

2006
annual report
WANNON WATER

our first year...

Wannon Water...Our First Year in Review

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Front Cover Photo:
Virginia Martin - amateur [s]

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Natasha Pollard
secondary [d]

our first year....

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Michelle Row - amateur [d]

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Colin Hendy - amateur [s]



our first year in review

our message

FROM THE CHAIRMAN & CHIEF EXECUTIVE

A MAJOR REFORM OF THE WATER INDUSTRY IN THE SOUTH WEST OF VICTORIA WAS ACHIEVED ON 1 JULY, 2005, FOLLOWING THE MERGER OF GLENELG WATER, PORTLAND COAST WATER AND SOUTH WEST WATER TO FORM WANNON WATER.

Wannon Water has the scale to build on the past achievements of the merged authorities and the capacity to deliver the major capital works program required to service regional growth, replace ageing infrastructure and to meet more stringent regulatory standards. The organisation is on track to achieve this goal having delivered \$17.1 million of capital works in 2005/06.

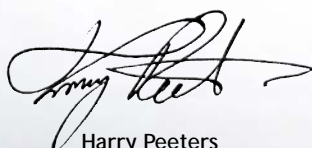
The reduction in overheads associated with having one Board, one executive team, and the consolidation of corporate services including the migration to single computer information systems for billing, financial, Geographical Information System, payroll and other services has freed up resources to focus on the delivery of improved outcomes for our customers.

The pre-merger commitments to maintaining employment opportunities in the region, improving service delivery to customers and maintaining viable offices in Hamilton, Portland and Warrnambool were honoured. We acknowledge the commitment of our employees to maintaining a high level of service to customers during the organisational restructure process following the merger.

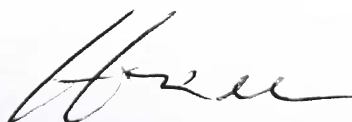
Wannon Water received an excellent overall customer satisfaction rating from an independent survey of our customers, with 92 per cent of domestic customers and 93 per cent of business customers indicating that they were satisfied or extremely satisfied with the services provided.

During the past 12 months Wannon Water implemented key actions set out in the State Government's White Paper "Our Water Our Future" including the introduction of permanent water savings measures and water recycling. The preparation of a water supply demand strategy was initiated to detail the actions to be taken to secure the region's water supplies for the next 50 years.

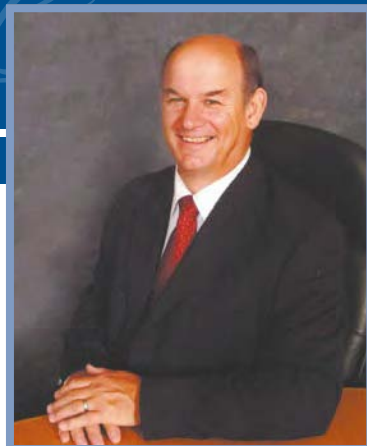
At Wannon Water we are proud of our achievements in the first year and we will strive to deliver a sustainable water future for our communities in south west Victoria.



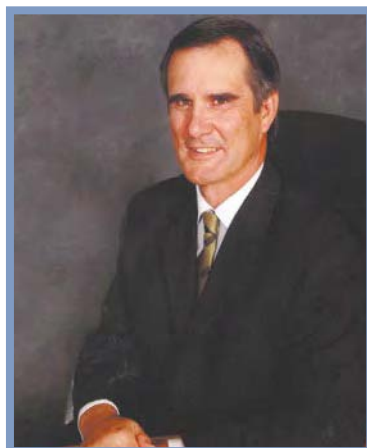
Harry Peeters
Chairman



Grant Green
Chief Executive



Harry Peeters - Chairman



Grant Green - Chief Executive

*At Wannon Water
we are proud of our
achievements in the first
year and we will strive
to deliver a sustainable
water future for our
communities in
south west Victoria*

our first year's highlights

JULY 2005 - JUNE 2006



Julie Wallace
amateur [s]

JULY 2005

- Wannon Water was formed on 1 July 2005

AUGUST 2005

- Wannon Water launched new logo
- Dartmoor water supply scheme stage 2 commissioned

SEPTEMBER 2005

- Chief Executive, Grant Green commenced
- Port Fairy ocean outfall sewer replacement completed
- Portland Region SCADA & electrical remediation contract commenced

OCTOBER 2005

- Customer Engagement Committee members appointed
- Wannon Water's first regional customer newsletter issued

NOVEMBER 2005

- Camperdown office & depot redevelopment completed

DECEMBER 2005

- Executive team appointed

JANUARY 2006

- Minister for Water announces \$900,000 funding grant for Peterborough Sewerage Scheme
- Casterton outfall sewer remedial works completed
- Camperdown industrial treatment plant biosolids treatment facility upgrade commenced

FEBRUARY 2006

- Port Campbell water reclamation plant winter storage construction completed
- Terang depot improvements completed
- Casterton water treatment plant upgrade commenced
- Organisational restructure completed

MARCH 2006

- Warrnambool water treatment plant upgrade completed
- South Otway Plantation Road storage embankment stabilisation works completed
- Simpson water treatment plant completed
- Hamilton water reclamation plant sludge thickener project commenced
- Dartmoor water supply scheme stages 3 and 4 commenced

APRIL 2006

- Warrnambool water reclamation plant blower refurbishment project completed
- Leura Lane, Hamilton, sewer main extension commenced
- Portland Henty Park Bore decommissioned

MAY 2006

- Permanent water savings measures introduced
- Port Fairy domestic water reclamation sludge dewatering plant upgrade commenced
- Port Fairy industrial water reclamation plant upgrade commenced
- Camperdown water main replacements commenced

JUNE 2006

- Merino water transfer main & pumping station completed
- Dunkeld reclaimed water infrastructure completed
- Wannon Water's second regional customer newsletter issued

corporate profile

INTRODUCING WANNON WATER

Wannon Water is a statutory authority constituted on 1 July, 2005 by Government Order under Section 98 (1) (b) of the *Water Act 1989* to merge Glenelg Region Water Authority, Portland Coast Region Water Authority and South West Water Authority.

SERVICE AREA

We provide essential water and sewerage services to approximately 70,000 people across 34 customer zones in the south west of Victoria. Our service area extends over 24,500 square kilometres from the South Australian border in the west, to Balmoral in the north, to Lismore in the east and to Port Campbell on the south coast.

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

The following values drive our daily business:-

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 in genuine financial hardship.

Sustainability - we will strive to deliver long term sustainable outcomes in all business activities.

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.

FUNCTIONS AND POWERS

Wannon Water's statutory functions are set out in Schedule 8 of the *Water Act 1989* and include the collection, storage, treatment and delivery of water; and the collection and treatment of sewage and trade waste; and water recycling. Our general powers are set out in the *Water Act 1989* and relevant By-Laws.

We comply with various other legislative and regulatory requirements in the course of business. This includes compliance with the Statement of Obligations issued by the Minister for Water to the three water agencies that merged to form Wannon Water.

STAKEHOLDERS

We value our relationships with a range of key stakeholders, including the communities within our service area; 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 our region, other Regional Water Authorities and our employees.

a sustainable business meeting the expectations of its communities

corporate profile

ASSETS

Wannon Water's assets include 11 reservoirs, 21 water treatment facilities (including nine full water treatment plants and 13 disinfection plants), and 16 water reclamation plants.

Our asset management program is integral to meeting the levels of service set out in our customer charters and to achieve compliance with the *2005 Safe Drinking Water Regulations* and the environmental licence conditions set by the Environment Protection Authority.

CUSTOMER SERVICE CENTRES

Our offices are strategically located in Camperdown, Hamilton, Portland and Warrnambool to ensure customers and other stakeholders have local access to Wannon Water.

REGIONAL MAP



strategic objectives delivered

The key business objective for 2005/06 was to successfully integrate the three merged water businesses while managing the ongoing daily operation of the business.

Wannon Water was successful in achieving this key objective by preparing and implementing two merger plans - a "100 days merger plan" and a "Post 100 day merger plan".

Key outcomes delivered under the 100 day merger plan:

- Appointment of officers to positions required under legislation
- Instrument of delegation adopted
- Due diligence audit of merged authorities
- Banking, taxation, ABN, purchasing card, insurance and borrowings arrangements
- Chief executive officer appointed
- Staff consultative committee established to negotiate a certified enterprise agreement
- Corporate vision, mission and values developed
- Occupational health and safety committee established
- Consolidated capital works program adopted
- Customer engagement committee established
- Board governance framework adopted
- Audit and executive remuneration committees established
- Quality policy and an integrated management system implementation strategy adopted
- Corporate logo and style manual adopted
- Marketing campaign developed and implemented
- Sponsorship policy adopted
- Internal communication strategy established
- Knowledge management committee established and an information technology strategy prepared
- Corporate computer network and video conferencing facilities established at administration offices
- Geographic information system selected for implementation
- A corporate finance and payroll system selected for implementation
- A corporate billing system selected for implementation
- Consolidation of assets to a single asset register and asset management system completed

Key outcomes delivered under the post 100 day merger plan:

- Employee induction program implemented
- Single finance and payroll system implemented
- Taxation compliance reviewed
- Single billing system implemented
- Customer hardship and credit management policy adopted
- Account payment methods reviewed and consolidated
- New integrated organisational structure implemented
- Transfer of all employees to a single certified enterprise bargain agreement
- Customer complaints management system implemented
- Major customer liaison process implemented
- Customer satisfaction survey undertaken
- Information technology steering committee established
- Business performance reporting process established
- Capital works reporting model established
- Asset signage for key sites implemented
- Geographic information system implemented
- Risk management strategy and risk register developed
- Incident and emergency response manuals reviewed
- Occupational health and safety program implemented
- Trade Waste strategy developed

KEY FACTS

	2006
Population serviced (approx)	70,000 approx
Properties connected to water	38,479
Properties connected to sewerage	31,898
Total water harvested (megalitres)	15,845
Total effluent treated (megalitres)	8,995
Reclaimed water recycled	25%
Domestic customer satisfaction	92%
Business customer satisfaction	93%
Employees	152
Total Revenue (\$'000)	\$35,510
Net Operating Result (\$'000)	\$2,367 deficit
Total Assets (\$'000)	\$471,064

corporate governance



Nakita Undy
secondary [s]

BOARD APPOINTMENTS

Eight Directors of the Board were appointed on 1 July, 2005, by the Minister for Water. The Board now comprises a non-executive Chairman and six non-executive Directors following the resignation on 25 August, 2005, of Director Rodger.

BOARD GOVERNANCE FRAMEWORK

The Board's primary role is to provide strategic direction and set policy in accordance with Wannon Water's vision, mission and government policies.

The Board has adopted a Governance Framework document that incorporates best practice corporate governance standards. This framework includes the Board Charter; Terms of Reference for Board sub-committees; Directors' Induction Program; annual review of the Board's performance; a Code of Conduct to guide Directors and officers and an Instrument of Delegation for financial and non-financial decision making.

BOARD MEETINGS

Board meetings are held monthly and additional meetings are convened as required. The decisions of the Board are recorded in the minutes of meetings. The Chief Executive and General Managers attended Board meetings by standing invitation. The Chief Executive is also the Board Secretary and provides advice to the Board on governance matters.

BOARD COMMITTEES

Three Board sub-committees have been established to assist the Board to carry out its corporate governance functions.

AUDIT COMMITTEE

The Audit Committee comprises a non-executive Chairman and two non-executive Directors. Meetings are held bi-monthly and additional meetings are held as required. The Audit Committee appointed RSM Bird Cameron as internal auditors. An audit program was then set in consultation with the internal auditors to evaluate the adequacy and effectiveness of internal controls. The Audit Committee reviews the audit reports and monitors the actions taken by management in response to matters arising from audits.

Independent Members are:

Marie Thornton (Committee Chair)
Sandra Adams
Paul Battista
Harry Peeters (ex-officio)

EXECUTIVE REMUNERATION COMMITTEE

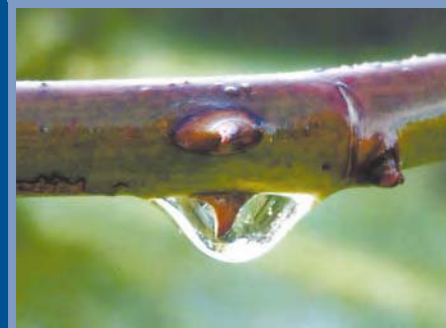
The Executive Remuneration Committee comprises a non-executive Chairman and two non-executive Directors. The Committee reviews the terms of employment of the Chief Executive, oversees succession planning and monitors compliance with executive employment guidelines issued by the State Services Authority.

Members:

Harry Peeters (Committee Chairman)
Jacinta Ermacora
William Sharrock

right
Rachel Barker
secondary [s]

far right
Alyce O'Shannessy
secondary [s]



RISK MANAGEMENT COMMITTEE

A Risk Management Committee was established and the first meeting is scheduled for 28 July, 2006. Meetings will be held bi-monthly. The Committee will review the management of key risks and opportunities faced by Wannon Water.

Members:

Sandra Adams (Committee Chair)

Paul Battista

Dianne Clanchy

Jacinta Ermacora

Harry Peeters

William Sharrock

Marie Thornton

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.

A code of conduct provides guidance to Directors and employees to promote compliance with organisational values and good governance practice and an instrument of delegation has been adopted for financial and non-financial decision making.

PERFORMANCE EVALUATION

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

DUE DILIGENCE AUDIT

A Due Diligence audit of the organisation was undertaken following the merger of the three former authorities on 1 July, 2005, and actions were implemented to address the issues raised by the auditors appointed to undertake this audit. The results of this audit were reported to the Board and the Department of Sustainability and Environment.

INDEPENDENT ADVICE

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

2005/06 BOARD AND COMMITTEES ATTENDANCE

	Board meetings	Audit Committee meetings	Executive Remuneration meetings
Harry Peeters (Chairman)	14 of 14	3 of 6	3 of 3
Jacinta Ermacora (Dep. Chairman)	12 of 14	-	3 of 3
Sandra Adams	14 of 14	6 of 6	-
Paul Battista	13 of 14	6 of 6	-
William Sharrock	10 of 14	-	1 of 3
Dianne Clanchy	11 of 14	-	-
Marie Thornton	14 of 14	6 of 6	-
Graeme Rodger *	3 of 3	-	-

* resigned from the Board 25 August, 2005

*a comprehensive governance
framework that seeks to ensure high
standards of ethical behaviour*

corporate governance

BOARD PROFILE



HARRY PEETERS APM - CHAIRMAN

Harry is a fellow of the Australian Institute of Company Directors and was a Director of Barwon Water from 1991 to 2004. 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 and is a former Board Member of the Corangamite Catchment Management Authority. He is currently the Executive Officer for the Western Abalone Divers Association, representing members based from Warrnambool to the South Australian border. Harry was the Deputy Chairman of Portland Coast Water from 2004.



JACINTA ERMACORA - DEPUTY CHAIRMAN

Jacinta was appointed to the South West Water Board in 2004 and reappointed to Wannon Water in 2005. She 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's experience and interests include policy development, community health, change management, community engagement, strategic analysis, regional development, integration and coordination. Jacinta is a Councillor with the City of Warrnambool and is a Board Member of the Glenelg Hopkins Catchment Management Authority where her Committee memberships include Key Partnerships and Regional Sustainability.



SANDRA ADAMS

Sandra Adams has had many years experience working in accountancy and taxation and has also been involved in the water industry and local government. She was the Chairman of Glenelg Water from 1994 to 2005, a past President of the former Shire of Wannon and a former Director of Portland Coast Water and South West Water. She is currently Chairman of the Coleraine Management Committee of Western District Health Services. Sandra is a Fellow of the Australian Institute of Company Directors.



PAUL BATTISTA

Paul Battista was the Deputy Chairman of Glenelg Water from 2001 to 2005 and has five years experience as a hydrographer with the former Rural Water Corporation. Paul was a community member of the Waterway Implementation Committee for the Glenelg Hopkins Catchment Management Authority from 2000 to 2005. Paul has recently completed the Australian Institute of Company Directors course and is a current member. Paul is a member of the Wannon Water Audit Committee. He is employed in cutting tool manufacturing with Sutton Tools in Hamilton.



DI CLANCHY

Di Clanchy was a Director at Portland Coast Water from 2004. She is currently employed as the Senior Campus Librarian at Emmanuel College in Warnambool and has a travel business which specialises in women's tours to China. She has been a Moyne Shire Councillor since 1999 and Chairs the Shire's Conservation and Environment, Heritage, and Arts and Culture Committees. She is also a member of the Ex Libris Port Fairy Book Fair Committee.



BILL SHARROCK

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

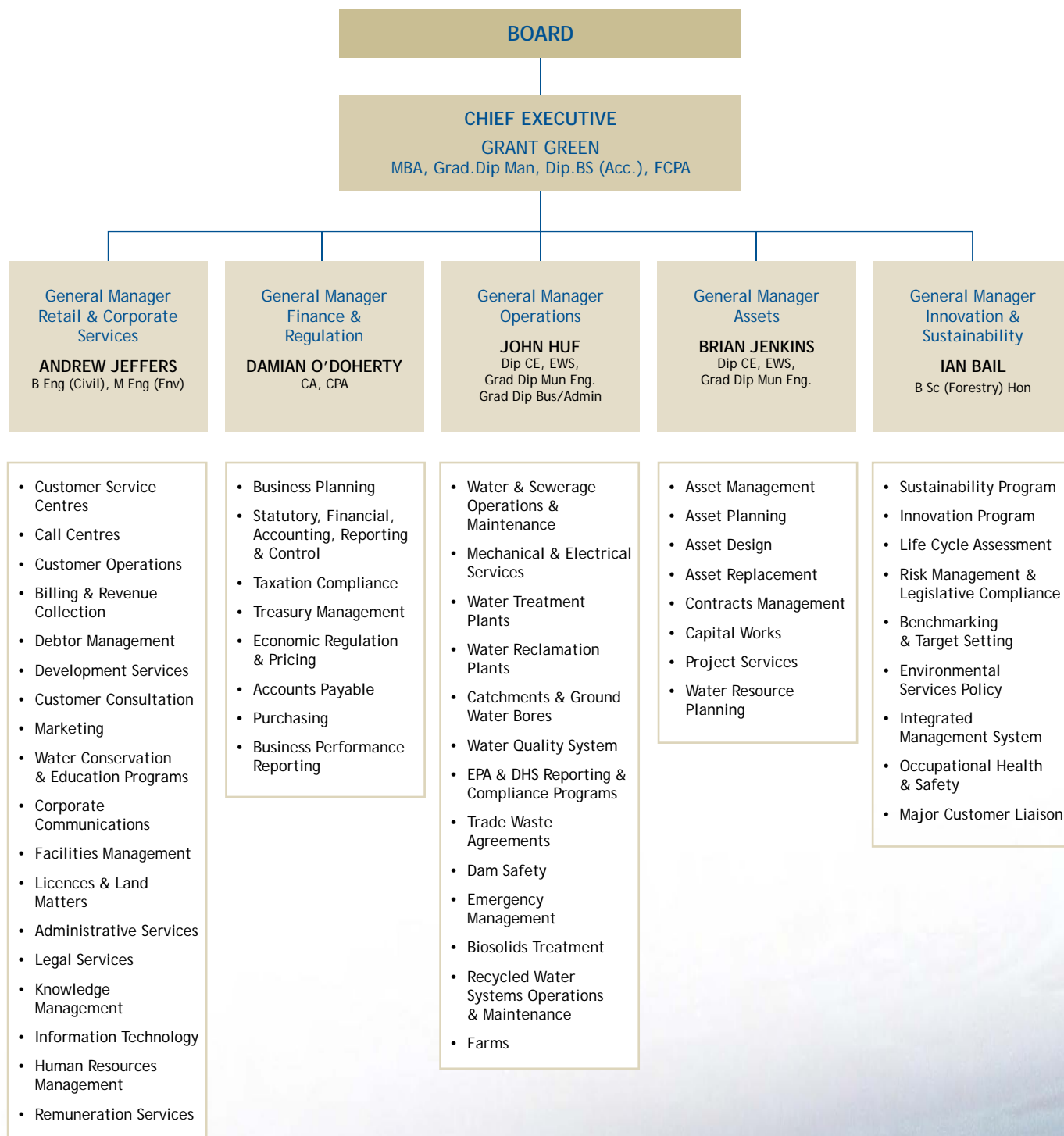


MARIE THORNTON

Marie Thornton served on the South West Water Board from 1996 to 2005, including a period as Deputy Chairman, and was also appointed to the Glenelg Region Water Board in 2004. Marie is the Chair of the Wannon Water Audit Committee. 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. She is a Fellow of the Australian Institute of Company Directors. Marie is a Director of the Board of Ballarat and Queen's Anglican Grammar School, where she is a member of the Planning and Audit committees.

corporate governance

CORPORATE STRUCTURE





WHISTLEBLOWERS PROTECTION ACT

The *Whistleblowers Protection Act 2001* came into effect on 1 January, 2002. The Act 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 2005/06.

