

## Lower Murray Water - Rural - Outcomes - 2018-2023

In this document, the water business provides a summary report of its actual performance against each of its outcome commitments for the 2022-23 reporting year. The business has given itself a “traffic light” rating (green = met, red = not met, yellow = close or largely met) for its performance on each measure, outcome and an overall rating. The business has provided its own comments about its performance on each outcome and overall.

### Summary table

Outcome	18-19	19-20	20-21	21-22	22-23
1. Supply me with water when I need it	Green	Green	Green	Green	Green
2. Keep my costs to a minimum	Green	Green	Green	Green	Green
3. Be easy to contact and quick to respond	Yellow	Green	Green	Green	Green
4. Comply with other government obligations	Green	Green	Green	Green	Green
Overall	Green	Green	Yellow	Green	Green

## Business comments

Over the current price period 2018 to 2023 (PS4), LMW's rural business has so far comprehensively met its commitments to customers across the four dimensions of customer outcomes, prices, operating expenditure, and capital expenditure:

### Outcome 1: Supply me with water when I need it

LMW has consistently met, and surpassed, its targets for this outcome throughout PS4. Commencing in the first year with the introduction of an enhanced website and customer user interface for the planning and managing of water ordering, and followed by ongoing programs of targeted, risk-based mains replacement, channel relining and optimised maintenance, LMW has increased reliability of water delivery, reduced water losses and minimised supply interruptions. Capital program delivery has also improved on a sustained basis since the beginning of PS4 and remains strong.

### Outcome 2: Keep my costs to a minimum

LMW has met, or closely met, its targets for this key outcome consistently across the period with only one minor departure with respect to billing complaints in 2020-21, reflecting the challenging times and cost pressures rural customers have experienced during the second half of PS4. The LMW Customer Service Team and Irrigation Operations Team have worked closely with customers to minimise the risk of complaints occurring wherever possible and this has been reflected in the reduction in complaints in the most recent year of the period. Tariffs for rural services have followed or remained under the price path of the PS4 price determination consistently since commencement of the period.

Charges were kept at approved price path levels for all irrigation districts in the first 2 years of the price period, with reductions in charges occurring for most districts in years 2020-21 and 2021-22 due to SMP2 rebates and adjustments. For 2022-23, LMW followed the approved price path however districts with a price path increase were capped at 5.09% in line with CPI.

Total prescribed operating expenditure at \$118.2m (including the interim 2022-23 operational expenditure) was higher than the approved budget of \$110.4m by \$7.8m or 7% for the PS4 period\*. The additional operational expenditure was primarily driven by labour costs required to maintain service delivery and meet compliance requirements, emergency flood mitigation costs in 2022-23, higher software costs from increased digitisation and the move to Software-as-a-Service (SaaS), and pandemic-related impacts and measures. Against this, electricity costs reduced due to a decrease in volumetric usage demand for irrigation.

### Outcome 3: Be easy to contact and quick to respond

LMW has performed well overall throughout PS4 on the substantive measures of this outcome. LMW’s responsiveness to operations room calls, post-interaction and annual survey results indicate that customers clearly perceive LMW to be meeting or exceeding their expectations for quality of service and role in the community.

LMW has not met the post-interaction volume target of surveys undertaken in any but the second year of the period. The pandemic made it difficult to undertake post-interaction surveys and impacted the mobility of both customers and staff, and this coincided with an observed reduction in willingness from customers to undertake these surveys. The Energy and Water Ombudsman Victoria (EWOV) lodged complaints target was not achieved in the first nor last years of the period, with complaints mainly relating to raw water quality issues of Blue Green Algae in the Murray River and Plumatella growth in some LMW pipelines. LMW has since taken concrete steps with customers to investigate and seek solutions to these naturally occurring issues.


**Outcome 4: Comply with other government obligations**

LMW has met, or largely met, its compliance obligations throughout the PS4 period. The one ‘largely met’ rating in 2020-21 was due to a delay in publishing one of eight compliance reports, to the ACCC, due to one-off factors.

**Outcome 1: Supply me with water when I need it**

Output	Unit	16-17	17-18	18-19	19-20	20-21	21-22	22-23
a	Percentage	Target	95%	95%	> 98%	> 98%	> 98%	> 98%

	Water orders delivered on time (whole of rural business)		Actual	99.88%	95%	99.85%	99.71%	99.76%	99.90%	99.1
b	Channel / pipe bursts and leaks (whole of rural business)	Per 100 km	Target	70	70	< 64	< 63	< 62	< 61	< 60
			Actual	59.5	62	61.6	46.8	42.8	35.4	33.9
c	Deliver major Capital Works projects >\$1 million value within budget and within the regulatory period	Percentage of budget spent	Target	NA	NA	>95%	>95%	>95%	>95%	>95%
			Actual	NA	NA	87.2%	101.1%	97.1%	101.8%	106%

Overall Outcome 1 performance for the regulatory period so far: 

**Business comment**

LMW has continued a pleasing downward trend overall in the number of Channel/ pipe bursts and leaks across the districts. Mildura experienced an increase of 10.6 per 100 km from 76.7 in 2021-22 compared to 87.3 in 2022-23 it is deemed that due to a wetter year we experienced this increase. Merbein saw a significant decrease from 93.1 in 2021-22 to 62.1 per 100 km and this can be attributed to the forecast replacement of four (4) pipelines that had passed their useful life. The continual improvement of our network performance has a direct impact on boosting our customer supply reliability and the volume of water orders delivered on time.

