



Corporate Plan 2021/22





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1. Acknowledgement of Country

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

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

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

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

- Acknowledgement of Country written by Stephanie Sloane.

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.



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

2. Chair & Managing Director's Introduction



Chair of the Board
Cheryl Rix



Managing Director
Anthony Couroupis

Following an unprecedented year of challenges arising from the global coronavirus (COVID-19) pandemic, and the submission of an abridged Corporate Plan in 2020-21, we are pleased to deliver a detailed Corporate Plan for 2021-22 on behalf of the Board.

Lower Murray Water (LMW) is an essential services provider that is focused on meeting the needs of our customers and communities, and this Corporate Plan reflects the business priorities, key initiatives and financial forecasts which demonstrate our commitment to addressing the eight key priority areas identified in the Minister's Letter of Expectations (LoE) for 2021-22. This plan also shows alignment with LMW's newly developed Strategic Plan which has identified six strategic pillars comprising three strategic priority areas, and three areas of strategic foundation which will enable these priorities to be achieved.

As the Mallee region moves from extreme dry conditions to a more normal local rainfall environment, the LMW service region still faces significant financial impacts (worsened by the influence of COVID-19), which has seen downturn in local employment and significant impacts on local businesses. An increase in the number and length of blue-green algae (BGA) outbreaks continues to challenge our ability to maintain water quality with water deliverability still a key issue for our region. Despite these challenges however, the region continues to take advantage of high urban growth, a positive outlook for water availability and a successful summer harvest in the horticultural sector for most commodity types. LMW continues to maximise these opportunities to manage services to support population growth and urban housing development, investment in further water efficiencies, delivery on capital projects and uplift of our governance practices.

Although COVID-19 has significantly impacted staff within organisations across the country, our recent People Matters Survey results demonstrate that LMW's response and communication regarding the pandemic supported our people through these uncertain and unique circumstances. Our results reported 90% of respondents who acknowledged 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.

We remain committed to upholding our responsibilities to the environment, under the Murray Darling Basin Plan, as we continue our positive progress on the Victorian Murray Floodplain Restoration Project (VMFRP) with Stage 1 milestones met and planning for Stage 2 well underway.

In 2020, we were thrilled with the announcement 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 (WIOAA). This is a significant achievement by the operating teams who work tirelessly to supply safe drinking water to communities in the LMW region. In addition to this, further

acknowledgement of our team highlighted the pride and confidence our Board has in our staff, with our Koorlong Wastewater Treatment Plant Operator, James Sharp, placing in the top 4 of the *Operator of the Year* category of the WIOAA awards.

Significant progress has been made in our management of compliance with the *Act*, particularly relating to water theft. We continue to prioritise and enhance our systems and processes to enforce the Minister's direction relating to 'zero tolerance' of water theft and support the behavioural change required of our customers.

As a Board, we are proud and appreciative of the commitment and loyalty across the organisation by our staff, who prioritise engagement with our customers to understand their needs and who are dedicated in delivering exceptional services for them, and the broader community. Our staff remain committed to demonstrating the 4Cs of *LMW's Safety Strategy* – communication, commitment, consistency, and clarity – and continue to work to build a resilient and liveable community. As LMW continues to develop and mature, our focus is to build on the foundations of the organisation which will enable us to deliver upon our strategic priorities over the coming years.

3. Current Business Overview

3.1 Governance

LMW is a Victorian Government water corporation created under the provisions of the *Water Act 1989* (Act) via Order in Council, effective 1st of July 2004.

LMW is governed by a skills-based Board of nine Directors, comprising a non-executive Chair, seven non-executive Directors and a Managing Director. In accordance with the provisions set in the Act, Directors and the Chair are appointed by the Minister for Water. Directors have a broad range of relevant skills, experience, and expertise to assist meeting organisational objectives.

LMW's current Board comprises:

- Cheryl Rix, Chair
- Warren Lloyd, Deputy Chair
- Sharyon Peart, Deputy Chair
- Greg Baker
- Maxwell Folie
- Rob Fowler
- Michelle Oates
- Svetla Petkova
- Anthony Couroupis, Managing Director

LMW utilise a Finance and Audit Committee; Risk Committee, and Governance, People and Culture Committee to assist the Board to carry out its corporate governance functions. Each committee is chaired by a Board Director and operates under approved terms of reference. Committee members are chosen for the skills, experience, and other capabilities that they bring to the committees.

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

- Anthony Couroupis, Managing Director
- Deb Fankhauser, General Manager People and Customer
- David Girdwood, General Manager Infrastructure Services
- Karen Hensgen, General Manager Business Services and Performance
- Troy van Berkel, General Manager Service Delivery and Operations
- Josh White, VMFRP Project Director
- Nardia Sheriff, Corporate Secretary

3.2 Our Region

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

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

3.3 Our Assets

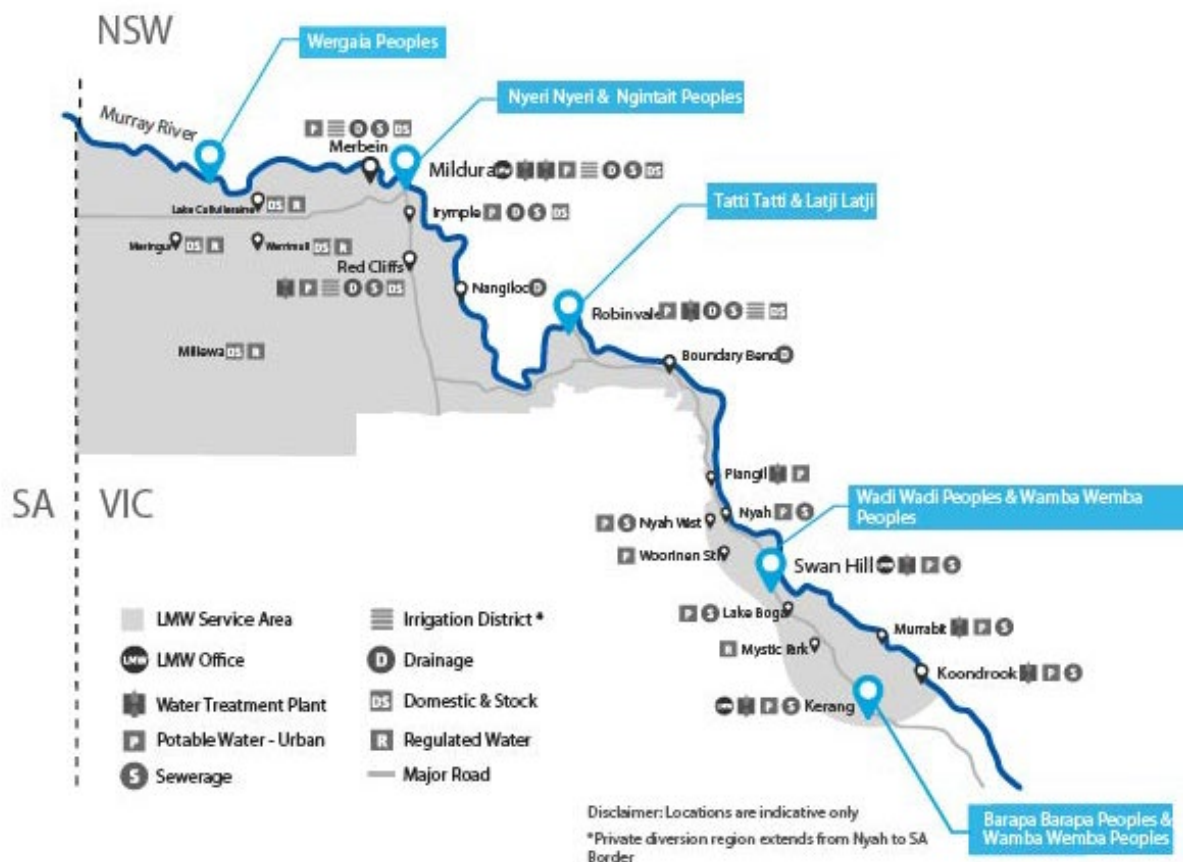


Diagram 1: LMW Service area and asset map

3.4 Our Services

LMW provides the following services:

- Urban water services to 14 townships via 9 treatment plants to 34,311 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

3.5 Current Situation

Despite the on-going impact of COVID-19, the region is well placed to enjoy continued economic growth. Horticultural industries remain strong, with table grape and almond industries enjoying strong harvests in 2021. Wine grapes, dried fruits, citrus, stone fruits and parts of the table grape industries have all had challenges throughout the pandemic, particularly in relation to export markets. Overall, the industries are proving to be resilient, generating well in excess of \$615 million at the farm gate.

Development within the region continues to prosper with a steady increase in building and development approvals, in both residential and non-residential sectors. Despite the impacts of COVID-19, there are few signs of a sustained slow-down in development, with the region expected to continue to grow.

3.6 Our Recent Performance

LMW has an obligation to report monthly and provide annual data to the ESC against a suite of performance indicators that benchmark all 16 Water Corporations across Victoria. An annual Water Performance Report providing the compiled data is produced representing an opportunity to identify where improvements can be made across the business.

A summary of LMW's performance in the 2019/20 *ESC Urban Water Performance Report* is as follows:

- *Highest* - average water use per household.
- *Second lowest* – number of complaints made to a water business per 100 customers.
- *Fifth lowest* – typical household bills (regional owner occupiers).
- *Second lowest* - spills per 100 kilometres of sewer main.
- *Fifth lowest* – typical household bills (tenants).
- *Fourth lowest* – number of customers on flexible payment plans.
- *Fourth highest* - recycled water used as percentage of effluent volume produced.

The ESC Performance Report also identified areas of LMW's performance where improvement is required which will be driven through the new organisational strategic plan. LMW has also initiated a variety of programs and staff training opportunities to improve our performance in these areas.

3.7 What Our Customers Are Saying

LMW customers are surveyed annually to obtain valuable insights into how we can improve both our urban and rural services. Data from the *2020 Customer Satisfaction Survey* is currently being analysed to identify the areas of focus for the 2021/22 year. High-level 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.

Whilst we acknowledge that satisfactory ratings may be acceptable by industry standards, LMW continues to strive for exceptional service delivery. To improve survey results (as an indicator of satisfaction of the services provided) we continue to assess the priorities and how best to balance this with the cost to achieve improvements.

4. Our Strategic Framework

LMW's purpose is to support our region to prosper by successfully delivering vital water services. This purpose is embodied in our strategic framework borne from the Board's vision to create a healthy, sustainable water future underpinned by the LMW culture of performance excellence, built in partnership with our staff, customers, and communities.

We absolutely agree with and actively support Water for Victoria's statement that *"Water is fundamental to our communities. We will manage water to support a healthy environment, a prosperous economy and thriving communities, now and into the future."*

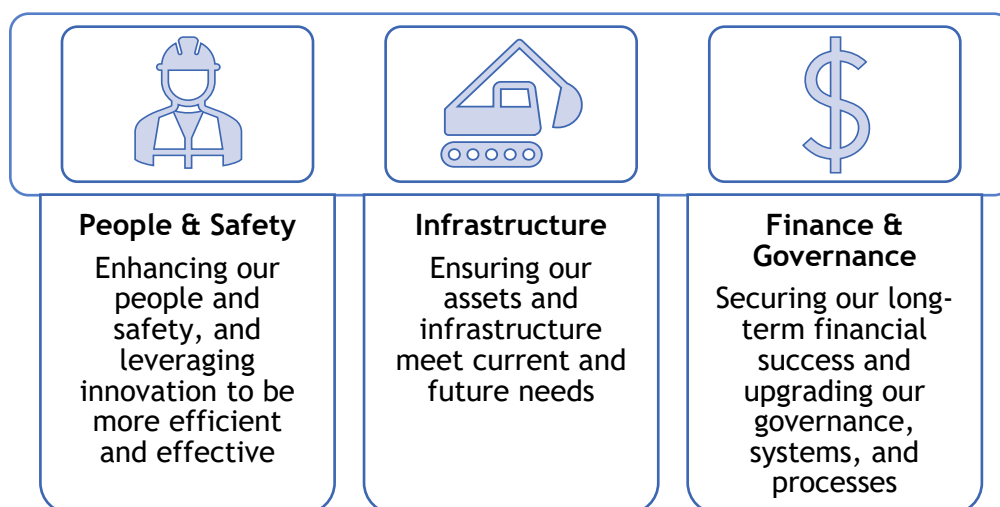
Currently under development, the 2020/21-2025/26 LMW Strategic Plan is well progressed and nearing completion as it enters its final phase. Our strategy aligns with the Ministerial LoE, Statement of Obligations and the Act, and final engagement with DELWP is also forthcoming.

The LMW Strategic Plan has identified six strategic pillars, made up of three *Strategic Priority* areas and three *Strategic Foundation* areas. The focus on key foundational areas will, when embedded across the organisation successfully, enable us to maximise the identified priorities over the coming five years. These six pillars will drive the strategic direction across 16 *Strategic Aspirations* (or areas of focus).

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



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



With a new strategic direction designed to focus on the key *strategic priorities*, and the development of *strategic foundations*, our organisation will have the framework to support and sustain the achievement of these priorities through the 16 *Strategic Aspirations* are as follows:

Service Delivery <i>Achieving high quality outcomes for our customers</i>	1. Identify, define, and deliver agreed customer service levels 2. Improve our responsiveness to customer issues by obtaining better service delivery insights
Engagement <i>Ensuring effective engagement with our stakeholders</i>	3. Embed authentic customer engagement across the whole business 4. Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region
Environment <i>Bettering the environment in our region</i>	5. Deliver the Victorian Murray Floodplain Restoration Project to agreed objectives 6. Achieve our CO2 emissions reduction targets 7. Explore enhanced integrated water management that best works for our region.
People & Safety <i>Enhancing our people and safety, and leveraging innovation to be more efficient and effective</i>	8. Put 'safety first' through communication, consistency, clarity, and commitment 9. Embed #1LMW by fostering a high-performing culture by attracting, retaining, and developing our people 10. Achieve greater equality, diversity, and inclusion 11. Adopt improved ways of working through our Business Transformation Program
Infrastructure <i>Ensuring our assets and infrastructure meet current and future needs</i>	12. Optimise our infrastructure through improved life cycle management 13. Deliver our Water Plan capital expenditure on time, on quality and within budget
Finance & Governance <i>Securing our long-term financial success and upgrading our governance, systems, and processes</i>	14. Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations 15. Deliver on our Water Plans' revenue and operational expenditure targets 16. Optimise business efficiencies through sustainable pricing, resourcing, and procurement

5. Delivering Expectations

The 2021-22 Corporate Plan aims to address the expectations set out by the Minister for Water as an entity that delivers government objectives and priorities within the context of the Act. LMW acknowledges and continues to address the following:

- the requirement to respond to the challenges of the coronavirus (COVID-19) global pandemic and the ongoing focus on economic recovery, as well as the delivery of key projects such as water efficiency projects and support our vulnerable customers through relevant hardship arrangements.
- the mandate to take clear action to eliminate the risk of unauthorised take of water to ensure that the integrity of water markets and public confidence in water resource management is maintained.
- the key priority policy areas that have been identified, and have been incorporated into the Minister for Water's performance expectations for LMW below:

5.1 Climate Change

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

Climate change will continue to have an increasing impact on water availability from the Murray River and remains a significant theme for environmental and water management in our region. In the development of the LMW Strategic Plan, the following *Strategic Aspirations* have been identified:

1. **Strategic Priority: Environment – better the environment in our region:**
 - a. Deliver the Victorian Murray Floodplain Restoration Project (VMFRP) to agreed objectives
 - b. Achieve our CO₂ emissions reduction targets
 - c. Explore enhanced integrated water management that best works for our region.

