



Goulburn-Murray Water

Corporate Plan

2008/09

(Statement of Corporate Intent and Business Plan)

July 2008

Goulburn-Murray Water Corporate Plan 2008/09

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Our Mission

To provide outstanding water services to all customers.

Our Values

Human safety is our highest priority

Customer service is critical to business success

Sustainability of the environment, business and communities is our commitment to future generations

Cooperation based on the involvement of people is the key to progress

Openness builds trust, knowledge and understanding

Integrity, respect and pride are valued characteristics of our people

Our Vision for 2013

To provide water related services that support regional development, vibrant and prosperous communities, growing businesses and a healthy natural environment of which we are proud to be part.

Our Business Objectives

The business objectives that Goulburn-Murray Water will aim to achieve are:

- 1. We will build a modernised, world class business that meets customer needs**
- 2. We will manage and improve our assets**
- 3. We will operate efficiently and effectively to meet customer needs and our business obligations**
- 4. We will manage water resources effectively**
- 5. We will improve the natural environment**
- 6. We will build capability and develop our people**
- 7. We will work productively with our stakeholders and partners**

Our Performance Indicators

The following performance indicators will be used to measure and assess G-MW's business performance. These measures align with and build on the key service standard measures that will be used by the Essential Services Commission to monitor G-MW's performance.

Performance Aspect	2008/09 Target*
1. We will build a modernised, world class business that meets customer needs	
<ul style="list-style-type: none"> Customer satisfaction Compliance with agreed delivery service standards 	<ul style="list-style-type: none"> At least 80% of surveyed customers satisfied with our services Area service delivery standards met (refer detailed indicators below)
2. We will manage and improve our assets	
<ul style="list-style-type: none"> Asset availability <ul style="list-style-type: none"> Distribution system assets Capability of storages to hold design capacity Availability of bulk water assets to supply customer orders Response to unplanned maintenance events in distribution systems 	<ul style="list-style-type: none"> No unplanned service failures greater than 12 hours 100% of time at all storages (excl Lake Mokoan) 100% of the time at all storages 85% of priority 1 and 2 unplanned maintenance events responded to within agreed timeframes
3. We will operate efficiently and effectively to meet customer needs and our business obligations	
<ul style="list-style-type: none"> Cost management Water trading performance <ul style="list-style-type: none"> Allocation trades Water Share Transfers 	<ul style="list-style-type: none"> Productivity Plan target of 12% reduction in cost compared to 04/05 achieved by 2009/10 100% of trades processed within 5 business days 95% of transfers processed within 10 business days
4. We will manage water resources effectively	
<ul style="list-style-type: none"> Delivery system efficiency Groundwater and unregulated water sharing 	<ul style="list-style-type: none"> Overall efficiency of Area distribution systems 74% or better Compliance with Groundwater Management Plans and Streamflow Management Plans
5. We will improve the natural environment	
<ul style="list-style-type: none"> Water use Minimum river flow regimes in regulated rivers Minimum river flow regimes in unregulated rivers Greenhouse gas emissions 	<ul style="list-style-type: none"> Water use compliant with MDB cap Flows greater or equal to specified min. flows 100% of the time Flows meet agreed targets or natural flow 90% of the time 25% reduction in 2005/06 emission levels by 2013
6. We will build capability and develop our people	
<ul style="list-style-type: none"> OH&S Staff satisfaction Staff turnover 	<ul style="list-style-type: none"> At least 500,000 hrs worked without a lost time injury At least 75% of surveyed staff satisfied with G-MW as an employer Staff turnover less than 15% per annum
7. We will work productively with our stakeholders and partners	
<ul style="list-style-type: none"> Stakeholder satisfaction Customer involvement 	<ul style="list-style-type: none"> At least 75% of surveyed stakeholders satisfied with G-MW relationship Average WSC member attendance at scheduled meetings of 80%

Detailed Performance Indicators

Area	2008/09 Performance Targets: Water delivered on day ordered – all orders
Shepparton	91%
Central Goulburn	92%
Rochester/Campaspe	83%
Pyramid-Boort	82%
Murray Valley	88%
Torrumbarry	93.5%

*Note: All performance indicator targets are based on the assumption of average seasonal conditions (i.e. 100% High Reliability Water Share Availability). Departure from these conditions may mean that some targets may not be fully achievable.

Our Current Operating Environment

Goulburn-Murray Water operates extensive water harvesting, storage and distribution systems spread across 68,000 km² of northern Victoria (see Appendix A for details).

Northern Victoria has been in drought for the last eleven seasons, which has included years of low water availability in all G-MW's water supply systems, culminating in the record low inflows of 2006/07. The 2006/07 and 2007/08 seasons have also seen record low water availability across all G-MW water systems. This has impacted on revenues and created upward pressure on prices. Continuation of the constrained water availability into 2008/09 appears very likely.

In the major systems, revenue projections developed for the 2008 Water Plan were based on allocations reaching 100% for High Reliability Water Shares (HRWS) during 2008/09. Continuing drought conditions and the extremely low reservoir inflows experienced throughout autumn and early winter of 2008 now make it less likely that these levels of water availability will be achieved. Based on the water resource position at the end of June 2008, the most probable allocation outcome (i.e. 50% probability of occurrence) for the Murray is 70% of HRWS and for the Goulburn nearly 90% of HRWS. No allocations of low reliability supplies are forecast.

Continuing drought has had a significant impact on G-MW's business. During 2007/08 a very large part of our operational and management resources were directed to managing and responding to drought. G-MW implemented significant revision to operations, maintenance and capital programs and undertook large scale temporary staff redeployment to match resources to business needs. G-MW also undertook a major project to extend water availability through pumping of "dead storage" at Waranga Basin.

The drought has also had a major impact on the businesses of many of our customers. This has continued through 2007/08. The Murray system in particular created new challenges for customers who experienced the lowest allocations on record for this system (43% HRWS), which were significantly lower than the previous lowest allocation of 95% HRWS experienced during 2006/07.

