

## Lower Murray Water - Urban - 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 2019-20 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. Keep my costs to a minimum	Yellow	Red			
2. Be easy to contact and quick to respond	Green	Green			
3. Provide me with consistent, safe, clean drinking water	Green	Yellow			
4. Provide me with reliable sewerage services	Green	Green			
5. Be present and active in the community	Green	Green			
6. Be mindful of our environment	Red	Yellow			
7. Comply with other government obligations	Green	Green			
Overall	Green	Yellow			

## **Business comments**

This is the second year of outcomes reporting after successfully delivering overall in year 1.

Lower Murray Water (LMW) experienced a challenging 2019-20 with events creating testing and abnormal operating conditions where we responded by positively demonstrating service delivery resilience.


The 2019-20 year remained dry necessitating the implementation of Stage 1 water restrictions for urban customers, initiating customer education, water usage compliance and water demand monitoring. LMW experienced poor raw water quality throughout the year requiring additional water treatment, increasing expenses to ensure we provided safe drinking water. Throughout significant blue-green algae (BGA) events and the operational impact of the coronavirus pandemic, our staff responded positively and continued to deliver services with minimal disruption to our customers.

Communicating and engaging with our customers and other stakeholders continues to be a priority as we adapt in these uncertain and challenging times. LMW is committed to managing and monitoring our performance and resources to constantly improve our services to customers.

LMW understands we have areas where continual improvement is required. Based on the key deliverables promised to our customers, LMW has rated its overall 2019-20 performance as amber - close or largely met.

## Outcome 1: Keep my costs to a minimum

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a 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			
b Deliver 1% per year efficiency improvement on controllable costs from 2016-17, measured net of growth, new obligations and abnormal events	Pass/Fail	Target	NA	NA	On track	On track	On track	On track	Pass
		Actual	NA	NA	On Track	Fail			
c Deliver major Capital Works projects >\$1m value within budget and within the regulatory period	Percentage of budget spent	Target	NA	NA	>95%	>95%	>95%	>95%	>95%
		Actual	NA	NA	32.2%	53.7%			

Overall Outcome 1 performance for the regulatory period so far: 

### Business comment

The tariffs for urban services have followed the price path developed in consultation with our customers during the development of the pricing submission and approved by the ESC<sup>1</sup>, in real terms being a reduction of 0.35% with the LMW electricity collar price adjustment mechanism not being triggered as electricity costs have been contained within agreed limits.

Controllable costs are not 'on track' with the 2019-20 controllable forecast 1% efficiency benchmark of the pricing submission. LMW's pricing submission 2018-2023 was structured such that LMW would knowingly fail the benchmark hurdle in the first two years due to cyclic maintenance

<sup>1</sup> Essential Services Commission 2018, Lower Murray Water final decision – urban services: 2018 Water Price Review, 19 June

programs however over the 5-year period had forecast to achieve the 1% efficiency. The actual controllable costs total over the first two years of the pricing submission period for the urban business services are exceeding our planned costs by \$990K and exceeding the 1% efficiency benchmark by \$2.2M.

2019-20 has provided many challenges - the major challenge was the continual poor raw water quality combined with a significant blue-green algae (BGA) event in December 2019, requiring high chemical dosing rates to provide the community with access to safe drinking water. The BGA outbreak event triggered the assembly of the LMW Emergency Management Team (EMT) as the density of the BGA in the incoming raw river water to be treated clogged the Red Cliffs and Mildura Water Treatment Plants' (WTP) water clarifiers. Extensive cleaning works were required which impacted LMW's ability to produce drinking water at a rate equivalent to demand and emergency water restrictions were put in place. Red Cliffs customers were issued with precautionary boil water notices which required an extensive LMW customer care response. Other challenges included; implementation of Stage 1 water restrictions requiring additional compliance officers, increased sewer blockages, prolonged power outage in Robinvale and surrounding areas in January 2020 and implementing safe working practices due to COVID-19.