The Protected Disclosure Coordinator for the Department of Sustainability and Environment acts as an agent for Wannon Water to receive disclosures under the Act and applies relevant procedures in managing disclosures.

Contact:

Deidre Egan,
Protected Disclosure Coordinator
Department of Sustainability
and Environment,
PO Box 500
East Melbourne Victoria 3002
Telephone: (03) 9637 8575
Facsimile: (03) 9637 8129
Email: Deidre.Egan@dse.vic.gov.au

FREEDOM OF INFORMATION ACT

In the reporting period, no Freedom Of Information requests were received.

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

Requests for access to documents under the *Freedom Of Information Act* 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 payment of an application fee of \$21.50, further charges may apply. Fees and charges levied under *Freedom Of Information Act* are not subject to GST.

STATEMENT OF AVAILABILITY OF OTHER INFORMATION

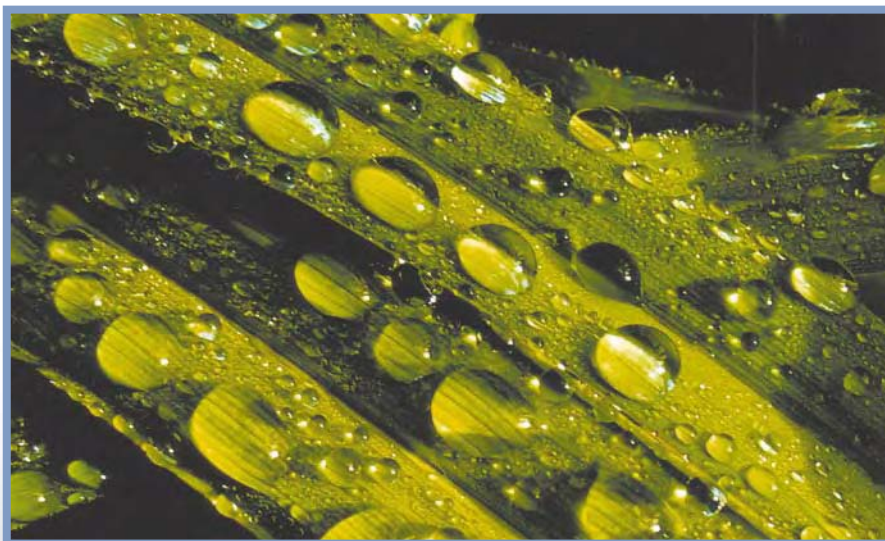
Wannon Water provides customers with free access to a wide range of information on its public website
www.wannonwater.com.au as required under the *Financial Management Act 1994*.

Brochures and general information related to Wannon Water are available at any Wannon Water office subject to the provisions of the *Freedom Of Information Act* and the *Privacy Act*.

BUILDING CONTROL ACT 1993

Wannon Water maintained its buildings in accordance with the *Building Control Act 1993*.

Maureen Campbell
amateur [d]





social sustainability
social sustainability

approach

Tina Hancock - amateur [s]

Wannon Water has ensured our services are designed to recognise the diversity in our communities, and supports their endeavours through the provision of reliable high quality water and sewerage services. We underpin the long-term sustainability of our regional and rural communities through incorporating their input into our planning.

In our first year, Wannon Water has committed to promoting community engagement in the management and delivery of our services. This has been achieved through the establishment of various committees, via our community program and through workshops with community groups. We have a strong focus on communicating water conservation practices, and have delivered a high level of communication materials to our customers regarding various issues.

We value community input into the development of key policies and projects.

Wannon Water has a strong understanding of our customers' needs for the delivery of our services.

CUSTOMERS

Our customer profile is residential (86%), commercial/industrial (11%) and rural (3%). Our 10 largest customers are among the largest employers in the region and are involved in the aluminium, dairy processing, pharmaceutical, livestock and wool scouring industries.

CUSTOMER ENGAGEMENT COMMITTEE

Wannon Water established a Customer Engagement Committee in October 2005 to facilitate engagement with customer representatives on policies and projects that influence our service delivery to customers. Committee members comprise representatives from various sectors of the Wannon Water's customer base and assist the Authority in being responsive to our customers' needs.

Between November 2005 and June 2006 the Customer Engagement Committee held three meetings and provided valuable input to the review of Wannon Water's customer charter, customer hardship policy, complaint management, and feedback on drafting of the permanent water savings plan.



"I nominated for the Customer Engagement Committee because I thought it would be a good way to influence Wannon Water's services and also because water is such an important issue for our region. The Committee has been successful in providing input into key customer policies and Wannon Water has shown that they are genuinely interested in the thoughts of the Committee and their customers".

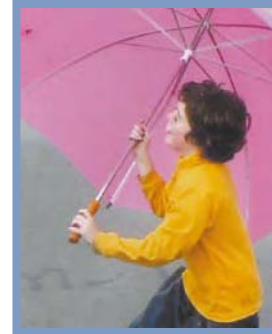
*John Wilken - Chairman
Customer Engagement Committee*

we underpin the long term sustainability of our regional and rural communities through incorporating their input into our planning

right
Sarah Hart
amateur [d]



far right
Luke Parker
primary [d]



OTHER CUSTOMER CONSULTATION

We value community input into the development of key policies, projects and promote community engagement in the management of the water cycle. Project-specific consultative committees and various community forums and works were convened to gain feedback on a range of issues including:

- **Dartmoor Water Supply**

Dartmoor's Water Scheme has involved an extensive amount of consultation and communication with the Dartmoor community.

Wannon Water held two public information days in Dartmoor and provided a public briefing on the project at the Glenelg Shire meeting held in the town in the 2005/2006 period.

- **Port Fairy Reclamation Plant Community Consultative Committee**

This Committee was initially formed to provide a forum for community input to the upgrade of the treatment plant to meet the social and environmental needs of the Port Fairy community.

Since 2003, the Community Consultative Committee has met regularly to discuss progress of the plant upgrade and has provided valuable input into the community consultation planning frameworks. The Committee met once during 2005/06.

- **Peterborough Sewerage Scheme Project Monitoring Committee**

This Committee provides a forum for consultation regarding the Peterborough sewerage scheme project and assists the Authority in identifying and addressing any community issues.

The Committee met three times during the year to discuss scheme funding options. In response to the high priority given to protecting the Curdies River estuary, the Minister for Water provided \$900,000 under the Country Towns Water Supply and Sewerage Program and capped residential owner scheme contributions at \$800.

*we value community
input into the
development of key
policies, projects and
promote community
engagement in the
management of the
water cycle*

Alec Frawley
primary [d]



results

CUSTOMER SERVICE PERFORMANCE INDICATORS FOR 2005/06

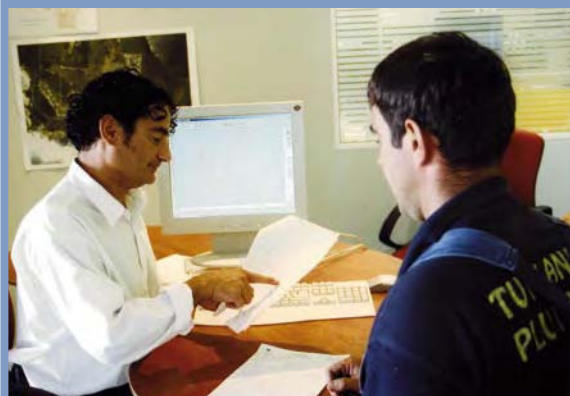
PERFORMANCE INDICATOR	TARGET	ACTUAL	ATTAINED
Reliability of water supply system			
Unplanned water supply interruptions (per 100km of water main)	10	8.0	✓
Properties interrupted ratio	n/a	12.3%	
Water response indicators			
Average time to attend Priority 1 bursts and leaks	35 mins	11.3 mins	✓
Average time to attend Priority 2 bursts and leaks	60 mins	56.2 mins	✓
Average time to attend Priority 3 bursts and leaks	240 mins	50.2 mins	✓
Unplanned water supply interruptions restored within 5 hours	97%	93.4%	X
Planned water supply interruptions restored within 5 hours	90%	91.3%	✓
Water interruption time indicators			
Average duration of unplanned water supply interruptions	100 mins	100.6 mins	X
Average duration of planned water supply interruptions	170 mins	190.5 mins	X
Average unplanned customer minutes off water supply	11 mins	9.1 mins	✓
Average planned customer minutes off water supply	9 mins	6.2 mins	✓
Water interruption frequency indicators			
Average frequency of unplanned water supply interruptions	0.11	0.09	✓
Average frequency of unplanned water supply interruptions	0.05	0.03	✓
Reliability of sewerage collection system			
Sewer blockages per 100km of main	42	38.7	✓
Sewer response indicators			
Average time to attend sewer spills and blockages	30 mins	28.7 mins	✓
Average time to rectify a sewer blockage	90 mins	74.6 mins	✓
Sewerage spills contained within 5 hours	98%	98.4%	✓

Note: The targets in the above table are based on a consolidation of the targets set out in the Customer Charter of the water agencies that merged to form Wannon Water. These targets have been incorporated in a draft Wannon Water Customer Charter to be referred to the Essential Services Commission for approval.

The customer service indicators are collated and reviewed on a monthly basis. Overall performance against the consolidated targets was pleasing, however, improvements in the management of the duration of planned water supply

interruptions, and the restoration of unplanned interruptions within five hours have been identified through the internal monthly reporting process as areas for improvement during the coming year.

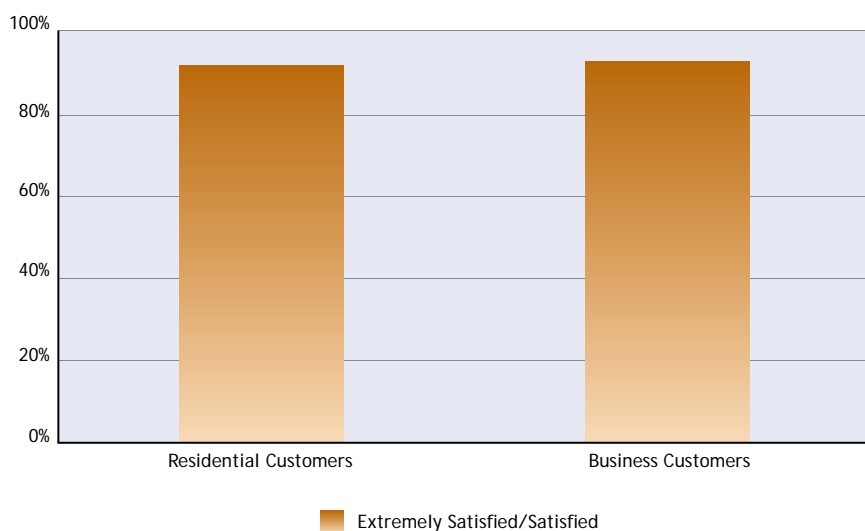
the customer service indicators are collated and reviewed on a monthly basis



CUSTOMER SATISFACTION SURVEY

An independent survey of 1400 domestic customers and 300 business customers was undertaken in May 2006. The overall level of customer satisfaction was exceptional with 92 per cent of domestic customers and 93 per cent of business customers interviewed indicating they were extremely satisfied or satisfied with the overall quality of water and sewerage services provided by Wannon Water. This is a very pleasing result towards the end of the first year of our operation and confirms our capacity to maintain a high level of service during the merger process.

OVERALL CUSTOMER SATISFACTION



The survey was designed to measure the level of satisfaction of a variety of services provided by Wannon Water.

Areas with outstanding results include:

Domestic customers

- 93% of customers were extremely satisfied or satisfied with customer service and knowledge of our staff
- 90% of customers were extremely satisfied or satisfied with keeping customers informed on relevant issues
- 84% were extremely satisfied or satisfied with the promotion of water conservation in the community

Business customers

- 95% were extremely satisfied or satisfied with customer service
- 90% were extremely satisfied or satisfied with billing services

- 90% were extremely satisfied or satisfied with water pressure, water clarity and the overall management of the water supply
- 87% of customers were extremely satisfied or satisfied with the promotion of water conservation in the community and keeping customers informed

Customers were also offered the opportunity to provide Wannon Water with their thoughts and constructive ideas regarding the Authority's services and communication. Some of the comments were:

"I love the fact that when I ring them to find out what's going on, I get a real person on the line to speak to."

"The water service (charge) is too high for the amount of water used/we need to get incentives for using less water and the main price should be one charge for service & charge more for the water used."

"Water resources are our future and so every effort should be made to balance private and public use."

Rachael Anderson
secondary [d]



RESPONSE TO CUSTOMER COMPLAINTS

Wannon Water welcomes customer complaints as an opportunity to review our response to issues raised by our customers.

Complaints per 1000 customers	2005/06
Water quality	1.8
Water supply reliability	1.4
Water pressure	0.7
Affordability	0.1
Billing	0.3
Sewerage service quality and reliability	0.8
Sewage odours	0.3
Other	0.6

A complaint is a written or verbal expression of dissatisfaction about an action, proposed action, or failure to act by Wannon Water employees or contractors. The total number of complaints received was 234 which equates to six per 1000 customers.

Initiatives during the year to address the factors that gave rise to complaints included:

- Redesign of customer bills to provide additional information on water consumption and improved clarity
- Adoption of revised hardship and undetectable water loss policies
- Improved billing processes to reduce the opportunity for error
- Taste testing of water supplies to identify towns with lower levels of aesthetic water quality
- Establishment of a Customer Liaison Coordinator to act as an independent reviewer of complaints unable to be resolved at the first customer contact
- Provision of information to customers where capital works are planned

ENERGY AND WATER OMBUDSMAN (VICTORIA) SCHEME

Wannon Water subscribes to an independent complaint resolution service provided by the Energy and Water Ombudsman (Victoria) - EWOV. Customers are informed of the availability of the service on each customer account, in the Customer Charter and Customer Charter Summary. Customers are also referred to the service where Wannon Water believes the services of an independent complaint resolution process will assist in finalising a complaint.

The number of enquiries and complaints generated by Wannon Water customers that were dealt with by the service were:

EWOV Cases	Wannon Water cases	All regional urban cases
Enquiry	10	164
Complaints referred to Wannon Water*	11	104
Complaints referred to higher level contact within Wannon Water*	9	108
Level 1 Complaint	12	78
Level 2 Complaint	0	1
Total	42	455

*previously referred to as Enquiries



COMMUNITY SERVICE OBLIGATIONS

Community Service Obligations are funded by the State Government and managed by Wannon Water.

Community Service Obligation Provided	2005/2006
Concession for pensioners	\$1,595,632
Water and sewer rebates	\$249,166
Utility relief grant schemes	\$17,818
Water usage life machine rebates	\$830
Total CSOs provided	\$1,894,233

ASSISTANCE FOR CUSTOMERS IN GENUINE FINANCIAL HARDSHIP

Wannon Water implemented policies designed to assist customers to avoid incurring financial hardship by:

- moving from four monthly to quarterly billing
- encouraging customers who receive Centrelink payments to utilise the fortnightly Centrepay facility
- offering customers flexible payment arrangements. In 2005/06 a total of 1,801 customers participated with flexible payment arrangements

For customers experiencing genuine financial hardship, Wannon Water assisted by:

- waiving the interest component on overdue accounts. The total interest waived in 2005/06 was \$6,362
- informing customers of Government assistance programs and assisting customers to complete the application forms. A total of 47 customers applied for and received Utility Relief Grants totalling \$17,818

- providing customers with advice on how to reduce water consumption to become a more efficient water using household
- referral of customer to independent financial counselling service

PROMOTION OF WATER SMART REBATE SCHEME

Wannon Water promoted the State Government's Water Smart Rebate Scheme to enable eligible customers to apply for rebates for purchasing water-efficient appliances and garden products.

Wannon Water promoted water conservation through an extensive advertising campaign which offered double the AAA shower rose rebate from \$10 to \$20 for the first 1000 customers who applied for the rebate.

SPONSORSHIP

As a responsible corporate citizen, in 2005/06 Wannon Water assisted sporting clubs, schools and community groups by providing drink bottles and other assistance.

"Thank you for your generous sponsorship contribution. It helped make the 2006 Gnatannwarr Multicultural Festival a day of wonderful celebration of our local diversity."

Gnatannwarr Multicultural Festival Planning Committee

enabling customers to apply for rebates for purchasing water efficient appliances and garden products

results

WATER IS A PRECIOUS RESOURCE PHOTOGRAPHY COMPETITION

Wannon Water ran an annual photography competition on the theme 'Water Is A Precious Resource'. Strong support and representation was received from across our region with over 400 entries of a high quality showcasing the talents of the entrants who presented some amazing pieces of photographic art.

Photos in this annual report were selected from our 2006 competition.

"I wanted to take something very ordinary that's normally used to waste water and turn it into a container that could hold water."

Janine Elphick
2005/2006 Amateur winner

"This photographic competition has been a very positive exercise for the Studio Art students, Year 11, during their Photographic unit. An afternoon wondering to our coastal foreshore, along the lagoon and canal with an array of digital cameras, and then some class time on the computers using Adobe Photoshop, has gained some wonderful results."