Drought has also continued to impact heavily on customers with recreation and tourism industry businesses located around G-MW storages, where continuing low water levels have presented real challenges. Despite these adverse conditions, there has been interest in further recreational development at key storages including Lake Nagambie and Lake Eildon.

The severe drought conditions of 2006/07 raised customer concerns in relation to payment of fixed charges for delivery infrastructure when water availability was extremely low. The Victorian Government responded to this issue in 2006/07 and in 2007/08 with the provision generous assistance packages of rebates and interest free payment deferrals. In 2007, G-MW engaged expert consultants to undertake a Tariff Policy Review and develop and evaluate a range of options that could be applied to this issue. Given the outlook for water availability, it is likely that community concerns over fixed charges will re-emerge as an issue in 2008/09.

These pressures on customers, in conjunction with water movement through trading, the aging of existing irrigation supply assets and the strong demand for water savings for the environment have emphasised the need to urgently reconfigure and modernise existing systems to create efficient, modern systems suited for the future needs of the irrigation industry. In response to these issues, in June 2007 the Victorian Government announced that \$1 billion would be spent as Stage 1 of the "Foodbowl Modernisation Project" to

modernise irrigation delivery systems in the Goulburn Murray Irrigation District (GMID). This was followed in March 2008 with the announcement that agreement had been reached in relation to Commonwealth Government funding for Stage 2 of the project, which would see a further \$1 billion invested in completing the modernisation of the GMID.

A state owned enterprise, the Northern Victorian Irrigation Renewal Project (NVIRP), has been established to manage the delivery of this major asset modernisation project. Clearly, this project will have a huge influence on the nature of the services G-MW will be able to offer its customers and the type and quality of assets it will own in the future.

In order to support this major government initiative, in 2007 G-MW reviewed its organisational structure to create a Modernisation group, which brought together all the technical and asset management expertise related to management and modernisation of delivery systems into one organisation unit with a clear focus on facilitating and supporting the successful implementation of this project.

G-MW has sought to work closely with NVIRP and to consult with irrigators and develop principles that will guide the development of modernisation programs. We have also given the provision of inputs and resources to support the development of detailed modernisation programs a high priority. A significant number of our most skilled and experienced staff have devoted substantial time to working with NVIRP and its consultants on these issues, and this will continue to be a priority issue in 2008/09.

In addition to the NVIRP initiative, during 2007/08 G-MW also completed negotiations with DSE in relation to two other major irrigation modernisation projects aimed at creating water savings for the environment. These were the Shepparton modernisation project and the CG 1,2,3,4 Stages 2 and 3 upgrades. Together these projects represent an expenditure of \$141 million during 2008/09 and 2009/10. In order to effectively deliver this massive increase in capital expenditure, G-MW has established Future Flow, which is an alliance between G-MW and a range of private sector civil design and construction firms. This alliance will allow G-MW to maintain a focus on delivery of “business as usual” services to customers, whilst the alliance delivers the major modernisation programs in an efficient, accountable manner. NVIRP has also contracted G-MW to deliver its 2008 early works program via Future Flow.

This range of different modernisation projects, combined with rationalisation programs that have been in progress for some time to achieve 25 GL of water savings for The Living Murray have created a complex landscape for customers to understand and deal with. It has become evident that it would be very desirable to align the measures and criteria for all of these different programs into one “seamless” modernisation/rationalisation offering to customers, with the complexity of the sharing of costs and benefits between investors being separately managed. In addition to reducing confusion for customers, such an approach is likely to better optimise investment decision making overall.

Drought response and Foodbowl modernisation activities have required significant resource commitments and this has affected our progress in a number of actions identified in the 2007/08 corporate plan. These actions have been deferred and/or reprioritised.

In addition to drought and these major modernisation investments, there are also a range of other significant reforms currently competing for irrigator attention. These include:

- Unbundling of water entitlements. Implementation commenced in July 2007, and irrigators have by and large adapted to and embraced these changes, but there is still further development of trading processes and options occurring.
- The National Water Plan. Recent agreement to proceed with these reforms has given some certainty, but there are a wide range of implementation issues yet to be resolved. In particular, the announcement of plans for a \$3.1 billion buy-back

- of water entitlements for the environment has the potential to create significant impacts on irrigation delivery service providers like G-MW.
- Climate change. The recent CSIRO sustainable yield projects and the Northern Region Sustainable Water Strategy discussion paper have quantified the possible impacts of climate change. Responding to these threats will require significant changes to water management practices by G-MW and irrigators.

Overall, the current operating environment that G-MW faces is very challenging. G-MW and customers face significant uncertainties associated with drought and response to climate change. In addition, there are a number of opportunities for significant upgrades to our services and assets through the implementation of major irrigation modernisation projects. Our strategic directions and action plans contained in this plan have been selected to best manage this complex, challenging landscape.

Our Business Risks

A summary of the corporate risks that may effect the achievement of Goulburn-Murray Water's business objectives and their corresponding mitigation strategies are identified in the following table. G-MW's risks are assessed and ranked using a Whole-of-Business Risk Management Framework. This allows direct comparison of risks across different business groups.

