



Strategic Plan 2015–2018

Creating value for Lower Murray Water's customers and for the organisation.



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The details in this brochure are current at 1 July 2015 but are subject to change without notice.



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A construction worker wearing a white hard hat, safety glasses, and a high-visibility safety vest is looking out from inside a large, circular concrete pipe. The scene is overlaid with a blue tint. The worker is on the left side of the frame, looking towards the right. The pipe's interior is visible, and the background shows a construction site with some structures and trees under a cloudy sky.

Supporting our
region with water
for life, irrigation,
growth and the
environment.

Welcome from our Chair

Our Strategic Plan sets out our vision, mission and guiding principles, describes our objectives and prioritises actions for delivering on our outcomes. It is the result of the strategic thinking and analysis of our Board and Executive team.

I believe our Strategic Plan will take the organisation forward with a strong focus on customers and building our region's economy.

Our primary role is to deliver water, an essential service to our customers and the community. It is vital to the livelihoods of many of our customers. It also contributes to the liveability of our region and tourist economy.

Our basis for this strategic plan is **creating value**: for our customers and for the organisation.

- For our customers this means we will work with them to deliver essential water services and supply solutions. We will be responsive and it will be easy to do business with us;
- For the organisation this means we will provide a corporate culture focused on safety and professional excellence, manage the corporation's assets and finances responsibly, sustainably and deliver the outcomes required by our stakeholders and regulators.

The Strategic plan will communicate the strategy within Lower Murray Water to share the common goals and the desired outcomes for our staff so we can focus attention and resources most effectively.

After recent consultation with our customer base we understand the challenges they are facing and our strategic plan gives our staff the necessary tools and purpose to achieve our goals and implement our priority actions.

I look forward to the implementation of our strategic plan across the business so our service delivery and staff culture can grow and we can focus our attention and resources most effectively.

A handwritten signature in white ink, appearing to read 'John Tesoriero', with a horizontal line underneath it.

John Tesoriero
Chair

Introduction and Process

Introduction

This Strategic Plan has been developed to enhance our organisation in key areas such as customer service, operations and asset management.

Our Strategic Plan has been developed to assist our staff and Executive Team to deliver the required outcomes for our customers. This plan brings together our staff and gives them the skills required to prepare customers for challenges like climate and extreme weather events.

Extreme weather and climate change have figured prominently in our discussions for the organisation and our customers. This plan prioritises our outcomes for the next 3 years to prepare customers and the organisation for such events.

Our growers and customers are continuing to see low commodity prices which are placing increased pressure on businesses and our customers. We feel this strategic plan will give us the necessary tools to deliver the services our customers need in the timeframes required.

We also recognise that price and value for money is a vital factor for not only our financial sustainability but for our customers. We will continue to work on our internal processes to find efficiencies while maintaining acceptable service levels.

Process

Our Strategic Plan represents the combined efforts of our Board and Executive Team. This has involved several strategy planning sessions on implementation and strategic planning over the past 6 months.

Staff involvement of the process has also been vital with input at stages involving operational requirements as well as drawing on the knowledge and expertise held within the business.

Strategy sessions will be held with staff over the next 12 months to ensure measures and outcomes can be related to all areas of the business, and to all of us.



Who we are

Lower Murray Water is one of the few hybrid urban and rural water service providers in Australia. We serve 71,000 urban customers, 4,700 rural customers across a region that runs from Swan Hill to the South Australian border.

We have has a proud history of providing safe and reliable urban water services. Our urban customers enjoy the lowest water bills in Victoria.

We provide rural water for agricultural use in the four irrigation districts of Mildura, Merbein, Red Cliffs and Robinvale. We deliver licensing and advisory services to private diverters outside the irrigation districts.

We have a collaborative and committed staff. They care for each other and for our customers. Like many other organisations we have an aging workforce and as part of our strategy we are looking to invest and develop our people to ensure we can continue to improve and retain our knowledge base. We will invest in the capability of our people to meet new challenges and a changing operating environment.