LMW's urban capital investment is below the target of 95% for work projects greater than \$1 million for 2018-19 and 2019-20. For 2018-19 and 2019-20 years there were six individual urban projects that were budgeted greater than \$1 million totalling \$15.60 million where \$8.88 million was delivered (56.9%).

Project/Program	18-19 Budget (\$'m)	19-20 Budget (\$'m)	18-20 Actual Investment (\$'m)	Comments
Purchase of Water Entitlement	\$1.10	\$1.11	\$ -	A less than 100% allocation year on the Murray River system saw entitlement prices increase, combined with investigation of a potentially non climate dependent alternative water source, resulted in a prudent decision to delay investment.

Project/Program	18-19 Budget (\$'m)	19-20 Budget (\$'m)	18-20 Actual Investment (\$'m)	Comments
Ultra-Violet (UV) Treatment Installation	\$3.46	\$ -	\$2.63	UV disinfection providing secondary water quality barriers is operational at the Red Cliffs, Piangil, Murrabit and Koondrook Water Treatment Plants (WTPs). The implementation plan varied from the original pricing submission schedule due to selecting WTPs which had undergone automation upgrades. The scheduling of the larger WTPs to later in the UV installation program allows learnings from the smaller sites installs to be transferred to larger sites reducing operational risk.
Sewer Rehabilitation Program	\$0.97	\$1.03	\$1.54	Ongoing program that continues over the 5-year pricing submission.
Swan Hill - Replace Wastewater Treatment Plant (WWTP)	\$1.83	\$ -	\$1.21	Work scope completed below budget
Koorlong - WWTP 400ML Wet Weather Recycled Water Storage	\$2.04	\$2.58	\$2.62	Decision on storage location, land negotiation and challenge to market pricing has delayed expenditure. Storage delivery is now progressing and will be completed 2020-21.
Urban Plant/Vehicle	\$0.55	\$0.93	\$0.87	Prudent delay in expenditure to enable review of vehicle policy. Critical operational vehicle and plant change overs are progressing at required rate.
<b>Total</b>	<b>\$9.95</b>	<b>\$5.65</b>	<b>\$8.88</b>	

The combined total urban actual internal infrastructure capital investment for pricing submission to 2019-20 is \$22.71 million being 75.2% of the planned capital investment of \$30.18 million.

In 2019-20, actual urban internal capital investment of \$9.59 million being 87.7% of the planned \$10.93 million was achieved. The expenditure was primarily focused on our urban water mains and sewer renewals programs, major growth assets and installation of UV as secondary disinfection barriers at the first four of nine water treatment plant. A risk-based approach, prioritised smaller WTPs and those WTPs where the control system had been upgraded. Efficiencies from learnings gained during implementation and operation of the UV units on smaller WTPs will be transferred into the larger sites to be delivered across the remaining years of the pricing submission.


The delivery of the Koorlong 400ML wet weather recycled water storage will allow water to be stored and applied when needed across the summer months providing improved environmental outcomes. This project has been delayed and will be completed in early FY21.

Other notable investments include the finalisation of the emergency generator program, solar panel investment and reticulation system monitoring equipment. The emergency generators ensure we can maintain services to our customers during power supply outages, with solar generation helping minimise our electricity costs and meet our environmental commitments. Investment in reticulation system monitoring is using technology to increase our understanding of how our major reticulation systems operate, driving efficiencies in renewals investment, and meeting our communities' growth needs.

Overall, we rate our performance for Outcome 1 as red, due to not fully meeting the targets on b and c.

## Outcome 2: 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	447	222			
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	81%	97%			
c Net promoter score (measure of customer experience)	Percentage	Target	NA	NA	26%	27%	28%	29%	30%
		Actual	26%	26%	28%	40%			
d Urban customer complaints to Energy and Water Ombudsman Victoria (EWOV)	Number	Target	NA	NA	< 10	< 10	< 10	< 10	< 10
		Actual	11	15	12	8			

Overall Outcome 2 performance for the regulatory period so far: 

### Business comment

LMW performed favourably with all four results exceeding targets.