Business Objectives and Corporate Risks	Mitigating Measure
<p>1. <i>We will build a modernised, world class business that meets customer needs</i></p> <ul style="list-style-type: none"> Failure to deliver modernisation programs 	<ul style="list-style-type: none"> Establishment of Future Flow alliance as delivery entity Establishment of agreements for the supply of meters and gates Close consultation and communication with DSE WSC consultation structure NVIRP/G-MW Board-to-Board subcommittee to enable high level co-ordination and alignment
<p>2. <i>We will manage and improve our assets</i></p> <ul style="list-style-type: none"> Any specific activity resulting in serious injury or death of a member of public (including drowning in dams or channels). Supply loss to a large percentage of customers as a result of damage or failure to a major outlet or carrier Dam failure 	<ul style="list-style-type: none"> Routine inspection of assets and surrounds Security measures and restricted access Public education program Asset information systems and management regimes Proactive asset monitoring and incident response Dam safety upgrade program Dam safety surveillance program
<p>3. <i>Operate efficiently and effectively</i></p> <ul style="list-style-type: none"> Loss of key infrastructure and communication systems including G-MW offices and IT systems. Planning and business practices don't deliver business outcomes 	<ul style="list-style-type: none"> Business Continuity Planning Comprehensive Incident Management System Security systems in place in conjunction with night watch Performance planning and monitoring processes Independent audit of organisational performance
<p>4. <i>We will manage water resources effectively</i></p> <ul style="list-style-type: none"> Physical environmental changes resulting in less water for future allocation (i.e. fire, flood, drought, climate change). 	<ul style="list-style-type: none"> Development of Northern Region Sustainable Water Strategy Modernisation and reconfiguration plans to improve efficiency Loss management programs in place Ground water management plans in place
<p>5. <i>We will improve the natural environment</i></p>	

Business Objectives and Corporate Risks	Mitigating Measure
<ul style="list-style-type: none"> G-MW/Stakeholder/Customer activity causing significant adverse impact on the environment or on society (including water resource) 	<ul style="list-style-type: none"> ISO 14001 certified Environmental Management System Incident Management Framework G-MW Biodiversity strategy
<p>6. <i>We will build capability and develop our people</i></p> <ul style="list-style-type: none"> OH&S - serious injury or death of employee or contractor Loss of management and technical capability, including recruitment, affecting ability to deliver business objectives 	<ul style="list-style-type: none"> SafetyMAP Accreditation Red Card OH&S Accreditation system Contractors required to have a demonstrated OH&S system in place when engaged with G-MW Develop and implement organisational capability plan Employee performance appraisal system Investment in branding and promotion of G-MW as an employer of choice
<p>7. <i>We will work productively with our stakeholders and partners</i></p> <ul style="list-style-type: none"> Maintaining and enhancing relationships with key G-MW Stakeholders (DSE, ESC, CMA's, NVIRP, MDBC, WSC etc). 	<ul style="list-style-type: none"> Ongoing, regular liaison with key stakeholders Regular communication with stakeholders via communication matrix Stakeholder satisfaction survey WSC continuous improvement plan.

In addition to the above mitigation strategies, Goulburn-Murray Water has completed risk assessments for all its State owned Dams and has world class Dam Safety Emergency Plans for each of them. Goulburn-Murray Water also has a comprehensive insurance portfolio. To ensure that major investments effectively target and reduce risk, all major projects with a value greater than \$250,000, are reviewed by G-MW's Major Investments Project Committee (MIPC). This internal review process explicitly reviews all aspects of major projects, including risk reduction potential, to ensure that scarce capital resources are best targeted to achieve our business objectives.

The corporate risks and the plans to manage or mitigate the risks will be reported annually to the Board and reviewed quarterly by G-MW's Financial Management Audit Committee.

Our Board Corporate Governance Improvement Plan

During 2008/09 the Board will undertake the following program of activities to maintain and improve corporate governance:

1. Operate the following Board Committees and review their functions and memberships:
 - ❑ Financial and Management Audit Committee.
 - ❑ Remuneration Committee.
2. Conduct an externally facilitated review of the Board's overall performance and the performance of individual Board members.
3. Identify, assess and manage risks through the further refinement of G-MW's "Whole-of-Business" risk management framework.
4. Ensure compliance with the Water Act 1989. During 2008/09, the Board will review the internal compliance management arrangement to ensure G-MW has robust systems in place to ensure continuing compliance with all its obligations as we continue to operate in an increasingly complex legal environment.
5. Maintain high corporate governance principles and practices consistent with:
 - ❑ The *Public Administration Act* 1994.
 - ❑ State Services Authority Code of Conduct and governance guidelines.
 - ❑ The Governance Guidelines for DSE Portfolio Statutory Authority Board Members of 2004.
 - ❑ AS 8000 – 2003.
 - ❑ ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations of March 2003, and the August 2007 update.
6. Maintain its Corporate Governance Manual.
7. Review and update G-MW's existing policies and procedures that govern Director and employee water trading.
8. Maintain positive working relationships with the Minister for Water and the Department of Sustainability and Environment.
9. Develop a training and development program for each Director to support continuous improvement in governance skills.
10. Resource its secretariat with capable and appropriately qualified personnel and provide access to appropriate professional guidance and assistance.

Our Key Strategic Directions

Goulburn-Murray Water's (G-MW's) mission is to provide outstanding water services to all customers. The decision by the Victorian Government to invest \$1 billion in modernising G-MW's gravity irrigation delivery systems and the subsequent agreement for a further \$1 billion of Commonwealth funding to complete the total modernisation of these systems represents a unique opportunity to create an efficient, modern irrigation system that will provide improved services that meet the needs of farmers in the 21st century. Over the coming year we will direct our resources and efforts to making sure that this project delivers the best outcomes for the long term future of customers, the environment and Victoria. We will also continue to deliver on a range of reforms that will support modernisation and address the needs of our diverse customer base, and we will direct our efforts to implementation of the following key strategies:

- **Modernising Distribution Systems**

G-MW's key objective is to support the rebuilding of our system to deliver modernised assets which are capable of delivering finite water resources to customers in an efficient manner and which will also offer the range and levels of service that will support viable, profitable, irrigation enterprises into the future. Some of the key actions we will undertake to achieve this objective include:

- Engaging customer in effective consultation to identify and agree on the services and standards that are to be delivered through modernised systems.
- Delivery of the modernisation works programs that have been agreed and "contracted" to G-MW. To do this we will utilise the Future Flow alliance, which has been established to allow G-MW to ensure delivery of business as usual, whilst also bringing best commercial project delivery practices to these works.
- As NVIRP develops the detailed programs for modernisation works, we will also review and restructure our other capital and advanced maintenance programs to ensure that they align with and support the modernisation program.
- In addition, we will also work with NVIRP, customers and other key stakeholders to review our tariff structures for gravity irrigation services to ensure that the pricing signals given to customers support the growth of efficient profitable irrigation business based on modernised services.

