

wannon water  
ANNUAL REPORT  
2009/10



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## Our Vision

To deliver sustainable water services for regional prosperity.

## Our Mission

Wannon Water provides water and sewerage services in an efficient, timely, reliable and sustainable manner in order to meet the needs of the communities of south-west Victoria.

## Our Values

Values underpin Wannon Water and reflect the behaviours essential to the relationship between Wannon Water and stakeholders, Wannon Water and the community, and between those who work at Wannon Water.

Wannon Water employees will demonstrate:

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human Rights

## Our Strategic Objectives

- Enhancing our environmental performance
- Improving our service delivery
- Ensuring our business performance is sustainable
- Engaging with our community
- Building our organisational culture

## Message from the Chairman and Managing Director

It was with great pride that Wannon Water completed the construction of the 52-kilometre Hamilton-Grampians Pipeline on time and \$4 million under budget. The Victorian Government contributed \$10 million to this project, which augments the supply of water to Hamilton, Balmoral, Cavendish, Dunkeld and Tarrington customers by supplying a further two billion litres of water annually from Rocklands Reservoir.

From 1 August 2010 all Wannon Water customers will be free of water restrictions and the Permanent Water Saving Measures will apply universally across Wannon Water's service area.

Wannon Water completed \$42.1 million of capital works in 2009/10 to maintain and improve the delivery of water and sewerage services in south-west Victoria.

It is pleasing that customers continued to express their satisfaction with Wannon Water's performance. Wannon Water maintained its focus on continuous improvement of its services and has consistently ranked very highly in recent independent customer service benchmarking programs. The 2010 customer satisfaction survey revealed that 96 per cent of business customers and 94 per cent of domestic customers were satisfied or very satisfied with the performance of Wannon Water.

Wannon Water continued to implement the actions set out in its Sustainability Strategy. This commitment to sustainability was formally recognised in April 2010 when Wannon Water was named one of three finalists in the State Government category of the prestigious 2010 Premier's Sustainability Awards. This very worthy achievement demonstrates our progress in becoming a sustainable water corporation.

Certification of Wannon Water's Environmental Management System to AS/NZS ISO 14001 was a notable achievement and complements the HACCP certification of Wannon Water's water supply systems.

Wannon Water delivered a modest profit of \$0.5 million for the reporting period.

## Future challenges

Wannon Water is on track to achieve its Water Supply Demand Strategy goal of a 30 per cent reduction in per capita water use by 2015. However, managing water supplies sustainably remains an ongoing challenge in the context of long-term climate change and Wannon Water will continue to work toward achieving the targets in this strategy in the coming years.

Wannon Water plans to complete a further \$33 million in capital works in 2010/11.

Wannon Water has also set itself the challenge of achieving the internationally recognised AS/NZS 4801 certification of its Occupational Health and Safety system. The pre-certification audit conducted in 2009/10 suggests that Wannon Water is well placed to achieve full certification by late 2010.

Wannon Water is again proud of the achievements of the past year and has a talented, dedicated workforce that is well equipped to meet our future challenges.

In accordance with the *Financial Management Act 1994*, we are pleased to present this Annual Report of the Wannon Region Water Corporation for the year ending 30 June 2010.



**Harry Peeters**  
**Chairman**  
13 August 2010



**Grant Green**  
**Managing Director**  
13 August 2010

## Performance at a Glance – 2009/10

	Economic Sustainability		Social Sustainability			
Objective	Wannon Water will ensure its business performance is sustainable		Wannon Water will improve its service delivery		Wannon Water will engage with its community	
Highlights	<p>Construction of the 52km Hamilton-Grampians Pipeline on time and within budget to augment the Hamilton water supply system</p> <p>Wannon Water delivered \$42.1m of capital works to service growth, enhance service delivery and replace ageing assets</p> <p>Wannon Water recorded a profit of \$0.5m for the reporting period</p>		<p>Wannon Water maintained a high level of customer satisfaction; 96% of business customers and 94% of domestic customers reported they were satisfied or extremely satisfied with the quality of services provided by Wannon Water</p> <p>Wannon Water made significant progress on construction of a new 5-star energy and water efficient office building in Warrnambool to address an urgent need for improved office conditions for employees</p>		<p>Wannon Water engaged Portland stakeholders in selecting the preferred option for an upgrade of the Portland Water Reclamation Plant</p> <p>The Customer Engagement Committee reviewed the customer hardship policy</p> <p>Wannon Water continued its comprehensive education program to encourage water efficiency throughout the region</p>	
Results	Actions	Results	Actions	Results	Actions	Results
	Review the effectiveness of the domestic customer volumetric pricing tiers for water during 2009/10	Achieved	Construct an energy and water-efficient, sustainable office in Warrnambool to improve workplace conditions for employees	Underway; to be completed by Oct 10	Liaise with stakeholders to provide recycled and drinking water to meet the process water needs of Origin Energy's gas-fired power plant under construction near Mortlake	Achieved
	Deliver the capital works program on time and within budget	\$42.1m of capital works delivered	Complete the 52km Hamilton-Grampians Pipeline on time and within budget to augment the Hamilton water supply system	Achieved	Consult with the Dutton Way and Wangoom Road (Warrnambool) communities regarding water and sewerage schemes	Achieved
	Secure a further 2,000-megalitre bulk entitlement for access to water from Rocklands Reservoir for the Balmoral and Hamilton water supply systems	Achieved	Implement a Mobile Information Management System, providing field employees with online works dispatch and remote access to database information	Underway; to be completed by Oct 10	Undertake planning to supply recycled and drinking water to the proposed Shaw River Power Station	Achieved
	Instigate a proactive asset maintenance regime	Underway	Implement a prioritised program of works to ensure continued delivery of efficient and high quality services across the region	Achieved	Survey customers regarding satisfaction with Wannon Water's service delivery	Achieved
	Implement the Dam Safety Emergency Management Improvement Plan Project	Underway; to be complete by Dec 2011	Develop reliable systems for recording data for all ESC-required KPIs	Achieved	Work cooperatively with stakeholders in the development of the Draft Western Region Sustainable Water Strategy	Achieved
	Operate within budget	Achieved	Fluoridate the Hamilton, Dunkeld and Tarrington water supplies in accordance with a DHS directive	Under commissioning	Consult and provide sewerage services to customers in West Portland	Construction delayed at landowners' request while funding sought
Future challenges	<p>Complete \$33m of capital works projects on time and within budget in 2010/11</p> <p>Undertake a re-valuation of land, building and infrastructure assets</p> <p>Commence the upgrade of the Portland Water Reclamation Plant</p>		<p>Consistently meet the key performance indicators established by the Essential Services Commission</p> <p>Continue assisting customers experiencing genuine financial hardship</p>		<p>Engage with communities regarding the implementation of the West Portland and Dutton Way sewerage schemes</p> <p>Commence community consultation for development of the next Water Plan</p> <p>Develop a stakeholder engagement framework</p>	
	More on page 8		More on page 12		More on page 15	

	Social Sustainability		Environmental Sustainability		Governance	
Objective	Wannon Water will build its organisational culture		Wannon Water will enhance its environmental performance		Wannon Water aims to establish consistent good corporate governance with structures and processes relating to decision-making, accountability, controls and behaviour within the organisation that enhance its effectiveness in fulfilling its mandate	
Highlights	<p>A Treatment Operator Competency Framework was implemented to ensure that treatment operators have the expertise to manage treatment plants</p> <p>Wannon Water completed a pre-certification audit in preparation for AS/NZS 4801 OH&amp;S certification</p> <p>Implementation of a new performance management tool for employees and a corporate leadership program for management</p>		<p>Wannon Water developed a Non-Revenue Water Strategy and introduced a night flow monitoring system to identify and correct previously undetected water leaks</p> <p>Wannon Water was one of three finalists in the Premier's Sustainability Awards (State Government category)</p> <p>Stage 1 of the innovative RoofWater Harvesting Project demonstration site in Warrnambool was completed</p>		<p>Wannon Water worked cooperatively with the EPA to produce a consolidated EPA Corporate Licence</p> <p>Wannon Water undertook a comprehensive review of its risk management framework</p>	
Results	Actions	Results	Actions	Results	Actions	Results
	Continue the implementation of the OH&S Strategy developed in 2008/09	Achieved	Develop and implement a Sewerage System Management Plan for areas identified in local government Domestic Wastewater Management Plans	Achieved	Undertake a review of the corporate risk management framework	Achieved
	Undertake a pre-certification audit for AS/NZS 4801 OH&S Management Systems	Achieved	Upgrade water reclamation plants to protect the environment, increase water recycling and comply with EPA discharge licence requirements	Ongoing	Undertake a review of the business continuity and disaster recovery plan	Achieved
	Undertake OH&S safety culture workshops for all employees	Achieved	Reduce motor vehicle fleet greenhouse gas emissions by 10% by June 2013	Ongoing; 3.28% reduction achieved	Review compliance with the Victorian Government's Financial Management Compliance Framework	Achieved
	Develop action plan to address risks identified in the OH&S audit of all Wannon Water facilities	Achieved	Implement programs to achieve 35% water recycling by 2015	Ongoing	Undertake a review of the Board Governance Framework	Achieved
	Implement an Engineering Scholarship, promoting the water industry to tertiary level students	Achieved	Achieve AS/NZS ISO 14001 Environmental Management System certification	Achieved	Undertake a Board effectiveness review	Achieved
	Implement workplace improvement actions identified in the inaugural employee survey workshops	Achieved	Progress toward achievement of a 30% reduction in per capita water use by 2015	Ongoing; further reduction achieved (now at 26%)		
			Prepare an Energy and Carbon Management Strategy Phase 1 Blueprint to 2013	Achieved		
Future challenges	Negotiate a new Enterprise Bargaining Agreement for implementation by 1 Oct 2010		Reduce the volume of non-revenue water (currently 14.4%)		Develop strategic priorities for preparation of the 2013-18 Water Plan	
	Undertake asset management training program for relevant employees		<p>Continue implementation of key projects to achieve 35% water recycling by 2015</p> <p>Continue research with Deakin University into the feasibility of aquaculture as a tool in treating sewage to improve recycled water and reduce energy use</p>		Achieve AS/NZS 4801 OH&S Management Systems certification by 2011	
	More on page 17		More on page 19		More on page 30	

## Profile

Wannon Water (Wannon Region Water Corporation) is Victoria's second largest regional urban water corporation by service area and is a statutory corporation constituted on 1 July 2005 under the *Water Act 1989*.

For the reporting period, Wannon Water was responsible to Tim Holding, MP, Minister for Water.

Our \$569 million of assets include: 2,703 kilometres of pipes; 11 reservoirs; 29 water treatment facilities, including 12 full water treatment plants and 17 disinfection plants; and 18 water reclamation plants.

Wannon Water is a major employer in south-west Victoria, Australia, employing 198 operational, engineering, financial, environmental and administrative employees.

## Our Region

Our region extends over 24,500 square kilometres from the South Australian border in the west, to Balmoral in the north, to Lismore in the east and the lower Gellibrand River catchment on the south coast. The Warrnambool City, Corangamite Shire, Glenelg Shire, Moyne Shire and Southern Grampians Shire Councils are all within our service area.

## Our Customers

Wannon Water supplies water and sewerage services to a permanent population of 79,000 people, including residential, commercial, industrial and rural customers.

## Our Water Sources

Wannon Water has a diverse range of water supplies, which have proven to be reliable and very secure even during extended periods of drought. For the reporting period, only customers connected to the Hamilton, Balmoral and Glenthompson water systems were on water restrictions.

Our water systems include:

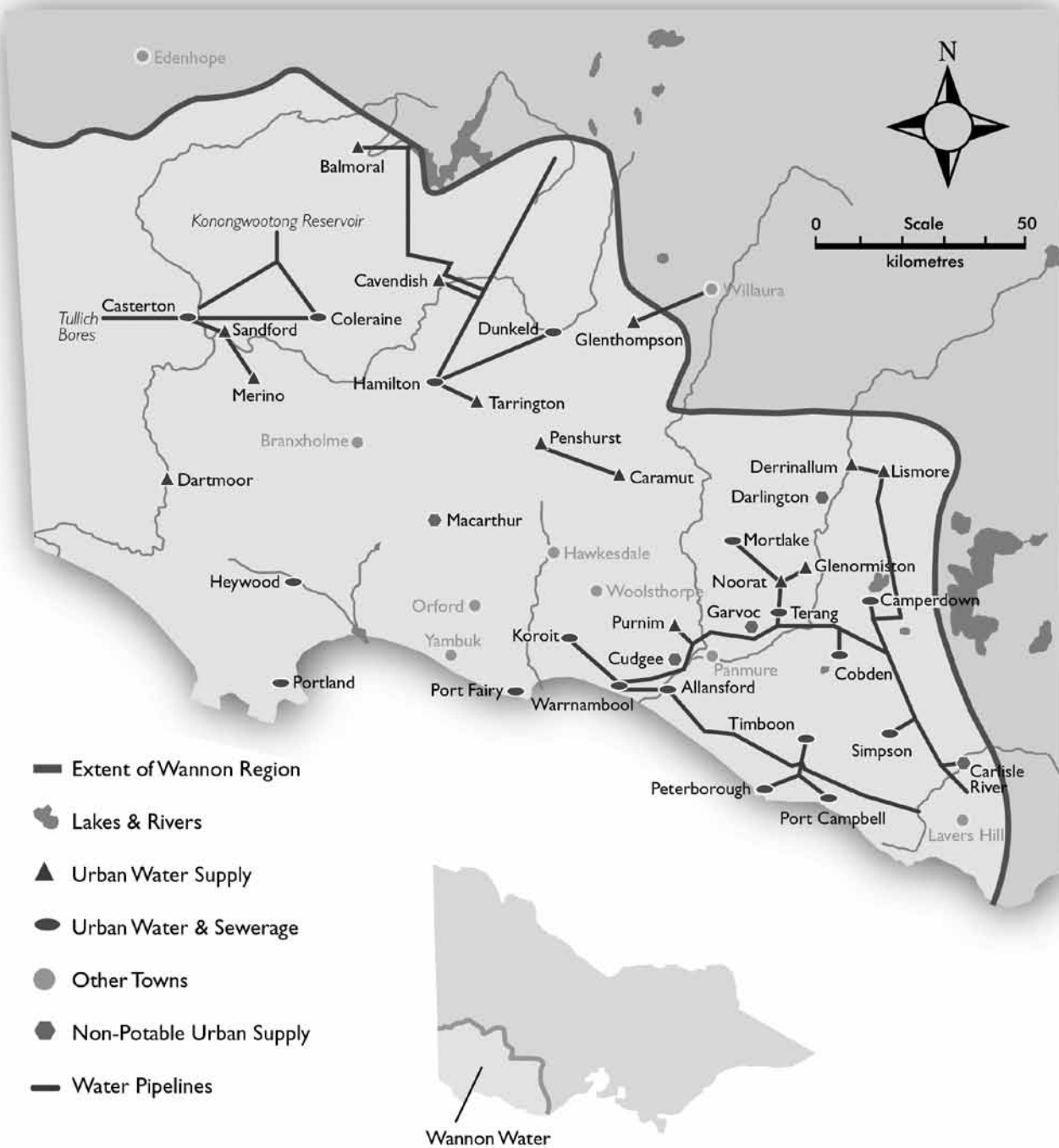
- The Otway system, which is sourced from the Gellibrand River (and groundwater), supplies water to Warrnambool, Simpson, Cobden, Camperdown, Glenormiston, Lismore, Derrinallum, Terang, Mortlake, Purnim, Allansford and Koroit;
- The Grampians system, which is sourced from streams in the southern Grampians catchment, supplies water to Hamilton, Cavendish, Dunkeld and Tarrington;
- The Balmoral system, which is sourced from Rocklands Reservoir in the Grampians;
- The Glenthompson system, which is sourced from a local catchment and groundwater;
- The Portland, Port Fairy, Peterborough, Port Campbell, Timboon, Heywood and Dartmoor systems, which are all sourced from the deep Dilwyn Aquifer; and
- Other local aquifers are the source of water for Caramut, Casterton, Coleraine, Darlington Macarthur, Merino, Peshurst and Sandford.

## Functions, Powers and Duties

Wannon Water's statutory functions, powers and duties are set out in the *Water Act 1989* and By-Laws. These functions include the collection, storage, treatment and delivery of water; the collection and treatment of sewage and trade waste; and water recycling.

Wannon Water's objectives are detailed further on pages 4 and 5 of this report.

# REGIONAL MAP





# ECONOMIC REPORT

STRATEGIC OBJECTIVE:  
ENSURE OUR BUSINESS PERFORMANCE  
IS SUSTAINABLE

## Financial Result

Wannon Water achieved a net profit before tax of \$0.5 million for the reporting period and total comprehensive income for the period of \$10.9 million. The comprehensive income result is due to a managerial revaluation of land and building asset classes amounting to \$9.8 million.

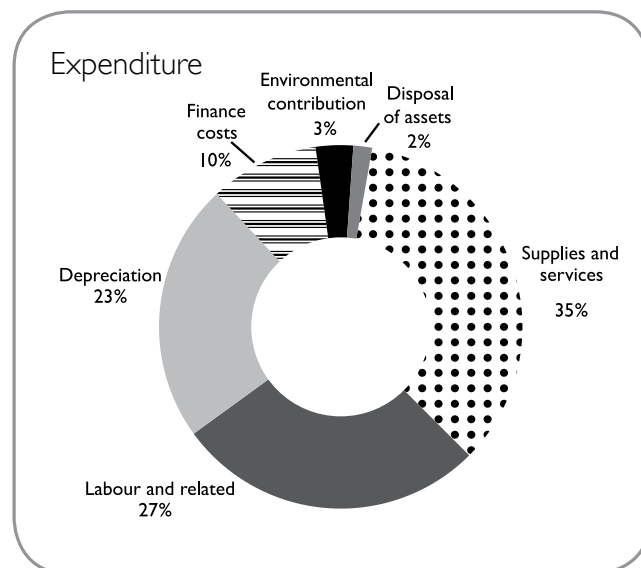
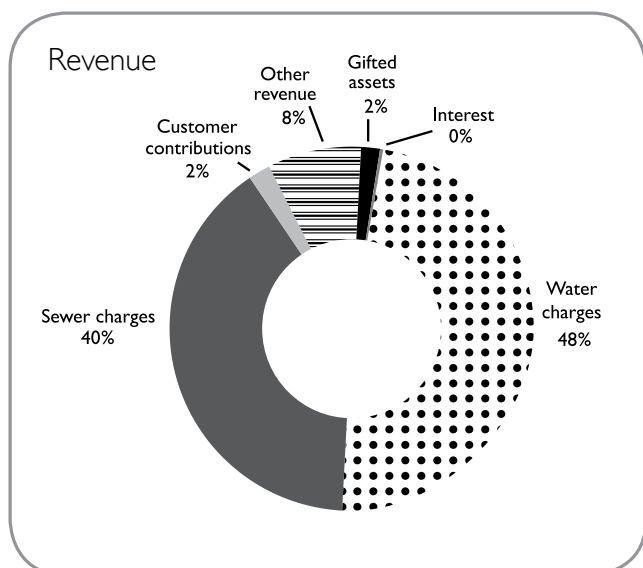
The operating revenue of \$50.8 million was less than budget expectations by \$6.7 million. This was primarily due to an anticipated gift of assets of \$6.5 million not occurring in 2009/10 and now likely to occur in 2010/11. Other significant changes were a decrease in volumetric revenue of \$1.0 million due to reduced water sales. However, this was offset by an increase in trade waste sales.

Also, the operating expenditure of \$50.3 million was \$2.6 million less than the budgeted expenditure. Considerable savings were achieved during the reporting period in the areas of supplies and services, and finance costs. Expenditure on operating costs, including employee benefits, supplies and services, finance costs and costs of assets disposed are detailed in the Financial Statements.

## Summary of the Financial Results

	2005/06 (\$'000s)	2006/07 (\$'000s)	2007/08 (\$'000s)	2008/09 (\$'000s)	2009/10 (\$'000s)
Core business revenue	32,884	37,703	38,497	42,685	46,599
Government contributions	470	470	1,050	625	500
Other revenue	2,213	1,859	2,087	2,759	3,674
<b>Total revenue</b>	<b>35,567</b>	<b>40,032</b>	<b>41,634</b>	<b>46,069</b>	<b>50,773</b>
Operating expenditure	25,457	28,359	29,560	33,104	32,796
Depreciation expenditure	10,043	9,030	9,726	10,698	11,707
Project expenditure finance costs	1,126	1,102	1,775	3,344	4,881
Loss on sales and decommissioning of assets	1,308	383	470	509	890
<b>Total expenditure</b>	<b>37,934</b>	<b>38,874</b>	<b>41,531</b>	<b>47,655</b>	<b>50,274</b>
<b>Net result before tax</b>	<b>(2,367)</b>	<b>1,158</b>	<b>103</b>	<b>(1,586)</b>	<b>499</b>
Current assets	13,836	10,148	10,801	17,836	13,991
Non-current assets	457,228	467,067	484,992	512,660	555,174
<b>Total assets</b>	<b>471,064</b>	<b>477,215</b>	<b>495,793</b>	<b>530,496</b>	<b>569,165</b>
Current liabilities	5,607	9,260	13,810	11,823	18,805
Non-current liabilities	14,447	16,740	63,512	88,545	102,051
<b>Total liabilities</b>	<b>20,054</b>	<b>26,000</b>	<b>77,322</b>	<b>100,368</b>	<b>120,856</b>





## Events Subsequent to Balance Date

At the time of printing this annual report Wannon Water was not aware of any events subsequent to balance date that would significantly impact its operations.

## National Competition Policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. The National Competition Policy aims to improve the performance of Australian businesses by exposing them, where applicable, to the pressure of competitive markets. The National Competition Policy continues to be implemented, and the principle of competitive neutrality applied by Wannon Water in its business undertakings.

## Significant Changes in Financial Position

Property, plant and equipment increased in value by a net \$42.4 million during the financial year. The \$42.1 million invested in capital works during the year were funded through both cash generated by the business and new borrowings.

Interest-bearing liabilities have increased by \$61.2 million in the past three years, due to the \$101.5 million invested in capital works over the same period. During 2009/10 interest-bearing liabilities increased by \$19.6 million to \$79.4 million. The gearing ratio has increased from 3.78 per cent in 2006/07, 7.38 per cent in 2007/08 and 11.45 per cent in 2008/09 to 13.95 per cent in 2009/10. The steady increase in the ratio over time reflects Wannon Water's focus on providing additional infrastructure to cater for growth, meeting regulatory standards, and maintenance of service standards. However, Wannon Water's gearing ratio remains low.

## Major Changes or Factors Affecting Performance

Major factors that affected Wannon Water's financial performance during the reporting period were:

- The anticipated gifting of assets of \$6.5 million from a major energy company did not occur due to a delay in the completion of works and is now expected in 2010/11;
- Volumetric revenue was \$1.0 million below budget, which reflects a reduction in water sales of some 700 megalitres;
- Increased revenue from trade waste charges of \$1.1 million on expected revenues offset the water sales revenue shortfall;
- Fees paid by Developers and Customers were \$0.6 million above expectations. This included recognition of a \$0.5 million contribution by Basin Holdings Ltd for an upgrade at the Hamilton tertiary water treatment plant; and
- Operational expenditure savings of \$1.8 million were achieved in supplies and services, and \$1.1 million in finance costs.

## Future Challenges

Wannon Water plans to complete \$33 million of capital works in 2010/11. This expenditure will be funded through a mixture of new borrowings and cash flows from operating activities. Borrowings are forecast to increase over the next year and peak at \$119 million. Wannon Water will manage these borrowings and commence reducing the level of borrowings from the 2011/12 financial year onwards, provided there are no extraneous demands on cash.

The 2010/11 financial year will see the completion of several major projects, including the Mobile Information Management System and the Warrnambool office building. Capital works in 2010/11 will include the West Portland Sewerage Scheme, the Warrnambool Roof Water Harvesting project, the upgrade of Hamilton Water Reclamation Plant, and sewer rehabilitation works at Camperdown, Port Fairy and Portland.

A major upgrade of the Portland Water Reclamation Plant is scheduled to commence in 2010/11 and is expected to be completed in 2011/12.

## Disclosure of Major Contracts

Wannon Water did not enter any new contracts with a value greater than \$10 million in the reporting period.

## Consultancies Costing Less Than \$100,000 in the 2009/10 Financial Year

Number of consultants	Total cost of engagements
12	\$197,604.76

## Consultants Costing More Than \$100,000 in the 2009/10 Financial Year

Wannon Water did not engage consultancies costing more than \$100,000 in 2009/10.

