



# Corporate Plan

2022 / 23





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## 1. Acknowledgement of Country

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

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

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

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

- Acknowledgement of Country written by  
Stephanie Sloane.

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

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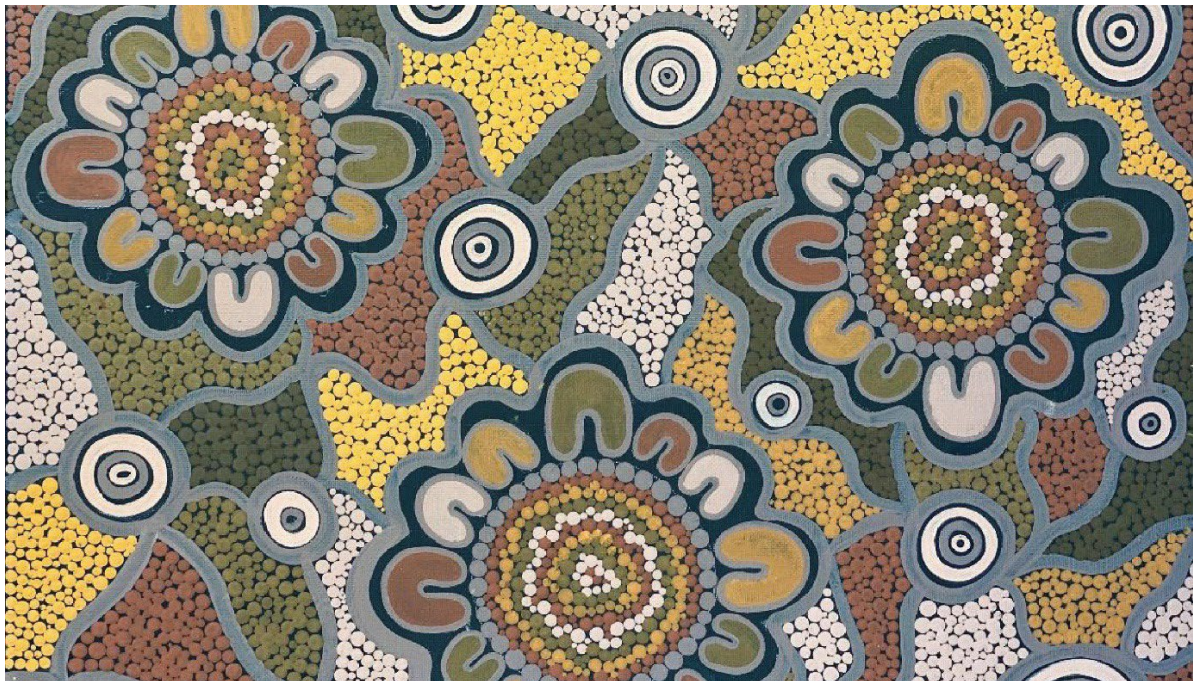


Image 1: This artwork has been provided by local girl Bella Sloane from the Ngiyampaa tribe. Her painting represents family titled, 'The Connection to Family'.

## 2. Chair & Managing Director's Introduction



Chair of the Board  
Sharyon Peart



Managing Director  
Anthony Couroupis

On behalf of the Board of Directors, we are pleased to deliver the 2022/23 Lower Murray Water (LMW) Corporate Plan. As an essential services provider, LMW is committed to its purpose of supporting our region to prosper by successfully delivering vital water services. Our Corporate Plan is reflective of the strategic priorities and foundations, key initiatives and financial forecasts which demonstrate our commitment to achieving this purpose and addressing the nine key priority areas identified in this year's Letters of Expectations (LoE) as defined by the Minister for Water.

In 2021, we farewelled our outgoing Board Chair, Cheryl Rix and thanked her for her nine years of service on the Board, including four as Chair. We also farewelled Director Rob Fowler and acknowledged his contribution to LMW during his term. Sharyon Peart was appointed as the Chair of our new Board and, Warren Lloyd was elected as Deputy Chair. We welcomed two new Directors, Kate Hughes, and Domenic Isola who will join our continuing Directors Greg Baker, Max Folie, Michelle Oates, and Svetla Petkova. We also thank our Strategic Advisory Committee and our Customer Service Advisory Committees for their ongoing support, contribution, and valued advice.

There have been many highlights over the past twelve months, many of which will enable LMW to make continued progress against established initiatives, identify new opportunities for continuous improvements and build upon our achievements for the coming year.

The past year saw the benefits of the Sunraysia Modernisation Project 2 (SMP2) come to fruition with rebates and lower tariff pricing in 2021/22, bringing the districts that were exceeding their individual revenue caps back within their individual cap thresholds. Other districts that were under their individual revenue cap thresholds also received their share of SMP2 revenue.

We acknowledge the positive behaviour change made by the majority of our rural customers with approximately 90% reduction in water theft compared to the 2019/2020 season. This is due to an increased focus and more efficient implementation of our compliance and enforcement processes and the consistent reinforcement of the Minister's Zero Tolerance of Water Theft messaging. Implementation of Penalty Infringement Notices across the state has also provided an additional tool for our team to manage non-compliance through activities that support prevention, detection, and enforcement, which ensures that a fair and equitable system is available for all water users.

With increased effects of climate change driving many of our challenges, we remain committed to reducing our Co<sub>2</sub> emissions, with LMW working closely with Department of Environment, Land, Water and Planning (DELWP) and other Victorian Water Corporations to meet and exceed the state's 2050 reduction pledge.

Our people continue to demonstrate their commitment to our vision and mission despite some significant challenges including the ongoing decrease in raw water quality and the increase in aquatic weed growth at raw water offtakes. These issues challenge our ability to maintain water quality, however they are being well managed by several of our teams who carried out works in preparation for summer and closely monitored and managed the water quality, resulting in no interruptions to our pump stations or treatment plants, and subsequently our customers.

Despite these challenges and throughout the course of our everyday operations, our focus remains on safety. We are committed to demonstrating the 4Cs of our Safety Strategy – commitment, communication, consistency, and clarity – to support the physical and mental health of every staff member and ensure we all go home safe each night. In 2022/23, we continue to build a strong safety culture and in particular focus our efforts on psychological safety.

Customer, stakeholder, and community engagement is well underway to inform our pricing submission for Water Plan 5. Through our targeted and broad consultation, we have heard from many urban and rural customers as well as industry groups, local government, and the general community on topics such as water price, water quality, service levels, recycled water, and irrigation drainage. This extensive work will continue and culminate in our pricing submission in September 2022 and the resulting Water Plan 5 which will guide our services and priorities from 2023 to 2028.

Our Business Transformation Program (BTP) is in full swing which will enable new ways of working through a roadmap of initiatives that will support the future direction of the organisation, and address current organisational challenges experienced to date. The BTP will bring to life our desire to have LMW's customers at the centre of everything we do. Our aspirations are underpinned by a new customer relationship management-billing engine, enabling online billing and payment services through an interactive portal.

The Victorian Murray Floodplain Restoration Project (VMFRP) continues to work towards getting water back into nine high-value floodplains along the Murray River. We are the working-lead agency to coordinate the delivery of the project, alongside our partners Goulburn Murray Water, Mallee Catchment Management Authority, North Central Catchment Management Authority, Parks Victoria and the DELWP. LMW is responsible for the design and regulatory approvals the project requires prior to construction, which involves assessing the potential ecological, cultural, and social impact of the project at each of the priority sites. This project is just one of the ways that LMW continues to demonstrate its commitment to continuous engagement with Traditional Owners in a meaningful way which recognises the First Peoples connection to land, waterways, and community.

We, like the rest of the country, are grateful to return to some sort of normalcy, albeit a COVID-normal, after more than two unprecedented years of disruption. During this time, our organisation and our staff were able to adapt and adjust to each twist and turn of the pandemic and we are extremely proud that we continued to provide high level services to our customers as we dealt with illness, isolation requirements and remote working directions. On a brighter note, we have continued to implement some of the positive aspects of COVID-19 including flexible working arrangements across the organisation where possible.

The pandemic was not the only challenge our staff rose to in the past twelve months. A significant storm hit the Sunraysia region in January 2022 which resulted in many emergency call outs from urban and rural customers, and our teams did a fantastic job responding at the time, safely and efficiently. As a Board, we appreciate and respect the commitment, loyalty, and output of LMW staff. Each day their efforts mean our customers receive high quality water, delivered when they need it, and effective and efficient wastewater services. We look forward to continuing to build on our achievements and working together to achieve our vision of a healthy, sustainable water future.

### 3. Current Business Overview

#### 3.1 Governance

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

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

- *Sharyon Peart, Chair*
- *Warren Lloyd, Deputy Chair*
- *Greg Baker*
- *Maxwell Folie*
- *Kate Hughes*
- *Domenic Isola*
- *Michelle Oates*
- *Svetla Petkova*
- *Anthony Couroupis, Managing Director*

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

LMW is led by the Executive 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 Victoria, Australia extending along the Murray River from Kerang (Barapa Barapa land) to the South Australian (Latji Latji land) border.

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

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

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

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

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

### 3.3 Our Asset Locations



Map 1: LMW Service area and asset map

### 3.4 Our Services

LMW provides the following services:

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

### 3.5 Current Situation

Despite the ongoing impact of COVID-19, the region is well placed to enjoy continued economic growth. Horticultural industries remained strong, with table grape and almond industries enjoying strong harvests in the 2021/22 season. 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 which is expected to continue into 2022/23.

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

### 3.6 Our Recent Performance

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

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

A summary of LMW's performance in the 2020/2021 ESC Urban Water Performance Report is as follows:

<b>Lowest</b>	Water quality complaints made to water business
<b>Lowest</b>	Number of complaints made to a water business per 100 customers
<b>Fifth lowest</b>	Typical household bills (regional owner occupiers)
<b>Fifth lowest</b>	Spills per 100 kilometres of sewer main
<b>Fifth lowest</b>	Typical household bills (tenants)
<b>Fifth lowest</b>	Number of customers on flexible payment plans
<b>Highest</b>	Average water use per household

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

### 3.7 What Our Customers Are Saying

Our services and priorities are outlined in each water plan and include the outcomes that LMW seek to achieve which has been driven by our customers. Water Plan 4 included customer outcomes for urban and rural customers:

#### *Urban*

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

#### *Rural*

- 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 obligation and initiatives

As part of our process to analyse our performance, we survey our customers annually. The results of these surveys provide valuable insights into how we are tracking and how we can improve our urban and rural services. Data from the 2021 Customer Satisfaction Survey has been analysed to help identify the areas of focus for the 2022/23 year.

High-level highlights include:

- The majority (93%) of urban customers were satisfied with LMW's performance overall (including more than a third (43%) who are 'extremely' or 'very' satisfied).
- A large number (82%) of rural customers rate their overall satisfaction with LMW as a service provider 5 out of 10 or higher, including 18% 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 positive aspects in many areas, 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 priorities and how best to balance this with the cost to achieve improvements. We continue to strengthen our engagement with our customers, stakeholders and communities and utilise the feedback and data to inform our pricing submission for *Water Plan 5*.



Image 2: Rural Customer Consultation for Water Plan 5 at Robinvale



## 4. Our Strategic Framework

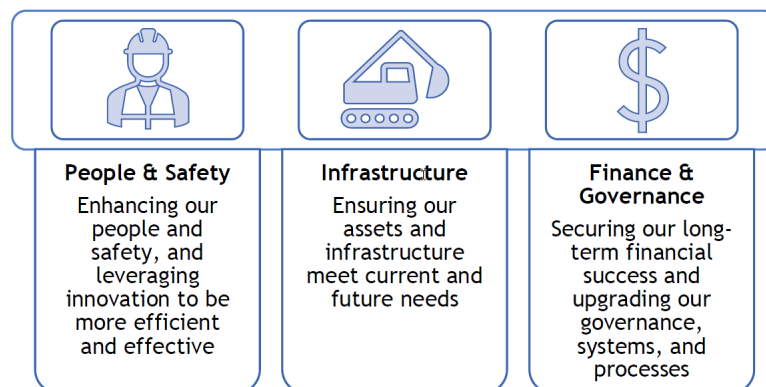
LMW's purpose is to support our region to prosper by successfully delivering vital water services. This purpose is embodied in our strategic framework borne from our vision to create a healthy, sustainable water future underpinned by a culture of performance excellence, and built-in partnership with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

The *LMW 2021-2025 Strategic Plan* has identified six strategic pillars, made up of three Strategic Priority areas and three Strategic Foundation areas. Sustainable progress has been made against the aspirations identified for both the Foundational and Strategic priorities and activity proposed for the coming year aligns with our Strategic Plan, the Ministerial Letters of Expectations (LoE), Statement of Obligations and the *Water Act (1989)*.

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



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



In addressing the Minister's expectations in the 2021/22 Corporate Plan, LMW aligned the LoEs with the strategic pillars identified in its *2021-2026 Strategic Plan*. The same approach has been taken in the development of the 2022/23 Corporate Plan to ensure that the strategy is integrated in the activities identified to address the LoEs in the coming year.

## 5. Delivering Expectations

The *2022-2023 Corporate Plan* aims to address the expectations as set out by the Minister for Water as an entity that delivers government objectives within the context of the *Water Act 1989* (the Act).

LMW acknowledges and continues to address these expectations as expressly defined in this year's Letter of Expectations (LoEs) from the Minister:

- In light of the Victorian Government's response to COVID-19 and the ongoing focus on economic recovery, a strong focus from LMW on the delivery of capital works projects and other economic stimulus measures is expected.
- The mandate to work closely with DELWP on the timely delivery of key projects such as:
  - o the Water Efficiency Project business case.
  - o finalisation of State 1 (planning and approvals) for the VMFRP and preparation of Stage 2 (construction).
  - o improvement of access to emergency water supply points.
  - o continuing to offer customers flexible payment options through existing hardship arrangements.
- Continual application of the Mallee Irrigation Development Guidelines in partnership with the Mallee Catchment Management Authority and regional partners.
- Work with, and in partnership with DELWP, to implement important reforms following the passing of the *Water and Catchment Legislation Amendment Act 2021* including any necessary changes to bulk entitlements, delivery determinations, Water Corporation customer and ordering systems, and the Victorian Water Register.
- The focus on groundwater management reform to improve Victoria's ability to sustainably manage groundwater resources to support all users into the future.

The Minister for Water's LoEs now includes nine priority areas, and LMW has aligned each LoE with the various aspirations in our strategy to ensure both strategic and operational integration, and the fulfilment of customer outcomes for the following reporting period. The nine LoEs are:

***LoE 1 – Climate Change*** Water corporations are required to undertake activities and provide services that minimise environmental impacts, reduce greenhouse gas emissions, adapt to climate change, increase renewable energy use and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.

***LoE 2 – Customer & Community Outcomes*** All aspects of service delivery will be customer and community centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.

***LoE 3 – Water for Aboriginal Cultural, Spiritual and Economic Values*** Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector.

***LoE 4 – Recognising Recreational Values*** Contribute to healthy communities by supporting safe, affordable, high-quality services and resilient, liveable environments.

