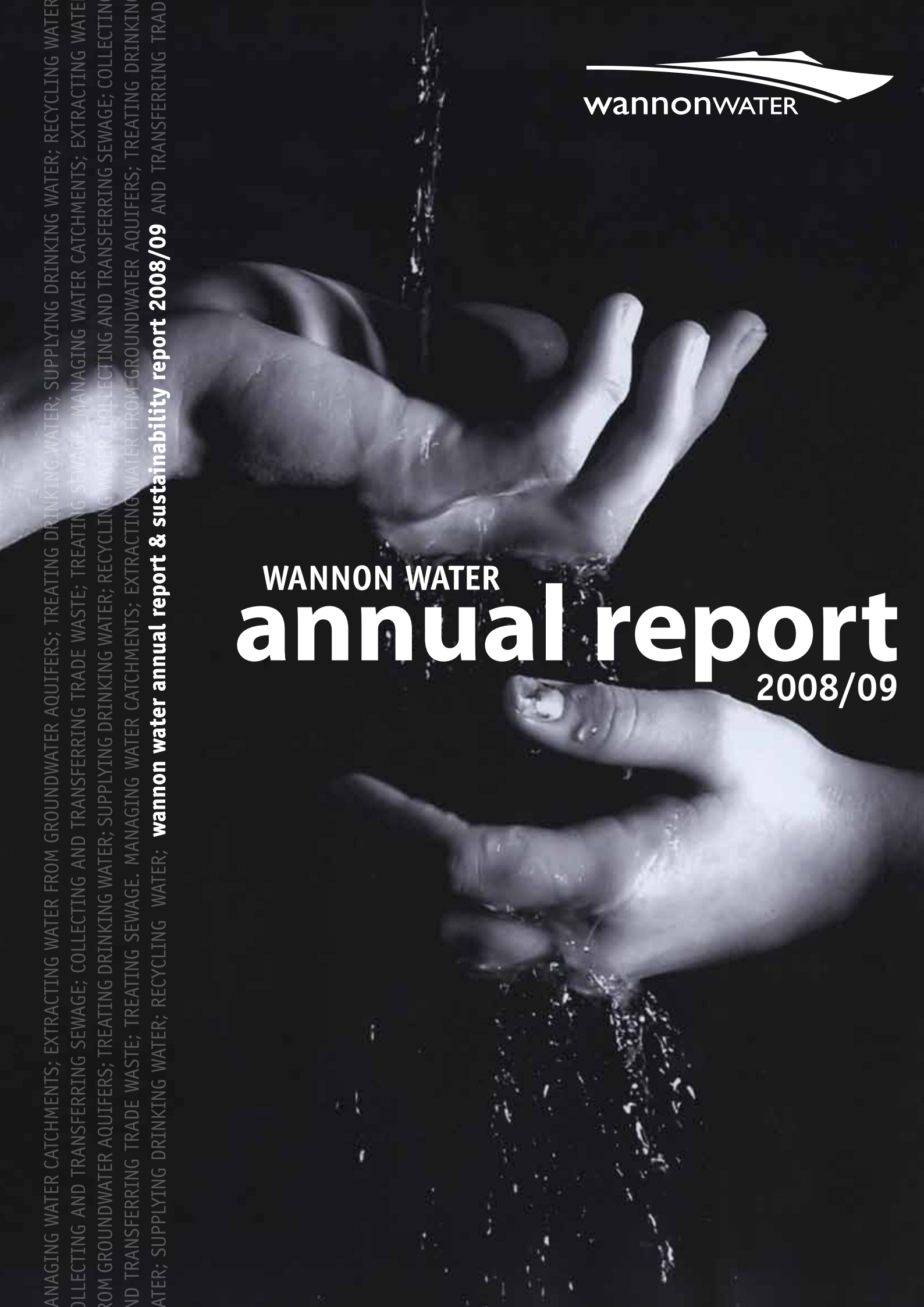
wannonWATER

WANNON WATER annual report 2008/09



MANAGING WATER CATCHMENTS; EXTRACTING WATER FROM GROUNDWATER AQUIFERS; TREATING DRINKING WATER; SUPPLYING DRINKING WATER; RECYCLING WATER; COLLECTING AND TRANSFERRING SEWAGE; COLLECTING AND TRANSFERRING TRADE WASTE; TREATING SEWAGE. MANAGING WATER CATCHMENTS; EXTRACTING WATER FROM GROUNDWATER AQUIFERS; TREATING DRINKING WATER; SUPPLYING DRINKING WATER; RECYCLING WATER; COLLECTING AND TRANSFERRING SEWAGE; COLLECTING AND TRANSFERRING TRADE WASTE; TREATING SEWAGE. MANAGING WATER CATCHMENTS; EXTRACTING WATER FROM GROUNDWATER AQUIFERS; TREATING DRINKING WATER; SUPPLYING DRINKING WATER; RECYCLING WATER; **wannon water annual report & sustainability report 2008/09** AND TRANSFERRING TRAD

Contents

About this report **3**
Vision, mission, values, strategic objectives 3
Calendar of events 4

Message from Chairman & Managing Director **6**

Performance at a Glance **8**

Profile of Wannon Water **10**

Sustainability Report **12**
Sustainability Policy, Strategy & Working Group 13

Governance Report **14**
Board of Directors 15
Board meetings 17
Board committees 17
Organisational structure 19

Economic Report **21**
Financial result 22
Financial summary 23
Future challenges 24
Consultancies 25
Capital works program 26

Social Report **29**
Customer service KPIs 31
Responding to complaints 33
Customer assistance 34
Water quality 36
Stakeholder engagement 37
Community inclusiveness 38
Promoting water conservation 40
Workforce and Occupational Health and Safety 41

Environmental Report **48**
Water sources 49
Bulk Entitlements and consumption 50
Treating sewage 52
Biosolids 53
Waste management 54
Environmental health 54
Demand management 56
Our Water Our Future 61
Customer water consumption 62
Major water users 63
Recycling water 65
Greenhouse gas emissions 65

General Information **69**

Financial Statements **70**

Performance Report **104**

Disclosure Index **113**

Appendices **114**

GRI Index **122**

Glossary of terms **126**

Index **127**

Front cover image courtesy of photography competition entrant Georgina Pene (2nd place, Digital Amateur category, 2007).

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About this Report

This 2008/09 Annual Report provides a summary of the key initiatives, programs and performance of Wannon Water for the financial year.

This report incorporates our Sustainability Report to level B of the Global Reporting Initiative (GRI), reflecting Wannon Water's ongoing commitment to the integration of sustainability into all aspects of our business. Wannon Water has self-declared its compliance with level B of the GRI without external assurance.

This report relates to Wannon Water's business activities and is consistent with the previous annual report (2007/08) in scope, approach and calculation methods. Wannon Water undertakes a continuous improvement approach to reporting and has not encountered any significant changes to the boundary or scope of reporting or information previously reported.

Wannon Water was established on 1 July 2005, and four-year performance trends are provided in this report.

Other key reference documents of Wannon Water include our Water Plan 2008-2013, the 2008 Corporate Plan, the Water Supply Demand Strategy, the Sustainability Strategy and Customer Charters. These are available online at www.wannonwater.com.au, or printed copies are supplied on request.

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

Calendar of Events

July 2008

- Wannon Water approves a public auction as the sale process for the historic Monivae homestead in Hamilton
- Construction of the Camperdown Biosolids Management Facility completed

August 2008

- Construction of the Casterton-Coleraine Pipeline begins
- Stakeholder engagement regarding the future of Konongwootong Reservoir begins
- $250,000 of funding from the Small Towns Development Fund announced for the Macarthur Water Quality Supply Project

September 2008

- Wannon Water conducts free showerhead exchange programs in Camperdown, Portland, Casterton, Coleraine and Warrnambool
- Wannon Water seeks new representatives to join the Customer Engagement Committee
- Temporary boil water notice issued in Hamilton as a precaution following higher turbidity associated with drought followed by rainfall in the catchment. Wannon Water quickly resolved the turbidity
- Fluoridation of water supplies to Warrnambool, Allansford and Koroit commenced

October 2008

- Wannon Water announces the winners of the annual photo competition through the inaugural Regional Recognition Awards
- Wannon Water conducts National Water Week activities
- 2007/08 Annual Report released, incorporating Wannon Water's inaugural Sustainability Report

November 2008

- Wannon Water resolves to retain ownership of Konongwootong Reservoir and maintain supplies to rural customers
- Living Water package launched to reduce energy, water and greenhouse emissions
- Revised Customer Charter released
- Corporate vision and values revised

December 2008

- Biosolids facility upgrade complete at Hamilton Water Reclamation Plant
- Wannon Water and Deakin University sign agreement for research co-operation
- Duplication of the 300 million-litre Dales Road water storage basin in Warrnambool completed

January 2009

- Tenders sought for construction and supply of pipes for the Hamilton-Grampians Pipeline
- Expression of interest advertised for additional customer water use from Konongwootong Reservoir
- Upgrade of Camperdown Water Treatment Plant completed

February 2009

- Wannon Water entered 50-year agreement with CO2 Australia Ltd to offset 10% of its carbon emissions by establishing a planting of Mallee trees in the Wimmera Mallee
- Construction contract awarded for Hamilton fluoridation plant
- Wannon Water and its employees donated $12,000 and hay from its land worth $5,700 to the Victorian Bushfire Fund

March 2009

- Hamilton-Grampians Pipeline pipe work supply contract awarded and Shire approvals received
- Wannon Water awards contract for construction of its new office building in Warrnambool
- Wannon Water and Warrnambool CFA develop innovative recycled water system for the Victorian Urban Fire Brigade Championships held in Warrnambool

April 2009

- Minister for Water launches the construction of Hamilton-Grampians Pipeline; project running ahead of schedule and under budget
- Wannon Water undertakes upgrade of the Port Fairy Water Treatment Plant
- Wannon Water approves exemptions for customers on water restrictions to assist them during the non-daylight savings period
- Infrastructure works completed to recycle water from Peterborough Water Reclamation Plant for pasture irrigation

May 2009

- Wannon Water launches its 50-year Biodiversity and Land Management Strategy to maintain and enhance the biodiversity on its land holdings
- 2009 Customer Satisfaction Survey finds 94% of customers extremely satisfied or satisfied with the quality of Wannon Water services

June 2009

- Wannon Water celebrates World Environment Day
- Construction begins on upgrading a major sewer rising main in Portland
- 2007/08 Wannon Water Annual Report wins a silver award at the Australasian Reporting Awards
- Wannon Water begins implementation of a Field Force Automation project (MIMS) designed to improve customer service and maintenance efficiency
- Coleraine is connected to the Tullich supply system via the Casterton-Coleraine Pipeline

Message from the Chairman and Managing Director

Over the past two years Wannon Water has invested $62.5 million in capital works to improve and expand services for customers.

In a recent independent customer service benchmarking program, Wannon Water was ranked third among 23 water companies across Australia.

Above: Chairman Harry Peeters & Managing Director Grant Green.

Wannon Water completed $31.68 million of capital works in 2008/09 to further improve the delivery of water and sewerage services and service growth in south-west Victoria. Over the past two years Wannon Water has invested $62.5 million in capital works to improve and expand services for customers.

In April 2009 construction commenced on the 52-kilometre Hamilton-Grampians Pipeline, which will deliver up to 2,000 megalitres of water annually to the Hamilton system. The project is running ahead of schedule and will be completed in the summer of 2010. This is the largest infrastructure project Wannon Water has undertaken and will significantly enhance water security for the Hamilton system when the pipeline is commissioned in early 2010.

Coleraine was connected to the Tullich supply system via construction of the $3.68 million Casterton-Coleraine pipeline in June 2009, improving the quality of the water supplied and increasing the security of supply for Coleraine customers. The remaining works in this project will be completed early in the 2009/10 year.

Drought conditions continued throughout much of Victoria in 2008/09. While the majority of Wannon Water customers have never been subjected to higher level water restrictions, as our water systems are very reliable, restrictions remained in force for the Hamilton, Balmoral and Glenthompson water systems.

It is very pleasing that customers continue to express their satisfaction with Wannon Water's performance. Wannon Water places great emphasis on continuously improving its service delivery.

Wannon Water completed $31.68 million of capital works to further improve the delivery of water and sewerage services and service growth in south-west Victoria.

In a recent independent customer service benchmarking program Wannon Water was ranked third among 23 water companies across Australia. The results of the 2009 annual customer satisfaction survey reflect these efforts, with 94 per cent of business and domestic customers indicating they were extremely satisfied or satisfied with the overall performance of Wannon Water.

Wannon Water has made significant progress towards achieving the goals set out in the corporation's Sustainability Strategy.

In May, Wannon Water released its 50-year Biodiversity and Land Management Strategy to maintain and enhance the biodiversity on its land holdings. The role of biodiversity in maintaining a healthy water supply catchment is fundamental in providing a quality water supply. Wannon Water aspires to be a good steward of the land it manages and was pleased to be able to release this important strategy.

Wannon Water recorded a deficit of $0.6 million for the 2008/09 financial year, which was significantly better than the budgeted deficit of $3.7 million.

Future challenges

Managing water supply systems sustainably in the context of long-term climate change remains an ongoing challenge for Wannon Water. We have made significant progress in implementing key elements of our Water Supply Demand Strategy to ensure sustainable water supplies are provided to meet our customers' water needs into the future. The corporation will continue to work toward achieving the targets set out in the strategy in the years to come.

In 2009/10 Wannon Water plans to invest a further $55.5 million in capital works to improve services and service growth in the region. This is a significant works program and represents a challenging but exciting time for Wannon Water. These works include completion of the Hamilton-Grampians Pipeline, implementation of the innovative Roof Water Harvesting Project in Warrnambool, completion of the Macarthur Water Treatment Plant upgrade to improve water quality for customers, and key projects towards increasing Wannon Water's recycled water use from 21 per cent to 35 per cent by 2015.

Wannon Water has also set itself the challenge of achieving the internationally recognised AS/NZS ISO 14001 certification for its Environmental Management System, and AS/NZS 4801 certification for its Occupational Health and Safety system framework.

Wannon Water is proud of its recent achievements and is well equipped to meet the challenges ahead.

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 2009.

Harry Peeters
Chairman
14 September 2009

Grant Green
Managing Director
14 September 2009

Performance at a Glance – 2008/09

	Governance		Economic Sustainability		Social Sustainability	
Objectives	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		Wannon Water will ensure its business performance is sustainable		Wannon Water will improve its service delivery	
Highlights	Two new Board sub-committees were established to address strategic issues, and health and safety issues Commencement of implementation of an OH&S system to achieve AS/NZS 4801 certification by 2011		Wannon Water delivered $31.68m of capital works to service growth, enhance service delivery and replace ageing assets Wannon Water recorded a deficit of $0.6 million, significantly better than the budgeted deficit of $3.7 million		Wannon Water maintained a high level of customer satisfaction; 94% of customers reported they were satisfied or extremely satisfied with the quality of services provided by Wannon Water Wannon Water ranked third in an independent customer service benchmarking program and named best performed regional urban business for third consecutive year	
Results	Actions	Results	Actions	Results	Actions	Results
	Revise Wannon Water's vision, mission and values	✓	Restructure water and sewerage pricing and establish five tariff groups incorporating tiered water pricing for all domestic customers	✓	Enhance water security for Portland customers by drilling new groundwater bores and refurbishing the Bald Hill storage basin	✓
	Implement a Sustainability Assessment and Reporting Framework	✓	Manage customer impacts of the change to a substantially modified water and sewerage tariff structure	✓	Improve water quality for Coleraine customers by constructing the 29km Casterton-Coleraine Pipeline connecting to the Tullich water system	✓ other works to be completed in August 2009
	Develop the Gellibrand River Catchment Management policy to address management of water quality risk	✓	Deliver the capital works program on time and within budget	✓	Develop an innovative project to facilitate the installation of solar hot water systems by Wannon Water customers	✓
	Work with the EPA to produce a consolidated EPA Corporate Licence	Partially achieved; Licence with EPA for approval	Implement the Accelerated Water Meter Replacement Program	✓	Seek membership of Water Quality Research Australia and Water Services Association of Australia	✓
	Appoint external members to the Audit & Risk Management Committee	✓	Seek business case approval for the Hamilton-Grampians Pipeline project by the Treasurer and Minister for Water	✓	Fluoridate the Warrnambool, Allansford and Koroit water supplies in accordance with a DHS directive	✓
	Update the Emergency Management Plan and conduct simulated exercise under the *Terrorism (Community Protection) Act 2003*	✓	Operate within budget	✓	Develop a water audit and retrofit program to assist high residential water users in financial hardship	✓
Future challenges	Undertake a review of the corporate risk management framework Undertake a review of the business continuity & disaster recovery plan Undertake a review of compliance with the Victorian Government's Financial Management Compliance Framework		Undertake $55.5m of capital works projects on time and within budget in 2009/10 Complete the 52km Hamilton-Grampians Pipeline on time and within budget to augment the Hamilton water supply system		Complete the Macarthur Water Treatment Plant upgrade to improve water quality for customers Complete construction of a new Warrnambool Office to provide for the accommodation needs of our employees	
	More on page 14		**More on page 21**		**More on page 29**	

				Environmental Sustainability	
Wannon Water will engage with its community		Wannon Water will build its organisational culture		Wannon Water will enhance its environmental performance	
Wannon Water liaised with Aboriginal representatives to preserve cultural heritage when capital works projects are undertaken Community consultation programs undertaken for key capital works projects Wannon Water undertook a comprehensive education program to encourage water savings throughout the region		Wannon Water conducted an employee satisfaction survey and held employee engagement sessions Wannon Water developed an OH&S Strategy to address cultural change and risks A Service Recognition Program implemented to recognise long-serving employees		Wannon Water released its 50-year Biodiversity and Land Management Strategy to maintain and enhance the biodiversity and natural assets on all Wannon Water land Wannon Water entered an agreement with CO2 Australia for a forestry planting of mallee trees to offset 10% of its carbon emissions profile Wannon Water signed an agreement with Deakin University to conduct research regarding the environmental, economic and social values of water use in south-west Victoria	
Actions	Results	Actions	Results	Actions	Results
Undertake collaborative research project with Deakin University and Alcoa Foundation to investigate barriers to adopting water conservation practices	Ongoing	Develop and endorse an OH&S Strategy	✓	Offset 10% of Wannon Water's greenhouse gas emissions over the next 50 years through investment in plantation forestry carbon sequestration	Sequestration contract signed for implementation
Publish water quality monitoring results on the Wannon Water web site	✓	Undertake OH&S leadership training to improve the capacity of key employees	✓	Restore passing stream flows in the southern Grampians catchment	✓
Conduct community consultation programs regarding the West Portland sewerage scheme, water supply to Mortlake Power Station and future options for Konongwootong Reservoir	✓	Undertake an OH&S audit of all Wannon Water facilities and develop an action plan to address identified risks	✓	Install infrastructure for beneficial reuse of all recycled water produced at the Peterborough Water Reclamation Plant	✓
Engage with schools of the region to develop best practice campus templates for new standards in water efficiency	✓	Develop corporate employee training plan and performance and development plans for all employees	✓	Construct the Hamilton biosolids facility and reduce sludge in the primary lagoon to improve odour management	✓
Survey customers regarding satisfaction with Wannon Water's service delivery	✓	Support employees undertaking education programs for skill enhancement, including tertiary and post-tertiary studies	✓	Participate in joint stream flow monitoring program with Deakin University and Glenelg Hopkins Catchment Management Authority	✓
Be an active member of the South West Sustainability Partnership	✓	Implement scholarship program for Civil Engineering students with financial and work placement support	✓	Implement programs to achieve 35% water recycling by 2015	21% of treated effluent is now recycled
		Implement the inaugural employee survey; conduct workshops to receive employee feedback and develop an action plan to identify areas for improvement	✓	Progress toward achievement of a 30% reduction in per capita water use by 2015	Ongoing; further reduction in per capita consumption achieved
Consult with the Dutton Way community regarding water supply and sewerage schemes Consult with Wangoom Road community (Warrnambool) regarding water and sewerage schemes		Implement the OH&S Strategy and achieve AS/NZS 4801 certification Construction of an energy and water-efficient sustainable office in Warrnambool		Implement key projects to achieve 35% water recycling by 2015 Achieve AS/NZS ISO 14001 Environmental Management System certification by 31 March 2010 Reduce the volume of non-revenue water	
More on page 37		**More on page 41**		**More on page 48**	

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 the Honourable Tim Holding, MP, Minister for Water.

Our $522 million of assets include: 2,602 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 194 operational, engineering, financial, environmental and administrative employees.

Our region

Our region extends over 24,000 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 are all within our service area.

Wannon Water's principal office is located in Warrnambool. Wannon Water has other offices in Camperdown, Hamilton and Portland.

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 the City of 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 the City of 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, Penshurst and Sandford.

Our customers

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

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 8 and 9 of this report.

Innovation and awards received

Wannon Water aspires to be an innovative water corporation in sustainable water management.

Wannon Water received Government funding for the Warrnambool Roof Water Harvesting Project, which sets a new benchmark in innovation. The project is the first of its kind in Australia involving the wholesale collection of storm water harvested from the roofs of houses in an urban growth corridor and treatment of the water for potable use.

Wannon Water was awarded a silver award for distinguished achievement in reporting of its 2007/08 Annual Report at the 2009 Australasian Reporting Awards.

Memberships

Wannon Water is a member of a range of organisations with expertise in the water industry and in other areas relevant to Wannon Water's operations. These organisations provide advice and opportunities for information-sharing to assist Wannon Water in providing high quality water services, and include:

- Australian Water Association (associate member);
- Victorian Water Industry Association (VicWater);
- savewater! Alliance;
- Water Services Association of Australia;
- Water Quality Research Australia;
- South West Sustainability Partnership;
- Risk Management Institute of Australia; and
- WaterAid.

Service Region

Sustainability Report

Sustainability at Wannon Water

Wannon Water defines sustainability as the balance of governance, economic, environmental and social factors in the delivery of business operations.

Sustainability is central to our business mission, which is to provide 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.

Commitment and direction

Wannon Water is committed to becoming a more sustainable business and has a Sustainability Strategy that includes our Sustainability Policy and a plan of actions.

Dunkeld Reservoir.

Progress towards sustainability - 2008/09 highlights

Highlights of the sustainability program for the current period included:

- Review of the Sustainability Policy and Sustainability Strategy completed;
- Developed indicators and an integration process to streamline annual reporting consistent with the Global Reporting Initiative framework for achieving the desired B-rating;
- Publication of Wannon Water's 50-year strategy for Biodiversity and Land Management;
- Progressed development of a waste management and waste minimisation strategy for Wannon Water;
- Improved integration of systems to raise organisational awareness and communication of sustainability issues to enhance implementation of the sustainability strategy action plan;
- Signed a long-term contract for the ongoing offset of 10 per cent of Wannon Water's greenhouse emissions;
- Developed a sustainable strategic purchasing policy;
- Increased the focus on occupational health and safety and commenced development of the system for AS/NZS 4801:2001 certification;
- Proactive action to assisting customers in genuine financial hardship;
- Made significant progress in construction of the Hamilton-Grampians Pipeline, which will secure a sustainable water supply for Hamilton system customers; and
- Partnering in expertise and research with Deakin University investigating barriers to customers adopting water conservation practices.

Wannon Water is committed to becoming a more sustainable business.

Wannon Water 2008 'water conservation photography competition' entry. Photographer: Barry Searle.

Sustainability Policy

Wannon Water's Sustainability Policy defines sustainability for the corporation and presents the guiding principles. These principles were determined having regard to global accords, including the Brundtland Commission 1987, The Natural Step theory, the Precautionary Principle, the UN Global Compact and an internationally recognised framework for sustainability reporting – the Global Reporting Initiative (GRI) version 3. Wannon Water also has external obligations for sustainable management compliance under the sustainable management principles of the *Water Act 1989* and our Statement of Obligations. View this statement at www.wannonwater.com.au.

The main elements of Wannon Water's Sustainability Policy are:

- Defining sustainability as the balance of governance, economic, environmental and social factors in the delivery of business operations;
- Progress (or growth) as a sustainable business;
- To engender good **governance** principles, commit to external initiatives and engage stakeholders;
- To enhance business performance with the aim of long-term **economic** growth;
- To improve **environmental** performance; and
- To improve performance of **social** considerations.

Sustainability Strategy

The Sustainability Strategy outlines the key aims and milestones to guide and measure Wannon Water's performance in embedding sustainability into business strategy to deliver long-term growth. This annual report includes the second sustainability report of Wannon Water, based on the GRI framework, and increases reporting from a "C" level in 2007/08 to a "B' level for the current reporting period.

Wannon Water's Sustainability Strategy describes four priority strategic aims and two general aims:

Strategic Aim 1. *Implement Sustainability Policy – Progress as a sustainable business.*

Through growth as a sustainable business, alignment with standards, measurement and progressive expansion of capability and annual improvement of our sustainability performance.

Strategic Aim 2. *Improve environmental and economic performance – Sustainable Water Management.*

Aiming to become a leader of the Victorian water industry in sustainable water management by 2015.

Strategic Aim 3. *Improve environmental performance – Energy and greenhouse.*

Through making significant cuts to Wannon Water's greenhouse footprint by 2013, improving business efficiency, mitigating the impact of rising energy prices on business profitability and planning for and developing infrastructure to support growth of south-west Victoria in a changing climate.

Strategic Aim 4. *Improve environmental performance – Biodiversity and land management.*

Minimise impacts to the ecosystems and preserve and improve high value biodiversity on Wannon Water's land.

General Aim 1. *Improve environmental performance – Waste minimisation.*

Through reducing demand on natural resources, reducing solid waste to landfill, improving waste avoidance through more efficient use (including reuse of materials) and improving recycling (including responsible product selection).

General Aim 2. *Improve social performance – Employee relations.*

Through attracting high-calibre employees, improving satisfaction, retention, capability and productivity of employees.

Sustainability Working Group

To implement the strategy and monitor progress, Wannon Water has an internal Sustainability Working Group, with representation of employees drawn from across the business. This group also assists Wannon Water to grow in capability and sustainable performance in other areas, including procurement and supply chain management, the development and delivery of an ongoing internal sustainability communication initiative and evaluation of the corporation-wide sustainability program.

Governance Report

Establish consistent good corporate governance with structures and processes relating to decision-making, accountability, controls and behaviour within the organisation that enhance our effectiveness in fulfilling our mandate

Wannon Water's approach to governance is based on our corporate values, and good corporate governance is a key element of Wannon Water's commitment to being a sustainable business.

Engendering good governance principles in undertaking our everyday activities, a commitment to external initiatives and engagement with stakeholders form part of our commitment to good governance, including:

- Accountable, transparent and ethical decision-making that seeks to balance sustainability considerations;
- Effective Board oversight of sustainability policy and the Sustainability Strategy;
- Fostering innovation and knowledge;
- Identification and management of risks in an integrated approach that mitigates risks with potential to cause serious irreversible harm to the environment in line with the precautionary principle;
- Accounting for stakeholders and engagement of employees, customers and community in planning and operation of the business;
- Effective Board advisory committees and ensuring the corporation is responsive to change;
- Compliance with legislation and relevant standards and accords;
- Supporting agreed sustainability initiatives;
- Embedding sustainability in daily activities through integration in business management systems and communication and training; and
- Open and transparent reporting of performance in line with legislative requirements, financial and sustainability standards.

Board of Directors

Wannon Water's Board comprises eight Directors, including a non-executive Chairman, six non-executive Directors and the Managing Director.

Harry Peeters – Chairman
APM, FAICD

Appointed Chairman in July 2005.

Harry Peeters 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.

Harry retired from the Victorian Police Force as Commander of the Corio police station in 1997, was a Corio Shire Councillor between 1986 and 1992, is a former Board Member of Corangamite Catchment Management Authority and was a Director of Barwon Water from 1991 to 2004.

Harry is currently Executive Officer of the Western Abalone Divers Association, representing members based from Warrnambool across to the South Australian border. Harry was the Deputy Chairman of Portland Coast Water from 2004 to 2005.

Jacinta Ermacora – Deputy Chair
BSW, MSS, FAICD

Appointed in July 2005.

Jacinta Ermacora was appointed to the South West Water Board from 2004 to 2005.

Jacinta 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's professional experience includes consumer rights, community development, health policy and clinical practice in community health and trauma.

As a current Councillor with the City of Warrnambool and a former Director of the Glenelg Hopkins Catchment Management Authority, Jacinta has experience in environmental and local governance and policy development.

Grant Green – Managing Director
MBA, Grad. Dip. Man., Dip. BS (Acc.), FCPA, MAICD

Appointed in July 2007.

When Wannon Water became a corporation, Grant Green was appointed Managing Director; he was the inaugural Chief Executive Officer of Wannon Water from September 2005.

Grant has extensive experience in the Victorian water industry and previously held executive roles with Melbourne Water and Barwon Water.

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

Paul Battista
MAICD

Appointed in July 2005.

Paul Battista was the Deputy Chairman of Glenelg Water from 2001 to 2005. He had five years' experience as 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.

Paul was elected to the Southern Grampians Shire Council on 10 December 2008; his roles include Chairman of the Community Inclusion Committee, and Council representative on the Iluka Mineral Sands Environmental Forum.

Paul is a parent member of the North Hamilton School Council and is a member of the North Hamilton CFA. He is employed in specialist cutting tool manufacturing with Sutton Tools in Hamilton and has Certificate 2 in Engineering.

Paul has been a member of the Australian Institute of Company Directors since 2005.

Di Clanchy
BA, ALAA, MAICD

Appointed in July 2005.

Di Clanchy was a Board Member at Portland Coast Water from 2004 to 2005. Di is a qualified librarian, and has had a long career in public, and secondary and tertiary education librarianship. She has a business organising tours to China and Vietnam.

Di 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. Currently she is a committee member of the Ex Libris Port Fairy Book Fair, Business and Professional Women South West, Chair of Reardon Theatre Committee of Management (Port Fairy) and a past member of South West Healthcare, Moyne Health Services and South West Tafe Boards.

Di is also a member of the Wannon Water Customer Engagement Committee and the Port Fairy Water Reclamation Plant Community Consultation Committee.

Kate Fraser
B Ec.

Appointed in October 2008.

Kate Fraser 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.

Bill Sharrock
Dip. Tech Ed. (Commerce), MAICD

Appointed in July 2005.

Bill Sharrock was the Chairman of Portland Coast Water from 2003 to June 2005 and a Director from 2001. Bill 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 is a former commissioner of the Port of Portland and is currently 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.

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

Appointed in October 2007.

Rob Wallis 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.

Outgoing Director
Marie Thornton
TPTC, FAICD

(Director to 30 September 2008)

Marie Thornton was a Board member of South West Water from 1996 to June 2005, including a period as Deputy Chairman, and a Board member of Glenelg Water from 2004 to June 2005. In July 2005 Marie was appointed a Director of Wannon Water and completed her term as a Director on 30 September 2008.

Role of Board

The Board is responsible for the overall corporate governance, including:

- Setting values, standards, policy and strategic direction;
- Monitoring the delivery of corporate strategies, objectives and targets to optimise performance within the corporation's broader obligations;
- Monitoring the identification and management of business risks;
- Ensuring that the performance of management and the Board is regularly assessed;
- Overseeing the integrity of financial accounts; and
- Reporting and monitoring compliance with regulatory, legal and ethical standards.

The Statement of Obligations issued by the Minister for Water under section 41 of the *Water Industry Act 1994* outlines the service, accountability and reporting obligations of the Board. This statement is available on our web site, www.wannonwater.com.au.

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

Board and committee meetings attendance

Board meetings are scheduled monthly and additional meetings may be convened when required.

Director	Board Meetings	Audit & Risk Management Committee Meetings	Executive Remuneration Committee Meetings	Health & Safety Committee Meetings	Strategic Issues Committee Meetings
Harry Peeters	12 of 12	4 of 5	2 of 2	2 of 2	4 of 4
Paul Battista	11 of 12	1 of 1	*	2 of 2	3 of 4
Di Clanchy	12 of 12	3 of 4	*	1 of 2	3 of 4
Jacinta Ermacora	10 of 12	*	2 of 2	2 of 2	3 of 4
Grant Green	11 of 12	1 of 1	*	2 of 2	3 of 4
Bill Sharrock	10 of 12	*	2 of 2	1 of 2	3 of 4
Rob Wallis	12 of 12	5 of 5	*	2 of 2	4 of 4
Kate Fraser (term commenced 1 October 2008)	10 of 10	*	*	2 of 2	4 of 4
Marie Thornton (term completed 30 September 2008)	2 of 2	1 of 1	*	*	*

**indicates non-member of committee*

Board committees

During the financial year, the Board reviewed its sub-committees and established the Health and Safety Committee and the Strategic Issues Committee, and retained the Audit and Risk Management Committee and Executive Remuneration Committee. The sub-committees assist the Board to carry out its corporate governance functions.

