



»» *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.

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.

Our Strategic Direction

Each year the Board and senior management team attend develop the strategic direction and business objectives of the Authority for the following 12 months and a rolling three to five year period.

Goulburn Valley Water's business objectives during 2006/2007 have been categorised into six areas:

1. water and the environment;
2. customers and the community;
3. assets and infrastructure;
4. organisation capability;
5. financial performance and compliance; and
6. corporate governance.

The goals, activities and status for each category are summarised in the following pages. Some areas are covered in more detail throughout the report.



Water & the Environment

Objective	Initiative/Target	2006/2007 Performance
Responsibly manage, protect and conserve the Authority's Bulk Water Entitlements to provide for security of supply and growth of regional communities.	Manage water resources within Bulk Entitlement parameters and judiciously trade any surplus entitlement into the temporary water market.	2006/2007 Bulk Entitlement on the Goulburn System was restricted to 95.1% and on the Murray System was restricted to 95%. 1,488 megalitres transferred to second & third party reusers. 4,327 megalitres traded on the temporary market. 4,704 megalitres carried over on the Goulburn System & 758 megalitres carried over on the Murray System.
	Develop a water supply demand strategy.	A community engagement program was developed for the preparation of the draft water supply demand strategy. The draft was submitted to DSE in February 2007. Final submitted towards end of May 2007.
	Participate in the development of a Regional Sustainable Water Plan.	DSE has deferred commencement of planning phase. Anticipated to start towards the end of 2007.
	Develop water conservation programs with large non-residential customers.	Education session on water conservation held at major customers sites. Cleaner production program continues to be rolled out.
Deliver quality drinking water which complies with Australian Drinking Water Guidelines and DHS requirements.	Achieve 100% compliance with <i>Safe Drinking Water Act 2003</i> .	Some relatively minor non-conformances reported for aluminium and disinfection by-products.
	Develop a three year program to review treatment process at the five largest water treatment facilities.	This program will be developed in 2007/2008.
	Agree future management arrangements for communities with non-potable (regulated) water supplies.	Meetings have been held with all five communities and a regulated water supply status has been agreed with DHS and the communities.
	Work closely with catchment partners and play an effective and influential role in promoting the health of the region's catchment areas with the objective of minimising the Authority's risks in respect to water quality.	Participated in the review of the Yea River streamflow management plan and part of a working group looking at Seven Creeks environmental flows.
Manage wastewater in a sustainable manner (particularly in an environmental and public health context) and maximise reuse of recycled water and biosolids throughout the Goulburn Valley Region	Develop a three year program to review treatment process at the five largest wastewater management facilities.	This program has been developed to draft stage.
	Achieve 100% of the regions capacity for recycled water (including return to stream after tertiary treatment).	100% reuse achieved.
	Review Authority's 30 year Sludge Management Strategy to incorporate reuse of biosolids as landfill capping.	Completed March 2007.
	Work with major industries to implement waste minimisation plans with the aim of reducing salt discharges by 25% by July 2008.	Significant reductions in salt loads are being achieved by a number of industrial customers.
	Achieve 100% compliance with EPA licences and conditions.	Minor non-conformances occurred at Eildon. The other wastewater management facilities achieved full compliance.



