

# wannon water

annual report and sustainability report  
2007/08



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## Our vision

Wannon Water will be a sustainable business meeting the expectations of its communities through focus on economic, environmental and social responsibility, innovation and best use of water resources.

## Our mission

Wannon Water provides water and sewerage services that contribute to the sustainable growth, health and well being of the community and environment in the south-west of Victoria.

## Our values

Wannon Water recognises the values set out in the Public Administration Act 2004 and has adopted the following values that best typify the organisation's objectives.

*Respect* - we care for the well being, safety and development of our staff.

*Innovation* - we encourage continuous improvement by fostering creativity, experimentation and intellectual openness.

*Integrity* - we will be ethical and accountable for our actions.

*Equity* - we will be socially responsible in providing access to water services and will have compassion for customers experiencing financial hardship.

*Sustainability* - we will strive to deliver outcomes that account for social, environmental and financial sustainability.

*Customer satisfaction* - we will strive for customer satisfaction and will consult with the community on relevant issues.

*Financial viability* - we will be a financially responsible, viable business.

## Our strategic objectives

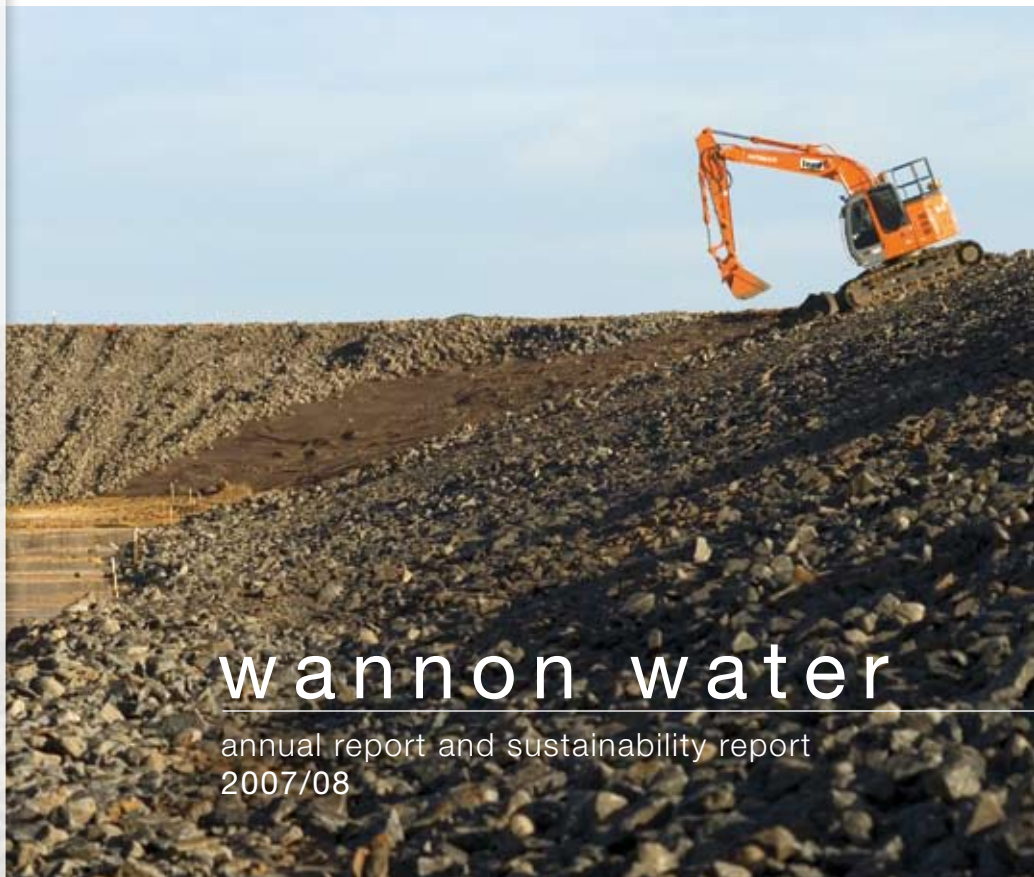
Enhancing our environmental performance.

Improving our service delivery.

Ensuring our business performance is sustainable.

Engaging with our community.

Building our organisational culture.



# wannon water

annual report and sustainability report  
2007/08

Duplication of Dales Road water storage, Warrnambool

## About this report

Wannon Water is a State Government-owned water corporation that provides water and sewerage services that contribute to the sustainable growth, health and well being of the community and environment in south-west Victoria.

This 2007/08 Wannon Water Annual Report also incorporates our Sustainability Report for the first time. Wannon Water reports for successive annual financial year periods and this is our third annual report.

This annual report provides a summary of the initiatives and programs delivered by Wannon Water for the 2007/08 financial year and reports on our progress in achieving the key initiatives, programs, key result areas and performance indicators. As Wannon Water was established on 1 July 2005, only three-yearly comparisons of information are provided in this report.

Sustainability is incorporated within all aspects of our business and Wannon Water is committed to reporting on governance, economic, social and environmental elements. This report includes information on the annual reporting requirements issued by the Minister for Water and priorities as set out in Wannon Water's Sustainability Strategy, including reporting to Level C of the Global Reporting Index (GRI).

This report relates to Wannon Water's immediate activities, not including contractors, and is consistent with last year's annual report scope, approach and calculation methods. Wannon Water undertakes a continuous improvement approach to reporting and has not encountered any significant changes to the boundary of reporting or information previously reported.



# 07 July

- Wannon Water conducts community engagement sessions regarding the Water Supply Demand Strategy
- Glenelg Shire Council requests that Wannon Water proceed with the West Portland sewerage scheme



# August

- Rural Customer Charter launched
- Recycled water strategy approved by the Board
- The Hon. Tim Holding, Minister for Water, appointed



# September

- Application made to Minister for Water under section 44 of the *Water Act* 1989 for a temporary amendment to the Bulk Entitlement (Hamilton) Conversion Order 1997 to secure water supplies for Hamilton pending completion of Hamilton-Grampians Pipeline project
- Construction contract for two geothermal groundwater bores at Bald Hill in Portland awarded
- Permanent Water Savings Plan is amended
- Winners of the annual "Water is a precious resource" photo competition announced
- Two employees win Victorian Water Industry Operators Association awards
- Macarthur and Darlington water supplies declared 'regulated' (non-potable) supplies



# 08 January

- Construction commences on the Hamilton biosolids management facility
- Temporary voluntary water restrictions implemented in Portland in response to a bore pump failure coinciding with works on refurbishment of the Bald Hill storage basin

# February

- Hamilton-Grampians Pipeline project consultation/ information days held in Hamilton and Balmoral
- Pricing reform consultation sessions held with rural customers connected to the Hamilton, Glenthompson and Konongwootong water supply systems
- Work commences on the innovative Warrnambool roof water harvesting project following announcement of a \$1.1 million Federal Government funding grant
- Minister for Water announces that Wannon Water will proceed with construction of the Casterton-Coleraine Pipeline project to improve water quality and water security for the Coleraine system
- Sustainability strategy approved by the Board
- Asset management strategy approved by the Board
- Installation of new SCADA/Telemetry system commences
- Refurbishment works and installation of a floating cover for Portland's Bald Hill storage basin completed



# October

- Draft Wannon Water 2008-2013 Water Plan submitted to the Essential Services Commission for review
- Wannon Water runs National Water Week activities

# November

- Water restrictions for the Hamilton system are downgraded from Stage 4 to Stage 3
- Water restrictions for the Glenthompson system are downgraded from Stage 4 to Stage 2
- Construction contract awarded for stage 2 of the Camperdown biosolids management facility
- Construction contract awarded for a second water storage at Dales Road, Warrnambool
- Construction contract awarded for replacement of water mains in Camperdown, Cobden, Lismore, Mortlake and Warrnambool

# December

- Hamilton-Grampians Pipeline route is announced
- Balmoral Water Treatment Plant is commissioned



# March

- Expressions of Interest invited from private sector to access recycled water from Warrnambool Water Reclamation Plant
- General exemption to watering hours under the water restrictions by-law is granted to people aged over 70 for the Hamilton system
- Contract awarded for recycled water irrigation system from the Peterborough Water Reclamation Plant
- Warrnambool trunk sewer project completed

# May

- Minister for Water amends the Bulk Entitlement (Hamilton) Conversion Order 1997 to secure the Hamilton water supply pending completion of the Hamilton-Grampians Pipeline project
- Construction of Warrnambool ocean outfall replacement project completed
- Deakin University launches the Reshaping Water Saving Attitudes survey in conjunction with Wannon Water; the Victorian Water Trust, Smart Water Fund, the Alcoa Foundation and Portland Aluminium
- 2008 customer satisfaction survey finds very high level of customer satisfaction with the quality of services provided by Wannon Water

# June

- Wannon Water awarded HACCP certification for all of its drinking water systems
- Essential Services Commission releases the final 2008 Water Price Review Determination for Wannon Water
- Construction of Camperdown biosolids handling facility stage 2 project completed
- New belt filter press installed at the Port Fairy Domestic Water Reclamation Plant
- Peterborough Sewerage Scheme Open Day well attended
- 2006/07 Wannon Water Annual Report wins a bronze award at Australasian Reporting Awards

# April

- Minister for Water launches the commissioning of the Peterborough Sewerage Scheme
- Customer engagement policy approved by the Board

## Message from the Chairman and Managing Director

This 2007/08 Annual Report includes our first Sustainability Report prepared in line with the Global Reporting Initiative version three guidelines. This reporting framework is a key part of our growth plan toward becoming more sustainable. In March 2008 Wannon Water released its sustainability strategy, which describes the corporation's action plan and focus on ensuring that the business is innovative and sustainable. The strategy considers the impacts of climate change on the business and plans to reduce greenhouse gas emissions.

Drought conditions continued to prevail over much of Victoria in 2007/08; however, Wannon Water's water supply systems have proven in the main to be very secure. Only 17 per cent of our customers have ever experienced water restrictions. Higher level water restrictions continued throughout the year in Hamilton, Balmoral, Cavendish, Dunkeld, Glenthompson and Tarrington.

Plans to augment the Hamilton system by constructing the Hamilton-Grampians Pipeline to connect the Hamilton water system to Rocklands Reservoir in the Grampians are well advanced, with the functional design completed. The Premier of Victoria, John Brumby, announced a \$10 million dollar funding grant for this project. This grant initiative will mitigate the increase in water charges for Hamilton system customers over the next five years.

Our customers continue to express their satisfaction with Wannon Water's performance. The 2008 annual customer satisfaction survey reported that 95 per cent of business customers and 92 per cent of domestic customers were extremely satisfied or satisfied with the overall performance of Wannon Water.

Wannon Water completed a record \$30.8 million of capital works to further improve the delivery of water and sewerage services and service growth in south-west Victoria. It is pleasing to report that Wannon Water completed 100 per cent of the capital works expenditure set out in the 2005 to 2008 Water Plans.

Wannon Water also made significant progress towards achieving the water savings target set out in its Water Supply Demand Strategy. While the number of customers grew by 1.1 per cent, actual water consumption reduced by 8.47 per cent. This is a positive sign that our customers are responding positively to Wannon Water's water conservation message.

A Recycled Water Strategy was developed to further increase the use of recycled water in the region. In 2007/08 the beneficial reuse of recycled water increased by 5 per cent to 19 per cent (1,616 megalitres). Further, Wannon Water entered into a memorandum of understanding to supply recycled water to Origin Energy's proposed gas-fired power plant near Mortlake.

Water and sewerage charges were restructured based on uniform pricing principles. The Essential Services Commission set the prices for the next five years based on the revised pricing structure.

In June 2008 Wannon Water was awarded HACCP certification for all of its drinking water systems. HACCP certification provides confirmation that systems and procedures are in place to safeguard the quality of water supplied to customers.

Wannon Water delivered a modest profit of \$69,000 for the 2007/08 financial year.

## The future

The immediate challenge will be to continue to manage water supply systems efficiently to maximise water availability for customers in continued dry conditions. Wannon Water will continue to implement key elements of the Water Supply Demand Strategy to ensure sustainable water supplies are provided to our customers into the future.

Wannon Water will undertake \$47.4 million of capital works in 2008/09 to improve services and service growth across the region. The Hamilton-Grampians Pipeline project is central to this program and will deliver up to 2,000 megalitres of water a year for the Hamilton system. Together with the implementation of the Recycled Water Strategy, such projects will further enhance south-west Victoria's reputation for possessing secure, reliable water supplies that meet the needs of a growing community.

Wannon Water has the skilled employees required to deliver these projects and to work closely with our communities to ensure we are delivering the best possible services throughout the region.

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 2008.



Harry Peeters, Chairman





















9 September 2008



Grant Green, Managing Director

9 September 2008



Objectives	Governance		Economic Sustainability		Social Sustainability	
	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	<p>The Board endorsed a Sustainability Policy and Strategy, setting direction to embed sustainability into business strategy to deliver long-term growth</p> <p>The Board set a formal process for policy development and review, requiring scope and consultation aspects of policy to be considered prior to policy development or review</p> <p>The Board reviewed and updated its Community Engagement Policy to meet current best practice</p>		<p>Wannon Water submitted a final Water Plan to the Essential Services Commission. The Commission made a pricing and services determination for the next five years.</p> <p>Wannon Water completed \$30.8m of capital works and is set to invest a further \$47.4m in 2008/09</p> <p>Wannon Water returned an operating profit of \$69,000, which is \$446,000 above the budgeted loss of \$377,000</p>		<p>Customer Satisfaction Survey found that 95% of business customers and 92% of domestic customers were satisfied or extremely satisfied with the quality services provided by Wannon Water</p> <p>Wannon Water was awarded HACCP certification for all drinking water systems, confirming Wannon Water's safeguarding of the water quality supplied to customers</p> <p>The Balmoral Water Treatment Plant was commissioned to provide high quality drinking water to customers</p>	
Results	Actions	Results	Actions	Results	Actions	Results
	<p>Regularly review the risk management framework for the identification and management of corporate risks</p> <p>Maintain the Board Governance Framework as a guide for Directors</p> <p>Undertake a robust internal audit program</p> <p>Undertake a formal review of compliance with legislation</p>	   	<p>Implement the Treasury Management Policy in liaison with Treasury Corporation Victoria</p> <p>Develop a final Water Plan submission for review by the Essential Services Commission for the next regulatory period</p> <p>Manage the capital works program on time and within budget</p> <p>Implement continuous improvements to identify and deliver business efficiencies</p> <p>Identify opportunities for Government grants and evaluate projects that have the potential to attract Government funding</p> <p>Completion of capital works program (\$30.8m expenditure against budget of \$31m)</p>	      	<p>Undertake the functional design of a new water augmentation for Hamilton, Cavendish Dunkeld and Tarrington</p> <p>Maintain a HACCP risk assessment program to ensure water quality compliance with the Drinking Water Regulations</p> <p>Implement continuous improvement programs to enhance service delivery</p> <p>Establish a Customer Call Centre to respond to customer enquiries in a timely and consistent manner</p> <p>Survey our customers regarding satisfaction with service delivery</p> <p>Invest in new systems and technology to provide a step change in service delivery</p> <p>Replace ageing water mains to achieve service level targets for frequency unplanned water supply interruptions</p> <p>Review Drought Response Plan when restrictions are lifted</p>	         <p>Not required, as restrictions not lifted</p>
The future challenges	<p>Undertake a review of Wannon Water's mission, vision and values</p> <p>Move to a single consolidated risk register away from multiple functional risk registers aimed at improving the timeliness and reporting of risks and changes to risk</p> <p>Include non-Director positions in the Audit &amp; Risk Management Committee</p>		<p>Manage a \$47.4m capital works program on time and within budget</p> <p>Significantly progress work on the Hamilton-Grampians Pipeline</p> <p>Manage the increase in debt of \$65.65m over the next two years</p>		<p>Consistently meet the key performance indicators established by the Essential Services Commission</p> <p>Complete the Macarthur Water Treatment Plant upgrade to improve water quality for customers</p> <p>Proactively manage hardship and customer debt in an environment of elevated fuel prices, food prices and mortgage stress</p>	
	More on page 12		More on page 16		More on page 22	































Achieved



Partially Achieved



Not Achieved

				Environmental Sustainability	
Wannon Water will engage with its community		Wannon Water will build its organisational culture		Wannon Water will enhance its environmental performance	
<p>Wannon Water developed a Charter of Human Rights document that applies to all employees</p> <p>Community consultation for Macarthur (water quality), Peterborough (sewerage scheme) and West Portland (sewerage scheme)</p> <p>Wannon Water undertook a comprehensive water conservation education program to encourage water savings throughout the region</p>		<p>Wannon Water implemented a tertiary study policy to encourage employees to undertake higher education studies</p> <p>Wannon Water undertook an occupational health and safety audit as a step towards a new safety strategy</p> <p>Productivity targets were incorporated in the new Enterprise Bargain Agreement</p>		<p>Wannon Water commenced implementing its 50-year Water Supply Demand Strategy, including construction of the Hamilton-Grampians Pipeline</p> <p>Wannon Water completed the Peterborough Sewerage Scheme, reducing the environmental and public health impact of effluent seepage from septic tanks</p> <p>Wannon Water adopted a Recycled Water Strategy and increased the use of recycled water from 14% to 19% (target 35% by 2015)</p>	
Actions	Results	Actions	Results	Actions	Results
Engage with local communities regarding the evaluation of key projects		Provide an organisational development program that facilitates teamwork and innovation		Commence implementation of the Water Supply Demand Strategy for the long-term planning and management of water resources in south-west Victoria	
Consult with the Customer Engagement Committee on policy development		Negotiate a new Enterprise Bargaining Agreement to deliver productivity improvements		Continue to promote and educate the community regarding the Permanent Water Savings	
Monitor customer satisfaction levels		Facilitate proactive training and skills development for employees		Identify opportunities for further reuse of recycled water	
Conduct community education programs regarding water conservation and management of the water cycle		Develop shared workplace values and ethics		Implement the Trade Waste Strategy in consultation with our major trade waste customers to minimise waste at the source	
Establish project-specific consultation programs with local communities		Ensure that robust internal communications systems are established and operate efficiently		Develop a corporation-wide Biosolids Management Program for beneficial reuse	 Due June 2009
Consult with the Community on elements of the 2008 draft Water Plan submission to the Essential Services Commission		Support our people to encourage continuous improvement		Invest in the upgrade of the Water Reclamation Plant and sewerage systems to meet regulatory licence conditions	
Routinely review and report to customers our performance against key performance indicators for service delivery and water quality				Ensure customers connect to the new Peterborough Sewerage Scheme system and previously provided sewerage schemes	 Unconnected customers issued notices to connect
Build stronger relationships with our major customers to facilitate growth and increased regional benefits based on access to sustainable water resources				Work with our major customers to migrate their process requirements from potable to fit-for-purpose recycled water	
Be responsive to the needs of developers and consistent in our response to them to facilitate planning for sustainable growth of towns in our service area				Promote new customer opportunities to receive fit-for-purpose recycled water	
Review customer hardship and special needs policies and practices				Manage critical species & enhance the biodiversity of our land base & direct area of influence by implementation of improved land management practices on key sites identified through biodiversity audits	
Invest in our future through education programs in our schools and communities				Reduce and respond to greenhouse impacts through changed operational practices, asset improvement, planning for change and investigation of offsets	
				Reduce waste in daily operational practices	
Consult with the Dutton Way community regarding the Dutton Way water supply and sewerage schemes		Develop a management succession plan		Progress the West Portland sewerage scheme	
Report to customers the progress towards targets within the Water Supply Demand Strategy		Proceed with construction of a five-star energy and water efficient sustainable office in Warrnambool		Improve environmental performance by implementing key elements of Wannon Water's Sustainability Strategy	
More on page 31		More on page 35		More on page 39	

Wannon Region Water Authority, trading as Wannon Water, was constituted by Government Order under section 98 (1) (b) of the *Water Act* 1989, effective from 1 July 2005. In accordance with the *Water (Governance) Act* 2006, the authority became Wannon Region Water Corporation, trading as Wannon Water, from 1 July 2007.

At the commencement of the reporting period Wannon Water was responsible to the Honourable John Thwaites, MP, Minister for Water, Environment and Climate Change. From 30 July 2007 until 2 August 2007, Wannon Water was responsible to the Honourable John Brumby, MP, Minister for Water, Environment and Climate Change. From 3 August 2007, Wannon Water was responsible to the Honourable Tim Holding, MP, Minister for Water.

In 2007/08 Wannon Water's annual revenue was \$41.6 million and net assets were valued at \$450.2 million. As at 30 June 2008 Wannon Water employed 182 people with a diverse range of skills to provide essential water and sewerage services that contribute to the sustainable growth, health and wellbeing of the community and environment in the south-west of Victoria.

Wannon Water's products include potable, non-potable and recycled water supply and trade waste and sewerage services. These services are provided to over 40,000 customers across 34 customer zones, including residential, rural, commercial and industrial customers. Wannon Water provided 15,474 megalitres of water to a service area extending over 24,500 square kilometres from the South Australian border in the west, to Balmoral in the north, to Lismore in the east and to Port Campbell on the south coast – an area covering approximately 79,000 people.

## Functions, powers and duties

Wannon Water's statutory functions, powers and duties are set out in the *Water Act* 1989 and relevant By-Laws. These 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 6 and 7 of this report.

## Asset management

All of Wannon Water's operations and assets are located in south-west Victoria. Wannon Water's major assets include 11 reservoirs, 29 water treatment facilities (including 12 full water treatment plants and 17 disinfection plants) and 17 water reclamation plants.

Wannon Water's asset management program is integral to meeting the service levels set in our customer charters and to achieve compliance with the 2005 Safe Drinking Water Regulations and the environmental licence conditions of the corporation's water reclamation plants.

Wannon Water's main office is located in Warrnambool; other offices are located in Camperdown, Hamilton and Portland to provide local access for customers and other stakeholders. Wannon Water also leases office accommodation in three other buildings in Warrnambool as an interim arrangement until completion of a new office building in 2010.

## Benchmarking and awards received

Wannon Water has a strategic aim to become a leader of the Victorian water industry in sustainable water management by 2015. Awards and certification against standards are a useful means of benchmarking progress and gauging the corporation's level of performance.

This year Wannon Water received a bronze award for distinguished achievement in reporting at the Australasian Reporting Awards 2008. The corporation also received HACCP certification for all of its drinking water systems in 2007/08 and two employees were recipients in the Victorian Water Industry Operators Association awards. These achievements are detailed within this report.

## Stakeholder engagement

Wannon Water recognises the vital role it plays within the wider community and is committed to working together with its customers, the community and stakeholders to develop effective long-term relationships. A community engagement policy has been developed that describes Wannon Water's approach and commitment to community consultation and engagement. This policy is available on Wannon Water's web site.

## Target stakeholders

Stakeholders engaged by Wannon Water cover many groups, including customers, government and legislative bodies, the water industry, employees, special interest groups, the media and more. Stakeholder identification is determined in relation to the project or issue as they occur. Full details regarding engagement are available in Wannon Water's customer engagement policy and current customer engagement activities, which are detailed on the public web site.

Consultation can take a number of forms depending on the business or customer circumstances and include 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/project at hand. Further details on our community engagement approaches are available in the community engagement policy on Wannon Water's web site.



## Wannon Water region



# Sustainability Reporting



Branch Manager Assets Planning Peter Wilson overlooks the Brierly Street basin water storage

Sustainability is concerned with continuity of the environment, human life, economic development and institutions. It is an evolving concept that recognises that the world has finite resources and a finite ability of the environment to absorb and break down pollution. It values the importance of protecting biodiversity and not only considers equitable distribution of resources for the current generation but also aims for sufficient resources for a good quality of life for future generations.

Wannon Water defines sustainability as the balance of governance, economic, environmental and social factors in the delivery of business operations. It is central to Wannon Water's business mission *to provide water and sewerage services that contribute to the sustainable growth, health and well being of the community and environment in the south-west of Victoria.*

## Commitment and direction

During 2007/08 Wannon Water commenced the journey toward becoming a more sustainable business. In February 2008 the Board endorsed Wannon Water's Sustainability Policy and Strategy, setting the direction for the corporation.

The Sustainability Policy and Strategy were developed through a series of workshops and surveys with Wannon Water's Board, executive team and through employee input. The workshops considered sustainability for public agencies, global sustainability trends, leading approaches, obligations and stakeholder expectations, and the preference for sustainability versus a corporate social responsibility-focused approach.

### Progress towards Sustainability - 2007/08 highlights



## Sustainability Policy

Wannon Water's Sustainability Policy defines sustainability for the corporation and presents the guiding principles. These were determined from 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 three.

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

- the definition of 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

In establishing the strategic direction, the Board and Executive Team considered the importance of embedding sustainability into business strategy to deliver long-term growth. A comprehensive strategy has been developed, outlining key aims and milestones to guide and measure the corporation's performance. This annual report includes the first sustainability report for Wannon Water, based on the Global Reporting Initiative framework.

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 candidates, improving satisfaction, retention, capability and productivity of employees.

## Sustainability Working Group

To implement the strategy and monitor progress, Wannon Water established an internal Sustainability Working Group with representation of employees drawn from across the business. This group will also assist Wannon Water's growth in capability and sustainability performance in other areas such as procurement and supply chain management.



# Governance Report



(Left to right) Harry Peeters, Marie Thornton, Bill Sharrock, Jacinta Ermacora, Grant Green, Di Clanchy, Rob Wallis, Paul Battista

## Approach

Wannon Water is committed to a sustainable approach to governance in order to engender good governance principles, commit to external initiatives and engage stakeholders through:

- accountable, transparent and ethical decision making that seeks to balance sustainability considerations;
- effective Board oversight of sustainability policy and 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, and financial and sustainability standards.

### Harry Peeters – Chairman APM, FAICD

Harry Peeters was appointed Chairman of Wannon Water in July 2005.

He 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 Chairman BSW, MSS, GAICD

Jacinta Ermacora was appointed to the South West Water Board from 2004 to 2005 and appointed a Director of Wannon Water in July 2005.

Jacinta holds a Bachelor of Social Work, a Master of Social Science (policy and management) and is a Graduate of the Australian Institute of Company Directors. Jacinta is a Councillor with the City of Warrnambool and is a Board member of the Glenelg Hopkins Catchment Management Authority. Her professional experience includes consumer rights, community health and community engagement. Jacinta brings a range of knowledge and experience to the Wannon Water Board, including natural resource management, local government, health, policy and governance.

