured similarly to contractual receivables (except for impairment).	Not classified as a financial instrument and measured at amortised cost less any expected credit loss.

The carrying amount at amortised cost is the reasonable approximation of fair value.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

5.1.1 Impairment of contractual receivables

Lower Murray Water applies the AASB 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for contractual receivables. Trade receivables consist of service and usage charges that are either secured to a property (not expected to incur credit losses) or are charged to a tenant (expected credit loss).

Lower Murray Water has established an Expected Credit Loss (ECL) percentage rate for each aged debtor category; Current, Quarter 1 (90 days), Quarter 2 (180 days), Quarter 3 (270 days), Quarter 4 (360 days) and outstanding balances greater than 1 year. The ECL rates are established using analysis of actual Tenant and Sundry receivables aged trial balances extracted from Lower Murray Water's property and metering enterprise software (PAM) and the payment profiles of the debtors with balances for each aged debtor category.

The analysis of the payment profiles within the aged debtor category was carried out across the previous 2019 and 2020 financial years to provide an averaged ECL percentage for each of the aged debtor categories; Current, Q1, Q2, Q3, Q4 and > 1 year.

On that basis, the loss allowance as at 30 June 2021 was determined as follows for receivables - service and usage charges and other receivables:

	Current	Q2	Q3	Q4	> 1 year	Total
30 June 2021						
Expected loss rate	4.95%	42.32%	45.38%	69.23%	35.99%	
Gross carrying amount - tenant receivables	345	78	57	14	892	1,386
Gross carrying amount - sundry debtors	56	54	32	51	198	391
Loss allowance	20	56	40	45	392	553
30 June 2020						
Expected loss rate	4.95%	42.32%	45.38%	69.23%	35.99%	
Gross carrying amount - tenant receivables	225	76	52	11	420	784
Gross carrying amount - sundry debtors	67	54	38	55	198	412
Loss allowance	15	55	41	46	222	379

Receivables from service and usage charges are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due.

Loss allowance on receivables from service and usage charges are presented in other operational expenses within the comprehensive operating statement.

5.1.2 Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired		
			1 - 3 months	3 months - 1 year	1 year +
30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	8,840	3,773	1,391	1,549	2,127
Total	8,840	3,773	1,391	1,549	2,127
30 June 2020					
Receivables	8,596	4,344	844	1,728	1,679
Total	8,596	4,344	844	1,728	1,679

No interest is charged for the first 30 days from the invoice date. Thereafter, interest is charged at 3.9% per cent for 2021 (2020: 4.0%) for irrigation and drainage customers on the outstanding balance. The average credit period for sales of goods / services and for other receivables is 38 days (2020: 47 days). There are no material financial assets that are individually determined to be impaired.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

5.1.3 Reconciliation of the expected credit loss allowance

	2021 \$'000	2020 \$'000
Opening balance 1 July	379	312
Increase in provision recognised in the net result	174	67
Balance as at 30 June	553	379

Due to the COVID-19 pandemic impacts, the expected increase in unemployment rates and decline in gross domestic product was thought to exceed the previous relevant thresholds. We have recalculated the Expected Credit Loss (ECL) percentage rate for each debtor category using current debtors outstanding terms and payment evidence. The payment evidence also considered impacts from specific management actions and our observable customer behaviours so far throughout the pandemic.

As a result, we have increased the allowance for doubtful debts by \$0.174 million reflecting the debtor payment evidence without guesstimating the risks and uncertainties brought about by the COVID-19 pandemic using macroeconomic assumptions. If the pandemic endures the debtor payment ability in the future may change, it could have a material impact on our allowance for doubtful debts in the subsequent years.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

5.2 Payables

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current Contractual						
Trade creditors and accrued expenses	4,340	3,958	2,251	2,244	2,089	1,714
Deposits	785	961	734	840	51	121
VMFRP creditors and accrued expenses	4,173	2,458	-	-	-	-
Statutory						
Statutory	42	468	22	230	20	238
Total current payables	9,340	7,845	3,007	3,314	2,160	2,073
Non-current Contractual						
Total non-current payables	-	-	-	-	-	-
Total trade and other payables	9,340	7,845	3,007	3,314	2,160	2,073

Payables consist of:

- contractual payables including creditors and accrued expenses, deposits, and contract liabilities are classified as financial instruments and measured at amortised cost. Payables represent liabilities for goods and services provided to Lower Murray Water prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts. Statutory payables includes payroll tax, superannuation charges payable and the Financial Accommodation Levy.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, statutory payables are not classified as financial instruments.

Due to coronavirus (COVID-19), there was a ministerial direction issued to Lower Murray Water to ensure all creditors are paid within 10 working days rather than the terms of the creditor agreement. There has been no significant impact on Lower Murray Water's cash flow as creditors are usually paid on a weekly basis, given the unpredictability of COVID-19 situation this may change in the future.

All payables are classified as current with none older than 12 months.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

5.2.1 Ageing analysis of contractual payables

	Carrying amount \$'000	Less than 1 month \$'000	Past due but not impaired 1 - 3 months \$'000	3 months - 1 year \$'000
30 June 2021				
Supplies and services	8,513	7,846	-	667
Other payables	785	-	196	589
Total	9,298	7,846	196	1,256
30 June 2020				
Supplies and services	8,295	6,416	1,065	814
Other payables	961	-	545	416
Total	9,256	6,416	1,610	1,230

5.3 Contract liabilities

	2021 \$'000	2020 \$'000
Customers paid in advance	1,902	1,879
Total contract liabilities	1,902	1,879
<i>Represented by</i>		
Current contract liabilities	1,902	1,879

	Service usage charges - customer paid in advance \$'000	Developer contributions - unearned income \$'000	Total \$'000
Carrying amount as at 1 July 2019	100	3,480	3,580
Contract liabilities recognised in the reporting period	-	1,170	1,170
Revenue recognised in the reporting period for the completion of performance obligations	-	(2,871)	(2,871)
Closing balance at 30 June 2020	100	1,779	1,879
Add: Payments received in advance for provision of goods and services	380	1,500	1,880
Less: Revenue recognised in the reporting period for the completion of performance obligations	(81)	(1,776)	(1,857)
Total contract liabilities at 30 June 2021	399	1,503	1,902

Contract liabilities	Description	Recognition
Contract liabilities relating to service usage charges - Customers paid in advance	Payments received in advance of the provision of goods or services or performance obligation yet to be performed by Lower Murray Water to settle the terms of receipt of income.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Contract liabilities relating to developer contributions - Unearned Income	Payments received for developer contributed assets, new customer contributions and application fees in the reporting period, where the performance obligations are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments
Contract liabilities relating to other income	Payments received for other goods and services (e.g. rental), where the performance obligations are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments

NOTES ACCOMPANYING FINANCIAL STATEMENTS

5.4 Inventories

	2021 \$'000	2020 \$'000
Current		
Inventories and consumables	4,164	4,079
Biological assets	129	173
Total inventories	4,293	4,252

Inventories comprise stores and materials used in the construction of new works and for the repair and maintenance of existing assets. These inventories are held for consumption in the ordinary course of business operations and measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost (WAC) basis.

Biological assets consist of sheep and timber. They are measured at fair value less costs to sell, with any changes recognised in the comprehensive operating statement. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The fair value of a biological asset is based on its present location and condition. The quoted price in the market, is the appropriate basis for determining the fair value of these assets.

5.5 Other financial assets and liabilities

Assets	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current						
Other	13	-	7	-	6	-
Non-current						
Investment in Zero Emissions Water (ZEW) Ltd	5	-	3	-	2	-
Total other financial assets	18	-	10	-	8	-

Amounts held by Lower Murray Water with a maturity of three months or more are disclosed as 'Other financial assets'.

Liabilities	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current						
ZEW power purchase agreement	193	-	101	-	92	-
Total other financial liabilities	193	-	101	-	92	-

5.5.1 Investment in ZEW Ltd

Lower Murray Water is one of 13 water corporation Members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility in Victoria and in turn supply these products to its Members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

On 30 October 2018, a Members' Agreement was entered into between the water corporations and ZEW in order to regulate their rights and obligations as members of ZEW and as participants in the project. The Members' Agreement establishes the operating activities of ZEW and the decision making responsibilities of the ZEW Directors.

Under the Members' Agreement Lower Murray Water as a member is limited to \$10 in the event of a wind up. As required by Australian Accounting Standards, Lower Murray Water has assessed the nature of its relationship with ZEW, and has concluded that it does not have control, joint control or significant influence over ZEW. Lower Murray Water will account for its investment in ZEW as a financial instrument within the scope of AASB 9 *Financial Instruments*. ZEW is a related party of Lower Murray Water.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water Corporations. The PPA contains a contract for difference (CfD) payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGCs) from the facility. The PPA contains certain conditions precedent which were due to be satisfied during the 2019/20 financial year.