***LoE 5 – Resilient & Liveable Cities & Towns*** Support the wellbeing of communities by considering recreational values in water management.

***LoE 6 – Leadership & Culture*** Water Corporations reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.

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

***LoE 8 – Strengthen Compliance*** 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.

***LoE 9 – Groundwater Management Reform*** Improve Victoria's ability to sustainably manage groundwater resources to support all users into the future

## 5.1 Climate Change

*LoE 1: Water Corporations are required to undertake activities and provide services that minimise environmental impacts, reduce greenhouse gas emissions, adapt to climate change, increase renewable energy use and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.*

*Key focus areas:*

- Emissions reduction
- Electricity consumption
- Adaptation to climate change and variability

*Agreed Water Plan 4 Outcomes:*

- Be mindful of the environment
- Be present and active in the community
- Comply with other government obligations and initiatives

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

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

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

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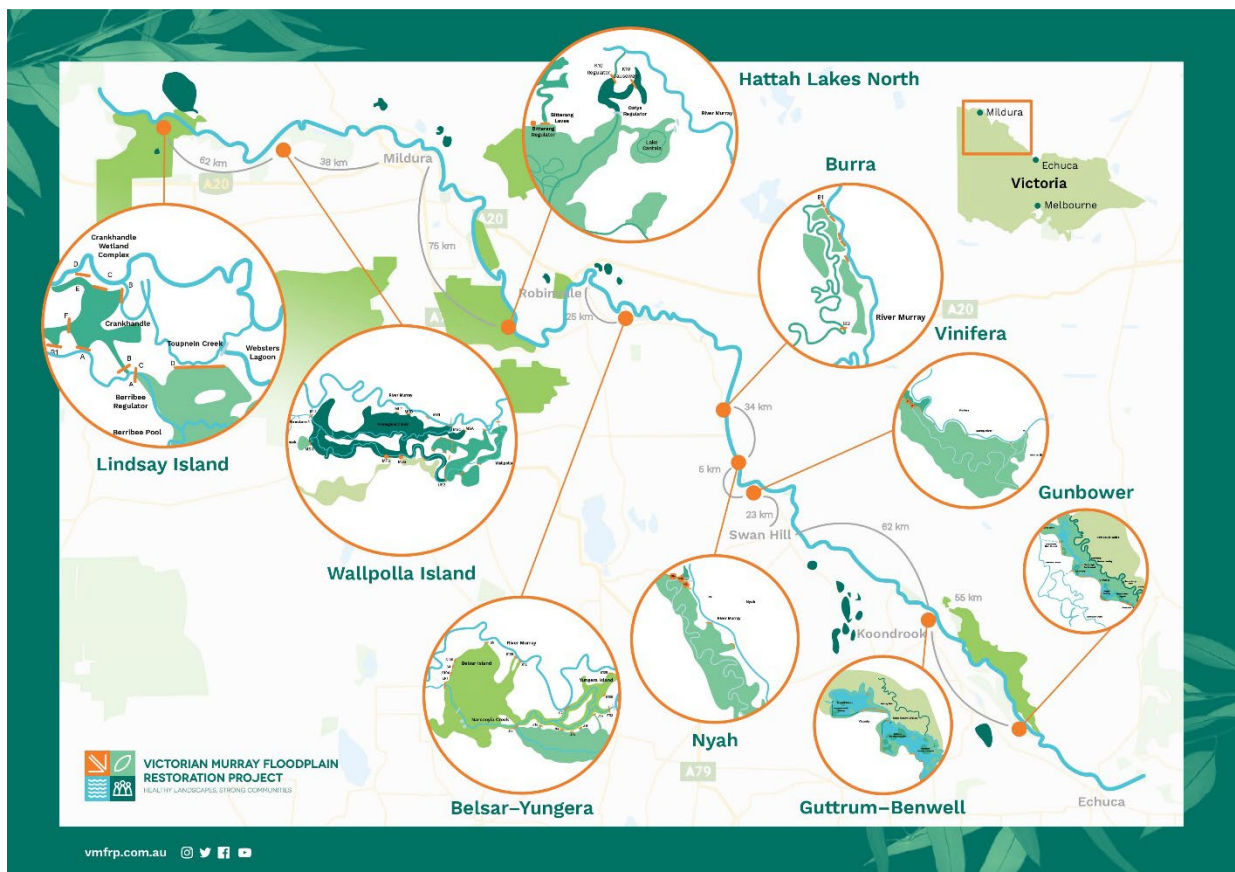
### **1. Strategic Priority: Environment – better the environment in our region.**

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

LMW 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 the floodplains often enough to keep them healthy.

The map below identifies the locations 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.



Map 2: VMFRP Program of works map

The works undertaken will see watering events in these areas 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 these works will 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.

VMFRP is currently in Stage 1 activities phase and working in accordance with the timeframes as stipulated in the Victorian Supply Measures Environmental Works Program between the Australian 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 Australian and Victorian 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 buybacks 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 CO<sub>2</sub> 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 CO<sub>2</sub> reduction pledge by 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 2020/21 LMW exceeded its pledge by reducing 8,680 tCO<sub>2</sub> per annum, totalling 38,092.27 tCO<sub>2</sub> for the period. Achieving this target involved 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 tCO<sub>2</sub> (~7%) toward the pledge. Solar sites are consistently yielding 5-10% higher power output than initial forecasts.

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 regarding the viability of these options is currently 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 that are suitable for our local environment need to be developed and in a manner that can be effectively achieved using a partnership model with local stakeholders. Key partners include local government and catchment management authorities, and LMW will actively work to develop opportunities over the coming period.

## 5.2 Customer and Community Outcomes

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

Key focus areas:

- *Customer Satisfaction (Urban and Rural)*
- *Customer and Community Engagement*
- *Customer Requirements*

Water Plan 4 Outcomes:

- *Be present and active in the community*
- *Provide consistent, safe, clean drinking water*
- *Be easy to contact and quick to respond*
- *Provide reliable sewerage services*
- *Keeps costs to a minimum*
- *Supply me with water when I need it*
- *Comply with other government obligations and initiatives*

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

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

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

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

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

- Value for Money
- Trust
- Reputation
- Overall Satisfaction

Results of the most recent survey have been analysed, and consideration of how overall satisfaction ratings can increase in the coming year and in preparation for *Water Plan 5* 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, LMW undertook a review of all stakeholder functions and key communication and engagement documentation utilised to establish and maintain customer, community, and partner relationships across our operations. The review found LMW to be a highly customer focused organisation with a strong commitment to engaging with our customers and communities to guide the planning, development, and delivery of vital water services.

As a result of the review, LMW has developed a communications and engagement framework, strategy, and tool kit, which will be implemented in the 2022/23 year. The development of the overarching engagement framework will serve to ensure a quality and focused approach to all engagement activities that LMW undertakes to effectively reach all stakeholders with an aligned approach. The framework sets out key principles for use in geographic and/or project-specific communications and engagement plans and is aligned with the IAP2 Public Participation Spectrum tool. This framework is to be implemented in conjunction with *LMW's Strategic Plan 2021-2026*, *Communications and Engagement Toolkit* and *Communication and Stakeholder Engagement Strategy*.

LMW will further strengthen proactive relationships with our six rural Customer Services Advisory Committees (CSAC) and overarching rural Strategic Advisory Committee (SAC), 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 each other's needs.

Utilising networks established through *Water Plan 5* customer consultation, LMW will re-establish the Urban Customer Consultative committee to facilitate genuine engagement and drive customer insights into decision making and operations of our urban networks.

Unfortunately, due to COVID-19 restrictions, LMW was unable to host the Annual Growers Conference in 2021 but intends to deliver an in-person conference for rural customers in 2022. Initiated by our CSACs, 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.

In 2022/23, 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 Plan 2021-2026* 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 2022/23, key stakeholders of focus include rural customers (irrigators and domestic and stock users) as well as water brokers and professional service providers to reinforce the Minister's clear message regarding zero-tolerance to unauthorised water take. We will continue to use strong and resolute compliance and enforcement action to protect all Victorian water users which has been embedded across the organisation resulting from 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 2022/23 to support them through the behavioural changes 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 and most recently, the implementation of Penalty Infringement Notices as a new tool to support the effective management of non-compliance. Various communication platforms will continue to be utilised, including SMS and other proactive communication methods that reach our customers at times that best resonate with them.

2022/23 will also see a focus on rebuilding our relationships with the First Nations and traditional owner groups across our region. Having lost momentum with our first *Reconciliation Action Plan* (RAP) in 2019/2020 as a result of COVID, LMW has recently developed its second RAP with an external and internal focus including the development of formal relationships with Elders, partnering with young First People artists to commission artworks, strengthening internal relationships to build awareness and support through cultural learning and sharing, and access to Cultural Competency Training as well as collaborating with like-minded organisations who are also on their RAP journey.

With a new LoE regarding Groundwater Management Reform, LMW is committed to engaging with key stakeholders, and in particular DELWP, and other licencing authorities through the Statewide Licensing Committee to improve communication with water users on licensing of groundwater and unregulated surface water. This will include clear messaging and the incorporation of standard wording on licencing decisions.

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

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

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

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 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



Given 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.

LMW has commenced a robust engagement process in preparation for the pricing submission for *Water Plan 5* with our customers to identify new customer outcomes which will support the identification, prioritisation and focus for new projects.

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

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

While 2021/22 presented consistent 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 of a high standard throughout the year, albeit with the presence of large volumes of Blue-Green Algae (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 remains unnoticed by the public, in 2022/23 we will continue to strive to reach benchmark quality so that our customers remain unaware and unimpacted by any instances of poor water quality. This approach has seen a focus on increased engagement with rural customers to understand the impacts and challenges resulting from plumatella across our delivery system over the past twelve months which will continue to be a priority moving forward.

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

In 2021/22 our metering team trialled new handheld meter reading devices that enabled staff to streamline the process of meter reading, validation and billing which will enhance insights from our customer metering data. The new units are more compact, have improved ergonomics and functionality and can tie GPS location data and photographs to individual meters within the fleet.

LMW has also expanded its involvement with the Intelligent Water Network (IWN) and is now actively participating in the following projects with the hopes that new technology will provide customers with better service delivery in the future:

- Digital metering systems
  - o State based business case and economic model
- Renewal Program Analytical Solver
  - o Reviewing one asset type, sewer reticulation, with LMW receiving a prioritisation of sewer data, to develop a prioritised program of works for sewer rehabilitation and maintenance
- Remote Field Worker
  - o Equipped with a high-definition camera that can be used to capture photos and videos in hard-to-reach places such as tunnels, towers or behind large machinery and equipment, which includes hands-free technology.
- Water Quality Monitoring
  - o Real time microbiology using BactoSense
- Champions Leadership Program
  - o Developing emerging leaders across the Victorian Water Industry

LMW continues 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



Image 3: Solar at the Mildura Water Treatment Plan

### 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.*

Key focus areas:

- *Supporting Aboriginal self-determination*
- *Partnerships with Traditional Owners*
- *Aboriginal Inclusion Plan/Reconciliation Action Plan*

Water Plan 4 Outcomes:

- *Be mindful of the environment*
- *Be present and active in the community*
- *Comply with other government obligations and initiatives*

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

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

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

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

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

Committed to building upon our first RAP to foster stronger relationships and understanding, a second 'Reflect' RAP has been drafted and ready for submission to Reconciliation Australia (RA) for final review and feedback. In consultation with RA, LMW has made the decision not to progress to the next stage of the RA RAP Framework (which is to develop an 'Innovate' RAP), preferring to reconnect and re-establish relationships with local Aboriginal and Torres Strait Islander stakeholders and organisations through a second 'Reflect' RAP. This has largely been due to the momentum that was lost over the previous two years due to COVID-19 and represents an opportunity to prepare the organisation for reconciliation initiatives and provide a strong foundation to produce future RAPs that inspire and are sustainable.

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 program. Engagement with Aboriginal and Torres Strait Islander stakeholders and organisations was also incorporated as part of community consultation for the *Urban Water Strategy* and *Water Plan 5*.

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

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

Our second RAP will look to identify avenues for LMW to work closely with Traditional Owners on mutually beneficial projects, further strengthening the relationships and providing opportunities to increase pride in Aboriginal cultures within our service region.

We continue to work with local Aboriginal 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.

Engagement regarding cultural heritage matters for all project and operational service delivery activity has been embedded into business-as-usual, recognising the specialist skills and knowledge Traditional Owners contribute to these areas. We acknowledge that Aboriginal values are inherent in the major projects that we are involved with and continually seek opportunities to embed these values into all levels of the organisation. An example of this is the inclusion of a new member of the VMFRP Project Control Group who can provide independent advice regarding Traditional Owner engagement. Authentic engagement of Traditional Owners is a crucial aspect of the VMFRP, and our commitment enables Traditional Owners to recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector.

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

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

The *LMW Social Procurement Strategy* was renewed in early 2021 and is set for a three-year period from 2021-2023. This new strategy prioritises four social procurement objectives:

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

LMW is committed to embedding these social and sustainable objectives into the procurement process to achieve meaningful contributions to the economic, social, and cultural development of our community. Being based in a regional area that has a diverse cultural population with sections of the community experiencing significant and ongoing disadvantage, highlights the importance for LMW to source project services or works locally or within the region, and this remains a high priority for LMW. In addition, our renewed RAP will provide clear direction and vision to build stronger relationships and understanding of our Aboriginal and Torres Strait Islander community.



## 5.4 Resilient and liveable cities and towns

LoE 4: *Contribute to healthy communities by supporting safe, affordable, high-quality services and resilient, liveable environments.*

Key focus areas:

- *Integrated Water Management (Urban)*
- *Water efficiency (Urban)*
- *Circular economy outcomes*

Water Plan 4 Outcomes:

- *Be present and active in the community*
- *Provide consistent, safe, clean drinking water*
- *Be easy to contact and quick to respond*
- *Provide reliable sewerage services*
- *Keeps costs to a minimum*
- *Supply me with water when I need it*

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

As identified within the *2021-2025 Strategic Plan*, the following strategic aspirations support LoE 4 of enabling healthy communities:

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

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

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

Maintaining a high 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 achieve that, it is impossible to balance the costs and risks of delivering these services.

LMW recognises that its customers' and communities' overall wellbeing 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 Blue Green Algae (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 2022/23, LMW's participation in Integrated Water Management (IWM) forums will 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.

Other initiatives that will continue to be developed in 2022/23 include the ongoing installation of UV technology to help manage adverse weather events including blackwater and BGA events more effectively and with less impact on existing systems.

*b) 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, enables 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. Unlike other rural counterparts, 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.

In alignment with Recycling Victoria's commitment to increase the use of recycled materials across the state, focus on the innovative use and disposal of biosolids as a circular economy outcome continues and the trial to transport stockpiled biosolids from our Koorlong Wastewater Treatment Plant (WWTP) for reuse enters its second year. We continue to monitor the benefits biosolids have on various crops as measured through yield and protein content which remains a priority driven by our biosolids committee to meet all EPA requirements. The biosolids will be spread on two dryland farms for study and analysis of the use of biosolids on farms in the region as well as supporting the more effective management of biosolids storage at our WWTPs.