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

Grant Green has extensive experience in the water industry. After working in a range of senior executive positions at both Melbourne Water and Barwon Water, Grant was appointed as the inaugural Chief Executive Officer of Wannon Water in September 2005. In July 2007 he was appointed Managing Director.

Grant is the Chairperson of the South West Sustainability Partnership Inc. and the Deputy Chairperson of the Savewater! Alliance Inc. and is a member of the executive of the Institute of Water Administration.

### Paul Battista MAICD

Paul Battista was the Deputy Chairman of Glenelg Water from 2001 to 2005 and appointed a Director of Wannon Water in July 2005.

He has five years' experience as a hydrographer with the former Rural Water Corporation and has worked in the Murray Darling and Goulburn catchments. He was also a community member of the Waterways Implementation Committee for the Glenelg Hopkins Catchment Management Authority from 2000 to 2005.

Paul is also a member of the Australian Institute of Company Directors, was recently appointed a parent member of the North Hamilton School Council and is a member of the North Hamilton Country Fire Authority.

Paul is employed in specialist cutting tool manufacturing with Sutton Tools in Hamilton and has Certificate 2 in engineering.

### Di Clanchy BA, ALAA, MAICD

Di Clanchy was a Board Member at Portland Coast Water from 2004 to 2005 and appointed a Director of Wannon Water in July 2005.

Di is a trained librarian and has had a long career in public, and secondary and tertiary education librarianship. Most recently she was campus librarian at Warrnambool's Emmanuel College. She has a business organising tours, mainly to China.

Di has been a Moyne Shire Councillor since 1999, representing the Port Fairy Riding. She chairs the Shire's Port Fairy Community Services Centre Steering Committee, the Heritage Committee and Arts and Culture Committee, and is a member of the Conservation and Environment Committee, Port Fairy Coastal and Risk Mitigation Committee and several other Moyne Shire committees. She is a past member of both South West Healthcare and Moyne Health Services Boards.

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

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

Bill Sharrock was the Chairman of Portland Coast Water from 2003 to June 2005 and a Director from 2001. In July 2005 Bill was appointed a Director of Wannon Water.

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 is a founding member and former treasurer of the South West Region Housing Council and is commercially involved in farming, timber production and milling and construction.

## Marie Thornton TPTC, FAICD

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.

Marie has had a career in teaching and librarianship and spent 13 years in local government as a Councillor and Shire President, and Commissioner of Colac-Otway Shire during its restructure.

Marie is a Director of the Board of Ballarat and Queen's Anglican Grammar School, where she is Chair of the Audit and Governance Committee and a member of the Planning and Heritage committees.

Marie is a Fellow of the Australian Institute of Company Directors.

## Rob Wallis (Director from 1 October 2007) BSc (Hons), MSc, PhD, Dip Ed, Grad. Dip. Ed. Studs, Grad. Cert. Management, FAICD

Rob was appointed a Director of Wannon Water in October 2007.

Rob has worked in higher education for 35 years and was the Pro Vice-Chancellor (Rural and Regional) at Deakin University, a position he held for five years. Rob was previously Head of the School of Ecology and Environment at Deakin for seven years.

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 and Graduate of the Australian Institute of Company Directors.

## Sandra Adams (Director until 30 September 2007) FAICD

Sandra Adams's term as a Director of Wannon Water ended in September 2007. Sandra had many years' experience in accountancy and taxation and was involved in the water industry and local government.

Sandra was Chairman of Glenelg Water from 1994 to June 2005, and a Director of Wannon Water from July 2005 to September 2007. Sandra was a past President of the former Shire of Wannon and a former Board Member of Portland Coast Water and South West Water.

Sandra's experience also includes chairing the Coleraine Management Committee of Western District Health Services and serving as Director/Treasurer of Coleraine & District Financial Services.

Sandra is a Fellow of the Australian Institute of Company Directors.

## Corporate governance

The Board is responsible for the overall corporate governance of Wannon Water, including providing strategic direction, setting organisational goals and monitoring achievement of those goals, including the obligations set out in the Statement of Obligations issued by the Minister for Water.

## Board composition

The Board comprises eight Directors: seven non-executive Directors appointed by the Minister for Water and the Managing Director appointed by the Board.

## Board meetings

Board meetings are held monthly and further strategic briefing sessions are convened as required. The decisions of the Board are recorded in the minutes of meetings.

## Board committees

Two Board sub-committees assist the Board to carry out its corporate governance functions.

### Audit and Risk Management Committee

The Audit and Risk Management Committee comprises a non-executive Chairman, two non-executive Directors and the Managing Director. Meetings are held bi-monthly and additional meetings are held as required.

The Audit and Risk Management Committee appointed RSM Bird Cameron as internal auditors. An audit program was set in consultation with the internal auditors to evaluate the adequacy and effectiveness of internal controls. The committee reviews the audit reports and monitors the actions taken by management in response to matters arising from audits. The committee also reviews the management of key risks and opportunities faced by Wannon Water. The committee also meets with the external auditor.

Independent members are Marie Thornton (Committee Chair), Paul Battista, Rob Wallis and Harry Peeters (ex-officio). The non-independent member is Managing Director Grant Green. Sandra Adams retired as a member of the committee in September 2007.

### Executive Remuneration Committee

The Executive Remuneration Committee comprises a non-executive Chairman and two non-executive Directors. The committee reviews the terms of employment of the Managing Director, oversees succession planning and monitors compliance with executive employment guidelines issued by the State Services Authority.

Members are Harry Peeters (Committee Chairman), Jacinta Ermacora and Bill Sharrock

## Performance evaluation

A formal process is in place to annually review the performance of the Board, its committees and individual Directors each year.

## Independent advice

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



## Communication

The Board receives stakeholder communication through a range of mechanisms, such as the Customer Engagement Committee.

Wannon Water's Customer Engagement Committee comprises representatives of the community who cover a range of domestic business and rural areas. 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.

## 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 was adopted for financial and non-financial decision making.

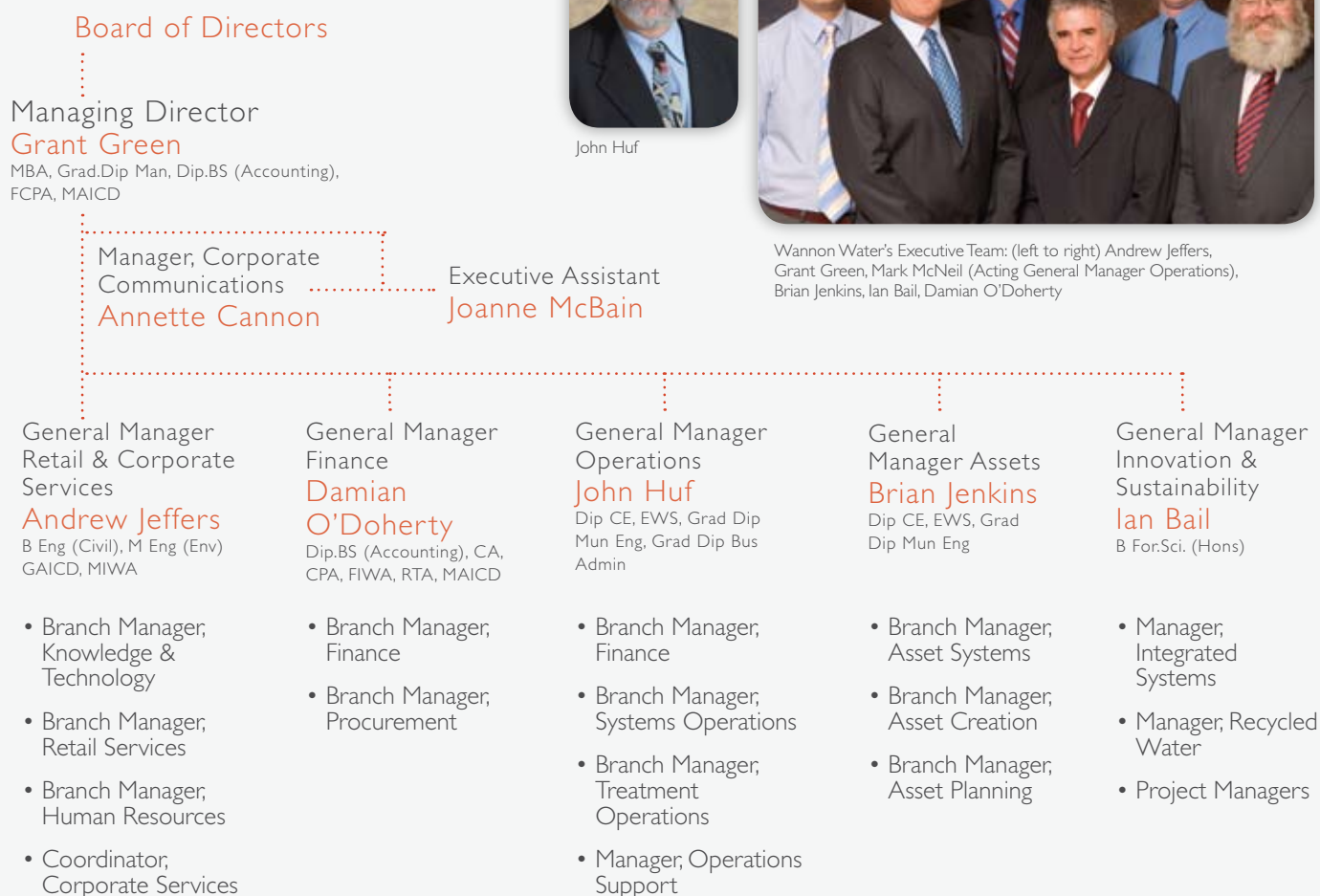
## Directors' attendance at Board and Committee meetings

Director	Board Meetings		Audit and Risk Management Committee Meetings		Executive Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Harry Peeters	11	10	6	6	3	3
Paul Battista	11	11	6	5	*	*
Di Clanchy	11	10	*	*	*	*
Jacinta Ermacora	11	11	*	*	3	3
Grant Green	11	11	6	6	*	*
Bill Sharrock	11	10	*	*	3	3
Marie Thornton	11	10	6	6	*	*
Rob Wallis (term commenced 1 October 2007)	8	5	5	4	*	*
Sandra Adams (term completed 30 September 2007)	3	3	1	1	*	*

\*indicates non-member of committee

Directors Peeters, Clanchy, Sharrock and Thornton did not attend one Board meeting due to approved leave. Director Wallis did not attend three meetings due to approved leave and commitments prior to being appointed a Director in October 2007.

## Organisational Structure as at 1 July 2008



John Huf



Wannon Water's Executive Team: (left to right) Andrew Jeffers, Grant Green, Mark McNeil (Acting General Manager Operations), Brian Jenkins, Ian Bail, Damian O'Doherty

# Economic Report



Drilling the new Warmambool ocean outfall

*We will ensure our business performance is sustainable*

## Approach

Through our sustainable economic approach, Wannon Water will enhance business performance with the aim of long-term economic growth by:

- delivery of service obligations;
- sustainable contract procurement and effective supply chain management that delivers Wannon Water's policy objectives, mitigates risk to the business and provides for equitable distribution of spend across south-west Victoria;
- consideration of the financial implications of climate change;
- planning for and delivery of infrastructure to secure water supplies and support the growth, health and well being of the community and the environment in south-west Victoria;
- more efficient use of resources to reduce operating costs;
- benchmarking performance on a range of criteria across the water industry; and
- fostering partnerships to share information and expertise, and to tackle local and global sustainability challenges.

## Financial results

In 2007/08 Wannon Water funded \$30.8 million of capital works (see list of major projects, right), primarily from financial operations of the business, and interest-bearing liabilities. Total indebtedness increased by a net \$18.21 million to \$36.72 million.

Wannon Water recorded an operating profit (before income tax) of \$0.07 million for the financial year, a significantly better outcome than the budgeted loss of \$0.38 million. (See full Operating Statement on page 58.)

Wannon Water would have made an operating loss of \$0.9 million but for the State Government contribution of \$1.0 million for fluoridation of water supplies. The underlying operating loss was due to the significant reduction in water volume sales during the year of \$1.23 million, notwithstanding a price increase in accordance with the Essential Services Commission price review determination for 2007/08. Higher level water restrictions in Hamilton, Balmoral, Cavendish, Dunkeld and Tarrington and the introduction of Permanent Water Saving Measures in cities and towns not subject to water restrictions, and Wannon Water's promotion of water conservation were contributing factors.

*Water sales revenue declined by \$1.23 million due to water restrictions in the Hamilton region and the success in promoting water conservation*

## 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.

## Capital works program

The major capital works projects undertaken in 2007/08 included:

- Bald Hill Bore No. 1 and 2 (Portland) replacement (\$3.65 million)
- Dales Road water storage (Warrnambool) duplication (\$2.93 million)
- Camperdown biosolids management facility stage 2 (\$2.38 million)
- Warrnambool ocean outfall replacement (\$2.18 million)
- Casterton-Coleraine pipeline (\$1.98 million)
- Hamilton biosolids management facility (\$1.87 million)
- Peterborough sewerage scheme (\$1.76 million)
- SCADA/Telemetry installations (\$1.28 million)
- Warrnambool land purchase (\$1.07 million)
- Balmoral Water Treatment Plant (\$0.83 million)
- Hamilton-Grampians pipeline project (\$0.75 million)
- Water main replacements (\$0.73 million)
- Bald Hill (Portland) water basin roof replacement (\$0.71 million)
- Port Fairy Domestic Water Reclamation Plant (\$0.61 million)
- Warrnambool trunk sewer installations (\$0.39 million)

## National competition policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. The National Competition Policy aims to improve the performance of Australian businesses by exposing them, where applicable, to the pressure of competitive markets. The National Competition Policy continues to be implemented, and the principle of competitive neutrality applied, by Wannon Water in its business undertakings under the advice of the Department of Sustainability and Environment. This improved performance will assist the efficient allocation of resources and provide benefits to consumers in terms of service quality and price.

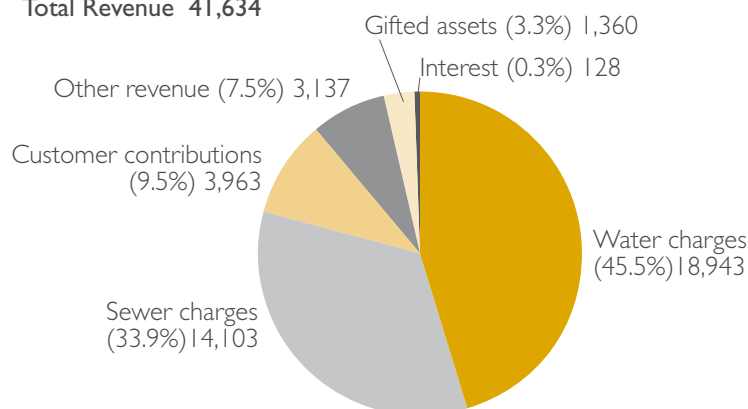
## Summary of the financial results

	2005/06 (\$'000s)	2006/07 (\$'000s)	2007/08 (\$'000s)
Core business revenue	32,884	37,703	38,497
Government contributions	470	470	1,050
Other revenue	2,213	1,859	2,087
<b>Total revenue</b>	<b>35,567</b>	<b>40,032</b>	<b>41,634</b>
Operating expenditure	25,457	28,359	29,560
Depreciation expenditure	10,043	9,030	9,726
Project expenditure finance costs	1,126	1,102	1,775
Loss on sales and decommissioning of assets	1,308	383	470
<b>Total expenditure</b>	<b>37,934</b>	<b>38,874</b>	<b>41,531</b>
Current assets	13,836	10,148	10,801
Non-current assets	457,228	467,067	487,074
<b>Total assets</b>	<b>471,064</b>	<b>477,215</b>	<b>497,875</b>
Current liabilities	5,607	9,260	13,810
Non-current liabilities	14,447	16,740	33,881
<b>Total liabilities</b>	<b>20,054</b>	<b>26,000</b>	<b>47,691</b>

Note: As Wannon Water was established in 2005, only three years of data is available.

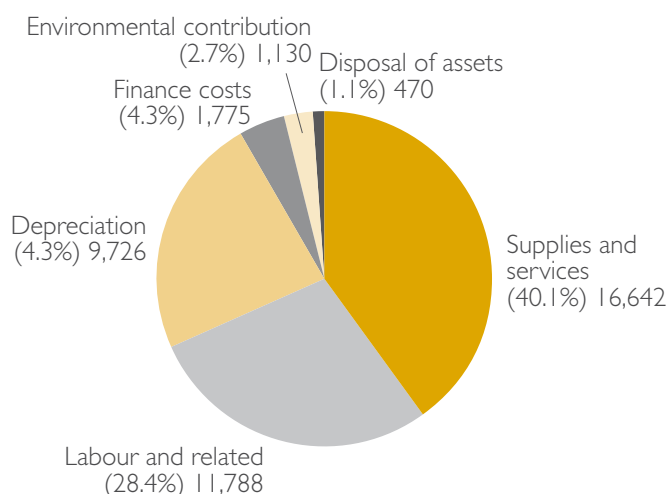
### Revenue (\$'000)

**Total Revenue 41,634**



### Expenditure (\$'000)

**Total Expenses 41,531**



## Significant changes in financial position during the year

Wannon Water's third year of operation has been one of both consolidation and expansion. The focus has been on two matters:

- the establishment of a robust enterprise, compliance with regulatory obligations and new initiatives is reflected in the increase in operational expenditure of \$1.2 million; and
- the delivery of the three-year capital works program for the period ending June 2008 in accordance with the Water Plans of the three former water authorities that merged to form Wannon Water. The total capital expenditure over the three years was \$57.3 million compared with the budgeted \$55.8 million set out in the Water Plans. The capital expenditure in the 2007/08 year of \$30.8 million was funded two thirds from borrowing (approximate). Borrowings increased by a net \$18.21 million to \$36.72 million to 30 June 2008.

## Other significant changes during the reporting period

Wannon Water's operations expanded following commissioning of the Peterborough sewerage scheme and the Balmoral Water Treatment Plant. Further details on these changes are provided throughout this report.

## Major changes or factors affecting performance

Two major factors affected Wannon Water's financial performance in 2007/08. Firstly, water volume sales declined by \$1.23 million, and this was offset by a non-operating revenue contribution from Government for fluoridation plants. Consumer attitudes to the use of water have changed and it is likely that water conservation will become part of consumer culture and continue to have an impact on water sales into the future.

Secondly, the capital works expenditure was \$30.8 million, well above the original Water Plans budget of \$17.1 million. This level of expenditure was necessary to achieve the three-year total capital works program provided for the 2005–2008 Water Plans determination by the Essential Services Commission.

Wannon Water's financial gearing doubled in the year from 3.82 per cent to 7.38 per cent. Whilst this ratio is not high by commercial standards, it represents a significant shift in the financing arrangements of the corporation.



## Future challenges

The primary challenge facing Wannon Water is to deliver a more secure water supply for the Hamilton water supply system and achieve compliance with the Environment Protection Authority discharge licence for the Portland Water Reclamation Plant. Planning is well advanced to construct the Hamilton-Grampians Pipeline to supply water from Rocklands Reservoir to Hamilton. The cost of this project will be spread over the next two years; the Victorian Government will contribute \$10 million. This project is part of a total planned capital spend of \$47.35 million in 2008/09 and \$38.5 million in 2009/10, which in turn will see borrowings increase by a net \$65.65 million to \$102.37 million over these next two years. Financial gearing is expected to increase to 18.24 per cent, which will be a further significant increase on the current position.

A major upgrade of the Portland Water Reclamation Plant is scheduled for completion in 2011/12.

## Disclosure of major contracts

No contracts greater than \$10 million were entered into in the 2007/08 financial year.

Consultancies costing less than \$100,000 in the 2007/08 financial year:

Number of consultants	Total cost of engagements
103	\$1,464,061

Consultancies costing more than \$100,000 in the 2007/08 financial year:

Name of consultant	Project	Total	Future commitment
Kellogg Brown & Root	Port Fairy Water Reclamation Plant Augmentation	\$112,826	\$5,000
Interactive Group	Mobile Information Management System	\$129,643	nil
GHD	Engineering services	\$3,262,829	\$1,682,715
<b>Total</b>		<b>\$3,505,298</b>	<b>\$1,687,715</b>

## Victorian Industry Participation Policy

Wannon Water had no contracts to which Victorian Industry Participation Policy applied in the 2007/08 financial year.

## Improving efficiency with electronic tendering

In 2007/08 Wannon Water became the first Victorian regional water corporation to successfully fully implement an electronic tendering process resulting in improved efficiency of its contract management.

The electronic tendering system is a web-based system hosted by a third party, Tenderlink, which allows for the tendering process for contracts to be managed online. Wannon Water uploads the necessary documentation and suppliers are then notified by Tenderlink. The suppliers can then download the necessary documentation and submit their tender proposals via the same online function.

Apart from making the tendering process more immediate for Wannon Water and its suppliers, the new process has been very successful in identifying real efficiencies, including a saving of approximately 60 per cent of an administrative employee's time who no longer has to prepare and mail high numbers of documents.

Other benefits include reduced newspaper advertising costs and a greater number of tender documents being accessed by prospective tenderers due to the unique tenderer registration system.

The e-tendering process is a first for the water industry in regional Victoria and has since generated considerable interest from other regional water corporations looking to adopt a similar system.

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

## Capital works:

# Securing Warrnambool's water supply – Dales Road storage duplication

Faced with the challenge of ongoing drought conditions, the impact of climate change and projected growth in south-west Victoria, Wannon Water has a responsibility not just to meet the current demand for water but also to plan ahead and put measures in place to secure supplies for future needs.

To help achieve this end, Wannon Water undertook a \$3.5 million construction project in 2007/08 to increase Warrnambool's water storage capacity by 300 million litres.

The water storage at Dales Road in Warrnambool supplies Warrnambool, Allansford and Koroit, Wannon Water's largest demand area, and was identified as a key project to improve the security of supply and meet projected growth in the area.

The project involved duplicating the original storage, increasing the storage capacity from 320 million litres to 620 million litres.

Wannon Water Managing Director Grant Green said the increased storage will provide greater security of supply for Warrnambool, Allansford and Koroit and ensure that Wannon Water is well positioned to meet the future water supply needs of the region.

"With this new water storage online Wannon Water will be able to store more water throughout the winter months to provide greater security of supply to meet peak summer demand when consumption is higher," Mr Green said.

"This project will also deliver environmental benefits, as less water will need to be extracted from the Gellibrand River in summer when flow in the river is lower."

The new earthen embankment reservoir was completed in 2007/08, with the installation of pipes and valves the only works to be completed in early 2008/09. The storage has been built directly adjacent to the original storage and was designed to make the best use of land previously purchased for the purpose of increasing storage capacity.



Levelling the ground at Dales Road storage



Contracts Engineers Kyle Nestor and Neil Schryver inspect the Dales Road storage works

## Capital works:

# Casterton-Coleraine Pipeline

In February 2008, The Hon. Tim Holding, Minister for Water, announced that Wannon Water would proceed to construct a \$5.2 million water transfer pipeline from Casterton to Coleraine. The new pipeline will provide improved security of supply and water quality for Coleraine customers.

Coleraine is a rural town on Bryan Creek, located between Hamilton and Casterton in south-west Victoria. It has a population of around 1,000 people.

Construction of the pump station and 29-kilometre pipeline from the Arundel Road service basin in Casterton to Coleraine will connect 617 urban properties to the town's new supply.

"The Coleraine community will be able to enjoy a much higher quality of water and enjoy a more reliable water source than is currently available," Minister for Water Tim Holding said.

The existing Coleraine water supply from the Konongwootong Reservoir has become increasingly saline and is a chlorinated supply only, resulting in variable water quality.

"Having consistent water quality can be a challenge for some towns across Victoria, which is why projects like this are so important," Minister Holding said.

The pipeline will largely follow the alignment of the Glenelg Highway. It will divert into private property between Kantara and Muntham lanes to avoid affecting environmentally significant plants and animals.

An environmental management plan will minimise pipeline impacts, and affected landowners and the community have been consulted throughout the project. The project will be funded by Wannon Water through customers' water accounts.

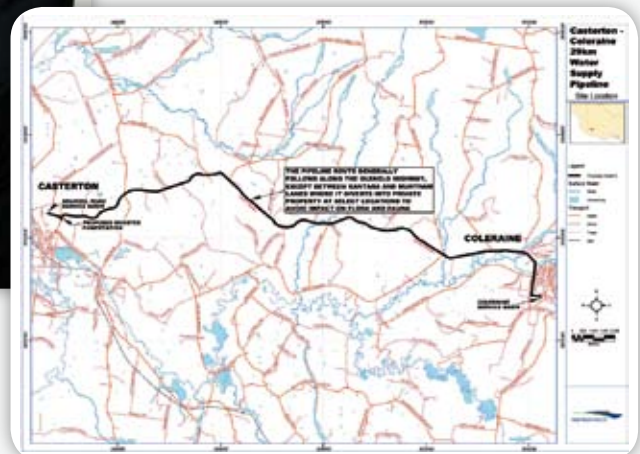
"Wannon Water's initiative in undertaking this project shows its commitment to delivering high quality service improvements to its customers," Minister Holding said.

## Proposed construction timeline

- Mid-August 2008 – Construction to begin
- January 2009 – Commencement of the upgrade of the Arundel Road service basin in Casterton
- June 2009 – Completion of the Casterton - Coleraine Pipeline and service basin projects.



Looking over the plans for the new \$5.2 million Casterton-Coleraine Pipeline are Wannon Water Managing Director Grant Green, Water Minister Tim Holding and Wannon Water Chairman Harry Peeters



The Casterton to Coleraine Pipeline route



*We will improve our service delivery*



Treatment Operator Peter Stapleton taking samples at the Warrnambool Water Reclamation Plant

## Approach

Wannon Water's approach to social sustainability is focused on improving performance of social considerations through:

- promotion and respect for the human rights set out in the Charter of Human Rights and Responsibilities when making decisions and providing advice;
- provision of a certified workplace agreement incorporating attractive terms and conditions of employment and a stimulating workplace that facilitates the health, well being, diversity and ongoing development of employees;
- provision of equitable, fair and accessible support for customers experiencing genuine hardship;
- protection of customer health and safety, aspiring to maintain customer satisfaction, disclosure of quality information to customers, protection of customer privacy and dissemination of information through responsible marketing and communications; and
- operation of the business to the benefit of the community, upholding transparent and ethical business practices and understanding the impact of operations to communities across south-west Victoria.