Over the 2015–2018 period we project revenue to be around \$190m, with operating costs of \$138m. We plan to invest \$88m in new capital infrastructure (including SMP), bringing our total asset base to \$840m.



Our mission, vision and values

Our Mission

Our mission is to:

- Provide water services in a sustainable, reliable and timely manner
- To maintain positive and transparent relationships with our customers and other stakeholders
- To contribute to the economic, social and cultural development of our region

Our Vision

Our vision is to support our region with water for life, irrigation, growth and the environment.

Values

We value honesty, integrity, teamwork and commitment. We are passionate about our business and the services we provide for our customers. We are committed to making decisions based on sound judgements and intelligent use of knowledge.

We value:

- Our urban customers, who receive reliable and affordable potable water and treated wastewater services.
- Our rural customers, who need to receive reliable commercial services at the minimum sustainable cost.
- Investment and development of our people to enable us to be a thinking, efficient organisation.



Priority actions for 2015–2016

Our immediate priorities are to address our relationships with customers and stakeholders, have productive and transparent communication and continue to perform in line with shareholder and regulator expectations and deliver our Water Plan.

Priority actions to create customer value

In the coming year we will improve our reputation and relationship with customers and stakeholders, to be customer focused, responsive and cost effective.

Rural business

The rural irrigation business faces particular challenges around commodity markets and the pressure from alternative land use and investments.

We will conduct an informed engagement process with rural water customers, regional and government stakeholders on the optimum manner in which to provide rural water services to meet needs and obligations.

- Communicate the results of the rural benchmarking study and engage with rural water customers to explain the findings.
- Deliver, commission and operate the Sunraysia Modernisation Project and, in parallel, support the success and increase of agricultural businesses in our region.

Urban business

We will review the planning, investment and operation of the urban water business

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including security of supply risk, impact of climate change, emerging health and environmental regulations and development growth.

- Review and prioritise the capital program to ensure service levels are maintained, costs reduced and a prudent and affordable debt profile preserved.
- Apply a robust risk framework balancing acceptable service, reliability and cost.
- Review asset management policies, technical standards, reporting, information systems and field services support.
- Enhance water and wastewater system strategies including service levels, asset and technology solutions.
- Continue to develop planning to meet the needs of growth and health regulations, especially considering the impacts of climate change and extreme events.



Strategic drivers and goals

The basis of this strategic plan is creating value: for our customers and for the organisation.

Corporate strategies to create customer value

Our Corporate Goals to address customer challenges and deliver our strategy and creating customer value are:

- Increase the resilience of services to changing and extreme weather.
- Be more customer focused – right service, right time.
- Maintain compliant performance while improving cost-effectiveness of operations and assets.
- Increase use of the modernised irrigation infrastructure in the four districts.

These goals are aimed at meeting the challenges of our customers and the business and delivering sustainable business success.

Governance strategies to create organisational value

Good governance underpins good performance. Our governance goals to create organisational value are:

- Manage the Corporation in accordance with expected standards of corporate behaviour.
- Manage our assets and finances responsibly and sustainably.
- Provide an engaged and skilled workforce to deliver our vision and mission.
- Provide our services equitably and with consideration.



Our challenges

Lower Murray Water faces a number of major challenges in delivering our services. A particular longer term concern of our board and our staff is the impact of increasing climate change that will challenge both the cost and reliability of our supply systems.

Like all people and organisations along the Murray we are consumers of the river, and constrained by its finite resources – as the climate changes these challenges will increase.

The rural water environment has become more complex with the unbundling and trade of water entitlements. This changes the economic decision-making of landowners and adds a new variable to long-term land use and water planning.

Our irrigation customers are impacted by global and regional economic forces. Customers remain concerned about the price of rural water services and our responsiveness to requests.