Instantaneous feedback via post-interaction surveys captures customers' sentiment on time taken to address their query, success of query resolution and satisfaction with the service they were provided. The second year of post-interaction survey implementation resulted in a decrease of surveys obtained compared to the previous year, possibly impacted by the office closure for four months of 2019-20 due to the coronavirus pandemic. However, the target was well exceeded and the satisfaction result at a pleasing 97%. A new initiative to measure post-

interaction sentiment was introduced in 2019-20 in the form of an interactive electronic survey in LMW offices. No survey results from the new post-interaction method are included in the 2019-20 measure results as it was not operational prior to the coronavirus pandemic office closure.

Our 'Net Promoter Score' increased significantly and represents a customer's willingness to speak favourably about LMW's service.


The urban customer complaints to EWOV (cases) saw a reduction in 2019-20 with LMW achieving the target. LMW investigates and responds to all cases that are referred for investigation. Of the eight cases referred to LMW, four cases could not be resolved internally between LMW and the customer and the cases were escalated by EWOV for arbitration. LMW continues to strive for improvement in our communication with customers to understand where enhancements to service can be made to minimise the assistance of EWOV.

Overall, we rate our performance for Outcome 2 as green - met target.



### Outcome 3: Provide me with consistent, safe, clean drinking water

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Number of Safe Drinking Water Act non-compliances (water sampling and audit)	Number	Target	0	0	0	0	0	0	0
		Actual	1	1	0	0			
b Annual survey: Customers satisfied with water quality (rating of satisfied, very satisfied and extremely satisfied)	Percentage of customers surveyed	Target	NA	NA	> 90%	> 91%	> 92%	> 93%	> 94%
		Actual	94%	91%	90%	97%			
c Water quality complaints	Number	Target	25	36	< 25	< 25	< 25	< 25	< 25
		Actual	129	34	56	35			
d Boil Water Notices issued	Number	Target	0	0	0	0	0	0	0
		Actual	0	0	0	1			
e Customers experiencing > 5 unplanned water supply interruptions	Number	Target	15	15	0	0	0	0	0
		Actual	0	0	46	0			
f Unplanned water supply interruptions	Number per 100 km	Target	51.34	51.34	< 25	< 25	< 25	< 25	< 25
		Actual	17.92	16.35	20.39	15.17			

Overall Outcome 3 performance for the regulatory period so far: 

## Business comment

LMW performed favourably overall with four of the six output targets being met or exceeded.

Significant improvement in customers satisfied with water quality was demonstrated compared to the previous year. This was despite the Boil Water Notice issued in Red Cliffs, through genuine and transparent communication with customers, was well accepted.


LMW experienced a decrease in water quality complaints in 2019-20 from the previous year however did not meet the challenging target LMW has set. LMW has over 34,000 water customers which our target equates to under one water quality complaint per 1,000 customers. The 2019-20 improvement is attributed to water colour complaints (12), where the raw water did not experience a black water event as occurred in 2018-19. LMW's water treatment plants can safely treat black water however a slight residual colour may remain in treated water supplied from the plants. The majority of LMW's 2019-20 water quality complaints relate to our water main replacement program (15). LMW notifies customers of pending works in their service area and strives to minimise disruptions or changes to water quality after completion of works. LMW investigates complaints through house visits by our Water Quality team to ensure water quality restoration, these are usually resolved by flushing mains.

A precautionary Boil Water Notice was issued to address increased filtered water turbidity limits at the Red Cliffs Water Treatment Plant. This was a result of a large blue-green algae presence in the raw water causing significant process disturbance and loss of control of the treatment process. Whilst all non-compliant water was rejected and did not enter the Red Cliffs reticulation system, a risk-based decision was made to issue a precautionary Boil Water Notice for the Red Cliffs township supply.

Overall, we rate our performance for Outcome 3 as amber - close or largely met.