Catherine Francis - Art Co-ordinator
Portland Secondary College

CULTURAL DIVERSITY

Wannon Water values cultural diversity as an economic and social asset and is committed to improving the quality of service delivery to a culturally and linguistically diverse community. Customers requiring assistance have access to a free interpreter service. Employees who speak languages other than English also are available to act as interpreters.

Information regarding the availability of the free interpreter service is set out in our customer charter and on bills issued to customers.

*Wannon Water
values cultural
diversity as an
economic and
social asset and
is committed to
improving the
quality of service
delivery*

ABORIGINAL ARCHAEOLOGY

A heritage and archaeological survey is undertaken for significant works projects. The replacement of a section of the ocean outfall pipeline on Griffith Island at Port Fairy during Spring 2005 provides an example of our approach. Griffith Island includes known Aboriginal cultural sites located in the vicinity of the pipeline, and consent to proceed with works was sought from the Framlingham Aboriginal Trust, along with our relevant local government and environmental approvals. A local Cultural Monitor and appointed consultant Archaeologist were present on site throughout the works to ensure that any items of significance were able to be recognised appropriately and that our works did not impact on heritage values. Wannon Water and our contractor worked in partnership with the heritage team on site, and the completed project was regarded as a success for all parties involved.



Dylan Root
primary [d]

WATER QUALITY

Wannon Water bases its water quality compliance on the *Australian Drinking Water Guidelines 2004*. The guidelines are used for establishing microbiological, physical and chemical monitoring programs, which provide the basis for assessing drinking water quality.

These guidelines are further enforced by the *Safe Drinking Water Act 2003* and the associated *2005 Safe Drinking Water Regulations*.

The water quality standards are largely focused on health-based criteria including microbiological organisms (*E. coli*), Chlorine-based chemicals (Chloroacetic, Dichloroacetic and Trichloroacetic acids, and Total Trihalomethanes), trace metals (aluminium) and physical parameters (turbidity). These parameters are sampled either weekly or monthly, based on risk, in all supply systems.

Overall water quality results for compliance with the *Australian Drinking Water Guidelines 2005/06* were:

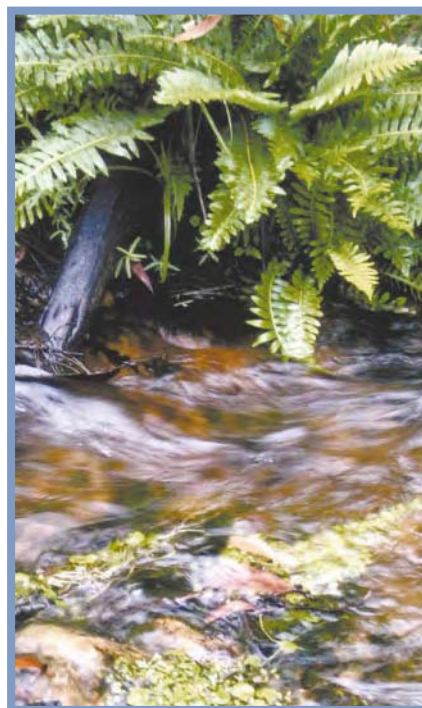
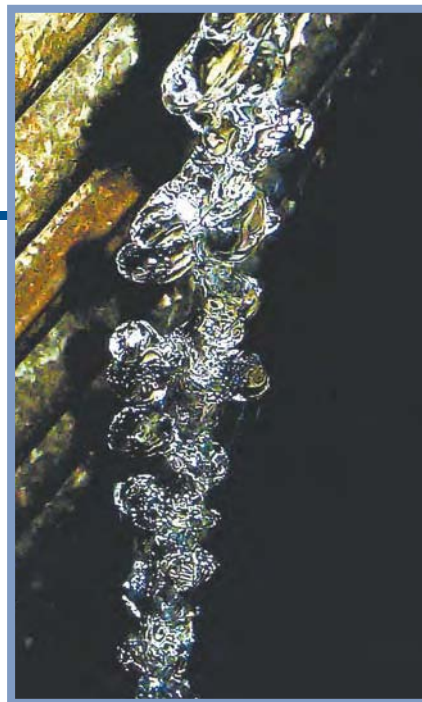
- 99.9% of samples complied with bacteriological standards
- 99.5% of samples complied with turbidity standards
- 94.2% of samples complied with colour standards
- 88.2% of samples complied with pH standards

The water supply to Macarthur and Merino did not comply with the water quality parameter for arsenic.

A new pipeline was constructed from Sandford to Merino to deliver a compliant water supply to the Merino township.

As an interim measure, an application was submitted to the Department of Human Services seeking to have the Macarthur water supply declared a regulated supply, pending consideration of further treatment options.

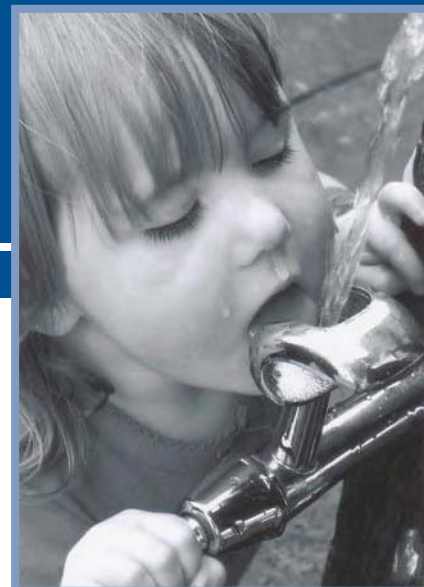
Further details regarding water quality are published on Wannon Water's public website www.wannonwater.com.au



top
Sarah Hart
amateur [d]

above
Emma Addinsall
secondary [s]

*further details regarding water quality are published on
Wannon Water's public website www.wannonwater.com.au*



DEPARTMENT OF HUMAN SERVICES WATER QUALITY UNDERTAKINGS

The Safe Drinking Water Regulations were introduced by the Department of Human Services on 19 July, 2005. These regulations specify health-based parameters to be met for drinking water supplies.

The table below sets out the current undertakings and those completed within the reporting period for the various supplies. Applications for these undertakings have been approved.

TOWN	UNDERTAKING
Balmoral	<p>The Balmoral supply currently breaches the following water quality parameters - Total Trihalomethanes, Dichloroacetic acid, and Trichloroacetic acid.</p> <p>The Balmoral supply is disinfected but not filtered. The high level of organic material in the source water leads to the formation of disinfection by-products. Full treatment of the supply will stop the formation of the by-products.</p> <p><i>An undertaking was approved by the Department to meet the water quality standards by 30 June, 2007. By this time a new water treatment plant and clear water storage will be constructed.</i></p>
Coleraine	<p>The Coleraine supply currently breaches the following water quality parameters - Total Trihalomethanes and Turbidity.</p> <p>The Coleraine supply is disinfected but not filtered. The high level of organic material in the source water leads to the formation of disinfection by-products. The source water is also turbid in nature.</p> <p><i>An undertaking was approved by the Department to meet the water quality standards by 30 June, 2008. By this time a new pipeline from an alternative water source will be constructed.</i></p>
Glenthompson	<p>During the reporting period the Glenthompson supply breached the following water quality parameter - Total Trihalomethanes.</p> <p><i>An undertaking was approved by the Department to meet the water quality standards by 30 June, 2006. This obligation was addressed through additional online instrumentation, replacement of the filter media, fully enclosing the treatment plant and converting the disinfection system to chloramination.</i></p>
Portland, Port Fairy, Heywood and Dartmoor	<p>During the reporting period the Portland, Port Fairy, Heywood and Dartmoor supplies breached the <i>Safe Drinking Water Act</i> by failing to have a Risk Management Plan.</p> <p><i>An undertaking was approved by the Department to meet the requirement by 30 June, 2006. This obligation was addressed by developing a Risk Management Plan including the elements of:</i></p> <ul style="list-style-type: none"> <i>System Descriptions</i> <i>Water Quality Assessment</i> <i>Hazard Identification & Risk Assessment</i> <i>Preventative Strategies</i> <i>Water Quality Monitoring Program</i> <i>Improvement Plans</i>

Sarah Hart
amateur [d]



WANNON WATER PUBLICATIONS

Wannon Water provides customers with free access to a range of information including the following;

Books

- A History of Portland Coast Water
- From the Merri to the Gellibrand
- Customer Charter

Reports

- Annual Report

Brochures

- Be Water Smart Inside your Home
- Be Water Smart Outside your Home
- Biosolids Journey
- Camperdown Water Treatment Plant
- Cobden Water Treatment Plant
- Creating a Water Wise Garden
- Customer Charter Summary
- Hardship Policy
- Koroit Water Quality Improvement
- Mortlake Wastewater Reuse Irrigation System
- Permanent Water Savings Measures and Fact Sheets
- Privacy Charter
- Regional Map
- Regional Water Authorities in Partnership
- Think Before you Sink It
- Terang Water Treatment Plant
- Water Restrictions Stage One
- Water Restrictions Stage Two
- Permanent Water Saving Plan Materials

Educational Material

- Water Audit Kit
- Water Learn It! Live It! Education kit

Newsletters

- Dartmoor Water Supply Scheme
- Regional newsletters
- Simpson Water Quality newsletters
- Peterborough Sewerage Scheme newsletters
- Merino Water Scheme newsletters



human resources

THE WANNON WATER WORKFORCE

A major restructure of the organisation followed the merger of the three former water agencies. The restructure was undertaken in consultation with our employees and honoured the pre-merger commitments of no forced staff redundancies or forced staff relocations.

The number of professional employees was increased to facilitate the strategic planning required to meet regulatory obligations and to ensure delivery of the significant capital works program over the next few years.

The Authority employed the following staff as at 30 June, 2006

2005/2006	Male	Female	Total
Executive Officers	6	0	6
Senior Management	10	2	12
Administration	14	37	51
Technical Services	16	5	21
Operations	60	2	62
Total	106	46	152

(No prior year comparison as 2005/06 is the first year of operation)



"Working close to the Grampians and close to the Great Ocean Road was a major attraction in working for Wannon Water. My family values the opportunity of enjoying the great outdoors without feeling that we are in a remote place.

I enjoy the way people support and help each other. I want to grow with Wannon Water and become a major player in the realisation of our vision."

Manwa Mubwandarikwa
Wannon Water Contracts Design Engineer

Wannon Water honoured the pre-merger commitment of no forced staff redundancies or relocations after the merger of the three former water agencies

"I started with South West Water in 2000 and continue now with Wannon Water, so in all it's been six years. In that time I have had two children and the organisation has been great in accommodating my family and work needs. I am now back working full-time as the job requires this and I wanted the challenge also, so it's been a great fit."

Rachel Sproal
Wannon Water, Water Quality Officer



WORK EXPERIENCE PROGRAM

Wannon Water provides a work experience program for secondary students and vocational employment for tertiary students undertaking studies relevant to the water industry.

FAIRNESS AND EQUITY

Wannon Water complies with the *Public Administration Act 2004* and is committed to the merit and equity principles set out in the Act.

Employees are selected solely on the basis of relative ability, knowledge and skills in fair and open competition which ensures equal opportunity.

All employees receive fair and equitable treatment without regard to race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibility, pregnancy, religion, political opinion, national extraction or social origin.

*employees are
selected solely
on the basis of
relative ability,
knowledge and
skills*

BULLYING AND HARASSMENT POLICY

Wannon Water supports the right of all employees to work in an environment free from harassment and discrimination. A Bullying and Harassment Policy has been developed to provide guidance to employees.

Wannon Water provides employees with a contact officer who is fully trained to provide information, support and advice to employees seeking assistance.

VALUING OUR EMPLOYEES

Wannon Water provides our employees and their immediate families with access to a confidential counselling service through ITIM counselling. This service assisted some employees to cope with significant organisational change associated with implementation of the merger.



"For many of us, forced changes in the way we work can be difficult, leading to such questions as 'What if my skills do not match my new role?' 'What if I do not get on with my new team or boss?' 'Which jobs should I apply for?' 'How will I cope with this new system?'"

"I am pleased to say that no longer are statements like these people's primary responses to our new organisation. Instead I am hearing things like 'It was difficult in the first few weeks of my new role but now I go home happy every night.' 'I am enjoying my new challenges', 'I am really enjoying getting to know people across the organisation', and 'I can see new career paths opening up for me in this larger organisation.'"

"Bringing together three organisations with similar business but different cultures, was never going to be easy, but I have been impressed with the way staff have accepted the challenges. I particularly salute those who did not get the positions they originally aspired to but who have embraced their new roles with courage and enthusiasm. This bodes well for the future of a great new organisation."

Robyn Shackell
ITIM Staff counsellor

Nick Bartlett
primary [d]



OCCUPATIONAL HEALTH AND SAFETY

Wannon Water is committed to ensuring the health and safety of our employees and the members of the public, consultants and contractors for whom we have a duty of care. We recognise that safety is both an individual and shared responsibility.

Occupational health and safety is a key component of our Integrated Management Systems and is closely associated with our Innovation program.

An occupational health and safety policy was adopted which builds on procedures implemented by the predecessor organisations.

“Wannon Water has taken a strong stance towards employee safety, it is one of our biggest priorities. We have created a new culture for work safety that goes further than just talking the talk. All employees from the CE down are benefiting from reinforced, positive attitudes. As we continue to grow and with the continued support from our new management team, training and resources for all employees, safety will continue to be integrated into the work culture.”

Paul Clancey, Wannon Water, Water Quality Officer

Key Human Resources Indicators	2005/2006
Average number of employees	150
Employees with a current performance and development plan	100%
Duration Rate (days lost per LTI)	9.5 days
Lost Time Injury (LTI)	6 injuries
Lost Time Injury (days)	57
Incident rates (number of LTI per thousand employees)	0.14
Lost time injury frequency rate (number of LTI per million hours worked)	25



Erin McLaren
primary [d]

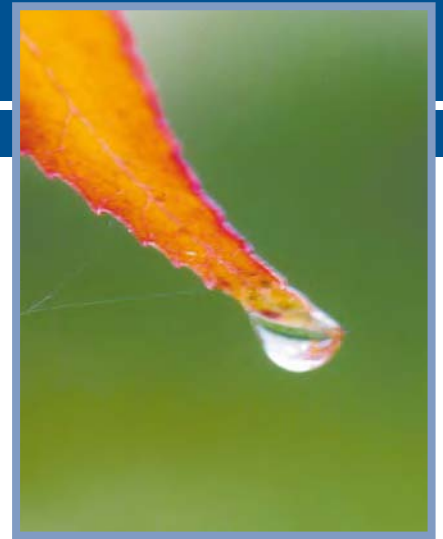
Elizabeth Smart - primary [s]



environmental sustainability
environmental sustainability

approach

Gabrielle O'Brien
amateur [s]



WANNON WATER HAS A STRATEGIC ENVIRONMENTAL APPROACH FOCUSED ON DELIVERING A SUSTAINABLE BUSINESS

We are committed to developing and implementing sustainable environmental practices across our organisation, to ensure the protection of our natural resources for the future. Wannon Water maximises opportunities to promote water conservation and efficient use of water. Wannon Water considers that reclaimed water is a valuable resource and continually seeks opportunities to substitute potable water with fit-for-purpose reclaimed water.

Wannon Water works to meet the expectations of our communities and deliver the relevant actions set out in the State Government White Paper "Our Water Our Future".

*Wannon Water maximises
opportunities to promote
water conservation*

results

OUR WATER OUR FUTURE

In our first year Wannon Water made good progress in implementing the actions set out in the "Our Water Our Future" White Paper.

A key to predicting our long-term position as a sustainable water resource manager is the development of a water supply demand strategy. During 2005/06, Wannon Water completed a review of the current demand management measures, developed improvements to our smart water use support program, established medium-term demand and supply scenarios looking beyond 2015, and initiated our customer consultation phase on development of the strategy. In preparation for the drafting of the water supply demand strategy the

CSIRO predictions for climate change in south west Victoria have been used to model the impact of these changes on our future water yield supply along with forecast increases in demand.

A program focusing on the current operations and future growth in demand of our major customers has been implemented. This program identified options for developing improved "fit-for-purpose" water supply arrangements for our major customers, which will be included in our water supply demand considerations. Eight of the 10 major trade waste customers utilising our sewerage system have completed trade waste management plans with commitments towards waste minimisation targets. These major customers will report to Wannon

Water on an annual basis on their progress towards achieving these targets.

Wannon Water submitted an innovative funding application under the National Water Initiative for the development of a new model of urban water supply catchments. The proposal includes an innovative approach to harvesting the stormwater from the roof area of new dwellings in a Warrnambool development corridor for delivery to Wannon Water's water treatment system and reticulated supply. If the application is successful, the project will provide a national model for urban growth with potentially zero additional water demand from the existing supply catchments.



Targets for water conservation are scheduled for completion by the end of 2006. Current major customer recycled water initiatives that Wannon Water is progressing towards delivery include:

- Supply of fit-for-purpose reclaimed water to the Iluka Mineral Sands processing plant at Hamilton (completed and awaiting commissioning of the Iluka plant)
- Supply of condensate water from Fonterra's dairy processing plant in Warrnambool for turf irrigation at the Warrnambool Golf Club
- Commitment to supply reclaimed water from the Mortlake Water Reclamation Plant to the proposed Origin Energy Mortlake Power Station Project
- Establishment of a high quality recycled water supply to Portland Aluminium Smelter

Completion of these water recycling projects will significantly reduce the demand for potable water supply from these major customers.

Wannon Water is also coordinating a water savings program for the five local governments in our region, by facilitating the sharing of resources and ideas to achieve significant savings in potable water use by Councils through conservation, substitution and improved stormwater management.

Informing our communities of the opportunities they have to improve water conservation through their daily activities continues to be a focus of our education program.

During 2005/06 this program included:

- The "Water Learn it, Live it!" awareness program within schools throughout the region
- Wannon Water Customer Engagement Committee established
- Permanent water saving measures introduced
- Implementation of the State Government Water Smart Gardens and Homes Rebate Scheme

Implementation of inclining block tariff structures approved by the ESC have been completed, and improved communication of customer water use through changes in the presentation of billing information and a move to quarterly billing were also partially completed.

WATER CONSERVATION PROGRAMS

Wannon Water actively promotes water conservation and efficient use of water by our customers through:

- Membership of the Savewater Alliance featuring in our comprehensive web site www.savewater.com.au
- The 'Water Learn It, Live It!' program

All schools within our region were invited to participate in the Water Learn it, Live it! Professional Development days, aimed at introducing the educational program to teachers. Twelve schools registered their participation in the program. Follow up activities within the schools were aimed at educating students about the various ways that they and their families can conserve water.

- Permanent water saving measures were introduced on 1 May, 2006
- We actively promoted the State Government Water Smart Gardens and Homes Rebate Scheme

"Thank you for coming to see us and telling us about water conservation, we had fun!"