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board to fulfill its responsibilities by reviewing all matters relating to corporate finance, financial statements, accounting policies and oversight of the auditing functions. The committee also monitors risk management, compliance with legislation and other matters, including insurance.

Five meetings were held during the reporting period and the committee met with the internal auditor, RSM Bird Cameron, and the external auditor.

Key highlights for the year:

- Reviewed internal audit reports and monitored the actions taken by management in response to matters arising from the audits;
- Reviewed Wannon Water's risk management policy and risk management framework;
- Reviewed and monitored actions taken in regard to the key risks and opportunities faced by Wannon Water; and
- Undertook a rolling program to review Wannon Water's business contingency and response plans.

Members:
(1 October 2008 – June 30 2009)
Committee Chair Rob Wallis, Di Clanchy and Harry Peeters (ex-officio), and external members Steve Bird and Rod Coutts.

(1 July 2008 – 30 September 2008)
Committee Chair Marie Thornton, Paul Battista, Rob Wallis, Harry Peeters (ex-officio), and Grant Green.

All Audit and Risk Management Committee members were independent except for Managing Director Grant Green who served as a member for the first meeting of the reporting period, as he was the only Director with a tertiary financial qualification. The Managing Director retired from the committee when the two external members with financial qualifications were appointed to the committee.

Executive Remuneration Committee
The Executive Remuneration Committee assists the Board with the review of the performance of the Managing Director, succession planning and monitors the governance of executive employment arrangements.

Two committee meetings were held during the reporting period.

Key highlights for the year:
The committee reviewed the:
- Performance plan for the Managing Director;
- Executive succession plan; and
- Executive remuneration.

Members:
Committee Chair Jacinta Ermacora and non-executive Directors Harry Peeters and Bill Sharrock.

Health and Safety Committee
The Health and Safety Committee was established in March 2009 to assist the Board with the strategic review of the processes for identifying, assessing and prioritising public health and occupational health and safety risks, and associated risk abatement programs.

Two committee meetings were held during the reporting period.

Key highlights for the year:
The Health and Safety Committee:
- Endorsed the action program to achieve AS/NZS 4801 certification of the occupational health and safety system by June 2011; and
- Reviewed the actions taken in response to a safety audit of Wannon Water facilities.

Members:
Committee Chairman Paul Battista, non-executive Directors Di Clanchy, Jacinta Ermacora, Kate Fraser, Bill Sharrock, Rob Wallis, Managing Director Grant Green and Harry Peeters (ex-officio).

Strategic Issues Committee
The Strategic Issues Committee was established by the Board in March 2009 to provide a forum for Directors to explore issues of strategic importance to the Board in depth and monitor relationships with key stakeholders.

Four committee meetings were held during the reporting period.

Key highlights for the year:
- Development of key strategies;
- Reviewed and monitored implementation of key strategies; and
- Met with key stakeholders and major customers.

Members:
Committee Chair Harry Peeters, non-executive Directors Paul Battista, Di Clanchy, Jacinta Ermacora, Kate Fraser, Bill Sharrock, Rob Wallis and Managing Director Grant Green.

Board communication
The decisions of the Board are recorded in the minutes of meetings. A summary of Board meeting outcomes is published on the Wannon Water web site and a copy is provided to all employees.

Directors receive 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 engagement committees.

Wannon Water's Customer Engagement Committee comprises representatives of the community who cover a range of domestic, business and rural interests. Membership to the committee is on an honorary basis for a period of three years. The application process to the committee is via an Expressions of Interest process inviting community members to consider the committee. Further details on the committee are provided later in this report.

A two-way communication mechanism between the Board and employees is facilitated by the Managing Director and General Managers. This includes the submission of Board Reports, dissemination of Board meeting minutes and direct communication with managers.

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 to promote 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 interest declaration

All Directors and executive managers completed a declaration of pecuniary interests for the reporting period. The declaration of pecuniary interests and conflicts of interest are a standing agenda item at all meetings of the Board and sub-committees of the Board.

Performance evaluation - Board

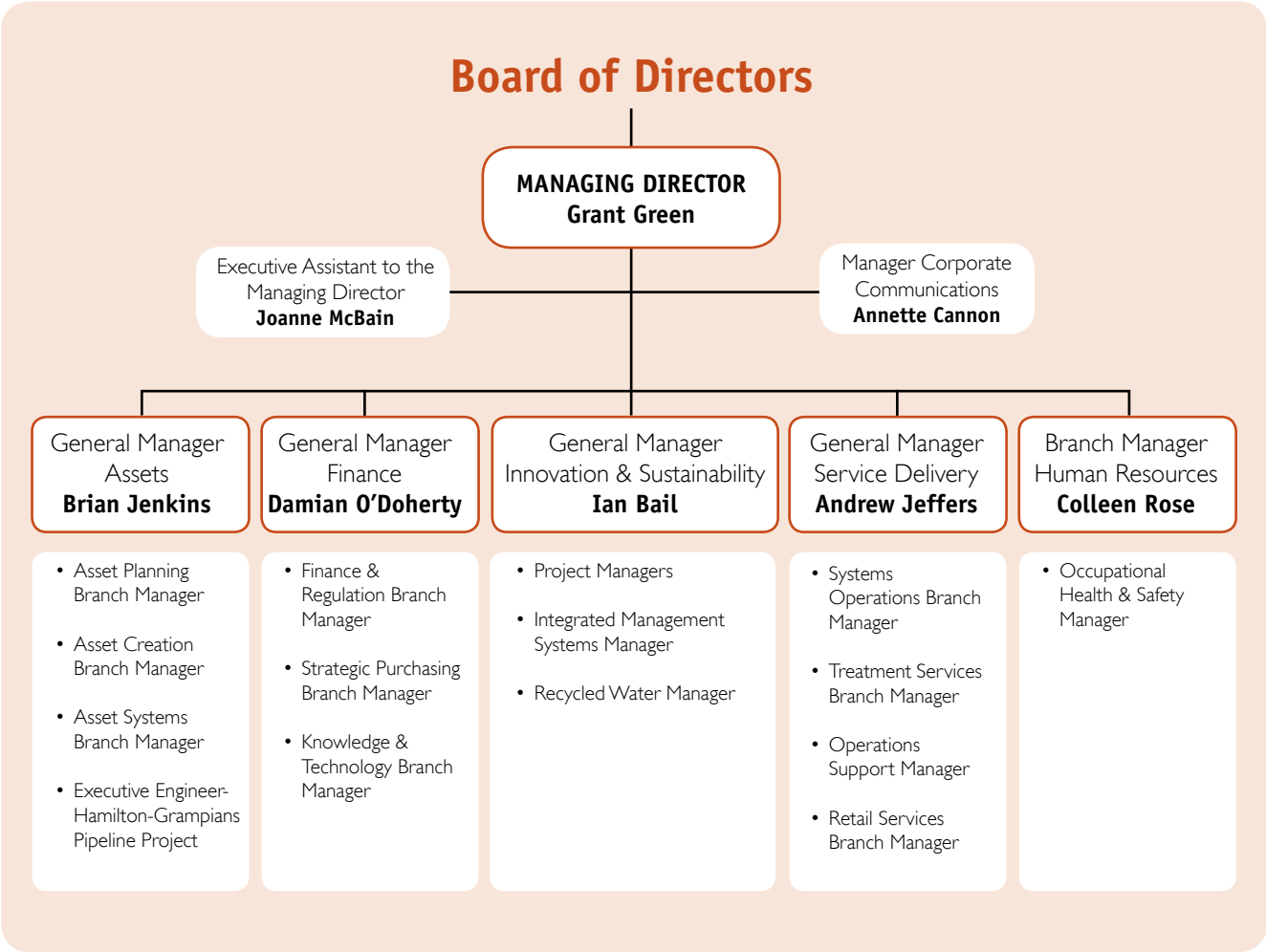
The Board assessed the performance of the Board and individual Directors using a self-assessment program that provides a firm framework for the annual review of Board performance. The key principles of the program are:

- Self-assessment of the collective performance of the Board;
- Peer assessment by Directors and the Chairman of the performance of individual Directors;
- Assessment by Directors of the performance of the Chairman;
- Appropriate sign-off that the assessment process has been undertaken annually in accordance with the Annual Board Assessment Program;
- Relevant matters raised in the course of the review receive appropriate attention and discussion; and
- External facilitation of the self-assessment process as determined by the Board from time to time.

Independent advice

Individual Directors have access to independent legal advice should the need arise.

Organisational Structure



Management Team

Team members in order as listed below.

Grant Green, Managing Director
Refer Board Director profile on page 15.

Brian Jenkins, General Manager - Assets
Dip CE, EWS, Grad Dip Mun Eng
Brian has over 27 years' experience in the Victorian water industry, being in a senior role over the last 15 years with Wannon Water and the predecessor authority, Glenelg Water. He is responsible for: infrastructure planning; water resource planning; project evaluation; asset creation/project delivery; asset systems management; and budget monitoring.

Brian is a civil engineer with 34 years' experience and post graduate qualifications in water supply engineering and local government engineering. He is a member of the Australian Water Association.

Damian O'Doherty, General Manager - Finance
Dip.BS (Accounting), CA, CPA, FIWA, RTA, MAICD
Damian has over 22 years' experience in the Victorian water industry in the finance and administration segments. He has concentrated on economic regulation to meet the challenges of the State Government introducing the Essential Services Commission as economic overseer to the Water Industry. In his current role Damian is responsible for: financial management compliance; business planning; statutory, financial, accounting, reporting and control; taxation compliance; treasury management; economic regulation and pricing; accounts payable; fleet management; purchasing; and business performance reporting.

Damian is both a Chartered Accountant and a Certified Practising Accountant, and is a registered Tax Agent (TA) and a Fellow of the Institute of Water Administration (FIWA).

Ian Bail, General Manager - Innovation and Sustainability
B For.Sci. (Hons)
Ian joined the water industry in 2004, bringing with him a background of over 17 years in innovation, systems improvement, logistics and sustainability in the forestry sector. He has worked in the public and private sector and has considerable international experience. In his current role he is responsible for: sustainability strategy; research and development; integrated management systems and risk management framework; major customer liaison; recycled water management; and reporting of sustainability outcomes across Wannon Water.

Ian has an Honours degree in Forest Science from the University of Melbourne and has served on several industry bodies, including as a Board member of the Cooperative Research Centre for Sustainable Forest Management. Ian represents Wannon Water on the Committee for Portland.

Andrew Jeffers, General Manager – Service Delivery
B Eng (Civil), M Eng (Env), GAICD, MIWA
Andrew has 17 years' experience in the Victorian water industry, with early experience in the engineering and field operations aspects of the business and in customer and corporate services. In his current role Andrew is responsible for: retail services, including billing and customer consultation; legal services; development services; treatment services; systems operations; emergency management; and mechanical and electrical services. He also oversees customer health and safety; product service and labeling; customer privacy; and drinking water and Environment Protection Authority licence compliance.

Andrew has a Bachelor of Civil Engineering, Master of Environmental Engineering and a Company Directors Course Diploma, and is a graduate of the Australian Institute of Company Directors (AICD). He is also a member of the Australian Water Association Institute of Water Administration (MIWA).

Colleen Rose, Branch Manager – Human Resources
Grad Cert HR
Colleen has 28 years' experience working in human resources and related fields, and spent most of her career in public health prior to joining Wannon Water in July 2005. Since joining Wannon Water, Colleen has developed, negotiated and implemented the corporation's first Certified Agreement. The Human Resources department has broadened its scope since July 2005 to include remuneration services and occupational health and safety, and continues to provide human relations-related support to the organisation. Colleen plans to continue her studies and complete her Masters in Human Resources.

Economic Report

Ensure our business performance is sustainable

Works on the Hamilton-Grampians Pipeline.

Economic Report

Economic Management Approach

The key plans and strategies guiding the economic development of Wannon Water are overseen by the Board and include:

- **Water Supply Demand Strategy (2007-2055)** – which sets out long-term plans to secure water supplies having regard to climate change, population and business growth projections across south-west Victoria;
- **Water Plan (2008-2013)** – which is the pricing justification to the Essential Services Commission to achieve described targets, works programs, infrastructure development, budgets and service standards for Wannon Water to deliver, including sustainability programs for the five years to 2013;
- **Corporate Plans** – which are the annual plans submitted to the Minister for Water and State Treasurer to deliver business objectives and obligations, incorporating the requirements for the short to medium-term financial management parameters for the corporation; and
- **Sustainability Strategy** – which identifies the issues and actions to be taken to achieve the balance of governance, economic, environmental, and social factors in the delivery of business operations.

These are available at www.wannonwater.com.au or printed copies are supplied on request.

The Financial Statements provide details of Wannon Water's financial performance and financial position as at 30 June 2009. The notes to the Financial Statements (pages 75-100) set out the basis under which the Financial Statements have been prepared, including references to accounting policies and standards. The Financial Statements were audited by the Victorian Auditor-General and Wannon Water achieved an unqualified audit opinion.

Below: Customer Relations Officer Laurinda Wilson at Wannon Water's Warrnambool customer service centre.

Financial result

Wannon Water incurred a net loss of $0.6 million for the reporting period and an operating loss (before income tax) of $1.6 million, which was $3.1 million better than the planned deficit.

The operating revenue of $46.1 million exceeded budget expectations by $1.4 million and was primarily due to increased revenue from vacant serviced land, sewerage and trade waste charges.

The operating expenditure of $47.7 million was $1.7 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. Wannon Water made $5.6 million of payments to Victorian Government Departments and agencies. The payments related to borrowing costs ($2.9 million), environmental levy ($1.6 million), payroll tax ($0.6 million), financial accommodation levy ($0.4 million) and a WorkCover premium ($0.1 million).

The value of total assets increased during the reporting period from $496 million as at 30 June 2008 to $522 million.

Total liabilities increased during the reporting period from $77.3 million as at 30 June 2008 to $100.4 million.

Procurement efficiencies

Wannon Water implemented its Procurement Policy during the reporting period to guide the corporation's procurement decisions and deliver value-for-money outcomes through open and fair competition, transparency, ethical behavior, accountability and management of risks. Wannon Water actively promoted opportunities for local suppliers, which culminated in $4.4 million of operating expenditure purchases being directed to local businesses. This represented 29.3 per cent of eligible operating expenditure.

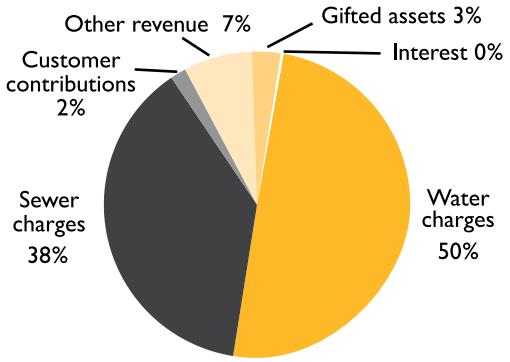
Wannon Water actively promoted opportunities for local suppliers, which culminated in $4.4 million of operating expenditure purchases being directed to local businesses.

Summary of the financial results

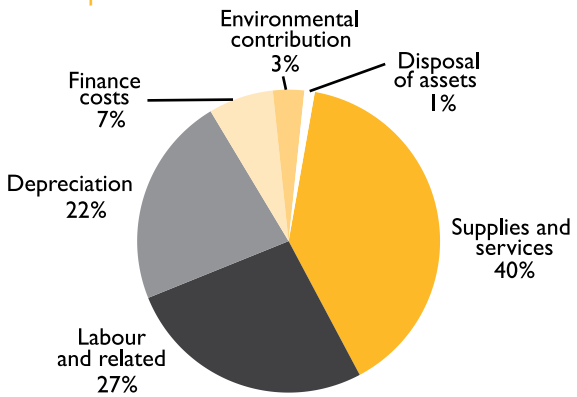
	'05/06 ($'000s)	'06/07 ($'000s)	'07/08 ($'000s)	'08/09 ($'000s)
Core business revenue	32,884	37,703	38,497	42,685
Government contributions	470	470	1,050	625
Other revenue	2,213	1,859	2,087	2,759
Total revenue	**35,567**	**40,032**	**41,634**	**46,069**
Operating expenditure	25,457	28,359	29,560	33,104
Depreciation expenditure	10,043	9,030	9,726	10,698
Project expenditure finance costs	1,126	1,102	1,775	3,344
Loss on sales and decommissioning of assets	1,308	383	470	509
Total expenditure	**37,934**	**38,874**	**41,531**	**47,655**
Net result before tax	**(2,367)**	**1,158**	**103**	**(1,586)**
Current assets	13,836	10,148	10,801	17,836
Non-current assets	457,228	467,067	484,992	504,193
Total assets	**471,064**	**477,215**	**495,793**	**522,029**
Current liabilities	5,607	9,260	13,810	11,823
Non-current liabilities	14,447	16,740	63,512	88,545
Total liabilities	**20,054**	**26,000**	**77,322**	**100,368**

Note: As Wannon Water was established in 2005, only four years of comparative data is available. Refer to the Financial Statements for further information.

Revenue



Expenditure



Financial implications of climate change

Wannon Water's Sustainability Strategy requires that the corporation takes action in regard to addressing the potential financial implications of climate change. During the reporting period Wannon Water commenced construction of the 52-kilometre Hamilton-Grampians Pipeline project. This major augmentation of the Hamilton water supply system will address the potential risk of a further decline in future water yields from the southern Grampians catchment due to long-term climate change. Wannon Water also entered into a long-term contract with CO2 Australia Limited to offset 10 per cent of the corporation's entire carbon emissions profile for the next 50 years.

Where the information available can be reliably measured, the future financial implications of climate change are quantified. Such implications may include increased pricing of energy, scarcity or increased cost of products and supplies, and energy efficiency or renewable energy opportunities. Considering sea level change on infrastructure proposals and penalties or opportunities in a carbon trading market have not been quantified.

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 is applied by Wannon Water in its business undertakings.

Significant changes in financial position during the year

Property, plant and equipment increased in value by a net $19.4 million dollars during the financial year. The $31.68 million invested in capital works during the year was mostly funded by new borrowings.

Interest-bearing liabilities increased by $41.6 million in the past two years, largely due to the $62.5 million invested in capital works over the same period. During 2008/09 interest-bearing liabilities increased by $23.1 million to $59.8 million. The gearing ratio has increased from 3.78 per cent in 2006/07 to 7.38 per cent in 2007/08 and 11.45 per cent in 2008/09. 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:

- Volumetric revenue was $0.5 million below budget; however, water sales increased. The introduction of a tiered tariff structure for residential customers and continued water restrictions for the Hamilton system resulted in a greater proportion of income being derived from the lowest pricing tier;
- Increased revenue from sewerage service charges and trade waste charges of $1.5 million on expected revenues more than offset the water sales revenue shortfall;
- A grant received for capital works of $0.5 million was recognised as revenue; and
- Operational expenditure savings of $1.8 million were achieved in supplies and services, and finance costs.

Future challenges

Wannon Water plans to complete $55.5 million of capital works in 2009/10. Much of this expenditure will be funded through new borrowings. Borrowings are forecast to increase over the next two years and peak in 2010/11 at a forecast of $125 million. Wannon Water will manage these borrowings and commence reducing the level of borrowings from the 2011/12 financial year onwards.

The 2009/10 financial year will see the completion of two major projects that began in 2008/09: the Hamilton-Grampians Pipeline and the Warrnambool office building. Significant new works in 2009/10 include the Roof Water Harvesting Project in the Russells Creek growth corridor of Warrnambool and upgrades of the Hamilton Water Treatment Plant and Port Fairy Domestic Reclamation Plant. A major upgrade of the Portland Water Reclamation Plant is scheduled for completion in 2011/12.

Below: Construction works for the new Coleraine clear water storage tank.

Disclosure of major contracts

The following contract greater than $10 million was entered into in the 2008/09 financial year.

Contract	Contractor	Contract value	2008/09 Expenditure	Future commitment
Construction of the Warrnambool Office	Kirway Constructions Pty Ltd	$10,198,351	$837,191	$9,361,160

Consultancies costing less than $100,000 in the 2008/09 financial year

Number of consultants	Total cost of engagements
9	$34,701

Consultants costing more than $100,000 in the 2008/09 financial year

Name of consultant	Project	Total expenditure	2008/09 expenditure	Future commitment
Interactive Group	Mobile Information Management System	$264,178	$134,535	Nil

Note: The Department of Sustainability and Environment requires Wannon Water to report the information in the above contract and consultancy tables. This information is stored in Wannon Water's corporate financial system and contract files stored electronically.

Victorian Industry Participation Policy

In accordance with the *Victorian Industry Participation Policy Act 2003*, the Victorian Industry Participation Policy was applied in the 2008/09 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 $31.68 million in capital works in the reporting period and has invested $62.5 million in the past two years to further improve the delivery of water, sewerage and trade waste services and service growth in south-west Victoria.

The capital works program is set out in Wannon Water's 2008-13 Water Plan, which was approved by the Essential Services Commission.

The major capital works expenditure in 2008/09 included:

Capital Works	($m)
Commenced the 52-kilometre Hamilton-Grampians Pipeline	$8.11m
29-kilometre Casterton-Coleraine Pipeline	$3.68m
Warrnambool Water Reclamation Plant – Solids Handling Augmentation	$1.45m
Commenced construction of the new Warrnambool office	$1.28m
Arundell Road Basin, Casterton, lining and cover	$0.92m
Duplication of the Dales Road Basin, Warrnambool	$0.82m
Hamilton Biosolids Management Facility	$0.82m
Construction of two new bores at Bald Hill, Portland	$0.80m
Computer Server and Disaster Recovery Centre upgrade	$0.73m
Upgrade of the Macarthur Water Treatment Plant	$0.64m
Peterborough Water Reclamation Plant water recycling irrigation system	$0.58m
Warrnambool Water Treatment Plant fluoridation system	$0.48m
Hamilton Tertiary Water Reclamation Plant pre-treatment system	$0.42m
Camperdown Water Treatment Plant upgrade	$0.32m
SCADA/Telemetry installations	$0.25m

CASE STUDY

Casterton-Coleraine Pipeline – improving water quality

Construction of the 29-kilometre Casterton-Coleraine Pipeline is complete and the pipeline is now delivering a quality water supply to Coleraine.

Wannon Water Senior Engineer Fred Sadler said, "Construction of the pipeline began in August 2008 and was completed ahead of schedule in January 2009, which was a great result.

"This was followed by completion of a number of associated project works, which included the pump station in Casterton and the lining and covering of the service basin at Casterton."

Water supplied to Coleraine is now sourced from the Tullich groundwater system west of Casterton and filtered and treated at the Casterton Water Treatment Plant prior to being piped to Coleraine.

Water quality and clarity has improved for customers in Coleraine, as Tullich system water has low salinity of 500 m/g TDS per litre whereas Coleraine's previous water supply sourced from the Konongwootong Reservoir had high salinity of 1,600 m/g TDS per litre.

A new $540,000 clear water storage tank will be installed by September 2009 to replace the open earth water basin at Coleraine. This will complete fully enclosing the Tullich water system, the final stage of providing Coleraine customers with much improved water quality and a secure water supply.

Below: The contractor examines plans for construction of the new Coleraine clear water storage tank.

Five-year capital works investment plan

	Five-year expenditure '08/09 to '12/13 ($m)	All projects five-year total ($m)
Regulatory Compliance		**23.77**
Casterton-Coleraine Pipeline	3.06	
Port Fairy domestic water reclamation plant upgrade	1.79	
Port Campbell water reclamation plant water recycling irrigation	0.36	
Hamilton tertiary water reclamation plant pre-treatment system	1.79	
Macarthur water treatment plant upgrade	0.80	
Port Campbell water reclamation plant storage and lagoons re-lining	0.73	
Coleraine water storage tank	0.69	
Konongwootong Reservoir embankment stabilisation	0.65	
Casterton service basin lining and cover	1.04	
Hamilton water reclamation plant biosolids facility	0.46	
Hamilton fluoridation	0.87	
Warrnambool fluoridation	0.35	
Camperdown water treatment plant water stabilisation	0.31	
Casterton water treatment plant upgrade	1.14	
Hamilton water treatment plant upgrade	1.00	
Other projects	8.73	
New Systems		**6.20**
Dutton Way sewerage scheme	3.53	
Dutton Way water scheme	2.19	
Peterborough water reclamation plant water recycling irrigation	0.48	
Level of Service		**25.25**
Hamilton-Grampians Pipeline	25.25	
Growth		**21.31**
Warrnambool water reclamation plant upgrade	8.07	
Warrnambool roof water harvesting	3.02	
West Portland sewerage scheme	1.95	
Wangoom Road sewerage scheme, Warrnambool	1.23	
Warrnambool water reclamation plant belt filter press	1.13	
Dales Road storage basin duplication, Warrnambool	1.07	
Sewer main upgrades	1.10	
North Hamilton water tower	0.80	
Wangoom Road water main extension scheme, Warrnambool	0.63	
Other projects	2.31	
Asset Replacement/Refurbishment		**32.41**
Vehicles and major plant	7.39	
Portland water reclamation plant upgrade works	7.18	
Computer hardware infrastructure	2.41	
Water main replacements	7.26	
Sewer main refurbishments	2.30	
Water meter replacements	0.88	
Bald Hill bore replacements, Portland	0.57	
Port Fairy water treatment plant upgrade works	0.62	
Other projects	3.80	
Corporate Services		**1.82**
Data network upgrades	0.41	
Business disaster recovery system	0.27	
Consultancy services	0.92	
Other projects	0.22	
OH&S Risk Reduction		**1.23**
Hamilton depot construction	0.29	
Other projects	0.94	
Efficiency Improvements		**21.04**
Warrnambool office construction contract	10.20	
SCADA/Telemetry program installation	5.44	
Mobile Information Management System	1.45	
Camperdown water reclamation plant lagoon reconfiguration	0.56	
Hamilton and Warrnambool septage receival facilities	0.72	
Site security upgrades	0.32	
Other projects	2.35	
Total		**133.03**

Hamilton-Grampians Pipeline ahead of schedule

The Minister for Water, the Honourable Tim Holding, MP, officially launched the construction phase of the Hamilton-Grampians Pipeline project near Cavendish on 29 April 2009. The Minister also announced the project will be delivered under budget at $21.3 million, with the Bulk Water Entitlement costing a further $4 million.

The project was originally costed at $30 million but Wannon Water now expects to deliver the pipeline for $21.3 million. The pipeline will secure the Hamilton region's water needs for at least the next 50 years, taking into account population growth and the impact of climate change on future rainfall and run-off.

Wannon Water General Manager Assets Brian Jenkins said, "This is the biggest infrastructure project to be undertaken by Wannon Water. Construction is underway and well on track to be completed early in 2010 rather than by June 2010 as previously scheduled."

Built to last! The pipeline will have a life expectancy of 100 years.

The 375mm diameter pipeline will transfer up to two billion litres of water each year from Rocklands Reservoir to the existing Grampians Headworks Pipeline, about nine kilometres south-east of Cavendish on the Dunkeld-Cavendish Road and includes the construction of a pumping station at Rocklands Reservoir.

"As at 30 June 2009, eight kilometres (15 per cent) of pipe had been laid across the Wannon River and in the vicinity of Rigby and Yarramyljup Roads. Pipe delivery was also well advanced, with 36 kilometres (70 per cent) of pipe delivered along the pipeline route," Mr Jenkins added.

Reduced catchment inflows have led to high level water restrictions since January 2006 for residents of Hamilton, Cavendish, Dunkeld and Tarrington, with Stage 3 water restrictions currently in place. Wannon Water will be able to reduce water restrictions as water begins to flow into Hamilton's storages following completion of the Hamilton-Grampians Pipeline in early 2010.

Below: Water Minister Tim Holding and Jaala Pulford, MP, Member for Western Victoria, inspect the pipes to be laid for the Hamilton-Grampians Pipeline.

Above: Water Minister Tim Holding turns the soil for the start of construction on the Hamilton-Grampians Pipeline.

Key pipeline facts

Length	52 kilometres
Diameter	375 millimetres
Depth (below ground)	Approximately 1 metre
Rocklands elevation	182 metres
Grampians Headworks Pipeline elevation	236 metres
Pump capacity	8 megalitres per day (100 litres per second)
Annual entitlement	2,000 megalitres per year
Material	Ductile iron cement lined (DICL) pipe
Pump location	Below Rocklands Reservoir wall
Power supply	Balmoral Grid System

Timeline

Construction began late May and, weather permitting, will be completed in early 2010.

April 2008	Submission of planning application and Cultural Heritage Management Plan.
December 2008	Completion of detailed survey and design.
January 2009	Tendering and appointment of pipes and fittings contractor
February 2009	Planning permit issued
March 2009	Tendering and appointment of construction contractor.
April 2009	Construction commenced.
Early 2010	Hamilton-Grampians Pipeline construction due for completion.

Social Report

Improve our service delivery, engage with our community and build our organisational culture

Wannon Water's corporate communications members talk water conservation with customers.

Above: Customer Relations team members at work in the Hamilton customer service centre.

Wannon Water's social responsibility

As a State Government-owned water corporation, Wannon Water takes its social responsibilities seriously and is committed to continually improving its social performance. This includes providing equitable, fair and accessible support for customers experiencing genuine hardship, protecting employee and customer health and safety, striving for high levels of customer satisfaction, protecting customer privacy, being an employer of choice in our region by providing employees with an attractive certified workplace agreement that promotes productivity, and upholding transparent and ethical business practices.

Wannon Water has a code of conduct for its employees and internal controls in place to mitigate the risk that it is not subject, either knowingly or inadvertently, to any kind of fraud or corruption. Wannon Water also does not engage in any behaviour that could be construed as anti-competitive.

Wannon Water has implemented training and induction programs for its employees regarding a range of policies and codes to promote compliance, including (but not limited to):

- National Competition Policy;
- Fraud and Corruption Control Policy;
- *Whistleblowers Protection Act 2001;*
- Wannon Water's Risk Management Framework;
- Code of Conduct for Victorian Public Sector Employees;
- Wannon Water's Customer Charters;
- Charter of Human Rights and Responsibilities; and
- Internal audits.

Fraud risk training is provided to employees and all business units of Wannon Water have completed risk assessments using the Wannon Water Risk Management Framework.

Wannon Water is committed to the employment and conduct principles outlined by the State Services Authority in the *Public Administration Act 2004*, including the fair and reasonable treatment of employees and provision of equal employment opportunity.

Wannon Water complies with the Essential Services Commission's Customer Service Code in relation to the information included in its water accounts and its reminder and final notices. Wannon Water has not breached any product and service information and labeling regulation or voluntary code.

SERVICE DELIVERY

Customer service performance indicators

Wannon Water's customer service targets are set out in the Wannon Water Customer Charters.

All key performance indicator targets for levels of service were achieved for the reporting period apart from the average time to rectify a sewer blockage and complaints to the Energy and Water Ombudsman (Victoria).

Overall performance was excellent given the impact on operations by the ongoing drought.

Key Performance Indicator	Target	'07/08 Actual	'08/09 Actual	Target Achieved
Reliability of water supply system				
Unplanned water supply interruptions (per 100km of water main)	10	9.9	8.5	✓
Water response indicators				
Average time to attend Priority 1 bursts and leaks (minutes)	35	21.2	19.8	✓
Average time to attend Priority 2 bursts and leaks (minutes)	60	22.7	26.7	✓
Average time to attend Priority 3 bursts and leaks (minutes)	240	87.0	81.1	✓
Unplanned water supply interruptions restored within 5 hours	97%	98.3%	99%	✓
Planned water supply interruptions restored within 5 hours	90%	93.1%	96%	✓
Water interruption time indicators				
Average duration of unplanned water supply interruptions (minutes)	108	89.7	78.4	✓
Average duration of planned water supply interruptions (minutes)	180	126.5	105.8	✓
Average unplanned customer minutes off water supply (minutes)	9.9	6.5	5.5	✓
Average planned customer minutes off water supply (minutes)	9	4.4	2.0	✓
Water interruption frequency indicators				
Average frequency of unplanned water supply interruptions	0.09	0.07	0.07	✓
Average frequency of planned water supply interruptions	0.05	0.03	0.02	✓
Reliability of sewerage collection system				
Sewer blockages per 100km of main	38.3	17.0	9.8	✓
Sewer response indicators				
Average time to attend sewer spills and blockages (minutes)	30	26.3	21.8	✓
Average time to rectify a sewer blockage (minutes)	90	73.5	97.4[1]	×
Sewerage spills contained within 5 hours	98%	99.2%	100%	✓
Customer Service Indicators				
Complaints to EWOV (complaints per 1,000 customers)	0.6	0.15	1.19[2]	×
Telephone calls answered within 30 seconds	98.9%	94.3%	98.9%	✓

Notes:

1. *Six unusually long duration events occurred:*
   - *Three of these events were repairs to sewerage rising mains where no customers were affected.*
   - *Two events were caused by jetting machine failures delaying the repair time, with only one property affected. Two new jetting machines will be purchased in 2009/10.*
   - *One event was a blockage on a trunk sewer, which had a repair time of six hours and no customers were affected.*
2. *Complaints increased over historical levels substantially due to the introduction of a consolidated pricing structure for all services that commenced on 1 July 2008 and Wannon Water's proactive use and referral of customers to the Energy and Water Ombudsman (Victoria).*

These KPIs form part of Wannon Water's Customer Charter. The KPI data is used to monitor Wannon Water's actual performance trends against the targets set out in the charter. The data is extracted from a variety of systems.

