



Lower Murray Urban and  
Rural Water Corporation

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# 2022-2023 Annual Report



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

## Acknowledgement of country

*'Lower Murray Water (LMW) 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 LMW's service region lie within the traditional lands of First Nations Peoples, from upstream at Koondrook moving downstream along the Murray River through to the western edge of our region at the South Australian border. They are the Barapa Barapa Peoples, Wemba Wemba Peoples, Wadi Wadi Peoples, Tatti Tatti Peoples, Latji Latji Peoples, Nyeri Nyeri Peoples, Ngintait Peoples and the Wergaia Peoples. The First Nation Peoples' connection to land and water is the living cultural knowledge that is passed down from generation to generation. The stories that connected the ancestors to their culture still live through the First Nations Peoples of today.'*

- Acknowledgement of Country written by Stephanie Sloane.

Stephanie works at LMW as a Diversity and Inclusion Officer. She is a proud Ngayampaa 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.



# Section 1

# Introduction





## About us

### Who we are

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

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

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

Our relevant Minister is the Hon. Harriet Shing MP from 1 July 2022.



## Our service region



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

We provide this extensive region with urban water and sewerage treatment, supply, and disposal; river quality water for stock and irrigation; and collection and disposal of subsurface irrigation drainage. We contribute to the economic, social, and cultural development of our region and its many communities with environmentally responsible and sustainable water management.

LMW provides services to both rural and urban customers including:

- Urban water services to 12 townships via 9 treatment plants to 35,289 households and businesses along the Murray River from Koondrook to Merbein.
- Wastewater collection, treatment and effluent re-use and disposal services to 11 towns via 10 treatment plants.
- Raw (river quality water) services to 2,655 irrigation and 2,253 stock and domestic customers in the four pumped irrigation districts of Mildura, Merbein, Red Cliffs and Robinvale, and to 300 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 1,317 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) which includes Goulburn Murray Water, Mallee Catchment Management Authority, North Central Catchment Management Authority, Parks Victoria and the Department of Energy, Environment and Climate Action.



# Our responsibilities and obligations

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

Key legislative and compliance obligations that govern Victoria's water industry include:

## Water Act 1989

The Water Act 1989 grants LMW the power to delegate its various functions, powers, and duties subject to particular requirements. These requirements are set out in our Instrument of Delegation.

## Statement of Obligations

Issued by the Minister for Water under the Water Industry Act 1994 on 20 December 2015, our Statement of Obligations details obligations regarding performance of our functions. A Statement of Obligations (Emissions Reduction) effective 14 March 2018 is also in place.

## Letter of Expectations

The Letter of Expectations issued under the Water Act 1989 sets out the Minister's performance expectations for 2022-23.

## Environment Protection Act 2017

The Department of Health and Human Services regulates our drinking water quality under the Safe Drinking Water Act 2003 and the Environment Protection Authority regulates our recycled water under the Environment Protection Act 2017.

## By Law No 2

LMW currently has one By-Law: By-Law No 2 Urban Water Restrictions, which was created using a Model Water Restriction By-Law issued by the Minister for Water. An updated By-law was approved in May 2023 by the LMW Board.

It contains the restrictions and prohibitions on the use of water that may be imposed in our urban water supply districts. We also have a Permanent Water Savings Plan which sets out permanent water restrictions and prohibitions within our service districts.

## Essential Services Commission (ESC)

Our economic regulator, the (ESC) approves customer prices and standards of service. Our Pricing Submission was endorsed for the five-year period June 2018 – June 2023. The Pricing Submission outlines pricing, revenue requirements, service standards and capital works for the five-year period for our urban and rural business sectors.

## Lower Murray Water Urban and Rural Customer Charters

Our Urban and Rural Customer Charters outline customers' rights and responsibilities as well as our obligations to provide safe drinking water, sewerage and trade waste services, rural water supply and drainage services.

## Australian Competition and Consumer Commission (ACCC)

The ACCC is the Regulator for water businesses extracting water for irrigation from the Murray Darling Basin under federal legislation, Water Charge Rules 2010 (WCR 2010).

The WCR 2010 contain requirements regarding who determines bulk water operators' infrastructure charges. All rural associated infrastructure charges are regulated and determined by the ACCC to ensure achievement of the Basin water charging objectives and principles.

## Murray-Darling Basin Plan

We are the lead agency in a partnership model for the Victorian Murray Floodplain Restoration Project (VMFRP), one of the Victorian Government's Sustainable Diversion Limits Adjustment Mechanism projects under the Murray-Darling Basin Plan.



# Our year in review



**Sharyon Peart**  
Chair



**Paul Northey**  
Managing Director

## Chair and Managing Director's Report

On behalf of the Board of Directors, we are pleased to present the 2022-23 LMW Annual Report.

As an essential services provider, LMW is committed to its purpose of supporting our region to prosper by successfully delivering vital water services.

Our Annual Report advises how we met the legislative requirements which apply and how we addressed the priority areas identified in the Letter of Expectations (LoE) as defined by the Minister for Water, Hon Harriet Shing.

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.

### Service Delivery

During the past year our region experienced the highest River Murray level in 50 years with significant flooding occurring. Our staff and partner organisations need to be acknowledged for their tenacious effort in the continuity of services without fault in providing the region with water, sewer and drainage services. Over the flooding period many staff were embedded in the state emergency management teams to ensure services could continue to be delivered and public health protected. I am very proud of every single employee for their support during and post the 2022-23 flood. Everyone made a valued contribution whether at work or home, as well as in their communities.

This event has reminded us of the essential services that must be provided to our region every day of the year.

## People

In 2022-23, we farewelled our Managing Director Anthony Couroupis and welcomed Interim Managing Director Paul O'Donohue while the recruitment of a new MD progressed. We wish to thank Anthony for his 3 years of service to LMW.

Our people continue to demonstrate their commitment to our vision and mission despite some significant labour market challenges. Like many regional organisations attracting and retaining staff is a challenge as well as an opportunity to make a great contribution to Regional Victoria.

During 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 2023/24, we will continue to build a strong safety culture and in particular focus our efforts on psychological safety.

## Customer Engagement

We thank our Strategic Advisory Committee and our 6 Customer Service Advisory Committees for their ongoing support, contribution, and valued advice over the year where we saw our rural customers experience a wet and interrupted season.

Our customer services survey of our customer base continues to show we have a good relationship with our customers and we continue to seek to improve these year on year.

We acknowledge the positive behaviour change made by our rural customers with approximately 90% reduction in water theft. 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.

The implementation of our Aboriginal action plan associated with our Reconciliation Action Plan (RAP) was a priority for the organisation throughout the year. Our relationships and connections with local First Nations peoples and organisations across the region continue to be a priority for LMW. In the second half of the 23-24 plan, we will be looking to progress our RAP from its Reflect stage through to the Innovate stage.

## The Environment

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



### Major Projects

The \$37M Sunraysia Water Efficiency Project (SWEP) commenced in early 2023 with support from the Australian Government and will provide a great boost to the internal infrastructure within the Sunraysia irrigation districts. We look forward to this project continuing its implementation in 2024 under the stewardship of the Project Director Daniel Freitag.

The Victorian Murray Floodplain Restoration Project (VMFRP) has undergone a review throughout the year and parts of the project have been paused. We will continue to work with the government and our valued partners on these critically important projects for our regions' sustainable future

The VFMRP provides a fantastic opportunity for our organisation to build structures that deliver environmental water efficiently, whilst protecting the biodiversity and cultural heritage of our region.

Through the year construction of the new Millewa pump station just upstream of Lock 9 on the Murray River neared completion. This new station will provide a higher level of security and capacity for our Lake Cullulleraine private diverters and the Millewa Rural Supply District while also allowing for the manipulation of the weir pool height for environmental purposes. We look forward to officially opening the new station early in the coming 23-24 water season.

### Finance and governance

During the year we submitted our Water Plan 5 (WP5) which will define our prices and services for the period 2023 to 2028. There has been substantial work completed to ensure that keep we prices to a sustainable level while we encounter a high inflation economy.

Our Business Transformation Program (BTP) is underway and is being further refined. 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.

### New Managing Director



Commencing 1 August 2023, LMW will welcome new Managing Director Paul Northey.

### Responsible body declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Lower Murray Urban and Rural Water Corporation's Annual Report for the year ending 30 June 2023.



### Sharyon Peart

Chair

Lower Murray Urban and Rural Water Corporation

Dated this day, 26 October 2023.



### Sharyon Peart

Chair



### Paul Northey

Managing Director

Section 2

# Delivering Valued Outcomes

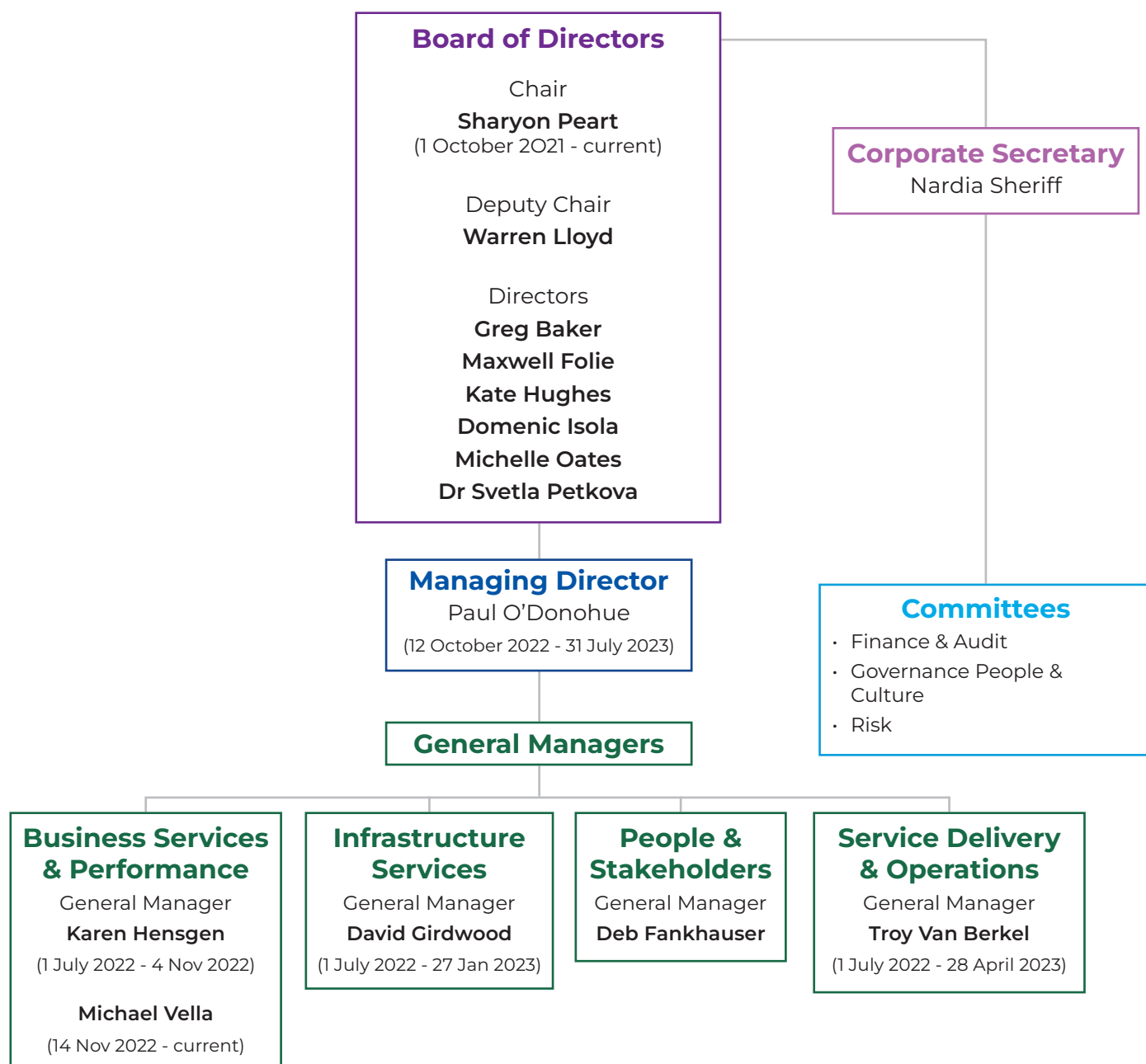


# Our Leadership and Governance

## The LMW Board is responsible for corporate governance including:

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

This section identifies the corporate governance practices for the 2022-23 financial year.



# Governing Board

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

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

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

The LMW Board is committed to the uplift of our organisation's governance practices and adheres to its role and responsibilities within its Board Charter.

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

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





### Sharyon Peart

Sharyon relocated to the Mallee from Melbourne in 2003 with her family where she lived on a large citrus, dried fruit and wine grape growing property at Nangiloc.

Her background in corporate business, sales, marketing and team management provided inspiration for the small local business Sharyon now owns and operates. Sharyon has been the sole director since she created the company in 2005, specialising in retail consultation, post surgical care, and maintaining women's health and wellbeing.

Sharyon served on the Mildura Rural City Council as a Councillor for nine years and gained experience as portfolio councillor for art and education, community services and wellbeing, and governance and finance.

Sharyon is committed to strengthening partnerships between community and government in the sustainable management of resources across our region.

Sharyon had the privilege of being the Mallee Catchment Management Authority Chair for 10 years stepping aside in 2021 but maintaining a position of Board Member.

Sharyon now serves as Chair of LMW.

Positions and memberships include: LMW, Chair (Deputy Chair till October 2021); Mallee CMA, Chair (to October 2021); La Trobe University Mildura Regional Advisory Board, member; Member - Resilient Cities and Towns Reference Group.

Sharyon has completed the Australian Institute of Company Directors course.



### Warren Lloyd

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

Warren chaired our Strategic Advisory Committee from 2015 to 2017 and Customer Services Advisory Committee from 2008 to 2014. He has been a Board member of Dried Fruits Australia since 2010.

Warren holds a Bachelor of Education and prior to returning to the family business and was a secondary school teacher working in two different states.

Warren is a Graduate of the Australian Institute of Company Directors and a member of LMW's Risk Committee and Governance Committee.



### Greg Baker

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

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



## Maxwell Folie

Max is an Audit Committee Member of Mildura Rural City Council and a highly experienced international General Manager with a depth of business experience managing Risk and Improvement drivers for top 20 ASX listed large global complex commercial businesses.

Max developed and improved Risk Management and Internal Audit operations, systems, and reporting.

Max established effective reporting systems for Board Committees and Executive Management, and he also has extensive offshore experience through Southeast Asia, South America, Canada, Europe, UK, USA, PNG and West Africa.

Max is a CPA and holds a Diploma of Auditing from RMIT and a Diploma of Business from Monash University. He is also a Graduate of the Australian Institute of Company Directors.



## Michelle Oates

Michelle is the founder and principal solicitor of Connect Family Law. Michelle has over 12 years of experience working as a generalist solicitor practicing predominantly in family law, commercial and property law.

Michelle has held a number of other community director position in the Sunraysia District and is committed to providing fair and accessible services to our local community. Michelle has commercial law experience in primary industry, water management and land transfers, and has experience in advising clients and stakeholders on corporate governance.

Michelle holds a Bachelor of Laws and Legal Practice (Hons) and a Bachelor of Justice and Society from Flinders University and is a graduate of the Australian Institute of Company Directors. Michelle is Chair of LMW's People, Culture and Governance Committee and lives and works in the Sunraysia District along with her husband and two young daughters.



## Domenic Isola

Domenic has served in senior management positions, overseeing financial and corporate governance services at Hume City Council and Wyndham City Council, and was a Banking Audit Manager at Commonwealth Bank.

Domenic was a board member of the Broadmeadows Revitalisation Board and chair of the Northern Economic Working Group. He is a former board member of Dianella Health Services and the Institute Council Kangan Batman TAFE.

He is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors.





### Kate Hughes

Kate is independent Chair, of the Audit and Risk Management Committee at the Department of Health, Australian Prudential Regulation Authority and Comcare. Kate is also a director of Sunitafe and Skycity Entertainment Group Limited.

Kate has considerable executive experience and was formerly the Chief Audit and Risk Officer at RMIT University, Chief Risk Officer at Telstra and Chief Risk Officer at the Australian Wheat Board.

Kate holds a Bachelor of Commerce, a graduate diploma in applied finance, a graduate diploma in occupational health and safety, and is a Graduate of the Australian Institute of Company Directors.



### Dr Svetla Petkova

Svetla is a respected professional with a strong network of industry contacts. Her board experience includes being a member of the Southern Alpine Resort Management Board and Chair of the Workplace committees, and Loddon Mallee Waste Resource Recovery Group Board Director.

Svetla is a highly skilled Executive, People and Asset Manager with expertise managing services, projects and programs with GMW Water, Gippsland Water, City West Water, Isaac Regional Council and more recently with Swan Hill City Council. She is a transformational coach working with leaders and professionals to support them in becoming and being the best versions of themselves.

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

Svetla is a Graduate of the Australian Institute of Company Directors



### Paul O'Donohue

Paul joins LMW after recently concluding as Managing Director of Central Highlands Water (CHW) after 11 years in the role. Paul brings extensive experience in project and people management, communications, and customer service.

While at CHW, Paul was responsible for managing 200 staff, a \$120 million annual turnover, and liaising with key internal and external stakeholders, including Traditional Owners. Paul's tenure at CHW saw him work through significant improvements and changes for the utility, including leading safety reforms and an associated cultural step change for CHW staff and contractors, innovation and digital transformation to a more customer-centric operating model and recently overseeing the challenges of day-to-day operations through the COVID-19 pandemic.

Paul was also appointed a Vice-Chancellor's Fellow at Federation University.

Paul has also chaired and sat on many boards, including the Inaugural Chair of Zero Emissions Water (ZEW), Chair of Intelligent Water Networks (IWN), a Committee for Ballarat Inc Board Member, and Chair of their Governance Committee.

## Directors' attendance at meetings July 2022 to June 2023

Directors	July 2022 No Meeting	30 August 2022	27 September 2022	25 October 2022	29 November 2022	December 2022 No Meeting	17 January 2023	21 February 2023	14 March 2023 Special Meeting	28 March 2023	6 April 2023	28 April 2023	30 May 2023	27 June 2023
Sharyon Peart (Chair)		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Warren Lloyd (Deputy Chair)		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Michelle Oates		✓	✓	-	✓		✓	✓	✓	✓	-	✓	✓	✓
Greg Baker		✓	✓	✓	✓		✓	✓	✓	✓	-	✓	✓	✓
Max Folie		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Svetla Petkova		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Kate Hughes		✓	✓	✓	✓		✓	✓	-	✓	✓	-	✓	✓
Domenic Isola		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Paul O'Donohue (Interim MD)				✓	✓		✓	✓	✓	✓	✓	✓	-	✓
Deb Fankhauser A/MD													✓	
*Anthony Couroupis		✓	✓	-										

\*Managing Director resigned from LMW effective 4 November 2022

## Finance & Audit Committee Meetings – Minimum 4 meeting per year

Directors	2 August 2022 Focus Meeting – PS5	18 August 2022	15 September 2022 Special Meeting – PS5 Review	21 September 2022 Special Meeting – PS5 Review	5 October 2022 Focus Meeting	8 December 2022	22 March 2023	18 April 2023	15 June 2023
**Domenic Isola	✓	✓	✓	✓	✓	✓	✓	✓	✓
*Max Folie	✓	✓	✓	✓	✓	✓	✓	✓	✓
Greg Baker	✓	✓	✓	-	✓	✓	✓	✓	✓
Adam Christou Independent/ External Member	✓	✓	-	✓	✓	✓	✓	✓	✓

\*Max Folie Chair July 2022 – December 2022

\*\*Domenic Isola, Chair January – June 2023



# Committee Membership and Roles

## Board Committees

The LMW Board has established three Committees to support the delivery of its responsibilities, and to provide opportunity for Directors to consider issues in more detail. Terms of Reference have been developed for each Committee with a Director nominated annually as Chair. All Committees are formed in accordance with section 122C of the Water Act 1989 that provides for Committees to be established by a water corporation.

## Finance and Audit Committee

The Finance and Audit (F&A) Committee meets four times a year and is made up of three non-executive LMW Directors and an Independent Member who brings an external perspective with experience in internal audit, fraud, and corruption from both public and private sectors.

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

### The responsibilities of the F&A Committee include oversight and review of:

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

## Governance, People + Culture Committee Meetings – Minimum 2 meetings per year

Directors	23 August 2022	24 November 2022	12 April 2023
Michelle Oates (Chair)	✓	✓	✓
Svetla Petkova	-	✓	✓
Warren Lloyd	✓	✓	-
Domenic Isola	✓	✓	✓

## Governance, People and Culture Committee

The Governance, People and Culture (GP&C) Committee assists the Board in carrying out its duties by providing independent and objective review, advice, and assistance in developing effective corporate governance, driving the culture of the organisation, and making recommendations to the Board for resolution.

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

### The objectives of the GP&C Committee are to:

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

## Risk Committee

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

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

### The objectives of the Risk Committee are to:

- Assist the Board to discharge its duty with respect to overseeing all aspects of risk management

## Risk Committee Meetings – Minimum 2 meetings per year

Directors	13 September 2022 Special meeting	16 November 2022	20 April 2023	10 May 2023
Kate Hughes (Chair)	✓	✓	✓	✓
Warren Lloyd	✓	✓	-	✓
Greg Baker	✓	✓	✓	✓

- Make recommendations to the Board in regard to the effectiveness of the implementation of the risk framework
- Provide the Corporation's risk appetite and risk tolerance, for presentation and approval by the Board

## Victorian Murray Floodplain Restoration Project (VMFRP) Project Control Group

The VMFRP Project Control Group (PCG) is a subcommittee of the LMW Board with an independent chair to oversee the VMFRP project and provide strategic direction. The Chair reports to the LMW Board. The Project Control Group includes representation from the five project partners and input via observer status from DEECA and Department of Climate Change, Energy, the Environment and Water (DCCEW). The VMFRP PCG is chaired by Mr Jim Keary.

### The objectives of the VMFRP PCG are to:

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

## VMFRP PCG attendance

Directors	July 2022	Aug 2022	Sept 2022	OOS Sept	Oct 2022	OOS Oct	Nov 2022	Dec 2022	OOS Jan 2023	OOS Jan 2023	Feb 2023	March 2023	April 2023	OOS April	May 2023	June 2023
Jim Keary (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Anthony Couroupis (LMW)*	✓	✓	✓	✓	-											
Paul O'Donohue (LMW)						✓	✓	✓	-	✓	✓	✓	✓	✓	-	-
Jenny Collins (MCMA)	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	-	✓	✓
Brad Drust (NCCMA)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Warren Jose (GMW)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rohan Henry (Independent)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓
Daniel McLaughlin (PV)**	✓	-	✓	✓	✓	✓	✓									
Chris Corbell (PV)								-	-	✓	✓	✓	✓	✓	-	-

\*LMW Managing Director resigned from LMW effective 4th November 2022

\*\* Parks Victoria Regional Director for Northern Victoria resigned from VMFRP PCG membership effective 11th November 2022

\*\*\*note that Chris Corbell also resigned from Parks Victoria effective 21st July 2023.

## Sunraysia Water Efficiency Project (SWEP) Project Control Group

The SWEP Project Control Group (PCG) is a subcommittee of the LMW Board with an independent chair to oversee the project and provide strategic direction. Reporting to the LMW Board, Mr Tony Matthews as Chair of the project is working with representatives of DEECA and DCCEW, and LMW staff to create a more efficient water delivery network across Mildura, Red Cliffs and Merbein irrigation districts.

### The objectives of the SWEP PCG are to:

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

## SWEP PCG attendance

Member/Observer		Nov 2022	Dec 2022	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23
Tony Mathews (Chair)	Voting Member	✓	✓		✓	✓	✓	✓	✓
Warren Lloyd (LMW Board)	Voting Member	✓	✓		✓	✓	✓	✓	✓
Raj Mahendrarajah (LMW)	Voting Member	✓	✓		✓	✓	✓	✓	✓
David Girdwood (LMW)	Voting Member	✓	✓						
Daniel Freitag (PD)	Member	✓			✓	✓	✓	✓	✓

\*Green colour denotes voting status

# Our People and Culture

## 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.

### Addressing KPIs

- G1 Diversity and Inclusion
- G3 Health and Safety

## Leadership and Talent Management

Leadership and Talent Management is a key strategic deliverable within the strategic foundations of LMW's current Strategic Plan.

LMW entered the second year of Professional Development Planning (PDP) for all employees via the Online PDP system and in accordance with our Leadership and Talent Management Framework. On review of feedback received from managers and employees throughout 2022 we have amended the PDP cycle to the following:

- Feb – Create PDP
- May – First Review
- September – Second Review
- January 2024 – Final Appraisal

Engagement was very positive throughout February 2023 with managers and employees seeking advice from the People team as they develop their plans for 2023. We achieved 89% completion rate for approved plans during the 'Create PDP' phase and 73% completion rate of the first review during May 2023.

The Leadership and Talent Management Framework is an integral part of LMW's new People strategy with targeted initiatives including:

- Embed the Leadership & Talent Management framework and PDP online system to its full

capability, including progressing the succession planning process.

- Foster a culture of recognition and appreciation
- Expand the existing mentoring program to include engagement in Water Sector Initiatives and projects such as the Intelligent Water Networks (IWN) knowledge Sharing and collaboration project.

Clause 21.1 'Top of Band Payment' comes into effect from the PDP cycle commencing from February 2023 providing employees with the opportunity to receive a financial reward for exceptional performance. Exceptional performance is assessed by all set performance and development goals being achieved and at least 50% of the performance goals being assessed as exceeding expectations in accordance with LMW's skills and competency assessment matrix.

## Training and Learning and Development

During 2022-23 FY we have cleared most of the compliance training backlog that was created during the COVID-19 pandemic.

With the introduction of our Leadership and Talent Management framework and PDP online system there has been an increased emphasis on professional development activities to support employee career progression and development.

One of our Young Water Treatment Plant Operators, Zeke Stapleton, applied and was accepted into the Water Industry Operators Network (WIOA) network operator development program (NODP).

Our General Manager People and Stakeholders, Deb Fankhauser completed the Insight Executive Women in Water Leadership program. This is an elite Executive Leadership program jointly funded between DEECA and participating water Corporations. It is designed to elevate the visibility of women in their leadership roles. It offers a deliberate balance between insightful self-development and learning from others, as well as the opportunity to explore real challenges affecting the sector. It aims to bring about systemic change needed for men and women working together to steer the water sector into a sustainable and inclusive future.



LMW has provided a range of training during the 2022-23 FY to support our workforce to improve our experience at work and ensure we are providing a safe and inclusive workplace environment.

This included:

- Occupational Violence and Aggression – building employee capability in managing disgruntled customers and members of the community.
- Safety awareness and risk assessment training – building our employee capability in situational safety awareness, identifying and managing hazards and assessing risks and managing risks associated with day to day routine and high risk work
- Executive Leading Safety Program – Our leadership group attended a 2-day development program designed to strengthen an organisations health and safety leadership capability.
- Diversity and Inclusion Awareness training

With higher turnover experienced in the 2022-23 FY the cost of compliance training continues to increase to support new employees and ensure all existing employees maintain minimum levels of training and competency in accordance with their role.

## Service Awards and Retirements

LMW recognised several employees celebrating a length of service milestone of either 10 or 20 years with LMW and to our community.

### 10 Years

- Gabriele Schimkowitsch
- Matthew Dixon
- Kim Lillia
- Dion Strike

### 20 Years

- Gloria Gilmore
- Frank Ballard

LMW celebrated several retirements during the 2022-23 FY, recognising the significant contributions of long-term employees entering retirement.

- Louise Hinks, Team Leader Rural Customers, finished in July 2022 after 16 years of service
- Ray Thompson, Team Leader-Civil Maintenance, finished in October 2022 after 22 years of service
- Sandra Utchman, Information Administrator, finished in December 2022 after 18.5 years of service
- Jan Evans, Revenue Officer, finished in January 2023 after 38 years of service
- Mark Dorman, Technical Officer-Land Development, finished in June 2023 after 14.5 years of service

## Impacts of COVID-19

LMW has continued to monitor the impacts of COVID-19 throughout the 2022-23 FY. While workplace restrictions reduced during this 12-month period there are several impacts that still need careful consideration and monitoring to ensure the safety of our employees and minimise the spread of the virus which is still very prevalent throughout the communities we serve.

There is also much to learn from the COVID-19 pandemic which can help us improve ways of work and open up more flexible and hybrid ways of work across our business. The ongoing review and development of our flexible work policy over the past 12 months has enabled an increase in technical specialists within the Infrastructure Services and Operations areas of our business supporting people outside of our region join our workforce through a hybrid engagement model. This hybrid engagement model has also supported the promotion on internal staff from our service areas outside Mildura into positions that have traditionally been considered as 'head office' positions.

Throughout LMW's Business Transformation Program (BTP) and Information technology services we have continued to evaluate our IT solutions and processes to ensure they support remote, and hybrid work as well as work from one of LMW office locations.

## Growth Through People

The development of LMW's first People strategy included the creation of an Employee Value Proposition (EVP) and a review and reset of LMW's organisational values.

The People Strategy outlines the approach we will take over the next 18 months to create the conditions to enable us to deliver on our purpose and vision by providing satisfying work experiences and opportunities for our people and to enable attraction, retention, and growth of key talent to prepare for our future workforce requirements.

The People Strategy identifies four Pillars:

- Developing our people and building a future focussed workforce
- Making LMW a rewarding place to work
- Building leadership excellence and capability
- Creating a 'Safe Work Done Well Culture'

There are 10 key initiatives across the four Pillars a three-stage approach to implementation including develop, embed and evaluation to ensure the desired outcomes of each initiative are achieved and to assist in the development of future strategies.