*Elsa Macleod,
Kindergarten*

"We learned about how much water our homes use by doing the GaBaToilaki dance and how our water gets treated."

*Hughie Atchison, Portland
South Primary School, Grade 4*

WANNON WATER OFFICES' WATER CONSUMPTION

Wannon Water operates from a number of offices in our region. Water consumption at Wannon Water offices was 1.02 megalitres for the year, which equates to an average annual usage of 11 kilolitres per full time equivalent employee at those offices.

REGIONAL CATCHMENT MANAGEMENT STRATEGIES AND RIVER HEALTH STRATEGY

Wannon Water continues to work closely with the Glenelg Hopkins Catchment Management Authority and the Corangamite Catchment Management Authority on the implementation of plans derived from Regional Catchment Management Strategies and the River Health Strategies.

We maintained our focus on the Gellibrand River System, and were directly involved in assessing the potential risk from aerial spraying of plantations near the catchment along with other regulatory agencies. There has been a continued roll out of a Hazard And Critical Control Point-based risk assessment approach to our water supply systems and this is assisting to establish the priorities for action with our Catchment Management Authority partners.

Wannon Water has a requirement from time to time to discharge treated reclaimed water into streams. This process is regulated by the EPA under a Section 30A approval, in consultation with other stakeholders. During 2005/06, Wannon Water required a single 30A approval for the commissioning of the Hamilton water reclamation plant.

VICTORIAN BIODIVERSITY STRATEGY

Throughout the 2005/06 year, Wannon Water worked in partnership with various agencies to achieve the protection or improvement of the biodiversity values associated with our land holdings.

Our initiatives included:

- implementation of the Portland Heath Land Management Plan
- establishment of indigenous vegetation to assist the maintenance of an urban fauna and flora corridor in Portland
- ongoing management and maintenance of biodiversity works undertaken at a range of sites in previous years



Yonie Tiljak
amateur [d]

GREENHOUSE GAS EMISSIONS

Wannon Water is an active member of the Vic Water Sustainable Energy Use Working Group and participated in the development of a greenhouse reduction discussion paper for submission to Department of Sustainability and Environment. We improved our data collection system for greenhouse gas emissions to gain a better understanding of our current emission profile. This information will be used as the input to develop a Wannon Water Energy Management Plan. There are still further opportunities for improvement. During 2005/06 approximately 33,015 tonnes of Carbon Dioxide (CO₂) were emitted for all activities.

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 system supplies water to customers in urban and rural areas within the geographic area bounded by Warrnambool, Koroit, Mortlake, Derrinallum, Camperdown and Simpson. The Warrnambool and Mortlake Otway supplies are supplemented by local groundwater extraction.

Water from the Grampians System supplies water to Hamilton, Dunkeld, Tarrington and Cavendish.

Customers from Casterton, Sandford and Merino are supplied from the Tullich Borefield.

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

Coleraine is supplied by local surface water catchment. Caramut, Penshurst and Macarthur are supplied from local groundwater systems. Balmoral is supplied from Rocklands Reservoir. Glenthompson receives water from two local reservoirs and also from the Willaura System (which is operated by Grampians Wimmera Mallee Water).

BULK WATER ENTITLEMENTS

The annual amounts harvested under Wannon Water's Bulk Entitlement

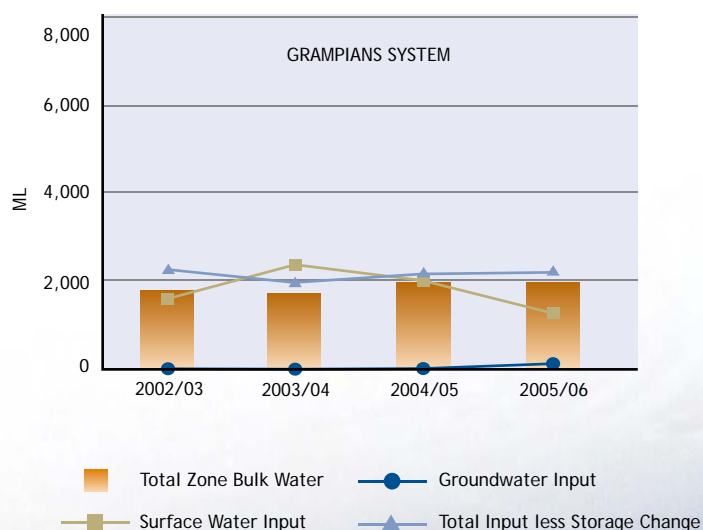
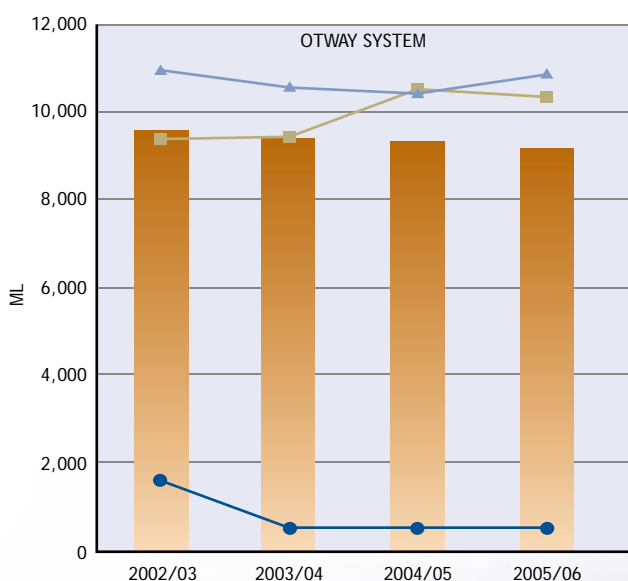
Conversion Orders were:

- Otway System Bulk Entitlement Conversion Order - 10,342 ML out of a maximum of 12,580 ML (82.2%)
- Grampians System Bulk Entitlement Conversion Order - 1,253 ML out of a maximum of 3,435 ML (36.5%)
- Coleraine System Bulk Entitlement Conversion Order - 152 ML out of a maximum of 855 ML (17.8%)
- Balmoral System Bulk Entitlement (Wimmera and Glenelg Rivers) Conversion Amendment Order - 87 ML, compared to an entitlement of 80 ML (109%) - reduced to account for low storage levels

Note that the Balmoral entitlement is linked to the storage level in Rocklands Reservoir, which was at a very low level in 2005/2006. The water restrictions currently in place for Balmoral are also linked to the Rocklands storage level. As the Wimmera - Mallee pipeline project proceeds, the level in Rocklands should rise, bringing Balmoral's entitlement back up to its usual level of 120 ML per annum. Wannon Water has an agreement with Grampians Wimmera Mallee Water for a temporary transfer of entitlement to cover any water extracted in excess of 80 ML.

No water was taken under the Glenthompson or Dunkeld System Conversion Orders. A review of obligations under each of the Bulk Entitlement Conversion Orders is being carried out.

WATER EXTRACTIONS & BULK SUPPLIES TO CUSTOMER ZONES



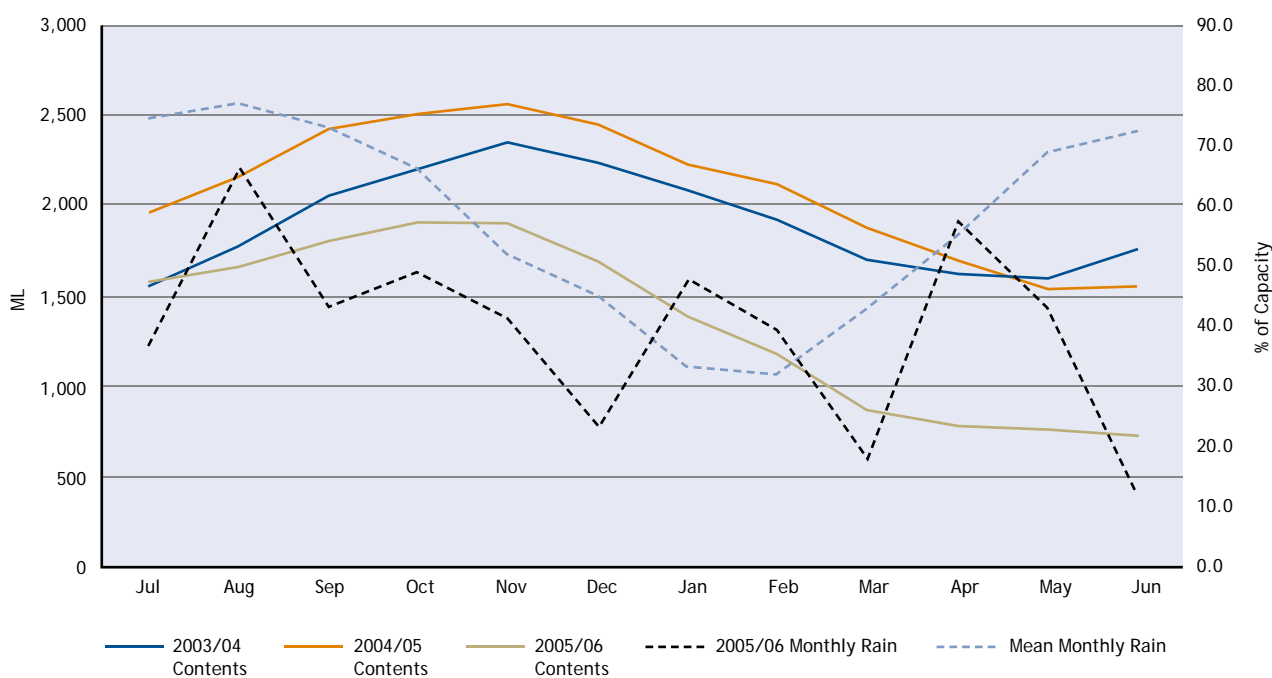
Please see Appendix one for notes on Wannon Water's Bulk Entitlement Conversion Orders.

results



Alyce O'Shannessy
secondary [d]

GRAMPIANS SYSTEM STORAGE



The above graph shows a significant decline in water yield from the Grampians System during the 2005/2006 year due to prolonged below average rainfall. As at 30 June, 2006, the Grampians System storage was only holding 26.7 per cent.

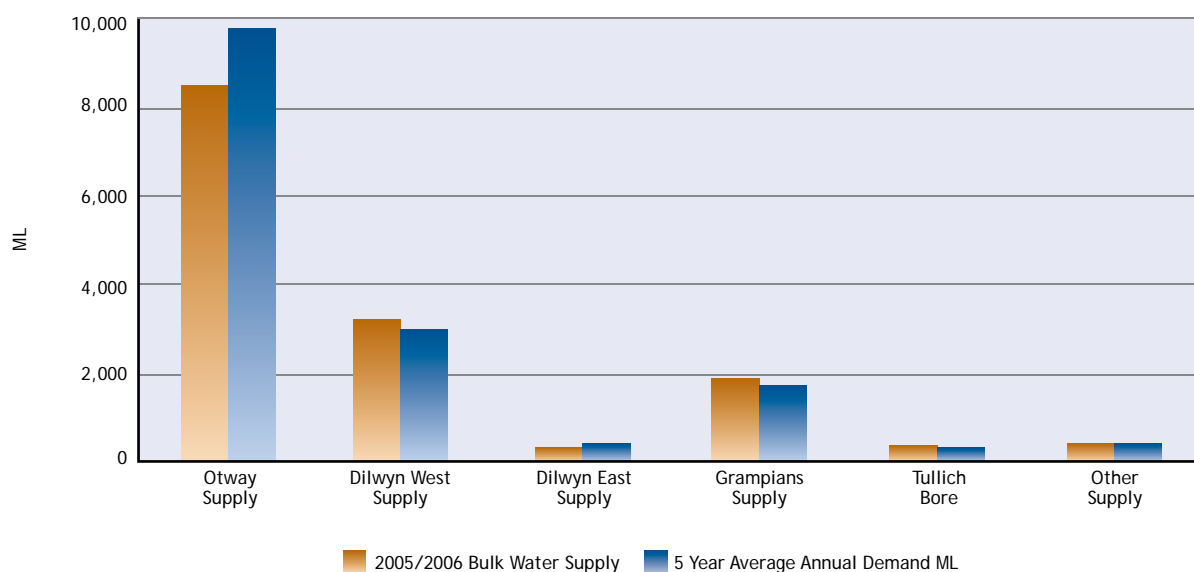
The three main sources of bulk water for Wannon Water come from the Otways, Grampians and Dilwyn Aquifer. There are other surface and ground water supplies for smaller towns within our district. The Otway and Grampians systems have water storages and transportation pipelines whereas the Dilwyn Aquifer is a mix of supply direct to local treatment plants

and a regional plant with pipelines to other towns. Water extractions from the Otway (surface and ground water) system decreased by one per cent from 11,004 megalitres (ML) to 10,887 ML. Water harvested from the Grampians water supply system decreased significantly by 31 per cent from 2,006 ML in 2004/05 to 1,388 ML in 2005/06. However water delivered to

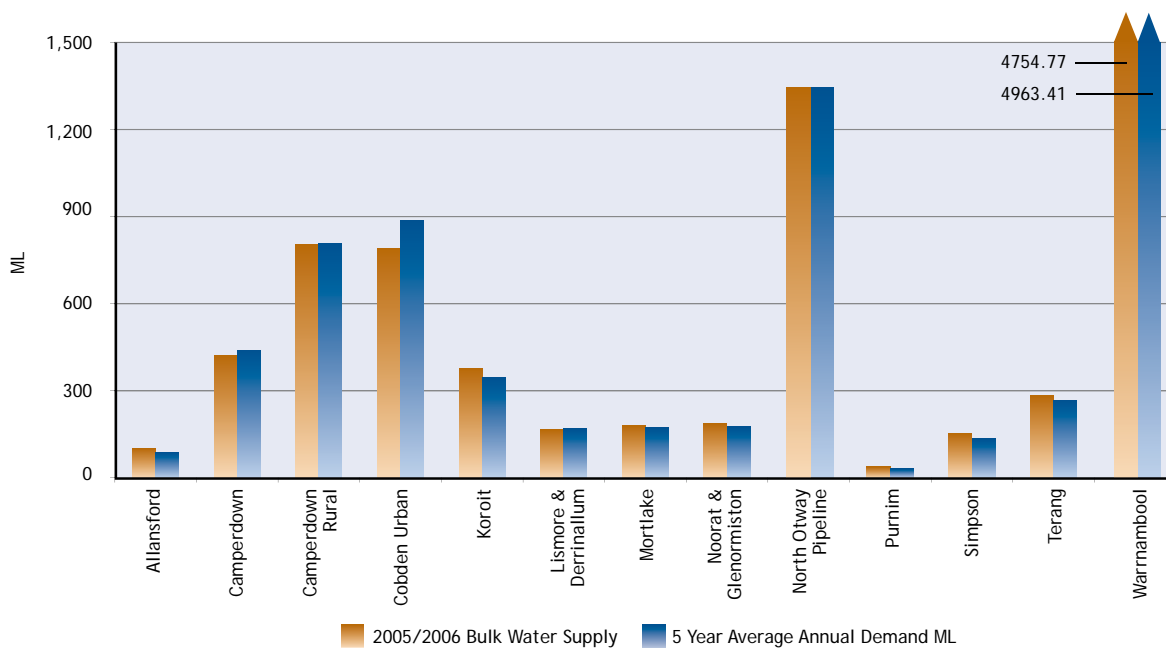
customers increased by 4 ML to 1,990 ML resulting in draw down of water in storage to meet customer demands for water.

In the Otway system, the water delivered to towns reduced for the third year in a row to 9,135 ML, which was 1.9 per cent less than 2004/05.

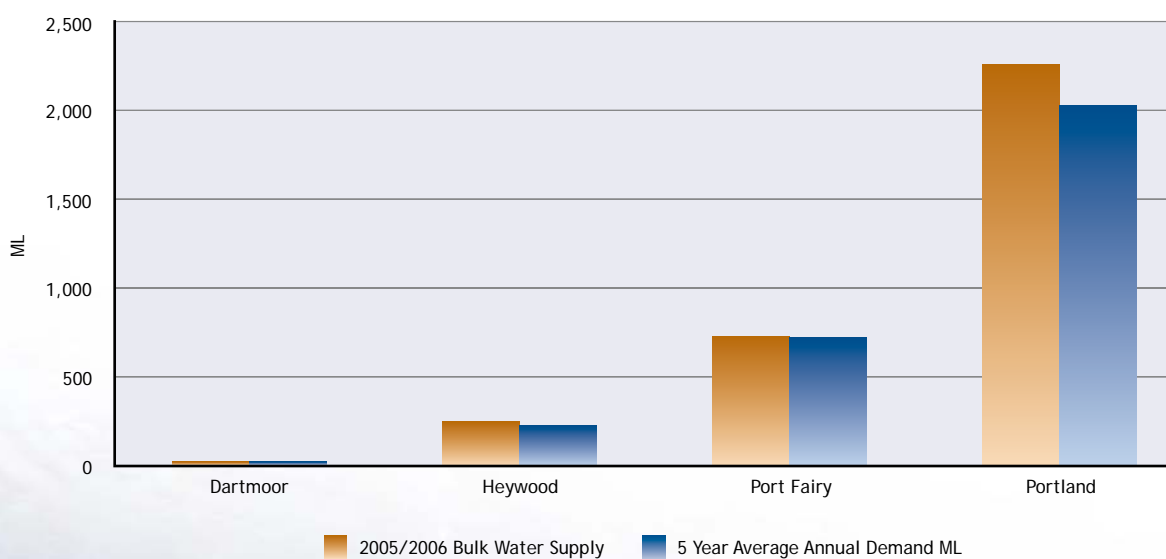
BULK WATER SUPPLY



OTWAY SYSTEM - BULK WATER SUPPLY



DILWYN AQUIFER WEST - BULK WATER SUPPLY

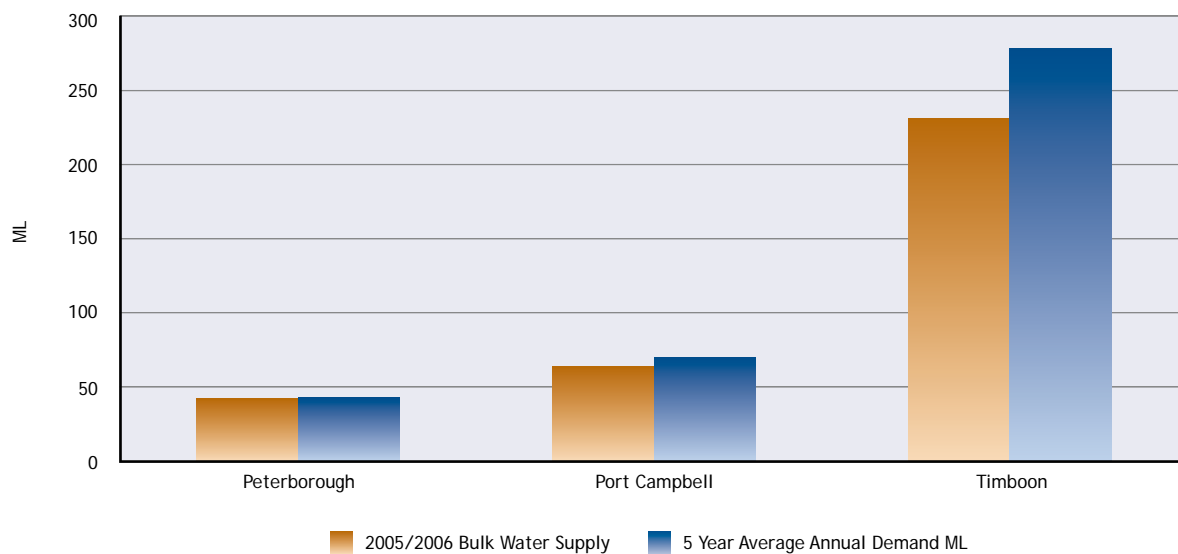


right
Erin Parkinson
secondary [s]