CASE STUDY

Customer relations team achieves outstanding results

Wannon Water has ranked third in Australia in a customer service benchmarking program for 2008/09.

Manager Customer Relations Robyn Phillips said, "Our telephone response time target of calls answered in 30 seconds is 98.9 per cent, the highest of any Victorian water corporation, and was achieved during the reporting period through the diligence and work ethic of our team."

In March 2009 the Essential Services Commission (ESC) released its Water Performance Report 2007/08, and Wannon Water's Customer Relations team was reported to be the best performing regional urban business for the year in the area of telephone response time, averaging 11 seconds. The report also stated Wannon Water was the best performing regional urban water business for the percentage of calls answered within 30 seconds for 2007/08. Results for 2008/09 are yet to be released by the ESC.

"Best performed regional urban business" (Response time & calls answered) – ESC

Robyn Phillips has credited her team for achieving these outstanding results.

"This demonstrates that the Customer Relations team continuously strives towards excellence. We have been able to achieve such great results because of additional training, such as the Customer Service Phone Training and the re-prioritising of workloads to ensure that the 'Customer First' motto delivers the best service possible to our customers."

Below: Customer Relations Officer Ulrike Hulin mans the phones.

2008/09 Performance	Achieved	Target
Call Centre Response Times	7 seconds	No target
Calls Answered Within 30 Seconds	98.9%	98.9%

Customer satisfaction survey

Wannon Water prides itself on setting and achieving very high standards of customer satisfaction. By effectively monitoring the level of satisfaction across all customer zones, Wannon Water is provided an opportunity to assess its performance throughout the region and to identify opportunities for improvement.

An independent customer survey is undertaken annually to measure the level of customer expectations and satisfaction with water and sewerage services. The 2009 survey, conducted in April, surveyed 1,667 residential customers and 301 business customers.

The 94% residential and business customer satisfaction ratings exceeded Wannon Water's target of 90%

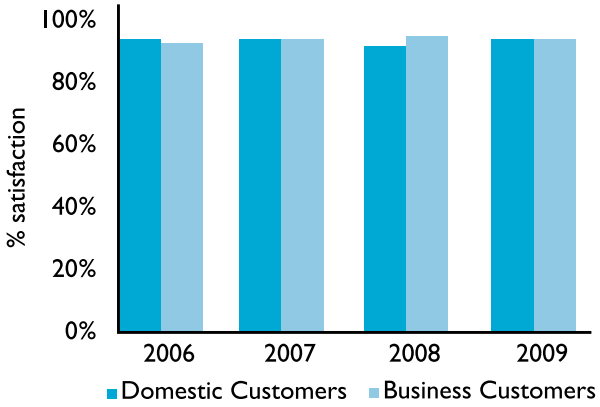
Overall, 94 per cent of the residential and business customers surveyed were extremely satisfied or satisfied with the quality of Wannon Water's water and sewerage services. This is an excellent outcome and builds even further on the high ratings of recent years, reflecting the efforts and expertise of Wannon Water employees over the financial year.

In particular, Wannon Water recorded exceptionally high customer satisfaction for:

- Minimising spillage from the sewerage system;
- Collecting and treating sewage;
- Management of the sewerage system;
- Helpful/friendly staff;
- Ease of access to customer service; and
- Knowledgeable staff.

The survey results indicated that the vast majority of customers are aware of the permanent water saving rules or water restrictions in their local area. The survey also found that customers were very satisfied with the way in which Wannon Water keeps them informed about relevant water issues. Wannon Water also achieved excellent results for the overall management of the water supply.

Overall satisfaction with water and sewerage services



Monitoring impacts of operations on communities
Of the survey respondents, 11 per cent of domestic customers had been notified of a planned water supply interruption and 90 per cent said that notification of the planned interruption was received early enough and provided enough information.

Six per cent of domestic customers surveyed had experienced an unplanned water supply interruption and 94 per cent of these customers were satisfied or extremely satisfied with the time taken to restore the water supply; 75 per cent were satisfied or extremely satisfied with Wannon Water's ability to leave the work site tidy and safe following the repairs.

Two per cent of domestic customers had experienced a sewer spill or blockage affecting their property, of which 89 per cent were satisfied or extremely satisfied with the service Wannon Water provided to unblock the sewer and/or clean up the area.

Responding to complaints

Wannon Water is actively committed to the successful and efficient management of complaints and disputes to ensure effective customer service.

Wannon Water recently undertook a review of its complaints framework, the Corporate Complaints Management Process, with the view to providing customers with a process that is clear to the public.

Wannon Water's Corporate Complaints Management Process is a roadmap to complaints management, allowing for a fair and detailed consideration of complaints and providing for genuine internal review if the complaint remains unresolved.

The collection, processing and reporting of complaints is managed through a customer relationship database, allowing Wannon Water to meet its obligations set out in Wannon Water's Customer Charters.

Number of complaints	'06/07	'07/08	'08/09
Total number of complaints received	431	260	639
Number of complaints related to water quality and supply reliability	276	158	367
Number of complaints per 1,000 customers	11.87	6.54	16.19

Note: Customer complaints are recorded in the customer relationship database at the time the customer makes contact with Wannon Water, then categorised in accordance with the Essential Services Commission's Performance Reporting Framework. This helps Wannon Water to inform customers about the level of service they are receiving and to improve internal decision-making processes.

Wannon Water experienced an increase in the number of enquiries and complaints received mainly due to the implementation of a consolidated pricing structure for its services that commenced on 1 July 2008. Water quality complaints increased mainly due to issues with the performance of the Hamilton Water Treatment Plant.

Energy and Water Ombudsman (Victoria) Scheme

The Energy and Water Ombudsman (Victoria) is an independent complaint resolution service whose primary activity is to receive, investigate and facilitate complaints by customers regarding electricity, gas and water services.

Wannon Water informs customers of the availability of the Ombudsman service via its Customer Charters, billing notices, our public web site and through direct dealings with customers.

Energy and Water Ombudsman (Victoria) contacts	'06/07	'07/08	'08/09
Enquiries	7	2	0
Complaints referred to Wannon Water	5	6	9
Complaints referred to another agency	1	5	2
Complaints referred to a higher level contact at Wannon Water	7	10	26
Complaints (investigated)	6	6	10
Total	**26**	**29**	**47**

During the year, 47 customers contacted the Ombudsman. Of these:

- 9 cases related mostly to general billing enquiries or complaints where the customer was referred to Wannon Water and the issue was then resolved;
- 2 cases were referred to another agency;
- 26 related to 'refer higher level enquiries' where the customer was referred back to a higher level contact within Wannon Water to enable the complaint to be resolved without an Ombudsman investigation. These cases were mainly about fees and charges (8), high water bills (5), and billing errors (3); and
- 10 cases were fully investigated and included complaints relating to high water bills (3) and fees and charges (2).

In response to complaints registered with the Ombudsman, Wannon Water has undertaken a review of its customer service guidelines issued to employees.

Protecting personal privacy

Wannon Water recognises and values the importance of protecting personal information that is provided by individuals.

As a water corporation established under the *Water Act 1989*, Wannon Water is bound by the *Information Privacy Act 2000* ('Privacy Act') and the information privacy principles.

Wannon Water has established a Personal Privacy Charter to comply with the information privacy principles and to help customers better understand their rights under the Privacy Act. The charter is available online at www.wannonwater.com.au.

In 2008/09 Wannon Water had no reportable breaches of privacy or any incidents relating to apparent loss of private information.

Community Service Obligations

Community Service Obligation rebates and grants are funded by the State Government and administration of the schemes is funded and managed by Wannon Water.

Community Service Obligation provided	'05/06	'06/07	'07/08	'08/09
Concession for pensioners	$1,595,632	$1,574,134	$1,608,610	$1,906,875
Water and sewer rebates	$249,166	$233,250	$250,186	$242,156
Utility relief grant schemes	$17,818	$11,108	$16,289	$22,090
Water usage life machine rebates	$830	$767	$732	$993
Hardship Relief Grant Scheme (Sewerage Connection Scheme)	$18,359	$45,784	$10,200	$0[1]
Total	**$1,881,805**	**$1,865,043**	**$1,886,017**	**$2,172,114**

Notes:

1. *Only five Hardship Relief Grant Scheme applications were granted state-wide for 2008/09.*
2. *Under Section 51 of the* Financial Management Act 1994 *the Minister for Water has directed Wannon Water to include this information. The data is recorded within Wannon Water's billing system.*

Assisting customers in genuine financial hardship

Wannon Water has a customer hardship policy to assist customers in genuine financial hardship and is considered best practice within the Victorian water industry. The policy can be viewed online at www.wannonwater.com.au and includes:

- Waiving interest on overdue payments;
- Bonus credits with every fourth payment in a payment program waived (conditions apply);
- Debt write-off or debt deferral in exceptional circumstances; and
- Special arrangements for large families in genuine financial hardship from 1 July 2008 whereby eligible customers can apply to have their water usage capped at the second tier price.

Customer hardship assistance	Number of customers	Total debt amount involved
Waiving interest	249	$10,900
Bonus credit system	37	$1,475
Debt write-off	18	$10,210
Debt deferral	-	-
Special arrangements for large families	1	$162
Fire Service not-for-profit hardship rebate	74	$78,262
Total	**379**	**$101,009**

Note: This information is presented to quantify the assistance provided by Wannon Water to customers in genuine financial hardship in each category. The data is recorded in Wannon Water's billing system.

Wannon Water continued a media campaign that invited customers to contact Wannon Water if they were experiencing genuine financial hardship. Wannon Water provided 103 hardship information packs to customers (67 in 2007/08).

Wannon Water also assisted customers experiencing genuine financial hardship in other ways, including encouraging customers who receive Centrelink payments to use the fortnightly Centrepay facility. At the end of 2008/09 there were 536 customers using Centrepay (486 in 2007/08, 497 in 2006/07).

Flexible payment arrangements	'06/07	'07/08	'08/09
Number of customers under flexible payment arrangements	1,260	1,523	1,065
Amount involved under flexible payment arrangements	$320,338	$323,409	$233,062

Note: This data is presented to validate the level of assistance Wannon Water provides customers with payment difficulties. The data is recorded in Wannon Water's billing system.

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CASE STUDY

Credit management = customer assistance

Wannon Water's credit management approach is aimed at empowering customers to help them in reducing their debt. In support of this approach Wannon Water proactively markets and offers bill payment assistance for customers in genuine hardship with a range of payment options, rebates and schemes available to assist customers.

The "getting behind the eight-ball" campaign was repeated in April 2009 and again proved highly successful in raising awareness for the range of assistance on offer and increasing the number of customer contacts regarding payment assistance.

Credit Management Co-ordinator Sorana Walker-Healy said, "We work with our customers through a non-judgemental individualised approach and are seeing the results."

Utility Relief Grants (URGS)
Financial year 2008/09: **64 grants approved** with a total value of $22,090.

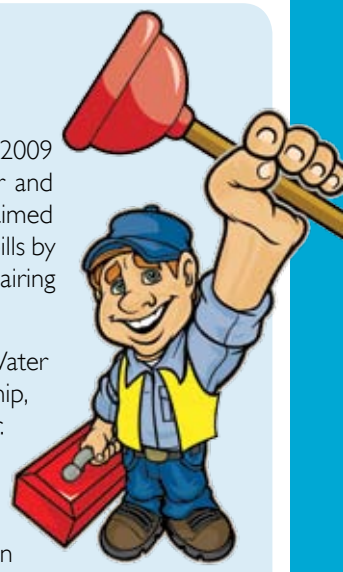
Hardship
Financial year 2008/09: **379 Hardship Rebates** were granted totalling $101,009.

Undetectable Water Leak Rebates (UWLR)
Financial year 2008/09: **71 rebates were approved** for a total of $36,294.

Trade Credit
A Trade Credit Policy and process has been implemented to minimise the risk to Wannon Water where credit is provided to sundry debtors.

"We identified a gap and so responded by implementing the trade credit application to secure the liability of the debt," Ms Walker-Healy said.

Retrofit Program
This program was introduced in May 2009 and is an initiative of Wannon Water and Southwest Primary Care Partnership aimed at reducing eligible customers' water bills by providing a free water audit and repairing or replacing inefficient water fittings.



The program is funded by Wannon Water and Southwest Primary Care Partnership, and administered by Wannon Water. It has been implemented to assist customers who are ineligible for assistance to retrofit their property through the Department of Human Services' WaterWise program.

The program aims to educate customers on the benefits of water conservation and, where necessary, may include:

- Replacing of washers on leaking taps;
- Installation of flow control valves or aerators to reduce water flow;
- Repairing of minor leaks;
- Installation of 3-star rated shower roses;
- Repairing faulty or inefficient toilet cisterns; and/or
- Minor adjustments to hot water services.

Up to $750 value is offered FREE!

A water conservation auditor or licensed plumber conducts a water efficiency audit. Following this audit, a licensed plumber undertakes appropriate retrofitting at no cost to the customer.

"The team continues to maximise the application of rebates and payment assistance options and is continually looking for ways to reduce long-term debt by working proactively with our customers on an individual basis," Ms Walker-Healy said.

Water quality

Wannon Water continued to develop its integrated management system, which includes a risk management framework for the identification, analysis, evaluation, treatment and reporting of risks. Our risk control system for water quality operational processes is externally certified through the Hazard, Analysis and Critical Control Point (HACCP) system.

The HACCP system is applied from catchment to tap to ensure the drinking water Wannon Water provides is safe and satisfies the requirements for taste and appearance.

More than 140,000 water quality tests were conducted in 2008/09

In 2008/09 over 140,000 water quality samples were collected across Wannon Water's water systems. These samples were collected throughout the supply chain from the catchment headworks through to the customers' taps. All of the samples collected were analysed by an independent laboratory certified by the National Association of Testing Authorities.

The range of parameters tested included:

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

The water quality data is assessed against the *Australian Drinking Water Guidelines 2004* and schedule 2 of the *Safe Drinking Water Regulations 2005*.

The table below shows that our water quality compliance performance continues to be excellent; 2,535 (99.9 per cent) of the reticulation samples collected had no *Escherichia coli* detected.

Water quality with respect to acid soluble aluminium compliance has improved over the past 12 months. The majority of non-compliance with acid soluble aluminium occurred in localities serviced by the Hamilton Water Treatment Plant. The onset of extreme dry weather conditions resulted in a deterioration of the raw water quality entering the Hamilton Water Treatment Plant. The plant experienced some issues in treating this water effectively, resulting in exceedances in the aluminium standard. Wannon Water has an undertaking with the Department of Human Services to resolve these issues by 31 December 2009. During the year Wannon Water undertook an extensive review of the issues affecting water treatment at Hamilton and has embarked on a comprehensive improvement program that incorporates capital improvement works of $1 million.

The Coleraine system experienced non-conformances against the trihalomethanes standard. Wannon Water had an undertaking with the Department of Human Services to rectify this issue by June 2009. As of 30 June 2009, Wannon Water disconnected the Coleraine supply from the existing Konongwootong Reservoir and supplied Coleraine with the water from the Casterton Water Treatment Plant via the new Casterton-Coleraine Pipeline. This solved the previous issue with non-conformance against the trihalomethanes standard.

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
E. coli (98% of samples <1 org/100ml)	2,539	200	0	0	0	100.0%[1]
Acid Soluble Aluminium (0.2 mg/L)	1,803	19	<0.01	0.12	112	93.8%[2]
Monochloroacetic acid (0.15 mg/L)	579	0.01	<0.005	0.005	0	100.0%
Dichloroacetic acid (0.10 mg/L)	579	0.045	<0.005	0.008	0	100.0%
Trichloroacetic acid (0.10 mg/L)	579	0.05	<0.005	0.008	0	100.0%
Trihalomethanes (0.25 mg/L)	579	0.66	<0.001	0.054	11	98.1%[3]
Turbidity (5 NTU, 95% UCL)	2,538	48.0	<0.1	0.5	0	100.0%[4]

Notes:

1. *Compliance related to the number of localities compliant (35) rather than the number of tests. (Locality compliance based on 98% of samples containing less than 1 organisms/100mL).*
2. *Of the 112 samples that exceeded the 0.2 mg/L acid soluble aluminium standard, 60% were subject to an undertaking with the Department of Human Services.*
3. *All non-compliant trihalomethane samples were subject to an undertaking with the Department of Human Services.*
4. *Compliance related to the number of localities compliant (35) rather than the number of tests. (Locality compliance based on 95% upper confidence limit of the mean being less than 5 NTU)*
5. *This data is collated and reported monthly and annually as the* Safe Drinking Water Act 2003 *Obligation. Compliance is calculated in accordance with the* Safe Drinking Water Act 2003. *This data is recorded in the Treatment Services electronic database.*

Managing non-potable supplies

In addition to supplying drinking water to 35 localities in south-west Victoria, Wannon Water operates a number of non-drinking water systems. Some smaller townships and rural customers are supplied raw water from transfer mains on the basis that it is not intended for human consumption. This includes the regulated water supplies of Macarthur, Darlington and the North Otway Pipeline.

Wannon Water has a comprehensive program to ensure that customers who are supplied with non-drinking water are aware of the intended use of that water. The type of communication used in 2008/09 to ensure customers do not mistake the water supplied as drinking water included:

- Quarterly billing invoices containing the 'do not drink' symbol;
- Every six months a personally addressed letter is sent that details the quality of water Wannon Water supplies them and what it can and can not be used for;
- Waterproof 'Non-drinking water' stickers are provided to customers that are supplied with non-drinking water; and
- Wannon Water's web site, detailing the areas where non-drinking water is supplied and providing information pertaining to what the water can be safely used for.

Macarthur water quality

The Macarthur water supply was declared a 'regulated' (non-potable) supply on 6 September 2007. An upgrade of the Macarthur Water Treatment Plant to improve water quality to meet the *Safe Drinking Water Regulations* 2005 is a priority project under the Country Towns Water Supply and Sewerage Program. The upgraded treatment plant is currently undergoing 'proof of performance' and is scheduled for completion early in the 2009/10 financial year.

ENGAGEMENT

Stakeholder engagement

Wannon Water recognises the vital role it plays within the wider community and is committed to engaging together with its customers, the community and stakeholders to develop effective long-term relationships. Wannon Water has a Community Engagement Policy that describes Wannon Water's approach and commitment to community consultation and engagement. This policy is available on Wannon Water's web site, www.wannonwater.com.au.

Wannon Water's communications activities and advertising programs are targeted at community education and the availability of services for its existing customers rather than at increasing market share. Wannon Water provides sponsorship, advertising and marketing in accordance with relevant laws, standards and voluntary codes and has had no incidents of non-compliance in 2008/09. Wannon Water does not provide nor promote any banned products.

Public engagement regarding the fluoridation of water supplies is a matter for the Department of Human Services; Wannon Water fluoridates the drinking water supplies for Warrnambool, Allansford and Koroit under direction from the Department of Human Services and in accordance with the *Health (Fluoridation) Act 1973*.

External stakeholders engaged by Wannon Water cover a wide range of groups, including customers, Government Departments, regulatory bodies, water corporations, special interest groups and media. Stakeholder identification is determined in relation to the project or issue as they occur. Full details of engagement are available in Wannon Water's Community Engagement Policy and current customer engagement activities, which are detailed on the Wannon Water web site, www.wannonwater.com.au.

Consultation may take a number of forms depending on the business or customer circumstances, and includes employee engagement sessions, public meetings, ballots, surveys and consultative committees. The type of consultation is carefully considered based on the needs of the business and the issue or project at hand.

Working with our Customer Engagement Committee

Wannon Water's principal customer consultative body is the Customer Engagement Committee. This committee consists of 11 customer representatives and a Wannon Water Director.

The Customer Engagement Committee has provided Wannon Water with the mechanism for engaging the community in a two-way communication dialogue, regarding key issues that need to be addressed to implement the strategic directions of Wannon Water.

During the reporting period the Customer Engagement Committee met on four occasions and reviewed the corporation's Customer Hardship Manual, the consultation process for the future of the Konongwootong Reservoir, the 'Living Water' project, and update of the Customer Charter. The committee assisted Wannon Water to implement its commitment to engage with the community to provide quality water and sewerage services that meet the needs of customers.

Committee members:

- John Wilken *(Committee Chairman)*
- George Tyers
- Roz Greenwood
- Joseph Milani
- Jennie Fairman
- Lou Hollis
- Nathan Anderson
- Tim Clingan
- Tom Doherty
- Tom Nieuwveld
- Alex Dupleix *(Warrnambool Cheese and Butter Factory representative)*
- Di Clanchy *(Wannon Water Director)*

Above: Wannon Water representatives discuss items with the 12-member committee.

Other customer consultation

Community consultation is a key component of Wannon Water's sustainability policy and strategy, and enables Wannon Water to make decisions that best meet the community's needs. Consultation helps to ensure the community is involved in policy, planning, projects, service development and review, and the management of the water cycle.

Relevant Wannon Water employees received formal community engagement training during the reporting period.

Project-specific consultative committees and various community forums were convened during the year to gain feedback and input on a range of projects and issues, including:

West Portland Sewerage Scheme Project Monitoring Committee

During the year Wannon Water prepared the design of a reticulated sewerage scheme to resolve public health and environmental problems associated with septic tank sullage in the West Portland area.

Wannon Water established a Project Monitoring Committee, involving both Council and community representatives, which met twice during the year. The committee's activities included assisting in drafting community newsletters and landowner consultation methods and requesting suspension of the scheme process pending the outcome of the funding application to Government.

Macarthur Water Quality Project

As this project moved to implementation during the year, the need for formal Project Monitoring Committee meetings was considered low by the members and communication has been via direct mail to committee members and to all Macarthur customers.

Mortlake Power Station Water Supply Project

Wannon Water entered into an agreement to supply recycled water from the Mortlake Water Reclamation Plant and groundwater from a local groundwater bore to Origin Energy Limited's Mortlake Power Station, which is currently under construction.

Wannon Water met on two occasions with Mortlake community representatives to ensure that there was a good understanding of the proposed water supply infrastructure prior to committing to the agreement. In response to the engagement some of the terms of the agreement were amended, particularly in relation to third party access to the proposed pipeline infrastructure.

Wannon Water was also invited to present to the Moyne Shire's Community Engagement Committee regarding the project.

Konongwootong Reservoir Future

During the year Wannon Water undertook a community consultation program to assist in determining the future of the Konongwootong Reservoir. The reservoir was previously the source of water for Coleraine but, following the completion of the Casterton-Coleraine Pipeline, the reservoir is no longer needed for urban water supply.

The community consultation process involved two walk-in sessions held locally at Coleraine and Casterton on 28 August 2008 as well as attendance at the well-attended Coleraine and District Development Association meeting.

Following consideration of written submissions, Wannon Water determined to adopt the clear community preference, which involved remedial works to reinstate the reservoir embankment to full design capacity, retain the reservoir for emergency back-up purposes, and offer additional water for rural and industrial uses in the local district.

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 2006 relating to culturally and linguistically diverse backgrounds, women, youth and indigenous affairs.

A free interpreter service is made available to assist customers who do 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 invoices.

Protecting cultural heritage

In 2008/09 Wannon Water undertook cultural heritage and archaeological surveys as part of the West Portland sewerage scheme project, Warrnambool Roof Water Harvesting project and the Shaw River Power Station water supply project in accordance with the *Aboriginal Heritage Act 2006*.

Wannon Water sought the involvement of the relevant cultural heritage group at an early stage in the projects to ensure that any cultural heritage requirements were identified. Where necessary, Wannon Water engaged the services of expert consultants to undertake cultural heritage surveys so that any sites of cultural importance could be identified and the necessary measures taken to ensure these sites were protected.

Throughout these surveys, Wannon Water liaised closely with the consultant and the Registered Aboriginal Parties (RAP) applicants: Gunditj Mirring Traditional Owners Aboriginal Corporation and Framlingham Aboriginal Trust. Where areas of potential likely cultural significance are identified, Wannon Water will work with the RAP applicants to ensure all necessary monitoring will be undertaken during construction of projects.

During the construction phase of the Casterton-Coleraine Pipeline and the Hamilton-Grampians Pipeline the Gunditj Mirring Traditional Owners Aboriginal Corporation has been involved in undertaking monitoring for any archaeologically significant artifacts.

Charter of Human Rights and Responsibilities

Wannon Water is bound by the Victorian Charter of Human Rights and Responsibilities, effective from 1 January 2008. The charter contains 20 rights that reflect four basic principles: freedom, respect, equality and dignity.

Wannon Water provided a summary of the Charter to employees, particularly those developing and reviewing policies and those engaging with members of the public.

Wannon Water's responsibility under the Charter is to act compatibly and give proper consideration to human rights when making decisions, provide advice and deliver services. The roadmap to the introduction of the Charter of Human Rights and Responsibilities included representation at the Human Rights Implementation Program facilitated by the Department of Justice in addition to an internal screening program of current policies and procedures.

Supporting our communities through sponsorship

Wannon Water provides sponsorship to communities in south-west Victoria by providing in-kind merchandise and financial sponsorship which strengthens relationships between community groups and Wannon Water.

Sponsorship guidelines for both financial and in-kind sponsorship require that the following criteria be met:

- Regional scope;
- Community empowerment;
- Sustainability; and
- Strategic value.

By providing sponsorship to groups that meet the above guidelines, Wannon Water can ensure a commitment to promoting water conservation awareness.

During 2008/09, Wannon Water financially supported the Portland Dahlia Festival, Victorian State Championships for the Country Fire Authority and the development of the Future Leaders of Industry mentor program run in conjunction with Portland Aluminium.

A variety of community groups in the south-west sought in-kind sponsorship during the financial year. A range of groups were awarded sponsorship, including the Portland Touch Football Association, Narrawong Patches & Craft, Hamilton Pastoral Museum, Casterton Memorial Hospital, Mortlake Gardening Committee and the Warrnambool & District Rotoract Club.

Items provided through in-kind sponsorship included 750ml and 500ml water bottles, nine-litre and two-litre buckets, reusable calico bags and water conservation products, including trigger nozzles, plugs, leak testers and shower timers.

Wannon Water sponsorship forms are available from any Wannon Water office, or from www.wannonwater.com.au.

6,182 water conservation items distributed

In-kind sponsorship awarded in '08/09

Item	Number distributed in '08/09
750ml Water Bottle	2,060
Calico Bags	1,239
Plugs	777
Leak Testers	1,153
Trigger Nozzles	582
9-Litre Bucket	225
2-Litre Bucket	146

CASE STUDY

Water conservation through education and awareness

Wannon Water's school and community education program offers a number of services and activities, including resource kits, tours of facilities, presentations and displays, and web activities, including a Water-Wise Interactive House.

These services and activities aim to educate and raise awareness for a variety of water-related topics, including water sources, water treatment, sewage treatment, water conservation and water-wise gardening. Presentations are often tailored to suit the needs of particular schools or community groups and have proved highly effective.

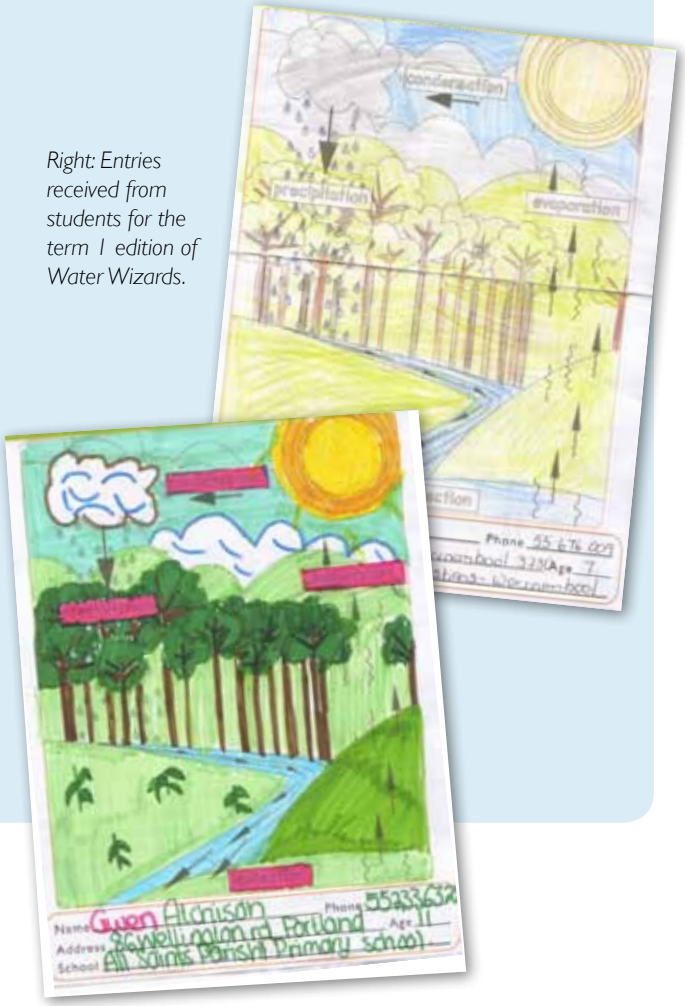
"As part of our Sustainability Day activities at Lyndoch, Wannon Water participated in an expo and presentation to residents and staff of the facility. The presentation was suited to the sustainability topic and made use of the facilities that we had available on the day. Our residents and staff are now much more informed about water sources and treatment processes, as well as more aware about water conservation." – Rhys Boyle, Chief Executive Officer, Lyndoch Warrnambool Inc.

As part of the education program, Wannon Water supported a number of water-related events, including National Water Week, World Water Day and World Environment Day. During National Water Week in October 2008, Wannon Water raised awareness via the media, with new children's activities and key messages about water conservation. Wannon Water also visited nine schools throughout the region during National Water Week, presenting 'Think Before You Sink It'' activities, focusing on messages to promote the appropriate use of the sewerage system.

Throughout 2008/09, Wannon Water conducted a full review of existing fact sheets and produced eight flowcharts to assist in educating customers about water and sewerage treatment processes. To maximise awareness for the new materials, an advertising campaign was undertaken in May/June 2009. The campaign has been well received, with groups requesting presentations and tours.

36 Tours and Activities

To enhance the education program for primary school children, Wannon Water has also created new children's activities, including mazes, quizzes and more, all available on the Wannon Water web site. The new Water Wizards newsletter has also been launched and is distributed to primary school students at the end of each term, engaging students with experiments and competitions related to water issues and conservation.



Right: Entries received from students for the term 1 edition of Water Wizards.

Left: Children's activities that appeared in south-west Victorian newspapers for World Environment Day.

Water conservation photography competition goes state-wide

Wannon Water's annual water conservation photography competition has grown in success to become a state-wide event. The competition is now run by the savewater! Alliance, the leading resource on water conservation, as part of the premier water sustainability awards in Australia, the savewater! awards.

Through the prestigious savewater! awards, three digital photography categories were on offer: Primary and Secondary School and the General category, open to any member of the public.

In addition, Wannon Water also presented the inaugural Regional Recognition Awards for primary and secondary school students who entered the savewater! awards from Wannon Water's service area. The regional recognition awards offered students and their schools the chance to share in $3,500 in cash prizes.

Following the savewater! awards ceremony on 29 August 2008, Wannon Water received and judged the entries from its service area and awarded local prizes to a winner and runner-up, and their schools, in the primary and secondary categories. The winners, runners-up and their schools received their prizes at a special presentation at their school in November 2008.

As well as encouraging the art of photography, this competition was again very successful in promoting the importance of water conservation throughout south-west Victoria.

Below: Photos submitted for the annual water conservation photography competition.

WORKFORCE

Supporting our workforce

Wannon Water continued to undertake initiatives to support its goal of being the employer of choice in the region to attract and retain talented employees, reduce employee turnover, reduce absenteeism and facilitate a work-life balance.

Employee opinion survey

Wannon Water conducted an employee opinion survey, achieving a survey response rate of 83 per cent. The overall performance score of 68.7 per cent was benchmarked to be in the top quartile of 100 other organisations surveyed by the independent survey provider. The survey results were analysed to identify areas for improvement.

Wannon Water held a series of employee engagement workshops to enable employees to provide suggestions on how the organisation may improve its performance in the specific areas of communication, empowerment and recognition. These suggestions have been developed into an action plan for implementation.

Recruitment and retention

Wannon Water continued to recruit employees to strengthen the corporation's strategic planning capability, engineering expertise and operations to meet regulatory obligations.