The solar farm energy generator experienced a construction delay due to the redesign of electrical infrastructure and a connection delay relating to generator restrictions and revised connection procedures advised by the Australian Electricity Market Operator (AEMO). Renegotiated terms have resulted in an extension of the target commercial operation date to 1 October 2020 and a compensation settlement to ZEW for the delay. Lower Murray Water's share of the settlement is \$62,082 which has been recognised in the Comprehensive Operating Statement as other income in the 2019-20 financial year (refer to Note 2.3).

Further extensions were granted until 31 January 2021 as a result of delays in commissioning ZEW's section of the solar farm which delayed the meeting of the conditions precedents. The Corporation share of the settlement for these further delays was \$25,829 which was recognised in the Statement of Comprehensive Income as other income in the 2020-21 financial year.

Along with the settlement funds, the Corporation was also able to purchase 770 replacement LGCs at the PPA price which have been recognised as intangible assets (refer note 4.2).

On 22 January 2021, the conditions precedent in the PPA was completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised in profit and loss. Refer to Note 7.3 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

The Corporation now has an obligation to purchase its percentage of energy allocation under the Members' Agreement, via the CfD derivative. The financial impact of the Members' Agreement with ZEW has resulted in increased revenue and expenses, and the recognition of a derivative financial instruments and LGCs as intangible assets.

The Members' Agreement specifies that ZEW may call on the Corporation to make a loan available to ZEW amounting to \$36,000. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. At 30 June 2021, ZEW had requested and received a loan payment of \$5,000. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

5.6 Other non-financial assets

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current						
Prepayments	648	629	340	330	308	299
Total other non-financial assets	648	629	340	330	308	299

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

6. HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by Lower Murray Water during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Lower Murray Water.

This section includes disclosures of balances that are financial instruments (such as loans and cash balances). Notes 7.1 provide additional, specific financial instrument disclosures.

Structure

- 6.1 Interest bearing liabilities
 - 6.1.1 Maturity analysis of interest-bearing liabilities
 - 6.1.2 Interest expense
- 6.2 Cash flow information and balances
 - 6.2.1 Reconciliation of net result for the period to cash flow from operating activities
 - 6.2.2 Financing facilities
- 6.3 Commitments for expenditure
 - 6.3.1 Total commitments payable

6.1 Interest bearing liabilities

	Total		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current interest-bearing liabilities						
Loans from Treasury Corporation of Victoria (TCV)	2,933	3,880	467	1,440	2,466	2,440
Total current interest-bearing liabilities	2,933	3,880	467	1,440	2,466	2,440
Non-current interest-bearing liabilities						
Loans from Treasury Corporation of Victoria (TCV)	41,820	42,752	16,910	16,376	24,910	26,376
Total non-current interest-bearing liabilities	41,820	42,752	16,910	16,376	24,910	26,376
Total interest-bearing liabilities	44,753	46,632	17,377	17,816	27,376	28,816

Interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the initial amount recognised (net of transaction costs) and the redemption amount is recognised in the Comprehensive operating statement over the period of the interest bearing liabilities, using the effective interest method.

Interest bearing liabilities are classified as current liabilities unless Lower Murray Water has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Lower Murray Water has classified borrowings which mature within 12 months as non-current liabilities on the basis that Lower Murray Water will and has discretion to refinance or rollover these loans with the Treasury Corporation of Victoria (TCV), pursuant to section 8 of the Borrowings and *Investment Powers Act 1987*.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

6.1.1 Maturity analysis of interest-bearing liabilities

	Total		Current (12 months)		Non-Current (12 months)		Non-Current (Over 5 years)	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Loans from TCV	44,753	46,632	2,933	3,880	13,321	13,078	28,499	29,674
Total	44,753	46,632	2,933	3,880	13,321	13,078	28,499	29,674

6.1.2 Interest expense

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Interest on loans from Treasury Corporation of Victoria (TCV)	2,316	2,456	1,018	1,101	1,298	1,356
Financial accommodation levy	478	502	192	206	286	296
Total interest expense	2,794	2,958	1,210	1,307	1,584	1,652

Interest expense includes costs incurred in connection with the borrowing of funds, including interest on bank overdrafts, short term and long term loans and financial accommodation levy charges.

Interest expense is recognised in the period in which it is incurred and measured at fair value.

When Lower Murray Water carries borrowings in excess of \$5 Million it is obligated to pay to the Victorian government a Financial Accommodation Levy (FAL). On the basis of Lower Murray Water's credit rating, a FAL of 58 basis points is applied to all new financial accommodation in 2021 (2020 - 73 basis points) assessed from Treasury Corporation of Victoria (TCV). FAL incurred by Lower Murray Water is accounted for as a borrowing cost for the purpose of presentation in the general purpose financial statements.

6.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	2021 \$'000	2020 \$'000
Cash on hand	1	4
Cash at bank	21,399	5,779
Balance as per cash flow statement	21,400	5,783

NOTES ACCOMPANYING FINANCIAL STATEMENTS

6.2.1 Reconciliation of net result for the period to cash flow from operating activities

	2021 \$'000	2020 \$'000
Net result for the period	5,840	(5,551)
Non-cash movements		
Depreciation and amortisation	29,157	28,324
Income tax (expense)/benefit	2,280	(1,543)
Assets written off	799	581
Net (profit)/loss on disposal of non-current physical assets	241	(229)
Gifted Assets	(1,352)	(421)
	36,965	21,160
Movements in assets and liabilities		
(Increase)/decrease in receivables	(102)	(77)
(Increase)/decrease in inventories	(85)	(236)
(Increase)/decrease in prepayments	(19)	(173)
Increase/(decrease) in payables and provisions	(2,748)	(2,058)
Increase/(decrease) in employee benefits	(238)	237
Net cash provided by/(used in) operating activities	33,773	18,853

6.2.2 Financing facilities

	2021 \$'000	2020 \$'000
Unsecured bank overdraft facility, reviewed annually and payable at call		
Amount unused	250	250
Total	250	250

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts.

These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.3.1 Total commitments payable

	Less than 1 year \$'000	Total \$'000
Nominal Amounts 2021		
Capital commitments payable	7,030	7,030
Operating commitments payable	13,899	13,899
Total commitments (inclusive of GST)	20,929	20,929
Less GST recoverable	1,880	1,880
Total commitments (exclusive of GST)	19,049	19,049
Nominal Amounts 2020		
Capital commitments payable	5,496	5,496
Operating commitments payable	13,547	13,547
Total commitments (inclusive of GST)	19,043	19,043
Less GST recoverable	1,713	1,713
Total commitments (exclusive of GST)	17,330	17,330

NOTES ACCOMPANYING FINANCIAL STATEMENTS

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

Lower Murray Water is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Lower Murray Water related mainly to fair value determination.

Structure

- 7.1 Financial instruments specific disclosures
 - 7.1.1 Financial instruments: categorisation
 - 7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category
 - 7.1.3
- Financial risk management objectives and policies
- 7.2 Contingent assets and contingent liabilities
 - 7.2.1 Contingent assets
 - 7.2.2 Contingent liabilities
- 7.3 Fair value determination
 - 7.3.1 Fair value of financial instruments measured at amortised cost
 - 7.3.2 Fair value determination - Non-financial physical assets
 - 7.3.3 Reconciliation of Level 3 fair value movements

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

These financial instruments include:

Financial assets	Financial liabilities
<ul style="list-style-type: none">• Cash and deposits• Receivables:<ul style="list-style-type: none">– Sale of goods and services– Other receivables– Term deposits• Investment in Zero Emission Water (ZEW)	<ul style="list-style-type: none">• Payables:<ul style="list-style-type: none">– contractual payables (e.g. trade creditors, sundry creditors, accrued expenses, and other expenses)– Amounts payable to government and agencies– Other payables• Interest bearing liabilities:<ul style="list-style-type: none">– Bank overdraft– Loans

Due to the short-term nature of the financial assets and liabilities held by Lower Murray Water, their carrying value is assumed to approximate their fair value.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities are measured at fair value through profit or loss are categorised at fair value through profit or loss at trade date, or if they are classified as held for trading or designated as such upon initial recognition.

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Precent are met and on subsequent measurement. The initial expense recognised represents the fair value of the expected future settlements at initial recognition (refer note 3.4).

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the Statement of Comprehensive Income.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Financial instruments: Credit risk**Derivative**

The Corporation's other credit risk arises from in-the-money receipts due from the Contracts for Difference derivative under the ZEW PPA. The Corporation determines its maximum exposure to credit risk relating to the derivative financial instrument at reporting date as the sum of the nominal values of all forecasted net cash receipts where the floating price due by the proponent exceeds the fixed price payable by the Corporation over the remaining PPA term.