## **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 the International Association of Public Participation (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 and

Post Interaction Surveys where customers can articulate their perceptions and views, as well via our Customer Service Advisory Committees which enable us to gain insight into irrigator issues and gather feedback that supports strategic and operational decision making.

LMW will continue to engage customers in the development of key strategic documents as we did during the development of the *Urban Water Strategy* towards the end of 2021. Engagement with customers enables us to test the support for identified approaches and is an opportunity to educate customers. This approach will continue to be embedded into our approach of strategy and plan development ongoingly.

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 and the opportunity to engage customers in understanding this better is not to be wasted. Authentic engagement is fostered through transparent communication regarding impacts to operations and service delivery, and informing our customers proactively when these issues arise. The ongoing 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.*

Continued engagement with our communities during the development of *Water Plan 5* and other key decision-making processes is a focus for 2022/23 with a targeted approach to strengthen stakeholder relationships. Acknowledgement that stakeholder relationships are the responsibility of all staff and not just a specific team or unit is key to our ability to engage authentically. LMW remains committed to IAP2 principles training which empowers staff to plan and deliver effective engagement across a range of issues, initiatives, and strategies.

In response to feedback from customers during consultation for the development of *Water Plan 5*, LMW will initiate on-farm engagement with rural customers to better understand our customers' needs and work together in partnership to achieve success.

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.
- Access and guidance to government support and concession programs for vulnerable customers.
- Education programs across the community.

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

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

LMW has partnered with a local volunteering group, Greening Mildura to increase native vegetation at a local waterway called Bob Corbould Wetland, resulting in a better environment for our region and supporting healthy and resilient communities. The wetland is totally reliant on receiving stormwater to maintain aquatic habitat values. The project seeks to revegetate the northern end of Bob Corbould Wetland, which is home to many different species of birds and a healthy population of kangaroos.

Over the next five years, Greening Mildura club members will continue to care for the plants to ensure they are irrigated and maintained. The plants for this project will be sourced from a new nursery in the region, owned and managed by local Traditional Owners of the First People of Millewa Mallee.

Partnering with Sunraysia Ozfish, Victorian Fisheries and North Central and Goulburn Broken CMA, LMW will also manage a project which seeks to save fish and other aquatic life stranded in our irrigation

channels. The salvaging exercise will begin at the end of the irrigation summer (March 2022), and will involve careful removal of catfish, perch, mussels, Murray cod and yabbies that have been stranded in the channel. Most of the wildlife will be translocated to the Kings Billabong wetland, however some catfish will be translocated to the Goulburn Broken CMA priority waterway Broken Creek which has been identified as a culturally significant waterway to the local Yorta Yorta Traditional Owners of that region.

LMW is partner in a state-wide monitoring program called Victoria's Wetland Monitoring and Assessment Program for Environmental Water. The project seeks to understand the ecological outcomes of environmental water delivery. The Swan Hill WWTP has been included as counterfactual site which will see investigations the impact to the bird population if water was provided all year round. This partnership will see results from the program used to fill knowledge gaps and allow an enhance integrated management of delivering environmental water throughout the Murray River, creating healthy resilient ecosystems and communities.

#### **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 is committed to continuous improvement and setting a best practice standard when it comes to supporting safe, affordable, and high-quality services. In 2022/23 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 to improve the quality of the services that are provided.
- Procurement: the development and implementation of a robust procurement process which encompasses cost versus benefit tests within procurement planning stages and procedures that enable regular market testing and supplier performance evaluation processes to ensure best commercial and social terms are sought.
- Debtor Management: through the automation of quarterly bills and electronic reminders as well as increasing early intervention and support for customers experiencing hardship.



Image 4: Biosolids located at Koorlong Wastewater Treatment Plant

## 5.5 Recognising Recreational Values

*LoE 5: Support the wellbeing of communities by considering recreational values in water management.*

Key focus areas:

- *Recreational values*

Water Plan 4 Outcomes:

- *Be mindful of the environment*
- *Be present and active in the community*
- *Comply with other government obligation and initiatives*

Water is a vital feature of our region's landscape and the communities that reside within the Murray-Darling Basin, and the opportunity to participate in recreational activities whether in the river, tributaries or floodplains is immense. As such, the following strategic aspirations support efforts to achieve the objectives for LoE 5:

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

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

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

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

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

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

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

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

LMW contributes to and supports the community's water based recreational and environmental values, providing a range of operational assistance to the Mallee Catchment Management Authority (CMA) for the delivery of the Victorian environmental watering program. It is widely understood that healthy floodplains are beautiful places to visit and are ideal for recreation activities such as boating, fishing, and camping. 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 by enabling visitors from outside our region to engage in recreational activities and contribute economically to our community for generations to come.

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

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

LMW plays an important role in ensuring the community can pursue their recreational activities within the Murray River and its waterways. LMW monitors water for BGA and provides timely and accurate communication on when there are potential health impacts.

LMW is a key member of the Sunraysia Regional Algae Coordinating Committee. Our involvement includes frequent sampling of local waterways, laboratory assessment for blue green algae and issuing warnings when BGA levels are harmful to human health. One of the more popular local waterways is Lake



Cullulleraine; a 184-hectare lake, which was once an ephemeral wetland, but is now kept at constant level via water pumped from the Murray River above Lock 9. The Lake's primary purpose is to supply water for the Millewa community, supplying stock and domestic and irrigation water for large horticulture properties in the area. The Lake is also a favoured location for locals and visitors to holiday, with two very busy caravan parks on the foreshore, which enables people to pursue recreational activities such as swimming, fishing, skiing, paddle sports, camping, or bushwalking.

To support the recreational use of the Lake, LMW will continue to monitor for BGA and issue timely notices on our website, social media and in the local paper when levels become elevated above acceptable thresholds. LMW will work closely with relevant stakeholders to manage the Cumbungi weed at Lake Cullulleraine. Stakeholders include Mildura Rural City Council, Millewa Landcare and Department of Environment Land and Water. LMW plan to achieve high quality outcomes in consultation by defining and delivering on agreed Cumbungi removal which supports recreational use and support the natural ecosystem. LMW will also work collaboratively with the lead agency Mallee CMA to plan projects that protect the natural ecosystem and recreational facilities at Lake Cullulleraine.

Work for this year includes the maintenance of the 10-kilometre walking tracking around the perimeter of the lake and the support of other recreation activity. For example, the local Mildura Birdlife club is a thriving club that utilises this area, and we will work with them to provide waterway access for sites we manage to facilitate the recreational activity of bird watching in our community.

### 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 2022/23 we will continue this role as well as our established routine monitoring for the presence of BGA in customers' source water supply. LMW is in regular communication with key tourism and government stakeholders in the management of this issue.



Image 5: Blue-green algae warnings at Mildura Riverfront



## 5.6 Leadership and Culture

*LoE 6: Water Corporations reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.*

Key Focus Areas

- *Diversity and inclusion*
- *Health and Safety*

Water Plan 4 Outcomes:

- *Be present and active in the community*
- *Comply with other government obligations and initiatives*

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

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

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

***2. 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.

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

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

In the last quarter of 2021, LMW retested its safety culture through the completion of its 3<sup>rd</sup> Global Safety Index Survey. Results confirmed the implementation of the *4C Safety First Strategy* has had a positive impact on the safety culture of the organisation. An overall rating of 69.5 was achieved, an increase of 4.03 from the 2019 results. The most significant shifts in the results include:

- Good communication about hazards and risks which affect me and others. Results in this area increased from 33.7 in 2019 to 47.6 in 2021.
- Safe behaviour is regularly recognised and rewarded. Results went from 22.5 in 2019 to 57.8 in 2021.

The strategy is due for review in mid-2022 and will be refreshed based on feedback from our people to ensure the progress made since its implementation in 2020 is maintained and the next phase of work will support the further maturing of LMW's safety culture. The themes of the strategy are communication, consistency, clarity, and commitment and these will remain, demonstrating 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 formalised lead and lag Key Performance Indicators (KPIs) for executives, people leaders and all staff within the strategy will be reviewed to ensure they support LMW to effectively monitor safety

performance, identify emerging risks and achieve continuous improvement of our overall OHS Management System. Current KPIs will remain in place until the revised strategy is finalised and implemented. LMW will continue to utilise a combination of the strategy and the wellbeing indicators from the annual Victorian Government *People Matters 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 of LMW's *Leadership and Talent Management Framework* was completed during 2021 with the successful delivery of a pilot program of 19 Professional Development Plans (PDP) which concluded in January 2022 prior to the full launch to all staff on 1 February 2022. The *Leadership and Talent Management Framework* will cover the full lifecycle of an employee with six key elements:

1. Attract talent
2. Onboard talent
3. Develop talent
4. Retain talent
5. Share knowledge
6. Release talent

The focus for 2022/23 is on elements one and four with full implementation of the PDP online system. Developing a personalised PDP for each employee will ensure LMW has a structured approach to the development of individuals and teams supporting the achievement of a high performing, skilled and engaged workforce. All performance and development goals have been mapped to the Victorian Public Sector guidelines ensuring consistency and transparency of performance and capability assessments for each employee.

From February 2023, LMW will utilise results from the completion of the first PDP cycle to develop a detailed succession planning process to ensure LMW is developing future leaders and technical specialists for the critical positions both now and for future workforce requirements.

LMW will utilise results from the Victorian Government *People Matter 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. This was completed in 2021 and an action plan developed by the Executive Team and broader management group to respond to the opportunities for improvement identified in the 2021 People Matter Survey. LMW strives to provide a work environment where individuals and teams can be innovative and share knowledge to achieve their potential. This is crucial to instilling a culture where leadership is a behaviour not a title.

People and Safety has been identified as a *Strategic Foundation* in the 2021 - 2025 *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 diverse and dispersed teams working both remotely and in person. During 2022/23, further focus will be placed on leaders building capability to support their staff to be mentally healthy, and ensure work is a positive contributor to their 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. During 2021, LMW completed a Workplace Gender Audit, which was submitted to the Commission for Gender Equality in the Public Sector. Sharing results from the audit and the 2021 People Matter Survey, consultation was completed with our workforce and unions in the development of our first *Gender Equality Action Plan* (GEAP) in accordance with requirements of the Victorian Government's Gender Equality Act. During 2021, LMW established an Equality, Diversity and Inclusion (EDGI) Committee made up of employees, management, and Board members. The role of the committee is to promote, champion and encourage equality, diversity, and inclusion in the workplace and

monitor key areas of performance in this area. The ED&I Committee has been instrumental in supporting the development of the Action Plan which was finalised with whole of organisation and Board feedback in the first quarter of 2022 and submitted to the Commission on 31 March 2022. The Action Plan will continue to focus on the achievement of an inclusive work environment that provides opportunity and equity at all levels of the organisation for all people.

LMW completed a final report to Reconciliation Australia (RA) in September 2021 on its achievements against the actions and deliverables in the *2019-20 Reconciliation Action Plan (RAP)*. The development of a new RAP has commenced in collaboration with RA and LMW's RAP Working Group. The RAP has similar focuses on relationships, respect, opportunities, and governance. Initiatives across our GEAP and RAP aim to achieve:

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

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

Significant progress has been made in the previous 12 months on business transformation and this year will see some of the benefits of the project realised. LMW have now validated the core financial and customer platforms that will host the re-implementation of our improved business services and customer experience. Over the next 12 months, the Business Transformation Program will commence the design, build and configuration of these capabilities supported by robust organisation change management activities for both staff and customers.

Cybersecurity remains a high priority for LMW across our Information Technology and Operational Technology systems. We continue to focus on prevention and response through improved processes, procedures, and operational excellence.



Image 5: Gender and cultural diversity is a key focus for 2023/23

## 5.7 Financial Sustainability

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

### Key Focus Area

- Audited statement of performance

### Water Plan 4 Outcomes

- Keep costs to a minimum

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

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

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

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

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 continues to review and enhance key strategic frameworks including our procurement framework, *Asset Management Accountability 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 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. The provision and delivery of an enhanced budgeting solution has been included within LMW's Business Transformation Program Horizon One which is to be delivered throughout 2022/23.

#### *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 Sunraysia Modernisation Project 2 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 *Water Plan 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.

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.

Other significant additional costs incurred during this time has been water filtration due to poor raw water quality and software licencing costs with commencement of the business transform project.

LMW is committed to following price paths that were set within *Water Plan 4* and continue to be agile where expenditure budgets may not specifically align with the ESC approved operating expenditures however where possible have embedded 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*

The organisation continues to review and embed the Victorian Government's procurement directives. LMW's procurement framework, policies and processes aligns with the directives which outlines the process for identifying, planning, acquiring, and sustaining the goods, services and works necessary to enable the organisation to achieve its goals in identifying efficiencies and improvements for customer value.

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 realise 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 the past year with further programs of works scheduled and budgeted for in 2022/23 ensuring ongoing compliance be 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 continues to improve the implementation of the *AMAF* 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, the *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.

*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 2021/22, we continued to build our technical base following the departure of several experienced staff within our planning and engineering teams. This included a focus on providing resources to support the development of improved resource and project planning, processes, and reporting. The scoped improvements in development for project management has been budgeted for and will be part of the business transformation program implementation over 2022/23.

In 2022/23 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 2022/23 is as follows:

- Mildura WTP Ultra-Violet Treatment
- Mildura West WTP Ultra-Violet Treatment
- Swan Hill WTP Ultra-Violet Treatment Upgrade
- Robinvale WTP Ultra-Violet Treatment Upgrade
- Mildura West WTP Upgrade to ClearSCADA
- Water Main Replacements (Sunraysia & Swan Hill regions)
- Sewer Main Rehabilitation (Sunraysia & Swan Hill regions)
- Millewa River Pump Station
- Irrigation Main Replacements (All districts)

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

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

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.*

Key Focus Areas:

- *Apply an effective zero-tolerance approach to unauthorised take*
- *Demonstration of continuous improvement toward implementation of compliance and enforcement strategies, frameworks, and reporting.*

Water Plan 4 Outcomes:

- *Be mindful of the environment*
- *Be present and active in the community*
- *Supply me with water when I need it*
- *Comply with other government obligations and initiatives*

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

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

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

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

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

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

Following several years of focusing on unauthorised take, LMW is now able to review its Compliance & Enforcement Strategy to ensure that relevant and responsive processes are developed for all areas of compliance under the *Water Act 1989* (Act), not just unauthorised take. This work has taken the recommendations and feedback from Des Pearson's review and focuses on a risk mitigation approach. LMW has made significant improvements in strengthening processes across all areas of non-compliance with the Act and will continue to implement this in 2022/23.

With the implementation of Penalty Infringement Notices (PINs) for irrigators during the 2021/22 irrigation season, LMW now has an additional tool to strengthen the compliance of irrigators who offend under s33E of the Act and is currently developing processes to support PINs as a tool for s289 offences which will be implemented for the 2022/23 irrigation season. This will support LMW greatly in consistently achieving its KPIs.