Wannon Water employed a total of 194 employees (including Wannon Water acting as host employer to seven trainees) across various professions, including accountants, engineers, technical officers, corporate communications advisors, customer relations officers, treatment and maintenance officers, scientists, systems support officers and more. Women occupied a total of five managerial positions and ten coordinator and senior officer positions. This represents 27 per cent of all senior roles at Wannon Water.

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

Note: These workforce numbers as at 30 June 2009 and are based on headcount.

During the year, 19 permanent employees left our employment for reasons ranging from travel, promotion, alternative career path, family commitments and relocation.

Each employee leaving the organisation was invited to participate in an exit interview to enable management to understand the reasons behind employees' decisions to leave and to assist with future retention strategies.

	Total Employees	No. Permanent Employees who left Wannon Water	Under 30 years	30-50 years	Over 50 years	Turnover
2008/09	194	19	6	11	2	9.8%

Industrial relations

Wannon Water continued to maintain positive relationships with employees and unions and no days were lost due to industrial action during the reporting period. A total of 97 per cent of employees are employed under a Certified Agreement. Executive employment agreements account for the remaining three per cent of employees. The current certified agreement expires on 30 September 2010 and, in preparation for enterprise bargaining, Wannon Water has been meeting with its Employee Consultative Committee.

Wannon Water is consistent with the *Fair Work Act 2009* with regard to the employment of junior employees and, as at 30 June 2009, does not have any employees under the age of 18 years. Junior employees are classified in accordance with the Wannon Water Certified Agreement 2007 and are paid a minimum weekly salary according to age brackets, which are percentage rates of adult employee wage rates.

Out of hours working conditions and overtime are provided under the Wannon Water Certified Agreement 2007.

Superannuation

Wannon Water contributes a minimum of nine per cent for every full and part-time employee to nominated superannuation funds. Salary sacrifice arrangements to superannuation funds were offered to employees for additional contributions to assist in building superannuation entitlements for retirement. Employee information seminars and one-on-one consultation appointments were arranged for employees regarding the management of their superannuation funds.

Managing employee performance

All employees other than casual employees participated in an annual review of their performance with their line manager. The objective is to provide feedback on individual performance and to ensure that agreed key objectives are set for the coming year. The review also identified the training and development needs of employees.

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*.

Employers must ensure:	Employees must:
• Decisions are based on merit	• Act with impartiality
• Employees are treated fairly and reasonably	• Display integrity, including avoiding real or apparent conflicts of interest
• Equal employment opportunity is provided	• Show accountability for actions
• Reasonable avenues of redress against unfair or unreasonable treatment	• Provide responsive service

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, ensuring that recruitment, training and development opportunities, and management principles are closely aligned with these merit and equity principles.

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

In 2008/09 there were no incidents or actions necessary 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.

In fostering a learning culture, Wannon Water recognises the contribution employee development makes to achieving corporate objectives and that the investment in training and development provides a win-win outcome both for Wannon Water and employees. Over the past year we have seen that our continuous improvement approach has fostered positive attitudes towards learning, greater teamwork and greater involvement of line managers in training, particularly as coaches and mentors.

Our employee learning and development program is also recognised as integral to our performance management process. The planning elements of performance management provides for employees and line managers to document career development, including training to be undertaken in the next year.

Over the past year a range of learning and developmental programs were offered to support employees realise their full potential. In 2008/09 employees were offered 166 training courses representing a total of 8,628 hours (45.4 hours per employee) in learning and development. These figures include study and examination leave, general and occupational health and safety training and attendance at conferences and seminars.

Targeted learning and development

A strategic focus has been placed on further developing competencies in our service delivery employees, with a total of 50 employees studying the Certificate II and III in Water Industry Operations and three employees undertaking the Certificate III in Business program.

A further 29 employees are being provided with assistance to pursue Undergraduate, Post Graduate and Masters degree courses.

In 2008 Wannon Water introduced the Vocational Graduate Certificate in Physical Asset Management, with a cross-section of employees covering a range of asset and operational employees, nominating to undertake the course. The course providers were able to deliver all lectures and workshops locally, saving time by not having to send employees off site to Melbourne.

Scholarship program – planning for the future

As part of Wannon Water's long-term Human Resources strategy to compete with labour market shortages of engineering professionals, Wannon Water has a scholarship program to plan for the future employment of civil engineers in the corporation. The scholarship is provided for a student wanting to undertake a civil engineering degree course at a Victorian University.

The aims of the scholarship program are to:

- Support a full-time student from the Wannon Water service delivery area in south-west Victoria; and
- Promote the water industry as a future employer to tertiary level students.

The scholarship will be awarded for a four-year period and consists of vacation employment with Wannon Water as a Civil Engineering Cadet at the end of the second and third years of study, assistance with educational expenses and a minimum of two years' post graduate employment.

Wannon Water has invested in a scholarship program to plan for the future employment of civil engineers in the corporation.

Working + Studying

Student Civil Engineer & 2009 Wannon Water Scholarship Recipient

Right: Tamara Bull and Mick Mahoney reviewing their study materials.

Tamara Bull,
Asset Database Officer

What are you studying?

- I am currently in my first year of Civil Engineering in Off Campus Mode through Deakin University (Waurn Ponds Campus).

How is Wannon Water supporting you in your studies?

- I believe I am a unique case where I am required to study full time and can balance my work and study commitments as required. I received a scholarship from Deakin University which is supported by Wannon Water for $5,000 per year for four years to be used for fees and other academic requirements. As with any employee completing study, I am given paid study leave; I am entitled to three days a semester.

How will this study assist you in your career development?

- It will allow me to further my opportunities within Wannon Water and the experience that I will gain while working during my studies will be indispensable.

Would you encourage other employees to undertake studies?

- I would recommend anyone to undertake study while working with Wannon Water. The organisation has been a great support and the people around me have been very encouraging and helpful. But they should know it is necessary to be very organised, and have the ability to manage your time well when undertaking a degree while working.

Mick Mahoney,
Systems Operations Co-ordinator

What are you studying?

- I am currently studying a Vocational Graduate Certificate in Physical Asset Management, which is conducted by the Chifley Business School in conjunction with GHD consultants.

How is Wannon Water supporting you in your studies?

- Wannon Water has paid for the course and allowed three full study days.

How will this study assist you in your career development?

- I am hopeful this course will benefit both myself and Wannon Water by allowing me, as a Systems Operations Coordinator, to have a better understanding of the importance of smarter asset management and the significance the frontline teams within Service Delivery have in providing the correct information to our Asset Systems department. Being a vocational course there is the benefit of workshopping and receiving support and encouragement from members of other departments within Wannon Water that you might not normally have much to do with.

Would you encourage other employees to undertake studies?

- I am in the first group from Wannon Water to take on this course. I believe Wannon Water is hopeful more will take on the challenge next year to develop a better understanding and approach to Asset Management. I recommend this course to anyone.

A commitment to preventing corruption and fraud

Wannon Water is committed to ensuring that effective prevention of corruption and fraud is a core management capability and an integral part of our organisational culture consistent with the corporation's Code of Conduct and relevant legislation. Our Board of Directors reviewed the Fraud and Corruption Control Policy in March 2009 to ensure its continuing relevance and effectiveness.

In addition to this policy, Wannon Water employees subscribe to the Code of Conduct for Victorian Public Sector Employees. Each employee is familiar with this code via the new employee induction program and annual performance review and development process.

Wannon Water provides Fraud Risk Training to employees. Training covers the Fraud and Corruption Control Policy, definitions, internal control structures and processes in place when fraudulent activity is suspected. Training records are maintained in the Human Resources Training Database. Currently, 86 per cent of employees have received the Fraud Risk Training.

The internal audit program, managed by the Audit and Risk Management Committee, includes auditing of processes that may be susceptible to fraud and corruption. Records of these audits are maintained in the records database.

All business units of Wannon Water have also completed risk assessments, using the corporate Risk Management Framework, relating to fraud and corruption. Details of these risk assessments are maintained in the corporation's risk register.

In 2008/09 there were no incidents or actions necessary in regard to fraud at Wannon Water.

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. In recognition of this, a documented Occupational Health and Safety Strategy was developed and ratified by the Board during the reporting period.

The strategy outlines the three key OH&S priorities for Wannon Water:

Priority 1. Develop and Implement a Wannon Water OH&S System Framework.

Expected Outcome:

- Wannon Water's OH&S system will be certified to the internationally recognised standard AS/NZS 4801.

Priority 2. Identify and reduce high incidence/severity risks.

Expected Outcome:

- Programs for improving performance and interventions will be increasingly developed using evidence and experience of what works to achieve OH&S best practice.

Priority 3. Improve the capacity of managers, supervisors and front line employees to manage OH&S effectively.

Expected Outcome:

- OH&S competencies are more widely integrated into Wannon Water's training for managers, coordinators and front-line employees; and
- Practical guidance is widely available to assist site and work teams to measure and evaluate the effectiveness of their prevention efforts.

The priorities identified in Wannon Water's OH&S Strategy are specifically designed with the intent to provide a safe workplace, and address such areas as:

- Personal protective equipment;
- Joint management-employee health and safety committees;
- Participation of worker representatives in health and safety inspections, audits and accident investigations;
- Training and education;
- Complaints mechanism;
- Right to refuse unsafe work; and
- Periodic inspections.

Wannon Water has a high regard for the health and safety of all employees and contractors involved with its business operations.

Consultation

The Victorian *Occupational Health and Safety Act 2004* explicitly outlines the duty of an employer to consult with its employees in respect to how health and safety is managed in workplaces. To this end Wannon Water has a well-established operational Occupational Health and Safety Committee to formally consult and engage employees on OH&S matters.

The committee, which comprises five employer and ten employee representatives, meets at a minimum four times a year, with at least one member of the Executive Team attending each meeting. The employee representatives are elected by their peers from within designated work groups.

The committee operates on an organisation-wide level focusing on ways to improve Wannon Water's OH&S processes and procedures as well as sharing learning outcomes from specific OH&S issues within designated workgroups.

The designated workgroup structure at Wannon Water ensures that 100 per cent of the workforce has formal representation on the OH&S Committee.

Performance

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.

Wannon Water achieved a reduction in both Lost Time Injuries (LTIs) and Lost Time Injury Frequency Rate (LTIFR) for the reporting period.

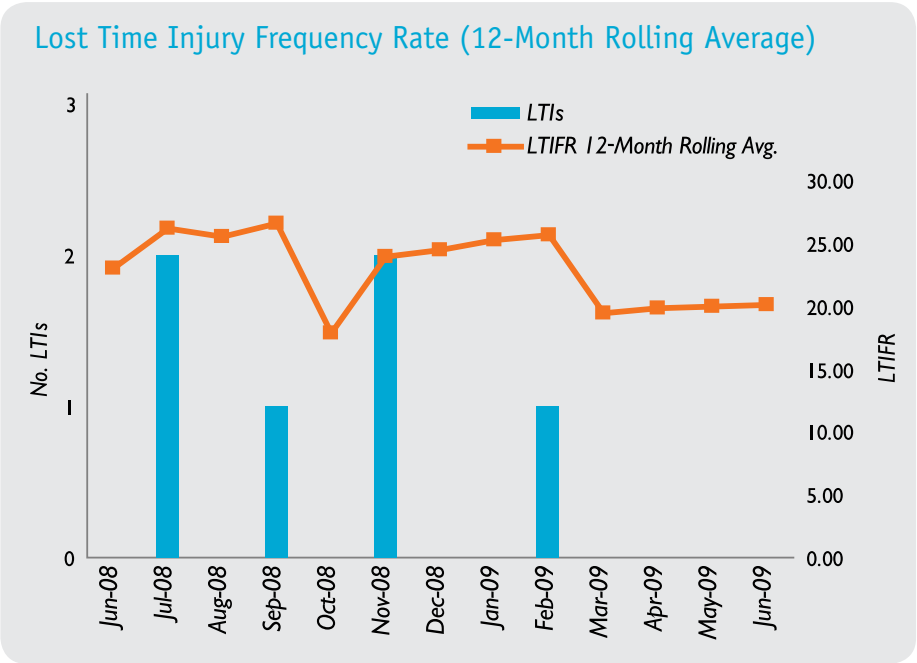
Occupational Health and Safety Indicators	'05 /06	'06 /07	'07 /08	'08 /09
Number of Lost Time Injuries (LTI)	6	3	8	6
Lost Time Injury Frequency Rate (LTIFR - LTI occurrences per one million hours worked)	20	9	23	20

OH&S improvement plans

In line with Wannon Water's move towards certification to AS/NZS 4801:2001 Occupational Health and Safety Management Systems, OH&S management plans have been developed and implemented across the corporation. These plans have been specifically formulated to identify and allocate resources to areas in need of improvement.

Each OH&S Plan will be reviewed monthly to measure and monitor progress towards completion, with the aim of making a positive impact on Wannon Water's overall OH&S performance.

Wannon Water invested significant resources into occupational health and safety training for employees in 2008/09. Confined Space, Hazard Identification and Assessment, and Safety Leadership training were some of the key safety initiatives undertaken throughout the year.



Above: Clinton Fitzgerald working safely at the Camperdown depot.

CASE STUDY

OH&S Leadership Training

Wannon Water's Occupational Health and Safety Strategy 2008-2012 identified three areas of priority to bring about short and long-term OH&S improvements, as well as longer-term cultural change. In April and May 2009 a series of OH&S Leadership Training sessions were undertaken in line with OH&S Priority Three (Improve the capacity of managers, supervisors and front line employees to manage OH&S effectively).

The OH&S Leadership program was broken down into two separate sessions, with one specifically designed, in consultation with OH&S consultants Enhance Solutions, for Executive and Senior Managers and the other for Managers and Co-ordinators with day-to-day supervisory responsibilities of operational staff.

The workshop for the Executive Team and senior managers focused on reinforcing the need for strong OH&S leadership and relevant aspects of OH&S law.

Steven Kearns, Branch Manager Retail Services – "Previously I had concentrated on the legislative side of things, what we can and can't do in the workplace. The training moved my focus more towards implementing a culture of OH&S compliance."

A positive outcome of this workshop saw the Executive Team and senior managers recommit to continuing the safety journey and to actively seek ways of bringing safety to life in the organisation.

Ian Bail, General Manager Innovation & Sustainability – "Leadership is about motivating, inspiring, and demonstrating to others where we want to head; establishing a safety vision from Wannon Water's leaders is critical if we expect to have commitment from the body of the organisation."

Pierre Mukheibir, Senior Planning and Development Engineer – "Leaders in the organisation need to set the example for a visible OH&S culture to develop. Awareness training empowers leaders to proactively demonstrate concern for OH&S issues."

The Managers and Co-ordinators OH&S leadership training workshops were aimed at providing front-line supervisors with practical skills in the application of health and safety and the basic principles and risk management.

These workshops included elements of technical tools such as risk identification and management, incident management, conducting OH&S inspections, as well as modules such as communication, dealing with conflict and managing individual change.

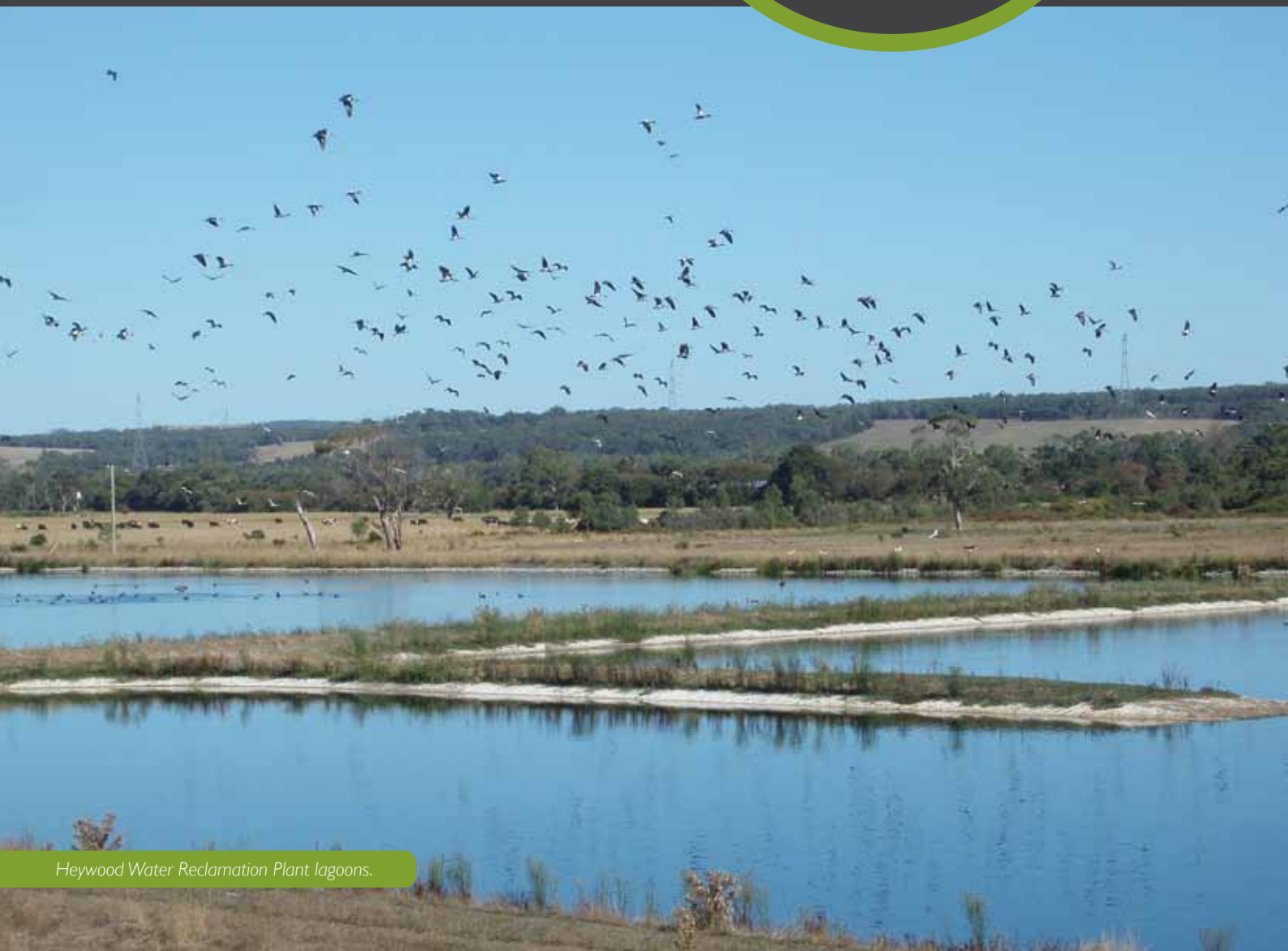
A key component of the program was that the participants identified areas of OH&S improvement within the organisation and worked on projects to resolve these. Some great innovations were developed and fantastic outcomes were achieved.

Combining health and safety within a leadership program gives the leadership component an anchor, something that participants can understand and apply in their day-to-day role. All of Wannon Water's internal indicators suggest that the OH&S Leadership workshop has had a positive impact in the way occupational health and safety is both viewed and implemented throughout the corporation.

Left: Members of the OH&S Leadership group, Steven Kearns, Pierre Mukheibir and Simon Fleming, reviewing OH&S equipment.

Environmental Report

Enhance our environmental performance



Heywood Water Reclamation Plant lagoons.

Management approach - environment

Wannon Water has an obligation to develop and implement an Environmental Management System (EMS) that complies with AS/NZS ISO 14001 Environmental Management Systems – Requirements with Guidance for Use. During the reporting period, Wannon Water completed many of the foundational tasks necessary to achieve external certification of this system in the coming 2009/10 financial year.

Wannon Water is committed to sustainability. Our Sustainability Policy and Strategy are both published at www.wannonwater.com.au. The policy includes a commitment to improve environmental performance through:

- Application of sustainability tools and principles, including life cycle assessment and use of waste minimisation and energy efficiency hierarchies in decision-making;
- Measuring Wannon Water's environmental footprint; and
- Setting targets to reduce:
  - Water consumption, including that of customers across south-west Victoria;
  - Energy consumption and greenhouse emissions;
  - Use of materials and packaging;
  - Impacts to biodiversity through maintenance and restoration of our natural assets;
  - Emissions and effluent; and
  - Waste through avoidance, reuse and recycling.

Supporting this commitment, the Sustainability Strategy includes aims and targets relating to sustainable water use, energy and greenhouse emissions, biodiversity and land management, and waste minimisation. These four areas of environmental performance improvement, combined with Environment Protection Authority Compliance Obligations for water reclamation, biosolids and trade waste define the scope of Wannon Water's EMS. The scope of the EMS will go beyond significant environmental aspects and impacts and regulatory compliance, consistent with Wannon Water's goal of taking a leadership role in sustainability.

The EMS forms part of Wannon Water's integrated management system and ensures that responsibilities for environmental management are clearly defined, training and awareness programs are established, and monitoring and continual improvement programs exist to enhance the system over time. Organisational responsibilities for environmental performance are clearly defined structurally and at an individual employee level, and key performance indicators across the business are regularly monitored through an internal performance monitoring procedure.

Wannon Water's Board receives a quarterly report on achievement of key performance indicators, quarterly review of Water Plan actions, an annual review of Statement of Obligations actions and compliance, and half-yearly reports on progress with implementation of actions in the Sustainability Strategy – all these include key environmental obligations and targets.

A number of case studies are included in this annual report from across the business to highlight key successes and challenges in environmental management.

Water sources

Wannon Water has a diverse range of water source supplies in its region, the three largest being the Otway system (Arkins Creek Catchment and Gellibrand River), the Grampians system and the Dilwyn Aquifer. The Otway and Grampians systems have water storages and transportation pipelines, whereas the Dilwyn Aquifer supplies directly to local treatment plants.

The Otway system supplies water to customers in urban and rural areas within the geographic area bounded by Warrnambool and Koroit to Mortlake, Derrinallum, Camperdown and Simpson. Water is extracted from the Arkins Creek and the Gellibrand River. Warrnambool and Mortlake water supplies are supplemented by local groundwater extraction.

Water from the Grampians system supplies Hamilton, Dunkeld, Tarrington and Cavendish. The Grampians system draws water from seven small streams and two groundwater bores. Seventeen per cent of the total flow from the Grampians for 2008/09 was sourced from groundwater. This system will be augmented from Rocklands Reservoir with the construction of the Hamilton-Grampians Pipeline, which is due for completion in 2010.

Customers from Casterton, Sandford and Merino are supplied from the Tullich Borefield. This system was extended to supply Coleraine from June 2009.

The deep Dilwyn Aquifer is the source of water for Dartmoor, Heywood, Portland, Port Fairy, Peterborough, Port Campbell and Timboon.

In 2008/09 Coleraine was supplied by the local Konongwootong Reservoir catchment (refer to note above), while Caramut, Penshurst and Macarthur are supplied from local groundwater systems. Balmoral is supplied from the Rocklands Reservoir and Glenthompson is supplied with water from two local reservoirs and the Willaura bore system (operated by GWMWater).

Wannon Water does not harvest water from any water bodies that are recognised to be particularly sensitive due to their relative size, function or status as a rare, threatened, or endangered system, including any Ramsar-listed wetlands or other national/international conservation areas.

Bulk Water Entitlements

The annual amounts harvested under Wannon Water's Bulk Entitlement Conversion Orders were as specified in the table below.

A continuing trend showing a reduction in the total volume harvested under Wannon Water's Bulk Entitlements over the past three years is noted.

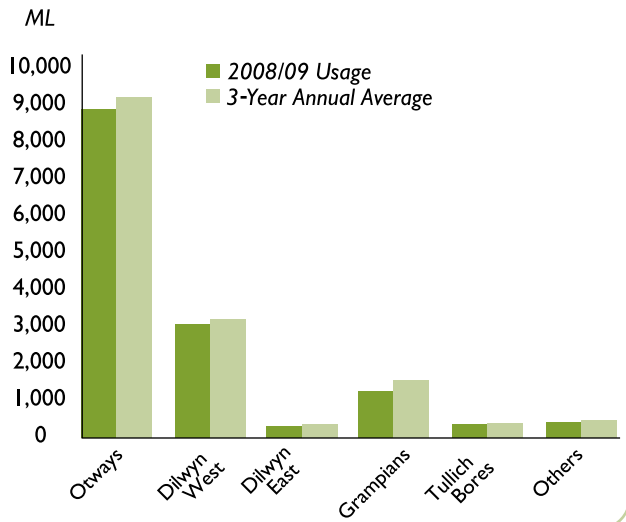
Bulk Water Entitlement	Amount harvested
Otway System Conversion Order	8,957 megalitres out of a maximum of 12,580 megalitres (71.2%)
Hamilton Conversion Order	1,215 megalitres out of a maximum of 3,435 megalitres (32.8%)
Coleraine, Casterton & Sandford Conversion Order	204 megalitres out of a maximum of 855 megalitres (23.9%). The system storage was holding 520 megalitres as at 30 June 2009
Dunkeld Conversion Order	6 megalitres out of a maximum of 170 megalitres (3.5%). The system storage was holding 6.4 megalitres as at 30 June 2009
Glenthompson Conversion Order	0.3 megalitres out of a maximum of 94 megalitres (0.32%). The Glenthompson Reservoir was holding 31.2 megalitres as at 30 June 2009. The Railway Reservoir was empty. 43.7 megalitres were purchased from GWMWater to supply a total system demand of 44.0 megalitres
Wimmera and Glenelg Rivers Conversion Amendment Order*	66.9 megalitres out of a maximum of 83 megalitres (80.6%) for the 2007/08 allocation year. As at 30 June 2009, Wannon Water had received 48.3 megalitres

**Notes: The allocation year for the Wimmera and Glenelg Rivers Conversion Amendment Order is 1 November to 30 October. All data collected in relation to Bulk Entitlements is metered and maintained in electronic spreadsheets in the corporate system. See Appendix 1 for further detail on these Bulk Entitlements.*

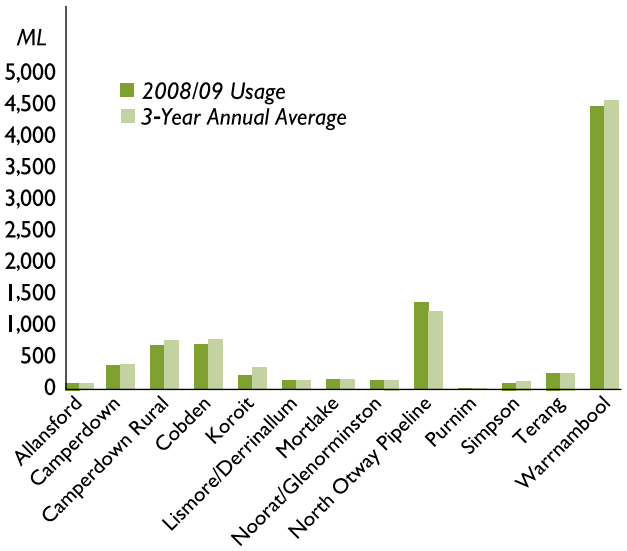
Water extractions for the Otway (surface and groundwater) system increased by 1.4 per cent, from 9,263 megalitres to 9,394 megalitres. A significant increase in groundwater extractions from 70 megalitres to 437 megalitres was due to pump testing of the Newlingrook Aquifer. This increased use of groundwater resulted in reduced extractions from the Gellibrand River. Total water inflows from the Grampians (Hamilton) system, reduced by 19.8 per cent from 1,700 megalitres to 1,363 megalitres due to drier conditions and lower stream flows.

All systems had a reduced level of bulk water usage compared to the long-term average due to demand management measures.

Bulk Water Usage

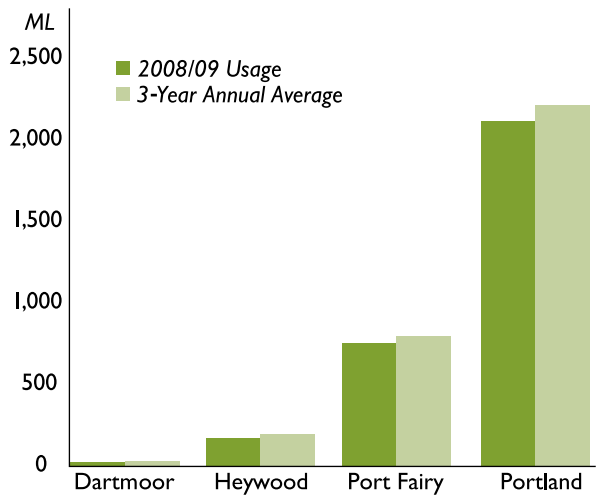


Otway Supply System - Bulk Water Usage



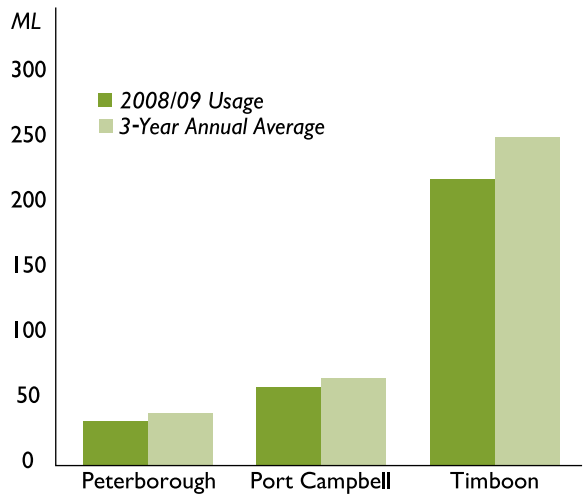
Wannon Water extracted 8,957 megalitres from the Gellibrand River in the Otway catchment. This extraction is less than five per cent of the mean annual flow of 250,000 megalitres as measured on the Gellibrand River at Burrupa. Total water consumption for the Otway system was 3.3 per cent below the three-year average. Warrnambool, the largest zone, recorded a 1.6 per cent increase over the 2007/08 bulk water usage but is 2.3 per cent below the three-year average. Warrnambool water use is based on flow into the Warrnambool Water Treatment Plant. New bulk meters have been installed and next year's usage data for Warrnambool will be based on treatment plant outflow.

Dilwyn Aquifer (West) - Bulk Water Usage



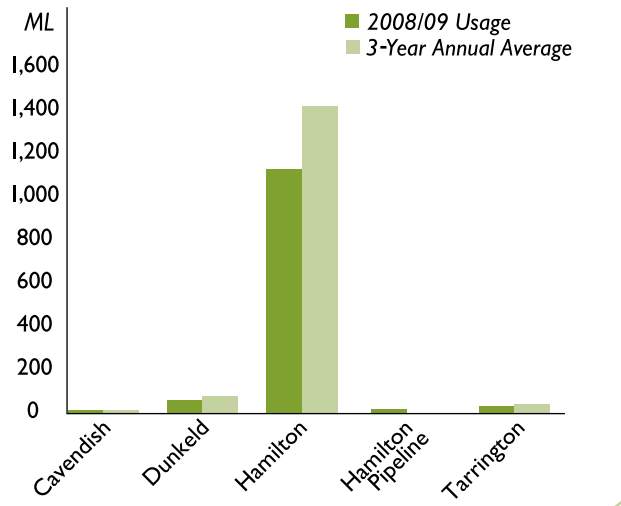
Consumption for all towns was below the three-year average. The larger of the towns in this system, Portland, used 4.2 per cent less than the three-year average.

Dilwyn Aquifer (East) - Bulk Water Usage

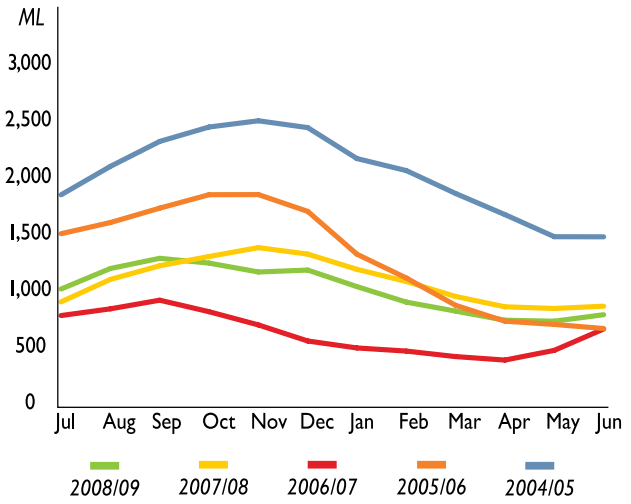


Water use in the growing coastal towns of Peterborough and Port Campbell reduced. Rural water savings resulted in significantly lower consumption in Timboon.