At 30 June 2021, the Corporation has no other significant credit risk. There has been no material change to the Corporation's credit risk profile in 2020-21.

Financial instruments: price risk

The Corporation uses the Contract for Difference (CfD) derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into this PPA to minimise a portion of the price risk to the Corporation. The Corporation's sensitivity to price risk is set out in Note 7.1.3.

Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: <ul style="list-style-type: none"> Loans and receivables cash and deposits; receivables; term deposits; and certain debt securities. 	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: <ul style="list-style-type: none"> the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial assets at fair value through net results		
Investments in ZEW	Fair value through net result.	Fair value through net result.
Financial liabilities at amortised cost		
Financial liabilities include: <ul style="list-style-type: none"> payables (excluding statutory payables); and borrowings 	Fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest-bearing liability using the effective interest rate method.

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, Lower Murray Water has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Lower Murray Water does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- Lower Murray Water retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

NOTES ACCOMPANYING FINANCIAL STATEMENTS

- Lower Murray Water has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Lower Murray Water has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Lower Murray Water's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Impairment of financial assets

At the end of each reporting period, Lower Murray Water assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Lower Murray Water records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9's impairment assessment includes Lower Murray Water's contractual receivables, statutory receivables and its investment in debt instruments. Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 5.2) are also subject to impairment. Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*. Impairment losses are recognised in the Comprehensive operating statement.

7.1.1 Financial instruments: categorisation

		Cash and deposits	Financial assets / liabilities designated at fair value through profit/loss (FVTPL)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2021	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial assets						
Cash and deposits	6.2	21,400	-	-	-	21,400
Receivables⁽ⁱ⁾						
Trade receivables	5.1	-	-	8,287	-	8,287
Total contractual financial assets		21,400	-	8,287	-	29,687
Contractual financial liabilities						
Payables						
Creditors and accrued expenses	5.2	-	-	-	9,340	9,340
Borrowings						
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	-	44,753	44,753
Total contractual financial liabilities		-	-	-	54,093	54,093

NOTES ACCOMPANYING FINANCIAL STATEMENTS

		Cash and deposits	Financial assets / liabilities designated at fair value through profit/loss (FVTPL)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2020	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial assets						
Cash and deposits	6.2	5,783	-	-	-	5,783
Receivables						
Trade receivables	5.1	-	-	9,178	-	9,178
Total contractual financial assets		5,783	-	9,178	-	14,961
Contractual financial liabilities						
Payables						
Creditors and accrued expenses	5.2	-	-	-	7,845	7,845
Borrowings						
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	-	46,632	46,632
Total contractual financial liabilities		-	-	-	54,477	54,477

7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category

	Net holding gain / (loss)	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
2021	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial liabilities					
Financial liabilities at amortised cost	-	2,794	-	-	2,794
Total contractual financial liabilities	-	2,794	-	-	2,794
2020					
Contractual financial liabilities					
Financial liabilities at amortised cost	-	2,958	-	-	2,958
Total contractual financial liabilities	-	2,958	-	-	2,958

7.1.3 Financial risk management objectives and policies

Lower Murray Water's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. As a whole, Lower Murray Water's financial risk management program seeks to manage these risks and the associated volatility of its financial performance. The main purpose in holding financial instruments is to prudentially manage Lower Murray Water's financial risks within the government policy parameters. Lower Murray Water's main financial risks include credit risk, liquidity risk and interest rate risk.

Risk management is carried out by the Manager Finance in conjunction with the Chief Financial Officer, Managing Director, Finance and Audit Committee and Risk Committee under Lower Murray Water Treasury Management Policy approved by the Board. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk

Credit risk is the risk of financial loss to Lower Murray Water as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from Lower Murray Water's receivables.

Lower Murray Water's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant. Lower Murray Water applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables (refer to section 5.1).

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Financial assets (e.g. receivables) are written off against the carrying amount when there is no reasonable expectation of recovery. Impairment loss is written off by mutual consent is classified as a transaction expense. Credit losses following a unilateral decision is recognised as other economic flows in the net result.

At 30 June 2021, the Corporation has no other significant credit risk. There has been no material change to the Corporation's credit risk profile in 2020-21.

Except as otherwise detailed in section 5.1.3, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Lower Murray Water's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Lower Murray Water is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, Lower Murray Water has adjusted the credit risk profile in assessing the expected loss allowance in 2020-21 (refer to Note 5.1.3).

At 30 June 2021, Lower Murray Water has no other significant credit risk. There has been no material change to Lower Murray Water's credit risk profile in 2020-21.

Credit quality of financial assets

	Financial institutions (A-1+) \$'000	Government agencies (AAA) \$'000	Other \$'000	Total \$'000
2021				
Financial assets				
Cash and cash equivalents	21,400	-	-	21,400
Receivables (excl. statutory receivables)	-	-	8,287	8,287
Total financial assets	21,400	-	8,287	29,687
2020				
Financial assets				
Cash and cash equivalents	5,783	-	-	5,783
Receivables (excl. statutory receivables)	-	-	8,106	8,106
Total financial assets	5,783	-	8,106	13,889

Climate related risk

Climate change is a risk to Lower Murray Water. Climate change risk includes the physical risk which can cause direct damage to assets or property as a result of rising global temperatures as well as transition risks which arise from the transition to low-carbon economy.

Lower Murray Water has stringent regulatory requirements under the *Safe Drinking Water Act 2003*. Climate change and its effect on the scarcity or availability of water will impact on the raw water quality in the Murray River, LMW's main raw water source. Poor raw water quality reflected by Blue Green Algae blooms and varying levels of organic compounds reduce water treatment efficiency. The quantity of treated water to safe drinking standards is reduced with the risks of drinking water shortfalls, increased treatment costs and expensive infrastructure upgrades to new technologies and second barrier systems.

Lower Murray Water has a drought response plan within our urban water supply strategy and is also working across the water sector which has allowed us to put in place additional adaptive measures for climate change across all our systems.

The drought response plan set triggers and actions for how Lower Murray Water manages and communicates with key stakeholders during a drought and sets out way to reduce the impact on customers and the community. Lower Murray Water has also invested in additional water bulk entitlement to minimise the likelihood and impact of water restrictions and has invested in additional measures to make water supply more resilient during such as providing systems with backup power supplies, additional water treatment measures and increased utilisation of recycled water.

Lower Murray Water will further enhance the understanding of exposure of climate change risk in the process of executing Lower Murray Water's climate change action plan over the next 5 years. As at 30 June 2021, the Directors considered climate-related risk in the preparation of the financial statements.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. Lower Murray Water's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

Lower Murray Water manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Lower Murray Water manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's triple-A, which assists in accessing debt market at a lower interest rate).

Lower Murray Water's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments and the use of Treasury Corporation of Victoria's 11am (on call) loan facility. The loan facility allows funds to be called upon and receipted into Lower Murray Water's bank the next day.

Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of Lower Murray Water's financial instruments. Market risk comprises of interest rate risk, foreign exchange risk and other price risk. Lower Murray Water's exposure to market risk is primarily though interest rate risk, there is insignificant exposure to foreign exchange risk and other price risks.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

(i) Interest Rate Risk

Lower Murray Water's exposure to market interest rates relates primarily to Lower Murray Water's long term loans and funds invested on the money market.

The interest rate on Lower Murray Water's long-term loans is fixed. Lower Murray Water occasionally uses short term floating interest rate loans by way of the Treasury Corporation of Victoria's 11am (on call) facility. The short-term nature of the floating facility and the fixed long-term loans therefore do not expose Lower Murray Water to any material interest rate risk.

Lower Murray Water has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. Lower Murray Water manages its interest rate risk by maintaining a diversified mix of at call floating and fixed rate investment products.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the following table.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Interest rate exposure					
	Carrying amount	Weighted average interest rate	Fixed interest rate	Variable interest rate	Non-interest bearing
	\$'000	%	\$'000	\$'000	\$'000
2021					
Contractual Financial assets					
Cash and deposits	21,400	0.55%	-	21,399	1
Contractual financial receivables	8,287	1.28%	-	2,722	5,565
Total financial assets	29,687		-	24,121	5,566
Contractual financial liabilities					
Loans from Treasury Corporation of Victoria (TCV)	44,753	5.00%	44,753	-	-
Total financial liabilities	44,753		44,753	-	-
2020					
Financial assets					
Cash and deposits	5,783	1.97%	-	5,779	4
Contractual financial receivables	8,985	0.78%	-	4,410	4,576
Total financial assets	14,768		-	10,189	4,580
Contractual financial liabilities					
Loans from Treasury Corporation of Victoria (TCV)	46,632	5.27%	46,632	-	-
Total financial liabilities	46,632		46,632	-	-

Interest rate sensitivity

Sensitivity disclosure analysis and assumptions

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Lower Murray Water does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Lower Murray Water has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Lower Murray Water's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. Lower Murray Water cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 100 basis points up and down (100 basis points up and down) in market interest rates (AUD) is 'reasonably possible'.

