

PERFORMANCE REPORTING

Financial Performance Indicators

Indicator	2005/2006 Result	2006/2007 Result	2006/2007 Target	Variance (%)
Long Term Profitability	0.5%	0.7%	0.2%	250%
Owner's Investment	0.1%	0.4%	-0.1%	500%
Long Term Financial Viability	5.6%	6.3%	9.3%	32.2%
Liquidity and Debt Servicing (Interest Cover)	1.4	2.97	0.6	395%
Immediate Liquidity and Debt Servicing (Cash Cover)	9.35	13.32	6.1	118%
Operating Efficiency				
Water Supply/ Wastewater Collection				
Water Supply Bulk				
Water Supply Reticulation	\$179.81	\$225.33	No target set	
Water Supply Treatment	\$297.34	\$374.29	No target set	
Wastewater Reticulation	\$304.82	\$364.45	No target set	
Wastewater Treatment	\$488.15	\$525.21	No target set	

Variance Report – Financial Performance Indicators

The trading result achieved for the year exceeds the Business Plan target because costs are below target. This has resulted in favourable variances for the Long Term Profitability, Owner's Investment & Liquidity & Debt Servicing Indicators.

The Long Term Financial Viability Indicator is better than target as debt is less than target due to capital expenditure for the year being less than forecast. The Immediate Liquidity & Debt Servicing Indicator is better than target as interest expense was less than forecast.

Operating Efficiency Indicators are not reported against targets as targets were not required in the Corporate Plan for 2006/2007.

Actual results for 2006/2007 and 2005/2006 are presented for comparative purposes.

Costs per megalitre for water supply reticulation and treatment are higher in 2006/2007 than 2005/2006 due to significant water cartage costs incurred as a result of the drought. The volume of water supplied has reduced in 2006/2007 compared to 2005/2006.

Wastewater reticulation and treatment costs per megalitre have increased in 2006/2007 compared to 2005/2006, due to the fall in megalitres received by wastewater management facilities. Inflows have fallen due to less groundwater infiltration and reduced flows from food manufacturers as a result of the drought, cleaner production and water conservation programs.

Service Performance Indicators

Water Supply Interruptions

Indicator	2005/2006 Result	2006/2007 Result	2006/2007 Target	Variance (%)
Number of customers receiving 3 or more unplanned interruptions in the year	139	243	160	52%

Variance Report –Water Supply Interruptions

The very dry and hot conditions in 2006/2007 resulted in increased soil movement and water main failures. The Authority has an ongoing program for replacement of water mains with a history of frequent failures.

Interruption Time Indicators

Indicator	2005/2006 Result	2006/2007 Result	2006/2007 Target	Variance (%)
Average duration of unplanned water supply interruptions	99 minutes	121 minutes	90 minutes	34%
Average duration of planned water supply interruptions	96 minutes	106 minutes	120 minutes	-12%

Variance Report – Interruption Time Indicators

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.

Restoration of Water Supply

Indicator	2005/2006 Result	2006/2007 Result	2006/2007 Target	Variance (%)
Unplanned water supply interruptions restored within 5 hours	97%	97%	98%	-1%

Reliability of Wastewater Collection Services Indicators

Indicator	2005/2006 Result	2006/2007 Result	2006/2007 Target	Variance (%)
Sewer spills from reticulation and branch sewers (priority 1 and 2)	39	55	No target set	
Sewage spilt from emergency relief structures and pumping stations (% of volume transported)	<0.1	0	No target set	

There were four Priority 1 and 51 Priority 2 spills from wastewater collection systems in 2006/2007. Only one Priority 1 spill resulted in pollution of a waterway; the other four were caused by cracks on large diameter rising mains which resulted in only small volumes of wastewater being lost from the pipe.

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.

