

2006/2007 ANNUAL REPORT SUMMARY



GOULBURN VALLEY WATER

This summary document highlights the key outcomes in our 2006/2007 Annual Report. The full report is available on CD or it can be downloaded from our website www.gvwater.vic.gov.au

>>> Vision – Our Shared Aspiration

To be a leader in water management, delivering quality customer services.

>>> Mission – Our Core Purpose

To deliver sustainable water services in a safe, efficient and effective manner.

Who we are and what we do

Goulburn Valley Water is one of 13 regional urban water authorities in regional Victoria. We provide urban water and wastewater services to a population of over 121,000 and 54,656 properties in 54 towns and cities from the outskirts of Melbourne in the south to the Murray River in the north.

Our bulk water supply is principally from the Goulburn/Broken, Murray, Steavenson, Rubicon and Delatite River systems and a number of smaller local streams such as Sunday Creek and Seven Creeks.



Financial Performance

Goulburn Valley Water generated annual revenue in 2006/2007 of around \$46.6 million and managed an asset base valued at over \$497 million. We achieved an operating profit of \$1.5 million compared with \$321,000 profit in the previous year.

This operating result included \$6.3 million of gifted water and sewerage assets and cash contributions from developers to existing and future infrastructure facilities.

Our Story of Sustainability

We recognise that water authorities throughout Australia are experiencing a period of rapid change. This change is being brought about by circumstances such as protracted drought, increasing competition for water, globalisation of commodity markets, ageing rural populations and increasing urbanisation. These factors have significant implications for the sustainability of natural resources, regional communities and organisations within all regions of Australia.

If we are to continue to be an innovative, successful water business we need to respond and adapt to these changes. But another important driver underpins our actions. We want to play a part in actively creating and maintaining a region we truly want to live and work within – now and into the future. We believe that achieving this desire will require us to incorporate sustainability principles into the way we do business at all levels.

During 2006/2007 we developed our Sustainability Improvement Plan and its purpose is to clearly state the

More than \$19.7 million was invested in new water and wastewater infrastructure work throughout the region during 2006/2007.

Major projects commenced during the financial year include a 6.7 megalitre per day water treatment plant at Alexandra. This plant was increased in size from the original proposal to enable it to provide treated water to the townships of Eildon and Thornton via a pipeline. The construction of the water treatment plant, at an estimated cost of \$3.5 million, is well advanced and is expected to be completed by November 2007. The pipeline is in the early stages of design and is

sustainability goals and commitments that will drive business decisions, and to anchor them with concrete actions for us to achieve our aims.

We understand that driving sustainability is as much about improving the efficiency and relevance of our internal business as it is about achieving desirable regional futures. For this reason, the sustainability goals, commitments and actions relate to both the internal and external contexts that we operate within, and attempt to integrate them in a way that all staff can relate to and use over time.

Finally, we understand that a commitment to sustainability is a commitment to promote, adapt to, and harness the opportunities that arise from change over the long term. While some initiatives can be achieved immediately, our Sustainability Improvement Plan also recognises that it will require time for many of our goals to be achieved. This commitment requires the understanding, willingness and inspiration of all staff towards achieving our aim – to collaboratively shape regional and resource futures.

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What We Value

Honesty and Integrity

Goulburn Valley Water will operate with honesty and integrity in all that we do and be respectful of the views of others.

Staff Well-Being and Life-Balance

We value our staff, acknowledge the importance of life balance and will assist staff to manage work, personal and family commitments.

Teamwork and Professionalism

We will strive to achieve excellence in all areas of our business through teamwork, professionalism and a culture of continuous improvement.

Innovation

We will utilise innovation to create best value for stakeholders.

Health and Safety

The health and safety of our people and the community is a total commitment.

Optimism and Enthusiasm

We will be positive and approach our respective roles with enthusiasm and commitment and celebrate our successes.

expected to be completed in 2009/2010 at an estimated cost of \$6.8 million.

Other significant projects being undertaken include the upgrade of the wall and spillway of the Sunday Creek Reservoir at an estimated cost of \$4.3 million and the construction of a 16 megalitre treated water storage at Kilmore for \$3.8 million. The upgrading of the reservoir will ensure it meets current dam safety standards and is expected to be completed by October 2007. The treated water storage, which involves the decommissioning of two reservoirs, will be completed in November 2007.