## Victorian Industry Participation Policy

In accordance with the *Victorian Industry Participation Policy Act 2003*, the Victorian Industry Participation Policy was applied in the 2009/10 financial year to the following contracts:

Contract	Contractor	Contract value
Pipes and fittings for Hamilton-Grampians Pipeline	Tyco Water Pty Ltd	\$8,297,563
Construction of Hamilton-Grampians Pipeline, pump station and associated works	Padbury Amber Civil Contractors Pty Ltd	\$6,498,550

## Capital Works Program

Wannon Water invested \$42.1 million in capital works in the reporting period to further improve the delivery of water, sewerage and trade waste services and service growth in south-west Victoria. This capital works expenditure is set out in Wannon Water's 2008-13 Water Plan, which was approved by the Essential Services Commission.

Projects with capital works expenditure in 2009/10 greater than \$0.5 million included:

- Hamilton-Grampians Pipeline project: \$14.20 million
- Warrnambool office project: \$8.16 million
- SCADA/Telemetry installations: \$2.02 million
- Port Fairy Domestic Water Reclamation Plant upgrade: \$1.69 million
- Warrnambool roof water harvesting project: \$1.66 million
- Hamilton Water Treatment Plant upgrade: \$1.07 million
- Casterton Water Treatment Plant upgrade: \$0.89 million
- Hamilton fluoridation plant: \$0.66 million
- Septage receival systems for Warrnambool and Hamilton: \$0.64 million
- Portland chlorination system upgrade: \$0.62 million
- Coleraine clearwater storage: \$0.50 million

## WESTERN DISTRICT - CASTERTON-COLERAINE PIPELINE PROJECT

Following construction of the 29-kilometre Casterton-Coleraine Pipeline in January 2009, a new \$540,000 clear water storage tank was installed to replace the open earth water basin at Coleraine.

These works began in August 2009 and included the installation of a pump station and the water storage tank in Coleraine. Completion of this new tank fully encloses the Tullich water system, the final stage in providing Coleraine customers with a much improved water quality and secure water supply.

On 8 January 2010 the Minister for Water, Tim Holding, visited Coleraine to mark the completion of the project and commission the improved water supply for the 617 urban properties in Coleraine.

"The 29-kilometre pipeline connects the town of Coleraine to the Casterton Water Supply System, ensuring better water quality," Mr Holding said.

"Coleraine's water supply has historically come from the Konongwootong Reservoir, which was not filtered, resulting in variable water quality. The new pipeline now sources water from the Tullich groundwater system supplying the towns of Casterton, Sandford and Merino.

"The \$4.37 million project was funded by Wannon Water and shows the water retailer's commitment to their customers."



*Minister for Water Tim Holding and Wannon Water Managing Director Grant Green on site at the new Coleraine clear water storage tank.*

## HAMILTON-GRAMPIANS PIPELINE PROJECT DELIVERED

The Hamilton-Grampians Pipeline was completed in June 2010.

The project was delivered on time and under budget. Originally costing at \$30 million, Wannon Water delivered the project for \$26 million.

The Hamilton-Grampians Pipeline enables two billion litres of water to be transferred each year from Rocklands Reservoir to the Hamilton water storages. This will top up the existing supply from the Southern Grampians system, addressing a current shortfall in supply for the Hamilton system of 1,040 megalitres a year.

The Hamilton-Grampians Pipeline project was the biggest infrastructure project to be undertaken by Wannon Water and included 52 kilometres of 375-millimetre diameter pipeline, a pump station at Rocklands Reservoir and surge tower.

### Project Timeline

<b>April 2008</b>	Submission of planning application and Cultural Heritage Management Plan.
<b>December 2008</b>	Completion of detailed survey and design.
<b>January 2009</b>	Tendering and appointment of pipes and fittings contractor.
<b>February 2009</b>	Planning permit issued.
<b>March 2009</b>	Tendering and appointment of construction contractor.
<b>April 2009</b>	Construction commenced.
<b>July 2009</b>	Construction 25% completed.
<b>December 2009</b>	Construction reaches 50% completion mark.
<b>February 2010</b>	Construction 75% completed.
<b>June 2010</b>	Hamilton-Grampians Pipeline completed.

# SOCIAL REPORT

STRATEGIC OBJECTIVE:  
IMPROVE OUR SERVICE DELIVERY

## Service Delivery

### Customer Service Performance Indicators

All of the targets set out in the following table were achieved for the reporting period, except for complaints to the Energy and Water Ombudsman (Victoria).

Key Performance Indicator	Target	2008/09 Actual	2009/10 Actual	Target Achieved
<b>Reliability of water supply system</b> Unplanned water supply interruptions (per 100km of water main)	10	8.5	7.1	✓
<b>Water response indicators</b>				
Average time to attend Priority 1 bursts and leaks (minutes)	35	19.8	11.9	✓
Average time to attend Priority 2 bursts and leaks (minutes)	60	26.7	26.4	✓
Average time to attend Priority 3 bursts and leaks (minutes)	240	81.1	94	✓
Unplanned water supply interruptions restored within 5 hours	97%	99%	99.2%	✓
Planned water supply interruptions restored within 5 hours	90%	96%	100%	✓
<b>Water interruption time indicators</b>				
Average duration of unplanned water supply interruptions (minutes)	108	78.4	49	✓
Average duration of planned water supply interruptions (minutes)	180	105.8	114.5	✓
Average unplanned customer minutes off water supply (minutes)	9.9	5.5	2.53	✓
Average planned customer minutes off water supply (minutes)	9	2.0	1.39	✓
<b>Water interruption frequency indicators</b>				
Average frequency of unplanned water supply interruptions	0.09	0.07	0.051	✓
Average frequency of planned water supply interruptions	0.05	0.02	0.011	✓
<b>Reliability of sewerage collection system</b> Sewer blockages per 100km of main	38.3	9.8	10.39	✓
<b>Sewer response indicators</b>				
Average time to attend sewer spills and blockages (minutes)	30	21.8	20.5	✓
Average time to rectify a sewer blockage (minutes)	90	97.4	73.17	✓
Sewerage spills contained within 5 hours	98%	100%	100%	✓
<b>Customer service indicators</b>				
Complaints to EWOV (complaints per 1,000 customers)	0.6	1.19	1.05 <sup>1</sup>	×
Telephone calls answered within 30 seconds	98.9%	98.9%	99.7%	✓

*Note: Complaints increased over historical levels substantially due to the introduction of a proactive approach and referral of customers to the Energy and Water Ombudsman (Victoria).*

## Community Service Obligations

The following Community Service Obligation rebates and grants were funded by the State Government and administration of these schemes was funded and managed by Wannon Water:

Community Service Obligation provided	2005/06	2006/07	2007/08	2008/09	2009/10
Concession for pensioners	\$1,595,632	\$1,574,134	\$1,608,610	\$1,906,875	\$2,258,560
Water and sewer rebates (not-for-profit organisations)	\$249,166	\$233,250	\$250,186	\$242,156	\$244,139
Utility relief grant schemes	\$17,818	\$11,108	\$16,289	\$22,090	\$68,072
Water usage life machine rebates	\$830	\$767	\$732	\$993	\$1,699
Hardship Relief Grant Scheme (Sewerage Connection Scheme)	\$18,359	\$45,784	\$10,200	\$0	\$0
<b>Total</b>	<b>\$1,881,805</b>	<b>\$1,865,043</b>	<b>\$1,886,017</b>	<b>\$2,172,114</b>	<b>\$2,572,470</b>

## Assisting Customers in Genuine Financial Hardship

Wannon Water has a customer hardship policy to assist customers in genuine financial hardship. The policy can be viewed online at [www.wannonwater.com.au](http://www.wannonwater.com.au).

Customer hardship assistance granted	Number of customers 2008/09	Number of customers 2009/10	Total debt amount involved 2008/09	Total debt amount involved 2009/10
Interest waived	249	623	\$10,900	\$6,977
Undetectable Water Leak Rebates	71	114	\$36,294	\$73,203
Bonus credit system	37	294	\$1,475	\$11,245
Debt write-off	18	17	\$10,210	\$3,974
Special arrangements for large families	1	1	\$162	\$171
Fire Service not-for-profit hardship rebate	74	3	\$78,262	\$1,560
<b>Total</b>	<b>450</b>	<b>1,052</b>	<b>\$137,303</b>	<b>\$97,130</b>

In 2009/10 Wannon Water also assisted customers experiencing genuine financial hardship by:

- Encouraging customers who receive Centrelink payments to use the fortnightly Centrepay facility. At the end of 2009/10 there were 619 customers using Centrepay (536 in 2008/09, 486 in 2007/08);
- Informing customers of government assistance programs and assisting customers to complete the application forms – there was a significant increase in the number of Utility Relief Grant Scheme applications for 2009/10 with 318 applications (183 of these subsequently approved);
- Providing customers with advice on how to reduce water consumption to become a more water-efficient household;
- Referring customers to an independent financial counseling service;
- Undertaking 28 water audits and retrofitting efficient water fittings through the Department of Human Services' Water Wise program;
- Identifying and replacing inefficient water fittings for 32 customers through the Wannon Water and Southwest Primary Care Partnership Retrofit Program; and
- Offering domestic customers flexible payment arrangements for customers who prefer making regular payment installments.

Flexible payment arrangements	2006/07	2007/08	2008/09	2009/10
Number of customers under flexible payment arrangements	1,260	1,523	1,065	1,682
Amount involved under flexible payment arrangements	\$320,338	\$323,409	\$233,062	\$394,837

## Water Quality

Wannon Water's management system for water quality is independently certified through Hazard, Analysis and Critical Control Point (HACCP) and the Department of Health water quality risk management plan processes. The HACCP system is applied from "catchment to tap" to ensure the drinking water Wannon Water provides is both safe and aesthetically pleasing.

Water quality throughout the supply chain was regularly monitored from the catchments and aquifers to customers' taps, with all samples collected analysed by an independent laboratory certified by the National Association of Testing Authorities (NATA).

The water quality data was assessed against the *Australian Drinking Water Guidelines 2004* and schedule 2 of the *Safe Drinking Water Regulations 2005*. The parameters tested included:

- Microbiological;
- Physical;
- Chemical;
- Radiological; and
- Algae numbers.

The following table demonstrates that water quality compliance was excellent, reflecting the high performance of Wannon Water's water quality risk management processes.

### Safe Drinking Water Regulations compliance

	Number of samples	Maximum recorded sample result	Minimum recorded sample result	Average recorded sample result	Number of samples over standard	Compliance
<i>E. coli</i> (98% of samples <1 org/100ml)	1,977	1	0	0	1	100.0%
Acid Soluble Aluminium (0.2 mg/L)	206	1.6	0.01	0.13	16	92.2% <sup>1</sup>
Monochloroacetic acid (0.15 mg/L)	395	0.015	<0.005	0.005	0	100.0%
Dichloroacetic acid (0.10 mg/L)	395	0.13	<0.005	0.010	0	100.0%
Trichloroacetic acid (0.10 mg/L)	395	0.14	<0.005	0.009	0	100.0%
Trihalomethanes (0.25 mg/L)	395	0.26	<0.001	0.048	2	93.9% <sup>2</sup>
Turbidity (5 NTU, 95% UCL)	1,977	8.9	<0.1	0.36	4	100.0%

#### Notes:

1. Of the 16 samples that exceeded the 0.2 mg/L acid soluble aluminium standard, 13 were subject to an undertaking with the Department of Health.
2. Compliance related to the number of localities compliant rather than the number of tests.

There has been significant improvement in trihalomethanes compliance since 2008/09. For the reporting period only two samples exceeded the regulatory limit of 0.25 mg/L.

Acid soluble aluminium compliance in 2009/10 was similar to 2008/09. The majority of non-compliant tests occurred at localities in the Hamilton system due to the deterioration of the quality of raw water entering the plant as a result of drought conditions. Wannon Water has an undertaking with the Department of Health to upgrade the Hamilton Water Treatment Plant by 30 August 2010.

# Engaging With Our Community

Wannon Water recognises the vital role it plays in the wider community and is committed to engaging with its customers, the community and stakeholders to develop effective long-term relationships. Our Community Engagement Policy describes the organisation's approach and commitment to community consultation and engagement. This policy is available at [www.wannonwater.com.au](http://www.wannonwater.com.au).

## About Our Customer Engagement Committee

Wannon Water's Customer Engagement Committee comprises a Board Director and 11 customer representatives who represent a variety of customer groups, including residential, non-residential and rural customers, and a geographical spread across Wannon Water's service area.

The committee assisted Wannon Water on key customer service deliverables, including the development of the consultation strategy for the Wangoom Road Water and Sewerage Schemes in Warrnambool, the review of the Rural Customer Charter and setting targets for some customer service indicators not set by the Essential Services Commission.

## Other Customer Consultation

Customer consultation is pivotal to the success of Wannon Water's major capital works program. Wannon Water worked with customers and other stakeholders during key stages of major projects to provide information and ensure that customer and other stakeholder views and expectations are evaluated.

## West Portland Sewerage Scheme

A Project Monitoring Committee involving Glenelg Shire Council and community representatives met during the reporting period to assist Wannon Water in submitting an application to attract government funding for the scheme, review of property connection points, and to review community newsletter updates. Input from the committee resulted in Wannon Water resolving that landowners may defer payment until the scheme is commissioned.

This project has now moved to the formal scheme notification phase with 127 landowners receiving their notice to contribute to the present day costs for the provision of sewerage services under Section 268 of the *Water Act 1989*.

## Wangoom Road provision of water and sewerage services

Wannon Water undertook consultation with landowners in Wangoom Road, Warrnambool, to seek their feedback regarding the provision of a water and sewerage scheme for the Wangoom Road precinct.

Wannon Water held an information session in March 2010 to ensure landowners were fully informed of the costs and benefits of the provision of reticulated water and sewerage services. Representatives of the Warrnambool City Council presented the Council's Land Use Strategy and the potential impacts on the Wangoom Road area into the future.

Following the information session Wannon Water surveyed landowners and determined that the scheme should not proceed at this time due to the majority of landowners indicating they did not support proceeding with the water and sewerage scheme.

## Dutton Way Sewerage Scheme

Wannon Water resolved to proceed with the Dutton Way Sewerage Scheme following consultation with landowners. Dutton Way is a priority town for a sewerage scheme under the State Government's Country Towns Water Supply and Sewerage Program due to public health and environmental issues associated with the discharge of septic tank effluent.

A Project Monitoring Committee comprising landowners and Glenelg Shire Council representatives was established to facilitate community consultation throughout the development of the scheme.

## Portland Water Reclamation Plant Upgrade Project

Wannon Water investigated a major upgrade to the Portland Water Reclamation Plant in accordance with its Environment Protection Authority licence. In assessing options for the upgrade, Wannon Water sought stakeholder feedback through a working group comprising local community members and representation from the Environmental Protection Authority, the Glenelg Shire Council and Portland Sustainability Group.

The group's primary purpose was to consider the model to be used for assessing the upgrade options. Following input from the working group, Wannon Water adopted the preferred upgrade option of the working group and will build an Intermittent Decanted Extended Aeration plant with sludge drying beds, commencing in the 2010/11 year.



## Community Inclusiveness

Wannon Water is committed to improving the quality of service delivery to culturally and linguistically diverse communities, and values community inclusiveness. Wannon Water's approach is consistent with the Premier's community inclusiveness circular of 2009 relating to culturally and linguistically diverse backgrounds, women, youth and indigenous affairs.

A free interpreter service was available for customers who did not speak English or for whom English is a second language. Information on the service is set out in our Customer Charter and printed on all customer accounts.

## Protecting Cultural Heritage

Wannon Water undertook cultural heritage and archaeological surveys associated with the Konongwootong Reservoir embankment upgrade project, Portland Water Reclamation Plant upgrade project, Dutton Way Sewerage Scheme and the Warrnambool Roof Water Harvesting project in accordance with the *Aboriginal Heritage Act 2006*.

Wannon Water sought the involvement of relevant cultural heritage groups at an early stage in each project to identify cultural heritage requirements. Wannon Water engaged the services of expert consultants to undertake cultural heritage surveys so that the sites of cultural importance could be identified and necessary measures taken to ensure they were protected.

Throughout these surveys, Wannon Water liaised closely with the consultant and the Registered Aboriginal Party applicants: Gunditj Mirring Traditional Owners Aboriginal Corporation and the Framlingham Aboriginal Trust.

Where areas of potential likely cultural significance are identified, Wannon Water works with Registered Aboriginal Party applicants to ensure all necessary monitoring is undertaken during construction of projects.

# Building Our Organisational Culture

## Our Workforce

Wannon Water aspires to be an employer of choice in the region in order to attract and retain talented employees, keep employee turnover low, reduce absenteeism and facilitate work-life balance.

## Recruitment and Retention

Wannon Water employs 198 employees (including acting as host employer to seven trainees) across various professions, including accountants, engineers, technical officers, corporate communications advisors, customer relations officers, water and sewerage treatment and operations systems officers, scientists, electricians, mechanical officers and more. The employee turnover was 4.5 per cent for the reporting period.

Wannon Water's Civil Engineering Scholarship Program facilitates the employment of graduate engineers. The scholarship is awarded to students residing in our service delivery area and provides \$5,000 per year towards the cost of study expenses. Our scholarship holders are undertaking studies at Monash, Deakin and Melbourne Universities and will enter our graduate engineering program each year from 2010 to 2014.

## Workforce Data

	Total Employees	No. Full Time	No. Part Time	No. Casuals	No. Males	% Males	No. Females	% Females
2009/10	198	178	17	3	141	71%	57	29%
2008/09	194	174	18	2	137	71%	57	29%
2007/08	182	161	18	3	133	73%	49	27%

## Merit and Equity (EEO)

Wannon Water is committed to the employment and conduct principles outlined by the State Services Authority in accordance with the *Public Administration Act 2004*.

Wannon Water ensures:	Our employees must:
<ul style="list-style-type: none"><li>Decisions are based on merit</li></ul>	<ul style="list-style-type: none"><li>Act with impartiality</li></ul>
<ul style="list-style-type: none"><li>Employees are treated fairly and reasonably</li></ul>	<ul style="list-style-type: none"><li>Display integrity, including avoiding real or apparent conflicts of interest</li></ul>
<ul style="list-style-type: none"><li>Equal employment opportunity is provided</li></ul>	<ul style="list-style-type: none"><li>Be accountable for actions</li></ul>
<ul style="list-style-type: none"><li>Reasonable avenues of redress against unfair or unreasonable treatment</li></ul>	<ul style="list-style-type: none"><li>Provide responsive service</li></ul>

During the reporting period Wannon Water aimed to ensure the absence of discrimination in employment practice and principles to maintain a workplace free of discrimination and ensure that recruitment, training and development opportunities and management principles are closely aligned with merit and equity principles.

Wannon Water has embraced diversity, with a number of employees recruited from overseas and non-English speaking backgrounds now an integral part of our workforce. These employees have embraced the local community and enjoy the lifestyle that comes with residing in south-west Victoria.

In 2009/10 there were no incidents or actions reported in regard to discrimination at Wannon Water.

## Learning and Development

Wannon Water is strongly committed to enhancing opportunities for its employees to develop skills, knowledge and capabilities. Wannon Water recognises the contribution employee development makes to achieving corporate objectives and that investment in this area provides a win-win outcome both for Wannon Water and employees. A continuous improvement approach has fostered positive attitudes towards learning, greater teamwork and greater involvement of line managers in training, particularly as coaches and mentors.

The employee learning and development program is also integral to the performance management processes. The planning elements of performance management provide for employees and line managers to document career development, including training to be undertaken in the next year.

During the year a range of learning and developmental programs were offered to support employees realise their full potential. Employees undertook a total of 13,056 hours (65.94 hours per employee) of formal learning and development. This included study and examination leave, general and occupational health and safety training, and attendance at conferences and seminars.

## Occupational Health and Safety (OH&S)

Wannon Water has a high regard for the health and safety of all those employees and contractors involved with its business operations. Key priorities designed to meet the objectives of our OH&S Strategy were implemented.

### **Develop and Implement a Wannon Water OH&S System Framework**

A pre-certification audit was conducted by external auditing body NCS International to determine Wannon Water's readiness to be certified to the AS/NZS 4801 standard for OH&S systems. The key finding from this audit ("*The management system complies with the requirements of the nominated Standard in preparation for the certification audit*") is a positive reflection on Wannon Water's progression to achieving AS/NZS 4801 certification of the OH&S management system in 2010/11.

### **Identify and reduce high incidence/severity risks**

All employees of Wannon Water participated in Safety Culture Workshops that focused heavily on hazard identification and control. This investment in training and education resulted in a 270 per cent increase in reported hazards, enabling Wannon Water to clearly identify areas of risk and implement appropriate control plans to address the hazards.

### **Improve the capacity of managers, supervisors and front line employees to manage OH&S effectively**

Wannon Water invested in OH&S training, not only to meet legislative requirements, but also to address the capacity of our managers, supervisors and other employees, including:

- Confined Space Entry;
- Five-day OH&S representative course;
- First Aid Level 2;
- Safety Culture Workshop;
- Chainsaw training;
- Construction Induction;
- Asbestos "B Class Removal";
- Bullying and Harassment training; and
- Spotters No Go Zone training.

## Performance Measures

Wannon Water's key OH&S indicators are aligned with the standards set out in the workplace injury and disease recording standard AS 1885.1—1990. For the reporting period Wannon Water achieved a reduction both in Lost Time Injuries (LTIs) and the Lost Time Injury Frequency Rate (LTIFR).

Occupational Health and Safety Indicators	2007/08	2008/09	2009/10
Number of Lost Time Injuries (LTI)	8	6	5
Lost Time Injury Frequency Rate (LTIFR - LTI occurrences per one million hours worked)	23	20	16

# ENVIRONMENTAL REPORT

STRATEGIC OBJECTIVE:  
ENHANCE OUR  
ENVIRONMENTAL  
PERFORMANCE

## Bulk Water Entitlements

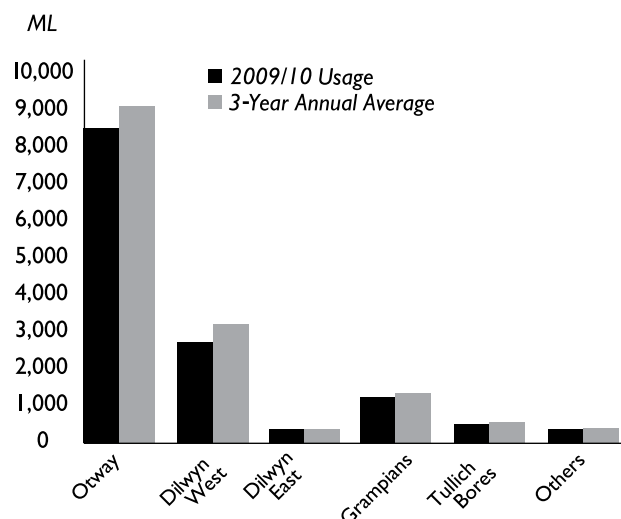
The annual volumes of water harvested under Wannon Water's Bulk Entitlement Conversion Orders are specified in the table below. A continuing trend has been the reduction in the total volume of water harvested from the environment under Wannon Water's Bulk Entitlements over the past three years. This is consistent with Wannon Water's objective of achieving a 30 per cent reduction in per capita water use.

Bulk Water Entitlement	Amount harvested	Percentage of Bulk Water Entitlement harvested
Otway System Conversion Order	9,366.0 megalitres of the 12,580-megalitre entitlement	74.4%
Hamilton Conversion Order	1,184.8 megalitres of the 3,435-megalitre entitlement	34.5%
Coleraine, Casterton & Sandford Conversion Order	63.6 megalitres of the 855-megalitre entitlement. The system storage was holding 536 megalitres as at 30 June 2010	7.4%
Dunkeld Conversion Order	19.0 megalitres of the 170-megalitre entitlement. The system storage was holding 29.2 megalitres as at 30 June 2010	11.2%
Glenthompson Conversion Order	3.9 megalitres of the 94-megalitre entitlement. The Glenthompson Reservoir was holding 31.0 megalitres as at 30 June 2010. The Railway Reservoir was empty. Wannon Water purchased 47.7 megalitres from GWMWater to supply a total system demand of 44.0 megalitres	11.1%
Wimmera and Glenelg Rivers Conversion Amendment Order	61.3 megalitres of the 1,231-megalitre entitlement	5.0%

Water extractions for the Otway (surface and groundwater) system increased by 1.1 per cent, from 9,263 megalitres to 9,366 megalitres. Total water inflows from the Grampians (Hamilton) system, increased by 4.3 per cent from 1,363 megalitres to 1,427 megalitres due to wetter conditions and higher stream flows. Groundwater input was similar to last year.