LMW's EVP is Our People, Our Purpose, LMW's new Organisational Values are:

- Deliver
- Respect
- Grow
- Collaborate
- Safe Work Done Well

## Our workforce information

The following table discloses the head count and full-time equivalent (FTE) of LMW employees in the last full pay period in June of the current reporting period (2022-2023), and in the last full pay period in June 2022 of the previous reporting period (2021-2022).

	June 2021						June 2022						June 2023					
	All employees			Ongoing			Fixed term and casual			All employees			Ongoing			Fixed term and casual		
	Number (head-count)	FTE	Full-time (head-count)	Part-time (head-count)	FTE	Number (head-count)	FTE	Number (head-count)	FTE	Number (head-count)	FTE	Full-time (head-count)	Part-time (head-count)	FTE	Number (head-count)	FTE	Number (head-count)	FTE
Gender																		
Men	142	142	139	1	140	2	2	154	153.74	145	1	145.9	8	7.84	154	153.21	141	144.21
Women	63	61.21	47	12	57.21	4	4	72	68.77	51	15	63.17	6	5.6	68	63.79	48	57.72
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	205	203.21	186	13	197.21	6	6	226	222.51	196	16	209.07	14	13.44	222	217	189	201.93
Age																		
15-24	8	8	8	0	8	0	0	10	9.3	10	0	9.3	0	0	10	9.63	7	7.63
25-34	35	34.6	33	1	33.6	1	1	39	38.55	36	0	35.95	3	2.6	40	39.4	37	37.8
35-44	50	49.73	45	3	47.73	2	2	58	57.5	49	5	53.5	4	4	54	53.09	46	51.09
45-54	51	50.47	47	3	49.47	1	1	55	54.42	49	4	52.42	2	2	58	56.09	50	51.62
55-64	49	48.51	44	4	47.51	1	1	49	48	40	5	44	4	4	48	47.05	41	43.05
65+	12	11.9	9	2	10.9	1	1	15	14.74	12	2	13.9	1	0.84	12	11.74	8	10.74
<b>Totals</b>	205.0	203.2	186.0	13.0	197.2	6.0	6.0	226	222.51	196.00	16	209.07	14	13.44	222	217	189	201.93
Areas																		
Executives	6	6						6	6						1	1	1	1.00
Administration	73	71.21						90	86.72						86	82.59	60	70.52
Operations	87	87						89	88.84						91	90.79	88	89.79
Engineering / Technical	39	39						41	40.95						44	42.62	40	40.62
<b>Sub-total</b>	205.0	203.2						226	222.51						222	217	189	201.93
Vacancies	11.0	11.0						13.0	12.6						33.0	32.5		
<b>Totals</b>	216.0	214.2	0.0	0.0	0.0	0.0	0.0	239	235.11	0.0	0.0	0.0	0.0	0.0	255	245.50	0.0	0.0

## Workplace initiatives

Throughout the year our staff celebrated several events to mark important causes which included:

- NAIDOC week was celebrated with special guests from our local community. Sophia Pearce held a basket weaving workshop with 16 staff members across the organisation. Corey Payne and Elisha Mangal shared an artefacts and cultural presentation to the staff of LMW.
- As part of the 16 Days of Activism, we encouraged staff to wear the colour orange as it symbolises a brighter future and a world free from violence against women and girls. We also gave all staff across our regions 16 Days of Activism stickers.
- International Women Day was celebrated on 8 March where staff attended a Virtual Webinar hosted by bestselling author/finance podcaster Victoria Devine.
- A number of staff attended a Respect, Culture & Diversity: Allyship training which was hosted by Diversity trans-relator & educator Sally Goldner. Sally provided Respect, Culture & Diversity: Allyship training in the lead up to International Day Against Homophobia, Biphobia, Intersexism and Transphobia (IDAHOBIT) Australia.
- Pride month was marked by staff wearing colours of the rainbow to work which celebrated everybody's individuality.

## Obligations under the Gender Equality Act

On 31 March 2021, the Act came into effect. The Act requires defined entities (public sector organisations, Councils and Universities) to take positive action towards achieving workplace gender equality and promote gender equality in their policies, programs, and services.

LMW is required to develop and implement a Gender Equality Action Plan (GEAP) every four years, which includes:

- Results of a workplace gender audit
- Strategies for achieving workplace gender equality

LMW met all our obligations during the 22/23 FY including the development of our first GEAP. This plan was approved and published by the commission on 1 September 2022. We have monitored our progress against the GEAP on a quarterly basis and provided reports via a quarterly HR report to the Board of Directors. While progress is slow, significant improvements have been made with regard to internal appointments moving from 28% to 47% over the financial year and flexible work arrangements to enable our employees to manage work and life commitments.

In addition, LMW have developed business processes to support the completion of Gender Impact Assessments on any new or existing (under review), policy, procedure, program or service. This is currently being lead by the People team at LMW and will shift to whole of business engagement during 2023/24 FY.

LMW has established a new Inclusion and Diversity Officer position within the People team to support the delivery of our GEAP and to support leaders across our business to build capability in leading inclusion and diversity.

This position commenced in November 2022 and has to date had a focus on:

- Increasing participation in our Inclusion, Equality and Diversity Committee
- Developing an annual program of activities to support the delivery of our GEAP
- Supporting the induction and offboarding of employees to support new employees and better understand our opportunities for improvement via departing employees.

In the last quarter of the 2023 FY LMW is preparing to undertake our second Gender Workplace Audit. To ensure accuracy of our data and compliance with the GEA, LMW has participated in the People Matter Survey in May/June 2023 and will collect additional data from our payroll and HR system.

The People Matters Survey (PMS) included questions developed in consultation with the Commission to enable the Act reporting and action planning requirements. These results will form the baseline data for all future audits.

To successfully achieve our strategic objective of a high performing, engaged and diverse workforce, we recognised the need for a dedicated People Strategy. Between December 2022 and May 2023 LMW engaged with staff through online surveys, and face to face focus sessions to better understand the current employee experience and opportunities for improvement. Together with results from our 2021 and 2022 PMS, a strategy has been developed including an implementation plan for the 2023/24 FY. The strategy was finalised in June 2023 with the broader Senior Leadership team coming together to finalise and agree on the implementation plan to ensure whole of business leadership and commitment starts at the most senior level.

## VicWater Diversity and Inclusion (D&I) Case Study

In a case study prepared and printed in the VicWater D&I Performance Report, LMW's efforts to learn, understand and appreciate from indigenous employees the meaning of land and waterways was highlighted. Stephanie Nicolson-Leask is an LMW employee and a proud Aboriginal Woman working as an integral part of LMW's Plant Operations team. Stephanie has played a role in helping LMW to understand the importance of the river to First Nations Culture and in understanding that the river and related waterways serve as a meeting place for people of all backgrounds. Increasing our understanding of First Nations culture from staff like Stephanie supports LMW to deliver our services in a respectful manner recognising the cultural significance across a variety of cultures.



## Public Sectors Values and Employment Principles

Diversity:	Target	Jun-21	Jun-22	Jun-23
*Percentage of Women @ LMW	10%	31%	32%	30%
Women in Senior Leadership	50%	33%	33%	50%
Identify as Aboriginal or Torres Strait Islander	3%	0.5%	2%	1%
Caring Responsibilities	35%	41%	40%	38%
Flexible Work Arrangement in place	35%	42%	27%	23%
Main Language not English spoken at home	20%	7%	6%	8%
Disability	10%	2%	2%	2%

Note relating to FWA figures:

We have changed our internal reporting to align with LMW's newly developed flexible working procedure which was put in place once staff started returning to the office post COVID-19 guidelines. This procedure changed the way LMW approved and reviewed flexible working arrangements.

## Classification level data

June 2023 Classification Level	A	B	C	D	E	Total
Band 1	6	7	5	5	9	32
Band 2	12	4	13	41		70
Band 3	12	6	21			39
Band 4	8	5	17			30
Band 5	2	3	13			18
Band 6	2	0	4			6
Band 7	0	0	0			0
Contract Staff						24
Award						3
Total	42	25	73	46	9	222

## Executive Officer data

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

2022-23								
	Male		Female		Self Described		Total	
Executive Classification	Head count	FTE	Head count	FTE	Head count	FTE	Head count	FTE
Executive	0	0	1	1	0	0	1	1

## Occupational Health and Safety

In July 2022, LMW experienced a significant incident at one of our Water Treatment Plants and a review of this incident identified that further investment was required to understand the Safety Culture across all levels of the organisation, and the resource requirements needed to achieve a significant improvement in safety performance of both physical and psychological safety.

A new position, Senior Manager Health and Safety was approved and recruited in early 2023 commencing in February, and in March 2023, LMW partnered with LJM Group to take a deep dive into our safety culture to better understand the current state, the barriers to improving our safety culture and performance and the mechanisms required to achieve this improvement.

LJM Group spent 8 days working with our employees, engaging in 'work-as-done' to better understand our safe work practices. They conducted 21 one-on-one interviews, 55 workers/staff focus groups, 8 worksite visits across our operational teams and reviewed key safety documentation to understand our Safety management system

LJM Group conducted an assessment based on the above engagement against the Hudson Model of Safety Culture and assessed LMW as being 'reactive' (Safety is important, we do a lot wherever there's an incident).

LJM Group's final report outlined four key recommendations to support LMW to move toward a proactive safety culture under the Hudson Safety Culture Maturity model. The recommendations were:

1. Embed fundamentals of critical risk control management into the LMW business model and work systems.
2. Build strong safety leadership foundations on trust.
3. Enable and equip work teams with Exposure-Based Safety.
4. Create the right environment for high performance safety.

Since the release of the final report from LJM Group, LMW has redeveloped our hazard identification and risk assessment procedure. The new procedure allows a more streamlined approach to how and when we do a risk assessment and enables the use of a 'Take 5' for routine work where procedures or standard operating instructions exist to support how the work is undertaken.

We have developed a Safety App to enable recording of Toolbox meetings, site safety inspections, Take 5, Safety Conversations and reporting an incident or hazard from anywhere anytime. The App has been deployed to all employee's smart phone and iPads.

We have commenced the development of a new OHS Manual which is aligned to ISO 45001. This will be finalised and implemented in the first half of 2023/24 FY.

LMW has engaged LJM Group to support us to establish stronger critical risk management across our

business. This work will commenced in July 2023 and be a focus for the 2023/24 FY.

With the above work completed collaboratively across the business between the Safety team and broader management team support all levels of the business safety performance has already started to improve with our High Potential Incident Frequency Rate (HPIFR) moving from 8.15 in February 2023 to 5.4 in June 2023 and our Total Recordable Incident Frequency Rate (TRIFR moving from 24.45 in February 2023 to 19.03 in June 2023.

Statistics	2020-21	2021-22	2022-23
Reported Hazards / Incidents	10/35	23/93	17/73
Number of Lost Time standard claims	1	2	4
Average Cost per Claim	\$2,807	\$800	\$17,503

## Outcomes for Community

The 2022-23 Corporate Plan addresses the approach and proposed program of activities to meet the expectations set out by the Minister for Water. This reporting period provides an opportunity to reflect upon the activities that contribute to meeting these expectations.

The following expectations relating to customer and community outcomes were specifically identified as focus areas for LMW in the 2022 Letter of Expectation (LoE) including:

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

## Customer and Community Outcomes

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

### Addressing KPIs:

- C1 Customer satisfaction
- C2 Customer and community engagement

### Actions Undertaken:

- Implemented engagement activities in line with the LMW Customer Communications and Engagement Strategy and the IAP2 framework.
- In preparing LMW's Pricing Submission 5 we continued consultation focussing on; levels of

## 2 Delivering Valued Outcomes

service, outcomes and service standards and was delivered through deliberative panels and community meetings for urban customers and community meetings, BBQs, online forums and shed meetings for rural customers.

- Commenced implementation of our new engagement framework, strategy and toolkit to deliver consistent, targeted and efficient engagement to customers and stakeholders across all areas of the business.
- Continued engagement with our customer committees, facilitating 2 SAC and 6 CSAC meetings and 3 combined meetings plus additional ministerial events and partner agency briefings.
- Conducted annual customer satisfaction surveys to our urban and rural customers.
- Hosted the 2022 face-to-face Growers Conference, after a 2-year pause due to COVID-19 where customers could hear directly from policy makers about important issues facing the water industry.
- Hosted community field day stalls to promote local projects and services and provide a point of contact for customer enquiries.
- Delivered educational programs and resources to our communities to raise awareness of local services and water efficiency measures through competitions, facility tours, school visits, employment pathway sessions and promotional materials.
- Participated in Career Day forums across local schools and universities to promote career opportunities in the water sector and educate the community in the services provided by LMW
- Increased awareness of water availability and market development through traditional and social media, departmental presentations to customer committees and the promotion of water market transparency projects in collaboration with partner agencies.
- Ongoing development of new Customer Relationship Management software and Customer Portal through the Business Transformation Program (BTP).

### Customer Satisfaction Surveys

In October 2022, we conducted our annual Customer Satisfaction Surveys via an online survey sent to customers via email, SMS and social media. We received a total of 739 responses, 597 from urban customers and 142 from rural customers.

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

#### Urban customers

- 91% of customers are satisfied with the overall performance of LMW.
- 81% of customers consider LMW services to represent satisfactory or excellent value for money.
- 8% rated value for money as excellent.
- 86% of customers believe LMW services live up to their expectations.

- 95% of customers are satisfied with the reliability of water supply.
- 90% of customers are satisfied with the overall quality of their water.
- 89% of customers are satisfied or very satisfied with the standard of LMW's customer service.
- 46% are very satisfied.
- 94% of customers are satisfied with their ability to understand their bill.
- 86% of customers believe LMW meets their expectations as a water service provider.
- 94% of customers are satisfied with their sewerage service.

#### Rural Customers

- 73% of customers are satisfied with LMW overall and 72% of customers consider their water supply to represent satisfactory or excellent value for money.
- 82% of rural customers believe that LMW can be relied on to do what they say they will do.
- 30% of customers scored a 9 or 10 in this area.
- LMW's reputation in the community is positively regarded by 71% of rural customers.
- 88% of respondents who order water said they order their water online.
- 80% of customers believe LMW's online water ordering system is easy to use.

Whilst these results are positive, there are areas where we can improve our services to customers and our perception in the community. There is an opportunity to increase ratings across all the measures, representing a shift from 'satisfactory' to 'excellent' in our customers' perceptions of service delivery and value for money. Insights obtained from these Customer Satisfaction Surveys will be used to inform future strategy in LMW's Customer and Stakeholder Engagement and whilst we acknowledge that satisfactory ratings may be acceptable by industry standards, LMW continues to strive for exceptional service delivery.

The results of our 2022 satisfaction survey will continue to inform the development of improvement areas for implementation over the period of our next water plan commencing 1 July 2023.

## Water for Aboriginal Cultural, Spiritual and Economic Values

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

#### Addressing KPIs:

- AC1 Supporting Aboriginal self-determination
- AC2 Partnerships with Traditional Owners



- AC3 Aboriginal inclusion Plan/Reconciliation Plan

### Actions Undertaken:

In October 2022, LMW's second Reconciliation Action Plan (RAP) was officially endorsed.

Reconciliation Australia's RAP Framework supported the development of our RAP, the framework sets out the four different stages of an organisation's reconciliation journey:

1. Reflect: Scoping capacity for reconciliation (1 year).
2. Innovate: Implementing reconciliation initiatives (2 years).
3. Stretch: Embedding reconciliation (2-3 years).
4. Elevate: Leadership in Reconciliation.

Working closely with Reconciliation Australia it was decided that LMW would remain with a Reflect RAP, recognising that a Reflect RAP would provide us with an opportunity to engage the whole organisation and establish links to our Aboriginal and Torres Strait Islander external stakeholders.

A Reflect RAP will prepare our organisation for reconciliation initiatives and provide a strong foundation to produce future RAP's that inspire and are sustainable.

The LMW Equality, Diversity and Inclusion (ED&I) Committee terms of reference includes a responsibility to support in developing, implementing and maintaining the LMW RAP with oversight from our Engagement Officer within our Communications and Community team.

Given that LMW's Gender Equity Framework and Action Plan as well as our RAP share several objectives and activities, where it made sense, we have aligned them.

LMW's action areas follow Reconciliation Australia's guided framework for a Reflect RAP and include:

- Relationships
- Respect
- Opportunities
- Governance

The action areas focus on several key areas, including:

- Developing new relationships with local First Nations People and providing opportunities to local Aboriginal and Torres Strait Islander young people through art.
- Increasing the understanding of our staff through cultural learning and sharing, and access to Cultural Competency Training.
- Educating staff on how to perform an Acknowledgement to Country and its significance.
- Supporting staff to participate in internal and external National Reconciliation Week and NAIDOC week events.
- Outlining the importance of our RAP and involving every staff member in the delivery of our actions.
- Collaborating with local like-minded organisations also on their RAP journey.
- LMW provide quarterly reports to the Board on progress made against our RAP and current

achievements include;

- Developed a list of Aboriginal and Torres Strait Islander organisations and individuals within our local sphere of influence and made this list available to all staff via our intranet.
- LMW's environment team have created a manual and training module for all staff to identify Aboriginal artifacts and remains.
- Developed a list of organisations registered with Supply Nation and Government websites in our local area and made this list available to all staff via the intranet.
- A dedicated budget has been created to support the delivery of the RAP and GEAP.
- A reporting mechanism has been developed to monitor progress against our RAP and GEAP.

## Resilient Liveable Cities and Towns

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

### Addressing KPIs:

- L1 Integrated Water Management (Urban)
- L2 Water Efficiency (Urban)
- L3 Circular Economy Outcomes

### Actions Undertaken:

- Continued implementation of our Urban Water Strategy 2022-2071, outlining short- and long-term actions to balance water supply and demand in our region and responding to challenges including drought, climate change and population growth.
- Continued collaboration with regional partners to support the delivery of other Northern Mallee IWM projects to enhance urban waterway values and support resilient communities.
- Continued collaboration with DEECA and other water corporations to deliver the Victorian Water Efficiency Strategy.
- Commenced delivery of the Sunraysia Water Efficiency Project with additional funding provided by the Victorian and Commonwealth Government for Completion by December 2024.
- Delivered educational resources and programs to our communities focusing on water efficiency measures.
- Implemented payment instalment plans for 1,649 urban and 322 rural customers under the Financial Hardship Assistance Program.
- Conducted 38 water efficiency audits under the Community Rebate Program.
- Provided rebates to 38 urban customers under the Community Rebate Program.
- Conducted 34 audits and provided 33 rebates for not-for-profit organisations in our region under the Community Housing Retrofit Program.

## Drought response report

With the ever increasing threat of climate change, LMW is aware of the need to be ready to respond to the impacts that drought conditions bring including understanding and use of climate data, river flows, seasonal allocations, cumulative and year to date water consumption, bulk entitlements, temporary entitlements, and appropriateness of the current or proposed restriction levels.

In 2022-23, LMW updated its Urban Water Strategy (UWS) and the Drought Preparedness Plan (DPP) to ensure that we are able to deliver safe and sustainable urban water supply to our current and future customers. In addition, LMW maintains its Permanent Water Saving Rules for all of the 2022-23 season to encourage customers to develop good water usage habits and be prepared for drier seasons.

LMW also has representation on several committees and working groups including the Drought Response Committee and is working collaboratively to prepare a Drought Resilience Plan for the Mallee Region as a part of the Commonwealth Government's Regional Drought Resilience Program.

## Per capital daily residential drinking water consumption

We provide drinking water to a population of around 76,000, the total consumption of water was 12,160 megalitres across this population of our region which averages out to 438 litres per person, per day.

This calculation is based on the 2021 Census – “average household population” multiplied by our water connections for each town.

## Major Non-Residential Water Users

Volume	Customers	Participates in water efficiency program
100 to 200ML	Qualia Wine Company	No
	Mildura Fruit Juices Australia Pty Ltd	No
200 to 300ML	Treasury Wine Estates	No
Total Number of Customers	3	

### Water Consumption Report 2022-2023

District name	Residential customers					Non-residential customers			
	Note	Number	1. Potable water volume	2. Recycled wastewater volume	3. Recycled stormwater volume	Number	4. Potable water volume	5. Recycled wastewater volume	6. Recycled stormwater volume
Kerang		1859	596			330	172		
Koondrook		483	143			59	29		
Lake Boga	1	459	183			49	33		
Mildura	2,3	20114	8291			2162	2369		
Murrabit		45	15			12	4		
Mystic Park	4	12	4			3	3		
Nyah	1	309	128			43	49		
Nyah West	1	264	96			32	22		
Piangil		106	39			16	59		
Red Cliffs		1644	600			166	489		
Robinvale		828	327			189	133		
Swan Hill		5078	1673			852	605		
Woorinen Sth	1	157	67			18	19		
		<b>31358</b>	<b>12160</b>			<b>3931</b>	<b>3987</b>	<b>0</b>	

## KPI: C1 Rural Bills

Rural Bill	District	2021-22	2022-23
Pumped District – Irrigation (100ML usage)	Mildura	\$14,709	\$15,456
	Mildura High Pressure	\$22,597	\$23,742
	Merbein	\$11,214	\$11,729
	Red Cliffs	\$11,836	\$12,438
	Robinvale High Pressure	\$22,159	\$23,100
Pumped District – Domestic and Stock (3ML usage)	Mildura	\$436.67	\$454
	Mildura High Pressure	\$613.68	\$635
	Merbein	\$355.46	\$366
	Red Cliffs	\$370.77	\$384
	Robinvale High Pressure	\$592.50	\$614
Waterworks Districts (3ML Usage)	Millewa Rural	\$7,846	\$7,758
	Yelta	\$1,627	\$1,688
River Diversions – Irrigation (1,000 ML usage)	Nyah to SA Border	\$12,403	\$12,954

1. Average annual consumption calculated between 2018-19 and 2022-23

2. Unavoidable losses

All figures have been rounded to the nearest whole numeral

Note: 1 Supplied from Swan Hill

Note: 2 Includes Merbein and Irymple for Water

Note: 3 Includes Mildura, Koorlong and Merbein Recycled Wastewater

Note: 4 Water supplied is raw, non potable

## Water Consumption Report 2022-2023

Total number of customers	7. Total potable water volume (1+4)	8. Total recycled water volume (2+3+5+6)	9. Total consumption (7+8)	Average annual consumption <sup>1</sup>	Non-revenue water			13. Total non-revenue water (10+11+12)	Total water all sources (9+13)
					10. Leakage	11. Firefighting	12. Other <sup>2</sup>		
2189	769	0	769	1093	59		21	80	849
542	171	0	171	250	18		5	23	194
508	216	0	216	0				0	216
22276	10660	0	10660	13208	1000		289	1289	11949
57	19	0	19	37	9		1	10	29
15	6	0	6	12				0	6
352	177	0	177	0				0	177
296	118	0	118	0				0	118
122	98	0	98	140	12		4	16	114
1810	1089	0	1089	1343	108		29	137	1226
1017	459	0	459	607	76		13	89	548
5930	2278	0	2278	3890	242		78	320	2598
175	86	0	86	0					86
<b>35289</b>	<b>16147</b>	<b>0</b>	<b>16147</b>	<b>20580</b>	<b>1524</b>	<b>0</b>	<b>440</b>	<b>1964</b>	<b>18111</b>



### Community service obligations

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

Community Service Obligations	2021-22	2022-23
Provision of Water and Sewerage Concessions (DHHS)	\$2,205,518.72	\$2,187,378
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme (SRO Rebate)	\$206,055.92	\$214,981
Utility relief grant scheme payments (URGS)	\$51,372.59	\$66,998
Water Concession on life support machines (DHHS Dialysis)	\$0	\$0
Hardship Relief Grant Scheme (Sewerage and Water Connection Scheme – Administered directly through DHHS)	NIL	NIL

#### Provision of concessions

Customers who hold a valid pension concession card issued from Centrelink or a Veteran Affairs Gold/Health Care card are entitled to a concession on water and sewerage charges up to an annual maximum. The annual maximum for 2022-23 was \$354.10. If a customer is receiving only one service, they are entitled to a concession of up to half the annual maximum.

#### Rebates for non-profit organisations

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

#### Utility Relief Grant Scheme

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

#### Haemodialysis Life Support Concessions

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

## Bulk Water Entitlements

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

In 2022-23, the following tables represent the details relating to the management of our bulk water entitlement:

### Bulk Water Entitlements - Urban

Water Supply System	Off-take Point	Clause 20.1 (b) Annual amount of Water Taken (ML)	Clause 20.1(d) Amount of Water Returned (ML)
Koondrook	Koondrook Pump Station	214.50	0
Murrabit	Metered Outlet No 4266A	29.76	0
Kerang	Kerang Pump Station Pump outlet 2542	548.41	0
Kerang	Koondrook-Kerang pipeline	421.48	0
Swan Hill	Swan Hill Pump Station	3544.13	0
Woorinen	Linked to Swan Hill	*	0
Nyah West	Linked to Swan Hill	*	0
Nyah	Linked to Swan Hill	*	0
Piangil	Piangil Pump Station	133.02	0
Robinvale	Robinvale Pump Station	544.36	0
Redcliffs	Red Cliffs Pump Station	1218.12	0
Mildura	Mildura Pump Station	9769.06	0
Mildura West	Mildura West Pump Station	2516.66	0
Mystic Park	Kangaroo Lake	9.34	0
<b>Total</b>		<b>18,948.84</b>	

\* diverted through Swan Hill pumps

- Urban Bulk Entitlement of 30,970.9ML Murray system high-reliability water shares.
- No water restrictions were implemented during the 2022-23 water year.
- Clause 20.1 (a) The daily amount of water taken at each off-take point was recorded and included in the total annual amount of water reported in clause 22.1 (b).
- Clause 20.1 (b) Volumes reported for Kerang do not include volumes reported under Goulburn-Murray Water's (GMW) bulk entitlement.
- Water taken at the Mildura and Piangil off-takes and the Koondrook-Kerang pipeline exceeded the nominal volumes listed in the bulk entitlement. Variances in the volume taken are permitted providing the total water allowed under the bulk entitlement is not exceeded.
- Clause 20.1 (c) No new urban off -take points were agreed to in the 2022-23 year.
- Off-takes continued throughout the 2022-23 year from Mildura West, Kangaroo Lake and Murrabit which need to be reflected in future bulk entitlement amendments.
- Clause 20.1 (d) No water was returned at specified or agreed return points.
- Clause 20.1 (e) Our approved Entitlement Metering Program (2011) is being implemented in accordance with clause 21.3. A record of all work undertaken is maintained via a central register.
- LMW have commenced a review of its Bulk Entitlement Metering Program in accordance with DEECA guidelines. A new Bulk Entitlement metering program will be implemented throughout 2023/24.
- Clause 20.1 (f) There was no permanent transfer of any part of our bulk entitlement.
- There was 11,505 ML of allocation traded out of our bulk entitlement.
- Clause 20.1 (g) There was no water traded into our bulk entitlement.
- Clause 20.1 (h) There was no amendment to our bulk entitlement.
- Clause 20.1 (i) No new bulk entitlement was granted to us.
- Clause 20.1 (j) We have complied with all provisions of our bulk entitlement.
- Clause 20.1 (k) We did not experience difficulties in complying with our bulk entitlement, other than the advice provided in dot point 7 above

## Bulk Water Entitlements - Rural

Area supplied	Off-take point	Clause 22.1 (b) Annual amount of water taken (ML)	Clause 22.1 (d) Amount of water returned (ML)	Clause 22.1 (e) Amount of water supplied to VEWH (ML)	Clause 22.1 (f) Amount of water supplied to primary entitlement holders (ML)
Robinvale irrigation district	Robinvale pumping station	14,850	0	0	14,360
Red Cliffs irrigation district, and remaining Carwarp area of Carwarp-Yelta waterworks district	Red Cliffs pumping station	25,881	0	0	23,474
Merbein irrigation district, and Yelta part of Carwarp-Yelta waterworks district	Merbein pumping station	14,624	0	0	13,516
**Millewa waterworks district and diversion licences	Millewa river pump	18,215	0	0	18,215
This is counted as the point where water is diverted from the River Murray	Central Main Pump Station, at King's Billabong	27,136	0	0	25,157
Used to replenish King's Billabong where River Murray flows are at insufficient level to do this (see clause 18.10)	Psyche Bend pumps	N/A	N/A	N/A	N/A
Along River Murray between the Nyah pumps and the South Australian border, and around King's Billabong	Private diversion points	335,557	0	0	0

\*\* Amount of Water Taken has been matched to the Amount of Water Supplied to Entitlement Holders due to the river overflowing into the Lake during the unprecedented Murray River flood event.