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

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

LMW's engagement with stakeholders regarding compliance is essential to affect positive behavioural change and to be seen as a leader in this space across the state. We have invested significant time and attention in educating our customers whilst enhancing our processes over the past twelve months. This engagement has seen a marked improvement in the response to LMW's compliance efforts and an increase in immediate action taken by customers who are in unauthorised take.

In 2022/23, LMW's focus will continue to focus on building robust systems and processes that addresses all areas of compliance, a benefit of the learnings and growth experienced in this area over the past 12 months. This will hold LMW in good stead to ensure consistent and effective management of non-compliance when environmental conditions become less favourable, and irrigators are challenged by increasing water prices.

Enhanced communication that is tailored to key stakeholder groups will continue as LMW focuses our efforts on maximising outcomes through targeted communication and education campaigns. This will involve the combination of written and face-to-face engagement to both individuals and cohorts of key stakeholder groups with a strong focus remaining on irrigation customers, as well as Domestic and Stock customers and 'repeat offenders' in 2022/23. Focus will also remain on educating professional services providers such as brokers, accountants, and real estate agents who advise and influence both irrigators and stock and domestic customers. LMW will continue to use strong and resolute compliance and enforcement action to continue to reinforce the Minister's clear zero-tolerance approach to unauthorised water take and other offences under the Act.

Effective engagement with key non-customer stakeholders including DELWP, Water Corporations and other industry networks has also been a key focus to share learnings and achieve a consistent application of compliance and enforcement activity across the state.

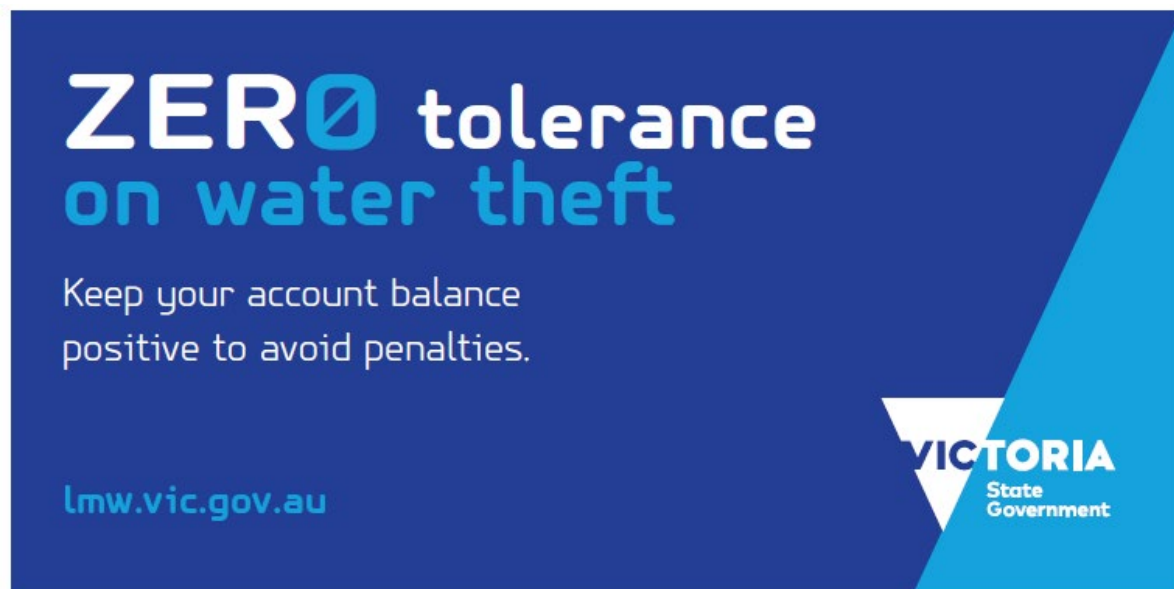


Image 7: Unauthorised Take communications banner

## 5.9 Groundwater Management Reform

*LoE 9: Improve Victoria's ability to sustainably manage groundwater resources to support all users into the future*

Key Focus Areas:

- *These performance indicators are yet to be developed and will be done so with input by LMW.*

Water Plan 4 Outcomes:

- *Be mindful of the environment*
- *Be present and active in the community*
- *Supply me with water when I need it*
- *Comply with other government obligations and initiatives*

In 2021, following a review of water licencing and water management groups (consisting of DELWP and water corporation representatives), two groundwater working groups were formed to support an increased focus on managing groundwater resources throughout Victoria. This review set a clear expectation from the Minister that DELWP and water corporations with delegation to assess and issue groundwater licences that we must work together to achieve clear direction and priorities for the effective management of this water resource.

The following strategic aspirations support the reform of ground management practices across the organisation and the achievement of outcomes outlined in LoE 9:

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*

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

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

In accordance with the outcomes of the review of working groups coordinated by DELWP with relevant water corporations, LMW has nominated two representatives to participate in the Sustainable Yields Technical Assessment Working Group (SYTAWG) and the Groundwater Management Strategy Community of Practice.

The nominations are based on delegated positions within LMW for the responsibility under the *Water Act (1989)* (Act) to assess and issue Groundwater Licences and include LMW's General Manager People and Stakeholders and Manager Customers and Stakeholders.

Groundwater management is a new service for LMW with the first groundwater licence application assessment completed during 2021 with support from DELWP technical staff and Goulburn Murray Water to ensure compliance and due process for LMW as the regulator and the customer. Throughout this assessment process, LMW has developed a suite of procedures based on the Minister's policies to ensure strong governance across all LMW's water licencing activity in accordance with the Act and the Minister's delegations to LMW. This consists of 13 individual groundwater templates, forms, and procedures to guide

LMW operators in the ongoing management of groundwater licencing and water use and embed best practice as we mature this service within our standard operations. All documentation was reviewed by DELWP's Senior Manager Licensing – Groundwater & Unregulated Systems (LGUS) prior to finalisation and implementation.

An internal audit was also completed in 2021 through LMW's annual internal audit program to ensure LMW had adequate controls and governance across all water licencing activities. Actions from this audit report have been completed and staff training to ensure best practices is included in all relevant staff professional development plans for 2022.

LMW are currently undertaking its second groundwater take and use licence application assessment providing a further opportunity to test its internal processes and provide valuable insights to the technical working group and community of practice to support continuous improvement across the water sector.

### **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 a variety of stakeholders when establishing a new water licencing service is critical to ensure education to customers and the community regarding obligations for the use of groundwater and how LMW ensures the sustainable use of this water resource. Further, working closely with DELWP and other agencies such as Mallee Catchment Management Authority (CMA) to build confidence in LMW's ability to manage these services in accordance with the Act, and other relevant legislations, is critical to achieve best practice and to manage reputation and public interest risks associated with water resource management.

LMW's participation in the Groundwater Management Strategy Community of Practice is a critical part of building these relationships and influencing the future of groundwater management through the *Groundwater Management Strategy 2030*. LMW have provided input to the development of:

- survey questions to be used through stakeholder engagement
- high level priorities to be captured and addressed through the strategy

The *Groundwater Management Strategy 2030* will aim to achieve a united approach between DELWP and water corporations over the next 8 to 10 years. In addition to the inputs provided, LMW's General Manager People and Stakeholder and Managing Director participated in a workshop facilitated by DELWP to gain endorsement from the Managing Directors' Group on the identified priorities and the approach to consultation and develop the final strategy. On a local level, LMW have invested in working with key customers across our service region in the last 12 months to raise awareness of developments with this water resource and commence education of requirements, obligations, and limitations for effective management of groundwater and all associated environmental impacts. This work will continue in partnership with DELWP, Mallee CMA, other water corporations and relevant agencies.



## 6. Risk Management

The LMW Board views effective risk management as key to achieving and maintaining its operational and strategic objectives. It is an expectation of the Board 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 implementation of a risk management framework supports LMW's commitment to risk management and is fundamental in supporting the achievement of the organisation's objectives. In 2021/22, LMW's *Risk Management Framework* was reviewed as a part of the development of a new Governance Operating Model. In conjunction with this review, LMW's Risk Appetite Statement was also revised, drawing upon the expertise of our new Board Directors and under the oversight of LMW's Risk Committee which ensures ongoing intentional focus on risk across the organisation.

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.
- LMW sees benefit in managing risk by anticipating, understanding, and deciding whether to modify it, using a systematic approach.

Risk management attestation is conducted annually and is due prior to the completion of the annual 2021/22 attestation of compliance with Standing Directions. Findings and identified opportunities from the 2021/22 attestation process has formed part of a Governance work plan which will support workload balance for the Governance Team in conducting risk improvement activities whilst continuing to support the organisation with risk identification and management. Our established Finance & Audit Committee oversees a robust internal audit program to provide assurance over controls to manage key risks.

LMW continues to operate under its current Pandemic Management Plan (PMP) to ensure we provide 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. Our Pandemic Management Group which includes representatives from each division of the organisation, continues to work together to provide input and updates from across the business to ensure LMW's response is 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 this cohort. 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 Letter of Expectations (LoEs) and associated guidelines.

### 7.1 Pricing

#### 7.1.1 Overview

The structures for urban and rural pricing are forecast to remain unchanged for the Corporate Plan period 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 (where all urban townships have common pricing), and the location pricing method for rural pricing.

#### 7.1.2 Urban

Urban pricing is regulated by the ESC who completed its review of LMW's Urban Pricing Submission for 2018/19 to 2022/23 *Urban Water Plan 4* (Urban WP4) and released a final determination in June 2018. The *Corporate Plan 2022-23* urban pricing continues to follow this price path.

The 2022/23 prices comprise regulated price elements (Table 1) to minimise the risk of inflating forecast revenue. Urban pricing for the 2018/23 pricing submission assumed a -0.35% real price path, adjusted annually for the March quarter average cost of debt and CPI for the year. The Corporate Plan 2022/23 urban pricing continues to follow this price path. After applying an estimated -0.87% cost of debt adjustment and an estimated CPI of 3.48%, urban services will see an increase of 2.26% in 2022/23 for the reference customer, which is less than estimated CPI.

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

Urban Service	Actual 2021-22	Estimated 2022-23	\$ Change	% Change
Water Service Charge	\$207.36	\$212.04	\$4.68	
Water Usage (477kL)	\$280.14	\$286.45	\$6.31	
Sewerage Service Charge	\$489.52	\$500.60	\$11.08	
Total Reference Customer Owner Occupier Bill	\$977.02	\$999.09	\$22.07	2.26%

Tenant Occupier				
Total Reference Customer Tenant Occupier Bill	\$280.14	\$286.45	\$6.31	2.25%

Table 2: Annual bill impact of this change for urban reference customer

Refer to Section 9.3 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 2022/23 to 2026/27.

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 *Rural Pricing Submission* for 2018/19 to 2022/23 *Rural Water Plan 4* (Rural WP4) planning. The electricity price adjustment has not been triggered for 2022/23 tariff prices.

The plan's growth, water usage demand and pricing align with year 5 of *Rural WP4* and have considered the following factors:

- Sunraysia Modernisation Project 2 (SMP2) rebates and lower tariff pricing in 2021/22 brought the districts that were exceeding their individual revenue caps back within their individual caps. Other districts that were under their individual revenue cap received their share of SMP2 revenue however it did not impact their tariff pricing and no adjustment was made.
- The *Rural WP4* price path has been applied to the 2021/22 reduced tariff pricing. 2022/23 delivery shares prices have not been reduced any further in associated districts due to SMP2 delivery share and water usage revenue forecast predicting all districts will now be under their individual revenue caps. Combined total *Rural WP4* prescribed revenue is forecast to be under the revenue cap by \$2M of the \$116M (1.7%). Mostly due to total forecast rural water demand including increased volumes for SMP2 customers is lower than *Rural WP4* water demand forecast.
- Government funding of \$1.5M has been recognised (previously recognised as prepaid revenue) with another \$2.05M approved by NSW Department of Planning, Industry and Environment for construction works of the Millewa river pump station, using matching recognition for the grant \$3.745M when pump station is commissioned in 2022/23.

The annual bill impact of the changes for rural reference customers is presented in Table 3 below:

Rural District	2020-21	2022-23	\$ Change	% Change
Mildura (100ML)	\$14,709.05	\$15,274.85	\$565.80	3.85%
Mildura HP (100ML)	\$22,596.53	\$24,009.65	\$1,413.12	6.25%
Merbein (100ML)	\$11,214.01	\$11,567.21	\$353.20	3.15%
Red Cliffs (100ML)	\$11,836.37	\$12,334.37	\$498.00	4.21%
Robinvale (100ML)	\$22,159.05	\$22,764.45	\$605.40	2.73%
Private Diverters (1,000ML)	\$12,403.41	\$12,883.41	\$480.00	3.87%
Millewa Waterworks (Rural) (4,300kL)	\$8,015.46	\$8,142.95	\$127.49	1.59%
Millewa – Urban (400kL)	\$894.60	\$922.68	\$28.08	3.14%
Yelta Water Works (3ML)	\$1,627.17	\$1,663.43	\$36.26	2.23%

Table 3: Annual bill impact of this change for rural reference customers

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

## 7.2 Operating Expenditure

### 7.2.1 Urban

The financial year 2022/23 is year 5 of the *Urban WP4*. 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 2022/23 reflects the urban pricing submission's budget, however,

deviates due to additional business transformation initiatives with improved work practices that are expected to yield long-term efficiency savings. The influencing additional costs are in the areas of software licensing, water filtration costs, embedding the *Asset Management Accountability Framework (AMAF)* with improved asset inspection and condition monitoring and meter replacement. The technical services have additional consultant asset investigation and project scoping costs to enable pre-construction capital works planning, investigation and project scoping ensuring efficient and prudent capital investment. The 2022/23 urban operating expenditure budget, including depreciation and interest expenses, is an increase of 1.5% against the 2021/22 urban forecast. Further detail is provided in section 7.3 Operating, Maintenance and Administration Expenses.

Table 4 sets out the 2021/22 urban forecast and proposed urban total operating expenditure for each year of the Corporate Plan period, across each water and wastewater service category. The table separates out the costs that are not controllable by LMW (GMW bulk water charges and the environmental levy contribution). The total forecast operating expenditure for the Corporate Plan period is also provided.