Grampians System - Bulk Water Usage

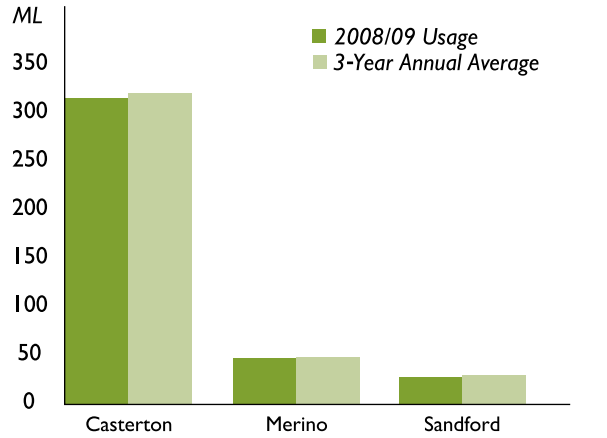


Grampians System Storages Contents

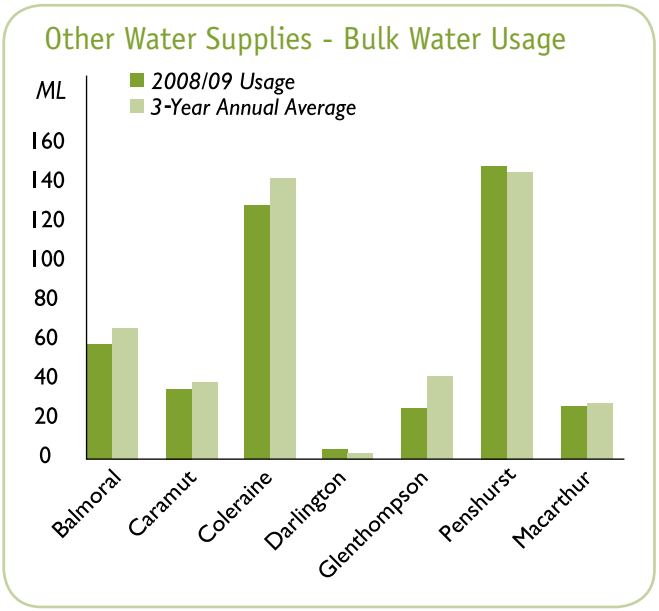


Wannon Water extracted 1,215 megalitres from the southern Grampians streams. The total flow in these streams is not measured. The strong community response to water restrictions in the Grampians system continues to be evident in the reduced water consumption in 2008/09.

Tullich System - Bulk Water Usage



There has been an overall 5.3 per cent reduction in water usage compared to the three-year average for the Tullich system, which supplied water to Casterton, Merino and Sandford.



Water carting from the Penshurst system resulted in another year of increased water use at Penshurst.

Treating sewage

Sewage consists of the discharges to the sewer system from residences, commercial properties and industrial enterprises. It is about 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.

There are several different types of water reclamation plants operated by Wannon Water, varying from biofiltration treatment to facultative/maturation pond systems, reed-bed treatment and biological treatment.

The overall compliance with licence requirements of the Environment Protection Authority for Wannon Water's 18 water reclamation plants was 98.6%, noting that:

- The treated effluent discharged from 14 plants fully complied (100 per cent compliance) with Environment Protection Authority discharge licences;
- Three did not achieve compliance with discharge licences; and
- One, being the newly commissioned Peterborough Water Reclamation Plant, did not discharge treated effluent, as the treatment lagoons are yet to fill to the desired operating levels.

Compliance was assessed in relation to the treated waste water discharge limits detailed in licences issued by the Environment Protection Authority under section 20 of the *Environmental Protection Act 1970*. The licences specify median and maximum concentrations for various parameters, as well as flow rate.

The three water reclamation plants that did not achieve compliance were:

- The Portland Water Reclamation Plant where a major upgrade to achieve total compliance is planned for commissioning in 2012/13. Overall compliance for this plant was 93.8 per cent up from 85.4 per cent in 2007/08 due to reconfiguration works undertaken during the year.

- The industrial water reclamation plant at Port Fairy treats trade waste from a single major customer that produces pharmaceuticals. Additional works are proposed for 2009/10 to further upgrade the treatment capacity to cater for increased demand from the customer. Compliance for this plant was 87.3 per cent for the year.

- The Simpson Water Reclamation Plant achieved 96.2 per cent compliance, as there were two instances where higher levels of suspended solids were recorded at the initial discharge point to the environment.

Discharges to the environment did not significantly affect any water bodies recognised to be particularly sensitive due to their relative size, function or status as a rare, threatened or endangered system, including any Ramsar-listed wetlands or other national/international conservation areas. Wannon Water's discharge performance is managed under Environment Protection Authority licence conditions.

During the reporting period, Wannon Water did not receive any monetary fine or sanction for any non-compliance with environmental laws, regulations, conventions or treaties, nor for the provision and use of products and services.

Note: The above information is presented to validate Wannon Water's performance in managing compliance with its Environment Protection Authority licences. Water samples are taken and sent to a NATA-registered laboratory for testing. Results are reported back to Wannon Water and recorded in a water quality database. A report extracts the non-compliant results. Wannon Water has a program for the Portland, Port Fairy Industrial and Simpson Water Reclamation Plants. Wannon Water did not receive a fine or imposed penalty for the non-compliances, but does have a program to achieve compliance.

Producing and reusing biosolids

Biosolids are nutrient-rich organic materials processed from treated sewage sludge. 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. At Camperdown the sludge is dried and composted into biosolids for reuse on farms in the surrounding area. The biosolids act as a soil conditioner and have a look, smell and texture similar to a dark and rich organic soil.

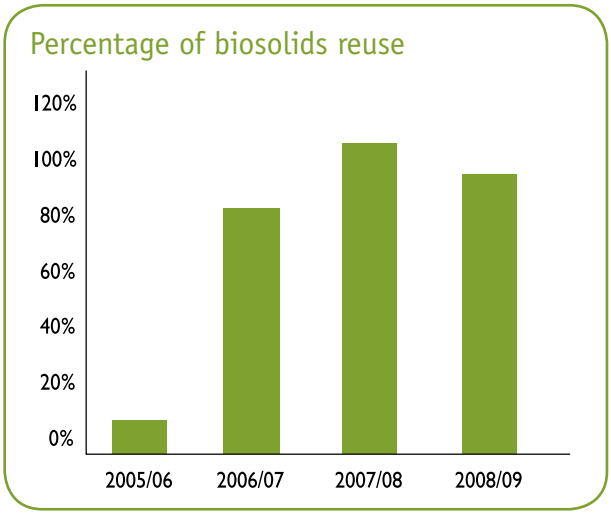
In 2008/09:

- Wannon Water reused 100 per cent of biosolids available by applying 1,523 dry tonnes of biosolids for the year to land as a soil conditioner and 404 dry tonnes as potting mix;
- One hundred per cent of the sludge generated at the Port Fairy Industrial Plant 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.

During the reporting period, Wannon Water finalised a treatment solids reuse strategy which outlines how Wannon Water will sustainably manage solids from water and sewerage treatment processes.

Wannon Water records biosolids reuse data in an electronic database as an indication of the ongoing environmental sustainability of its sewage treatment operations. Biosolids volumes are calculated according to the 2008/09 Urban Water Performance Report Indicators and Definitions Handbook.

For further details of biosolids reuse at individual plants see page 109.



CASE STUDY

Biosolids reuse for agriculture

Wannon Water is a leader in biosolids reuse, spreading more than 2,000 tonnes of processed biosolids from the Camperdown biosolids facility in 2008/09. Sludge is trucked from water reclamation plants to Camperdown for processing then reused on three local cropping and sheep farms.

Wannon Water Reuse Coordinator Doug Gardner said, "Organisations will most certainly never have a full cost recovery of biosolids. However, there is a legitimate value in reusing biosolids, especially for the water and agricultural sectors."

The Camperdown biosolids facility completed its seventh year of operation during 2008/09 and is successfully turning a by-product previously considered waste into a practical, reusable product.

Right (top to bottom): A before and after example of biosolids processed at the Camperdown biosolids facility.

CASE STUDY

Hamilton biosolids facility upgrade

Wannon Water completed a $2.4 million project for the treatment of biosolids at the Hamilton Water Reclamation Plant. The works were completed in December 2008.

The project included the construction of three drying pans and a biosolids stockpile section, covering an area of more than two hectares north-west of the Hamilton township.

Drying pans are a sustainable way of using heat from the sun to dry the biosolids.

Wannon Water Contracts Engineer Neil Schryver said the new facility "converts the biosolids to a product suitable for use as a soil conditioner on agricultural land. The outcome is reusing what was once considered to be a waste by-product of the sewage treatment process".

Above: Two of the three drying pans developed at the Hamilton Water Reclamation Plant.

A new approach to managing waste

Wannon Water's Sustainability Strategy acknowledges that further development of the corporation's waste program is required. Currently, data is deficient to enable accurate reporting on waste management performance. To address this, Wannon Water began development of a Waste Management and Minimisation Strategy for the whole corporation.

The strategy will be completed in 2009 and designed to present a 'waste action toolkit' and a five-year horizon for integrating sustainable management of waste across the corporation. Supporting the strategy will be a comprehensive management plan for solid wastes generated by water and sewage treatment processes. The plan includes an analysis of the volumes and types of solid wastes generated, the optimum re-use or disposal method and forecast works required to reduce future volumes and improve re-use opportunities. Upgrades of biosolids handling facilities at Camperdown and Hamilton were completed during the year (see case studies).

Wannon Water is committed to reducing demand on natural resources through reducing solid waste to landfill, improving waste avoidance through more efficient materials and energy use, incorporating re-use of materials, and improving recycling, including environmentally responsible product selection and purchasing.

By applying consistent use of the waste minimisation hierarchy, proactively implementing well-planned initiatives for conserving resources (including more efficient use of energy and materials and reducing use of packaging) Wannon Water will reduce its overall waste impacts on the environment.

To achieve these aims, Wannon Water will set about establishing integrated systems for measuring its 'waste footprint', enabling monitoring and reporting on future waste production and ongoing evaluation of its waste management and minimisation performance.

Through combining strategies of waste avoidance in the first instance, with increasing our understanding and capacity for reuse and recycling technologies, supported by a range of waste management initiatives, we can continuously improve our overall waste management performance at Wannon Water.

The Waste Management and Minimisation Strategy is expected to be implemented from early 2010.

Regional Catchment Strategy

Wannon Water continues to participate in natural resource management issues that affect the region. The Regional Catchment Strategies of both the Corangamite and Glenelg Hopkins Catchment Management Authorities have passed the respective planning horizons and reviews have been undertaken. Both Catchment Management Authorities continue to provide strategic direction through regional plans and strategies.

Wannon Water works closely with both Catchment Management Authorities through the South West Sustainability Partnership and its sub-committee Alliance groups. The Natural Assets Alliance has been created by the South West Sustainability Partnership as a standing committee of its Board. Wannon Water is an active member of the South West Sustainability Partnership and Alliances; this is demonstrated by the Wannon Water employees who chaired both the Board of the Partnership and the Natural Assets Alliance.

Victorian Biodiversity Strategy

The revised Victorian Biodiversity Strategy is due to be released during 2009. The strategy will be a separate document to the *Land and Biodiversity at a Time of Climate Change* White Paper and will provide strategic directions for biodiversity management across Victoria. It will be a five-year strategy that implements priority issues as identified via the Land and Biodiversity White Paper and engagement across government, industry and community sectors. The strategy will consolidate the Government's approach to protecting Victoria's biodiversity by taking account of the policy directions proposed in the White Paper and providing a more detailed framework for their implementation.

Wannon Water was an active participant in workshops which provided input to the development of the *Land and Biodiversity at a Time of Climate Change* Green Paper. The document was used as a key reference in the development of Wannon Water's first Biodiversity and Land Management Strategy.

One of the key directions of this strategy is to 'build biodiversity knowledge and improve information management'. In other words, we need to know what biodiversity we have, what it requires to survive to ensure its conservation, and its cultural significance.
As the strategy is delivered, knowledge and information management will be improved through understanding:

- Geographic location of biodiversity sites;
- Land owned, leased, managed by the organisation;
- The land position in relation to protected area (in the area, adjacent to or containing portions of the protected area) and high biodiversity value area outside protected area;
- The type of operation (office, manufacturing/ production, extractive);
- The size of operational site in square kilometres; and
- The biodiversity value characterised by: attributes of protected areas and high biodiversity value area outside protected area (terrestrial, freshwater or maritime ecosystem); and listing of protected status (e.g. IUCN Category, Ramsar Convention, EPBC Act, etc.).

Victorian River Health Strategy

The Victorian River Health Strategy provides a long-term approach to protecting and enhancing river and ecosystem health for the state. Wannon Water works closely with the Catchment Management Authorities to seek out and implement project opportunities that target catchment and river health. Improving the quality of water, particularly in water supply catchments, is of particular importance to Wannon Water. Healthy catchments provide a water treatment service for free, which is invaluable to Wannon Water's treatment facilities.

To support the catchments to continue what they do for us all, Wannon Water has partnered with the Corangamite Catchment Management Authority to undertake a five-year catchment improvement program.

CASE STUDY

Wannon Water releases its Biodiversity and Land Management Strategy

In May 2009, Wannon Water launched its 50-year Biodiversity and Land Management Strategy to maintain and enhance the biodiversity and natural assets on all Wannon Water land (2,500 hectares). The strategy has four key strategic directions supported by various targets and actions.

The release of the Biodiversity and Land Management Strategy underlines the importance of biodiversity for water corporations. Biodiversity and ecosystems provide value to our business by maintaining a healthy water supply catchment. This is just one of the many services the environment provides that is fundamental to supporting our business.

Innovation and Sustainability Project Manager Brad Henderson said, "From our customer satisfaction surveys, customers have told us it is extremely important that we work to protect and improve the biodiversity of the region".

Activities that will occur under the strategy include establishing a biodiversity covenant over the land at the Casterton Water Treatment Plant, and working towards the development of management plans for endangered species, such as the Legless Lizard and the Plump Swamp Wallaby Grass found at the Dunkeld Water Reclamation Plant.

As Wannon Water builds new infrastructure there are occasions when biodiversity is impacted. In every occasion Wannon Water delivers the required due diligence investigations and reporting. An example is the native vegetation offsets required as part of the Hamilton-Grampians Pipeline project.

Some vegetation was required to be removed for a short section of the pipeline installation. To ensure a net gain in overall vegetation within the region, Wannon Water has committed to establishing a conservation covenant in partnership with Trust for Nature. The covenant will ensure the survival of a 2.75-hectare forest to be planted on Wannon Water land at Casterton in 2010.

To raise awareness for the launch of the Biodiversity and Land Management Strategy, Scarlett Bottlebrush seeds were made available from Wannon Water customer service centres for customers to plant.

Full details of the strategy are available at www.wannonwater.com.au.

Right: The cover of the Biodiversity & Land Management Strategy.

This program includes on-ground works for waterways within the Gellibrand Water Supply Catchment Area. The works will include fencing and revegetating waterways to restrict direct stock access and improve indigenous vegetation cover. This will lead to more stable and healthy waterways.

Wannon Water continues to work with the Glenelg Hopkins Catchment Management Authority on monitoring flows from Grampians streams from which Wannon Water harvests water.

Southwest Municipal Water Use Committee

The Southwest Municipal Water Use Committee has been operating for three years and serves as a platform of the five municipalities within Wannon Water's region to plan for water use savings and build a water savings knowledge base.

The work of the past year has built on the early base line assessment of water use by the municipalities and on the plans for implementing water use savings. Wannon Water introduced an improved data assessment system that now sees each council advised on a quarterly basis of deviations in property water consumption, taking into account historical seasonal water demand for each property. Focus on extreme deviations will allow for quicker review and remedial action.

The pattern of water consumption savings has been notable for most of the councils. Since audited in 2006, the combined water use of all five councils has reduced from 577 megalitres to 437 megalitres in 2008/09, a reduction of 24 per cent.

Western Region Sustainable Water Strategy

The drafting of the Western Region Sustainable Water Strategy, a 50-year forward look and sustainable water use plan announced by the Department of Sustainability and Environment in early 2008, is nearing completion. The release of the draft document by the Department is anticipated in October 2009, leading to a finalised strategy for western Victoria in early 2010.

The study area includes south-west Victoria and the Wimmera and southern Mallee regions. All of the service area of Wannon Water is within the western strategy area.

Wannon Water is represented on the Western Region Sustainable Water Strategy Consultative Committe and on specialist working groups developing positions for Bulk Entitlements and reviewing progress and outcomes for urban water savings and urban water use efficiency.

Wannon Water submitted case study material associated with Customer Behaviour Change, a study funded by Portland Aluminium, Deakin University and Wannon Water which is likely to feature in the finalised strategy.

Wannon Water has noted with interest the work to date in assessing the way forward for sustainable management of the groundwater resources of the region.

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 two 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). Elements of the demand management program that have been particularly effective to date include rural customer demand management, Permanent Water Saving Measures, education initiatives and municipal water use plans developed in conjunction with local government.

On current figures, it appears meeting the targeted average water consumption of 530 litres per person per day by 2015 is achievable. Water consumption has fallen from 612 litres per person per day in 2005/06 to around 570 litres per person per day in 2008/09, a reduction of about 7 per cent (putting to one side areas subject to the impact of water restrictions).

The demand management program for the next four years comprises 15 actions and has a cost of $2 million.

Ongoing actions include:

- leak reduction activities;
- 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; and
- support for the water savings programs of major customers using more than 40 megalitres per year.

The largest single component of the demand reduction program is leak reduction. Wannon Water has devoted significant employee resources to this activity. A "non-revenue water reduction strategy" has been prepared, involving improved asset management, improved metering, active leakage control, and leakage detection and repair. The zone metering necessary for active leakage control is being rolled out progressively.

Promoting the Water Smart Rebate Scheme

Wannon Water continued to promote the State Government's Water Smart Gardens and Homes Rebate Scheme in 2008/09, enabling eligible customers to apply for rebates for purchasing water-efficient appliances and garden products. During the year Wannon Water processed 401 rebates (426 in 2007/08) totaling $110,320 ($152,040 in 2007/08). Of these, 104 (140 in 2007/08) were large tank rebates totaling $93,550 of the $110,320.

CASE STUDY

Research and development - new agreement to benefit communities and environment

Wannon Water Managing Director Grant Green and Deakin University Deputy Vice-Chancellor (Research) Professor David Stokes signed a new four-year agreement for research cooperation that will deliver better water and sewerage services for south-west Victoria in December 2008.

"The agreement formalises Wannon Water's relationship with Deakin University. It identifies strategic research areas that will improve the environmental, economic and social values of water use in south-west Victoria," Mr Green said.

Key research areas to be investigated under the agreement include: integrated aquaculture using recycled water, renewable energy from biomass sources, and social and economic values and impacts of different uses of water resources.

"Deakin University is very pleased to be increasing our local partnerships. This agreement with Wannon Water increases the effectiveness, efficiency and flexibility of research services for the benefit of regional communities," Professor Stokes said.

Wannon Water is already undertaking two significant research projects with Deakin University:

1. The $214,000 project looking at reshaping water saving attitudes, with support from the Alcoa Foundation and the Victorian Water Trust, is about to enter its third year; and

2. Joint investigations into passing flow impacts on the changing population of fish species in small streams of the southern Grampians catchment of the Hamilton water supply system.

"Research developed under this new agreement will form part of Wannon Water's $750,000 research program, supporting its progress as a sustainable business," Mr Green said.

"Funding for the program has been secured as part of the business's five-year Water Plan, endorsed earlier this year by the Essential Services Commission."

Encouraging Water Savings and Managing Demand

Key Communication Activities in 2008/09

Press advertising campaign	• Wannon Water partnered with the Glenelg Hopkins Catchment Management Authority and Southern Rural Water to run 'Water Update' full-page advertisements in the three main regional newspapers, updating customers monthly from October 2008 through to March 2009 on key water saving information and conservation rules. • "How does your garden grow?" competition ran in the Hamilton Spectator during January and February 2009 in partnership with Pearson's Nursery to highlight Hamilton customers who had great gardens under the restrictions in place and included photos of the gardens as a living example to others and to encourage and reward good water-wise gardening practices. • Weather strips advertising the Permanent Water Saving Measures were included with the weather reports of the Portland Observer from October 2008 to March 2009.
Radio advertising campaign	• In the Hamilton area, Wannon Water continued its water restrictions campaign on 3HA and Mixx FM, sponsoring local weather bulletins and community service announcements via news and weather credits for both stations. • In Warrnambool, Wannon Water promoted Permanent Water Saving Measures on 3YB and Coast FM throughout the year. • National Water Week competitions were run on 3HA, Mixx FM, 3YB and Coast FM during breakfast asking listeners for water tips to win Savewater prize packs.
Community newsletters	• Water restrictions and Permanent Water Saving Measures were highlighted in over 30 local community and school newsletters throughout the region. • Relevant Permanent Water Saving Measures or restrictions and water saving tips were included in Wannon Water's community newsletters sent with customers' accounts in October 2008 and April 2009.
Public relations and media relations	• Throughout the year Hamilton's daily water consumption targets are published along with the weather details in the Hamilton Spectator each edition. • A number of media releases were issued across the region, helping to communicate water conservation rules, water saving practices and water-related issues.
Signage	• Roundabout banners and street signs were utilised and erected at 10 prominent locations in Warrnambool, 12 in Portland, and 17 locations in Hamilton. • 21 pull-up banners promoting awareness of restrictions and water saving measures were displayed at Wannon Water's Warrnambool, Portland, Camperdown and Hamilton offices, in council offices in the region, along with key shopping centres and sports facilities throughout the south-west. • VicRoads water restrictions signs remain at three major entry points to Hamilton.
Direct marketing	• Letters, flyers and brochures were mailed directly to customers and informative inserts were included with customer accounts. • Letters were mailed to post offices, general stores, supermarkets, community groups, sports groups, libraries, councils, newsagents, special interest (Lions, Apex, etc), health locations (pharmacies, general practices) to promote the relevant restrictions or Permanent Water Saving Measures. • Posters and point-of-sale material: - Posters were displayed at 243 locations throughout the region; and - Point-of-sale tent signs were displayed at 181 other locations.
Showerhead Exchange Days	1,500 showerheads exchanged at the following locations: • 18 September 2008, Portland; • 19 September 2008, Camperdown; • 8 October 2008, Casterton; • 8 October 2008, Coleraine; and • 9 October 2008, Warrnambool. Exchanges had been run for customers on restrictions in the Hamilton area previously.

Encouraging Water Savings and Managing Demand (cont.)

Key Communication Activities in 2008/09

Community Events

- Bunnings Spring In-store Expo: Thursday 9 October 2008
- Sustainability Expo: Saturday 15 November 2008, 10am-4pm. Deakin University, Warrnambool
- Go Green on the Green (part of the Moyneana Festival), Port Fairy: Friday 16 January 2009
- 126th CFA State Championships: In support of the recycled water processes put in place by the Warrnambool Fire Brigade. Saturday 7 March 2009. Warrnambool Fire Brigade Training Facility
- Portland Dahlia & Rose Festival: Saturday 7 March 2009. Portland Botanical Gardens

Web

- Wannon Water's web site continues to be used to ensure up-to-date information is readily available to all customers and residents. A search engine on the homepage enables customers to search on their town to check what restrictions or measures are in place and links through to full details of the appropriate rules.

Wannon Water's community newsletter

Wannon Water partnered with Glenelg Hopkins CMA and Southern Rural Water to run advertisements updating customers on key water saving information and conservation rules

'How does your garden grow?' competition, Jan-Feb 2009

Sustainability Expo, Deakin University, Warrnambool

Permanent Water Saving Measures press advertisement

Water Restrictions and Permanent Water Saving Measures

Uniform Water Restrictions timeline

Towns	Commenced Stage 1 Restrictions	Commenced Stage 2 Restrictions	Commenced Stage 3 Restrictions	Commenced Stage 4 Restrictions
Balmoral	-	-	-	15 October 2006 (continued for 2008/09)
Glenthompson	-	2 November 2007 (continued for 2008/09)	-	-
Hamilton, Cavendish, Dunkeld and Tarrington	-	-	2 November 2007 (continued for 2008/09)	-

Permanent Water Saving Measures are in place for all towns in the region, except for those under water restrictions.

Stage 3 water restrictions GENERAL EXEMPTIONS (Hamilton, Cavendish, Dunkeld and Tarrington)

General Exemption

The general exemption allows the households to water their gardens manually on their specified watering days* from 6am to 8am in the morning and 5pm to 7pm in the evening.

70+ Exemption

Wannon Water has approved a general exemption to modify the watering times under Stage 3 water restrictions for households with at least one resident aged 70 years or over. The general exemption allows the households to water their gardens manually on their specified watering days* from 8am to 10am, instead of 6am to 8am, or 6pm to 8pm, instead of 5pm to 7pm.

Stage 4 water restrictions GENERAL EXEMPTIONS (Balmoral)

Customers can water plants and shrubs by:

- A dripper system (automatic or manual) between 6pm and 7pm on the specified watering days* OR by hand-held hose fitted with a trigger nozzle between 6pm and 7pm on the specified watering days*
- A bucket or watering can filled directly from a tap at any time.

**full details of specified watering days are available on the web site, www.wannonwater.com.au*

CASE STUDY

Free showerhead exchanges

During September and October Wannon Water exchanged over 1,500 three-star water saving showerheads for older, less efficient models.

Customers were able to swap over their old showerheads by bringing them to one of four showerhead exchange days.

In previous years, Wannon Water has held showerhead exchanges in areas affected by water restrictions, to assist in reducing demand in drought-affected areas. In 2008/09 successful exchanges were held in Portland, Camperdown, Casterton, Coleraine and Warrnambool, towns under Permanent Water Saving Measures.

The showerhead exchanges were so popular, that a limited amount of additional showerheads were made available at Wannon Water offices for customers who could not make it to their local exchange day. These showerheads were also snapped up quickly.

Three-star water saving showerheads are one of the cheapest and most effective ways to cut household water use, with each showerhead saving up to 20,000 litres per year, the equivalent of a large rainwater tank.

Right: Wannon Water customers lining up at Gateway Plaza, Warrnambool, to change over their traditional showerhead for a three-star water saving showerhead.

Our Water Our Future

In 2008/09 Wannon Water continued to make significant progress in delivering against relevant initiatives set out in the Victorian Government's *Our Water Our Future* water reforms.

Wannon Water has completed most actions arising from the *Our Water Our Future* reforms. Progress against the remaining actions identified for 2008/09 is reported below:

Above: An eastern perspective of the proposed Warrnambool office building

***Our Water Our Future* initiative**	**Wannon Water action**
Improved water efficiency in new buildings	The design objective for Wannon Water's new Warrnambool Office development in Warrnambool has been set at 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 must be diverted from landfill to recycling. The building is under construction and will be completed in 2009/10.
Work with industry towards improved water management outcomes, including opportunities for water conservation, recycling and waste minimisation	The waterMAP program continues to be implemented, with 52 customers participating in the program, which has resulted in a seven per cent reduction in water usage compared to the previous year for the customer segment.
Report annually on industry water conservation programs and details of water saved	External reporting is included in this annual report. Cumulative reporting of annual volumes used by waterMAP customers occurs annually.
Consider investment in strategic water recovery and recycling programs that: **• are of state or regional significance;** **• deliver multiple benefits – social, economic and environmental; and** **• are larger scale projects or initiatives.**	The first stage of utilising recycled water from the Hamilton Water Reclamation Plant – an expression of interest process – began late in the reporting year. Wannon Water negotiated to supply recycled water from water reclamation plants to two gas-fired power stations. The Mortlake Power Station is currently under construction. The Shaw River Power Station is approaching the end of the approval process.
Work with industrial and commercial clients and EPA Victoria to develop cleaner production programs and reduce salt discharge	Wannon Water is working with major customers regarding cleaner production. The Trade Waste Policy and Strategy gives clearer incentives for major customers to develop cleaner production and minimise salt discharge to inland sewerage systems. Planning has also commenced to develop a brine receival facility in Warrnambool to accept salty waste from industrial customers located inland.
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	Wannon Water was successful in obtaining an additional $920,000 of State Government funding on top of the previously announced $1.1 million in Federal Government funding for an innovative storm water harvesting proposal, whereby roof-only storm water would be harvested and delivered to a raw water basin in Warrnambool and subsequently treated and used throughout the city.
Implement leakage reduction programs and use cost-effective technology such as water pressure reduction to reduce distribution losses	A formal leakage reduction program has been prepared and implementation commenced. Leak detection equipment and resources have been procured, bulk water meters upgraded, zone water meters installed, audits of unmetered fire services undertaken and night flow monitoring commenced.
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	The projects listed in the Country Towns Water Supply and Sewerage Program are: • Peterborough Sewerage Scheme – completed in May 2008; and • Dutton Way Sewerage Scheme – scheduled for 2012/13.

Water consumption

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

Customer numbers and water use by megalitres for 2008/09

Customer segment	Number of customers	Customers (% of total)	Water consumption (megalitres)	Percentage of total consumption	Kilolitres per customer
Residential	33,251	84.3%	5,491	44.5%	165
Business	4,497	11.4%	4,599	37.3%	1,023
Rural	1,715	4.3%	2,144	17.4%	1,250
Metered hydrants	-	-	92	0.8%	
Total	**39,463**	**100%**	**12,236**	**100%**	

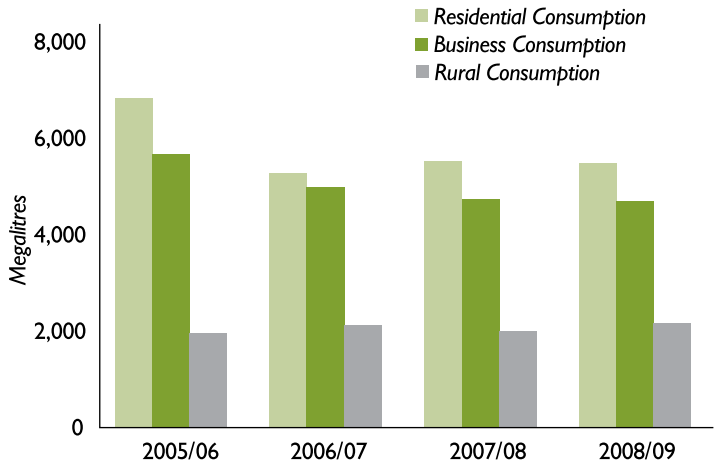
Note: Customer numbers and water consumption are derived from the data presented in Appendix 2. The data is recorded in the billing system.

Total water consumption reduced 0.3 per cent in the reporting period, from 12,271 megalitres in 2007/08 to 12,236 megalitres in 2008/09.

Water consumption reduced by 0.8 per cent for residential customers and 4.4 per cent for major customers.

Rural customer water consumption increased by 25 per cent.

Residential, business and rural customer water consumption



Wannon Water office water consumption

Wannon Water operates from a number of offices across the region, as follows:

Town	Address	Metered water use (kilolitres) '06/07	'07/08	'08/09	No. staff	Kilolitres per staff member
Warrnambool	99 Fairy Street	746	724	906	52	17.4
Warrnambool	101A Fairy Street		38	44		
Warrnambool	241 Koroit Street	60	93	131	20	6.5
Warrnambool	Jamieson Street	50	49	63	20	3.2
Portland	15 Milbank Street	23	26	26	5	5.2
Portland	15 Townsend Street	46	65	127	9	14.1
Hamilton	66 Gray Street	53	39	41	14	2.9
	Totals	**978**	**1,034**	**1,338**	**120**	**11.1**

Notes:

1. *The 2008/09 water consumption is estimated on a straight line basis from the most current meter reading to 30 June 2009 where no meter reading after 1 July 2009 exists.*
2. *Wannon Water leases approximately 25% of the Jamieson Street office and, as such, only 25% of the recorded water use is reported.*
3. *This data is recorded in Wannon Water's billing system and is published in accordance with Section 51 of the* Financial Management Act 1994.

Total office water consumption in kilolitres (kL)

'05/06	'06/07	'07/08	'08/09
1,020 kL	978 kL	1,034 kL	1,338 kL

Total water consumption at Wannon Water offices in the 2008/09 financial year was 1,338 kilolitres, an increase of 29 per cent over 2007/08. However, the number of staff in these offices increased from 112 to 120 (7.1 per cent), representing an increase in average annual usage from 9.5 kilolitres in 2007/08 to 11.1 kilolitres per employee at those offices, equating to an increase of 16.8 per cent. The majority of the increase is associated with the 99 Fairy Street office. A leak has since been detected at Townsend Street, Portland, which Wannon Water has addressed.

