

# Chair & CEO's Report



It gives us great pleasure to present the 2005/2006 Annual Report of Goulburn Valley Water. The year was one of significant change and challenge. Our first three year water plan was implemented, as approved and amended by the Essential Services Commission (ESC), together with the Commission's oversight and regulatory framework.

Good planning and hard work from our dedicated and committed staff throughout the year enabled the business to deliver on our economic, social and environmental responsibilities across the region.

In approving the Authority's Water Plan and associated tariff proposals, the ESC made significant pricing decisions which were not proposed by the Authority. The most significant of these was the ESC's decision to increase the volumetric price of water to consumers in Shepparton and Mooroopna by 29.2% in 2005/2006 and to reduce the water and sewerage headworks contribution payable by developers to \$500 per connection for each service. The reduction in headworks contributions has had a significant impact on the Authority's revenue.

In 2005, the ESC required regulatory audits to be undertaken by all urban water businesses in accordance with the Commission's risk assessment framework. The audit scope included the performance information captured and reported by the Authority, compliance with the Customer Service Code and five key areas of the Statement of Obligations relating to risk management, incident management, emergency response, asset management, dam safety and river health. Overall the results of the regulatory audit of Goulburn Valley Water were excellent. The auditors saw the Authority as a robust organisation with many strengths and with the ability to undertake improvements quickly.

For the 2005/2006 financial year, the Authority achieved a net profit after tax of \$321,000 compared with \$3.7 million in the previous year. This result included \$7.8 million of gifted water and sewerage assets and cash contributions from developers to existing and future infrastructure facilities.

The capital works program for 2005/2006 saw \$15 million invested in new water and wastewater infrastructure, with a number of projects either completed, under construction or in the development stage. Major projects included commissioning of the new \$6 million water treatment plant at Cobram, completion of the \$3.4 million pipeline and pumping station which now provides fully treated water to the towns of Strathmerton and Yarraweeyah and the Kraft Foods manufacturing plant. New raw water storages were constructed at Tatura, Katandra West and Katamatite to increase the security of supply to those communities.

The new \$8 million Wallan wastewater reuse project at Beveridge was completed and in January 2006,

following completion of the Melbourne to Wallan water supply scheme, responsibility for water and sewerage in Wallan was transferred to Yarra Valley Water. The full construction cost of the re-use facility was reimbursed by Yarra Valley Water following the transfer of assets.

Following extensive consultation and investigation of options with the Marysville Customer Consultative Committee, agreement was reached on a \$3.4 million strategy to expand the town's wastewater management facility and provide 100% recycling of reclaimed water to the local golf course and irrigated agriculture.

A robust and expanding regional economy is dependent on a healthy environment and Goulburn Valley Water plays a key role in ensuring a sustainable future for the Goulburn Valley.

Climate change, declining water yields, increasing waste generation and greenhouse gas emissions are key challenges for the water industry in Victoria and Goulburn Valley Water.

Our regional communities in general and our major industrial customers in particular continued to embrace and support a range of water conservation initiatives.

Water consumption in 2005/2006 was 27,667 megalitres in total compared with 27,704 megalitres in the previous year. This result is about 12% less than consumption in 2001/2002 (31,302 megalitres) and allowing for 1.5% property growth per annum, is some 30% below the trend line forecast of four years ago. This is an excellent result and demonstrates the commitment of communities and industry to sustainable water use.

The environmental performance of our 26 wastewater management facilities continued to be optimised, with 100% compliance with EPA licences. The Authority recycled 73%, or some 7,300 megalitres, of reclaimed water across the region, on a variety of enterprises including irrigated agriculture, tree plantations and golf courses. The total volume of recycled water was down 400 megalitres compared to the previous year, due to the wet spring and associated delay to the irrigation season.

The Authority, in partnership with EPA and individual industry customers, continued its program of water and salt audits at individual businesses. As a result of this program, we are seeing significant reductions in sodium levels in trade waste discharges, with the most significant gains achieved by our major industry customers in Tatura, Shepparton and Mooroopna, with reductions in sodium of between 25% and 35%. The industries participating in this program are to be commended for the progress made to date and their ongoing commitment to sustainable environmental performance.

Our Director-Technical Service, Allen Gale, continued to take a lead role within the Australian water industry in the development and implementation of sustainable

biosolids reuse practices. The development and implementation of best practice reuse options combined with a sound public engagement process is essential in ensuring community confidence and acceptance of biosolids recycling programs.