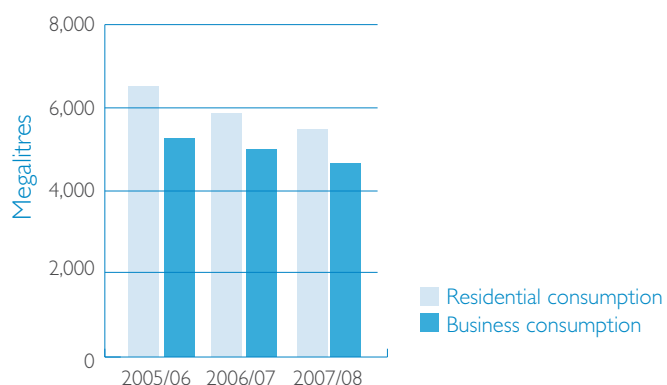
## Wannon Water Customers

Wannon Water provides services to a variety of residential, commercial, industrial and rural customers (see customer profile table below).

Customer Type	Customers (Numbers)	Customers (%)	Water Used (ML)	Water Used (%)
Residential	33,835	83.4%	5,533	45.1%
Non-residential	4,592	11.4%	1,892	15.4%
Rural	1,717	4.3%	2,001	16.3%
Major	13	0.03%	2,795	22.8%
Metered hydrants	-	-	49	0.4%
<b>Total</b>	<b>40,157</b>	<b>100%</b>	<b>12,270</b>	<b>100%</b>

Customer growth increased from 39,721 to 40,157 during the year, an increase of 1.1 per cent. Just over half of this growth occurred in Warrnambool. While service numbers increased, total water consumption reduced by 8.4 per cent in 2007/08 compared to 2006/07.

Residential and business customer water consumption



A key consideration is that the 13 major customers (greater than 40 megalitres of consumption per annum) use 23 per cent of water supplied by Wannon Water and are among the largest employers in the region. These customers operate in the aluminum, dairy processing, pharmaceutical, livestock, meat and wool scouring industries.

There are also five councils within Wannon Water's service area: Corangamite Shire, Glenelg Shire, Moyne Shire, Southern Grampians Shire and Warrnambool City Council.

## Customer satisfaction survey

Striving for customer satisfaction is one of Wannon Water's core values and maintaining high levels of satisfaction with water and sewerage services is crucial to meeting the corporation's objectives.

Effective monitoring of customer satisfaction provides Wannon Water with the opportunity to assess its performance in all customer zones across the region and to identify opportunities for improvement. An independent annual survey of customers is undertaken to measure the level of customer expectations and satisfaction with water and sewerage services. The 2008 survey, conducted throughout May, surveyed 1,663 domestic customers and 302 business customers.

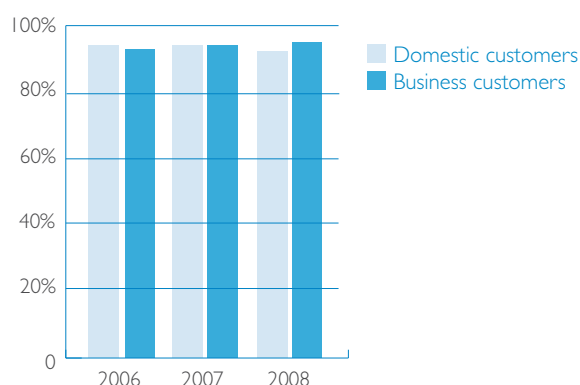
In 2008 the overall level of domestic customers who were satisfied or extremely satisfied with the quality of water and sewerage services was 92 per cent, an excellent result. For business customers, the results were even higher, with 95 per cent satisfied or extremely satisfied.

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

- minimising spillages from the sewerage system;
- collecting and treating sewage in a responsible and environmentally friendly manner;
- management of the sewerage system;
- helpful, friendly and knowledgeable staff; and
- ease of access to customer service.

The survey results indicate that the vast majority of customers are aware of the permanent water saving rules or water restrictions in their local area. Customers surveyed were very supportive of our climate change initiatives, including Wannon Water investing in programs to reduce energy use and its greenhouse emissions. Wannon Water also achieved excellent results for the overall management of the water supply and its response to unplanned maintenance works.

The 2007/08 customer satisfaction ratings exceeded Wannon Water's target of 90 per cent, a significant achievement given the challenges presented by the ongoing drought, which has impacted on Wannon Water's operations. The completion of the Casterton-Coleraine Pipeline, Hamilton-Grampians Pipeline and the upgrade of the Macarthur water supply are expected to provide further improvement with regard to water quality.



*The 92% domestic and 95% business customer satisfaction ratings exceeded Wannon Water's target*

## Customer service performance indicators for 2007/08

Wannon Water's key performance indicators and level of service targets were approved by the Essential Service Commission and are set out in Wannon Water's Customer Charter.

All key performance indicator targets for levels of service were achieved for the year apart from telephone calls answered within 30 seconds. Overall performance was excellent given the impact on operations by ongoing drought conditions.

Performance Indicator	Target	2006/07 Actual	2007/08 Actual	Target Achieved
<b>Reliability of water supply system</b>				
Unplanned water supply interruptions (per 100km of water main)	10	10.44	9.9	✓
<b>Water response indicators</b>				
Average time to attend Priority 1 bursts and leaks (minutes)	35	17.4	21.2	✓
Average time to attend Priority 2 bursts and leaks (minutes)	60	29.1	22.7	✓
Average time to attend Priority 3 bursts and leaks (minutes)	240	168.0	87.0	✓
Unplanned water supply interruptions restored within 5 hours	97%	98.4%	98.3%	✓
Planned water supply interruptions restored within 5 hours	90%	93.0%	93.1%	✓
<b>Water interruption time indicators</b>				
Average duration of unplanned water supply interruptions (minutes)	108	87.3	89.7	✓
Average duration of planned water supply interruptions (minutes)	180	142.6	126.5	✓
Average unplanned customer minutes off water supply (minutes)	9.9	6.10	6.5	✓
Average planned customer minutes off water supply (minutes)	9	3.08	4.4	✓
<b>Water interruption frequency indicators</b>				
Average frequency of unplanned water supply interruptions	0.09	0.07	0.07	✓
Average frequency of unplanned water supply interruptions	0.05	0.02	0.03	✓
<b>Reliability of sewerage collection system</b>				
Sewer blockages per 100km of main	38.3	23.5	17.0	✓
<b>Sewer response indicators</b>				
Average time to attend sewer spills and blockages (minutes)	30	27.6	26.3	✓
Average time to rectify a sewer blockage (minutes)	90	89.3	73.5	✓
Sewerage spills contained within 5 hours	98%	100%	99.2%	✓
<b>Customer service indicators</b>				
Complaints to EWOV (complaints per 1,000 customers)	0.6	0.15	0.15	✓
Telephone calls answered within 30 seconds	98.9%	99.92%	94.3% <sup>1</sup>	✗

Note:

<sup>1</sup> Telephone response time was adversely affected during the implementation of a new corporate telephone system and PABX.

# New Contact Centre to service customers

## Q + A

Customer Relations Manager Mark Bridge provides details of the new Customer Contact Centre.



Customer Relations Manager Mark Bridge

### What is the Contact Centre and when did it start operating?

**Mark:** The new system provides Wannon Water with the technology to route customer phone calls to the next available Customer Relations Officer instead of customers waiting on hold. The Contact Centre was established to coincide with the implementation of Wannon Water's new phone system in October 2007.

### Why was the Contact Centre established?

**Mark:** The first reason for establishing the Contact Centre was to provide better customer service by having phone calls answered by a member of the team who is available. Secondly, it provides great learning opportunities for employees, introducing the ability to cross skill and learn new skills.

### How does this assist in better serving customers?

**Mark:** By routing phone calls to a member of the team who is available, customers receive a response as quickly as possible. Previously, calls were directed to the customer's local office and the time frame for calls to be answered depended on how busy the local employees were. The new system allows for calls to be directed to any of the 20 Customer Relations employees.

### What is the key performance indicator (KPI) for the Contact Centre?

**Mark:** Our corporate target is to answer 98.9 per cent of phone calls within 30 seconds. In the early months we did not achieve this, primarily because it took longer than expected to fully commission the new corporate telephone system. Additional employees have also been assigned to the Contact Centre.

The new phone system enables real time monitoring of response times and call duration. This information enables staffing levels to be adjusted to meet customer demand. In recent months we have achieved a marked improvement in the percentage of phone calls answered within 30 seconds. The speed of answer has continued to grow each month since inception and it is expected that the target response time will be achieved in the 2008/09 financial year.

### How has this new contact centre been received by employees and has it made it easier to service customers?

**Mark:** The Customer Relations team has taken to the Contact Centre concept and can see a real benefit to the customer in having their calls answered more quickly. Also, from a personal view point, the team can see that by having more team members answering calls we can provide opportunities for them to develop their own skills in other areas of the business.

Employees who used to provide a pure 'reception' service are now managing account enquiries, processing changes of ownership and handling more complex enquiries and requests from customers. The growth in skills across the team can be seen in the quality of work they now do.



Customer Relations Team hard at work in the Customer Contact Centre

## Responding to complaints

Wannon Water is committed to responding effectively to customer complaints. Wannon Water's complaints framework, the Corporate Complaints Management Process, aims to assist the customers and Wannon Water employees to resolve complaint issues relating to service delivery. Systemic issues are identified at the earliest opportunity and provide an opportunity for business improvement.

Wannon Water's complaints and disputes policy reflects the important principles of complaints management and our commitment to maintaining a high level of customer satisfaction with our service delivery.

Number of complaints	2005/06	2006/07	2007/08
Total number of complaints received	234	431	260
Number of complaints related to water quality and supply reliability	125	276	158
Number of complaints per 1,000 customers	5.99	11.87	6.54

## Energy and Water Ombudsman (Victoria) Scheme

The Energy and Water Ombudsman (Victoria) is an independent resolution service whose principal activity is to receive, investigate and facilitate complaints by customers whose initial complaint was unable to be resolved directly with Wannon Water. Wannon Water advises customers of the availability of the Ombudsman in its Customer Charter, Charter Summary, customer accounts and on its web site. Wannon Water also clearly articulates a customer's right to contact the Ombudsman when liaising directly with them in regard to complaints resolution.

The following table shows the number of Wannon Water customers who contacted the Ombudsman in 2007/08:

Energy and Water Ombudsman (Victoria) contacts	2005/06	2006/07	2007/08
Enquiries	10	7	2
Complaints referred to Wannon Water	11	5	6
Complaints referred to another agency	0*	1	5
Complaints referred to a higher level contact at Wannon Water	9	7	10
Complaints (investigated)	12	6	6
<b>Total</b>	<b>42</b>	<b>26</b>	<b>29</b>

\*The Energy and Water Ombudsman (Victoria) did not report separately on this category in 2005/06

Of the 29 customers who contacted the Ombudsman in 2007/08, 10 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. Six cases were fully investigated. The remaining 13 contacts related to general enquiries or complaints where the customer was referred to another agency or referred directly to Wannon Water in the first instance.

## 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	2005/06	2006/07	2007/08
Concession for pensioners	\$1,595,632	\$1,574,134	\$1,608,610
Water and sewer rebates	\$249,166	\$233,250	\$250,186
Utility relief grant schemes	\$17,818	\$11,108	\$13,460
Water usage life machine rebates	\$830	\$767	\$732
Hardship Relief Grant Scheme (Sewerage Connection Scheme)	\$18,359	\$45,784	\$10,200
<b>Total</b>	<b>\$1,881,805</b>	<b>\$1,865,043</b>	<b>\$1,886,017</b>

## 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](http://www.wannonwater.com.au) and includes:

- 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. Eligible customers can apply to have their water usage capped at the second tier price.

Wannon Water initiated a media campaign that invited customers to contact Wannon Water if they were experiencing genuine financial hardship. Wannon Water provided 67 hardship information packs to customers 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 2007/08 there were 486 customers using Centrepay (497 in 2006/07);
- waiving the interest component on overdue accounts. The total interest waived in 2007/08 was \$6,002;
- informing customers of Government assistance programs and assisting customers to complete the application forms;





- providing customers with advice on how to reduce water consumption to become a more water-efficient household; and
- referring customers to an independent financial counselling service.

The number of customers under flexible payment arrangements increased by 20.9 per cent over the year from 1,260 customers to 1,523 customers, involving \$323,409.

Flexible payment arrangements	2005/06	2006/07	2007/08
Number of customers under flexible payment arrangements	1,801	1,260	1,523
Amount involved under flexible payment arrangements	*	\$320,338	\$323,409

\*Reporting on this across Wannon Water commenced in 2005/06

## Maintaining high water quality standards

Wannon Water has a strong commitment to maintaining high drinking water quality standards for its customers. Wannon Water has made significant progress in implementing an integrated management system that incorporates the requirements of the Australian Drinking Water Guidelines (2004) and the Hazard Analysis Critical Control Point approach that meets the requirements of the *Safe Drinking Water Act* 2003 and associated regulations.

All of Wannon Water's drinking water supply systems have been externally audited and certified in line with the requirements of the *Safe Drinking Water Act* 2003 and the Hazard Analysis Critical Control Point management approach by certification body, NCS International.

*More than 100,000 water quality tests were conducted in 2007/08*

Over 100,000 water quality tests were conducted on Wannon Water's supply systems. All water samples were analysed by an independent laboratory certified by the National Association of Testing Authorities. The parameters tested for included:

- microbiological;
- physical;
- chemical;
- radiological; and
- algal numbers.

High water quality standards were recorded across all Wannon Water localities. Compliance with the standards outlined in the *Safe Drinking Water Regulations* 2005 is shown in the following table.

## Safe Drinking Water Regulations compliance

	Number of samples	Maximum recorded sample result	Minimum recorded sample result	Average recorded sample result	Number of samples over standard	Compliance
<i>E. coli</i> (98% of samples < 1 org/100ml)	4362	56	0	0	0	100.0% <sup>1</sup>
Acid Soluble Aluminium (0.2 mg/L)	2859	17	<0.01	0.097	200	93.0%
Monochloroacetic acid (0.15 mg/L)	864	0.011	<0.005	0.005	0	100.0%
Dichloroacetic acid (0.10 mg/L)	865	0.044	<0.005	0.008	0	100.0%
Trichloroacetic acid (0.10 mg/L)	864	0.050	<0.005	0.009	0	100.0%
Trihalomethanes (0.25 mg/L)	903	0.97	<0.001	0.051	22	97.6%
Turbidity (5 NTU, 95% UCL)	4159	55	<0.1	0.58	0	100.0% <sup>2</sup>

<sup>1</sup> = 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).

<sup>2</sup> = compliance related to the number of localities compliant (35) rather than the number of tests. (Locality compliance based on 95% upper confidence limit being less than 5 NTU).

All localities fully complied with the regulatory standards for monochloroacetic acid, dichloroacetic acid, trichloroacetic acid, *Escherichia coli* (*E. coli*) and turbidity.

A small number of localities experienced some non-compliance against trihalomethanes, and aluminium. The trihalomethane exceedences relate to Coleraine and Balmoral and are subject to undertakings with the Department of Human Services. Improvements planned for these systems include:

- a new water treatment plant for Balmoral was commissioned in December 2007; and
- in the 2008/09 year Coleraine will be disconnected from the existing Konongwootong system and supplied with water from the Casterton Water Treatment Plant following construction of the Casterton-Coleraine transfer pipeline.

Aluminium exceedences occurred at various sites throughout Wannon Water's region and will be improved through supply system improvements. The exceedences mainly occurred within the Hamilton system due to water harvesting and treatment issues.

Full details of Wannon Water's water quality monitoring are contained in the annual drinking water quality report published in October each year. Compliance information does not include the "regulated supply" to the townships of Darlington and Macarthur and other non-potable water supplied to customers by agreement.

# Ensuring safe drinking water for customers – HACCP certification

In June 2008 Wannon Water was awarded 'Hazard Analysis and Critical Control Points' (HACCP) certification for all drinking water systems within its service area.

The HACCP certification was externally audited and provides confirmation that Wannon Water has the systems and procedures in place to safeguard the quality of water supplied to customers.

Wannon Water Managing Director Grant Green said, "Achieving HACCP certification is a tangible reward for the efforts of our water quality team and the significant investment made in capital works over the past three years to upgrade water quality treatment processes."

The HACCP system was originally developed by NASA to ensure the safety of food for astronauts when they travel into space and has been adopted by the food industry since the 1960s.

Having HACCP in place ensures that the focus is on every part of the water supply system that impacts water quality, from water catchments to water treatment and the maintenance of the water reticulation systems.

The Wannon Water Drinking Water Risk Management Plan incorporating HACCP complies with the requirements of the preventive risk management Framework recommended in the Australian Drinking Water Guidelines 2004.

Over 100,000 routine and specific water quality tests are undertaken each year to verify the quality of water supplied to customers. As a result of the ongoing testing and monitoring processes, any change in the water quality is quickly detected, investigated and action is taken to maintain the quality of water supplied.



The HACCP auditor presents Wannon Water Managing Director Grant Green with the official certification



Wannon Water Directors sample one of 22 different water samples from across the region. Samples were judged according to colour, odour and taste

## 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 and is scheduled for completion in 2009.

## Darlington water quality

The Darlington water supply was declared a 'regulated' (non-potable) supply on 6 September 2007. Customers connected to this system are supplied with water by agreement.

## Casterton water quality

Wannon Water encountered a number of issues predominately related to the aesthetics of the water during the re-commissioning of the Casterton Water Treatment Plant following a \$2.2 million upgrade of the plant.

Water containing oxidised iron was delivered to some customers in the Casterton, Sandford and Merino areas. While the level of iron was safe from a health perspective, Wannon Water acknowledged that the highly coloured water soiled some customers' clothing. Claims for compensation for soiled clothing were promptly resolved.

An interim solution has been implemented to mitigate the likelihood of this problem reoccurring and Wannon Water will implement a long-term solution in 2008/09.

## Hamilton water quality

Water treated at the Hamilton Water Treatment Plant is typically sourced from streams in the southern Grampians catchment.

However, due to drought, it was necessary to source water from drought relief bores in the catchment area.

Further, to minimise evaporation loss of water, Hayes Reservoir was emptied into Crukoor Reservoir. Hayes Reservoir water contains high levels of colloidal clay and is typically only used as a back-up supply to reduce the impact of the high turbidity.

The Hamilton Water Treatment Plant was designed for the optimal treatment of surface water but, due to drought, higher levels of turbidity are now present in the raw water, which is outside the design specifications for the plant. This higher turbidity water has proved difficult to treat with the current treatment process.

Aluminium exceedences for the Hamilton system are subject to an undertaking with the Department of Human Services and will be resolved by construction of the Hamilton-Grampians Pipeline, which is due for completion in June 2010, and by improvement to the treatment process. Works associated with the water treatment plant project are expected to be completed by December 2009.

## Responding to emergencies – Portland bore failure

Temporary voluntary water restrictions were implemented on 16 January 2008 in response to the pump failure of Bald Hill bore number 2, one of the three bores that provide the water supply for Portland. At the same time the clear water storage basin at Portland was unavailable due to refurbishment works and the availability of water supplies for the city was therefore limited.

Portland customers were requested to voluntarily reduce their water consumption and refrain from garden watering. This measure reduced daily consumption sufficiently until the bore was returned to service on 19 January, thereby enabling water supply to be maintained to all customers at all times.

Portland Aluminium and other large industry customers in Portland implemented actions to reduce their peak flow water use demands and householders were requested to cease any garden watering, turning off all garden sprinkler systems and avoiding the use of handheld hoses.

The Bald Hill bore number 2 bore pump and motor were replaced over the weekend of 17-18 January and the bore was brought back online, with the temporary ban on garden watering lifted as of 9am on Monday 21 January.

Dealing with an unplanned event like this required considerable commitment from a number of areas across the corporation. Wannon Water's operational teams responded greatly in a coordinated effort to return Bald Hill bore number 2 back to service and communicating with suppliers, customers and the media.

In April, the replacement bore for the Bald Hill number one bore was drilled, with Bald Hill number two bore drilled in June. Both bores are set to be operational by the end of

August 2008. More than \$3.75 million has been invested to replace these bores to upgrade the security of water supply for Portland.

A further \$710,000 was invested to refurbish the Bald Hill clear water storage basin and install a floating cover on the basin. The basin provides 34 megalitres of storage capacity, the equivalent of five days' water supply for Portland.



Drilling the new Portland bore (Picture courtesy of the *Portland Observer*)



# New Balmoral Water Treatment Plant opened

Wannon Water completed construction and commissioning of the \$1.65 million Balmoral Water Treatment Plant in December 2007.

The new plant provides high quality drinking water to customers in the Southern Grampians town of Balmoral.

Victorian Government MP Kirstie Marshall officially opened the new Wannon Water treatment plant on behalf of Water Minister Tim Holding on 13 December 2007.

"Providing all Victorian households with a reliable, safe and affordable water supply is a key aim of the *Our Water Our Future* action plan," Ms Marshall said.

Balmoral is supplied with water from the Rocklands Reservoir through a water entitlement with Grampians Wimmera Mallee Water.

Ms Marshall congratulated the two water corporations for working together to help customers through the drought.

"As a member of the Rural and Regional Committee I've seen that water is the lifeblood of communities throughout the state, and all Victorians must work together during these hard times," Ms Marshall said.

Wannon Water Managing Director Grant Green said, "Wannon Water has delivered on an undertaking from the Department of Human Services to provide high quality

drinking water and bring Balmoral's water supply in line with *Safe Drinking Water Act 2003* and associated regulations."

The new Balmoral Water Treatment Plant uses a state-of-the-art treatment process, Dissolved Air Floatation and Filtration (DAFF), which removes the high levels of organic content found in the raw water supplied from Rocklands Reservoir.

The DAFF treatment process is a proven technology and is widely used throughout Australia and overseas to filter out organic material in raw water.

The new treatment plant can produce 600,000 litres of clear water per day and a new 600,000-litre clear water storage tank has also been built to complement the DAFF plant.

To maximise use of the available water resources, back wash water from the treatment process will be returned to the raw water storage and retreated.

Design of the new plant was undertaken by GHD Pty Ltd and construction was undertaken by Water Treatment Plant Australia Pty Ltd.

"Wannon Water is committed to developing regional infrastructure for the continued growth and provision of quality services to communities in south-west Victoria," Mr Green said.



Left to right: Wannon Water Chairman Harry Peeters, Victorian Government MP Kirstie Marshall and students from the Balmoral Consolidated Primary School celebrate the opening of the new Balmoral Water Treatment Plant



## We will engage with our community

Wannon Water is a very active part of its community and lists community engagement as one of its primary objectives. Wannon Water works closely with a wide variety of stakeholder and regulatory organisations, such as the Corangamite Catchment Management Authority, Glenelg Hopkins Catchment Management Authority, Essential Services Commission, Environment Protection Authority, Department of Human Services, Department of Sustainability and Environment, Department of Treasury and Finance, the five local councils in the region, and other regional water corporations to deliver quality services for the benefit of the community and environment.

### Working with our Customer Engagement Committee

Wannon Water's primary consultative body is the Customer Engagement Committee established in 2005. The committee consists of 12 customer representatives drawn from across Wannon Water's service area and meets on a quarterly basis.

The Customer Engagement Committee has been highly successful and made a significant contribution to developing and implementing key customer-related policies and strategies.

In 2007/08 Wannon Water engaged with the Customer Engagement Committee on matters relating to Customer Hardship Policy development, Uniform Water Restrictions and a Guaranteed Service Level Scheme. The Customer Engagement Committee also provided valuable input into the development of the 2008-2013 Water Plan submission, including input to the reform of water and sewerage tariff pricing structures.

*"My involvement with the Customer Engagement Committee has been incredibly satisfying ... it has been personally challenging and rewarding"*  
- CEC member Tom Clingan

### 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.

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

#### Macarthur Water Quality Project Monitoring Committee

Following a successful community consultation process in 2006/07 Wannon Water resolved to implement an innovative iron sorption treatment process at the Macarthur Water Treatment Plant to reduce naturally occurring arsenic to a level below the Safe Drinking Water Regulations 2005.

Currently the water is not fit for human consumption. The finalisation of the project, which is in receipt of a \$250,000 State Government grant from the Small Town Development Fund, will see the water become fit for drinking and all other household uses. The Macarthur Water Quality Consultation Committee was converted to a Project Monitoring Committee and has received updates on the project during the year.

#### Peterborough Sewerage Scheme Project Monitoring Committee

The Peterborough Sewerage Scheme was completed during the year, ending a long and successful community engagement process. The Project Monitoring Committee, led by an independent chair, Mr Bill Pitts PSM, met on a number of occasions during the year.

The active committee participants were an invaluable source of local information and were very useful in identifying community information needs that were subsequently disseminated via newsletters or letter.

#### West Portland Sewerage Scheme Project Monitoring Committee

At the request of Glenelg Shire Council, Wannon Water prepared a concept design and apportionment of costs for the proposed West Portland Sewerage Scheme.

During the year Council requested that Wannon Water proceed with the design of a reticulated sewerage scheme to resolve public health and environmental problems associated with septic tank sillage 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:

- reviewed the proposed design brief for the functional and detailed design of the 130-allotment scheme;
- queried the geographic scope of the scheme, ultimately resulting in an expansion of the boundary to include additional 20 allotments;
- reviewed proposed community information and consultation methods;
- met with the design consultant and reviewed timelines for the project; and
- requested consideration of extending the timeframe for when landowner payments become due and payable to meet the needs of the community.

## Community inclusiveness

Wannon Water is committed to improving the quality of service delivery to a culturally and linguistically diverse community 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 available to assist customers who do not speak English. Information on the service is set out in our Customer Charter and all customer accounts.

## Aboriginal archaeology

In 2007/08 Wannon Water undertook cultural heritage and archaeological surveys as part of the Hamilton-Grampians Pipeline project, the Casterton-Coleraine Pipeline and the construction of new bores at Bald Hill in Portland.