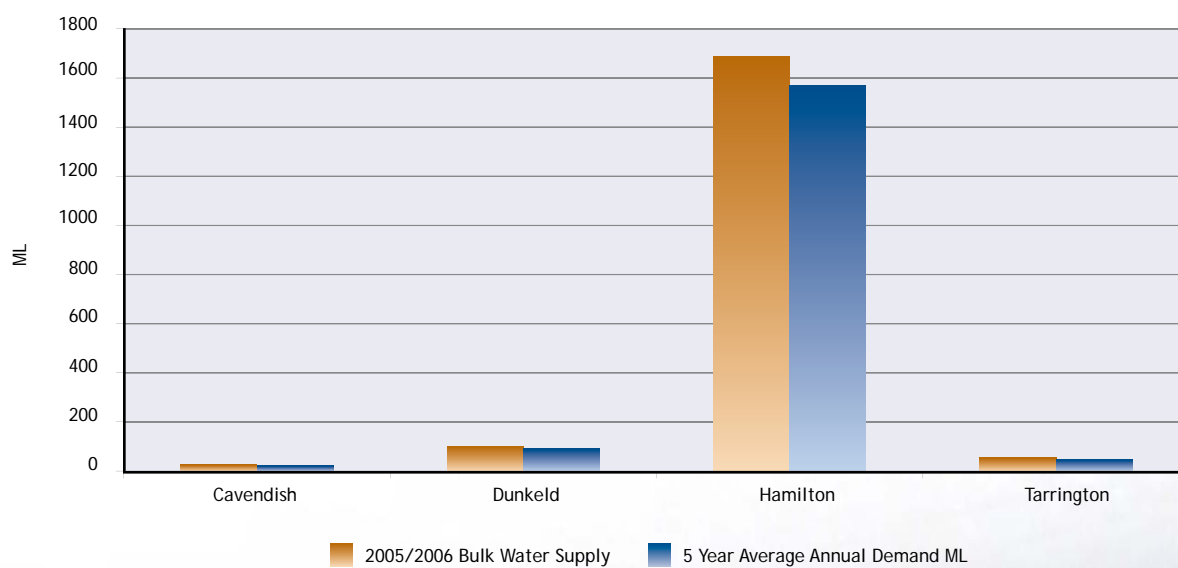
far right
Thomas Spencer
primary [s]



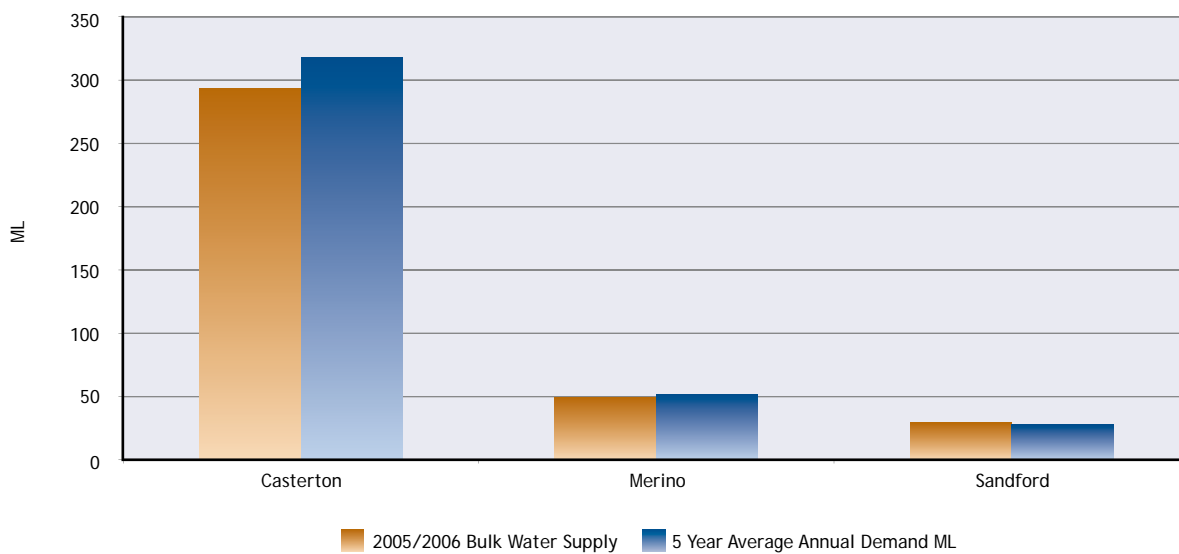
DILWYN AQUIFER EAST - BULK WATER SUPPLY



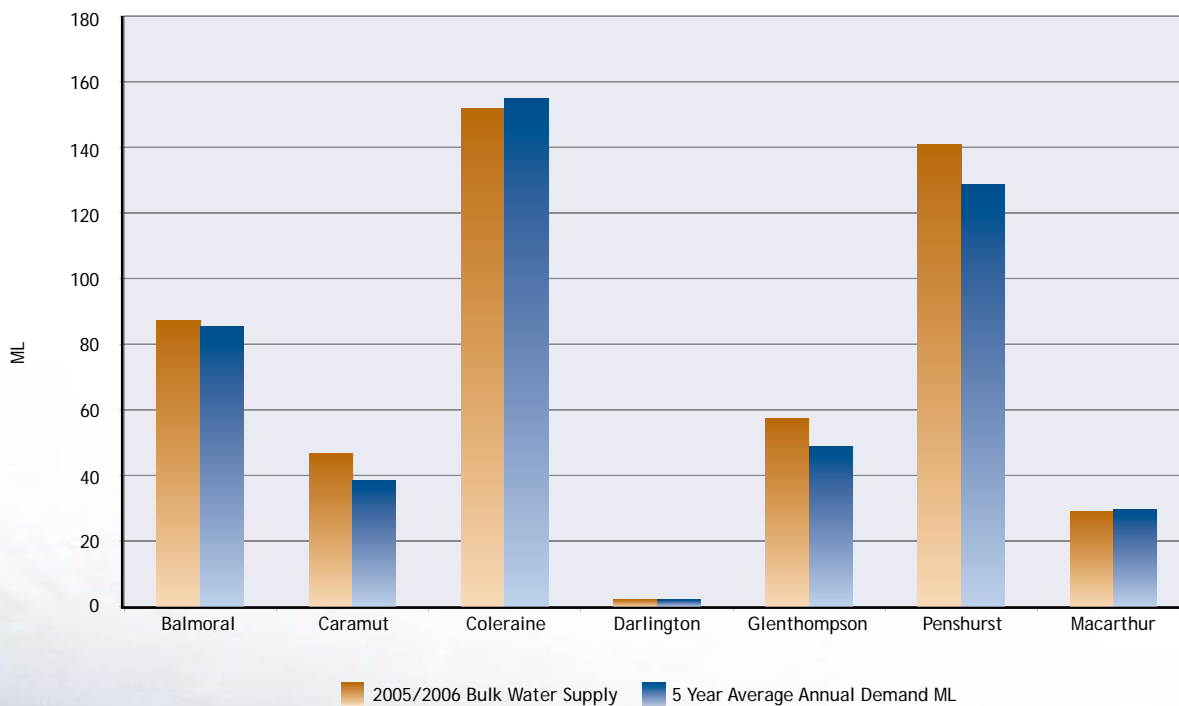
THE GRAMPIANS SYSTEM - BULK WATER SUPPLY



TULLICH BORE SYSTEM - BULK WATER SUPPLY



OTHER WATER SYSTEMS - BULK SUPPLY



DROUGHT RESPONSE PLAN

Wannon Water invoked its drought response plan due to low levels of water in storages following several years of below average rainfall in the catchments and introduced water restrictions in the following towns:

Towns	Commenced Stage 1 Restrictions	Commenced Stage 2 Restrictions
Balmoral	Prior to 2005/2006	1 April, 2006
Glenthompson	12 November, 2005	1 April, 2006
Hamilton, Cavendish, Dunkeld and Tarrington	21 January, 2006	1 April, 2006

Stage 2 water restrictions were introduced for the Hamilton, Glenthompson and Balmoral water supply systems on 1 April, 2006 due to the continuing fall of the water levels of these systems.

The two drought relief bores located in the Grampians headworks for the Hamilton water supply system were operated from 1 April to 30 June, 2006. These bores were last operated from March to June in 2001.

Wannon Water conducted an extensive ongoing public awareness campaign throughout the year to ensure customers were aware of the need to conserve water.

Wannon Water introduced permanent water savings measures on 1 May, 2006 and drafted a new four-stage Water Restriction By-law which has been referred to the Department of Sustainability and Environment for review. These initiatives implement actions set out in the Victorian Government's White Paper "Our Water Our Future".

GRAMPIANS FIRES

"In January 2006 a wildfire which had continuously broken various fire breaks began to threaten three of our reticulated towns (Cavendish, Dunkeld and Glenthompson).

"One of the critical sites of concern was the Dunkeld Reservoir and service basins as they were under potential threat from the projected path of the wildfire. Adding to the situation, the supply volume of water to this covered service basin was less than usual due to some mechanical issues with the transfer pumps and therefore the expected increased consumption of water was in excess of the amount that could have been sustained for any length of time.

"To maintain a supply of water to the township of Dunkeld we decided to move them to an untreated water supply from another basin. Without this alternative supply, the supply of water to Dunkeld could not be maintained and it was projected that within 24-48 hours, Dunkeld could have potentially run out of water.

"Action took place on Australia Day and involved a high level response from employees on their public holiday. They delivered the "Boil Water" notices under extraordinarily hot conditions and in such a short timeframe (1½ hours from start to finish). The Dunkeld community maintained a supply of water during the fires although boiling water was necessary. Running out of water did not happen.

"In the week leading up to this incident, our employees were very proactive in their approach to keeping critical infrastructure as safe from the fire as was possible.

"Our employees' commitment to working outside normal operating hours and in difficult conditions was admirable."

Jamie Crowe
Wannon Water, Operations Support Manager

SEWERAGE TREATMENT

The effluent discharge from 10 water reclamation plants fully complied with EPA discharge licenses. Sludge build up in lagoons contributed to noncompliance at the Portland water reclamation plant which was addressed by desludging the lagoons. Reconfiguration of the Portland plant in 2006/07 should result in Biological Oxygen Demand and Suspended Solids compliance. The current performance of the reed beds at Portland will result in continuing non-compliance for ammonia and E. coli until the plant is upgraded. Investigation of the Hamilton water reclamation plant also revealed excessive sludge build up which will be addressed in 2006/07.

WATER RECYCLING

Wannon Water continues to work towards maximising the reuse of reclaimed water and achieved 25 per cent water recycling for beneficial reuse in 2005/06. The establishment of water recycling initiatives, including supplying reclaimed water to the Iluka plant at Hamilton, and the intention to supply reclaimed water to the proposed Origin Energy power plant at Mortlake, demonstrate our progress towards this target. Wannon Water also recycles water for irrigation on land owned by the Authority and privately owned land.

BIOSOLIDS

Wannon Water produces over 2,100 dry tonnes of biosolids per year. Wannon Water operates a dedicated biosolids facility at its Camperdown Industrial Water Reclamation Plant. Stage one of the permanent biosolids processing facility was constructed in 2005/06. This facility treats biosolids from the Warrnambool and Port Fairy water reclamation plants.

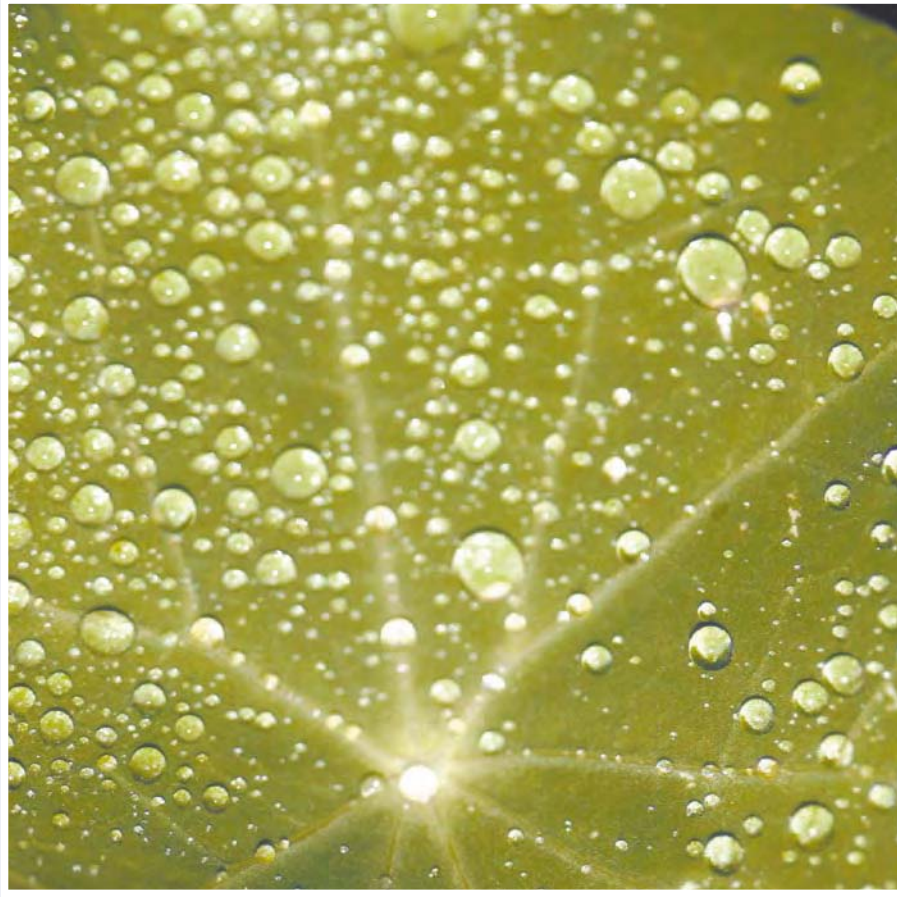
BIOSOLIDS REUSED/RECYCLED

	2005 - 06 Result
Volume of Biosolids Reused	3.5%

The Warrnambool and Port Fairy domestic water reclamation plants' biosolids are processed at the Camperdown biosolids facility. Due to a cold snap in weather conditions during the final stage of processing the biosolids, the normal reuse program was not achieved in 2005/06. The balance of two years' accumulated production of biosolids is intended to be applied to agricultural land in the Autumn of 2007.



Gabrielle O'Brien - amateur [s]

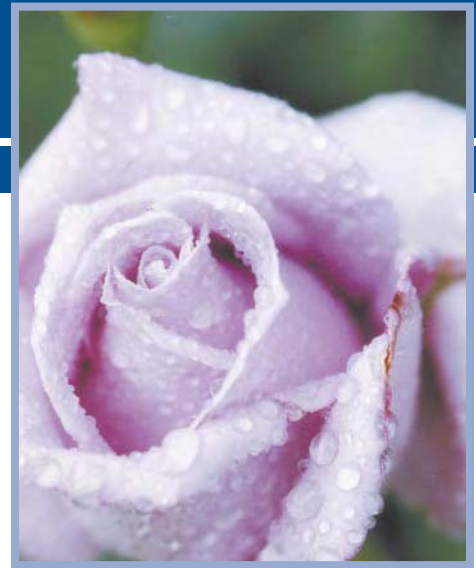


financial sustainability

financial sustainability

approach

During the 2005/06 financial year our focus was on addressing the financial issues associated with the merger including the migration to an integrated financial system and business reporting framework, while also ensuring efficient operation of the business and the delivery of the large capital works program on time and within budget.



Gabrielle O'Brien
amateur [S]

results

FINANCIAL RESULTS

Wannon Water funded the \$17.1 million of capital works solely from cash holdings and financial operations of the business and reduced the level of debt by more than \$2 million.

An operating deficit (before income tax) of \$2.37 million was recorded for the financial year. The deficit was higher than the budgeted deficit of \$0.49 million. This result was due to the changed funding arrangements for the Peterborough Sewerage Scheme. Initially this scheme was budgeted to be fully funded from scheme contributions to be paid by benefiting domestic property owners. In January 2006 the Minister for Water declared the Peterborough scheme to be a recipient under the Country Towns Water

Supply and Sewerage Program and capped owner contributions at \$800. The State Government provided a funding grant of \$900,000 towards the cost of the scheme.

CAPITAL WORKS PROGRAM

Major capital works project expenditure during the year included:

- Camperdown biosolids facility upgrade (\$0.65 million)
- Casterton water treatment plant (\$1.63 million)
- Dartmoor water supply scheme (\$0.30 million)
- Hamilton water reclamation plant sludge thickener (\$0.33 million)
- Merino water supply pipeline (\$0.19 million)
- Peterborough sewerage scheme (\$0.67 million)

- Port Campbell water reclamation plant (\$0.32 million)
- Port Fairy water reclamation plant (\$0.52 million)
- Portland zone SCADA system (\$0.65 million)
- Simpson water treatment plant (\$1.32 million)
- Warrnambool water treatment plant upgrade (\$1.90 million)

EVENTS SUBSEQUENT TO BALANCE DATE

At the time of going to print, we were not aware of any events subsequent to balance date that would significantly impact on our operations.



Paul Moloney
amateur [s]

SUMMARY OF THE FINANCIAL RESULTS

Wannon Water was established in 2005, therefore only one year of data is available.

	2005/2006 (\$000's)
Core business revenue	32,884
Government contributions	-
Other revenue	2,626
Total revenue	35,510
Operating expenditure	25,457
Depreciation expenditure	10,043
Finance costs	1,126
Loss on sales and decommissioning of assets	1,251
Total expenditure	37,877
Current assets	13,836
Non-current assets	457,228
Total assets	471,064
Current liabilities	5,797
Non-current liabilities	14,447
Total liabilities	20,244

NATIONAL COMPETITION POLICY

The National Competition Policy has been implemented by Wannon Water under the advice of the Department of Sustainability and Environment. The National Competition Policy aims to improve the performance of Australian businesses by exposing them, where applicable, to the pressure of competitive markets. This improved performance will assist the efficient allocation of resources and provide benefits to consumers in terms of service quality and price.

SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR

Wannon Water was established on 1 July, 2005, therefore only one year of data is available. The delay in finalising the Peterborough Sewerage Scheme funding arrangement has delayed the project until the 2006-07 year. As a result, the Authority did not need to borrow any funds during the 2005-06 year and has in fact reduced debt by more than \$2 million.

MAJOR CHANGES OR FACTORS AFFECTING PERFORMANCE

The major change affecting the financial performance of Wannon Water was the revised funding arrangements for the Peterborough Sewerage Scheme.

CHALLENGES

A significant challenge to be addressed in the next two years will be to deliver the large capital works program of \$42 million on time and within budget. Wannon Water is well positioned to meet this challenge following the recent recruitment of additional engineering staff and the planned initiative to enter into an innovative engineering consultancy arrangement.

MINISTERIAL DIRECTION

In accordance with the reporting requirements of FRD 12, in the last 12 months, the Authority has had no contracts in excess of \$10 million.

CONSULTANTS COSTING LESS THAN \$100,000 IN 2005/06

Thirty two consultants were engaged at a total cost of \$1,021,764.31.

CONSULTANTS COSTING MORE THAN \$100,000 IN 2005/06

Name of consultant	Project	Total \$	Future commitment \$
Earth Tech Engineering	Peterborough Sewerage Scheme	196,945	243,555
Kellogg Brown & Root	Port Fairy Water Reclamation Plant Augmentation	567,800	208,860
Total		764,745	452,415

VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP)

Contracts commenced to which the
VIPP applied:

- During 2005-06, Wannon Water commenced three contracts totalling \$6,511,747 to which the VIPP applied
- The contracts are wholly regional
- The commitments by contractors under VIPP included:
 - An overall level of local content of 62% of the total value of the contracts
 - Three new full time equivalent jobs

- The following benefits to the Victorian economy in terms of skills and technology transfer increases, namely:
 - skills in pipe welding
 - general building and construction skills, and
 - training in the running and optimising performance of a sludge dewatering system

Contracts completed to which VIPP applied:

- During 2005-06, Wannon Water completed two contracts totalling \$3,956,845 to which the VIPP applied

- The contracts were wholly regional
- The outcomes reported by contractors under VIPP included:
 - An overall level of local content of 82% of the total value of the contracts
 - One new full time equivalent jobs
 - The following benefits to the Victorian economy in terms of skills and technology transfer increases, namely the training of operators in the use of DAF technology

Gabrielle O'Brien
amateur [s]



Lynn Goldstraw
amateur [s]



Les Lockland
amateur [d]



financial statements

OPERATING STATEMENT	46
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operating statement

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

	Notes	2006 \$'000
REVENUE FROM ORDINARY ACTIVITIES		
Revenue from operating activities	1(b)	
Service charges	2(a)	16,366
Usage charges	2(b)	13,789
Customer contributions	2(c)	1,383
REVENUE FROM NON-OPERATING ACTIVITIES		
Assets received free of charge or for nominal consideration	2(d)	1,346
Interest	2(e)	640
Other revenue	2(f)	1,986
TOTAL REVENUE		35,510
EXPENSES FROM ORDINARY ACTIVITIES		
EXPENSES		
Employee benefits expense	2(g)	(9,592)
Depreciation expense	1(e), 2(h)	(10,043)
Supplies and services	2(i)	(15,865)
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		(35,500)
Loss on sale of assets sold and decommissioned	2 (k)	(1,251)
Finance costs	1(c), 2(j)	(1,126)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX		(2,367)
Income tax expense (revenue)	3	-
PROFIT/(LOSS) FOR THE YEAR		(2,367)

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

balance sheet

as at 30 June 2006

WANNON REGION WATER AUTHORITY

	Notes	2006 \$'000
ASSETS		
Current Assets		
Cash assets and cash equivalents	1(f), 4	5,001
Receivables	1(g), 5	4,931
Inventories	1(h), 6	309
Other	7	3,595
Total Current Assets		13,836
Non-Current Assets		
Receivables	1(g), 5	1,076
Property, plant and equipment	1(e), 8	455,963
Intangibles	9	189
Total Non-Current Assets		457,228
TOTAL ASSETS		471,064
LIABILITIES		
Current Liabilities		
Payables	1(j), 10	2,697
Interest bearing liabilities	11	975
Provisions	1(k), 12	1,935
Total Current Liabilities		5,607
Non-Current Liabilities		
Interest bearing liabilities	11	14,277
Provisions	1(k), 12	170
Total Non-Current Liabilities		14,447
TOTAL LIABILITIES		20,054
NET ASSETS		451,010
Equity		
Contributed capital	26	453,377
Accumulated surplus (deficit)		(2,367)
EQUITY		451,010

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

statement of changes in equity

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

	Notes	2006 \$'000
CONTRIBUTED CAPITAL		
Contributed capital on establishment of authority	24	452,287
Capital grants recognised directly in contributed capital		
- Peterborough sewer scheme		900
- Dutton Way		165
- Macarthur Water		25
NET INCOME RECOGNISED DIRECTLY IN EQUITY		453,377
Net result for the reporting period		(2,367)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD		451,010

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

cash flow statement

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

	Notes	2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from other entities		31,971
GST recovered from the ATO		2,936
Capital charges received		2,137
		<u>37,044</u>
Payments		
Payments to suppliers and employees		(24,243)
GST paid to the ATO		(2,932)
Interest and other costs of finance paid		(1,168)
Environmental contribution		(1,130)
		<u>(29,473)</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	<u>7,571</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Payments for property, plant and equipment)		(16,495)
Proceeds from sale of property, plant and equipment		672
Proceeds from sale of investments		12,224
		<u>(3,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash at formation		2,910
(Repayment of borrowings)		(2,971)
Capital grant recognised directly in equity		1,090
		<u>1,029</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>1,029</u>
CASH AT THE END OF THE FINANCIAL YEAR	4	<u>5,001</u>
Financing arrangements	11	

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

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

General

This financial report of Wannon Region Water Authority is a general purpose financial report that consists of an Operating Statement, a Balance Sheet, a Statement of Changes in Equity, a Cash Flow Statement and notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the requirements of the *Financial Management Act 1994* and Applicable Directions issued thereunder.

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

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

Merger of South West Water Authority, Portland Coast Region Water Authority and Glenelg Region Water Authority to form Wannon Region Water Authority

By the Order-in-Council dated June 3, 2005, the Minister for Water approved an Order, effective from July 1, 2005 to:

- Constitute a new authority to takeover the whole of the property, rights, liabilities, obligations, powers and functions under the Water Act 1989 of South West Water Authority, Portland Coast Region Water Authority and Glenelg Region Water Authority;
- Provide for various matters consequential to the creation of the new authority including membership of the Board, the transfer of staff and the water and sewerage districts of the new authority; and
- Abolish South West Water Authority, Portland Coast Region Water Authority and Glenelg Region Water Authority.

The corporate name of the new authority is "Wannon Region Water Authority", with a trading name of "Wannon Water".

Details of the contributed capital break down at the commencement of the Authority's operations is included at Note 24.

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 Authority's operating cycle.

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.

New Customer Contributions

Fees paid by developers

Fees paid by developers to connect new developments to the Authority'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 Authority 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 Operating Statement 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.

(c) Borrowing costs

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

Megan Tweedie
secondary [s]



Christina Ernest
amateur [d]



Gabrielle O'Brien
amateur [s]



WANNON REGION WATER AUTHORITY

(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. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

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 Authority 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.

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.

In accordance with FRD 103 *Non-Current Physical Assets*, 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the operating statement.

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

Revaluations

Assets other than those that are carried at cost are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value. This revaluation process normally occurs every three to four years for assets with useful lives of less than 30 years or six to eight years for assets with useful lives of 30 or greater years. Revaluation increments or decrements arise from differences between an asset's depreciated cost or deemed cost and fair value.

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.

Impairment of Assets

All assets with definite lives are tested annually to assess indicators of impairment.

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.

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 Authority 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 Authority'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 Statement of Cash Flows, 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 Authority's option, and are subject to insignificant risk of changes in values, net of outstanding bank overdrafts.

(g) Receivables

Trade debtors are carried at amounts due. The collectibility 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) Investments

Investments are measured at cost.

(j) Payables

Liabilities are recognised for amounts payable in the future for goods and services received, whether or not billed to the Authority.

(k) Employee benefits

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date, are measured at their nominal amounts in respect of the employees' services up to the reporting date. The nominal basis of measurement uses employee remuneration rates that the entity expects to pay as at each reporting date and does not discount cash flows to their present value.

Annual leave

Annual leave entitlements are accrued on a pro-rata basis in respect of services provided by the employee up to balance date, having regard to current rates of pay and oncosts. Annual leave entitlements are provided for at their nominal value as above.

Long service leave

Long service leave is recognised in the Balance Sheet as a provision measured at the present value of the estimated cash outflows to be made for these entitlements. Consideration is given to expected future employee remuneration rates, employment related oncosts and other factors including experience of employee departures and periods of service. Commonwealth Bond rates are used for discounting future cash flows. The current liability is calculated as the provision amount relating to employees who have achieved a minimum of seven years service.

Superannuation

The purpose of the superannuation scheme is to accumulate assets to meet members' benefits as they accrue. The Authority contributes in respect of its employees to a number of superannuation schemes administered by the State Superannuation Board and Vision Superannuation. The amounts of these contributions are determined by the scheme's actuary in accordance with statutory requirements.

The statutory contributions made to those employees who are members of the superannuation schemes controlled by the State Superannuation Board and Vision Superannuation are recognised in the financial statements of the Authority. Unfunded liabilities are defined 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. For the purpose of these financial statements, the amounts of unfunded liabilities taken up in the accounts are the amounts as at balance date officially notified by each superannuation board.

Wendy Hamilton
amateur [d]



Ben Lavakeiaho
secondary [d]



Noah Wallace
primary [s]



WANNON REGION WATER AUTHORITY

(l) Segment information

Segment information is reported on the basis of business segments, as the Authority'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.

(m) Reporting lines of business

The financial report includes a note reporting the two lines of business of the Authority, 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*.

(n) Changes in accounting policy

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

(o) Taxation

The Authority 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 Authority 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 Authority currently does not bring to account tax expense, assets and liabilities in the Operating Statement and the Balance Sheet as settlement of these items is not assured beyond reasonable doubt in the foreseeable future.

(p) Dividend policy

The Authority 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 Authority's preliminary estimate for the 2005/2006 reporting period is \$Nil.

(q) 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 authority, is classified as operating cash flows.

(r) Application of AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*

These financial statements are the first Wannon Region Water Authority financial statements and are prepared in accordance with AIFRSs. AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The financial statements of the three predecessor authorities until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the 30 June 2006 financial statements, management has amended certain accounting, valuation and consolidated methods applied in the AGAAP financial statements to comply with AIFRS. Note 24 details the brought forward balance sheet at time of merger.

(s) Environmental contributions

The *Water Industry (Environmental Contributions) Act 2004* amended to 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 authority.

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 expenses (Note 2(i)).

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 2. OPERATING STATEMENT - DISCLOSURES

(a) Service charges

Water
Sewer

2006
\$'000

8,968
7,398

TOTAL SERVICE CHARGES

16,366

(b) Usage charges

Water
Sewer
Trade waste

11,057
456
2,276

TOTAL USAGE CHARGES

13,789

(c) Customer contributions

Fees paid by developers

1,383

TOTAL CUSTOMER CONTRIBUTIONS

1,383

(d) Assets received free of charge or for nominal consideration

Assets received free of charge from developers

1,346

TOTAL ASSETS RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

1,346

(e) Interest

Interest on bank deposits
Income from investments
Other

209
347
84

TOTAL INTEREST

640

(f) Other revenue

Rental
Cost recoveries
Information statements
Connection and inspection fees
Revenue from the sale of standing timber
Miscellaneous

369
563
184
199
228
443

TOTAL OTHER REVENUE

1,986

Riannon Schrama
primary [d]



Rachael Price
secondary [s]



Yorrie Tiljak
amateur [s]



WANNON REGION WATER AUTHORITY

NOTE 2. OPERATING STATEMENT - DISCLOSURES (CONT'D)

(g) Employee benefits expense

Defined benefit superannuation
Termination benefits
Other employee benefits

2006
\$'000

(304)
(54)
(9,234)

TOTAL EMPLOYEE BENEFITS EXPENSE

(9,592)

(h) Depreciation

Buildings
Infrastructure
Office equipment
Plant and equipment
Intangibles

(70)
(8,935)
(673)
(316)
(49)

TOTAL DEPRECIATION

(10,043)

(i) Supplies and services

Chemicals
Consultancies and contractors
Electricity
Other goods and services
Environmental contribution

(616)
(5,924)
(2,053)
(6,142)
(1,130)

TOTAL SUPPLIES AND SERVICES

(15,865)

(j) Finance costs

Interest on loans - other institutions
Interest on loans - TCV
Financial Accommodation Levy

(52)
(944)
(130)

TOTAL FINANCE COSTS

(1,126)

(k) Loss on sale of assets sold and decommissioned

Cost of assets sold or decommissioned
Infrastructure
Buildings
Office equipment
Plant and equipment

(983)
(19)
(103)
(818)

Total written down value of assets sold and decommissioned

(1,923)

Motor vehicle trade ins

672

Total proceeds of asset sales

672

LOSS ON SALE OF ASSETS SOLD AND DECOMMISSIONED

(1,251)

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 3. INCOME TAX

2006
\$'000

(a) Prima facie income tax reconciliation

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

Net result for the reporting period	(2,367)
Income tax calculated @ 30%	(710)
Tax effect of permanent differences:	
Balancing deduction on disposal of fixed assets - tax	(333)
Non-deductible depreciation	21
Loss on disposal of tax depreciable fixed assets - accounts	375
	(647)
Tax loss not booked	647

INCOME TAX ATTRIBUTABLE TO SURPLUS/(DEFICIT)

-

The entries as at June 30, 2006 have not been booked due to uncertainty as the realisation of assets and liabilities in the foreseeable future. The following notes are for information purposes.

(b) Deferred tax assets

The balance comprises temporary differences attributable to:
Amounts recognised in the operating statement

Provisions and accrued expenditure not deductible	510
	510

Movement

Opening balance 1 July, 2005	-
Transfer from predecessor authorities at merger	216
Movement 2005/2006	294

CLOSING BALANCE 30 JUNE, 2006

510

(c) Deferred tax liabilities

The balance comprises temporary differences attributable to:
Amounts recognised in the operating statement

Depreciation	19,288
Other	751
	20,039

Movement

Opening balance 1 July, 2005	-
Transfer from predecessor authorities at merger	16,523
Movement 2005/2006	3,516

CLOSING BALANCE 30 JUNE 2006

20,039



WANNON REGION WATER AUTHORITY

NOTE 4. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Term Deposits

2006
\$'000

3,001

2,000

5,001

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above

5,001

Balances as per cash flow statement

5,001

NOTE 5. RECEIVABLES

Current

Tariffs and charges
Less: Provision for doubtful debts

2,716

(18)

2,698

Amounts owing from the Victorian Government
Schemes

112

273

3,083

Other debtors
GST receivable

1,492

356

1,848

Total current receivables

4,931

Non-current

Schemes
Other debtors

601

475

Total non-current receivables

1,076

Aggregate carrying amount of receivables

Current
Non-current

4,931

1,076

Total receivables

6,007

NOTE 6. INVENTORIES

Supplies and consumables - at cost

309

Total inventories

309

NOTE 7. OTHER ASSETS

Accrued tariffs and charges
Accrued investment interest
Prepaid expenses

3,523

8

64

Total other assets

3,595

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Land and buildings

Freehold land

At independent valuation 2005

2006
\$'000

26,359

Total freehold land

26,359

Buildings

At cost

963

At independent valuation 2005

2,684

Less: Accumulated depreciation

(210)

Total buildings

3,437

Plant and equipment - Water

At cost

257,232

Less: Accumulated depreciation

(17,022)

Total plant and equipment - Water

240,210

Plant and equipment - Sewer

At cost

176,031

Less: Accumulated depreciation

(8,773)

Total plant and equipment - Sewer

167,258

Other equipment (including motor vehicles)

At cost

6,322

Less: Accumulated depreciation

(2,559)

Total other equipment

3,763

Plant and equipment in the course of construction - at cost

14,936

Total work in progress

14,936

Total property plant and equipment

455,963

Carrying Amount	Land	Buildings	Plant & Equipment	In the course of construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July, 2005	26,359	2,563	412,001	9,125	450,048
Additions	-	963	11,107	5,811	17,881
Disposals	-	(19)	(1,904)	-	(1,923)
Depreciation expense	-	(70)	(9,973)	-	(10,043)
Balance at 30 June, 2006	26,359	3,437	411,231	14,936	455,963

Clayton Nelson
secondary [d]



Dylan Buzolich
secondary [s]



Grant Smith
amateur [s]



WANNON REGION WATER AUTHORITY

NOTE 9. INTANGIBLES

Computer Software	
At cost	
Less: Accumulated depreciation	
Total intangibles	

2006
\$'000

238
(49)

189

NOTE 10. PAYABLES

Current	
Trade creditors	
Accrued loan interest	
Contract deposits	
Income received in advance	
Total current payables	

1,317
24
553
803

2,697

Aggregate carrying amount of payables

Current	
Total payables	

2,697

2,697

NOTE 11. INTEREST BEARING LIABILITIES

Current - Secured

Private loans	
TCV loans	
Total current secured loans	

17
958

975

Non-current - Secured

Private loans	
TCV loans	
Total non-current secured loans	

182
14,095

14,277

Aggregate carrying amount of interest bearing liabilities

Current	
Non-current	
Total interest bearing liabilities	

975
14,277

15,252

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 11. INTEREST BEARING LIABILITIES (CONT'D)

Security over borrowings

2006
\$'000

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

Financing arrangements

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

Credit standby arrangements

Total facilities

Bank overdraft

250

Total facilities

250

Unused at the reporting date

Bank overdraft

250

Total unused at the reporting date

250

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

The current interest rate is 8.38% on the overdraft facility.

NOTE 12. PROVISIONS

Current

Annual leave

872

Long service leave

977

Other leave

86

Total current provisions

1,935

Non-current

Long service leave

170

Total non-current provisions

170

Aggregate carrying amount of provisions

Current

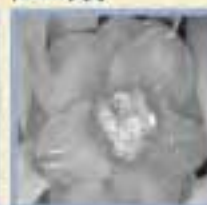
1,935

Non-current

170

Total provisions

2,105



NOTE 13. FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The Authority'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 Authority intends to hold fixed rate assets and liabilities to maturity.

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 + years	Non interest bearing	Total
2006	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:									
- Cash and cash equivalents	5.72%	3,001	2,000	-	-	-	-	-	5,001
- Trade and other receivables	8.35%	-	4,418	248	227	48	69	997	6,007
Total		3,001	6,418	248	227	48	69	997	11,008
Financial liabilities:									
- Other payables	6.12%	-	975	735	813	863	11,866	2,697	17,949
Total		-	975	735	813	863	11,866	2,697	17,949

(b) Net fair value of financial assets and liabilities

The carrying amounts and fair values of interest bearing liabilities at balance date are:

On balance sheet

- Other payables
 - Trade creditors
 - Bank Loans

	2006 Carrying amount	2006 Fair value
- Trade creditors	2,887	2,887
- Bank Loans	15,252	12,316
Total	18,139	15,203

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 14. MINISTER AND ACCOUNTABLE OFFICERS

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.