Sewer Spills Contained Within 5 Hours

Indicator	2005/2006 Result	2006/2007 Result	2006/2007 Target	Variance (%)
Sewer spills contained within 5 hours	100%	100%	100%	0%

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

Customer Complaints Indicators

Indicator	2005/2006 Result	2006/2007 Result	2006/2007 Target	Variance (%)
Water quality complaints per 1,000 customers	5.3	6.8	6.3	8%
Water supply reliability complaints per 1,000 customers	1.4	1.3	No target set	
Sewerage service quality and reliability complaints per 1,000 customers	0.1	0.16	No target set	
Affordability complaints per 1000 customers	0.16	0.08	No target set	-
Billing complaints per 1,000 customers	0.3	0.08	No target set	
Pressure complaints per 1,000 customers	3.8	2.8	No target set	
Sewage odours complaints per 1,000 customers	1.3	1.3	1	30%
Other complaints per 1,000 customers	1.8	0.6	No target set	

Variance Report – Customer Complaint 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 treatment plants while odours from pumping stations were the main problem at other locations.

At both Mooroopna and Eildon Goulburn Valley Water has encouraged residents to report all odours as part of development of odour management plans. This has resulted in a higher number of complaints. Overall, the trend for odour complaints is positive with the total number having consistently declined over the last four years.

Environmental Performance Indicators

Recycled Water Reuse by Wastewater Management Facility

Wastewater management facilities Effluent Reuse (Volume)	2005/2006 Result (%)	2006/2007 Result (%)	Target (%) 2006/2007	Variance %
Alexandra	22	44	22	100%
Avenel	0	0	0	0%
Bonnie Doon	100	100	100	0%
Broadford	100	100	100	0%
Cobram	100	100	100	0%
Eildon	0	0	0	0%
Euroa	100	100	100	0%
Girgarre	0	0	0	0%
Kilmore	100	100	100	0%
Kyabram/Merrigum	100	100	100	0%
Mansfield	89	100	100	0%
Marysville	100	100	100	0%
Mooroopna	100	100	100	0%
Murchison	0	0	0	0%
Nagambie	100	100	100	0%
Nathalia	100	100	100	0%
Numurkah	100	100	100	0%
Seymour	100	100	100	0%
Shepparton	61	78	60	30%
Stanhope/Rushworth	0	0	0	0%
Strathmerton	0	0	0	0%
Tatura	61	100	100	0%
Tongala	100	100	100	0%
Upper Delatite	100	100	100	0%
Violet Town	0	0	0	0%
Yea	100	100	100	0%
Total	73	86	75	15%

Variance Report – Recycled Water Reuse by Wastewater Management Facility

Due to the drought conditions, recycled water used at Shepparton and Alexandra exceeded the target as irrigation was extended beyond the normal period.

Biosolids Reuse by Wastewater Management Facility

Wastewater management facilities Biosolids Reuse (Dry Mass)	2005/2006 Result (%)	2006/2007 Result (%)	Target (%) 2006/2007	Variance %
Alexandra	0	0	No Target set	0
Avenel	0	0	No Target set	0
Bonnie Doon	0	0	No Target set	0
Broadford	0	909	No Target set	0
Cobram	3,659	0	No Target set	0
Eildon	0	0	No Target set	0
Euroa	0	0	No Target set	0
Girgarre	0	0	No Target set	0
Kilmore	0	0	No Target set	0
Kyabram/Merrigum	0	0	No Target set	0
Mansfield	0	0	No Target set	0
Marysville	0	0	No Target set	0
Mooroopna	0	0	No Target set	0
Murchison	0	0	No Target set	0
Nagambie	0	0	No Target set	0
Nathalia	0	0	No Target set	0
Numurkah	0	0	No Target set	0
Seymour	0	0	No Target set	0
Shepparton	0	0	No Target set	0
Stanhope/Rushworth	0	0	No Target set	0
Strathmerton	0	0	No Target set	0
Tatura	0	0	No Target set	0
Tongala	0	512	No Target set	0
Upper Delatite	0	0	No Target set	0
Violet Town	0	0	No Target set	0
Yea	0	0	No Target set	0
Total	215%	115%	34%	234%

Note Goulburn Valley Water has not set individual targets for each wastewater management facility. Instead it has set an Authority wide target for Biosolids reuse.