Our Sustainability Policy is:

Goulburn Valley Water – collaboratively shaping regional and resource futures

We will operate collaboratively within a total community context to foster and shape regional development and resource management, taking account of environmental, social and financial factors.

In doing so we will pursue the following goals:

- Goal 1** Ensuring ongoing organisational relevance and effectiveness
- Goal 2** Ongoing improvement in business efficiency
- Goal 3** Minimising the environmental footprint
- Goal 4** Delivering integrated community benefits

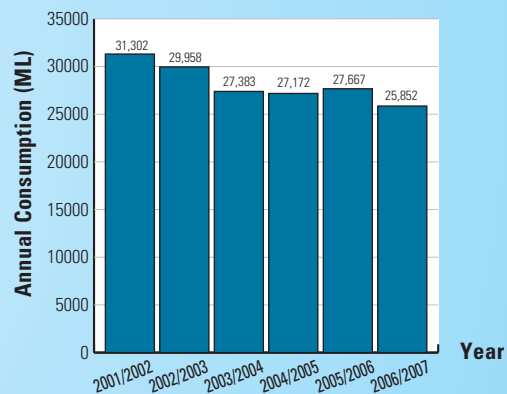
Water Consumption

2006/2007 will be remembered as a year of record low rainfall and runoff with widespread water shortages across Eastern Australia. While most towns in our region were protected from severe water restrictions, Stage 4 water restrictions were necessary during the summer/autumn period at Mansfield, Sawmill Settlement, Merrijig, Woods Point, Euroa, Violet Town and for towns supplied from the Sunday Creek system. Stage 3 and Stage 4 water restrictions were also introduced for many other towns at the end of the irrigation season.

Water consumption for the year totalled 25,852 megalitres. This was a 7% decrease on the previous year, and a continuation of the downward trend over recent years as illustrated in the chart.

The lower consumption levels were most noticeable in the non-residential component (down 9%) and unaccounted for water (down 14%). Residential use declined by some 4%.

The reductions were due in part to water restrictions, but also to the positive attitude of all sectors of the community who sought to reduce water use during the very severe drought period.



Water Quality

Goulburn Valley Water continues to maintain a strong focus on water quality management and improvement, once again achieving a very high level of performance against the requirements of the *Safe Drinking Water Act 2003*.

All water supply systems were fully compliant with the regulated standards for bacteria, turbidity and disinfection by-products. A small number of systems experienced non-compliance against trichloroacetic acid and trihalomethane standards. In addition, a relatively small number of systems experienced isolated single samples that did not comply with the aluminium standard. We have formalised undertakings with the Department of Human Services for a number of these systems whilst improvement initiatives are implemented.

We continue to actively evaluate and implement water treatment, process control and system management improvements, which reflects in the strong trend of enhanced water quality outcomes over a number of years. Research and development forms a key plank in this strategy along with a significant ongoing investment in water treatment facilities.



Environmental Management System

In November 2006 our Environmental Management System was recertified to ISO 14001, following an extensive external audit conducted by NCSI. The scope of the Environmental Management System was also expanded during the audit to include regional operation centres and is now fully integrated into wastewater management and supporting operational and administrative facilities.

The only area our business that remains outside the scope is our 40 water treatment plants. The inclusion of this important part of our operation is integral to the continuous improvement commitment in our environmental policy. This final phase will realise a long term business goal of achieving a "whole of business" approach to progressive environmental management. Our water treatment plants are expected to be certified to ISO 14001 in November 2007.

Greenhouse Gas Emissions

Our greenhouse gas emissions reduced by 17,000 tonnes CO₂-e in 2006/2007 compared to the previous year. In 2005/2006 emissions were 48,471 and in 2006/2007 emissions were 30,922. This is significantly less than the estimated 91,000 tonnes CO₂-e emitted in 2001/2002.

Reductions are primarily the result of ongoing improvements in methane management at the Tatura, Shepparton and Mooroopna wastewater management facilities. Methane that was previously released to the atmosphere is now either co-generated into electricity or flared. In January 2007 'green energy' production commenced at the Tatura facility when Diamond Energy began generating electricity from methane.