- Irrigation customers transacted water shares and allocation trades reported by the Victorian Water Register annually.
- Customers received a final seasonal determination of 100 per cent high-reliability water shares for the Murray system on 1st August 2022.
- Water taken at the Lake Cullulleraine off-take exceeded the daily rate listed of 120ML per day in the bulk entitlement due to increased diversions licenced from the lake however the volume taken did not exceed the total volume permitted in the bulk entitlement.
- Clause 22.1 (c) no new irrigation district off -take points were agreed to.
- Off-takes continued throughout the 2022-23 year from Robinvale High Pressure Pump Station which need to be reflected in future bulk entitlement amendments.
- Clause 22.1 (d) no water was returned at specified or agreed return points.
- Clause 22.1 (e) the annual amount supplied via our distribution system to the bulk entitlement held by the Victorian Environmental Water Holder (VEWH) to Lake Hawthorn and Koorlong Basin.
- Clause 22.1 (f) the annual amount supplied to primary entitlement holders other than those referred to in clause 22.1 (e).
- Clause 22.1 (g) our approved Bulk Entitlement Metering Program (2011) is being implemented in accordance with clause 21.3. A record of all work undertaken is maintained via a central register.
- LMW have commenced a review of its Bulk Entitlement Metering Program in accordance with DEECA guidelines. A new Bulk Entitlement metering program will be implemented throughout 2023/24.
- Clause 22.1 (h) no transfers occurred of any temporary or permanent water of our bulk entitlement or primary entitlements.
- Clause 22.1 (i) we did not transfer any entitlement or assignment of water allocation under the Act.
- Clause 22.1 (j) no amendments were made to this bulk entitlement.
- Clause 22.1 (k) no new bulk entitlement was granted to LMW with respect to the River Murray.
- Clause 22.1 (l) we fully complied with our bulk entitlement provisions.
- Clause 22.1 (m) we did not experience difficulties in complying with our bulk entitlement, other than advice advised in dot points 3 & 6.



# Recognising Recreational Values

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

## Addressing KPI:

Rec1 Recreational Values

### Actions Undertaken:

- Conducted regular monitoring of Blue-green Algae (BGA) levels in the Murray River and Lake Cullulleraine and informed the community of warnings and advice relating to recreational water use, in collaboration with Victorian and NSW BGA coordinators.
- Collaborated with the Mallee CMA and other stakeholders to support the provision of environmental water delivery in the region
- Collaborated with the Mallee CMA, Agriculture Victoria, Parks Victoria and State Emergency Services to support communities during the 2022-23 Murray River Flood. Including attending and providing updates at community forums.
- Supported key land manager partnerships, including:
  - Mallee CMA representative committees
  - Lake Hawthorn Management Plan
  - VMFRP Implementation

# Compliance

LoE8: Apply a zero-tolerance approach to unauthorised take and adopt a consistent risk-based approach to manage compliance and enforcement with improved oversight and reporting.

## Addressing KPI:

CE1 Apply an effective zero-tolerance approach to unauthorised take

CE2 Demonstration of continuous improvement toward implementation of compliance and enforcement

### Actions Undertaken:

In 2022-23, we made further significant inroads in our management of unauthorised take whilst reinforcing the Minister for Water's expectation regarding zero tolerance of water theft.

Improving a range of initiatives that strengthened our internal systems to streamline our compliance and enforcement efforts. We have refined our risk-based approach and have continued to expand our compliance activity through our LMW

Compliance and Enforcement Strategy 2023. With the strengthening of our compliance strategies, we have also increased our education of rural customers regarding the different areas of compliance and the enforcement options available to us if these are not adhered to.

With the cases of unauthorised take being managed more effectively, this has given us the ability to be able to broaden compliance activity to support other areas of the business such as Metering, Water Quality and Civil teams.

Weekly compliance updates submitted to DEECA have enabled us to clearly articulate improvements continuing to be made and showing our compliance monitoring would be second to none in Victoria. This has helped further strengthen our working relationship with DEECA. Whilst the 2022-23 season has seen more PINs issued than the 2021-22 season, we have seen a decrease in the amount of cases proceeding to court, demonstrating this tool is useful in further deterring unauthorised take by irrigators.

LMW has taken one irrigator to court in 2022-23 for unauthorised take. This irrigator is a historical offender that was also prosecuted through court last year. We have seen guilty verdicts come from this case with compensation orders awarded. This sends further clear messages to the rural irrigation community that ongoing non-compliance is an unacceptable practice.

	2020-21	2021-22	2022-23
Total no. of breaches	1782	1502	803
No further action required	1782	599	386
Formal Warning	275	943	417
Penalty Infringement Notice	N/A	18	16
s.151 Notice of Contravention	62	230	88
s. 133 Notice of Entry	47	230	88
s. 141 Lockdown	5	2	0
Prosecution Commenced	2	5	2
Prosecutions Finalised	1	6	2

# Outcomes for the Environment

The 2022-2023 Corporate Plan addresses the approach and the proposed program of activities to meet the expectations set out by the Minister for Water. This reporting period provides an opportunity to reflect upon the activities that contribute to meeting these expectations.

The following expectations relating to environmental outcomes were specifically identified as of focus area for LMW in the 2023 Letter of Expectations (LoE).

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

## Climate change

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

### Addressing KPIs

- CC1 Emissions Reductions
- CC2 Electricity Use
- CC3 Adaptation to Climate Change and Variability

### Actions undertaken:

- By financial year 2024/25, LMW plans to reduce greenhouse gas (GHG) emissions by 44% from the baseline annual emission (i.e., average annual emissions for the five-year period from 1 July 2011 to 30 July 2016). A significant portion of the emissions are from consumption of non-renewable electricity which will be reduced by transitioning to renewable energy sources.
- We have developed an Emissions Reduction Strategy that will guide LMW to achieve and sustain its emission reduction targets through investing in renewable energy sources and offsetting non-renewable energy consumption and work actively to reduce energy consumption. This strategy includes improving energy efficiency measures such as upgrading old infrastructure and investing in the latest technology.
- Implementing strategies such as collaborating with renewable energy providers, investing in on-site renewable energy, and improving energy efficiency will pave the way for a sustainable and environmentally responsible future.
- The Koorlong State Forest is adjacent to two important native vegetation offset sites that LMW maintain and protect. These sites are primarily chenopod mallee and semi-arid woodland, both of which are listed as 'vulnerable' in the bioregional conservation status. By preserving and protecting

these two offset sites, we are helping to ensure the survival of numerous native plant and animal species. Both sites are home to a number of rare plant species belonging to the genera *Acacia* and *Saltbush*. Thirteen different reptile species have been identified at these two sites, including five species listed under the Flora and Fauna Act. These species include the Mueller's Skink, Bandy Bandy Snake, Saltbush Striped Skink, Dwarf Burrowing Skink, and Patch-nosed Brown. Monitoring of the two sites has resulted in the identification of 60 different bird species. Mammals at the site include kangaroos and echidnas. Work done over the past twelve months to protect these areas includes fence maintenance, trash removal, and weed and rabbit control. These measures were taken to ensure a healthy and undisturbed habitat for the various species.

- The Regional Water Monitoring Partnership is a state government program dedicated to collecting water and groundwater data. One of the program's functions is to assess and address the impacts of irrigation drainage on the Murray River and surrounding floodplain. As part of LMW's contribution, we are providing financial support for the monitoring of 28 irrigation drains. Data collected as part of this monitoring initiative includes volume measurements and electrical conductivity. The data will be used to identify trends and assess progress in reducing the negative impacts of these discharges on the Murray River and floodplain.
- LMW understands the importance of preserving and maintaining the health of our natural ecosystems and in partnership with the Mallee CMA, we ensure the continuous supply of Environmental Water to Lake Hawthorn and Lake Koorlong. Environmental Water is an essential resource for sustaining the ecological balance of these waterways. It helps to support the diverse range of flora and fauna that rely on these habitats for their survival. By delivering this water through our drainage and irrigation infrastructure, we play a crucial role in maintaining the health and vitality of these important ecosystems which sees the monitoring and protection of a significant wildlife and vegetation. Our partnership with the Mallee CMA demonstrates our commitment to environmental stewardship and sustainable water management. Together, we work tirelessly to ensure the efficient and effective delivery of Environmental Water to Lake Hawthorn and Lake Koorlong.

## Environmental Sustainability

### Sustainable Water Use

We are committed to operating in an environmentally responsible and sustainable manner, while actively contributing to the economic, social, and cultural development of the region. We firmly believe that by integrating these principles into our operations, we can create a positive impact on both the environment and the communities in which we operate.

### Sustainable Water Use Water Recycling

The Murray River, one of Australia's most significant waterways, is under immense pressure due to

increasing demands for water. By promoting the sustainable reuse of treated and recycled water, LMW plays a vital role in conserving this precious resource through internal efficiency measures and through educating our customers. This dual approach not only alleviates the burden on the Murray River but also contributes to a more sustainable and ecologically balanced water management system.

The Koorlong Wastewater Treatment Plant is an important facility that plays an important role in the disposal of wastewater in the region and serves as a treatment centre for wastewater from Red Cliffs, Irymple, and parts of Mildura. With its advanced processes and technologies, the plant ensures that wastewater is treated to Class C standards and meets the necessary quality requirements. Once the effluent reaches Class C, it is delivered to a primary producer for use in horticulture. This collaboration between the Koorlong WWTP and the primary producer is beneficial to both parties. The primary producer gains access to a reliable and sustainable source of water for its horticultural activities, while the treated wastewater is effectively reused, reducing the strain on freshwater resources.

Mildura's wastewater treatment plant (MWWTP) is a critical component in the proper management and use of Mildura's wastewater resources. Compliance with Class C standards ensures that treated effluent is safe and suitable for a variety of uses, including on-site pasture and forage production. Mildura's water supply system accounts for approximately 65% of the total water supply demand with the system solely reliant on the Murray River for its raw water need. A study is currently being undertaken to assess the feasibility of provision of 'fit for purpose' recycled water from the Mildura WWTP to a major nature strip (Deakin Avenue), which currently uses potable water for irrigation and other potential public open spaces to provide sustainable water supply to maintain these green amenities and offset potable water demand. The project is funded by the Victorian State Government under its Integrated Water Management (IWM) grants program.

The Robinvale Wastewater Treatment Plant is responsible for treating wastewater from the Robinvale area. Once treated to Class C standards, the effluent is used to produce high quality feed. This is a sustainable and environmentally friendly approach as it allows for the reuse of water resources and reduces dependence on freshwater for agricultural purposes.

The Mildura Water Treatment Plant (MWTP) produces drinking water for majority of the Mildura and surrounding satellite towns such as Irymple and Merbein. During the treatment process, wastewater is produced due to backwashing of filters and clarification processes. To ensure efficient use of water resource, the wastewater produced at the MWTP is diverted to a separate storage lagoon in the West Mildura Water Treatment Plant (MWWTP) site. This diverted water is then delivered after sedimentation to the Mildura Rural City Council for irrigation of the Aerodrome Oval sports complex. This practice helps with the maintenance and upkeep of the sports complex and ensures that it remains in optimal condition for community use. By reusing water that would otherwise be wasted, the LMW demonstrates

its commitment to sustainability and responsible resource management.

Similarly, wastewater produced at the WMWTP is provided to the Mildura Golf Club after sedimentation treatment for irrigation of the fairways and greens. The availability of a reliable water source ensures that these areas receive the moisture they need, which contributes to the overall aesthetics and playability of the golf course.

The collected water from the irrigation drainage system serves as a valuable resource for a number of people who use it for lawn irrigation. Using this water reduces the need for additional water sources, resulting in a more sustainable and cost-effective approach.

## Other Statutory Obligations

### Environmental Flows

In partnership with the MCMA, LMW contributes to the environmental water delivery program using our irrigation and drainage facilities. LMW is responsible for providing water to Lake Hawthorn, and Koorlong Lake in order to maintain adequate water in these important water bodies. These wetlands play a critical role for a variety of aquatic plants and animals and provide important habitat for migratory birds and endangered fish.

The process of ecological water delivery requires careful planning and coordination. The MCMA, in consultation with LMW and other stakeholders, determines the water needs of wetlands and floodplains. LMW then uses its irrigation and drainage facilities to direct and distribute water to designated locations. The ecological water delivery program has produced several positive results for the Mallee region. By restoring water to the wetlands and floodplains, it has helped restore and maintain the ecological integrity of these two important habitats. This in turn has supported the survival of native flora and fauna, including endangered species, and contributed to the overall resilience of ecosystems in the region.

### Victorian Biodiversity Strategy

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

- **Benetook Offset Site** – Located near Lake Koorlong, this 25-hectare site has been subject to intensive conservation over the last decade. The site remains under ongoing management to ensure its conservation values are retained and is currently showing signs of significant native species re-establishment.
- **Koorlong Wastewater Treatment Plant** – a 21 hectare section of old-growth Mallee vegetation is located within the grounds of the Koorlong Wastewater Treatment Plant and secured as an



## 2 Delivering Valued Outcomes

native vegetation offset site, this site is managed by us to ensure it remains free of weeds and animal pest species – this site also has an additional 14 hectare that has been assessed and can be added to the offset pool.

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

### Victorian Waterway Management Strategy (VWMS)

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

### Regional Catchment Strategy

The Mallee Regional Catchment Strategy (RCS) 2022-2028 is prepared under the provisions of the CaLP Act, in partnership with regional stakeholders, as a framework for strategic action to support and coordinate the ongoing efforts of the region's land managers, government agencies and community groups. It's the key regional planning instrument that provide guidance on works and developments impacting land and water values across the Mallee.

We will continue to assist in the implementation of the Mallee RCS, working with the MCMA:

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

## Environmental Protection Agency (EPA)

### Water Industry Reference Group

As a member of this reference group we can raise water industry related issues and concerns to both the EPA and the wider water industry. This group is also where the EPA go to seek early input from the water industry on new or amended EPA programs, policies and guidance. We have ongoing meetings with the

EPA to ensure they understand how we are managing our environmental risks. We also use the meetings to keep abreast of the new information or technologies that may assist us in managing environmental risk.

## Climate Change Reporting

LMW is taking an iterative approach to managing obligations regarding emissions targets and have commenced the development of our first Emissions Reduction Strategy which outlines key actionable steps to support the maturity growth required. The first actionable step identified is the development of a robust governance system to reset LMW's data management practice relative to emissions accounting, monitoring and reporting.

We continue our commitment to reduce our carbon emission by 44% from the from the baseline annual emission (i.e., average annual emissions for the five-year period from 1 July 2011 to 30 July 2016) by 2024/25.

Overall, LMW used 12% less electricity this year than last fiscal year. This year also saw a reduction in the 'emission factor' for purchased Victorian electricity from 0.96 in 2021-22 to 0.85 in 2022-23. The lower electricity consumption combined with the lower emission factor has resulted in a significant reduction in LMW's carbon emissions. Electricity consumption for both urban water supply and irrigation has decreased significantly compared to last year. This was due to decrease in water demand for both urban and rural services as a result of an increase in rainfall during the 2022-23 fiscal year. The region has an average rainfall of 274 mm, but this fiscal year saw 430 mm of rainfall, a 57% increase in rainfall.

There was an increase in emission associated with transport and buildings. The electricity used for corporate buildings increase by 13% compared to last year, this was due to more staff working in office and less from home. Similarly, fuel consumption increased due to additional transport associated with the flood response activities and a major capital works project, known as the Sunraysia Water Efficiency Project.

### Actions Undertaken:

- A consultant has been engaged to provide strategic and technical advice, to identify key options and solutions to support the development of a strategic roadmap by LMW to achieve its emission reduction targets within the mandated timeframes. LMW has also developed and implemented several initiatives to contain and reduce its emission footprint.
- Behind-the-Meter (BtM) generation refers to the production of electricity by consumers for their own use, typically through the installation of renewable energy systems like solar panels. We have implemented solar panels across 16 different sites, resulting in a combined capacity of 1.194MW.
- LMW, is a proud member of the Zero Emissions Water (ZEW) consortium. ZEW is a collaboration of 12 water corporations in Victoria, Australia, working together towards a common goal of achieving zero emissions in the water sector. As part of this commitment, ZEW has established a contract with the Kiamal Solar Farm for the sourcing of Large-

scale Generation Certificates (LGCs). The Kiamal Solar Farm, located in north-west Victoria, is one of the largest solar farms in Australia with a capacity of 256 megawatts. The collaboration between ZEW and the Kiamal Solar Farm is a significant step towards achieving a greener and more sustainable future for the water sector in Victoria. By sourcing LGCs from the solar farm, LMW and the other consortium members are actively contributing to the reduction of greenhouse gas emissions and promoting the transition towards a low-carbon economy.

- LMW, procures all its grid electricity via the Victorian Government State Purchase Contract. The current contract aims to transition to 100% renewable energy sources by the year 2025. However, the specific dates and conditions for this transition are still under discussion and are yet to be finalized.
- The Robinvale Irrigation Pump Station (RVIPS) optimisation project, conducted in collaboration with Melbourne University, is aimed at finding the most efficient operating profile for the pump station. The primary objective is to minimize energy consumption and related emissions. By optimising the pump station's operation, we can contribute to environmental sustainability and cost savings for the Robinvale community. It should be noted that Operation of the RVIPS accounts for approximately 21% of total electricity consumption.
- The Robinvale High Pressure System (RVHPS) includes a Bermad 400 Series control valve, installed with 2-way pilot to deliver pressure sustaining, pressure reduction and flow control at each irrigation outlet. A significant headloss occurs through this valve arrangement, therefore a trial has been undertaken to assess whether or not head loss through the valve arrangement can be reduced by installing Bermad valves with 3-way pilot at selected outlets. The 3-way pilot provide pressure sustaining and pressure reduction, but not flow

control. However, head loss through the valve with 3-way pilot is significantly lower than with a 2-way pilot. The trial showed that a considerable headloss reduction can be achieved with the 3 Way pilots, so that overall system head can be reduced and energy consumption. Further assessment is required to understand the feasibility of full implementation of the modified valve arrangement.

- LMW is actively participating in the Vic Water Carbon Offsets Project. The purpose of the project is to contribute to the reduction of greenhouse gas emissions through the sequestration of carbon. The project involves the implementation of various carbon sequestration techniques, such as reforestation and carbon farming. These techniques help capture and store atmospheric carbon dioxide, thus reducing its concentration in the atmosphere.

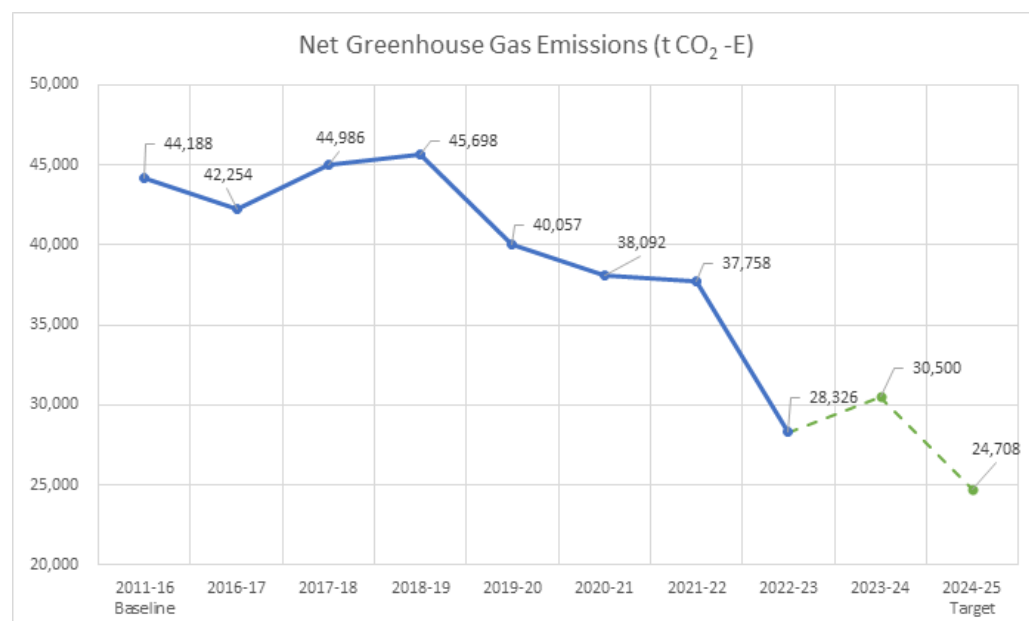
### Greenhouse Gas Emissions data

LMW acknowledges that there are actions identified to support better data management and reporting and this will be a key priority moving forward. The following graph and data tables represents the current status of emissions data of LMW:

### Climate Active eligible offset units retired to reduce scope 1 emissions

This data table is not applicable to LMW at this time.

## Annual Net Scope 1 and Scope 2 Greenhouse Gas Emissions



1. Water demand is expected to increase in the next year (2023/24) due to dry climate forecast, hence the electricity consumption will likely increase compared to the current year. Therefore, net emission for the next year is expected to increase.

## Total Emissions Reporting

Service delivery category	Emissions (t CO <sub>2</sub> -e)				Variance between previous and current year	Commentary
	21-22	22-23 Emissions				
	Total emissions	Scope 1 emissions	Scope 2 emissions	Total emissions <sup>1</sup>		
Water treatment and supply	6,319		5,397	5,397	-14.6%	Electricity consumption decreased by 3.5% than last fiscal year. This year also saw a reduction in the 'emission factor' for purchased Victorian electricity from 0.96 in 2021-22 to 0.85 in 2022-23. The lower electricity consumption combined with the lower emission factor has resulted in a reduction in LMW's carbon emissions.
Sewage collection, treatment, and recycling	12,082	5368	3,308	8,676	-28.2%	The methodology used to calculate the emissions due to wastewater treatment has been reviewed and updated during this financial year. The revision was undertaken to ensure that calculations comply with the requirements of the National Greenhouse and Energy Reporting Determination (NGERD). The revision has resulted in a significant variance between the emission reported previously and this year's emission.
Transport (vehicles)	790	855		855	8.2%	Transport has seen a noticeable rise in emission this year, which could be attributed to additional transport associated with a major capital works project, known as the Sunraysia Water Efficiency Project and the 2022-23 flood response. LMW is monitoring this trend to plan for measures to minimise the emission associated with transport as practical as possible.
Offices, depots and other buildings.	469		450	450	-4.1%	A small reduction in emission was observed during this fiscal year, which is due to reduction in the 'emission factor' for purchased Victorian electricity from 0.96 in 2021-22 to 0.85 in 2022-23.
Irrigation	18,098		12,948	12,948	-28.5%	Electricity consumption for irrigation of local farms decreased by 19%. This was due to reduction in irrigation water demand because of an increase in rainfall in the 2022-23 fiscal year. The region has an average rainfall of 274 mm, but this fiscal year saw 430 mm of rainfall, a 57% increase in rainfall. The lower electricity consumption combined with the lower emission factor has resulted in a significant reduction in LMW's carbon emissions.
TOTAL EMISSIONS <sup>1</sup> (a)	37,758	6,223	22,103	28,326		
Carbon offsets (self-generated) retired (b)		0		0		
NET EMISSIONS (a-b)	37,758	6,223	22,103	28,326	-25.4%	A notable reduction in carbon emissions has been observed this fiscal year. This is mainly to the following: 1) reduction in electricity consumption associated with water supply and irrigation services resulting from demand reduction associated with a significant increase in rainfall, 2) reduction in the 'emission factor' for purchased Victorian electricity, and 3) revision of methodology for calculating scope 1 emission associated with wastewater treatment to comply with the NGERD.

1. Sum of scope 1 and 2 emissions for service delivery categories.

## Full breakdown of Scope 1 and 2 Emissions by each Greenhouse Gas

Service delivery category	Scope 1 and 2 Emissions by greenhouse gas (in tonnes and converted to t CO <sub>2</sub> -e)*				Commentary
	Carbon dioxide (CO <sub>2</sub> )	Methane (CH <sub>4</sub> )	Nitrous oxide (N <sub>2</sub> O)	Other <sup>2</sup>	
	t CO <sub>2</sub> -e <sup>1</sup>	t CO <sub>2</sub> -e <sup>1</sup>	t CO <sub>2</sub> -e <sup>1</sup>	t CO <sub>2</sub> -e <sup>1</sup>	
Water treatment and supply	5,397				Emission is due to electricity consumption.
Sewage collection, treatment, and recycling	3,308	4,615	753		Emission is due to electricity consumption and the gases generated during the wastewater treatment and sludge handling.
Irrigation	12,948				Emission is due to electricity consumption.
Transport	855				Emission is due to fuel consumption.
Other (e.g. offices, depots, etc.)	450				Emission is due to electricity consumption.
<b>TOTAL</b>	<b>22,958</b>	<b>4,615</b>	<b>753</b>	<b>0</b>	

\* Where there is no data, LMW acknowledges the data gap and will be working towards developing the appropriate governance and frameworks by 25/26.



## Electricity Use

LMW's Scope 2 emissions are largely due the consumption of power for irrigation, water treatment, corporate offices and buildings to service our customers. In alignment with LMW's new Emissions Reduction Strategy, the development of a robust governance framework to ensure that we have reliable and transparent data is the priority actionable next step to support consistent and credible future reporting. Although we are aware of this gap, there has been work undertaken to manage our electricity use in a more efficient manner.

### Actions Undertaken

- LMW, is a proud member of the Zero Emissions Water (ZEW) consortium. ZEW is a collaboration of 12 water corporations in Victoria, Australia, working together towards a common goal of achieving zero emissions in the water sector. As part of this commitment, ZEW has established a contract with the Kiamal Solar Farm for the sourcing of Large-scale Generation Certificates (LGCs). The Kiamal Solar Farm, located in north-west Victoria, is one of the largest solar farms in Australia with a capacity of 256 megawatts. The collaboration between ZEW and the Kiamal Solar Farm is a significant step towards achieving a greener and more sustainable future for the water sector in Victoria. By sourcing LGCs from the solar farm, LMW and the other
- consortium members are actively contributing to the reduction of greenhouse gas emissions and promoting the transition towards a low-carbon economy.
- Behind-the-Meter (BtM) generation refers to the production of electricity by consumers for their own use, typically through the installation of renewable energy systems like solar panels. We have implemented solar panels BtM across 16 different sites, resulting in a combined production capacity of 1.194MW.
- LMW, procures all its grid electricity requirements via a procurement arrangement facilitated through the Victorian Government SPC (State Purchase Contract). The current contract aims to transition to 100% renewable energy sources by the year 2025. However, the specific dates and conditions for this transition are still under discussion and are yet to be finalized.
- The Robinvale Pump Station optimisation project, conducted in collaboration with Melbourne University, is aimed at finding the most efficient operating profile for the pump station. The primary objective is to minimize energy consumption and related emissions. By optimising the pump station's operation, we can contribute to environmental sustainability and cost savings for the Robinvale community.

## Total electricity consumption reporting (by service delivery)

Service delivery category	21-22 Total electricity consumption (MWh)	22-23 Total electricity consumption (MWh)	Commentary
Water treatment and supply	6,582	6,349	Electricity consumption for water treatment and supply decreased by 3.5%. This could be attributed to the decrease in demand due to high rainfall during this year.
Sewage collection, treatment, and recycling	3,651	3,891	We found a 6.6% increase in electricity consumption for wastewater collection, treatment, and recycling. This could be due to the unusually high rainfall we have experienced this year, causing more inflows and infiltration in the wastewater collection system requiring more pumping of wastewater.
Irrigation	18,853	15,233	Electricity consumption for irrigation decreased by 19%. This is mainly due to reduction water demand because of a significant increase in rainfall in 2022-23.
Other (e.g. offices, depots, etc.) <sup>1</sup>	469	529	We have seen a 13% increase in office electricity consumption this financial year. This is due to more employees returning to the office from working from home.
<b>TOTAL (BY SERVICE DELIVERY CATEGORY)</b>	<b>29,555</b>	<b>26,002</b>	<b>Overall, electricity consumption decreased by 12%, which is mainly due to decrease in water demand for both urban and rural supplies because of a significant increase in rainfall during the fiscal year 2022-23</b>

## Total electricity consumption reporting (by source)

Electricity source <sup>1</sup>	21-22 Total electricity consumption (MWh)	22-23 Total electricity consumption (MWh)	Commentary
Purchased directly through an electricity retailer <sup>1</sup>	29,555	26,002	In the current year, there has been a significant reduction in electricity consumption, with a notable decrease of 12%. This decline can primarily be attributed to the wet weather conditions experienced throughout the year. The increased rainfall has resulted in reduced pumping requirements for irrigation, which is known to be one of the major consumers of electricity.
Not directly purchased but sourced from outside the organisation <sup>2</sup>			
Corporation led/self-sourced activities and initiatives <sup>3</sup>			
<b>TOTAL (BY SOURCE)</b>	<b>29,555</b>	<b>26,002</b>	

## Total electricity consumption reporting (renewable)

Renewable electricity consumption categories	21-22 renewable electricity consumption (MWh)	22-23 renewable electricity consumption (MWh)	22-23 renewable electricity consumption (% of total consumption)	Variance between current and previous year	Commentary
<b>Total renewable electricity consumption from grid-sourced electricity [Corporation] reported because of the Commonwealth Government's LRET</b>					
Total grid-sourced: Mandatory <sup>1</sup>					
<b>Total renewable electricity consumption from Corporation led/self-sourced activities and initiatives</b>					
Biogas					
Hydroelectric					
Solar	1517	977.5	3.6%	-36%	There are potential meter malfunctions in some of the solar sites, which could have an impact on the accuracy of solar systems performance data for this fiscal year. LMW will take measures to ensure the accuracy of solar performance monitoring.
Wind					
Other renewable					
Total Corporation led/ self-sourced <sup>4</sup>					
<b>TOTAL RENEWABLE ELECTRICITY CONSUMPTION</b>	<b>1517</b>	<b>977.5</b>			

1. Calculation methodology =  $((\text{previous calendar year RPP} + \text{current calendar year RPP}) / 2) / 100 \times \text{Corporation's total grid-sourced electricity consumption for the reporting year}$ . For 2022-23 for example =  $((18.64 (2022 \text{ RPP}) + 18.96 (2023 \text{ RPP})) / 2) / 100 \times 15,000$  (example total grid-sourced electricity consumption for the reporting Corporation in the 2022-23 financial year) = 2,820 MWh.
2. This column reflects the percentage of a particular category against the total electricity consumption as calculated in Pro-forma tables B1 and B2.
3. To improve transparency of reporting, Corporations must report the number of RECs voluntarily retired which increase renewable electricity consumption in the Commentary section of the different renewable electricity consumption categories. Note: There will be no RECs reported voluntarily retired under category 1. Total grid-sourced: Mandatory.
4. Sum of a Corporation's renewable electricity consumption from Corporation led/sourced activities and initiatives.
5. Sum of all renewable electricity consumption from all categories.