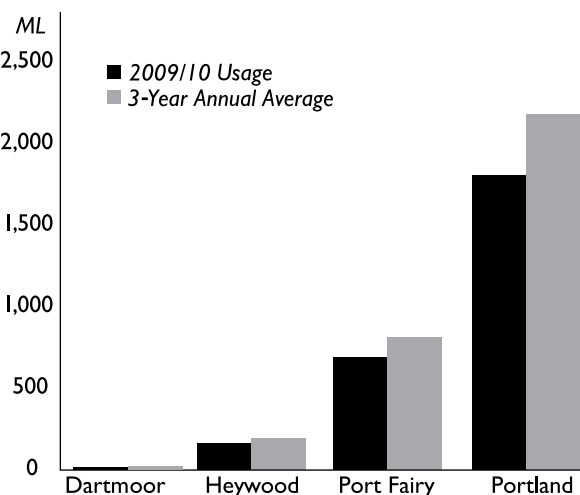
The volume of non-revenue water for 2009/10 was 1,944 megalitres, which represents 14.4 per cent of total bulk water harvested.

### Bulk Water Usage



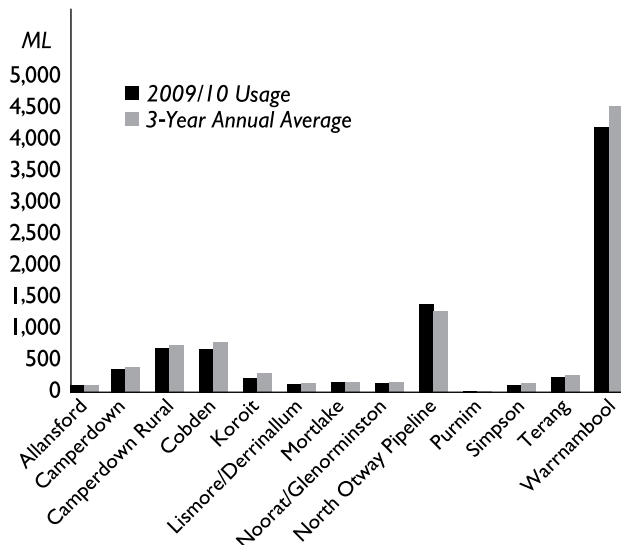
The volume of water harvested from the environment in 2009/10 was less than the long-term average, except for Dilwyn East.

### Dilwyn Aquifer (West) - Bulk Water Usage



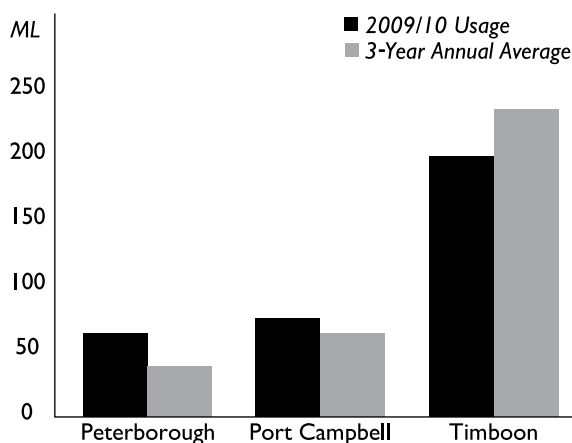
Consumption for all Dilwyn West communities was below the three-year average, with the largest, Portland, using 17.1 per cent less than the three-year average.

### Otway Supply System - Bulk Water Usage



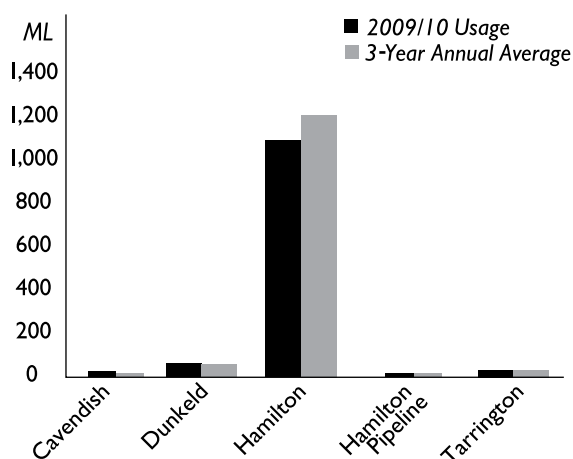
Wannon Water extracted 9,366 megalitres from the Gellibrand River in the Otway catchment. This was less than five per cent of the mean annual flow of 250,000 megalitres as measured in the Gellibrand River at Burrupa. Total water consumption for the Otway system was 6.3 per cent below the three-year average. New bulk meters were installed to measure the Warrnambool Water Treatment Plant outflow. Warrnambool, the largest zone, recorded a 7.3 per cent reduction in bulk water usage compared to the three-year average.

### Dilwyn Aquifer (East) - Bulk Water Usage

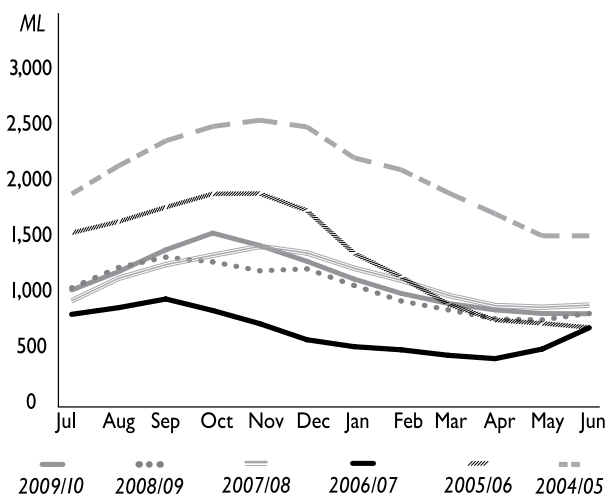


Water use in the growing coastal town of Port Campbell increased by 18.4 per cent compared to last year. Use of potable water at the Peterborough Water Reclamation Plant for lagoon clay floor and embankment management resulted in a 90 per cent increase compared to 2008/09.

### Grampians System - Bulk Water Usage

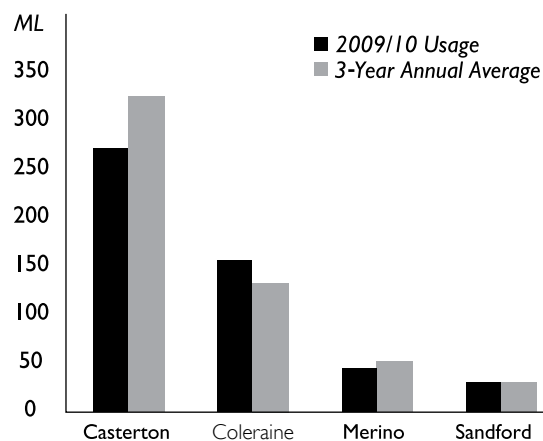


### Grampians System Storages Contents



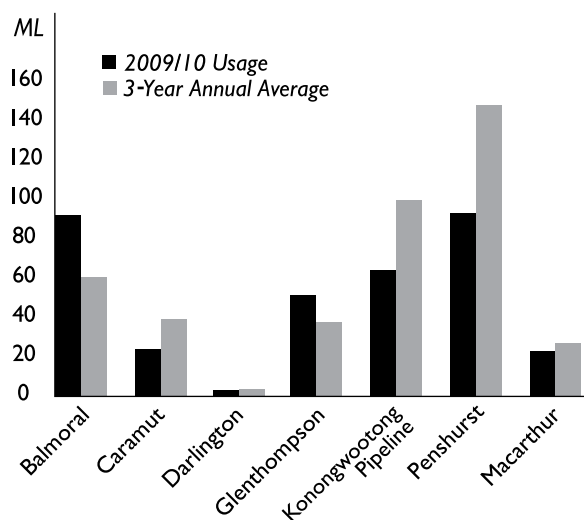
Wannon Water extracted 1,185 megalitres from the southern Grampians catchment. The strong community compliance with water restrictions in the Grampians system was evident in the reduced water consumption in 2009/10.

### Tullich Bore System - Bulk Water Usage



Coleraine is now supplied from the Tullich bore system. The 17 per cent increase in water use in Coleraine was attributed to the improved water quality now being supplied from the Tullich system.

### Other Water Supplies - Bulk Water Usage



Increased water usage in Balmoral was due to an undetectable pipeline leak discharging directly into the Glenelg River; which was not detected until flow in the river ceased. Increased usage in Glenthompson followed the removal of water restrictions, while the 37 per cent reduction in Penshurst was due to identification of leaks and unmetered usage through the water loss reduction program.

## Regional Catchment Management Strategy

Wannon Water worked with Catchment Management Authorities to maintain and enhance the natural assets of the region. In particular, Wannon Water contributed to the development of the Southwest Regional Directions Statement 2010-12, which aims to:

- Summarise environmental sustainability policy and expert opinion in the south-west;
- Determine regional environmental sustainability priorities; and
- Provide clarity and direction for regional planning and action.

The document will be used in the development of a revised Regional Catchment Strategy for the Western Region Catchment Authority.

## Victorian Biodiversity Strategy

Wannon Water continued to deliver projects that contribute to both Wannon Water's Biodiversity and Land Management Strategy and, ultimately, the Victorian Biodiversity Strategy.

A land conservation covenant was entered into with the Trust for Nature. This voluntary agreement was designed to help protect and conserve the natural, cultural and scientific values of the land, and will be registered on the title of the land to protect these values in perpetuity.

Wannon Water continued its revegetation program and 'war on weeds'. Five hectares of land were planted with local indigenous grass and tree species. Also, over five hectares of land were treated for the threats from Weeds of National Significance.

## Victorian River Health Strategy

Wannon Water has taken a practical and strategic approach to river health over the last 12 months, including the following on-ground works:

- Willow removal and rehabilitation of a kilometre of the Fitzroy River; and
- Willow removal and stream stabilisation of a kilometre of the Cobden Creek.

Wannon Water provided a \$50,000 funding grant to the Corangamite Catchment Management Authority for:

- Willow removal and rehabilitation of 15 kilometres of the Gellibrand River;
- Willow removal of 800 metres of Love Creek; and
- The construction of fishways for Lardner Creek and the Gellibrand and Carlisle Rivers.

The strategic monitoring and research into the fish and invertebrate requirements of the passing flows for streams in the headworks of the Grampians system continued throughout the reporting period.

## Western Region Sustainable Water Strategy

The Western Region Sustainable Water Strategy is one of four regional strategies being developed by the Victorian Government to secure water resources for the next 50 years. The strategy will address pressures on water resources, including climate change, drought and land use change. It aims to provide security for urban and rural water users, rivers and aquifers.

Wannon Water's service area falls within the study area, which includes the Wimmera and southern Mallee regions as well as south-west Victoria.

The draft strategy was released in March 2010, with community consultation between March and June. Wannon Water was a member of the working and consultation groups that provided input to the draft strategy and participated in the community consultation phase. The final strategy is expected to be released in late 2010.

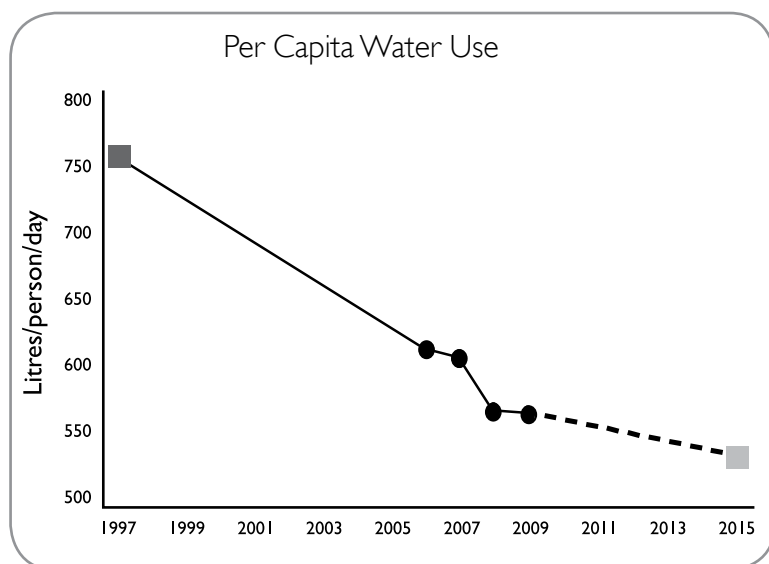
One key action is to improve the understanding of the deep regional aquifer that provides water for Portland and several other towns. To this end, Southern Rural Water, the Department of Sustainability and Environment and Wannon Water have partnered to produce the "Lower Tertiary Aquifer Groundwater Resource Assessment".

A further ongoing action is to improve low summer flows in the Gellibrand River. The demand management program described on the following page is helping to achieve this goal; however, a number of new initiatives are also being evaluated.



## Water Supply Demand Strategy – Working to Manage Demand for Water

Wannon Water's Water Supply Demand Strategy includes a comprehensive demand management program that has now been in place for three years. The strategy aims for a 30 per cent reduction in per capita water use by 2015 (from the consumption base line of 1996/97). Wannon Water is on track to achieve this goal.



Effective demand management actions implemented by Wannon Water included the Permanent Water Saving Measures, the introduction of a three-tiered residential water pricing structure, education initiatives and municipal water use plans developed in conjunction with local government. Ongoing actions included:

- Leakage reduction program in our water reticulation networks, including implementation of district metered areas, monitoring of night flows, and targeted acoustic leak detection surveys;
- Support for the retrofitting of water efficient household appliances;
- Continued promotion of water conservation;
- Management and reporting of the waterMAP program for customers using more than ten megalitres per year;
- Support for major customers' water savings programs; and
- Water audits and retrofitting water-efficient fixtures through the Department of Human Services' Water Wise Program and the Southwest Primary Care Partnership Retrofit Program.

## Water Restrictions and Permanent Water Savings Measures

The following water restrictions were implemented during the reporting period in line with Wannon Water's drought response plan.

### 2009/10 Uniform Water Restrictions timeline

Towns	Stage 1 Restrictions	Stage 2 Restrictions	Stage 3 Restrictions	Stage 4 Restrictions
Balmoral	-	-	-	Commenced 15 October 2006 and removed 4 October 2009
Glenthompson	-	Commenced 3 November 2007 and removed 4 October 2009	-	-
Hamilton, Cavendish, Dunkeld and Tarrington	-	Commenced 1 November 2009 (downgraded from Stage 3)	Commenced 3 November 2007 (continued until 1 November 2009)	-

Permanent Water Saving Measures apply elsewhere in Wannon Water's service area.

Full details of water restriction rules and applicable exemptions are available at [www.wannonwater.com.au](http://www.wannonwater.com.au).

## Our Water Our Future

Wannon Water has completed most actions arising from the State Government's *Our Water Our Future* strategy. Progress against the actions undertaken in the reporting period included:

<b>Our Water Our Future initiative</b>	<b>Wannon Water action</b>
<b>Improved water efficiency in new buildings</b>	The design objective for Wannon Water's new Warrnambool office development in Warrnambool – 40 Gateway – was set at the five-star Nabers rating with a 35 per cent reduction in energy use and 50 per cent reduction in water use. During construction 65 per cent of construction waste is diverted from landfill to recycling. The building is due for completion in October 2010.
<b>Work with industry towards improved water management outcomes, including opportunities for water conservation, recycling and waste minimisation.</b>	The waterMAP program continued to be implemented, with 52 customers participating in the program and the total water consumption of these customers reduced by 11.5 per cent compared to the previous year.
<b>Report annually on industry water conservation programs and details of water saved</b>	Details are included in this annual report (see page 26). Cumulative reporting of annual volumes used by waterMAP customers occurs annually.
<b>Consider investment in strategic water recovery and recycling programs that:</b> <ul style="list-style-type: none"> <li>• are of state or regional significance;</li> <li>• deliver multiple benefits – social, economic and environmental; and</li> <li>• are larger scale projects or initiatives.</li> </ul>	<p>Wannon Water entered into an agreement with Origin Energy Ltd to supply recycled water for the process water needs of the Mortlake Power Station when commissioned.</p> <p>Wannon Water secured a funding grant of \$1.9 million from the State Government to partially fund the Warrnambool Brine Management Project, which will segregate treatment of salty trade wastes to facilitate recycling of water from the Warrnambool Water Reclamation Plant, and provide a receival for salty trade waste from industries in the region.</p>
<b>Work with industrial and commercial clients and EPA Victoria to develop cleaner production programs and reduce salt discharge</b>	Wannon Water secured a \$1 million funding grant from the Victorian Government to upgrade the Camperdown Industrial Water Reclamation Plant. The upgrade will enable Wannon Water to receive trade wastes from the Camperdown Saleyards and a new milk processing enterprise in Camperdown.
<b>As part of the Government's support for smart urban water initiatives it will provide specific funding for projects to manage and harvest urban stormwater as a resource</b>	Wannon Water constructed trunk main infrastructure for Stage 1 of the Warrnambool RoofWater Harvesting Project with funding grants from the Victorian Government and Federal Government.
<b>Implement leakage reduction programs and use cost-effective technology such as water pressure reduction to reduce distribution losses</b>	The leakage reduction program continued to be implemented. A dedicated water loss technician is employed, and acoustic leak detection and repairs were undertaken and zone metering implemented.
<b>In country Victoria, the Government will contribute \$42 million over the next eight years in the new Country Towns Water Supply and Sewerage Program to assist in providing sewerage and water supply solutions to small country towns</b>	The functional design of the Dutton Way Sewerage Scheme was completed.

## Water Consumption

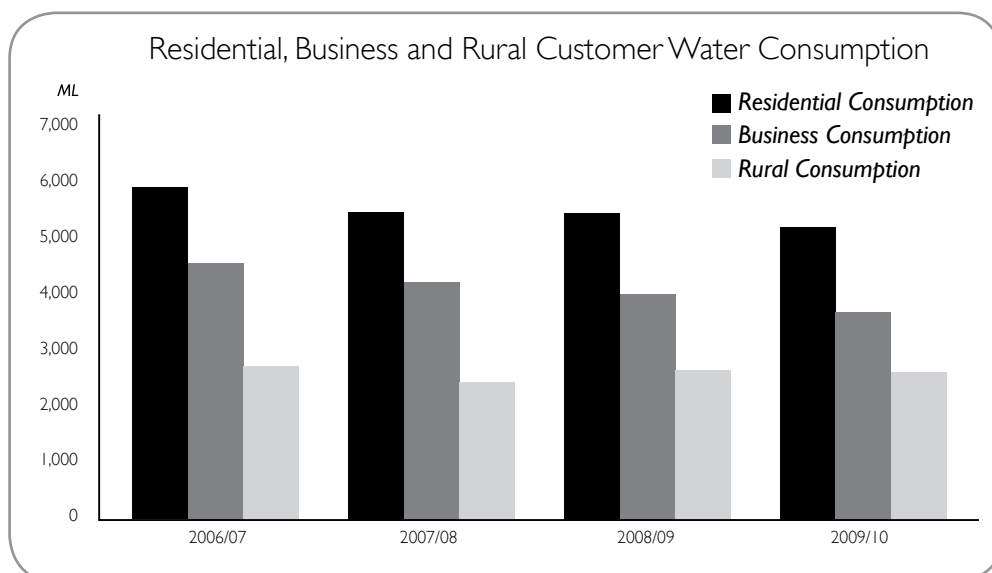
Wannon Water provides services to residential, business and rural customers.

### Customer numbers and water use by megalitres for 2009/10

Customer segment	Customers (No.)	Customers (% of total)	Total consumption (megalitres)	Total consumption (percentage)	3-year average (megalitres)	Kilolitres per customer
Residential	33,807	84.4%	5,209	45.2%	4,269	154
Business	4,541	11.3%	3,643	31.6%	5,612	802
Rural	1,726	4.3%	2,615	22.7%	2,613	1,515
Metered hydrants	-	-	54	0.5%	92	
<b>Total</b>	<b>40,074</b>	<b>100%</b>	<b>11,521</b>	<b>100%</b>	<b>12,586</b>	

Note: Full details for each water district are listed in Appendix 2.

Total water consumption reduced by 6.5 per cent in the reporting period, from 12,326 megalitres in 2008/09 to 11,521 megalitres in 2009/10. Water consumption reduced by 4.6 per cent for residential customers, 9.3 per cent for business customers and 1.9 per cent for rural customers.



## Wannon Water Office Water Consumption

Wannon Water operates offices across the region, as follows:

Town	Address	Metered water use (kilolitres)				No. staff	Kilolitres per staff member	Kilolitres per square metre of office space
		2006/07	2007/08	2008/09	2009/10			
Warrnambool	99 Fairy Street	746	724	907	917	55	17.1	1.0
Warrnambool	101A Fairy Street		38	43	25			
Warrnambool	241 Koroit Street	60	93	131	111	19	5.8	0.2
Warrnambool	Jamieson Street	50	49	63	53	23	2.3	0.2
Portland	15 Milbank Street	23	26	26	28	5	5.6	0.2
Portland	15 Townsend Street	46	65	128	120	9	13.3	0.4
Hamilton	66 Gray Street	53	39	52	100	14	7.1	0.2
	<b>Totals</b>	<b>978</b>	<b>1,034</b>	<b>1,350</b>	<b>1,354</b>	<b>125</b>	<b>10.8</b>	<b>0.5</b>

Note: Wannon Water leases approximately 25 per cent of the Jamieson Street office and, as such, only 25% of the recorded water use is reported. These figures do not include the Camperdown facility, as it is primarily a works depot.

<b>Total office water consumption in kilolitres (kL)</b>	
<b>2005/06</b>	1,020 kL
<b>2006/07</b>	978 kL
<b>2007/08</b>	1,034 kL
<b>2008/09</b>	1,350 kL
<b>2009/10</b>	1,354 kL

Water consumption at Wannon Water offices increased by four kilolitres from the prior year. However, the average annual usage per employee declined from 11.1 kilolitres in 2008/09 to 10.8 kilolitres per employee, a reduction of 2.7 per cent per employee.

### Annual Reporting of Major Non-Residential Water Users

Wannon Water, under section 122ZJ of the *Water Act 1989*, is required to report major non-residential water users, indicating:

- The number of major non-residential water customers for each category of annual water consumption; and
- The status of the customers' participation in a water management plan.

**Table 1: Customers by volume range**

<b>Volumetric range – megalitres (ML) per year</b>	<b>No. customers 2006/07</b>	<b>No. customers 2007/08</b>	<b>No. customers 2008/09</b>	<b>No. customers 2009/10</b>
50ML to 100ML	4	4	5	3
100ML to 200ML	3	3	1	2
200ML to 300ML	0	0	0	1
300ML to 400ML	1	2	3	2
400ML to 500ML	3	2	0	1
500ML to 750 ML	1	1	2	1
750ML to 1,000ML	0	0	0	0
Greater than 1,000ML	0	0	0	0

**Table 2: Major customers and their participation in water conservation programs**

All major customers of Wannon Water have either developed water conservation programs for implementation or have been implementing conservation programs.

Name of customer	Location of customer	Information as to customer's participation in water conservation program
Warrnambool Cheese & Butter	Allansford	Yes, water management plan developed and being implemented.
Alcoa Portland Aluminum Pty Ltd	Portland	Yes, water management plan developed and being implemented.
Fonterra Milk Australia Pty Ltd	Warrnambool	Yes, water management plan developed and being implemented.
Fonterra Australia Limited	Cobden	Yes, water management plan developed and being implemented.
Midfield Meat International Pty Ltd	Warrnambool	Yes, water management plan developed and being implemented.
Glaxo Smith Kline Australia Pty Ltd	Port Fairy	Yes, water management plan developed and being implemented.
Basin Properties Pty Ltd (Iluka Resources)	Hamilton	Yes, water management plan developed and being implemented.
Dairy Farmers	Simpson	Yes, water management plan developed and being implemented.
Port of Portland Pty Ltd	Portland	Yes, water management plan developed and being implemented.
South West Healthcare	Warrnambool	Yes, water management plan developed and being implemented.

**Notes:**

1. Basin Properties Pty Ltd operates the 'Iluka' mineral sands separation plant in Hamilton and receives significant recycled water for mineral sands processing (90.9 per cent) and small quantities of potable reticulated water (9.1 per cent) for its staff facilities. The recycled water is produced from the tertiary treatment of treated sewage effluent from the Hamilton Water Reclamation Plant.
2. Warrnambool Cheese and Butter is supplied with non-potable water.