Central Water Team

Customers and the Community

Objective	Initiative/Target	2006/2007 Performance
Engage and communicate constructively with our customers and the wider community in an open, honest and transparent manner about our services and responsibilities.	Create awareness within regional community of the Authority's role in advancing the sustainable management of water resources and care for the environment.	Significant media activity including TV promotion focusing on water conservation, working with industry and recycling.
	Effectively handle community engagement processes associated with major projects, and/or operational and maintenance issues that impact upon local communities.	Community engagement plans developed.
	Inform Goulburn Valley Water customers and the community of the benefits of capital investment, and operational initiatives, designed to improve the reliability and quality of water supplies and to ensure sustainable recycled water management.	Community engagement plans developed.
	Maintain two-way communication and feedback from customers through established local community forums.	Service club presentations, workshops for water supply demand strategy, meetings for projects and information sessions for unregulated water supplies.
	Each year, conduct a Customer Satisfaction Survey and review the results to identify opportunities for improvement to services and/or communications.	Undertaken in June 2007. Excellent results.
Develop and maintain ongoing constructive relationships with key stakeholders.	Document Goulburn Valley Water's key stakeholders and ensure positive relationships are maintained and appropriate communications mechanisms are in place.	A database has been established listing Community Service Clubs and potential members of Community Reference Committees.
	Initiate a major customers' forum to discuss issues of common interest.	Major customer forum established. Good attendance at the three meetings held to date.
	Develop a format and schedule for a newsletter to inform our major customers of issues relevant to them.	Major customers decided that this was not required as the forums were a better communication vehicle.
	Continue to develop and maintain positive relationships with local media outlets.	Contact is made with all key media outlets on an informal basis once a month. An education tour of the Shepparton wastewater management facility was held for Shepparton News staff. This will be extended to other regions and offered on a yearly basis.
	Continue to develop and maintain positive relationships between Goulburn Valley Water and Federal and State Members of Parliament.	Contact with Members of Parliament has been focussed on local water supply issues, connection of Bendigo and Ballarat to the Goulburn System, foodbowl modernisation project and regional development. Relationships remain positive.
Encourage and participate in networks with government agencies and municipalities to address issues of common interest such as water conservation, water quality and infrastructure development.	Bulk Entitlement carryover position negotiated with DSE as part the Authority's contingency planning. VicWater position paper on return to stream as beneficial use for environmental flows has been adopted by all water authorities. Regular meetings with technical services officers from City of Greater Shepparton, Goulburn-Murray Water and Shire of Mitchell.	



Central Wastewater Team



Sunday Creek pump station

Assets and Infrastructure

Objective	Initiative/Target	2006/2007 Performance
Efficiently plan and manage the Authority's infrastructure and assets to enhance our long-term capacity to deliver high quality services to our customers.	Establish performance measures and reporting system for compliance against the asset management system.	KPI's being reported to the Board OES Committee.
	By February 2007, develop a 20 year forward look infrastructure investment program using whole of life principles, and monitor progress against the program annually.	This initiative has been completed and incorporated into the Water Plan and Corporate Plan. Progress on capital implementation is reported and updated monthly.
Maintain and develop the Authority's assets to minimise risk to the community, the environment and the Authority.	Review the SCADA system, resolve upgrades and improvements and incorporate into the Asset Investment Program by November 2006.	Included in the capital works program. It is a staged project over four years commencing in 2007/2008.
	Review outputs from asset management system to ensure compatibility with financial requirements for long run marginal costing of services.	Long run marginal cost calculations were completed & forwarded to the ESC for review October 2006. Data was able to be captured from asset management system & financial system.
	Continue development of risk based contingency plans to enhance the Authority's corporate emergency management plan.	This is an ongoing commitment. Multi-agency response framework recently completed.
	Undertake a minimum of one live simulation based event per year.	Planning for a multi-agency response to a major chlorine leak at a Goulburn Valley Water facility well advanced and scheduled for latter half of 2007.
	Utilising independent consultants, continue to monitor regularly and report annually on the safety and performance of Goulburn Valley Water's dam portfolio.	Annual dam safety audits by independent engineering consultants are continuing.
Contribute positively to the economic development and prosperity of Goulburn Valley Water's region.	Continue to liaise with industry, local government and other agencies to identify commercial opportunities to expand water and sewerage infrastructure to facilitate regional economic growth.	Assisted Tatura Milk Industries with Regional Infrastructure Development grant of \$486,000.
		In conjunction with the Foodbowl group initiated the roundtable concept on future vision for the Goulburn Valley.