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

Urban Cost Category	Current	Corporate Plan 5 Year Period					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	TOTAL
	Forecast \$	Budget \$	Planned \$	Planned \$	Planned \$	Planned \$	\$
Water	25.74	26.33	28.86	29.61	30.93	33.44	149.17
Wastewater	18.22	18.29	19.86	20.50	20.81	22.31	101.77
External bulk water charges and water allocation purchases	0.68	0.71	0.74	0.77	0.80	0.83	3.85
Environmental contribution	1.78	1.78	1.78	1.78	1.78	1.78	8.90
<b>Total Expenditure</b>	<b>46.42</b>	<b>47.11</b>	<b>51.24</b>	<b>52.66</b>	<b>54.32</b>	<b>58.36</b>	<b>263.69</b>

Table 4: Urban Forecast, Budget and Planned Operating Expenditure 2020/21 to 2026/27

### 7.2.2 Rural

The financial year 2022/23 is year 5 of the *Rural WP4*. 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 planned operating expenditure for 2022/23 reflects the rural pricing submission's budget, however, deviates due to additional business transformation initiatives with improved work practices that are expected to yield long-term efficiency savings. The influencing additional costs are in the areas of software licensing, embedding *AMAF* with improved asset inspection and condition monitoring and meter maintenance. The technical services have additional consultant asset investigation and project scoping costs to enable pre-construction capital works planning, investigation and project scoping ensuring efficient and prudent capital investment. The bridges and culverts that traverse our rural channels where ownership responsibility has been uncertain has an extensive inspection and maintenance program planned for 2022/23.

The rural business electricity costs have reduced due to a combination of lower energy price and lower water demand.

The 2022/23 rural operating expenditure budget, including depreciation and interest expenses, is an increase of 4.0% against the 2021/22 rural forecast. Further detail is provided in section 7.3 Operating, Maintenance and Administration Expenses.

Table 5 sets out the 2021/22 rural forecast and proposed total operating expenditure for each year of the Corporate Plan period, across each major service category. The total operating expenditure for the period is also provided.

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

District	Current Period	2022-23 Corporate Plan Period					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	TOTAL
	Forecast \$	Budget \$	Planned \$	Planned \$	Planned \$	Planned \$	\$
Irrigation and drainage	32.02	32.96	35.14	34.69	35.71	37.87	176.37
Domestic and stock districts	2.44	2.91	2.75	2.81	2.84	3.05	14.36
Surface water diversions	2.89	3.05	3.26	3.30	3.39	3.56	16.56
External bulk water charges and water allocation purchases	3.10	3.18	3.41	3.57	3.72	3.88	17.76
Environmental contribution	0.47	0.47	0.47	0.47	0.47	0.47	2.35
<b>Total Expenditure</b>	<b>40.92</b>	<b>42.57</b>	<b>45.03</b>	<b>44.84</b>	<b>46.13</b>	<b>48.83</b>	<b>227.40</b>

Table 5: Rural Forecast, Budget and Planned Operating Expenditure 2021/22 to 2026/27

### 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*. *Corporate Plan 2022-23* operating expenditure budgets have increased on the forecast 2021/22 by \$1.95M (2.2%). *Corporate Plan 2022-23* budgets before interest and depreciation have increased on *WP4 2022-23* budgets by \$2.5M (5.2%) of which \$3.4M is attributed to labour cost increase.

The main drivers in expenditure variations from the pricing submission budgets for the *Corporate Plan 2022-23* budget are:

- Labour costs
- Electricity expense
- Software licence subscriptions
- Insurance
- Urban water filtration costs
- Consultants and contractors
- Bulk water charges

**Labour:** Lower Murray Water has undertaken a number of organisational restructures and business resourcing reviews over the past three years, resulting in several new teams and roles within the approved labour force plan. The 2022-23 Corporate Plan budget reflects current approved roles and current Enterprise Bargaining Agreement (EBA) and contract rates, including positions that are currently vacant and under recruitment. The wages expense contained in Corporate Plan FY23 is consistent with the Board approved labour resources contained in Corporate Plan FY22.

Management continues to review resourcing levels to provide the services and outcomes where there is a business requirement. The forecast reduction in *Water Plan 4's* staffing levels and associated labour budget has not been achieved which was based on implementation of a business transform project. LMW have now formally prepared the transformation plan with Horizon One of the plan to be delivered over the 2021/22 – 2022/23 period. When *Water Plan 4* operating and maintenance labour (inc. on-cost) is compared to Corporate Plan 2022-23 we note a variance of \$3.4M.



LMW continues 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. The decrease is attributed to a combination of lower energy prices and lower water demand from *Water Plan 4* and *Corporate Plan 2021-22* forecasts.

LMW is mandated to join the Victorian Purchasing Board (VPB) energy contract which for LMW will begin 1 July 2022. The VPB supplier uses a progressive purchasing energy methodology based on future market price. At the time of forecasting the VPB supplier had not locked in all its energy purchases for 2022/23 financial year and beyond there were no set energy price for 2022/23 or beyond for LMW's contract. LMW have obtained the current contract price and the future price forecasts from an electricity industry specialist.

Whole of business electricity is forecast to reduce by \$1.998M on *Water Plan 4 2022-23* (26%) and \$673K (12%) less than *Corporate Plan 2021-22*. 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, efficiency gains in the long term 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) and the implementation of the Business Transformation Project (BTP) increasing the number of software systems to replace manual processes.

**Insurance:** LMW participates in procuring its insurance needs through a combined Victorian Water Industry approach. Insurance premiums have increased substantially since *Water Plan 4* submission being forecast an additional \$305K (152%) for 2022/23. Contracted insurance brokers are currently in negotiation with insurance underwriters however have advised that insurance premiums will rise for 2022/23 from previous levels, LMW have forecast premiums of \$505K - an additional \$44K on 2021/22 premiums.

**Urban water filtration costs:** Actual urban water filtration costs have increased in recent years with the tighter water quality drinking regulations and poor river raw water quality. An increase on *Urban WP4* in operating budgets of \$389K has been included into *Corporate Plan 2022-23* for the chemical required to treat the urban drinking water.

**Consultant and contractors:** Forecast increase to support the Asset Management Accountability Framework (AMAF) implementation plan including the inspection and assessment of physical assets has been forecast with additional sewer CCTV works, water meter replacement program, diver inspections of storages, inspection and repair of bridges and culverts. An additional expense for the Millewa temporary pump hire whilst the new Millewa pump station is constructed.

**Bulk Water Charges:** At the time of forecasting bulk water charges from Goulburn-Murray Water (GMW) had not been set for 2022/23, however it is forecast to be a decrease compared to the *Water Plan 4* forecast cost. 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. For the future CP forecast years, GMW are currently consulting with its customers on a change of pricing from a basin to a system price basis, however no final decision

has been made. Basin pricing will result in price increases for urban and rural however is not thought to be introduced until 2023/24. The expense increase has been modelled using current ESC CPI estimate of 2.1% and the gradual increase in price over 4 years indicates an incremental increase from 4% to 18% by FY 2027/28.

## 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 continues Horizon One of the Business Transformation Program (BTP) core technology platform uplift, which will see a total of \$5.116m in FY22 and FY23 invested in capital projects to provide the platforms to enable increased system capabilities and drive operational efficiencies. Corporate Plan years 2023-2027 builds on BTP Horizon One initiatives which focus on improved customer experience and service excellence.

### 7.4.1 Urban

The urban capital works budget for the 2022/23 is centered on delivering the agreed service level outcomes as supported by the pricing submission. Total proposed urban capital expenditure for the Corporate Plan period across each service category is set out in Table 6 below.

Service Category	Current Period	Corporate Plan period					
	Forecast 2021-22 \$ '000	Budget 2022-23 \$ '000	Planned 2023-24 \$ '000	Planned 2024-25 \$ '000	Planned 2025-26 \$ '000	Planned 2026-27 \$ '000	TOTAL \$ '000
Water	19.15	10.08	15.37	23.30	26.40	23.77	98.92
Sewerage	3.05	2.41	9.16	9.05	9.21	7.22	37.05
Corporate	2.68	5.49	0.99	1.00	1.02	0.66	9.16
Recycled water	-	-	-	-	-	-	-
Gifted assets	3.94	2.33	1.23	1.25	1.28	1.30	7.39
<b>Total Capital Urban</b>	<b>28.82</b>	<b>20.31</b>	<b>26.75</b>	<b>34.60</b>	<b>37.91</b>	<b>32.95</b>	<b>152.52</b>

Table 6: Forecast, Budget and Planned Urban Capital Expenditure 2021/22 to 2026/27

Major urban capex works to be delivered in 2022/23 are outlined in Table 7.

Water Projects	Budget 2022-23 \$ '000
Mildura WTP Ultra-Violet Treatment	3,342
Swan Hill WTP Ultra-Violet Treatment	2,851
Mildura West WTP Ultra-Violet Treatment	692
Mildura West WTP Upgrade to ClearSCADA	600
Robinvale WTP Ultra-Violet Treatment	542
Water Main Replacements	455
Kerang Main Replacement Wellington St (Railway Crossing)	205
Kerang WTP Upgrade to ClearSCADA	195
ALL SITES Asset Performance Monitoring Data Collection	100
Swan Hill Fluoride Upgrade	100
Kerang Fluoride Upgrade	100
Sewer Projects	Budget 2022-23 \$ '000
Mildura Region Sewer Rehab Program 2022-23	774
Land Development Growth Sewers	350
Mildura HSL Replacement Program Mildura	200
Kerang Sewer Pump Station Switchboard	145
Koorlong WWTP Control Systems (Alarm Notification)	102
Swan Hill Sanitary Drain Replacement Program	100
Merbein Decommission Waste Water Treatment Plant	100

Table 7: Major urban capex program 2022/23

#### 7.4.2 Rural

The capital works budget for the 2022/23 is centered on delivering the agreed service level outcomes as supported by the pricing submission. Major rural capex works to be delivered in 2022-23 are outlined in Table 8 below:

Irrigation	\$ '000
Millewa Replace River Pump Station	6,629
Mildura Realignment and Rationalisation Pipeline	370
Private Divertors Metering Program	300
Red Cliffs Channel Relining 410m (ID 315304 - 315305)	291
Mildura Channel Relining 440m (ID 99823 - 99285)	185
Red Cliffs Irrigation Meter Replacement	140
Red Cliffs Drainage PS Switchboards Replacement	140
Mildura Drainage PS Switchboard Replacement	140
Mildura Pipe Shelter Etiwanda Ave Depot	125
Mildura Main Replacement Belar Avenue	125
Mildura Irrigation Meter Replacement	123
Merbein Main Replacement Nth of McMillan Rd	106
Merbein West Channel Regulator	100

Irrigation	\$ '000
Merbein Irrigation Meter Replacement	98
Mildura Cathodic Protection Central Pump Station	95
Merbein Main Replacement Mena Rd	86
Merbein Main Replacement Paschendale Ave (5th St)	82
Mildura Main Replacement Sultana Ave	77
Mildura Main Replacement Sandilong Ave (15th-16th)	75
Merbein Main Replacement Sturt Highway (Cnr McMillan Rd)	70
Robinvale Replace VSD Rob HPPS Jacking Pump No 2	70
Mildura Channel Relining	80

Table 8: Major rural capex program 2022/23

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

District	CurrentPeriod	Corporate Plan period					
	Forecast 2021-22 \$'m	Budget 2022-23 \$'m	Planned 2023-24 \$'m	Planned 2024-25 \$'m	Planned 2025-26 \$'m	Planned 2026-27 \$'m	TOTAL \$'m
Irrigation and Drainage	6.17	3.84	7.25	10.66	6.48	6.76	34.99
Domestic and stock	2.01	6.69	0.18	0.18	0.18	0.19	7.42
Surface water diversions	0.29	0.33	0.70	0.68	0.69	0.70	3.10
Corporate	1.27	2.06	0.89	0.91	0.92	0.59	5.37
<b>Total capital expenditure</b>	<b>9.74</b>	<b>12.92</b>	<b>9.02</b>	<b>12.43</b>	<b>8.27</b>	<b>8.24</b>	<b>50.88</b>

Table 8: Forecast, Budget, and Planned Rural Capital Expenditure 2021/22 to 2026/27

## 8.0 Water Availability and Demand Assumptions

### 8.1 Water availability

Water reserves in the Murray-Darling Basin are well positioned and LMW has adopted a forecast 100% seasonal determination to Murray High Reliability Water Shares (HRWS) in the *2022-23 Corporate Plan*, based on the February 2022 NVRM outlook where all inflow conditions from wet to dry provide 100% allocation. Deemed appropriate with the current water levels of the storages, the Bureau of Meteorology April 2022 seasonal rainfall outlook favors above rainfall for most of Australia, our region to have a 75% chance of exceeding median rainfall for the June to August 2022 period. The Bureau has the current La Nina weakening to a neutral position indicating that longer-term outlooks will see neither wet, nor dry rainfall conditions prevailing. This is presented in Table 9 below:

<b>Murray System Outlook for 2022/23 Seasonal Determination of High-Reliability Water</b>				
<b>Inflow Conditions</b>	<b>1-Jul-22</b>	<b>15-Aug-22</b>	<b>17-Oct-22</b>	<b>15-Feb-23</b>
<b>Wet</b>	100%	100%	100%	100%
<b>Above Average</b>	100%	100%	100%	100%
<b>Average</b>	100%	100%	100%	100%
<b>Below Average</b>	100%	100%	100%	100%
<b>Dry</b>	93%	95%	99%	100%
<b>Very Dry</b>	90%	92%	97%	98%
<b>Extreme Dry</b>	87%	88%	90%	90%

Table 9: Murray System Outlook for Seasonal Determination of HRWS

### 8.2 Water demand

#### 8.2.1 Urban

Good, consistent rainfall events throughout the spring and summer months, have seen a reduction in 2021/22 water demand from previous demand levels. The 2022/23 forecast has been set on historical water demand trends overlayed with the Vic Climate Projections data made available by the published CSIRO and DELWP 2019 regional report for the mallee.

For 2022/23, water demand is based on a 100% seasonal determination to Murray HRWS, with 100% adopted for remaining plan 2023/24 through to 2026/27. LMW's water demand requirements will be met with Permanent Water Saving Rules (PWSR) remaining in place with no forecast staged water restrictions.

Even though the 2021/22 seasonal determination to Murray HRWS is 100%, LMW is forecast not to carryover any water allocation into the 2022/23 season. The forecast 2022/23 seasonal determination to Murray HRWS is assumed to be 100%, delivering total water availability to LMW of over 32,000ML. This figure is well above the five-year historical urban usage of just over 21,000ML. With no water use restrictions in place, LMW will likely have surplus allocation available to it of approximately 11,000ML.

The residential customer growth / usage is sourced from future growth in households from the Victorian in Future report. The growth equates to approximately 150 new homes per year over the CP period with the average customers' water usage to slightly increase to 480kL from previous 477kL per annum. Urban water demand is outlined in Table 10 below:



	PWSR	PWSR	PWSR	PWSR	PWSR	PWSR
Service	2021-22 Forecast \$'m	2022-23 Budget \$'m	2023-24 Planned \$'m	2024-25 Planned \$'m	2025-26 Planned \$'m	2026-27 Planned \$'m
Residential demand	15,073,182	15,329,316	15,395,990	15,462,965	15,530,241	15,597,821
Non-residential demand	4,438,138	4,482,520	4,504,036	4,525,655	4,547,378	4,569,206
Total water demand	18,511,320	19,811,836	19,900,026	19,988,620	20,077,619	20,167,027

Table 10: Urban water demand (kL)

### 8.2.2 Rural

A wetter spring and milder summer have reduced the 2021/22 water demand from previous demand levels where rainfall and low water allocation determinations are not a factor. The 2022-23 forecast has been set on previous historical usage trends which includes some drier weather conditions.