Our new water saving project Sunraysia Water Efficiency Project has commenced construction and this will modernise and remove outdated water infrastructure such as removing or upgrading Dethridge meters and Stock and Domestic meters. Modernising irrigation channels through the installation of channel liners and buried pipeline in our Mildura, Red Cliffs and Merbein Irrigation Districts. The project will generate water savings by minimising channel leakage and seepage along with more accurately measuring water used.

LMW's rural capital investment is above the target of 95% for work projects greater than \$1 million for 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23. For all five years, rural projects that were budgeted greater than \$1 million totalling \$12.26 million where \$12.99 million was delivered


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(106%). The combined total rural actual internal infrastructure capital investment for the entire pricing submission 2018-19 to 2022-23 is \$44.38 million being 105% of the planned capital investment of \$42.12 million.

## Outcome 2: Keep my costs to a minimum

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Billing complaints	Number	Target	12	5	< 4	< 4	< 4	< 4	< 4
		Actual	2	0	0	1	5	2	3
b Annual tariffs follow the proposed structures within the ESC's published pricing determination	Pass/Fail	Target	NA	NA	Pass	Pass	Pass	Pass	Pass
		Actual	NA	NA	Pass	Pass	Pass	Pass	Pass

Overall Outcome 2 performance for the regulatory period so far: 

## Business comment


LMW recorded three (3) billing complaints from our customers which comprised of two (2) high bill/consumption and one Works Licence Renewal (five yearly) charge. These complaints were fully investigated by our Customer Team and customer interaction ensured the complaints were resolved to their satisfaction. During the past five years on average LMW have received two (2) billing complaints from our customer base which is less than the targets set across this period.

Consistent with our 2018-2023 pricing submission (PS4) we have kept costs to a minimum. LMW's form of price control for PS4 Rural pricing is via a revenue cap method with CPI and LMW price path movement in real terms. During the PS4 period, additional revenue has been generated through charges associated with the Sunraysia Modernisation Project 2 (SMP2) and resulting customers, allowing LMW to decrease expected price movements for 2021-22 and 2022-23. For 2022-23, LMW chose not to implement CPI and price path movement, with prices capped at 5.09%, in line with CPI.

**Outcome 3: Be easy to contact and quick to respond**

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Post interaction satisfaction survey (phone, face-to-face, online): Number of completed surveys	Number	Target	NA	NA	150	150	150	150	150
		Actual	NA	NA	100	279	47	69	65
b Post interaction satisfaction survey: Customers satisfied (rating of satisfied, very satisfied and extremely satisfied)	Percentage of customers surveyed	Target	NA	NA	> 80%	> 80%	> 80%	> 80%	> 80%
		Actual	NA	NA	84%	96%	94%	96%	97%
c Annual survey: Customers satisfied with LMW's role in the community (rating of satisfied, very satisfied and extremely satisfied)	Percentage of customers surveyed	Target	NA	NA	> 78%	> 79%	> 80%	> 81%	> 82%
		Actual	81%	83%	90%	84%	87%	82%	73%
d Rural customer complaints to Energy and Water Ombudsman Victoria (EWOV)	Number	Target	7	9	< 7	< 7	< 7	< 7	< 7
		Actual	2	6	15	2	6	7	6
e Calls answered within 60 seconds (operations room)	Percentage	Target	80%	80%	> 85%	> 85%	> 85%	> 85%	> 85%
		Actual	91%	80%	99%	96%	97%	97%	97%

Commented [KS1]: @David Zacher from 2022 rural survey. More on next few pages

Overall Outcome 3 performance for the regulatory period so far: 

**Business comment**

The number of post interaction surveys received has declined significantly over the 5-year reporting period, which is symptomatic of survey fatigue or avoidance which has become more prevalent since COVID19. Despite this, the overall satisfaction rating has continued to rise throughout the 5-year period and sits well above target at 97%.

Annual survey results show a decline, below target, in customer satisfaction with LMW’s role in the community. Whilst disappointing, survey comments indicate the decline in satisfaction has been heavily influenced by increasing water supply charges due to a higher-than-expected CPI.

LMW has seen a slight decrease in customer complaints to the Energy and Water Ombudsman Victoria (EWOV) in 2022-23, and remains under target. EWOV complaints in 2022-23 related to property damage, privacy, and regulatory fees. All complaints were resolved at the end of June 2023.

The rural operations room has continued to exceed targets for calls answered within 60 seconds, and currently sits at 97% achievement in this area.

**Outcome 4: Comply with other government obligations**

Output	Unit	16-17	17-18	18-19	19-20	20-21	21-22	22-23
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a Compliance with government reporting policy requirements - timely completion and lodgement of 8 major reports	Percentage on time	Target	NA	NA	100%	100%	100%	100%	100%
		Actual	NA	NA	100%	100%	88%	100%	100%

Overall Outcome 4 performance for the regulatory period so far:



### Business comment

The majority of the regulatory reports are subject to audit requirements which occur after the end of the current financial year. As a result, the 2021-22 results are reported in the 2022-23 financial year. Over the Water Plan period LMW has complied with reporting obligations and deadlines. Any recommendations for improvement are identified through the audit process and implemented where possible.