## Total electricity generation capacity and generation reporting (renewable)

Service delivery category	22-23 Total on-site renewable electricity generation capacity (MW)	22-23 Total on-site renewable electricity generated (MWh)								Commentary
		Renewable (large-scale) system				Renewable (small-scale) system			22-23 Total by source <sup>2</sup>	
		Consumed on-site	Exported	Other <sup>1</sup>	Consumed on-site	Exported	Other <sup>1</sup>			
Biogas										
Hydroelectric										
Solar	1,194						977.5			Some of the solar sites have malfunctioning meters. Factors such as shading, aging, and lack of cleaning can also affect their efficiency. Combination of malfunctioning meters and the factors impacting the solar performance resulted in lower generation than the design capacity of the systems.
Wind										
Other renewable <sup>2</sup>										
TOTAL (renewable)	1,194						977.5			

### **Total other (non-renewable) electricity generation capacity and generation reporting**

This data table is not applicable to LMW at this time.

### **Total energy storage system reporting (power capacity and total storage capacity)**

This data table is not applicable to LMW at this time.

### **Total REC retirement reporting**

This data table is not applicable to LMW at this time.

### **Adaptation to climate change and variability**

Climate change will have a significant impact on provision of water and wastewater services to our current and future customers. Hence LMW is taking proactive and reactive measures to adapt to climate change. Whilst LMW does not have an overarching climate change adaptation plan, the impacts of climate change have been considered in various strategies and plans.

We have updated our Urban Water Strategy (UWS) and the Drought Preparedness Plan (DPP) in 2022. The UWS is one of the key planning tools in delivering safe and sustainable urban water supply to our current and future customers. The main objective of the strategy is to ensure water supply security to our communities with a long-term view (i.e., 50-year horizon). Various scenarios of climate change impacts on supply availability have been considered in the strategy to determine appropriate action plan to ensure sustainable water supply. The DPP was developed to provide guidance on potential responses during drought periods. The plan includes triggers to enact responses depending on the drought conditions. Each year LMW prepares Annual Water Outlook, which is a short term (i.e., 12 months) outlook of supply and demand to determine appropriate actions to ensure safety and security of water supply to our urban and rural customers. Additionally, LMW participates in the supply shortfall exercise with the Murray Darling Basin Authority to understand supply availability in the Murray River, which is the main source of supply to our region.

LMW is working on minimising our carbon emission with measurable emission reduction targets including net zero emission by 2035. An Emissions Reduction Strategy is being finalised to provide guidance to achieve and sustain our emission reduction targets.

LMW also addresses the impacts of climate change as it arises which can be evidenced by the successful management and mitigation of impacts resulting from the major flooding of the Murray River during the period between November 2022 and January 2023, without causing any significant impact on our services. Our team, comprised of dedicated professionals, worked diligently to mitigate the effects of the flooding and ensured the safety and well-being of the affected areas. We implemented a comprehensive flood management plan, which involved close coordination with local authorities, emergency services, and community stakeholders.

LMW is continuing to work on proactive approach to identify risks and opportunities, allocate resources

effectively, and implement measures that promote sustainable development and resilience.

The Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria (the guidelines) serve as an important framework for assessing the potential impacts of climate change on water resources in the region. The methodologies provided in the guidelines were used in LMW's 2022 UWS. Given the significant uncertainty associated with impacts of climate change, the guidelines provided a methodology to understand potential spectrum of impact. Accordingly, water supply projections scenarios under high, low and medium impacts associated with climate change were considered in the UWS. This helped to develop an adaptive action plan to ensure water supply security. For example, the action plan includes purchase of additional water entitlements to address the potential supply shortfall based on the medium climate impact scenario for a period (i.e., up to 5 years) and review the strategy at an appropriate interval. The strategy also includes other supporting actions, which aim to reduce the potable water demand, maximise use of the existing supplies and identify alternative sources to supplement potable water supply.

The Guidelines for the Adaptive Management of Wastewater Systems provide a comprehensive framework for managing wastewater systems in a dynamic and ever-changing environment and emphasises the importance of adaptive management, which involves continually monitoring, assessing, and adjusting management strategies based on new information and changing conditions. This approach allows LMW to optimise the performance of our wastewater systems while minimising risks and maximising resource efficiency.

One of the key aspects emphasised by the guidelines is the importance of regular monitoring and assessment of wastewater systems. We plan to review our current monitoring program to ensure we have data that allows us to track the performance of our systems, identify potential issues, and make informed decisions regarding necessary adjustments and improvements.

The guidelines also highlight the significance of robust risk management strategies in wastewater management. We plan to review our current risk assessment methodologies, to ensure we can identify and evaluate potential risks associated with our wastewater systems and adverse weather events. This will enable us to proactively develop mitigation measures and contingency plans to minimise the likelihood and impact of adverse events.

Effective stakeholder engagement is another crucial aspect addressed in the guidelines. We actively involve key stakeholders, including regulatory authorities, local communities, and relevant industry stakeholders, in our decision-making processes. By incorporating their perspectives and feedback, we ensure that our management strategies align with the needs and expectations of the various stakeholders, fostering transparency and accountability.

The principles mentioned in the guidelines were used in the development of the UWS and the

## 2 Delivering Valued Outcomes

Wastewater Strategy, which helped to identify capital works required to ensure sustainable operation of our wastewater systems. The works identified in those strategies were prioritised and included in the capital works program for next pricing period (i.e., 2024 - 2028). The adaptive management approach advocated by the guidelines encourages a culture of continuous improvement and as such, LMW regularly reviews performance, assesses the effectiveness of our strategies, and identifies areas for further enhancement. This iterative process allows us to learn from past experiences, adapt to changing circumstances, and implement innovative solutions to optimise the performance of our wastewater systems over time.

LMW is in the process of assessing the potential impacts of climate change on water availability in our region. We will use the guidelines to identify vulnerabilities and risks associated with low flow conditions.

Based on the assessment of climate change impacts and identification of vulnerabilities, LMW plans to develop a low-flow contingency plan. These plans will describe strategies and actions to be taken during times of reduced water availability. LMW will consider a range of scenarios to ensure that plans can be adapted to varying severity and duration of low flow conditions. This approach will enable LMW to make informed decisions and allocate resources effectively during water shortages.

Low water contingency plans will identify roles and responsibilities, regular monitoring, and assessment, and updating of plans as new information becomes available. This will ensure that LMW's low-flow contingency plans remain effective and current in the face of evolving climate change impacts.

### Reporting of environmental data by Government entities

LMW is not required to report on some of the data under the new FRD24 however the information that is required has been included below:

Fuel type	Number of cars	Vehicle category	Engine	Litres	Total energy used	TCO2
Diesel	112			279,008.54		
Unleaded petrol	10			10,480.75		

LMW was unable to provide all required vehicle data for 2022-23 as this information has not been required in the past, however, this data will be available next fiscal year as we plan to finalise a zero-emission vehicle roadmap that will require tracking parameters missing from this year's report. Transitioning to a zero-emission vehicle (ZEV) fleet is not only an environmental responsibility, but also a strategic step toward a sustainable future for LMW. By following this roadmap, we can reduce our carbon footprint, improve air quality, and contribute to a greener and healthier community.

With regard to stationery fuel use, this has never been recorded at LMW and will require the development of data management practices to be put in place which is anticipated by 2025/26.

### Units of energy used normalised by FTE, headcount, floor area, or other entity or sector specific quantity

Number of people (FTE)	MWh electricity in offices	MMh/FTE
218	469	2.15

### Sustainable buildings and infrastructure

Incorporating environmentally sustainable design principles (ESD) into newly completed corporate buildings has become increasingly important in today's world. As concerns about climate change and resource depletion continue to grow, it is critical for organisations to adopt sustainable practices and reduce their impact on the environment. While LMW does not have any newly completed corporate-owned buildings, we will consider the following for future buildings:

- Incorporating energy-efficient systems
- Optimising water efficiency
- Using sustainable materials and construction practices
- Improving indoor environmental quality
- Comprehensive waste management

LMW does not have any active new entity leases agreements in place however is mindful of utilising Green Lease Schedules should this change in the future.

Should the need arise in the future, LMW will also obtain NABERS Energy rating for any newly completed or refurbished buildings by engaging an accredited assessor who will conduct an energy performance assessment all of LMW's properties.

LMW is mindful of environmental performance ratings and will seek to undertake environmental impact assessments on projects valued at more than \$1 million, looking at energy efficiency, water use, waste management, and the use of environmentally friendly materials.



# Corporate Information and Other Disclosures

## Government advertising expenditure

Our expenditure in the 2022-23 reporting period on government advertising campaigns did not exceed \$100,000.

## Consultancy expenditure Consultancies under \$10,000

In 2022-23, there were 16 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2022-2023 in relation to these consultancies was \$250,124 (excluding GST).

## Consultancies over \$10,000

In 2022-23 there were 20 consultancies engaged where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-2023 in relation to these consultancies was \$4,658,459 (excluding GST). Details of the consultancies are shown in Appendix 3.

All operational ICT expenditure	ICT Expenditure relating to projects to create or enhance ICT capabilities		
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
\$5,372,994	\$3,749,649	\$3,749,649	\$0

## Application and operation of Freedom of Information Act 1982

The Freedom of Information Act 1982 (the Act) allows the public a right of access to documents held by LMW. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

### Making a request

FOI requests can be lodged online at <https://ovic.vic.gov.au>. An application fee of \$31.80 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to LMW's Freedom of Information team, as detailed in s17 of the Freedom of Information Act 1982.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

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

Freedom of Information Officer  
PO Box 1438  
Mildura VIC 3502  
Email: [foi@lmw.vic.gov.au](mailto:foi@lmw.vic.gov.au)

## FOI statistics/timeliness

During 2022-23, LMW received 2 applications. Of these requests,

- 2 were from the general public.
- LMW made 2 FOI decisions during the 12 months ended 30 June 2023.
- 1 decision were made within the statutory 30-day time period;
- 1 decision within an extended statutory 30-45-day time period.

The average time taken to finalise requests in 2022-23 was 45 days.

## Further information

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and <https://ovic.vic.gov.au/freedom-of-information/>

## Energy and Water Ombudsman

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

In 2022-2023 financial year, EWOV assisted in 14 complaints. Of those 14 complaints, two were escalated to an investigation and successfully resolved.

The Energy and Water Ombudsman (Victoria) may be contacted by writing via the following address:

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

## Public Interest Disclosures Act 2012

We are committed to the aims and objectives of the Public Interest Disclosures Act 2012 (PID Act), which enables people to disclose corrupt or improper conduct by a public office or a public body. We are a public body for the purposes of the PID Act. A Public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public office or a public body. 'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption. 'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

## 2 Delivering Valued Outcomes

You can make a public interest disclosure about LMW or its Board Members, officers, or employees by contacting:

Independent Board-based AntiCorruption  
Commission (IBAC)  
GPO Box 24234  
Melbourne VIC 3001

[www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

1300 735 135

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

### Local Jobs First

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

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

MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIPPP guidelines will continue to apply to MPSG-applicable and VIPPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

Projects Commenced - During 2022-23 Financial Year, LMW commenced three Local Jobs First Standard projects totalling \$12.0 million. Of those projects, all are located in regional Victoria. No projects were commenced that occurred in metropolitan Melbourne or state-wide. MPSG did not apply to any of the five projects.

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

- An average of 95.8 per cent of local content commitment was made;
- A total of 40 jobs (Annual Employee Equivalent (AEE)) were committed, including the creation of 9 new jobs and the retention of 31 existing jobs (AEE);
- A total of 3.1 positions for apprentices, trainees and cadets were committed, including the creation of 2.5 new apprenticeships, traineeships, and cadets and the retention of the 1.7 existing apprenticeships, traineeships and cadets;
- There were three small to medium enterprises that prepared a Local Industry Development Plan (LIDP) for contracts. These same principle Contractors used a further 186 small to medium-sized businesses within their supply chains on commenced Standard Projects.

Projects Completed - During 2022-23, the Department completed Four Local Jobs First Standard projects, totalling \$23.9 million. Of those projects, all were located in regional Victoria. No projects were commenced that occurred in metropolitan Melbourne or state-wide. MPSG did apply to one of these projects, with the Contractor reporting remaining outstanding.

The outcomes from the implementation of the Local Jobs First policy to the other four projects where information was provided, were as follows:

- An average of 91 per cent of local content commitment was made;
- A total of 39 jobs (AEE) were supported, including the creation of 1 new job and the retention of 38 existing jobs (AEE);
- A total of two positions for apprentices, trainees and cadets were committed. These were both Existing Apprenticeships with No new Apprenticeships being created.
- There were four small to medium enterprises that prepared a VIPPP Plan or Local Industry Development Plan (LIDP) for completed contracts, successfully appointed principle contractor. 51 small to medium-sized businesses were engaged through the supply chain of these completed Standard Projects.

### Social Procurement 2023

In 2018 the Victorian State Government released a Social Procurement Framework (SPF) which recognises the need to address disadvantage and utilise the buying power of the Victorian Government departments to generate social value above and beyond the value of goods, services or construction being procured.

Lower Murray Water's current Social Procurement Strategy for 2021-2023 is now under review to ensure that it meets the social, environmental and economic benefits required for the region into the future.

The LMW Social Procurement Strategy continues to target three priority objectives from the Social Procurement Framework:

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

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

- Staff were provided with information and training on how to implement social procurement into purchases based on value.
- A list of social enterprises located in the LMW region was created for staff to refer to, making direct spend easier.
- Procurements that meet the tender threshold included criteria for social and sustainable practices or commitments.
- All notification of tender opportunities highlighted

the need to respond to schedules relating to social procurement and indicate if a weighting will be applied.

- Suppliers were provided information on social procurement, targeted objectives and how to respond when bidding for tenders.

The following outcomes were achieved during the reporting period.

- Engaged 296 suppliers that have a business registered in the LMW region that are categorised by the Socio-Economic Indexes for Areas (SEIFA) as an area of Socio-Economic disadvantage, with a total spend of \$10.1 Million across those suppliers.
- Directly engaged Social Benefit Suppliers, all of which are located in the LMW region.
- All suppliers that entered into LMW Contracts during the 2022-2023 Financial Year made a commitment to the Victorian Supplier Code of Conduct which specifies the minimum expectations in the areas of:

Integrity, Ethics and Conduct; Conflict of interest, Gifts, Benefits and Hospitality; Corporate Governance; Labour and Human Rights; Health and Safety; and Environmental Management.

## Major Contracts

Lower Murray Water had no contracts over the \$10 million threshold.

## Building and maintenance provisions of the Building Act 1993

We own government buildings located across our service region and are consequently required to include a statement on compliance with the building and maintenance provisions of the Building Act 1993 (Vic) in relation to the buildings.

We require appropriately qualified consultants and contractors be engaged for all proposed works and we require their work and services to comply with current building standards.

All consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the Building Act 1993, Building Regulations 2018 and the National Construction Code.

Our Corporate Services Team is responsible for mandatory testing of essential safety measures. These inspections inform a works program which is delivered through existing maintenance schedules.

In 2022-2023	Number
Number of major works projects undertaken by Lower Murray Water (greater than \$50,000)	Nil
Number of building permits, occupancy permits, or certificates of final inspection issued in relation to buildings	Nil

Number of emergency orders and building orders issued in relation to buildings	Nil
Number of buildings that have been brought into conformity with building standards during the reporting period	Nil

## Competitive Neutrality Policy

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

## Statement of availability of other information

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

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

## Section 3

# Financial Reporting



## Performance Reporting - Financial

### Current year financial review

The Corporation recorded a net loss before tax of \$20.7m, which represents a \$2.9m improvement on the prior year net loss before tax result of \$23.6m.

Total Revenue for the year of \$111.8m is \$10.9m higher than 2021-22 (\$100.9m), primarily due to additional funding for the Victorian Murray Floodplain Restoration Project (VMFRP) of \$9.0m. We also continue to see strong urban and rural growth with Capital Contributions increasing from \$1.9m to \$9.1m, especially from residential development contributions making up 82% (\$7.5m) of the total contributions.

Total Expenditure for the year of \$132.0m is \$7.9m higher than 2021-22 (\$124.1m). The increase in expenditure during 2022-23 has been driven by a number of factors, most significantly the floods in our region that directly resulted in higher water pumping, treatment and filtration costs of \$3.3m, emergency flood mitigation costs of \$2.5m and chemical costs of \$1.4m. Our ongoing ICT business transition to cloud Software as a Service increased by \$2.2m. We have also provided for the increased risk of bad debts of \$0.7m, due to the current economic conditions and

have provided for aging inventory obsolescence of \$0.5m. These additional core business costs incurred during the year are offset by lower VMFRP expenses of \$4.0m.

Cash outflows from operating activities were \$5.1m. Capital investment of \$26.2m included \$20.5m for infrastructure property, plant, and equipment and \$5.7m for the purchase of permanent water entitlements which was partially funded by an increase in borrowings of \$17m.

Our cash position remains strong, despite the current year cash outflow (negative operating cashflow), which was materially impacted by the increased expenses arising from the floods. LMW remains well placed to service debt with sufficient coverage to manage increase in debt requirements for future investments.

### Capital projects

During 2022-23 there were no projects completed that exceeded the \$10m disclosure threshold.

## Five-year financial summary

Financial Results	2022-23 \$'000	2021-22 \$'000	2020-21 \$'000	2019-20 \$'000	2018-19 \$'000
Core business revenue	61,361	61,499	61,602	62,953	64,340
Capital contributions	9,127	7,264	5,584	7,249	3,594
Government contributions	2,750	2,315	2,317	2,260	3,115
VMFRP funding	34,526	25,541	27,761	14,039	1,402
Other revenue	4,029	4,240	3,990	1,556	2,423
<b>Total Revenue</b>	<b>111,793</b>	<b>100,859</b>	<b>101,254</b>	<b>88,057</b>	<b>74,874</b>
Depreciation expenses	36,571	35,994	29,157	28,324	27,490
Borrowing cost expenses	3,277	2,695	2,794	2,958	3,047
VMFRP expenses	30,581	34,549	16,588	16,062	1,203
Other expenses	61,565	50,883	48,914	47,807	48,171
<b>Total Expenditure</b>	<b>131,994</b>	<b>124,121</b>	<b>97,453</b>	<b>95,151</b>	<b>79,911</b>
<b>Other Economic Flows included in Net Result</b>	<b>-522</b>	<b>-358</b>	<b>-241</b>	<b>-</b>	<b>-</b>
<b>Net Result before tax</b>	<b>-20,723</b>	<b>-23,620</b>	<b>3,560</b>	<b>-7,094</b>	<b>-5,037</b>
Current assets	36,304	33,134	35,611	19,883	22,139
Non-current assets	1,089,033	967,506	967,504	882,140	885,324
<b>Total Assets</b>	<b>1,125,337</b>	<b>1,000,640</b>	<b>1,003,115</b>	<b>902,023</b>	<b>907,463</b>
Current liabilities	20,086	28,823	23,080	19,740	20,509
Non-current liabilities	229,143	185,221	176,551	153,195	156,274
<b>Total Liabilities</b>	<b>249,229</b>	<b>214,044</b>	<b>199,631</b>	<b>172,935</b>	<b>176,783</b>
<b>Net cash from operations</b>	<b>-5,078</b>	<b>9,072</b>	<b>33,773</b>	<b>18,853</b>	<b>26,544</b>
Payments for infrastructure property, plant and equipment	26,214	19,064	16,419	24,411	28,622

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

Performance Indicators	2022-23	2021-22	2020-21	2019-20	2018-19
Internal Financing Ratio	-16.59%	30.62%	190.94%	76.70%	92.74%
Gearing Ratio	6.03%	5.49%	4.46%	5.17%	5.23%
Interest Cover (EBIT) times	-5.44	-7.80	2.24	-1.45	-0.71
Interest Cover (Cash) times	-0.75	4.49	13.53	7.70	10.23
Return on Assets	-1.68%	-2.1%	0.66%	-0.47%	-0.24%
Return on Equity	-1.70%	-2.55%	0.76%	-0.76%	-0.48%

## Financial Performance vs Corporate Plan

### Operating results and financial position

As VMFRP isn't included in the Corporate Plan target, the following analysis excludes the \$4.0m profit recorded by VMFRP in 2022-23. The VMFRP profit comprised Revenue of \$34.5m and Expenditure of \$30.5m.

LMW recorded a net loss before tax result of \$24.7m which is \$15.9m lower than the Corporate Plan net loss before tax target of \$8.8m.

### Revenue

Revenue for the year of \$77.3m is \$3.0m below the Corporate Plan target of \$80.3m, largely due to lower core business service and usage charges of \$5.6m. This is primarily attributable to higher rainfall, with the LMW regions receiving good spring rainfall events which reduced the usage demand of both the urban and irrigation customers.

Other revenue was favorable to budget, with developer contributions above budget primarily due to the urban growth and strong urban residential developer contributions.

### Expenditure

Operating expenditure for the year of \$101.4m exceeded the Corporate Plan target of \$88.9m by \$12.5m. The higher expenses, compared to our Corporate Plan, have mainly been driven by a number of factors arising from the 2022-23 floods in our region that directly increased costs for Repairs and Maintenance and chemical costs by \$10.5m and \$1.3m respectively.

ICT costs are also higher due to increases in software licenses of \$0.6m and \$1.7m for additional labour, consultants and contractor costs which relate to LMW's Business Transformation Program.

### Infrastructure, Land and Buildings, Property, Plant and Equipment

LMW operations have a significant impact on the region's economy and livability. The corporation has Non-Current Assets of \$1,089m. The following cash payments were made for capital and operating activities during the 2022-23 year:

- \$20.5m capital and related infrastructure works
- \$5.7m permanent water entitlements (intangibles)
- \$111m in operating payments to suppliers and employees (including VMFRP).

**Summary of Performance against Corporate Plan Budget (Excluding VMFRP)**

<b>Financial Results</b>	<b>Actual Result \$'000</b>	<b>Corporate Plan \$'000</b>	<b>Variance \$'000</b>	<b>Variance %</b>
Service and usage charges	61,361	66,972	-5,611	-8%
Government grants and contributions	2,750	4,062	-1,311	-32%
Developer contributions	9,127	4,248	4,878	115%
Other revenue	4,029	4,963	-932	-19%
<b>Total Revenue</b>	<b>77,267</b>	<b>80,245</b>	<b>-2,976</b>	<b>-4%</b>
Depreciation expenses	36,571	36,260	-311	-1%
Borrowing cost expenses	3,277	2,190	-1,088	-50%
Environmental contribution	2,251	2,250	1	0%
Operating, maintenance and administration expenses	59,314	48,185	-11,134	-23%
<b>Total Expenditure</b>	<b>101,413</b>	<b>88,885</b>	<b>-12,534</b>	<b>-14%</b>
<b>Net Loss economic flow</b>	<b>-522</b>	<b>-137</b>	<b>-384</b>	<b>-280%</b>
<b>Net Result before tax</b>	<b>-24,668</b>	<b>-8,777</b>	<b>-15,894</b>	<b>-181%</b>



## Summary of Carrying Value by Asset Class

Asset Class	2022-23 \$'000	2021-22 \$'000	2020-21 \$'000	2019-20 \$'000	2018-19 \$'000
Land	17,997	18,019	14,565	14,664	14,589
Buildings	10,717	9,460	9,500	10,420	9,355
Infrastructure	1,013,077	896,636	917,353	826,501	830,792
Plant and Equipment	7,122	7,454	7,039	6,576	6,265
Works in Progress	28,716	24,398	13,382	17,999	18,099
<b>Total Assets Carrying Value</b>	<b>1,077,629</b>	<b>955,967</b>	<b>961,839</b>	<b>876,160</b>	<b>879,100</b>

In accordance with FRD 103 LMW conducted an annual review of the fair value carrying value of each asset class and have revalued Infrastructure assets by \$126.8m and Buildings by \$1.3m due to material increases in the Australian Bureau of Statistics and Valuer-General Building (VGV) indices.

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

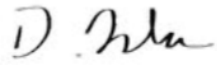
Agreed outcomes with customers were set for the 2018-23 pricing submission period which has seen the following key projects progress or be completed in 2022-23:

Works	Outcome	2022-23 Investment \$'000
Water of Purchases	Reliable drinking water supply	5,661
Millewa Replace River Pump Station	Reliable drinking water supply	5,284
UV Treatment Upgrade Mildura WTP	Safe drinking water	2,839
UV Treatment Upgrade Swan Hill WTP	Safe drinking water	2,171
Mildura - Central Pump Station Delivery Pipe Replacement	Supply water when I need it	1,220
Mildura West WTP Upgrade to Clear SCADA	Reliable drinking water supply	700
Enhance flood levee around Mildura WWTP	Reliable sewerage services	635
UV Treatment Upgrade Mildura West WTP	Safe drinking water	560
UV Treatment Upgrade Robinvale WTP	Safe drinking water	383
Upgrade drainage of Merbein PS	Supply water when I need it	308
UV Treatment Upgrade Kerang WTP	Safe drinking water	307
Main Replacement Belar Avenue Mildura	Supply water when I need it	303
Merbein WWTP Divert to Koorlong	Reliable sewerage services	248

For information on our capital projects and the broader Victorian Public Sector, please refer to the most recent Budget Paper No.4 State Capital Program (BP4) which is available on the Department of Treasury and Finance website).

## Financial Management Compliance Attestation Statement

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



**Domenic Isola**

Chair

Finance and Audit Committee

Lower Murray Urban and Rural Water Corporation

Dated this day, 26 October 2023.

## Certificate Of Performance Report 2022-2023

We certify that the accompanying Performance Report of Lower Murray Urban and Rural Water Corporation in respect to the 2022-2023 financial year is presented fairly and in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the responsible Minister and as set out in the 2022-2023 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the act results and performance targets and/or between the actual results in the current year and the previous year.

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



**Sharyon Peart**

Chair



**Paul Northey**

Managing Director



**Michael Vella**

Chief Financial Officer

Dated this day, 26 October 2023.

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### Declaration in the financial statements

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of Lower Murray Water at 30 June 2023.

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

We authorise the attached financial statements for issue on 26 October, 2023.



Michael Vella  
Chief Financial Officer  
Lower Murray Urban & Rural Water Corporation  
Mildura



Paul Northey  
Managing Director  
Lower Murray Urban & Rural Water Corporation  
Mildura



Sharyon Peart  
Board Chair  
Lower Murray Urban & Rural Water Corporation  
Mildura

## Performance Report

The 2022/23 performance report was prepared in accordance with the new Ministerial Reporting Direction seven (MRD07). This new MRD07 introduced a number of new water and sewerage network reliability indicators and customer responsiveness indicators. The newly disclosed indicators under MRD07 included in the Performance Report are WS1 and E1.

