

(L-R) Peter Quinn - Managing Director, Don Cummins - Chairman



A message from the Chairman and Managing Director

It gives us great pleasure to present the Report of Operations for Goulburn Valley Water for the year ending 30 June 2008, in accordance with the *Financial Management Act 1994*.

This year our Annual Report also incorporates our Sustainability Report. The case studies throughout this report, highlights a range of activities undertaken during 2007/2008 as part of the implementation of our sustainability improvement plan. This plan is our blueprint for continuous improvement in the sustainability of our business and this region in which we all enjoy living.

2007/2008 has been a year of change for Goulburn Valley Water. We started off the year with changes to the governance of the organisation, 1 July the *Water (Governance) Act 2006* come into effect and we changed from being a water authority to a water corporation. Board Members became Directors of the Corporation and the Chief Executive Officer became the Managing Director and a member of the Board. In November we had a change of Chair with the appointment of Don Cummins, in April the Corporation's long serving Managing Director, Laurie Gleeson retired after more than 27 years at the helm and Peter Quinn became Managing Director 1 May 2008. We also had a new General Manager - Corporate Services commence in June and at the beginning of 2008 the Technical Services group underwent a realignment and established a new Technical Services Customer Service team.

In addition to the personnel changes we also had a change in our EPA licencing with the signing of the world's first Corporate Licence. This Corporate Licence is an innovative approach that the Corporation and the EPA believes will improve environmental performance and accountability. It will also encourage the Corporation's staff to embrace the concepts of sustainability with greater commitment.

2007/2008 was also another year of scarce water resources. For the first time in history we started the

2007/2008 year with a zero allocation on the Murray System and this slowly increased over the year to a final allocation of 43%. In 2006/2007 we carried over approximately 4,000 megalitres on the Goulburn System and transferred part of this to the Murray system in 2007/2008 to meet the needs of our customers. In 2007/2008 we have carried over approximately 30% on the Murray System which we will use in 2008/2009.

All towns across Goulburn Valley Water's region were on water restrictions and have been now for 18 months. Towns supplied from the Sunday Creek system have been on Stage 4 water restrictions since December 2006 and the supply is being supplemented with water from the Melbourne System and the Goulburn System. This year we spent approximately \$2.5 million on trucking water from Seymour to Broadford. Approximately 252,000 kilolitres of water was trucked to Broadford. These emergency measures are extremely expensive, but necessary to maintain the restricted supplies to our customers. We would like to take this opportunity to thank all our customers who have been conscientious about their water usage.

Water consumption in 2007/2008 was 23,264 megalitres in total compared with 25,852 megalitres in the previous year. This was a 10% decrease on the previous year, and the lowest consumption figure for over 10 years. This result is more than 26% less than the 31,302 megalitres consumed in 2001/2002. This is an excellent result and demonstrates the commitment of communities and industry to sustainable water use.

The irrigation system in our region is undergoing significant upgrade which requires a lot of resourcing. The recent emergence of the Foodbowl project and new organisations (NVIRP and FutureFlow Alliance) in the region is creating strong competition for human and other resources. In this context, attracting and retaining employees at all levels



Sunset over the Numurkah wastewater management facility

will be challenging over the next few years. However, we recognise that water security in the long term is essential to the Corporation and the region, which is why we are a committed participant in development of the Northern Region Sustainable Water Strategy.

During 2007/2008 we commenced and completed a number of projects that will help improve water security and water quality for many towns across our region. These projects included:

- Construction of new water treatment plant at Alexandra
- Construction of new raw water storage at Mansfield
- Construction of new pump station and pipeline from the Goulburn River to Broadford
- Construction of new covered storage tank at Kilmore
- Design of a new pipeline from Alexandra to Eildon and Thornton
- Design of new water filtration plants for a number of small towns

Other significant projects included the upgrading of the wall and spillway at the Sunday Creek Reservoir and the completion of the Marysville Recycled Water Winter Storage and Reuse Facility.

There was no significant changes in the Corporation's financial position during the year. For the 2007/2008 financial year, the Corporation achieved an operating profit of \$183,000 compared with \$1.5 million profit in the previous year. This operating result included \$5.7 million of gifted water and sewerage assets and cash contributions from developers to existing and future infrastructure facilities. This year more than \$25.4 million was invested in new water and wastewater infrastructure work throughout the region. Our operating profit was impacted this year by the excellent water conservation practices of our customers. As our customers are using less water the revenue generated from the volumetric charges has decreased. However, on the positive side we have been able to trade water which has offset the loss of revenue.

Over the past year many staff have been involved in the development of our 2008-2013 Water Plan. In June 2008 the Essential Services Commission made a final determination of Goulburn Valley Water's 2008-2013 Water Plan. This established the service standards

and performance indicators, approves the operational expenditure required to meet the standards, endorses the investment of around \$113 million in infrastructure development over the period and sets a tariff and price path for the next five years.

The environmental performance of our 26 wastewater management facilities continued to be optimised, with 25 of our facilities achieving 100% compliance with EPA licence conditions. The Corporation recycled 93% or some 6,700 megalitres of recycled water across the region, on a variety of enterprises including irrigated agriculture, tree plantations and golf courses.

The Corporation, in partnership with EPA and individual industry customers, continued its program of water and salt audits, as a result significant reductions in sodium are being realised. In 2007/2008 sodium discharged from major industries was 37% less than the 2003/2004 salt loads. The industries participating in this program are to be commended for the progress made to date and their ongoing commitment to sustainable production. In November 2007 our Manager Major Customers, Brady Schmidt, was awarded the Institute of Water Administration Development Award. This enabled him to undertake a three week overseas study tour in May 2008, to investigate world's best practise management of trade waste at its source.

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.

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 and healthy working environment.

Don Cummins
Chairman

Peter Quinn
Managing Director