- **Better Customer Services.**

Modernised assets are an important enabler allowing improved customer services to be offered. In order to ensure that we take best advantage of this opportunity we will undertake a number of actions to deliver better services to our customers:

- We will develop a new, customer focussed service delivery model. This model will be based on utilising appropriate technologies to deliver current and expanded customer services in a nimble, responsive way which better meets customer needs. The target customer groups will include our existing irrigation customers, potential new irrigators taking advantage of modernised supply systems and the environment which will soon become our largest "individual" customer.
- We will also redevelop our work practices to ensure that we can operate, manage and maintain these modernised systems efficiently and deliver maximum customer service benefits.
- We will support these new work practices and customer service approaches with a "whole-of-business" systems strategy which will provide more integrated business systems and technologies.

- **Better Risk Management**

We will continue to refine and further develop our “whole of business” risk management system to better manage risks. In particular we will be improving our risk governance processes and investigating ISO 31000 accreditation for our risk management program. Risk management issues are actively addressed for major projects, however we will be reviewing the methods available to ensure risk based decision making is also consistently applied to smaller projects. We will also commence planning for the achievement of ISO 9000 quality accreditation within G-MW. In addition, we will also be reviewing our management arrangements and processes for tracking and ensuring legal compliance.

- **Providing efficient services**

We will continue to implement measures to achieve productivity savings of 12% over the 5 year period from 2005/06 to 2009/10; and improve price signals provided through cost-reflective tariffs.

- **Improving Water Storage Amenity Services**

The Water Storage Amenity business was established in August 2005. An updated year strategic business plan was approved in March 2008 and its continued implementation over the next five years will produce significant improvements in the services and facilities provided around our water storages. We will upgrade facilities and widen the range of recreational and tourism opportunities by working with local government and the private sector.

- **Responding to climate change**

We are actively contributing to the development of the Northern Region Sustainable Water Strategy. Managing water resources effectively with the risk of climate change is a key challenge for G-MW. We will communicate and consult with our customers and communities on the measures contained in the draft strategy and then implement the agreed actions in order to provide certainty and clarity to our customers in relation to water management policies as they plan for their businesses.

In addition, we will continue to work on development of water sharing plans for all water sources, including groundwater and unregulated systems so that we can offer integrated total water systems management across our region.

- **Protecting the environment.**

We will develop and deliver programs to support CMA and government initiatives in environmental flows, river health, salinity and nutrient management.

We will also commence implementation of our greenhouse gas reduction plan, which is targeting a 25% reduction in emission levels by 2013.

- **Improving Our Workforce Capability**

G-MW is faced with a delivery of a number of exciting and challenging programs. A key success factor will be a capable, committed workforce that understands and embraces the future directions for the organisation. We will develop an integrated organisational capability plan to ensure that we can recruit, train, retain and motivate our staff. This will also help ensure that we continuously improve the productivity and safety of our workplaces.

- **Working with Stakeholders**

We seek to involve customers in decision making that affects the range, cost and quality of services provided to them. We will be working with our Water Services Committees to continuously improve their effectiveness and ensure they continue to be well equipped to provide high quality advice in a complex, dynamic environment. We will also be

continuing to improve and further develop our co-ordination and liaison programs with our key partners including NVIRP, DSE, ESC and CMAs.

The strategies in this Plan are consistent with our 2008/09 – 2012/13 Water Plan and will enable us to deliver the service strategies and outcomes identified in that Plan. They are also designed to meet the requirements our Statement of Obligations.

Our programs have been developed to deliver the government policy objectives and measures set out in the following strategies and initiatives:

- ❑ Securing Our Water Future Together (White Paper)
- ❑ Statement of Obligations
- ❑ The Living Murray First Step decision
- ❑ The National Water Initiative and the Murray Darling Basin Inter Governmental Agreement
- ❑ The Snowy Project Water Savings Program
- ❑ The Victorian River Health Strategy
- ❑ Regional Catchment Strategies.

A detailed action program to deliver these strategic directions is included on the following pages.

Strategic Program 2008/09 – 2012/13

1. We will build a modernised, world class business that meets customer needs

Strategy	Outcome	Year for Completion	Target for 30 June 2009 (% completed)
<i>Developing Services</i>			
<ul style="list-style-type: none"> Engage all gravity irrigation customers and agree appropriate services and standards for modernised gravity irrigation supply and provide inputs to modernisation programs 	<ul style="list-style-type: none"> Services delivered to meet customer needs. Emerging needs met and innovative approaches developed. 	2008/09	100%
<ul style="list-style-type: none"> Develop new customer focussed service model for: <ul style="list-style-type: none"> Irrigation Environmental water supplies Other services Deliver agreed system modernisation program works and measures: <ul style="list-style-type: none"> Shepparton Modernisation Project NVIRP early works 	<ul style="list-style-type: none"> Improved service delivery and increased customer satisfaction Innovative service opportunities identified Modernised delivery systems and improved customer services. Water savings achieved 	2009/10	35%
		2009/10	70%
		2008/09	100%
<ul style="list-style-type: none"> Implement Water Storage Amenity Business Plan 	<ul style="list-style-type: none"> Services delivered to meet community and wider stakeholder needs, with clear funding mechanisms. Improved recreational and economic outcomes for communities. 	2012/13	25%