Since January, Diamond Energy has exported approximately 1,300 megawatts of electricity up to 30 June 2007. It is anticipated the facility will generate around 5,000 megawatts of electricity per year which will be enough to provide the average electricity needs of approximately 1,000 houses.



Land for Wildlife

We have established our sixth *Land for Wildlife* site in 2006/2007 with the registration of an area at the Broadford wastewater management facility. The 19.5 hectares area is adjacent to a tributary of Sunday Creek in Broadford. It runs along a strip which connects with other properties in the area to create a significant wildlife corridor to the creek.

The site has been classified as 6.5 hectares of Plains Grassy Woodland and 13 hectares of Floodplain Riparian Woodland and is dominated by many Australian native plant species. These include River Red Gums, Yellow Box Eucalypts, Grey Box Eucalypts, Tree Violets, Common Tussock and many native grass species. There are a number of hollows present on the mature trees which provide habitat for bird and marsupial species and a large number of logs on the ground provide habitat for other land based species, such as wombats.

Our Assets

During 2006/2007 we replaced 2,093 metres of water mains and 1,300 metres of sewer mains were relined using trenchless methods. In addition 5,200 metres of sewer mains were cleaned and inspected by Closed Circuit Television

Asset	Number
Water Treatment Plants	40
Wastewater Management Facilities	26
Water Mains	1,677 kilometres
Pressure and gravity sewers	1,172 kilometres
Pumping Stations	340
Tanks and Reservoirs	92

Major Customers

We had 16 customers who used over 50 megalitres (50,000 kilolitres) at any one location in 2006/2007. Most of these customers are major industries processing agricultural produce grown in the area.

We have been assisting major industries since 2004 to develop cleaner production strategies that focus on reducing water use and trade waste discharges. This has been successful in reducing water consumption, or confirming in some cases that an industry is operating at 'best practice' levels.

Cleaner Production

Working in partnership with our large industrial customers and the EPA, we have continued our successful cleaner production program throughout the region in 2006/2007. Projects completed this year included cleaner production studies at Campbell's Soups in Shepparton, Riverland Oilseeds in Numurkah, Pental Soaps in Shepparton and the HW Greenham and Sons abattoir at Tongala. A project is also currently underway with Nestle Confectionery in Broadford.

These projects have identified a wide range of opportunities for these businesses to reduce their water use and trade waste flows and loads. They have also provided key benchmarking of some sites against Australian and International standards.

Reducing Salt

In 2004 Goulburn Valley Water set a corporate goal of achieving a 25% reduction in salt discharges from major customers by July 2008. The starting point for this program was the 2003/2004 fiscal year. Since then there have been significant reductions in sodium. The biggest sodium contributors have been food based industries in Tatura, Shepparton, Tongala and Cobram. Figures for 2006/2007 show a 26% reduction in sodium discharged from major industries compared to the 2003/2004 figures. Further savings are expected to be achieved in the future.



Education

Goulburn Valley Water continued its strong focus on education in 2006/2007. We worked with a total of 105 schools undertaking programs such as Waterwatch and Catchment Capers and organising a range of water related activities during National Water Week.

We recognise the importance of providing the community with opportunities to learn about water conservation, water treatment, wastewater management and reuse, and our roles and responsibilities. We deliver our community education through a range of activities including:

- tours of facilities;
- presentations to local service clubs;
- stands at exhibitions;
- brochures;
- customer newsletters; and
- the Goulburn Valley Water website.

During 2006/2007 over 400 people, not including school groups, visited Goulburn Valley Water's facilities on organised tours. The community visited water treatment and wastewater management facilities at Euroa, Shepparton, Tatura, Kyabram, Kilmore and Cobram.

Goulburn Valley Water's employees also gave talks at Rotary, Probus, Gardening Clubs and other Service Clubs across the region including, Cobram, Alexandra, Seymour, Shepparton, Kilmore, Tatura, Mooroopna and Numurkah.

Community Engagement

We are committed to community engagement as an integral part of our business activities. To enhance the community engagement capability of our organisation, key staff members have undertaken a comprehensive training program in Public Participation. In early June 2006, 31 employees, including the Chief Executive, two directors, technical services managers and project managers undertook the first module in a three module training program. 22 employees including the two directors, undertook modules two and three during July and August 2006 to complete the certificate course.