Names

The persons who held responsible positions are as follows:

Minister for Water	The Hon. John Thwaites MP
Board	
Chairman	Mr Harry Peeters
Deputy Chairman	Ms Jacinta Ermacora
Director	Ms Sandra Adams
Director	Mr Paul Battista
Director	Ms Di Clanchy
Director	Mr Graeme Rodger
Director	Mr William Sharrock
Director	Mrs Marie Thornton

Resigned 25/08/2005

Remuneration Income band

\$0 - \$9,999¹
\$10,000 - \$19,999
\$20,000 - \$29,999
\$30,000 - \$39,999

Total numbers

Total remuneration

2006
No.

1
5
1
1

8

Base remuneration

2006
No.

1
6
-
1

8

¹ This band includes payment to the Director who resigned during the period.

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

2006
\$'000

137

2006
\$'000

126

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 2005/2006 reveals that there were no other related transactions and loans requiring disclosure under the directions of the Minister of Finance.

Alyce O'Shannassy
secondary [x]



Virginia Martin
amateur [x]



Jemma Wallace
secondary [x]



WANNON REGION WATER AUTHORITY

NOTE 15. REMUNERATION OF EXECUTIVES

The number of executive officers, other than the Minister and Board Directors, and their total remuneration during the reporting period are shown in the first column of the table below in their relevant income bands. The base remuneration of executive officers is shown in the second column. Base remuneration is exclusive of bonus payments, redundancy payments and retirement benefits. A number of the executive team members joined the Authority during the reporting period, and as such the amount paid was lower than would be expected for a full year of employment.

Income band	Total remuneration 2006 No.	Base remuneration 2006 No.
\$40,000 - \$49,999	1	1
\$100,000 - \$109,999	-	2
\$110,000 - \$119,999	2	2
\$120,000 - \$129,999	1	-
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	1	-
Total numbers	6	6
Remuneration received or receivable by executives in respect of the management of the Authority during the reporting period was:	2006 \$'000 679	2006 \$'000 605

NOTE 16. REMUNERATION OF AUDITORS

Audit fees paid or payable to the Victorian Auditor General's Office
for audit of the Authority's financial report:

Paid as at 30 June

Payable as at 30 June

Total remuneration of auditors

2006
\$'000

-

46

46

NOTE 17. CONTINGENT LIABILITIES

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

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 18. COMMITMENTS FOR EXPENDITURE

Capital commitments

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

Later than 1 year but not later than 5 years

Total capital commitments for expenditure

Operating commitments

Commitments for the provision of contract and consultancy services to meet the Authority's operations at the reporting date but not recognised as liabilities payable are as follows:

Within 1 year

Later than 1 year but not later than 5 years

Total operating commitments for expenditure

Total commitments for expenditure

2006
\$'000

9,993

81

10,074

942

260

1,202

11,276

NOTE 19. PROVISIONS

Provision for employee entitlements

Current (note 12)

Non-current (note 12)

Aggregate employee entitlement liability

Employee numbers

Average number of employees during the financial year

As explained in note 1(k), the amounts for long service leave are measured at their present values. The following assumptions were adopted in measuring present values:

Weighted average discount rates

Weighted average term to settlement of the liabilities (years)

2006
\$'000

1,935

170

2,105

2006
No.

165

2006

5.78%

7.61

Authority employees superannuation funds

No liability is recognised in the balance sheet for the Authority's share in the State's unfunded superannuation liability. The State's unfunded superannuation liability has been reflected in the financial statements of the Department of Treasury and Finance.

However, superannuation contributions for the reporting period are included as part of salaries and wages and associated costs in the operating statement of the Authority.

Brian Pfeiffer
amateur [s]



Hayley Nerzie
primary [x]



Rachel Barker
secondary [x]



WANNON REGION WATER AUTHORITY

NOTE 19. PROVISIONS (CONT'D)

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

Fund	Contribution for the year	Contribution outstanding at year end
	2006 \$'000	2006 \$'000
State Superannuation Fund	48	-
Vision Super	691	-
VicSuper	22	-
Other	59	-
Total contributions	820	-

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

The above amounts were measured as at 30 June, 2006.

NOTE 20. WHOLESALE AND RETAIL OPERATIONS

	Wholesale 2006 \$'000	Retail 2006 \$'000
Revenue		
Bulk water sales - urban retail	3,209	-
Retail service charges	-	16,366
Retail usage charges	-	13,789
Other revenue	-	5,355
Total revenue	3,209	35,510
Expenditure		
Employee benefits expense	(364)	(9,228)
Depreciation expense	(1,775)	(8,267)
Supplies and services ⁽¹⁾	(1,070)	(18,004)
Finance costs	-	(1,126)
Other expenses	-	(1,252)
Total expenditure	(3,209)	(37,877)
Operating result by function	-	(2,367)
Assets		
Property, plant and equipment	117,691	338,272
Other assets	-	15,101
Total assets	117,691	353,373
Liabilities		
Payables	-	2,697
Interest bearing liabilities	-	15,252
Other liabilities	-	2,105
Total liabilities	-	20,054

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 20. WHOLESALE AND RETAIL OPERATIONS (CONT'D)

	Wholesale 2006 \$'000	Retail 2006 \$'000
Cash flow		
Cash flows used in investing activities	(2,015)	(14,480)
Cash flows used in financing activities	-	1,029
Total cash flows from investing and financing activities	<u>(2,015)</u>	<u>(13,451)</u>
Capital investments		
- Replacement/renewals	(345)	(3,678)
- Expansions/enhancements	(1,670)	(10,802)

⁽¹⁾ These sums include the bulk water amount charged to retail services which is disclosed as revenue in wholesale services of \$3,209,400 in 2005/2006.

The Authority has a bulk entitlement to extract a maximum of 12,580 ML per annum from the Gellibrand River. The total amount extracted for 2005/2006 was 10,342 ML.

NOTE 21. OPERATING RESULTS OF RETAIL SERVICES

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

	Water Supply 2006 \$'000	Wastewater 2006 \$'000	Total Retail Operations 2006 \$'000
Revenue			
Sales - external	18,455	11,929	30,384
Other revenue	2,252	2,874	5,126
Total revenue	<u>20,707</u>	<u>14,803</u>	<u>35,510</u>
Service result	<u>725</u>	<u>(3,092)</u>	<u>(2,367)</u>
Operating surplus (deficit) from retail operations			<u>(2,367)</u>

NOTE 22. EVENTS OCCURRING AFTER REPORTING DATE

The Authority is not aware of any events that have occurred after the reporting date that will affect the financial statements as presented.

Janine Elphick
amateur [s]



Rachael Anderson
secondary [s]



Jackie Cole
amateur [s]



WANNON REGION WATER AUTHORITY

NOTE 23. RECONCILIATION OF NET RESULT FOR THE REPORTING PERIOD TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 \$'000
Net result for the reporting period	(2,367)
Depreciation and amortisation	10,043
Net (profit) loss on sale and decommissioning of non-current assets	1,251
Infrastructure assets contributed at no cost	(1,346)
Change in operating assets and liabilities	
Decrease (increase) in receivables	(119)
Decrease (increase) in inventories	22
Decrease (increase) in other operating assets	90
Increase (decrease) in trade creditors	(93)
Increase (decrease) in other provisions	90
Net cash inflow from operating activities	7,571

NOTE 24. RECOGNITION OF CONTRIBUTED CAPITAL ON FORMATION

The Minister for Water approved the merger of predecessor water authorities South West Water Authority, Portland Coast Water Authority and Glenelg Region Water Authority to form Wannon Region Water Authority as at 1 July, 2005. The commencing assets and liabilities of Wannon Water are detailed as follows.

ASSETS	2006 \$'000
Current Assets	
Cash assets	2,911
Receivables	5,204
Inventories	331
Other financial assets	12,224
Other	3,675
Total Current Assets	24,345
Non-Current Assets	
Receivables	684
Property, plant and equipment	450,048
Intangibles	238
Total Non-Current Assets	450,970
TOTAL ASSETS	475,315

NOTES TO THE financial statements

for the financial year ended 30 June 2006

WANNON REGION WATER AUTHORITY

NOTE 24. RECOGNITION OF CONTRIBUTED CAPITAL ON FORMATION (CONT'D)

LIABILITIES

Current Liabilities

Payables	2,789
Interest bearing liabilities	2,716
Provisions	792

Total Current Liabilities

Non-Current Liabilities

Interest bearing liabilities	15,507
Provisions	1,224

Total Non-Current Liabilities

TOTAL LIABILITIES

NET ASSETS

Equity

Contributed capital	452,287
---------------------	---------

EQUITY

Contributed capital brought forward to Wannon Water is inclusive of impacts of the implementation of Australian equivalents to International Reporting Standards. Details of the balance sheet impacts are included in Note 28.

NOTE 25. EX-GRATIA PAYMENTS

The Authority has made the following ex gratia payments during the period:

Ex-gratia payments	32
--------------------	----

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

Liam Wright
secondary [x]



Shelby Jacobs
primary [d]



Stephanie Glichrist
secondary [x]



WANNON REGION WATER AUTHORITY

NOTE 26. EQUITY AND MOVEMENTS IN EQUITY

(a) Contributed capital

Balance 1 July
Recognition on formation
Capital contributions

Contributed capital at the end of the financial year

(b) Accumulated surplus (deficit)

Accumulated surplus (deficit) at the beginning of the financial year
Net result

Accumulated surplus (deficit) at the end of the financial year

Total equity

Total equity at the beginning of the financial year
Amount recognised in the statement of changes in equity

Total equity at the end of the financial year

2006 \$'000
-
452,287
1,090
453,377
-
(2,367)
(2,367)
-
451,010
451,010

statutory certification

WANNON REGION WATER AUTHORITY

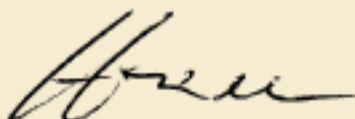
We certify the attached financial statements for Wannon Region Water Authority have been prepared in accordance with Part 9 of the Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

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, 2006 and the financial position of the Authority as at 30 June, 2006.

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



H F Peeters
Chairman
Wannon Region Water Authority



G V Green
Chief Executive Officer
Wannon Region Water Authority



D R O'Doherty
Chief Finance & Accounting Officer
Wannon Region Water Authority

Date: September 1, 2006



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Wannon Water

To the Members of the Parliament of Victoria and Members of the Board of Wannon Region Water Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 30 June 2006 relates to the financial report of Wannon Water included on its web site. The Members of the Board of Wannon Water are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

The Financial Report

The accompanying financial report for the year ended 30 June 2006 of Wannon Water consists of income statement, balance sheet, statement of changes in equity, cash flow statement, notes to and forming part of the financial report, and the statutory certification.

Members' Responsibility

The Members of the Board of Wannon Water are responsible for:

- the preparation and presentation of the financial report and the information it contains, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act 1994*, an independent audit has been carried out in order to express an opinion on the financial report. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

These procedures have been undertaken to form an opinion as to whether the financial report is presented in all material respects fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the Authority's financial position, and its financial performance and cash flows.

The audit opinion expressed in this report has been formed on the above basis.


Independence

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

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of Wannon Water as at 30 June 2006 and its financial performance and cash flows for the year then ended.

MELBOURNE
1 September 2006



JW CAMERON
Auditor-General

performance reporting

WANNON REGION WATER AUTHORITY

PERFORMANCE REPORTING

Financial Performance Indicators

Indicator	2005/2006 Target	2005/2006 Result	Variance %
Long Term Profitability	0.17%	-0.26%	-252.55%
Owner's Investment	-0.12%	-0.52%	-353.66%
Long Term Financial Viability	4.32%	3.38%	21.64%
Liquidity and Debt Servicing	0.61 times	-1.10 times	-280.15%
Immediate Liquidity and Debt Servicing#	N/A	16.64 times	
Operating Efficiency Water Supply/Wastewater Collection#			
Water Supply Bulk	N/A	\$186.86	
Water Supply Reticulation	N/A	\$369.59	
Water Supply Treatment	N/A	\$319.87	
Sewerage Reticulation	N/A	\$420.21	
Sewerage Treatment	N/A	\$833.50	

No target was set in the 2005/06 Corporate Plan.

Variance Report - Financial Performance Indicators

Initial budgeting incorporated the Peterborough Sewerage Scheme as being fully funded from scheme contributions. In January 2006 the Minister for Water declared the Peterborough Sewerage Scheme to be a recipient under the Country Towns Water Supply and Sewerage Program. While State Government provided a funding grant of \$900,000, the income from property owner contributions reduced by more than \$4 million. This created a revenue deficit.

The Long Term Profitability, Owner's Investment and Liquidity and Debt Servicing indicators reflect the loss generated due to the changed funding arrangement.

performance reporting

WANNON REGION WATER AUTHORITY

Service Performance Indicators

Note that no targets were set in the 2005/06 Corporate Plan.

Performance Indicator	2005-06 Result
Water supply interruptions	
Number of customers receiving 5 unplanned interruptions in the year	See Note 1
Interruption time indicators	
Average duration of unplanned water supply interruptions	100.6 minutes
Average duration of planned water supply interruptions	190.5 minutes
Restoration of water supply	
Unplanned water supply interruptions restored within 5 hours ²	93.4 %
Reliability of sewerage collection services indicators	
Sewer spills from reticulation and branch sewers (priority 1 and 2)	122 number
Sewage spilt from emergency relief structures and pumping stations (% of volume transported)	0 %
Containment of sewer spillages	
Sewerage spills contained within 5 hours	98.4 %
Customer complaints indicators	
Water quality complaints per 1000 customers	1.8 number
Water supply reliability complaints per 1000 customers	1.4 number
Sewerage service quality and reliability complaints per 1000 customers	1.0 number
Affordability complaints per 1000 customers	0.1 number
Billing complaints per 1000 customers	0.3 number
Pressure complaints per 1000 customers	0.7 number
Sewage odours complaints per 1000 customers	0.3 number
Other complaints per 1000 customers	0.6 number

Notes:

1. Wannon Water does not have the system in place to record performance against this indicator.
2. During the year, two water interruption events occurred that had durations of over five hours, the first being a break in a water main in Manifold Street Camperdown which was initially shut down and repaired and subsequently a burst occurred in a nearby location on recharging of the main. The second event was a failure of valve connection on a large supply pipeline at midnight affecting supply to Port Campbell. Fittings and an experienced welder had to be arranged to attend the site causing delays.

performance reporting

WANNON REGION WATER AUTHORITY

Service and Environmental Performance Indicators (by facility)

Note that following the merger no targets were set in the 2005/06 Corporate Plan

Reuse Indicator: Effluent reuse (volume)	2005/2006 Result
Authority Wide	25%
Camperdown Industrial	12%
Camperdown	75%
Casterton	100%
Cobden	54%
Coleraine	100%
Dunkeld	100%
Hamilton	100%
Heywood	100%
Mortlake	23%
Port Campbell	30%
Port Fairy Domestic	0%
Port Fairy Industrial	0%
Portland	0%
Simpson	10%
Terang	100%
Timboon	17%
Warrnambool	0%

Reuse Indicator: Biosolids reuse (dry mass)	2005-06 Result
Authority Wide	3.5%
Camperdown Industrial	0%
Camperdown	0%
Casterton	0%
Cobden	0%
Coleraine	0%
Dunkeld	0%
Hamilton	0%
Heywood	0%
Mortlake	0%
Port Campbell	0%
Port Fairy Domestic	0%
Port Fairy Industrial	100%
Portland	0%
Simpson	0%
Terang	0%
Timboon	0%
Warrnambool	0%

Note: The Warrnambool and Port Fairy domestic Reclamation plant biosolids are processed at the Camperdown Industrial Water Reclamation Plant. Due to weather conditions the normal reuse program was not able to be achieved in 2005/06. The balance of two year accumulated production of biosolids is intended to be applied to agricultural land in the Autumn of 2007.

performance reporting

WANNON REGION WATER AUTHORITY

Sewage treatment standards: Number of analyses complying with licence agreements as % of samples.	2005-06 Result
Authority Wide	90%
Camperdown Industrial	71% 1
Camperdown	100%
Casterton	99% 1
Cobden	100%
Coleraine	100%
Dunkeld	100%
Hamilton	91% 2
Heywood	99% 3
Mortlake	100%
Port Campbell	100%
Port Fairy Domestic	96% 4
Port Fairy Industrial	100%
Portland	82% 5
Simpson	100%
Terang	100%
Timboon	100%
Warrnambool	99% 6

Notes:


1. Due to a natural algae event in the lagoons an unfiltered Biological Oxygen Demand (BOD) test resulted in a higher than normal result.
2. Due to re-contamination of the lagoon test samples recorded elevated E-coli results.
3. Sludge build up reduced lagoon capacity and reduced treatment performance in relation to BOD removal.
4. The Ultra Violet (UV) disinfection system malfunctioned resulting in temporary elevated E-coli results.
5. High sludge levels in the treatment lagoons and poor performing reed beds resulted in elevated BOD, Suspended Solids (SS), Ammonia and E-coli test results. Desludging of the treatment lagoons was subsequently carried out during the year.
6. E-coli breach detected as a result of a change in sampling methodology, and BOD and SS failure due to a control system malfunction.

WANNON REGION WATER AUTHORITY PERFORMANCE REPORT FOR THE PERIOD ENDED 30 JUNE 2006

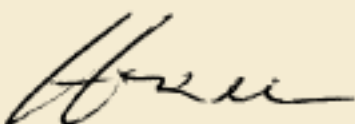
In our opinion, the accompanying Statement of Performance of Wannon Region Water Authority in respect of 2005/06 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

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 circumstance which would render any particulars in the Statement to be misleading or inaccurate.



H F Peeters
Chairman
Wannon Region Water Authority



G V Green
Chief Executive Officer
Wannon Region Water Authority

Dated: September 1, 2006



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Wannon Water

To the Members of the Parliament of Victoria and Members of the Board of Wannon Region Water Authority

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This audit report for the financial year ended 30 June 2006 relates to the performance statement of Wannon Water included on its web site. The Members of the Board of Wannon Water are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on this web site.

Scope

The Statement of Performance

The accompanying statement of performance for the year ended 30 June 2006 of Wannon Water consists of the statement, the related notes and the and the certification by the Chairman and Chief Executive Officer.

Members' Responsibility

The Members of the Board of Wannon Water are responsible for the preparation and presentation of the statement of performance and the information it contains.

Audit Approach

As required by the *Audit Act 1994*, an independent audit has been carried out in order to express an opinion on the statement of performance. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the statement of performance is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the statement
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the statement of performance.