2. We will manage and improve our assets

Strategy	Outcome	Year for Completion	Target for 30 June 2009 (% completed)
<i>Managing and Reconfiguring Assets</i>			
<ul style="list-style-type: none"> Implement improved tactical and strategic asset management procedures <ul style="list-style-type: none"> Bulk water assets Distribution systems assets 	<ul style="list-style-type: none"> Improved asset management decision making 	2009/10	40%
<ul style="list-style-type: none"> Review Capex and AMP programs to align with modernisation program. 	<ul style="list-style-type: none"> Optimal asset investment 	2008/09	100%
<ul style="list-style-type: none"> Develop Rationalisation Plans that are integrated with modernisation strategies 	<ul style="list-style-type: none"> Assets provided at lowest lifecycle cost 	2009/10	80%
<ul style="list-style-type: none"> Implement Rationalisation Plans within six gravity irrigation areas 	<ul style="list-style-type: none"> Asset base reconfigured to deliver appropriate service levels Water saved 	2012/13	10%

3. We will operate efficiently and effectively to meet customer needs and our business obligations

Strategy	Outcome	Year for Completion	Target for 30 June 2009 (% completed)
<i>Improving work practices</i>			
• Development of a Whole of Business systems strategy	• Improved, more integrated business support systems and service delivery	2009/10	35%
• Implement the Irrigation Planning Module Generation 2 (Phase 3)	• Improved customer service and reduced costs	2008/09	100%
• Implement productivity improvement plan	• Costs effectively managed.	2009/10	80%
• Adapt Water Delivery services work practices and organisational structure for modernised systems	• Improved customer services and costs effectively managed	2010/11	40%
• Develop proposals for quality management system and undertake pilot trial	• Improved service quality	2008/09	100%
<i>Reforming Tariffs</i>			
• Review gravity irrigation tariffs to align with system modernisation	• Pricing signals aligned to modernised system and services	2009/10	50%
• Develop transition and implementation plans for basin bulk water pricing in G-MW	• Improved pricing signals to customers and reduced cross subsidies	2008/09	100%
• Implement new tariffs or fees for Regulated diversions services to support unbundling of entitlements.	• Improved pricing signals to customers	2008/09	100%
• Develop new tariffs or fees structure for surface drainage services.	• Cost reflective, equitable tariffs for drainage customers.	2008/09	100%

3. We will operate efficiently and effectively to meet customer needs and our business obligations..... cont.

Strategy	Outcome	Year for Completion	Target for 30 June 2009 (% completed)
<i>Improving risk management</i>			
<ul style="list-style-type: none"> Continuous improvement of whole-of-business risk management Develop strategy for compliance with ISO 31000 Develop business resilience/continuity plans Further develop risk governance and reporting processes 	<ul style="list-style-type: none"> Improved management of business risks 	2008/09	100%
<ul style="list-style-type: none"> Develop improved legal compliance management systems 	<ul style="list-style-type: none"> Demonstrated compliance performance with reduced risk and cost 	2008/09	100%
<i>Building business viability</i>			
<ul style="list-style-type: none"> Implement Delivery share trading (Our Water, Our Future Program) 	<ul style="list-style-type: none"> Increased flexibility and choice for customers. 	2008/09	100%
<ul style="list-style-type: none"> Further develop Watermove services. 	<ul style="list-style-type: none"> Service that better meet market needs. 	2008/09	100%
<ul style="list-style-type: none"> Investigate hydro power opportunities in G-MW system 	<ul style="list-style-type: none"> Increased renewable energy 	2009/10	50%
<ul style="list-style-type: none"> Implement priority new hydro power project 	<ul style="list-style-type: none"> New revenue to improve business viability 	2010/11	0%
<ul style="list-style-type: none"> Assess potential impacts of Federal water buy-back on G-MW business and identify appropriate response measures 	<ul style="list-style-type: none"> Business viability protected 	2008/09	100%

4. We will manage water resources effectively

Strategy	Outcome	Year for Completion	Target for 30 June 2009 (% completed)
<i>Clarifying Entitlements to Water</i>			
<ul style="list-style-type: none"> Actively participate in development of the Northern Sustainable Water Strategy (Our Water, Our Future Program) 	<ul style="list-style-type: none"> Agreed strategies and directions for water resource management 	2008/09	100%
<ul style="list-style-type: none"> Develop stream flow management plans : <ul style="list-style-type: none"> Yea R. King Parrot Ck. Upper Oven R. 	<ul style="list-style-type: none"> Clear entitlements for licensees and environment 	2008/09	100%
<ul style="list-style-type: none"> Review Campaspe and Spring Hill Groundwater Management Plans and complete development of Management Plans for the Mid-Loddon and Upper Loddon WSPAs. 	<ul style="list-style-type: none"> Clear entitlements for licensees supporting sustainable resource management 	2008/09	100%
<ul style="list-style-type: none"> Develop and implement improved water accounting framework and water use measurement program. 	<ul style="list-style-type: none"> System loss behaviours understood and managed All significant water use accurately measured 	2008/09	100%
<ul style="list-style-type: none"> Unbundle priority unregulated and groundwater systems (Our Water Our Future program) 	<ul style="list-style-type: none"> Clear entitlements and improved resource sharing and flexibility for unregulated and groundwater users 	2010/2011	20%
<ul style="list-style-type: none"> Implement metering program for unregulated and groundwater systems (Our Water Our Future program) 	<ul style="list-style-type: none"> All significant diversions water use accurately measured 	2008/09	100%

5. We will improve the natural environment

Strategy	Outcome	Year for Completion	Target for 30 June 2009 (% completed)
<i>Reducing environmental impacts</i>			
• Implement greenhouse gas reduction action plan	• Reduced greenhouse gas emissions	2008/09	100%
• Develop environmental improvement strategy	• Clear plan, with costs, for improving environment.	2008/09	100%
<i>Saving water for the environment</i>			
• Deliver 25 GL of water savings from assets rationalisation programs (Our water Our Future Program)	• Water savings captured for the environment and assets reconfigured for lowest lifecycle cost.	2009/10	100%
• Implement approved future arrangements for Lake Mokoan and Lake Boga.	• Sustainable water resource management and water savings	2008/09	100%
• Implement Stage 2 & 3 water savings measures on CG 1,2,3,4	• Water savings captured for the environment	2008/09	100%