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

Volumetric range – megalitres (ML) per year	No. customers		
	'06/07	'07/08	'08/09
50ML to 100ML	4	4	5
100ML to 200ML	3	3	1
200ML to 300ML	0	0	0
300ML to 400ML	1	2	3
400ML to 500ML	3	2	0
500ML to 750 ML	1	1	2
750ML to 1,000ML	0	0	0
Greater than 1,000ML	0	0	0

Table 2: Major customers and their participation in water 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 plans developed and being implemented.
Alcoa Portland Aluminium Pty Ltd	Portland	✓	
Fonterra Milk Australia Pty Ltd	Warrnambool	✓	
Fonterra Australia Limited	Cobden	✓	
Midfield Meat International Pty Ltd	Warrnambool	✓	
GlaxoSmithKline Australia Pty Ltd	Port Fairy	✓	
Illuka Pty Ltd (Grampians Wool Industries)	Hamilton	✓	
Basin Properties Pty Ltd (Iluka Resources)	Hamilton	✓	
Dairy Farmers	Simpson	✓	
Port of Portland Pty Ltd	Portland	✓	
South West Healthcare	Warrnambool	✓	

Notes:

1. *Basin Properties Pty Ltd operates the 'Iluka' mineral sands separation plant in Hamilton and receives significant recycled water for mineral sands processing (95.6 per cent) and small quantities of potable reticulated water (4.4 per cent) for its staff facilities. The recycled water is produced from the additional treatment of treated sewerage effluent from the Hamilton Water Reclamation Plant.*
2. *Warrnambool Cheese and Butter (Warrnambool) receives a non-potable water supply.*
3. *The data presented in Table 1 and Table 2 is required to be included in this annual report as prescribed under Section 122ZJ of the* Water Act 1989 *in the volume ranges and form directed by the Minister for Water.*
4. *Volumes are sourced directly from water meter readings and participation in water conservation program taken from the waterMAP program, and from information provided by the major customer client liaison officer.*

waterMAP

Wannon Water has continued to implement the water management action program called waterMAP (water Management Action Plan) under its Permanent Water Saving Measures. All non-residential water customers that use more than 10 megalitres of potable water per annum are required to participate in the program. The program requires that this customer group each:

- 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.

Currently there are 52 non-residential customers participating in the program. Three customers have been excluded from waterMAP over the year due to closure of the business or substantial change in business activity or the development of alternative fit-for-purpose water sources.

The total water consumption for the 52 current waterMAP customers is summarised below:

	'06/07	'07/08	'08/09
Water Use (ML)	3,029	2,737	2,545
Percentage reduction each year	-	9.7%	7.0%

Note: The data is presented to validate the performance of the large water-using customer segment in implementing water saving initiatives under the waterMAP program. Data on waterMAP customers is recorded in Wannon Water's billing system.

In 2008/09 water use decreased by 7.0 per cent over the previous year for the waterMAP customer group. This totals a 16 per cent reduction, which exceeded the 10 per cent target within two years.

CASE STUDY

Portland Aluminium leading the way

As Wannon Water requires all non-residential water customers that use more than 10 megalitres of potable water per annum to participate in the waterMAP (water Management Action Plan) program, businesses are making permanent changes to reduce their water consumption.

The objective of the waterMAP program is to achieve a 10 per cent reduction in potable water use; one of the largest businesses in the south-west has made a significant reduction in its consumption.

Portland Aluminium has taken a lead role in reducing its water consumption by 165 kilolitres per day, which is an 11 per cent reduction since 2007.

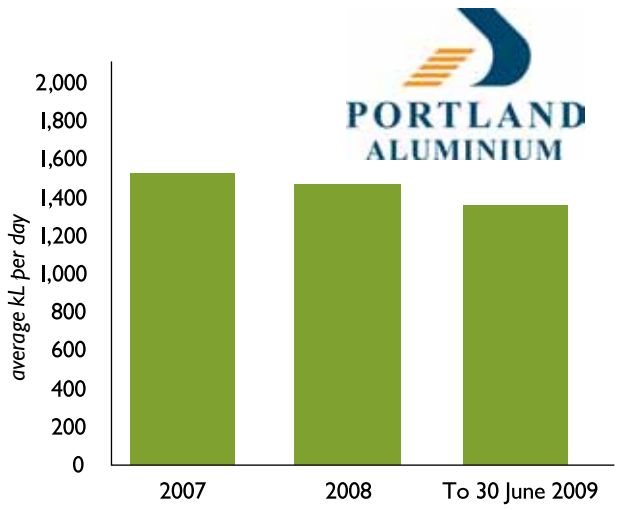
The water consumption savings have been achieved by:

- Increasing the number of times water is cycled in the sites cooling towers;
- Minimising the watering of lawns; and
- Introducing 'waterless urinals'.

But Portland Aluminium is not stopping there, with further savings anticipated in 2009 as it replaces potable water with recycled water through the dross cooler cooling system.

Portland Aluminium has taken a lead role in reducing its water consumption by 165 kilolitres per day, which is an 11 per cent reduction since 2007.

Portland Aluminium Water Consumption



Recycling water

Wannon Water takes a proactive approach to water recycling and continues to develop and implement 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. Some key achievements are listed below:

- Wannon Water increased the use of recycled water from a combined total of 19 per cent reuse in 2007/08 to 21 per cent in 2008/09. This represents a total of 1,761 megalitres of water recycled during the past year. In some towns, Wannon Water has achieved 100 per cent water recycling for beneficial use. This result is consistent with expectations.

- In October 2007 Wannon Water adopted a Recycled Water Strategy to develop an increased emphasis on the marketing and management of recycled water, incorporating a water recycling target of 35 per cent by the year 2015. This commitment is part of the Wannon Water Sustainability Strategy and supports the recycling objectives outlined in the Victorian Government White Paper *Our Water Our Future*.

- Wannon Water has entered agreements with two companies to supply recycled water to new gas-fired power stations to be established at Mortlake and Orford in the near future.

In 2008/09 Wannon Water recycled 1,761 million litres (21%) of its water for non-potable uses

- Expressions of interest were sought for the potential reuse of recycled water from the Warrnambool Water Reclamation Plant, although no offers were deemed viable at this time.

- Wannon Water continued to work proactively with its major trade waste customers to improve the quality of recycled water and source new and innovative applications for the recycled water resource throughout the region in accordance with the principles and objectives of the Wannon Water Recycled Water Strategy.

For further details of the percentage of water recycled at each plant see page 108.

Greenhouse gas emissions

Greenhouse gas sources are varied and occur from 'source to tap' along the water and recycled water system processes. There are emissions for which Wannon Water is directly and indirectly responsible. There are also emissions that occur from sources not owned or controlled by Wannon Water but are a consequence of its activities, such as corporate flights or contractor-owned emissions.

Establishing a boundary for greenhouse emission accounting is important to establish benchmarks for improving performance. Where data availability and fidelity exists, Wannon Water currently includes this in its carbon inventories. Future federal and state carbon management policy and guidelines, including the Carbon Pollution Reduction Scheme, will shape these boundaries further.

Wannon Water is developing an Energy and Carbon Strategy to establish accounting and reporting boundaries, strategic direction, targets and actions.

Emission by activity	t CO2-e '07/08	t CO2-e '08/09
Water Treatment	13,526	15,247
Wastewater Treatment	22,851	24,280
Transport	987	849
Other	484	520
Reductions/Offsets	-	1,844
Total	**37,848**	**39,052**

Note: (Figures estimated using the 'National Performance Framework – 2008-09 Urban Water Performance Report Indicators and Definitions Handbook' and the 'Department of Climate Change – National Greenhouse Accounts (NGA) Factors, June 2009'.

Recycled water reused for irrigation.

Breakdown of energy use

	Water Treatment	Wastewater Treatment	Recycled Water	Transport	Other	Reductions/ Offsets
Direct Consumption (gigajoules)	-	-	-	11,731	-	-
Indirect Energy Consumption (gigajoules)	41,868	31,310	-	-	1,258	-
Conservation and Efficiency (gigajoules)	-	-	-	-	-	-
Energy Efficiency / Renewable Energy Initiatives and Reductions in Energy Requirements (gigajoules)	-	-	-	-	-	5,064
Energy Efficiency - Indirect Energy (gigajoules)	-	4,820	-	-	-	-
Greenhouse Emissions - Direct and Indirect (tCO2e)	15,247	24,280	-	849	520	-
Greenhouse Emissions Reduction (tCO2e)	-	1,755	-	-	-	1,844

Wannon Water's primary direct source of energy consumption is transport. The average distance travelled per month for the 2008/09 financial year is 235,409 kilometres or approximately 2,824,908 kilometres for the year. That's more than three times to the moon and back!

The other sources of direct energy consumption include LPG and diesel used in stationary applications.

The primary indirect source of energy consumption is electricity. Wannon Water requires approximately 20 megawatt hours per year for water pumping and treatment.

Wannon Water's Living Water project has delivered (to 30 June 2009) **1,408 Renewable Energy Certificates** (RECs). RECs are an electronic form of currency initiated by the *Renewable Energy (Electricity) Act 2000* and are validated by the Office of the Renewable Energy Regulator.

Each REC is equivalent to 1MWh of electricity, so in total so far 1,408MWh or 6.8 per cent of Wannon Water's 2008/09 electricity needs.

RECs are required to be surrendered to demonstrate liability compliance against the requirements of the Australian Government's mandatory renewable energy target (MRET). While Wannon Water does not have a liability under the target, all the RECs created through Living Water will be voluntarily surrendered. RECs accepted for voluntary surrender are marked 'invalid due to voluntary surrender' and do not contribute to the MRET. This means that Living Water RECs contribute to renewable energy production above and beyond the MRET. The target for the Living Water project is to deliver up to 2,600 RECs.

Below: A REC from the Living Water Project

REC Details

Certificate Number :	004592-SW0406171-2008-000001
Certificate Details	
Creator (Registered Person Code) :	4592
Accreditation Code :	SW0406171
Generation Year :	2008
Serial Number :	1
Certificate Creation Date :	28/01/2009
Fuel Source :	Solar Water Heater (Deemed)
Created By :	Wannon Water
Current Owner :	Wannon Water
Current REC Status :	Registered

Transfer History

Date Of Transfer	Buyer	Seller
No Results Found		

CASE STUDY

Saving electricity

The Warrnambool Water Reclamation Plant is what is called an Intermittently Decanted Extended Aeration (IDEA) activated sludge plant, which consists of four large aeration tanks and uses 3,151,000 kilowatt hours per year, equivalent to 344 houses.

The primary use of electricity at the plant is to operate four large industrial blowers that pump air through 17,630 rubber membranes located at the bottom of the aeration tanks to maintain aerobic conditions to ensure that full treatment occurs and that unwanted anaerobic odours are avoided.

Wannon Water has developed and implemented a two-stage energy savings program involving:

- Replacement of the 17,630 rubber membrane diffusers and regular three-monthly cleaning of the membranes; and
- Changes to the amount of biomass within the aeration tanks and changes to the biomass sampling procedure.

The overall results of the program have been impressive, with energy savings of 1,340,000 kilowatt hours per year or 42 per cent of the electricity used at the plant. The savings for each stage have been real and the savings observed by monitoring of electricity consumption are:

- 900,000 kW.hr (28 per cent) electricity savings observed following the replacement of the rubber membrane diffusers and implementation of the regular cleaning schedule; and

- 440,000 kW.hr (14 per cent) electricity savings observed following a reduction in the biomass from 6,000 milligrams per litre to 4,000 milligrams per litre, and modification of the biomass sample procedure to no longer require the blowers to be operating at full capacity for two to three hours.

The electricity savings represent a reduction of 4.5 per cent of Wannon Water's greenhouse gas emissions and equate to $83,236 per year in avoided energy costs.

Note: This data has been sourced from electricity accounts and assessed on a scientific basis.

CASE STUDY

Offsetting Wannon Water's carbon emissions

In 2007/08, Wannon Water released its Sustainability Strategy, outlining ways in which Wannon Water can introduce sustainability into long-term growth.

To assist in achieving actions in the Sustainability Strategy, Wannon Water has entered into an agreement with CO2 Australia for a forestry planting of mallee trees. The trees will be planted in Victoria, capturing and storing an average of 3,800 tonnes of carbon each year.

The 50-year agreement is a first for the Victorian water industry and will provide environmental benefits for current and future generations.

Wannon Water has voluntarily entered the agreement and will benefit by receiving carbon emission abatement certificates, which will offset 10 per cent of Wannon Water's carbon emissions over the life of the project.

CO2 Australia will plant the mallee eucalypt trees on behalf of Wannon Water in northern Victoria. Mallee trees are to be planted, as they are a robust species that store significant amounts of carbon in their root system.

The planting of trees will occur in late 2009, and will be monitored and maintained for 50 years under the agreement with CO2 Australia. CEO of CO2 Australia Andrew Grant said, "We are pleased to be working with a corporation that is committed to all aspects of sustainability and that we can provide part of the solution to Wannon Water addressing its impact on the environment".

Site preparation works nearing completion near Charlton.

Living Water package launched

In November 2008 Wannon Water, with support from Crichton's Plumbing Supplies, launched the innovative Living Water project.

The Living Water project target is to install up to 100 Living Water packages for existing Wannon Water customers by the end of 2009. Each Living Water package provides cost savings and cuts water consumption and greenhouse gas emissions.

The package

The Living Water package comprises:

- A solar hot water system;
- A three star-rated water efficient showerhead;
- Low flow aerator pack;
- Five compact fluorescent light globes; and
- An 'Efergy' Smart Meter wireless electricity monitoring unit.

The offer

- The retail value of each package is around $4,190. The special offer is available to Wannon Water customers from $619; and
- Preference is given to those customers wishing to replace an electric water heater.

The benefits

- Installation cost savings to customers - up to $3,500;
- Annual savings for customers of up to $350 per year on energy and water bills;
- Reduced water usage (the project saves around four million litres of water annually);
- Decreased greenhouse gas emissions of up to 3,400 tonnes CO2e;
- Longer-term behavioural changes;
- Increased community awareness regarding sustainability issues;
- Greater access for lower income households to solar technology; and
- Opportunities for Wannon Water to form a highly productive corporate partnership.

Wannon Water Managing Director Grant Green said, "This value for money offer is achieved by Wannon Water purchasing the Renewable Energy Certificates generated by the solar hot water systems from customers. This is an up-front, direct saving off the cost of a solar hot water system worth around $1,200.

"Wannon Water will also then provide, free of charge, the three-star rated water efficient showerhead, low flow tap aerator pack, five compact fluorescent energy efficient light globes, and the Smart Meter. These, along with Government rebates of $1,600-$2,350, make solar hot water systems more affordable than ever before," Mr Green said.

"Crichton's will supply, deliver and install the entire package and all the discounts are up front for the customer. Customers just need to complete an application form.

Above: L-R Crichton Plumbing's Steve Crichton and Wannon Water Managing Director Grant Green display some of the Living Water Package items at the November launch.

75 packages had been installed as at 30 June 2009

Project Manager Innovation and Sustainability Brad Henderson said this unique project had resulted in Wannon Water forging new partnerships not only with its customers, but with regional business.

Crichton's Plumbing Supplies elected to enter into partnership with Wannon Water to supply, deliver and install the entire Living Water package.

Crichton's Sales Manager, Ian Welsford, said the project dove-tailed neatly with his company's focus on longer-term sustainability.

"Aside from having the skills and knowledge to be able to enter into this partnership, we are also quite focused on the environment and sustainability and have been working with Government for quite some time to lower our region's carbon footprint," Mr Welsford said.

Mr Henderson added, "Aside from the obvious energy-saving benefits (solar hot water saves customers an estimated $350 on their energy and water bills), Wannon Water was particularly excited about the opportunity to support our customers in making sustainable choices over the longer-term."

"This entire project came about because of our focus on raising awareness of the links between energy use, water use and greenhouse gas emissions," he said.

"It demonstrates our commitment to sustainability, our customers and our community. It also demonstrates that we are serious about engaging collaboratively with all of our stakeholders to achieve those ends."

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 2008/09.

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 2008/09. The application related to business matters. Wannon Water provided the documents in full as applied for. 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 $23.40 (further charges may apply). Fees and charges levied under the *Freedom of Information Act 1982* are not subject to GST.

Contact person for annual report

Wannon Water Corporate Communications Advisor
Garrath Darkin.

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 wide range of information on its web site, 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
14 September 2009

Financial Statements

Contents

Operating Statement 71

Balance Sheet 72

Statement of Changes in Equity 73

Cash Flow Statement 74

Notes to the Financial Statements 75

Note 1 - Summary of Significant Accounting Policies 75
Note 2 - Financial risk management 82
Note 3 - Operating statement - disclosures 84
Note 4 - Income tax 86
Note 5 - Cash and cash equivalents 87
Note 6 - Receivables 87
Note 7 - Inventories 88
Note 8 - Other assets 88
Note 9 - Property, plant and equipment 89
Note 10 - Intangibles 90
Note 11 - Payables 90
Note 12 - Interest bearing liabilities 91
Note 13 - Provisions 92
Note 14 - Contributions by owners 93
Note 15 - Accumulated funds 93
Note 16 - Financial instruments 93
Note 17 - Responsible persons related party disclosure 95
Note 18 - Remuneration of auditors 96
Note 19 - Contingent liabilities and contingent assets 96
Note 20 - Commitments 97
Note 21 - Superannuation 97
Note 22 - Segment information 99
Note 23 - Operating results of retail services 100
Note 24 - Events occurring after reporting date 100
Note 25 - Reconciliation of net result for the reporting period to net cash inflow from operating activities 100
Note 26 - Ex Gratia payments 100

Certification 101

Auditor-General's Report 102

Sustainable business performance

Wannon Region Water Corporation

Operating Statement

For the financial year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Revenue from operating activities	1(b)		
Service charges	3(a)	20,844	20,374
Usage charges	3(b)	19,623	12,672
Customer contributions	3(c)	729	3,963
Revenue from non-operating activities			
Assets received free of charge or for nominal consideration	3(d)	1,348	1,360
Interest	3(e)	141	128
Other revenue	3(f)	3,384	3,137
Total Revenue		**46,069**	41,634
Expenses from operating activities			
Employee benefits expense	3(g)	(12,713)	(11,788)
Depreciation and amortisation	1(e), 3(h)	(10,698)	(9,726)
Supplies and services	3(i)	(18,822)	(16,642)
Environmental contribution	1(q)	(1,569)	(1,130)
Total expenses		**(43,802)**	(39,286)
Loss on disposal of non current assets	3(k)	(509)	(470)
Finance costs	1(c), 3(j)	(3,344)	(1,775)
Net result before tax		**(1,586)**	103
Income tax (expense)/revenue	4(a)	976	(34)
Net result		**(610)**	69

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

Wannon Region Water Corporation

Balance Sheet

As at 30 June 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	1(f), 5	6,256	436
Receivables	1(g), 6	4,996	4,850
Inventories	1(h), 7	538	502
Other	8	6,046	5,013
Total Current Assets		**17,836**	**10,801**
Non-Current Assets			
Receivables	1(g), 6	5,491	5,868
Property, plant and equipment	1(d), 9	497,908	478,490
Intangibles	10	794	634
Total Non-Current Assets		**504,193**	**484,992**
TOTAL ASSETS		**522,029**	**495,793**
LIABILITIES			
Current Liabilities			
Payables	1(i), 11	8,226	7,428
Interest bearing liabilities	12	1,177	4,066
Employee benefits	1(j), 13	2,420	2,316
Total Current Liabilities		**11,823**	**13,810**
Non-Current Liabilities			
Interest bearing liabilities	12	58,597	32,653
Employee benefits	1(j), 13	307	241
Deferred tax liabilities	4(d)	29,641	30,618
Total Non-Current Liabilities		**88,545**	**63,512**
TOTAL LIABILITIES		**100,368**	**77,322**
NET ASSETS		**421,661**	**418,471**
Equity			
Contributions by owners	14	423,857	420,057
Accumulated funds	15	(2,196)	(1,586)
EQUITY		**421,661**	**418,471**

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

Wannon Region Water Corporation

Statement of Changes in Equity

For the financial year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Total equity at beginning of financial year		418,471	451,215
Adjustments for correction of errors:			
Deferred tax liabilities	1(x)	-	(29,631)
Infrastructure assets	1(x)	-	(2,082)
Total adjusted equity at beginning of financial year		**418,471**	419,502
Net result for the year		(610)	69
Total recognised income and expense for the year		**(610)**	69
Transactions with the state in its capacity as owner			
Arkin's Creek Land Transfer		-	(2,100)
Grant - Hamilton Grampians Pipeline		3,500	1,000
Grant - Other Capital Works		300	-
Total transactions with the state in its capacity as owner for the year		**3,800**	(1,100)
Total equity at end of financial year		**421,661**	**418,471**

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

Wannon Region Water Corporation

Cash Flow Statement

For the financial year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Cash flows from operating activities			
Receipts			
Receipts from other entities		42,200	30,882
GST recovered from the ATO		4,785	4,147
Capital grants received		625	1,050
Capital charges received		863	560
		48,473	**36,639**
Payments			
Payments to suppliers and employees		(31,595)	(24,544)
GST paid to the ATO		(4,694)	(3,831)
Interest and other costs of finance paid		(3,282)	(1,817)
Environmental contribution		(1,569)	(1,130)
		(41,140)	**(31,322)**
Net cash inflow from operating activities	25	**7,333**	**5,317**
Cash flows from investing activities			
Payments for property, plant and equipment		(30,124)	(25,537)
Proceeds from sale of property, plant and equipment		1,755	782
Net cash (outflow) from investing activities		**(28,369)**	**(24,755)**
Cash flows from financing activities			
Proceeds from borrowings		24,104	19,393
Repayment of borrowings		(1,048)	(893)
Proceeds from contributions by owners		3,800	1,000
Net cash inflow from financing activities		**26,856**	**19,500**
Net increase/(decrease) in cash and cash equivalents		**5,820**	**62**
Cash and cash equivalents at start of the financial year		436	374
Cash and cash equivalents at the end of the financial year	5(a)	**6,256**	**436**
Financing arrangements	12		

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

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 1. Summary of significant accounting policies

(a) Basis of Accounting

General
This financial report of Wannon Region Water Corporation is a general purpose financial report that consists of an Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards (AAS), Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions.

Name change from Wannon Region Water Authority to Wannon Region Water Corporation
Effective from 1 July 2007, the name of the Corporation was changed to Wannon Region Water Corporation under Section 85(1) of the Water Act 1989, inserted by Section 54 of the Water Governance Act 2006.

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.

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

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(j) for a variation in relation to employee benefits.

Rounding
Unless otherwise stated, amounts in this report have been rounded to the nearest thousand dollars.
Critical accounting estimates
The preparation of financial statements in conformity with A-IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

(b) Revenue recognition

Water and sewerage charges
Service charges and water by measure charges are recognised as revenue when the services are 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.

Trade waste charges are recognised as revenue at the end of the service delivery period. Usage 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.

Fees paid by developers
Fees paid by developers to connect new developments to the Corporation's existing water supply and sewerage systems are recognised when the contributions are levied.

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 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(f) as Government 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 - Contributed Capital.

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 Operating Statement.

Interest and rents
Interest and rentals are recognised as revenue when earned or the services provided.

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

(c) Finance costs

Finance costs are recognised as an expense in the period in which they are incurred. Finance costs include interest on borrowings and interest on bank overdrafts.

(d) 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.

Valuation 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 FRD 103D.

Revaluations are conducted using management expertise and are classified as managerial revaluation.

Plant equipment and vehicles are measured at cost. Management's assessment is that depreciated cost approximates fair value.

Water infrastructure assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Such assets may comprise substructures or underlying systems held by water entities 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.

Revaluations
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 expense in determining net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as expenses 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.

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 operating statement 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.

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

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

(d) Recognition and measurement of assets (continued)

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 operating statement.

New Financial Reporting Direction (FRD) on Non-current Physical Assets
During the year, the Minister for Finance issued two new FRDs in relation to non-current physical assets that are relevant to water infrastructure assets. FRD103D 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. However, in recognition of the initial workload and heavy demand on resources within a relatively tight timeframe for implementation, transitional dispensation is available to relieve measurement at fair value at the entity reporting level for 2008-2009 financial year until the temporary exemption is withdrawn. This temporary exemption is made under FRD 121 Infrastructure Assets (Water/Rail) ("FRD 121"). The revaluation model under FRD 103D will be applied for the year ended 30 June 2010 or 30 June 2011.

(e) Depreciation and amortisation of non-current assets

Property, plant and equipment
Property, infrastructure, plant and equipment assets, having limited useful lives are systematically depreciated over their useful lives to the Corporation in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made as part of the Corporation's revaluation process.

Where assets have separable identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Straight line depreciation is charged based on the residual life as determined each year. Major depreciation periods used are listed below and are consistent with the prior year, unless otherwise stated.

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

(f) Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash assets 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.

(g) Receivables

Trade receivables are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for doubtful debts. A provision is made for doubtful debts based on a review of outstanding receivables at balance date. Bad debts are written off in the period in which they are recognised.

(h) 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.

(i) Trade and Other Payables

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.

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

(j) 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 as 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, provisions made 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
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 7 or more 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.

Superannuation
A liability or asset in respect of defined benefit superannuation is recognised in the provision for employee benefits, and is measured as the difference between the present value of employees' accrued benefits at the reporting date and the net market value of the superannuation plan's assets at that date. The present value of accrued benefits is based on expected future payments which arise from membership of the plans to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using rates of national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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.

(k) 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.

(l) Reporting lines of business

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*.

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

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

(m) Changes in accounting policy

The accounting policies are consistent with those of the previous year as applied by Wannon Water, unless stated otherwise.

(n) 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 tax payable 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.

(o) 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 2008/2009 reporting period is $Nil.

(p) 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 taxation Corporation, is classified as operating cash flows.

(q) Environmental contributions

The Water Industry (Environmental Contributions) Act 2004 amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by the water supply authorities. The Act establishes an obligation for authorities to pay into the consolidated fund annual contributions in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation.

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 Operating Statement.

(r) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the (lessor) are charged to the operating statements on a straight-line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

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

(s) 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 profit and loss, 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.

(t) Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Corporation.

(u) 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 proceeds (net of transaction costs) and the redemption amount is recognised in the operating statement over the period of the borrowings, using the effective interest method.

(v) 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.

(w) Comparative amounts

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

(x) Correction of errors

During the year two errors were identified and rectified. The first related to the recognition of a deferred tax liability, specifically in relation to the tax effect of revaluations. Revaluations of property, plant & equipment have a temporary difference for tax purposes and this was not accounted for in last year's financial statements. As the error related to revaluations prior to the inception of Wannon Water, Contributed Capital has been adjusted. The second error related to the recognition of infrastructure assets at inception. 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.

	Note	'08 $'000	Adjustment $'000	Revised '08 $'000
Property, plant & equipment	9,22	476,408	2,082	478,490
Deferred tax liability	4	987	29,631	30,618
Contributions by owners	14	452,870	(31,713)	421,157

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. As at 30 June 2009, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2009. The Corporation has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on the corporation's financial statements
AASB 8 Operating Segments	Supersedes AASB 114 *Segment Reporting*	Beginning 1 Jan 2009	Not applicable.
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038].	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Impact expected to be not significant.
AASB 123 Borrowing Costs	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets. In February 2009, the AASB decided that not-for-profit public sector entities could continue to expense borrowing costs attributable to qualifying assets pending the outcome of various IPSASB/AASB projects.	Beginning 1 Jan 2009	The Corporation continues to expense borrowing costs.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Same as AASB 123 above.
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 & AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	This Standard gives effect to consequential changes arising from revised AASB 3 and amended AASB 127. The Prefaces to those Standards summarise the main requirements of those Standards.	Beginning 1 Jul 2009	Impact expected to be insignificant.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs5, 7 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 Jan 2009	Impact is being evaluated.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project [AASB 1 & AASB 5]	The amendments require all the assets and liabilities of a for-sale subsidiary's to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	Beginning 1 Jul 2009	Impact is expected to be insignificant.
AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	Changes mainly relate to treatment of dividends from subsidiaries or controlled entities.	Beginning 1 Jan 2009	Impact is expected to be insignificant.
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139]	The amendments to AASB 139 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations.	Beginning 1 Jul 2009	Impact is being evaluated.
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	Amendments to AASB 1049 for consistency with AASB 101 (September 2007) version.	Beginning 1 Jan 2009	Not applicable to public sector entities except for certain presentation formats.

Note 2. Financial risk management

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.

2.1 Risk exposures

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 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.

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 2. Financial risk management (cont.)

Market risk sensitivity analysis

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 2009	Carrying amount $'000	Interest Rate Risk			
		-1%		+1%	
		Result $'000	Equity $'000	Result $'000	Equity $'000
Financial assets					
Cash and cash equivalents	6,256	(4)	(4)	4	4
Receivables	10,487	-	-	-	-
Financial liabilities					
Payables	8,226	-	-	-	-
Interest bearing liabilities	59,775	25	25	(25)	(25)
Total increase / (decrease)		21	21	(21)	(21)

(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 on Note 16.

2.2 Fair value estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. 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 carrying amount and aggregate net fair values of financial assets and financial liabilities at balance date have been provided in Note 16.

Notes to the Financial Statements

30 June 2009

Note 3. Operating Statement - Disclosures

	2009 $'000	2008 $'000
(a) Service charges		
Water	6,830	8,765
Sewer	14,014	11,609
Total service charges	**20,844**	**20,374**
(b) Usage charges		
Water	16,140	10,178
Sewer	-	388
Trade Waste	3,483	2,106
Total usage charges	**19,623**	**12,672**
(c) Customer contributions		
Fees paid by developers	729	3,963
Total customer contributions	**729**	**3,963**
(d) Assets received free of charge or for nominal consideration		
Assets received free of charge from developers	1,348	1,360
Total assets received free of charge or for nominal consideration	**1,348**	**1,360**
(e) Interest		
Interest on bank deposits	21	23
Income from investments	1	-
Other	119	105
Total interest	**141**	**128**
(f) Other revenue		
Rental	298	238
Cost recoveries	848	1,058
Information statements	230	184
Connection and inspection fees	862	273
Government contributions	625	1,050
Miscellaneous	521	334
Total other revenue	**3,384**	**3,137**
(g) Employee benefits expense		
Defined benefit superannuation	(132)	(182)
Other employee benefits	(12,581)	(11,606)
Total employee benefits expense	**(12,713)**	**(11,788)**

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 3. Operating Statement - Disclosures (cont.)

	2009 $'000	2008 $'000
(h) Depreciation and amortisation		
Buildings	(185)	(184)
Infrastructure	(8,944)	(7,916)
Office equipment	(681)	(838)
Plant and equipment	(678)	(618)
	(10,488)	**(9,556)**
Intangibles - computer software	(210)	(170)
Total depreciation	**(10,698)**	**(9,726)**
(i) Supplies and services		
Chemicals	(874)	(688)
Consultancies and contractors	(8,440)	(6,887)
Electricity	(2,584)	(2,139)
Other goods and services	(6,924)	(6,928)
Total supplies and services	**(18,822)**	**(16,642)**
(j) Finance costs		
Interest on loans - other institutions	(11)	(12)
Interest on loans - TCV	(2,932)	(1,564)
Financial Accommodation Levy	(401)	(199)
Total finance costs	**(3,344)**	**(1,775)**
(k) Net loss on disposal of non current assets		
Cost of assets disposed		
Infrastructure	(879)	(473)
Land	(235)	(85)
Buildings	(614)	(79)
Office equipment	(146)	(11)
Motor vehicles	(390)	(604)
Total written down value of assets disposed	**(2,264)**	**(1,252)**
Motor vehicle trade ins	426	772
Sundry asset sales	1,329	10
Total proceeds of asset disposed	**1,755**	**782**
Net loss on disposal of non current assets	**(509)**	**(470)**

Notes to the Financial Statements

30 June 2009

Note 4. Income tax

	2009 $'000	2008 $'000
(a) Prima facie income tax reconciliation		
The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:		
Net result before income tax expense	(1,586)	103
Income tax calculated @ 30%	(476)	31
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Balancing deduction on disposal of fixed assets - tax	(60)	-
Non-deductible expenses	8	3
Capital investment allowance one-off deduction	(448)	
Income tax attributable to net result	**(976)**	**34**
(b) Deferred tax assets		
The balance comprises temporary differences attributable to: Amounts recognised in the operating statement		
Prior and current tax losses	32,976	26,875
Provisions and accrued expenditure not deductible	948	1,983
	33,924	**28,858**
Movement		
Opening balance 1 July	28,858	24,591
Annual movement	5,066	4,267
Closing balance 30 June	**33,924**	**28,858**
(c) Deferred tax liabilities		
The balance comprises temporary differences attributable to: Amounts recognised in the operating statement		
Depreciation and revaluation	61,857	58,081
Other	1,708	1,395
	63,565	**59,476**
Movement		
Opening balance 1 July	59,476	54,695
Annual movement	4,089	4,781
Closing balance 30 June	**63,565**	**59,476**
(d) Net deferred tax liabilities		
Deferred tax assets	33,924	28,858
Deferred tax liabilities	63,565	59,476
Net deferred tax liabilities	**29,641**	**30,618**

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 5. Cash and cash equivalents

	2009 $'000	2008 $'000
Cash at bank and on hand	256	436
Deposits at call	6,000	-
	6,256	**436**
(a) The above figures are reconciled to cash at the end of the financial year as shown in the statement of Cash Flows Statement as follows:		
Balance as above	6,256	436
Balances as per Cash Flow Statement	**6,256**	**436**
(b) Deposits at call		
The deposit is bearing a floating interest rate of 2.95% (2008: n/a)	**6,000**	-

Note 6. Receivables

Current		
Tariffs and charges	3,140	1,824
Less: Provision for doubtful debts	(42)	(34)
	3,098	**1,790**
Amounts owing from the Victorian Government	184	110
Schemes/Debtors	31	30
	3,313	**1,930**
Other debtors	1,030	2,358
GST receivable	653	562
	1,683	**2,920**
Total current receivables	**4,996**	**4,850**
Non-current		
Schemes/Debtors	471	569
Other debtors	5,020	5,299
Total non-current receivables	**5,491**	**5,868**
Aggregate carrying amount of receivables		
Total receivables	**10,487**	**10,718**

Note 6. Receivables (cont.)