Wannon Water sought involvement with the relevant cultural heritage group at an early stage in the project 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 during the Hamilton-Grampians Pipeline, Wannon Water liaised closely with the consultant and the local aboriginal cultural group, the Gunditj Mirring Traditional Owners Aboriginal Corporation. Where there are any areas of potential likely cultural significance identified, Wannon Water will work with the Gunditj Mirring Traditional Owners Aboriginal Corporation to ensure all necessary monitoring will be undertaken during construction.

## 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. The charter introduces standards to ensure that human rights are a priority for the government when making laws and decisions and when providing services. In addition, all public entities are required to act compatibly with the principles of the charter when making decisions.

To ensure that it complies with the charter, Wannon Water developed a Charter of Human Rights and Responsibilities document as a guideline for all employees, particularly those developing and reviewing policies and procedures and engaging with members of the public. The charter has also been incorporated into the Sustainability Policy.

## Part of the community

Wannon Water endeavours to be a community leader in all of its activities by encouraging and enhancing a sense of community and promoting healthy living throughout its service area.

The Wannon Water sponsorship program provides financial and in-kind sponsorship to a variety of community organisations and groups to foster this commitment and to promote water conservation. Sponsorship applications are assessed on the basis of a number of aspects, including water conservation, physical activity and community involvement.

In 2007/08, Wannon Water provided over \$15,000 in financial sponsorships. Recipients included Aspire – A Pathway to Mental Health, the Cobden Spring Festival, Southern Grampians and Glenelg Primary Care Partnership drought/garden workshops and the Gnatannwarr Multicultural Festival.

In-kind sponsorships offer a selection of water conservation and education products, with water bottles, calico reuse bags, trigger nozzles and various other related products provided to community groups and schools.

### *In the community:*

- *\$15,000 in financial sponsorships;*
- *4,348 water bottles;*
- *6,600 calico reuse bags;*
- *340 trigger nozzles;*
- *and more distributed!*



Sponsorship certificates and posters



# Wannon Water education

Following the launch of the Wannon Water Education Kit in March 2007, Wannon Water has been thrilled to hear of the benefits it has provided to educators in and out of the classroom.

The Wannon Water Education Kit was featured at the Education for Sustainable Development Conference at Deakin University in Warrnambool, where Kathryn Choules, Lecturer in Education at Deakin University, said, "...the Wannon Water Education Resource Kit was singled out by a number of participants as the 'most useful part' of the conference".

Wannon Water has undertaken a comprehensive program to ensure water conservation education has been delivered throughout the south-west region. The program has included school and community presentations, tours of water treatment and water reclamation plants and participation in community events such as the Portland Bay Festival and Allansford Community Day.

Throughout 2007/08, Wannon Water provided a **total of 22 tours** within its service region, including 13 school tours, five tours with tertiary education providers and four community group tours. Facilities throughout Camperdown, Hamilton, Portland and Warrnambool were all visited.

Wannon Water also made **presentations to 18 different groups** throughout the 2007/08 financial year. Groups included the Balmoral Bush Nursing Centre, Coleraine Probus Club and several schools at the World Environment Day festivities hosted by Portland Aluminum. The water cycle, water efficiency and water conservation were topics covered throughout these presentations.

Wannon Water also attended **14 community events**. Water Wise Workshops were held in conjunction with several local and national gardening stores as part of the Wannon Water spring/summer campaign. The Landcare Open Days in Casterton, Hamilton, Portland and Warrnambool, OtherWISE Youth Workshop in Hamilton and our own public open day to support the new Peterborough sewerage scheme are just some of the year's event highlights.



Portland primary school children race to put together the Water Cycle puzzle on World Environment Day



Customer Relations Officer Alisha Rounds talks to Portland students about what they can put down their sinks as part of World Environment Day activities



## Promoting water conservation through photography competition

Wannon Water's eighth annual 'Water is a Precious Resource' photography competition was successful in celebrating local photographic talent and raising awareness of the precious nature of water throughout south-west Victoria.

The 2007 competition attracted more than 560 creative water conservation photos, demonstrating a high level of interest and strong understanding of the need to protect and conserve our water resources for the benefit of the community and environment.

Wannon Water awarded first, second and third prizes in six divisions open to primary students, secondary students and amateur photographers. More than 300 people from across the region attended an awards night on 14 September to celebrate the winning photographs and to view the entries on display. The photos were then exhibited at the Warrnambool Art Gallery from 17-30 September and in Portland and Hamilton in October. Wannon Water also produced a writing pad featuring competition photos, which was made available from Wannon Water's Customer Service Centres.

The success of the competition over eight years has since seen the competition grow into a statewide event. From 2008 the competition is being run by the savewater! Alliance, the leading resource on water conservation, as part of the premier water sustainability awards in Australia, the savewater! awards. Wannon Water is pleased to see the photo competition and its water conservation theme adopted on a statewide level and remains a proud supporter of the savewater! awards.

## National Water Week

Wannon Water supported National Water Week in October with a series of community and school activities.

In cooperation with partnering organisations Glenelg Hopkins Catchment Management Authority and Southern Rural Water, Wannon Water arranged a number of community events. These included a variety of interactive water conservation and water cycle activities for school children and community tours of Wannon Water's Camperdown, Hamilton and Warrnambool treatment plants.

Three school activity days, in Hamilton, Port Fairy and Warrnambool, attracted a number of primary schools throughout the region, and a poster competition supported by VicWater highlighted water conservation messages throughout the week. Local newspapers also ran water wise features in their kids' pages offering Wannon Water prize packs, and articles highlighting water saving tips were published during the week in all local regional papers.

## Promoting the Water Smart Rebate Scheme

Wannon Water continued to promote the State Government's Water Smart Gardens and Homes Rebate Scheme in 2007/08, enabling eligible customers to apply for rebates for purchasing water-efficient appliances and garden products. During the year Wannon Water processed 426 rebates (465 in 2006/07) totaling \$152,040 (\$57,750 in 2006/07). Of these, 140 (36 in 2006/07) were large tank rebates which accounts for the significantly higher rebate total.

During the year and under the State Government's *Our Water Our Future* program, Wannon Water issued 25 water efficient showerheads on an exchange basis.



A selection of competition photos from top left clockwise: Georgina Pene - 2nd Digital Amateur; Vicky Hughson - 3rd Digital Amateur; Rebecca Dumesny - 2nd Digital Primary; Jordan Vallance - 2nd Digital Secondary; Yonie Tiljak - 2nd Standard Amateur; Dylan Tew - 1st Standard Secondary



## We will build on our organisational culture

### Building Wannon Water's workforce

Wannon Water strives to be an employer of choice in south-west Victoria and employs a diverse range of employees involved in delivering essential water and sewerage services and capital works. Wannon Water's employees have expertise in a wide variety of disciplines, including engineering, information technology, accounting and commerce, science, human resources, administration, corporate communications, customer service, management and trades such as fitting and turning, and electrical.

In 2007/08 Wannon Water continued to recruit employees to strengthen the corporation's strategic planning capability and engineering expertise and operations to meet regulatory obligations.

Wannon Water's employee numbers, as at 30 June 2008, are detailed in the table below. Wannon Water employs a number of part time employees. This table represents the total number of employees, not the number of full-time equivalent employees:

	Total Employees	No. Males	% Males	No. Females	% Females
2007/08	182	133	73%	49	27%
2006/07	169	124	73%	45	27%
2005/06	152	106	70%	46	30%

### Merit and equity

Wannon Water is committed to the employment and conduct principles outlined by the State Services Authority in 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 2006/07 Wannon Water worked 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 new employees recruited from overseas and non-English speaking backgrounds from countries such as South Africa, Nepal and Sri Lanka. These new employees and their families have been strongly supported by Wannon Water to have a streamlined relocation to south-west Victoria that enable the best possible outcomes from a social and professional perspective.

Wannon Water also actively encourages work experience for secondary students and provides vacation employment opportunities for students studying civil and environmental engineering at university.

## Industrial relations – Wannon Water Certified Agreement 2007

In 2007/08 Wannon Water employees voted to support the implementation of the inaugural Wannon Water Certified Agreement 2007.

The Employee Consultative Committee, comprising management, employee and union representatives, was committed to negotiating a set of terms and conditions reflecting elements of both the Local Authorities Award 2001 and the retiring South-west Water Authority Certified Agreement 2004.

In a first for Wannon Water employees, operating expense savings have been included in the agreement with a proportion of wage increases linked to achieving these savings.

Overall, the agreement aims to provide long-term employment and job security by engaging our employees to contribute to operating the business as a productive, efficient and cost effective enterprise.

There was no time lost due to industrial disputes in 2007/08.

# Looking far and wide for recruitment

## Q + A

During the year Wannon Water was affected by the critical skills shortage in the civil and environmental engineering fields in Australia.

To meet the challenge of filling key engineering roles, the Human Resources team looked outside the normal recruitment practices to attract quality, high-calibre applicants from as far as South Africa and Nepal.

Three of these recruits talk about their experiences ...

### PIERRE MUKHEIBIR, Senior Planning & Development Engineer (South Africa)

#### What are your qualifications?

- MSc Civil Engineering (1990), University of Cape Town
- Higher Diploma Arbitration (1994), Association of Arbitrators of Southern Africa
- PhD Environmental & Geographical Sciences (2008), University of Cape Town Thesis Title: "Water, climate change and small towns."

#### What role did you have before coming to Wannon Water?

Operations & Projects Manager - Energy Research Centre, University of Cape Town, South Africa

In addition to the organisational management functions, I also undertook research/consultancy work in the field of climate change, focusing mostly on adaptation in the municipal and water sectors.

#### What attracted you to the position at Wannon Water?

Wannon Water is a relatively new corporation and this presented the opportunity to be part of a growing and developing organisation. The ongoing drought conditions also addressed my interest in water resource management at a regional level under future climate change conditions.

#### What do you like about working and living in south-west Victoria?

Warrnambool has proved to be a relatively easy transition into Australia due to its smallish size, but most of all we have found

the people in the town most helpful and accommodating. Moving from South Africa to Australia reveals a number of cultural differences, but on the whole we do not feel too different and can interact quite easily with the "locals". The region is relatively stress-free, with great access to nature, restaurants and a safe environment without the hassles of a large city.

#### What have been the key challenges in moving to south-west Victoria?

Moving to a region not previously known... being so far from our family and friends back in South Africa. Also, having to figure out how the "system" works here and understanding the institutional arrangements, roles and responsibilities.

### PHILIP NELL, GIS Officer (South Africa)

#### What are your qualifications?

Bachelor of Engineering (Electric and Electronic) from the University of Potchefstroom in South Africa, in 1993. Training courses in IT, GIS and Project management.

#### What role did you have before coming to Wannon Water?

Manager - Application Development at Giscoe, an ESRI GIS Services company based in Pretoria, South Africa.

#### What attracted you to the position at Wannon Water?

The professional conduct of people that contacted and interviewed me and the further career prospects the organisation offered.

The position provided the opportunity to expand my field of knowledge, applying GIS in the water industry and doing so with CAD-based GIS tools.

I also had a friend who was already working in the water industry and living in Horsham, who recommended the area.

#### What do you like about working and living in south-west Victoria?

One can have a professional career in a more rural-like environment, which I personally enjoy. This also seems like a great place to raise kids. I enjoy the coastal lifestyle and it is safe.



(Left to right) New Wannon Water employees Philip Nell, Pabitra Joshi and Pierre Mukheibir

#### What have been the key challenges in moving to south-west Victoria?

Leaving behind loved ones and the support system of close friends and family. Really, building up a new support system.

### PABITRA JOSHI, Contracts Engineer (Nepal)

#### What are your qualifications?

- Bachelor degree in civil engineering
- Training in Water Sensitive Urban Design for Victoria
- Training in water-related project management

#### What role did you have before coming to Wannon Water?

Civil Engineer in the water industry in Nepal. My role included planning, budgeting and management of drinking water projects.

#### What attracted you to the position at Wannon Water?

Career development and the opportunity to utilise my past experience. I was also interested in being able to continue working within the water industry.

#### What do you like about working and living in south-west Victoria?

There is a good team spirit and a friendly and cooperative atmosphere at work.

Warrnambool is a beautiful town, much more refreshing compared to big cities. I also enjoy being close to historical places like Port Fairy and Portland and being on the coast, with a range of markets offering a variety of goods.

#### What have been the key challenges in moving to south-west Victoria?

It has been difficult for my 13-year-old son to leave behind all his friends.

## Learning and development

Wannon Water recognises that the development of employees is critical to retaining and building a strong, productive and successful workforce that will enable Wannon Water to be a strategic, responsive and innovative organisation to meet the needs of its customers, the community and successful business outcomes.

A training needs analysis is undertaken via the annual performance appraisal process, which assists in identifying appropriate learning needs for all employees. An important aspect of this analysis in 2007/08 was to incorporate development of generic skills to support employees in both workplace activities and everyday living. One and two-day courses were offered in Dealing with Difficult People, Negotiation & Mediation Skills, Managing Conflict and Team Leadership.

In 2007/08, Wannon Water also implemented a comprehensive tertiary study policy. This policy is designed to encourage employees to consider higher education opportunities at a tertiary level and provides real support through payment of fees and provision of resources in the form of textbooks and study leave.

Operations employees are continuing with studies in Water Operations Certificate II and III.

In addition to the learning and development programs, Wannon Water is an employee host for four administrative trainees currently studying Certificate III in Business.

## Local water industry employees win state awards

Wannon Water employees Craig Atwell and Anthony Evans received state-wide awards at the Water Industry Operators Association (WIOA) conference held in Bendigo in September 2007.

Treatment Operations Officer Craig Atwell won the inaugural Institute of Water Administration (IWA) Young Victorian Operator of the Year award. Water Treatment Technician Anthony Evans was runner-up in the prestigious WIOA Operator of the Year award.

Managing Director Grant Green said, "The awards showcased the operators' innovative problem-solving skills which have improved our treatment plant and water quality efficiencies and highlighted their high level of knowledge and expertise within their field.

"Wannon Water is pleased to have these outstanding and highly skilled operators in the team."

As winner of the inaugural Institute of Water Administration (IWA) Young Victorian Operator of the Year award, Craig Atwell demonstrated outstanding skill and knowledge in the development of operational procedures, and was commended for his management of safe working practices and his innovative adoption of new technologies at treatment facilities.

Craig is a Portland local who joined Wannon Water shortly after its formation, working as a water treatment operator at the water treatment and water reclamation plants in Portland, Dartmoor and Heywood. He was unaware that his manager had nominated him for the award, introduced for the first time this year.

Craig said, "It was unexpected, but good to be appreciated and acknowledged for the work that I do.

"I love the variety of the job, the good training provided and the close-knit group that I work with – they're a really great bunch of guys."

Anthony Evans, who was runner up in the Operator of the Year award, was commended for embracing his new role as a water technician. This role required Anthony to develop processes to improve efficiencies in the treatment of raw water and recycled water.

Anthony is a long-term resident of Koroit, based out of Warmambool and working throughout the Wannon Water region.

"I was also surprised by my nomination; given the calibre of previous winners it was a real thrill to be nominated and an honour to be recognised for such a prestigious industry award," he said.

*"Although I consider it a great achievement as an individual it is also a reflection of the people that I work with and recognition for them as well."*



Craig Atwell with his IWA Young Victorian Operator of the Year Award

# Occupational Health & Safety (OHS)

## Putting safety first

Wannon Water is committed to providing a safe workplace for its employees.

Our OHS Policy was updated in 2007/08 to place greater emphasis empowering employees to take responsibility for ensuring a safe workplace.

*“Your safety first, task second”*

- Grant Green, Managing Director.

## Improvement plans

Wannon Water conducted a comprehensive OHS audit program of all facilities in 2007/08 that will be used as the platform for developing our future safety strategy. The ongoing engagement of our workforce via the Occupational Health & Safety Committee and employee culture surveys provides us with invaluable knowledge surrounding the effectiveness of the OHS programs.

By providing additional resources specifically to the area of OHS, Wannon Water is committed to the ongoing improvement of our safety performance.

## Performance

An increased focus upon injury management resulted in a substantial reduction in the number of days lost due to injuries in comparison to 2006/07. Less positive was the increase in the number and frequency of Lost Time Injuries in 2007/08.

Occupational Health and Safety indicators	2005/06	2006/07	2007/08
Number of Lost Time Injuries (LTI)	6	3	8
LTI frequency rate (LTI occurrences per one million hours worked)	20	9	23
LTI duration rate (average days lost per LTI)	11	19	9
Significant injury (days lost per one million hours worked)	233	172	215

## Future leaders of Industry Program in Portland

Wannon Water and Portland Aluminium partnered together to sponsor and deliver the “Future Leaders of Industry” (FLOI) scholarship program in 2007.

The program is designed to provide opportunities to assist and motivate Portland-based secondary school students in Years 10-12 to take up careers in engineering, science, technology or trades. The students in the program are nominated by the three local high schools in Portland.

The FLOI program also aims to provide an opportunity for young people to engage in education, employment and training opportunities within the local community, assist young people to identify future career opportunities within the local community, develop local young people and enhance their employability and build community capacity to meet the future needs.

The 2007 FLOI scholarship program introduced the candidates to various aspects of the water industry through a structured, informative and interactive event each school term, which enabled them to gain first-hand knowledge of how the water industry operates.

All of Wannon Water's employees actively involved in the program – mentors, Marketing and Communications and Human Resources – agree it was well organised and structured.

The mentors also agreed that the candidates were of a high quality, were motivated and interested in the activities, with a noticeable improvement in their development and confidence over the course of the program.

“You really saw your student grow in confidence through the course of the program and gain a better understanding of the water industry and the careers that are available to them,” Wannon Water Strategic Treatment Engineer and Mentor Nigel Simmonds said.

The three students matched to Wannon Water mentors have spoken very highly about their experiences with Wannon Water employees and have made comment on how beneficial it was to see some of Wannon Water's systems and how they may have a role in future within the water industry.

All the candidates spoke favourably about the positive learning experiences from the program and felt that Wannon Water played a very important part in the program.

The program provides an opportunity for Wannon Water to actively support and shape the development of future leaders and potential employees. There is value in developing these young people for possible future roles with our and other local businesses.

Exposing the corporation to the participating schools, the candidates and their families lifts Wannon Water's corporate profile in Portland and positively influences their attitude toward the corporation. It also provides an opportunity to create a better understanding of the business, our activities, the need for water conservation and the role Wannon Water plays in regional sustainability, something the candidates commented positively on.

Wannon Water will participate in the FLOI scholarship program again in 2008.

L-R Technical Officer Linton Hall, the two student candidates and Strategic Treatment Engineer Nigel Simmonds





*We will enhance our environmental performance*



# Environmental Report

Treatment Operator Peter Stapleton viewing recycled water samples

## Approach

On our journey towards environmental sustainability Wannon Water will 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 the environmental footprint of Wannon Water;
- 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.

## 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 Creeks and the Gellibrand River. Warrnambool and Mortlake Otway supplies are supplemented by local groundwater extraction.

Water from the Grampians system supplies Hamilton, Dunkeld, Tarrington and Cavendish. The Grampians supply is usually exclusively from seven small streams, though 19 per cent of the total flow for 2007/08 was sourced from the emergency bores.

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 is being extended to supply Coleraine in 2009.

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

Coleraine is supplied by the local Konongwootong Reservoir catchment, while Caramut, Peshurst 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 Grampians Wimmera Mallee Water).

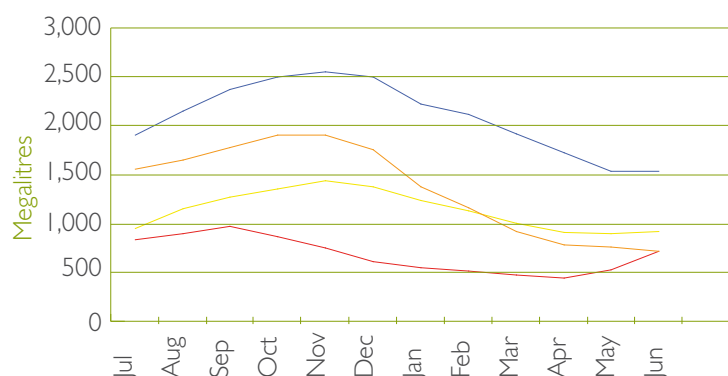
## Bulk Water Entitlements

The annual amounts harvested under Wannon Water's Bulk Entitlement Conversion Orders were:

Bulk Water Entitlement	Amount harvested
Otway System Conversion Order	9,193 megalitres out of a maximum of 12,580 megalitres (73.1%).
Hamilton Conversion Order	1,672 megalitres out of a maximum of 3,435 megalitres (48.2%).
Coleraine, Casterton & Sandford Conversion Order	241 megalitres out of a maximum of 855 megalitres (28.2%). The system storage was holding 520 megalitres as at 30 June 2008.
Dunkeld Conversion Order	15 megalitres out of a maximum of 170 megalitres (8.6%). The system storage was holding 5.8 megalitres as at 30 June 2008.
Glenthompson Conversion Order	0.7 megalitres out of a maximum of 94 megalitres (0.71%). The Glenthompson Reservoir was holding 39.8 megalitres as at 30 June 2008. The Railway Reservoir was empty.  24.9 megalitres were purchased from Grampians Wimmera Mallee Water to supply a total system demand of 25.6 megalitres.
Wimmera and Glenelg Rivers Conversion Amendment Order*	43.7 megalitres out of a maximum of 82 megalitres (53.3%) for the 2006/07 allocation year. As at 30 June 2008, Wannon Water had received 46.5 megalitres.

\*Note: The allocation year for the Wimmera and Glenelg Rivers Conversion Amendment Order is 1 November to 30 October.

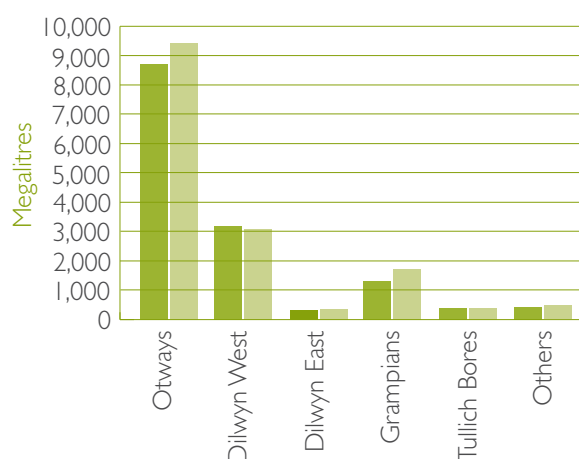
Grampians System Storage Contents



Reduced water consumption by customers resulted in water extractions from the Otway (surface and groundwater) system declining by 16.3 per cent, from 11,070 megalitres to 9,263 megalitres, while a significant increase in surface water inflows resulted in a 27.2 per cent increase in water harvested from the Grampians (Hamilton) system, up from 1,548 megalitres in 2006/07 to 1,969 megalitres in 2007/08.

■ 2007/08  
■ 2006/07  
■ 2005/06  
■ 2004/05

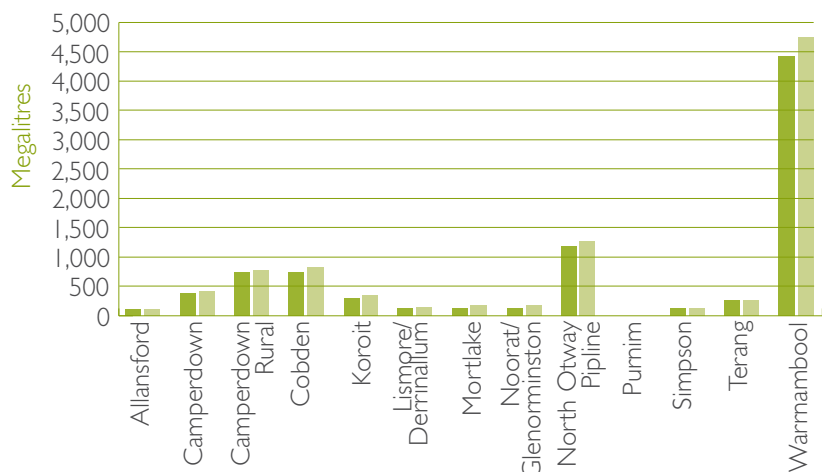
Water Consumption



Efficiencies in the Otway zone have contributed to reduced extractions from the Gellibrand River.

■ 2007/08 Consumption  
■ 5 year annual average

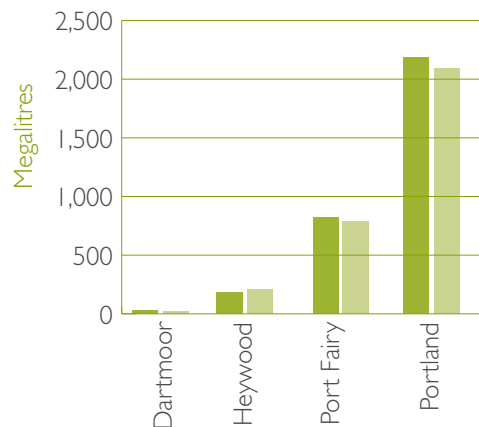
### Otway Supply System - Water Consumption



Water consumption was below the five-year average in all water zones connected to the Otway system except Allansford. Warrnambool is the largest zone and was seven per cent below its five-year average.

■ 2007/08 Consumption  
■ 5 year annual average

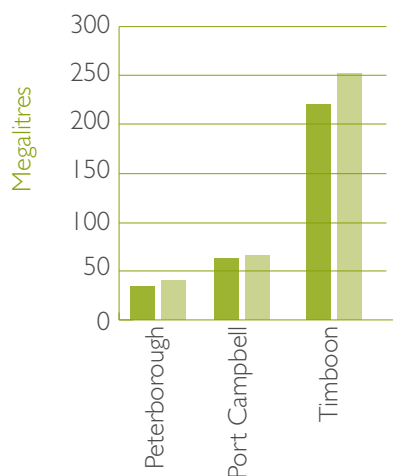
### Dilwyn Aquifer (West) - Water Consumption



Current consumption for Port Fairy and Portland was lower than 2006/07. Some data anomalies have been identified in the five-year averages of these systems.