These procedures, which did not extend to an assessment of the relevance or the appropriateness of the performance indicators contained within the statement, have been undertaken to form an opinion as to whether, in all material respects, the statement of performance is presented fairly in accordance with the *Financial Management Act 1994*.

The audit opinion expressed in this report has been formed on the above basis.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

Independence

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

Audit Opinion

In my opinion, the statement of performance of Wannon Water in respect of the 2006 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

MELBOURNE
1 September 2006



JW CAMERON
Auditor-General

Wendy Radley
amateur [s]



Lynn Goldstrew
amateur [s]



Elise Armitage
amateur [s]



appendices

appendix one

NOTES ON BULK ENTITLEMENTS

- Otway System Bulk Entitlement Conversion Order
- 10,342 ML out of a maximum of 12,580 ML (82.2%)

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 not available. The North and South Otway system inflows were not able to be calculated. Flow share arrangements were based on providing the specified passing flow.
- (b) The flow 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. Rating tables for these sites 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 10,342 ML.
- (g) There was no temporary or permanent transfer of this entitlement.
- (h) There was no transfer of any entitlement to the Authority 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 the authority with respect to the Otway System.
- (k) The Authority 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.

- Grampians System Bulk Entitlement Conversion Order
- 1,253 ML out of a maximum of 3,435 ML (36.5%)

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

- (a) The daily amount of water taken under this Bulk Entitlement is not available. The storage was used as an emergency water source during the Grampians fires but no record of usage is available.
- (b) The water level and the amount of water in storage was not recorded.

- (c) The annual amount taken was not recorded. The Bulk Entitlement was only used during the Grampians fire for emergency supply purposes.
- (d) The Authority is unaware of any programs or proposals under clauses 10, 11 and 12. A request will be made to DSE for information regarding any programs submitted by the predecessor authority.
- (e) There were no transfers of this Bulk Entitlement.
- (f) There were no transfer of other Bulk Entitlements or licenses to the Authority with respect to this system.
- (g) There was no amendment to this Bulk Entitlement.
- (h) There were no new bulk entitlements granted to the authority with respect to this system.

The Authority will request DSE for details of any programs submitted by its predecessor Authority in relation to this Bulk Entitlement to enable compliance matters to be addressed.

Report in relation to Section 13.1 of the Bulk Entitlement (Glenhompson) Conversion Order 1997.

- (a) The daily amount of water taken under this Bulk Entitlement is not available. Only weekly data is available. 24.3 ML of water purchased from Grampians Wimmera Mallee Water was input to this systems storage to supply the annual demand for Glenhompson of 19.1 ML.
- (b) The water level and amount of water in storage is measured weekly. As at 30 June, 2006 the level was 1.58 metres and the contents were 23.0 ML.
- (c) The annual amount taken under this Bulk Entitlement was 0 ML.
- (d) The Authority is unaware of any programs or proposals under clauses 10, 11 and 12. A request will be made to DSE for information for the details of any programs submitted by the predecessor Authority.
- (e) There were no transfers of this Bulk Entitlement.
- (f) There were no transfer of other Bulk Entitlements or licenses to the Authority with respect to this system.
- (g) There was no amendment to this Bulk Entitlement.
- (h) There were no new bulk entitlements granted to the Authority with respect to this system.

appendix one

- (i) The Authority metering arrangement doesn't readily provide for recording the daily amount of water taken under this Bulk Entitlement. The Authority is unaware of any approved metering or environmental programs in relation to this Bulk Entitlement.
- (j) The Authority will request DSE for details of any programs submitted by its predecessor Authority in relation to this Bulk Entitlement to enable compliance matters to be addressed.

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 has not been monitored and works under clause 16 to ensure that only water to which the Authority is entitled is taken have not been implemented.
- (b) The specified passing flow has not been provided. Investigations have commenced on options to provide these flows automatically.
- (c) The daily amount of water taken has not been recorded. The present metering arrangement provides for a seven-day continuous recording of flows. A new flow meter with data logger has been ordered.
- (d) The Authority is unaware of any programs or proposals under clauses 10, 11 and 12. A request will be made to DSE for the details of any programs submitted by its predecessor Authority.
- (e) The annual amount taken under this Bulk Entitlement was 1,253 ML.
- (f) The amount in credit to the drought reserve is the maximum allowable = 520 ML.
- (g) There was no transfer of any part of this Bulk Entitlement.
- (h) There was no transfer of other Bulk Entitlements or licenses to the Authority with respect to this system.
- (i) There was no amendment to this Bulk Entitlement.
- (j) There were no new bulk entitlements granted to the Authority with respect to this system.
- (k) Specified passing flows have not been provided. The metering arrangement doesn't readily provide for recording of the daily amount of water taken under this Bulk Entitlement. The Authority is unaware of any approved metering or environmental programs in relation to this Bulk Entitlement.

- (l) The automatic provision of passing flows is being investigated. A new meter and data logger has been ordered to enable daily amounts to be recorded. The Authority will request DSE for details of any programs submitted by its predecessor Authority in relation to this Bulk Entitlement to enable compliance matters to be addressed. A review of the passing flow requirements specified in this Bulk Entitlement may be requested.

- Coleraine System Bulk Entitlement Conversion Order - 152 ML out of a maximum of 855 ML (17.8%)

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 now not supplied from this Bulk Entitlement.
- (b) The water level and amount of water in storage is measured weekly. As at 30 June, 2006 the level was 3.43 metres and the contents 902.5 ML.
- (c) The annual amount taken under this Bulk Entitlement was 152 ML. This being the volume of water used by Coleraine.
- (d) The Authority is unaware of any programs or proposals under clauses 10, 11 and 12. A request will be made to DSE for details of any programs submitted by its predecessor Authority.
- (e) There were no transfers of this Bulk Entitlement.
- (f) There were no transfer of other Bulk Entitlements or licenses to the Authority with respect to this system.
- (g) There was no amendment to this Bulk Entitlement.
- (h) There was no new bulk entitlements granted to the authority with respect to this system.
- (i) The Authority metering arrangement doesn't readily provide for recording of the daily amount of water taken under this Bulk Entitlement. The Authority is unaware of any approved metering or environmental programs in relation to this Bulk Entitlement.
- (j) The Authority will request DSE for the details of any programs submitted by its predecessor Authority in relation to this Bulk Entitlement to enable compliance matters to be addressed.

appendix one

- Balmoral System Bulk Entitlement (Wimmera and Glenelg Rivers) Conversion Amendment Order - 87 ML out of an allowable maximum of 120 ML (72.5%).

Report in relation to Section 12.1 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. A review of metering is proposed.
- (b) The annual amount taken under this Bulk Entitlement was 87 ML.
- (c) No water was taken from any other works of the Authority for this system.
- (d) The seasonal allocation was 120 ML.
- (e) The Authority is unaware of any programs or proposals under clauses 10, 11 and 12. A request will be made to DSE for the details of any programs submitted by its predecessor Authority.
- (f) There were no changes made under Schedule 2.
- (g) There were no transfers of this Bulk Entitlement.
- (h) There were no transfer of other Bulk Entitlements or licenses to the Authority 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 the Authority with respect to this system.
- (k) The Authority metering arrangement doesn't readily provide for recording the daily amount of water taken under this Bulk Entitlement. The Authority is unaware of any approved metering or environmental programs in relation to this Bulk Entitlement.
- (l) The present metering arrangement is being reviewed. The Authority will request DSE for details any programs submitted by its predecessor Authority in relation to this Bulk Entitlement to enable compliance matters to be addressed.

appendix two

ACTUAL ANNUAL CONSUMPTION TABLES
Actual Annual Consumption in megalitres (ML) and Number of Assessments (No.)

THE OTWAY SUPPLY SYSTEM

Water District	Retail Urban Residential	Retail Urban Non-Residential	Rural Customers	Major Customers	Total Annual Consumption	Bulk Meter Usage	5 Year Average Annual Demand	Non Revenue Water	Customers	Actual Annual Consumption / Average Annual Demand
	ML No.	ML No.	ML No.	ML No.	ML No.	ML	ML	ML	Water No. by Agreement No.	Water Demand
Allansford	66.13 272	12.86 30	1.92 5	17.86 5	98.77 312	101.61	88.13	2.85	309 3 240	112%
Camperdown	302.70 1502	87.38 186	0.00 0	0.00 0	390.08 1688	422.31	438.48	32.23	1686 2 1561	89%
Camperdown Rural	0.00 0	0.00 0	716.32 374	0.00 0	716.32 374	801.78	806.66	85.46	367 7 0	89%
Cobden	180.09 711	54.47 94	77.54 49	416.59 2	728.69 856	788.82	884.98	60.14	851 5 700	82%
Koroit	105.04 568	30.82 47	2.87 2	161.44 1	300.17 618	376.47	345.29	76.32	614 4 582	87%
Lismore/ Derrinallium	56.75 327	16.71 69	73.68 78	0.00 0	147.14 474	165.71	169.72	18.58	474 0 0	87%
Mortlake	104.60 557	41.04 82	0.00 0	0.00 0	145.64 639	178.46	171.44	32.82	639 0 560	85%
Noorat/ Glenormiston	34.89 140	44.31 14	82.13 73	0.00 0	161.33 227	187.38	175.15	26.05	196 31 0	92%
North Otway Pipeline	0.00 0	0.00 0	822.44 479	487.62 2	1310.06 481	1310.06	1312.38	0.00	17 464 0	100%
Purnim	0.00 0	0.00 0	24.71 74	0.00 0	24.71 74	37.54	31.68	12.83	74 0 0	78%
Simpson	21.09 80	5.51 15	27.93 10	77.63 1	132.16 106	152.21	134.83	20.05	100 6 75	98%
Terrang	188.86 912	54.22 146	13.24 1	0.00 0	256.32 1059	282.50	267.06	26.18	1059 0 962	96%
Werrimbool	2458.47 12197	638.40 1279	13.35 21	984.01 6	4094.23 13503	4754.77	4963.41	660.53	13478 25 12915	82%
Total	3518.62 17266	985.72 1962	1856.13 1166	2145.15 17	8505.62 20411	9539.62	9789.21	1034.04	19864 547 17595	87%

Wannon Water's Drought Response Plan was not invoked in this water supply system in 2005/06. Consumption was projected to June 30 2006.

THE DILWYN AQUIFER - WEST

Water District	Retail Developed Urban Residential	Retail Vacant Residential	Developed Non Residential	Vacant Non Residential	Major Customers	Total Annual Consumption	Bulk Meter Usage	Non Revenue Water	Average Annual Demand	Customers	Actual Annual Consumption / Average Annual Demand
	ML No.	ML No.	ML No.	ML No.	ML No.	ML No.	ML	ML	ML	Water No. Sewerage No. Sewerage Vacant No.	
Dartmoor	12.97 58	0 0	0 0	0 0	0 0	12.97 58	16.40	3.43	14.70	58 0 0	88%
Heywood	138.35 586	1.19 53	61.82 95	2.38 35	0 0	203.74 769	246.60	42.26	222.60	769 654 58	92%
Port Fairy	354.85 1693	6.37 262	287.29 206	2.64 23	0 0	651.15 2184	727.00	76.65	717.80	2184 1802 233	91%
Portland	983.67 4470	10.93 607	469.73 646	17.33 94	690.01 2	2171.67 5819	2258.10	86.34	2027.60	5819 4575 595	107%
Total	1489.84 6807	18.49 922	818.84 947	22.35 152	690.01 2	3039.53 8830	3248.10	208.68	2982.70	8830 7031 886	102%

Wannon Water's Drought Response Plan was not invoked in this water supply system in 2005/06. Consumption was projected up to June 30, 2006.

THE DILWYN AQUIFER - EAST

Water District	Retail Urban Residential	Retail Urban Non Residential	Rural Customers	Retail Urban Other	Total Annual Consumption	Bulk Meter Usage	Non Revenue Water	5 year Average Annual Demand	Customers	Actual Annual Consumption / Average Annual Demand
	ML No.	ML No.	ML No.	ML No.	ML No.	ML	ML	ML	Water No. Water By Agreement No. Sewerage No.	
Peterborough	27.36 259	8.25 8	6.12 5	0.00 0	41.73 272	41.31	-0.42	42.67	272 0 0	98%
Port Campbell	30.87 234	32.36 34	0.27 2	0.00 0	63.50 270	70.71	7.21	69.87	270 0 221	91%
Timboon	87.02 402	32.55 63	111.42 101	0.00 0	230.99 566	274.62	43.63	278.14	566 1 415	83%
Total	145.25 895	73.16 105	117.81 108	0.00 0	336.22 1108	386.64	50.42	390.68	1107 1 636	86%

Wannon Water's Drought Response Plan was not invoked in this water supply system in 2005/06. Consumption was projected up to June 30, 2006.

THE GRAVPIANS SYSTEM

Water District	Retail Developed Urban Residential	Retail Vacant Residential	Developed Non Residential	Vacant Non Residential	Major Customers	Total Annual Consumption	Bulk Meter Usage	Non Revenue Water	Average Annual Demand	Customers	Actual Annual Consumption / Average Annual Demand
	ML No.	ML No.	ML No.	ML No.	ML No.	ML No.	ML	ML	ML	Water No. by Agreement No. Sewerage Vacant No.	
Cavendish	23.17 75	0.00 8	2.73 15	0.00 1	0.00 0	25.90 99	23.00	-2.90	21.00	80 19 0 0	123%
Dunkeld	75.39 289	0.00 23	24.04 36	0.00 3	0.00 0	99.43 351	114.00	14.57	91.00	308 43 224 0	109%
Hamilton	1023.69 4321	0.00 118	462.32 783	0.00 21	202.69 2	1688.70 5245	1817.00	128.30	1571.00	5125 120 4471 121	107%
Tarrington	52.06 128	0.00 3	1.24 4	0.00 0	0.00 0	53.30 135	60.00	6.70	45.67	108 27 0 0	117%
Total	1174.31 4813	0.00 152	490.33 838	0.00 25	202.69 2	1867.33 5830	2014.00	146.67	1728.67	5621 209 4695 121	108%

Water restrictions were invoked for this system in 2005/06.

THE TULLICH BOIRE SYSTEM

Water District	Retail Developed Urban Residential	Retail Vacant Residential	Developed Non Residential	Vacant Non Residential	Major Customers	Total Annual Consumption	Bulk Meter Usage	Non Revenue Water	Average Annual Demand	Customers	Actual Annual Consumption / Average Annual Demand
	ML No.	ML No.	ML No.	ML No.	ML No.	ML No.	ML	ML	ML	Water No. by Agreement No. Sewerage Vacant No.	
Casterton	171.69 880	0.00 39	106.81 149	0.00 6	0.00 0	278.50 1074	293.00	14.50	262.33	991 83 818 39	106%
Merrino	26.36 138	0.00 7	10.34 11	0.00 1	0.00 0	36.90 177	49.00	12.09	37.33	136 41 0 0	99%
Sandford	16.65 83	0.00 5	6.24 3	0.00 0	0.00 0	22.89 91	29.00	6.10	21.33	63 28 0 0	107%
Total	214.70 1121	0.00 51	123.39 163	0.00 7	0.00 0	338.29 1342	371.00	32.69	320.99	1190 152 818 39	105%

The drought response plan was not invoked on this system in 2005/06.

OTHER WATER SUPPLIES (*supplied from the Rocklands Reservoir)

Water District	Retail Developed Urban Residential	Retail Vacant Residential	Developed Non Residential	Vacant Non Residential	Major Customers	Total Annual Consumption	Bulk Meter Usage	Non Revenue Water	5 year Average Annual Demand	Customers				Actual Annual Consumption / Average Annual Demand						
	ML No.	ML No.	ML No.	ML No.	ML No.	ML No.	ML	ML	ML	Water No.	Water by Agreement No.	Sewerage No.	Sewerage Vacant No.							
Balmoral	29.95	117	0.00	3	27.96	30	0.00	1	0.00	0	57.91	151	87.00	29.09	56.67	139	12	0	0	102%
Caramut	15.66	35	6.31	13	10.08	16	0.00	0	0.00	0	32.05	84	46.64	14.59	38.49	75	9	0	0	83%
Coleraine	91.41	543	0.00	32	42.34	95	0.00	5	0.00	0	133.75	675	152.00	18.26	130.67	634	41	573	34	102%
Darlington	2.11	20	0.12	1	0.00	0	0.00	0	0.00	0	2.23	21	2.23	0.00	2.10	0	21	0	0	106%
Glent'son	23.92	137	0.00	1	34.68	27	0.00	0	0.00	0	58.60	165	57.00	-1.60	55.33	127	38	0	0	106%
Penshurst	63.42	260	0.00	7	23.78	53	0.00	2	0.00	0	87.20	322	141.00	53.80	83.00	325	7	0	0	105%
Macarthur	16.47	138	0.00	0	4.33	41	0.00	0	0.00	0	20.80	179	28.00	7.20	23.67	177	2	0	0	88%
Total	242.94	1270	6.43	57	143.17	262	0.00	8	0.00	0	392.54	1597	513.87	121.34	389.93	1477	130	573	34	101%

Water restrictions were invoked in Glentworth and Balmoral.

SUPPLY SYSTEMS TOTAL

Water District	Retail Developed Urban Residential	Retail Vacant Residential	Developed Non Residential	Vacant Non Residential	Major Customers	Rural Customers	Total Annual Consumption	Bulk Meter Usage	Non Revenue Water	5 year Average Annual Demand	Customers				Actual Annual Consumption /Average Annual Demand
	ML No.	ML No.	ML No.	ML No.	ML No.	ML No.	ML No.	ML	ML	ML	Water No.	Water By Agreement No.	Sewerage No.	Sewerage Vacant No.	
Otways	3518.62 17266	N/A N/A	985.72 1962	N/A N/A	2145.15 17	1856.13 1166	8505.62 20411	9559.62	1054.00	9789.21	19864	547	17595	0	87%
Dilwyn West	1489.84 6807	18.49 922	818.84 947	22.35 152	690.01 2	0.00 0	3039.33 8830	3248.10	208.37	2982.70	8830	0	7031	886	102%
Dilwyn East	145.25 895	N/A N/A	73.16 105	N/A N/A	0.00 0	117.81 108	336.22 1108	386.64	50.42	390.68	1107	1	636	0	86%
Gramplans	1174.31 4813	0.00 152	490.33 838	0.00 25	202.69 2	0.00 0	1867.33 5830	2014.00	146.67	1728.67	5621	209	4695	121	108%
Tullich Bore	214.70 1121	0.00 51	123.59 163	0.00 7	0.00 0	0.00 0	338.29 1342	371.00	32.69	320.99	1190	152	818	39	105%
Other	242.94 1270	6.43 57	143.17 262	0.00 8	0.00 0	0.00 0	392.54 1597	513.87	121.34	389.93	1477	130	573	34	101%
Total	6785.66 32172	24.92 1182	2634.81 4277	22.35 192	3037.85 21	1973.94 1274	14479.33 39118	1609.23	1613.69	15602.15	38089	1039	31348	1080	93%

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2006 annual report

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