## FINANCIAL PERFORMANCE INDICATORS

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
F1	<b>Cash Interest Cover</b> Net operating cash flows before net interest and tax / net interest payments (times)	4.49	-0.75	10.73	-116.7%	1a	-107.0%	1b
F2	<b>Gearing Ratio</b> Total debt (including finance leases) / total assets x 100	5.48%	6.03%	6.35%	10.0%	2a	-5.1%	
F3	<b>Internal Financing Ratio</b> Net operating cash flow less dividends / net capital expenditure x 100	30.62%	-16.59%	78.26%	-154.2%	3a	-121.2%	3b
F4	<b>Current Ratio</b> Current assets / current liabilities (excluding long-term employee provisions and revenue in advance) x 100	225.0%	250.0%	217.0%	11.1%	4a	15.2%	4b
F5	<b>Return on Assets</b> Earnings before net interest and tax / average assets x 100	-2.21%	-1.68%	-0.66%	24.0%	5a	-154.5%	5b
F6	<b>Return on Equity</b> Net profit after tax / average total equity x 100	-2.55%	-1.70%	-0.78%	33.3%	6a	-116.6%	6b
F7	<b>EBITDA Margin</b> Earnings before interest, tax, depreciation and amortisation / total revenue x 100	14.94%	17.11%	37.04%	14.5%	7a	-53.8%	7b

**Notes:** Variances greater than 10% described below

- 1a Unfavourable Cash Interest Cover, compared to 2021-22, is due to lower net operating cashflows of \$14.2m attributable to higher payments of \$20.8m offset by additional receipts of \$6.6m. The higher payments have been primarily driven by a number of factors arising from the 2022-23 floods in our region that directly increased water pumping, treatment and filtration costs \$3.3m, emergency flood mitigation costs of \$2.5m and chemical costs of \$1.4m. Our ongoing ICT business transition to cloud Software as a Service (SaaS) resulted in a cost of \$2.4m. Despite the unfavourable variance Lower Murray Water (LMW) remains in a strong position to meet ongoing interest expense and service debt.
- 1b Unfavourable Cash Interest Cover, compared to target, is due to lower net operating cashflows of \$31.1m. The main drivers being higher operating costs of \$11m which includes the Business Transformation program (BTP) SaaS transition costs of \$3.6m, \$2.5m directly related to regional flooding, \$1.3m increase in chemical costs due to black water and \$1m borrowing cost increase due to rising interest rates and additional loans. High rainfall in 2022-23 resulted in lower operating receipts of \$5m associated with volumetric charges. Victorian Murray Floodplain Restoration Project (VMFRP) had a net operating cash outflow of \$2.8m and the balance has largely been driven by timing of payments. Despite the unfavourable variance Lower Murray Water (LMW) remains in a strong position to meet ongoing interest expense and service debt.
- 2a Unfavourable gearing ratio, compared to 2021-22, is due to the increased borrowings of \$17m in 2022-23, which was an increase of \$4m over the prior year. The increased borrowings were primarily due to a reduction in tariff receipts associated with volumetric charges being lower due to increased rainfall in our region and the corresponding increase in operating expenditure which has largely been attributable to the floods in LMW's region.
- 3a Unfavourable Internal Financing Ratio, compared to 2021-22, is due to lower net operating cash flows of \$14.2m (refer note 1a). Despite the lower operating cashflows, LMW remains in a strong position to finance its future capital works.
- 3b Unfavourable Internal Financing Ratio, compared to target, is due to lower net operating cash flows of \$31.1m (refer note 1b). Despite the lower operating cashflows, LMW remains in a strong position to finance its future capital works.
- 4a Favourable Current Ratio, compared to 2021-22, is due to higher Current Assets of \$3.2m which largely relate to an increase of Receivables of \$6.9m which has been driven by \$6.4m of SWEP government monies receivable as at 30 June. Furthermore, Trade Payables and accruals are \$7.6m lower due to minimal activity related to the VMFRP project in the prior year. LMW remains in a strong position with ability to meet existing liabilities in the short term (12 months).
- 4b Favourable Current Ratio, compared to target, is due to higher Current Assets of \$16.9m with Receivables being \$7.6m higher than the target due to the \$6.4m SWEP funding receivable being recognised at 30 June and a higher cash balance of \$6.6m largely associated with VMFRP and SWEP funding deposits being held at 30 June. The Corporate Plan and its target ratios exclude VMFRP & SWEP activities from calculations as this is not part of core LMW activities. LMW remains in a strong position with ability to meet existing liabilities in the short term (12 months).
- 5a Favourable Return on Assets, compared to 2021-22, due to a \$3.2m increase in EBIT from the prior year. The impact of increases in EBIT were partially offset by the Managerial revaluation of assets that resulted in an increase of \$128m in the carrying value of our Infrastructure assets compared to 2021-22.
- 5b Unfavourable Return on Assets, compared to target, primarily due to EBIT being \$11.2m lower than the target (refer note 1b) and the impact of the Managerial Revaluation of the Infrastructure assets which wasn't included in the Corporate Plan.
- 6a Favourable Return on Equity compared to 2021-22 mainly due to \$5.2m decrease in net loss compared to the prior year. Equity was also impacted by \$14m in government capital contribution (Equity) associated with SWEP in 2022-23 compared to prior year and by the the Managerial Revaluation of assets of \$128m.
- 6b Unfavourable Return on Equity compared to target mainly due to \$8.0m increase in net loss compared to the target loss. The majority of the movement is due to increased expenditure due to flooding in our region during 2022-23. Equity was also impacted by \$14m in government capital contribution (Equity) associated with SWEP in 2022-23 compared to target and by the the Managerial Revaluation of assets of \$128m.
- 7a Favourable EBITDA Margin compared to 2021-22 has been mainly driven by the \$4m increase in EBITDA from the prior year. The total revenue year on year increase of \$11m was primarily due to the \$9m increased VMFRP funding.
- 7b Unfavourable EBITDA Margin of 17.11% compared to target of 37.04% was impacted by the reduction in volumetric charges, reclassification of BTP, flood related expenditure and increased Urban Filtration costs. It should be noted that the Corporate Plan and its target ratios exclude VMFRP activities from calculations as this is not part of core LMW activities.



## Performance Report

**URBAN WATER AND SEWERAGE SERVICE OPERATIONAL PERFORMANCE INDICATORS**  
**Water and Sewerage Network Reliability**

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
WS1	<b>Water Service - minutes off supply (planned and unplanned)</b> how many minutes on average a customer was without water supply during a year	8.30	7.10	10.00	-14.5%	1a	-29.0%	1b
WS2	<b>Unplanned water supply interruptions</b> percentage of customers receiving 5 unplanned interruptions in the year / total number of water (domestic and non-domestic) customers x 100	0.34%	0.00%	0.00%	-100.0%	2a	0.0%	
SS1	<b>Sewerage Service - sewer blockages</b> number of sewer blockages reported per 100 kilometres of sewer main	17.00	11.90	17.40	-30.0%	3a	-31.6%	3b
SS2	<b>Sewer Service - sewer spills</b> number of sewer spills reported per 100 kilometers of sewer main	3.20	3.60	3.20	12.5%	4a	12.5%	4b
SS3	<b>Sewerage Service - containment of sewer spills</b> Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers	100.00%	100.00%	97.00%	0.0%		3.1%	

**Notes:** Variances greater than 5% described below

1a Favourable variance to prior year is attributed to a reduction in priority one and two breaks from sixty two (62) in 2021-22 to forty one (41) in 2022-23.

1b Favourable variance to target is attributed to our ongoing mains replacement program along with our preventative maintenance schedules which are contributing to our declining trend. Increasing utilisation of new excavation methods in the form of Vacuum Trucks instead of traditional digging machines enable staff to excavate quicker and safer.

2a Favourable variance to prior year is a result of no customers receiving five (5) unplanned interruptions during the year.

3a Favourable variance to prior year is a result of a decrease in sewer blockages from one hundred and seventeen (117) in 2021-22 to eighty three (83) in 2022-23. LMW performs root foaming maintenance to reduce the amount of intrusions in the sewer pipes along with a CCTV program to undertake condition assessments to prioritise the future sewer relining programs.

3b Favourable variance to target is a result of our targeted relining program upgrading our sewer pipes and manholes so they continue to provide a safe and reliable service to our community

4a & 4b Unfavourable variance to prior year and target is a result of a slight increase of three (3) priority two (2) sewer spills from twenty two (22) in 2021-22 to twenty five (25) in 2022-23 from the reticulation and branch sewers. These results are slightly above our long term average and cannot be related to anything specific.

## Performance Report

## RURAL WATER SERVICE PERFORMANCE INDICATORS

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
C1.4	Rural water supply deliveries Percentage of orders delivered at agreed time / total number of orders x 100	99.90%	99.91%	98.00%	0.0%		1.9%	
C1.5	Transfer of water shares - applications completed within agreed timeframes Percentage of applications completed within agreed timeframes / total number of applications	98.00%	98.00%	85.00%	0.0%		15.3%	4a
WSR2	Unavailability of Stock and Domestic supply Percentage of time that stock and domestic service is unavailable in excess of on-property storage requirement	0.00%	0.00%	0.00%	0.0%		0.0%	
WSR3	Groundwater supply Percentage of transfers processed within target period / total number of transfers processed x 100	0.00%	0.00%	0.00%	N/A		N/A	

Notes: Variances greater than 5% described below

4a Favourable variance to target is a result of our Customer Team processing 389 water share transfers in the current year compared to 519 in the previous year. The reduction in trades can be attributed to the drop in water market commodity pricing and unprecident rainfall which reduced the demand for water.

## Performance Report

## URBAN CUSTOMER RESPONSIVENESS PERFORMANCE INDICATORS

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CR1	<b>Water bills - average household use (477kl)</b> Typical household bill (based on average use above) in real 2022/23 dollars, owner occupiers Typical household bill (based on average use above) in real 2022/23 dollars, tenants	990.49	1017.69	n/a	2.7%	5a	n/a	
CR2	<b>Water bills - customers on flexible payment plans</b> No. of customers with instalment plans	980.0	946.0	n/a	-3.5%	6a	n/a	
CR3	<b>Water bills - customers awarded hardship grants</b> No. of customers awarded hardship grants	0.0	0.0	n/a	0.0%	7a	n/a	
CR4	<b>Customer Responsiveness - water quality complaints</b> No. of complaints per 100 customers	0.77	2.23	0.14	189.6%	8a	1527.7%	8b
CR5	<b>Customer Responsiveness - number of payment issue complaints</b> No. of complaints per 100 customers	0.14	0.05	0.3	-64.3%	9a	-84.4%	9b
CR6	<b>Customer Responsiveness - total complaints</b> No. of complaints per 100 customers	2.6	3.5	2.5	34.7%	10a	38.5%	10b

**Notes:** Variances greater than 5% described below

5a	An increase in customer bills has been interpreted to be an unfavourable variance, as this indicator is based on customer focus rather than financial factors and reflects Essential Service Commission price determination position and water corporation's commitment to keep bills affordable for customers.
6a	A decrease in customers provided with flexible payment plans in these indicators has been interpreted to be an favourable variance, as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those on flexible payment plans. This is also consistent with government policy.
7a	An increase in customers provided with hardship assistance in these indicators has been interpreted to be a favourable variance, as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy. A decrease in customers provided with hardship assistance in these indicators has been interpreted to be an unfavourable variance, as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy.
8a & 8b	Unfavourable variance to prior year and target is a result of the unprecedented Murray River flooding event which saw an increase in colour, taste and odour complaints (seventy nine (79) compared to twenty seven (27) in the previous year) due to the presence of magenese in the river system. Some complaints were attributed to our mains replacements program, the majority of complaints were resolved by undertaking mains flushing. All complaints are investigated by our Water Quality Officers and were resolved to our customers satisfaction.
9a & 9b	Favourable variance to prior year and target is a result of receiving two (2) billing complaints compared to five (5) in the previous year. One complaint pertained to a service tariff on vacant land and the other related to an estimated read.
10a & 10b	Unfavourable variance to prior year is a result of LMW recording one hundred and twenty three (123) complaints overall compared to ninety one (91) in the previous year. The difference can be attributed to the increase in water quality complaints due to the floods and capital works mains replacement programs. Other complaint categories had no significant increases and were within our five (5) year average.

## URBAN RESIDENTIAL CUSTOMER WATER BILL INDICATORS

KPI Number	Key Performance Indicator	2022-23 Result	2022-23 Target	2021-22 Result
L3.A	<b>Total urban residential billed based on average consumption (477kl)</b>	\$1,017.69	N/A*	\$990.49
L3.B	<b>Total residential urban bill based on 200kl consumption</b>	\$817.64	N/A*	\$790.44

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

## RURAL CUSTOMER BILL INDICATORS

KPI Number	Key Performance Indicator	2022-23 Result	2022-23 Target	2021-22 Result
C.1.3.1	<b>Total rural bill gravity irrigation</b> Total bill for a 100 ML customer with high reliability and one service point. (include other associated fees (e.g. drainage, usage) and report by district)	N/A*	N/A**	N/A*
C.1.3.2	<b>Total rural bill pumped irrigation</b> Total bill for a 100 ML customer with high reliability and one service point. (include other associated fees (e.g. drainage, usage) and report by district)			
	Mildura	\$15,455.88	N/A**	\$14,709.05
	Mildura High Pressure	\$23,742.60	N/A**	\$22,596.53
	Merbein	\$11,729.28	N/A**	\$11,214.01
	Red Cliffs	\$12,438.28	N/A**	\$11,836.37
	Robinvale High Pressure	\$23,100.28	N/A**	\$22,159.05
	Private Diverters	\$1,397.41	N/A**	\$1,343.41

## Performance Report

<b>C.1.3.3</b>	<b>Total rural bill domestic and stock</b>			
	Total bill for a 1 or 2 ML customer (as applicable)			
	Mildura	\$382.29	N/A**	\$367.87
	Mildura High Pressure	\$541.10	N/A**	\$510.65
	Merbein	\$307.94	N/A**	\$298.91
	Red Cliffs	\$322.80	N/A**	\$310.54
	Robinvale High Pressure	\$512.80	N/A**	\$495.61
	Private Diverters	\$157.19	N/A**	\$151.12
	<b>Total bill for water work districts</b>			
	Total bill for a 1 or 2 ML customer (as applicable)			
	Millewa - Township 1 ML	\$1,414.58	N/A**	\$1,320.60
	Millewa - Rural 2 ML	\$8,238.47	N/A**	\$7,716.46
	Wargan 2 ML	\$1,254.84	N/A**	\$1,209.78

N/A\* Lower Murray Water do not have rural gravity irrigation districts.

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

## URBAN WATER REUSE PERFORMANCE INDICATORS

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
E1	<b>Recycled water - effluent treatment and reuse</b> proportion of water recycled as a percentage of the volume of effluent produced	52.5%	50.0%	60.0%	-4.7%	11a	-16.7%	11b
Notes:	Variances greater than 5% described below							
8a & 8b	The unfavourable Variance to Prior Year and Variance to target is due to an above average rainfall (eg Mildura received 432mm in 2022-23 versus a yearly average of 218mm based on the previous five (5) years), along with several sites such as Robinvale, Koorlong and Mildura Wastewater Treatment Plants discharging effluent to overflow storages. The discharged water is unable to be recycled creating a reduction of recycled water overall. Our storage level at Mildura Wastewater Treatment Plant was 750mm higher compared to same time in the previous year due to the inability to irrigate our re-use site in the summer flood period, this has contributed overall to storing more recycled water than expected.							



# Independent Auditor's Report

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

<b>Opinion</b>	<p>I have audited the performance report of the Lower Murray Urban and Rural Water Corporation (the corporation) for the year ended 30 June 2023 which comprises the:</p> <ul style="list-style-type: none"> <li>• financial performance indicators</li> <li>• urban water and sewerage service operational performance indicators</li> <li>• rural water service performance indicators</li> <li>• urban customer responsiveness performance indicators</li> <li>• urban residential customer water bill indicators</li> <li>• rural customer bill indicators</li> <li>• urban water reuse performance indicator</li> <li>• certificate of performance report.</li> </ul> <p>In my opinion, the performance report of the Lower Murray Urban and Rural Water Corporation for the year ended 30 June 2023 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the performance report</b>	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>

**Auditor's responsibilities for the audit of the performance report**

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

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

- identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying events and results in a manner that achieves fair presentation.

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

MELBOURNE  
30 October 2023



Paul Martin  
*as delegate for the Auditor-General of Victoria*

# Independent Auditor's Report

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

<b>Opinion</b>	<p>I have audited the financial report of the Lower Murray Urban and Rural Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2023</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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

MELBOURNE  
30 October 2023



Paul Martin  
*as delegate for the Auditor-General of Victoria*

# Comprehensive operating statement

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Revenue and income from transactions</b>			
Revenue from service, usage and trade waste charges	2.1.1	61,361	61,499
Victorian Murray Floodplain Restoration Project funding	10.2	34,526	25,541
Government grants and contributions	2.2	2,750	2,315
Developer contributions	2.1.2	9,127	7,264
Other income	2.3	4,029	4,240
<b>Total revenue and income from transactions</b>		<b>111,793</b>	<b>100,859</b>
<b>Expenses from transactions</b>			
Depreciation	4.1.1	36,326	35,731
Amortisation	4.2	245	263
Employee benefits	3.1.1	21,911	23,075
Direct operating expenses	3.2	14,782	12,861
Repairs and maintenance	3.3	14,436	7,955
Victorian Murray Floodplain Restoration Project funding	10.2	30,581	34,549
Environmental contribution	8.2	2,251	2,251
Interest expense	6.1.2	3,277	2,695
Other expenses	3.4	8,185	4,741
<b>Total expenses from transactions</b>		<b>131,994</b>	<b>124,121</b>
<b>Net result from transactions (net operating balance)</b>		<b>(20,201)</b>	<b>(23,262)</b>
<b>Other economic flows included in net result</b>			
Net loss on non-financial assets	4.1.5 & 9.2	(408)	(404)
Net gain/(loss) on financial instruments	9.2	(114)	46
<b>Total other economic flow included in net result</b>		<b>(522)</b>	<b>(358)</b>
<b>Net result before income tax</b>		<b>(20,723)</b>	<b>(23,620)</b>
Income tax revenue	8.1.1	6,565	4,314
<b>Net result</b>		<b>(14,158)</b>	<b>(19,306)</b>
<b>Other economic flows - other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation surplus	9.1.2	128,103	3,454
Deferred income tax relating to components of other comprehensive income	8.1.1	(38,433)	(1,036)
<b>Total other economic flows - other comprehensive income</b>		<b>89,670</b>	<b>2,418</b>
<b>Comprehensive result</b>		<b>75,512</b>	<b>(16,888)</b>

The accompanying notes form part of these financial statements.



# Balance sheet

As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	6.2	11,513	15,691
Receivables	5.1	18,631	11,732
Inventories	5.5	4,346	4,668
Other non-financial assets	5.7	1,814	1,043
<b>Total current assets</b>		<b>36,304</b>	<b>33,134</b>
<b>Non-current assets</b>			
Receivables	5.1	134	138
Infrastructure, property, plant and equipment	4.1.1	1,077,629	955,967
Intangibles	4.2	11,264	11,396
Other financial assets	5.6	6	5
<b>Total non-current assets</b>		<b>1,089,033</b>	<b>967,506</b>
<b>Total assets</b>		<b>1,125,337</b>	<b>1,000,640</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	7,215	14,767
Contract liabilities	5.4	1,580	3,277
Employee benefits provision	3.1.2	6,243	6,791
Interest bearing liabilities	6.1	5,048	3,988
<b>Total current liabilities</b>		<b>20,086</b>	<b>28,823</b>
<b>Non-current liabilities</b>			
Other financial liabilities	5.5	261	146
Employee benefits provision	3.1.2	132	144
Interest bearing liabilities	6.1	62,784	50,830
Net deferred tax liabilities	8.1.2	165,966	134,101
<b>Total non-current liabilities</b>		<b>229,143</b>	<b>185,221</b>
<b>Total liabilities</b>		<b>249,229</b>	<b>214,044</b>
<b>Net assets</b>		<b>876,108</b>	<b>786,596</b>
<b>Equity</b>			
Contributed capital	9.1.1	647,524	633,524
Physical asset revaluation reserve	9.1.2	362,142	272,472
Accumulated deficit	9.1.3	(133,558)	(119,400)
<b>Total equity</b>		<b>876,108</b>	<b>786,596</b>

*The accompanying notes form part of these financial statements.*

# Cash flow statement

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service and usage charges / Revenue from contracts with customers		60,877	60,065
Receipts from Government		30,902	27,856
Interest received		380	94
Developer contribution fees		2,234	1,837
Income for capital purposes		3,221	1,757
Goods and Services Tax received from the ATO		9,063	7,067
Other customer revenue		2,799	4,116
<b>Total receipts</b>		<b>109,476</b>	<b>102,792</b>
<b>Payments</b>			
Payments to suppliers and employees		(111,053)	(90,744)
Interest and other cost of finance paid		(3,277)	(2,695)
Goods and Services Tax paid to the ATO		(224)	(281)
<b>Total payments</b>		<b>(114,554)</b>	<b>(93,720)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.2.1	<b>(5,078)</b>	<b>9,072</b>
<b>Cash flows from investing activities</b>			
Payments for infrastructure, property, plant and equipment		(26,213)	(19,064)
Proceeds from sale of infrastructure, property, plant & equipment		160	250
Proceeds from sale of assets held for sale		53	99
Payments for intangible assets		(113)	(6,144)
Payment of other financial assets		(1)	13
<b>Net cash flows used in investing activities</b>		<b>(26,114)</b>	<b>(24,846)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		17,000	13,000
Repayment of borrowings		(3,986)	(2,935)
Government capital contributions		14,000	-
<b>Net cash flows from financing activities</b>		<b>27,014</b>	<b>10,065</b>
<b>Net decrease in cash and deposits</b>		<b>(4,178)</b>	<b>(5,709)</b>
Cash and deposits at the beginning of the financial year		15,691	21,400
<b>Cash and deposits at the end of the financial year</b>	6.2	<b>11,513</b>	<b>15,691</b>

The accompanying notes form part of these financial statements.

# Statement of changes in equity

For the year ended 30 June 2023

	Contributed capital \$'000	Physical asset revaluation reserve \$'000	Accumulated deficit \$'000	Total equity \$'000
<b>Balance at 1 July 2021</b>	<b>633,524</b>	<b>270,054</b>	<b>(100,094)</b>	<b>803,484</b>
Net result for the year	-	-	(19,306)	(19,306)
Other comprehensive income	-	2,418	-	2,418
<b>Balance at 30 June 2022</b>	<b>633,524</b>	<b>272,472</b>	<b>(119,400)</b>	<b>786,596</b>
<b>Balance at 1 July 2022</b>	<b>633,524</b>	<b>272,472</b>	<b>(119,400)</b>	<b>786,596</b>
Net result for the year	-	-	(14,158)	(14,158)
Other comprehensive income	-	89,670	-	89,670
<b>Total comprehensive income</b>	<b>-</b>	<b>89,670</b>	<b>(14,158)</b>	<b>75,512</b>
<b>Transactions with the State in its capacity as owner:</b>				
Contributions by owners	14,000	-	-	14,000
<b>Balance at 30 June 2023</b>	<b>647,524</b>	<b>362,142</b>	<b>(133,558)</b>	<b>876,108</b>

*The accompanying notes form part of these financial statements.*

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 1. ABOUT THIS REPORT

#### 1.1 Basis of preparation

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

The financial report includes separate financial statements for Lower Murray Water as an individual reporting entity. This financial report is a general purpose financial report that consists of a Comprehensive operating statement, Balance sheet, Statement of changes in equity, Cash flow statement, Directors declaration and notes accompanying these statements for the year ending 30 June 2023. Lower Murray Water is a not-for-profit entity for the purpose of preparing the financial statements.

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

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

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

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

The annual financial statements were authorised for issue by the Board on the 26 October 2023.

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

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

#### **Controlled Projects**

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

#### **Functional and presentation currency**

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

#### **Classification between current and non-current**

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

#### **Rounding**

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### Comparative information

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

### Accounting estimates

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

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

Significant judgement and estimation area	Note number
Estimated fair value of derivative financial instrument	5.5 & 7.3
The fair value of land, buildings, infrastructure, plant and equipment	7.3
Estimation of useful life	4.1.4
Impairment of assets	4.1.4
Employee benefit provisions	3.1.2
Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount Rates	3.1.2
Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15) or AASB 1058 <i>Income of not-for-profit entities</i> (AASB 1058)	2.1.1
The timing of satisfaction of performance obligations	2.1.3
Determining transaction price and amounts allocated to performance obligations	2.1.1
Recognition and measurement of Software as-a-Service (SaaS) arrangements	4.2

### Going concern

For the year ended 30 June 2023, Lower Murray Water recognised a net loss of \$14.2 million. Lower Murray Water's net current assets as at 30 June 2023 were \$16.22 million. Lower Murray Water has \$11.51 million of resources comprising cash and cash equivalents, other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements.

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

### Compliance information

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



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 2. FUNDING DELIVERY OF OUR SERVICES

#### Introduction

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

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

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

Revenue and income that fund delivery of the Corporation's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

#### Structure

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

#### 2.1 Revenue from contracts with customers

	Notes	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue from service, usage and trade waste charges	2.1.1	61,361	61,499	36,020	36,142	25,341	25,357
Developer contributions	2.1.2	9,127	7,264	6,741	5,274	2,386	1,990
<b>Total revenue from contracts with customers</b>		<b>70,488</b>	<b>68,763</b>	<b>42,761</b>	<b>41,416</b>	<b>27,727</b>	<b>27,347</b>

##### 2.1.1 Revenue from service, usage and trade waste charges

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Service charges</b>						
Water	25,393	24,091	6,507	6,047	18,886	18,044
Sewerage	16,622	15,809	16,622	15,809	-	-
Trade waste	821	712	821	712	-	-
Recycled water	95	120	95	120	-	-
Irrigation drainage service charges	1,472	1,409	-	-	1,472	1,409
<b>Usage charges</b>						
Water	16,672	19,068	11,689	13,164	4,983	5,904
Recycled water	286	290	286	290	-	-
<b>Total revenue from service usage and trade waste charges</b>	<b>61,361</b>	<b>61,499</b>	<b>36,020</b>	<b>36,142</b>	<b>25,341</b>	<b>25,357</b>

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (trade waste and recycled water, water and sewerage)	Water service charges are recognised as revenue when services have been provided or service charge has been made. Trade waste charges are recognised as revenue at the end of the service delivery period. As at 30 June 2023 all service charges for the financial year have been invoiced resulting in no service charge accrued revenue therefore no contract asset is required to be reported under AASB 15.	Revenue is recognised over time as service is provided.
Usage charges, Disposal charges - sewerage	Usage charges are billed quarterly in arrears and revenue is recognised over time as Lower Murray Water has the right to receive an amount of consideration based on the unit of water consumed by and sewage, recycled water and trade waste disposed of during the financial year and the regulated price. The meters are read on a cyclical basis with accounts sent on a quarterly basis for both Water & Wastewater and Irrigation and Drainage services. Usage charges are accrued, and services charges are recognised in the quarter services are to be delivered.	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised at a point in time.
Recycled water charges	Recycled water charges are recognised as revenue over time as the performance obligation is satisfied. Lower Murray Water measures these charges based on the regulated prices and the volume of water consumed by customers, and sewage and trade waste disposed by customers.	Revenue is recognised over time as service is provided
Water trading revenue	Water trading revenue is recognised at a point in time when the trade occurs. This is when the performance obligation is satisfied. The charges are payable at the point of the trade.	Revenue is recognised at a point in time.

Contract assets and liabilities have been disclosed in notes 5.1 and 5.4.

## 2.1.2 Developer contributions

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Developer contributed assets						
Fees paid by developers	5,455	3,594	3,343	1,897	2,112	1,699
Assets or services received from developers	3,672	3,670	3,398	3,378	274	292
<b>Total developer contributions</b>	<b>9,127</b>	<b>7,264</b>	<b>6,741</b>	<b>5,275</b>	<b>2,386</b>	<b>1,991</b>

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

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

## 2.1.3 Timing of recognition of revenue from customers

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

Service charges	Water	Sewerage	Trade waste	Recycled water	Irrigation drainage service charges	Total revenue from service charges
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>						
At a point in time	-	-	712	-	-	712
Over time	24,091	15,809	-	120	1,409	41,429
<b>Total</b>	<b>24,091</b>	<b>15,809</b>	<b>712</b>	<b>120</b>	<b>1,409</b>	<b>42,141</b>
<b>2023</b>						
At a point in time	-	-	821	-	-	821
Over time	25,393	16,622	-	95	1,472	43,582
<b>Total</b>	<b>25,393</b>	<b>16,622</b>	<b>821</b>	<b>95</b>	<b>1,472</b>	<b>44,403</b>

Usage charges	Water	Recycled water	Total revenue from usage charges
	\$'000	\$'000	\$'000
<b>2022</b>			
At a point in time	-	-	-
Over time	19,068	290	19,358
<b>Total</b>	<b>19,068</b>	<b>290</b>	<b>19,358</b>
<b>2023</b>			
At a point in time	-	-	-
Over time	16,672	286	16,958
<b>Total</b>	<b>16,672</b>	<b>286</b>	<b>16,958</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

Developer contributions	Fees paid by developers \$'000	Assets or services received from developers \$'000	Total revenue from developer contributions \$'000
<b>2022</b>			
At a point in time	3,594	3,670	7,264
<b>Total</b>	<b>3,594</b>	<b>3,670</b>	<b>7,264</b>
<b>2023</b>			
At a point in time	5,455	3,672	9,127
<b>Total</b>	<b>5,455</b>	<b>3,672</b>	<b>9,127</b>

## 2.2 Government grants and contributions

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Income recognised as income of not-for-profit entities</b>						
Government contributions (non-capital)	562	58	267	58	295	-
<b>Income recognised as revenue from contract with customers</b>						
Government pensioner concession reimbursement	2,188	2,257	2,156	2,206	32	51
<b>Total government grants and contributions</b>	<b>2,750</b>	<b>2,315</b>	<b>2,423</b>	<b>2,264</b>	<b>327</b>	<b>51</b>

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

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

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

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 2.3 Other income

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other income	-	38	-	20	-	18
Income from fees	1,676	1,429	1,407	1,126	269	303
Annual water trade income	408	714	389	706	19	8
Interest income	380	94	61	11	319	83
Sundry income	1,526	1,048	874	298	652	750
ZEW derivative income	39	17	24	9	15	8
Capital Charge Groundwater	-	900	-	-	-	900
<b>Total other income</b>	<b>4,029</b>	<b>4,240</b>	<b>2,755</b>	<b>2,170</b>	<b>1,274</b>	<b>2,070</b>

Income is brought to account when services have been provided or charges determined. Revenue is recognised over time as service is provided.

Income from fees relates to multiple charges such as Meter fees, subdivision processing fees and information statement fees received by Lower Murray Water. Revenue is recognised at a point in time.

Annual water trade income is revenue from sale of excess allocation of Lower Murray Water urban bulk water entitlement. Revenue is recognised at a point in time.

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

ZEW derivative income relates to Lower Murray Water's investment in Zero Emissions Water Limited (ZEW). Upon expiration or exercise of the cash flow derivative, Lower Murray Water will receive income depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in OCI upon settlement with the difference being recognised as income or expense. Revenue is recognised over time as service is provided.