Water usage is based on a Murray HRWS seasonal determination of 100%, with 100% adopted for the remaining plan 2023/24 through to 2026/27.

The demand forecast for 2022/23 follows the historical usage trends with additional water usage from SMP2 customers in the Merbein and Red Cliffs districts. The additional SMP2 water usage has been established in consultation with the individual developers planned crop requirements.

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

Rural water demand for pumped irrigation districts and Private Diverters AUL is outlined in Table 11 below:

Seasonal Determination	100%	100%	100%	100%	100%	100%
Service/District	2021-22 Forecast \$'m	2022-23 Budget \$'m	2023-24 Planned \$'m	2024-25 Planned \$'m	2025-26 Planned \$'m	2026-27 Planned \$'m
<b>Pumped Irrigation - Metered Usage</b>						
Mildura	29,120	31,425	31,425	31,425	31,425	31,425
Mildura HPS	3,246	3,509	3,509	3,509	3,509	3,509
Merbein	17,484	18,978	19,621	20,211	20,781	21,039
Red Cliffs	30,254	34,858	35,543	35,990	38,620	39,655
Robinvale	18,712	19,934	19,934	19,934	19,934	19,934
<b>Total Irrigation</b>	<b>98,816</b>	<b>108,704</b>	<b>110,032</b>	<b>111,069</b>	<b>114,269</b>	<b>115,562</b>
<b>Diverters - Annual Use Limit</b>						
Diverters	669,508	682,770	702,216	708,759	715,106	719,570

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

The Millewa district has seen reduced water demand in the past few of years due to lower stock levels which has come as a result of drought conditions altering farming techniques. A shift in the restocking has occurred where farmers are more likely to purchase sheep temporarily and run them over the cropped stubble to fatten them for market as opposed to restocking of ewes to produce lambs for sale.

Seasonal Determination	100%	100%	100%	100%	100%	100%
Service/District	2021-22 Forecast \$'m	2022-23 Budget \$'m	2023-24 Planned \$'m	2024-25 Planned \$'m	2025-26 Planned \$'m	2026-27 Planned \$'m
<b>Stock &amp; Domestic - Metered Usage</b>						
Millewa Urban	46	46	46	46	46	46
Millewa Rural	816	816	816	816	816	816
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 2021/22, forecasting trading revenue of \$811k and has forecast not to carryover any allocation over into the 2022/23 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 2022/23 is 100% for Murray HRWS, LMW have planned to have excess allocation water available to trade.

LMW is currently budgeting an additional \$921k in revenue from trading surplus allocation in 2022/23.

## 9. Financial Statements

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

LMW continues to show forecast statutory deficits due to the revaluation of assets and associated depreciation calculations versus the ESC PREMO pricing model used to set service prices. The impact of the revaluation increase in statutory depreciation and the associated deficits are offset on the balance sheet with an increase to Equity through the Asset Revaluation Reserve which is forecast to remain at \$270m in 2022/23. The result for 2022/23 is a deficit of \$6.14m after tax which is lower than the remainder of the planning period due to \$4.06m of capital project funding where future years remain relatively consistent if developer contributions are excluded at around \$16m.

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

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

### 9.1 Dividend

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

### 9.2 Borrowings

For LMW to achieve its Capital Works program over the 2022/23 period, LMW has forecast the requirement to borrow externally from Treasury Corporation Victoria an additional \$12m whilst retiring debt of \$3.98m as loan principal falls due or the debt matures. The 2022/23 retiring debt will be replaced with borrowing at lower interest rates.

LMW's Capital Works program in year 2022/23 is \$31.483m which is driving the requirement for the \$12m of external funding within the budget year. Loans increase from \$54.8m to \$62.8m in 2022/23 and are forecast to increase with the large capital works program planned for 2024/25 - 2026/27. Total loans are forecast to be \$151.2m by the end of the planning period. Net borrowings are presented in Table 13 below:

\$'000	22/23	24/25	24/25	25/26	26/27
Proceeds from borrowings	12,000	15,000	29,000	32,000	22,000
Repayment of borrowing	(3,988)	(1,047)	(1,110)	(6,176)	(1,246)
Net Borrowings	8,012	13,953	27,890	25,824	20,754

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 2021/22 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 2022/23.

### 9.3 Sensitivity Analysis

LMW has previously undertaken sensitivity analysis around demand and interest rates increasing. However currently (as of March 2022) 70 per cent of LMW's borrowings are fixed unto 2040, combined with FY23 low asset/debt gearing of 8.1%, no interest rate analysis has been completed for 2022/23.

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 water 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. Due to the current level of water storages and the latest BoM outlook, for 2022/23 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 urban retail and the rural irrigators would have enough water in their Allocation Bank Accounts (ABA) for their water requirements, the need to use the water on outside house gardens or horticulture crops would reduce.

Using the 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. LMW's urban customers have a quarterly quantity limit billed via 3 price tiers to which reductions are seen the greatest in the top price bracket being 47%. The rural irrigators reduce their water usage ranging from a reduction of 55% to 42% across the districts.

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

	PWSR	PWSR	PWSR	PWSR	PWSR	PWSR
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Service	Forecast	Budget	Planned	Planned	Planned	Planned
Residential demand	15,073,182	15,329,316	15,395,990	15,462,965	15,530,241	15,597,821
Non-residential demand	4,438,138	4,482,520	4,504,036	4,525,655	4,547,378	4,569,206
Total water demand	18,980,063	19,511,320	19,715,920	19,886,823	20,059,396	20,233,656
<i>Change in Demand</i>			<i>High Rainfall</i>			
Residential demand	15,073,182	15,329,316	12,008,872	15,462,965	15,530,241	15,597,821
Non-residential demand	4,438,138	4,482,520	3,513,148	4,525,655	4,547,378	4,569,206
Total water demand	18,980,063	19,511,320	15,522,020	19,886,823	20,059,396	20,233,656

Table 14: Urban Demand Forecasting on High Rainfall

Seasonal Determination	100%	100%	100%	100%	100%	100%
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Service/District	Forecast	Budget	Planned	Planned	Planned	Planned
Pumped Irrigation - Metered Usage						
Mildura	29,120	31,425	31,425	31,425	31,425	31,425
Mildura HPS	3,246	3,509	3,509	3,509	3,509	3,509
Merbein	17,484	18,978	19,621	20,211	20,781	21,039
Red Cliffs	30,254	34,858	35,543	35,990	38,620	39,655
Robinvale	18,712	19,934	19,934	19,934	19,934	19,934
Total Irrigation	98,816	108,704	110,032	111,069	114,269	115,562
Diversers - Annual Use Limit						
Diversers	669,508	682,770	702,216	708,759	715,106	719,570
Stock & Domestic - Metered Usage						
Millewa Urban	46	46	46	46	46	46
Millewa Rural	816	816	816	816	816	816
Yelta WWD	5	5	5	5	5	5
Change in Demand			High Rainfall			
Pumped Irrigation - Metered Usage						
Mildura	29,120	31,425	14,141	31,425	31,425	31,425
Mildura HPS	3,246	3,509	1,755	3,509	3,509	3,509
Merbein	17,484	18,978	9,026	20,211	20,781	21,039
Red Cliffs	30,254	34,858	18,838	35,990	38,620	39,655
Robinvale	18,712	19,934	11,562	19,934	19,934	19,934
Total Irrigation	98,816	108,704	55,321	111,069	114,269	115,562
Diversers - Annual Use Limit						
Diversers	669,508	682,770	702,216	708,759	715,106	719,570
Stock & Domestic - Metered Usage						
Millewa Urban	46	46	29	46	46	46
Millewa Rural	816	816	685	816	816	816
Yelta WWD	5	5	4	5	5	5

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 \$1.09m. Additional interest expense of \$0.05m has been made for the 2023/24 and \$0.27m has been included each year after due to an increase in borrowings.

LMW urban retail trades surplus water allocation, it is assumed that the allocation trade market would still exist. No adjustment has been made even though the market price for allocation would reduce, LMW would have more surplus water to trade at the lower price. The combined effect on the financial results of the reduced water usage is shown in Table 16 below:

	Year 1 - 22/23 '000	Year 2 - 23/24 '000	Year 3 - 24/25 '000	Year 4 - 25/26 '000	Year 5 - 26/27 '000
Total Revenue	80,108	67,821	76,835	78,988	80,977
Total Expenditure	88,885	93,372	97,023	100,076	107,063
Sensitivity Net Results (before tax)	(8,777)	(25,551)	(20,188)	(21,088)	(26,086)
Corporate Plan Results (before tax)	(8,777)	(18,279)	(19,918)	(20,818)	(25,816)
Result variance (loss) (before tax)	(0)	(7,272)	(270)	(270)	(270)

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 \$7.27m in the 2023/24 financial year and have additional ongoing interest expense of \$0.27m. The reduced water deliveries generate lower volumetric charges by \$8.32m, urban \$4.8m and rural \$3.52m.

LMW has a large capital works program over the Corporate Plan period. The combination of this program and high rainfall scenario depletes LMW cash reserves. LMW would need to re-finance an additional \$7m of borrowings when they mature with new borrowings for 2022/23 to remain unchanged. At the end of the 2026/27 financial year borrowing would increase from \$151m to \$158m. It has been assumed that \$7.0M would be borrowed over a 7-year term at 3.365% plus the Financial Accommodation Levy of 49 basis points. LMW would need to absorb the urban revenue reduction due to the price cap form of price control. The loss is rather mitigated through the tariff structure assuming approximately 65% fixed charge to 35% variable charge for the urban reference customer service.

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

## 10. Key 2022-23 Activities

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

Minister's Expectation	LMW Strategic Alignment				Minister's LoE
	Strategic Pillar (Priority/ Foundation)	Strategic Aspiration	Strategic Theme (Focus area)	Strategic Initiatives to achieve this	KPI
1. Climate Change	Strategic Priority: <b>Environment</b> – <i>Better the environment in our region</i>	Deliver the Victorian Murray Floodplain Restoration Project to agreed objectives	VMFRP Funding	<ol style="list-style-type: none"> <li>Successful variation for planning &amp; approvals funding</li> <li>Defined &amp; accepted Operation &amp; maintenance funding requirements across project partners</li> <li>Defined pathway to secure funding for capital, and operational and maintenance components</li> </ol>	
			VMFRP Regulatory Approval	<ol style="list-style-type: none"> <li>Approval agency confirmation that: <ol style="list-style-type: none"> <li>The projects qualify for a conservation exemption</li> <li>Timelines meet with basin plan delivery date of June 2024</li> <li>Impact to Cultural Heritage risks are manageable</li> </ol> </li> </ol>	
			VMFRP Project Delivery	<ol style="list-style-type: none"> <li>Project Delivery Plan</li> </ol>	
			VMFRP PCG performance	<ol style="list-style-type: none"> <li>Greater diversity within the VMFRP Project Control Group (PCG) membership</li> <li>Clearly defined and agreed role of the PCG Chair</li> <li>Clearly defined and agreed role of the PCG</li> <li>Improvement in strategy, risk, reputation and processes by the PCG</li> </ol>	
		Achieve our CO <sub>2</sub> emissions reduction target	Reduction of CO <sub>2</sub> emissions	<ol style="list-style-type: none"> <li>Develop a CO<sub>2</sub> emissions reductions plan</li> </ol>	E1 E2
		Explore enhanced integrated water management that best works for our region.	Collaborative integrated water management	<ol style="list-style-type: none"> <li>Develop a measure</li> <li>Understand alternative water sources and applicable regulatory environment</li> <li>Build relationships with stakeholders to identify value proposition for region</li> </ol>	E3
2. Customer and Community Outcomes	Strategic Priority: <b>Engagement</b> – <i>Effective engagement without stakeholders</i>	Embed authentic customer engagement across the whole business	Improved Customer Experience	<ol style="list-style-type: none"> <li>Customer Engagement Strategy</li> <li>Agreed business processes, roles and responsibilities for managing customer enquiries</li> <li>Improve customer surveys to collect specific feedback regarding customer contact</li> </ol>	C1
			Urban and Rural Service Delivery	<ol style="list-style-type: none"> <li>Customer Advisory Committee activities</li> <li>Improving strategic/ operational insights</li> <li>Core meetings plus additional meetings (allowing +100% score)</li> </ol>	C1
		Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region	Stakeholder relationships	<ol style="list-style-type: none"> <li>Stakeholder Engagement Plan development</li> </ol>	C2 C3
			Water Plan 5 development	<ol style="list-style-type: none"> <li>Water Plan 5 Project Plan</li> </ol>	C2
	Strategic Foundation: <b>Infrastructure</b> – <i>Deliver our Water Plan capital</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"> <li>Expand linkages with industry to ensure LMW is adopting latest technology</li> </ol>	

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>expenditure (capex) on time, on quality and within budget</i>			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: <b>Service Delivery</b> – Achieve high quality outcomes for our customers	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: <b>Engagement</b> – Effective engagement without stakeholders	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: <b>Environment</b> – Better the environment in our region	Deliver the Victorian Murray Floodplain Restoration Project to agreed objectives			
	Strategic Priority: <b>Service Delivery</b> – Achieve high quality outcomes for our customers	Identify, define and deliver agreed customer levels			REC1
	Strategic Priority: <b>Engagement</b> – Effective engagement without stakeholders	Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region			REC1
5. Resilient and liveable cities and towns	Strategic Priority: <b>Service Delivery</b> – Achieve high quality outcomes for our customers	Identify, define and deliver agreed customer 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	

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 Priority: <b>Engagement</b> – <i>Effective engagement without stakeholders</i>	Embed authentic customer engagement across the whole business	Improved Customer Experience	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	1. Stakeholder Engagement Plan development	
	Strategic Priority: <b>Environment</b> – <i>Better the environment in our region</i>	Explore enhanced integrated water management that best works for our region	Collaborative integrated water management	1. Develop a measure 2. Understand alternative water sources and applicable regulatory environment 3. Build relationships with stakeholders to identify value proposition for region	L1
	Strategic Foundation: <b>Finance &amp; Governance</b> – <i>Secure our long-term financial success and upgrade our governance, systems and processes</i>	Optimise business efficiencies through sustainable pricing, resourcing and procurement	Sustainable Pricing – revenue that matches our expenses and meets customers' expectations	1. Identification of services sufficient to require standalone pricing	L3
			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: 2. Full automation of quarterly bills to customers 3. Automated electronic reminders to customers 4. Increased early intervention for customers experiencing hardship	
6. Leadership & Culture	Strategic Foundation: <b>People &amp; Safety</b> – <i>Enhance our people and safety, and leverage innovation to be more efficient and effective</i>	Put 'safety first' through communication, consistency, clarity and commitment	Safety leadership, performance and culture	1. 4C Safety First Strategy 2. Mental Health Framework	G3
		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: <b>Finance &amp; Governance</b> – <i>Secure our long-term financial success and upgrade our governance, systems and processes</i>	Achieve year-on-year improvement in our frameworks, policies and performance to meet our risk management and compliance obligations	Organisational Performance	1. An approved Strategy and associated Annual Plans 2. Annual MD & Executive Performance Assessment	
7. Financial Sustainability	Strategic Foundation: <b>Finance &amp; Governance</b> – <i>Secure our long-</i>	Achieve year-on-year improvement in our frameworks, policies and	Comprehensive understanding of LMW's operating environment	1. Development and implement a framework of Frameworks	