The tables that follow show the impact on Lower Murray Water's net result and equity for each category of financial instrument held by Lower Murray Water at the end of the reporting period, if the above movements were to occur.

	Carrying amount \$'000	-100 basis points		+100 basis points	
		Net Result \$'000	Equity \$'000	Net Result \$'000	Equity \$'000
2021					
Cash and deposits	21,400	(214)	(214)	214	214
Contractual financial receivables	8,287	(27)	(27)	27	27
Loans from Treasury Corporation of Victoria (TCV)	44,753	-	-	-	-
Total	74,440	(241)	(241)	241	241
2020					
Cash and deposits	5,783	(58)	(58)	58	58
Contractual financial receivables	8,985	(44)	(44)	44	44
Loans from Treasury Corporation of Victoria (TCV)	46,632	-	-	-	-
Total	61,400	(102)	(102)	102	102

NOTES ACCOMPANYING FINANCIAL STATEMENTS

As at 30 June 2021, if interest rates changed by +/- 100 basis points from the year end rates with all other variables held constant, post-tax profit would have been \$0.169 million higher / lower (2019-20: \$0.071 million at +/- 100 basis points) as a result of higher / lower interest expense from variable interest rate borrowings.

(ii) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Lower Murray Water has no exposure to changes in the foreign exchange rate.

(iii) Other Price Risk

Lower Murray Water has no significant exposure to other price risk.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets identified in the ordinary course of business include developers who often provide a commitment to Lower Murray Water to construct water and sewerage assets. The assets are constructed within an agreed timeframe, generally 12 months, and upon completion are transferred to Lower Murray Water at no cost.

As at 30 June 2021, various developers have agreed to construct assets. These assets are under construction or have not yet commenced construction.

7.2.2 Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
 - the amount of the obligations cannot be measured with sufficient reliability.

As at 30 June 2021, there are no known potential contingent liabilities

NOTES ACCOMPANYING FINANCIAL STATEMENTS

7.3 Fair value determination

This section sets out information on how Lower Murray Water determined fair value for financial reporting purposes.

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Lower Murray Water.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Consistent with AASB 13 Fair Value Measurement, Lower Murray Water determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment, biological assets, financial instruments and for non-recurring fair value measurements such as assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result or OCI;
- land, buildings, infrastructure, plant and equipment;
- investment properties; and
- biological assets.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

Derivative financial liabilities

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives. In the absence of an active market, the fair value of the Corporation's CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by DELWP's independent advisor and comparable risk free rates of zero coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the economic impact of coronavirus (COVID-19). In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

To the extent that the significant inputs are unobservable, the Corporation categorises these derivatives as Level 3 within the fair value hierarchy.

Lower Murray Water determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Lower Murray Water has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Valuer-General Victoria (VGV) is Lower Murray Water's independent valuation agency in relation to valuation of property, plant and equipment and infrastructure. Lower Murray Water in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

All non-current physical assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of FRD 103H Non-financial physical assets.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2021 \$'000	Fair value 2021 \$'000	Carrying amount 2020 \$'000	Fair value 2020 \$'000
Financial assets				
Receivables				
Loans to third parties	5	5	-	-
Financial liabilities				
Loans from TCV	44,753	57,792	46,632	62,484

7.3.2 Fair value determination - Non-financial physical assets

	Carrying amount as at 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value				
Non-specialised land	4,138	-	4,138	-
Specialised land	10,427	-	-	10,427
Total Land at fair value	14,565	-	4,138	10,427
Buildings at fair value				
Non-specialised buildings	6,154	-	-	6,154
Specialised buildings	3,346	-	-	3,346
Total Buildings at fair value	9,500	-	-	9,500
Plant and equipment at fair value				
Vehicles	4,445	-	-	4,445
Plant and equipment	2,594	-	-	2,594
Total Plant and equipment at fair value	7,039	-	-	7,039
Infrastructure assets at fair value				
Water storage	22,128	-	-	22,128
Water pumping stations	23,860	-	-	23,860
Sewer pumping stations	17,868	-	-	17,868
Irrigation pumping stations	49,928	-	-	49,928
Water treatment plants	70,339	-	-	70,339
Waste water treatment plants	28,268	-	-	28,268
Water pipeline infrastructure	133,703	-	-	133,703
Sewer pipeline infrastructure	159,967	-	-	159,967
Irrigation pipeline infrastructure	393,207	-	-	393,207
Other structures	18,085	-	-	18,085
Total Infrastructure assets at fair value	917,353	-	-	917,353
Total assets at fair value (excluding works in progress)	948,457	-	4,138	944,319

NOTES ACCOMPANYING FINANCIAL STATEMENTS

	Carrying amount as at 30 June 2020 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value				
Non-specialised land	3,230	-	3,230	-
Specialised land	11,434	-	-	11,434
Total Land at fair value	14,664	-	3,230	11,434
Buildings at fair value				
Non-specialised buildings	6,296	-	-	6,296
Specialised buildings	4,124	-	-	4,124
Total Buildings at fair value	10,420	-	-	10,420
Plant and equipment at fair value				
Vehicles	4,319	-	-	4,319
Plant and equipment	2,257	-	-	2,257
Total Plant and equipment at fair value	6,576	-	-	6,576
Infrastructure assets at fair value				
Water storage	12,474	-	-	12,474
Water pumping stations	19,429	-	-	19,429
Sewer pumping stations	17,718	-	-	17,718
Irrigation pumping stations	45,231	-	-	45,231
Water treatment plants	75,928	-	-	75,928
Waste water treatment plants	31,300	-	-	31,300
Water pipeline infrastructure	142,912	-	-	142,912
Sewer pipeline infrastructure	148,004	-	-	148,004
Irrigation pipeline infrastructure	315,697	-	-	315,697
Other structures	17,808	-	-	17,808
Total Infrastructure assets at fair value	826,501	-	-	826,501
Total assets at fair value (excluding works in progress)	858,161	-	3,230	854,931

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2021.

There may be occasions when Lower Murray Water utilises the services of other external third-party valuers to determine fair value of infrastructure. An independent valuation was performed in conjunction with VGV and PricewaterhouseCoopers Australia (PwC) effective date of the valuation is 30 June 2021.

Lower Murray Water, in conjunction with VGV, monitors changes in the fair value of property, plant and equipment through relevant data sources to determine whether revaluation is required.

Although it is intended that asset valuations will be based on a five year cycle, FRD 103 *Non financial physical assets* requires entities to perform annual fair value assessments for each class of non financial physical assets to determine whether additional revaluations need to be undertaken between revaluation cycles. Management perform interim valuations each year.

Non-specialised land

Non-specialised land is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value. An independent valuation was performed by WBP Group to determine fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2021.

To the extent that non-specialised land does not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Specialised land specialised and non-specialised buildings

The market approach is also used for specialised land, specialised and non-specialised buildings, although they are also adjusted for the community service obligation (CSO) to reflect the specialised nature of the land and buildings being valued.

The CSO adjustment is a reflection of the Valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of Lower Murray Water's specialised and non-specialised buildings, the current replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised and non-specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of Lower Murray Water's specialised land and specialised buildings was performed by the Valuer General Victoria via agents WBP Group. The valuation was performed using the market approach adjusted for individually assessed CSO impacts where appropriate. The CSO adjustment methodology element varied from the 2016 revaluation which used a uniform 20% CSO adjustment where assessed appropriate. The 2021 revaluation CSO methodology adjustment was assessed individually whereby individual adjustments ranged from 0% - 45%. The CSO adjustment to the market approach value was a reduction of \$6.3 million. The effective date of the valuation is 30 June 2021.

Plant, equipment and vehicles

Plant, equipment and vehicles are held at fair value. When plant, equipment and vehicles is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2021.

For all assets measured at fair value, the current use is considered the highest and best use.

Water and sewer infrastructure assets

Water and sewer infrastructure assets are valued using the current replacement cost method less all forms of obsolescence and depreciation. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the current replacement cost calculation. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction includes structure services and finishes as applicable.

An independent valuation of Lower Murray Water's water and sewer infrastructure was carried out by PwC on behalf of the VGV. These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable. The valuation was performed based on the current replacement costs of the assets. The effective date of the valuation is 30 June 2021.