(a) Provision for impaired receivables

As at 30 June 2009, current receivables of the Corporation with a nominal value of $42,165 (2008: $34,114) were impaired. The amount of the provision was $42,165 (2008: $34,114). 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:

	2009 $'000	2008 $'000
1 to 3 months	9	2
3 to 6 months	5	1
6 to 12 months	28	25
Over 12 months	-	6
	42	**34**

As of 30 June 2009, trade receivables of $206,165 (2008: $37,517) 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	78	32
3 to 6 months	42	3
6 to 12 months	86	2
Over 12 months	-	-
	206	**37**

Movements in the provision for doubtful debts are as follows:

As at 1 July 2008	34	33
Provision for doubtful debts recognised during the year	58	12
Receivables written off during the year as uncollectible	(50)	(11)
	42	**34**

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

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

Supplies and consumables - at cost	538	502
Total inventories	**538**	**502**

Note 8. Other assets

Accrued tariffs and charges	5,693	4,650
Prepaid expenses	353	363
Total other assets	**6,046**	**5,013**

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 9. Property, plant and equipment

	2009 $'000	2008 $'000
Land and buildings		
Freehold land		
At independent valuation	28,201	28,436
Crown land		
At independent valuation	141	141
Total land	**28,342**	**28,577**
Buildings		
At cost	1,348	1,212
At independent valuation	12,052	13,626
Less: Accumulated depreciation	(1,368)	(2,060)
Total buildings	**12,032**	**12,778**
Plant and equipment - Water		
At cost	272,787	257,155
Less: Accumulated depreciation	(30,758)	(25,892)
Total plant and equipment - Water	**242,029**	**231,263**
Plant and equipment - Sewer		
At cost	206,585	197,629
Less: Accumulated depreciation	(17,426)	(13,644)
Total plant and equipment - Sewer	**189,159**	**183,985**
Other equipment (including motor vehicles)		
At cost	10,354	10,349
Less: Accumulated depreciation	(4,000)	(3,842)
Total other equipment	**6,354**	**6,507**
Under construction - at cost	19,992	15,380
Total under construction	**19,992**	**15,380**
Total property plant and equipment	**497,908**	**478,490**

Notes to the Financial Statements

30 June 2009

Note 9. Property, plant and equipment (cont.)

Carrying Amount	Land $'000	Buildings $'000	Plant & Equipment $'000	In the course of construction $'000	Total $'000
Balance at 1 July 2008	28,577	12,778	421,755	15,380	478,490
Additions	-	53	27,420	4,612	32,085
Disposals	(235)	(614)	(1,343)	-	(2,192)
Depreciation expense	-	(185)	(10,290)	-	(10,475)
Balance at 30 June 2009	**28,342**	**12,032**	**437,542**	**19,992**	**497,908**

Carrying Amount	Land $'000	Buildings $'000	Plant & Equipment $'000	In the course of construction $'000	Total $'000
Balance at 1 July 2007	28,674	12,720	401,833	18,345	461,572
Additions	2,088	318	30,385	(2,965)	29,826
Disposals	(2,185)	(79)	(1,088)	-	(3,352)
Depreciation expense	-	(181)	(9,375)	-	(9,556)
Balance at 30 June 2008	28,577	12,778	421,755	15,380	478,490

Note 10. Intangibles

	2009 $'000	2008 $'000
Computer Software		
At cost	1,445	1,245
Less: Accumulated amortisation	(651)	(611)
Total intangibles	**794**	**634**

Note 11. Payables

Current		
Trade payables	8,020	7,080
Accrued loan interest	34	30
Contract deposits	143	92
Income received in advance	29	226
Total current payables	**8,226**	**7,428**

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 12. Interest bearing liabilities

	2009 $'000	2008 $'000
Current - Secured		
Private loans	82	20
TCV loans	1,095	4,046
Total current secured loans	**1,177**	**4,066**
Non-current - Secured		
Private loans	61	143
TCV loans	58,536	32,510
Total non-current secured loans	**58,597**	**32,653**

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
Total facilities	**250**	**250**
Unused at the reporting date		
Bank overdraft	250	250
Total unused at the reporting date	**250**	**250**

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

The interest rate at 30 June 2009 was 4.78% (2007/2008: 9.2%) on the overdraft facility.

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:

6 months or less	579	3,533
6 - 12 months	598	533
1 - 5 years	43,637	18,350
Over 5 years	14,960	14,303
	59,774	**36,719**
Current borrowings	1,177	4,066
Non-current borrowings	58,597	32,653
	59,774	**36,719**

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

Notes to the Financial Statements

30 June 2009

Note 13. Provisions

	2009 $'000	2008 $'000
Current		
Annual leave	779	883
Long service leave - unconditional short term - measured at nominal value	400	177
Long service leave - unconditional long term - measured at present value	1,197	1,218
Other leave	44	38
Total current provisions	**2,420**	**2,316**
Non-current		
Long service leave - conditional	307	241
Total non-current provisions	**307**	**241**
Aggregate carrying amount of provisions		
Current	2,420	2,316
Non-current	307	241
Total provisions	**2,727**	**2,557**

Employee numbers

	2009 No.	2008 No.
Employee numbers at end of financial year	194	182

As explained in note 1(j), 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	4.45%	4.75%
Weighted average discount rates	5.50%	6.65%
Weighted average settlement period (years)	6.82	7.10

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 14. Contributions by owners

	2009 $'000	2008 $'000
Opening balance at 1 July	420,057	452,870
Adjustments for correction of errors:		
Deferred tax liabilities	-	(29,631)
Infrastructure assets	-	(2,082)
Adjusted opening balance as at 1 July	420,057	421,157
Capital transactions with the State in its capacity as owner arising from:		
Arkin's Creek Land Transfer	-	(2,100)
Grant - Hamilton Grampians Pipeline	3,500	1,000
Grant - Other Capital Works	300	-
Closing balance at 30 June	423,857	420,057

Note 15. Accumulated funds

Opening balance at 1 July	(1,586)	(1,655)
Net result for the year	(610)	69
Closing balance at 30 June	(2,196)	(1,586)

Note 16. 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.

2009	Weighted average effective interest rate %	Floating interest rate $'000	1 year or less $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 + years $'000	Non interest bearing $'000	Total $'000
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
Total		**6,252**	**4,714**	**337**	**364**	**383**	**3,898**	**795**	**16,743**
Financial liabilities:									
- Interest bearing liabilities	6.38%	-	1,177	10,666	6,037	5,470	36,425	-	59,775
Total		**-**	**1,177**	**10,666**	**6,037**	**5,470**	**36,425**	**-**	**59,775**

Notes to the Financial Statements

30 June 2009

Note 16. Financial instruments (cont.)

2008	Weighted average effective interest rate %	Floating interest rate $'000	1 year or less $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 + years $'000	Non interest bearing $'000	Total $'000
Financial assets:									
- Cash and cash equivalents	7.45%	436							436
- Trade and other receivables	9.98%	-	4,316	317	340	367	4,362	1,049	10,751
Total		436	4,316	317	340	367	4,362	1,049	11,187
Financial liabilities:									
- Interest bearing liabilities	6.68%	3,018	1,048	1,177	10,666	1,036	19,774	-	36,719
Total		3,018	1,048	1,177	10,666	1,036	19,774	-	36,719

(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:

	2009		2008	
On balance sheet	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
- Cash and cash equivalents	6,256	6,256	436	436
- Trade and other receivables	10,487	9,415	10,751	9,084
Total	**16,743**	**15,671**	**11,187**	**9,520**
Financial liabilities				
- Interest bearing liabilities	59,775	51,046	36,719	29,990
Total	**59,775**	**51,046**	**36,719**	**29,990**

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 17. 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 (term commenced 1 October 2008)
Director	Mr William Sharrock
Director	Mrs Marie Thornton (term completed 30 September 2008)
Director	Mr Rob Wallis
Managing Director / Accountable Officer	Mr Grant Green

Remuneration of responsible persons

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

Income band	2009 No.	2008 No.
$0 - $9,999	1	2
$10,000 - $19,999	6	5
$40,000 - $49,999	-	1
$50,000 - $59,999	1	-
$280,000 - $289,999	-	1
$290,000 - $299,999	1	-
Total numbers	9	9

	2009 $'000	2008 $'000
Remuneration received or receivable by responsible persons and related parties in respect of the management of the Corporation during the reporting period was:	459	409

Amounts relating to the Minister are reported in the financial statements of the Department of Premier and Cabinet.
In 2008 there were two errors in the disclosure of bandings, resulting in one director being incorrectly disclosed in the $30,000 - $39,999 band, adjusted to $40,000 – $49,999, and one director in the $270,000 – $279,999 band, adjusted to $280,000 – $289,999. These disclosures have been updated in the 2008 comparatives.

Other transactions

A review of transactions for the 2008/2009 reveals that there were no other related transactions and loans requiring disclosure under the directions of the Minister of Finance. (2007/2008 : Nil)

Note 17. Responsible persons related party disclosure (cont.)

(b) Executives

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	2009 No.	2008 No.
$130,000 - $139,999	1	1
$140,000 - $149,999	2	2
$150,000 - $159,999	1	2
$170,000 - $179,999	1	-
Total numbers	5	5

	2009 $'000	2008 $'000
Remuneration received or receivable by executives in respect of the management of the Corporation during the reporting period was:	764	727

In 2008 there was an error in the disclosure of total remuneration and banding allocations. Total remuneration has been adjusted from $689,000 to $727,000, resulting in all executives now being disclosed in a higher band than previously disclosed. These disclosures have been updated in the 2008 comparatives.

Note 18. Remuneration of auditors

	2009 $'000	2008 $'000
Audit fees paid or payable to the Victorian Auditor General's Office for audit of the Corporation's financial report:		
Payable as at 30 June	55	46
Total remuneration of auditors	**55**	**46**

Note 19. Contingent liabilities and contingent assets

At balance date, the Corporation is unaware of any contingent liabilities or assets not recorded or disclosed within the financial statements.

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 20. Commitments

Capital commitments	2009 $'000	2008 $'000
Commitments for the acquisition and/or construction of plant and equipment contracted for at the reporting date but not recognised as liabilities payable are as follows:		
Within 1 year	31,239	11,596
Later than 1 year but not later than 5 years	25	244
Total capital commitments	**31,264**	**11,840**

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

Operating commitments		
Commitments for the provision of contract and consultancy services to meet the Corporation's operations at the reporting date but not recognised as liabilities payable are as follows:		
Within 1 year	2,421	1,905
Later than 1 year but not later than 5 years	1,310	674
Total operating commitments	**3,731**	**2,579**
Total commitments for expenditure	**34,995**	**14,419**

Note 21. 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.

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,

Note 21. Superannuation (cont.)

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 benefit liability which is calculated in respect of membership completed at the calculation date makes 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 will be required as at 30 June 2009. The Actuary will undertake the next actuarial investigation as at 30 June 2010 to ascertain if additional contributions are required.

	2009 $ '000	**2008 $ '000**
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	3,630	4,102
Accrued Benefits (per accounting standard)	3,616	3,923
Difference between Assets and Accrued Benefits	14	179
Vested Benefits	3,562	3,573

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

- Net Investment Return	8.50% p.a.	8.0% p.a.
- Salary Inflation	4.25% p.a.	5.5% p.a.
- Price Inflation	2.75% p.a.	3.0% p.a.

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

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

Fund	**Contribution for the year 2009 $'000**	Contribution for the year 2008 $'000	**Contribution outstanding at year end 2009 $'000**	Contribution outstanding at year end 2008 $'000
State Superannuation Fund	50	50	-	-
Vision Super	771	671	-	-
Other	135	140	-	-
Total contributions	**956**	**861**	**-**	**-**

The bases for contributions are determined by the various superannuation funds.

Wannon Region Water Corporation

Notes to the Financial Statements

30 June 2009

Note 22. Segment information

	Wholesale 2009 $'000	Wholesale 2008 $'000	**Retail 2009 $'000**	Retail 2008 $'000
Revenue				
Bulk water sales - urban retail	3,821	3,796	-	-
Retail service charges	-	-	24,328	20,374
Retail usage charges	-	-	16,140	12,672
Other revenue	-	-	5,601	8,588
Total revenue	**3,821**	**3,796**	**46,069**	**41,634**
Expenditure				
Employee benefits expense	(614)	(532)	(12,099)	(11,255)
Depreciation expense	(1,280)	(1,305)	(9,418)	(8,422)
Supplies and services (1)	(1,927)	(1,959)	(22,794)	(20,079)
Finance costs	-	-	(2,943)	(1,576)
Other expenses	-	-	(401)	(199)
Total expenditure	**(3,821)**	**(3,796)**	**(47,655)**	**(41,531)**
Income tax expense/(revenue)			(976)	34
Operating result by function	**-**	**-**	**(610)**	**69**
Assets				
Property, plant and equipment	112,123	112,845	385,785	365,645
Other assets	-	-	24,121	17,303
Total assets	**112,123**	**112,845**	**409,906**	**382,948**
Liabilities				
Payables	-	-	8,226	7,428
Interest bearing liabilities	-	-	59,774	36,719
Other liabilities	-	-	32,368	33,175
Total liabilities	**-**	**-**	**100,368**	**77,322**
Cash flow				
Cash flows used in investing activities	(3,808)	(1,206)	(26,316)	(24,331)
Cash flows from financing activities	-	-	26,856	19,500
Total cash flows from investing and financing activities	**(3,808)**	**(1,206)**	**540**	**(4,831)**
Capital investments				
- Replacement/renewals	3,184	(472)	13,373	(10,216)
- Expansions/enhancements	624	(734)	12,943	(14,115)

(1) These sums include the bulk water amount charged to retail services which is disclosed as revenue in wholesale services of $3,821,000 in 2008/2009 (2007/2008: $3,796,000).

The Corporation has a bulk entitlement to extract a maximum of 12,580ML per annum from the Gellibrand River. The total amount extracted for 2008/2009 was 8,957ML (2007/2008: 9,193ML).

Notes to the Financial Statements

30 June 2009

Note 23. Operating results of retail services

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

	Water	Water	**Sewer**	Sewer	**Total Retail Operations**	Total Retail Operations
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Revenue						
Sales - external	22,970	14,103	17,498	18,943	40,468	33,046
Other revenue	2,900	3,050	2,701	5,538	5,601	8,588
Total revenue	**25,870**	**17,153**	**20,199**	**24,481**	**46,069**	**41,634**
Service result	**(915)**	**(6,063)**	**(671)**	**6,166**	**(1,586)**	**103**
Income tax expense/(revenue)					(976)	34
Operating surplus (deficit) from retail operations					**(610)**	**69**

Note 24. 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 25. Reconciliation of net result for the reporting period to net cash inflow from operating activities

	2009 $'000	**2008 $'000**
Net result for the reporting period	(610)	69
Depreciation and amortisation	10,698	9,726
Net (profit) loss on disposal of non-current assets	509	470
Infrastructure assets contributed at no cost	(1,348)	(1,360)
Change in operating assets and liabilities		
Decrease (increase) in receivables	231	(2,869)
Decrease (increase) in inventories	(36)	(201)
Decrease (increase) in other operating assets	(1,033)	(397)
Increase (decrease) in trade creditors	(271)	(225)
Increase (decrease) in other provisions	170	71
Increase (decrease) in deferred tax liabilities	(977)	34
Net cash inflow from operating activities	**7,333**	**5,317**

Note 26. Ex Gratia Payments

	2009 $'000	**2008 $'000**
The authority has made the following ex gratia payments during the period:		
Ex gratia payments	15	6

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

CERTIFICATION

We certify the attached financial statements of Wannon Region Water Corporation have been prepared in accordance with Part 7 of the Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Australian Accounting Standards and other mandatory professional requirements.

We further state that, in our opinion, the information set out in the Operating Statement, 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 2009 and the financial position of the Corporation as at 30 June 2009.

We are not aware of any circumstances 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 & Accounting Officer
Wannon Region Water Corporation

Date: 14th September 2009

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Wannon Region Water Corporation

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of the Wannon Region Water Corporation which comprises the operating statement, 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 Member's Responsibility for the Financial Report

The Board Members of the 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.

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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 the Wannon Region Water Corporation for the year ended 30 June 2009. The Board Members of the Wannon Region Water Corporation 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 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 website.

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 the Wannon Region Water Corporation as at 30 June 2009 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
14 September 2009

for T. Dith

D D R Pearson
Auditor-General

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Performance Report

Accountability and controls

Financial Performance Indicators

Performance Indicator	2007/08 Result	2008/09 Result	2008/09 Target	Variance %
Long Term Profitability Earnings before interest and tax ÷ average total assets	0.39%	0.35%	-0.09%	488.89%
Owner's Investment Net profit after tax ÷ average total equity	0.02%	-0.14%	-1.04%	86.53%
Long Term Financial Viability Total debt (including finance leases) ÷ total assets	7.38%	11.45%	14.43%	20.65%
Liquidity and Debt Servicing (Interest Cover) Earnings before net interest and tax expense ÷ net interest expense	1.1 times	0.5 times	-0.1 times	600.00%
Immediate Liquidity and Debt Servicing (Cash Cover) Cash flow from operations before net interest and tax payments ÷ net interest payments	4.2 times	3.3 times	2.5 times	32.00%
Operating Efficiency				
Water supply/sewage collection Operations, maintenance and administration expenses per ML transported or treated:				
• supply bulk	$87.79	$126.28	$96.42	-30.97%
• water supply reticulation	$712.82	$620.85	$675.79	8.13%
• water supply treatment	$350.85	$433.35	$395.90	-9.46%
• sewage reticulation	$710.25	$905.38	$974.55	7.10%
• sewage treatment	$703.58	$788.96	$831.17	5.08%

** The indicators above are reported as directed by the Minister for Water in accordance with the* Financial Management Act 1994, *specifically Performance Reporting Direction 1. The indicators are calculated based on the descriptions specified utilising financial data collected in accordance with Australian Accounting Standards and non-financial data collected in the normal course of business.*

Variance Report – Financial Performance Indicators

The actual results for all financial indicators for the 2008/09 financial year were better than the targets. The profit-related indicators reflect the loss made during 2008/09, and the small profit result in 2007/08.

The debt and interest-related indicators reflect lower borrowings than planned, borrowing cost savings due to the lower than expected interest rates and the smaller than expected loss incurred during 2008/09. In comparison with the prior year, these indicators reflect the increase in borrowings and decrease in profit.

Service Performance Indicators

Performance Indicator	'07/08 Result	'08/09 Result	'08/09 Target	Variance %
Water Supply interruptions				
Number of customers receiving 5 unplanned interruptions in the year	0	0	0	0%
Interruption time indicators				
Average duration of unplanned water supply interruptions	89.7 minutes	78.4 minutes	108 minutes	27.4%
Average duration of planned water supply interruptions	126.5 minutes	105.8 minutes	180 minutes	41.2%
Restoration of water supply				
Unplanned water supply interruptions restored within 5 hours	98.3%	99%	97%	2.1%
Reliability of sewerage collection services indicators				
Sewer spills from reticulation and branch sewers (priority 1 and 2)	120	76	See Note 1	
Sewage spilt from emergency relief structures and pumping stations (% of volume transported)	0%	0%	0%	
Containment of sewer spillages				
Sewerage spills contained within 5 hours	99.2 %	100 %	98 %	2.0%
Customer complaints indicators				
Water quality complaints per 1,000 customers	3.59	8.56	See Note 1	
Water supply reliability complaints per 1,000 customers	0.35	0.73	See Note 1	
Sewerage service quality and reliability complaints per 1,000 customers	0.25	0.58	See Note 1	
Affordability complaints per 1,000 customers	0.02	1.47	See Note 1	
Billing complaints per 1,000 customers	1.15	2.15	See Note 1	
Pressure complaints per 1,000 customers	0.15	0.35	See Note 1	
Sewage odours complaints per 1,000 complaints	0.12	0.46	See Note 1	
Other complaints per 1,000 customers	0.85	2.15	See Note 1	

Notes:

1. *No target was set for 2008/09*
2. *The indicators above are reported as directed by the Minister for Water in accordance with the Financial Management Act 1994, specifically Performance Reporting Direction 1.*

Sewage Treatment

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

1. Collective annual performance of the water reclamation plants

	'06/07 Result	'07/08 Result	'08/09 Result	'08/09 Target	Variance
Number of analyses complying with licence agreements as % of samples	96%	98.4%	98.6%	98%	0.6%

Water Reclamation Plant compliance with EPA licence conditions	'06/07 Result	'07/08 Result	'08/09 Result
Camperdown Industrial	100%	100%	100.0%
Camperdown	100%	100%	100.0%
Casterton	100%	100%	100.0%
Cobden	100%	100%	100.0%
Coleraine	100%	100%	100.0%
Dunkeld	100%	100%	100.0%
Hamilton	100%	100%	100.0%
Heywood	100%	100%	100.0%
Mortlake	100%	100%	100.0%
Port Campbell	100%	100%	100.0%
Port Fairy Domestic	98.3%	98.3%	100.0%
Port Fairy Industrial	89.5%	92.7%	87.3%[1]
Portland	73.5%	85.4%	93.8%[2]
Simpson	100%	100%	96.2%[3]
Terang	100%	100%	100.0%
Timboon	100%	100%	100.0%
Warrnambool	100%	100%	100.0%

Note: The indicators above are reported as directed by the Minister for Water in accordance with the Financial Management Act 1994, *specifically Performance Reporting Direction 1. This data is collated annually as part of an Essential Services and Environmental Protection Authority Reporting Obligation. This data is recorded in the Treatment Services electronic database.*

1. *The current water reclamation plant has insufficient aeration resulting in the exceedance of the suspended solids licence limits. There were instances of* E.coli *detection. Investigations have identified the trade waste influent as the source of* E.coli. *Discussions have been held with the trade waste customer.*
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.*

Environmental Performance Indicators

Water recycling

1. Recycled water reuse

	2005/06 Result	2006/07 Result	2007/08 Result	2008/09 Result	2008/09 Target	Variance from Target
Percentage reuse	25%	14%	19%	21%	24%	-13%

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

Wannon Water achieved a small increase in total reuse of recycled water this year. Discharges to streams occurred at three treatment plants (Heywood, Dunkeld and Cobden) that had insufficient capacity to store the increased winter flows.

Irrigation of reuse water from the Coleraine Water Reclamation Plant has not occurred for the past three years because of excessive salt levels. Elevated salt levels are the result of naturally high levels of salinity in the current potable water supply, as well as evaporation in the Coleraine treatment system compounding the salinity issue. Alterations to the Coleraine potable water supply source (June 2009) will likely result in a dilution of salt concentrations entering the Coleraine Water Reclamation Plant in the future.

A new irrigation area at Port Campbell commenced operation during the 2008/09 irrigation season.

The Peterborough irrigation area was commissioned during the past year; however, irrigation of recycled water has not yet commenced as inflows from the sewerage system will require one to two years to reach the necessary levels.

Wannon Water has entered into an agreement with a major gas-fired power plant and is currently in negotiations with another plant proposed for the region. These plants have the potential to use large volumes of recycled water from Port Fairy and Mortlake in the near future.

Water Reclamation Plant	Percentage Recycled 2005/06	Percentage Recycled 2006/07	Percentage Recycled 2007/08	Percentage Recycled 2008/09
Camperdown Industrial	12%	100%	100%	100%
Camperdown	75%	100%	80%	100%
Casterton	100%	78%	46%	21%
Cobden	54%	92%	85%	32%
Coleraine	100%	100%	100%	100%
Dunkeld	100%	100%	41%	100%
Hamilton	100%	52%	100%	87%
Heywood	100%	100%	43%	52%
Mortlake	23%	100%	27%	1%
Peterborough	-	-	-	100%
Port Campbell	30%	93%	50%	78%
Port Fairy Domestic*	0%	0%	0%	0%
Port Fairy Industrial*	0%	0%	0%	0%
Portland*	0%	0%	0%	0%
Simpson	10%	79%	32%	9%
Terang	100%	100%	100%	100%
Timboon	17%	83%	100%	100%
Warrnambool*	0%	0%	0%	0%

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

2. Biosolids reused/recycled

Table of annual reuse

	2006/07 Biosolids Reused (dry tonnes per annum)	2007/08 Biosolids Reused (dry tonnes per annum)	2008/09 Biosolids Reused (dry tonnes per annum)
Hamilton	0	0	0
Port Fairy Industrial	380	339	404
Warrnambool	4,106	1,797	1,523
Port Fairy Domestic	0	Blended with Warrnambool	Blended with Warrnambool
Total	**4,486**	**2,136**	**1,927**

Biosolids Reused	2006/07 Result	2007/08 Result	2008/09 Result	2008/09 Target	Variance %
As % of annual production	88%	111%	100%	100%	0

Note: The indicators above are reported as directed by the Minister for Water in accordance with the Financial Management Act 1994, *specifically Performance Reporting Direction 1. This data is collated annually as an Essential Services Reporting Obligation. Volumes are calculated according to the 2008/09 Urban Water Performance Report Indicators and Definitions Handbook. This data is recorded in the Treatment Services electronic database. Biosolids is defined as stabilised organic solids, e.g. has had 3 years' drying/pathogen reduction period. Sludge (yet to have 3 years' drying time) that is not available for reuse in this financial year was not included in these calculations.*

Table of sludge production and storage

Water Reclamation Plant	Estimate of Sludge Production 2008/09 (dry tonnes)#	Sludge Stored 2008/09 (dry tonnes)	Biosolids Produced 2008/09 (dry tonnes)	Biosolids Reused 2008/09 (dry tonnes)
Camperdown Industrial	32	6,916	1,523**	1,523**
Camperdown Domestic	25	-	-	-
Casterton	22	91	-	-
Cobden	8	1,492	-	-
Coleraine	13	29	-	-
Dunkeld	2	-	-	-
Hamilton	325	2,932	-	-
Heywood	6	-	-	-
Mortlake	5	-	-	-
Peterborough	1	-	-	-
Port Campbell	3	-	-	-
Port Fairy Domestic*	252	-	**	**
Port Fairy Industrial	339	-	404	404
Portland	300	376	-	-
Simpson	1	370	-	-
Terang	12	-	-	-
Timboon	5	-	-	-
Warrnambool*	1,180	-	**	**
TOTAL	**2,530**	**12,206**	**1,927**	**1,927**

** 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 Draft Treatment Management Strategy (2009)
Note: The indicators above are reported as directed by the Minister for Water in accordance with the Financial Management Act 1994, *specifically Performance Reporting Direction 1.*

All of the biosolids designated for reuse were applied to land this year. Wannon Water has 12,206 dry tonnes of sludge currently under treatment, much of which will be applied to land in 2009/10. Note that Port Fairy Industrial is included in this list for completeness but is derived from industrial waste treatment process, not sewerage treatment processes.

CERTIFICATION

WANNON REGION WATER CORPORATION PERFORMANCE REPORT
Performance Report for period ended 30 June 2009

In our opinion, the accompanying Performance Report of Wannon Region Water Corporation in respect of the 2008/09 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Report 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 Report to be misleading or inaccurate.

H F Peeters
Chairman
Wannon Region Water Corporation

G V Green
Managing Director
Wannon Region Water Corporation

Date: 14th September 2009

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Wannon Region Water Corporation

The Performance Report

The accompanying performance report for the year ended 30 June 2009 of the Wannon Region Water Corporation which comprises the statement of performance indicators, the related notes and the certification has been audited.

The Board Member's Responsibility for the Performance Report

The Board Members of the Wannon Region Water Corporation are responsible for the preparation and fair presentation of the performance report 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 performance report 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 performance 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 performance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance 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 performance 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 overall presentation of the performance report.

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 Performance Report

This auditor's report relates to the performance report published in both the annual report and on the website of the Wannon Region Water Corporation for the year ended 30 June 2009. The Board Members of the Wannon Region Water Corporation 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 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 performance report to confirm the information included in the audited performance report presented on the Wannon Region Water Corporation website.

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Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. 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 performance report of the Wannon Region Water Corporation in respect of the 30 June 2009 financial year presents fairly, in all material respects, in accordance with *the Financial Management Act 1994.*

for T. D. H

D D R Pearson
Auditor-General

MELBOURNE
14 September 2009

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Disclosure index

The 2008/09 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.

Clause	Disclosure	Page
FRD 22B	Manner of establishment and the relevant Minister	10
FRD 22B	Objectives, functions, powers and duties	10
FRD 22B	Nature and range of services provided	10
FRD 22B	Organisational structure	19-20
FRD 10	Disclosure index	113
FRD 12A	Disclosure of major contracts	25
FRD 15B	Executive officer disclosures	95-96
FRD 22B	Operational and budgetary objectives and performance against objectives	8-9, 22-24
FRD 22B	Employment and conduct principles	41-45
FRD 22B	Occupational health and safety policy	45
FRD 22B	Summary of the financial results for the year	22-24
FRD 22B	Significant changes in financial position during the year	24
FRD 22B	Major changes or factors affecting performance	24
FRD 22B	Subsequent events	24
FRD 22B	Application and operation of *Freedom of Information Act 1982*	69
FRD 22B	Compliance with building and maintenance provisions of *Building Act 1993*	69
FRD 22B	Statement on National Competition Policy	24
FRD 22B	Application and operation of the *Whistleblowers Protection Act 2001*	69, 120-121
FRD 22B	Details of consultancies over $100,000	25
FRD 22B	Details of consultancies under $100,000	25
FRD 22B	Statement of availability of other information	69
FRD 25	Victorian Industry Participation Policy disclosures	25
FRD 29	Workforce data disclosures	42
FRD 121	Infrastructure Assets (Water/Rail)	77
SD 4.5.5	Risk management compliance attestation	69
SD 4.2(g)	General information requirements	22-24
SD 4.2(j)	Sign-off requirements	7

Financial statements required under Part 7 of the FMA

Clause	Disclosure	Page
SD 4.2 (f)	Compliance with Model Financial Report	71-100
SD 4.2 (b)	Operating Statement	71
SD 4.2 (b)	Balance Sheet	72
SD 4.2 (a)	Statement of Recognised Income and Expense	71
SD 4.2 (b)	Cash flow Statement	74
SD 4.2 (b)	Statement of Changes in Equity	73
SD 4.2 (c)	Accountable officer's declaration	101
SD 4.2 (c)	Compliance with Australian accounting standards and other authoritative pronouncements	75
SD 4.2 (c)	Compliance with Ministerial Directions	75
SD 4.2 (d)	Rounding of amounts	75

Other disclosures in notes to the financial statements

Clause	Disclosure	Page
9A	Departmental disclosure of administered assets and liabilities	N/A
11	Disclosure of ex-gratia payments	100
21A	Responsible person and executive officer disclosures	95-96

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 50.

- **Report in relation to Section 12.1 of the Bulk Entitlement (Otway System) Conversion Order 1998**
  - (a) The flow to irrigators was provided by Southern Rural Water. Flow share arrangements were based on providing the specified passing flow. There are no suitable monitoring sites upstream of the North Otway diversion point. Due to variability of flow through a rock weir, a monitoring site downstream of the diversion point is used in the system inflow calculation.
  - (b) The flows past specified points A and B are monitored at gauging sites 235225B and 235228A
  - (c) Mean daily passing flows at the two sites are available. Flow tables for these sites are only rated up to 100 ML/day.
  - (d) The daily amount of water taken at each diversion point is available.
  - (e) Water was not taken from any point other than a system diversion point. No record can be located of approval being granted to either the proposed environmental obligations program or the proposed metering program.
  - (f) The annual amount of water taken under the entitlement was 8,957 ML
  - (g) There was no temporary or permanent transfer of this entitlement
  - (h) There was no transfer of any entitlement to Wannon Water with respect to the Otway Water Supply System
  - (i) There were no amendments to this Bulk Entitlement.
  - (j) There were no new Bulk Entitlements granted to Wannon Water with respect to the Otway System
  - (k) Wannon Water complied with the provisions of the Bulk Entitlement.
  - (l) The meters used to calculate the amount taken under the Bulk Entitlement were not verified or calibrated. A verification program will be implemented from 2009/10.