Organisational Capability

Objective	Initiative/Target	2006/2007 Performance
Maintain a safe and healthy work environment for staff, contractors, customers and visitors.	Develop and implement internal audit procedures for compliance with OH&S Management System by December 2006.	Internal auditing proceeding – monthly audits carried out across various districts for high risk activities.
	Develop OH&S Management System to achieve third party certification to AS4801.	Certification completed December 2006.
Continue to recruit, retain and develop a highly skilled workforce of capable and committed employees appropriate to our role and responsibilities.	Undertake an audit of the Human Resource function and current HR policies, practices and procedures from an organisational wide perspective.	Completed August 2006.
	Develop a strategic Human Resource Management Plan that provides an integrated and holistic approach to the HR and organisational development function.	Completed and adopted by Board August 2006.
Maintain a corporate culture which engages employees in key planning and decision-making processes, and maximises opportunities for innovation and initiatives.	Encourage active participation by each department and district and develop an organisational culture towards contributing articles to the staff newsletter ("Down the Pipeline.")	A schedule has been established and each department is given forward notice about the requirement for articles of interest.
	Senior management will undertake presentations and discussions with workgroups for important business planning cycles, eg Corporate Plan, ESC Water Plan.	The following corporate briefings have been undertaken by Senior Management: <ul style="list-style-type: none"> • Corporate Plan briefings • Technical Services twice yearly visits • Employee Opinion survey results briefing • OH&S Committee meeting attendance • 2007 water restrictions briefings
	Foster the use of team based discussions to facilitate two-way information transfer between management and employees.	Most work groups are utilising team meetings and discussions to facilitate communications.
	Encourage interaction and communication across work groups through a range of cross functional structures and forums.	The following cross functional groups have been formed: <ul style="list-style-type: none"> • Employee Opinion Survey Focus Groups • OH&S Cultural Committee • Enterprise Agreement Consultative Committee • Paperwork Optimisation Working Group • Project Working Groups (Technical Services)
	Undertake an organisational culture assessment and gap analysis.	The Employee Opinion survey was developed using employee focus groups from all work groups and conducted in November 2006. 88% of employees participated in the survey. An action plan has been developed.
Continue to develop and apply systems and technology to support and improve the delivery of quality services and outcomes for our customers and environment.	Implement the projects and initiatives set out in the Knowledge Management Strategy, and review the strategy annually.	Archive storage facility at SOC has been completed. New Trim document assembly templates continue to be created to improve efficiencies. The development of Sharepoint 2007 is progressing and will be launched in the first half of 2007/2008.
	Implement the projects and initiatives set out in the information Systems Strategic Plan, and review the strategy annually.	A number of projects have been successfully implemented. The Information Systems Strategic Plan was updated and reviewed as part of the annual business planning process.
	Develop a water and wastewater technology position paper appropriate to the needs of the organisation.	This paper has not been completed.
Ensure the Authority's resources are applied effectively to reflect the changing needs of the organisation.	Review the organisational structure, resource needs and capability (including resources for regulatory obligations) to ensure alignment with strategic direction and corporate goals.	Continual review of appropriate resourcing undertaken prior to advertising vacant positions. Review of Technical Services Structure being undertaken as at 30 June 2007.
	Submit an annual plan to the Board which addresses the organisational structure, resourcing, capability and succession planning.	A succession planning framework has been developed with an annual review to be undertaken.



Financial Performance and Compliance

Objective	Initiative/Target	2006/2007 Performance
Manage the Authority's financial resources in a responsible and accountable manner.	Develop an Authority position on optimal capital structure.	Capital structure (debt versus equity) is determined by the ESC via the Water Plan process. Gearing remains below 60% of Regulated Asset Base in the 2008-2013 Water Plan.
	Manage the transition to reporting under international Financial Reporting Standards by September 2006.	2005/2006 Financial Statements were fully IFRS compliant.
	Review internal audit plan to ensure it remains focussed on key business control and risk areas by July 2006.	Plan has been reviewed and new terms of engagement agreed with Pitcher Partners.
	Implement the roll out of AXAPTA capability to general users by September 2006.	Electronic ordering has been rolled out to all work groups.
Operate effectively in an increasing regulated environment.	Undertaken annually a gap/risk analysis of current processes and procedures to ensure that the Authority's risk management processes are consistent with the State Government's financial compliance framework.	Completed as part of Financial Management Compliance Framework. No issues identified.
	Refine recording and reporting processes to meet the needs of reporting to the ESC for the next Water Plan.	All reporting time frames have been met and the 2008-2013 Water Plan completed within deadlines.
	Proactively assess and seek to influence potential new ESC requirements.	Ongoing process. Heavy consultation occurred February/ March 2007 regarding 2008-2013 Water Plan requirements. VicWater taskforce have negotiated a revised policy position on new customer contributions for the 2008-2013 Water Plan.
Maintain a positive return on infrastructure investment.	Seek to ensure that ESC pricing principles continue to recognise infrastructure investment.	There is no indication of any change in this regard. Infrastructure investment is a key component of the price determination building block for the 2008-2013 Water Plan.
Manage the capital investment program of the Authority in a manner which reflects the long-term development needs of the region.	Annually review and update the Authority's 10 and 20 year capital works program to reflect regional priorities.	Review was done November 2006. Board approved the new plan in March 2007.
Ensure pricing submissions are fair and equitable and support the goals in relation to return on investment, sustainability and regional development within regulatory constraints.	Review water and sewerage tariffs within the constraints of ESC/DSE policy framework.	Tariff structures were reviewed and policy position agreed by Board as part of the 2008-2013 Water Plan.
	Positively influence ESC/Government pricing determinations.	2008-2013 Water Plan has been completed. Awaiting ESC review and approval.