## waterMAP

Wannon Water continued to implement the water management action program called waterMAP (water Management Action Plan) under the Permanent Water Saving Measures. All non-residential water customers consuming more than 10 megalitres of potable water per year are required to participate in the program. The program requires each of these customers to:

- Undertake a water use audit;
- Identify short, medium and long-term actions to increase reticulated water efficiency; and
- Annually report water use and progress against implementation of their individual plan.

The objective of the waterMAP program is to achieve a 10 per cent reduction in potable water use. Fifty-two non-residential customers participated in the program.

The total water consumption of waterMAP customers is summarised below:

	Water Use (ML)	Percentage reduction each year
<b>2006/07</b>	3,028	-
<b>2007/08</b>	2,737	9.6%
<b>2008/09</b>	2,534	7.4%
<b>2009/10</b>	2,243	11.5%

In the reporting period, water use decreased by 11.5 per cent over the previous year for the waterMAP customer group. A 25.9 per cent reduction in consumption has been achieved over the three-year period from 2006/07 to 2009/10.

## Recycling Water

Wannon Water has implemented recycled water projects throughout the region, transforming a previous low-value product into a beneficial resource. Recycled water is now used by local industries, agriculture and recreational facilities.

Wannon Water made significant progress in its water recycling program over the past year:

The total volume of water reuse for non-potable purposes during the reporting period was 1,452 megalitres of water recycled. In some towns, Wannon Water achieved 100 per cent water recycling for beneficial use. This result was consistent with expectations.

Wannon Water also entered an agreement to supply recycled water to the new gas-fired Mortlake power station, which is under construction.

## Treating Sewage and Trade Waste

Sewage is defined as any human excreta or domestic waterborne waste, whether untreated or partially treated, but does not include trade waste. Trade waste is any waterborne waste typically generated from commercial and industrial entities (other than sewage) that is suitable, according to the criteria of Wannon Water, for discharge into the sewerage system.

The combined sewage and trade waste is approximately 99.6 per cent water; the remaining 0.4 per cent comprises mainly biodegradable pollutants and small solid particles. Sewage is collected in underground pipes and flows to sewers generally situated along the back boundaries of properties. A network of sewers and pump stations then conveys the sewage to a water reclamation plant.

Wannon Water operates several different types of water reclamation plants, including lagoon-based systems through to membrane filtration.

The operation of the water reclamation plants is governed by a corporate licence issued by the Environment Protection Authority (EPA). The corporate licence is an amalgamation of 16 previous licences held by Wannon Water. The compliance percentage is calculated based on the total number of samples for the 12-month period for which the EPA has imposed medium, percentile and/or maximum limits.

Wannon Water's compliance with the corporate licence was 92.7 per cent, noting that:

- The treated effluent discharged/reused from 14 plants fully complied (100 per cent compliance) with EPA corporate licence requirements;
- Four plants did not achieve compliance with corporate licence requirements; and
- One plant did not discharge or reuse any reclaimed water (new plant at Peterborough).

The four water reclamation plants that did not achieve full compliance are detailed as follows:

Overall compliance for the Portland Water Reclamation Plant was 89.9 per cent, similar to 2008/09. A major upgrade of this plant to achieve total compliance is planned for commissioning in 2012/13.

The industrial water reclamation plant at Port Fairy treats trade waste from a single major customer that produces pharmaceuticals. During 2009/10 a major upgrade of this plant increased aeration capacity in the Demand Aeration Tank by 30 per cent, resulting in a significant increase in the plant's performance in relation to suspended solids and biological oxygen demand in 2010. However, the increase in aeration also reduced the periods of anoxic conditions, which decreased the plant's capacity to convert nitrate to nitrogen gas, leading to consistently higher total nitrogen results. Compliance for this plant was 68.9 per cent.

Warrnambool Water Reclamation Plant inflow comprises trade waste and domestic waste. Trade waste accounts for approximately 35 per cent of the inflow volume. Increases in nitrogen concentrations from trade waste customers resulted in the treated effluent discharged to ocean exceeding the median licence limit of 10mg/L for total nitrogen. During 2009/10 compliance for this plant was 85.6 per cent.

The Simpson Water Reclamation Plant achieved 98.4 per cent compliance, as there was one instance where higher levels of suspended solids were recorded at the initial discharge to the environment.

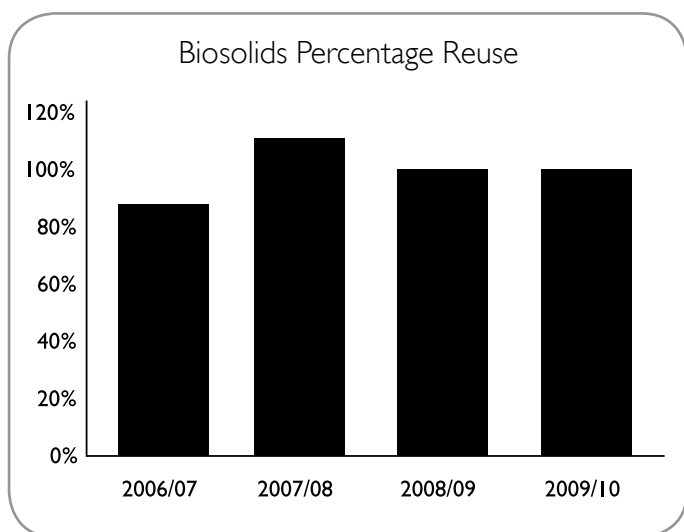
## Producing and Reusing Biosolids

Biosolids are nutrient-rich organic material processed from treated sewage sludge (the solid components of sewage removed during treatment). The sludge is generated as a by-product of the sewage treatment process. Sludge produced at Warrnambool and Port Fairy Domestic Water Reclamation Plants was transported to the biosolids treatment facility at Camperdown where the sludge was dried and composted into biosolids for reuse on farms in the surrounding area.

In 2009/10:

- Wannon Water reused 100 per cent of biosolids available by applying 2,723 dry tonnes of biosolids for the year to land as a soil conditioner;
- One hundred per cent of the sludge generated at the Port Fairy Industrial Plant (411 dry tonnes) was transported for reuse in Mount Gambier; and
- Sludge generated at the other water reclamation plants was stockpiled on site for future processing into biosolids.

Wannon Water has a Treatment Solids Management Strategy which outlines how Wannon Water will sustainably manage solids from water and sewerage treatment processes into the future.



## Greenhouse Gas Emissions

Wannon Water prepared its "Energy and Carbon Management Strategy, a Blueprint to 2013" during the reporting period. Wannon Water will manage its energy use and carbon emissions by establishing four key long-term strategic directions:

1. Continually improve measuring and monitoring systems for carbon emissions and energy flows;
2. Aspiring to reduce net carbon emissions to zero;
3. Adjusting to a low carbon economy and adapting to a changing climate; and
4. Development through education, training and the innovation chain.

Wannon Water has set 15 key objectives, of which the top five deliverables by 2013 are:

1. To implement verified measuring and monitoring systems for carbon emissions and energy flows by 2012;
2. To capitalise on funding opportunities to reduce Wannon Water (and regional) carbon emissions;
3. To develop a fully costed plan (by 2012) to achieve an aspirational target to reduce net direct emissions to zero by 2018;
4. To deliver energy audits for key operational areas by 2012; and
5. To identify needs and undertake research into new low energy/carbon technologies for the water industry.

Wannon Water significantly reduced its carbon emissions during the reporting period, as shown in the following table:

Emission by activity	t CO <sub>2</sub> -e 2008/09	t CO <sub>2</sub> -e 2009/10
Water Treatment	15,247	12,946
Wastewater Treatment	24,280	18,053
Transport	849	864
Other (inc. Office Energy Use)	520	459
Reductions/Offsets	1,844	1,588
<b>Total</b>	<b>39,052</b>	<b>30,734</b>



# CORPORATE GOVERNANCE

## Corporate Governance

The Board of Directors of Wannon Water has overall responsibility for corporate governance, including:

- setting strategic direction, values, standards and policies;
- establishing goals for management and monitoring the delivery of strategies and targets;
- monitoring the identification and management of business risks; and
- monitoring the performance of the Corporation.

The Board was accountable to Tim Holding, MP, Minister for Water, for the reporting period.

## Board of Directors

The Board of Directors of Wannon Water comprises seven non-executive Directors and one executive Director. The non-executive Directors are appointed by the Corporation's sole shareholder, which is the Victorian Government, and the Managing Director is appointed by the Board.

The Directors have a diverse background of relevant skills and experience.

### **Harry Peeters – Chairman**

APM, FAICD

Appointed 1 July 2005.

Harry is a Fellow of the Australian Institute of Company Directors. His qualifications include the Company Directors Diploma, Further Certificate of Management and numerous Victoria Police management and leadership qualifications. He retired from the Victorian Police Force in 1997 as Commander of the Corio police station. Harry was a Corio Shire Councillor between 1986 and 1992, a former Board Member of Corangamite Catchment Management Authority, a Director of Barwon Water from 1991 to 2004 and Deputy Chairman of Portland Coast Water from 2004 to 2005.

Harry is currently Executive Officer of the Western Abalone Divers Association, representing members based from Warrnambool to the South Australian border.

Harry is Chairman of the Strategic Issues Committee and is an ex-officio member of all other Board Committees.

### **Jacinta Ermacora – Deputy Chair**

BSocWk, MSocSc RMIT, FAICD

Appointed 1 July 2005.

Jacinta is Deputy Chair of the Board and was a Board member of South West Water from 2004 to 2005. She holds a Bachelor of Social Work, a Master of Social Science (Policy and Management) and is a Fellow of the Australian Institute of Company Directors. Jacinta brings to Wannon Water over 20 years of social work, policy and governance experience. She is a Councillor of the City of Warrnambool and a former Director of the Glenelg Hopkins Catchment Management Authority. Her professional experience includes consumer rights, community development, primary health care policy and community engagement.

Jacinta is Chair of the Executive Remuneration Committee and is a member of the Health and Safety Committee and the Strategic Issues Committee.

### **Grant Green – Managing Director**

MBA, Grad. Dip. Man., Dip. BS (Acc.), FCPA, MAICD

Appointed 1 July 2007.

Grant was the inaugural Chief Executive Officer of Wannon Water from September 2005 until being appointed Managing Director in July 2007. He has extensive experience in the Victorian water industry, including six senior executive management roles at Barwon Water and Melbourne Water.

Grant is the Deputy Chairman of the South West Sustainability Partnership Incorporated, Deputy Chairman of the savewater! Alliance Incorporated, a Fellow of the Institute of Water Administration, a Fellow Certified Practising Accountant and a Member of the Australian Institute of Company Directors.

Grant is a member of the Health and Safety Committee and the Strategic Issues Committee.

**Paul Battista**

MAICD

Appointed 1 July 2005.

Paul Battista was Deputy Chairman of Glenelg Water from 2001 to 2005 and is a Member of the Australian Institute of Company Directors. He was a hydrographer with the former Rural Water Corporation and was a community member of the Waterways Implementation Committee for the Glenelg Hopkins Catchment Management Authority from 2000 to 2005.

Paul is a Councillor of the Southern Grampians Shire Council and has experience in local governance and community consultation. He is the Council's representative on the Iluka Mineral Sands Community Forum and the Arts Committee. Paul is a parent member of the North Hamilton School Council, a volunteer member of the North Hamilton CFA and is employed in manufacturing with Sutton Tools and has Certificate 2 in Engineering.

Paul is Chairman of the Health and Safety Committee and is a member of the Strategic Issues Committee.

**Di Clanchy**

BA, ALAA, MAICD

Appointed 1 July 2005.

Di Clanchy is a former Board Member of Portland Coast Water from 2004 to 2005.

Di is a qualified librarian, and had a long career in public, secondary and tertiary education librarianship. She has a business organising tours to China and Vietnam and was a Moyne Shire Councillor from 1999 to 2008, representing the Port Fairy Riding. She chaired the Shire's Conservation and Environment, Heritage, and Arts and Culture Committees, and was a member of several other Moyne Shire committees. Di is a committee member of Business and Professional Women South West and a past member of the South West Healthcare, Moyne Health Services and South West Tafe Boards.

Di is a member of the Audit and Risk Management Committee, the Strategic Issues Committee, the Health and Safety Committee and the Customer Engagement Committee.

**Kate Fraser**

B Ec

Appointed 1 October 2008.

Kate brings to Wannon Water over 20 years' commercial experience in corporate marketing and communications. Her professional experience includes strategic marketing roles within the banking, consumer goods and health insurance sectors and senior organising committee roles with several high profile international sporting events. Kate runs a boutique marketing consultancy and is commercially involved in farming near Penshurst.

Kate is a member of the Audit and Risk Management Committee, the Health and Safety Committee and the Strategic Issues Committee.

**Bill Sharrock**

Dip. Tech Ed. (Commerce), MAICD

Appointed 1 July 2005. Term completed 30 June 2010.

Bill Sharrock was the Chairman of Portland Coast Water from 2003 to June 2005 and a Director from 2001. He is a former member of the Victorian Catchment Management Council, an original member of the Green Triangle Council for Regional Development and has sat on development committees for more than 20 years.

Bill was a former commissioner of the Port of Portland and is Chairman of the Portland Harbour Stakeholders Group. He was a founding member and former treasurer of the South West Region Housing Council and is commercially involved in farming, timber production, milling and construction.

Bill is a member of the Executive Remuneration Committee, the Health and Safety Committee and the Strategic Issues Committee.

**Rob Wallis**

BSc (Hons), MSc, PhD, Dip Ed, Grad. Dip. Ed. Studs, Grad. Cert. Management, MAICD

Appointed 1 October 2007.

Rob worked in higher education for 35 years and has held positions of Pro Vice-Chancellor (Rural and Regional) at Deakin University and Pro Vice-Chancellor (Research) at the University of Ballarat.

Rob has postgraduate qualifications in Science, Education and Management and has had longstanding research interests in vertebrate ecology, environmental education, sustainable development and community engagement in universities.

Rob has previously served as Director for a number of Boards and is a Member of the Australian Institute of Company Directors.

Rob is Chairman of the Audit and Risk Management Committee and is a member of the Health and Safety Committee and the Strategic Issues Committee.

## Board and Committee Meetings Attendance

Directors' attendance at Board and committee meetings:

	Board Meetings	Audit & Risk Management Committee meetings	Executive Remuneration Committee meetings	Health & Safety Committee meetings	Strategic Issues Committee meetings
Harry Peeters	10 of 10	6 of 7	3 of 3	4 of 4	6 of 6
Paul Battista	10 of 10			4 of 4	6 of 6
Di Clanchy	10 of 10	7 of 7		3 of 4	6 of 6
Jacinta Ermacora	10 of 10		3 of 3	4 of 4	6 of 6
Kate Fraser	9 of 10	3 of 3		4 of 4	5 of 6
Grant Green	9 of 10			4 of 4	5 of 6
Bill Sharrock*	8 of 10		3 of 3	3 of 4	6 of 6
Rob Wallis	9 of 10	7 of 7		4 of 4	5 of 6

\* Director Sharrock completed his term as a Director on 30 June 2010

### Board Committees

The following committees of the Board assist the Board in carrying out its responsibilities:

- Audit and Risk Management Committee;
- Executive Remuneration Committee;
- Health and Safety Committee; and
- Strategic Issues Committee.

#### Audit and Risk Management Committee

The Audit and Risk Management Committee comprises four independent non-executive Directors - Rob Wallis (Chairman), Di Clanchy, Kate Fraser and Harry Peeters (ex-officio) - plus two external members, Steve Bird and Rod Coutts.

The primary role of the committee is to assist the Board to fulfil its responsibilities relating to risk management, the effectiveness of internal controls, compliance with legislation and the accounting and reporting practices of the Corporation.

The committee meets with the internal auditor, RSM Bird Cameron, and the external auditor.

#### Executive Remuneration Committee

The Executive Remuneration Committee comprises three independent non-executive Directors: Jacinta Ermacora (Chair), Harry Peeters (ex-officio) and Bill Sharrock.

The primary role of the committee is to assist the Board with succession planning and remuneration policies and practices for executive employment in line with Government Sector Executive Remuneration Panel guidelines.

#### Health and Safety Committee

The Health and Safety Committee comprises seven independent non-executive Directors - Paul Battista (Chairman), Di Clanchy, Jacinta Ermacora, Kate Fraser, Harry Peeters (ex-officio), Bill Sharrock and Rob Wallis - and Managing Director Grant Green.

The primary role of the committee is to assist the Board with the strategic review of processes for identifying, assessing and prioritising public health and occupational health and safety risks and risk abatement programs.

#### Strategic Issues Committee

The Strategic Issues Committee comprises seven independent non-executive Directors - Harry Peeters (Chairman), Paul Battista, Di Clanchy, Jacinta Ermacora, Kate Fraser, Bill Sharrock and Rob Wallis - and Managing Director Grant Green.

The primary role of the committee is to assist the Board by providing a forum for Directors to explore issues of strategic importance to Wannon Water in depth and monitor relationships with key stakeholders.

### Board Communication

The decisions of the Board were recorded in the minutes of meetings. A summary of Board meeting outcomes is published on Wannon Water's web site, [www.wannonwater.com.au](http://www.wannonwater.com.au).

Directors received stakeholder feedback and communication through a range of mechanisms, including the Customer Engagement Committee, the Strategic Issues Committee, customer focus groups, customer surveys and project monitoring committees.

Ethical Standards

The Board acknowledges the need for, and continued maintenance of, the highest standards of corporate governance practice and ethical conduct by Directors, employees and contractors. The Board has a comprehensive governance framework that seeks to ensure high standards of ethical behaviour through adoption of policies supported by specific awareness and compliance programs.

The Directors' code of conduct, issued by the Public Sector Standards Commissioner, provides guidance to Directors for compliance with the public sector values and good governance practice. An instrument of delegation has been adopted for financial and non-financial decision-making.

Pecuniary and Conflict Interest Declarations

All Directors and managers completed declarations of pecuniary interests, and potential conflicts of interest that Directors may have in relation to matters to be addressed by the Board are declared at Board meetings.

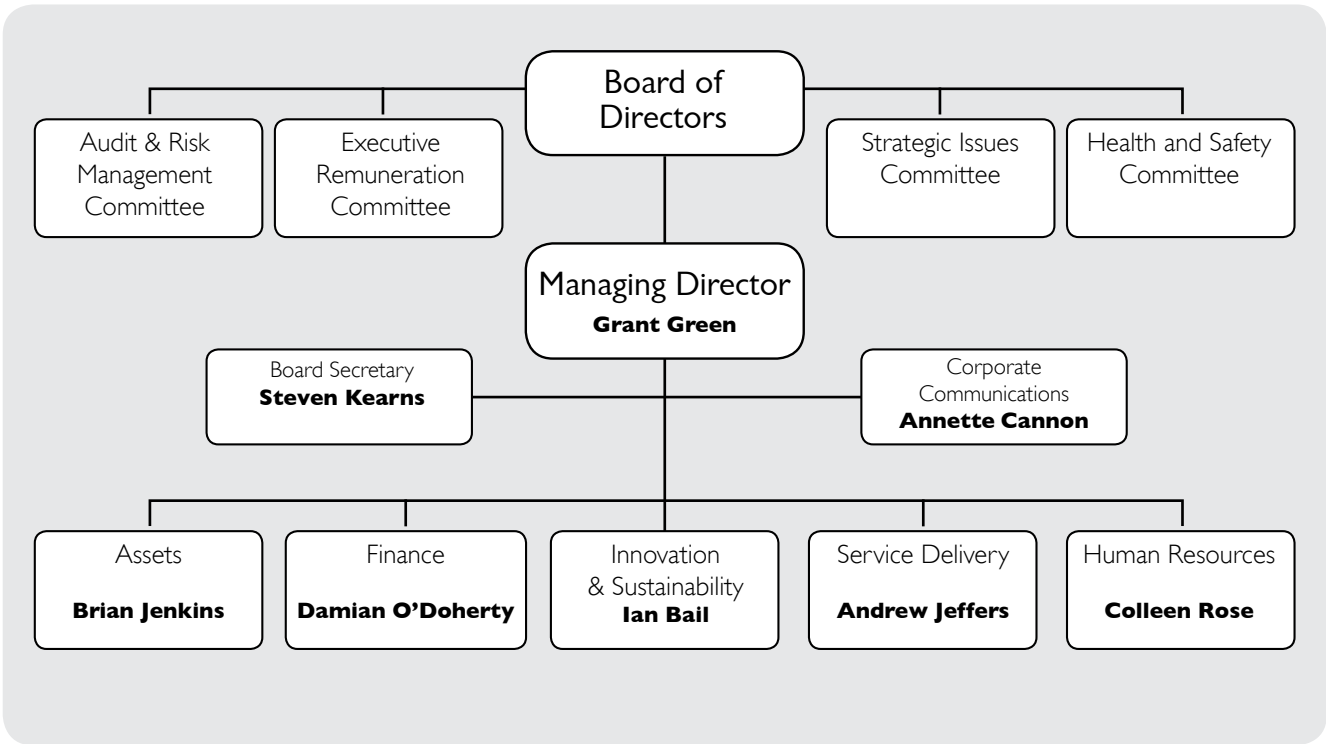
Performance Assessment

In accordance with Board policy, an externally facilitated performance review of the Board and individual Directors was conducted during the reporting period. Following the review, actions were taken to further improve the overall performance of the Board.

Independent Advice

The Board has adopted a number of measures to ensure that independent judgement is maintained. Directors are entitled to seek independent legal advice on matters relating to the business of Wannon Water at the Corporation's expense, subject to consultation with the Chairman. No Director exercised this right during the year.

Wannon Water Corporate Structure



# GENERAL INFORMATION

## Whistleblowers Protection

The *Whistleblowers Protection Act 2001* is designed to protect people who disclose information about serious wrongdoing within the Victorian Public Sector and to provide a framework for the investigation of these matters.

There were no disclosures under the Act in 2009/10.

The Protected Disclosure Coordinator for Wannon Water is its internal auditor, who acts as an agent for Wannon Water to receive disclosures under the *Whistleblowers Protection Act 2001* and applies departmental procedures in managing disclosures. Disclosures may also be made directly to the Ombudsman. The contact details for the Protected Disclosure Coordinator are:

Warwick Spargo  
Level 8, Rialto South Tower  
525 Collins Street, Melbourne, Victoria, 3000  
Telephone: (03) 9286 1824  
Mobile: 0438 385 132  
Email: warwick.spargo@rsmi.com.au

Or

Scott Campbell  
Level 8, Rialto South Tower  
525 Collins Street, Melbourne, Victoria, 3000  
Telephone: (03) 9286 1828  
Mobile: 0409 210 490  
Email: scott.campbell@rsmi.com.au

Wannon Water's full Whistleblowers Protection Policy is detailed in Appendix 3 of this report.

## Freedom of Information

The *Freedom of Information Act 1982* provides persons with a right of access to documents held by Wannon Water, subject to certain exemptions.

Wannon Water received one application under the Act in 2009/10. The application related to business matters. Wannon Water provided documents and information to the satisfaction of the applicant. There were no internal reviews or appeals for the reporting period.

Applications for access to information under the *Freedom of Information Act 1982* must be made in writing, addressed to:

Nora Walsh  
Freedom of Information Manager  
Wannon Water  
PO Box 1158  
Warrnambool Vic 3280

The request should describe the documents to which access is sought and include an application fee of \$23.90 (further charges may apply). Fees and charges levied under the *Freedom of Information Act 1982* are not subject to GST.

### Availability of Other Information

Information relevant to the following areas listed under the *Financial Management Act 1994* is available on request from any Wannon Water office, subject to the provisions of the *Freedom of Information Act 1982*, the *Water Act 1989* and the *Information Privacy Act 2000*:

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the entity;
- Details of any major external reviews carried out on the entity;
- Details of major research and development activities undertaken by the entity;
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes; and
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.

Wannon Water provides free access to a comprehensive range of information at [www.wannonwater.com.au](http://www.wannonwater.com.au).

### Building Act 1993

Wannon Water complied with the building and maintenance provisions of the *Building Act 1993*.

### Attestation on compliance with the Australian/New Zealand Risk Management Standard

I, Harry Peeters, certify that the Wannon Region Water Corporation 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 and Risk Management Committee verifies this assurance and that the risk profile of the Wannon Region Water Corporation has been critically reviewed within the last 12 months.



Harry Peeters  
Chairman  
Wannon Water  
13 August 2010

### Contact Person for Annual Report

Wannon Water Senior Corporate Communications Advisor  
Garraath Darkin.