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

a. Deliver the Victorian Murray Floodplain Restoration Project (VMFRP) to agreed objectives
LMW is the project lead for the VMFRP which consists of nine discrete environmental works projects that aim to return a more natural inundation regime across approximately 14,000ha of high-ecological-value Murray River floodplain in Victoria through the construction of new infrastructure and the modification of existing infrastructure.

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

The diagram below identifies the location of the nine VMFRP sites along the Murray River. LMW will take ownership and associated ongoing operations and maintenance responsibility of all locations excluding Gunbower National Park.

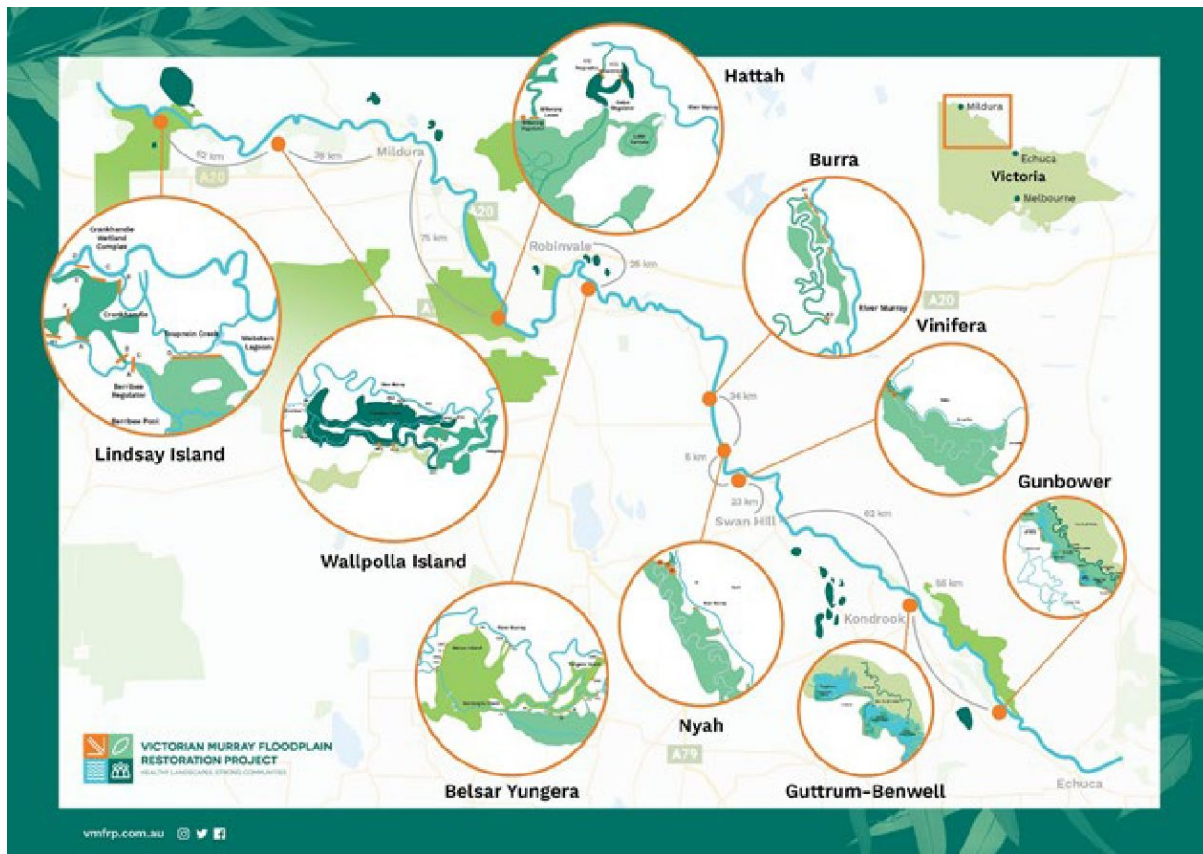


Diagram 2: VMFRP Program of works map

The works will see watering events in these areas to achieve the ecological objectives that have been set for each site. The works include regulators, pipes and pumps that will allow environmental water to be delivered from the Murray River to wetlands and floodplains. The operation of the works can achieve similar ecological benefits to a natural flood, using much less water. This will mimic natural flood events and improve the condition of vegetation communities and provide habitat for native fish, birds, frogs and turtles.

The VMFRP is currently in the Stage 1 activities phase and working in accordance with the timeframes as stipulated in the Victorian Supply Measures Environmental Works Program between the Commonwealth and Victorian Governments. These activities include approvals and designs for each of the nine projects and are to be completed by March 2023. The timelines and associated Stage 1 budget have changed since the previous plan due to changed regulatory approvals pathways that the State and Federal Governments require the projects to be approved under.

This project is important for LMW, its customers and the broader community as it will:

- Make it possible to water 14,000 hectares of high-value floodplains and wetlands using less water to achieve similar ecological benefits to a natural flood event.
- Involve Traditional Owners in decision-making processes to protect cultural heritage and restore ecological value.
- Allow Victoria to meet its commitments to the Murray Darling Basin Plan objectives without further water buyback from consumptive users.
- Enable water in a changing climate to reach parts of the floodplain for the duration and frequency required to sustain their current ecological values.
- Provide significant positive economic activity from the construction of the required works.

b. Achieve our CO₂ emissions reduction targets

LMW is working on several fronts to build resilience and reduce the risk to our environment through our urban water supply and irrigation strategies. This work includes water savings opportunities across our networks, determining peak day demand impacts for irrigation infrastructure as well as energy savings toward meeting our contribution to the Victorian CO₂ reduction pledge in 2050. We will continue to work closely with DELWP and other Victorian water corporations on an overall climate adaptation framework that provides guidance on how to apply the climate science for water planning applications including the development of strategies to reduce our emissions.

In 2019/20, LMW recorded a slight rise in its total carbon footprint to 46,772 tCO₂ against the 2025 target of 24,708 tCO₂. Contribution from our scope 2 emissions was largely responsible with increased pumping demand in the irrigation districts which made up 67% of LMW's total emissions.

To meet LMW's pledge, a reduction of 3,677 tCO₂ per annum (from 2020/21) is required. Achieving this target will involve a creative mix of operational efficiencies, modified customer behaviours, and utilising renewable energy either through direct capital investment in solar generation or other commercial arrangements, identified as savings initiatives.

Energy reduction initiatives working for LMW currently include our 1,200kW solar power installations across 16 sites. This project was completed successfully in 2019 and will deliver 1,603 tCO₂ (~7%) toward the pledge. Solar sites are consistently yielding 5-10% higher power output than forecast initially.

To provide sufficient 'top-up' of renewable energy credits to satisfy the *Statement of Obligations* by 2025, LMW will need to supplement its emission savings with other renewable sources, possibly through construction of a large behind the meter solar generating facility (up to 5 MW), or alternatively via a power purchase agreement. Analysis of these options is in progress.

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

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



Image: Solar at Mildura Water Treatment Plant

5.2 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.

LMW is focused on delivering services that meet our customers' and communities' needs and expectations, and has identified the following *Strategic Aspirations* to achieve outcomes in this area:

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

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

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

LMW is committed to creating a culture of genuine engagement with our urban and rural customers. Our annual *Customer Satisfaction Surveys* are one tool utilised to engage with customers to obtain planning and decision-making insights. Although the surveys are not mandatory requirements of the ESC, a new requirement initiated by DELWP to survey customers against four common perception indicators was implemented in the 2020/21 rural survey. These indicators are:

- *Value for Money*
- *Trust*
- *Reputation*
- *Overall Satisfaction.*

Although the results of the most recent survey are still being analysed, consideration of how overall satisfaction ratings can increase from high to exceptional has already commenced, along with other targeted initiatives to address lower satisfaction scores in Kerang and Swan Hill due to taste, odour and pressure concerns. The analysis of urban and rural customer perceptions of our service will enable opportunities for improvement to be identified, which can then be incorporated into new and existing strategies that seek to enhance customer value and community outcomes.

In 2021/22, planned engagement outcomes will be achieved through the implementation of existing strategies including the *LMW Customer Engagement Strategy*, which adopts the values, ethics and process for public participation as established by the International Association for Public Participation.

LMW will further strengthen proactive relationships with our six rural Customer Services Advisory Committees and overarching rural Strategic Advisory Committee, in their capacity as representatives of our rural customer base to better share information and facilitate two-way feedback to identify areas of improvement and establish a greater awareness of their needs.

We will ensure that the opportunity to connect through various established forums and the broader customer base to provide a reasonable and fair opportunity for customers to participate in our next pricing submission is provided. Appropriate information and engagement opportunities will be provided so the resultant *Water Plan 5 (2023-28)* considers the views of our customers.

LMW intends to deliver once again an annual *Growers' Conference* for rural customers, utilising learnings and innovation gained from producing the 2020 conference within the constraints of a COVID-19 environment. Initiated by our customer advisory committees, these conferences bring together irrigators and speakers from government agencies and industry, providing a forum for information sharing and panel discussions on matters of most interest to our rural customers.



Image: LMW Growers Conference 2019

In 2021/22, we will continue to deliver a tailored education program that reaches beyond schools to raise awareness of water efficiency principles and practices. Supporting our vulnerable and/or impacted communities and customers through encouraging efficient water use practices, this program will reach a broad and diverse audience throughout our communities.

Our work to engage customer and community groups aligns with our *Strategic Priority: Engagement*, designed to ensure authentic engagement is at the forefront of all that we do to provide a better customer experience whilst balancing and appreciating cost pressures for our customers.

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

LMW engages with many stakeholders across its urban and rural businesses. In 2021/22, key stakeholders of focus include rural customers (Irrigators, and Domestic and Stock users) as well as water brokers and rural financial service providers to reinforce the Minister's clear zero tolerance to unauthorised water take. We will continue to use strong and resolute compliance and enforcement action to protect all Victorian water users as we continue to implement recommendations of the independent Compliance and Enforcement Review completed in 2020 by the Victorian Government.

Our commitment to engaging with our customers to educate them of their obligations under the Act will continue in 2021/22 to support them through the behavioural change required to ensure effective compliance. Our Compliance and Enforcement Communications Plan demonstrates targeted activity to ensure customers are adequately informed about compliance and enforcement requirements, including how Victoria applies a zero-tolerance approach to unauthorised take. Various communication platforms will be utilised, including an SMS tool notifying customers as their Allocation Account (ABA) balance nears zero which was implemented in 2020.

Internally, there is a strong culture of collaboration with staff committed to working with other water corporations and key stakeholders. The opportunity to proactively participate in various Communities of Practice and Special Interest Groups is encouraged to enable staff to take advantage of new learnings, peer support and innovation.

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

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

Customer outcomes for the period 2018-23 are defined in the *LMW Price Submissions for Rural and Urban Services*. Summary customer outcomes for Urban and Rural services are shown below. These customer outcomes drive decision making relating to the efficient and effective management of our assets.

Urban Services

- Keep my costs to a minimum
- Be easy to contact and quick to respond
- Provide me with consistent, safe, clean drinking water
- Provide me with reliable sewerage services
- Be present and active in the community
- Be mindful of our environment
- Comply with other government obligations

Rural Services

- Supply me with water when I need it
- Keep my costs to a minimum
- Be easy to contact and quick to respond
- Comply with other government obligations.



Image: Works on a central rising main

Given that the pricing submission articulates agreed pricing pathways, these customer outcomes shape LMW's capital expenditure priorities. We are focused on delivering the capital expenditure projects identified to support the delivery of the customer outcomes identified as part of *Water Plan 4*. As we mature in our application of the Asset Management Accountability Framework (AMAF)

across the business, the optimisation process of balancing cost, risk and service levels will become more formalised and embedded through standard business processes.

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

a. Identify, define, and deliver agreed customer service levels

Although 2020 presented significant challenges with COVID-19, there was little to no service delivery disruption experienced by our customers which is a credit to the resilience and commitment of our staff.

Our service delivery performance was to a high standard throughout the year, albeit with the presence of large volumes of BGA in the Murray River requiring additional treatment for urban water supplies and increased communication of the impact for rural customers and the broader community.

Although much of the effort that goes into ensuring our service delivery levels remain unnoticed by the public, in 2021/22 we continued to strive to reach benchmark quality so that our customers remain unaware and unimpacted by the consequences of poor water quality. This sees a focus on increased engagement with rural customers to understand the impacts and challenges resulting from plumatella impacts across our delivery system.

2021/22 will also see our metering team continue to trial new handheld meter reading devices that will enable staff to streamline the process of meter reading, validation and billing enhancing insights into customer metering data.

LMW continue to develop and implement initiatives and projects across wastewater treatment and reuse sites including:

- Sludge drying bed refurbishments at the Mildura Wastewater Treatment Plan (WWTP)
- Irrigation channel refurbishments at the Mildura WWTP re-use farm
- Biosolids treatment at the Koorlong WWTP

5.3 **Water for Aboriginal Cultural, Spiritual and Economic Values**

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

LMW acknowledges the Traditional Owners of the land on which we work and reside, recognising their continuing connection to land, waterways, and community. We pay our respects to Elders past, present and future and as such, have identified the following Strategic Aspiration to achieve outcomes in this area:

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

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

a. Embed authentic customer engagement across the whole business

In 2019, LMW commenced our reconciliation journey with the development of our inaugural 'Reflect' Reconciliation Action Plan (RAP) which was developed in partnership with Traditional Owners in our service region.

We remain committed to building higher levels of trust, lowering prejudice and increasing pride in Aboriginal communities and cultures within our service region, and building upon the work already started with the review and development of our second 'Innovate' *RAP* in 2021/22.

Where we have an ability to influence, we will continue to strive to advance reconciliation with Traditional Owners. Cultural heritage values will continue to be respected and protected through processes established in the delivery works programs. Engagement has commenced, early in the planning process in strategies including the *Urban Water Strategy* and *Water Plan 5* and will continue throughout 2021/22.

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

We remain committed to ensuring that our engagement with Traditional Owners remains authentic and collaborative as we include Aboriginal values in water planning processes and particularly as we continue to engage with community in the development of *Water Plan 5*.

Our commitment to diversity, equality and inclusion has also seen us embed the inclusion of Aboriginal values in our workforce with the successful recruitment of our first identified Aboriginal position which resulted from LMW's inaugural *RAP*. This *RAP* aims to close the gap between Aboriginal and non-Aboriginal people in the workplace and establish the opportunity for long-term career progression and participation in the water industry.

We continue to work with local indigenous groups to utilise LMW land and assets for community benefit and enshrine these in shared services agreements to demonstrate our commitment to our ongoing partnerships.

LMW is committed to ensuring that Aboriginal values are inherent in the major projects that we are involved with and this is evident with the recent strengthening of the VMFRP Project Control Group's Terms of Reference to ensure that there is a member who can provide independent advice regarding Traditional Owner engagement. This is a crucial aspect of the VMFRP and this commitment to authentic and proactive engagement will enable Traditional Owners to recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector.



Image: Launch of LMW's Reconciliation Action Plan 2019

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

a. *Optimise business efficiencies through sustainable pricing, resourcing, and procurement*
LMW produced a 2019-20 Social Procurement Strategy which was in alignment with Social Procurement Framework (SPF) guidelines reviewed by the Department of Treasury and Finance (DTF). With the responsibility to administer the SPF having transferred from DTF to the Department of Jobs, Precincts and Regions, LMW is currently revising its strategy to better articulate how we contribute to the objectives of:

- Sustainable Victorian social enterprise and Aboriginal business sectors
- Opportunities for Victoria Aboriginal People

We are committed to contributing to the economic, social, and cultural development of our region and its many communities and continue to identify and develop new opportunities for social procurement. Being based in a regional area, supporting these opportunities means that we seek to keep our procurement local where possible to support local employment opportunities as opposed to seeking out Aboriginal organisations that qualify under the SPF and that predominately exist outside of our regional area. In addition, our RAP gives us clear direction and strengthens the vision and commitment to build relationships and work in partnership with our Aboriginal and Torres Strait Islander community, which continues to be a focus area moving forward.