The Authority has invested heavily in recent years in High Rate Anaerobic lagoon facilities at Tatura, Shepparton and Mooropna and the operation of these innovative treatment processes has enabled the Authority to reduce its greenhouse gas emissions from around 100,000 tonnes of CO<sub>2</sub>-e in 2001/2002 to less than 43,000 tonnes in 2005/2006.

In March 2005, the Authority entered into contractual arrangements with Diamond Energy which will see the methane gas captured by this process converted to green electricity. Construction of the first of these co-generation facilities is well advanced at Tatura and once all three are operational, further reductions in greenhouse gas emissions will be achieved.

The Authority commenced a water supply demand strategy for all water supply systems that will establish water needs and the most appropriate means of meeting these needs for a 50 year planning horizon. Water conservation practices will be a key focus to minimise the amount of precious water required. A wide range of supplies including surface and groundwater and reuse will be evaluated. The strategy will be completed later in 2006, with a major community engagement program ensuring that all residents have an opportunity to input to this long term planning study.

During the year, the Authority successfully negotiated and implemented a new Authority wide enterprise agreement. The new agreement will facilitate the achievement of business needs and provides for salary increases of 12% over three years and more “family friendly” work and leave arrangements including the provision of paid maternity and paternity leave.

A review of our organisation structure was undertaken during the year focussed on aligning our resources to better service our major customers, to improve the management and delivery of trade waste and reuse services and to improve the co-ordination of related activities and responsibilities. The restructure of our environmental services group has been very successful, with dedicated specialist staff now able to specifically focus on the key areas of cleaner production, reuse of reclaimed water and biosolids, internal audit of our operational performance and the optimisation of communication services to customers and other stakeholders.

In response to the increase in data collection and regulatory reporting requirements and the proliferation in recent years of the storage of electronic files and information, the Authority created a new position of Knowledge Management Co-Ordinator, undertook a knowledge audit and developed a strategy to enhance the collection, storage and sharing of knowledge management throughout the organisation. Over time this project will enhance employees knowledge and lead to

greater business efficiency and operational performance across the business.

Innovative use of Information Technology continued to play a major role in ensuring the Authority remains an industry leader in a dynamic and competitive business environment. During the year, new on-line services were developed to provide large customers with internet based bill payment facilities (NetBill). A project to provide Vendor Statement Certificates On-line (VSCO) was completed, which now provides customers and business partners with an on-line alternative to conventional paper based processes that is fast, convenient and efficient. Server upgrade projects and workstation replacement rollouts were undertaken to ensure that the Authority maintains an IT infrastructure that is capable of delivering the performance and capacity necessary to meet new business needs.

Throughout the year, Goulburn Valley Water continued to work closely with our catchment partners the Goulburn-Broken Catchment Management Authority, Goulburn-Murray Water, local municipal councils and other stakeholders to ensure a consistent strategic approach is taken with initiatives to improve river health and the environmental values of the Goulburn/Broken catchment.

Goulburn Valley Water's inaugural Chairman, Mijo Darveniza, retired in October 2005, after more than 12 years as Chairman of the Board of Goulburn Valley Water and nearly 32 years' involvement in the Victorian water industry. At a farewell reception at Goulburn Valley Water, the Premier of Victoria, the Hon. Steve Bracks, thanked Mijo for his significant contribution to the water industry in Victoria and presented him with a Certificate of Appreciation from the Victorian Government.

The Authority's Chair, Board, Chief Executive and staff acknowledge Mijo's great leadership and contribution to both Goulburn Valley Water and the Victorian water industry and wish him a long, happy and healthy retirement.

The Minister for Water appointed Member Jenny Houghton to the position of Chair of the Authority and Denis Flett was appointed to the Board on 1 November 2005, to fill the vacancy following the retirement of Mijo Darveniza.

The enthusiasm, good governance and strategic direction provided by the Board is acknowledged and appreciated. We thank our staff for their great team effort throughout the year. By working together we can continue to improve business performance, service delivery to our customers and therefore contribute to the development of a sustainable Goulburn Valley region in a safe, happy and healthy working environment.

**Laurie J. Gleeson**  
Chief Executive Officer

**Jennifer Houghton**  
Chair