# FINANCIAL STATEMENTS

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# Statement of Comprehensive Income

As at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
<b>Revenue from operating activities</b>	1(d)		
Service charges	3(a)	24,115	20,844
Usage charges	3(a)	20,431	19,623
Interest	3(a)	182	141
Developer and customer contributions	3(a)	1,060	729
<b>Revenue from non-operating activities</b>			
Assets received free of charge or for nominal consideration	3(a)	811	1,348
Government grants and contributions	3(a)	500	625
Other income	3(a)	3,674	2,759
<b>Total revenue</b>		<b>50,773</b>	<b>46,069</b>
<b>Expenses from operating activities</b>			
Employee benefits	3(c)	(13,813)	(12,713)
Depreciation	1(g), 3(c)	(11,474)	(10,488)
Amortisation	1(g), 3(c)	(233)	(210)
Supplies and services	3(c)	(17,414)	(18,822)
Borrowing costs	1(e), 3(c)	(4,881)	(3,344)
Net loss on disposal of non financial assets	3(b)	(890)	(509)
Environmental contribution	1(r)	(1,569)	(1,569)
<b>Total expenses</b>		<b>(50,274)</b>	<b>(47,655)</b>
<b>Net result before tax</b>		<b>499</b>	<b>(1,586)</b>
<b>Income tax (expense) / revenue</b>	4(a)	634	976
<b>Net result for the period</b>		<b>1,133</b>	<b>(610)</b>
<b>Other comprehensive income</b>			
Net gain on revaluation of property, plant & equipment	16	9,793	-
<b>Total comprehensive income for the period</b>		<b>10,926</b>	<b>(610)</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# Balance Sheet

As at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	I (h), 5	795	6,256
Receivables	I (i), 6	10,420	10,689
Inventories	I (j), 7	560	538
Other	8	642	353
Assets classified as held for sale	9	1,574	-
<b>Total current assets</b>		<b>13,991</b>	<b>17,836</b>
<b>Non-current assets</b>			
Receivables	I (i), 6	5,532	5,491
Property, plant and equipment	I (f), 10	548,811	506,375
Intangibles	11	831	794
<b>Total non-current assets</b>		<b>555,174</b>	<b>512,660</b>
<b>TOTAL ASSETS</b>		<b>569,165</b>	<b>530,496</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	I (l), 12	5,338	8,226
Interest bearing liabilities	13	11,040	1,177
Employee benefits	I (o), 14	2,427	2,420
<b>Total current liabilities</b>		<b>18,805</b>	<b>11,823</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	13	68,356	58,597
Employee benefits	I (o), 14	490	307
Deferred tax liabilities	4(d)	33,205	29,641
<b>Total non-current liabilities</b>		<b>102,051</b>	<b>88,545</b>
<b>TOTAL LIABILITIES</b>		<b>120,856</b>	<b>100,368</b>
<b>NET ASSETS</b>		<b>448,309</b>	<b>430,128</b>
<b>Equity</b>			
Contributions by owners	15	439,579	432,324
Reserves	16	9,793	-
Accumulated funds	17	(1,063)	(2,196)
<b>EQUITY</b>		<b>448,309</b>	<b>430,128</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

As at 30 June 2010

	Notes	Contributions by owners \$'000	Reserves \$'000	Accumulated funds \$'000	Total \$'000
<b>Balance at 1 July 2008</b>		420,057	-	(1,586)	418,471
Adjustments for correction of errors:					
Infrastructure assets	1(x)	8,467	-	-	8,467
<b>Restated total equity at the beginning of the financial year</b>		<b>428,524</b>	<b>-</b>	<b>(1,586)</b>	<b>426,938</b>
<b>Total comprehensive income for the year as reported in the 2009 financial report</b>		-	-	(610)	(610)
<b>Transactions with the State in its capacity as owner:</b>					
Contributions by owners	15	3,800	-	-	3,800
<b>Balance at 30 June 2009</b>		<b>432,324</b>	<b>-</b>	<b>(2,196)</b>	<b>430,128</b>
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>9,793</b>	<b>1,133</b>	<b>10,926</b>
<b>Transactions with the State in its capacity as owner:</b>					
Contributions by owners	15				
Grant - Hamilton Grampians Pipeline		5,500	-	-	5,500
Grant - Warrnambool Roofwater Harvesting Project		960	-	-	960
Grant - Dutton Way Sewerage Scheme		705	-	-	705
Grant - Water Quality Improvement Project - Cavendish		90	-	-	90
<b>Balance at 30 June 2010</b>		<b>439,579</b>	<b>9,793</b>	<b>(1,063)</b>	<b>448,309</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Cash Flow Statement

As at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from other entities		48,836	42,200
GST recovered from the ATO		5,924	4,785
Capital grants received		500	625
Capital charges received		1,039	863
		<b>56,299</b>	<b>48,473</b>
<b>Payments</b>			
Payments to suppliers and employees		(30,110)	(31,595)
GST paid to the ATO		(5,940)	(4,694)
Interest and other costs of finance paid		(4,825)	(3,282)
Environmental contribution		(1,569)	(1,569)
		<b>(42,444)</b>	<b>(41,140)</b>
<b>Net cash inflow from operating activities</b>	26	<b>13,855</b>	<b>7,333</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(46,450)	(30,124)
Proceeds from sale of property, plant and equipment		258	1,755
<b>Net cash (outflow) from investing activities</b>		<b>(46,192)</b>	<b>(28,369)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		20,811	24,104
Repayment of borrowings		(1,189)	(1,048)
Proceeds from contributions by owners		7,254	3,800
<b>Net cash inflow from financing activities</b>		<b>26,876</b>	<b>26,856</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5,461)</b>	<b>5,820</b>
Cash and cash equivalents at start of the financial year		6,256	436
<b>Cash and cash equivalents at the end of the financial year</b>	5(a)	<b>795</b>	<b>6,256</b>
Financing arrangements	13		

The above cash flow statement should be read in conjunction with the accompanying notes.

## Note 1. Summary of significant accounting policies

**(a) Basis of Accounting***General*

This financial report includes separate financial statements for Wannon Region Water Corporation as an individual reporting entity. This financial report is a general purpose financial report that consists of a Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS's), Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions. Where applicable, those paragraphs of the AAS's applicable to not-for-profit entities have been applied.

This financial report has been prepared on an accrual and going concern basis.

*Accounting policies*

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure made of material changes and comparatives.

*Functional and presentation currency*

Items included in this financial report are measured using the currency of the primary economic environment in which Wannon Region Water Corporation operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Wannon Region Water Corporation's functional and presentation currency.

*Classification between current and non-current*

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over in the next twelve months, being the Corporation's operating cycle. - see 1(o) for a variation in relation to employee benefits.

*Rounding*

Unless otherwise stated, amounts in this report have been rounded to the nearest thousand dollars.

*Historical cost convention*

The financial report has also been prepared under the historical cost convention except where specifically noted in note 1(f).

*Critical accounting estimates*

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

*Financial Statement Presentation*

Wannon Water has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. As a consequence, the entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

**(b) Changes in accounting policy**

The accounting policies are consistent with those of the previous year, unless otherwise stated.

**(c) Comparative amounts**

Where necessary, figures for the previous year have been reclassified to facilitate comparison.

**(d) Revenue recognition***Service and usage charges*

Tariff and service charges are recognised as revenue when levied or determined.

Trade waste charges are recognised as revenue at the end of the service delivery period. Volume meters are read and appropriate charges levied as per trade waste agreements. The meters are read on a monthly basis with accounts sent on a quarterly basis.

Water usage charges by measure are recognised as revenue when the water is provided. Meter reading is undertaken progressively during the year. An estimation, calculated by multiplying the number of days since the last reading by the customer's average service usage, is made at the end of each accounting period in respect of meters which have not been read at balance date.

## Note 1. Summary of significant accounting policies (cont.)

**(d) Revenue recognition (continued)***Developer contributions / Fees paid by developers*

Water infrastructure assets built by developers in new land subdivisions that on completion are provided to the Corporation or fees paid by developers to connect new developments to the Corporation's existing water supply and sewerage systems are recognised as revenue when the contributions are received.

*Assets received from developers*

When infrastructure assets are provided to the Corporation free of charge, the fair value of these assets is recognised as revenue when the assets are controlled.

*Government grants and contributions*

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the Note 3(a) as Government grants and contributions. However, grants and contributions received from the Victorian State Government which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as Equity - Contributions by Owners.

*Sale of assets*

The profit or loss on sale of an asset is determined when control has passed to the buyer. In accounting for the sale of non-current assets, gross proceeds from the sales are deducted from the total cost of assets sold and decommissioned to determine a result which is included in the statement of comprehensive income.

*Interest*

Interest is recognised as revenue when earned.

**(e) Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include interest on short-term and long-term borrowings and financial accommodation levy.

**(f) Recognition and measurement of assets**

Property, plant and equipment represent non-current assets comprising land, buildings, water, sewerage and drainage infrastructure, plant, equipment and motor vehicles, used by the Corporation in its operations. Items with a cost or value in excess of \$1,000 and a useful life of more than one year or are considered to be an attractive item are recognised as an asset. All other assets acquired are expensed.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

*Repairs and maintenance*

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

*Measurement of Non-Current Physical Assets*

All non-current physical assets except land under declared roads and water infrastructure assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of Financial Reporting Direction (FRD) 103D. Revaluations are conducted using management expertise and are classified as managerial revaluation.

Plant, equipment and motor vehicles are measured at cost. Managements assessment is that depreciated cost approximates fair value.

Water infrastructure assets are measured at cost less accumulated depreciation and any accumulated impairment losses. These assets may comprise substructures or underlying systems held to facilitate the harvesting, storage, treatment and transfer of water to meet customer needs. They also include infrastructure assets that underlie sewage and drainage systems.

For Whole-of-government reporting at 30 June 2009 and 30 June 2010, water infrastructure assets are measured at fair value less any accumulated depreciation and any accumulated impairment losses, in accordance with FRD 121 Infrastructure Assets (Water/Rail).

During 2009, the Minister for Finance issued two new FRDs in relation to non-current physical assets that are relevant to water infrastructure assets. FRD 103D Non-current Physical Assets (FRD 103D), as revised in March 2009, requires all non-current physical assets to be measured using the revaluation model unless the entity has received prior written approval of the Minister for Finance to measure the assets at cost. FRD 103D is applicable for reporting periods commencing on or after 1 July 2008, superseding FRD 103C.

## Note 1. Summary of significant accounting policies (cont.)

**(f) Recognition and measurement of assets (continued)**

However, in recognition of the initial workload and heavy demand on resources within a relatively tight timeframe for implementation, transitional dispensation was available to relieve measurement at fair value at the entity reporting level until the temporary exemption is withdrawn. This temporary exemption is made under FRD 121 Infrastructure Assets (Water/Rail). During the year, this temporary exemption was extended until the financial year ending June 2011 at the direction of DTF.

**Revaluation of non-current physical assets**

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as an expense in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

Revaluations of assets have occurred on the following basis:

Land and building assets that were previously the responsibility of South West Water Authority were valued by Herron Todd White in conjunction with that Authority's incumbent Asset Manager Mr Chris Longton as at June 30, 2005.

Land and building assets that were previously the responsibility of Glenelg Region Water Authority were valued by LMB Linke Pty Ltd as at July 1, 2004.

Land and building assets that were previously the responsibility of Portland Coast Region Water Authority were valued by Hann McKenzie & Co as at June 30, 2005.

The method of valuation used in all cases is reflective of DTF directions in place at the time of valuation.

As per the requirements of FRD103D and under the direction of the Victorian Valuer-General's Office, a managerial revaluation was undertaken on the Land & Building asset classes as at 30 June 2010. A desktop valuation was performed utilising indices to revalue the individual carrying amounts of assets within the class. The total revaluation amount has been credited directly to equity in the revaluation reserve.

**Impairment of Assets**

All assets are tested for impairment on an annual basis. Such assets are tested to ascertain whether the carrying amounts exceed their recoverable amount.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written off by a charge to the statement of comprehensive income except that the write-down can be debited to an asset revaluation reserve amount applicable to the class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

An impairment loss on a revalued asset is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount of the revaluation reserve for that same class of asset.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in the statement of comprehensive income.

## Note 1. Summary of significant accounting policies (cont.)

**(f) Recognition and measurement of assets (continued)*****Assets Classified as Held for Sale***

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Corporation considers that the sale is highly probable. The asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets.

**(g) Depreciation and amortisation of non-current assets**

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets with finite useful lives are amortised as an expense on a straight line basis commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance sheet date. All intangible assets are assessed for impairment annually as outlined in Note 1(k).

Major depreciation periods used are listed below and are consistent with the prior year, unless otherwise stated.

<b>Asset Class</b>	<b>Period</b>	<b>Asset Class</b>	<b>Period</b>
Bores	40 years	Buildings	80 years
Electrical	15 - 25 years	Furniture and fittings	5 - 20 years
Lagoons	80 years	Manholes	80 years
Mechanical	20 - 25 years	Meters	15 - 20 years
Pipes	80 - 100 years	Plant and equipment	8 - 20 years
Pumps	15 - 40 years	Reservoirs	100 years
Service basins	100 years	Tanks	40 - 80 years
Towers	50 - 80 years		

**(h) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and highly liquid investments with short periods to maturity that are readily convertible to cash on hand at the Corporation's option, and are subject to insignificant risk of changes in values, net of outstanding bank overdrafts.

**(i) Receivables**

Trade receivables are recognised initially at amounts due, less an allowance for impaired receivables. Trade receivables are due for settlement no more than 28 days from the date of recognition for water utility debtors, and no more than 30 days for other debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impaired receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amounts credited to the allowance are recognised as an expense in the statement of comprehensive income.

**(j) Inventories**

Inventories comprise stores and materials used for the repair and maintenance of existing assets. All inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a first in, first out basis.



## Note 1. Summary of significant accounting policies (cont.)

**(k) Intangibles**

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Corporation.

**(l) Payables**

Payables consist predominantly of trade and sundry creditors. These amounts represent liabilities for goods and services provided to the Corporation prior to the end of the financial year, which are unpaid at financial year end. These amounts are unsecured and are usually paid within 30 days of recognition. Payables are initially recognised at fair value, being the cost of goods and services, and subsequently measured at amortised cost.

**(m) Interest bearing liabilities**

Borrowings are initially recognised at fair value, net of transactions incurred. Borrowings are subsequently measured at amortised cost. Any difference between the initial amount recognised (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

**(n) Financial instruments***Recognition*

Financial instruments are initially measured at fair value, plus in the case of a financial asset or financial liability not at fair value through the statement of comprehensive income, transaction costs that are directly attributable to the acquisition or the issue of the financial asset or liability. Subsequent to initial recognition, the financial instruments are measured as set out below:

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and other receivables in the balance sheet.

*Impairment*

At each reporting date, the Corporation assesses whether there is objective evidence that a financial instrument has been impaired.

**(o) Employee benefits***Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in employee benefit liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values. Employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the entity, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, liabilities in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

*Long service leave (LSL)*

Current Liability - unconditional LSL (representing 7 or more years of continuous service, as per the Wannon Water EBA Agreement 2007) is disclosed as a current liability even where the Corporation does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Present value - component that the Corporation does not expect to settle within 12 months
- Nominal value - component that the Corporation expects to settle within 12 months

Non-Current Liability - conditional LSL (representing less than 7 years of continuous service, as per the Wannon Water EBA Agreement 2007) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

In calculating present value, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Note 1. Summary of significant accounting policies (cont.)

**(o) Employee benefits (continued)*****Superannuation***

The amount charged to the operating statement in respect of superannuation represents the contributions made by the Corporation to the superannuation plan in respect to the current services of entity staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

***Employee benefit on-costs***

Employee benefit on-costs, including payroll tax and worker's compensation are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

**(p) Provisions**

Provisions are recognised when the corporation, as a result of a past event, has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**(q) Contributions by owners**

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners. Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

**(r) Environmental contributions**

The Water Industry (Environmental Contributions) Act 2004 (the Act) amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by the water supply Corporations. The Act establishes an obligation for Corporations to pay into the consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation. The contribution period has been extended to cover the period 1 July 2008 until 30 June 2012.

The purpose for the environmental contribution is set out in the Act, and the funding may be used for the purpose of funding initiatives that seek to promote sustainable management of water or address adverse water-related initiatives.

The environmental contributions are disclosed separately within the statement of comprehensive income.

**(s) Segment information**

The financial report includes a note reporting the two lines of business of the Corporation, a wholesale headworks bulk water business and a retail water distribution/retail wastewater treatment business in accordance with the Ministerial Direction under Section 51 of the Financial Management Act 1994.

Segment information is reported on the basis of business segments, as the Corporation's risks and returns are affected predominantly by differences in the services provided through those segments.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to a segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee entitlements and borrowings.

Segment revenues, expenses and results include transfers between segments. These transfers are priced on an 'arm's-length' basis and are eliminated on consolidation.

## Note 1. Summary of significant accounting policies (cont.)

**(t) Operating results of retail services**

The financial report includes a note reporting the two lines of business of the Corporation, a wholesale headworks bulk water business and a retail water distribution/retail wastewater treatment business in accordance with the Ministerial Direction under Section 51 of the Financial Management Act 1994.

**(u) Taxation**

The Corporation is subject to the National Tax Equivalent Regime (NTER) pursuant to Section 88(1) of the State Owned Enterprises Act 1992. The Act requires the Corporation to pay to the Victorian Government an amount equal to its tax liability based on the rules of the Income Tax Assessment Act 1936 (as amended). The NTER is administered by the Australian Tax Office.

The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Corporation's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the Balance Sheet.

**(v) Dividend policy**

The Corporation is required to pay a dividend in accordance with the determination of the Treasurer of Victoria under the Public Authorities (Dividend) Act 1983, based on a prescribed percentage of the previous years' adjusted net profit.

An obligation to pay a dividend only arises after consultation with the portfolio Minister and the Treasurer, and a formal determination is made by the Treasurer. The Corporation's preliminary estimate for the reporting period is \$Nil.

**(w) Goods and services tax**

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis - ie inclusive of GST. The GST component of cash flows arising from investing and financing activities, which is recoverable or payable to the ATO, is classified as operating cash flows.

**(x) Correction of errors**

During the year an error relating to the recognition of infrastructure assets at inception was identified and rectified. A number of infrastructure assets were inadvertently recognised whilst a number were not recognised when they should have been. The Graphical Information System has been used to identify the variations between the physical assets held and those recorded in the asset register. The net effect of these recognitions have been adjusted against Contributed Capital.

	<b>Note</b>	<b>2009 \$'000</b>	<b>Adjustment \$'000</b>	<b>Revised 2009 \$'000</b>
Property, plant & equipment	10	497,908	8,467	506,375
Contributions by owners	15	423,857	8,467	432,324

## Note 1. Summary of significant accounting policies (cont.)

**(y) New accounting standards and interpretations issued that are not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2010. The Corporation has not and does not intend to adopt these standards early.

<b>Standard/ Interpretation</b>	<b>Summary</b>	<b>Applicable for reporting periods beginning on or ending on</b>	<b>Impact on Corporations financial statements</b>
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards. The entity will apply the revised standards from 1 July 2010.	1 January 2010	The entity does not expect that any adjustments will be necessary as a result of applying the revised rules.
AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the entity's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.	1 January 2013	The entity is yet to assess its full impact. However, initial indications are that it may affect the entity's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

## Note 1. Summary of significant accounting policies (cont.)

**(y) New accounting standards and interpretations issued that are not yet effective (continued)**

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards	In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.	1 January 2011	When the amendments are applied, the entity and the parent will need to disclose any transactions between its subsidiaries and its associates. However, it has yet to put systems into place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.
AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19	AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.	1 July 2010	It is not expected to have any impact on the entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the entity has not entered into any debt for equity swaps since that date.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.	1 January 2011	The entity does not make any such prepayments. The amendment is therefore not expected to have any impact on the entity's financial statements.

## Note 2. Financial risk management

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The Corporation's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This note presents information about the Corporation's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The Corporation's Board has the overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Corporation. The Corporation uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks and ageing analysis for credit risk.

Risk management is carried out by the Audit and Risk Management Committee under policies approved by the Board. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

An effective framework is in place to adequately assess, monitor, manage and report, the significant financial risks to which the Corporation is exposed to as a result of, and in the course of its activities and responsibilities.

The main risks the Corporation is exposed to through its financial instruments are as follows:

### **(a) Market risk**

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Corporation's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Corporation's exposure to market risk is primarily through interest rate risk, there is insignificant exposure to foreign exchange risk and other price risk.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

#### **(i) Interest rate risk**

The Corporation's exposure to market interest rates relates primarily to the Corporation's long term borrowings.

The Corporation minimises its exposure to interest rate changes on its long term borrowings by holding fixed rate debt. Debt is sourced from Treasury Corporation of Victoria and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly.

In accordance with Wannon Water's Treasury Management Policy, floating debt is limited to less than 20% of the total borrowing portfolio. This debt is restricted to short term borrowings, which limits the exposure to interest rate risk further.

The Corporation has minimal exposure to interest rate risk through its holding of cash assets and other financial assets.

#### **(ii) Foreign exchange risk**

The Corporation has limited exposure to changes in the foreign exchange rate. Borrowings are not conducted in foreign currencies.

Wannon Water transacts in foreign currencies only in rare instances and for small dollar value transactions, therefore the associated risk is minimal. In managing foreign currency risk, Wannon Water generally uses forward exchange contracts to hedge its foreign currency risk in respect of purchases.

#### **(iii) Other price risk**

The Corporation has no significant exposure to other price risk.

### **Market risk sensitivity analysis**

#### **Cash flow sensitivity analysis for variable rate instruments**

A change of 1% in interest rates constantly applied during the reporting period would increase (decrease) equity and profit by the amounts shown below. This analysis assumes that all other variables remain constant. It has taken into consideration past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets. The Corporation believes that a movement of 1% in interest rates is reasonable over the next 12 months.

## Note 2. Financial risk management

**Market risk sensitivity analysis (continued)**

The following table summarises the impact of increases/decreases of the relevant interest rates on the Corporation's post-tax profit for the year and equity.

30 June 2010	Carrying amount \$'000	Interest Rate Risk			
		-1%		+1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial assets</b>					
Cash and cash equivalents	795	(2)	(2)	2	2
Receivables	9,588	-	-	-	-
<b>Financial liabilities</b>					
Payables	5,302	-	-	-	-
Interest bearing liabilities	79,396	22	22	(22)	(22)
<b>Total increase / (decrease)</b>		<b>20</b>	<b>20</b>	<b>(20)</b>	<b>(20)</b>

30 June 2009	Carrying amount \$'000	Interest Rate Risk			
		-1%		+1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial assets</b>					
Cash and cash equivalents	6,256	(4)	(4)	4	4
Receivables	10,487	-	-	-	-
<b>Financial liabilities</b>					
Payables	8,192	-	-	-	-
Interest bearing liabilities	59,775	25	25	(25)	(25)
<b>Total increase / (decrease)</b>		<b>21</b>	<b>21</b>	<b>(21)</b>	<b>(21)</b>

**(b) Credit risk**

Credit risk is the risk of financial loss to the Corporation as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Corporation's receivables and financial assets available for sale.

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant. The Corporation has in place a policy and procedure for the collection of overdue receivables.

An analysis of the ageing of the Corporation's receivables at reporting date has been provided in Note 6

**(c) Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

To manage liquidity risk Wannon Water has in place an ability to access funds via overnight notifications to Treasury Corporation of Victoria in accordance with the Treasurer's borrowing approval limits. Under the State of Victoria's centralised borrowing arrangement, Treasury Corporation of Victoria has assumed responsibility for securing adequate access to global financial markets. Thus, the liquidity risk faced by Wannon Water is commensurate with the liquidity risk of the State of Victoria, which is not considered significant.

The Corporation's financial liability maturities have been disclosed in Note 18.

## Note 2. Financial risk management (cont.)

**(d) Fair value estimation**

The carrying amounts of trade receivables and payables are assumed to approximate their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Corporation for similar financial instruments. The fair value of current borrowings approximate the carrying amount, as the impact of discounting is not significant.

The carrying amount and aggregate net fair values of financial assets and financial liabilities at balance date have been provided in Note 18.