There were no changes in valuation techniques used throughout the period to 30 June 2021.

For all assets measured at fair value, the current use is considered the highest and best use.

Biological assets

The fair value of a biological asset is based on its present location and condition. If an active market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where access exists to different markets then the most relevant market is referenced.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

In the event that market-determined prices or values are not available for a biological asset in its present condition, the present value of the expected net cash flows from the asset, discounted at a current market determined rate is utilised to determine fair value.

Livestock

For livestock, fair value is based on relevant market indicators, which include store sheep prices, abattoir market prices, and sheep prices received/quoted for Lower Murray Water's sheep at the reporting date. Prices for sheep generally reflect the shorter-term spot prices available in the marketplace and vary depending on the weight and condition of the animal.

7.3.3 Reconciliation of Level 3 fair value movements

A reconciliation from the opening balances to the closing balances for fair value measurements categorised within Level 3 of the fair value hierarchy, disclosing separately changes during the period.

	Carrying amount 1 July	Fair value of assets received free of charge or for nominal considerations	Additions	Transfers between classes	Transfers in (out) of Level 3	Disposals	Depreciation	Transfer from (to) assets held for sale/ revaluation	Carrying amount 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021									
Land									
Specialised land	11,434	-	-	-	-	-	-	(1,007)	10,427
Buildings									
Non-specialised buildings	6,296	-	6	327	-	(220)	(219)	(36)	6,154
Specialised building	4,124	-	-	154	-	-	(93)	(839)	3,346
Plant, equipment and vehicles									
Vehicles	4,319	-	640	301	-	(257)	(558)	-	4,445
Equipment	2,257	-	848	104	-	(2)	(650)	37	2,594
Infrastructure									
Water storage tanks	12,474	-	-	529	-	-	(511)	9,636	22,128
Water pumping stations	19,429	-	3	407	-	-	(918)	4,939	23,860
Sewer pumping stations	17,718	-	-	569	-	-	(1,207)	788	17,868
Irrigation pumping stations	45,231	-	-	1,376	-	(15)	(3,282)	6,618	49,928
Water treatment plants	75,928	-	-	3,446	-	-	(4,520)	(4,515)	70,339
Waste water treatment plants	31,300	-	-	4,528	-	(252)	(2,077)	(5,231)	28,268
Water pipeline infrastructure	142,912	485	-	1,194	-	(75)	(2,450)	(8,363)	133,703
Sewer pipeline	148,004	740	(2)	3,038	-	-	(3,119)	11,306	159,967
Irrigation pipeline infrastructure	315,697	-	-	3,387	-	(356)	(8,691)	83,170	393,207
Other structures	17,808	-	-	154	-	(174)	(297)	594	18,085
Closing balance	854,931	1,225	1,495	19,514	-	(1,351)	(28,592)	97,097	944,319

NOTES ACCOMPANYING FINANCIAL STATEMENTS

	Carrying amount 1 July	Fair value of assets received free of charge or for nominal considerations	Additions	Transfers between classes	Transfers in (out) of Level 3	Disposals	Depreciation	Transfer from (to) assets held for sale/ revaluation	Carrying amount 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020									
Land									
Specialised land	11,389	75	-	-	-	(30)	-	-	11,434
Buildings									
Non-specialised	5,624	-	1	280	-	-	(288)	679	6,296
Specialised building	3,731	-	-	13	-	-	(95)	475	4,124
Plant, equipment and vehicles									
Vehicles	4,380	-	971	-	-	(334)	(626)	(72)	4,319
Equipment	1,885	-	738	231	-	(1)	(596)	-	2,257
Infrastructure									
Water storage tanks	12,981	-	-	1	-	-	(508)	-	12,474
Water pumping stations	20,213	-	-	126	-	-	(910)	-	19,429
Sewer pumping stations	18,290	-	-	608	-	-	(1,180)	-	17,718
Irrigation pumping stations	46,929	-	-	1,182	-	-	(2,880)	-	45,231
Water treatment plants	79,764	-	-	639	-	-	(4,475)	-	75,928
Waste water treatment plants	32,838	-	-	472	-	-	(2,010)	-	31,300
Water pipeline infrastructure	143,704	63	-	1,782	-	(199)	(2,438)	-	142,912
Sewer pipeline infrastructure	149,823	108	-	1,128	-	-	(3,055)	-	148,004
Irrigation pipeline infrastructure	308,322	-	-	16,330	-	(382)	(8,573)	-	315,697
Other structures	17,928	174	-	8	-	-	(302)	-	17,808
Closing balance	857,800	420	1,710	22,800	-	(946)	(27,936)	1,082	854,931

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Description of significant unobservable inputs to Level 3 valuations.

2021 and 2020	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligations (CSO) adjustment VGV provided
Non-Specialised Buildings	Current replacement cost	Direct cost per sqm Useful life of specialised buildings
Specialised buildings	Current replacement cost	Direct cost per sqm Useful life of specialised buildings
Vehicles	Current replacement cost	Cost per unit Useful life of vehicles
Plant and equipment	Current replacement cost	Cost per unit Useful life of plant & equipment
Water storage	Current replacement cost	Cost per unit Useful life of water storages
Water pumping stations	Current replacement cost	Cost per unit Useful life of water pumping stations
Sewer pumping stations	Current replacement cost	Cost per unit Useful life of sewer pumping stations
Irrigation pumping stations	Current replacement cost	Cost per unit Useful life of irrigation pumping stations
Water treatment plans	Current replacement cost	Cost per unit Useful life of water treatment plants
Wastewater treatment plans	Current replacement cost	Cost per unit Useful life of wastewater treatment plants
Water pipeline infrastructure	Current replacement cost	Cost per metre Useful life of wastewater pipeline infrastructure
Sewer pipeline infrastructure	Current replacement cost	Cost per metre Useful life of sewer pipeline infrastructure
Irrigation pipeline infrastructure	Current replacement cost	Cost per metre Useful life of irrigation pipeline infrastructure
Other structures	Current replacement cost	Cost per unit Useful life of other structures
ZEW Derivative financial instrument	Income approach (discounted cash flow)	Wholesale electricity price forecast Discount rate - risk free rates of zero coupon government bonds Credit value adjustment - Australian Corporate Bond Spreads and Yields FNF5BBB10M
Biological assets Breeding livestock	Current replacement cost	Average cost per head Useful life of the sheep

NOTES ACCOMPANYING FINANCIAL STATEMENTS

8. STATUTORY OBLIGATIONS

Introduction

This section included disclosures in relation to Lower Murray Water's statutory obligations.

Structure

- 8.1 Tax
 - 8.1.1 Income tax
 - 8.1.2 Deferred tax assets and liabilities
- 8.2 Environmental contribution
 - 8.2.1 8.2.1 Environmental contribution expense

8.1 Tax

8.1.1 Income tax

Lower Murray Water is subject to the National Tax Equivalent Regime (NTER), pursuant to section 88(1) of the *State Owned Enterprises Act 1992*, which is administered by the Australian Taxation Office. The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

	2021 \$'000	2020 \$'000
Income statement		
Current income tax expense (paid or payable)	-	-
Adjustment for prior years	-	-
Deferred income tax expense		
Temporary differences	2,280	1,543
Adjustment for prior years	-	-
Income tax reported in the Income Statement	2,280	1,543
Statement of changes in equity		
Current tax - credited/(debited)	-	-
Net deferred tax - debited/(credited) directly to equity	29,380	346
Income tax reported in equity	29,380	346
Tax reconciliation		
Net result before income tax expense	3,560	(7,094)
Tax at the Australian tax rate of 30.0% (2020 - 30.0%)	1,068	(2,128)
Adjustment in respect of income tax of previous year	-	59
Non deductible items	(3,348)	526
Income tax on profit before tax	(2,280)	(1,543)

8.1.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lower Murray Water's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the balance sheet.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Deferred tax assets

	2021 \$'000	2020 \$'000
Amounts recognised in Comprehensive Operating Statement		
Doubtful debts	166	114
Employee benefits	1,730	1,891
Tax losses	17,789	19,447
Other	185	131
Total deferred tax assets	19,870	21,583
Movements:		
Opening balance at 1 July	21,583	23,655
Credited/(debited) to the Comprehensive Operating Statement	(1,713)	(2,072)
Closing balance at 30 June	19,870	21,583
Deferred tax asset to be recovered after more than 12 months	2,032	2,107
Deferred tax asset to be recovered within 12 months	49	29
Tax losses	17,789	19,447
Closing balance at 30 June	19,870	21,583

Deferred tax liabilities

	2021 \$'000	2020 \$'000
Amounts recognised in Comprehensive Operating Statement		
Prepayments	2	2
Other deferred tax liabilities	29	-
Amounts recognised directly in equity		
Revaluation of infrastructure, property, plant and equipment	157,218	131,857
Total deferred tax liabilities	157,249	131,859
Movements:		
Opening balance at 1 July	131,859	135,128
Credited/(debited) to the net result	(3,990)	(3,615)
Credited/(debited) to other comprehensive income	29,380	346
Closing balance at 30 June	157,249	131,859
Deferred tax asset to be recovered after more than 12 months	157,247	131,857
Deferred tax asset to be recovered within 12 months	2	2
Closing balance at 30 June	157,249	131,859
Total net deferred tax asset/(liability)	(137,379)	(110,276)

8.2 Environmental contribution

The *Water Industry (Environmental Contributions) Act 2004* (the Act) amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water corporations. The Act establishes an obligation for corporations to pay into a consolidated fund annual contribution for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation. The contribution period has been extended to 30 June 2024. The new environmental contribution (tranche 5) is \$2,251,300 annually which commenced in 1 July 2020 and finishes 30 June 2024.