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 3. THE COST OF DELIVERING SERVICES

## Introduction

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

## Structure

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

## 3.1 Expenses incurred in delivery of services

	Notes	2023 \$'000	2022 \$'000
Employee benefit expenses	3.1.1	21,911	23,075
Direct operating expenses	3.2	14,782	12,861
Repairs and maintenance	3.3	14,436	7,955
Operating expenses	3.4	8,185	4,741
VMFRP expenses	10.2	30,581	34,549
<b>Total expenses incurred in delivery of services</b>		<b>89,895</b>	<b>83,181</b>

## 3.1.1 Employee benefits - comprehensive operating statement

	2023 \$'000	2022 \$'000
<b>Employee Benefits</b>		
Salaries and wages, annual leave and long service leave	19,265	20,680
Defined benefit superannuation expense	127	132
Defined contribution superannuation expense	2,266	2,030
Directors and chair remuneration and allowance	253	233
<b>Total employee benefit costs</b>	<b>21,911</b>	<b>23,075</b>

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

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

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 3.1.2 Employee benefits - balance sheet

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

	2023 \$'000	2022 \$'000
<b>Current provisions:</b>		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	1,166	1,229
Unconditional and expected to settle after 12 months	1,064	1,119
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	159	131
Unconditional and expected to settle after 12 months	2,809	3,227
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	216	206
Unconditional and expected to settle after 12 months	519	544
Accumulated RDO	310	335
<b>Total current provisions for employee benefits</b>	<b>6,243</b>	<b>6,791</b>
<b>Non-current provisions:</b>		
Employee benefits	116	128
On-costs	16	16
<b>Total non-current provisions for employee benefits</b>	<b>132</b>	<b>144</b>
<b>Total provisions for employee benefits</b>	<b>6,375</b>	<b>6,935</b>

### Reconciliation of movements in on-cost provisions

	2023 \$'000
Opening balance	766
Amounts utilised during the period	(15)
<b>Closing balance</b>	<b>751</b>
Current	735
Non-current	16
<b>Closing balance</b>	<b>751</b>

### Wages and salaries, annual leave and sick leave

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

The components of this liability are measured at:

- Undiscounted value - the component the Corporation expects to wholly settle within 12 months; or
- Present value - the component the Corporation does not expect to wholly settle within 12 months.

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

### On-costs

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flows included in the net result within the operating statement.

### 3.1.3 Superannuation

#### Superannuation contributions

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

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

Contributions by Lower Murray Water (excluding an unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2023 and 30 June 2022 are detailed below:

Scheme	Type of scheme	Rate (%)	2023 \$'000	2022 \$'000
Vision Super	Accumulation	10.5%	909	821
Vision Super	Defined benefits	10.5%	109	115
Super Trust of Australia	Accumulation	10.5%	406	292
Other Superannuation Funds	Accumulation	10.5%	951	898
Other Superannuation Funds	Defined benefits	10.5%	18	17
<b>Total contributions to all funds</b>			<b>2,393</b>	<b>2,143</b>
			<b>2023 \$'000</b>	<b>2022 \$'000</b>
Contributions outstanding to Vision Super			-	2
Expected contributions to be paid to Vision Super			99	110

#### Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation) (2022: 10%). Contributions to the accumulation plans are expensed as the contributions are paid or become payable.

#### Defined benefit fund

Lower Murray Water does not use defined benefit accounting because sufficient information is not available.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

Lower Murray Water in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 *Employee Benefits*.

### Funding arrangements

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

### The 2023 triennial actuarial investigation

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Lower Murray Water was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022).

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Lower Murray Water is a contributing employer was 102.2%. The financial assumptions used to calculate the VBI were:

	2023	2022
Net investment returns	5.5% p.a.	5.5% p.a.
Salary information	2.5% p.a. 3.5% p.a. thereafter	2.5% p.a. for two years 3.5% p.a. thereafter
Price inflation (CPI)	3.0% p.a.	3.0% p.a.

The Fund's interim actuarial investigation as at 30 June 2022 identified the following:

	2022 (Interim) \$m	2021 (Interim) \$m
VBI surplus/(deficit)	44.6	214.7
Total service liability surplus/(deficit)	105.8	270.3
A discounted accrued benefits surplus	111.9	285.2

Lower Murray Water was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at June 2023 was 104.1%. The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

### Funding calls

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

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

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

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

**Defined benefit fund**

Defined benefit fund members receive a lump sum benefit on retirement, death, disablement or withdrawal from the fund. Benefits are calculated on a multiple of an employee's final salary. The multiple is dependent on an employee's length of service and their contribution rate. The fund ceased including new members from September 1994. A liability or asset in respect of defined benefits superannuation is recognised and measured as the difference between the present value of employees' accrued benefits at reporting date and the net market value of the superannuation plan's assets at that date.

Lower Murray Water is not the trustee of the defined benefit fund.

The plan's trustee (Vision Super) is responsible for the governance of the plan. The trustee has a legal obligation to act solely in the best interests of plan beneficiaries. The trustee has the following roles:

- administration of the plan and payment to beneficiaries from plan assets when required in accordance with the plan rules;
- management and investment of the plan assets; and
- compliance with superannuation law and other applicable regulations.

There are a number of risks to which the plan exposes Lower Murray Water. The more significant risks relating to the defined benefits are investment risk, salary growth risk, legislative risk and pension risk.

Lower Murray Water's plan assets are invested by the trustee in a pool of assets with assets from other employers' plans. The assets have a benchmark weighting to equities of 50 per cent and therefore the plan has a significant concentration of equity market risk. However, within the equity investments the allocation both globally and across sectors is diversified.

**3.2 Direct operating expenses**

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bulk water charge	3,841	3,771	681	662	3,160	3,109
Electricity	4,917	6,035	1,970	2,166	2,947	3,869
Chemicals	2,837	1,481	2,674	1,385	163	96
Consultants	3,187	1,574	2,117	815	1,070	759
<b>Total direct operating expenses</b>	<b>14,782</b>	<b>12,861</b>	<b>7,442</b>	<b>5,028</b>	<b>7,340</b>	<b>7,833</b>

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

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

**3.3 Repairs and maintenance**

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Infrastructure	9,393	4,793	5,776	2,865	3,617	1,928
Consumables	3,759	2,455	2,048	1,504	1,711	951
Other	1,284	707	720	397	564	310
<b>Total repairs and maintenance</b>	<b>14,436</b>	<b>7,955</b>	<b>8,544</b>	<b>4,766</b>	<b>5,892</b>	<b>3,189</b>

Routine maintenance, repair costs and minor renewal costs that do not enhance the performance of the asset are expensed as incurred. Emergency flood related repair costs that were incurred throughout 2022-23 are also expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

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



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 3.4 Other expenses

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
IT expenses	2,268	1,973	1,769	1,775	499	198
Administrative expenses	1,478	1,317	972	755	506	562
Bad debt expense	828	103	518	65	310	38
Write off of assets	447	-	279	-	168	-
Staff related expenses	337	298	211	157	126	141
Travel	346	152	225	86	121	66
Subscriptions	274	224	206	142	68	82
Rates	223	204	164	165	59	39
Other	1,984	470	1,415	(44)	569	514
<b>Total other expenses</b>	<b>8,185</b>	<b>4,741</b>	<b>5,759</b>	<b>3,101</b>	<b>2,426</b>	<b>1,640</b>

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

## Introduction

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

## Structure

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

## 4.1 Infrastructure, property, plant, equipment and vehicles

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

	Land \$'000	Buildings \$'000	Infrastructure assets \$'000	Plant, equipment and vehicles \$'000	Works in progress \$'000	Total \$'000
<b>Year ended 30 June 2023</b>						
Opening net book amount – 1 July 2022	18,019	9,460	896,636	7,454	24,398	955,967
Fair value of asset received free of charge	-	-	3,669	-	-	3,669
Additions	1	-	-	1,183	25,677	26,861
Transfer between asset classes	20	316	20,879	111	(21,359)	(33)
Disposals	(43)	-	(518)	(51)	-	(612)
Depreciation charge	-	(369)	(34,382)	(1,575)	-	(36,326)
Revaluation	-	1,310	126,793	-	-	128,103
<b>Closing net book amount</b>	<b>17,997</b>	<b>10,717</b>	<b>1,013,077</b>	<b>7,122</b>	<b>28,716</b>	<b>1,077,629</b>
<b>Total as at 30 June 2023 represented by:</b>						
Gross book value	17,997	10,723	1,013,458	23,334	28,716	1,094,228
Accumulated depreciation	-	(6)	(381)	(16,212)	-	(16,599)
<b>Net book value as at 30 June 2023</b>	<b>17,997</b>	<b>10,717</b>	<b>1,013,077</b>	<b>7,122</b>	<b>28,716</b>	<b>1,077,629</b>

	Land \$'000	Buildings \$'000	Infrastructure assets \$'000	Plant equipment and vehicles \$'000	Works in progress \$'000	Total \$'000
<b>Year ended 30 June 2022</b>						
Opening net book amount - 1 July 2021	14,565	9,500	917,353	7,039	13,382	961,839
Fair value of assets received free of charge	-	292	3,379	-	-	3,671
Additions	-	31	15	1,644	21,974	23,664
Transfer between asset classes	-	58	10,256	466	(10,958)	(178)
Disposals	-	-	(519)	(233)	-	(752)
Depreciation charge	-	(421)	(33,848)	(1,462)	-	(35,731)
Revaluation	3,454	-	-	-	-	3,454
<b>Closing net book amount</b>	<b>18,019</b>	<b>9,460</b>	<b>896,636</b>	<b>7,454</b>	<b>24,398</b>	<b>955,967</b>
<b>Total as at 30 June 2022 represented by:</b>						
Gross book value	18,019	9,947	930,671	22,288	24,398	1,005,323
Accumulated depreciation	-	(487)	(34,035)	(14,834)	-	(49,356)
<b>Net book value as at 30 June 2022</b>	<b>18,019</b>	<b>9,460</b>	<b>896,636</b>	<b>7,454</b>	<b>24,398</b>	<b>955,967</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 4.1.2 Initial recognition and subsequent measurement

#### Infrastructure, property, plant, equipment and vehicles

Infrastructure, property, plant, equipment and vehicles represent non-current physical assets comprising land, buildings, infrastructure, plant, equipment and vehicles, used by Lower Murray Water in its operations. Items with a cost or value in excess of \$1,000 (2022: \$1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

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

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

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

#### Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103 Non-Financial Physical Assets (FRD 103). The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by Lower Murray Water to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

Lower Murray Water assets relating to land, buildings and infrastructure were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that rising interest rates and increased construction costs has caused.

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103. Lower Murray Water in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required. Fair value testing performed for 2022-23 determined that there is a difference of more than 10% between the carrying value and the annual assessment of fair value. As such a managerial revaluation of buildings and infrastructure has been undertaken.

In accordance with FRD103, Lower Murray Water completed a managerial revaluation as at 30 June 2023. Referencing Australian Bureau of Statistics (Producer Price Indexes, Australia, March 2023, Australian Bureau of Statistics ([abs.gov.au](https://abs.gov.au))) and Valuer-General Building (VGV) Valuer-General building indices, and Department of Treasury and Finance Victoria ([dtf.vic.gov.au](https://dtf.vic.gov.au)) indices. The revaluation identified the following movements in Lower Murray Water's asset classes:

- (i) Above ground infrastructure assets; PPI index movement from March 2021 to March 2023 (2 years)  
 $124.4/112.8 = 10.3\%$ .
- (ii) Below ground infrastructure assets, PPI index movement from March 2021 to March 2023 (2 years)  
 $133.2/114.7 = 16.1\%$ .
- (iii) VGV rural/regional building cost indexation factors for Victoria across both our residential 16.0% and commercial buildings 11.4%.

Given the material indices increase, Lower Murray Water is obliged to reflect the changes to its asset values as detailed in Table 4.1.1.

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

### 4.1.3 Accounting for revaluation movements

#### Infrastructure, property, plant and equipment

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

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

Revaluation reserves are not transferred to accumulated deficit on derecognition of the relevant asset.

Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, in which case the increment is recognised immediately as revenue.

Revaluation decrements are recognised immediately as an expense, except that, to the extent that a credit balance exists in the physical asset revaluation in respect of the same class of assets, they are debited to the physical asset revaluation reserve.

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

### 4.1.4 Depreciation and impairment

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

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

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

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

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

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

### Impairment

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

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

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

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

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

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

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

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Disposal of non-financial assets other than assets held for sale	(408)	(404)	(292)	(294)	(116)	(110)
<b>Net gain/(loss) on disposal</b>	<b>(408)</b>	<b>(404)</b>	<b>(292)</b>	<b>(294)</b>	<b>(116)</b>	<b>(110)</b>

## 4.2 Intangible assets

	Water shares \$'000	Software development costs \$'000	ZEW – Large-scale generator certificates \$'000	Total \$'000
<b>Year ended 30 June 2022</b>				
Opening net book amount - 1 July 2021	4,797	707	11	5,515
Additions	5,661	291	14	5,966
Transfer between asset classes	-	178	-	178
Amortisation	-	(263)	-	(263)
<b>Closing net book amount</b>	<b>10,458</b>	<b>913</b>	<b>25</b>	<b>11,396</b>
<b>Total as at 30 June 2022 represented by:</b>				
Cost of fair value	10,458	8,823	25	19,306
Accumulated amortisation	-	(7,910)	-	(7,910)
<b>Net book value as at 30 June 2022</b>	<b>10,458</b>	<b>913</b>	<b>25</b>	<b>11,396</b>
<b>Year ended 30 June 2023</b>				
Opening net book amount - 1 July 2022	10,458	913	25	11,396
Additions	-	67	13	80
Transfer between asset classes	-	33	-	33
Amortisation	-	(245)	-	(245)
<b>Closing net book amount</b>	<b>10,458</b>	<b>768</b>	<b>38</b>	<b>11,264</b>
<b>Total as at 30 June 2023 represented by:</b>				
Cost of fair value	10,458	8,923	38	19,419
Accumulated amortisation	-	(8,155)	-	(8,155)
<b>Net book value as at 30 June 2023</b>	<b>10,458</b>	<b>768</b>	<b>38</b>	<b>11,264</b>

### Recognition and measurement

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

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



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

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

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

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use (when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

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

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

### Water Share Entitlements

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

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

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

### Software development costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

### Software as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Corporation with the right to access the cloud provider's application software over the contract period. As such the Corporation does not receive a software intangible asset at the contract commencement date. [A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.]

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

The following outlines the accounting treatment (see Note 3.4) of costs incurred in relation to SaaS arrangements:

Recognise as an other expense (Note over the term of the service contract)	<ul style="list-style-type: none"> <li>• Fee for use of application software</li> <li>• Customisation costs</li> </ul>
Recognise as an other expense (Note 3.4) as the service is received	<ul style="list-style-type: none"> <li>• Configuration costs</li> <li>• Data conversion and migration costs</li> <li>• Testing costs</li> <li>• Training costs</li> </ul>

The Corporation made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements.

### Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses as the costs do not meet the recognition criteria under AASB 138 *Intangible Assets*.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software.

1. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront).
2. Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

During the financial year, the Corporation recognised \$3.6M (2022: \$0.4M) as prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

### Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, the Corporation has not developed any software codes that either enhances, modifies or creates additional capability to the existing owned software.

### Large-scale Generation Certificates

Large-scale Generation Certificates are recognised as an intangible asset on the Balance Sheet at cost as per the Corporation's policy choice as opposed to held for sale or surrender (in accordance with AASB 138 *Intangible Assets* and FRD 109 *Intangible Assets*), and will not be subject to amortisation, as the Large-scale Generation Certificates have an indefinite life.

### Impairment of intangible assets

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 5. OTHER ASSETS AND LIABILITIES

## Introduction

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

## Structure

- 5.1 Receivables
  - 5.1.1 Impairment of contractual receivables
  - 5.1.2 Reconciliation of the expected credit loss allowance
- 5.2 Contract Assets
- 5.3 Payables
  - 5.3.1 Ageing analysis of contractual payables
- 5.4 Contract liabilities
- 5.5 Inventories
- 5.6 Other financial assets and liabilities
  - 5.6.1 Investment in ZEW Ltd
- 5.7 Other non-financial assets

## 5.1 Receivables

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current</b>						
<b>Contractual</b>						
Trade receivables	10,386	9,005	6,082	5,225	4,304	3,780
Government receivables	6,401	27	-	-	6,401	27
Sundry debtors	2,241	2,511	1,398	1,318	843	1,193
Allowance for expected credit losses	(1,278)	(656)	(862)	(436)	(416)	(220)
	<b>17,750</b>	<b>10,887</b>	<b>6,618</b>	<b>6,107</b>	<b>11,132</b>	<b>4,780</b>
<b>Non contractual other receivables</b>						
Trade receivables non contractual	22	22	14	11	8	11
<b>Statutory</b>						
GST Receivables	859	823	536	432	323	391
<b>Total current receivables</b>	<b>18,631</b>	<b>11,732</b>	<b>7,168</b>	<b>6,550</b>	<b>11,463</b>	<b>5,182</b>
<b>Non-current</b>						
<b>Contractual</b>						
Sundry debtors	134	138	134	138	-	-
<b>Total non-current receivables</b>	<b>134</b>	<b>138</b>	<b>134</b>	<b>138</b>	<b>-</b>	<b>-</b>
<b>Total receivables</b>	<b>18,765</b>	<b>11,870</b>	<b>7,302</b>	<b>6,688</b>	<b>11,463</b>	<b>5,182</b>

Receivables consist of:

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

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

### 5.1.1 Impairment of contractual receivables

Lower Murray Water applies the AASB 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for contractual receivables. Trade receivables consist of service and usage charges that are either secured to a property (not expected to incur credit losses) or are charged to a tenant (expected credit loss). Lower Murray Water has grouped contractual receivables - service and usage charges on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Corporation's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year, including consideration of the impact of an economic downturn and rising interest rates might have on the impact of customers to make payments of their water bills.

Lower Murray Water has established an Expected Credit Loss (ECL) percentage rate using analysis of actual Tenant, Sundry and any Property debtor who have entered into Hardship Arrangement during 2022-23; receivables aged trial balances extracted from Lower Murray Water's property and metering enterprise software (PAM) and the aging profiles of the debtors with balances of tenant, sundry and property hardship arrangement aged debtor categories. On that basis, the loss allowance as at 30 June 2023 was determined as follows for receivables - service and usage charges and other receivables:

30 June 2023	Current	30 to 90 days past due	90 to 365 days past due	1-2 year	2-3 year	3+ year	Total
Expected loss rate	5.00%	5.00%	10.00%	100.00%	100.00%	100.00%	
Gross carrying amount - tenant receivables	28	-	246	246	149	258	927
Gross carrying amount - sundry debtors	927	456	119	78	77	65	1,722
Gross carrying amount - Total Hardship 22-23 (Arrangements)	56	1	776	84	27	105	1,049
<b>Loss allowance</b>	<b>51</b>	<b>23</b>	<b>114</b>	<b>408</b>	<b>253</b>	<b>428</b>	<b>1,277</b>

30 June 2022	Current	30 to 90 days past due	90 to 365 days past due	1-2 year	2-3 year	3+ year	Total
Expected loss rate	5.00%	5.00%	10.00%	50.00%	80.00%	100.00%	
Gross carrying amount - tenant receivables	278	-	298	197	114	190	887
Gross carrying amount - sundry debtors	48	176	296	238	51	32	809
<b>Loss allowance</b>	<b>16</b>	<b>9</b>	<b>59</b>	<b>218</b>	<b>132</b>	<b>222</b>	<b>656</b>

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

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

No interest is charged for the first 30 days from the invoice date. Thereafter, interest is charged at 5.3% per cent for 2023 (2022: 2.9%) for irrigation and drainage customers on the outstanding balance. The average credit period for sales of goods / services and for other receivables is 56 days (2022: 49 days). There are no material financial assets that are individually determined to be impaired.

There are no material financial assets that are individually determined to be impaired.

### 5.1.2 Reconciliation of the expected credit loss allowance

	2023 \$'000	2022 \$'000
Opening balance 1 July	656	553
Increase in provision recognised in the net result	622	103
<b>Balance as at 30 June</b>	<b>1,278</b>	<b>656</b>

The expected credit loss allowance is calculated based on debtor days and we then apply an expected default rate based on historical expected credit losses and forward looking estimates. As a result of increasing the

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

allowance for doubtful debts by \$0.103 million in 2022, upon reflecting the debtor payment evidence without under estimating the risks and uncertainties brought about by the current economic conditions using macroeconomic assumptions we have made a further increase to the provision by \$0.622 million in 2023. If the downturn in economic conditions endures the debtor payment ability in the future may change, it could have a material impact on our allowance for doubtful debts in the subsequent years.

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

### 5.2 Contract Assets

	2023 \$'000	2022 \$'000
Service and usage charges	243	152
<b>Total contract assets</b>	<b>243</b>	<b>152</b>
<i>Represented by</i>		
Current contract assets	243	152

Contract assets relating to service and usage charges, accrued revenue, is recognised for water and sewage usage as well as other works and services that have been provided to customers at balance date but not yet billed. Usage charges are all recognised as revenue when the service or other goods have been provided. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when Lower Murray Water issues a bill to the customer.

### 5.3 Payables

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current</b>						
<b>Contractual</b>						
Trade creditors and accrued expenses	4,696	6,307	1,486	2,875	3,210	3,432
Deposits	1,687	1,584	1,461	1,143	226	441
VMFRP creditors and accrued expenses	454	6,483	-	-	-	-
<b>Statutory</b>						
GST Payable	378	393	198	223	180	170
<b>Total trade and other payables</b>	<b>7,215</b>	<b>14,767</b>	<b>3,145</b>	<b>4,241</b>	<b>3,616</b>	<b>4,043</b>

Payables consist of:

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

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, statutory payables are not classified as financial instruments. All payables are classified as current with none older than 12 months.



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 5.3.1 Ageing analysis of contractual payables

	Carrying amount	Nominal amount	Maturity dates		
	\$'000	\$'000	Less than 1 month	1 - 3 months	3 months - 1 year
30 June 2023			\$'000	\$'000	\$'000
Supplies and services	5,528	5,528	4,796	603	129
Other payables	1,687	1,687	47	178	1,462
<b>Total</b>	<b>7,215</b>	<b>7,215</b>	<b>4,843</b>	<b>781</b>	<b>1,591</b>
<b>30 June 2022</b>					
Supplies and services	13,183	13,183	12,759	424	-
Other payables	1,584	1,584	4	26	1,554
<b>Total</b>	<b>14,767</b>	<b>14,767</b>	<b>12,763</b>	<b>450</b>	<b>1,554</b>

## 5.4 Contract liabilities

	2023 \$'000	2022 \$'000
Customers paid in advance	1,580	3,277
<b>Total contract liabilities</b>	<b>1,580</b>	<b>3,277</b>
<i>Represented by</i>		
Current contract liabilities	1,580	3,277

	Service usage charges - customer paid in advance \$'000	Developer contributions - unearned income \$'000	Total \$'000
<b>Carrying amount as at 1 July 2021</b>	399	1,503	1,902
Add: Payments received in advance for provision of goods and services	1,468	1,456	2,924
Less: Revenue recognised in the reporting period for the completion of performance obligations	(42)	(1,507)	(1,549)
<b>Closing balance at 30 June 2022</b>	<b>1,825</b>	<b>1,452</b>	<b>3,277</b>
Add: Payments received in advance for provision of goods and services	1,376	216	1,592
Less: Revenue recognised in the reporting period for the completion of performance obligations	(1,662)	(1,627)	(3,289)
<b>Total contract liabilities at 30 June 2023</b>	<b>1,539</b>	<b>41</b>	<b>1,580</b>

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

## Significant changes in contract liabilities

The decrease in 2023 contract liability was due to a decrease in overall contract activity.

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 5.5 Inventories

	2023 \$'000	2022 \$'000
<b>Current</b>		
<i>Stores and consumables - at cost</i>		
Inventories and consumables	4,710	4,540
Biological assets	83	128
<i>Allowance for Inventory Obsolescence</i>		
- Less Allowance for Inventory Obsolescence	(447)	-
<b>Total current inventories</b>	<b>4,346</b>	<b>4,668</b>
<b>Total inventories</b>	<b>4,346</b>	<b>4,668</b>

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

Lower Murray Water must value its inventory at the lower of cost and net realisable value. A recent review has identified that an Allowance for Inventory Obsolescence per AASB 102 *Inventories* is required. Lower Murray Water has \$0.447 million ownership of slow-moving non critical inventory items that has been provided for obsolescence that have had no movement for up to ten years.

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

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

## 5.6 Other financial assets and liabilities

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current</b>						
Investment in Zero Emissions Water (ZEW) Ltd	5	5	3	3	2	2
<b>Total other financial assets</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>

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

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current</b>						
Derivative financial instrument - ZEW	261	146	163	76	98	70
<b>Total other financial liabilities</b>	<b>261</b>	<b>146</b>	<b>163</b>	<b>76</b>	<b>98</b>	<b>70</b>

## 5.6.1 Investment in ZEW Ltd

Lower Murray Water is one of 12 water corporation Members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility in Victoria and in turn supply these products to its Members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

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

Under the Members' Agreement Lower Murray Water as a member is limited to \$10 in the event of a wind up. As required by Australian Accounting Standards, Lower Murray Water has assessed the nature of its relationship

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

with ZEW, and has concluded that it does not have control, joint control or significant influence over ZEW. Lower Murray Water will account for its investment in ZEW as a financial instrument within the scope of AASB 9 *Financial Instruments*. ZEW is a related party of Lower Murray Water.

The Members' Agreement specifies that ZEW may call on the Corporation to make a loan available to ZEW amounting to \$36,000. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. At 30 June 2023, ZEW had requested and received a loan payment of \$5,000. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

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

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

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

### 5.7 Other non-financial assets

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current</b>						
Prepayments	1,814	1,043	1,126	548	688	495
<b>Total other non-financial assets</b>	<b>1,814</b>	<b>1,043</b>	<b>1,126</b>	<b>548</b>	<b>688</b>	<b>495</b>

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 6. HOW WE FINANCED OUR OPERATIONS

## Introduction

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

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

## Structure

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

## 6.1 Interest bearing liabilities

	Total		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current interest-bearing liabilities</b>						
Loans from Treasury Corporation of Victoria (TCV)	5,048	3,988	3,020	494	2,028	3,494
<b>Total current interest-bearing liabilities</b>	<b>5,048</b>	<b>3,988</b>	<b>3,020</b>	<b>494</b>	<b>2,028</b>	<b>3,494</b>
<b>Non-current interest-bearing liabilities</b>						
Loans from Treasury Corporation of Victoria (TCV)	62,784	50,830	23,142	16,415	39,642	34,415
<b>Total non-current interest-bearing liabilities</b>	<b>62,784</b>	<b>50,830</b>	<b>23,142</b>	<b>16,415</b>	<b>39,642</b>	<b>34,415</b>
<b>Total interest-bearing liabilities</b>	<b>67,832</b>	<b>54,818</b>	<b>26,162</b>	<b>16,909</b>	<b>41,670</b>	<b>37,909</b>

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

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

## 6.1.1 Maturity analysis of interest-bearing liabilities

	Total		Current (12 months)		Non-Current (12 months)		Non-Current (Over 5 years)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Loans from TCV	67,832	54,818	5,048	3,988	19,602	8,000	43,182	42,830
<b>Total</b>	<b>67,832</b>	<b>54,818</b>	<b>5,048</b>	<b>3,988</b>	<b>19,602</b>	<b>8,000</b>	<b>43,182</b>	<b>42,830</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 6.1.2 Interest expense

	TOTAL		WATER & WASTEWATER		IRRIGATION & DRAINAGE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest on loans from Treasury Corporation of Victoria (TCV)	2,764	2,227	1,055	951	1,709	1,276
Financial accommodation levy	513	468	198	184	315	284
<b>Total interest expense</b>	<b>3,277</b>	<b>2,695</b>	<b>1,253</b>	<b>1,135</b>	<b>2,024</b>	<b>1,560</b>

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

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

When Lower Murray Water carries borrowings in excess of \$5 Million it is obligated to pay to the Victorian government a Financial Accommodation Levy (FAL). On the basis of Lower Murray Water's "A" credit rating, a FAL of 48 basis points is applied to all new financial accommodation in 2023 (2022 - 49 basis points) assessed from Treasury Corporation of Victoria (TCV). FAL incurred by Lower Murray Water is accounted for as a borrowing cost for the purpose of presentation in the general purpose financial statements.

### 6.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank.

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

	2023 \$'000	2022 \$'000
Cash on hand	-	1
Cash at bank	11,513	15,690
<b>Balance as per cash flow statement</b>	<b>11,513</b>	<b>15,691</b>

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

	2023 \$'000	2022 \$'000
Net result for the period	(14,158)	(19,306)
<b>Non-cash movements</b>		
Depreciation and amortisation	36,571	35,994
Income tax benefit	6,565	4,314
Gifted Assets	(3,672)	(7,341)
	<b>25,306</b>	<b>13,661</b>
<b>Movements in assets and liabilities</b>		
Increase in receivables	(6,896)	(1,145)
Increase in inventories	(322)	(376)
Increase in prepayments	(771)	(395)
Decrease in payables and provisions	(21,835)	(3,544)
Increase/(decrease) in employee benefits	(560)	871
<b>Net cash provided by/(used in) operating activities</b>	<b>(5,078)</b>	<b>9,072</b>

#### 6.2.2 Financing facilities

	2023 \$'000	2022 \$'000
<b>Unsecured bank overdraft facility, reviewed annually and payable at call</b>		
Amount unused	500	500
<b>Total</b>	<b>500</b>	<b>500</b>



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 6.3 Commitments for expenditure

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

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

#### 6.3.1 Total commitments payable

	Less than 1 year \$'000	Total \$'000
<b>Nominal Amounts 2023</b>		
Capital commitments payable	10,356	10,356
Operating commitments payable	2,020	2,020
<b>Total commitments (inclusive of GST)</b>	<b>12,376</b>	<b>12,376</b>
Less GST recoverable	1,106	1,106
<b>Total commitments (exclusive of GST)</b>	<b>11,271</b>	<b>11,271</b>
<b>Nominal Amounts 2022</b>		
Capital commitments payable	18,015	18,015
Operating commitments payable	10,289	10,289
<b>Total commitments (inclusive of GST)</b>	<b>28,304</b>	<b>28,304</b>
Less GST recoverable	2,562	2,562
<b>Total commitments (exclusive of GST)</b>	<b>25,742</b>	<b>25,742</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

#### Introduction

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

#### Structure

- 7.1 Financial instruments specific disclosures
  - 7.1.1 Financial instruments: categorisation
  - 7.1.2 Financial risk management objectives and policies
- 7.2 Contingent assets and contingent liabilities
  - 7.2.1 Contingent assets
  - 7.2.2 Contingent liabilities
- 7.3 Fair value determination
  - 7.3.1 Fair value of financial instruments measured at amortised cost
  - 7.3.2 Fair value determination - Non-financial physical assets
  - 7.3.3 Fair value determination - Financial instruments

#### 7.1 Financial instruments specific disclosures

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

These financial instruments include:

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

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

#### Financial assets and liabilities at fair value through profit or loss

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

#### Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Precedent are met and on subsequent measurement.