We develop a community engagement plan for every major project undertaken and other important areas of operations



such as the water plan, customer charter, water supply demand strategy and regular maintenance works.

Components of a community engagement plan may include:

- Identification of key stakeholders including multi-cultural and indigenous interests;
- The engagement level required with each stakeholder;
- Establishment of a Community Reference Committee to assist with liaison between the Authority and the Community;
- Media Releases/Newsletters/Information Bulletins and;
- Open Meetings/Open Days;

During 2006/2007, we worked with four community reference committees. Two were for major projects, the Marysville Recycled Water Facility and the Upper Goulburn Regional Water Supply Project. The other two were for the Water Supply Demand Strategy and the Water Plan.

Recycled Water Reuse

In 2006/2007 a total of 6,700 megalitres or 86% of recycled water from our wastewater management facilities was reused for irrigation. This was 13% higher than last year. This was due to the lack of rainfall which reduced winter inflows and allowed irrigation to occur for nearly the whole year.

In addition to our 14 properties that are irrigated with recycled water, we currently supply 11 second party (lessees of Goulburn Valley Water properties) irrigation properties with recycled water for fodder production, and 16 third party reuse customers, including five golf courses. On our properties we grow pasture for sheep and cattle, and we have extensive irrigated tree plantations.

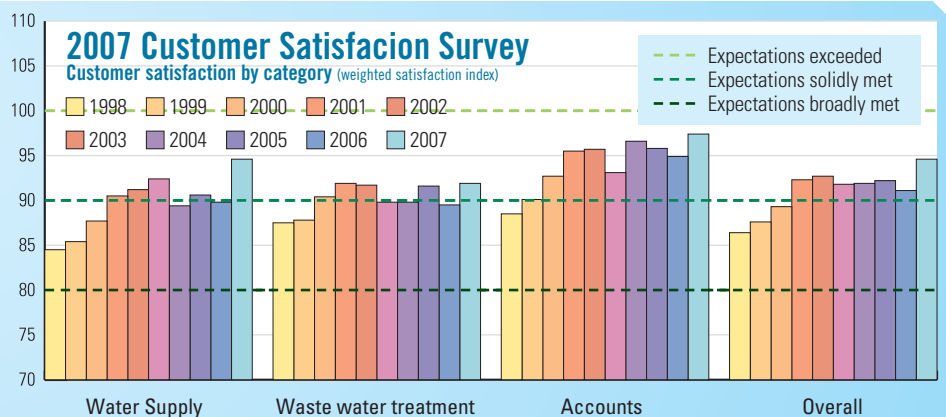
Customer Satisfaction Survey

Each year we engage an independent market research company to undertake a customer satisfaction survey.

In 2007 the overall customer satisfaction rating of 94.6 increased by 3.5 from the 91.1 overall rating in 2006.

The survey measured 16 service items, including items such as taste of water, colour of water, smell of water, bills are easy to understand etc.

Of the 16 items 13 have a customer satisfaction score of 90 or above suggesting that customers are strongly satisfied with Goulburn Valley Water on these issues.



Customer Complaints Indicators

In respect to water quality complaints per 1,000 customers, this result was adversely affected by the water shortage in the Sunday Creek supply system which curtailed the regular flushing program. Over 35% of water quality complaints came from this area. A single 4 hour water outage at Euroa also triggered a high number of complaints.

Wastewater odour complaints per 1,000 customers also exceeded the annual target. Over the year a total of 63 odour complaints were received – 19 from Mooroopna, 13 from Seymour, 12 from Eildon and a total of 19 from 10 other towns. Complaints at Mooroopna and Eildon mostly related to odours from wastewater management facilities while odours from pumping stations were the main problem at other locations

Indicator	2006/2007 Result	2006/2007 Target
Customer Complaints		
Water quality complaints per 1,000 customers	6.8	6.3
Water supply reliability complaints per 1,000 customers	1.3	No target set
Sewerage service quality and reliability complaints per 1,000 customers	0.16	No target set
Affordability complaints per 1000 customers	0.08	No target set
Billing complaints per 1,000 customers	0.08	No target set
Pressure complaints per 1,000 customers	2.8	No target set
Sewage odours complaints per 1,000 customers	1.3	1
Other complaints per 1,000 customers	0.6	No target set



OH&S

In 2006/2007 we achieved a significant milestone with the certification of our OH&S management system against the Australian Standard (AS/NZS 4801) for OH&S Systems. The certification is recognition of our strong commitment to health and safety and continual improvement.