The purpose of the environmental contribution is set out in the Act, and the funding may be used for financing initiatives that seek to promote the sustainable management of water or address water-related initiatives.

Lower Murray Water has a statutory obligation to pay an environmental contribution to the Department of Environment, Land, Water and Planning. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental contribution expense

	2021 \$'000	2020 \$'000
Environmental contribution levy	2,251	2,278

NOTES ACCOMPANYING FINANCIAL STATEMENTS

9. OTHER DISCLOSURES

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 9.1 Reserves
 - 9.1.1 Contributed Capital
 - 9.1.2 Asset revaluation surplus
 - 9.1.3 Accumulated surplus/(deficit)
- 9.2 Events occurring after the balance date
- 9.3 Responsible persons
- 9.4 Remuneration of executives
- 9.5 Related parties
- 9.6 Remuneration of auditors
- 9.7 Australian Accounting Standards issued that are not yet effective

9.1 Reserves

9.1.1 Contributed Capital

	2021 \$'000	2020 \$'000
Opening balance at 1 July	633,524	630,373
Contributions from the Victorian Government	-	3,151
Accumulated surplus/(deficit) at end of financial year	633,524	633,524

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have been recognised in contributed equity.

9.1.2 Asset revaluation surplus

	2021 \$'000	2020 \$'000
Asset revaluation reserve: Land		
Opening balance at 1 July	2,682	2,682
Revaluation increments/(decrements)	(163)	-
Tax effect of revaluation increment/(decrements)	49	-
Closing balance at 30 June	2,568	2,682
Asset revaluation reserve: Buildings		
Opening balance at 1 July	807	(1)
Revaluation increments/(decrements)	(874)	1,154
Tax effect of revaluation increment/(decrements)	262	(346)
Closing balance at 30 June	195	807
Asset revaluation reserve: Infrastructure		
Opening balance at 1 July	198,005	198,005
Revaluation increments/(decrements)	98,936	-
Tax effect of revaluation increment/(decrements)	(29,680)	-
Closing balance at 30 June	267,261	198,005
Asset revaluation reserve: Other		
Opening balance at 1 July	4	4
Revaluation increments/(decrements)	37	-
Tax effect of revaluation increment/(decrements)	(11)	-
Closing balance at 30 June	30	4
Total asset revaluation reserve	270,054	201,498

NOTES ACCOMPANYING FINANCIAL STATEMENTS

9.1.3 Accumulated surplus/(deficit)

	2021 \$'000	2020 \$'000
Accumulated surplus/(deficit)		
Accumulated surplus/(deficit) at beginning of financial year	(105,934)	(100,383)
Result for the period	5,840	(5,551)
Accumulated surplus/(deficit) at end of financial year	(100,094)	(105,934)

9.2 Events occurring after the balance date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of Lower Murray Water, the results of those operations, or the state of affairs of Lower Murray Water in future financial years.

Lower Murray Water has not been materially impacted financially by coronavirus (COVID-19) during the 2020-2021 financial year but given the volatility and uncertainty, this could be affected in the future. Although regional Victoria is experiencing low numbers of people with coronavirus (COVID19) and not currently in lockdown, Metro Melbourne is still reaching high levels of community transmission with lockdown restrictions being enforced. Management will continue to monitor the situation with reviews of cash flows and budgets on a regular basis to ensure Lower Murray Water is a going concern.

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period, as required by AASB 124 Related Party Disclosures. The names of persons who held the positions of Ministers and Accountable Officers in Lower Murray Water are as follows:

Name	Title	Period of appointment
The Hon. Lisa Neville MP	Minister for Water	Since May 2016
The Hon. Richard Wynne	Acting Minister for Water	15 Feb 2021 to 30 June 2021
Mr Anthony Couroupis	Managing Director / Accountable Officer	Since July 2019
Cheryl Rix	Director - Chair	Since October 2012
Sharyon Peart	Director	Since October 2017
Robert Fowler	Director	Since October 2017
Michelle Oates	Director	Since October 2017
Warren Lloyd	Director	Since October 2017
Svetla Petkova	Director	Since October 2019
Max Folie	Director	Since October 2019
Greg Baker	Director	Since October 2019

Accountable Officer Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of Lower Murray Water during the reporting period was in the range: \$280,001 - \$290,000 in 2020 - 2021 (\$280,001 - \$290,000 in 2019 - 2020).

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Board Members Remuneration

	2021 number	2020 number
\$1 - \$10,000	-	3
\$20,001 - \$30,000	-	3
\$30,001 - \$40,000	7	4
\$50,001 - \$60,000	1	1
Total number of Board Members remuneration	8	11
Total annualised employee equivalent	.24	0.40

Total remuneration received or due and receivable by Board Members from the reporting entity was \$301 thousand (2020: \$282 thousand).

9.4 Remuneration of executives

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	2021 \$'000	2020 \$'000
Remuneration of executive officers		
Short-term employee benefits	1,408	1,396
Post-employment benefits	115	118
Other long-term benefits	28	28
Termination benefits	-	-
Total remuneration (a)	1,551	1,542
Total number of executives	14	20
Total annualised employee equivalents (b)	5.3	5.5

Notes:

- The total number of executive officers (excluding Accountable Officer) includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 9.5).
- Annualised employee equivalent is based on the time fraction worked over the reporting period.

9.5 Related parties

Lower Murray Water is a wholly owned and controlled entity of the State of Victoria.

Related parties of Lower Murray Water include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

NOTES ACCOMPANYING FINANCIAL STATEMENTS

All related party transactions have been entered into on an arm's length basis.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Lower Murray Water, directly or indirectly, comprising independent Directors and the Managing Director. Key management personnel (as defined in AASB 124 Related Party Disclosures) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.3 who have the authority and responsibility for planning, directing and controlling the activities of Lower Murray Water directly or indirectly, during the financial year.

Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' financial report.

	2021 \$'000	2020 \$'000
Compensation of KMPs		
Short-term employee benefits	537	517
Post-employment benefits	44	45
Long-term benefits	6	6
Total remuneration	587	568

Significant transactions with government-related entities

Lower Murray Water received funding from and made payments to government related entities of \$30.102 million (2020: \$19.468 million) and \$9.622 million (2020: \$11.106 million) respectively.

During the year, Lower Murray Water had the following government-related entity transactions:

Government-related entity receipts

Entity name	Brief description of main activity	2021 \$'000	2020 \$'000
Dept. of Health and Human Services	Concession reimbursements	1,646	2,255
Dept. of Families, Fairness and Housing	Concession reimbursements	590	-
Dept. of Environment, Land, Water and Planning	Victorian Murray Floodplain Restoration Project	27,750	14,000
Dept. of Environment, Land, Water and Planning	Sunraysia Modernisation Project 2	-	2,225
Dept. of Environment, Land, Water and Planning	Sunraysia Modernisation Project	-	926
Zero Emissions Water Limited	Emissions Reduction	26	62
Total revenue		30,012	19,468

Government-related entity receivables

Entity name	Brief description of main activity	2021 \$'000	2020 \$'000
Dept. of Families, Fairness and Housing	Concession reimbursements	20	-

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Government-related entity payments

Entity name	Brief description of main activity	2021 \$'000	2020 \$'000
Dept. of Environment, Land, Water and Planning	Environmental contribution	2,251	2,278
Goulburn Murray Rural Water Corp	Bulk Water charges	3,300	3,736
Mallee Catchment Management Authority	Salinity Fees collected on behalf of MCMA	3,364	4,328
Dept. of Treasury and Finance	Financial Accommodation Levy	478	503
Dept. of Environment, Land, Water and Planning	Annual fees water shares	81	82
Dept. of Environment, Land, Water and Planning	Monitoring Costs	77	78
Dept. of Environment, Land, Water and Planning	Water supply, trades and searches	40	47
Dept. of Environment, Land, Water and Planning	Vegetation Offsets	2	30
Dept. of Environment, Land, Water and Planning	Governance Support	-	15
Zero Emissions Water Limited	Emissions Reduction	29	10
Total expenses		9,622	11,107

Government-related entity payables

Entity name	Brief description of main activity	2021 \$'000	2020 \$'000
Dept. of Treasury and Finance	Financial Accommodation Levy	116	123

Transactions with key management personnel and other related parties

Given the breadth and depth of Lower Murray Water's activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their related parties.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Director Sharyon Peart is also the Chair of the Mallee Catchment Management Authority (MCMA). The transactions with MCMA were in respect of an arrangement with DELWP to collect the salinity levy on behalf of the MCMA as part of Lower Murray Water's billing cycle. The value of these transactions in 2021 was \$3.364 m (2020: \$4.328m). The MCMA is also a partner in the Victorian Murray Floodplain Restoration Project, refer to note 10.1 for further details on the project.

