

Business Performance and Compliance

Business Performance

	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000	2004 \$'000
Total Revenue	49,065	46,639	45,338	48,224	47,235
Expenses other than Depreciation	35,382	31,263	31,368	29,421	24,940
Depreciation	13,403	13,108	13,507	13,483	12,847
Net Profit After Tax	183	1,580	321	3,722	9,448
Total Assets	520,710	497,134	483,361	485,599	457,317
Borrowings	49,451	31,377	27,121	27,895	11,228
Shareholders Equity	427,261	427,078	425,497	431,167	437,424
Return on Assets	0.47%	0.7%	0.49%	1.37%	2.26%
Gearing Ratio	0.095	0.06	0.06	0.06	0.03
Interest Cover Ratio	1.13	3.0	1.40	14.27	13.14

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Water Plan

Goulburn Valley Water submitted its second water plan to the Essential Services Commission during the year. The Plan sets the proposed price path for the regulatory period from July 2008 to June 2013 and makes provision for the necessary funds and resources to address statutory obligations and key activities of the Corporation.

The Corporation embraced wide ranging strategies to engage the community throughout the development of the Plan. The resulting holistic Water Plan addresses the community's concerns and suggestions, where appropriate, in addition to providing a platform for sustainable development throughout the regulatory period and beyond.

A number of studies informed the development of the Plan, including the water supply demand strategy – *GVW2055* and the 20 year Infrastructure Program. These and other strategies are facilitating timely and efficient augmentation and upgrade of infrastructure to accommodate forecast development and improved service levels in towns throughout the Goulburn Valley. To that end, a key goal of the Water Plan is to invest an estimated \$113 million in new and upgraded infrastructure over the five years to 2013.

Essential Service Commission Audit

As part of the economic regulatory framework, Goulburn Valley Water is required to report on a range of performance criteria to the Essential Services Commission (ESC). For the third consecutive year, the ESC required an independent audit of the 56 performance standards and obligations reported by Goulburn Valley Water. BECA carried out the independent audit on behalf of the ESC.

The audit reviewed and scored the adequacy, maintenance and implementation of business reporting systems including policies, practices, procedures and data collation systems as well as the accuracy and validity of data.

The auditors found ongoing improvement of Goulburn Valley Water's practices and procedures, the development and maintenance of databases for storing and retrieving regulatory data and improvement in data reliability over the past 12 months.

Of the 56 performance indicators, 48 were graded A while the remaining 8 were graded B (an improvement of +6% A's compared to last year).

All performance indicators scored were within ±10% accuracy. Two, relating to sewer spills, were not graded as there were no reported spills from emergency relief structures or pumping stations during the audit period.

The Auditor made a number of business improvement recommendations including:

- Ongoing improvement of data integrity; and
- Further procedure revision and/or development.

The results of this independent regulatory audit reflect the superior business performance of Goulburn Valley Water and its staff confirming the continued improvement in processes and systems actioned over the period.

Capital Works

Goulburn Valley Water continued its significant capital works program in 2007/2008, with expenditure of over \$25.4 million on 97 projects. This expenditure included capital works brought forward in response to managing and securing a water supply for drought affected townships.

Consultancies

A number of consultants were engaged to carry out specific tasks during the year. There were six separate engagements costing a total of \$61,897.

During 2007/2008 no consultancies of over \$100,000 were entered into.

Contracts Over/Less than \$10 Million

During 2007/2008 the Corporation did not enter into any contracts valued over \$10 million. 58 contracts were entered into with a value of less than \$10 million.

Building Act 1993

During the reporting period, the Corporation met relevant compliance provisions of the *Building Act 1993* in building and maintenance activities.

Victorian Industry Participation Policy (VIPP)

Goulburn Valley Water has implemented procedures in accordance with Section 9 of the *Victorian Industry Participation Policy Act 2003*. The VIPP forms part of our consultancy handbook which is issued to all consultants undertaking projects for the Corporation. The handbook requires consultants to ensure the VIPP forms part of all Tender documentation. There were no contracts that were entered into by Goulburn Valley Water where VIPP applied.

Government Contributions

Government Contributions from the Department of Human Services totalling \$1.4 million were received in 2007/2008. This contribution is in support of the proposed fluoridation projects in Cobram, Kyabram and Seymour.