Regular in-house inspections of workplaces is recognised as one of the keys to identify hazards and these are carried out by trained operators and supervisors who identify new hazards at worksites and check safety control measures are working effectively. Over 90 major sites are visited annually, with recommendations and improvements tracked until measures are implemented.

Our health and safety committee comprises representatives from all work teams and management representatives. Throughout 2006/2007 the health and safety committee continued to focus on broader OH&S issues which affect the organisation, including working in isolation, manual handling and health and wellbeing.

In October 2006 we celebrated Safety Week with a full week of activities. Organised and run by the OH&S Committee, events followed the theme of "Healthy Living – Healthy Working" and comprised a healthy breakfast, exercise, meditation and massage, reptile and snake displays and blood pressure and glucose testing.

Indicator	2006/2007 Result	2006/2007 Target
Water Supply Interruptions		
Number of customers receiving 3 or more unplanned interruptions in the year	243	160
Interruption Time Indicators		
Average duration of unplanned water supply interruptions	121 minutes	90 minutes
Average duration of planned water supply interruptions	106 minutes	120 minutes
Restoration of Water Supply		
Unplanned water supply interruptions restored within 5 hours	97%	98%
Reliability of Wastewater Collection Services		
Sewer spills from reticulation and branch sewers (priority 1 and 2)	55	No target set
Sewage spilt from emergency relief structures and pumping stations (% of volume transported)	0	No target set
Sewer Spills Contained with 5 hours		
Sewer spills contained within 5 hours	100%	100%

Service Performance Indicators

Water supply interruptions were higher than target due to the very dry and hot conditions in 2006/2007 resulting in increased soil movement and water main failures. We have an ongoing program for replacement of water mains with a history of frequent failures.

The average duration of water supply interruptions is a measure of the total customer time to restore water supply divided by the number of events. The duration of unplanned interruptions is very dependent on the location and type of failure. For example, a cracked pipe near a works depot may be fixed in less than one hour. A failure of a large pipe in a more remote location can take several hours to repair.

In 2006/2007 there was an abnormally high number of eight repairs that took in excess of five hours. These works typically involved repairs in areas near obstructions such as power cables, trees and traffic control works. These failures

have contributed to the increased repair times.

The duration of planned water supply interruptions varies depending largely on contractor activity related to new subdivisional development. Conditions on these contractors are designed to ensure that compliance with the performance target is achieved.

There were four Priority 1 and 51 Priority 2 spills from wastewater collection systems in 2006/2007.

The increased number of Priority 2 spills were related to the very dry conditions experienced in 2006/2007. This encouraged tree roots to seek water within sewers, and resulted in more blockages. Additional sewer root foaming works are occurring to reduce the number of these blockages.

All sewer spills were contained within 5 hours as a result of our workforce responding promptly to these system failures.

Human Resources

We directly employ around 180 people, in operational, engineering, financial and administrative roles. Our workforce is complemented by partnerships with consultants and contractors to undertake a range of business, technical and operational functions.

In November 2006 we conducted our first employee opinion survey. The survey was developed using employee focus groups from all workgroups. 88% of employees participated in the survey. This level of response ensured that the data was a true reflection of employee's thoughts, and actions arising from the survey were meaningful.

The results were received in late 2006 and after analysis and reporting to the Board the results were disseminated widely to all employees including a 'roadshow' to all workgroups to explain the survey report, answer questions and receive feedback.

During 2006/2007 the organisation continued to embrace "best practice" recruitment and management principles and supported the employment of females, on merit, in non-traditional roles (particularly our operational and technical fields).

We also embraced diversity during 2006/2007, with a number of new employees recently establishing Australia as their home, from countries such as Sri Lanka, China, and Malaysia.