Concrete pour for the base of the new Kilmore water storage

Corporate Governance

Objective	Initiative/Target	2006/2007 Performance
Conduct the business affairs of the Board in a manner consistent with best practice principles of corporate governance.	Provide new Board Members with a comprehensive understanding about Goulburn Valley Water's operations and the Board's Corporate Governance arrangements.	Board Charter provides direction on induction of new board members.
	Implement a development plan for Board Members which: <ul style="list-style-type: none"> Identifies the specific development/learning needs of Board Members; and Provides an action plan which responds to the identified needs. 	Chair undertakes review of individual Board members including identifying development requirements.
	Undertake an annual review of the Board's performance and the performance of Board Committees and individual Board Members.	Board performance review undertaken during May and June 2007.
	Review Board Charter triennially (due 2008).	A revised draft of the charter was produced during June 2007 in response to changes introduced by the Water (Governance) Act.
Continue to apply a risk based approach to planning, budgeting and decision making processes.	Review the Corporate Risk Strategy by December 2006.	Completed.
Maintain a commitment to sound strategic and business planning.	Conduct an annual strategic planning workshop.	Workshop undertaken November 2006 and the outcomes incorporated into the Water Plan and Corporate Plan.
	Review the annual Board Calendar of reporting to ensure it is aligned with the strategic and business planning cycles.	The Board calendar was reviewed in December 2006.
	Assess the relevance and opportunities arising from the reforms in the Water Resources Amendment Act and develop appropriate strategies.	This project has not been undertaken.
Maintain performance management and reporting procedures that ensure management's accountability to the Board and the accountability of the Authority to regulators.	Report progress against targets and initiatives set out in the Corporate Goals on a six monthly basis, or by exception if significant issues arise.	Review of the 2005/2006 goals reported to the Board in August 2006 and a progress report against the 2006/2007 goals reported to the Board in February 2007.
	Contribute to the state-wide governance review, including regulatory co-ordination.	CEO contributed to a DSE legislative working party and the amendments to the <i>Water Act</i> became effective 1 July 2007.



Seven Creeks



Who we are and what we do

On March 1, 1994, Goulburn Valley Region Water Authority (trading as Goulburn Valley Water) was constituted by Ministerial Order, under powers conferred by Division 2 of Part 6 of the Water Act 1989 as amended by the *Water (Governance) Act 2006* and all other available powers. Goulburn Valley Water is a Statutory Authority and for the reporting period was responsible to the Minister for Water, Environment and Climate Change, the Hon. John Thwaites MP (previously Minister for Water) and is governed by a Board of seven members appointed by the Minister. The Board sets policy and direction and is supported by the senior management team. In July 2007 Goulburn Valley water became a water corporation.

Goulburn Valley Water has the following powers, functions and duties under the provisions of Part 8 - Water Supply and Part 9 - Sewerage (the *Water Act 1989*):

- to provide, manage and operate and protect water supply systems, including the collection, storage, treatment, transfer and distribution of water;
- to provide, manage and operate systems for the conveyance, treatment and disposal of sewerage and, if the Authority so decides, of trade waste;
- to identify community needs relating to water supply and sewerage services and to plan for the future needs of the community relating to those services;
- to develop and implement programs for the conservation and efficient use of water, and for the recycling and reuse of treatment wastewater;
- to investigate, promote and conduct research into any matter related to its functions, powers and duties;
- to educate the community about its functions;
- to integrate sustainability principles and practices into all aspects of its business; and
- to conduct its business as efficiently as possible consistent with commercial practice.