## Outcome 4: Provide me with reliable sewerage services

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Sewerage blockages	Number per 100 km	Target	22.6	22.6	< 20	< 20	< 20	< 20	< 20
		Actual	17.47	14.55	17.38	14.79			
b Customers receiving more than 3 sewer blockages	Number	Target	0	0	0	0	0	0	0
		Actual	0	0	0	0			
c Spills in houses caused by LMW assets	Number	Target	3	3	≤2	≤2	≤2	≤2	≤2
		Actual	3	0	0	0			
d Annual survey: Customers satisfied with sewerage service (rating of satisfied, very satisfied and extremely satisfied)	Percentage of customers surveyed	Target	NA	NA	> 90%	> 90%	> 90%	> 90%	> 91%
		Actual	94%	93%	90%	98%			
e Odour complaints (includes sewerage systems and treatment plants)	Number	Target	6	5	< 10	< 10	< 10	< 10	< 10
		Actual	9	3	4	10			

Overall Outcome 4 performance for the regulatory period so far: 

## **Business comment**

LMW performed favourably overall with four of the five targets being met or exceeded.


Fewer sewer blockages were experienced than the previous year with no customer experiencing more than three sewer blockages throughout 2019-20. LMW is pleased to report no sewage spills occurred in houses caused by LMW assets or actions.

LMW experienced an increase in sewer odour complaints however largely met the 2019-20 target. Of the complaints, four were attributed to one site at which LMW performed minor works to rectify the issue. Some complaints related to our various wastewater treatment plants and were investigated by LMW staff however no system faults were evident. LMW fully investigated all complaints made and is committed to resolving all issues.

Overall, we rate our performance for Outcome 4 as green - met target.

## Outcome 5: Be present and active in the community

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a 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	> 92%	> 93%	> 94%	> 95%	> 95%
		Actual	96%	91%	95%	95%			
b LMW and local engagement groups to meet formally annually	Number of meetings	Target	NA	NA	1	1	1	1	1
		Actual	NA	NA	1	1			
c 'Pop up kiosks' in major shopping centres and at community events	Number of events	Target	NA	NA	1	1	1	1	1
		Actual	NA	NA	3	3			
d Publish monthly LMW newsletter 'Inflow' on website & email informing community on activities	Number	Target	NA	NA	12	12	12	12	12
		Actual	NA	NA	12	12			
e Open days at LMW's key local infrastructure sites	Number	Target	NA	NA	1	1	1	1	1
		Actual	NA	NA	9	2			
f Develop and deliver an Aboriginal Reconciliation Action Plan and Diversity and Inclusion Strategy	Pass/Fail	Target	NA	NA	On track	On track	On track	On track	Pass
		Actual	NA	NA	On track	On track			

Overall Outcome 5 performance for the regulatory period so far: 

## Business comment

LMW performed favourably overall meeting or exceeding six targets, despite engagement activities being impacted by state-wide coronavirus restrictions.

LMW continues to maintain a presence within the urban community through participating in the Education Task Group led by Mildura Rural City Council and includes others such as Parks Victoria, Mallee CMA, and the Loddon Mallee Waste Recovery Resource Group.


LMW continues to engage and communicate with our customers regarding issues that affect water supplies such as Stage 1 Urban Water Restrictions and BGA events. LMW held pop-up kiosks at various locations providing the community with an opportunity to meet staff and discuss programs, provided regular emails on events such as the *Sunray Warriors* program, National Water Week and social media notifications regarding activities and events affecting urban water treatment processes. Unfortunately, participation in educational infrastructure tours was reduced this year due to statewide coronavirus restrictions.

LMW was pleased to launch our Reconciliation Action Plan in July 2019 and in 2019-20 progressed actions such as engaging with First Peoples in our projects and employing an indigenous trainee.

Overall, we rate our performance for Outcome 5 as green - met target.