6. We will build capability and develop our people

Strategy	Outcome	Year for Completion	Target for 30 June 2009 (% completed)
<i>Building organisational capability and diversity</i>			
• Develop organisational capability plan.	• Workforce capable of delivering corporate objectives in the short and long term	2008/09	100%
• Implement comprehensive internal staff communications program	• Informed, motivated staff that understand corporate directions	2008/09	100%
<i>Improving occupational health and safety</i>			
• Develop improved, simplified practices for OH&S management	• Safer work environment with fewer injuries.	2008/09	100%
• Investigate accreditation under Australian Standards for safety systems	• Safer work environment with fewer injuries	2008/09	100%

7. We will work productively with our stakeholders and partners

Strategy	Outcome	Year for Completion	Target for 30 June 2009 (% completed)
<i>Building Stakeholder partnerships</i>			
<ul style="list-style-type: none"> Implement comprehensive partnership and co-ordination program to cover all NVIRP/G-MW modernisation related activities. 	<ul style="list-style-type: none"> Improved outcomes for modernisation works through informed, co-ordinated planning and decision making.. 	2008/09	100%
<ul style="list-style-type: none"> Undertake stakeholder survey on quality of relationship with G-MW 	<ul style="list-style-type: none"> Improved relationships through effective feedback 	2008/09	100%
<ul style="list-style-type: none"> Actively input to development of working arrangements for new MDB Authority 	<ul style="list-style-type: none"> Effective service delivery through partner inputs. 	2008/09	100%
<ul style="list-style-type: none"> Implement continuous improvement program for Water Services Committees. 	<ul style="list-style-type: none"> Clear roles and improved effectiveness of Water Services Committees 	2008/09	100%
<i>Improving communications</i>			
<ul style="list-style-type: none"> Develop customer and stakeholder relationship strategy 	<ul style="list-style-type: none"> More effective information resources for stakeholders 	2008/09	100%
<ul style="list-style-type: none"> Communicate drought response actions and measures to customers and other stakeholders <ul style="list-style-type: none"> Identify key issues and develop policy in consultation with industry groups Communicate agreed policies effectively 	<ul style="list-style-type: none"> Community, customer and staff awareness and understanding of key issues. 	2008/09	100%

Capital Expenditure Program

Goulburn-Murray manages assets with a current replacement value in excess of \$3.8 billion. An effective, strategic asset management program is essential to ensure continuity of services to customers.

A computer based asset management system plans our asset renewal program. This system contains data on over 70,000 assets. Each is assessed to determine its current condition and remaining life. This data, along with estimates of the current replacement cost enables Goulburn-Murray Water to estimate the future capital expenditure required to maintain sustainable services.

G-MW's whole of business risk framework is also used to prioritise capital expenditure and projects with a value greater than \$250,000 are subject to detailed scrutiny by G-MW's Major Investments Project Committee.

Asset refurbishment and replacement of assets is the major component of our capital expenditure, however other significant investments are also proposed.

G-MW's Statement of Obligations requires us to assess, prioritise and implement improvements to the dams owned by the authority to reduce the risks of failure of these important assets. We have undertaken a range of engineering investigations and assessments to guide the development of this program, which has also been developed with regard for the ANCOLD Guidelines on dam safety. The capital forecast for the planning period includes the dam upgrade works identified to fulfil these obligations.

Major capital investments are also targeted at generating water savings and modernising irrigation systems. Key projects identified in our capital expenditure forecasts include:

- Mokoan Return to Wetlands Project
- Shepparton Modernisation Project.
- CG 1,2,3,4 Stages 2 and 3.
- Rationalisation of assets as part of the Sales Package commitments

There are still some significant uncertainties in relation to elements of our capital forecast. G-MW will be undertaking a full review its capital expenditure proposals for renewal and upgrades to distribution system assets once the programs for the NVIRP modernisation project are finalised (expected by August 2008). This review is needed to ensure that G-MW capital expenditures align with and support the modernisation program at lowest overall cost to customers

Once these issues are better understood, the capital program will be revised accordingly.

Capital Expenditure Forecast

Goulburn- Murray Water Capital Expenditure Forecast 2008/09 to 2017/18 Nominal dollars												
	Project Total \$'000s	Project Expend to 30/06/2008 \$'000s	Budget 2008/09 \$'000s	Forecast 2009/10 \$'000s	Forecast 2010/11 \$'000s	Forecast 2011/12 \$'000s	Forecast 2012/13 \$'000s	Forecast 2013/14 \$'000s	Forecast 2014/15 \$'000s	Forecast 2015/16 \$'000s	Forecast 2016/17 \$'000s	Forecast 2017/18 \$'000s
Wholesale												
Projects Greater than \$5M	28,348	2,131	25,257	960								
Mokoan - Return to Wetland												
Dam Safety Upgrade	11,050	0		1,350	6,000	3,700						
Buffalo - Operations/Bulk Dam Safety Upgrade												
Tullaroop Operations Bulk Dam Safety Upgrade	8,200	0	500	3,400				1,000	3,300			
William Hovell - Operations/Bulk Dam Safety Upgrade	7,578	178	2,400	5,000								
Cairn Curran - Opeations/Bulk Dam Safety Upgrade	2,621	2,621										
Nillahcootie - Operations/Bulk Dam Safety Upgrade	14,400	0				300	2,200	1,500		10,400		
Laanecoorie - Operations/Bulk Dam Safety Upgrade	10,026	526	5,100					500	3,900			
Projects less than \$5M	7,742	742	4,000	500	300	2,200						
Total Dam Safety Upgrade Projects	61,617	4,067	12,000	5,500	4,750	6,300	6,200	3,200	5,300	3,900	10,400	0
Projects Less than \$5M	107,523		18,874	13,707	12,940	8,568	8,080	12,229	8,080	8,398	6,563	10,085
Total Wholesale	197,487	6,198	56,131	20,167	17,690	14,868	14,280	15,429	13,380	12,298	16,963	10,085
Retail												
Strategic Measurement Project - Goulburn System	14,008	14,008										
Total Channel Control System (CG1234)	25,093	15,093	10,000									
Shepparton Modernisation	131,027		68,506	62,521								
Foodbowl Early Works	157,820	44,685	68,450									
Projects Less than \$5M	261,705		30,193	26,234	21,747	21,401	22,069	22,993	29,568	29,723	28,748	29,029
Total Retail	589,654	73,787	177,149	88,755	21,747	21,401	22,069	22,993	29,568	29,723	28,748	29,029
Other												
Office Accommodation	5,000							5,000				
Total G-MW	747,456	79,984	233,280	108,921	39,437	36,268	36,349	43,423	42,948	42,021	45,711	39,114