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>term financial success and upgrade our governance, systems and processes</i>	performance to meet our risk management and compliance obligations	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	PF1
		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	PF1
			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	
	Strategic Foundations: <b>Infrastructure</b> – <i>Deliver our Water Plan capital expenditure (capex) on time, on quality and within budget</i>	Optimise our infrastructure through improved life cycle management	Optimise our assets through balancing cost, risk and service levels	1. Expand linkages with industry to ensure LMW is adopting latest technology 2. Continue process of embedding AMAF into LMW's business processes 3. 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	1. Annual capex targets met on time, on quality and within budget 2. Top ten water plan priority projects delivered	PF1
	Strategic Priority: <b>Environment</b> – <i>Better the environment in our region</i>	Explore enhanced integrated water management that best works for our region	Collaborative integrated water management	1. Understand alternative water sources and applicable regulatory environment 2. Build relationships with stakeholders to identify value proposition for region	
8. Strengthen Compliance	Strategic Foundation: <b>Finance &amp; Governance</b> – <i>Secure our long-term financial success and upgrade our governance, systems and processes</i>	Achieve year-on-year improvement in our frameworks, policies, and performance to meet our risk management and compliance obligations	Comprehensive understanding of LMW's operating environment	1. Development and implement a Governance Operating Model	CE2
			Organisational Performance	1. An approved Strategy and associated Annual Plans 2. Annual MD & Executive Performance Assessment	CE2
			Unauthorised Take	1. Rural Unauthorised Take Implementation Plan (RUTIP)	C3 CE1
9. Groundwater Management Reform	Strategic Foundation: <b>Finance &amp;</b>	Achieve year-on-year improvement in our frameworks, policies and			

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
	<b>Governance</b> – <i>Secure our long-term financial success and upgrade our governance, systems, and processes</i>	performance to meet our risk management and compliance obligations			
		Secure our long-term financial success and upgrade our governance, systems and processes			
	Strategic Priority: <b>Engagement</b> – <i>Effective engagement without stakeholders</i>	Enhance stakeholder relationships to build confidence in and generate future opportunities for LMW and our region			



	Budget	Budget	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2027 (F)	2022 (F)
<b>Revenues and Expenses (Detailed) (\$'000)</b>						
<b>Revenue From Core Business (As Applicable)</b>						
Bulk Water Fixed Charges to Other Corporations	-	-	-	-	-	-
Bulk Water Charges	-	-	-	-	-	-
<b>Urban Water Supply:</b>						
<b>Service / Fixed</b>						
Residential	6,779.00	6,954.00	7,134.00	7,319.00	7,509.00	6,538.00
Non-residential	1,515.00	1,554.00	1,594.00	1,636.00	1,678.00	1,469.00
Total Service / Fixed	8,294	8,508	8,728	8,955	9,187	8,007
<b>Usage/Volumetric</b>						
Residential	10,763.00	11,033.00	11,310.00	11,595.00	11,886.00	10,066.00
Non-residential	3,754.00	3,851.00	3,951.00	4,053.00	4,158.00	3,503.00
Total Usage/Volumetric	14,517	14,884	15,261	15,648	16,044	13,569
<b>Urban Sewerage</b>						
<b>Service / Fixed</b>						
Residential	14,006.00	14,378.00	14,761.00	15,153.00	15,556.00	13,448.00
Non-residential	2,367.00	2,434.00	2,504.00	2,575.00	2,648.00	2,319.00
Total Service / Fixed	16,373	16,812	17,265	17,728	18,204	15,767
<b>Usage/volumetric</b>						
Residential	-	-	-	-	-	-
Non-residential	-	-	-	-	-	-
Total Usage/volumetric	-	-	-	-	-	-
Trade Waste Revenue by Agreement	385.00	393.00	401.00	410.00	418.00	393.00
Trade Waste Usage Revenue	-	-	-	-	-	-
<b>Recycled Water</b>						
Service/Fixed Charges	-	-	-	-	-	-
Usage / Volumetric Charges	299.00	290.00	296.00	302.00	308.00	308.00
Total Recycled Water	299	290	296	302	308	308
<b>Rural Water</b>						
<b>Rural Water Fixed Revenue</b>						
Irrigation	13,750.00	14,016.00	14,342.00	14,677.00	15,018.00	13,299.00
Stock and Domestic	666.00	680.00	693.00	707.00	721.00	654.00
Diversions	5,641.00	5,914.00	6,156.00	6,399.00	6,642.00	5,475.00
Groundwater	26.00	-	-	-	-	6.00
Total Rural Water Fixed Revenue	20,083	20,610	21,191	21,783	22,381	19,434
<b>Rural Water Usage Revenue</b>						
Irrigation	6,870.00	7,084.00	7,287.00	7,619.00	7,853.00	6,151.00
Stock and Domestic	151.00	154.00	157.00	160.00	164.00	158.00
Diversions	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-
Total Rural Water Usage Revenue	7,021	7,238	7,444	7,779	8,017	6,309
<b>Total Revenue From Fees &amp; Charges</b>	66,972	68,735	70,586	72,605	74,559	63,787
<b>Operating, Maintenance &amp; Administration (OMA) Expenses</b>						
Operating and Maintenance Expense	35,241	38,259	39,331	40,508	41,509	34,654
Administration Expense	12,433.00	12,850.00	13,175.00	13,679.00	14,433.00	11,650.00
<b>Total OMA Expenses</b>	47,674	51,109	52,506	54,187	55,942	46,304
<b>OMA Expenses Breakdown (Total OMA)</b>						
Bulk water Supply	3,893.00	4,151.00	4,336.00	4,523.00	4,711.00	3,788.00
Headworks	-	-	-	-	-	-
Urban water - Treatment	3,168.00	3,639.00	3,713.00	3,802.00	3,893.00	3,288.00
Urban water - Reticulation	3,740.00	3,929.00	4,023.00	4,036.00	4,029.00	3,495.00
Sewerage - Reticulation	1,474.00	1,578.00	1,773.00	1,645.00	1,855.00	1,416.00
Sewerage - Treatment	1,906.00	2,012.00	2,209.00	2,075.00	2,116.00	1,723.00
Recycled Water	-	-	-	-	-	-
Surface Water Diversions	136.00	149.00	153.00	156.00	159.00	126.00
Gravity Irrigation	6,489.00	6,969.00	7,131.00	7,340.00	7,511.00	6,730.00
Pumped Irrigation	-	-	-	-	-	-
Stock and Domestic	730.00	386.00	451.00	456.00	466.00	390.00
Groundwater	6.00	-	-	-	-	-
Drainage Diversions	422.00	590.00	494.00	512.00	628.00	418.00
Other	25,710.00	27,706.00	28,223.00	29,642.00	30,574.00	24,930.00
<b>Total OMA Expenses (Repeat)</b>	47,674	51,109	52,506	54,187	55,942	46,304

	Budget	Budget	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2027 (F)	2022 (F)

Operating Statement (FS1) (\$'000)

Revenue

Service Charges	45,135	46,323	47,585	48,876	50,190	43,601
Usage Charges	21,837	22,412	23,001	23,729	24,369	20,186
Developer Contribution	1,748.00	836.00	853.00	871.00	890.00	2,108.00
Developer Contributions - Gifted Assets	2,500.00	1,397.00	1,426.00	1,456.00	1,487.00	4,124.00
Government Contributions / Grants	4,062.00	231.00	-	-	-	-
Investment Interest	28.00	26.00	26.00	26.00	26.00	93.00
Profit (loss) from Sale of Assets	(137.00)	1,074.00	38.00	57.00	(26.00)	120.00
Other Revenue	4,935.00	3,838.00	3,905.00	3,973.00	4,041.00	5,016.00
<b>Total Revenue</b>	80,108	76,137	76,834	78,988	80,977	75,248

Expense

Operating, Maintenance and Administration Expense (OS)	47,674	51,109	52,506	54,187	55,942	46,304
Environmental Contributions	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	2,251.00
Interest Expense	2,190.00	2,176.00	2,219.00	2,434.00	2,599.00	2,181.00
FAL	511.00	556.00	658.00	796.00	919.00	479.00
Depreciation and Amortisation	36,260.00	38,325.00	39,119.00	40,139.00	45,083.00	35,722.00
<b>Total Expense</b>	88,885	94,416	96,752	99,806	106,793	86,937

<b>Earnings Before Tax</b>	(8,777)	(18,279)	(19,918)	(20,818)	(25,816)	(11,689)
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Income Tax Expense	(2,633.00)	(5,484.00)	(5,975.00)	(6,245.00)	(7,745.00)	(3,507.00)
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<b>Net Operating Result</b>	(6,144)	(12,795)	(13,943)	(14,573)	(18,071)	(8,182)
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Dividends Expense	-	-	-	-	-	-
Transfers (to)/from Reserves	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-

<b>Net Profit (Loss)</b>	(6,144)	(12,795)	(13,943)	(14,573)	(18,071)	(8,182)
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Retained Profit (Loss) Carried Forward	(117,622)	(123,766)	(136,561)	(150,504)	(165,076)	(109,875)
<b>Closing Retained Profit (Loss)</b>	(123,766)	(136,561)	(150,504)	(165,077)	(183,147)	(118,057)

	Budget	Budget	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2027 (F)	2022 (F)

Balance Sheet (FS2) (\$'000)

Current Assets

Cash on Hand	4,904.00	4,729.00	5,564.00	5,145.00	4,270.00	3,459.00
Receivables	9,767.00	9,799.00	9,777.00	9,804.00	9,909.00	9,652.00
Less Provision for Impaired Receivables	(553.00)	(553.00)	(553.00)	(553.00)	(553.00)	(553.00)
Investments	-	-	-	-	-	-
Inventories	4,634.00	4,634.00	4,634.00	4,634.00	4,634.00	4,634.00
Prepayments	632.00	632.00	632.00	632.00	632.00	632.00
Other Current Assets	-	-	-	-	-	-
<b>Total Current Assets</b>	19,384	19,241	20,054	19,662	18,892	17,824

Non-Current Assets

Infrastructure	970,671.00	1,002,409.00	1,045,061.00	1,001,317.00	1,039,498.00	944,989.00
less Accumulated Depreciation	(68,076.00)	(105,380.00)	(143,459.00)	-	(43,883.00)	(33,955.00)
<b>Infrastructure WDV</b>	902,595	897,029	901,602	1,001,317	995,615	911,034
Land and Buildings	24,852.00	24,689.00	25,549.00	25,830.00	25,830.00	24,260.00
less Accumulated Depreciation	(730.00)	(1,289.00)	(1,860.00)	-	(658.00)	(305.00)
<b>Land and Buildings WDV</b>	24,122	23,400	23,689	25,830	25,172	23,955
Plant, Equipment and Motor Vehicles	23,603.00	24,131.00	25,052.00	26,116.00	26,804.00	21,513.00
less Accumulated Depreciation	(16,796.00)	(16,915.00)	(17,036.00)	(17,161.00)	(17,300.00)	(15,226.00)
<b>Plant, Equipment and Motor Vehicles WDV</b>	6,807	7,216	8,016	8,955	9,504	6,287
Capital Works In Progress	16,443.00	16,443.00	16,443.00	16,443.00	16,443.00	16,443.00
<b>Total Property, Plant &amp; Equipment</b>	949,967	944,088	949,750	1,052,545	1,046,734	957,719
Non-current Receivables	141.00	141.00	141.00	141.00	141.00	141.00
Deferred Tax Assets	19,871.00	19,871.00	19,871.00	19,871.00	19,871.00	19,871.00
Non-current Investments	-	-	-	-	-	-
Intangible Assets	16,001.00	17,467.00	18,964.00	20,491.00	22,013.00	12,077.00
Other Non-current Assets	7.00	6.00	6.00	7.00	4.00	4.00
<b>Total Non-Current Assets</b>	985,987	981,573	988,732	1,093,055	1,088,763	989,812
<b>Total Assets</b>	1,005,371	1,000,814	1,008,786	1,112,717	1,107,655	1,007,636

Current Liabilities

Bank Overdraft	-	-	-	-	-	-
Current Payables	5,271.00	5,040.00	5,040.00	5,040.00	5,040.00	6,771.00
Short Term Borrowings	1,047.00	1,110.00	6,176.00	1,246.00	1,320.00	3,988.00
Finance Lease Liabilities (PPP) - current liabilities	-	-	-	-	-	-
Other Lease Liabilities - current liabilities	-	-	-	-	-	-
Employee Benefit Provision	2,620.00	2,620.00	2,620.00	2,620.00	2,620.00	2,620.00
Provision for Dividend	-	-	-	-	-	-
Other Current Provisions	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	8,938	8,770	13,836	8,906	8,980	13,379

Non-Current Liabilities

Long Term Borrowings	61,784.00	75,674.00	98,498.00	129,252.00	149,932.00	50,831.00
Long Term Payables	-	-	-	-	-	-
Finance Lease Liabilities (PPP) - non current liabilities	-	-	-	-	-	-
Other Lease Liabilities - non current liabilities	-	-	-	-	-	-
Long Term Employee Benefit Provision	3,533.00	3,533.00	3,533.00	3,533.00	3,533.00	3,533.00
Deferred Tax Liabilities	151,109.00	145,625.00	139,650.00	163,082.00	155,337.00	153,742.00
Other Non-current Liabilities	193.00	193.00	193.00	193.00	193.00	193.00
<b>Total Non-Current Liabilities</b>	216,619	225,025	241,874	296,060	308,995	208,299
<b>Total Liabilities</b>	225,557	233,795	255,710	304,966	317,975	221,678
<b>Net Assets</b>	779,814	767,019	753,076	807,751	789,680	785,958

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	270,055.00	270,055.00	270,055.00	339,302.00	339,302.00	270,055.00
Other Reserves	-	-	-	-	-	-
Accumulated Funds (Losses)	(123,766.00)	(136,561.00)	(150,504.00)	(165,076.00)	(183,147.00)	(117,622.00)
<b>Total Equity</b>	779,814	767,019	753,076	807,751	789,680	785,958

	Budget	Budget	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2027 (F)	2022 (F)

Cash Flow Statement (FS3) (\$'000)

Cash Flows From Operations

Cash Receipts

Service and Usage Charges Income	66,778.00	68,525.00	70,374.00	72,389.00	74,343.00	63,481.00
Other Customer Revenue	5,013.00	4,017.00	4,139.00	4,159.00	4,154.00	5,221.00
Receipts from Government	4,062.00	231.00	-	-	-	-
Developer Contributions	4,249.00	2,232.00	2,279.00	2,327.00	2,376.00	6,232.00
GST Refunds from ATO	-	-	-	-	-	-
Investment (Interest) Income	28.00	26.00	26.00	26.00	26.00	93.00
Other Cash Receipts	-	-	-	-	-	-
<b>Total Cash Receipts from Operations</b>	80,130	75,031	76,818	78,901	80,899	75,027