## Note 3. Operating Statement - Disclosures

	<b>2010 \$'000</b>	<b>2009 \$'000</b>
<b>(a) Significant Revenues</b>		
<b>Service charges</b>		
Water	7,628	6,830
Sewer	16,487	14,014
<b>Total service charges</b>	<b>24,115</b>	<b>20,844</b>
<b>Usage charges</b>		
Water	16,750	16,140
Trade waste	3,681	3,483
<b>Total usage charges</b>	<b>20,431</b>	<b>19,623</b>
<b>Developer and customer contributions</b>		
Fees paid by developers and customers	1,060	729
<b>Total developer and customer contributions</b>	<b>1,060</b>	<b>729</b>
<b>Assets received free of charge or for nominal consideration</b>		
Assets received free of charge from developers	811	1,348
<b>Total assets received free of charge or for nominal consideration</b>	<b>811</b>	<b>1,348</b>
<b>Interest</b>		
Interest on bank deposits	28	21
Income from investments	3	1
Other	151	119
<b>Total interest</b>	<b>182</b>	<b>141</b>
<b>Government grants and contributions</b>		
Government contributions	500	625
<b>Total government grants and contributions</b>	<b>500</b>	<b>625</b>
<b>Other income</b>		
Rental	253	298
Cost recoveries	959	848
Information statements	270	230
Connection and inspection fees	911	862
Miscellaneous	1,281	521
<b>Total other revenue</b>	<b>3,674</b>	<b>2,759</b>



# Notes to the Financial Statements

30 June 2010

## Note 3. Operating Statement - Disclosures (cont.)

	2010 \$'000	2009 \$'000
<b>(b) Net gain / (loss) on disposal of non financial assets</b>		
<b>Cost of assets disposed</b>		
Infrastructure	(821)	(879)
Land	-	(235)
Buildings	(14)	(614)
Office equipment	(24)	(146)
Motor vehicles	(289)	(390)
<b>Total written down value of assets disposed</b>	<b>(1,148)</b>	<b>(2,264)</b>
<b>Proceeds of assets disposed</b>		
Motor vehicle trade ins	258	426
Sundry asset sales	-	1,329
<b>Total proceeds of asset disposed</b>	<b>258</b>	<b>1,755</b>
<b>Net loss on disposal of non current assets</b>	<b>(890)</b>	<b>(509)</b>
<b>(c) Expenses</b>		
<b>Employee benefits expense</b>		
Salaries and wages	(11,358)	(10,423)
Annual leave	(917)	(809)
Long service leave	(325)	(390)
Employer superannuation contributions	(1,080)	(959)
Defined benefit superannuation	(133)	(132)
<b>Total employee benefits expense</b>	<b>(13,813)</b>	<b>(12,713)</b>
<b>Depreciation</b>		
Buildings	(161)	(185)
Infrastructure	(10,028)	(8,944)
Other equipment	(1,285)	(1,359)
<b>Total depreciation</b>	<b>(11,474)</b>	<b>(10,488)</b>
<b>Amortisation</b>		
Intangible assets - computer software	(233)	(210)
<b>Total amortisation</b>	<b>(233)</b>	<b>(210)</b>
<b>Supplies and services</b>		
Chemicals	(952)	(874)
Consultancies and contractors	(7,737)	(8,440)
Electricity	(2,478)	(2,584)
Other goods and services	(6,247)	(6,924)
<b>Total supplies and services</b>	<b>(17,414)</b>	<b>(18,822)</b>
<b>Borrowing costs</b>		
Interest on loans - other institutions	(9)	(11)
Interest on loans - TCV	(4,253)	(2,932)
Financial Accommodation Levy	(619)	(401)
<b>Total borrowing costs</b>	<b>(4,881)</b>	<b>(3,344)</b>
<b>Auditors' remuneration</b>		
Auditor-General for audit of financial statements	(53)	(55)
Internal audit	(117)	(125)
<b>Total auditors' remuneration</b>	<b>(170)</b>	<b>(180)</b>

## Note 4. Income tax

**(a) Reconciliation of income tax to prima facie tax payable**

The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

	2010 \$'000	2009 \$'000
Net result before income tax expense	499	(1,586)
Income tax calculated @ 30%	150	(476)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Balancing deduction on disposal of fixed assets - tax	(59)	(60)
Non-deductible expenses	5	8
Capital investment allowance one-off deduction	(730)	(448)
<b>Income tax as reported in the statement of comprehensive income</b>	<b>(634)</b>	<b>(976)</b>

**(b) Deferred tax assets**

The balance comprises temporary differences attributable to:  
Amounts recognised in the statement of comprehensive income  
Prior and current tax losses  
Provisions and accrued expenditure not deductible

	36,798	32,976
	1,020	948
	<b>37,818</b>	<b>33,924</b>
Movement		
Opening balance 1 July	33,924	28,858
Annual movement	3,894	5,066
<b>Closing balance 30 June</b>	<b>37,818</b>	<b>33,924</b>

**(c) Deferred tax liabilities**

The balance comprises temporary differences attributable to:  
Amounts recognised in the statement of comprehensive income

	69,114	61,857
	1,909	1,708
	<b>71,023</b>	<b>63,565</b>
Movement		
Opening balance 1 July	63,565	59,476
Annual movement	7,458	4,089
<b>Closing balance 30 June</b>	<b>71,023</b>	<b>63,565</b>

**(d) Net deferred tax liabilities**

Deferred tax assets	37,818	33,924
Deferred tax liabilities	71,023	63,565
<b>Net deferred tax liabilities</b>	<b>33,205</b>	<b>29,641</b>

# Notes to the Financial Statements

30 June 2010

## Note 5. Cash and cash equivalents

	2010 \$'000	2009 \$'000
Cash on hand	3	4
Cash at bank	792	252
Deposits at call	-	6,000
	<b>795</b>	<b>6,256</b>
<b>(a)</b> The above figures are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement as follows:		
Balance as above	795	6,256
<b>Balances as per Cash Flow Statement</b>	<b>795</b>	<b>6,256</b>
<b>(b)</b> Deposits at call		
The deposit is bearing a floating interest rate of N/A (2009: 2.95%)	-	<b>6,000</b>

## Note 6. Receivables

### Current

Tariffs and charges	1,541	3,140
Accrued tariffs and charges	6,364	5,693
Less: Provision for impaired receivables	(52)	(42)
	<b>7,853</b>	<b>8,791</b>
Amounts owing from the Victorian Government Schemes/Debtors	157	184
	23	31
	<b>8,033</b>	<b>9,006</b>
Other debtors	1,734	1,030
GST receivable	653	653
	<b>2,387</b>	<b>1,683</b>
<b>Total current receivables</b>	<b>10,420</b>	<b>10,689</b>

### Non-current

Schemes/Debtors	392	471
Other debtors	5,140	5,020
<b>Total non-current receivables</b>	<b>5,532</b>	<b>5,491</b>
<b>Total receivables</b>	<b>15,952</b>	<b>16,180</b>

## Note 6. Receivables (cont.)

**(a) Provision for impaired receivables**

As at 30 June 2010, current receivables of the Corporation with a nominal value of \$56,673 (2009: \$42,165) were impaired. The amount of the provision is \$51,821 (2009: \$42,165). The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows

1 to 3 months  
3 to 6 months  
Over 6 months

2010 \$'000	2009 \$'000
3	9
2	5
52	28
<b>57</b>	<b>42</b>

Movements in the provision for impaired receivables are as follows:

As at 1 July  
Provision for doubtful debts recognised during the year  
Receivables written off during the year as uncollectible

42	34
42	58
(32)	(50)
<b>52</b>	<b>42</b>

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

**(b) Past due but not impaired trade receivables**

As of 30 June 2010, trade receivables of \$816,113 (2009: \$206,165) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

1 to 3 months  
3 to 6 months  
6 to 12 months

2010 \$'000	2009 \$'000
613	78
24	42
179	86
<b>816</b>	<b>206</b>

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

## Note 7. Inventories

Stores and consumables - at cost

**Total inventories**

2010 \$'000	2009 \$'000
560	538
<b>560</b>	<b>538</b>

# Notes to the Financial Statements

30 June 2010

## Note 8. Other Assets

	2010 \$'000	2009 \$'000
Prepaid expenses	642	353
<b>Total other assets</b>	<b>642</b>	<b>353</b>

## Note 9. Assets classified as held for sale

Freehold land held for sale	775	-
Other assets held for sale	799	-
<b>Total other assets</b>	<b>1,574</b>	<b>-</b>

## Note 10. Property, plant and equipment

### (a) Classes of property, plant and equipment

#### Land

Freehold - at managerial valuation	39,206	-
Freehold - at independent valuation	-	28,201
Crown - at managerial valuation	227	-
Crown - at independent valuation	-	141
	<b>39,433</b>	<b>28,342</b>

#### Buildings

At cost	-	1,348
At managerial valuation	14,806	-
At independent valuation	-	12,052
Less accumulated depreciation	(1,478)	(1,368)
	<b>13,328</b>	<b>12,032</b>

#### Water Infrastructure

At cost	287,299	279,938
Less accumulated depreciation	(36,183)	(30,728)
	<b>251,116</b>	<b>249,210</b>

#### Sewer Infrastructure

At cost	214,936	207,740
Less accumulated depreciation	(21,509)	(17,295)
	<b>193,427</b>	<b>190,445</b>

#### Plant & equipment (including motor vehicles)

At cost	12,107	10,354
Less accumulated depreciation	(4,874)	(4,000)
	<b>7,233</b>	<b>6,354</b>

Under construction - at cost

	44,274	19,992
<b>Total property plant and equipment</b>	<b>548,811</b>	<b>506,375</b>

# Notes to the Financial Statements

30 June 2010

## Note 10. Property, plant and equipment (cont.)

### (b) Movements during the reporting period

#### 2009-10

	Land	Buildings	Infrastructure	Plant & Equipment	In the course of construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009	28,342	12,032	439,655	6,354	19,992	506,375
Additions	-	145	15,676	2,557	24,282	42,660
Revaluations	11,866	2,125	-	-	-	13,991
Disposals	-	(14)	(742)	(384)	-	(1,140)
Transferred to assets classified as held for sale	(775)	(799)	-	-	-	(1,574)
Depreciation expense	-	(161)	(10,046)	(1,294)	-	(11,501)
<b>Balance at 30 June 2010</b>	<b>39,433</b>	<b>13,328</b>	<b>444,543</b>	<b>7,233</b>	<b>44,274</b>	<b>548,811</b>

#### 2008-09

	Land	Buildings	Infrastructure	Plant & Equipment	In the course of construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2008	28,577	12,778	423,716	6,506	15,380	486,957
Additions	-	53	25,692	1,728	4,612	32,085
Disposals	(235)	(614)	(817)	(526)	-	(2,192)
Depreciation expense	-	(185)	(8,936)	(1,354)	-	(10,475)
Balance at 30 June 2009	28,342	12,032	439,655	6,354	19,992	506,375

## Note 11. Intangibles

	2010 \$'000	2009 \$'000
Computer Software		
At cost	1,715	1,445
Less: Accumulated amortisation	(884)	(651)
<b>Total intangibles</b>	<b>831</b>	<b>794</b>

### (b) Movements during the reporting period

Balance at 1 July	794	634
Additions	270	379
Disposals	-	(9)
Depreciation expense	(233)	(210)
<b>Balance at 30 June</b>	<b>831</b>	<b>794</b>

# Notes to the Financial Statements

30 June 2010

## Note 12. Payables

	2010 \$'000	2009 \$'000
<b>Current</b>		
Trade creditors	5,099	8,020
Accrued loan interest	36	34
Contract deposits	74	143
Income received in advance	129	29
<b>Total current payables</b>	<b>5,338</b>	<b>8,226</b>

(a) Sensitivity analysis

For an analysis of the sensitivity of payables to interest rate risk refer to note 2.

## Note 13. Interest bearing liabilities

<b>Current Secured</b>		
Private loans	23	82
TCV loans	11,017	1,095
<b>Total current interest bearing liabilities</b>	<b>11,040</b>	<b>1,177</b>
<b>Non-current Secured</b>		
Private loans	38	61
TCV loans	68,318	58,536
<b>Total non-current interest bearing liabilities</b>	<b>68,356</b>	<b>58,597</b>

### Security over borrowings

Borrowings are secured over the future tariff revenue of Wannon Region Water Corporation.

### Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

#### Credit standby arrangements

Total facilities		
Bank overdraft	250	250
<b>Total facilities</b>	<b>250</b>	<b>250</b>
Unused at balance date		
Bank overdraft	250	250
<b>Total unused at balance date</b>	<b>250</b>	<b>250</b>

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

The interest rate at 30 June 2010 was 7.26% (2009: 4.78%) on the overdraft facility.

# Notes to the Financial Statements

30 June 2010

## Note 13. Interest bearing liabilities (cont.)

### Risk exposures

The exposure of the Corporation's borrowings to interest rate changes and the contractual repricing dates at the balance dates are as follows:

	2010 \$'000	2009 \$'000
6 months or less	941	579
6 - 12 months	10,100	598
1 - 5 years	43,625	43,637
Over 5 years	24,730	14,960
	<b>79,396</b>	<b>59,774</b>
Current borrowings	11,040	1,177
Non-current borrowings	68,356	58,597
	<b>79,396</b>	<b>59,774</b>

For analysis of the sensitivity of the borrowings to interest rate risk refer to note 2.

## Note 14. Employee benefits

### Current

Annual leave	790	779
Long service leave - unconditional short term - measured at nominal value	158	400
Long service leave - unconditional long term - measured at present value	1,433	1,197
Other leave	46	44

### Total current

**2,427** **2,420**

### Non-current

Long service leave - conditional	490	307
----------------------------------	-----	-----

### Total non-current

**490** **307**

### Aggregate carrying amount of provisions

Current	2,427	2,420
Non-current	490	307
	<b>2,917</b>	<b>2,727</b>

### Employee numbers

Employee numbers at end of financial year	2010 No.	2009 No.
	198	194

As explained in note 1(o), the amounts for long service leave are measured at their present values.

The following assumptions were adopted in measuring present values:

Weighted average increase in employee costs	4.48%	4.45%
Weighted average discount rates	5.16%	5.50%
Weighted average settlement period (years from 30 June)	6.59	6.82



# Notes to the Financial Statements

30 June 2010

## Note 15. Contributed capital

	<b>2010 \$'000</b>	<b>2009 \$'000</b>
Opening balance at 1 July	432,324	420,057
Adjustments for correction of errors: Infrastructure assets	-	8,467
Adjusted opening balance as at 1 July	<b>432,324</b>	<b>428,524</b>
Capital transactions with the State in its capacity as owner arising from:		
Grant - Hamilton Grampians Pipeline	5,500	3,500
Grant - Warrnambool Roofwater Harvesting Project	960	-
Grant - Dutton Way Sewerage Scheme	705	-
Grant - Water Quality Improvement Project - Cavendish	90	-
Grant - Other Capital Works	-	300
Closing balance at 30 June	<b>439,579</b>	<b>432,324</b>

## Note 16. Reserves

Asset revaluation reserve	<b>9,793</b>	<b>-</b>
Movements in reserves		
Asset revaluation reserve		
Balance 1 July	-	-
Revaluation increment on non-current assets	9,793	-
Balance 30 June	<b>9,793</b>	<b>-</b>

The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.

## Note 17. Accumulated funds

Opening balance at 1 July	(2,196)	(1,586)
Net result for the period	1,133	(610)
Closing balance at 30 June	<b>(1,063)</b>	<b>(2,196)</b>

## Note 18. Financial instruments

**(a) Interest rate risk exposure**

The Corporation's exposure to interest rate risk and the effective weighted average interest rate by financial asset and liability category is set out in the following table.

Exposures arise predominately from assets and liabilities bearing variable interest rates as the Corporation intends to hold fixed rate assets and liabilities to maturity.

<b>2010</b>	<b>Weighted average effective interest rate %</b>	<b>Floating interest rate \$'000</b>	<b>1 year or less \$'000</b>	<b>1 - 2 years \$'000</b>	<b>2 - 3 years \$'000</b>	<b>3 - 4 years \$'000</b>	<b>4 + years \$'000</b>	<b>Non interest bearing \$'000</b>	<b>Total \$'000</b>
<b>Financial assets:</b>									
- Cash	4.51%	792	-	-	-	-	-	3	795
- Receivables	9.13%	-	2,910	410	434	444	3,965	1,425	9,588
<b>Total</b>		<b>792</b>	<b>2,910</b>	<b>410</b>	<b>434</b>	<b>444</b>	<b>3,965</b>	<b>1,428</b>	<b>10,383</b>
<b>Financial liabilities:</b>									
- Payables	-	-	-	-	-	-	-	5,302	5,302
- Interest bearing liabilities	6.26%	338	10,702	6,075	5,511	11,043	45,727	-	79,396
<b>Total</b>		<b>338</b>	<b>10,702</b>	<b>6,075</b>	<b>5,511</b>	<b>11,043</b>	<b>45,727</b>	<b>5,302</b>	<b>84,698</b>

<b>2009</b>	<b>Weighted average effective interest rate %</b>	<b>Floating interest rate \$'000</b>	<b>1 year or less \$'000</b>	<b>1 - 2 years \$'000</b>	<b>2 - 3 years \$'000</b>	<b>3 - 4 years \$'000</b>	<b>4 + years \$'000</b>	<b>Non interest bearing \$'000</b>	<b>Total \$'000</b>
Financial assets:									
- Cash and cash equivalents	2.95%	6,252	-	-	-	-	-	4	6,256
- Trade and other receivables	9.68%	-	4,714	337	364	383	3,898	791	10,487
<b>Total</b>		<b>6,252</b>	<b>4,714</b>	<b>337</b>	<b>364</b>	<b>383</b>	<b>3,898</b>	<b>795</b>	<b>16,743</b>
Financial liabilities:									
- Payables	-	-	-	-	-	-	-	8,192	8,192
- Interest bearing liabilities	6.38%	-	1,177	10,666	6,037	5,470	36,424	-	59,774
<b>Total</b>		<b>-</b>	<b>1,177</b>	<b>10,666</b>	<b>6,037</b>	<b>5,470</b>	<b>36,424</b>	<b>8,192</b>	<b>67,966</b>

## Note 18. Financial instruments (cont.)

**(b) Net fair value of financial assets and liabilities**

The carrying amounts and fair values of financial assets and financial liabilities at balance date are:

On balance sheet	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
- Cash and cash equivalents	795	795	6,256	6,256
- Trade and other receivables	9,588	8,497	10,487	9,415
<b>Total</b>	<b>10,383</b>	<b>9,292</b>	<b>16,743</b>	<b>15,671</b>
<b>Financial liabilities</b>				
- Payables	5,302	5,302	8,192	8,192
- Interest bearing liabilities	79,396	67,687	59,774	51,046
<b>Total</b>	<b>84,698</b>	<b>72,989</b>	<b>67,966</b>	<b>59,238</b>

## Note 19. Responsible persons related party disclosure

In accordance with the directions of the Minister of Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

**(a) Responsible persons**

The names of persons who held responsible positions are as follows:

Minister for Water	The Hon. Tim Holding MP
Board	
Chairman	Mr Harry Peeters
Deputy Chairman	Ms Jacinta Ermacora
Director	Mr Paul Battista
Director	Ms Di Clanchy
Director	Ms Kate Fraser
Director	Mr William Sharrock
Director	Mr Rob Wallis
Managing Director / Accountable Officer	Mr Grant Green
Acting Managing Director / Accountable Officer (for period of 63 days)	Mr Andrew Jeffers

**Remuneration of responsible persons**

Remuneration paid to the Minister is reported in the Annual Report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members' Interests which each member of the Parliament completes.

The number of responsible person's whose remuneration from the Corporation was within the specified bands were as follows:

Income band	2010 No.	2009 No.
\$0 - \$9,999	-	1
\$10,000 - \$19,999	-	6
\$20,000 - \$29,999	6	-
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$280,000 - \$289,999	1	1
<b>Total numbers</b>	<b>8</b>	<b>9</b>

# Notes to the Financial Statements

30 June 2010

## Note 19. Responsible persons related party disclosure (cont.)

Remuneration received or receivable by responsible persons and related parties in respect of the management of the Corporation during the reporting period was:

2010 \$'000	2009 \$'000
<b>475</b>	<b>449</b>

In 2009 there was an error in the disclosure of total remuneration and banding allocations. Total remuneration has been adjusted from \$459,000 to \$449,000.

The error resulted in one director being incorrectly disclosed in the \$50,000 - \$59,999 band, adjusted to \$40,000 - \$49,999, and one Director in the \$290,000 - \$299,999 band, adjusted to \$280,000 - \$289,999. These disclosures have been updated in the 2009 comparatives.

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

### (b) Executive Officers' remuneration

The number of executive officers, other than the responsible persons, whose total remuneration falls within the specified bands above \$100,000 are as follows:

#### Income band

\$120,000 - \$129,999  
\$130,000 - \$139,999  
\$140,000 - \$149,999  
\$150,000 - \$159,999  
\$170,000 - \$179,999  
\$180,000 - \$189,999

2010 No.	2009 No.
1	-
-	1
1	2
2	1
-	1
1	-
<b>5</b>	<b>5</b>

#### Total numbers

Remuneration received or receivable by executives in respect of the management of the Corporation during the reporting period was:

2010 \$'000	2009 \$'000
<b>764</b>	<b>744</b>

In 2009 there was an error in the disclosure of total remuneration. Total remuneration has been adjusted from \$764,000 to \$744,000. Income band disclosures were not effected as a result. The disclosure has been updated in the 2009 comparatives.

## Note 20. Contingent liabilities and contingent assets

Wannon Water has received a late payment claim for \$637,466 from a contractor for works undertaken at the Hamilton water reclamation plant. Wannon Water has legal advice that the contractor has no entitlement to claim the additional payment.

# Notes to the Financial Statements

30 June 2010

## Note 21. Commitments

### Capital Commitments

At 30 June 2010, the Corporation had capital commitments for the acquisition and/or construction of plant and equipment not recognised as liabilities payable to be paid as follows:

Within 1 year

Later than 1 year but not later than 5 years

### Total capital commitments

Included in 2009 capital commitments is \$4 million for the amendment of the Wimmera-Mallee Bulk Entitlement to supply water to Hamilton.

### Operating commitments

At 30 June 2010, the Corporation had operating commitments for the provision of contract and consultancy services to meet the Corporation's operations not recognised as liabilities payable to be paid as follows:

Within 1 year

Later than 1 year but not later than 5 years

### Total operating commitments

### Total commitments for expenditure

	2010 \$'000	2009 \$'000
Within 1 year	6,221	31,239
Later than 1 year but not later than 5 years	15	25
<b>Total capital commitments</b>	<b>6,236</b>	<b>31,264</b>
Within 1 year	2,717	2,421
Later than 1 year but not later than 5 years	2,594	1,310
<b>Total operating commitments</b>	<b>5,311</b>	<b>3,731</b>
<b>Total commitments for expenditure</b>	<b>11,547</b>	<b>34,995</b>

## Note 22. Superannuation

### Corporation employee's superannuation funds

Wannon Water makes employer superannuation contributions in respect of most employees to the Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, each of which is funded differently.

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to the employees are represented by their share of the net assets of the Fund.

### Defined benefit plan

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, Wannon Water does not use defined benefit accounting for these contributions.

Wannon Water makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2008, Wannon Water makes the following contributions:

- 9.25% of members' salaries;
- the difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax.

Fund surplus or deficit (ie the difference between fund assets and liabilities) are calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the Corporation's financial statements. AAS 25 requires that the present value of the defined benefit liability is to be calculated base on benefits that have accrued in respect of membership of the plan up to measurement date, with no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. However, Wannon Water has been advised that no additional contributions are required as at 30 June 2010. The Actuary has commenced undertaking the next actuarial investigation to ascertain if additional contributions are required.

## Note 22. Superannuation (cont.)

The Actuarial review will be as at 30 June 2010.

The result of the actuarial review is expected to be finalised during October 2010. Should the review identify a funding shortfall requiring additional contributions, Wannon Water will be notified of any amount payable by November 2010 for payment on 1 July 2011. A further actuarial review will be undertaken as at 30 June 2011. Based on the result of this further review, a detailed funding plan will be developed and implemented to achieve the target of fully funding the Fund by 31 December 2013.

**Accounting Standard Disclosure**

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS25 follows:

Net Market Value of Assets  
Accrued Benefits (per accounting standard)  
Difference between Assets and Accrued Benefits

\$
3,630,432
3,616,422
<u>14,010</u>
<u>3,561,588</u>

Vested Benefits

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category were:

- Net Investment Return  
- Salary Inflation  
- Price Inflation

8.50% p.a.  
4.25% p.a.  
2.75% p.a.

Superannuation contributions for the reporting period are included as part of salaries and wages and associated costs in the statement comprehensive income of the Corporation.

The name and details of the employee superannuation funds and contributions made by the Corporation are as follows:

<b>Fund</b>	<b>2010 \$'000</b>	<b>2009 \$'000</b>
State Superannuation Fund	50	50
Vision Super	872	771
Other	129	135
<b>Total contributions</b>	<b><u>1,051</u></b>	<b><u>956</u></b>

The basis for contributions are determined by the various superannuation funds.  
Employer contributions payable to funds at reporting date were \$Nil (2009: \$Nil).