■ 2007/08 Consumption  
■ 5 year annual average

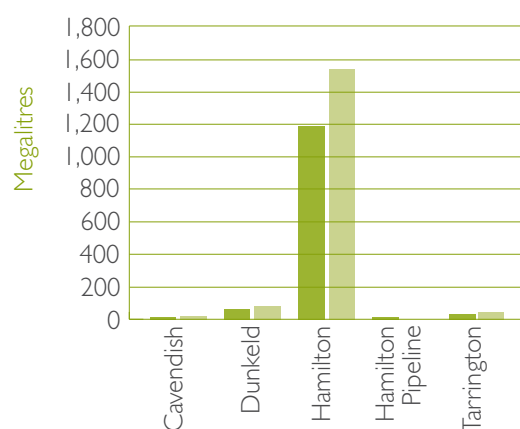
### Dilwyn Aquifer (East) - Water Consumption



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

■ 2007/08 Consumption  
■ 5 year annual average

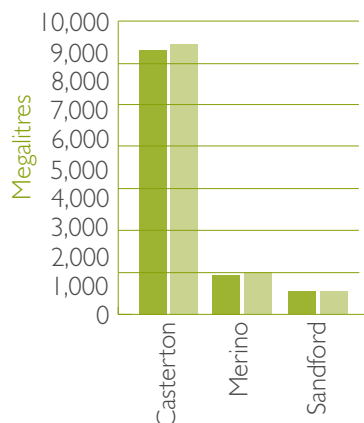
### Grampians System - Water Consumption



The strong community response to water restrictions in the Grampians system was evident in the reduced water consumption in 2007/08.

■ 2007/08 Consumption  
■ 5 year annual average

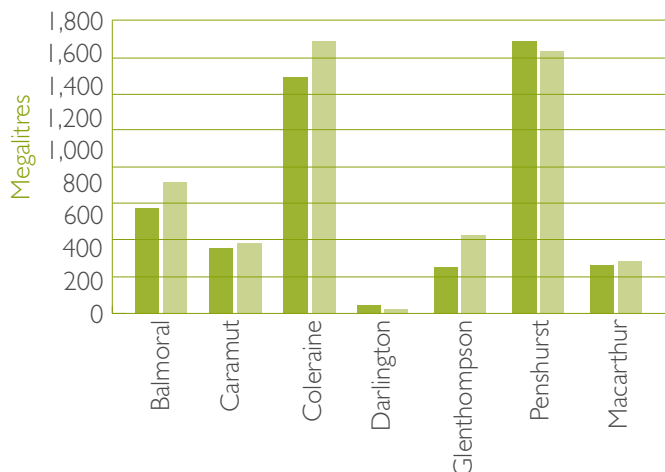
### Tullich Bore System - Water Consumption



There has been a marginal reduction in water consumption from the Tullich bore system supplying water to Casterton, Merino and Sandford.

■ 2007/08 Consumption  
■ 5 year annual average

### Other Supplies - Water Consumption



Rural water carting for the Grampians system was concentrated on the Penshurst system, resulting in the apparent increase in consumption at Penshurst.

■ 2007/08 Consumption  
■ 5 year annual average

## 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 sewerage to the water reclamation plant.

There are several different types of water reclamation plants operated by Wannon Water, including biofiltration treatment, facultative/maturation pond system and biological treatment.

In the 2007/08 financial year the treated effluent discharged from 14 of the 17 water reclamation plants fully complied (100 per cent compliance) with Environment Protection Authority discharge licences. In May 2008 Wannon Water's 18th water reclamation plant was commissioned at Peterborough.

The Portland Water Reclamation Plant was upgraded by reconfiguring the lagoons and adding more aeration as a short-term measure to optimise this plant performance with

existing infrastructure. The improvements resulted in only one breach in 33 samples of Suspended Solids and an improvement in Biochemical Oxygen Demand (BOD). However, licence conditions for BOD, suspended solids, *E. coli* and ammonia continued to be breached. A major upgrade of the treatment plant to achieve total compliance is planned for commissioning in 2012. Overall compliance for this plant was 85.4 per cent.

The new industrial water reclamation plant at Port Fairy treating trade waste from the GlaxoSmithKline plant continued to be commissioned in 2007/08. The commissioning licence was extended due to the difficulty in treating this unique industrial waste to meet normal licence criteria. Further refinements of the plant will continue into 2008/09. Compliance for this plant was 92.7 per cent for the year.

An elevated *E-coli* result was recorded on one occasion at the Port Fairy Domestic Water Reclamation Plant due to a failure of the ultraviolet disinfection system, which reduced discharge licence compliance to 98.3 per cent for this plant. The ultraviolet disinfection system was repaired and will be replaced in 2008/09.

## Peterborough Sewerage Scheme launched

In April 2008 the Minister for Water, Tim Holding, officially launched the \$6.4 million Peterborough Sewerage Scheme.

The scheme was initiated by the Moyne Shire Council to reduce the environmental impact of effluent seeping from septic systems into the township drains and the Curdies River estuary.

Wannon Water undertook consultation throughout construction of the scheme, with community members and local government stakeholders providing their input through the Peterborough Sewerage Scheme Project Monitoring Committee (formed in 2003). The Project Monitoring Committee provided valuable input into the development and construction of the scheme and kept residents informed on the progress of the sewerage scheme.

The Peterborough Sewerage Scheme will provide for connection of 332 existing properties and an estimated 413 potential future lots to the reticulated sewerage system. The scheme was completed with a funding grant of \$900,000 from the State Government under the Country Towns Water Supply and Sewerage Program, a \$200,000 contribution from the Moyne Shire Council and \$5.3 million provided by Wannon Water. Under the Country Towns Water Supply and Sewerage Program, customer contributions were capped at \$800 per standard residential property.

Sewage will be treated at the new Peterborough Water Reclamation Plant through two lagoons which use an aerobic treatment process. Following treatment the recycled water will be held in the winter storage lagoon before being reused on an adjacent dairy farm.

The Peterborough Sewerage Scheme included construction of:

- 8.8 kilometres of reticulation sewers, transfer mains and property connections;
- 4.3 kilometres of sewerage main to connect the treatment plant to the reticulated sewerage system;
- three sewage pumping stations; and
- a centre pivot irrigation system to recycle water from the Peterborough Water Reclamation Plant for summer pastures on the adjacent dairy farm.

This important infrastructure will assist in the continued growth and economic viability of this coastal community and reduce septic system pollution of the Curdies River estuary.

On Saturday 7 June 2008 Wannon Water held an open day for the Peterborough Scheme, providing information on water saving and planting near sewerage infrastructure information, water wise gardening hints, giveaways and tours of the new treatment plant and pump station. The Catchment Education Trailer, a unique working model to demonstrate the water cycle, water catchments and urban water usage, was also on site for inspection.

"It was beneficial to talk with the people of Peterborough about the scheme and services now available to them. The tour buses were full and participants appeared to be genuinely interested, asking a variety of questions," Wannon Water Senior Contract Engineer Fred Sadler said.

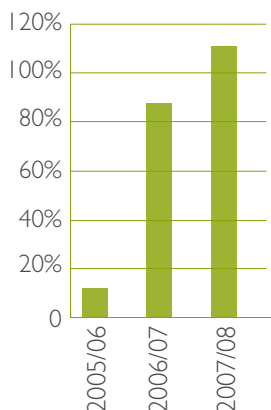


## Producing and reusing biosolids

Biosolids are nutrient-rich organic materials processed from treated sewerage 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 2007/08 Wannon Water increased the beneficial use of biosolids by applying 2,136 dry tonnes of biosolids for the year (100 per cent reuse) to land as a soil conditioner.

### Percentage of biosolids reused



One hundred per cent of the sludge generated at the Port Fairy Industrial Plant was transported for reuse in Mount Gambier.

Sludge generated at the other water reclamation plants was stockpiled on site for future processing into biosolids.

In 2007/08, Wannon Water upgraded the biosolids treatment facilities at Camperdown and Hamilton. In 2008/09, Wannon Water will develop a major biosolids reuse strategy for its entire region.

## \$2.1m Camperdown biosolids facility upgrade

Stage 2 construction works at Wannon Water's Camperdown Biosolids Management Facility were completed in June 2008.

Wannon Water Senior Contact Engineer Fred Sadler said, "\$2.1 million was invested in Stage 2 of the biosolids facility, which involved the construction of a stabilised lagoon bed clay liner within an existing lagoon and associated works."

Works included:

- stripping the lagoon to foundation level;
- placement and compaction of clay lining of the lagoon;
- lagoon floor surfacing, including lime and cement stabilisation; and
- reinstatement of areas where clay material was excavated.

A transfer pump station and 15 metres of rising main to Lagoon No. 2 was also completed, along with construction of access tracks and crushed rock overlay to existing tracks, and a mass concrete block retaining wall.

"Stage 2 creates a permanent facility to process and dewater biosolids collected from Wannon Water's water reclamation plants, processing up to 1,500 dry tonnes of biosolids per annum," Mr Sadler said.

Senior Contracts Engineer Fred Sadler inspects the upgrade works at the Camperdown biosolids facility (Picture courtesy of Camperdown Chronicle)



Water Minister Tim Holding views the Water Catchment Education Trailer



Corporate Communications Advisor Amanda Gaudion discusses the scheme with local residents



## Regional Catchment Strategy

The first Regional Catchment Strategy in Australia, from the Glenelg Hopkins Catchment Management Authority, drew to a close last year. Wannon Water participated in a two-day evaluation workshop to determine the effectiveness of this strategy and to reflect on the many achievements it made both on-ground and strategically over the years. It was a good chance to reflect on some of the achievements Wannon Water had either directly or indirectly contributed to.

Likewise, the Corangamite Catchment Management Authority Regional Catchment Strategy draws to a close this year. As this strategy draws to completion, the Regional River Health Strategy begins. Wannon Water met with staff from the Catchment Management Authority during the year to discuss development and implementation of the Regional River Health Strategy. As an outcome of these discussions, Wannon Water has agreed to commit \$250,000 over a five-year period to support projects that will deliver fencing of riparian areas of the Gellibrand River to prevent cattle access to the river for improved water quality outcomes.

## Southwest Sustainability Partnership

The implementation of the Regional Catchment Strategies is supported by the Southwest Sustainability Partnership. Wannon Water Managing Director Grant Green is inaugural Chairman of this incorporated partnership, which brings together major not-for-profit organisations with a common interest in promoting sustainable outcomes in south-west Victoria. The partnership has committed to developing a Natural Assets Alliance to be the vehicle that auspices major environmental sustainability projects for the region, including those related to catchment management strategies. Wannon Water employees delivered the workshop (and feedback to the partnership) on stakeholders' views of the Alliance and what areas it should initially focus on. The partnership also has a Greenhouse Alliance to be the vehicle for promoting alternative green power energy use.

## Victorian Biodiversity Strategy

In *Our Environment, Our Future - Victoria's Sustainability Action Statement* (2006) the Government announced that it would renew the Victorian Biodiversity Strategy (1997) in 2008/09. The strategy was reviewed in November 2007 and the evaluation found that while its environmental goals have not yet been reached, the strategy did lay the foundations for beginning to achieve them.

A renewed strategy will consolidate the Government's approach to protecting Victoria's biodiversity. Wannon Water is participating in the process of developing this strategy and presented a submission on the Green Paper and participated in a local workshop to discuss the issues raised.

From an on-ground perspective, Wannon Water has adopted the precautionary principle. The full nature and extent of the biodiversity on Wannon Water's land is unknown, which is why our biodiversity register will be updated this coming year. There has been some uncertainty about best practice management for some ecosystems and particular species (indigenous or exotic). This uncertainty was experienced during works to manage land at Bald Hill that supports a complex heathland. In applying the precautionary principle, Wannon Water conducted an ecological burn in May 2007 with follow up pest plant and animal works in May-June 2008. The value of this burn has been demonstrated with the regrowth of heath and animal species.

## Ecological burn at Bald Hill successful in improving biodiversity



Stately Helmet Orchid (*Corybas diemenicus*) in the Bald Hill Heathland

In 2006/07 Wannon Water made a commitment to maintain and restore its land at Bald Hill, part of a heathland landscape that spreads across Point Danger and Cape Nelson along the Portland coastline.

The condition of the heathland had been declining over many years due to invasion by weed species and the absence of a regular fire regime to keep the landscape healthy. A Heathland Management Plan was developed to reverse this trend and in May 2007 Wannon Water conducted an ecological burn to encourage the regeneration of plants indigenous to the area and improve the habitat for local fauna.

The burn has proven to be very successful in reducing weeds and promoting new plant growth, but just how effective it had been for the endangered fauna that inhabit the area, such as the Southern Brown Bandicoot (*Isodon obesulus*), was largely unknown until recently.

Twelve months on from the burn, Wannon Water's investigations have provided evidence of the value of the burn, capturing photos of a Southern Brown Bandicoot living in the habitat. The findings showed that bandicoots like to eat the new growth from the burned area. The investigations also identified two species of wallaby and kangaroo. There is also evidence of a feral cat presence, however, highlighting the need for ongoing management of the area to protect endangered species from exotic predators.

Wannon Water was also thrilled by the flowering of orchids and other heathland flora in the ecological burn area.

While many heath species are recovering well there is ongoing competition, particularly with weeds such as 'bone seed'. In 2007/08 Wannon Water engaged two employees through Western District Employment Access to eradicate the bone seed over four hectares, and the results so far have been very encouraging.

## 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. One of the key projects Wannon Water is involved in to achieve improved river health is the "Passing Flows for Victoria Range Streams". Wannon Water has entered into an agreement with the Glenelg Hopkins Catchment Management Authority and Deakin University to undertake this study to enhance our knowledge on the environmental requirements of the streams from which Wannon Water harvest waters for the Hamilton water supply system. It is the first of its kind for these streams and will provide an improved understanding of the environmental value of water for the relevant catchments.

In parallel, Wannon Water has completed a functional design for alterations to weir structures, to allow specifically for environmental flows in the relevant Victoria Range streams. While current environmental flow requirements may be met, these alterations will be a permanent addition to the structures and ensure compliance.

## Southwest Municipal Water Use Committee

The five municipalities within Wannon Water's region continued to give focus to water use efficiency and build their water savings knowledge base. Three meetings of the Southwest Municipal Water Use Committee were held during the year. Wannon Water provided consolidated water use information, which allowed for regular quarterly reviews of municipal properties water use. Targets for water savings were reviewed, water savings program directions assessed and funding avenues highlighted for Council consideration throughout the year.

## Western Region Sustainable Water Strategy (WRSWS)

The Department of Sustainability and Environment announced the development of a 50-year sustainable water strategy for the Southern Mallee, the Wimmera, the western Barwon zone and the whole area served by Wannon Water. The strategy will focus on land use and water use scenarios linked to projected climate changes.

A draft strategy will be developed for public comment early in 2009, leading to a final position paper to be released later that year.

Wannon Water has already designed and committed to implementing its Water Supply Demand Strategy looking ahead to 2055. This plan will be central to Wannon Water's submissions to the WRSWS. Wannon Water also plans to continue to work closely with Catchment Management Authorities and Southern Rural Water to ensure that the WRSWS gives heightened focus to groundwater resource protection and sustainability.

## Water Supply Demand Strategy - Demand Management Program

Wannon Water undertook significant planning in 2007/08, after adopting the Water Supply Demand Strategy in June 2007, to design a comprehensive demand management program. The strategy **aims for a 30 per cent reduction in per capita water use by 2015** (from the consumption base line of 1996/97).

On current figures, it appears meeting the targeted average water consumption of 530 litres per person per day by 2015 may be achievable at an earlier date. In 2006/07 water consumption fell from 612 litres per person per day to 575 litres per person per day in 2007/08, a six per cent efficiency outcome (putting to one side areas subject to the impact of water restrictions).

The demand management program for the next two years has been approved by the Essential Services Commission and comprises 15 actions and a cost of \$1.5 million.

Proposed actions include:

- a reform of the water pricing structure with a three-tiered structure designed to deliver greater dollar savings for water use moderation;
- leak reduction activities;
- support in the retrofitting of water efficient household appliances;
- continued promotion of water conservation;
- design of a best-practice template for public open space management; and
- support for the water savings programs of major customers.

The continuing media attention on water supply stress and water deficit problems across the south-east of Australia is a reminder that the historical position of a generally secure regional water supply can no longer be taken for granted.



## Key Communication Activities in 2007/08

Press advertising campaign	<p>Wannon Water partnered with the Glenelg-Hopkins Catchment Management Authority and Southern Rural Water to run full-page advertisements in the three main regional newspapers, updating customers monthly from October 2007 through to March 2008 on key water saving information and conservation rules.</p> <p>Weather strips advertising the Permanent Water Saving Measures were included with the weather reports of the Portland Observer and Warrnambool Standard from January – April 2008.</p>
Radio advertising campaign	<p>In the Hamilton area, Wannon Water continued its water restrictions campaign on 3HA and Mixx FM, sponsoring local weather bulletins for both stations.</p> <p>In Warrnambool, Wannon Water promoted Permanent Water Savings Measures on 3YB and Coast FM from September 2007 – May 2008.</p> <p>Warrnambool's Coast FM ran a summer promotional campaign featuring the 'Water Wise Cruiser' vehicle, which visited 30 locations during December 2007 and January 2008.</p>
Community newsletters	Water restrictions and Permanent Water Saving Measures were highlighted in a number of local regional community and school newsletters.
Public relations and media relations	<p>Throughout the year Hamilton's daily water consumption targets were published on the front page of the <i>Hamilton Spectator</i> each edition. These targets continue to be published.</p> <p>A number of media releases were issued across the region, helping to communicate water conservation rules and water-related issues.</p>
Signage	<p>Roundabout banners and street signs were utilised and erected at 12 prominent locations in Warrnambool and Portland, and 17 locations in Hamilton.</p> <p>Pull-up banners promoting awareness of restrictions and water savings measures were displayed at Wannon Water's Warrnambool, Portland, Camperdown and Hamilton offices, in the Warrnambool City Council foyer, at Warrnambool's Gateway Plaza shopping centre, at the Glenelg Shire office in Portland, the Corangamite Shire Council office in Camperdown, the Southern Grampians Shire office in Hamilton and the Hamilton Aquatic Centre.</p> <p>VicRoads water restrictions signs remain at three major entry points to the Hamilton township.</p>
Direct marketing	<p>Letters, flyers and brochures were mailed directly to customers as various regions moved into restrictions, and informative inserts were included with customer accounts.</p> <p>Letters were mailed to post offices, general stores, supermarkets, community groups, sports groups, libraries, councils, newsagents and special interest organisations (Lions, Apex, etc.) to promote the relevant restrictions or Permanent Water Saving Measures.</p> <p>Posters and point-of-sale material:</p> <ul style="list-style-type: none"> <li>• posters were displayed at 216 locations throughout the region; and</li> <li>• point-of-sale tent signs were displayed at 182 other locations affected.</li> </ul>
Community Events	<p><b>Water Wise Garden Days</b> Hamilton - Pearson's Nursery, 20 October 2007 Allansford - Pearson's Nursery, 3 November 2007 Portland - Our Garden Path Nursery, 1 December 2007</p> <p><b>Water Wise Workshops</b> Portland Aluminium/Alcoa, Friday 26 October 2007, Friday 16 November 2007</p> <p><b>Bunnings DIY Sessions</b> Saturday 26 November 2007, Sunday 27 November 2007</p> <p><b>Portland Bay Community Festival</b> 1 November 2007</p> <p><b>Landcare Open Day</b> 26 October 2007</p> <p><b>Gardening in the BIG dry workshops with Carolyn Blackman</b> 6 March 2007 – Hamilton, 7 March 2007 – Balmoral</p> <p><b>Allansford Community Day</b> 13 April 2008</p>
Web	Wannon Water's newly designed and structured web site was used to ensure up-to-the-moment information was 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.





Promoting water conservation throughout the region

## Water restrictions and permanent water savings 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 2007/08)
Glenthompson	-	2 November 2007 (continues)	-	15 October 2006
Hamilton, Cavendish, Dunkeld and Tarrington	-	-	2 November 2007 (continues)	5 December 2006

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

## Securing Hamilton's future – the Hamilton-Grampians Pipeline

A key initiative highlighted in Wannon Water's 50-year blueprint for meeting the water needs of south-west Victorian communities – the Water Supply Demand Strategy – is the crucial need to immediately increase Hamilton's water supplies.

Based on the last 10 years of water yield, demand on the Hamilton system already exceeds the supply of water from streams in the Southern Grampians catchment by 1,040 megalitres a year.

Wannon Water implemented its drought response plan to address this shortfall by the imposition of higher level water restrictions and the supply of groundwater from emergency drought relief bores. However, for the long-term, a more permanent solution is required.

The answer to Hamilton's shortfall is to augment the supply of water by construction of the 53-kilometre Hamilton-Grampians Pipeline. The pipeline will connect the Hamilton system to Rocklands Reservoir and deliver up to 2,000 megalitres (two billion litres) of water each year. The Victorian Government announced a funding grant of \$10 million to the project.

### Key pipeline facts

Length	53 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	Adjacent to Balmoral Pump Station
Power supply	Balmoral grid system

continued...

...continued

## The pipeline route

In selecting the pipeline route, Wannon Water considered the ease of construction and operation, existing environmental and cultural heritage values, and social and economic aspects. This included an assessment of flora and fauna and cultural heritage values, and consultation with landowners along the alignment. The majority of the pipeline will be located on private property to lessen the risk of endangering significant flora and fauna.

The Department of Sustainability and Environment and independent consultants will closely monitor the environment through which the pipeline passes in order to minimise any negative impacts of construction.

## Purchase of water entitlements

The 2,000 megalitres of water per year for the Hamilton-Grampians Pipeline will be sourced from a 10,000-megalitre per year pool of water savings generated as part of the Wimmera Mallee Pipeline Project and earmarked for growth.

This water source is a secure water supply, providing 95 per cent security of supply for the Hamilton system. Rocklands Reservoir will hold more water once the Wimmera Mallee Pipeline Project is completed.

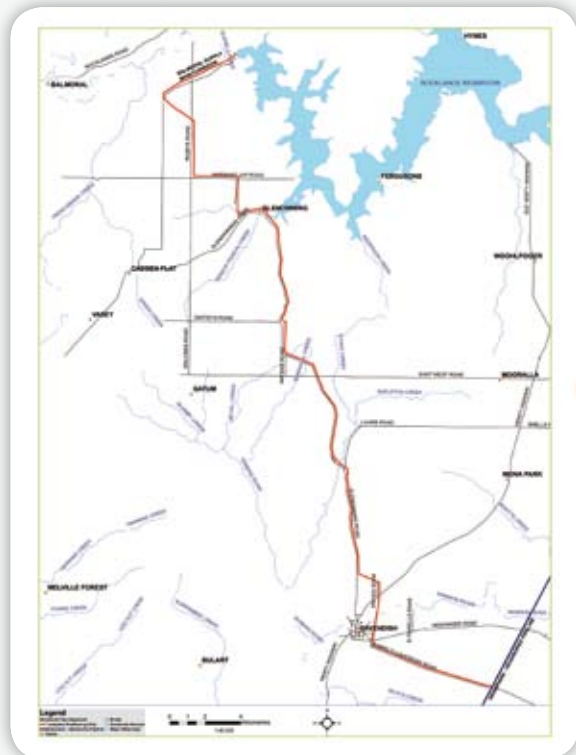
## Planning and consultation in 2007/08

Wannon Water undertook work on the functional design and approvals for the pipeline in 2007/08. Design of the pipeline is well advanced and a planning permit application has been submitted to the Southern Grampians Shire Council.

The appointment of a contractor to construct the pipeline is scheduled for March 2009. Construction is expected to be completed by June 2010.

In March 2008, Wannon Water held community information days in Hamilton and Cavendish to provide an opportunity for the local communities to find out more about the Hamilton-Grampians Pipeline. A series of information displays provided detailed information about the proposed alignment of the pipeline, and Wannon Water representatives were on-hand to answer customer queries. The information days were well attended and the feedback received from the community assisted Wannon Water in developing the final submission for the pipeline to go to the Southern Grampians Shire Council for approval.

Wannon Water has also made a wide range of information materials on the pipeline available for the public, including fact sheets, media releases, newsletters, stakeholder briefings and a dedicated section on the Wannon Water web site.



Activities for the community and information days

## Our Water Our Future

In 2007/08 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 2007/08 is reported in the following table:

<i>Our Water Our Future initiative</i>	<i>Wannon Water action</i>
Improved water efficiency in new buildings.	The design objective for Wannon Water's new Warrnambool Office development in Warrnambool has been set at 5-star energy rating and water efficiency. Energy and water efficiency innovations are being included.
Work with industry towards improved water management outcomes, including opportunities for water conservation, recycling and waste minimisation.	<p>The highly successful system of allocating maximum annual usage limits to rural customers in the Otway water supply system was expanded to rural customers in Hamilton, Coleraine, and Casterton systems.</p> <p>The waterMAP program has been implemented, with 56 customers participating in the program.</p> <p>Strong consultation with major customers has resulted in the identification of water conservation opportunities and opportunities for recycling.</p>
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 customer occurs annually.
<p>Consider investment in strategic water recovery and recycling programs that:</p> <ul style="list-style-type: none"> <li>• are of state or regional significance;</li> <li>• deliver multiple benefits – social, economic and environmental; and</li> <li>• are larger scale projects or initiatives.</li> </ul>	<p>The first stage of utilising recycled water from the Warrnambool Water Reclamation Plant – an expression of interest process – was concluded late in the reporting year. The short-listed proponents are now preparing offers for the use of recycled water.</p> <p>Origin Energy is proposing a gas-fired electricity generation plant to be located near Mortlake and will use recycled water from the Mortlake Water Reclamation Plant for process water.</p>
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.
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 \$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 will be funded over the next five years.
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.	<p>The projects listed in the Country Towns Water Supply and Sewerage Program are</p> <ul style="list-style-type: none"> <li>• Peterborough Sewerage Scheme – completed in May 2008; and</li> <li>• Dutton Way Sewerage Scheme – scheduled for 2012/13.</li> </ul>



# Roof water harvesting project

In September 2007, Wannon Water received \$1.1 million of Federal Government funding through the Water Smart Australia Program to help fund the innovative roof water harvesting project.

The roof water harvesting project is a demonstration project in partnership with subdivision developer Cove Land Developments Pty Ltd and the Federal Government. The project will utilise roof area in a new subdivision of Warrnambool as an urban catchment to harvest water for future use in the city's water supply system.

Warrnambool is a fast-growing city, and this continued expansion will increase water demand. Climate change predictions also suggest pressure on future availability of the existing supply source.