5.4 Recognising Recreational Values

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

Water is a vital feature of our region's landscape and the communities that reside within the Murray-Darling Basin, and the opportunity to participate in recreational activities whether in the river, tributaries or floodplains is immense. As such, the following *Strategic Aspirations* support efforts in this area:

1. **Strategic Priority: Environment - *Better the environment in our region***
 - a. Deliver the Victorian Murray Floodplain Restoration Project (VMFRP) to agreed objectives
 2. **Strategic Priority: Service Delivery – *Achieve high quality outcomes for our customers***
 - a. Identify, define, and deliver agreed customer levels
 3. **Strategic Priority: Engagement – *Effective engagement without our stakeholders***
 - a. Enhance stakeholder relationships to build confidence and generate future opportunities
-
1. **Strategic Priority: Environment - *Better the environment in our region***
 - a. *Deliver the Victorian Murray Floodplain Restoration Project (VMFRP) to agreed objectives*
LMW contributes to and supports the community's water based recreational and environmental values, providing a range of operational assistance to the Mallee Catchment Management Authority (CMA) for the delivery of the Victorian environmental watering program. It's widely understood that healthy floodplains are beautiful places to visit and are great for recreation activities such as boating, fishing, and camping, and the VMFRP will get much needed water back onto nine high-ecological-value floodplains along the Murray River which will enable our community to enjoy these surrounds as they participate in recreational activities.

Without this water, these iconic landscapes will continue to decline – along with the many native trees, animals and plants that depend on them. The works identified in the VMFRP will also bring substantial financial investment into the region, creating jobs and helping local economies, and attracting tourism enabling visitors from outside our region to engage in recreational activities and contribute economically to our community for generations to come.

In 2021/22, the VMFRP continues to move through the regulatory approvals process to receive approval and funding to go ahead with the construction phase, scheduled for 2023.



Image: Hattah Lakes

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

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

Understanding how our customers utilise water for recreation is key to being able to enhance and support opportunities for recreational activities across our region. LMW is both the local water manager and the Regional Coordinator for BGA in our service region, coordinating the management of local and regional BGA blooms to minimise public health risks. The effective communication of BGA blooms has a significant impact on local and tourism-driven recreational activities on the Murray River such as water skiing, boating, and swimming.

In 2021/22, we will continue to supply recycled water to sporting fields to enable grassroots community sport to thrive, and will supply river water to key recreational lakes and billabongs including Lake Cullulleraine, Lake Hawthorn and Kings Billabong enabling a range of recreational activities including bushwalking, birdwatching, swimming, boating, kayaking and camping.

We will continue to foster relationships with recreational groups, such as local birdwatchers, by enabling them to access our wastewater re-use facilities for the documentation and observation of bird migration and behaviour.

Through our contribution to environmental watering programs, we will continue to enable opportunities that create beautiful habitats and environments to allow our community to immerse themselves in our natural assets which enhance community wellbeing and liveability.

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

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

Effective communication of BGA is particularly crucial to supporting the economy of our region which relies heavily on tourism in Summer, and even more so given recent economic recovery efforts post-pandemic. In 2020/21 we will continue this role as well as our established routine monitoring for the presence of BGA in customers' source water supply.

We will continue to adequately treat BGA in source water to provide safe drinking water and to communicate the impacts to recreation for our customers within our service area. We continue our collaborative land management partnerships as a member of RiverWatch, and on several Mallee CMA committees as well as continuing as a member of the Committee of Management of the Psyche Bend Pump Station to enable the community to engage in the history and heritage of our river.

Whilst engaging with our communities in the development of *Water Plan 5* and other key decision-making processes, we will ensure their views on recreational benefits of water are heard and be transparent where these have been implemented.

5.5 Resilient and Liveable Cities and Towns

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

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

As identified within the LMW Strategic Plan, we can support the Minister's expectation of enabling healthy communities through the following *Strategic Aspirations*:

1. **Strategic Priority: Service Delivery** - *Achieve high quality outcomes for our customers*
 - a. Identify, define, and deliver agreed customer levels
 - b. Improve our responsiveness to customer issues by obtaining better service delivery insights
2. **Strategic Priority: Engagement** - *Effective engagement without our stakeholders*
 - a. Embed authentic customer engagement across the whole business
 - b. Enhance stakeholder relationships to build confidence and generate future opportunities
3. **Strategic Priority: Environment** - *Better the environment in our region*
 - a. Explore enhanced integrated management that best works for our region
4. **Strategic Foundation – Finance & Governance** - *Secure our long-term financial success and upgrade our governance, systems, and processes*
 - Optimise business efficiencies through sustainable pricing, resourcing, and procurement

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

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

Maintaining a high level of quality for our service delivery across the urban and rural businesses is essential to creating liveability and building resilience within our region. Without a clear understanding of our customers' needs, and the ability to identify and define the service levels that are required to make our community resilient and liveable however, it is impossible to balance the costs and risks of delivering these services.

LMW recognises that its customers' and communities' overall well-being and livelihood is directly linked to the agricultural, tourism and support industries which form the region's economic backbone. The relationship between water resources and the region's social and economic success is critical – and as a part of this relationship, LMW must deliver its services efficiently and appropriately.

There are many factors that pose challenges to essential water services and their efficient management, whilst also providing opportunities for greater community engagement and a contribution to the community and its growth through the synergies of a combined urban and rural water business.

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

- Water security and maintaining community amenity and liveability, especially under drought conditions
- Flood, blackwater and BGA events causing highly variable water quality over sustained periods
- Maintaining affordability of water services to the community under the economic impacts of fluctuating food commodity prices and volatile electricity prices.

In 2021/22, LMW's participation in IWM forums continue with projects to be delivered in collaboration with regional partners including the Sunraysia Regional Water Balance Model which will be completed in collaboration with partners involved in the water cycle within our region. This project was one of several initiated in the Northern Mallee Integrated Water Management Forum and will inform future water strategy decision-making.

With the imperative to uphold the title of Victoria's best tasting drinking water, 2021/22 also sees us focus our efforts on improving the benchmark set in 2020/21 to continually exceed regulatory requirements. Other initiatives that will continue to be developed in 2021/22 includes the ongoing development of UV technology to help manage adverse weather events including blackwater and BGA events more effectively and with less impact on existing systems.



Image: Best Tasting Tap Water 2020 Award winning team - Kendall Niblett, Julie Krake & Jason Haby

Improve our responsiveness to customer issues by obtaining better service delivery insights

Our ability to respond to customer issues is strengthened by our ability to understand and gain insights into these challenges for better service delivery. Identified customer outcomes enable us to drive initiatives that will improve service delivery and thus enhance liveability of our region.

Direct feedback coupled with data derived from engagement through Customer Satisfaction Surveys, stakeholder forums and best practice across the industry, enable LMW to make continuous improvements to meet relevant water quality regulatory standards.

In addition to this, initiatives that have been developed, continue to be adapted and strengthened to improve responsiveness to customers and the community such as the in-house testing for

BGA. Our ability to test BGA in-house not only enables us to respond more effectively and in a timely manner, but it also builds the capacity and capability of our staff which creates resilience across our organisation and our region.

Focus on the innovative use and disposal of biosolids sees the trial to transport stockpiled biosolids from our Koorlong Wastewater Treatment Plant (WWTP) for reuse continue as we measure the benefits to crops through yield and protein content, an initiative driven by our biosolids committee to meet all EPA requirements. The biosolids will be spread on two dryland farms and promote the use of biosolids on farms in the region and support the more effective management of biosolids storage at our WWTPs.



Image: Biosolids at Koorlong Wastewater Treatment Plant

Investment in projects such as the 400ML wet weather storage facility at our Koorlong WWTP enables LMW to meet its EPA requirements to make the system more robust and ensure that the customer isn't impacted which again contributes to resilient and liveable communities.

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

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

There are many activities that LMW undertakes to ensure that the level of engagement is appropriate and relevant to the stakeholders being targeted. Utilising IAP2 principles, engagement is designed and tailored to enable customers and community to proactively contribute to the services that they experience. This is undertaken via Customer Satisfaction Surveys where customers can articulate their perceptions and views from an urban perspective, to Customer Service Advisory Committees which enable us to gain insight into irrigator issues and gather feedback that supports strategic and operational decision making.

Given the location of our region and the increase in extreme weather events as a result of climate change, resilience within our sector is integral to delivering high quality service levels and contributing to liveability. Authentic engagement is fostered through transparent communication regarding impacts to operations and service delivery and informing our customers proactively when these issues arise. The recent COVID-19 pandemic has also demonstrated our ability to activate opportunities for engagement with our community to ensure vulnerable customers who experience hardship know that they can engage with us to support them through difficult circumstances. We will continue to support our community through education programs and make opportunities for our customers to engage proactively.

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

Whilst engaging with our communities in the development of *Water Plan 5* and other key decision-making processes, targeted focus on stakeholder relationships continue in 2021/22. Acknowledgement that stakeholder relationships are the responsibility of all staff and not just a specific team or unit is key to our ability to engage authentically. Over 20 staff have been formally trained in IAP2 principles which empower staff to plan and deliver effective engagement across a range of issues, initiatives, and strategies. This will continue in 2021/22.

Specific initiatives designed to enhance our relationships with key stakeholders and that enable them to access safe, affordable, and reliable services both directly and indirectly include:

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

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

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

Collaboration with key partners in integrated water management activities is a driver in creating communities that thrive. Given that water is central to liveability, and underpins our quality of life, drives our industries and economy, and nurtures our natural environment, LMW has the ability to contribute to the liveability and resilience of our community through delivering great community value through strategic and consistent collaboration.

Unlike other regions within Victoria, our service region presents unique challenges that require innovative thinking to be able to identify and develop initiatives that will enable LMW to create new integrated water solutions that will address our water challenges. Repurposing of drainage or treating wastewater for reuse are opportunities that are currently being considered, particularly as our semi-desert climate negates the opportunities afforded to other regions with higher rainfall to develop projects such as collecting rainwater or harvesting floodwater for alternate usage.

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

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

Through the optimisation of business efficiencies relating to sustainable pricing, resourcing, and procurement, LMW are committed to continuous improvement and setting a best practice standard when it comes to supporting safe, affordable, and high-quality services. In 2021/22, the prioritisation of programs that optimise our systems and create business efficiencies will be a focus, including:

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

5.6 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.

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

1. **Strategic Foundation: People & Safety** – *Enhance our people and safety, and leverage innovation to be more efficient and effective*
 - a. Put 'safety first' through communication, consistency, clarity, and commitment
 - b. Embed #1LMW by fostering a high-performing culture by attracting, retaining, and developing our people
 - c. Achieve greater equality, diversity, and inclusion
 - d. Adopt improved ways of working through our Business Transformation Program
 2. **Strategic Foundation: Finance & Governance** – *Secure our long-term financial success and upgrade our governance, systems, and processes*
 - a. Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations
-
1. **Strategic Foundation: People & Safety** – *Enhance our people and safety, and leverage innovation to be more efficient and effective*
 - a. Put 'safety first' through communication, consistency, clarity, and commitment

In July 2020, LMW released its *4C Safety First Strategy* to support the improvement of safety performance and culture across the organisation. The *4C Safety First Strategy* outlines a program of works that has been developed in consultation with the Executive and Safety teams. This strategy demonstrates a united commitment to engaging with staff at all levels to improve the organisation's approach to safety and establish a safety culture which supports the physical and mental health of our workforce.

The strategy provides a set of formalised lead and lag KPIs for Executives, people leaders and all staff, which are monitored and reported against regularly. LMW will utilise a combination of the strategy, wellbeing indicators from the annual Victorian Government *People Matters Survey* and the results from the third *Global Safety Index (GSI)* survey to confirm an improvement in organisational physical and psychological safety performance and culture.

b. *Embed #1LMW by fostering a high-performing culture by attracting, retaining, and developing our people*

The development and implementation of LMW's *Leadership and Talent Management Framework* during the 2021–22 financial year will support the embedding of these capabilities and enable LMW to achieve targeted workforce planning for both the current and future needs of the organisation. The *Leadership and Talent Management Framework* will cover the full lifecycle of an employee with six key stages:

- *Attract Talent*
- *Onboard Talent*
- *Develop Talent*
- *Retain Talent*
- *Share Knowledge*
- *Release Talent*

LMW will utilise results from the Victorian Public Sector *People Matters Survey* and workforce analytics from stages two, through five, of the *Leadership and Talent Management Framework* to

measure the organisation's culture and identify opportunities for improvement. Striving to provide a work environment where individuals and teams can be innovative and share knowledge to achieve their potential is crucial to instilling a culture that leadership is a behaviour not a title.

People and Safety has been identified as a *Strategic Foundation* in the recently developed *LMW Strategic Plan* and within this foundation are four key *Strategic Aspirations* that demonstrate our commitment to developing our leaders. A range of formal training provided in-person and virtually continues as a strategic priority to equip our managers with tools and strategies to manage teams remotely (in lockdown environments and as we move towards ongoing flexible working arrangements) and support their staff to maintain mental health and overall wellbeing.

c. Achieve greater equality, diversity, and inclusion

LMW has a strong program of works to increase the diversity, and inclusive culture of our organisation to ensure it is reflective of the community we work in. Through the implementation of our obligations under the Victorian Government's *Gender Equality Act*, we will formalise a *Gender Equality Action Plan* that will focus on the achievement of an inclusive work environment that provides opportunity at all levels of the organisation for all people. Initiatives will include:

- Improve participation by Traditional Owners and Aboriginal Victorians in Board, Committees, and other organisational committees as an identified action in our *RAP*.
- Increase the participation and representation of Aboriginal people in our business and continue to build on the diversity of our organisation toward the Victorian State Government target of 3%.
- Increase the number of females occupying senior leadership positions over projected five-year period.

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

In 2019-2020, 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. 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. LMW also implemented a "staff movement" solution across all our sites to meet contact tracing requirements and our commitments to pandemic management response protocols.

The 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.

Four strategic drivers have defined the objectives of the BTS and will act as guideposts for key initiatives throughout the program. These drivers are as follows:

- *Customer Experience* - enabled by a customer-centric model and streamlined business processes, supported by technology capabilities.
- *Employee Engagement & Culture* - through embedding high-performance culture and providing the right tools, training, and processes for staff to excel in their functions.
- *System & Data Architecture* – through refreshed and updated business systems to enable flexible, integrated, and contemporary scalable systems in support of LMW's customer and regulatory commitments.
- *Efficient Operations* – through technology enabled enhancement of key operational and asset management outcomes including data-driven strategic decision-making capabilities.

The next phase of the BTS is to scope the implementation plan and build the following program of key initiatives that will contribute to delivering the objectives for 2021-22, and include:

- *Customer Relationship Management (CRM) Solution*
- *Customer Services Portal*
- *Billing Services*
- *Corporate Financial Management*
- *Enterprise Business Intelligence (BI) Solution*

Strong consideration of significant financial and non-financial benefits associated with the BTS are the underpinning principles of this strategy. These include a material uplift in the customer experience, a reduced business risk profile, improved strategic and operational decision making, and improved staff culture and engagement.

To achieve these outcomes, we will endeavour to derive more value from technology investments, governance frameworks, strategic alliances and nurture capability which resides within our organisation. We remain vigilant of emerging threats and vulnerabilities for LMW and continue to improve our cyber security posture to defend against these challenges.

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

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

To achieve the outcomes aligned with our identified strategic priorities and build capacity and capability within LMW's leadership team, it's crucial that the year-on-year improvement in our frameworks, systems, and policies are prioritised in the immediate future. This will enable enhanced decision making by Executive and Board in the medium to long term.