Goulburn Valley Water provides 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. 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.

Goulburn Valley Water generated annual revenue in 2006/2007 of around \$46.6 million and managed an asset base valued at over \$497 million. This infrastructure includes 40 water treatment plants, 26 wastewater management facilities, 340 pumping stations, 92 tanks and reservoirs, over 1,600 kilometres of water mains and 1,100 kilometres of pressure and gravity sewers.

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



Relationship with Government

In accordance with the provisions of Section 41 of the *Water Industry Act*, the Minister issued a *Statement of Obligations* to Goulburn Valley Water which took effect from 28 July, 2004. This Statement imposes obligations on the Authority in relation to the performance of its functions and exercise of its powers. Compliance with the Statement of Obligations is subject to independent audits under the auspices of the Essential Services Commission.

Essential Services Commission (ESC)

The Water Industry Regulatory Order 2003 (WIRO) which came into operation on 1 January, 2004, provides a framework for economic regulation by the Essential Services Commission (ESC) for the services provided by the regulated water industry in Victoria.

The WIRO requires the ESC to be satisfied that the prices proposed by the Authority for the services it provides are sufficient to provide a revenue stream that allows for the recovery of:

- Operational, maintenance and administrative costs;
- The cost of renewing and rehabilitating existing assets; and
- A rate of return on assets as at 1 July, 2004, and on investments made after 1 July, 2004.

On 1 July 2006, the second of a three year regulatory period commenced.



OUR STORY OF SUSTAINABILITY

Goulburn Valley Water recognises that the water sector throughout Australia is 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 sustainability goals and commitments that will drive business decisions, and to anchor them with concrete actions for us to achieve our aims.

Goulburn Valley Water understands 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 in the plan 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.

Our position on sustainability

Many organisations have sustainability as just one of a number of issues to be addressed. However, Goulburn Valley Water has moved significantly beyond sustainability being a task to be delegated. We recognise that the concept of sustainability actually encompasses and integrates a wide range of issues. This recognition brings a new and richer perspective to the challenges being faced by Goulburn Valley Water. Change also brings opportunity, which is something that we will not overlook in our sustainability endeavours.

Our policy on sustainability

Goulburn Valley Water understands that the sustainability and vitality of our regional industries and communities, water resources and natural environment are all intrinsically linked. We believe that to remain a viable, valued and important corporate member of the community, we must provide essential water services to meet changing consumer needs in a way that also contributes to the sustainability of the region as a whole, ensuring that it remains the place where we want to live and work. While we recognise that the task is not simple, we also believe the benefits of acting now are significant. The opportunity clearly exists to:

- inspire and shape new economic and regional development,
- secure a range of water sources to support future development while protecting the environment,
- optimise the long-run investment in water infrastructure and operations, and
- develop innovative water systems and business solutions that are transferable elsewhere.

To this end, the Board and executive management team of Goulburn Valley Water have worked together to explore the concept of sustainability in the local context and its implications for the business, and in doing so, have established an exciting and compelling future direction for the Authority.



Our Sustainability Policy is: Goulburn Valley Water - Collaboratively shaping regional and resource futures

Goulburn Valley Water 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:

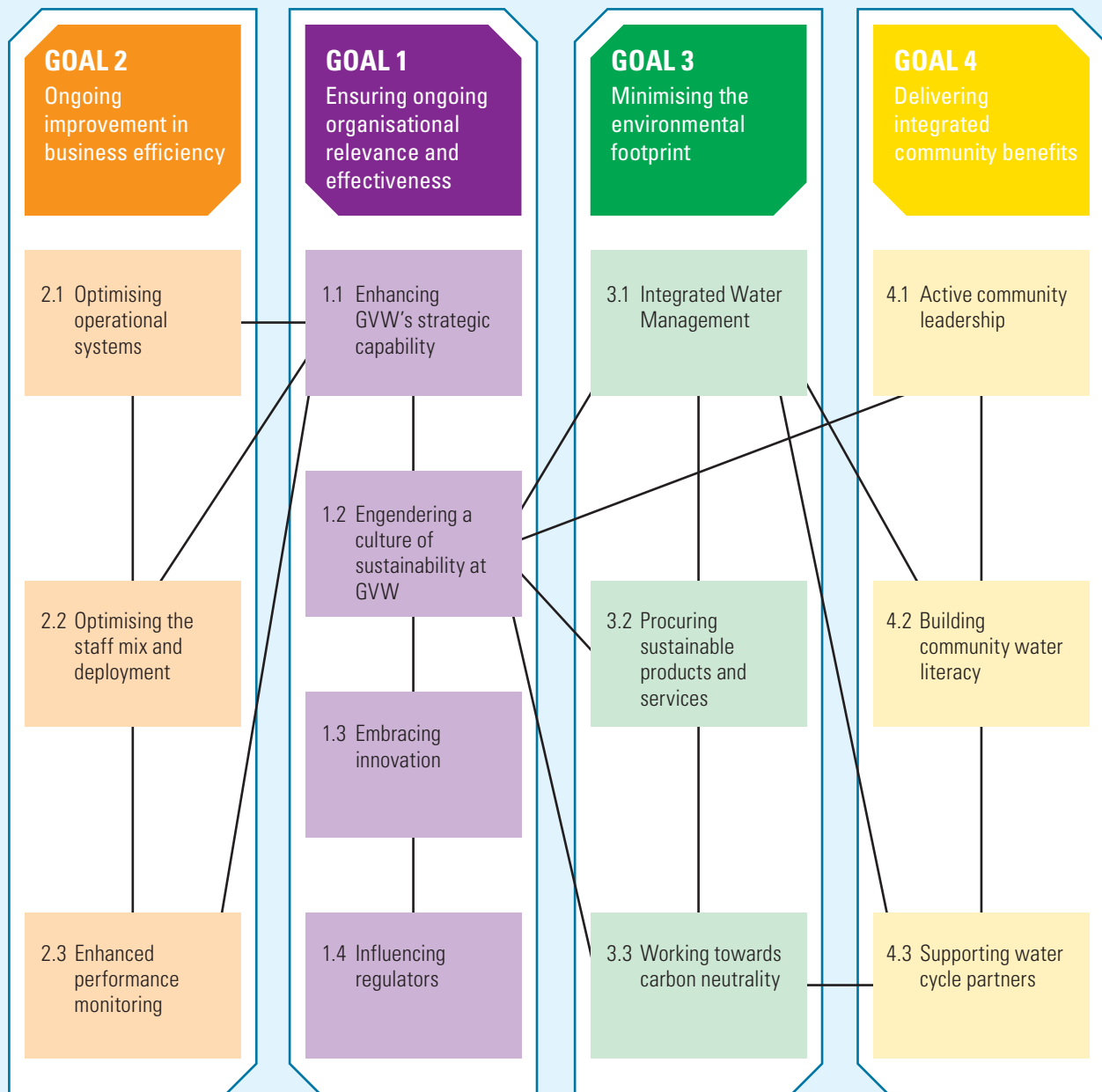
Goal 1 Ensuring ongoing organisational relevance and effectiveness

Goal 2 Ongoing improvement in business efficiency

Goal 3 Minimising the environmental footprint

Goal 4 Delivering integrated community benefits

The diagram below shows thirteen commitments that Goulburn Valley Water has identified under each of these goals. A detailed action plan was developed during 2006/2007 and the commitments and actions have been fully integrated into the business objectives outlined in Goulburn Valley Water's Water Plan and Corporate Plan.



Everyone at Goulburn Valley Water has a role to play in implementing these actions. Some of the actions are geared specifically to providing advice and support to staff, making it clear how the policy and actions can be most effectively implemented. However, in addition to the actions, it is important to remain mindful of the principles of sustainable development that should be reflected in all decisions and activities. The actions will be implemented progressively, and our plan will be reviewed and updated annually to ensure it remains relevant, builds upon success and lessons learnt, and ensures that investment is well targeted.