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making evaluation decisions about the allocation of scarce resources.

ZEW transactions

ZEW is a related party of Lower Murray Water. Below is a summary of transactions and holdings with ZEW.

	2021 \$'000	2020 \$'000
Power purchase agreement (PPA) settlements (Revenue)/Expenditure	(18)	(52)
Payment for Large-scaled generator certificates (LGC's)	11	-
Loan to ZEW	5	-
Recognition of PPA financial liability	193	-

NOTES ACCOMPANYING FINANCIAL STATEMENTS

9.6 Remuneration of auditors

	2021 \$	2020 \$
Victorian Auditor-General's Office		
Audit or review of the financial statements	95	91
Other non-audit services		
Internal Audit	52	72
Essential Services Commission Audit	44	23
Department of Health Services - Safe Drinking Water	18	18
Total remuneration of auditors	209	204

9.7 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated:

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2021 reporting period. DTF assesses the impact of all these new standards and advises Lower Murray Water of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date	Estimated impact
AASB 2020-1 <i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current</i>	Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.	1 January 2023	The assessment has indicated that there will be no significant impact for Lower Murray Water
AASB 2020-3 <i>Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments</i>	<p>Amendments to existing accounting standards, particularly in relation to:</p> <p>AASB 1 - simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.</p> <p>AASB 3 - to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>AASB 9 - to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.</p> <p>AASB 116 - to require an entity to recognise the sales proceeds from selling items produced while preparing infrastructure, property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.</p> <p>AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> - to specify the costs that an entity includes when assessing whether a contract will be loss-making.</p> <p>AASB 141 <i>Investment Property</i> - to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.</p>	1 January 2022	The assessment has indicated that there will be no significant impact for Lower Murray Water

NOTES ACCOMPANYING FINANCIAL STATEMENTS

10. Financial impacts of projects

This section provides the high level financial impact of projects that have been ring fenced on Lower Murray Water's financial statements. These projects should be considered separate from the core business of Lower Murray Water.

Structure

- 10.1 Background: Victorian Murray Floodplain Restoration Project
- 10.2 Impact on the Operating statement
- 10.3 Impact on the Balance sheet
- 10.4 Impact on the Cash flow statement

10.1 Background: Victorian Murray Floodplain Restoration Project

Lower Murray Water has been appointed by the Hon. Lisa Neville MP, Minister for Water as the lead agency for the delivery of the Victorian Murray Floodplain Restoration Project. The VMFRP is part of Victoria's commitment for Sustainable Diversion Limits Adjustment Supply and Constraints Measures in the Murray-Darling Basin working in partnership with Goulburn Murray Water, Mallee CMA, North Central CMA, Parks Victoria and DELWP.

As lead agency, Lower Murray Water is currently facilitating the designs and approvals required to take the nine previously approved business cases through to being ready for construction. This is Stage 1 of the project, that will be submitted to the Commonwealth Government for approval of Stage 2 funding for the construction phase later in 2022 with the target of construction commencing in early 2023.

The funding agreement for the remaining balance of Stage 1 to be delivered by Lower Murray Water was varied in 2021, the original agreement signed by the Hon. Lisa Neville MP, Minister for Water on 15 July 2019 for \$27.4m was increased to \$84.55m by the Minister to address the additional project approvals requirements of both the state and federal agencies.

Throughout 2020/21, Lower Murray Water has received Stage 1 funding of \$27.75m towards work for the nine business cases which now has a total project budget of \$84.55m. The expenses incurred and accrued for the project work for FY20/21 were \$16.6m and remains on budget with the projected cashflow.

Lower Murray Water continues to use the existing implemented controls to ring fence all aspects of the VMFRP to ensure it is managed separately to our core business and has no negative impact on customers. There remains no cost burden imposed on our urban or rural customers arising from LMW's lead agency role with the VMFRP.

10.2 Impact on the Operating statement

	VMFRP		Core business		Consolidated	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial impact on the Comprehensive Operating Statement						
Revenue						
Service and usage charges	-	-	61,602	61,091	61,602	61,091
VMFRP funding	27,761	14,039	-	-	27,761	14,039
Government grants and contributions	-	-	2,317	2,260	2,317	2,260
Developer contributions	-	-	5,584	7,249	5,584	7,249
Net profit on disposal of assets	-	-	(241)	229	(241)	229
Other income	-	-	3,990	3,189	3,990	3,189
Total revenue	27,761	14,039	73,252	74,018	101,013	88,057
Expenses						
Depreciation, impairment and amortisation	-	-	29,157	28,324	29,157	28,324
Direct operational expenses	-	-	13,414	13,889	13,414	13,889
Employee benefits	-	-	19,744	19,654	19,744	19,654
Repairs and maintenance	-	-	6,923	6,781	6,923	6,781
VMFRP expenditure	16,588	16,062	-	-	16,588	16,062
Environmental contribution	-	-	2,251	2,278	2,251	2,278
Interest expense	-	-	2,794	2,958	2,794	2,958
Other expenses	-	-	6,582	5,205	6,582	5,205
Total expenses	16,588	16,062	80,865	79,089	97,453	95,151
Net result before tax	11,173	(2,023)	(7,613)	(5,071)	3,560	(7,094)

NOTES ACCOMPANYING FINANCIAL STATEMENTS

VMFRP funding is recognised as revenue when Lower Murray Water receives or obtains control of the contribution in accordance with AASB 1058 Income of not for profit entities.

VMFRP expenditure reflects the costs associated to the project incurred during the year for both Lower Murray Water and the partnership agencies, Goulburn Murray Water, Mallee CMA, North Central CMA, Parks Victoria. The project costs are facilitating the designs and environmental approvals required to take the nine previously approved business cases through to being ready for construction.

	2021 \$'000	2020 \$'000
Expenses		
Employee salary and wages	5,676	3,395
Contractor and consultant payments	10,165	11,947
Travel and accommodation	324	247
Other expenses	423	472
Total expenses	16,588	16,062

10.3 Impact on the Balance sheet

	VMFRP		Core business		Consolidated	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial impact on the Balance Sheet						
Assets						
Cash and cash equivalents	13,663	633	7,737	5,150	21,400	5,783
Other current assets	-	-	14,211	14,100	14,211	14,100
Total current assets	13,663	633	21,948	19,250	35,611	19,883
Total non-current assets	-	-	965,645	882,140	965,645	882,140
Total assets	13,663	633	987,593	901,390	1,001,256	902,023
Liabilities						
Payables	4,173	2,458	5,167	5,387	9,340	7,845
Other current liabilities	-	-	10,740	11,895	10,740	11,895
Total current liabilities	4,173	2,458	15,907	17,281	20,080	19,740
Total non-current liabilities	-	-	178,993	153,195	178,993	153,195
Total liabilities	4,173	2,458	194,900	170,476	199,073	172,935
Net assets	9,490	(1,825)	792,693	730,914	802,183	729,088
Equity						
Contributed capital	-	-	633,524	633,524	633,524	633,524
Asset revaluation reserves	-	-	268,753	201,498	268,753	201,498
Accumulated surplus /(deficit)	9,490	(1,825)	(109,584)	(104,109)	(100,094)	(105,934)
Total equity	9,490	(1,825)	792,693	730,914	802,183	729,088

Cash held relating to the project is held in a separate bank account exclusively for the delivery of this project.