Cash Payments

Payments to Suppliers and Employees	(49,174.00)	(51,341.00)	(52,506.00)	(54,186.00)	(55,941.00)	(46,575.00)
Interest and Other Costs of Finance Paid	(2,701.00)	(2,732.00)	(2,877.00)	(3,230.00)	(3,518.00)	(2,660.00)
GST paid to the ATO	-	-	-	-	-	-
Income Tax Payments	-	-	-	-	-	-
Environmental Contributions	(2,250.00)	(2,250.00)	(2,250.00)	(2,250.00)	(2,250.00)	(2,251.00)
Other Payments (inc. capital repatriation)	(2.00)	-	-	2.00	(2.00)	1.00
<b>Total Cash Payments from Operations</b>	(54,127)	(56,323)	(57,633)	(59,664)	(61,711)	(51,485)

Net Cash Inflow (Outflow) from Operations

26,003	18,708	19,185	19,237	19,188	23,542
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Cash Flows From Investing Activities

Proceeds/(Payment) from Investments	-	-	-	-	-	-
Payments for Infrastructure Assets	(33,225.00)	(35,768.00)	(47,027.00)	(46,179.00)	(41,193.00)	(38,557.00)
Payments for Property, Plant & Equipment	-	-	-	-	-	-
Payments for Intangible Assets	-	-	-	-	-	-
Proceeds from Sale of Assets	655.00	2,932.00	787.00	699.00	376.00	527.00
<b>Net Cash Inflow (Outflow) from Investing Activities</b>	(32,570)	(32,836)	(46,240)	(45,480)	(40,817)	(38,030)

Cash Flows From Financing Activities

Proceeds from Borrowings	12,000.00	15,000.00	29,000.00	32,000.00	22,000.00	-
Proceeds from Government Equity Contributions	-	-	-	-	-	-
Repayment of Borrowings / Overdraft	(3,988.00)	(1,047.00)	(1,110.00)	(6,176.00)	(1,246.00)	10,067.00
Payment of Dividends	-	-	-	-	-	-
<b>Net Cash Inflow (Outflow) from Financing Activities</b>	8,012	13,953	27,890	25,824	20,754	10,067

Net Increase (Decrease) in Cash

Cash Held at the Beginning of the Year	1,445	(175)	835	(419)	(875)	(4,421)
Cash Held at the End of the Year	3,459	4,904	4,729	5,564	5,145	7,880
Cash Held at the End of the Year	4,904	4,729	5,564	5,145	4,270	3,459
Cash on Hand per Balance Sheet	4,904	4,729	5,564	5,145	4,270	3,459

	Budget	Budget	Forecast	Forecast	Forecast	Current Forecast
Year Ending 30 June	2023 (F)	2024 (F)	2025 (F)	2026 (F)	2027 (F)	2022 (F)

Key Performance Indicators

Financial Performance Indicators

Short Term Liquidity Indicators

Current Assets	19,384	19,241	20,054	19,662	18,892	17,824
Current Liabilities	8,938	8,770	13,836	8,906	8,980	13,379
Net Working Capital (\$'000)	10,446	10,471	6,218	10,756	9,912	4,445
Working Capital Ratio (%)	216.9%	219.4%	144.9%	220.8%	210.4%	133.2%

Profitability Indicators

Earnings Before Net Interest and Tax	(6,615)	(16,129)	(17,725)	(18,410)	(23,243)	(9,601)
EBITDA	29,673	22,222	21,420	21,755	21,866	26,214
Total Revenue from Fees & Charges	66,972	68,735	70,586	72,605	74,559	63,787
Total OMA (incl. Env Contribution) Expenses	49,924	53,359	54,756	56,437	58,192	48,555
Total Income	80,108	76,137	76,834	78,988	80,977	75,248
Total Assets at Start of Reporting Period	1,007,636	1,005,371	1,000,814	1,008,786	1,112,717	1,010,405
Total Assets at End of Reporting Period	1,005,371	1,000,814	1,008,786	1,112,717	1,107,655	1,007,636
Average Total Assets	1,006,504	1,003,093	1,004,800	1,060,752	1,110,186	1,009,021
Return on Assets (%)	(0.7%)	(1.6%)	(1.8%)	(1.7%)	(2.1%)	(1.0%)
Gross Operating Margin (%)	25.5%	22.4%	22.4%	22.3%	22.0%	23.9%
Net Profit Margin (%)	(8.3%)	(21.2%)	(23.1%)	(23.3%)	(28.7%)	(12.8%)
Underlying Result (%)	(11.0%)	(24.0%)	(25.9%)	(26.4%)	(31.9%)	(15.5%)

Debt Servicing Indicators

Net Interest Expense (income)	2,162	2,150	2,193	2,408	2,573	2,088
Net Operating Cash Before Net Interest and Tax	28,676	21,414	22,036	22,441	22,680	26,109
Net Interest Payments (Receipts)	2,673	2,706	2,851	3,204	3,492	2,567
Cash Interest Coverage (Times)	10.7x	7.9x	7.7x	7.0x	6.5x	10.2x
Long term Interest Coverage (Times)	(3.1x)	(7.5x)	(8.1x)	(7.6x)	(9.0x)	(4.6x)

Long Term Viability Indicators

Total Debt	62,831	76,784	104,674	130,498	151,252	54,819
Total Equity	779,814	767,019	753,076	807,751	789,680	785,958
Asset Gearing ratio (%)	6.2%	7.7%	10.4%	11.7%	13.7%	5.4%
Internal Financing Ratio (%)	78.3%	52.3%	40.8%	41.7%	46.6%	61.1%
Debt to Equity (%)	8.1%	10.0%	13.9%	16.2%	19.2%	7.0%

Owners Return Indicator

Net Operating Result	(6,144)	(12,795)	(13,943)	(14,573)	(18,071)	(8,182)
Total Equity at Start of Reporting Period	785,958	779,814	767,019	753,076	807,751	791,627
Average Total Equity	782,886	773,417	760,048	780,414	798,716	788,793
Return on Equity (%)	(0.8%)	(1.7%)	(1.8%)	(1.9%)	(2.3%)	(1.0%)

Efficiency Indicators

Total Credit Sales Revenue	68,720	69,571	71,439	73,476	75,449	65,895
Accounts Receivable at Start of Period	10,937	9,355	9,387	9,365	9,392	8,559
Accounts Receivable at End of Period	9,355	9,387	9,365	9,392	9,497	9,240
Average Accounts Receivable	10,146	9,371	9,376	9,379	9,445	8,900
Net Cash from Operations	26,003	18,708	19,185	19,237	19,188	23,542
Total Operating Cash Receipts	80,130	75,031	76,818	78,901	80,899	75,027
Operating Cash Flow Efficiency (%)	32.5%	24.9%	25.0%	24.4%	23.7%	31.4%

## Performance Report - Ministerial Reporting Direction 1

	Indicator Name	Description	UOM	Applies to	2021-22 Target	2022-23 Target
<b>Financial Performance</b>	Cash Interest Cover	Net operating cash flows before net interest and tax/net interest payments	times	all	8.7x	10.7x
	Gearing Ratio	Total Debt (including finance leases)/total assets * 100	%	all	5.9%	6.2%
	Internal Financing Ratio	Net operating cash flow less dividends/net capital expenditure * 100	%	all	59.8%	78.3%
	Current Ratio	Current assets/current liabilities (excluding long-term employee provisions and revenue in advance)	%	all	160.4%	217.0%
	Return on Assets	Earnings before net interest and tax/average assets * 100	%	all	-0.8%	-0.7%
	Return on Equity	Net profit after tax/average total equity * 100	%	all	-1.0%	-0.8%
	EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortisation/total revenue * 100	%	all	36.2%	37.6%
<b>Operational Performance: Water and Sewerage Network Reliability</b>	Water Service – minutes off supply (planned and unplanned)	How many minutes on average a customer was without water supply during a year	minutes	retail urban entities	n/a	10.00
	Unplanned water supply interruptions	Percentage of customers receiving (x) unplanned interruptions in the year	%	retail urban entities	0.0%	0.0%
	Sewerage Service – sewer blockages	Number of sewer blockages reported per 100 kilometres of sewer main	number	retail urban entities	n/a	17.40
	Sewerage Service – sewer spills	Number of sewer spills reported per 100 kilometres of sewer main	number	retail urban entities	n/a	3.20
	Sewerage Service - containment of sewer spills	Sewer spills from reticulation and branch sewers contained within 5 hours	%	retail urban entities	97.0%	97.0%
<b>Operational Performance: Water Service</b>	Rural water supply deliveries	Number of orders delivered / total number of orders	%	rural entities	98.0%	98.0%
	Transfer of Water Shares - applications completed within agreed timeframes	Number of applications completed / total number of applications	%	rural entities	85.0%	85.0%
	Unavailability of Domestic and Stock supply	Duration that domestic and stock service is unavailable in excess of on-property storage requirement / length of water season	%	rural entities	0.0%	0.0%
	Groundwater supply	Number of transfers processed within target period / total number of transfers processed	%	rural entities	0.0%	0.0%
<b>Operational Performance: Customer Responsiveness</b>	Water bills - average household use	Typical household bills including inflation, owner occupiers Typical household bill including inflation, tenants	n.a	retail urban entities	n/a	n/a
	Water bills – customers on flexible payment plans	No. of customers with instalment plans	n.a	retail urban and rural entities	n/a	n/a
	Water bills – customers awarded hardship grants	No. of customers awarded hardship grants	n.a	retail urban and rural entities	n/a	n/a
	Customer Responsiveness - water quality complaints	No. of complaints per 100 customers	number	retail urban entities	0.137	0.01
	Customer Responsiveness – number of payment issue complaints	No. of complaints per 100 customers	number	retail urban and rural entities	0.036	0.03
	Customer Responsiveness - total complaints	No. of complaints per 100 customers	number	retail urban and rural entities	0.137	0.25
	Customer Responsiveness – number of payment issue complaints	No. of complaints per 100 customers	number	retail urban and rural entities	0.036	0.04
<b>Operational Performance: Water Reuse</b>	Recycled water – effluent treatment and reuse	Proportion of water recycled as a percentage of the volume of effluent produced	%	retail urban entities	60.0%	60.0%



## TARIFF SCHEDULE

		Actual 2021/22	Budget 2022/23	Planned 2023/24	Planned 2024/25	Planned 2025/26	Planned 2026/27
Tariff and Price Component Summary		Unit Price (1 July 2021)	Price (1 July 2022)++				
<b>URBAN PRICES</b>							
				PS5 estimated using CPI 2.1% increases (ESC financial template)			
<b>Water - Availability - Domestic &amp; Non-domestic</b>							
20mm	pa	207.36	212.04	216.49	221.03	225.67	230.40
<b>Usage - Domestic</b>							
First Tier	kl	0.4503	0.4604	0.4700	0.4798	0.4898	0.5000
Second Tier	kl	0.8195	0.8380	0.8555	0.8734	0.8917	0.9104
Third Tier	kl	1.0534	1.0773	1.0999	1.1229	1.1464	1.1704
<b>Usage - Non Domestic</b>							
Volumetric	kl	0.8195	0.8380	0.8555	0.8734	0.8917	0.9104
<b>SEWERAGE</b>							
<b>Sewerage - Domestic &amp; Non-domestic</b>							
Availability	pa	489.52	500.60	511.11	521.84	532.79	543.97
<b>RURAL PRICES</b>							
<b>Irrigation</b>							
<b>Mildura Irrigation</b>							
Delivery Share	DS	590.00	608.68	621.46	634.51	647.83	661.43
Delivery Fee	ML	58.70	61.83	63.12	64.44	65.79	67.17
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.53	9.73	10.40	11.08	11.78	12.49
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	57.72	58.44	59.66	60.91	62.18	63.48
<b>Mildura High Pressure Irrigation</b>							
Delivery Share	DS	959.04	1,067.08	1,089.48	1,112.35	1,135.70	1,159.54
Delivery Fee	ML	93.29	94.17	96.14	98.15	100.21	102.31
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.53	9.73	10.40	11.08	11.78	12.49
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	57.72	58.44	59.66	60.91	62.18	63.48
<b>Merbein Irrigation</b>							
Delivery Share	DS	362.00	378.52	386.46	394.57	402.85	411.30
Delivery Fee	ML	47.02	48.24	49.25	50.28	51.33	52.40
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.53	9.73	10.40	11.08	11.78	12.49
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	91.80	92.88	94.83	96.82	98.85	100.92
<b>Red Cliffs Irrigation</b>							
Delivery Share	DS	383.48	398.60	406.97	415.51	424.23	433.13
Delivery Fee	ML	50.69	53.55	54.67	55.81	56.98	58.17
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.53	9.73	10.40	11.08	11.78	12.49
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	91.60	92.48	94.42	96.40	98.42	100.48
<b>Robinvale Irrigation</b>							
Delivery Share	DS	942.12	959.28	979.42	999.98	1,020.97	1,042.41
Delivery Fee	ML	87.60	91.03	92.94	94.89	96.88	98.91
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.53	9.73	10.40	11.08	11.78	12.49
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Drainage Div 1	DS	87.60	88.64	90.50	92.40	94.34	96.32
<b>Domestic &amp; Stock</b>							
<b>Millewa Rural (Irrigation)</b>							
Delivery	kL	0.13	0.12	0.12	0.12	0.12	0.12
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Rural Access - House	Connection	510.60	506.68	517.32	528.18	539.27	550.59
Rural Access - Scrubland	ha	0.57	0.58	0.59	0.60	0.61	0.62
Rural Access - Stock	ha	2.35	2.41	2.46	2.51	2.56	2.61
<b>Millewa Urban (Irrigation)</b>							
Delivery	kL	0.71	0.79	0.80	0.81	0.82	0.83
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
Urban Access - No Offtake	Connection	255.30	253.22	258.53	263.95	269.49	275.14
Urban Access - Offtake	Connection	510.60	506.68	517.32	528.18	539.27	550.59
<b>Other Stock &amp; Domestic (Irrigation)</b>							
Connection Charge (Pipeline)	Connection	275.00	284.56	290.53	296.63	302.85	309.20
Delivery (Pipeline)	ML	417.39	426.29	435.24	444.38	453.71	463.23
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
<b>Licensing</b>							
<b>Diversions (Irrigation)</b>							
Operational Fee	ML/AUL	2.76	3.04	3.10	3.16	3.22	3.28
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.53	9.73	10.40	11.08	11.78	12.49
Service Charge	Ass	100.00	100.00	100.00	100.00	100.00	100.00
<b>Non Water Users</b>							
Entitlement Storage Fee Murray Basin HR	ML/Ent	9.53	9.73				
Service Charge	Ass	100.00	100.00				

++ Estimated Prices (ESC approval not completed)