In order to achieve this, a comprehensive understanding of LMW's operations is required to ensure that our priority obligations are clearly defined. Through the development and implementation of a *framework of Frameworks*, the operating system of the organisation will be documented which will allow longer-term sustainability to be driven through good governance, efficient systems, and documented processes. This will then underpin the enablement of technology through the implementation of the BTS.

These enhancements have already begun, which will better enable organisational performance as we finalise our organisation's strategic plan and move into implementation which can then be reviewed annually and integrated with the annual Managing Director, and Executive Performance Assessments.

Enhanced systems and frameworks also provide space for the Board to focus on its priorities and strategic focus areas which will be a key focus as the Board moves towards spending the majority of its time enabling strategic discussion, policy and governance oversight, which again can be measured against its annual Board Performance Review (which is summarised and provided to the Minister each year).

5.7 Financial Sustainability

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

Financial sustainability is a crucial objective for LMW, and we will continue to provide all current services whilst striving for greater cost efficiencies to improve the value provided to customers. The following Strategic Aspirations have been identified to support meeting expectations in this area:

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

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

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

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

Our financial sustainability is dependent upon our ability to ensure that the necessary frameworks and systems are in place to best support staff and to enable data-driven decision making and the reduction of manual process management.

LMW continue to review and enhance key strategic frameworks including our *Procurement Framework*, *AMAF*, and the development of the financial sustainability cycle.

Enhancements in our enterprise budgeting solution for better management oversight continues, moving us towards stronger business analytics to enhance our reporting platforms. In early 2021, a project to develop an assurance map was finalised providing the organisation with a tool that enables better visibility and oversight of our risks and risk management.

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

LMW's revenue streams persist with customer growth continuing through both urban residential development and rural horticultural growth (supported through the recent SMP2 development). The expenditure drivers to deliver these services are continually under review.

The recent year saw a number of changes and challenges that were not forecast in *Pricing Submission 4* as a result of COVID-19. For example, LMW planned to maintain the current level of annual ICT expenditure, however under Government direction saw a large number of staff working from home, creating unforeseen costs to enable staff to work efficiently and have access to network connectivity. Despite these challenges, this technology will ultimately create operational savings moving forward with working practices shifting towards more virtual engagement and flexible working arrangements.

Other additional costs incurred during this time included the purchase of contact tracing software and subsequent roll-out costs, work-from-home payments, and the provision of additional mental health assistance services to support LMW staff during lockdown. These costs were minimal and are not anticipated to be ongoing.

To adapt and plan for future challenges as a result of COVID-19, we have made a small allowance in receivables for when JobKeeper ceases and our customers' ability to pay their water bills might become compromised resulting in an increase of our debtors.

Ultimately, the financial impact of COVID-19 to date has been minimal and LMW has maintained provision of our services with limited interruptions, whilst providing financial assistance to customers and creditors where required. LMW did not experience material payment defaults and payment of debtor accounts has remained consistent with previous periods despite COVID-19.

LMW is committed to following price paths that were set within *Water Plan 4* and continue to align expenditure budgets with the ESC approved operating expenditures with built-in efficiencies. Budgets have been reviewed as a part of the corporate planning process.

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

A recent organisation-wide review of procurement has seen the implementation of the LMW Procurement Framework which outlines the process for identifying, planning, acquiring and sustaining the goods, services and works necessary to enable the organisation to achieve its goals and to identifying efficiencies and improvements for customer value. Resulting from the *Ministerial Directions for Public Construction Procurement*, the implementation of the *Procurement Framework* and subsequent policies and processes has occurred and will be further embedded forward with a training program developed and currently in roll-out phase.



Image: Contractors at Koorlong Recycled Water Storage Facility

LMW is now a mandated organisation to apply the Victorian Government's purchase contracts and will be transitioning expiring contracts to further LMW's purchasing value.

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

The development of frameworks and the optimisation of efficiencies requires an appropriate allocation of resources to match our obligations and our customers' expectations.

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

a. Optimise our infrastructure through improved life cycle management

Maximising the life cycle of assets requires careful planning. LMW continues to mature within the AMAF, working towards best practice in asset management and ensuring that LMW realises the full value of assets in service delivery objectives. Our continual improvement in planning, acquisition,

operation and maintenance and disposal of service delivery assets will ensure efficient operational costs for the organisation and ultimately our customer base.

LMW is committed to managing a diverse asset base that delivers reliable services to our customers. Asset management maturity has been advanced over 2021 with compliance achieved against the DTF mandated AMAF which supports LMW's obligation to a whole- of-business- approach to manage our assets and finances responsibly, and sustainably on behalf of the community.

Key components of AMAF include:

- *Asset class plans for critical assets*
- *Roles and responsibilities for LMW staff around asset management*
- *Life cycle approach to asset management*

The business has commenced implementation of the management framework which involves a heavy focus on asset criticality, i.e. those assets presenting a risk of service failure to customers. A shift to predictive maintenance strategies for large pipelines, pumps and electrical assets has followed, and includes more thorough understanding of condition assessment and performance feedback from operations.

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



Image: Koorlong Recycled Water Storage Facility

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

Service delivery was largely unaffected as a result of COVID-19, however minor delays were experienced within the capital expenditure program due to access and mobility issues with some contractors.

In 2020/21, our focus was on building our technical base following the departure of several experienced staff. This included a focus on providing resources to support the development of improved resource and project planning, processes, and reporting.

In 2021/22 we will also continue to embed these processes and adapt to strong construction market conditions to deliver customer outcomes within budget. The major capex works program to be delivered in 2021-22 is as follows:

- Swan Hill North WTP 6 ML Ground Level Storage
- Additional Water Source
- Mildura WTP Power Supply Upgrade
- Mildura WTP Ultra-Violet Treatment
- Mildura West WTP Upgrade to ClearSCADA
- Kerang WTP Ultra-Violet Treatment Upgrade
- Swan Hill WTP Ultra-Violet Treatment Upgrade
- Robinvale WTP Ultra-Violet Treatment Upgrade
- Water Main Replacements (Northern & Southern regions)
- Mildura West WTP Ultra-Violet Treatment

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

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

With climate change driving more extreme weather events, the requirement to invest time and resources into developing an appropriate strategic position relating to water security is necessary.

As a part of the Statement of Obligations, LMW is mandated to prepare an Urban Water Strategy to develop relevant strategies to increase urban water security. Consultation during WP4 with Urban customers revealed a willingness to fund investment in water security to avoid imposing water restrictions except in exceptional circumstances. As such further development opportunities to invest in water security are currently being prepared to increase the water security of the urban business.

Climate change and the availability of water will result in a scenario where water cannot be sold if it is not available. In addition to this, extreme weather events and impacts due to climate change such as BGA, result in increased operational costs which impact sustainability.

5.8 Strengthen Compliance

LoE 8: Apply a zero-tolerance approach to unauthorised water take and adopt a consistent risk-based approach to manage compliance and enforcement with improved oversight and reporting.

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

1. **Strategic Foundation: Finance & Governance** - *Secure our long-term financial success and upgrade our governance, systems, and processes*
 - a. Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations
2. **Strategic Priority: Engagement** – *Effective engagement with our stakeholders*
 - a. Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region.

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

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

In accordance with the recommendations made in the Compliance and Enforcement review, LMW has developed a *Compliance and Enforcement Strategy* and a specific plan to manage rural unauthorised take to ensure activities undertaken are risk-based, transparent and appropriate, and where necessary may include Penalty Infringement Notices, lockdown or prosecution. This review provided recommendations to strengthen the capability and capacity of the Compliance and Enforcement Team and broader organisation.

Although the vast majority of LMW customers do the right thing, focus has and continues to be concentrated on opportunities for improvement that enable LMW to target resources to effectively identify, manage and address non-compliance across the entire business. Whilst systems and processes are integral to the effective management of compliance, so too is communication and engagement to support and educate our customers in adapting to new rules and reinforcing positive behavioural change.

Significant effort to strengthen compliance practices regarding unauthorised take within LMW has been undertaken over the past 12-18 months and continues to remain a strategic priority to ensure that KPI tolerances remain within threshold limits each year as per below:

- No more than 1% of volume of total water take is taken without authorisation at any time.
- No more than 3% of accounts are to be in negative at any time.

In order to continue to build upon the improvements made over the past 12 months to LMW's management of unauthorised take, a more comprehensive understanding of our operating environment is being determined with the documentation of a framework that articulates the numerous frameworks relating to governance and compliance. Further automation of manual systems and protect the integrity of data compilation for reporting will also continue. This will enable LMW to progress outstanding Compliance and Enforcement review recommendations and embed the compliance and enforcement work program across the business.

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

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

Engagement with stakeholders regarding compliance is essential to affect positive behavioural change, and LMW engages with many stakeholders across its urban and rural business with regarding to compliance. In 2021/22, focus continues on the building of more robust systems and processes that not only address the challenges faced regarding unauthorised take, but other areas of compliance that can benefit from the learnings and growth we have experienced in this area over the past 12 months.

Enhanced communication that is tailored to key stakeholder groups has commenced and will continue as we focus our efforts on maximising outcomes through targeted communication and education campaigns. This involves a combination of written and face-to-face engagement to both individuals and collective cohorts of key stakeholder groups. Particular focus for 2021/22 will continue on irrigation customers, 'serial offenders', brokers and accountants, and our Domestic and Stock customers. We will continue to use strong and resolute compliance and enforcement action to reinforce the Minister's clear zero-tolerance approach to unauthorised water take and other offences under the *Act*.

6. Risk Management

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

LMW complies with *Standing Direction of the Minister for Finance* (Ministerial Standing Direction) 3.7.1 – Risk management framework and processes which mandate that agencies demonstrate, through an attestation of the risk management process, that they are managing risk effectively. The *Risk Management Improvement Plan* (RMIP) supports workload balance for the Governance Team in conducting risk improvement activities whilst continuing to support the organisation with risk identification and management.

The development of a *Risk Management Framework* supports Lower Murray Water's commitment to risk management and is fundamental in supporting the achievement of the organisation's objectives.

LMW's rationale for managing risk is that:

- LMW faces internal and external factors and influences that make it uncertain whether, when, and the extent to which LMW will achieve its objectives
- Many activities of the organisation involve risk and
- LMW sees benefit in managing risk by anticipating, understanding, and deciding whether to modify it, using a systematic approach

The purpose of the *Risk Management Framework* is to provide parameters for managing risk within LMW. It defines the 'set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.' It outlines the key elements which, when combined, create an environment for effectively managing risk across the organisation.

The risk management attestation is conducted annually and is due prior to the completion of the annual 2020/21 attestation of compliance with Standing Directions in September 2021. It is envisaged the RMIP is updated annually based on outcomes from the 2020/21 attestation process.

In response to the state of emergency declared on 16 March 2020 as a result of the COVID-19 pandemic, LMW appointed its General Manager People and Customers as a Pandemic Manager to lead the organisation through the development and implementation of a *Pandemic Management Plan* (PMP). The PMP provided a structured approach to enable LMW to manage the changing work environment, provide a safe workplace and ensure continuity of essential services to the community. To support the implementation of the PMP a Pandemic Management Group was formed which brought representatives from each division of the organisation together to provide input and updates from across the business to ensure LMW's response was addressing the needs of its people and customers. OHS remains a key priority for LMW with vulnerable staff assessed and control measures implemented to protect these people. COVID-19 related OHS of staff continues to be monitored in alignment with Government announcements and directives.

Our community remains at the heart of all LMW does, and where required we are supporting our customers through our established financial programs, and this will remain our focus. All LMW operations are functioning uninterrupted by the pandemic and LMW remains committed to supporting our community.

7. Our Financial Performance

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

7.1 Pricing

7.1.1 Overview

The structures for urban and rural pricing are forecast to remain unchanged for the Corporate Plan period 2021/22 to 2025/26 (subject to changes that may be proposed under *Water Plan 5*) with LMW using the postage stamp pricing method for urban pricing (with all urban townships have common pricing), and the location pricing method for rural pricing.

7.1.2 Urban

Urban pricing is regulated by the ESC who completed its review of LMW's urban pricing submission for 2018-19 to 2022-23 and released a final determination in June 2018.

Urban pricing for the 2018-23 pricing submission assumed a -0.35% real price path, adjusted annually for the average cost of debt and CPI for the year. The Corporate Plan 2021-22 urban pricing continues to follow this price path. After applying an estimated -0.60% cost of debt adjustment and an estimated CPI of 0.75%, urban services will see a decrease of -0.20% in 2021-22 for the reference customer.

The annual bill impact of this change for urban reference customer is presented in Table 1 below:

Urban Service	2020-21	2021-22	\$ Change	% Change
Owner Occupier				
Water Service Charge	\$208.36	\$207.92	-\$0.44	
Water Usage (477kL)	\$281.51	\$280.94	-\$0.57	
Sewerage Service Charge	\$491.84	\$490.84	-\$1.00	
Total Reference Bill	\$981.71	\$979.70	-\$2.01	-0.20%
Tenant Occupier				
Water Usage (477kL)	\$281.51	\$280.94	-\$0.57	-0.20%

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

Refer to Section 10.3 for the detailed forecast price path for regulated urban services.

7.1.3 Rural

The tariff structures of all rural districts remain unchanged for the Corporate Plan period 2020/21 to 2025/26.

LMW uses the location pricing method to set prices for rural services and each district has its own tariffs. Prices are calculated for each district based on forecast demand of volumetric water deliveries, growth, planned operations and maintenance expenditure, and capital investment.

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

The revenue raised by the rural business for regulated services is capped and, as approved by the ESC, subject to the annual price adjustment mechanism for electricity cost movements developed due to the volatility and uncertainty of this market at the time of the pricing submission planning. The electricity price adjustment has not been triggered for 2021-22 tariff prices.

LMW is forecast to exceed the revenue cap however this is due to additional revenue from the completion of the Sunraysia Modernisation Project 2 (SMP2). The project was not included in the 2018-23 pricing submission due its uncertainty at the time. SMP2 works were completed in October 2019 with the first water deliveries made in the 2019-20 irrigation season.

Due to a pending Board decision regarding SMP2 revenue distribution, and subsequent approval from the ESC via the annual tariff review process, a conservative assumption has been applied to SMP2 revenue in which price reductions will be applied to delivery shares within the districts from which the revenue is generated.

The annual bill impact of the changes for rural reference customers is presented in Table 2 below:

Rural District	2020-21	2021-22	\$ Change	% Change
Mildura (100ML)	\$14,785.73	\$14,961.98	\$176.25	1.19%
Mildura High Pressure (HP) (100ML)	\$21,797.01	\$22,514.86	\$717.85	3.29%
Merbein (100ML)	\$11,905.53	\$10,632.94	-\$1,272.59	-10.69%
Red Cliffs (100ML)	\$12,845.05	\$11,371.78	-\$1,473.27	-11.47%
Robinvale (100ML)	\$22,061.45	\$22,078.90	\$17.45	0.08%
Private Diverters (1,000ML)	\$12,093.21	\$12,373.30	\$280.09	2.32%
Millewa Waterworks (Rural)(4,300kL)	\$8,292.90	\$8,128.50	-\$164.40	-1.98%
Millewa – Urban (400kL)	\$918.56	\$924.75	\$6.19	0.67%
Yelta Water Works (3ML)	\$1,676.61	\$1,671.97	-\$4.64	-0.28%

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

After indexation, using estimated March 2021 annual CPI of 0.75%, generally districts will see price movements following the ESC approved price path movement in 2021-22 with the key exceptions being Merbein and Red Cliffs as a result of SMP2 revenue, though this rate of reduction is based on the assumed SMP2 revenue distribution method, that is subject to confirmation.

Refer to Section 10.3 for the detailed forecast price path for the regulated rural services.