- **Report in relation to Section 12.1 of the Bulk Entitlement (Hamilton) Conversion Order 1997**
  - (a) Works under clause 16 to ensure that only water to which Wannon Water is entitled is taken have been implemented
  - (b) The specified passing flows in accordance with the Bulk Entitlement (Hamilton) Conversion Order 2008 were provided.
  - (c) The daily amount of water taken has not been recorded. The present metering arrangement provides for a seven-day continuous recording of flows. Daily data will be available in 2009/10
  - (d) Wannon Water is unaware of any programs or proposals under clauses 10, 11 and 12. The Department of Sustainability and Environment (DSE) has been unable to provide details of any programs submitted by Glenelg Water.
  - (e) The annual amount taken under this Bulk Entitlement was 1,215 megalitres
  - (f) The amount in credit to the drought reserve is the maximum allowable of 520 megalitres
  - (g) There was no transfer of any part of this Bulk Entitlement
  - (h) There were no transfers of other Bulk Entitlements or licences to Wannon Water with respect to this system.
  - (i) There were no amendments to this Bulk Entitlement
  - (j) There were no new Bulk Entitlements granted to Wannon Water with respect to this system.
  - (k) The metering arrangement does not readily provide for recording of the daily amount of water taken under this Bulk Entitlement. Daily data will be available in 2009/10
  - (l) Works to provide specified passing flows and improve metering were undertaken this year.

- **Report in relation to Section 13.1 of the Bulk Entitlement (Dunkeld System) Conversion Order 1997**
  - (a) The daily volume of water taken from the system diversion point and the system storage under this Bulk Entitlement is not available.
  - (b) As of 30 June 2009 the system storage was at 209.42 metres AHD and held 6.4 ML.
  - (c) The annual amount taken from the system storage was 0.00 ML.
  - (d) Wannon Water is unaware of any programs or proposals under clauses 10, 11 and 12. DSE has been unable to provide details of any programs submitted by Glenelg Water in respect of this Bulk Entitlement.
  - (e) There were no transfers of this Bulk Entitlement
  - (f) There was no transfer of other Bulk Entitlements or licences to Wannon Water with respect to this system.
  - (g) There was no amendment to this Bulk Entitlement
  - (h) There were no new Bulk Entitlements granted to Wannon Water with respect to this system.
  - (i) The daily amount of water taken from the system diversion point and the system storage was not available.
  - (j) Improved metering of water taken from the system diversion point and the system storage was completed this year. Weekly data is available for 2008/09.

Appendix 1

- **Report in relation to Section 13.1 of the Bulk Entitlement (Glenthompson) Conversion Order 1997**
  (a) As Glenthompson Reservoir holds both water from its catchment and water purchased from GWMWater. The daily amount of water taken under this Bulk Entitlement is not available. 43.7 ML of water was purchased from Grampians Wimmera Mallee Water to supply the annual demand for Glenthompson of 44.0 ML. The balance was sourced from the Glenthompson Reservoir
  (b) As at 30 June 2009 the level in Glenthompson Reservoir was 306.74 metres and the contents were 31.2 ML. The Railway Reservoir was empty.
  (c) The annual amount taken under this Bulk Entitlement was 0.3ML.
  (d) Wannon Water is unaware of any programs or proposals under clauses 10, 11 and 12. DSE has been unable to provide details of any programs submitted by Glenelg Water in respect of this Bulk Entitlement.
  (e) There were no transfers of this Bulk Entitlement.
  (f) There was no transfer of other Bulk Entitlements or licences to Wannon Water with respect to this system.
  (g) There was no amendment to this Bulk Entitlement.
  (h) There were no new Bulk Entitlements granted to Wannon Water with respect to this system.
  (i) The metering arrangement does not readily provide for recording the daily amount of water taken under this Bulk Entitlement. Wannon Water is unaware of any approved metering or environmental programs in relation to this Bulk Entitlement.
  (j) A budget has been identified in the next water plan to improve metering of water taken from the system storages. Weekly data is available.

- **Report in relation to Section 13.1 of the Bulk Entitlement (Coleraine, Casterton and Sandford) Conversion Order 1997**
  (a) The daily amount of water taken under this Bulk Entitlement is not available. Only weekly data is available. Casterton and Sandford are not supplied from this Bulk Entitlement.
  (b) The water level and amount of water in storage is measured weekly. As at 30 June 2008 the level was 272.3 metres (AHD) and the contents 519.9 ML
  (c) The annual amount taken under this Bulk Entitlement was 243.4 ML.
  (d) Wannon Water is unaware of any programs or proposals under clauses 10, 11 and 12. DSE has been unable to provide details of any programs submitted by Glenelg Water in respect of this Bulk Entitlement.
  (e) There were no transfers of this Bulk Entitlement.
  (f) There were no transfers of other Bulk Entitlements or licences to Wannon Water with respect to this system.
  (g) There was no amendment to this Bulk Entitlement
  (h) There were no new Bulk Entitlements granted to Wannon Water with respect to this system.
  (i) The metering arrangement does not readily provide for recording of the daily amount of water taken under this Bulk Entitlement. Wannon Water is unaware of any approved metering or environmental programs in relation to this Bulk Entitlement
  (j) The storage level and contents will be included in to Wannon Water's SCADA system in 2009/10.

- **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**
  (a) The daily amount of water taken under this Bulk Entitlement was not available. Only weekly data can be provided. The meter has now been included into Wannon Water's SCADA system and daily data will be available for future reporting.
  (b) The annual amount taken under this Bulk Entitlement was 66.9 ML
  (c) No water was taken from any other works of Wannon Water for this system.
  (d) The seasonal allocation was 83 ML
  (e) Wannon Water is unaware of any programs or proposals under clauses 10, 11 and 12.
  (f) There were no changes made under Schedule 2
  (g) There were no transfers of this Bulk Entitlement.
  (h) There were no transfers of other Bulk Entitlements or licences to Wannon Water with respect to this system.
  (i) There was no amendment to this Bulk Entitlement in relation to the supply to Balmoral.
  (j) There were no new Bulk Entitlements granted to Wannon Water with respect to this system.
  (k) The metering arrangement does not readily provide for recording the daily amount of water taken under this Bulk Entitlement. There are no approved metering or environmental programs in relation to this Bulk Entitlement.
  (l) Weekly data is available for 2008/09. Daily data will be available from 2009/10.

Appendix 2

Annual Consumption Tables

Metered consumption by customer (expressed in megalitres)

City/Town	Residential Customers		Non Residential Customers		Rural Customers		Total Consumption		3-Yr Average Annual Consumption	Bulk Meter Usage	Non-Revenue Water	
	No.	Volume	No.	Volume	No.	Volume	No.	Volume			ML	%
Allansford	283	57.5	41	43.1	7	8.5	331	109.2	99.0	112.5	3.3	3%
Balmoral	104	12.4	28	7.8	18	18.9	150	39.1	45.6	67.5	28.4	42%
Camperdown	1,532	254.2	210	88.7	-	-	1,742	342.9	356.8	385.3	42.4	11%
Camperdown Rural	-	-	-	-	378	636.1	378	636.1	683.6	706.6	70.4	10%
Caramut	53	10.7	16	5.7	20	7.8	89	24.2	29.8	25.1	0.9	3%
Casterton	800	139.5	159	72.7	71	49.2	1,030	261.5	289.4	293.6	32.1	11%
Cavendish	66	7.5	22	2.2	11	3.2	99	12.8	17.0	16.7	3.9	23%
Cobden Rural	-	-	-	-	17	28.4	17	28.4	37.2	28.4	0.0	0%
Cobden Urban	685	117.2	100	407.9	85	116.3	870	641.4	718.6	691.1	49.7	7%
Coleraine	517	64.1	94	21.9	34	22.9	645	108.9	123.9	120.1	11.2	9%
Darlington	19	1.9	3	0.3	-	-	22	2.2	2.2	2.2	-0.0	-2%
Dartmoor	117	16.7	16	2.0	-	-	133	18.7	14.2	22.1	3.4	15%
Dunkeld	283	34.5	51	11.7	30	9.2	364	55.4	70.0	63.2	7.8	12%
Glenthompson	95	8.5	26	1.4	38	24.9	159	34.8	45.3	44.1	9.3	21%
Hamilton	4,534	658.8	633	285.4	49	24.7	5,216	969.0	1,295.9	1,131.9	163.0	14%
Hamilton Pipeline	-	-	-	-	35	21.9	35	21.9	21.4	21.9	0.0	0%
Heywood	638	114.1	102	36.6	6	5.2	746	155.8	178.6	173.3	17.5	10%
Koroit	608	95.9	56	69.3	2	5.6	666	170.7	284.4	233.1	62.3	27%
Lismore & Derrinallum	333	49.6	70	17.9	75	71.1	478	138.7	136.8	150.1	11.4	8%
Macarthur	135	18.2	40	4.4	2	0.9	177	23.5	24.1	24.8	1.3	5%
Merino	125	19.4	18	4.9	36	24.6	179	48.9	40.4	54.8	6.0	11%
Mortlake	553	90.8	111	36.9	2	0.0	666	127.8	130.1	168.9	41.2	24%
Noorat & Glenormiston	142	31.6	16	43.2	68	69.2	226	144.0	147.9	150.4	6.4	4%
North Otway Pipeline	-	-	2	571.8	453	814.8	455	1,386.6	1,234.5	1,386.6	0.0	0%
Penshurst	252	49.6	57	13.3	3	6.6	312	69.6	80.2	143.9	74.3	52%
Peterborough	271	19.3	14	8.1	6	8.3	291	35.6	38.8	33.4	-2.2	-7%
Port Campbell	246	28.0	39	31.6	-	-	285	59.7	60.0	60.1	0.4	1%
Port Fairy	1,859	301.4	217	316.6	2	0.2	2,078	618.2	621.2	754.6	136.4	18%
Portland	4,770	807.9	655	931.8	6	2.9	5,431	1,742.6	1,907.2	2,120.6	378.0	18%
Purnim	-	-	-	-	76	14.9	76	14.9	20.6	22.2	7.3	33%
Sandford	55	9.8	8	3.5	28	11.4	91	24.7	25.3	30.1	5.3	18%
Simpson	79	12.1	18	73.6	10	24.0	107	109.7	131.1	114.1	4.4	4%
Tarrington	115	22.1	7	1.4	17	5.9	139	29.4	36.2	36.3	6.9	19%
Terang	926	161.6	145	57.0	1	7.7	1,072	226.3	236.5	271.3	45.0	17%
Timboon	399	63.6	73	35.2	102	81.5	574	180.3	211.0	219.5	39.3	18%
Warrnambool	12,657	2,212.3	1,450	1,390.8	27	17.0	14,134	3,620.1	3,898.8	4,493.2	873.1	19%
Totals	**33,251**	**5,491**	**4,497**	**4,599**	**1,715**	**2,144**	**39,463**	**12,233**	**13,293**	**14,373**	**2,140**	**15%**
					Including metered hydrant usage			**12,326**		**14,373**	**2,048**	**14%**

Note: Water losses for Balmoral and Portland include treatment and operational losses.

Metered water consumption by system (expressed in megalitres)

District/System	2005/06 Volume	2006/07 Volume	Change (%)	2007/08 Volume	Change (%)	2008/09 Volume	Change (%)
East Dilwyn	336.2	319.8	-5%	273.1	-15%	275.6	1%
Grampians	1,867.3	1,257.9	-33%	1,175.0	-7%	1,088.5	-7%
Balmoral	57.9	39.9	-31%	38.8	-3%	39.1	1%
Caramut	32.1	30.8	-4%	26.4	-14%	24.2	-8%
Coleraine	133.8	123.3	-8%	114.6	-7%	108.9	-5%
Darlington	2.2	2.5	13%	1.9	-24%	2.2	17%
Glenthompson	58.6	48.7	-17%	28.6	-41%	34.8	22%
Macarthur	20.8	27.2	31%	24.4	-10%	23.5	-4%
Penshurst	87.2	81.5	-7%	71.8	-12%	69.6	-3%
Otway	8,505.6	8,252.1	-3%	7,552.5	-8%	7,696.6	2%
Tullich	338.3	377.5	12%	349.6	-7%	335.1	-4%
West Dilwyn	3,039.5	2,636.6	-13%	2,487.7	-6%	2,535.3	2%
Totals	**14,480**	**13,198**	**-9%**	**12,144**	**-8%**	**12,233**	**1%**

Water treatment plant volumes (expressed in megalitres)

Plant	2005/06 Volume	2006/07 Volume	2007/08 Volume	3-Year Average	2008/09 Volume
Balmoral	64	42	44	50	51
Casterton	372	442	402	405	393
Cobden	789	871	736	799	722
Donalds Hill (Camperdown)	1,390	1,398	1,258	1,349	1,242
Glenthompson	19	12	14	15	15
Hamilton	1,990	1,255	1,299	1,515	1,232
Port Campbell	345	326	284	318	280
Simpson	152	156	128	145	114
Terang	610	562	504	559	567
Warrnambool	5,377	5,241	4,852	5,157	4,839
Port Fairy	727	847	826	800	794
Portland	1,848	2,233	2,175	2,086	2,121
Heywood	196	223	189	203	173
Totals	**13,879**	**13,607**	**12,713**	**13,400**	**12,543**

Water reclamation plant – treated effluent volumes (expressed in megalitres)

Plant	2005/06 Volume	2006/07 Volume	2007/08 Volume	3-Year Average	2008/09 Volume
Camperdown Domestic	373	289	396	353	388
Camperdown Industrial	39	39	32	37	36
Casterton	194	215	242	217	234
Cobden	189	162	178	176	189
Coleraine	72	65	67	68	62
Dunkeld	43	32	39	38	34
Hamilton	973	806	756	845	987
Heywood	240	227	350	272	305
Mortlake	104	96	111	104	120
Peterborough	-	-	-	-	14
Port Campbell	65	56	55	59	52
Portland	978	1,125	1,645	1,249	1,155
Port Fairy Domestic	660	626	742	676	747
Port Fairy Industrial	161	164	161	162	153
Simpson	23	14	24	20	21
Terang	253	184	222	220	226
Timboon	59	56	56	57	56
Warrnambool	4,516	4,215	4,287	4,339	4,251
Totals	**8,942**	**8,371**	**9,363**	**8,892**	**9,030**

Availability of water services

City/Town	Residential customers		Non-residential customers		Rural	2008/09 Total Water Customers	2007/08 Total Water Customers	% Change
	Connected	Un-connected	Connected	Un-connected				
Allansford	283	20	41	1	7	352	325	8%
Balmoral	104	2	28	1	18	153	151	1%
Camperdown	1,532	76	210	7	-	1,825	1,718	6%
Camperdown Rural	-	-	-	-	378	378	378	0%
Caramut	53	3	16	-	20	92	87	6%
Casterton	800	25	159	4	71	1,059	1,065	-1%
Cavendish	66	9	22	1	11	109	105	4%
Cobden Rural	-	-	-	-	17	17	17	0%
Cobden Urban	685	35	100	10	85	915	870	5%
Coleraine	517	40	94	3	34	688	681	1%
Darlington	19	-	3	-	-	22	22	0%
Dartmoor	117	19	16	1	-	153	154	-1%
Dunkeld	283	31	51	1	30	396	389	2%
Glenthompson	95	5	26	1	38	165	163	1%
Hamilton	4,534	121	633	19	49	5,356	5,301	1%
Hamilton Pipeline	-	-	-	-	35	35	35	0%
Heywood	638	25	102	4	6	775	775	0%
Koroit	608	44	56	1	2	711	664	7%
Lismore & Derrinallum	333	54	70	1	75	533	476	12%
Macarthur	135	1	40	1	2	179	179	0%
Merino	125	13	18	1	36	193	192	1%
Mortlake	553	46	111	3	2	715	656	9%
Noorat & Glenormiston	142	2	16	-	68	228	224	2%
North Otway Pipeline	-	-	2	-	453	455	456	0%
Penshurst	252	12	57	2	3	326	326	0%
Peterborough	271	83	14	-	6	374	306	22%
Port Campbell	246	16	39	-	-	301	276	9%
Port Fairy	1,859	209	217	10	2	2,297	2,260	2%
Portland	4,770	465	655	69	6	5,965	5,930	1%
Purnim	-	-	-	-	76	76	75	1%
Sandford	55	3	8	-	28	94	94	0%
Simpson	79	3	18	1	10	111	107	4%
Tarrington	115	8	7	-	17	147	138	7%
Terang	926	16	145	2	1	1,090	1,064	2%
Timboon	399	22	73	-	102	596	569	5%
Warrnambool	12,657	596	1,450	44	27	14,774	13,929	6%
Totals	**33,251**	**2,004**	**4,497**	**188**	**1,715**	**41,655**	**40,157**	**4%**

Availability of sewerage services

Sewerage District	Residential customers		Non-residential customers		Trade waste customers		2008/09 Total Sewerage Customers	2007/08 Total Sewerage Customers	% Change
	Connected	Un-connected	Connected	Un-connected	Major	Minor			
Allansford	236	30	11	2	1	5	285	261	9%
Camperdown	1,411	115	130	11	1	53	1,721	1,660	4%
Casterton	691	34	99	7	-	31	862	862	0%
Cobden Urban	634	41	57	11	-	25	768	747	3%
Coleraine	487	52	60	4	-	21	624	612	2%
Dunkeld	224	40	26	7	-	7	304	254	20%
Hamilton	4,136	165	418	25	-	113	4,857	4,760	2%
Heywood	602	47	51	10	-	31	741	772	-4%
Koroit	575	64	27	6	-	19	691	656	5%
Mortlake	473	68	47	13	-	23	624	603	3%
Noorat & Glenormiston	2	-	-	-	-	-	2	2	0%
Peterborough	107	244	3	7	-	-	361	4	8925%
Port Campbell	218	24	15	3	-	18	278	279	0%
Port Fairy	1,723	249	87	9	1	70	2,139	2,168	-1%
Portland	4,448	506	343	70	-	232	5,599	5,783	-3%
Simpson	67	3	8	-	-	3	81	82	-1%
Terang	847	22	92	1	-	33	995	1,018	-2%
Timboon	338	55	46	4	-	18	461	441	5%
Warrnambool	12,431	679	972	70	3	330	14,485	14,096	3%
Total	**29,650**	**2,438**	**2,492**	**260**	**6**	**1,032**	**35,878**	**35,060**	**2%**

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 VIC 3000
T (03) 9286 1824 M 0438 385 132
warwick.spargo@rsmi.com.au

OR

Scott Campbell
Level 8, Rialto South Tower
525 Collins Street Melbourne VIC 3000
T (03) 9286 1828 M 0409 210490
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

Global Reporting Initiative Index

Report Application Level	C	C+	B	B+	A	A+
Standard disclosures: G3 Profile Disclosures (OUTPUT)	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report externally assured	Report on all criteria listed for Level C plus:	Report externally assured	Same as requirement for Level B	Report externally assured
Standard disclosures: G3 Management Approach Disclosures (OUTPUT)	Not required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
Standard disclosures: G3 Performance Indicators & Sector Supplement Performance Disclosures (OUTPUT)	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labour, society, product responsibility		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either; a) reporting on the indicator or B) explaining the reason for its omission. * Sector supplement in final version	

Global Reporting Initiative Index TABLE KEY

F	Fully Reported
P	Partly Reported. Not all indicator elements covered; data and monitoring systems do not currently enable full reporting
NR	Not Reported. Data and monitoring systems currently unable to report on this indicator
NRO	Not Reported Other (see footnotes)

Reporting Elements & Indicators	GRI Reference	Status e.g. F, P, NR, NRO, (see table on previous page)	Page Reference
Strategy & Analysis	**1.0**		
Statement from Chairman and CEO	1.1	F	6-7
Description of key risks, impacts & opportunities	1.2	F	6-7, 12, 14, 20, 22-28
Organisational Profile	**2.0**		
Name of Organisation	2.1	F	7
Primary brands, products and/or services	2.2	F	10
Operational structure of organisation	2.3	F	10,19-20
Location of organisation's headquarters	2.4	F	10
Countries of operation	2.5	F	10
Nature of ownership and legal form	2.6	F	10
Markets served	2.7	F	10-11
Scale of organisation	2.8	F	10-11
Significant changes during reporting period	2.9	F	3
Awards received in the reporting period	2.10	F	10
Report Parameters	**3.0**		
Reporting period	3.1	F	3
Date of most recent previous report (if any)	3.2	F	3
Reporting cycle	3.3	F	3
Contact person for report	3.4	F	69
Process for determining report content	3.5	F	13,17
Boundary of the report	3.6	F	3
Limitations on the report	3.7	F	3
Basis for reporting	3.8	F	13,17
Data measurement techniques and bases of calculations	3.9	F[6]	Located throughout
Explanation of the effect of, and reason for, any re-statements of information from earlier reports	3.10	F	3
Significant changes in scope, boundary, measurement method from previous period	3.11	F	3
GRI Content Index	3.12	F	122-125
Assurance	3.13	F	3
Governance, Commitments & Engagement	**4.0**		
Governance structure of organisation	4.1	F	14-20
Chair / executive officer status	4.2	F	15-19
Unitary board - number of independent / non executive members	4.3	F	15
Mechanisms for communication to the board	4.4	F	18
Remuneration of board members, senior managers and executives.	4.5	F	18, 95-96
Avoidance of conflict of interest	4.6	F	19
Board: qualifications and expertise	4.7	F	15-16
Internal statements: mission, values, codes of conduct and principles relevant to economic, environmental and social performance and their status of implementation	4.8	F	3,13,17, located throughout
Board: oversight of sustainability performance	4.9	F	14,17-19
Board: Evaluation of performance	4.10	F	17-19
Precautionary principle	4.11	F	13-14
External economic, environmental and social charters, principles and initiatives subscribed to or endorsed by the organisation	4.12	F	13,17-19
Memberships	4.13	F	10
Stakeholder list	4.14	F	37
Basis for stakeholder identification and engagement	4.15	F	13,37-39
Approach to stakeholder engagement	4.16	F	13,18,37-43
Stakeholder topics and response	4.17	F	37-43
Management Approach and Performance	5.0		
Economic Performance Indicators			

Reporting Elements & Indicators	GRI Reference	Status e.g. F, P, NR, NRO, (see table on previous page)	Page Reference
Economic Management Approach	DMA	F	22-24,27
Economic profile	EC1	F	22-28, 70-103
Financial implications of climate change	EC2	F	23
Benefit plan obligations	EC3	F	42,78,97-98
Financial assistance from government	EC4	F	10,72-73,93
Wage comparison	EC5	P	41-42
Suppliers: policies & practices & local spend	EC6	F	22
Hiring; Procedure and proportion of senior management from local community	EC7	P	41-43
Infrastructure development and public benefit	EC8	F	22-28
Indirect economic impacts	EC9	P	22-28,33-35,38-41
Environmental Performance Indicators			
Environmental Management Approach	DMA	F	49
Materials used	EN1	P	49-54,61-68
Materials - % that are recycled input	EN2	P	52-54,65,108-110
Energy - Direct consumption	EN3	P	66-67
Energy - Indirect consumption	EN4	P	65-68
Energy saved - conservation and efficiency	EN5	F	65-68
Energy efficiency / renewable energy initiatives and reductions in energy requirements	EN6	F	34,65-68
Energy efficiency - indirect energy	EN7	P	35,65-68
Total water withdrawal by source	EN8	F	49-52,115-116
Water sources significantly affected by withdrawal of water	EN9	F	48,115-116
Percentage and total volume of water recycled and reused	EN10	F	65,108
Biodiversity - land status, area, location, protected areas and surrounds	EN11	P	54-55
Impacts to biodiversity	EN12	P	54-55
Habitats protected or restored	EN13	F	54-55
Biodiversity Management	EN14	F	48,54-56
IUCN Red List & nationally significant species and habitat and area affected by operations	EN15	P	54-56
Greenhouse emissions - direct and indirect	EN16	F	65-68
Greenhouse emissions - other indirect	EN17	P	65-68
Greenhouse emissions reduction	EN18	P	65-68
Emissions of ozone-depleting substances by weight	EN19	NR	-
NOx, SOx, and other significant air emissions by type and weight	EN20	NR	-
Total water discharge by quality and destination	EN21	F	52-54,107-109
Total weight of waste by type and disposal method	EN22	P	52-54,61,107-109
Total number and volume of significant spills	EN23	P	33,106
Hazardous waste (Basel Convention) - weight transported and percentage shipped internationally	EN24	NR	-
Biodiversity - Water bodies and related habitats affected by discharge and runoff	EN25	F	52
Products and services - environmental impact reduction	EN26	F	48-68
Products & Packaging - percentage reclaimed	EN27	NR	-
Compliance - fines and non-monetary sanctions	EN28	P	36,52
Transport - Significant environmental impacts	EN29	NR	-
Environmental expenditure	EN30	NR	-
Social Performance Indicators			
Human Rights			
Human Rights management approach	DMA	F	29-34,37,39,41
Human Rights: screening of significant investments	HR1	P	22,39
Human Rights: screening of suppliers and contractors	HR2	NR	-
Human Rights training for employees: hours, aspects and percentage of employees	HR3	P	30,43,45
Discrimination Policy, incidents and actions taken	HR4	F	42-43
Freedom of Association & Collective Bargaining: risks to and protection measures	HR5	F	42
Child labour risk management	HR6	F	42
Compulsory labour risk management	HR7	P	30,42
Human Rights: Training for security personnel	HR8	NRO[1]	-
Indigenous people: incidents and violations of rights and actions taken	HR9	NRO[2]	-

Reporting Elements & Indicators	GRI Reference	Status e.g. F, P, NR, NRO, (see table on previous page)	Page Reference
Labour Practices & Decent Work			
Labour Practices and Decent Work Management Approach	DMA	F	30,41-47
Workforce breakdown by employment type, contract and region	LA1	P	41-43
Employee turnover	LA2	F	42
Employee benefits - full-time vs temporary or part time	LA3	F	42,78,97-98
Collective bargaining agreements - % of employees covered by	LA4	F	42
Notice period for significant operational changes	LA5	P	42
Joint management / worker OH&S committees - % of total workforce represented	LA6	F	45-46
OHS Statistics - Lost time injury / disease frequency rates by region	LA7	F	46
Health & Safety - programs to assist workforce members, their families or community members regarding serious diseases	LA8	NRO[3]	-
Health and safety in formal agreements with trade unions	LA9	P	45-46
Training: average hours per year per employee by employee category	LA10	F	41-47
Skills Management & Lifelong Learning: Programs for Employees	LA11	P	41-47
Performance & Career Development Reviews	LA12	F	42
Diversity statistics	LA13	P	15-16,19-20,41-43
Remuneration: salary of men to women by employee category	LA14	P	41-42
Product Responsibility			
Product Responsibility Management Approach	DMA	F	19-20,30-41
Products & Services: Customer Health and Safety	PR1	F	30-32,36-37,49
Products & Services: Non-compliance incidents and outcomes	PR2	F	30-32,36-37,52
Product Service Information and Labelling	PR3	P	36-37,49-52,69
Product & Service Information & Labelling: breaches	PR4	F	30
Customer Satisfaction	PR5	F	17-18,29-40,104-110
Marketing Communications: Programs for compliance with laws and standards	PR6	F	30,36-40
Marketing Communications: Non-compliance incidents with laws and standards	PR7	F	30
Customer Privacy: breaches and incidents of data loss	PR8	F	34
Fines for product & service non-compliance	PR9	F	30,34,36-37,43,45,49
Society			
Society Management Approach	DMA	F	30
Communities: Impact of operations on	SO1	F	30-36
Corruption Risk: Business unit analysis	SO2	F	19,30,45
Anti-corruption: training	SO3	P	19,30,45
Corruption: Actions taken in response to incidents	SO4	F	45
Public Policy Development: Position on, participation and lobbying	SO5	NRO[4]	-
Political Contributions: Total value	SO6	NRO[5]	-
Anti-competitive behavior: legal actions and outcomes	SO7	P	24-25,45
Non-compliance: Value of monetary fines and number of non-monetary sanctions	SO8	P	30,34,36-37,43,45,49

Footnotes:

1. Wannon Water does not directly employ security personnel. Services are provided by external contractors responsible for training their personnel.
2. Human Rights of all community members are equally assured through Victorian Charter of Human Rights & Responsibilities and Wannon Water's Customer Service Charter.
3. No serious risks of communicable diseases in the organisation's region of operations identified relevant to this indicator.
4. Wannon Water is owned by the Victorian Government and does not participate in public lobbying.
5. Wannon Water is owned by the Victorian Government and makes no political contributions.
6. Data formats in this report not compliant with GRI protocols are mandated by Department of Sustainability and Environment and Essential Services Commission conventions.

Glossary of terms

Aerobic treatment	A reclaimed water treatment process which utilises bacteria in an oxygen-rich environment
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 *Water Act 1989*
Catchment	An area of land on which water may be caught and collected into a stream, reservoir or aquifer
Certified Agreement	An agreed set of terms and working conditions between an organisation and its employees
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
E.coli	*Escherichia coli* – a bacterium often found in the intestines of warm-blooded animals and used to indicate the presence of faecal contamination
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
Iron sorption	A water treatment process which uses an iron-based resin to adsorb unwanted chemicals within the water (e.g. arsenic)
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
Our Water Our Future	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
Planned interruption	A scheduled supply interruption to assist in maintenance work

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
Renewable Energy Certificate	An electronic form of currency initiated by the *Renewable Energy (Electricity) Act 2000* equivalent to 1MWh of electricity
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
Supply by agreement	An agreement with a customer to supply water or sewerage services, and usually occurs where standard services are not available
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
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)
Yield	An average output which could be continually withdrawn

Index

A
Annual consumption tables 117
Auditor-General's Report 102, 111

B
Biosolids 53
Board attendance, meetings and committees 17
Board Directors 15
Board performance 19
Building Act 69
Bulk Entitlement notes 115
Bulk Water Entitlements 50

C
Capital works expenditure 26
Case study - Biodiversity and Land Management Strategy 55
Case study - Biosolids reuse for agriculture 53
Case study - Casterton-Coleraine Pipeline 26
Case study - Credit management program 35
Case study - Customer Relations benchmarking 32
Case study - Education program 40
Case study - Employee study 44
Case study - Free showerhead exchanges 60
Case study - Hamilton biosolids facility upgrade 54
Case study - Hamilton-Grampians Pipeline 28
Case study - Living Water package 68
Case study - Offsetting carbon emissions 67
Case study - OH&S leadership training 47
Case study - Portland Aluminium water conservation 64
Case study - Research and development 57
Case study - Saving electricity 67
Charter of Human Rights and Responsibilities 39
Community consultation 37
Community service obligations 34
Complaints management 33
Consultancies 25
Corporate Governance 14
Cultural heritage 39
Customer Engagement Committee 37
Customer numbers 62,117
Customer satisfaction survey 32
Customer service key performance indicators 31
Customers in financial hardship 34

D
Disclosure index 113

E
Employee opinion survey 41
Employee recruitment and statistics 41-42
Employee training 43
Energy and Water Ombudsman (Victoria) Scheme 33
Ethical standards 19
Executive Team 20

F
Financial results summary 23
Financial statements 70
Fraud prevention 45
Freedom of information 69
Future challenges 7, 24

G
Glossary of terms 126
Greenhouse gas emissions 65

I
Industrial relations 42

M
Major changes affecting performance 24
Major customers 63
Map 11
Merit and equity 42
Message from Chairman and Managing Director 6
Mission, values, strategic objectives 3

N
National Competition Policy 24

O
Occupational Health and Safety 45
Office water consumption 62
Organisational structure 19
Our Water Our Future 61

P
Performance at a glance 8
Performance Report 104
Photography competition 41
Privacy 34
Profile 10

R
Recycled water 65
Regional Catchment Strategy 54
Risk management attestation 69

S
Sewage treatment 52
Sponsorship 39
Sustainability Report 12

V
Victorian Biodiversity Strategy 55
Victorian Industry Participation Policy 25
Victorian River Health Strategy 55

W
Waste management 54
Water conservation and demand management 56
Water consumption graphs 50
Water quality 36
Water Smart rebates 56
Water sources 49
waterMAP 64
Whistleblowers protection 69

MANAGING WATER CATCHMENTS; EXTRACTING WATER FROM GROUNDWATER AQUIFERS; TREATING DRINKING WATER; SUPPLYING DRINKING WATER; RECYCLING WATER; COLLECTING AND TRANSFERRING SEWAGE; COLLECTING AND TRANSFERRING TRADE WASTE; TREATING SEWAGE. MANAGING WATER CATCHMENTS; EXTRACTING WATER FROM GROUNDWATER AQUIFERS; TREATING DRINKING WATER; SUPPLYING DRINKING WATER; RECYCLING WATER; COLLECTING AND TRANSFERRING SEWAGE; COLLECTING AND TRANSFERRING TRADE WASTE; TREATING SEWAGE. MANAGING WATER CATCHMENTS; EXTRACTING WATER FROM GROUNDWATER AQUIFERS; TREATING DRINKING WATER; SUPPLYING DRINKING WATER; RECYCLING WATER; **wannon water annual report & sustainability report 2008/09** AND TRANSFERRING TRADE

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