10.4 Impact on the Cash flow statement

	VMFRP		Core business		Consolidated	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial impact on the Cash Flow Statement						
Net cash flows from/(used in) operating activities	13,030	141	20,937	18,712	33,967	18,853
Net cash flows from/(used in) investing activities	-	-	(16,471)	(23,939)	(16,471)	(23,939)
Net cash flows from/(used in) financing activities	-	-	(1,879)	2,321	(1,879)	2,321
Net increase/(decrease) in cash and cash equivalents	13,030	141	2,587	(2,905)	15,617	(2,764)
Cash at the beginning of the financial year	633	492	5,151	8,056	5,783	8,547
Cast at the end of the financial year	13,663	633	7,738	5,151	21,400	5,783





1. Disclosure Index

The annual report of Lower Murray Water is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of Lower Murray Water's compliance with statutory disclosure requirements.

[Please refer to the 'Guidance Section and Appendix' document for more information]

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Water Industry Act 1994		5

2. Letter of Expectations References

Priority Area	Key Performance Indicator	Page Reference
Climate Change Undertake activities and provide services that minimise environmental impacts, mitigate climate change and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.	E2 Emission reductions Demonstrate reasonable progress toward the achievement of the entity's emission reduction target specified in the Statement of Obligations (Emissions Reduction).	50-51
	E3 Climate adaptation a) Apply the Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria and demonstrate adaptation by: <ul style="list-style-type: none"> • their application in drought preparedness and urban water strategies (Urban water corporations); • Rural water corporations (as applicable) develop low flow contingency plans that include an appropriate range of climate scenarios. b) Integrate climate change adaptation into decision-making across the business (all sources of water, wastewater, and where relevant drainage and flood management) including: <ul style="list-style-type: none"> • source waters and demand • built assets • natural environment • people and workplace • interdependencies • customer and product delivery 	50-51
Customer and community outcomes 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	C1 Customer satisfaction (Urban Water Corporations) Note this indicator includes both direct and proxy measures. Overall, reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.	36-37
	C1 Customer satisfaction (Rural Water Corporations) Note this indicator includes both direct and proxy measures. Overall, reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.	36-37
	C2 Customer and community engagement Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DELWP Community Charter or IAP2 framework could be considered as a guide	36-37

Letter of Expectations References (cont'd)

Priority Area	Key Performance Indicator	Page Reference
Deliver water for aboriginal cultural, spiritual and economic values Recognise and support Aboriginal cultural values and economic inclusion in the water sector	AC1 Engagement of Aboriginal Communities Effective and genuine engagement of Aboriginal communities for involvement in business opportunities and access to water for economic development. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement, taking into account the relevant local context.	37-38
	AC2 Engagement of Traditional Owners Effective and genuine engagement of Traditional Owners for inclusion of Aboriginal values in water planning. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a board picture of engagement, taking into account the relevant local context.	37-38
	AC3 Aboriginal Inclusion Plan/Reconciliation Action Plan To be considered in conjunction with AC1 and AC2, taking into account the relevant local context.	37-38
Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.	L1 Integrated Water Management (urban) In relevant IWM forum(s), actively facilitate and champion water's contribution to deliver liveability for cities and towns of the region consistent with the forum's objectives.	38
	L2 Water efficiency (urban) Implement water efficiency programs aligned with Target 155 (Metros) and Target Your Water Use (Regional Urban).	38
	L3 Water bills (urban) Victorian water bills are amongst the lowest in Australia.	38
	L4 Payment management and hardship Overall improved access to instalment plans for management of payments. Understand year on year trends in hardship grants.	38
Recognising recreational values	Rec1 Recreational values Consideration of recreational values in carrying out functions and providing services.	38
Leadership and culture Water corporations reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership	G1 Diversity and inclusion Improve gender and cultural diversity in workforce including gender equity in both executive leadership and throughout the organisation. Diversity Inclusion plans to be based on best practice and include reference to identifying barriers to succession and meeting targets. The approach of the DELWP Diversity and Inclusion Strategy 2016-2020 could be considered as a guide.	49
	G3 Health and Safety Sustained annual improvement against H&S performance benchmarks (AS/NZS standard 4801).	49
Financial sustainability Delivering safe and cost-effective water and wastewater services in a financially sustainable way.	F1-F8 Financial Indicators Overall reporting on these measures should demonstrate financial sustainability and provide a positive picture of a corporation's financial sustainability over time.	64

3. Consultancies over \$10k

Consultancy Name and Project Reference	Total Project Fees Approved (Excl GST) \$	Expenditure 2020-2021 \$	Future expenditure (Excl GST) \$
AITHER PTY LTD	32,000		
Water Entitlement Strategy Modelling		32,000	
ALLABOUTXPRT AUSTRALIA PTY LTD	174,434		
Rural Unauthorised Take Project		134,434	40,000
CIVIL TEST PTY	12,406		
Sewer Project Consultancy		12,406	
DM ENGINEERING	360,790		
Mildura West WTP Upgrade		135,298	130,000
Minor Projects Consultancy		30,624	30,000
Red Cliffs PLC Upgrade		34,868	
EDA PROJECT MANAGEMENT	93,445		
Mildura West Storage Tank Upgrade		18,091	
Mildura WTP Roadworks and Surfacing		23,490	
Project & Contract Management		4,323	
Subdivision Consultancy		23,187	
UV Treatment Upgrades		24,355	
ERNST & YOUNG	144,000		
Victorian Protective Data Security Standards		44,000	100,000
GHD PTY LTD	609,850		
Hydraulic Modelling, Planning & Strategy Consultancy		173,653	
Koorlong WWTP Wet Weather Storage		26,115	12,000
Main Replacement Projects		9,860	
Merbein WWTP Diversion Works		24,735	
Pricing Submission Consultancy		18,432	150,000
Red Cliffs Culvert Project		16,169	
REFCL Upgrade Projects		28,654	40,000
Swan Hill Storage Project		29,463	
Water Efficiency Project Consultancy		80,771	
GRANTUS PTY LTD	130,520		
Water Efficiency Project Consultancy		80,520	50,000
HUNTER H2O HOLDINGS	158,539		
Engineering Consultancy Services		8,436	
SCADA Upgrade Projects		75,103	75,000
INFOR GLOBAL SOLUTIONS (ANZ) PTY LTD	68,149		
Customer Portal Pilot		68,149	
INTEGRITY GOVERNANCE	38,539		
Board Performance review		38,539	
JACOBS GROUP	202,961		
Bore Licence Consultancy		17,955	
Irrigation Strategy		82,323	
Main Replacement Projects		28,018	20,000
Water Efficiency Project Consultancy		54,665	

Consultancies over \$10k (cont'd)

Consultancy Name and Project Reference	Total Project Fees Approved (Excl GST) \$	Expenditure 2020-2021 \$	Future expenditure (Excl GST) \$
KPMG	533,899		
Annual Report Model		17,854	
Business Transformation Project		222,045	294,000
LANDER & ROGERS	20,981		
Workplace Relations Advice		20,981	
MATTHEW TOULMIN CONSULTING	12,500		
Water Efficiency Project Consultancy		12,500	
MHZ ENGINEERING & ARCHITECTURAL SERVICES	13,080		
Engineering Consultancy Services		13,080	
MRM ENGINEERING	10,566		
REFCL Upgrade Projects		10,566	
RM ENGINEERING SOLUTIONS	83,430		
Engineering Consultancy Services		39,630	20,000
SCADA Strategy Review		23,800	
SEQUANA PARTNERS PTY LTD	23,280		
Water Efficiency Project Consultancy		23,280	
SOUTHERN CROSS CONSULTING GROUP	19,650		
Tax Advisory Services		19,650	
TECHNOLOGY ONE LTD	104,778		
Business Transformation Project		1,960	
Technology Software System Support		22,818	80,000
TEN CONSULTING	575,210		
Engineering Consultancy Services		17,760	15,000
Main Replacement Projects		58,180	30,000
Mildura WTP Power Supply Project		16,580	5,000
Minor Projects Consultancy		15,400	15,000
Subdivision Consultancy		1,680	
Swan Hill Storage Project		35,290	25,000
UV Treatment Upgrades		140,320	200,000
TONKIN CONSULTING	940,729		
Engineering Consultancy Services		25,108	20,000
Main Replacement Projects		109,285	100,000
Millewa Pump Station Project		166,724	50,000
Minor Projects Consultancy		21,413	10,000
UV Treatment Upgrades		238,200	200,000
UTILACOR PTY LTD	60,987		
Electricity Consultancy Services		30,987	30,000
WATER FUTURES PTY LTD	17,024		
Risk Assessment Consultancy		17,024	
WATER TECHNOLOGY PTY LTD	28,500		
Water Efficiency Project Consultancy		28,500	
WORKPLACE CONFLICT RESOLUTION	37,582		
Workplace Relations Advice		37,582	
GRAND TOTAL	4,507,828	2,766,828	1,741,000