The primary aims of the project are:

- to capture and transfer rain water collected on new household roofs, avoiding the need to transport this water from the Gellibrand River system over 100 kilometres away;
- to identify other cities with a high potential for adopting a similar approach, and the provision of a tool kit that can be used to assist in implementing similar projects elsewhere;
- to build a comprehensive library of water yield and quality data to increase knowledge about this new approach to harvesting water;
- to identify any barriers to the widespread adoption of this alternative source of supply; and
- to communicate the outcomes of the project nationally to relevant audiences, including local governments, water corporations and the development industry to facilitate adoption in other locations.



Rooftops behind the Brierly Street basin water storage

In detail, the project involves construction of a dedicated roof water collection pipe network, involving approximately 2,000 metres of trunk mains and 2,200 metres of smaller diameter collection pipes within a subdivision in the Russell's Creek growth corridor of Warrnambool. This pipe network will capture rain water collected on household roofs and transfer it to the existing Brierly basin storage via a dedicated transfer pipeline. The roof water will be mixed with other raw water, treated at the Warrnambool Water Treatment Plant and then supplied to the city's reticulation system. Preliminary figures suggest that this project is close to "water demand neutral".

During 2007/08 the functional design for the engineering works was completed, along with field surveys of the trunk pipeline route and geotechnical investigations to determine ground conditions. Consultation was undertaken with the Glenelg Hopkins Catchment Management Authority and Warrnambool City Council, and media releases, an information sheet and web site content were produced.

This project offers numerous direct and indirect economic, environmental and social benefits, making it a "showcase" of sustainability for the rest of the nation through the better use of available water resources and water sensitive urban development.

## Innovation

- *The project is believed to be the first of its kind in Australia.*
- *It will provide a working demonstration of a more sustainable approach to water management by using the new "catchment" of roof area created in population growth areas.*
- *A tool kit will be developed by Wannon Water to assist other cities to identify how they can use the same approach.*



## Wannon Water office water consumption

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

Town	Address	Metered Water Use (kilolitres)		No. Staff	Kilolitres per staff member
		2006/07	2007/08		
Warrnambool	99 Fairy Street	746	753	49	15.4
Warrnambool	101A Fairy Street	n/a	39		
Warrnambool	241 Koroit Street	60	93	18	5.2
Warrnambool	Jamieson Street	50	50	19	2.6
Portland	15 Milbank Street	23	26	7	3.7
Portland	15 Townsend Street	46	59	6	9.9
Hamilton	66 Gray Street	53	38	13	2.9
<b>Total</b>		<b>978</b>	<b>1,059</b>		

Notes:

1. The Camperdown complex has been excluded, as it is primarily a works depot.
2. The 2007/08 water consumption is estimated on a straight line basis from the most current meter reading to the 30 June 2008.
3. The 2006/07 water use has been updated to utilise pro rata the first meter reading after 1 July 2007.
4. The lease of 101A Fairy Street commenced in April 2007 and is used as a meeting room for 99 Fairy Street occupants.

### Total office water consumption in kilolitres (kL)

2005/06	2006/07	2007/08
1,020 kL	978 kL	1,059 kL

Total water consumption at Wannon Water offices in the 2007/08 financial year was 1,059 kilolitres, an increase of 8.2 per cent over 2006/07. However, the number of staff in these offices increased by 9.8 per cent to 112, bringing down the average annual usage of from 9.7 to 9.5 kilolitres per employee at those offices.

## 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 2006/07	No. customers 2007/08
50ML to 100ML	4	4
100ML to 200ML	3	3
200ML to 300ML	0	0
300ML to 400ML	1	2
400ML to 500ML	3	2
500ML to 750 ML	1	1
750ML to 1000ML	0	0
Greater than 1000ML	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
Alcoa Portland Aluminum Pty Ltd	Portland	Yes, water management plan developed and being implemented.
Warrnambool Cheese & Butter	Allansford	Yes, water management plan developed and being implemented.
Fonterra Milk Australia Pty Ltd	Warrnambool	Yes, water management plan developed and being implemented.
Fonterra Australia Limited	Cobden	Yes, water management plan developed and being implemented.
Midfield Meat International Pty Ltd	Warrnambool	Yes, water management plan developed and being implemented.
Illuka Pty Ltd (Grampians Wool Industries)	Hamilton	Yes, water management plan developed and being implemented.
Glaxo Smith Kline Australia Pty Ltd	Port Fairy	Yes, water management plan developed and being implemented.
Murray Goulburn Co-Operative	Koroit	Yes, water management plan developed and being implemented.
Basin Properties Pty Ltd (Iluka Resources)	Hamilton	Yes, water management plan developed and being implemented.
Dairy Farmers	Simpson	Yes, water management plan developed and being implemented.
South West Healthcare	Warrnambool	Yes, water management plan developed and being implemented.
Port of Portland Pty Ltd	Portland	Yes, water management plan developed and being implemented.

Notes:

1. Basin Properties Pty Ltd operates the 'Iluka' mineral sands separation plant in Hamilton and receives significant recycled water for mineral sands processing (95.5 per cent) and small quantities of potable reticulated water (4.5 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.

waterMAP

In 2007/08 Wannon Water implemented under its Permanent Water Savings Measures a water management action program called waterMAP (water Management Action Plan). 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. In 2007/08, 58 non-residential customers were identified for participation in the program. All of these customers subsequently registered and submitted a waterMAP.

The total water consumption for waterMAP customers is summarised in the following table:

Water Use 2006/07 (megalitres)	Water Use 2007/08 (megalitres)
3,209.1	2,949.5

In 2007/08 the water use decreased by 8.1 per cent over the previous year for the waterMAP customer group.

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 previously low-value product into a beneficial resource. Recycled water is now utilised in local industries and for irrigation water on pasture, turf farms 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 14 per cent reuse in 2006/07 to 19 per cent in 2007/08. This represents a total of 1,616 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 entered into a memorandum of understanding with Origin Energy to supply recycled water to the proposed gas-fired power plant to be constructed near Mortlake.
- expressions of interest were sought for the potential reuse of recycled water from the Warrnambool Water Reclamation Plant.
- Wannon Water continued to work proactively with major trade waste customers to improve the quality of recycled water and source new, innovative applications for the resource throughout the region in accordance with Wannon Water’s Recycled Water Strategy.

Recycled water in use at Warrnambool Golf Club



# Iluka reusing water in Hamilton

Wannon Water operates two water reclamation plants in Hamilton:

- a secondary treatment plant; and
- a tertiary water reclamation plant.

All effluent from the Hamilton reticulated sewerage system is initially processed at the Hamilton Water Reclamation Plant for processing to secondary treatment level. This treated effluent is then stored in winter storages.

The Hamilton Tertiary Water Reclamation Plant draws water from the Monivae winter storage and uses ultra filtration technology to produce recycled water fit for the purpose of meeting the total process water needs of the Iluka Mineral Sands Processing Plant near Hamilton.

This purpose-built tertiary water reclamation plant was completed in 2005 at a cost of \$2.025 million and was the first example of such a facility in Victoria. This innovation was the result of a partnership between Wannon Water, major new customer (Iluka) and the Victorian Government.

The balance of the secondary treated water is reused commercially for the irrigation of:

- pasture for cattle grazing at the Monivae property owned by Wannon Water;
- pasture for sheep grazing at the Beath Street property owned by Wannon Water;
- commercial instant turf farm; and
- Hamilton golf course and two sporting ovals.

Recycled water is supplied by a purpose built Ultra Filtration membrane plant on the Monivae property east of Iluka's plant. The tertiary plant was commissioned in October 2006 and is designed to produce 0.82 megalitres per day of recycled water over a 22-hour day.

Iluka Resources is a publicly listed company based in Western Australia with operations and mining interests in Western Australia, New South Wales, Queensland, the USA and, since 2002, in Western Victoria.

Following the acquisition of Basin minerals in 2002, Iluka announced the commencement of the \$280 million Douglas Project in June 2008. Construction commenced at the Douglas mine site near Balmoral and the Mineral Separation Plant at Hamilton in the second half of 2004.

Iluka's Hamilton Plant is integral to the expansion of Iluka's Victorian operations. Heavy Mineral Concentrate mined and processed at the Douglas mine is transported to Hamilton for further processing and separation into final products (Rutile and Zircon).

A supply of good industrial quality water is an important requirement for Mineral Separation Plant processing and was a vital consideration when considering the location of the plant.



Iluka's process water storage with 1000-tonne feed bins



## Greenhouse gas emissions

The water industry has been identified as a sector highly vulnerable to climate change due to the potential impact on future water yields and an increase in the demand for water associated with a rise in temperatures and population growth.

As a key consumer of electricity in Victoria, the water industry is among the top 20 electricity-consuming businesses. This consumption is expected to increase over the next 10 years due to population growth and higher standards for water and sewage treatment. In 2005/06 the Victorian water industry was responsible for more than 838,000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) emissions. Wannon Water's contribution last year was 39,261 tCO<sub>2</sub>e.

Wannon Water is a significant consumer of electricity, most of which is used in pump motors and treatment plants. Electricity contributes around 65 per cent of total emissions and amounts to over 19GWh of energy. Wannon Water's understanding of its sources of emissions and ways to reduce them is constantly progressing. This year additional direct emissions sources were included in the inventory along with emissions from activities not owned or controlled by Wannon Water, but as a consequence of Wannon Water programs. Our carbon inventory will constantly be added to and updated, and, as data becomes available or is reconciled, back-casting of previous inventories may also occur.

Wannon Water's commitment to reducing energy use and greenhouse gas emissions is demonstrated in the recently adopted Sustainability Strategy. This strategy includes objectives for energy and greenhouse gas management, including the development of a Strategic Plan for reducing energy usage and carbon emissions. Without this action, Wannon Water's greenhouse emissions are expected to increase over time as the region and its infrastructure grows. To address this, Wannon Water has set a target of 10 per cent reduction of greenhouse emissions (from 2006/07 levels) by 2013. This is an aspirational target but it is higher than the regional industry average. The biggest gains will be made in energy efficiency but Wannon Water will also consider purchasing GreenPower, forestry offsets and renewable energy projects as part of the Strategic Plan. It's a case of 'building the bridge as we walk on it'.

With funding from Sustainability Victoria, a Greenhouse Opportunities Assessment has been completed, which identified some potential 'low-hanging fruit' options to commence our emissions reductions efforts. The study identified five locations where a collective gain of 1.6 per cent on emissions could be made.

Wannon Water continues to work with the Water Industry Greenhouse Reduction Working Group to foster innovation and share ideas across the industry for greenhouse gas reductions. Likewise, membership in the Environment Protection Authority's Carbon Innovators Network provides a valuable information hub.

Wannon Water continues to contribute to the Southwest Climate Change Forum. This group plays a support role to the Victorian Climate Change Adaptation Program (VCCAP). The Department of Primary Industries has initiated the program to:

- explore the potential impacts of climate change; and
- provide guidelines to policy on robust strategies which may assist key industries to adapt to these changes.

The project is using south-west Victoria as a pilot region. One component of the project is to formulate scenarios of how the future might unfold. This information is important to the future planning for Wannon Water.

### 2007/08 Carbon Emissions

Greenhouse gas sources are varied and occur from 'source to sea' 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 the Wannon Water but are a consequence of its activities. An example is 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.

Emission by Activity	t CO <sub>2</sub> -e 2006/07	t CO <sub>2</sub> -e 2007/08
Water Treatment	19,008	13,526
Wastewater Treatment	18,593	22,851
Transport	1,147	987
Other	513	484
Reductions/Offsets	-	-
<b>Total</b>	<b>39,261</b>	<b>37,848</b>

### Whistleblowers Protection Act

The *Whistleblowers Protection Act 2001* provides protection for "whistleblowers" who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and appropriate action taken. Whistleblowers may be members of the public or employees.

There were no disclosures under the Act in 2007/08.

The Protected Disclosure Coordinator for Wannon Water is its internal auditor. The contact details for the internal auditor 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 2007/08. The application related to business matters. Wannon Water was unable to locate any documents relating to the request and advised the applicant accordingly as well as the appeal mechanism through VCAT.

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

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 \$22.70 (further charges may apply). Fees and charges levied under the *Freedom of Information Act 1982* are not subject to GST.

### Availability of other information

Information relevant to the headings listed in Financial Reporting Direction 22B of 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* and the *Information Privacy Act 2000*.

Wannon Water provides free access to a wide range of information on its web site, [www.wannonwater.com.au](http://www.wannonwater.com.au).

### Building Act 1993

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

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

I, Harry Peeters, certify that the Wannon Region Water Corporation has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The Audit and Risk Management Committee verifies this assurance and that the risk profile of the Wannon Region Water Corporation has been critically reviewed within the last 12 months.



Harry Peeters  
Chairman  
Wannon Water  
9 September 2008

### Contact person for annual report

Wannon Water Corporate Communications Advisor  
Garrath Darkin.

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# Financial Statements



Branch Manager Asset Planning Peter Wilson and Branch Manager Asset Creation Simon Hermans overlook work on Warrnambool's new water storage at Dales Road

## Operating statement

for the financial year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Revenue from operating activities</b>	1(b)		
Service charges	3(a)	20,374	18,233
Usage charges	3(b)	12,672	13,800
Customer contributions	3(c)	3,963	3,164
<b>Revenue from non-operating activities</b>			
Assets received free of charge or for nominal consideration	3(d)	1,360	2,169
Interest	3(e)	128	337
Other revenue	3(f)	3,137	2,329
<b>Total Revenue</b>		<u>41,634</u>	<u>40,032</u>
<b>Expenses from operating activities</b>			
Employee benefits expense	3(g)	(11,788)	(10,733)
Depreciation and amortisation	1(e), 3(h)	(9,726)	(9,030)
Supplies and services	3(i)	(16,642)	(16,496)
Environmental contribution	1(q)	(1,130)	(1,130)
<b>Total expenses</b>		<u>(39,286)</u>	<u>(37,389)</u>
Loss on disposal of non current assets	3(k)	(470)	(383)
Finance costs	1(c), 3(j)	(1,775)	(1,102)
<b>Net result before tax</b>		<u>103</u>	<u>1,158</u>
Income tax expense/(revenue)	4	34	446
<b>Net result</b>		<u>69</u>	<u>712</u>

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

## Balance sheet as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	1(f), 5	436	374
Receivables	1(g), 6	4,850	4,857
Inventories	1(h), 7	502	301
Other	8	5,013	4,616
<b>Total Current Assets</b>		<b>10,801</b>	<b>10,148</b>
<b>Non-Current Assets</b>			
Receivables	1(g), 6	5,868	2,992
Property, plant and equipment	1(d), 9	480,572	463,654
Intangibles	10	634	421
<b>Total Non-Current Assets</b>		<b>487,074</b>	<b>467,067</b>
<b>TOTAL ASSETS</b>		<b>497,875</b>	<b>477,215</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	1(i), 11	7,428	4,343
Interest bearing liabilities	12	4,066	2,640
Provisions	1(j), 13	2,316	2,277
<b>Total Current Liabilities</b>		<b>13,810</b>	<b>9,260</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	12	32,653	15,578
Provisions	1(j), 13	241	209
Deferred tax liabilities	4(d)	987	953
<b>Total Non-Current Liabilities</b>		<b>33,881</b>	<b>16,740</b>
<b>TOTAL LIABILITIES</b>		<b>47,691</b>	<b>26,000</b>
<b>NET ASSETS</b>		<b>450,184</b>	<b>451,215</b>
<b>Equity</b>			
Contributions by owners		451,770	452,870
Accumulated funds		(1,586)	(1,655)
<b>EQUITY</b>		<b>450,184</b>	<b>451,215</b>

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



## Statement of changes in equity for the financial year 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Total equity at beginning of financial year		451,215	450,503
Net result for the year		69	712
Total recognised income and expense for the year		<u>69</u>	<u>712</u>
Transactions with the state in its capacity as owner			
Arkin's Creek Land Transfer		(2,100)	-
Grant - Hamilton Grampians Pipeline		1,000	-
Total transactions with the state in its capacity as owner for the year		<u>(1,100)</u>	<u>-</u>
Total equity at end of financial year		<u>450,184</u>	<u>451,215</u>

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

## Cash flow statement for the financial year 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from other entities		30,882	33,557
GST recovered from the ATO		4,147	3,042
Capital grants received		1,050	470
Capital charges received		560	1,176
		<u>36,639</u>	<u>38,245</u>
<b>Payments</b>			
Payments to suppliers and employees		(24,544)	(26,146)
GST paid to the ATO		(3,831)	(3,153)
Interest and other costs of finance paid		(1,817)	(1,024)
Environmental contribution		(1,130)	(1,130)
		<u>(31,322)</u>	<u>(31,453)</u>
<b>Net cash inflow from operating activities</b>	23	<u>5,317</u>	<u>6,792</u>
<b>Cash flows from investing activities</b>			
(Payments for property, plant and equipment)		(25,537)	(14,735)
Proceeds from sale of property, plant and equipment		782	350
<b>Net cash used in investing activities</b>		<u>(24,755)</u>	<u>(14,385)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		19,393	3,896
(Repayment of borrowings)		(893)	(930)
Capitals grant recognised directly in equity		1,000	-
<b>Net cash inflow from financing activities</b>		<u>19,500</u>	<u>2,966</u>
<b>Net increase/(decrease) in cash held</b>		62	(4,627)
Cash and cash equivalents at start of the financial year		374	5,001
<b>Cash and cash equivalents at the end of the financial year</b>	5	<u>436</u>	<u>374</u>
Financing arrangements	12		

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

## Note I- 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), 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.

### (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 I- 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

#### *Acquisition*

The purchase method of accounting is used for acquisitions of assets, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets given, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

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

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 are recognised as an asset. All other assets acquired are expensed.

#### *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*

Land and buildings are measured at the amounts for which assets can be exchanged between knowledgeable, willing parties, in an arm's length transaction.

Plant equipment and vehicles are measured at cost.

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.

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.



## Note I- Summary of significant accounting policies (cont.)

### (d) Recognition and measurement of assets (continued)

#### *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.

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 profit or loss.

### (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:

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 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.

## Note I- Summary of significant accounting policies (cont.)

### (g) Receivables

Trade debtors 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) Payables

Liabilities are recognised for amounts payable in the future for goods and services received, whether or not billed to the Corporation. These amounts are unsecured and are usually paid within 30 days of recognition.

### (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*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up 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 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. Provisions made for unconditional long service leave are classified as a current liability, where the employee has a present entitlement to the benefit. The non-current liability represents long service leave entitlements accrued for employees with less than 7 completed years of continuous service, as per the Wannon Water EBA Agreement 2007.

#### *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.

### (k) Segment information

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

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

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

## Note I- Summary of significant accounting policies (cont.)

### (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*.

### (m) Changes in accounting policy

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

### (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 its deferred tax assets and therefore a net deferred tax liability has been disclosed in the Balance Sheet. As this is the first instance of this disclosure, prior year adjustments totalling \$954k have been made to decrease equity.

Although not payable, the Corporation's 2008 income tax expense of \$34k (2007: \$446k) has been disclosed in the Operating Statement.

### (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 2007/2008 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 for the first period, from October 1, 2004 to June 30, 2008 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.



## Note I- Summary of significant accounting policies (cont.)

### (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.

### (s) Financial instruments

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. 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.

### (t) Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are computer software purchased from an external provider and 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.

## 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.

## 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 2008	Carrying amount \$'000	Interest Rate Risk			
		-1%		+1%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	436	2	2	(2)	(2)
Receivables	10,751	-	-	-	-
Financial liabilities					
Payables	7,428	-	-	-	-
Interest bearing liabilities	36,719	40	40	(40)	(40)
<b>Total increase / (decrease)</b>		<b>42</b>	<b>42</b>	<b>(42)</b>	<b>(42)</b>

### (b) Credit risk

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

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

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

### (c) Liquidity risk

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

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

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

The Corporation's financial liability maturities have been disclosed on Note 12.

### 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 14.

### Note 3 - Operating statement - disclosures

	2008 \$'000	2007 \$'000
<b>(a) Service charges</b>		
Water	8,765	8,066
Sewer	11,609	10,167
<b>Total service charges</b>	<b>20,374</b>	<b>18,233</b>
<b>(b) Usage charges</b>		
Water	10,178	11,411
Sewer	388	386
Trade Waste	2,106	2,003
<b>Total usage charges</b>	<b>12,672</b>	<b>13,800</b>
<b>(c) Customer contributions</b>		
Fees paid by developers	3,963	3,164
<b>Total customer contributions</b>	<b>3,963</b>	<b>3,164</b>
<b>(d) Assets received free of charge or for nominal consideration</b>		
Assets received free of charge from developers	1,360	2,169
<b>Total assets received free of charge or for nominal consideration</b>	<b>1,360</b>	<b>2,169</b>
<b>(e) Interest</b>		
Interest on bank deposits	23	64
Income from investments	-	158
Other	105	115
<b>Total interest</b>	<b>128</b>	<b>337</b>
<b>(f) Other revenue</b>		
Rental	238	278
Cost recoveries	1,058	819
Information statements	184	198
Connection and inspection fees	273	239
Revenue from the sale of standing timber	-	110
Government contributions	1,050	470
Miscellaneous	334	215
<b>Total other revenue</b>	<b>3,137</b>	<b>2,329</b>



## Note 3 - Operating statement - disclosures (cont.)

	2008 \$'000	2007 \$'000
<b>(g) Employee benefits expense</b>		
Defined benefit superannuation	(182)	(194)
Other employee benefits	(11,606)	(10,539)
<b>Total employee benefits expense</b>	<u>(11,788)</u>	<u>(10,733)</u>
<b>(h) Depreciation and amortisation</b>		
Buildings	(184)	(183)
Infrastructure	(7,916)	(7,776)
Office equipment	(838)	(408)
Plant and equipment	(618)	(562)
	<u>(9,556)</u>	<u>(8,929)</u>
Intangibles - computer software	(170)	(101)
<b>Total depreciation</b>	<u>(9,726)</u>	<u>(9,030)</u>
<b>(i) Supplies and services</b>		
Chemicals	(688)	(639)
Consultancies and contractors	(6,887)	(6,934)
Electricity	(2,139)	(2,362)
Other goods and services	(6,928)	(6,561)
<b>Total supplies and services</b>	<u>(16,642)</u>	<u>(16,496)</u>
<b>(j) Finance costs</b>		
Interest on loans - other institutions	(12)	(14)
Interest on loans - TCV	(1,564)	(959)
Financial Accommodation Levy	(199)	(129)
<b>Total finance costs</b>	<u>(1,775)</u>	<u>(1,102)</u>
<b>(k) Net loss on disposal of non current assets</b>		
<b>Cost of assets disposed</b>		
Infrastructure	(473)	(231)
Land	(85)	-
Buildings	(79)	(4)
Office equipment	(11)	(51)
Motor vehicles	(604)	(457)
<b>Total written down value of assets disposed</b>	<u>(1,252)</u>	<u>(743)</u>
Motor vehicle trade ins	772	350
Sundry asset sales	10	10
<b>Total proceeds of asset disposed</b>	<u>782</u>	<u>360</u>
<b>Net loss on disposal of non current assets</b>	<u>(470)</u>	<u>(383)</u>

**Note 4 - Income tax**

	2008 \$'000	2007 \$'000
<b>(a) Prima facie income tax reconciliation</b>		
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	103	1,158
Income tax calculated @ 30%	31	347
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Balancing deduction on disposal of fixed assets - tax	-	(26)
Non-deductible expenses	3	7
Loss on disposal of tax depreciable fixed assets - accounts	-	118
<b>Income tax attributable to net result</b>	<b>34</b>	<b>446</b>
<b>(b) Deferred tax assets</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised in the operating statement		
Prior and current tax losses	26,875	22,592
Provisions and accrued expenditure not deductible	1,184	1,200
	<b>28,059</b>	<b>23,792</b>
Movement		
Opening balance 1 July	23,792	19,532
Annual movement	4,267	4,260
<b>Closing balance 30 June</b>	<b>28,059</b>	<b>23,792</b>
<b>(c) Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised in the operating statement		
Depreciation	28,131	23,736
Other	915	1,009
	<b>29,046</b>	<b>24,745</b>
Movement		
Opening balance 1 July	24,745	20,039
Annual movement	4,301	4,706
<b>Closing balance 30 June</b>	<b>29,046</b>	<b>24,745</b>
<b>(d) Net deferred tax liabilities</b>		
Deferred tax assets	28,059	23,792
Deferred tax liabilities	29,046	24,745
<b>Net deferred tax liabilities</b>	<b>987</b>	<b>953</b>

## Note 5 - Cash and cash equivalents

	2008 \$'000	2007 \$'000
Cash at bank and on hand	436	374
	<u>436</u>	<u>374</u>
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:		
Balances as above	436	374
Balances as per Cash Flow Statement	<u>436</u>	<u>374</u>

## Note 6 - Receivables

### Current

Tariffs and charges	1,824	3,407
Less: Provision for doubtful debts	(34)	(33)
	<u>1,790</u>	<u>3,374</u>
Amounts owing from the Victorian Government Schemes/Debtors	110 30	203 173
	<u>1,930</u>	<u>3,750</u>
Other debtors	2,358	861
GST receivable	562	246
	<u>2,920</u>	<u>1,107</u>
Total current receivables	<u>4,850</u>	<u>4,857</u>
Non-current		
Schemes/Debtors	569	556
Other debtors	5,299	2,436
Total non-current receivables	<u>5,868</u>	<u>2,992</u>
Aggregate carrying amount of receivables		
Total receivables	<u>10,718</u>	<u>7,849</u>

### (a) Provision for impaired receivables

As at 30 June 2008, current receivables of the Corporation with a nominal value of \$34,114 (2007: \$18,663) were impaired. The amount of the provision was \$34,114 (2007: \$32,700). 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:

	2008 \$'000	2007 \$'000
1 to 3 months	2	10
3 to 6 months	1	2
6 to 12 months	25	6
Over 12 months	6	-
	<u>34</u>	<u>18</u>

## Note 6 - Receivables (cont.)

As of 30 June 2008, trade receivables of \$37,517 (2007: \$250,253) 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:

	2008 \$'000	2007 \$'000
1 to 3 months		
3 to 6 months	32	66
6 to 12 months	3	149
Over 12 months	2	28
	-	7
	<u>37</u>	<u>250</u>

Movements in the provision for doubtful debts are as follows:

As at 1 July 2007		
Provision for doubtful debts recognised during the year	33	21
Receivables written off during the year as uncollectible	12	22
	(11)	(10)
	<u>34</u>	<u>33</u>

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

	2008 \$'000	2007 \$'000
Supplies and consumables - at cost	502	301
Total inventories	<u>502</u>	<u>301</u>

## Note 8 - Other assets

Accrued tariffs and charges		
Prepaid expenses	4,650	4,392
	363	224
Total other assets	<u>5,013</u>	<u>4,616</u>



## Note 9 - Property, plant and equipment

	2008 \$'000	2007 \$'000
Land and buildings		
Freehold land		
At independent valuation	28,436	28,533
Crown land		
At independent valuation	141	141
<b>Total land</b>	<b>28,577</b>	<b>28,674</b>
Buildings		
At cost	1,212	973
At independent valuation	13,626	13,626
Less: Accumulated depreciation	(2,060)	(1,879)
<b>Total buildings</b>	<b>12,778</b>	<b>12,720</b>
Plant and equipment - Water		
At cost	260,799	253,945
Less: Accumulated depreciation	(26,181)	(21,435)
<b>Total plant and equipment - Water</b>	<b>234,618</b>	<b>232,510</b>
Plant and equipment - Sewer		
At cost	196,438	176,500
Less: Accumulated depreciation	(13,726)	(10,595)
<b>Total plant and equipment - Sewer</b>	<b>182,712</b>	<b>165,905</b>
Other equipment (including motor vehicles)		
At cost	10,349	8,218
Less: Accumulated depreciation	(3,842)	(2,718)
<b>Total other equipment</b>	<b>6,507</b>	<b>5,500</b>
Plant and equipment under construction - at cost	15,380	18,345
<b>Total under construction</b>	<b>15,380</b>	<b>18,345</b>
<b>Total property plant and equipment</b>	<b>480,572</b>	<b>463,654</b>

## 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 2007	28,674	12,720	403,915	18,345	463,654
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	<u>28,577</u>	<u>12,778</u>	<u>423,837</u>	<u>15,380</u>	<u>480,572</u>

Carrying Amount	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	In the course of construction \$'000	Total \$'000
Balance at 1 July 2006	28,674	12,897	399,456	14,936	455,963
Additions	-	10	13,944	3,409	17,363
Disposals	-	(4)	(739)	-	(743)
Depreciation expense	-	(183)	(8,746)	-	(8,929)
Balance at 30 June 2007	<u>28,674</u>	<u>12,720</u>	<u>403,915</u>	<u>18,345</u>	<u>463,654</u>

## Note 10 - Intangibles

	2008 \$'000	2007 \$'000
Computer Software		
At cost	1,245	862
Less: Accumulated amortisation	(611)	(441)
Total intangibles	<u>634</u>	<u>421</u>

## Note 11 - Payables

### Current

Trade creditors	7,080	2,789
Accrued loan interest	30	102
Contract deposits	92	729
Income received in advance	226	723
Total current payables	<u>7,428</u>	<u>4,343</u>

## Note 12 - Interest bearing liabilities

	2008 \$'000	2007 \$'000
<b>Current - Secured</b>		
Private loans	20	19
TCV loans	4,046	2,621
<b>Total current secured loans</b>	<u>4,066</u>	<u>2,640</u>
<b>Non-current - Secured</b>		
Private loans	143	163
TCV loans	32,510	15,415
<b>Total non-current secured loans</b>	<u>32,653</u>	<u>15,578</u>

### Security over borrowings

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

### Financing arrangements

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

#### Credit standby arrangements

Total facilities		
Bank overdraft	250	250
<b>Total facilities</b>	<u>250</u>	<u>250</u>
Unused at the reporting date		
Bank overdraft	250	250
<b>Total unused at the reporting date</b>	<u>250</u>	<u>250</u>

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 2008 was 9.2% (2006/2007: 8.88%) 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	3,533	2,215
6 - 12 months	533	425
1 - 5 years	18,350	13,454
Over 5 years	14,303	2,124
	<u>36,719</u>	<u>18,218</u>
 Current borrowings		
Non-current borrowings	4,066	2,640
	<u>32,653</u>	<u>15,578</u>
	<u>36,719</u>	<u>18,218</u>

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

## Note 13 - Provisions

	2008 \$'000	2007 \$'000
<b>Current</b>		
Annual leave	883	966
Long service leave - unconditional short term - measured at nominal value	177	1,053
Long service leave - unconditional long term - measured at present value	1,218	185
Other leave	38	73
<b>Total current provisions</b>	<b>2,316</b>	<b>2,277</b>
<b>Non-current</b>		
Long service leave - conditional	241	209
<b>Total non-current provisions</b>	<b>241</b>	<b>209</b>
<b>Aggregate carrying amount of provisions</b>		
Current	2,316	2,277
Non-current	241	209
<b>Total provisions</b>	<b>2,557</b>	<b>2,486</b>
<b>Employee numbers</b>	<b>2008 No.</b>	<b>2007 No.</b>
Employee numbers at end of financial year	182	169
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	4.75%	4.95%
Weighted average discount rates	6.65%	6.11%
Weighted average settlement period (years)	7.10	7.22



## Note 14 - 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.

	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
<b>2008</b>									
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
<b>Total</b>		<b>436</b>	<b>4,316</b>	<b>317</b>	<b>340</b>	<b>367</b>	<b>4,362</b>	<b>1,049</b>	<b>11,187</b>
Financial liabilities:									
- Interest bearing liabilities	6.68%	3,018	1,048	1,177	10,666	1,036	19,774	-	36,719
<b>Total</b>		<b>3,018</b>	<b>1,048</b>	<b>1,177</b>	<b>10,666</b>	<b>1,036</b>	<b>19,774</b>	<b>-</b>	<b>36,719</b>
<b>2007</b>									
Financial assets:									
- Cash and cash equivalents	6.13%	374	-	-	-	-	-	-	374
- Trade and other receivables	8.27%	-	4,372	203	181	175	2,047	908	7,886
<b>Total</b>		<b>374</b>	<b>4,372</b>	<b>203</b>	<b>181</b>	<b>175</b>	<b>2,047</b>	<b>908</b>	<b>8,260</b>
Financial liabilities:									
- Interest bearing liabilities	6.23%	1,760	880	891	1,007	10,483	3,197	-	18,218
<b>Total</b>		<b>1,760</b>	<b>880</b>	<b>891</b>	<b>1,007</b>	<b>10,483</b>	<b>3,197</b>	<b>-</b>	<b>18,218</b>

### (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:

	2008		2007	
On balance sheet	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
- Cash and cash equivalents	436	436	374	374
- Trade and other receivables	10,751	9,084	7,886	7,082
<b>Total</b>	<b>11,187</b>	<b>9,520</b>	<b>8,260</b>	<b>7,456</b>
Financial liabilities				
- Interest bearing liabilities	36,719	29,990	18,218	15,534
<b>Total</b>	<b>36,719</b>	<b>29,990</b>	<b>18,218</b>	<b>15,534</b>

## Note 15 - Responsible person 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, Environment and Climate Change	The Hon. John Thwaites MP	1 July 2007 - 3 August 2007
Minister for Water	The Hon. Timothy Holding MP	3 August 2007 - 30 June 2008

#### Board

Chairman	Mr Harry Peeters
Deputy Chairman	Ms Jacinta Ermacora
Director	Ms Sandra Adams (term completed 30 September 2007)
Director	Mr Paul Battista
Director	Ms Di Clanchy
Director	Mr William Sharrock
Director	Mrs Marie Thornton
Director	Mr Rob Wallis (term commenced 1 October 2007)
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	2008 No.	2007 No.
\$0 - \$9,999	2	-
\$10,000 - \$19,999	5	6
\$30,000 - \$39,999	1	1
\$200,000 - \$209,999	-	1
\$270,000 - \$279,999	1	-
<b>Total numbers</b>	<b>9</b>	<b>8</b>

	2008 \$'000	2007 \$'000
Remuneration received or receivable by responsible persons and related parties in respect of the management of the Corporation during the reporting period was:	<b>409</b>	<b>329</b>

Amounts relating to the Minister are reported in the financial statements of the Department of Premier and Cabinet.

### Other transactions

A review of transactions for the 2007/2008 reveals that there were no other related transactions and loans requiring disclosure under the directions of the Minister of Finance. (2006/2007 : Nil)

### (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	2008 No.	2007 No.
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999	2	4
\$140,000 - \$149,999	2	-
<b>Total numbers</b>	<b>5</b>	<b>5</b>

	2008 \$'000	2007 \$'000
Remuneration received or receivable by executives in respect of the management of the Corporation during the reporting period was:	<b>689</b>	<b>666</b>

## Note 16 - Remuneration of auditors

	2008 \$'000	2007 \$'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	46	45
<b>Total remuneration of auditors</b>	<b>46</b>	<b>45</b>

## Note 17 - 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.

## Note 18 - Commitments

<b>Capital commitments</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>
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	11,596	7,034
Later than 1 year but not later than 5 years	244	40
<b>Total capital commitments</b>	<b>11,840</b>	<b>7,074</b>
<b>Operating commitments</b>		
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	1,905	1,673
Later than 1 year but not later than 5 years	674	272
<b>Total operating commitments</b>	<b>2,579</b>	<b>1,945</b>
<b>Total commitments for expenditure</b>	<b>14,419</b>	<b>9,019</b>

## Note 19 - 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). 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. From 1 July 2008 employers are required to pay superannuation guarantee contributions based on Ordinary Time Earnings (OTE) which may put upward pressure on contribution levels.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund'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 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. 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.

The Fund's liability for accrued benefits was determined in the 30 June 2008 actuarial investigation pursuant to the then requirements of Australian Accounting Standard AAS 25 as follows:

## Note 19 - Superannuation (cont.)

	2008 \$ '000	2007 \$ '000
Net Market Value of Assets	4,102,154	3,443,686
Accrued Benefits (per accounting standard)	3,923,436	3,319,598
Difference between Assets and Accrued Benefits	178,718	124,088
Vested Benefits	3,572,589	3,040,443

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

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

However, 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 2008 \$'000	Contribution for the year 2007 \$'000	Contribution outstanding at year end 2008 \$'000	Contribution outstanding at year end 2007 \$'000
State Superannuation Fund	50	50	-	-
Vision Super	671	650	-	-
VicSuper	10	6	-	-
Other	130	67	-	-
<b>Total contributions</b>	<b>861</b>	<b>773</b>	<b>-</b>	<b>-</b>

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

## Note 20 - Segment information

	Wholesale 2008 \$'000	Wholesale 2007 \$'000	Retail 2008 \$'000	Retail 2007 \$'000
<b>Revenue</b>				
Bulk water sales - urban retail	3,796	3,184	-	-
Retail service charges	-	-	20,374	18,233
Retail usage charges	-	-	12,672	13,800
Other revenue	-	-	8,588	7,940
<b>Total revenue</b>	<b>3,796</b>	<b>3,184</b>	<b>41,634</b>	<b>39,973</b>
<b>Expenditure</b>				
Employee benefits expense	(532)	(371)	(11,255)	(10,362)
Depreciation expense	(1,305)	(1,244)	(8,422)	(7,786)
Supplies and services (1)	(1,959)	(1,569)	(20,079)	(19,241)
Finance costs	-	-	(1,576)	(1,102)
Other expenses	-	-	(199)	(324)
<b>Total expenditure</b>	<b>(3,796)</b>	<b>(3,184)</b>	<b>(41,531)</b>	<b>(38,815)</b>
<b>Operating result by function</b>	<b>-</b>	<b>-</b>	<b>103</b>	<b>1,158</b>



## Note 20 - Segment information (cont.)

	Wholesale 2008 \$'000	Wholesale 2007 \$'000	Retail 2008 \$'000	Retail 2007 \$'000
<b>Assets</b>				
Property, plant and equipment	112,845	114,010	367,727	349,644
Other assets	-	-	17,303	13,561
<b>Total assets</b>	<b>112,845</b>	<b>114,010</b>	<b>385,030</b>	<b>363,205</b>
<b>Liabilities</b>				
Payables	-	-	7,428	4,343
Interest bearing liabilities	-	-	36,719	18,218
Other liabilities	-	-	2,557	2,486
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>46,704</b>	<b>25,047</b>
<b>Cash flow</b>				
Cash flows used in investing activities	(1,206)	(589)	(24,331)	(14,146)
Cash flows from financing activities	-	-	19,500	2,966
<b>Total cash flows from investing and financing activities</b>	<b>(1,206)</b>	<b>(589)</b>	<b>(4,831)</b>	<b>(11,180)</b>
Capital investments				
- Replacement/renewals	(472)	(60)	(10,216)	(2,473)
- Expansions/enhancements	(734)	(529)	(14,115)	(11,673)

(1) These sums include the bulk water amount charged to retail services which is disclosed as revenue in wholesale services of \$3,796,000 in 2007/2008 (2006/2007: \$3,184,000).

The Corporation has a bulk entitlement to extract a maximum of 12,580ML per annum from the Gellibrand River. The total amount extracted for 2007/2008 was 9,193ML (2006/2007: 10,368ML).

## Note 21 - Operating results of retail services

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

	Water 2008 \$'000	Water 2007 \$'000	Sewer 2008 \$'000	Sewer 2007 \$'000	Total Retail Operations 2008 \$'000	Total Retail Operations 2007 \$'000
<b>Revenue</b>						
Sales - external	14,103	19,477	18,943	12,556	33,046	32,033
Other revenue	3,050	2,041	5,538	5,899	8,588	7,940
<b>Total revenue</b>	<b>17,153</b>	<b>21,518</b>	<b>24,481</b>	<b>18,455</b>	<b>41,634</b>	<b>39,973</b>
<b>Service result</b>	<b>(6,063)</b>	<b>(506)</b>	<b>6,166</b>	<b>1,664</b>	<b>103</b>	<b>1,158</b>
<b>Operating surplus (deficit) from retail operations</b>					<b>103</b>	<b>1,158</b>

## Note 22 - 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 23 - Reconciliation of net result for the reporting period to net cash inflow from operating activities

	2008 \$'000	2007 \$'000
Net result for the reporting period	69	712
Depreciation and amortisation	9,726	9,030
Net (profit) loss on disposal of non-current assets	470	393
Infrastructure assets contributed at no cost	(1,360)	(2,169)
Change in operating assets and liabilities		
Decrease (increase) in receivables	(2,869)	(1,843)
Decrease (increase) in inventories	(201)	8
Decrease (increase) in other operating assets	(397)	(1,021)
Increase (decrease) in trade creditors	(225)	855
Increase (decrease) in other provisions	71	381
Increase (decrease) in deferred tax liabilities	34	446
Net cash inflow from operating activities	<u>5,317</u>	<u>6,792</u>

## Note 24 - Ex gratia payments

	2008 \$'000	2007 \$'000
<i>The authority has made the following ex gratia payments during the period:</i>		
Ex gratia payments	<u>6</u>	<u>12</u>

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 2008 and the financial position of the Corporation as at 30 June 2008.

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: 9<sup>th</sup> September 2008



Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Board of Wannon Region Water Corporation

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2008 of Wannon Region Water Corporation which comprises an 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's Responsibility for the Financial Report*

The Board of Wannon Region Water Corporation is responsible for the preparation and the 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 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 obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

This auditor's report relates to the financial statements published in both the annual report and on the website of Wannon Region Water Corporation for the year ended 30 June 2008. The Board Members of Wannon Region Water Corporation are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Wannon Region Water Corporation web site.

1

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## VAGO

Victorian Auditor-General's Office

### Independent Auditor's Report (continued)

#### *Independence*

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

#### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Wannon Region Water Corporation as at 30 June 2008 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  
10 September 2008

  
for D D R Pearson  
Auditor-General



The water clarifier at the Warmambool Water Treatment Plant

# Performance reporting

# Financial Performance Indicators

Performance Indicator	2006/07 Result	2007/08 Result	2007/08 Target	Variance %
<b>Long Term Profitability</b> Earnings before interest and tax ÷ average total assets	0.48%	0.39%	0.35%	11.43%
<b>Owner's Investment</b> Net profit after tax ÷ average total equity	0.16%	0.02%	-0.08%	125%
<b>Long Term Financial Viability</b> Total debt (including finance leases) ÷ total assets	3.82%	7.38%	8.47%	12.87%
<b>Liquidity and Debt Servicing (Interest Cover)</b> Earnings before net interest and tax expense ÷ net interest expense	2.9 times	1.1 times	0.9 times	22.22%
<b>Immediate Liquidity and Debt Servicing (Cash Cover)</b> Cash flow from operations before net interest and tax payments ÷ net interest payments	9.9 times	3.6 times	3.5 times	2.86%
<b>Operating Efficiency</b>				
<b>Water supply/sewerage collection</b> Operations, maintenance and administration expenses per ML transported or treated:				
• water supply bulk	\$124.79	\$87.79	\$75.82	-15.79%
• water supply reticulation	\$710.78	\$712.82	\$679.23	-4.95%
• water supply treatment	\$212.23	\$350.85	\$287.05	-22.23%
• sewerage reticulation	\$796.88	\$710.25	\$681.25	-4.26%
• sewerage treatment	\$642.66	\$703.58	\$623.35	-12.87%

## Variance Report – Financial Performance Indicators

The actual results for all indicators for the 2007/08 financial year were better than the targets; however, the results were below the previous year's. The profit-related indicators reflect the small profit made during 2007/08, compared to an expected loss, and the much larger profit result in 2006/07.

The debt and interest-related indicators reflect the slightly lower borrowings than planned and interest savings due to both the slightly lower borrowings and the later timing within the year of those borrowings when compared to target. Again, when compared to the previous year, these indicators reflect the increase in these components in comparison with the prior year.

# Service Performance Indicators

Performance Indicator	2006/07 Result	2007/08 Result	2007/08 Target	Variance %
<b>Water Supply interruptions</b> Number of customers receiving 5 unplanned interruptions in the year	See Note 1	0	0	0%
<b>Interruption time indicators</b> Average duration of unplanned water supply interruptions	87.3 minutes	89.7 minutes	108 minutes	16.9%
Average duration of planned water supply interruptions	142.6 minutes	126.5 minutes	180 minutes	29.7%
<b>Restoration of water supply</b> Unplanned water supply interruptions restored within (5) hours	98.4%	98.3%	97%	1.3%
<b>Reliability of sewerage collection services indicators</b> Sewer spills from reticulation and branch sewers (priority 1 and 2)	124	120	See Note 2	
Sewage spilt from emergency relief structures and pumping stations (% of volume transported)	0%	0%	0%	
<b>Containment of sewer spillages</b> Sewerage spills contained within (5) hours	100 %	99.2 %	98 %	1.2%
<b>Customer complaints indicators</b> Water quality complaints per 1,000 customers	7.67	3.59	See Note 2	
Water supply reliability complaints per 1,000 customers	0.78	0.35	See Note 2	
Sewerage service quality and reliability complaints per 1,000 customers	0.48	0.25	See Note 2	
Affordability complaints per 1,000 customers	0.08	0.02	See Note 2	
Billing complaints per 1,000 customers	0.58	1.15	See Note 2	
Pressure complaints per 1,000 customers	0.45	0.15	See Note 2	
Sewage odours complaints per 1,000 complaints	0.08	0.12	See Note 2	
Other complaints per 1,000 customers	0.73	0.85	See Note 2	

## Notes:

1. In 2006/07 Wannon Water did not have a system in place to record performance against this indicator.
2. No target was set for 2007/08.



# Sewage Treatment

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

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

	2005/06 Result	2006/07 Result	2007/08 Result	2007/08 Target	Variance
Number of individual test results meeting EPA licence conditions X 100 Number of routine tests for the year	91%	96%	98.4%	98%	0.4%

Water Reclamation Plant Compliance with EPA licence conditions	2005/06 Result	2006/07 Result	2007/08 Result
Camperdown Industrial	71%	100%	100%
Camperdown	100%	100%	100%
Casterton	99%	100%	100%
Cobden	100%	100%	100%
Coleraine	100%	100%	100%
Dunkeld	100%	100%	100%
Hamilton	91%	100%	100%
Heywood	99%	100%	100%
Mortlake	100%	100%	100%
Port Campbell	100%	100%	100%
Port Fairy Domestic	96%	98.3% <sup>1</sup>	98.3% <sup>1</sup>
Port Fairy Industrial	100%	89.5% <sup>2</sup>	92.7% <sup>2</sup>
Portland	82%	73.5% <sup>3</sup>	85.4% <sup>3</sup>
Simpson	100%	100%	100%
Terang	100%	100%	100%
Timboon	100%	100%	100%
Warrnambool	99%	100%	100%

1. The Ultra Violet disinfection system malfunctioned resulting in a temporary elevated *E-coli* result.
2. Commissioning issues associated with the new treatment facility resulted in non-compliance.
3. The current water reclamation plant is under capacity; an interim upgrade is currently under construction and a new treatment plant is planned for 2010.

# Environmental Performance Indicators

## Water recycling

### I. Recycled water reuse

	2005/06 Result	2006/07 Result	2007/08 Result	2007/08 Target	Variance
Percentage reuse	25%	14%	19%	25%	24%

Conditions for reuse improved this year as the season improved. Of the water available for reuse to land and industry, 72 per cent generated income. Discharges to stream occurred at four treatment plants (Casterton, Heywood, Cobden and Hamilton) that had insufficient capacity to store the increased winter flows.

The discharge to stream at Hamilton occurred due to the large quantity of water held over from last year. The volume of reuse water generated at Hamilton this year was successfully irrigated.

Coleraine has not irrigated for the past two years due to the high salinity of the waste water. Evaporation in the Coleraine treatment system has resulted in a net loss of water, further compounding the salinity issue.

Port Campbell irrigation area is currently limited to 7.5 hectares, resulting in less than desired water reused for irrigation. The surplus water is being stored in the new winter storage. A new irrigation area is currently under design and should be available for the 2008/09 irrigation season.

Camperdown Domestic third party irrigators did not use all their water; therefore, reuse was lower this year. Adequate storage capacity exists for this winter.

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

\* Plants with no reuse infrastructure.

## Environmental Performance Indicators continued

### 2. Biosolids reused/recycled

	2005/06 Biosolids Reused (dry tonnes per annum)	2006/07 Biosolids Reused (dry tonnes per annum)	2007/08 Biosolids Reused (dry tonnes per annum)
Port Fairy Industrial	300	380	339
Warrnambool	0	4,106	1,797
Port Fairy Domestic	0	0	Blended with Warrnambool
Total	300	4,486	2,136

	2005/06 Result	2006/07 Result	2007/08 Result	2007/08 Target	Variance
Biosolids reused	12%	88%	111%	100%	11%

All available biosolids were reused this year. Wannon Water has 10,445 dry tonnes of sludge under treatment.

## CERTIFICATION

### **WANNON REGION WATER CORPORATION PERFORMANCE REPORT** **Performance statement for period ended 30 June 2008**

In our opinion, the accompanying Statement of Performance of Wannon Region Water Corporation in respect of the 2007/08 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

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

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



H F Peeters  
Chairman  
Wannon Region Water Corporation



G V Green  
Managing Director  
Wannon Region Water Corporation

Date:

9<sup>th</sup> September 2008





Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

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

#### *The Statement of Performance*

The accompanying statement of performance for the year ended 30 June 2008 of Wannon Region Water Corporation comprises the statement, the related notes and the performance statement certification.

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

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

#### *Auditor's Responsibility*

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

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

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

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

This auditor's report relates to the statement of performance published in both the annual report and on the website of Wannon Region Water Corporation for the year ended 30 June 2008. The Board Members are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statement named above. An opinion is not provided on any other information which may have been hyperlinked to or from this statement. 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 statement of performance to confirm the information included in the audited statement of performance presented on the Wannon Region Water Corporation web site.

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### Independent Auditor's Report (continued)

#### *Independence*

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

#### *Auditor's Opinion*

In my opinion, the statement of performance of Wannon Region Water Corporation in respect of the 30 June 2008 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE  
10 September 2008



D D R PEARSON  
Auditor-General

# Disclosure index

The 2007/08 annual report of the Wannon Region Water Corporation is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Corporation's compliance with statutory disclosure requirements.

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## Other disclosures in notes to the financial statements

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Water testing equipment at the Warrnambool Water Treatment Plant

# Appendices

## Appendix I

### Notes on Bulk Entitlements:

- **Report in relation to Section 12.1 of the Bulk Entitlement (Otway System) Conversion Order 1998**
  - (a) The flow to irrigators managed by Southern Rural Water is not available. The North and South Otway system inflows were, therefore, not able to be calculated. Flow share arrangements were based on providing the specified passing flow
  - (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 9,193 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.
- **Report in relation to Section 12.1 of the Bulk Entitlement (Hamilton) Conversion Order 1997**
  - (a) The flows in each waterway immediately upstream of the system diversion point have not been monitored and works under clause 16 to ensure that only water to which Wannon Water is entitled is taken have not been implemented
  - (b) The specified passing flow in accordance with the Temporary amendment was 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
  - (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 1,655ML
  - (f) The amount in credit to the drought reserve is the maximum allowable of 520ML
  - (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) A temporary amendment was made by the Minister in relation to the provision of passing flows
  - (j) There were no new Bulk Entitlements granted to Wannon Water with respect to this system
  - (k) Wannon Water failed to comply with the specified passing flows prior to the temporary amendment. Wannon Water has complied with the specified passing flows since the temporary amendment was made
  - (l) A project has been identified in the next Water Plan to undertake works to provide specified passing flows and improve metering.
- **Report in relation to Section 13.1 of the Bulk Entitlement (Dunkeld System) Conversion Order 1997**
  - (a) The daily volumes of water taken from the system diversion point and the system storage under this Bulk Entitlement are not available
  - (b) The water level and the amount of water in storage is measured weekly. As of 30 June 2008 the system storage was at 209.36 metres AHD and held 5.8 ML
  - (c) The annual amount taken from the system storage was 14.70 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 is not available
  - (j) A project has been identified in the next Water Plan to improve metering of water taken from the system diversion point and the system storage. Weekly data is available.