Variance Report – Biosolids reuse by Wastewater Management Facility

Due to the nature of Goulburn Valley Water’s lagoon based treatment systems, biosolids accumulate in lagoons until removed by dredging, on average every 15 to 20 years. Reuse can therefore occur infrequently and reuse figures will often be greater than 100% and in some cases in the thousands of percent greater than what is produced annually.

Wastewater Treatment Standards by Wastewater Management Facility

Number of Analysis Complying with Licence Agreements as % of Samples	2005/2006 Result (%)	2006/2007 Result (%)	2006/2007 Target (%)	Variance %
Alexandra	100	100	100	0
Avenel	100	100	100	0
Bonnie Doon	100	100	100	0
Broadford	100	100	100	0
Cobram	100	100	100	0
Eildon	100	84%	100	-16%
Euroa	100	100	100	0
Girgarre	100	100	100	0
Kilmore	100	100	100	0
Kyabram	100	100	100	0
Mansfield	100	100	100	0
Marysville	100	100	100	0
Mooroopna	100	100	100	0
Murchison	100	100	100	0
Nagambie	100	100	100	0
Nathalia	100	100	100	0
Numurkah	100	100	100	0
Seymour	100	100	100	0
Shepparton	100	100	100	0
Stanhope/Rushworth	100	100	100	0
Strathmerton	100	100	100	0
Tatura	100	100	100	0
Tongala	100	100	100	0
Upper Delatite	100	100	100	0
Violet Town	100	100	100	0
Yea	100	100	100	0

Variance Report – Wastewater Treatment Standards by Wastewater Management Facility

All wastewater management facilities complied with EPA waste discharge licence conditions except for Eildon, where one sampling parameter exceeded requirements specified for discharges to surface water. Licence compliance is based on both median and 90th percentile parameter limits. Eildon exceeded a suspended solids 90th percentile limit. However, Eildon complied with the median limit involving the same parameter. This non-compliance involves a statistical anomaly which has been acknowledged by EPA and will be rectified in a new corporate licence.

Goulburn Valley Region Water Authority

Statement of Performance for 2006/2007

In our opinion, the accompanying Statement of Performance of Goulburn Valley Region Water Authority in respect of the year ended 30 June 2007 is presented fairly in accordance with the Financial Management Act 1994.

The statement outlined the relevant performance indicators as determined by the responsible Minister, the actual results achieved for the year against pre-determined performance targets, and an explanation of any significant variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.



JA Houghton
Chair



LJ Gleeson
Managing Director

Date: 5 September 2007



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Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

Goulburn Valley Region Water Authority

To the Members of the Parliament of Victoria and Members of the Board of the Authority

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report for the financial year ended 30 June 2007 relates to the performance statement of Goulburn Valley Region Water Authority included on its web site. The Members of the Board of Goulburn Valley Water Authority are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited performance statement presented on this web site.

The Statement of Performance

The accompanying statement of performance for the year ended 30 June 2007 of Goulburn Valley Region Water Authority comprises the statement, the related notes and the Performance Statement Certification for 2006/2007.

The Responsibility of the Members of the Board for the Statement of Performance

The Members of the Board of Goulburn Valley Region Water Authority are responsible for the preparation and the fair presentation of the statement of performance in accordance with the *Financial Management Act 1994*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the statement of performance that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the statement of performance based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the statement of performance is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of performance. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the statement of performance, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Board Members' preparation and fair presentation of the statement of performance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the overall presentation of the statement of performance.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Auditing in the Public Interest

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Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the statement of performance of Goulburn Valley Region Water Authority in respect of the 30 June 2007 financial year presents fairly, in all material respects, accordance with the *Financial Management Act 1994*.

MELBOURNE
7 September 2007



D.D.R. Pearson
Auditor-General