7.2 Operating Expenditure

7.2.1 Urban

The financial year 2021-22 is year 4 of the Urban Water Pricing Submission 2018-2023 Plan. LMW is committed to the delivery of the plan, the outcomes remain the objectives and deliverables of the Corporation along with the challenges they present.

In general terms, LMW's proposed services represent an incremental improvement on current service levels. Through customer surveys, our customers have advised they are satisfied with LMW service levels and that they wish to keep costs to a minimum.

LMW's planned operating expenditure for 2021-22 reflects the pricing submission's budget, however, contains additional business transformation initiatives with improved work practices that are expected to yield long-term efficiency savings. The 2021-22 urban operating expenditure budget, excluding depreciation and interest expenses, is an increase of 4%. Whilst the total corporation operating expenditure is a 2% increase, the urban business does not achieve the same level of costs savings as the rural business from the reduced electricity prices nor the reduced bulk water charges due to the much lower consumption of these cost drivers. Further detail is provided in section 7.3 Operating, Maintenance and Administration Expenses.

Table 3 below sets out our proposed total operating expenditure for each year of the planning period, across each water and wastewater service category. The table separates out the costs that are not controllable by LMW (GMW bulk water charges and the environmental levy contribution). The total forecast operating expenditure for the *Corporate Plan* period is also provided.

The total budget and planned expenditure remain relatively stable and in-line with assumed inflation in aggregate over the corporate plan period.

Cost Category	Current Period	Corporate Plan Period					
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
	Forecast \$m	Budget \$m	Planned \$m	Planned \$m	Planned \$m	Planned \$m	\$m
Water	24.41	24.46	25.78	26.77	27.65	28.79	133.45
Wastewater	17.51	18.09	18.94	19.56	19.99	20.42	97.00
External bulk water charges and water allocation purchases	0.63	0.69	0.71	0.72	0.74	0.76	3.62
Environmental Contribution	1.79	1.79	1.79	1.79	1.79	1.79	8.95
Total Expenditure	44.34	45.03	47.22	48.84	50.17	51.76	243.02

Table 3: Urban Forecast, Budget and Planned Operating Expenditure 2020/21 to 2025/26

7.2.2 Rural

The financial year 2021-22 is year 4 of the Rural Water Pricing Submission 2018-2023 Plan. LMW is committed to the delivery of the plan, the outcomes remain the objectives and deliverables of the Corporation along with the challenges they present.

LMW's budgeted operating expenditure for 2021-22 reflects the pricing submission's budget which contains business transformation initiatives with improved work practices that are expected to yield long-term efficiency savings.

The 2021-22 rural operating expenditure budget is a decrease of 1% on the pricing submission.

The implemented initiatives expected to yield efficiency savings including improved work practices, automation of pipeline delivery systems and installation of 'live' meter readings. Customers can access the LMW website to view up to date water consumption, ABA balances, and irrigation trends along with 'live' flow rates.

The use of this technology will lead not only to efficiencies for LMW, but also increase customer service levels.

Table 4 sets out our proposed total operating expenditure for each year of the Corporate Plan period, across each major service category. The total operating expenditure for the period is also provided.

The total budget and planned expenditure remain relatively stable and in-line with assumed inflation in aggregate over the corporate plan period.

District	Current Period	Corporate Plan Period					
	2020-21 Forecast \$'m	2021-22 Budget \$'m	2022-23 Planned \$'m	2023-24 Planned \$'m	2024-25 Planned \$'m	2025-26 Planned \$'m	TOTAL \$'m
Irrigation and drainage	28.66	28.86	29.54	30.05	30.62	31.28	150.35
Domestic and stock districts	2.37	2.00	2.02	2.06	2.09	2.11	10.28
Surface water diversions	2.42	2.53	2.52	2.54	2.57	2.60	12.76
External bulk water charges and water allocation purchases	2.67	3.13	3.19	3.25	3.31	3.37	16.25
Environmental Contribution	0.47	0.47	0.47	0.47	0.47	0.47	2.35
Total Expenditure	36.59	36.99	37.74	38.37	39.06	39.83	191.99

Table 4: Rural Forecast, Budget and Planned Operating Expenditure 2020/21 to 2025/26

7.3 Operating, Maintenance and Administration Expenses

LMW continues to strive to deliver on the efficiency of expenditure planned and budgeted for LMW's Pricing Submission 2018-2023. The main drivers in expenditure variations from the pricing submission budgets for the Corporate Plan 2021-22 budget are:

Labour: The current EBA expires on 30 June 2021 and salary increases are forecast to increase by 2% annually throughout the corporate plan period with the negotiation of a new Enterprise Bargaining Agreement (EBA). Lower Murray Water has undertaken an organisational restructure over the past two years. LMW continue to review positions made vacant by employee departures, by assessing the need to refill the position given new business processes and succession planning. LMW currently has additional staffing resources than forecast within the pricing submission.

Electricity: One of the primary decreases in operating expenditure is electricity costs, especially in the rural business where substantial use of energy is required in the delivery of large volumes of water. LMW forecast electricity costs are based on LMW's already contracted energy requirements for 2021-22, a decrease of approximately 13%. The forecast is modelled on LMW's power consumption, energy demand profile, energy tariffs and water usage/delivery forecast. Energy costs include the additional requirement of the progressively implemented ultra-violet water treatment to which urban customers have confirmed they want the additional protection barrier for consistent, clean, and safe drinking water.

Software: An increase in software expenditure to provide improved work practices and drive additional customer service levels. The main cost driver however is the change of vendors software expenditure moving from licence purchase (capex) to a subscription- based model (opex).

Insurance: LMW participates in procuring its insurance needs through a combined Victorian Water Industry approach. Contracted insurance brokers are currently in negotiation with insurance underwriters however have advised that insurance premiums will substantially rise for 2021-22 from previous levels.

Bulk Water Charges: Bulk water costs from Goulburn-Murray Water are budgeted to decrease with a new pricing determination approved by the ESC in 2020. Whilst the decrease will reduce overall expenditure, it will be a direct decrease in expenditure for the urban business however the rural decrease is offset by lower revenue due to the 'pass through' treatment of the bulk water charge to rural customers.

7.4 Capital Expenditure

LMW has followed a planned process to build a prudent and efficient capital expenditure program to meet the agreed customer outcomes and associated performance targets, current and new government obligations and commitments, and/or to manage risk to the business throughout the development of the *Pricing Submission 2018-23*.

LMW has embedded the *Ministerial Directions for Public Construction Procurement* which has been coupled with an organisation-wide review of procurement which has seen the implementation of the *LMW Procurement Framework*. This process for identifying, planning, acquiring, and sustaining the goods, services and works necessary to enable the organisation to achieve its goals and to identifying efficiencies for customer value.

LMW continues to mature within the *AMAF*, working towards best practices in asset management ensuring LMW realise the full value of assets in service delivery objectives.

LMW commences the first stage of the business transformation program, which will see a total of \$5.116m in FY22 and FY23 invested in capital projects to provide the platforms to enable and drive operational efficiencies.

7.4.1 Urban

The capital works budget for the 2021-22 is centred on delivering the agreed service level outcomes as supported by the pricing submission. Major urban capex works to be delivered in 2021/22 is outlined in Table 5 below:

Water Projects	\$ '000
Swan Hill North WTP 6 ML Ground Level Storage	2,883
Additional Water Source	2,289
Mildura WTP Power Supply Upgrade	1,766
Mildura WTP Ultra-Violet Treatment	1,485
Mildura West WTP Upgrade to ClearSCADA	1,250
Kerang WTP Ultra-Violet Treatment Upgrade	1,240
Swan Hill WTP Ultra-Violet Treatment Upgrade	1,160
Robinvale WTP Ultra-Violet Treatment Upgrade	1,066
Water Main Replacements (Northern & Southern regions)	971
Mildura West WTP Ultra-Violet Treatment	751

Sewer Projects	\$ '000
Merbein WWTP Divert to Koorlong	872
Northern Sewer Rehab Program 2021-22	580
Southern Sewer Rehab Program 2021-22	471

Table 5: Major urban capex program 2021/22

Total proposed Urban capital expenditure for the Corporate Plan period across each service category is set out in Table 6 below.

Service Category	Current Period	Corporate Plan period					
	Forecast 2020-21 \$'m	Budget 2021-22 \$'m	Planned 2022-23 \$'m	Planned 2023-24 \$'m	Planned 2024-25 \$'m	Planned 2025-26 \$'m	TOTAL \$'m
Water	9.06	16.30	8.53	16.60	25.21	28.61	95.25
Sewerage	5.11	2.87	2.60	9.89	9.78	9.98	35.12
Corporate	1.52	3.61	3.67	1.06	1.08	1.10	10.52
Recycled water	-	-	-	-	-	-	-
Gifted assets	3.66	3.67	1.29	1.32	1.35	1.38	9.01
Total capital expenditure	19.35	26.45	16.09	28.87	37.42	41.07	149.90

Table 6: Forecast, Budget and Planned Urban Capital Expenditure 2020/21 to 2025/26

7.4.2 Rural

The capital works budget for the 2021-22 is centred on delivering the agreed service level outcomes as supported by the pricing submission. Major rural capex works to be delivered in 2021/22 is outlined in Table 7 below:

Irrigation	\$ '000
Millewa Replace River Pump Station	1,269
Mildura Irrigation Mains Replacement	1,187
Mildura REFCL Upgrade 17th St HPPS (Investigation only)	715
Merbein Irrigation Mains Replacement	671
Private Diverters Metering Program	276
Mildura Irrigation Main Replacement - Karadoc Avenue	205
Robinvale Pump Station Install Air Conditioner	194
Merbein Pump Station Upgrade of Drainage	150
Red Cliffs Irrigation Meter Replacement	145
Mildura irrigation Main Replacement - 20th Street	132
Merbein REFCL Upgrade Merbein Pump Station	130
Red Cliffs Upgrade Irrigation Railway Culvert - Wilga Road	110
Mildura Irrigation Meter Replacement	105
Merbein Irrigation Meter Replacement	91
Merbein Install Scour Valves	89
Red Cliffs Channel Relining	85
Red Cliffs Irrigation Mains Replacement	82
Mildura Channel Relining	80
Merbein Install Air Release Valves	59
Red Cliffs Install Isolation Valves	58

Table 7: Major rural capex program 2021/22

Total proposed Rural capital expenditure for the Corporate Plan period across each service category is set out in Table 8 below.

District	Current Period	Corporate Plan period					
	Forecast 2020-21 \$'m	Budget 2021-22 \$'m	Planned 2022-23 \$'m	Planned 2023-24 \$'m	Planned 2024-25 \$'m	Planned 2025-26 \$'m	TOTAL \$'m
Irrigation and Drainage	4.45	5.70	4.43	7.83	11.53	7.02	36.51
Domestic and stock	0.23	1.33	1.26	0.20	0.19	0.19	3.17
Surface water diversions	0.20	0.30	0.29	0.75	0.74	0.75	2.83
Corporate	1.18	1.37	1.52	0.96	0.98	1.00	5.83
Total capital expenditure	6.06	8.70	7.50	9.74	13.44	8.96	48.34

Table 8: Forecast, Budget, and Planned Rural Capital Expenditure 2020/21 to 2025/26

8.0 Water availability and demand assumptions

8.1 Water availability

Water reserves in the Murray-Darling Basin are well positioned with the opportunity to build reserves for the 2021-22 season. The Northern Victoria Resource Manager's (NVRM) 2021-22 seasonal determination outlook, dated February 2021, says 'all of the northern Victorian systems are expected to have seasonal determinations of 100% High Reliability Water Shares (HRWS) by mid-December 2021 under average inflow conditions.' The majority of water shares held by LMW and its customers are Murray HRWS.

LMW has adopted a forecast 100% seasonal determination to Murray HRWS in the *2021-22 Corporate Plan*, based on the February 2021 NVRM outlook, using the 'Average' inflows scenario. Deemed appropriate with the current water levels of the storages, the Bureau of Meteorology seasonal rainfall outlook favors slightly below-average rainfall across northern Victoria for the three-month period from May to July 2021. The Bureau has the El Nino Southern Oscillation indicators being neutral indicating neither wet nor dry rainfall conditions to prevail in the short to midterm. This is presented in Table 9 below:

Inflow Conditions	1 July 2021	16 August 2021	15 October 2021	15 February 2022
Wet	49%	78%	100%	100%
Average	25%	37%	74%	100%
Dry	5%	20%	37%	56%
Extreme Dry	0%	10%	14%	19%

Table 9: Murray System Outlook for Seasonal Determination of HRWS

8.2 Water demand

8.2.1 Urban

A wetter spring and milder summer have reduced the 2020-21 water demand from previous demand levels. The 2021-22 forecast has been set on previous weather trends and aligns with the Pricing Submission 4 demand growth forecasts.

For 2021-22, water demand is based on a 100% seasonal determination to Murray HRWS, with 100% adopted for remaining plan 2022-23 through to 2025-26. LMW's water demand requirements will be met with Permanent Water Saving Rules (PWSR) remaining in place with no forecast staged water restrictions.

Based on the 2020-21 seasonal determination to Murray HRWS of 100%, LMW is forecast to carryover more than 6,500ML to 2021-22. This will be added to the forecast 2020-21 seasonal determination to Murray HRWS of 100%, delivering total water availability to LMW of over 38,000ML. This figure is well above the five-year historical urban usage of just over 21,000ML. With no water use restrictions in place, LMW will likely have surplus allocation available to it of approximately 17,000ML.

As per LMW's *Pricing Submission 4*, residential customer growth / usage is sourced from future growth in households from the Victorian in Future 2016 report (which concluded average customer growth for LMW's region was 1.0%). The growth equates to approximately 350 new homes per year over the CP period with the average customers' water usage to remain at 477kL per annum. Urban water demand is outlined in Table 10 below:

Service	PWSR	PWSR	PWSR	PWSR	PWSR	PWSR
	2020-21 Forecast \$'m	2021-22 Budget \$'m	2022-23 Planned \$'m	2023-24 Planned \$'m	2024-25 Planned \$'m	2025-26 Planned \$'m
Residential demand	14,680,967	15,073,182	15,233,400	15,359,478	15,486,778	15,615,311
Non-residential demand	4,299,096	4,438,138	4,482,520	4,527,345	4,572,618	4,618,345
Total water demand	18,980,063	19,511,320	19,715,920	19,886,823	20,059,396	20,233,656

Table 10: Urban water demand (kL)

8.2.2 Rural

A wetter spring and milder summer have reduced the 2020-21 water demand from previous demand levels where rainfall and low water allocation determinations are not a factor. The 2021-22 forecast has been set on previous drier weather trends.

Water usage is based on a Murray HRWS seasonal determination of 100%, with 100% adopted for the remaining plan 2022-23 through to 2025-26.

The demand forecast for 2021-22 continues to follow the *Pricing Submission 4* demand with additional water usage from SMP2 customers in the Merbein and Red Cliffs districts. The additional SMP2 water usage has been established in consultation with the individual developers planned crop requirements.

The Private Diverters do not get billed on water usage and their water usage is controlled by the Annual Use Limit (AUL) as a condition of their Water Use Licence. The current level of AUL held combined with the projected growth aligned to the Pricing Submission has been used to forecast water usage for the Private Diverters required for their maturing crops. Rural water demand for Private Diverters is outlined in Table 11 below:

Seasonal Determination	100%	100%	100%	100%	100%	100%
Service/District	2020-21 Forecast \$'m	2021-22 Budget \$'m	2022-23 Planned \$'m	2023-24 Planned \$'m	2024-25 Planned \$'m	2025-26 Planned \$'m
Pumped Irrigation - Metered Usage						
Mildura	29,983	33,395	33,562	33,562	33,562	33,562
Mildura HPS	3,745	3,557	3,574	3,574	3,574	3,574
Merbein	17,015	21,895	23,177	23,177	23,177	23,177
Red Cliffs	28,060	33,825	35,872	36,376	36,536	36,536
Robinvale	19,597	22,082	22,082	22,082	22,082	22,082
Total Irrigation	98,400	114,754	118,267	118,771	118,931	118,931
Diverters - Annual Use Limit						
Diverters	655,776	668,056	679,590	679,590	719,657	719,657

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

The Millewa district has seen reduced water demand due to low stock levels as a result of drought conditions – 2019/20 807ML. It is envisaged that as seasonal conditions improve, so too will stock levels, thus seeing demand revert to previous levels.