# Notes to the Financial Statements

30 June 2010

## Note 23. Segment information

	<b>Wholesale 2010 \$'000</b>	<b>Wholesale 2009 \$'000</b>	<b>Retail 2010 \$'000</b>	<b>Retail 2009 \$'000</b>
<b>Revenue</b>				
Bulk water sales - urban retail	3,562	3,821	-	-
Retail service charges	-	-	27,796	24,328
Retail usage charges	-	-	16,750	16,140
Other revenue	-	-	6,227	5,601
<b>Total revenue</b>	<b>3,562</b>	<b>3,821</b>	<b>50,773</b>	<b>46,069</b>
<b>Expenditure</b>				
Employee benefits expense	(647)	(614)	(13,166)	(12,099)
Depreciation expense	(1,283)	(1,280)	(10,424)	(9,418)
Supplies and services <sup>(1)</sup>	(1,632)	(1,927)	(21,802)	(22,794)
Finance costs	-	-	(4,263)	(2,943)
Other expenses	-	-	(619)	(401)
<b>Total expenditure</b>	<b>(3,562)</b>	<b>(3,821)</b>	<b>(50,274)</b>	<b>(47,655)</b>
Income tax expense/(revenue)	-	-	(634)	(976)
<b>Operating result by function</b>	<b>-</b>	<b>-</b>	<b>1,133</b>	<b>(610)</b>
<b>Assets</b>				
Property, plant and equipment	114,591	112,123	434,220	394,252
Other assets	-	-	20,354	24,121
<b>Total assets</b>	<b>114,591</b>	<b>112,123</b>	<b>454,574</b>	<b>418,373</b>
<b>Liabilities</b>				
Payables	-	-	5,338	8,226
Interest bearing liabilities	-	-	79,396	59,774
Other liabilities	-	-	36,122	32,368
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>120,856</b>	<b>100,368</b>
<b>Cash flow</b>				
<b>Cash flows used in investing activities</b>	<b>(5,629)</b>	<b>(3,808)</b>	<b>(40,563)</b>	<b>(26,316)</b>
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>26,876</b>	<b>26,856</b>
<b>Total cash flows from investing and financing activities</b>	<b>(5,629)</b>	<b>(3,808)</b>	<b>(13,687)</b>	<b>540</b>
Capital investments				
- Replacement/renewals	(1,600)	(3,184)	(9,831)	(13,373)
- Expansions/enhancements	(4,029)	(624)	(30,732)	(12,943)

<sup>(1)</sup> These sums include the bulk water amount charged to retail services which is disclosed as revenue in wholesale services of \$3,562,000 in 2010 (2009: \$3,821,000).

The Corporation has a bulk entitlement to extract a maximum of 12,580ML per annum from the Gellibrand River. The total amount extracted for 2010 was 9,366ML (2009: 8,957ML).

# Notes to the Financial Statements

30 June 2010

## Note 24. Operating results of retail services

The revenue from and results of services within retail operations were:

	<b>Water</b>	<b>Water</b>	<b>Sewer</b>	<b>Sewer</b>	<b>Total Retail Operations</b>	<b>Total Retail Operations</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>						
External - sales	24,378	22,970	20,167	17,498	44,545	40,468
Other revenue	2,608	2,900	3,620	2,701	6,228	5,601
<b>Total revenue</b>	<b>26,986</b>	<b>25,870</b>	<b>23,787</b>	<b>20,199</b>	<b>50,773</b>	<b>46,069</b>
<b>Allocated expenses</b>	26,739	26,785	23,535	20,870	50,274	47,655
<b>Service result</b>	<b>247</b>	<b>(915)</b>	<b>252</b>	<b>(671)</b>	<b>499</b>	<b>(1,586)</b>
Income tax expense/(revenue)					(634)	(976)
<b>Operating surplus (deficiency) from retail operations</b>					<b>1,133</b>	<b>(610)</b>

## Note 25. Events occurring after reporting date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

## Note 26. Reconciliation of net result for the reporting period to net cash flows from operating activities

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Net result for the reporting period	1,133	(610)
<b>Add / (less) non-cash flows in net result</b>		
Depreciation and amortisation	11,707	10,698
Net (profit) loss on disposal of non-current assets	890	509
Infrastructure assets contributed at no cost	(811)	(1,348)
<b>Changes in Assets and Liabilities</b>		
Decrease (increase) in receivables	228	231
Decrease (increase) in inventories	(22)	(36)
Decrease (increase) in other operating assets	(289)	(1,033)
Increase (decrease) in payables	1,462	(271)
Increase (decrease) in employee benefits	190	170
Increase (decrease) in deferred tax liabilities	(633)	(977)
<b>Net cash flows from operating activities</b>	<b>13,855</b>	<b>7,333</b>



## Note 27. Ex Gratia Payments

***The corporation has made the following ex gratia payments during the period:***

Ex gratia payments

These ex-gratia payments related to settlement of minor individual claims.

**2010  
\$'000****2009  
\$'000****13****15**

## CERTIFICATION

We certify the attached financial statements for Wannon Region Water Corporation have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Australian Accounting Standards, Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2010 and the financial position of the Corporation as at 30 June 2010.

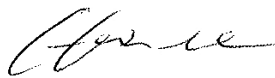
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



H. F. Peeters

Chairman

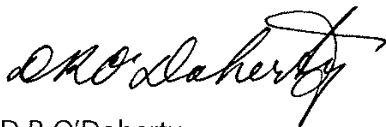
Wannon Region Water Corporation



G. V. Green

Managing Director

Wannon Region Water Corporation



D. R. O'Doherty

Chief Finance &amp; Accounting Officer

Wannon Region Water Corporation

Date: 13<sup>th</sup> August 2010



Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Wannon Region Water Corporation

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2010 of Wannon Region Water Corporation which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification has been audited.

#### *The Board Members' Responsibility for the Financial Report*

The Board Members of Wannon Region Water Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report 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 financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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



Victorian Auditor-General's Office

### Independent Auditor's Report (continued)

#### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial report published in both the annual report and on the website of Wannon Region Water Corporation for the year ended 30 June 2010. The Board Members of Wannon Region Water Corporation 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 above. 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 financial report presented on the Wannon Region Water Corporation web site.

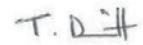
#### *Independence*

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. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

#### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Wannon Region Water Corporation as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
13 August 2010

  
For D D R Pearson  
Auditor-General

# PERFORMANCE REPORT

## Financial Performance Indicators

Performance Indicator	2008/09 Result	2009/10 Result	2009/10 Target	Variance %
<b>Long Term Profitability</b> Earnings before interest and tax ÷ average total assets	0.35%	0.95%	1.95%	-51.28%
<b>Owner's Investment</b> Net profit after tax ÷ average total equity	-0.14%	0.26%	1.02%	-74.51%
<b>Long Term Financial Viability</b> Total debt (including finance leases) ÷ total assets	11.45%	13.95%	17.87%	21.94%
<b>Liquidity and Debt Servicing (Interest Cover)</b> Earnings before net interest and tax expense ÷ net interest expense	0.5 times	1.1 times	1.8 times	-38.89%
<b>Immediate Liquidity and Debt Servicing (Cash Cover)</b> Cash flow from operations before net interest and tax payments ÷ net interest payments	3.3 times	3.9 times	2.4 times	62.50%
<b>Operating Efficiency</b>  <b>Water supply/sewerage collection</b> Operations, maintenance and administration expenses per ML transported or treated:				
o water supply bulk	\$126.28	\$94.98	\$138.62	31.48%
o water supply reticulation	\$620.85	\$696.45	\$719.83	3.25%
o water supply treatment	\$433.35	\$489.33	\$475.81	-2.84%
o sewerage reticulation	\$905.38	\$845.92	\$870.48	2.82%
o sewerage treatment	\$788.96	\$764.90	\$751.91	-1.73%

### Variance Report – Financial Performance Indicators

The actual results for financial indicators for the 2009/10 financial year have all improved on the 2008/09 results. However, the indicators related to profit were less than their target, as the target included an expectation that \$6.5 million in assets would be gifted to Wannon Water during the year. It is anticipated that this asset contribution will now be made in 2010/11.

The debt and interest-related indicators reflect both lower borrowings than planned and borrowing cost savings compared to budget, as well as the smaller than expected profit (as noted above) made during 2009/10. In comparison with the prior year, these indicators reflect the increase in borrowings and profit compared to the prior year's loss.

## Service Performance Indicators

Performance Indicator	2008/09 Result	2009/10 Result	2009/10 Target	Variance %
<b>Water Supply interruptions</b> Number of customers receiving 5 unplanned interruptions in the year	0	0	0	0%
<b>Interruption time indicators</b> Average duration of unplanned water supply interruptions Average duration of planned water supply interruptions	78.4 minutes 105.8 minutes	49 minutes <sup>1</sup> 114.6 minutes <sup>2</sup>	108 minutes 180 minutes	54.6% 36.4%
<b>Restoration of water supply</b> Unplanned water supply interruptions restored within 5 hours	99%	99.2%	97%	2.3%
<b>Reliability of sewerage collection services indicators</b> Sewer spills from reticulation and branch sewers (priority 1 and 2) Sewage spilt from emergency relief structures and pumping stations (% of volume transported)	76 0%	80 0%	See Note 3 0%	0%
<b>Containment of sewer spillages</b> Sewerage spills contained within 5 hours	100 %	100%	98 %	2.0%
<b>Customer complaints indicators</b> Water quality complaints per 1,000 customers Water supply reliability complaints per 1,000 customers Sewerage service quality and reliability complaints per 1,000 customers Affordability complaints per 1,000 customers Billing complaints per 1,000 customers Pressure complaints per 1,000 customers Sewage odours complaints per 1,000 complaints Other complaints per 1,000 customers	8.56 0.73 0.58 1.47 2.15 0.35 0.46 2.15	4.94 0.75 0.5 1.77 2.92 0.22 0.42 2.27	See Note 3 See Note 3 See Note 3 See Note 3 See Note 3 See Note 3 See Note 3 See Note 3	

### Notes:

1. A greater focus has been given to attending to and repairing service interruptions to maintain customer satisfaction levels.
2. There has been improved planning in relation to planned water supply interruptions to lessen the inconvenience to customers.
3. No target was set for 2009/10.



## Sewage Treatment

**Quality of recycled water disposal (by treatment or disposal facility)**

## I. Collective annual performance of the water reclamation plants

	2008/09 Result	2009/10	2009/10 Target	Variance
Number of analyses complying with licence agreements as % of Samples	98.6%	92.7%	98%	5%

*Note: The change in performance from 2008/09 to 2009/10 is related to changes in compliance targets rather than changes in effluent or reuse quality.*

Water Reclamation Plant compliance with EPA licence conditions	2008/09 Result	2009/10	2009/10 Target	Variation
Camperdown Industrial	100.0%	100.0%	100%	0
Camperdown Domestic	100.0%	100.0%	100%	0
Casterton	100.0%	100.0%	100%	0
Cobden	100.0%	100.0%	100%	0
Coleraine	100.0%	100.0%	100%	0
Dunkeld	100.0%	100.0%	100%	0
Hamilton	100.0%	100.0%	100%	0
Hamilton Tertiary	100.0%	100.0%	100%	0
Heywood	100.0%	100.0%	100%	0
Mortlake	100.0%	100.0%	100%	0
Peterborough	-	-	100%	-
Port Campbell	100.0%	100.0%	100%	0
Port Fairy Domestic	100.0%	100.0%	100%	0
Port Fairy Industrial	87.3%	68.9% <sup>1</sup>	57%	+12
Portland	93.8%	89.9% <sup>2</sup>	70%	+20
Simpson	96.2% <sup>3</sup>	98.4% <sup>3</sup>	100%	-1.6
Terang	100.0%	100.0%	100%	0
Timboon	100.0%	100.0%	100%	0
Warrnambool	100.0%	85.6 <sup>4</sup>	100%	-14

1. An upgrade to the Port Fairy Industrial Water Reclamation Plant in January 2010 has substantially increased aeration, resulting in improved BOD and suspended solids levels. However, the increase in aeration has also reduced the periods of anoxic conditions, which has decreased the capacity of the plant to convert nitrate to nitrogen gas and led to consistently higher total nitrogen results.

2. The current water reclamation plant is under capacity; upgrade works are planned for 2011-13.

3. High loads of suspended solids at the commencement of discharge to water.

4. Increases in nitrogen concentrations from trade waste customer resulted in the treated effluent discharged to ocean exceeding the median licence limit of 10mg/L for total nitrogen.

## Environmental Performance Indicators

**Water recycling****I. Recycled water reuse**

	2007/08 Result	2008/09 Result	2009/10 Result	2009/10 Target	Variance from Target
Percentage reuse	19%	21%	15.1%	25%	39.6%

All reuse figures shown are calculated as per the current Essential Services Commission guidelines.

The small reduction in total reuse of recycled water in the reporting period was primarily due to increased rainfall in the region.

Wannon Water gained approval from the Environmental Protection Authority to discharge treated effluent to streams at five reuse sites: Coleraine, Hamilton, Cobden, Casterton and Heywood. The discharges at Hamilton, Cobden, Casterton and Heywood were due to insufficient capacity to store increased winter flows. The discharge at Coleraine was required due to several years of saline water accumulation prohibiting sustainable recycled water reuse on land. The source of the saline water has since been removed.

Water Reclamation Plant	Percentage Recycled 2007/08	Percentage Recycled 2008/09	Percentage Recycled 2009/10
Camperdown Industrial	100%	100%	100%
Camperdown	80%	100%	78%
Casterton	46%	21%	33%
Cobden	85%	32%	10%
Coleraine	100%	100%	100%
Dunkeld	41%	100%	100%
Hamilton	100%	87%	50%
Heywood	43%	52%	44%
Mortlake	27%	1%	76%
Peterborough	-	-	-
Port Campbell	50%	78%	45%
Port Fairy Domestic*	0%	0%	0%
Port Fairy Industrial*	0%	0%	0%
Portland*	0%	0%	0%
Simpson	32%	9%	5%
Terang	100%	100%	100%
Timboon	100%	100%	100%
Warrnambool*	0%	0%	0%

\*Plants with no reuse infrastructure. Treated effluent from these plants was directed to ocean discharge.



**2. Biosolids reused/recycled****Biosolids reuse**

	<b>2007/08 Biosolids Reused (dry tonnes per annum)</b>	<b>2008/09 Biosolids Reused (dry tonnes per annum)</b>	<b>2009/10 Biosolids Reused (dry tonnes per annum)</b>
Hamilton	0	0	0
Port Fairy Industrial	339	404	411
Portland	0	0	500
Warrnambool	1,797	1,523	2,223
Port Fairy Domestic	Blended with Warrnambool	Blended with Warrnambool	Blended with Warrnambool
<b>Total</b>	<b>2,136</b>	<b>1,927</b>	<b>3,134</b>

<b>Biosolids Reused</b>	<b>2007/08 Result</b>	<b>2008/09 Result</b>	<b>2009/10 Result</b>	<b>2009/10 Target</b>	<b>Variance %</b>
As % of annual production	111%	100%	100%	100%	0

**Sludge production and storage**

<b>Water Reclamation Plant</b>	<b>Estimate of Sludge Production 2009/10 (dry tonnes)*</b>	<b>Sludge Stored 2009/10 (dry tonnes)</b>	<b>Biosolids Produced 2009/10 (dry tonnes)</b>	<b>Biosolids Reused 2009/10 (dry tonnes)</b>
Camperdown Industrial	32	-	2,223**	2,223**
Camperdown Domestic	25	-	-	-
Casterton	22	103	-	-
Cobden	8	1,492	-	-
Coleraine	13	42	-	-
Dunkeld	2	-	-	-
Hamilton	325	2,932	-	-
Heywood	6	-	-	-
Mortlake	5	-	-	-
Peterborough	1	-	-	-
Port Campbell	3	-	-	-
Port Fairy Domestic*	252	-	**	**
Port Fairy Industrial	411	-	411	411
Portland	300	-	488	488
Simpson	1	377	-	-
Terang	12	-	-	-
Timboon	5	-	-	-
Warrnambool*	8,500	-	**	**
<b>TOTAL</b>	<b>9,923</b>	<b>4,946</b>	<b>2,634</b>	<b>2,634</b>

\* Measured sludge volume biosolids stored at and recorded under Camperdown Industrial

\*\* Biosolids stored at Camperdown Industrial is derived from Port Fairy Domestic and Warrnambool Water Reclamation Plants.

# Figures taken from the Treatment Solids Management Strategy (2009)

All of the biosolids designated for reuse were applied to land this year. Wannon Water has 2,204 dry tonnes of sludge currently under treatment, much of which will be applied to land in 2010/11. Port Fairy Industrial Water Reclamation Plant is included in this list for completeness but is derived from industrial waste treatment processes, not sewage treatment processes.

## CERTIFICATION

### **WANNON REGION WATER CORPORATION PERFORMANCE REPORT** **Performance statement for period ended 30 June 2010**

In our opinion, the accompanying Statement of Performance of Wannon Region Water Corporation in respect of the 2009/10 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

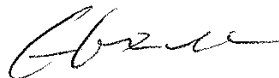
The Performance Statement is prepared in accordance with the Essential Services Commission's Customer Service Code made under Section 4F of the *Water Industry Act 1994* in accordance with clause 15 of the Water Industry Regulatory Order 2003. The service performance indicators and their definitions produced by the National Water Commission and Water Services Association of Australia are required as part of the National Water Initiative.

The statement outlines the relevant performance indicators as determined by the responsible Minister, the actual results achieved for the financial year against pre-determined performance targets and these indicators, 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 circumstances which would render any particulars in the Statement to be misleading or inaccurate.



H F Peeters  
Chairman  
Wannon Region Water Corporation



G V Green  
Managing Director  
Wannon Region Water Corporation

Date:

13<sup>th</sup> August 2010



Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Wannon Region Water Corporation

#### *The Statement of Performance*

The accompanying statement of performance for the year ended 30 June 2010 of Wannon Region Water Corporation comprises the statement, the related notes and the certification.

#### *The Board Members' Responsibility for the Statement of Performance*

The Board Members of Wannon Region Water Corporation 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 judgment, 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 the internal control relevant to the entity's 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 entity's internal control. An audit also includes evaluating the overall presentation of the statement of performance.

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

#### *Matters Relating to the Electronic Presentation of the Audited Statement of Performance*

This auditor's report relates to the statement of performance published in both the annual report and on the website of Wannon Region Water Corporation for the year ended 30 June 2010. The Board Members are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statement named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this statement of performance are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited statement of performance to confirm the information included in the audited statement of performance presented on the Wannon Region Water Corporation website.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

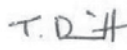
### *Independence*

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. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Auditor's Opinion*

In my opinion, the statement of performance of Wannon Region Water Corporation in respect of the 30 June 2010 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE  
13 August 2010

Per   
D D R Pearson  
Auditor-General

# APPENDICES

## Appendix 1 - Notes on Bulk Entitlements:

All data collected in relation to Bulk Entitlements is metered and maintained in electronic spreadsheets in the corporate system, and reported according to Department of Sustainability and Environment requirements. See summarised Bulk Entitlement graphs from page 20.

### Report in relation to Section 12.1 of the Bulk Entitlement (Otway System) Conversion Order 1998

Reporting Requirement	Comment
(e) the approval, amendment and implementation of programs and proposals under clauses 8, 9 and 11	Wannon Water is unaware of any approved plans under clauses 8, 9 and 11. Programs and proposals under clauses 8, 9 and 11 have been implemented.
(f) the annual amount of water taken under this entitlement;	The annual amount of water taken under this Bulk Entitlement was 9,366 megalitres.
(g) any temporary or permanent transfer of all or part of this Bulk Entitlement	There was no temporary or permanent transfer of this entitlement.
(h) any Bulk Entitlement or licence in respect of the waterway temporarily or permanently transferred to the Corporation with respect to the Otway Water Supply System	There was no transfer of any entitlement or licence to Wannon Water with respect to this system.
(i) any amendment to this Bulk Entitlement	There were no amendments to this Bulk Entitlement.
(j) any new Bulk Entitlement granted to the Corporation with respect to the Otway Water Supply System	There were no new Bulk Entitlements granted to Wannon Water with respect to the Otway System.
(k) any failure by the Corporation to comply with any provision of this Bulk Entitlement	Wannon Water complied with the provisions of the Bulk Entitlement.
(l) any difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement and any remedial action taken or proposed.	The South Otway extraction meter was found to be in error. Extraction for the year at this location was based on metering at Plantation Road Storage. The meter has since been repaired.

### Report in relation to Section 12.1 of the Bulk Entitlement (Hamilton) Conversion Order 1997

Reporting Requirement	Comment
(d) the approval, amendment and implementation of programs and proposals under clauses 9, 10 and 11	Wannon Water is unaware of any approved plans under clauses 10, 11 and 12. Programs and proposals under clauses 10, 11 and 12 have been implemented.
(e) the annual amount of water taken under this entitlement;	The annual amount taken under this Bulk Entitlement was 1,185 megalitres.
(f) The amount in, credited to and taken from the drought reserve.	The amount in the drought reserve is the maximum allowable of 520 megalitres. No water was credited to or taken from the drought reserve.
(g) any temporary or permanent transfer of all or part of this Bulk Entitlement	There was no temporary or permanent transfer of this entitlement.
(h) any Bulk Entitlement or licence in respect of the waterway temporarily or permanently transferred to the Corporation with respect to the Hamilton Water Supply System	There was no transfer of any entitlement or licence to Wannon Water with respect to this system.
(i) any amendment to this Bulk Entitlement	There were no amendments to this Bulk Entitlement.
(j) any new Bulk Entitlement granted to the Corporation with respect to the Hamilton Water Supply System	The Bulk Entitlement (Wimmera and Glenelg Rivers – Wannon Water) Conversion Further Amendment Order 2009 provided a new allocation to the Hamilton System from Rocklands Reservoir.
(k) any failure by the Corporation to comply with any provision of this Bulk Entitlement	Wannon Water complied with the provisions of the Bulk Entitlement.
(l) any difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement and any remedial action taken or proposed.	There were no difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement.

## Report in relation to Section 13.1 of the Bulk Entitlement (Dunkeld System) Conversion Order 1997

Reporting Requirement	Comment
(b) the water level and amount of water in storage	As of 30 June 2010 the system storage was at 212.35 metres AHD and held 29.3 megalitres.
(c) the annual amount of water taken under this entitlement;	The annual amount taken under this Bulk Entitlement was 0.00 megalitres.
(d) the approval, amendment and implementation of programs and proposals under clauses 10, 11 and 12	Wannon Water is unaware of any approved plans under clauses 10, 11 and 12. Programs and proposals under clauses 10, 11 and 12 have been implemented.
(e) any temporary or permanent transfer of all or part of this Bulk Entitlement	There was no temporary or permanent transfer of this entitlement.
(f) any Bulk Entitlement or licence in respect of the waterway temporarily or permanently transferred to the Corporation with respect to the Dunkeld Water Supply System	There was no transfer of any entitlement or licence to Wannon Water with respect to this system.
(g) any amendment to this Bulk Entitlement	There were no amendments to this Bulk Entitlement.
(h) any new Bulk Entitlement granted to the Corporation with respect to the Dunkeld Water Supply System	There were no new Bulk Entitlements granted to the Corporation with respect to the Dunkeld Water Supply System
(i) any failure by the Corporation to comply with any provision of this Bulk Entitlement	Wannon Water complied with the provisions of the Bulk Entitlement.
(j) any difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement and any remedial action taken or proposed.	There were no difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement.

## Report in relation to Section 13.1 of the Bulk Entitlement (Glenthompson) Conversion Order 1997

Reporting Requirement	Comment
(b) the water level and amount of water in storage	As at 30 June 2009 the level in Glenthompson Reservoir was 307.35 metres and the contents were 44.4 megalitres. The Railway Reservoir was empty.
(c) the annual amount of water taken under this entitlement;	The annual amount taken under this Bulk Entitlement was 3.9 megalitres.
(d) the approval, amendment and implementation of programs and proposals under clauses 10, 11 and 12	Wannon Water is unaware of any approved plans under clauses 10, 11 and 12. Programs and proposals under clauses 10, 11 and 12 have been implemented.
(e) any temporary or permanent transfer of all or part of this Bulk Entitlement	There was no temporary or permanent transfer of this entitlement.
(f) any Bulk Entitlement or licence in respect of the waterway temporarily or permanently transferred to the Corporation with respect to the Glenthompson Water Supply System	There was no transfer of any entitlement or licence to Wannon Water with respect to this system.
(g) any amendment to this Bulk Entitlement	There were no amendments to this Bulk Entitlement.
(h) any new Bulk Entitlement granted to the Corporation with respect to the Glenthompson Water Supply System	There were no new Bulk Entitlements granted to the Corporation with respect to the Glenthompson Water Supply System.
(i) any failure by the Corporation to comply with any provision of this Bulk Entitlement	Wannon Water complied with the provisions of the Bulk Entitlement.
(j) any difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement and any remedial action taken or proposed.	There were no difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement.