## Outcome 6: Be mindful of our environment

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Number of EPA reportable sewerage spills per annum	Number	Target	NA	NA	≤2	≤2	≤2	≤2	≤2
		Actual	2	1	0	2			
b Number of EPA corporate licence conditions non-compliant	Number	Target	0	0	0	0	0	0	0
		Actual	1	1	0	1			
c Total CO <sub>2</sub> e emissions from urban operations (inclusive of urban customer growth)	Tonnes CO <sub>2</sub> e	Target	18,364	15,283	15,544	15,547	15,800	15,779	16,138
		Actual	19,163	21,071	20,207	18,838			
d All key sites (7) have generator availability or capability to maintain services in event of sustained power outage	Percentage	Target	NA	NA	Pass	Pass	NA	NA	NA
		Actual	NA	NA	Fail	Pass			

Overall Outcome 6 performance for the regulatory period so far: 

### Business comment

LMW's performance demonstrated improvement with a reduction in CO<sub>2</sub>e emissions and overall meeting two of four targets.

Whilst LMW has met the minimum target of ≤ 2, unfortunately EPA reportable sewerage spills occurred throughout 2019-20. The first reportable incident was a result of a cracked sewerage pipe where it is estimated 50 litres of sewerage spilled. The second reportable incident was a result of a sewer pump failure. Whilst the pump site is alarmed, an estimated sewerage spill of 1 ML onto an LMW owned basin and private land occurred and no homes or buildings were affected. LMW undertakes a proactive maintenance program and delivers successful customer awareness campaigns on disposable items through household sewer systems, however occasional blockages are unavoidable at times and continue to occur as part of the sewerage network operations. To provide an efficient and effective sewerage network there are many challenges where spills or

blockages may be attributed to sediment build-up in the lines, tree root intrusion, pump failures, power outages and foreign objects that may have been unintentionally or inappropriately disposed of by customers.

The CO<sub>2</sub>e emissions continue to exceed our target however we have seen a reduction in 2019-20. A reduction from the previous year of 13% and 3% in the emissions generated from the water and wastewater treatment plants operations respectively, 7% reduction from the transport and stationary fuel emissions, and 9% reduction from the corporate offices' electricity consumption was achieved. A small reduction in emissions can be attributed to the coronavirus pandemic where reduced levels of business-related travel and office use with additional reductions driven from onsite solar power generation being fully operational throughout 2019-20.

LMW has not met CO<sub>2</sub>e emissions target due to delays in implementation of projects to reduce emissions. LMW has initiated a review of our strategy ensuring we deliver projects that promote power savings and reduction in CO<sub>2</sub>e emissions. LMW is in the process of developing a dashboard reporting system to closely monitor carbon emissions, keeping the business informed of changes and progress towards meeting LMW's carbon reduction pledge. LMW currently have a set of projects being considered that are aimed at reducing scope 2 emissions by targeting higher operational efficiencies for processes, water pumping, water quality and safety, transport, generation, life energy costs and environmental best practice for any new equipment.


LMW has successfully completed the procurement and installation of fixed and portable generators at all key sites. In our engagement with customers for the pricing submission, customers indicated they wanted continual reliable delivery of critical water and sewerage services. With climate change creating severe climatic events more often, LMW has now improved the reliability of our critical services. In January 2020, Robinvale and surrounding areas experienced a prolonged power outage that would have previously shut down LMW's water and wastewater treatment plants, placing customers on restrictions or no supply. With the use of the new generators, LMW maintained an uninterrupted supply of water and wastewater service throughout the prolonged power outage event for the township of Robinvale.

Overall, we rate our performance for Outcome 6 as Amber - close or met.



## Outcome 7: Comply with other government obligations

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
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%			

Overall Outcome 7 performance for the regulatory period so far: 

### Business comment

LMW is obligated to comply with government mandated timelines to meet Ministerial and financial directions. All our regulatory reports are subject to audit requirements and these occur after the end of the current financial year. Our 2018-19 completion and lodgement results are reported in the 2019-20 reporting year where appropriate and as such LMW is reporting 100% completion and lodgement rates by due dates.

Overall, we rate our performance for Outcome 7 as green - met target.