National Competition Policy

Neutrality is a guiding principle of the National Competition Policy. It requires that Government owned businesses should compete with private sector businesses on the

same footing. Goulburn Valley Water has operated in a manner that meets the National Competition Policy compliance requirements.

Freedom of Information Act 1982

Goulburn Valley Water is considered to be a "Government Agency" under the terms of the *Freedom of Information Act 1982*. Accordingly, it is required to comply with procedures that have been prescribed under which members of the public may gain access to information held by agencies. A decision to release information is made by an Authorised Officer.

The following officers have been appointed in accordance with the provisions of the *Freedom of Information Act 1982*;

Principal Officer – Managing Director
Authorised Person – General Manager – Corporate Services

An application fee of \$22.70 applies at the time of this report's publication. In the 2007/2008 reporting period there was one written request for information under FOI. This request was accompanied by the relevant application fee and was granted and the information released. During this period a request from 2006/2007 was finalised and the information released in December 2007.

There were no hearings or appeals in relation to FOI matters for 2007/2008.

Information Prepared and Available

The information listed in Financial Reporting Direction 22 of the *Financial Management Act 1994* is held at Goulburn Valley Water's office in Shepparton and is available on request, subject to the *Freedom of Information Act 1982* and the *Information Privacy Act 2000*.

Whistleblowers

Goulburn Valley Water has developed procedures in accordance with Section 68(3) of the *Whistleblowers Protection Act 2001* which comply with the Ombudsman's Guidelines. The main objective of the *Whistleblowers Protection Act 2001* is to encourage and facilitate the making of disclosures of improper conduct or detrimental action by public officers and public bodies.

Disclosures of improper conduct or detrimental action by Goulburn Valley Water or its employees may be made to the following:

The Protected Disclosure Coordinator
Name: Danny Hogan
Title: General Manager – Corporate Services
Address: PO Box 185, Shepparton, 3632
Phone: (03) 5832 0442

Alternatively, disclosures of improper conduct or detrimental action by Goulburn Valley Water or its employees may also be made directly to the Ombudsman.

The Ombudsman Victoria
Level 9, 459 Collins Street (North Tower)
Melbourne VIC 3000
Telephone: (03) 9613 6222
Toll free: 1800 806 314
website: www.ombudsman.vic.gov.au
Email: ombudvic@ombudsman.vic.gov.au

During 2007/2008 no disclosures were made under the *Whistleblowers Protection Act 2001*.



Sustainability Assessment Tool

Sustainability Improvement Plan Goal 2- Ongoing Improvement in Business Efficiency

Commitment 2.3

Enhanced Performance Monitoring

To enhance GVW's current monitoring and measuring systems to assist ongoing improvement in business performance and the delivery of sustainability outcomes consistent with GVW's operating policies.

The Sustainability Action Plan established actions to assess and determine the most appropriate sustainability decision support tools, and then use these tools to assess projects and other operational decisions.

Triple bottom line (TBL) tools are increasingly being used by organisations incorporating sustainability considerations such as financial, environmental and social criteria to improve decision making. Goulburn Valley Water's sustainability team reviewed various TBL tools, including Melbourne Water's Triple Bottom Line Guidelines, Gippsland Water's Sustainability Assessment Tool for capital projects and the Water Services Association of Australia's (WSAA) Sustainability Framework. None of these tools was deemed suitable for Goulburn Valley Water in their entirety, so a hybrid model was developed to better suit the Corporation's needs, typical projects and the expectations of local communities.

The TBL tool developed by the Corporation, called the Sustainability Assessment Tool, is a spreadsheet and facilitates a project team assessing sustainability via four criteria – economic, environmental, social and technical. The human health criterion recommended by WSAA has been incorporated into the social criterion.

The Sustainability Assessment Tool is now being used to select the most sustainable project option during such tasks as developing the capital project plan, selecting preferred instrumentation and equipment for listing in the product manuals. It is also expected that the Sustainability Assessment Tool will be suitable for assessing strategic planning scenarios, prioritisation of capital projects, selection of successful tenders and operational decision making.

Risk Management Compliance Attestation

I, Peter Quinn certify that Goulburn Valley Water has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The audit committee verifies this assurance and that the risk profile of Goulburn Valley Water has been critically reviewed within the last 12 months.



C.L. Scott
Deputy Chairman

Date: 3rd September 2008