**Report in relation to Section 13.1 of the Bulk Entitlement (Coleraine, Casterton and Sandford) Conversion Order 1997**

<b>Reporting Requirement</b>	<b>Comment</b>
(b) the water level and amount of water in storage	As at 30 June 2010 the level was 272.4 metres (AHD) and the contents 536.4 megalitres.
(c) the annual amount of water taken under this entitlement;	The annual amount taken under this Bulk Entitlement was 63.6 megalitres
(d) the approval, amendment and implementation of programs and proposals under clauses 10, 11 and 12	Wannon Water is unaware of any approved plans under clauses 10, 11 and 12. Programs and proposals under clauses 10, 11 and 12 have been implemented.
(e) any temporary or permanent transfer of all or part of this Bulk Entitlement	There was no temporary or permanent transfer of this entitlement.
(f) any Bulk Entitlement or licence in respect of the waterway temporarily or permanently transferred to the Corporation with respect to the system	There was no transfer of any entitlement or licence to Wannon Water with respect to this system.
(g) any amendment to this Bulk Entitlement	There were no amendments to this Bulk Entitlement.
(h) any new Bulk Entitlement granted to the Corporation with respect to the system	There were no new Bulk Entitlements granted to the Corporation with respect to the system.
(i) any failure by the Corporation to comply with any provision of this Bulk Entitlement	Wannon Water complied with the provisions of the Bulk Entitlement.
(j) any difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement and any remedial action taken or proposed.	There were no difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement.

**Report in relation to Section 17.1 of the Bulk Entitlement (Wimmera and Glenelg Rivers – Glenelg Water) Conversion Order 2004 and the Bulk Entitlement (Wimmera and Glenelg Rivers – Glenelg Water) Conversion Amendment Order 2005**

<b>Reporting Requirement</b>	<b>Comment</b>
(b) the annual amount of water taken under this entitlement;	The annual amount taken under this Bulk Entitlement was 61.3 megalitres
(c) The amount and location of any water taken under this Bulk Entitlement at any other works of Wannon Water	No water was taken from any other works of Wannon Water for this system.
(d) The seasonal allocation to Wannon Water under this Order.	The seasonal allocation was 2,110 megalitres.
(e) the approval, amendment and implementation of the metering program under sub clause 16.3	Wannon Water is unaware of an approved metering program for this system. A new metering program is being developed for the Minister's approval in 2010/11.
(f) any change made to the reliability and the annual entitlement under Schedule 2	There were no changes made under Schedule 2.
(g) any temporary or permanent transfer of all or part of this Bulk Entitlement	There was no temporary or permanent transfer of this entitlement.
(h) any Bulk Entitlement, licence or water right temporarily or permanently transferred to Wannon Water supply systems under this Order	There were no transfers of other Bulk Entitlements, licences or water rights to Wannon Water supply systems.
(i) any amendment to this Bulk Entitlement	The Bulk Entitlement (Wimmera and Glenelg Rivers – Wannon Water) Conversion Further Amendment Order 2009 provided an increase in entitlement to supply Hamilton.
(h) any new Bulk Entitlement granted to the Corporation with respect to the system	There were no new Bulk Entitlements granted to the Corporation with respect to the system.
(i) any failure by the Corporation to comply with any provision of this Bulk Entitlement	Wannon Water complied with the provisions of the Bulk Entitlement.
(j) any difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement and any remedial action taken or proposed.	There were no difficulties experienced or anticipated by the Corporation in complying with this Bulk Entitlement.

Appendix 2 - Annual Consumption Tables

Metered consumption by customer (expressed in megalitres)

City/Town	Residential Customers		Non Residential Customers		Rural Customers		Total Consumption		3-Year Average
	No.	Volume	No.	Volume	No.	Volume	No.	Volume	
Allansford	288	51.6	40	46.0	7	15.8	335	113.4	102.4
Balmoral	102	13.7	31	12.0	19	17.1	152	42.8	39.0
Camperdown	1,547	238.3	210	76.0	-	-	1,757	314.2	339.2
Camperdown Rural	-	-	-	-	381	598.3	381	598.3	652.8
Caramut	54	8.7	16	4.8	20	5.9	90	19.5	26.8
Casterton	807	124.9	153	57.4	70	50.5	1,030	232.7	282.5
Cavendish	65	7.9	23	2.2	11	3.3	99	13.4	12.6
Cobden Rural	-	-	-	-	17	22.2	17	22.2	33.9
Cobden Urban	689	107.8	101	385.5	85	114.5	875	607.8	689.4
Coleraine	517	66.9	93	26.2	34	29.5	644	122.6	115.0
Darlington	19	1.5	3	0.1	-	-	22	1.6	2.2
Dartmoor	118	12.9	17	2.0	-	-	135	14.9	16.0
Dunkeld	296	36.3	51	12.2	29	8.1	376	56.6	55.2
Glenthompson	95	7.9	26	1.3	38	23.4	159	32.6	37.4
Hamilton	4,599	662.9	631	207.8	50	32.3	5,280	902.9	1,056.1
Hamilton Pipeline	-	-	-	-	35	18.9	35	18.9	21.6
Heywood	638	104.0	102	32.6	6	2.5	746	139.2	160.9
Koroit	623	91.7	55	81.5	2	3.1	680	176.3	241.1
Lismore & Derrinallum	334	40.7	70	13.8	75	47.7	479	102.2	131.6
Macarthur	136	14.8	39	4.4	2	1.2	177	20.3	24.8
Merino	124	16.4	19	5.2	37	14.0	180	35.6	44.1
Mortlake	555	75.5	114	27.8	2	0.0	671	103.4	123.6
Noorat & Glenormiston	144	27.7	16	34.0	75	65.4	235	127.1	141.7
North Otway Pipeline	-	-	1	12.4	449	1,385.3	450	1,397.8	1,255.0
Penshurst	254	44.0	56	14.7	3	2.1	313	60.8	74.0
Peterborough	288	19.7	14	35.9	6	7.9	308	63.5	37.0
Port Campbell	246	26.4	44	40.2	-	-	290	66.6	58.5
Port Fairy	1,918	264.8	220	367.0	2	0.3	2,140	632.0	607.9
Portland	4,847	764.7	667	751.9	6	1.4	5,520	1,518.0	1,759.0
Purnim	-	-	-	-	81	13.5	81	13.5	17.3
Sandford	56	11.4	7	6.2	27	10.2	90	27.9	25.7
Simpson	78	10.1	19	58.6	10	15.3	107	84.0	123.3
Tarrington	116	21.4	6	1.8	17	6.0	139	29.2	28.2
Terang	931	153.2	145	48.9	1	6.4	1,077	208.5	225.7
Timboon	399	59.8	77	30.7	102	75.5	578	166.1	193.0
Warrnambool	12,924	2,121.3	1,475	1,241.3	27	17.2	14,426	3,379.8	3,740.2
<b>Totals</b>	<b>33,807</b>	<b>5,209</b>	<b>4,541</b>	<b>3,643</b>	<b>1,726</b>	<b>2,615</b>	<b>40,074</b>	<b>11,466</b>	<b>12,495</b>



**Metered water consumption by system (expressed in megalitres)**

District/System	2006/07 Volume	Change (%)	2007/08 Volume	Change (%)	2008/09 Volume	Change (%)	2009/10 Volume	Change (%)
East Dilwyn	3198	-5%	273.1	-15%	272.8	0%	296.1	9%
Grampians	1,297.8	-33%	1,213.8	-6%	1,126.3	-7%	1,063.8	-6%
Caramut	30.8	-4%	26.4	-14%	23.2	-12%	19.5	-16%
Darlington	2.5	13%	1.9	-24%	2.1	8%	1.6	-25%
Glenthompson	48.7	-17%	28.6	-41%	34.8	22%	32.6	-6%
Macarthur	27.2	31%	24.4	-10%	22.9	-6%	20.3	-11%
Penshurst	81.5	-7%	71.7	-12%	68.7	-4%	60.8	-11%
Otway	8,252.1	-3%	7,552.2	-8%	7,647.4	1%	7,248.5	-5%
Tullich	500.8	6%	464.2	-7%	436.7	-6%	418.8	-4%
West Dilwyn	2,636.6	-13%	2,487.7	-6%	2,507.2	1%	2,304.1	-8%
<b>Totals</b>	<b>13,198</b>	<b>-9%</b>	<b>12,144</b>	<b>-8%</b>	<b>12,142</b>	<b>0%</b>	<b>11,466</b>	<b>-6%</b>

**Water treatment plant volumes (expressed in megalitres)**

Plant	2006/07 Volume	Change (%)	2007/08 Volume	Change (%)	2008/09 Volume	Change (%)	2009/10 Volume	Change (%)
Balmoral	42	-34%	44	6%	51	15%	43	-15%
Casterton	442	19%	402	-9%	393	-2%	514	31%
Cobden	871	10%	736	-16%	722	-2%	697	-4%
Donalds Hill (Camperdown)	1,398	1%	1,258	-10%	1,242	-1%	1,162	-6%
Glenthompson	12	-38%	14	18%	15	4%	21	42%
Hamilton	1,255	-37%	1,299	4%	1,232	-5%	1,170	-5%
Port Campbell	326	-6%	284	-13%	280	-2%	355	27%
Simpson	156	2%	128	-18%	114	-11%	97	-15%
Terang	562	-8%	504	-10%	567	12%	536	-5%
Warrnambool	5,241	-3%	4,852	-7%	4,839	0%	4,715	-3%
Port Fairy	847	16%	826	-2%	794	-4%	757	-5%
Portland	2,233	21%	2,175	-3%	2,121	-3%	1,797	-15%
Heywood	223	13%	189	-15%	173	-8%	171	-1%
<b>Totals</b>	<b>13,607</b>	<b>-2%</b>	<b>12,713</b>	<b>-7%</b>	<b>12,543</b>	<b>-1%</b>	<b>12,035</b>	<b>-4%</b>

**Water reclamation plant - treated effluent volumes (expressed in megalitres)**

<b>Plant</b>	<b>2006/07 Volume</b>	<b>Change (%)</b>	<b>2007/08 Volume</b>	<b>Change (%)</b>	<b>2008/09 Volume</b>	<b>Change (%)</b>	<b>2009/10 Volume</b>	<b>Change (%)</b>
Camperdown Domestic	289	-23%	396	37%	388	-2%	420	8%
Camperdown Industrial	39	0%	32	-18%	36	13%	26	-28%
Casterton	215	11%	242	13%	234	-3%	233	0%
Cobden	162	-14%	178	10%	189	6%	214	13%
Coleraine	65	-10%	67	3%	62	-7%	61	-1%
Dunkeld	32	-26%	39	22%	34	-13%	35	4%
Hamilton	806	-17%	756	-6%	987	31%	1,094	11%
Heywood	227	-5%	350	54%	305	-13%	346	13%
Mortlake	96	-8%	111	16%	120	8%	130	9%
Peterborough	-	-	-	-	14		48	241%
Port Campbell	56	-14%	55	-2%	52	-5%	59	13%
Portland	1,125	15%	1,645	46%	1,155	-30%	1,235	7%
Port Fairy Domestic	626	-5%	742	19%	747	1%	777	4%
Port Fairy Industrial	164	2%	161	-2%	153	-5%	200	31%
Simpson	14	-39%	24	71%	21	-13%	25	20%
Terang	184	-27%	222	21%	226	2%	239	6%
Timboon	56	-5%	56	0%	56	0%	59	6%
Warrnambool	4,215	-7%	4,287	2%	4,251	-1%	4,676	10%
<b>Totals</b>	<b>8,371</b>	<b>-6%</b>	<b>9,363</b>	<b>12%</b>	<b>9,030</b>	<b>-4%</b>	<b>9,878</b>	<b>9%</b>

Availability of water services

City/Town	Residential		Non-residential		Rural	2009/10 Total Water Customers	2008/09 Total Water Customers	% Change
	Connected	Unconnected	Connected	Unconnected				
Allansford	288	17	40	2	7	354	352	1%
Balmoral	102	3	31	1	19	156	153	2%
Camperdown	1,547	68	210	7	-	1,832	1,825	0%
Camperdown Rural	-	-	-	-	381	381	378	1%
Caramut	54	3	16	-	20	93	92	1%
Casterton	807	25	153	3	70	1,058	1,059	0%
Cavendish	65	10	23	1	11	110	109	1%
Cobden Rural	-	-	-	-	17	17	17	0%
Cobden Urban	689	33	101	10	85	918	915	0%
Coleraine	517	40	93	3	34	687	688	0%
Darlington	19	-	3	-	-	22	22	0%
Dartmoor	118	17	17	1	-	153	153	0%
Dunkeld	296	35	51	1	29	412	396	4%
Glenthompson	95	5	26	1	38	165	165	0%
Hamilton	4,599	145	631	20	50	5,445	5,356	2%
Hamilton Pipeline	-	-	-	-	35	35	35	0%
Heywood	638	26	102	4	6	776	775	0%
Koroit	623	34	55	1	2	715	711	1%
Lismore & Derrinallum	334	54	70	1	75	534	533	0%
Macarthur	136	1	39	1	2	179	179	0%
Merino	124	12	19	1	37	193	193	0%
Mortlake	555	43	114	2	2	716	715	0%
Noorat & Glenormiston	144	2	16	-	75	237	228	4%
North Otway Pipeline	-	-	1	-	449	450	455	-1%
Penshurst	254	12	56	2	3	327	326	0%
Peterborough	288	70	14	-	6	378	374	1%
Port Campbell	246	16	44	-	-	306	301	2%
Port Fairy	1,918	175	220	8	2	2,323	2,297	1%
Portland	4,847	414	667	60	6	5,994	5,965	0%
Purnim	-	-	-	-	81	81	76	7%
Sandford	56	3	7	-	27	93	94	-1%
Simpson	78	3	19	1	10	111	111	0%
Tarrington	116	7	6	-	17	146	147	-1%
Terang	931	12	145	1	1	1,090	1,090	0%
Timboon	399	20	77	-	102	598	596	0%
Warrnambool	12,924	447	1,475	45	27	14,918	14,774	1%
<b>Totals</b>	<b>33,807</b>	<b>1,752</b>	<b>4,541</b>	<b>177</b>	<b>1,726</b>	<b>42,003</b>	<b>41,655</b>	<b>1%</b>

Availability of sewerage services

City/Town	Residential		Non-residential		Trade waste customers		2009/10 Total Sewerage Customers	2008/09 Total Sewerage Customers	% Change
	Connected	Unconnected	Connected	Unconnected	Minor	Major			
Allansford	240	28	11	3	5	1	288	285	1%
Camperdown	1,425	103	128	12	55	1	1,724	1,721	0%
Casterton	692	36	97	7	28	-	860	862	0%
Cobden Urban	640	38	57	11	25	-	771	768	0%
Coleraine	486	53	62	6	19	-	626	624	0%
Dunkeld	227	44	26	7	7	-	311	304	2%
Hamilton	4,160	220	427	24	112	-	4,943	4,857	2%
Heywood	604	46	51	10	31	-	742	741	0%
Koroit	590	54	28	5	19	-	696	691	1%
Mortlake	482	62	49	13	22	-	628	624	1%
Noorat & Glenormiston	2	-	-	-	-	-	2	2	0%
Peterborough	171	183	5	5	-	-	364	361	1%
Port Campbell	220	22	17	4	20	-	283	278	2%
Port Fairy	1,763	233	91	10	67	1	2,165	2,139	1%
Portland	4,529	449	354	65	231	-	5,628	5,599	1%
Simpson	66	3	9	-	3	-	81	81	0%
Terang	853	20	94	1	31	-	999	995	0%
Timboon	339	52	51	3	18	-	463	461	0%
Warrnambool	12,661	568	1,014	59	326	3	14,631	14,485	1%
<b>Total</b>	<b>30,150</b>	<b>2,214</b>	<b>2,571</b>	<b>245</b>	<b>1,019</b>	<b>6</b>	<b>36,205</b>	<b>35,878</b>	<b>1%</b>

## Appendix 3 - Wannon Water Whistleblowers Protection Policy

### 1.0 PURPOSE

These procedures establish a system for reporting disclosures of improper conduct or detrimental action by Wannon Water or its employees under the **Whistleblowers Protection Act 2001**. The system enables such disclosures to be made to the Protected Disclosure Coordinator or to one of the nominated Protected Disclosure Officers. Disclosures may be made by Wannon Water employees or by members of the public.

These procedures are designed to complement normal communication channels between Wannon Water employees and are encouraged to continue to raise appropriate matters at any time with their managers/coordinators/team leaders. As an alternative, employees may make a disclosure of improper conduct or detrimental action under the Act in accordance with these procedures.

### 2.0 SCOPE

Wannon Water is committed to the aims and objectives of the *Whistleblowers Protection Act 2001* (the Act). It does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct.

Wannon Water recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Wannon Water will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

### 3.0 PERFORMANCE STANDARDS

The *Whistleblowers Protection Act 2001* commenced operation on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

### 4.0 DEFINITIONS

Three key concepts in the reporting system are improper conduct, corrupt conduct and detrimental action. Definitions of these terms are set out below.

#### 4.1 Improper Conduct

Improper conduct means conduct that is corrupt, a substantial mismanagement of public resources, or conduct involving substantial risk to public health or safety or to the environment. The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal.

#### 4.2 Corrupt conduct

Corrupt conduct means:

- Conduct of any person (whether or not a public official) that adversely affects the honest performance of a public officer's or public body's functions;
- The performance of a public officer's functions dishonestly or with inappropriate partiality;
- Conduct of a public officer, former public officer or a public body that amounts to a breach of public trust;
- Conduct by a public officer, former public officer or a public body that amounts to the misuse of information or material acquired in the course of the performance of their official functions; or
- A conspiracy or attempt to engage in the above conduct.

## 4.3 Detrimental action

The Act makes it an offence for a person to take detrimental action against a person in reprisal for a protected disclosure. Detrimental action includes:

- Action causing injury, loss or damage;
- Intimidation or harassment; and
- Discrimination, disadvantage or adverse treatment in relation to a person's employment, careers, profession, trade or business, including the taking of disciplinary action.

## 5.0 LEGISLATION/REGULATIONS

*Whistleblowers Protection Act 2001*

## 6.0 REPORTING SYSTEM

### Points of Contact for Whistleblowers

A person wishing to make a protected disclosure should contact the Protected Disclosure Coordinator.

A person wishing to make a query about a protected disclosure may contact a Protected Disclosure Officer.

Protected Disclosure Officers provide general advice about the operation of the Whistleblowers Protection Act; discuss and where necessary, document discussions on improper conduct. Protected Disclosure Officers are the; Branch Manager Human Resources; General Manager Finance; General Manager Retail & Corporate Services, and Managing Director.

### Protected Disclosure Coordinator

The Internal Auditor acts for Wannon Water to receive disclosures under the Act. The contact details of the Internal Auditor are as follows:

Warwick Spargo  
Level 8, Rialto South Tower  
525 Collins Street, Melbourne, Victoria, 3000  
Telephone: (03) 9286 1824  
Mobile: 0438 385 132  
Email: warwick.spargo@rsmi.com.au

Or

Scott Campbell  
Level 8, Rialto South Tower  
525 Collins Street, Melbourne, Victoria, 3000  
Telephone: (03) 9286 1828  
Mobile: 0409 210 490  
Email: scott.campbell@rsmi.com.au

The Internal Auditor will take the details and forward a report to the Managing Director. If the Managing Director is implicated, then the Internal Auditor will forward the report to the Chairman. Any investigation is then the responsibility of the Managing Director (or Chairman as appropriate).

If a Police report is recommended due to the nature of the allegations, this will be initiated by the Managing Director (or Chairman as appropriate).

Disclosures of improper conduct by Wannon Water or its employees may also be made to:

The Ombudsman Victoria  
Level 22, 459 Collins Street  
Melbourne Victoria 3000  
Telephone: (03) 9613 6222  
Toll Free: 1800 806 314

## 7.0 REFERENCES

Wannon Water Code of Conduct

## Disclosure Index

The 2009/10 annual report of the Wannon Region Water Corporation is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Corporation's compliance with statutory disclosure requirements.

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21A	Responsible person and executive officer disclosures	63-64



## Glossary of Terms

Biodiversity	The number and variety of organisms found within a specified geographic region
Biosolids	Organic solids derived from the treatment of sewage, stabilised to the point of being ready for its intended safe reuse (e.g. as a soil conditioner)
Bulk Entitlement	The right and conditions to water held by water corporations and other organisations as defined in the <i>Water Act 1989</i>
Catchment	An area of land on which water may be caught and collected into a stream, reservoir or aquifer
Clear water storage	An enclosed storage downstream of a water treatment plant for holding treated drinking water prior to being distributed for use
Disinfection	A water treatment process (e.g. adding chemicals, ultra violet light) to control micro-organisms
Effluent	An outflow stream from a sewerage treatment system
Energy and Water Ombudsman Victoria (EWOV)	An independent resolution service whose principal activity is to investigate and resolve complaints by customers regarding their electricity, gas and water providers
Environment Protection Authority	A Victorian Government statutory authority whose purpose is to protect, care for and improve the environment
Environmental flow	The stream flow requirements on a waterway to maintain appropriate environmental conditions
Essential Services Commission	Victoria's independent economic regulator of prescribed essential utility services supplied by the electricity, gas, water, ports, grain handling and rail freight industries
Greenhouse gas	Any atmospheric gases that contribute to the greenhouse effect
Groundwater	Water beneath the earth's surface in an aquifer or water table
HACCP	Hazard Analysis and Critical Control Points – a risk management framework used to protect the quality of water
Kilolitre (KL)	One thousand (1,000) litres
Major customer	A customer who uses greater than 40 megalitres of water per year
Megalitre (ML)	One million (1,000,000) litres
OH&S	Occupational Health and Safety – the protection of the health, safety and wellbeing of employees, contractors and visitors
<i>Our Water Our Future</i>	The Victorian Government's water reform White Paper
Permanent Water Saving Measures	Measures aimed at encouraging households not affected by higher level water restrictions to encourage ongoing water conservation and best-practice water use
Potable water	Water suitable for human consumption
Raw water	Water harvested from the surface or below ground prior to any treatment process
Recycled water	Water produced from a water reclamation plant or industry process, treated to a standard appropriate for reuse
Reticulation	A network of pipes for distributing water to areas of consumption, such as residential districts and individual households
Sewage	Any human excreta or domestic waterborne water, whether untreated or partially treated, but does not include trade waste
Sewerage system	The network of pipes, sewers, pump stations, treatment plants and reuse facility or discharge system used for the conveyance of sewage or trade waste
Stakeholder	An individual or group with an interest in an organisation's operations, such as employees, customers, government bodies or the local community
Storm water	Rainfall run-off
Suspended solids	Material dispersed in liquid solution
Sustainability	Concerned with the continuity of the environment, human life, economic development and institutions
Trade waste	Water borne waste other than sewage (e.g. industrial or commercial liquid wastes) suitable for discharge into the sewerage system

## Glossary of Terms (cont.)

Turbidity	The measure of particles within water (e.g. cloudiness)
Unplanned interruption	An unforeseen interruption to a water supply system
waterMAP	water Management Action Plan – a program for auditing and identifying water efficiency actions for non-residential water customers who use more than 10 megalitres of potable water per year
Water Plan	A water corporation's five-year organisational plan submitted to the Essential Services Commission, outlining proposals to ensure high quality water and sewerage services for customers, and the balance between the expenditure needed and water; sewerage and trade waste charges
Water reclamation plant	A treatment facility for treating sewage or trade waste suitable for safe reuse or discharge to the environment
Water restriction	A restriction to regulate the use of water from the water supply system in periods of water shortage
Water Supply Demand Strategy (WSDS)	A 50-year plan to provide sustainable water supplies for the community into the future
Water treatment plant	A treatment facility that removes undesirable characteristics from the water, making it "fit for purpose" (such as safe drinking water)

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# 2009/10



PO Box 1158  
Warrnambool VIC 3280

tel: 1300 926 666

fax: 03 5564 7650

email: [info@wannonwater.com.au](mailto:info@wannonwater.com.au)

## CUSTOMER SERVICE CENTRES:

Camperdown:  
6 McNicol Street

Hamilton:  
66 Gray Street

Portland:  
15 Townsend Street

Warrnambool:  
99 Fairy Street

[www.wannonwater.com.au](http://www.wannonwater.com.au)