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
<b>Financial assets at amortised cost</b>		
Financial assets include: <ul style="list-style-type: none"> <li>• Loans and receivables;</li> <li>• cash and deposits;</li> <li>• receivables;</li> <li>• term deposits</li> <li>• certain debt securities; and</li> <li>• Investment in ZEW</li> </ul>	Fair value plus or minus any directly attributable transaction costs.	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: <ul style="list-style-type: none"> <li>• the asset is held within a business model whose objective is to collect the contractual cash flows, and</li> <li>• the contractual terms give rise to cash flows that are solely payments of principal and interest.</li> </ul>
<b>Financial assets at fair value through net results</b>		
Derivative instruments	Fair value through net result.	Derivatives are carried as assets when their fair value is positive. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.
<b>Financial liabilities at amortised cost</b>		
Financial liabilities include: <ul style="list-style-type: none"> <li>• payables (excluding statutory payables); and</li> <li>• borrowings</li> </ul>	Fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest-bearing liability using the effective interest rate method.
<b>Derivative financial instruments</b>		
Derivative financial instruments	Fair value through net result.	Derivatives are carried as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

### Offsetting financial instruments

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

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

### Derecognition of financial assets and liabilities

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

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

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

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

### **Impairment of financial assets**

At the end of each reporting period, Lower Murray Water assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Climate-related matters may be relevant in the calculation of expected credit losses if, for example, they impact the range of potential future economic scenarios or assessment of significant increases in credit risk. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Lower Murray Water records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9's impairment assessment includes Lower Murray Water's contractual receivables, statutory receivables and its investment in debt instruments. Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 5.1) are also subject to impairment. Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no impairment identified.

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 7.1.1 Financial instruments: categorisation

		Cash and deposits	Financial assets / liabilities designated at fair value through profit/loss (FVTPL)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>						
<b>Contractual financial assets</b>						
Cash and deposits	6.2	11,513	-	-	-	11,513
<b>Receivables</b>						
Trade receivables	5.1	-	-	17,885	-	17,885
<b>Derivative financial assets</b>						
Investment in Zero Emissions Water (ZEW) Ltd	5.6	-	3	5	-	8
<b>Total contractual financial assets</b>		<b>11,513</b>	<b>3</b>	<b>17,890</b>	<b>-</b>	<b>29,406</b>
<b>Contractual financial liabilities</b>						
<b>Payables</b>						
Trade creditors and accrued expenses	5.2	-	-	-	7,215	7,215
Contract liabilities	5.3	-	-	-	1,580	1,580
<b>Borrowings</b>						
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	-	67,832	67,832
<b>Derivative financial liabilities</b>						
Financial liabilities designated at fair value through profit or loss	5.6	-	261	-	-	261
<b>Total contractual financial liabilities</b>		<b>-</b>	<b>261</b>	<b>-</b>	<b>76,627</b>	<b>76,888</b>

		Cash and deposits	Financial assets / liabilities designated at fair value through profit/loss (FVTPL)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>						
<b>Contractual financial assets</b>						
Cash and deposits	6.2	15,691	-	-	-	15,691
<b>Receivables</b>						
Trade receivables	5.1	-	-	11,025	-	11,025
<b>Derivative financial assets</b>						
Investment in Zero Emissions Water (ZEW) Ltd	5.6	-	3	5	-	8
<b>Total contractual financial assets</b>		<b>15,691</b>	<b>3</b>	<b>11,030</b>	<b>-</b>	<b>26,724</b>
<b>Contractual financial liabilities</b>						
<b>Payables</b>						
Trade creditors and accrued expenses	5.2	-	-	-	14,767	14,767
Contract liabilities	5.3	-	-	-	3,277	3,277
<b>Borrowings</b>						
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	-	54,818	54,818
<b>Derivative financial liabilities</b>						
Financial liabilities designated at fair value through profit or loss	5.6	-	146	-	-	146
<b>Total contractual financial liabilities</b>		<b>-</b>	<b>146</b>	<b>-</b>	<b>72,862</b>	<b>73,008</b>

## 7.1.2 Financial risk management objectives and policies

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

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

### Credit risk

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

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

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

Except as otherwise detailed in section 5.1.2, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Lower Murray Water's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Lower Murray Water is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, Lower Murray Water has adjusted the credit risk profile in assessing the expected loss allowance in 2022-23 (refer to Note 5.1.2).

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

At 30 June 2023, Lower Murray Water has no other significant credit risk. There has been no material change to Lower Murray Water's credit risk profile in 2022-23.



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## Credit quality of financial assets

	Financial institutions (A-1+) \$'000	Government agencies (AAA) \$'000	Other \$'000	Total \$'000
<b>2023</b>				
<b>Financial assets</b>				
Cash and cash equivalents	11,513	-	-	11,513
Receivables (excl. statutory receivables)	-	-	17,884	17,884
<b>Total financial assets</b>	<b>11,513</b>	<b>-</b>	<b>17,884</b>	<b>29,397</b>
<b>2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	15,691	-	-	15,691
Receivables (excl. statutory receivables)	-	-	9,550	9,550
<b>Total financial assets</b>	<b>15,691</b>	<b>-</b>	<b>9,550</b>	<b>25,241</b>

## Liquidity risk

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

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

Lower Murray Water manages its liquidity risk by:

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

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

The table below illustrates the maturity analysis of the derivative financial liabilities:

	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>							
Derivative liability	(261)	-	-	-	-	-	(261)
<b>Total</b>	<b>(261)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(261)</b>
<b>2022</b>							
Derivative liability	(146)	-	-	-	-	-	(146)
<b>Total</b>	<b>(146)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146)</b>

## Market risk

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

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

## (i) Interest Rate Risk

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

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

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

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

Interest rate exposure					
	Carrying amount	Weighted average interest rate	Fixed interest rate	Variable interest rate	Non-interest bearing
	\$'000	%	\$'000	\$'000	\$'000
<b>2023</b>					
<b>Contractual Financial assets</b>					
Cash and deposits	11,513	3.18%	-	11,513	-
Contractual financial receivables	3,277	1.92%	-	3,277	-
<b>Total financial assets</b>	<b>14,790</b>		<b>-</b>	<b>14,790</b>	<b>-</b>
<b>Contractual financial liabilities</b>					
Loans from Treasury Corporation of Victoria (TCV)	67,832	4.65%	67,832	-	-
<b>Total financial liabilities</b>	<b>67,832</b>		<b>67,832</b>	<b>-</b>	<b>-</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and deposits	15,691	0.27%	-	15,691	-
Contractual financial receivables	2,695	1.19%	-	2,695	-
<b>Total financial assets</b>	<b>18,386</b>		<b>-</b>	<b>18,386</b>	<b>-</b>
<b>Contractual financial liabilities</b>					
Loans from Treasury Corporation of Victoria (TCV)	54,818	4.77%	54,818	-	-
<b>Total financial liabilities</b>	<b>54,818</b>		<b>54,818</b>	<b>-</b>	<b>-</b>

### Interest rate sensitivity

#### *Sensitivity disclosure analysis and assumptions*

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

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

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

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

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	Carrying amount \$'000	-100 basis points		+100 basis points	
		Net Result \$'000	Equity \$'000	Net Result \$'000	Equity \$'000
<b>2023</b>					
Cash and deposits	11,513	(115)	(115)	115	115
Contractual financial receivables	3,277	(33)	(33)	33	33
Loans from Treasury Corporation of Victoria (TCV)	67,832	-	-	-	-
<b>Total</b>	<b>82,622</b>	<b>(148)</b>	<b>(148)</b>	<b>148</b>	<b>148</b>
<b>2022</b>					
Cash and deposits	15,691	(157)	(157)	157	157
Contractual financial receivables	2,695	(9)	(9)	9	9
Loans from Treasury Corporation of Victoria (TCV)	54,818	-	-	-	-
<b>Total</b>	<b>73,204</b>	<b>(166)</b>	<b>(166)</b>	<b>166</b>	<b>166</b>

**(ii) Foreign Exchange Risk**

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

**(iii) Other Price Risk**

Lower Murray Water uses the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into this PPA to minimise a portion of the price risk to the Lower Murray Water.

**7.2 Contingent assets and contingent liabilities**

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

**7.2.1 Contingent assets**

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

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

As at 30 June 2023, various developers have agreed to construct assets. These assets are under construction or have not yet commenced construction.

As at 30 June 2023, due to the flood impact within Lower Murray Water's region and resultant - flood recovery works undertaken and further remediation works planned, Lower Murray Water has outstanding flood related claims with Department of Energy, Environment and Climate Action of \$8.7m for which the timing and quantum of any funding has yet to be advised.

**7.2.2 Contingent liabilities**

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- present obligations that arise from past events but are not recognised because:

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
- the amount of the obligations cannot be measured with sufficient reliability.

As at 30 June 2023, Lower Murray Water has contingent liabilities for which the amount and timing of the obligation cannot be measured with certainty. The liabilities relate to building code compliance works, remediation work for a wastewater treatment plant and the decommissioning of a pump station and its surrounding infrastructure.

### 7.3 Fair value determination

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

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

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

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

The following assets and liabilities are carried at fair value:

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

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

### Fair value hierarchy

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

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

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

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

### How this section is structured

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

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

### 7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2023 \$'000	Fair value 2023 \$'000	Carrying amount 2022 \$'000	Fair value 2022 \$'000
<b>Financial assets</b>				
<b>Receivables</b>				
Loans to third parties	5	-	5	5
<b>Financial liabilities</b>				
Loans from TCV	67,832	67,832	54,818	54,818

### 7.3.2 Fair value determination - Non-financial physical assets

	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Land at fair value</b>				
Non-specialised land	5,774	-	5,774	-
Specialised land	12,223	-	-	12,223
<b>Total Land at fair value</b>	<b>17,997</b>	<b>-</b>	<b>5,774</b>	<b>12,223</b>
<b>Buildings at fair value</b>				
Non-specialised buildings	6,911	-	6,911	-
Specialised buildings	3,806	-	-	3,806
<b>Total Buildings at fair value</b>	<b>10,717</b>	<b>-</b>	<b>6,911</b>	<b>3,806</b>
<b>Plant and equipment at fair value</b>				
Vehicles	4,155	-	-	4,155
Plant and equipment	2,967	-	-	2,967
<b>Total Plant and equipment at fair value</b>	<b>7,122</b>	<b>-</b>	<b>-</b>	<b>7,122</b>
<b>Infrastructure assets at fair value</b>				
Water storage	25,471	-	-	25,471
Water pumping stations	25,651	-	-	25,651
Sewer pumping stations	20,400	-	-	20,400
Irrigation pumping stations	54,848	-	-	54,848
Water treatment plants	74,570	-	-	74,570
Waste water treatment plants	27,778	-	-	27,778
Water pipeline infrastructure	153,008	-	-	153,008
Sewer pipeline infrastructure	183,474	-	-	183,474
Irrigation pipeline infrastructure	426,745	-	-	426,745
Other structures	21,132	-	-	21,132
<b>Total Infrastructure assets at fair value</b>	<b>1,013,077</b>	<b>-</b>	<b>-</b>	<b>1,013,077</b>
<b>Total assets at fair value (excluding works in progress)</b>	<b>1,048,913</b>	<b>-</b>	<b>12,685</b>	<b>1,036,228</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

	Carrying amount as at 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Land at fair value</b>				
Non-specialised land	5,818	-	5,818	-
Specialised land	12,201	-	-	12,201
<b>Total Land at fair value</b>	<b>18,019</b>	<b>-</b>	<b>5,818</b>	<b>12,201</b>
<b>Buildings at fair value</b>				
Non-specialised buildings	6,146	-	6,146	-
Specialised buildings	3,314	-	-	3,314
<b>Total Buildings at fair value</b>	<b>9,460</b>	<b>-</b>	<b>6,146</b>	<b>3,314</b>
<b>Plant and equipment at fair value</b>				
Vehicles	4,438	-	-	4,438
Plant and equipment	3,016	-	-	3,016
<b>Total Plant and equipment at fair value</b>	<b>7,454</b>	<b>-</b>	<b>-</b>	<b>7,454</b>
<b>Infrastructure assets at fair value</b>				
Water storage	21,183	-	-	21,183
Water pumping stations	24,170	-	-	24,170
Sewer pumping stations	17,379	-	-	17,379
Irrigation pumping stations	48,605	-	-	48,605
Water treatment plants	66,841	-	-	66,841
Waste water treatment plants	26,481	-	-	26,481
Water pipeline infrastructure	133,942	-	-	133,942
Sewer pipeline infrastructure	159,097	-	-	159,097
Irrigation pipeline infrastructure	381,200	-	-	381,200
Other structures	17,738	-	-	17,738
<b>Total Infrastructure assets at fair value</b>	<b>896,636</b>	<b>-</b>	<b>-</b>	<b>896,636</b>
<b>Total assets at fair value (excluding works in progress)</b>	<b>931,569</b>	<b>-</b>	<b>11,964</b>	<b>919,605</b>

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2023.

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

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

Although it is intended that asset valuations will be based on a five year cycle, FRD 103 *Non financial physical assets* requires entities to perform annual fair value assessments for each class of non financial physical assets to determine whether additional revaluations need to be undertaken between revaluation cycles. Management perform interim valuations when the triggers of FRD103 are met. Fair value testing performed for 2022-23 determined that there is a difference of more than 10% between the carrying value and the annual assessment of fair value. As such a managerial revaluation of buildings and infrastructure has been undertaken.

In accordance with FRD103, Lower Murray Water completed a managerial revaluation as at 30 June 2023. Referencing Australian Bureau of Statistics (Producer Price Indexes, Australia, March 2023, Australian Bureau of Statistics (abs.gov.au)) and Valuer-General Building (VGV) Valuer-General building indices, and Department of Treasury and Finance Victoria (dtf.vic.gov.au) indices. Referencing these indices Lower Murray Water has determined that there is a difference of more than 10% between the carrying value and the annual assessment of fair value. As such, a managerial revaluation of these assets has been undertaken. The revaluation identified increments in Lower Murray Water's asset classes of Buildings (\$1.310 million) and Infrastructure (\$126.793 million) for year ending 30 June 2023.



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### Non-specialised land

Non-specialised land is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value. An independent valuation was performed by WBP Group to determine fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2023.

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

### Specialised land specialised and non-specialised buildings

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

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

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

### Plant, equipment and vehicles

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

There were no changes in valuation techniques throughout the period to 30 June 2023.

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

### Water and sewer infrastructure assets

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

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

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

There were no changes in valuation techniques used throughout the period to 30 June 2023.

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

### Climate related risk

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

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

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

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

Lower Murray Water will further enhance the understanding of exposure of climate change risk in the process of executing Lower Murray Water's climate change action plan over the next 5 years. As at 30 June 2023, Lower Murray Water considered climate-related risk in the preparation of the financial statements.

### Biological assets

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

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

### Livestock

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

### Climate related factors and fair value measurement

Market participants' views of potential climate-related matters, including legislation, may affect the fair value measurement of assets and liabilities in the financial statements. Where relevant, climate-related matters may also affect the disclosure of fair value measurements, particularly those categorised within Level 3 of the fair value hierarchy. AASB 13 requires disclosure of unobservable inputs used in fair value measurements. Those inputs should reflect the assumptions that market participants would use, including assumptions about climate-related risk.

Lower Murray Water's infrastructure, property, plant and equipment assets are exposed to the risk of damage from extreme weather events such as storms, high winds, floods and drought. Changes in global climate conditions could intensify one or more of these events. In addition, extreme weather events may also increase the cost of operations. Lower Murray Water has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection.

Lower Murray Water has incorporated considerations for climate change into its risk management practices, such as the establishment and maintenance of flood management systems and increased monitoring during fire danger periods. Physical risks arising from fires, floods and drought are to a great extent subject to risk transfer and thereby within the cover of Lower Murray Water's property and business interruption insurance programmes. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 7.3.3 Fair value determination - Financial instruments

	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Derivative financial liabilities at fair value</b>				
Derivative instrument - Zero Emissions Water	261	-	-	261
<b>Total Derivative financial liabilities at fair value</b>	<b>261</b>	<b>-</b>	<b>-</b>	<b>261</b>

	Carrying amount as at 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Derivative financial liabilities at fair value</b>				
Derivative instrument - Zero Emissions Water	146	-	-	146
<b>Total Derivative financial liabilities at fair value</b>	<b>146</b>	<b>-</b>	<b>-</b>	<b>146</b>

**Derivative financial liabilities**

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

To the extent that the significant inputs are unobservable, the Corporation categorises these derivatives as Level 3 within the fair value hierarchy. A reconciliation from the opening balances to the closing balances for fair value measurements is set out within the following table categorised within Level 3 of the fair value hierarchy for financial instruments, disclosing separately changes during the period.

	Derivative financial instruments \$'000
<b>2023</b>	
<b>Opening balance</b>	<b>(146)</b>
Initial recognition of derivative financial instruments	(1)
Net revaluation increments / decrements	(114)
<b>Closing balance</b>	<b>(261)</b>
<b>2022</b>	
<b>Opening balance</b>	<b>(193)</b>
Net revaluation increments / decrements	47
<b>Closing balance</b>	<b>(146)</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 7.3.4 Reconciliation of Level 3 fair value movements

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

	Carrying amount 1 July	Fair value of assets received free of charge or for nominal considerations	Additions	Transfers between classes	Transfers in (out) of Level 3	Disposals	Depreciation	Transfer from (to) assets held for sale/ revaluation	Carrying amount 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>									
<b>Land</b>									
Specialised land	12,201	-	22	-	-	-	-	-	12,223
<b>Buildings</b>									
Specialised building	3,314	-	225	-	-	-	(98)	365	3,806
<b>Plant, equipment and vehicles</b>									
Vehicles	4,438	-	532	-	-	(215)	(635)	35	4,155
Equipment	3,016	5	724	34	-	(36)	(776)		2,967
<b>Infrastructure</b>									
Water storage tanks	21,183	-	3,222	-	-	-	(1,012)	2,078	25,471
Water pumping stations	24,170	-	183	-	-	-	(1,077)	2,375	25,651
Sewer pumping stations	17,379	215	2,091	-	-	-	(976)	1,691	20,400
Irrigation pumping stations	48,605	4	3,369	-	-	-	(2,820)	5,690	54,848
Water treatment plants	66,841	-	5,868	(67)	-	-	(4,488)	6,416	74,570
Waste water treatment plants	26,481	-	712	-	-	-	(1,938)	2,523	27,778
Water pipeline infrastructure	133,942	905	655	-	-	(109)	(3,438)	21,053	153,008
Sewer pipeline infrastructure	159,097	2,101	1,545	-	-	(185)	(4,069)	24,985	183,474
Irrigation pipeline infrastructure	381,200	167	3,111	(1,762)	-	(202)	(14,144)	58,375	426,745
Other structures	17,738	281	189	1,478	-	(22)	(345)	1,813	21,132
<b>Closing balance</b>	<b>919,605</b>	<b>3,678</b>	<b>22,448</b>	<b>(317)</b>	<b>-</b>	<b>(769)</b>	<b>(35,816)</b>	<b>127,399</b>	<b>1,036,228</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

	Carrying amount 1 July	Fair value of assets received free of charge or for nominal considerations	Additions	Transfers between classes	Transfers in (out) of Level 3	Disposals	Depreciation	Transfer from (to) assets held for sale/ revaluation	Carrying amount 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>									
<b>Land</b>									
Specialised land	10,427	-	-	-	-	-	-	1,774	12,201
<b>Buildings</b>									
Non-specialised	6,154	292	31	(3)	(6,148)	-	(326)	-	-
Specialised building	3,346	-	-	63	-	-	(95)	-	3,314
<b>Plant, equipment and vehicles</b>									
Vehicles	4,445	-	994	1	-	(434)	(495)	(73)	4,438
Equipment	2,594	-	644	509	-	(262)	(469)	-	3,016
<b>Infrastructure</b>									
Water storage tanks	22,128	-	-	20	-	-	(965)	-	21,183
Water pumping stations	23,860	-	-	1,342	-	-	(1,032)	-	24,170
Sewer pumping stations	17,868	-	-	407	-	-	(896)	-	17,379
Irrigation pumping stations	49,928	-	-	1,412	-	-	(2,735)	-	48,605
Water treatment plants	70,339	-	-	841	-	-	(4,339)	-	66,841
Waste water treatment plants	28,268	-	-	137	-	-	(1,924)	-	26,481
Water pipeline infrastructure	133,703	1,087	-	2,689	-	(126)	(3,411)	-	133,942
Sewer pipeline infrastructure	159,967	2,290	-	973	-	(138)	(3,995)	-	159,097
Irrigation pipeline infrastructure	393,207	-	11	2,450	-	(290)	(14,178)	-	381,200
Other structures	18,085	-	-	-	-	-	(347)	-	17,738
<b>Closing balance</b>	<b>944,319</b>	<b>3,669</b>	<b>1,680</b>	<b>10,841</b>	<b>(6,148)</b>	<b>(1,250)</b>	<b>(35,207)</b>	<b>1,701</b>	<b>919,605</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## Description of significant unobservable inputs to Level 3 valuations.

2023 and 2022	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligations (CSO) adjustment VGV provided
Non-Specialised Buildings	Current replacement cost	Direct cost per sqm Useful life of specialised buildings
Specialised buildings	Current replacement cost	Direct cost per sqm Useful life of specialised buildings
Vehicles	Current replacement cost	Cost per unit Useful life of vehicles
Plant and equipment	Current replacement cost	Cost per unit Useful life of plant & equipment
Water storage	Current replacement cost	Cost per unit Useful life of water storages
Water pumping stations	Current replacement cost	Cost per unit Useful life of water pumping stations
Sewer pumping stations	Current replacement cost	Cost per unit Useful life of sewer pumping stations
Irrigation pumping stations	Current replacement cost	Cost per unit Useful life of irrigation pumping stations
Water treatment plans	Current replacement cost	Cost per unit Useful life of water treatment plants
Wastewater treatment plans	Current replacement cost	Cost per unit Useful life of wastewater treatment plants
Water pipeline infrastructure	Current replacement cost	Cost per metre Useful life of wastewater pipeline infrastructure
Sewer pipeline infrastructure	Current replacement cost	Cost per metre Useful life of sewer pipeline infrastructure
Irrigation pipeline infrastructure	Current replacement cost	Cost per metre Useful life of irrigation pipeline infrastructure
Other structures	Current replacement cost	Cost per unit Useful life of other structures
ZEW Derivative financial instrument	Income approach (discounted cash flow)	Wholesale electricity price forecast Discount rate - risk free rates of zero coupon government bonds Credit value adjustment - Australian Corporate Bond Spreads and Yields FNF5BBB10M
Biological assets Breeding livestock	Current replacement cost	Average cost per head Of the sheep



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 8. STATUTORY OBLIGATIONS

## Introduction

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

## Structure

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

## 8.1 Tax

## 8.1.1 Income tax

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

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

	2023 \$'000	2022 \$'000
<b>Income statement</b>		
Current income tax expense (paid or payable)	-	-
Adjustment for prior years	-	-
<b>Deferred income tax expense</b>		
Temporary differences	6,565	4,314
Adjustment for prior years	-	-
<b>Income tax reported in the Income Statement</b>	<b>6,565</b>	<b>4,314</b>
<b>Statement of changes in equity</b>		
Current tax - credited/(debited)	-	-
Net deferred tax - debited/(credited) directly to equity	38,433	1,036
<b>Income tax reported in equity</b>	<b>38,433</b>	<b>1,036</b>
<b>Tax reconciliation</b>		
Net result before income tax expense	(20,723)	(23,620)
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)	(6,217)	(7,086)
Adjustment in respect of income tax of previous year	-	-
Non-deductible items	(348)	2,772
<b>Income tax on loss/(revenue) before tax</b>	<b>(6,565)</b>	<b>(4,314)</b>

## 8.1.2 Deferred tax assets and liabilities

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

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

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## Deferred tax assets

	2023 \$'000	2022 \$'000
<b>Amounts recognised in Comprehensive Operating Statement</b>		
Doubtful debts	383	197
Employee benefits	1,807	1,969
Tax losses	16,740	15,996
Other	207	194
<b>Total deferred tax assets</b>	<b>19,137</b>	<b>18,356</b>
<b>Movements:</b>		
<b>Opening balance at 1 July</b>	<b>18,356</b>	<b>19,870</b>
(Credited)/debited to the Comprehensive Operating Statement	781	(1,514)
<b>Closing balance at 30 June</b>	<b>19,137</b>	<b>18,356</b>
Deferred tax asset to be recovered after more than 12 months	2,358	2,322
Deferred tax asset to be recovered within 12 months	39	38
Tax losses	16,740	15,996
<b>Closing balance at 30 June</b>	<b>19,137</b>	<b>18,356</b>

## Deferred tax liabilities

	2023 \$'000	2022 \$'000
<b>Amounts recognised in Comprehensive Operating Statement</b>		
Prepayments	1	1
Other deferred tax liabilities	18	17
<b>Amounts recognised directly in equity</b>	<b>19</b>	<b>18</b>
Revaluation of infrastructure, property, plant and equipment	185,084	152,439
<b>Total deferred tax liabilities</b>	<b>185,103</b>	<b>152,457</b>
<b>Movements:</b>		
<b>Opening balance at 1 July</b>	<b>152,457</b>	<b>157,249</b>
Debited to the Comprehensive Operating Statement	(5,787)	(5,828)
Credited/(debited) to other comprehensive income	38,433	1,036
<b>Closing balance at 30 June</b>	<b>185,103</b>	<b>152,457</b>
Deferred tax asset to be recovered after more than 12 months	185,103	152,457
Deferred tax asset to be recovered within 12 months	-	-
<b>Closing balance at 30 June</b>	<b>185,103</b>	<b>152,457</b>
<b>Total net deferred tax liability</b>	<b>(165,966)</b>	<b>(134,101)</b>

## 8.2 Environmental contribution

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

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

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

## 8.2.1 Environmental contribution expense

	2023 \$'000	2022 \$'000
Environmental contribution levy	2,251	2,251

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 9. OTHER DISCLOSURES

## Introduction

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

## Structure

- 9.1 Reserves
  - 9.1.1 Contributed Capital
  - 9.1.2 Asset revaluation surplus
  - 9.1.3 Accumulated deficit
- 9.2 Other economic flows included in net results
- 9.3 Events occurring after the balance date
- 9.4 Responsible persons
- 9.5 Remuneration of executives
- 9.6 Related parties
- 9.7 Remuneration of auditors
- 9.8 Australian Accounting Standards issued that are not yet effective

## 9.1 Reserves

## 9.1.1 Contributed Capital

	2023 \$'000	2022 \$'000
Opening balance at 1 July	633,524	633,524
Contributions from the Victorian Government	14,000	-
<b>Contributed capital at end of financial year</b>	<b>647,524</b>	<b>633,524</b>

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

## 9.1.2 Asset revaluation surplus

	2023 \$'000	2022 \$'000
<b>Asset revaluation reserve: Land</b>		
Opening balance at 1 July	4,986	2,568
Revaluation increments	-	3,454
Tax effect of revaluation increment	-	(1,036)
<b>Closing balance at 30 June</b>	<b>4,986</b>	<b>4,986</b>
<b>Asset revaluation reserve: Buildings</b>		
Opening balance at 1 July	195	195
Revaluation increments	1,310	-
Tax effect of revaluation increment	(394)	-
<b>Closing balance at 30 June</b>	<b>1,111</b>	<b>195</b>
<b>Asset revaluation reserve: Infrastructure</b>		
Opening balance at 1 July	267,261	267,261
Revaluation increments	126,793	-
Tax effect of revaluation increment	(38,039)	-
<b>Closing balance at 30 June</b>	<b>356,015</b>	<b>267,261</b>
<b>Asset revaluation reserve: Other</b>		
Opening balance at 1 July	30	30
<b>Closing balance at 30 June</b>	<b>30</b>	<b>30</b>
<b>Total asset revaluation surplus</b>	<b>362,142</b>	<b>272,472</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 9.1.3 Accumulated deficit

	2023 \$'000	2022 \$'000
<b>Accumulated deficit</b>		
Accumulated deficit at beginning of financial year	(119,400)	(100,094)
Result for the period	(14,158)	(19,306)
<b>Accumulated deficit at end of financial year</b>	<b>(133,558)</b>	<b>(119,400)</b>

### 9.2 Other economic flows included in net results

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates;
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets; and
- The revaluation gain or loss on the fair value of derivative financial instrument.