GMW doc ref:#2493369

Forecast Statement of Financial Performance – Consolidated

Goulburn-Murray Water 2008/09 Statement of Financial Performance

Recurrent Activity	2007/08 Actual	2008/09 Budget
	\$'000s	\$'000s
Revenue		
Rates - water and drainage	64,910.3	69,165.5
Consumptive charges	5,747.5	14,422.7
Bulk supplies - external	5,853.3	6,529.0
MDBC Contract	14,646.6	12,491.4
Government Services Contract	7,378.8	4,223.3
Government Grants - Water Savings	43,914.1	32,547.9
- Other	5,799.2	623.5
Interest - Customers	233.2	308.2
- Investments	1,403.7	6,713.0
Other revenue	11,917.9	9,311.7
Sale of assets	57.0	400.0
Total Revenue	161,861.6	156,736.1
Less Expenses		
Operations	24,497.2	25,810.2
Environmental Levy	1,240.0	1,335.0
Water Savings Projects	5,214.4	12,076.9
Reconfiguration	2,805.5	18,292.5
Maintenance	20,350.7	23,657.8
Advanced Maintenance Program	10,307.4	5,135.0
Asset Rationalisation	1,275.0	668.8
Management and administration	16,775.9	21,827.0
Research and development	947.1	1,229.7
MDBC contribution	9,946.9	10,865.8
MDBC Contract	13,775.4	11,640.6
Government Services Contract	3,520.1	3,984.2
Finance charges including Financial Accommodation Levy (FAL)	2,146.2	2,083.0
ESC Audit & Licence Fees	76.4	38.5
WDV of disposed assets	1,223.9	400.0
WDV of rationalised assets	3,755.5	5,000.0
Regulatory Depreciation	3,342.6	5,412.0
Total Expenses	121,200.2	149,457.1
Profit/ (Loss)	40,661.4	7,279.0
Add back Regulatory Depreciation	3,342.6	5,412.0
Deduct Statutory Depreciation	31,127.5	36,000.0
Statutory Profit/(Loss)	12,876.5	(23,309.0)

GMW doc ref:#2480714

Appendix A: Goulburn-Murray Water Business Structure

Goulburn-Murray Water: Profile

Trading as Goulburn-Murray Water, the Goulburn-Murray Rural Water Authority was constituted by Ministerial Order under the provisions of the Water Act 1989, effective from 1 July 1994 and is responsible to the Minister for Water.

Goulburn-Murray Water manages water-related services in a region of 68,000 square kilometres, bordered by the Great Dividing Range in the south and the River Murray in the north, and stretching from Corryong in the east downriver to Nyah. Goulburn-Murray Water also operates salinity mitigation works on the Murray downstream of Nyah, manages Mildura Weir, delivers bulk water to supply points outside its region and is the Victorian Constructing Authority for the Murray-Darling Basin Commission.

Four Goulburn-Murray Water Business Divisions

Modernisation manages Goulburn-Murray Water's assets to agreed service levels and required standards. The group plans our works programs for retail distribution assets, including maintenance and capital works, and has the capability to deliver significant on ground construction and maintenance works programs. The Modernisation group also provides a focus for G-MW technical advice and support to assist in the planning and delivery of major system modernisation projects.

Dams manages and operates and upgrades our large dams. These activities include the delivery of bulk water entitlements and supply to other rural and urban water authorities, the environment and private hydro-electricity customers. The group also delivers services in relation to recreation and other public activities on and around our major water storages.

Water Delivery Services manages the delivery of water to customers on over 14,000 serviced properties in constituted irrigation, water and waterway management districts and six management areas (Shepparton, Central Goulburn, Rochester-Campaspe, Pyramid-Boort, Murray Valley and Torrumbarry). These services include gravity and pumped water supply, surface and sub-surface drainage and flood protection. The group also operates regulated and unregulated surface water and groundwater diversion services to customers on over 12,000 serviced properties in Goulburn-Murray Water's area.

Planning and Environment is responsible for water systems and water resource management, water savings and environmental management. The group provides a range of environmental services that are purchased mainly by governments through programs coordinated by catchment management authorities. Our environmental services include salinity management, surface and sub-surface drainage support, water quality and land management planning, and salt interception management.

The four business divisions are each the responsibility of a separate organisational group and are supported by other groups that provide a range of services including the corporate secretariat; corporate strategy, planning, coordination and communications; water storage amenity; business and water market development; financial management; information technology; water administration; and property, legal and human resources.

Figure A.1 – Map of Goulburn-Murray Water



Figure A.2 shows the recipients of bulk water supply services and the bulk water system from which supply is sourced

Figure A.2 - Bulk Water Supply Recipients

Recipient	Water Supply System						
	Broken	Goulburn	Campaspe	Loddon	Bullarook	Murray	Ovens
Goulburn-Murray Water							
• Shepparton Area		Yes					
• Central Goulburn Area		Yes					
• Rochester-Campaspe Area		Yes	Yes				
• Pyramid-Boort Area		Yes					
• Murray Valley Area		Yes				Yes	
• Torrumberry Area		Yes				Yes	
• Surface water diversions	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Water Authorities							
• Central Highlands				Yes	Yes		
• Coliban		Yes	Yes			Yes	
• First Mildura Irrigation Trust						Yes	
• Goulburn Valley		Yes				Yes	
• Grampians-Wimmera Mallee		Yes				Yes	
• Lower Murray						Yes	
• North East	Yes					Yes	Yes

To deliver water services to its bulk and rural water customers, Goulburn-Murray Water operates an extensive water supply system of storages, weirs, pump stations, channels and drains that stretch across much of north central and north east Victoria. This network is the culmination of over 120 years of incremental water resource development.