Seasonal Determination	100%	100%	100%	100%	100%	100%
Service/District	2020-21 Forecast \$/m	2021-22 Budget \$/m	2022-23 Planned \$/m	2023-24 Planned \$/m	2024-25 Planned \$/m	2025-26 Planned \$/m
Stock & Domestic - Metered Usage						
Millewa Urban	68	68	68	68	68	68
Millewa Rural	790	790	790	790	790	790
Yelta WWD	5	5	5	5	5	5

Table 12: Rural water demand (ML) – Millewa

8.3 Water trading plan

LMW currently holds an urban bulk entitlement of 32GL mostly Murray HRWS, with only 21GL on average used annually. Historically, the surplus allocation is either carried over or traded on the temporary water market. Income varies each year depending on the market price and water availability which has ranged from \$300K to \$1.2m.

LMW has undertaken trade of surplus allocation throughout 2020-21, forecasting trading revenue of \$1.1m and has forecast to carryover approximately 6,500ML into the 2021-22 season. LMW considers strategies to ensure security of supply for customers as the first priority before trading any excess allocation however as the seasonal determination forecast for 2021-22 is 100% for Murray HRWS, LMW have planned to have excess allocation water available to trade.

LMW is currently budgeting an additional \$1.0m in revenue from trading surplus allocation in 2021/22.

9. Financial Statements

The financial statements in Appendix A have been prepared in accordance with the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements. The financial statements reflect the combination of the previous sections, demand, pricing, operating expenditure, and capital expenditure.

LMW continues to show forecast statutory deficits due to the revaluation of assets and associated depreciation calculations versus the ESC PREMO pricing model used to set service prices. The result for 2021-22 is a deficit of \$3.946m after tax which remains consistent throughout the planning period if developer contributions are excluded.

Although LMW's financials show an ongoing deficit, LMW maintains a strong cash flow from operations with the financial indicators, particularly the Debt Servicing and Long Term Viability indicators, demonstrating ability to meet interest expenses and service debt while maintaining a strong ability to finance capital works from cash flow and borrowings.

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

9.1 Dividend

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

9.2 Borrowings

For LMW to achieve its Capital Works program over the 2021-22 period, LMW has forecast the requirement to borrow externally from Treasury Corporation Victoria an additional \$16m whilst retiring debt of \$3.9m as loan principal falls due or the debt matures. The 2021-22 retiring debt will be replaced with borrowing at lower interest rates.

LMW's Capital Works program in year 2021-22 is \$31.483m which is driving the requirement for the \$16m of external funding within the budget year. Loans increase from \$47.7m to \$59.8m in 2021-22 and are forecast to increase with the large capital works program planned for 2024-26. Total loans are forecast to be \$124.5m by the end of the planning period. Net borrowings are presented in Table 13 below:

\$'000	21/22	22/23	23/24	24/25	25/26
Proceeds from Borrowings	16,000	-	20,000	29,000	27,000
Repayment of Borrowing	(3,933)	(3,988)	(1,047)	(5,110)	(1,176)
Net Borrowings	12,067	(3,988)	18,953	23,890	25,824

Table 13: Net Borrowings

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

Based on this review, LMW has been assigned a proxy credit rating of 'A' for the 2020-21 year which has been used for the Corporate Plan. The rating is used to calculate the Financial Accommodation Levy for new financial accommodation to be charged to the organisation however currently the desk top rating has not been undertaken by DTF for 2021-22.

9.3 Sensitivity Analysis

LMW has previously undertaken sensitivity analysis around demand and interest rates increasing. However currently 73 per cent of LMW's borrowings are fixed unto 2040, combined with low asset/debt gearing and the Treasury Corporation of Victoria's stable cash rate outlook, no interest rate analysis has been completed for 2021-22.

Due to climate change and the effect of associated extreme weather events, LMW foresee the risk of either too much local rainfall or drought reducing rainfall and therefore storages within the Murray catchments as the biggest risks.

LMW has been modelling the low allocation declaration in past years and has gained good understanding of the financial impact of this event. For the 2021-22, LMW has undertaken the high rainfall sensitivity analysis whereby volumetric water usage decreases due to a wet year with high local rainfall in the 2023-24 irrigation season.

9.4 Scenario

Although LMW and the rural irrigators would have enough water in their Allocation Bank Accounts (ABA), the need to use the water on outside house gardens or horticulture crops would reduce. Using the learning from the rainfall event of 2011 and the effect on water usage, demand forecasting decreased *Corporate Plan* levels for the irrigation seasons for 2023-24.

Water demand forecasts for the sensitivity analysis are outlined in Table 14 and 15 as follows.

Usage (ML)	21/22	22/23	23/24	24/25	25/26
Total	19,511	19,716	15,512	20,059	20,234

Table 14: Urban Demand Forecasting on High Rainfall

Usage (ML)	21/22	22/23	23/24	24/25	25/26
Mildura	36,952	37,136	18,568	37,136	37,136
Merbein	21,895	23,177	11,589	23,177	23,177
Red Cliffs	33,825	35,872	18,188	36,536	36,536
Robinvale	22,082	20,771	5,521	22,082	22,082
Total	114,754	118,267	53,866	118,931	118,931

Table 15: Rural Demand Forecasting on High Rainfall

The financial impact from the high rainfall event is mostly borne due to the lower revenue through reduced water deliveries.

LMW has a high level of fixed costs however electricity has been reduced in-line with the reduction in the water demand being \$1.87m. Additional interest expense of \$0.07m has been included each year after due to an increase in borrowings.

The combined effect on the financial results of the reduced water usage is shown in Table 16 below:

	Year 1 21/22 '000	Year 2 22/23 '000	Year 3 23/24 '000	Year 4 24/25 '000	Year 5 25/26 '000
Total Revenue	76,379	73,295	66,731	77,439	79,324
Total Expenditure	82,016	84,958	85,231	89,295	91,664
Sensitivity Net Results (before tax)	(5,637)	(11,663)	(18,500)	(11,856)	(12,340)
Corporate Plan Results (before tax)	(5,637)	(11,663)	(12,343)	(11,792)	(12,260)
Result variance (loss) (before tax)	(0)	(0)	(6,157)	(64)	(80)

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

The financial sensitivity analysis indicates that LMW would increase its loss by \$6.2m in the 2023-24 financial year.

The reduced water deliveries generate lower volumetric charges by \$7.4m and with lower urban water allocation trading in 2023-24 will reduce revenue by a further \$0.7m in this year.

LMW has a large capital works program over the Corporate Plan period. The combination of this program and high rainfall scenario deplete LMW cash reserves. However, LMW would only need to re-finance an additional \$5m of borrowings when they mature with new borrowings for 2021- 22 to remain unchanged. At the end of the 2025-26 financial year borrowing would increase from \$124m to \$129m.

LMW would need to absorb the urban revenue reduction due to the price cap form of price control.

The rural form of price control is a revenue cap, to recoup the revenue losses LMW could have to increase prices to irrigators for services over the remaining regulated pricing period. The price increases would be significant.

9. Key 2021-22 Activities

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

Minister's Expectation	LMW Strategic Alignment				Minister's LoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
1. Climate Change	Strategic Priority: Environment – <i>Better the environment in our region</i>	Deliver the Victorian Murray Floodplain Restoration Project to agreed objectives	VMFRP Funding	<ol style="list-style-type: none"> Successful variation for planning & approvals funding Defined & accepted Operation & maintenance funding requirements across project partners Defined pathway to secure funding for capital, and operational and maintenance components 	
			VMFRP Regulatory Approval	<ol style="list-style-type: none"> Approval agency confirmation that: <ol style="list-style-type: none"> The projects qualify for a conservation exemption Timelines meet with basin plan delivery date of June 2024 Impact to Cultural Heritage risks are manageable 	
			VMFRP Project Delivery	<ol style="list-style-type: none"> Project Delivery Plan 	
			VMFRP PCG performance	<ol style="list-style-type: none"> Greater diversity within the VMFRP Project Control Group (PCG) membership Clearly defined and agreed role of the PCG Chair Clearly defined and agreed role of the PCG Improvement in strategy, risk, reputation and processes by the PCG 	
		Achieve our CO ₂ emissions reduction target	Reduction of CO ₂ emissions	<ol style="list-style-type: none"> Develop a CO₂ emissions reductions plan 	E1 E2
		Explore enhanced integrated water management that best works for our region.	Collaborative integrated water management	<ol style="list-style-type: none"> Develop a measure Understand alternative water sources and applicable regulatory environment Build relationships with stakeholders to identify value proposition for region 	E3
2. Customer and Community Outcomes	Strategic Priority: Engagement – <i>Effective engagement without stakeholders</i>	Embed authentic customer engagement across the whole business	Improved Customer Experience	<ol style="list-style-type: none"> Customer Engagement Strategy Agreed business processes, roles and responsibilities for managing customer enquiries Improve customer surveys to collect specific feedback regarding customer contact 	C1
			Urban and Rural Service Delivery	<ol style="list-style-type: none"> Customer Advisory Committee activities Improving strategic/ operational insights Core meetings plus additional meetings (allowing +100% score) 	C1
		Enhance stakeholder relationships	Stakeholder relationships	<ol style="list-style-type: none"> Stakeholder Engagement Plan development 	C2 C3

Minister's Expectation	LMW Strategic Alignment				Minister's LoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
		to build confidence in and generate future opportunities for LMW and our region	Water Plan 5 development	1. Water Plan 5 Project Plan	C2
	Strategic Foundation: Infrastructure – <i>Deliver our Water Plan capital expenditure (capex) on time, on quality and within budget</i>	Optimise our infrastructure through improved life cycle management	Optimise our assets through balancing cost, risk and service levels	1. Expand linkages with industry to ensure LMW is adopting latest technology	
				1. Continue process of embedding AMAF into LMW's business processes 2. Condition assessment conducted for 10% of critical assets 3. Analysis of options for most efficient maintenance services procession conducted, 95% of assets have a criticality rating	
	Strategic Priority: Service Delivery – <i>Achieve high quality outcomes for our customers</i>	Identify, define and deliver agreed customer service levels	Rural Service Delivery	1. Red Cliffs Pilot	
		Improve our responsiveness to customer issues by obtaining better service delivery insights	Urban Service Delivery	1. Drinking water quality management plan – Audit outcomes, emerging water quality risks and delivery of corrective actions 2. Water quality initiatives to improve responsiveness to taste and odour compounds 3. Investment in system analytics and tools 4. Ensure alignment with Australian Drinking Water Guidelines Framework (Multiple treatment control barriers / tastes & odour) eg. UV installation/filter to waste products	
			Urban and Rural Service Delivery	1. Annual Response Plan to each year's survey responses	
3. Water for Aboriginal cultural, spiritual and economic values	Strategic Priority: Engagement – <i>Effective engagement without stakeholders</i>	Embed authentic customer engagement across the whole business		1. Reconciliation Action Plan 2. Customer Engagement Strategy	AC1 AC2 AC3
		Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region		1. Reconciliation Action Plan 2. Customer Engagement Strategy 3. VMFRP	AC2 AC3
4. Recognise recreational values	Strategic Priority: Environment – <i>Better the environment in our region</i>	Deliver the Victorian Murray Floodplain Restoration Project to agreed objectives			
	Strategic Priority: Service Delivery – <i>Achieve high quality outcomes for our customers</i>	Identify, define and deliver agreed customer levels			REC1
	Strategic Priority: Engagement – <i>Effective engagement without stakeholders</i>	Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region			REC1
5. Resilient and liveable cities	Strategic Priority: Service Delivery – <i>Achieve high quality</i>	Identify, define and deliver agreed customer levels	Rural Service Delivery	1. Red Cliffs Pilot	

Minister's Expectation	LMW Strategic Alignment				Minister's LoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
and towns	<i>outcomes for our customers</i>	Improve our responsiveness to customer issues by obtaining better service delivery insights	Urban Service Delivery	<ol style="list-style-type: none"> 1. Drinking water quality management plan – Audit outcomes, emerging water quality risks and delivery of corrective actions 2. Water quality initiatives to improve responsiveness to taste and odour compounds 3. Investment in system analytics and tools 4. Ensure alignment with Australian Drinking Water Guidelines Framework (Multiple treatment control barriers / tastes & odour) eg. UV installation/filter to waste products 	
			Urban and Rural Service Delivery	<ol style="list-style-type: none"> 1. Annual Response Plan to each year's survey responses 	
	Strategic Priority: Engagement – <i>Effective engagement without stakeholders</i>	Embed authentic customer engagement across the whole business	Improved Customer Experience	<ol style="list-style-type: none"> 1. Customer Engagement Strategy 2. Agreed business processes, roles and responsibilities for managing customer enquiries 3. Improve customer surveys to collect specific feedback regarding customer contact 	
		Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region	Stakeholder relationships	<ol style="list-style-type: none"> 1. Stakeholder Engagement Plan development 	
	Strategic Priority: Environment – <i>Better the environment in our region</i>	Explore enhanced integrated water management that best works for our region	Collaborative integrated water management	<ol style="list-style-type: none"> 1. Develop a measure 2. Understand alternative water sources and applicable regulatory environment 3. Build relationships with stakeholders to identify value proposition for region 	L1
	Strategic Foundation: Finance & Governance – <i>Secure our long-term financial success and upgrade our governance, systems and processes</i>	Optimise business efficiencies through sustainable pricing, resourcing and procurement	Sustainable Pricing – revenue that matches our expenses and meets customers' expectations	<ol style="list-style-type: none"> 1. Identification of services sufficient to require standalone pricing 	L3
			Resourcing – the right resources to match our obligations and customers' expectations	<ol style="list-style-type: none"> 1. Identification of services sufficient to require standalone resourcing 	
			Procurement – improve procurement to drive commercial outcomes	<ol style="list-style-type: none"> 1. Procurement Improvement Plan 	
			Debt Management – ensure our debt management achieves best practice	<ol style="list-style-type: none"> 1. Electronic billing and management systems to achieve: 2. Full automation of quarterly bills to customers 3. Automated electronic reminders to customers 4. Increased early intervention for customers experiencing hardship 	L4
6. Leadership & Culture	Strategic Foundation: People & Safety – <i>Enhance our people and safety, and leverage innovation to</i>	Put 'safety first' through communication, consistency, clarity and commitment	Safety leadership, performance and culture	<ol style="list-style-type: none"> 1. 4C Safety First Strategy 2. Mental Health Framework 	G3