	2023 \$'000	2022 \$'000
<b>Net gain/(loss) on non-financial assets</b>		
Net loss on disposal of infrastructure, property plant and equipment (including intangible assets)	(408)	(404)
<b>Total net loss on non-financial assets</b>	<b>(408)</b>	<b>(404)</b>
<b>Net gain/(loss) on financial instruments</b>		
Net (gain)/loss arising from derivatives for ZEW transactions	(114)	46
<b>Total net gain/(loss) on financial instruments</b>	<b>(114)</b>	<b>46</b>
<b>Total other losses from other economic flows</b>	<b>(522)</b>	<b>(358)</b>

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

ZEW derivative expense relates to the Lower Murray Water's investment in Zero Emissions Water Limited (ZEW). Lower Murray Water pays or receives the difference between the floating electricity price and the fixed price set under the agreement for the units of energy supplied into the National Electricity Market by the solar farm. The future settlements of Contract for Difference (CfD) are classified as derivative financial instruments.

Refer Note 5.6 for further details on the arrangement between the Lower Murray Water and ZEW.

Upon expiration or exercise of the cash flow derivative, Lower Murray Water will recognise an expense depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in OCI upon settlement with the difference being recognised as an expense in the Comprehensive operating statement.

### 9.3 Events occurring after the balance date

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 9.4 Responsible persons

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

Name	Title	Period of appointment
The Hon Harriet Shing	Minister for Water	Since 27 June 2022 - 30 June 2023
Mr Anthony Couroupis	Managing Director / Accountable Officer	1 July 2022 - 4 Nov 2022
Mr Paul O'Donohue	Interim Managing Director / Accountable Officer	5 Nov 2022 - 30 June 2023
Sharyon Peart	Director - Chair	Since October 2017 Chair Since 1 October 2021
Michelle Oates	Director	Since October 2017 - 30 June 2023
Warren Lloyd	Director	Since October 2017 - 30 June 2023
Svetla Petkova	Director	Since October 2019 - 30 June 2023
Maxwell Folie	Director	Since October 2019 - 30 June 2023
Greg Baker	Director	Since October 2019 - 30 June 2023
Kate Hughes	Director	Since October 2021 - 30 June 2023
Domenic Isola	Director	Since October 2021 - 30 June 2023

**Accountable Officer Remuneration**

Remuneration received or receivable by the Accountable Officer in connection with the management of Lower Murray Water during the reporting period was in the range: \$510,001 - \$520,000 in 2022 - 2023 (\$290,001 - \$300,000 in 2021 - 2022).

**Board Members Remuneration**

	2023 number	2022 number
\$1 - \$10,000	-	1
\$10,001 - \$20,000	-	1
\$20,001 - \$30,000	-	2
\$30,001 - \$40,000	7	5
\$50,001 - \$60,000	1	1
\$210,001 - \$220,000	1	-
\$290,001 - \$310,000	1	1
<b>Total number of Board Members remuneration</b>	<b>10</b>	<b>11</b>
<b>Total remuneration</b>	<b>\$849,000</b>	<b>\$608,000</b>

## 9.5 Remuneration of executives

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

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

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

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

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

	2023 \$'000	2022 \$'000
<b>Remuneration of executive officers</b>		
Short-term employee benefits	1,281	1,299
Post-employment benefits	101	113
Other long-term benefits	(2)	32
<b>Total remuneration (a)</b>	<b>1,380</b>	<b>1,444</b>
Total number of executives	6	6
<b>Total annualised employee equivalents (b)</b>	<b>4.9</b>	<b>5.3</b>

Notes:

- a) The total number of executive officers (excluding Responsible Persons) includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 9.6).
- b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

### 9.6 Related parties

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

Related parties of Lower Murray Water include:

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

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

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Lower Murray Water, directly or indirectly, comprising independent Directors and the Managing Director. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.4 who have the authority and responsibility for planning, directing and controlling the activities of Lower Murray Water directly or indirectly, during the financial year.

#### Remuneration of key management personnel

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

	2023 \$'000	2022 \$'000
<b>Compensation of KMPs</b>		
Short-term employee benefits	700	551
Post-employment benefits	45	50
Long-term benefits	2	7
Termination benefits	102	-
<b>Total remuneration</b>	<b>849</b>	<b>608</b>



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

**Significant transactions with government-related entities**

Water received funding from and made payments to government related entities of \$44.43 million (2022: \$28.02 million) and \$32.85 million (2022: \$31.66 million) respectively.

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

**Government-related entity receipts**

<b>Entity name</b>	<b>Brief description of main activity</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Department of Energy, Environment and Climate Action	Victorian Murray Floodplain Restoration Project	34,247	25,500
Department of Energy, Environment and Climate Action	Sunraysia Water Efficiency Project	7,600	-
Department of Families, Fairness and Housing	Pensioner concession reimbursements (less Administration fees)	2,187	2,207
Department of Families, Fairness and Housing	Utility Relief Grants Scheme	67	257
Mildura Base Public Hospital	Property rates and charges	46	-
State Revenue Office	Not for profit - Concession claim	215	-
Treasury Corporation Victoria	Borrowings drawn	25	-
Zero Emissions Water Limited	Emissions Reduction	43	17
<b>Total revenue</b>		<b>44,427</b>	<b>27,981</b>

**Government-related entity receivables**

<b>Entity name</b>	<b>Brief description of main activity</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Department of Energy, Environment and Climate Action	Sunraysia Water Efficiency Project	6,400	-
Department of Families, Fairness and Housing	Pensioner concession reimbursements (less Administration fees)	22	17
State Revenue Office	Concession claim	53	51
Zero Emissions Water Limited	Emissions Reduction	3	3

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## Government-related entity payments

Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Barwon Water	Transfer employee LSL	9	-
Department of Energy, Environment and Climate Action	Environmental contribution	2,251	2,251
Department of Energy, Environment and Climate Action	VGW Asset Valuation	2	110
Department of Energy, Environment and Climate Action	VMFRP (includes property valuations)	677	13
Department of Energy, Environment and Climate Action	Annual fees water shares	84	82
Department of Energy, Environment and Climate Action	Monitoring Costs	75	86
Department of Energy, Environment and Climate Action	Other including water supply, trades and searches	59	36
Department of Health	Safe Drinking Water Levy	18	18
Department of Justice and Community Safety	Infringement notices	1	-
Department of Planning Industry and Environment	License renewals	1	-
Department of Transport	VMFRP	194	-
Department of Treasury and Finance	Financial Accommodation Levy	504	344
Department of Treasury and Finance	Regional Water & Sewerage, VMFRP	146	98
Environmental Protection Authority	10 day Gateway	34	-
Gippsland Water	License renewals	40	-
Goulburn Murray Rural Water Corporation	Transfer employee LSL	3,781	3,773
Goulburn Murray Rural Water Corporation	Bulk Water and storage charges	163	187
Goulburn Murray Rural Water Corporation	VMFRP	51	-
Greater Western Water	Other	186	-
GWM Water	Contractor fees	5	8
Mallee Catchment Management Authority	Property water charges	2,571	3,183
Mallee Catchment Management Authority	Salinity Fees collected on behalf of MCMA	4,608	4,177
Mallee Catchment Management Authority	VMFRP	-	7
Northern Central Catchment Management Authority	Transfer employee LSL	1,303	1,287
Parks Victoria	VMFRP	508	396
South East Water	Call Centre charges	13	15
State Revenue Office	Payroll tax	396	329
Sunraysia Institute of TAFE	Employee training	4	2
Treasury Corporation Victoria	Repay loans	12,217	12,933
Treasury Corporation Victoria	Interest on borrowings	2,699	2,197
Vic Roads	Vehicle and plant registrations	106	93
Westernport Water	Transfer employee LSL	109	-
Zero Emissions Water Limited	Emissions Reduction	35	37
<b>Total expenses</b>		<b>32,850</b>	<b>31,662</b>

## Government-related entity payables

Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Department of Energy, Environment and Climate Action	VMFRP	178	-
Department of Treasury and Finance	Financial Accommodation Levy	134	124
Goulburn Murray Rural Water Corporation	VMFRP	14	30
Mallee Catchment Management Authority	VMFRP	19	1,815
Northern Central Catchment Management Authority	VMFRP	-	305
Parks Victoria	VMFRP	-	269
State Revenue Office Victoria	Payroll tax	43	32
Treasury Corporation of Victoria	Interest	596	531
Zero Emissions Water Limited	Member Allocation of Notional Quantity	2	1

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### Transactions with key management personnel and other related parties

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

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

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

Director Sharyon Peart is also the Chair of the Mallee Catchment Management Authority (MCMA). The transactions with MCMA were in respect of an arrangement with Department of Energy, Environment and Climate Action to collect the salinity levy on behalf of the MCMA as part of Lower Murray Water's billing cycle. The value of these transactions in 2023 was \$7.99 m (2022: \$9.18 m). The MCMA is also a partner in the Victorian Murray Floodplain Restoration Project, refer to note 10.1 for further details on the project.

Interim Managing Director Paul O'Donohue is also a Senior Associate of Sequana Partners. The transactions with Sequana Partners were in respect an arrangement with Department of Energy, Environment and Climate Action for the management of the \$37 m Sunraysia Water Efficiency Project (SWEP). The value of these transactions in 2023 was \$1.39 m (2022: \$0.01 m).

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

### ZEW transactions

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

	2023 \$'000	2022 \$'000
Power purchase agreement (PPA) settlements (Revenue)/Expenditure	3	3
Large-scaled generator certificates (LGC's)	13	14
Loan to ZEW	5	5
Recognition of PPA contract derivative	(113)	(147)

### 9.7 Remuneration of auditors

	2023 \$	2022 \$
<b>Victorian Auditor-General's Office</b>		
Audit or review of the financial statements	99	75
<b>Other non-audit services</b>		
Internal Audit	99	62
Essential Services Commission Audit	24	31
Department of Health Services - Safe Drinking Water	18	18
<b>Total remuneration of auditors</b>	<b>240</b>	<b>186</b>

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

### 9.8 Australian Accounting Standards issued that are not yet effective

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

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2023 reporting period. DTF assesses the impact of all these new standards and advises Lower Murray Water of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date	Estimated impact
AASB 2022-6 <i>Non-current Liabilities with Covenants</i>	Requires a liability be classified as a non-current liability if at the end of the reporting period the entity has a right to defer settlement of the liability for at least twelve months after the reporting period.	1 January 2024	Limited impact

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Department's reporting.

- AASB 17 Insurance Contracts.
- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definitions of Accounting Estimates.
- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.
- AASB 2022-1: Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 Comparative Information.

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

**10. Financial impacts of projects**

This section provides the high level financial impact of projects that have been ring fenced on Lower Murray Water's financial statements. These projects should be considered separate from the core business of Lower Murray Water.

**Structure**

- 10.1 Background: Victorian Murray Floodplain Restoration Project
- 10.2 Impact on the Operating statement
- 10.3 Impact on the Balance sheet
- 10.4 Impact on the Cash flow statement

**10.1 Background: Victorian Murray Floodplain Restoration Project (VMFRP)**

Lower Murray Water was appointed by the Hon. Lisa Neville MP, then the Minister for Water as the lead agency for the delivery of the Victorian Murray Floodplain Restoration Project. The VMFRP is part of Victoria's commitment for Sustainable Diversion Limits Adjustment Supply and Constraints Measures in the Murray-Darling Basin working in partnership with Goulburn Murray Water, Mallee CMA, North Central CMA, Parks Victoria and Department of Energy, Environment and Climate Action.

As lead agency, Lower Murray Water is currently facilitating the designs and approvals required to take the nine previously approved business cases through to being ready for construction. This is Stage 1V of the project, that will be submitted to the Commonwealth Government for approval of Stage 2 funding for the construction phase later in 2024 with the target of construction commencing in late 2024-2025.

The funding agreement for the remaining balance of Stage 1V to be delivered by Lower Murray Water was varied in 2022-2023, the original agreement signed by the Hon. Lisa Neville MP, Minister for Water on 15 July 2019 for \$27.4m was increased to \$111.7m by the Minister to address the additional project approvals requirements of both the state and federal agencies.

Throughout 2022-2023, Lower Murray Water has received Stage 1V funding of \$34.25m towards work for the nine business cases which now has a total project budget of \$111.7m. The expenses incurred and accrued for the project work for FY2022-2023 were \$30.58m and remains on budget with the projected cashflow.

Lower Murray Water continues to use the existing implemented controls to ring fence all aspects of the VMFRP to ensure it is managed separately to our core business and has no negative impact on customers. There remains no cost burden imposed on our urban or rural customers arising from LMW's lead agency role with the VMFRP.

## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 10.2 Impact on the Operating statement

	VMFRP		Core business		Consolidated	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial impact on the Comprehensive Operating Statement</b>						
<b>Revenue</b>						
Service and usage charges	-	-	61,361	61,499	61,361	61,499
VMFRP funding	34,247	25,500	279	-	34,526	25,500
Government grants and contributions	-	-	2,750	2,315	2,750	2,315
Developer contributions	-	-	9,127	7,264	9,127	7,264
Net profit on disposal of assets	-	-	(408)	(404)	(408)	(404)
Other income	278	41	3,751	4,199	4,029	4,240
<b>Total revenue</b>	<b>34,525</b>	<b>25,541</b>	<b>76,860</b>	<b>74,873</b>	<b>111,385</b>	<b>100,414</b>
<b>Expenses</b>						
Depreciation, impairment and amortisation	-	-	36,571	35,994	36,571	35,994
Direct operational expenses	-	-	14,782	12,861	14,782	12,861
Employee benefits	-	-	21,911	22,207	21,911	22,207
Repairs and maintenance	-	-	14,436	7,955	14,436	7,955
VMFRP expenditure	30,581	34,549	-	-	30,581	34,549
Environmental contribution	-	-	2,251	2,251	2,251	2,251
Interest expense	-	-	3,277	2,695	3,277	2,695
Other expenses	-	-	8,185	5,609	8,185	5,609
<b>Total expenses</b>	<b>30,581</b>	<b>34,549</b>	<b>101,413</b>	<b>89,572</b>	<b>131,994</b>	<b>124,121</b>
<b>Net result before tax</b>	<b>3,944</b>	<b>(9,008)</b>	<b>(24,553)</b>	<b>(14,699)</b>	<b>(20,609)</b>	<b>(23,707)</b>

VMFRP funding is recognised as revenue when Lower Murray Water receives or obtains control of the contribution in accordance with AASB 1058 *Income of not for profit entities*.

VMFRP expenditure reflects the costs associated to the project incurred during the year for both Lower Murray Water and the partnership agencies, Goulburn Murray Water, Mallee CMA, North Central CMA, Parks Victoria. The project costs are facilitating the designs and environmental approvals required to take the nine previously approved business cases through to being ready for construction.



## NOTES ACCOMPANYING FINANCIAL STATEMENTS

## 10.3 Impact on the Balance sheet

	VMFRP		Core business		Consolidated	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial impact on the Balance Sheet</b>						
<b>Assets</b>						
Cash and cash equivalents	4,922	7,683	6,591	8,008	11,513	15,691
Other current assets	-	-	24,791	17,443	24,791	17,443
Total current assets	4,922	7,683	31,382	25,451	36,304	33,134
Total non-current assets	-	-	1,089,033	967,506	1,089,033	967,506
<b>Total assets</b>	<b>4,922</b>	<b>7,683</b>	<b>1,120,415</b>	<b>992,957</b>	<b>1,125,337</b>	<b>1,000,640</b>
<b>Liabilities</b>						
Payables	454	6,483	6,761	8,284	7,215	14,767
Other current liabilities	-	-	12,871	14,056	12,871	14,056
Total current liabilities	454	6,483	19,632	22,340	20,086	28,823
Total non-current liabilities	-	-	229,143	185,221	229,143	185,221
<b>Total liabilities</b>	<b>454</b>	<b>6,483</b>	<b>248,775</b>	<b>207,561</b>	<b>249,229</b>	<b>214,044</b>
<b>Net assets</b>	<b>4,468</b>	<b>1,200</b>	<b>871,640</b>	<b>785,396</b>	<b>876,108</b>	<b>786,596</b>
<b>Equity</b>						
Contributed capital	-	-	647,524	633,524	647,524	633,524
Asset revaluation reserves	-	-	362,142	272,472	362,142	272,472
Accumulated surplus /(deficit)	4,468	1,200	(138,026)	(120,600)	(133,558)	(119,400)
<b>Total equity</b>	<b>4,468</b>	<b>1,200</b>	<b>871,640</b>	<b>785,396</b>	<b>876,108</b>	<b>786,596</b>

Cash held relating to the project is held in a separate bank account exclusively for the delivery of this project.

## 10.4 Impact on the Cash flow statement

	VMFRP		Core business		Consolidated	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial impact on the Cash Flow Statement</b>						
Net cash flows from/(used in) operating activities	(2,761)	(5,980)	(2,317)	15,052	(5,078)	9,072
Net cash flows used in investing activities	-	-	(26,114)	(24,846)	(26,114)	(24,846)
Net cash flows from financing activities	-	-	27,014	10,065	27,014	10,065
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,761)</b>	<b>(5,980)</b>	<b>(1,417)</b>	<b>271</b>	<b>(4,178)</b>	<b>(5,709)</b>
Cash at the beginning of the financial year	7,683	13,663	8,009	7,738	15,691	21,400
<b>Cash at the end of the financial year</b>	<b>4,922</b>	<b>7,683</b>	<b>6,592</b>	<b>8,009</b>	<b>11,513</b>	<b>15,691</b>

## Section 4

# Appendices

## 1. Disclosure index

The annual report of Lower Murray Water is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of Lower Murray Water's compliance with statutory disclosure requirements.

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<i>Water Act 1989</i>		6, 8, 18

Priority Area	Key Performance Indicator	Page Reference
<b>LOE-01 (MRD-01)</b>  <b>Climate Change</b>  <i>Undertake activities and provide services that reduce exposure to climate risks, reduce greenhouse gas emissions, increase renewable energy use, adapt to climate change, and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.</i>	<b>CC1 Emissions Reductions</b>  Demonstrate reasonable progress toward achievement of the Corporation's greenhouse gas emission reduction targets.	36 - 38
	<b>CC2 Electricity Use</b>  Demonstrate reasonable progress toward achievement of sourcing 100 percent of the Corporation's electricity from renewable sources by 2025, as is required of all government operations in the Whole of Victorian Government emissions reduction pledge.	39 - 41
	<b>CC3 Adaptation to Climate Change and Variability</b>  a. Application of the Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria for:  b. <ul style="list-style-type: none"> <li>• Urban water corporations: through their application in drought preparedness and urban water strategies.</li> <li>• Rural water corporations (as applicable): to develop and/ or implement low flow contingency plans that include an appropriate range of climate scenarios.</li> </ul> c. Guidelines for Assessing the Impact of Climate Change on Sewerage Systems in Victoria should also be applied by urban water corporations (if finalised).  d. Demonstration of reasonable progress in integrating climate change adaptation into planning and decision- making across the business (all sources of water, wastewater and where relevant, drainage and flood management) including in: <ul style="list-style-type: none"> <li>• source waters and demand</li> <li>• built assets</li> <li>• natural environment</li> <li>• people and workplace</li> <li>• interdependencies</li> <li>• customer and product delivery.</li> </ul>	41 - 42
<b>LOE-02 (MRD-02)</b>  <b>Customer and Community Outcomes</b>  <i>Ensure that all aspects of service delivery will be customer and community-centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.</i>	<b>C1 Customer satisfaction</b>  (Urban Water Corporations)  Note this indicator includes both direct and proxy measures. Overall reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.	25 - 26
	<b>C1 Customer satisfaction</b>  (Rural Water Corporations)  Note this indicator includes both direct and proxy measures. Overall reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.	25 - 26
	<b>C2 Customer and Community Engagement</b>  Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DEECA Community Charter or IAP2 framework could be considered as a guide.	25 - 26

Priority Area	Key Performance Indicator	Page Reference
<b>LOE-03 (MRD-03)</b>  <b>Deliver Water for Aboriginal cultural, spiritual and economic values and support economic inclusion in the water sector</b>  <i>Promote self-determination of Traditional Owners, including by supporting the Treaty Process as required. Support the implementation of Water is Life: Traditional Owner Access to Water Roadmap by enabling increased access to water entitlements under current frameworks and increased cultural benefits from the way we store, deliver and use water.</i>	AC1 Supporting Aboriginal self determination  Demonstrate effective and genuine engagement and partnerships with Traditional Owners and Aboriginal Victorians for involvement in business opportunities and access to water for spiritual, customary, social, and economic purposes, and other self-determined purposes.  Demonstrate there are internal processes, policies and plans in place to support Aboriginal self-determination /empowerment/ employment etc for Aboriginal community members.	26 - 27
	AC2 Partnerships with Traditional Owners  Demonstrate effective and genuine partnerships with Traditional Owners to enable input into water planning and management decisions related to Aboriginal water values and other self-determined priorities.	26 - 27
	AC3 Aboriginal Inclusion  Plan/Reconciliation Action Plan To be considered in conjunction with AC1 and AC2, taking into account the relevant local context	26 - 27
<b>LOE-04 (MRD-04)</b>  <b>Recognise Recreational Values</b>  <i>Support the wellbeing of communities by considering recreational values in water management. Where appropriate, support planning for the delivery of the Victorian 2026 Commonwealth Games.</i>	Recl Recreational values  Consideration of recreational values in carrying out functions and providing services.	33
<b>LOE-05 (MRD-05)</b>  <b>Resilient and Liveable Cities and Towns</b>  Contribute to healthy communities by supporting safe, affordable, high-quality services and resilient, liveable environments and recovery from emergency events that builds back with improved resilience against future risks.	L1 Integrated Water Management (Urban)  In relevant IWM forum(s), actively facilitate and champion water's contribution to the resilience and liveability of cities and towns of the region consistent with the forum's objectives. In the metropolitan context, this includes demonstrating reasonable progress towards the targets adopted by the five metro IWM forums, as outlined in the Catchment.	27 - 30
	L2 Water efficiency (urban)  Implement water efficiency initiatives, actions or programs aligned with Target 155 (Metros), Target Your Water Use (Regional Urban), Water for Victoria and relevant sustainable and urban water strategies.	27 - 30
	L3 Circular economy outcomes  Reasonable progress towards integrating circular economy principles into business decisions across all aspects of the water cycle. Measures related to this indicator will highlight the water sector's contribution towards targets under Recycling Victoria.	27 - 30
	L4 Environmental Statutory Obligations  Water Corporations are required to meet statutory obligations and other environmental activities as applicable.	27 - 30
	L5 Sustainable Water Use (Rural)  Promote the integrated and sustainable use of water resources in the region, including better use of alternative supplies.	27 - 30



Priority Area	Key Performance Indicator	Page Reference
<b>LOE-06 (MRD-06)</b>  <b>Leadership, Diversity and Culture</b>  <i>Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in both executive leadership and throughout the organisation, including requirements under the Gender Equality Act 2020.</i>	G1 Diversity and inclusion  Improve gender and cultural diversity in workforce including gender equity in both executive leadership and throughout the organisation. Diversity Inclusion plans to be based on best practice and include reference to identifying barriers to succession and meeting targets. The approach of the DEECA Diversity and Inclusion Strategy 2016-2020 could be considered as a guide.	20 - 25
	G2 Health and Safety  Sustained annual improvement against H&S performance benchmarks (AS/NZ standard 4801).	25
<b>LOE-07 (MRD-07)</b>  <b>Performance and Financial Sustainability</b>  <i>Improve efficiency and consistency in the reporting of performance while delivering safe and cost-effective water and wastewater services in a financially sustainable manner.</i>	PF1 Audited statement of performance  Demonstrating a concise statement of performance, financial sustainability and provide a positive picture of a corporation's financial sustainability over time.	Financial report
<b>LOE-08 (MRD-08)</b>  <b>Compliance</b>  Apply a consistent, transparent, and risk-based approach to manage compliance and enforcement of the Water Act 1989.	CE1 Apply an effective zero-tolerance approach to unauthorised take  Water Corporations with non-urban customers at any time.	33
	CE2 Demonstration of continuous improvement toward implementation of compliance and enforcement strategies, frameworks and reporting.  Water Corporations with non-urban customers.	33
	CE3 Customer requirements  Water Corporations with non-urban customers	26 - 33
	BE1 Demonstrate bulk entitlements are compliant with individual reporting conditions  All Water Corporations.	31 - 32

## 3. Consultancies over \$10K

Consultancy name and project reference	Total project fees approved (excl GST) \$	Expenditure 2022-2023 \$	Future expenditure (excl GST) \$
<b>ALLABOUTXPRT AUSTRALIA PTY TD</b>		<b>197,015</b>	
BTP CRM BILLING & PORTAL BA SERVICE	197,015	197,015	0
<b>BLUE PLATINUM SOLUTIONS PTY LTD</b>		<b>100,856</b>	
BTP PROJECT CONSULTING	388,506	100,856	287,650
<b>DALE FAMILY TRUST</b>		<b>96,181</b>	
BTP BUSINESS ANALYSIS SERVICES	159,781	96,181	287,650
<b>ENGENY AUSTRALIA PTY LTD</b>		<b>37,169</b>	
MILDURA RW FEASIBILITY STUDY		26,340	
STUDY RECYCLED WATER		10,829	
<b>ERNST &amp; YOUNG</b>		<b>440,803</b>	
EXC LEADERSHIP & DEVELOPMENT		55,934	
PEOPLE STRATEGY		122,453	
PROVISION OF PROFESSIONAL SERVICES		25,000	
TARGET OPERATION MODEL PROJECT		187,416	
VPDSS CONSULTATION WORKS		50,000	
<b>ESRI AUSTRALIA</b>		<b>22,710</b>	
SWEP ARCGIS SERVICE		22,710	
<b>GHD PTY LTD</b>		<b>480,973</b>	
LMW PS5 PROJECT MANAGEMENT		14,561	
MERBEIN PIPEWORK DESIGN		19,266	
MILDURA 7TH ST WTP		37,300	
MILDURA SEWER MODEL UPDATE		18,658	
PS5 REPOSE ESC		38,627	
WATER SAVING STAGE 2		22,570	
WATER SAVING REPORT SWEP		14,465	
SWEP CHANNEL DESIGN CN0464	1,204,404	315,526	888,878
<b>GRANTUS PTY LTD</b>		<b>10,010</b>	
ROBINVALE IRRIGATION DECOMMISSIONING		10,010	
<b>HUNTER H2O HOLDINGS PTY LTD</b>		<b>26,756</b>	
LMW DWQMP AUDIT		26,756	
<b>KPMG</b>		<b>1,021,760</b>	
BTP DATA MANAGMENT		104,949	
BTP PROGRAM DIRECTOR		345,155	
BTP SI PRE MOBILISATION		41,816	
BTP SYSTEM INTEGRATORS SELECTION		92,309	
BTP WP5 HORIZON 2 BUSINESS CASE	153,148	88,646	64,502
LMW REGULATORY SUPORT ENGAGEMENT		240,569	
PREMO & BOARD ASSURANCE		78,923	
SUPPORT WATER PLAN 5		29,394	

## 3. Consultancies over \$10K continued

Consultancy name and project reference	Total project fees approved (excl GST) \$	Expenditure 2022-2023 \$	Future expenditure (excl GST) \$
<b>KPMG LAW</b>		<b>83,562</b>	
LEGAL BTS LEGAL CONTRACT	101,412	83,562	17,850
<b>LLOYD-JONES MEAKIN GROUP PTY LTD</b>		<b>127,370</b>	
LMW SAFETY CULTURE REVIEW		103,370	
PIP LEADER COACHING 23		24,000	
<b>NORTHERN LAND SOLUTIONS</b>		<b>103,218</b>	
SWEP Channel Survey	164,596	103,218	61,378
<b>PRESSURE SYSTEM SOLUTIONS PTY LTD</b>		<b>45,710</b>	
KINGS BILLABONG & NICHOLS POINT		30,710	
KINGS BILLABONG PRESSURE SEWERAGE		15,000	
<b>SEQUANA PARTNERS PTY LTD</b>		<b>1,231,621</b>	
SWEP PROJECT MANAGEMENT SERVICES		1,231,621	
<b>SMEC AUSTRALIA PTY LTD</b>		<b>106,732</b>	
SWEP Planning Permits CN0493	177,420	106,732	70,688
<b>TEN CONSULTING</b>		<b>365,385</b>	
ENGINEERING & PROJECT MANAGEMENT		30,880	
KERANG WTP UV		44,680	
MILDURA WEST WTP UV		32,575	
MILDURA WTP UV		130,220	
ROBINVALE WTP UV		28,375	
SWAN HILL WTP UV		98,655	
<b>TONKIN CONSULTING PTY LTD</b>		<b>83,233</b>	
CONDITION ASSESSMENT CULVERTS		14,400	
CONDITON ASSESSMENT LMW BRIDGES		10,350	
LEEVE ASSESSMENTS MERBEIN & REDCLIFFS		25,733	
MILDURA CENTRAL PS DELIVERY PIPE		32,750	
<b>RM ENGINEERING SOLUTIONS</b>		<b>22,400</b>	
WORKS PER QUOTE RM0622		22,400	
<b>RM CONSULTING GROUP</b>		<b>54,995</b>	
KOORLONG WATER BALANCE		13,260	
PFAS MONITORING WWTP 2023		22,310	
WWTP MERBEIN DECOMMISSIONING	77,000	19,425	
<b>Grand Total</b>	<b>\$2,623,282</b>	<b>\$4,658,459</b>	<b>\$1,512,121</b>

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**Mildura** (Head Office)  
741-759 Fourteenth Street  
Mildura Victoria 3500  
PO Box 1438  
Mildura Victoria 3502

**Swan Hill** (Area Office)  
73 Beveridge Street  
Swan Hill Victoria 3585  
PO Box 1447  
Swan Hill Victoria 3585

**Kerang** (Area Office)  
56 Wellington Street  
Kerang Victoria 3579  
PO Box 547  
Kerang Victoria 3579

[www.lmw.vic.gov.au](http://www.lmw.vic.gov.au)