## Appendix I continued

### Notes on Bulk Entitlements:

- **Report in relation to Section 13.1 of the Bulk Entitlement (Glenthompson) Conversion Order 1997**
  - (a) The daily amount of water taken under this Bulk Entitlement is not available. Only weekly data is available. 24.9 ML of water was purchased from Grampians Wimmera Mallee Water to supply the annual demand for Glenthompson of 25.6 ML. The balance was sourced from the Glenthompson Reservoir
  - (b) The water level and amount of water in storage is measured weekly. As at 30 June 2008 the level in Glenthompson Reservoir was 307.15 metres and the contents were 39.8 ML. The Railway Reservoir was empty
  - (c) The annual amount taken under this Bulk Entitlement was 0ML
  - (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. The Department of Sustainability and Environment 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) A budget has been identified in the next Water Plan to improve metering of water taken from the system storage. Weekly data is available.
- **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 is not available. Only weekly data is available. The present metering arrangement does not provide for the logging of daily data
  - (b) The annual amount taken under this Bulk Entitlement was 43.67ML
  - (c) No water was taken from any other works of Wannon Water for this system.
  - (d) The seasonal allocation was 82ML
  - (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) A budget has been identified in the next Water Plan to improve metering of water taken from the system storage. Weekly data is available.

## Appendix 2

### Actual Annual Consumption Tables

Expressed in megalitres (ML) and number of assessments (No.)

#### Otway Supply System

Water District	Residential Customers				Non-Residential Customers				Rural Customers		Major Customers		Total Customer Consumption		Customers supplied under agreement (included in total)		Bulk Meter Usage	5-Yr Average Annual Water Demand	Total Water Demand/ Average Annual Demand	Non Revenue Water	
	Developed		Undeveloped		Developed		Undeveloped		ML	No.	ML	No.	ML	No.	ML	No.	ML	ML	%	ML	%
	ML	No.	ML	No.	ML	No.	ML	No.													
Allansford	55.29	270	0.43	10	36.08	39	0.01	1	-	5	-	-	94.14	325	1.61	8	113.78	99.21	114.7%	19.64	17.3%
Camperdown	253.04	1459	1.97	52	76.81	203	0.22	4	-	-	-	-	332.04	1718	0.09	3	387.96	421.42	92.1%	55.92	14.4%
Camperdown Rural	-	-	-	-	-	-	-	-	625.54	378	-	-	625.54	378	22.72	14	734.82	781.52	94.0%	109.28	14.9%
Cobden Rural	-	-	-	-	-	-	-	-	32.97	17	-	-	32.97	17	-	-	-	-	-	-	-
Cobden Urban	112.65	674	0.61	10	47.46	96	0.00	1	115.58	88	382.92	1	659.22	870	7.74	12	735.71	830.31	88.6%	43.52	5.9%
Koroit	94.51	596	0.07	9	23.70	55	0.00	1	3.25	2	109.63	1	231.16	664	0.09	8	297.98	349.62	85.2%	66.82	22.4%
Lismore & Derrinallum	46.43	317	0.17	14	15.60	68	0.00	2	65.18	75	-	-	127.38	476	0.00	1	140.63	158.25	88.9%	13.25	9.4%
Mortlake	85.37	523	0.83	21	27.19	109	0.60	3	-	-	-	-	113.99	656	2.41	2	141.04	166.44	84.7%	27.05	19.2%
Noorat & Glenormiston	30.37	133	0.11	5	36.19	14	-	-	66.93	72	-	-	133.60	224	0.38	31	134.93	166.97	80.8%	1.34	1.0%
North Otway Pipeline	-	-	-	-	10.22	1	-	-	704.88	454	457.64	1	1,172.74	456	1,076.14	456	1,172.74	1,269.67	92.4%	0.00	0.0%
Purnim	-	-	-	-	-	-	-	-	17.35	75	-	-	17.35	75	-	-	23.11	29.43	78.5%	5.76	24.9%
Simpson	21.75	79	0.08	1	3.86	16	-	-	28.98	10	69.09	1	123.75	107	8.16	6	128.38	139.62	91.9%	4.63	3.6%
Terang	155.10	895	2.54	24	48.78	143	0.00	1	7.56	1	-	-	213.97	1064	-	-	264.68	270.17	98.0%	50.71	19.2%
Warrnambool	2222.99	12401	5.11	72	600.78	1382	2.45	44	17.32	26	862.86	4	3,711.51	13979	1.32	40	4,419.60	4,751.21	93.0%	708.09	16.0%
<b>Total</b>	<b>3,077.50</b>	<b>17,347</b>	<b>11.91</b>	<b>218</b>	<b>926.66</b>	<b>2,126</b>	<b>3.29</b>	<b>57</b>	<b>1,687.86</b>	<b>1,203</b>	<b>1,882.15</b>	<b>8</b>	<b>7,589.35</b>	<b>20,959</b>	<b>1,120.66</b>	<b>581</b>	<b>8,695.36</b>	<b>9,433.84</b>	<b>92.2%</b>	<b>1,106.01</b>	<b>12.7%</b>

#### The Dilwyn Aquifer (West) Supply System

Water District	Residential Customers				Non-Residential Customers				Rural Customers		Major Customers		Total Customer Consumption		Customers supplied under agreement (included in total)		Bulk Meter Usage	5-Yr Average Annual Water Demand	Total Water Demand/ Average Annual Demand	Non Revenue Water	
	Developed		Undeveloped		Developed		Undeveloped		ML	No.	ML	No.	ML	No.	ML	No.	ML	ML	%	ML	%
	ML	No.	ML	No.	ML	No.	ML	No.													
Dartmoor	16.04	130	0.20	8	1.62	16	-	-	-	-	-	-	17.86	154	-	-	26.24	23.75	110.5%	8.38	31.9%
Heywood	115.41	607	0.48	55	42.46	86	2.34	21	2.90	6	-	-	163.59	775	0.09	7	188.38	205.47	91.7%	24.79	13.2%
Port Fairy	303.26	1738	10.77	290	145.41	204	4.64	25	0.27	2	158.94	1	623.28	2260	16.36	4	826.34	786.65	105.0%	203.06	24.6%
Portland	830.14	4623	4.31	570	306.78	635	10.00	94	2.69	6	558.46	2	1,712.38	5930	0.07	23	2,175.42	2,085.99	104.3%	463.04	21.3%
<b>Total</b>	<b>1,264.85</b>	<b>7,098</b>	<b>15.76</b>	<b>923</b>	<b>496.27</b>	<b>941</b>	<b>16.98</b>	<b>140</b>	<b>5.86</b>	<b>14</b>	<b>717.39</b>	<b>3</b>	<b>2,517.11</b>	<b>9,119</b>	<b>16.51</b>	<b>34</b>	<b>3,216</b>	<b>3,101.86</b>	<b>103.7%</b>	<b>699.27</b>	<b>21.7%</b>

## Appendix 2 continued

### Actual Annual Consumption Tables

Expressed in megalitres (ML) and number of assessments (No.)

#### The Dilwyn Aquifer (East) Supply System

Water District	Residential Customers				Non-Residential Customers				Rural Customers				Major Customers				Total Customer Consumption				Customers supplied under agreement (included in total)		Bulk Meter Usage	5-Yr Average Annual Water Demand	Total Water Demand/ Average Annual Demand		Non Revenue Water	
	Developed		Undeveloped		Developed		Undeveloped		Developed		Undeveloped		Developed		Undeveloped		Developed		Undeveloped		ML	%			ML	%		
	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.	ML	No.										
Peterborough	17.48	280	1.21	10	8.56	10	-	-	7.88	6	-	-	35.13	306	-	-	34.47	40.94	84.2%	-0.66	-1.9%							
Port Campbell	26.14	226	0.32	11	29.33	37	0.01	2	-	-	-	-	55.81	276	0.00	1	62.95	66.19	95.1%	7.14	11.3%							
Timboon	59.48	381	2.71	18	30.78	66	2.97	3	90.76	101	-	-	186.71	569	102.63	3	221.18	252.87	87.5%	34.47	15.6%							
Total	103.10	887	4.24	39	68.67	113	2.99	5	98.65	107	-	-	277.64	1,151	102.63	4	318.60	360.00	88.5%	40.96	12.9%							

#### Grampians Supply System

Water District	Residential Customers				Non-Residential Customers				Rural Customers		Major Customers		Total Customer Consumption		Customers supplied under agreement (included in total)		Bulk Meter Usage	5-Yr Average Annual Water Demand	Total Water Demand/ Average Annual Demand	Non Revenue Water	
	Developed		Undeveloped		Developed		Undeveloped		ML	No.	ML	No.	ML	No.	ML	%				ML	%
	ML	No.	ML	No.	ML	No.	ML	No.													
Cavendish	7.33	62	0.03	9	2.44	22	0.00	1	2.41	11	-	0	12.21	105	3.18	21	14.22	19.89	71.5%	2.01	14.1%
Dunkeld	34.60	272	0.38	38	11.11	44	0.00	3	7.65	32	-	0	53.73	389	9.58	46	64.24	86.50	74.3%	10.51	16.4%
Hamilton	636.43	4464	2.58	123	198.45	637	0.08	25	25.78	50	195.87	2	1,059.17	5301	0.66	94	1,194.37	1,545.53	77.3%	135.20	11.3%
Hamilton Pipeline	-	0	-	0	-	0	-	0	17.27	35	-	0	17.27	35	0.00	35	17.27	46.60	70.3%	0.00	0.0%
Tarrington	19.05	112	0.10	2	1.76	7	-	0	5.79	17	-	0	26.70	138	9.40	27	32.75	46.60	70.3%	6.05	18.5%
Total	697.40	4910	3.08	172	213.76	710	0.08	29	58.89	145	195.87	2	1,169.08	5968	22.82	223	1,322.85	1,698.52	77.9%	153.78	11.6%

#### The Tullich Bore Supply System

Water District	Residential Customers				Non-Residential Customers				Rural Customers		Major Customers		Total Customer Consumption		Customers supplied under agreement (included in total)		Bulk Meter Usage	5-Yr Average Annual Water Demand	Total Water		Non Revenue Water	
	Developed		Undeveloped		Developed		Undeveloped		ML	No.	ML	No.	ML	No.	ML	No.			ML	%	ML	%
	ML	No.	ML	No.	ML	No.	ML	No.														
Water District																						

## Appendix 2 continued

### Actual Annual Consumption Tables

Expressed in megalitres (ML) and number of assessments (No.)

#### Other Water Supplies

Water District	Residential Customers				Non-Residential Customers				Rural Customers		Major Customers		Total Customer Consumption		Customers supplied under agreement (included in total)		Bulk Meter Usage	5-Yr Average Annual Water Demand	Total Water Demand/ Average Annual Demand	Non Revenue Water	
	Developed		Undeveloped		Developed		Undeveloped		ML	No.	ML	No.	ML	No.	ML	No.	ML	ML	%	ML	%
	ML	No.	ML	No.	ML	No.	ML	No.													
Balmoral*	1476	103	-	2	9.05	27	-	1	16.06	18	-	-	39.87	151	15.04	20	58.23	72.05	80.8%	18.36	31.5%
Caramut	9.54	46	1.13	8	6.47	14	0	1	9.26	18	-	-	26.40	87	3.26	11	35.77	38.59	92.7%	9.38	26.2%
Coleraine	70.81	496	0.12	48	24.44	102	0.00	1	21.24	34	-	-	116.62	681	30.80	41	129.03	149.29	86.4%	12.41	9.6%
Darlington	1.54	18	3.00	1	0.36	3	-	0	-	0	-	-	4.90	22	1.71	22	4.90	2.67	183.5%	0.00	0.0%
Glen Thompson	8.68	95	0.00	3	2.11	26	0.00	1	17.93	38	-	-	28.72	163	1.71	40	25.60	43.01	59.5%	-3.12	-12.2%
Macarthur	18.51	136	-	0	5.89	41	-	0	0.51	2	-	-	24.91	179	0.07	3	26.73	28.84	92.7%	1.82	6.8%
Penshurst	49.68	250	0.00	11	15.16	62	-	0	7.77	3	-	-	72.61	326	7.47	10	149.24	143.72	103.8%	76.63	51.3%
<b>Total</b>	<b>173.52</b>	<b>1144</b>	<b>4.25</b>	<b>73</b>	<b>63.48</b>	<b>275</b>	<b>0.00</b>	<b>4</b>	<b>72.77</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>314.03</b>	<b>1609</b>	<b>60.05</b>	<b>147</b>	<b>429.50</b>	<b>478.17</b>	<b>89.8%</b>	<b>115.47</b>	<b>26.9%</b>

\*Balmoral is supplied from Rocklands Reservoir

#### Supply Systems Total

Supply District	Residential Customers				Non-Residential Customers				Rural Customers		Major Customers		Total Customer Consumption		Customers supplied under agreement (included in total)		Bulk Meter Usage	5-Yr Average Annual Water Demand	Total Water Demand/ Average Annual Demand	Non Revenue Water	
	Developed		Undeveloped		Developed		Undeveloped		ML	No.	ML	No.	ML	No.	ML	No.	ML	ML	%	ML	%
	ML	No.	ML	No.	ML	No.	ML	No.													
Otway	3077.50	17347	11.91	218	926.66	2126	3.29	57	1687.86	1203	1882.15	8	7589.35	20959	1120.66	581	8695.36	9433.84	92.17%	1106.0076	12.72%
Dilwyn West	1264.85	7098	15.76	923	496.27	941	16.98	140	5.86	14	717.39	3	2517.11	9119	16.51	34	3216.38	3101.86	103.69%	699.26918	21.74%
Dilwyn East	103.10	887	4.24	39	68.67	113	2.99	5	98.65	107	0.00	0	277.64	1151	102.63	4	318.60	360.00	88.50%	40.959	12.86%
Gramplains	697.40	4910	3.08	172	213.76	710	0.08	29	58.89	145	195.87	2	1169.08	5968	22.82	223	1322.85	1698.52	77.88%	153.775	11.62%
Tullich Bore	176.83	966	0.74	58	98.73	182	1.68	10	77.42	135	0.00	0	355.40	1351	60.97	160	392.50	401.55	97.75%	37.1011	9.45%
Other	173.52	1144	4.25	73	63.48	275	0.00	4	72.77	113	0.00	0	314.03	1609	60.05	147	429.50	478.17	89.82%	115.472	26.89%
Metered Hydrant*											48.65										
<b>Total</b>	<b>5493.20</b>	<b>32352</b>	<b>39.99</b>	<b>1483</b>	<b>1867.56</b>	<b>4347</b>	<b>25.01</b>	<b>245</b>	<b>2001.45</b>	<b>1717</b>	<b>2844.06</b>	<b>13</b>	<b>12222.61</b>	<b>40157</b>	<b>1383.64</b>	<b>1149</b>	<b>14375.19</b>	<b>15473.94</b>	<b>92.90%</b>	<b>2152.58</b>	<b>14.97%</b>

\*The metered hydrant program does not identify which water district the water is taken from.

## Actual Number of Sewerage and Tradewaste Customers

Sewerage District	Residential Customers		Non-Residential Customers		Trade Waste	
	Developed No.	Undeveloped No.	Developed No.	Undeveloped No.	Minor No.	Major No.
Allansford	235	-	22	-	3	1
Camperdown	1,393	-	224	-	42	1
Casterton	686	38	135	3	-	-
Cobden Urban	633	-	97	-	17	-
Coleraine	482	41	88	1	-	-
Dunkeld	217	-	36	1	-	-
Hamilton	4,110	101	539	8	-	2
Heywood	595	51	85	8	33	-
Koroit	579	-	64	-	13	-
Mortlake	495	-	95	-	13	-
Noorat & Glenormiston	2	-	-	-	-	-
Peterborough*	4	-	-	-	-	-
Port Campbell	208	-	53	-	18	-
Port Fairy	1,683	248	162	5	69	1
Portland	4,396	502	595	53	237	-
Simpson	67	-	13	-	2	-
Terang	839	-	151	-	28	-
Timboon	350	-	77	-	14	-
Warrnambool	12,230	-	1,579	-	283	4
<b>Total</b>	<b>29,204</b>	<b>981</b>	<b>4,015</b>	<b>79</b>	<b>772</b>	<b>9</b>

\*Peterborough Sewerage District was declared in May/June 2008



## 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.

## Appendix 3 continued

### Wannon Water Whistleblowers Protection Policy

#### 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 2001*; 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 210 490**  
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

Reporting Elements & Indicators	GRI Reference	Status e.g. Not Reported (-), Fully Reported (F), Partly Reported (P),	Reference e.g. Annual Report page I = p. I Wannon Water Website = Web
<b>Strategy &amp; Analysis</b>			
Statement from Chairman and Managing Director	I.1	F	p. 4
Description of key risks, impacts & opportunities	I.2	F	Web
<b>Organisational Profile</b>			
Name of Organisation	2.1	F	p. 8, Web
Primary brands, products and/or services	2.2	F	p. 8, Web
Operational structure of organisation	2.3	F	p. 15
Location of organisation's headquarters	2.4	F	p. 8, Web
Countries of operation	2.5	F	p. 8
Nature of ownership and legal form	2.6	F	p. 8, Web
Markets served	2.7	F	p. 8, 23, 100-103, Web
Scale of organisation	2.8	F	p. 8, Web
Significant changes during reporting period	2.9	F	p. 18
Awards received in the reporting period	2.10	F	p. 8
<b>Report Parameters</b>			
Reporting period	3.1	F	p. 1
Date of most recent previous report (if any)	3.2	F	p. 1
Reporting cycle	3.3	F	p. 1
Contact person for report	3.4	F	p. 55
Process for determining report content	3.5	F	p. 1
Boundary of the report	3.6	F	p. 1
Limitations on the report	3.7	F	p. 1
Basis for reporting	3.8	F	p. 1
Data measurement techniques and bases of calculations	3.9	-	
Explanation of the effect of, and reason for, any re-statements of information from earlier reports	3.10	F	p. 1
Significant changes in scope, boundary, measurement method from previous period	3.11	F	p. 1
GRI Content Index	3.12	F	p. 104
Assurance	3.13	-	
<b>Governance, Commitments &amp; Engagement</b>			
Governance structure of organisation	4.1	F	p. 12-15, Web
Chair / executive officer status	4.2	F	p. 13-14
Unitary board - number of independent / non executive members	4.3	F	p. 14
Mechanisms for communication to the board	4.4	F	p. 14-15, Web
Remuneration of board members, senior managers and executives	4.5	F	p. 79
Avoidance of conflict of interest	4.6	-	
Board: qualifications and expertise	4.7	F	p. 13-14, Web

## Global Reporting Initiative Index continued

Reporting Elements & Indicators	GRI Reference	Status e.g. Not Reported (-), Fully Reported (F), Partly Reported (P)	Reference e.g. Annual Report page 1 = p. 1 Wannon Water Website = Web
Internal statements: mission, values, codes of conduct and principles relevant to economic, environmental and social performance and their status of implementation	4.8	F	All, Web
Board: oversight of sustainability performance	4.9	F	p. 11
Board: Evaluation of performance	4.10	P	p. 14
Precautionary principle	4.11	-	
External economic, environmental and social charters, principles and initiatives subscribed to or endorsed by the organisation	4.12	-	
Memberships	4.13	F	p. 14, 17, 44-45, 54
<b>Stakeholder list</b>	4.14	F	p. 8, Web
<b>Basis for stakeholder identification and engagement</b>	4.15	F	p. 8, Web
Approach to stakeholder engagement	4.16	F	p. 8, 11-12, 15, 23-24, 31-35, 42-43, 47-48, Web
Stakeholder topics and response	4.17	F	p. 23-24, 31-32, Web
<b>Management Approach and Performance</b>			
<b>Economic Performance Indicators</b>			
Economic Management Approach	DMA	Not req'd for C rating	
Economic profile	EC1	F	p. 17-19, 58-60
Financial implications of climate change	EC2	P	p. 20, Web
Benefit plan obligations	EC3	P	p. 70, 80-81
Financial assistance from government	EC4	-	
Wage comparison	EC5	-	
Suppliers: policies & practices & local spend	EC6	-	
Hiring: Procedure and proportion of senior management from local community	EC7	-	
Infrastructure development and public benefit	EC8	F	p. 18, 20-21, 42-43, 47-48
Indirect economic impacts	EC9	-	
<b>Environmental Performance Indicators</b>			
Environmental Management Approach	DMA	Not req'd for C rating	
Materials used	EN1	-	
Materials - % that are recycled input	EN2	-	
Energy - Direct consumption	EN3	P	p. 54
Energy - Indirect consumption	EN4	-	
Energy saved - conservation and efficiency	EN5	-	
Energy efficiency / renewable energy initiatives and reductions in energy requirements	EN6	-	
Energy efficiency - indirect energy	EN7	-	
Total water withdrawal by source	EN8	F	p. 40-41, 100-102, Web
Water sources significantly affected by withdrawal of water	EN9	-	
Percentage and total volume of water recycled and reused	EN10	F	p. 52-53, 91




## Global Reporting Initiative Index continued

Reporting Elements & Indicators	GRI Reference	Status e.g. Not Reported (-), Fully Reported (F), Partly Reported (P)	Reference e.g. Annual Report page I = p. I Wannon Water Website = Web
Biodiversity - land status, area, location, protected areas and surrounds	EN11	-	
Impacts to biodiversity	EN12	-	
Habitats protected or restored	EN13	F	p. 44, Web
Biodiversity Management	EN14	P	p. 44, Web
IUCN Red List & nationally significant species and habitat and area affected by operations	EN15	-	
Greenhouse emissions - direct and indirect	EN16	P	p. 54
Greenhouse emissions - other indirect	EN17	-	
Greenhouse emissions reduction	EN18	P	p. 54
Emissions of ozone-depleting substances by weight	EN19	-	
NOx, SOx, and other significant air emissions by type and weight	EN20	-	
Total water discharge by quality and destination	EN21	P	p. 42
Total weight of waste by type and disposal method	EN22	P	p. 43, 92
Total number and volume of significant spills	EN23	F	p. 23-24, 89
Hazardous waste (Basel Convention) - weight transported and percentage shipped internationally	EN24	-	
Biodiversity - Water bodies and related habitats affected by discharge and runoff	EN25	-	
Products and services - environmental impact reduction	EN26	-	
Products & Packaging - percentage reclaimed	EN27	-	
Compliance - fines and non-monetary sanctions	EN28	P	p. 42, 90
Transport - Significant environmental impacts	EN29	-	
Environmental expenditure	EN30	-	
<b>Social Performance Indicators</b>			
<b>Human Rights</b>			
Human Rights management approach	DMA	Not req'd for C rating	
Human Rights: screening of significant investments	HR1	-	
Human Rights: screening of suppliers and contractors	HR2	-	
Human Rights training for employees: hours, aspects and percentage of employees	HR3	-	
Discrimination Policy, incidents and actions taken	HR4	-	
Freedom of Association & Collective Bargaining: risks to and protection measures	HR5	-	
Child labour risk management	HR6	-	
Compulsory labour risk management	HR7	-	
Human Rights: Training for security personnel	HR8	Not Reported / Not Applicable	
Indigenous people: incidents and violations of rights and actions taken	HR9	-	
<b>Labour Practices &amp; Decent Work</b>			
Labour Practices and Decent Work Management Approach	DMA	Not req'd for C rating	



## Global Reporting Initiative Index continued

Reporting Elements & Indicators	GRI Reference	Status e.g. Not Reported (-), Fully Reported (F), Partly Reported (P)	Reference e.g. Annual Report page I = p. I Wannon Water Website = Web
Workforce breakdown by employment type, contract and region	LA1	P	p. 35
Employee turnover	LA2	-	
Employee benefits - full-time vs temporary or part time	LA3	-	
Collective bargaining agreements - % of employees covered by	LA4	P	p. 35
Notice period for significant operational changes	LA5	-	
Joint management / worker OHS committees - % of total workforce represented	LA6	P	p. 38
OHS Statistics - Lost time injury / disease frequency rates by region	LA7	F	p. 38
Health & Safety - programs to assist workforce members, their families or community members regarding serious diseases	LA8	-	
Health and safety in formal agreements with trade unions	LA9	-	
Training: average hours per year per employee by employee category	LA10	P	p. 37
Skills Management & Lifelong Learning: Programs for Employees	LA11	P	p. 37
Performance & Career Development Reviews	LA12	F	p. 37
Diversity statistics	LA13	P	p. 35
Remuneration: salary of men to women by employee category	LA14	-	
<b>Product Responsibility</b>			
Product Responsibility Management Approach	DMA	Not req'd for C rating	
Products & Services: Customer Health and Safety	PR1	F	p. 27-30, Web
Products & Services: Non-compliance incidents and outcomes	PR2	F	p. 27-30, Web
Product Service Information and Labelling	PR3	-	
Product & Service Information & Labelling: breaches	PR4	-	
Customer Satisfaction	PR5	F	p. 23-24, Web
Marketing Communications: Programs for compliance with laws and standards	PR6	-	
Marketing Communications: Non-compliance incidents with laws and standards	PR7	-	
Customer Privacy: breaches and incidents of data loss	PR8	-	
Fines for product & service non-compliance	PR9	-	
<b>Society</b>			
Society Management Approach	DMA	Not req'd for C rating	
Communities: Impact of operations on	SO1	-	
Corruption Risk: Business unit analysis	SO2	-	
Anti-corruption: training	SO3	-	
Corruption: Actions taken in response to incidents	SO4	-	
Public Policy Development: Position on, participation and lobbying	SO5	-	
Political Contributions: Total value	SO6	-	
Anti-competitive behavior: legal actions and outcomes	SO7	-	
Non-compliance: Value of monetary fines and number of non-monetary sanctions	SO8	-	

Report Application Level		C	C+	B	B+	A	A+
Standard disclosures	 G3 Profile Disclosures	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: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report externally assured	Same as requirement for Level B	Report externally assured
	 G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	 G3 Performance Indicators & Sector Supplement Performance Disclosures	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					

## 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 <i>Water Act 1989</i>
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
DAFF	Dissolved Air Floatation Filtration – a treatment process that removes high levels of organic content found in raw water supplies
<i>E.coli</i>	<i>Escherichia coli</i> – 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 sewage 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 flows 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 contributes to the greenhouse effect

## Glossary of terms continued

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	One thousand (1,000) litres
Major customer	A customer who uses greater than 40 megalitres of water per year
Megalitre	One million (1,000,000) litres
OHS	Occupational Health and Safety – the protection of the health, safety and wellbeing of employees, contractors and visitors
<i>Our Water Our Future</i>	The Victorian Government's water reform White Paper
Oxidised iron	The solid state of iron which is able to settle out of solution
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
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, 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 restrictions	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

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