We need to provide long-term certainty about infrastructure and affordable water to support investment in the profitability and growth of our regional economy.

We have a knowledgeable and experienced workforce which must be maintained.

A priority will be engaging with all our customers and staff, working with them to develop and deliver our plans.



Strategy at a glance

Our priorities and actions derive from our mission, strategies and governance statements.

Mission	Strategy	Governance
Provide water services in a sustainable, reliable and timely manner	Be customer focused <i>'Right Service, Right Time'</i>	Manage the Corporation in accordance with expected standards of corporate behaviour
Maintain positive and transparent relationships with our customers and other stakeholders	Maintain compliant performance while improving cost-effectiveness of operations and assets	Manage our assets and finances responsibly and sustainably
Contribute to the economic, social and cultural development of our region	Increase use of the modernised irrigation infrastructure in the four districts	Provide an engaged and skilled workforce to deliver our vision and mission
	Increase the resilience of services to changing and extreme weather	Provide our services equitably and with consideration



LMW culture

Culture is the foundation of delivering strategy and business objectives. Our operational culture is to work in creative collaboration across the business, focusing on customers, operations and assets.

LMW Culture Model

Customers

Working with Customers to provide right products and services.

Operations

Delivering product and services to Customers in the most efficient manner.

Assets

Providing reliable, resilient and cost effective solutions to operations.



> Customers

Our primary role is to provide essential water services to our customers and the community in the region.

We will create customer value by providing the right product, service, advice and information in a timely and affordable manner.

To create value for our customers we will:

- Engage with our customers.
- Work with our customers to grow their businesses and the region through reliable and cost effective water services.
- Innovate to improve products and service.
- Communicate with our customers in a clear, transparent and timely manner.
- Be honest about what we can and cannot achieve/deliver.
- Provide respectful and accurate customer service in billing, payment options and assisting customers experiencing financial hardship.
- Provide valuable commercial services to agribusiness customers.



> Operations

Our operations are focused on safety, quality, reliability and efficiency to minimise service delivery costs in a financially and environmentally sustainable manner.

To create value through our operations we will:

- Be uncompromising in our expectation that our people, our customers and the community will be safe from harm or injury caused by our operations.
- Deliver services that are compliant with health, safety, environmental, economic and customer service regulations and obligations, supported by timely reporting.
- Optimise overall system performance through engaging with our customers to meet their service needs in the most effective and efficient manner.
- Continuously improve our processes and operating systems to enhance efficiency and reliability.
- Improve the responsiveness, accuracy and timeliness of information requested.
- Build a creative team culture that constantly seeks to deliver services better.
- Ensure our people have the skills that are needed through training, development opportunities and recruitment.



> Assets

Our assets exist to enable operations to deliver services to the customers and the community.

Asset planning and investment is focused on timely and efficient delivery of services to the right standard at the right time, in the most efficient manner.

To create value through our assets we will:

- Maintain financial sustainability.
- Develop and deliver a prioritised capital program portfolio supported by robust business cases and cost estimates.
- Apply a robust risk framework for assets and services – balancing acceptable service, reliability and cost.
- Deliver the Sunraysia Modernisation Project to specification, on time and on budget.
- Develop the business case for the modernisation and improvement of the rest of our irrigation systems.
- Plan and resource modernisation of urban water assets, asset management systems and real-time information.
- Where possible, rationalise the existing asset base.
- Apply excellent project and contract management expertise.

LMW in numbers

	Urban	Rural
Customers	71,000	4,700
Assets	901km Water Supply Pipe 9 Water Treatment Plants 633km Sewer Pipes 10 Wastewater Treatment Plants	Length of rural irrigation pipelines without SMP works. Robinvale 77km Red Cliffs 149km Merbein 93km FMID 276km Total Sunraysia Region 595km
Assets Value	\$381m	\$376m
Revenue	\$37m	\$27m

From the most recent year of audited accounts, 2013-14. Excludes corporate costs and assets.