Minister's Expectation	LMW Strategic Alignment					Minister's LoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI	
	<i>be more efficient and effective</i>	Embed #1LMW by fostering a high-performing culture by attracting, retaining and developing our people	Talent Management/Staff Engagement	1. Leadership & Talent Management Framework		
		Achieve greater equality, diversity and inclusion	Equality, diversity and inclusion	1. Diversity, Equality and Inclusion Strategy		G1
		Adopt improved ways of working through our Business Transformation Program	Improved staff productivity by working better together	1. Business Transformation Strategy		
	Strategic Foundation: Finance & Governance – Secure our long-term financial success	Achieve year-on-year improvement in our frameworks, policies and performance to meet	Organisational Performance	1. An approved Strategy and associated Annual Plans 2. Annual MD & Executive Performance Assessment		
	<i>and upgrade our governance, systems and processes</i>	our risk management and compliance obligations				
7. Financial Sustainability	Strategic Foundation: Finance & 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	Comprehensive understanding of LMW's operating environment	1. Development and implement a framework of Frameworks		
			At least 80% focus on Board time spent on strategic issues, policy and governance	1. Board priorities and strategic focus areas		
			Organisational Performance	1. An approved Strategy and associated Annual Plans 2. Annual MD & Executive Performance Assessment		
			Unauthorised Take	1. Rural Unauthorised Take Implementation Plan (RUTIP)		
		Deliver on our Water Plans' revenue and operational expenditure targets	Revenue and opex optimisation	1. Corporate plan development and associated budgeting 2. Oversight for management budgeting function		F1-F8
		Optimise business efficiencies through sustainable pricing, resourcing and procurement	Sustainable Pricing – revenue that matches our expenses and meets customers' expectations	1. Identification of services sufficient to require standalone pricing		F1-F8
			Resourcing – the right resources to match our obligations and customers' expectations	1. Identification of services sufficient to require standalone resourcing		
			Procurement – improve procurement to drive commercial outcomes	1. Procurement Improvement Plan		
			Debt Management – ensure our debt management achieves best practice	1. Electronic billing and management systems to achieve: a. Full automation of quarterly bills to customers b. Automated electronic reminders to customers c. Increased early intervention for customers experiencing hardship		

Minister's Expectation	LMW Strategic Alignment				Minister's LoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
	Strategic Foundations: Infrastructure – <i>Deliver our Water Plan capital expenditure (capex) on time, on quality and within budget</i>	Optimise our infrastructure through improved life cycle management	Optimise our assets through balancing cost, risk and service levels	<ol style="list-style-type: none"> 1. Expand linkages with industry to ensure LMW is adopting latest technology 2. Continue process of embedding AMAF into LMW's business processes 3. Condition assessment conducted for 10% of critical assets 4. Analysis of options for most efficient maintenance services procession conducted, 95% of assets have a criticality rating 	
		Deliver our Water Plan capital expenditure on time, on quality and within budget	Delivery the capital expenditure plan	<ol style="list-style-type: none"> 1. Annual capex targets met on time, on quality and within budget 2. Top ten water plan priority projects delivered 	F1-F8
	Strategic Priority: Environment – <i>Better the environment in our region</i>	Explore enhanced integrated water management that best works for our region	Collaborative integrated water management	<ol style="list-style-type: none"> 1. Understand alternative water sources and applicable regulatory environment 2. Build relationships with stakeholders to identify value proposition for region 	
8. Strengthen Compliance	Strategic Foundation: Finance & Governance – <i>Secure our long-term financial success and upgrade our governance, systems and processes</i>	Achieve year-on-year improvement in our frameworks, policies and performance to meet our risk management and compliance obligations	Comprehensive understanding of LMW's operating environment	<ol style="list-style-type: none"> 1. Development and implement a framework of Frameworks 	CE2
			Organisational Performance	<ol style="list-style-type: none"> 1. An approved Strategy and associated Annual Plans 2. Annual MD & Executive Performance Assessment 	CE2
			Unauthorised Take	<ol style="list-style-type: none"> 1. Rural Unauthorised Take Implementation Plan (RUTIP) 	C3 CE1

Financial Statements

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2022 (F)	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2021 (F)
Revenues and Expenses (Detailed) (\$'000)						
Revenue From Core Business (As Applicable)						
Bulk Water Fixed Charges to Other Corporations	-	-	-	-	-	-
Bulk Water Charges	-	-	-	-	-	-
Urban Water Supply:						
Service / Fixed						
Residential	6,590.00	6,689.00	6,845.00	7,133.00	7,344.00	6,468.00
Non-residential	1,515.00	1,538.00	1,574.00	1,640.00	1,689.00	1,475.00
Total Service / Fixed	8,105	8,227	8,419	8,773	9,033	7,943
Usage/Volumetric						
Residential	10,139.00	10,278.00	10,444.00	10,784.00	11,002.00	10,421.00
Non-residential	3,647.00	3,702.00	3,766.00	3,920.00	4,031.00	3,490.00
Total Usage/Volumetric	13,786	13,980	14,210	14,704	15,033	13,911
Urban Sewerage						
Service / Fixed						
Residential	13,681.00	13,905.00	14,250.00	14,870.00	15,330.00	13,331.00
Non-residential	2,303.00	2,332.00	2,381.00	2,474.00	2,541.00	2,286.00
Total Service / Fixed	15,984	16,237	16,631	17,344	17,871	15,617
Usage/volumetric						
Residential	-	-	-	-	-	-
Non-residential	-	-	-	-	-	-
Total Usage/volumetric	-	-	-	-	-	-
Trade Waste Revenue by Agreement	372.00	377.00	386.00	395.00	404.00	447.00
Trade Waste Usage Revenue	-	-	-	-	-	-
Recycled Water						
Service/Fixed Charges	-	-	-	-	-	-
Usage / Volumetric Charges	319.00	323.00	331.00	338.00	346.00	289.00
Total Recycled Water	319	323	331	338	346	289
Rural Water						
Rural Water Fixed Revenue						
Irrigation	13,092.00	13,253.00	13,578.00	13,917.00	14,226.00	12,580.00
Stock and Domestic	661.00	661.00	667.00	672.00	686.00	670.00
Diversions	5,384.00	5,601.00	5,859.00	6,134.00	6,267.00	5,094.00
Groundwater	-	-	-	-	-	-
Total Rural Water Fixed Revenue	19,137	19,515	20,104	20,723	21,179	18,344
Rural Water Usage Revenue						
Irrigation	6,940.00	7,280.00	7,549.00	7,809.00	7,988.00	5,912.00
Stock and Domestic	158.00	155.00	156.00	154.00	154.00	165.00
Diversions	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-
Total Rural Water Usage Revenue	7,098	7,435	7,705	7,963	8,142	6,077
Total Revenue From Fees & Charges	64,801	66,094	67,786	70,240	72,008	62,628
Operating, Maintenance & Administration (OMA) Expenses						
Operating and Maintenance Expense	34,952	36,547	37,235	37,903	38,623	35,833
Administration Expense	10,209.00	9,844.00	10,078.00	10,304.00	10,523.00	10,050.00
Total OMA Expenses	45,161	46,391	47,313	48,207	49,146	45,883
OMA Expenses Breakdown (Total OMA)						
Bulk water Supply	3,826.00	3,721.00	3,737.00	3,754.00	3,771.00	3,300.00
Headworks	-	-	-	-	-	-
Urban water - Treatment	2,837.00	3,170.00	3,250.00	3,322.00	3,394.00	3,120.00
Urban water - Reticulation	3,400.00	3,762.00	3,839.00	3,917.00	4,003.00	3,759.00
Sewerage - Reticulation	1,524.00	1,635.00	1,673.00	1,705.00	1,739.00	1,490.00
Sewerage - Treatment	1,823.00	2,106.00	2,151.00	2,196.00	2,241.00	1,712.00
Recycled Water	-	-	-	-	-	-
Surface Water Diversions	150.00	149.00	153.00	156.00	159.00	126.00
Gravity Irrigation	7,141.00	7,450.00	7,616.00	7,729.00	7,877.00	7,500.00
Pumped Irrigation	-	-	-	-	-	-
Stock and Domestic	319.00	281.00	287.00	292.00	298.00	395.00
Groundwater	-	-	-	-	-	-
Drainage Diversions	459.00	453.00	465.00	475.00	485.00	518.00
Other	23,682.00	23,664.00	24,142.00	24,661.00	25,179.00	23,963.00
Total OMA Expenses (Repeat)	45,161	46,391	47,313	48,207	49,146	45,883

Financial Statements

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2022 (F)	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2021 (F)
Operating Statement (FS1) (\$'000)						
Revenue						
Service Charges	43,598	44,356	45,540	47,235	48,487	42,351
Usage Charges	21,203	21,738	22,246	23,005	23,521	20,277
Developer Contribution	1,809.00	928.00	950.00	971.00	994.00	1,689.00
Developer Contributions - Gifted Assets	3,765.00	1,390.00	1,422.00	1,454.00	1,488.00	3,710.00
Government Contributions / Grants	1,449.00	231.00	-	-	-	-
Investment Interest	22.00	21.00	21.00	21.00	21.00	52.00
Profit (loss) from Sale of Assets	108.00	(55.00)	(55.00)	(55.00)	(55.00)	(511.00)
Other Revenue	3,768.00	3,806.00	3,863.00	3,928.00	3,988.00	4,051.00
Total Revenue	75,722	72,415	73,987	76,559	78,444	71,619
Expense						
Operating, Maintenance and Administration Expense (OS)	45,161	46,391	47,313	48,207	49,146	45,883
Environmental Contributions	2,251.00	2,251.00	2,251.00	2,251.00	2,251.00	2,251.00
Interest Expense	2,227.00	2,119.00	2,069.00	2,225.00	2,400.00	2,375.00
FAL	517.00	523.00	566.00	677.00	815.00	468.00
IT	-	-	-	-	-	-
Labour	-	-	-	-	-	-
Consultants	-	-	-	-	-	-
Depreciation and Amortisation	31,203.00	32,794.00	34,131.00	34,991.00	36,092.00	28,881.00
Other Expense	-	-	-	-	-	-
Total Expense	81,359	84,078	86,330	88,351	90,704	79,858
Earnings Before Tax	(5,637)	(11,663)	(12,343)	(11,792)	(12,260)	(8,239)
Income Tax Expense	(1,691.00)	(3,499.00)	(3,703.00)	(3,538.00)	(3,678.00)	(2,472.00)
Net Operating Result	(3,946)	(8,164)	(8,640)	(8,254)	(8,582)	(5,767)
Dividends Expense	-	-	-	-	-	-
Transfers (to)/from Reserves	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
Net Profit (Loss)	(3,946)	(8,164)	(8,640)	(8,254)	(8,582)	(5,767)
Retained Profit (Loss) Carried Forward	(109,875)	(113,821)	(121,985)	(130,625)	(138,879)	(102,086)
Closing Retained Profit (Loss)	(113,821)	(121,985)	(130,625)	(138,879)	(147,461)	(107,853)

Financial Statements

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2022 (F)	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2021 (F)
Balance Sheet (FS2) (\$'000)						
Current Assets						
Cash on Hand	5,038.00	900.00	4,236.00	1,361.00	1,780.00	5,326.00
Receivables	11,166.00	9,503.00	9,178.00	9,156.00	9,229.00	8,788.00
Less Provision for Impaired Receivables	(379.00)	(379.00)	(379.00)	(379.00)	(379.00)	(379.00)
Investments	-	-	-	-	-	-
Inventories	4,377.00	4,377.00	4,377.00	4,377.00	4,377.00	4,377.00
Prepayments	553.00	553.00	553.00	553.00	553.00	553.00
Other Current Assets	-	-	-	-	-	-
Total Current Assets	20,755	14,954	17,965	15,068	15,560	18,665
Non-Current Assets						
Infrastructure	1,067,740.00	1,083,857.00	1,118,116.00	1,164,247.00	1,210,315.00	1,039,860.00
less Accumulated Depreciation	(159,680.00)	(191,602.00)	(224,826.00)	(258,886.00)	(294,018.00)	(129,307.00)
Infrastructure WDV	908,060	892,255	893,290	905,361	916,297	910,553
Land and Buildings	25,938.00	26,018.00	26,652.00	27,582.00	27,669.00	25,858.00
less Accumulated Depreciation	(819.00)	(1,298.00)	(1,797.00)	(2,307.00)	(2,834.00)	(364.00)
Land and Buildings WDV	25,119	24,720	24,855	25,275	24,835	25,494
Plant, Equipment and Motor Vehicles	21,356.00	23,060.00	23,947.00	24,873.00	25,842.00	19,977.00
less Accumulated Depreciation	(13,861.00)	(13,962.00)	(14,068.00)	(14,177.00)	(14,288.00)	(13,764.00)
Plant, Equipment and Motor Vehicles WDV	7,495	9,098	9,879	10,696	11,554	6,213
Capital Works In Progress	20,879.00	20,879.00	20,879.00	20,879.00	20,879.00	20,879.00
Total Property, Plant & Equipment	961,553	946,952	948,903	962,211	973,565	963,139
Non-current Receivables	150.00	150.00	150.00	150.00	150.00	150.00
Deferred Tax Assets	21,583.00	21,583.00	21,583.00	21,583.00	21,583.00	21,583.00
Non-current Investments	-	-	-	-	-	-
Intangible Assets	11,524.00	16,043.00	17,692.00	19,377.00	21,095.00	6,868.00
Other Non-current Assets	-	-	-	-	-	-
Total Non-Current Assets	994,810	984,728	988,328	1,003,321	1,016,393	991,740
Total Assets	1,015,565	999,682	1,006,293	1,018,389	1,031,953	1,010,405
Current Liabilities						
Bank Overdraft	-	-	-	-	-	-
Current Payables	5,600.00	5,368.00	5,369.00	5,366.00	5,366.00	6,869.00
Short Term Borrowings	1,988.00	1,047.00	5,110.00	1,176.00	1,246.00	2,933.00
Finance Lease Liabilities (PPP) - current liabilities	-	-	-	-	-	-
Other Lease Liabilities - current liabilities	-	-	-	-	-	-
Employee Benefit Provision	2,375.00	2,375.00	2,375.00	2,375.00	2,375.00	2,375.00
Provision for Dividend	-	-	-	-	-	-
Other Current Provisions	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-
Total Current Liabilities	9,963	8,790	12,854	8,917	8,987	12,177
Non-Current Liabilities						
Long Term Borrowings	57,831.00	54,784.00	69,674.00	97,498.00	123,252.00	44,819.00
Long Term Payables	-	-	-	-	-	-
Finance Lease Liabilities (PPP) - non current liabilities	-	-	-	-	-	-
Other Lease Liabilities - non current liabilities	-	-	-	-	-	-
Long Term Employee Benefit Provision	3,903.00	3,903.00	3,903.00	3,903.00	3,903.00	3,903.00
Deferred Tax Liabilities	156,187.00	152,688.00	148,985.00	145,448.00	141,770.00	157,879.00
Other Non-current Liabilities	-	-	-	-	-	-
Total Non-Current Liabilities	217,921	211,375	222,562	246,849	268,925	206,601
Total Liabilities	227,884	220,165	235,416	255,766	277,912	218,778
Net Assets	787,681	779,517	770,877	762,623	754,041	791,627
Equity						
Government Equity Contributions	633,525.00	633,525.00	633,525.00	633,525.00	633,525.00	633,525.00
Asset Revaluation Reserve	267,977.00	267,977.00	267,977.00	267,977.00	267,977.00	267,977.00
Other Reserves	-	-	-	-	-	-
Accumulated Funds (Losses)	(113,821.00)	(121,985.00)	(130,625.00)	(138,879.00)	(147,461.00)	(109,875.00)
Total Equity	787,681	779,517	770,877	762,623	754,041	791,627