Figure A.3 provides statistics relating to bulk water and distribution assets. The harvesting and distribution of water on a large scale is a capital intensive undertaking, as it involves a range of high cost assets.

Figure A.3 - Goulburn-Murray Water Assets Statistics

Bulk Water Assets	
Estimated Replacement Cost	\$3.1 billion*
17 large dams	
Ancillary Assets	
* Includes \$ 1.6 billion of Murray-Darling Basin Commission Assets	

Estimated Average Annual Deliveries to Bulk Supply Offtakes*	
	ML ('000s)
Goulburn System	1365
Broken River Basin	18
Goulburn River Basin	1295
Campaspe River Basin	35
Loddon River Basin	17
Bullarook Creek Basin	3
Murray System (Victorian component only)	1492
Murray River Basin	1481
Ovens River Basin	11
Bulk Water Entitlements Held	
Goulburn-Murray Water holds Bulk Water Entitlements for supplies taken from the Broken, Goulburn, Campaspe, Loddon, Murray and Ovens river basins.	
* 10 year rolling average deliveries for the period up to and including 2006/07 for G-MW retail distribution systems and regulated river diverters. (excludes include urban diversions direct from rivers)	

Distribution Assets		
Estimated Replacement Cost		\$2.7 billion
Irrigation and Drainage Assets		
Open Channels	6,737	km
Pipelines	348	km
Drains	3,123	km
Structures	23,312	No.
Meters	20,588	No.
Drain Inlets	9,090	No.
Domestic and Stock Assets		
Open Channels	133	km
Pipelines	6773	km
Structures	290	No.
Meters	1,104	No.

Figure A.4 shows the Dams business division structure, which comprises five service segments and 29 separate bulk water services.

Figure A.4 – Assets and Technical Services Business Division Structure

Segment
<ul style="list-style-type: none"> Service
Bulk Water Supply
<ul style="list-style-type: none"> Murray Basin Ovens Basin Broken Basin Goulburn Basin Campaspe Basin Loddon Basin Bullarook basin
Hydro Electricity
<ul style="list-style-type: none"> William Hovell Yarrawonga Eildon Eildon Pondage Cairn Curran
Commercial Leases*
Boating*
<ul style="list-style-type: none"> Eildon Houseboats* Other Boating*
Recreation Facilities*
<p>* These segments/services form part of the separate G-MW Water Storage Amenities business unit, and are further divided into a number of smaller management units. Operational management is undertaken by the Assets and Technical Services Division in accordance with the requirements of the Water Storage Amenities business.</p>

Figure A.5 shows the Water Delivery Services business division structures, which comprise a total of 41 separate rural water services. The Water Services Committee that oversees price and service issues for each service is also shown.

Figure A.5 – Water Delivery Services Business Division Structure

Segment	Water Services Committee
<ul style="list-style-type: none"> Service 	
Gravity Irrigation Delivery	
<ul style="list-style-type: none"> Shepparton Central Goulburn Rochester Campaspe Pyramid-Boort Murray Valley Torrumbarry 	Shepparton Central Goulburn Rochester-Campaspe Rochester-Campaspe Pyramid-Boort Murray Valley Torrumbarry
Pumped Irrigation Delivery	
<ul style="list-style-type: none"> Nyah Tresco Woorinen 	Torrumbarry Torrumbarry Torrumbarry
Primary Surface Drainage	
<ul style="list-style-type: none"> Shepparton Central Goulburn Rochester-Campaspe Pyramid-Boort Murray Valley Torrumbarry Tyntynder 	Shepparton Central Goulburn Rochester-Campaspe Pyramid-Boort Murray Valley Torrumbarry Torrumbarry
Community Surface Drainage	
<ul style="list-style-type: none"> Shepparton Central Goulburn Rochester-Campaspe Pyramid-Boort Murray Valley Torrumbarry 	Shepparton Central Goulburn Rochester-Campaspe Pyramid-Boort Murray Valley Torrumbarry
Sub Surface Drainage	
<ul style="list-style-type: none"> Shepparton Central Goulburn Rochester Campaspe West Murray Valley Nyah Tresco Woorinen 	Shepparton Central Goulburn Rochester-Campaspe Rochester-Campaspe Murray Valley Torrumbarry Torrumbarry Torrumbarry
Domestic and Stock	
<ul style="list-style-type: none"> Normanville East Loddon West Loddon Tungamah 	Loddon Water Districts Loddon Water Districts Loddon Water Districts Tungamah
Flood Protection	
<ul style="list-style-type: none"> Loch Garry 	Loch Garry

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Figure A.5 – Water Delivery Services Business Division Structure (cont.)

Segment	Water Services Committee
<ul style="list-style-type: none"> • Service 	
Surface Water Diversion	
<ul style="list-style-type: none"> • Goulburn Regulated • Goulburn Unregulated • Murray Regulated • Murray Unregulated 	<ul style="list-style-type: none"> Goulburn Diversions Goulburn Diversions Murray Diversions Murray Diversions
Groundwater Diversion	
<ul style="list-style-type: none"> • Groundwater Diversions 	Regional Groundwater

Figure A.6, below, shows the structure of the Planning and Environment Business Division structure, where the services delivered are all within the Salinity Mitigation Segment.

Figure A.6 – Planning and Environment Business Division Structure

Segment
<ul style="list-style-type: none"> • Service
Salinity Mitigation
<ul style="list-style-type: none"> • Mildura-Merbein Groundwater Interception Scheme • Mineral Reserves Basin Scheme • Woorinen Drainage Scheme