Financial Statements

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2022 (F)	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2021 (F)
Cash Flow Statement (FS3) (\$'000)						
Cash Flows From Operations						
Cash Receipts						
Service and Usage Charges Income	64,563.00	65,858.00	67,545.00	69,995.00	71,761.00	62,339.00
Other Customer Revenue	1,627.00	5,705.00	4,431.00	4,193.00	4,162.00	5,382.00
Receipts from Government	1,449.00	231.00	-	-	-	-
Developer Contributions	5,574.00	2,318.00	2,371.00	2,425.00	2,482.00	5,399.00
GST Refunds from ATO	-	-	-	-	-	-
Investment (Interest) Income	22.00	21.00	21.00	21.00	21.00	123.00
Other Cash Receipts	-	-	-	-	-	-
Total Cash Receipts from Operations	73,235	74,133	74,368	76,634	78,426	73,243
Cash Payments						
Payments to Suppliers and Employees	(46,430.00)	(46,622.00)	(47,313.00)	(48,207.00)	(49,146.00)	(44,253.00)
Interest and Other Costs of Finance Paid	(2,744.00)	(2,642.00)	(2,635.00)	(2,902.00)	(3,215.00)	(2,843.00)
GST paid to the ATO	-	-	-	-	-	-
Income Tax Payments	-	-	-	-	-	-
Environmental Contributions	(2,251.00)	(2,251.00)	(2,251.00)	(2,251.00)	(2,251.00)	(2,251.00)
Other Payments (inc. capital repatriation)	-	-	-	-	-	-
Total Cash Payments from Operations	(51,425)	(51,515)	(52,199)	(53,360)	(54,612)	(49,347)
Net Cash Inflow (Outflow) from Operations	21,810	22,618	22,169	23,274	23,814	23,896
Cash Flows From Investing Activities						
Proceeds/(Payment) from Investments	-	-	-	-	-	-
Payments for Infrastructure Assets	(34,930.00)	(23,593.00)	(38,611.00)	(50,864.00)	(50,044.00)	(25,411.00)
Payments for Property, Plant & Equipment	-	-	-	-	-	-
Payments for Intangible Assets	-	-	-	-	-	-
Proceeds from Sale of Assets	765.00	825.00	825.00	825.00	825.00	571.00
Net Cash Inflow (Outflow) from Investing Activities	(34,165)	(22,768)	(37,786)	(50,039)	(49,219)	(24,840)
Cash Flows From Financing Activities						
Proceeds from Borrowings	16,000.00	-	20,000.00	29,000.00	27,000.00	5,000.00
Proceeds from Government Equity Contributions	-	-	-	-	-	-
Repayment of Borrowings / Overdraft	(3,933.00)	(3,988.00)	(1,047.00)	(5,110.00)	(1,176.00)	(3,880.00)
Payment of Dividends	-	-	-	-	-	-
Net Cash Inflow (Outflow) from Financing Activities	12,067	(3,988)	18,953	23,890	25,824	1,120
Net Increase (Decrease) in Cash	(288)	(4,138)	3,336	(2,875)	419	176
Cash Held at the Beginning of the Year	5,326	5,038	900	4,236	1,361	5,150
Cash Held at the End of the Year	5,038	900	4,236	1,361	1,780	5,326
Cash on Hand per Balance Sheet	5,038	900	4,236	1,361	1,780	5,326

Financial Statements

	Budget	Forecast	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2022 (F)	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2021 (F)
Key Performance Indicators						
Financial Performance Indicators						
Short Term Liquidity Indicators						
Current Assets	20,755	14,954	17,965	15,068	15,560	18,665
Current Liabilities	9,963	8,790	12,854	8,917	8,987	12,177
Net Working Capital (\$'000)	10,792	6,164	5,111	6,151	6,573	6,488
Working Capital Ratio (%)	208.3%	170.1%	139.8%	169.0%	173.1%	153.3%
Profitability Indicators						
Earnings Before Net Interest and Tax	(3,432)	(9,565)	(10,295)	(9,588)	(9,881)	(5,916)
EBITDA	27,793	23,250	23,857	25,424	26,232	23,017
Total Revenue from Fees & Charges	64,801	66,094	67,786	70,240	72,008	62,628
Total OMA (incl. Env Contribution) Expenses	47,412	48,642	49,564	50,458	51,397	48,134
Total Income	75,722	72,415	73,987	76,559	78,444	71,619
Total Assets at Start of Reporting Period	1,010,405	1,015,565	999,682	1,006,293	1,018,389	925,213
Total Assets at End of Reporting Period	1,015,565	999,682	1,006,293	1,018,389	1,031,953	1,010,405
Average Total Assets	1,012,985	1,007,624	1,002,988	1,012,341	1,025,171	967,809
Return on Assets (%)	(0.3%)	(0.9%)	(1.0%)	(0.9%)	(1.0%)	(0.6%)
Gross Operating Margin (%)	26.8%	26.4%	26.9%	28.2%	28.6%	23.1%
Net Profit Margin (%)	(4.5%)	(13.2%)	(13.9%)	(12.5%)	(12.6%)	(8.3%)
Underlying Result (%)	(7.4%)	(16.1%)	(16.7%)	(15.4%)	(15.6%)	(11.5%)
Debt Servicing Indicators						
Net Interest Expense (income)	2,205	2,098	2,048	2,204	2,379	2,323
Net Operating Cash Before Net Interest and Tax	24,532	25,239	24,783	26,155	27,008	26,616
Net Interest Payments (Receipts)	2,722	2,621	2,614	2,881	3,194	2,720
Cash Interest Coverage (Times)	9.0x	9.6x	9.5x	9.1x	8.5x	9.8x
Long term Interest Coverage (Times)	(1.6x)	(4.6x)	(5.0x)	(4.4x)	(4.2x)	(2.5x)
Long Term Viability Indicators						
Total Debt	59,819	55,831	74,784	98,674	124,498	47,752
Total Equity	787,681	779,517	770,877	762,623	754,041	791,627
Asset Gearing ratio (%)	5.9%	5.6%	7.4%	9.7%	12.1%	4.7%
Internal Financing Ratio (%)	62.4%	95.9%	57.4%	45.8%	47.6%	94.0%
Debt to Equity (%)	7.6%	7.2%	9.7%	12.9%	16.5%	6.0%
Owners Return Indicator						
Net Operating Result	(3,946)	(8,164)	(8,640)	(8,254)	(8,582)	(5,767)
Total Equity at Start of Reporting Period	791,627	787,681	779,517	770,877	762,623	732,071
Average Total Equity	789,654	783,599	775,197	766,750	758,332	761,849
Return on Equity (%)	(0.5%)	(1.0%)	(1.1%)	(1.1%)	(1.1%)	(0.8%)
Efficiency Indicators						
Total Credit Sales Revenue	66,610	67,022	68,736	71,211	73,002	64,317
Accounts Receivable at Start of Period	14,418	10,937	9,274	8,949	8,927	12,691
Accounts Receivable at End of Period	10,937	9,274	8,949	8,927	9,000	8,559
Average Accounts Receivable	12,678	10,106	9,112	8,938	8,964	10,625
Net Cash from Operations	21,810	22,618	22,169	23,274	23,814	23,896
Total Operating Cash Receipts	73,235	74,133	74,368	76,634	78,426	73,243
Accounts Receivable Turnover (Days)	69.0	55.0	49.0	46.0	45.0	60.0
Operating Cash Flow Efficiency (%)	29.8%	30.5%	29.8%	30.4%	30.4%	32.6%

10.5.2 2021-22 Performance Report

Performance Report - Ministerial Reporting Direction 1							
	KPI No.	Key Performance Indicator	Measure of	UOM	Industry Reference Point / Benchmark	2020-21 Target	2021-22 Target
Financial Indicators	F1	Cash Interest Cover - Net operating cash flows before net interest and tax / net interest payments	Ability to meet ongoing interest expense and service debt	times	> 2.5 times	9.0x	9.0x
	F2	Gearing Ratio - Total Debt (including finance leases) / total assets * 100	Ability to fund proportion of assets using debt	per cent	< 50%	5.6%	5.9%
	F3	Internal Financing Ratio - Net operating cash flow less dividends / net capital expenditure * 100	Measures ability to finance capital works from cash flow	per cent	> 35%	72.9%	62.4%
	F4	Current Ratio - Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	Ability to meet existing liabilities in the short term (12 months)	times	> 0	2.0x	1.7x
	F5	Return on Assets - Earnings before net interest and tax / average assets * 100	Measure of profitability as a percentage of assets	per cent	> 0%	-0.1%	-0.3%
	F6	Return on Equity - Net profit after tax / average total equity * 100	Measure of profitability as a percentage of shareholder equity	per cent	> 0%	-0.3%	-0.5%
	F7	EBITDA Margin - Earnings before interest, tax, depreciation and amortization / total revenue * 100	Ability to generate surplus to fund operations and asset renewal	per cent	> 0%	36.9%	37.4%
	F8	Credit Rating	Evaluation of credit risk	rating	n.a	A	A
Water and Sewerage Service Indicators	WS1	Unplanned water supply interruptions - No. of customers receiving five unplanned interruptions in the year / total number of water (domestic and non-domestic) customers * 100	No. of water customers receiving more than (x) unplanned interruptions in the financial year (ESC REW 9)	per cent	target as specified in customer service code (number)	0%	0%
	WS2	Interruption time - Average duration of unplanned water supply interruptions	Total duration of all water supply customer-interruptions (ESC REW 8)	minutes	target as specified in customer service code (minutes)	60.00	60.00
	WS3	Restoration of unplanned water supply - Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions * 100	Water supply interruption when water supply is lost and until fully restored (ESC REW6)	per cent	target as specified in customer service code (%)	99.40%	99.40%
	SS1	Containment of sewer spills - Sewer spills from reticulation and branch sewers contained within five hours / total sewer spills from reticulation and branch sewers	As per ESC RES 7	per cent	target as specified in customer service code (as a % of total sewer spills)	97%	97%
	SS2	Sewer spills interruptions - No. of residential sewerage customers affected by sewerage interruptions restored within five hours	Residential sewerage customers experiencing sewerage interruptions restored within (x) hours (ESC RES 9)	per cent	target should be average of last five years results OR Corporate Plan target (%)	97%	97%
	C1.4 (formally WRS1)	Rural water supply deliveries - number of orders delivered/total number of orders * 100	Irrigation water orders delivered on day requested (NPR S1)		target as specified in customer service code (%)	98.0%	98.0%
	C1.5	Applications completed within agreed timeframes - number of applications completed/total number of applications				85.0%	85.0%
	WSR2	Unavailability of Domestic and Stock Supply - duration that domestic and stock service is unavailable in excess of on-property storage requirement/length of water season * 100	Unavailability of domestic and stock supply systems for continuous periods in excess of (x) hours as specified in service standard (NPR S3)		target as specified in customer service code (%)	0.0%	0.0%
	WSR3	Groundwater supply - number of transfers processed within target period/total number of transfers processed * 100	Processing permanent transfer of surface diversion or groundwater licences within (x) days (VS 3)		target as specified in customer service code (%)	NA	NA
	CR1	Water quality complaints - No. of complaints per 1000 customers	No. of water quality complaints regarding discolouration, taste, odour, stained washing, illness or cloudy water (ESC CRS 4)	number	target should be average of last five years results OR Corporate Plan target (number)	0.16	1.37
Customer Responsivness Performance Indicators	CR4	Billing Complaints - No. of complaints per 1000 customers	ESC CRS 7 NPR S7 for rurals	number	target should be average of last five years results OR Corporate Plan target (number)	0.07	0.36
	CRR2	Billing and account complaints - No. of complaints per 1000 customers				0.16	0.26
Environmental Performance Indicators	E1	Effluent re-use volume (end use)	Volume of treated sewage effluent reused ei	per cent	Corporate Plan target (%)	60%	60%
	E2	Total net CO2 emissions - URBAN Net tonnes CO2 equivalent	Net tonnes of CO2 equivalent emissions (scope 1 and scope 2 emissions only) for the whole business and its activities (ESC CRR 5)	tCO2-e	Corporate Plan target (tonnes)	16,792.0	17,258.0
	E2	Total net CO2 emissions - RURAL Net tonnes CO2 equivalent	Net tonnes of CO2 equivalent emissions (scope 1 and scope 2 emissions only) for the whole business and its activities (ESC CRR 5)	tCO2-e	Corporate Plan target (tonnes)	19,951.0	19,437.0

10.5.33 2021-22 Tariff Schedule

		Actual 2020/21	Budget 2021/22	Planned 2022/23	Planned 2023/24	Planned 2024/25	Planned 2025/26
Tariff and Price Component Summary	Unit	Price (1 July 2020)	Price (1 July 2021)**				
URBAN PRICES							
				PPM - Price Path Mechanism plus Actual CPI & Cost of Debt			
Water - Availability - Domestic & Non-domestic							
20mm	pa	208.36	207.92	PPM - 0.35%	PS5	PS5	PS5
Usage - Domestic							
First Tier	kl	0.4525	0.4516	PPM - 0.35%	PS5	PS5	PS5
Second Tier	kl	0.8235	0.8218	PPM - 0.35%	PS5	PS5	PS5
Third Tier	kl	1.0585	1.0563	PPM - 0.35%	PS5	PS5	PS5
Usage - Non Domestic							
Volumetric	kl	0.8235	0.8218	PPM - 0.35%	PS5	PS5	PS5
SEWERAGE							
Sewerage - Domestic & Non-domestic							
Availability	pa	491.84	490.84	PPM - 0.35%	PS5	PS5	PS5
RURAL PRICES							
Irrigation							
Mildura Irrigation							
Delivery Share	DS	610.64	613.37	Overall			
Delivery Fee	ML	57.03	58.49				
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.42	9.49	CPI + 0.4%	PS5	PS5	PS5
Service Charge	Ass	100.00	100.00				
Drainage Div 1	DS	58.32	57.52				
Mildura High Pressure Irrigation							
Delivery Share	DS	882.08	955.61	Overall			
Delivery Fee	ML	94.57	92.95				
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.42	9.49	CPI + 2.6%	PS5	PS5	PS5
Service Charge	Ass	100.00	100.00				
Drainage Div 1	DS	58.32	57.52				
Merbein Irrigation							
Delivery Share	DS	420.52	352.00	Overall			
Delivery Fee	ML	46.90	46.85				
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.42	9.49	CPI + 0.2%	PS5	PS5	PS5
Service Charge	Ass	100.00	100.00				
Drainage Div 1	DS	92.84	91.47				
Red Cliffs Irrigation							
Delivery Share	DS	480.48	349.00	Overall			
Delivery Fee	ML	49.10	50.50				
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.42	9.49	CPI + 1.0%	PS5	PS5	PS5
Service Charge	Ass	100.00	100.00				
Drainage Div 1	DS	92.84	91.29				
Robinvale Irrigation							
Delivery Share	DS	946.92	938.75	Overall			
Delivery Fee	ML	85.80	87.04				
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.42	9.49	CPI - 0.7%	PS5	PS5	PS5
Service Charge	Ass	100.00	100.00				
Drainage Div 1	DS	88.60	87.30				
Domestic & Stock							
Millewa Rural (Irrigation)							
Delivery	kL	0.15	0.13	Overall			
Service Charge	Ass	100.00	100.00				
Rural Access - House	Connection	526.56	508.75	CPI - 1.7%	PS5	PS5	PS5
Rural Access - Scrubland	ha	0.58	0.56				
Rural Access - Stock	ha	2.40	2.39				
Millewa Urban (Irrigation)							
Delivery	kL	0.73	0.79	Overall			
Service Charge	Ass	100.00	100.00				
Urban Access - No Offtake	Connection	263.28	254.37	CPI - 0.4%	PS5	PS5	PS5
Urban Access - Offtake	Connection	526.56	508.75				
Other Stock & Domestic (Irrigation)							
Connection Charge (Pipeline)	Connection	321.92	324.33	Overall			
Delivery (Pipeline)	ML	418.23	415.88	CPI -1.1%	PS5	PS5	PS5
Service Charge	Ass	100.00	100.00				
Licensing							
Diversions (Irrigation)							
Operational Fee	ML/AUL	2.56	2.77	Overall			
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.42	9.49	CPI +1.5%	PS5	PS5	PS5
Service Charge	Ass	100.00	100.00				
Non Water Users							
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.42	9.49	* Entitlement Storage Fee Estimate ++ Estimated Prices (ESC approval not completed)			
Service Charge	Ass	100.00	100.00				

