

GOULBURN-MURRAY  
**WATER**



# Corporate Plan

2004/05 to 2008/09



*Delivering sustainable water services*

# Goulburn-Murray Water **Corporate Plan** 2004/05

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# Foreword



In this Corporate Plan, Goulburn-Murray Water details its strategic direction for what will continue to be a significant period of adjustment in the rural water industry.

The past year has been yet another of prolonged drought conditions, adding even further to the challenges for all stakeholders. The pressures brought on by the drought have ensured that our industry will be forever changed. Water now carries a prominence and value never before known, and our policy planning is now driven by efficient use of resources and a clear commitment to the environment.

One word that has become more prominent in the water industry in recent years is *sustainability*. This reflects the increasing challenge for water authorities to achieve sustainability in both financial and water resource management. More than just a catchphrase, the quest for sustainability is vital to the future of the rural water industry and, therefore, to the survival and prosperity of our communities. It will require significant adjustment by the entire industry. However, we believe this will be achieved through strong, cooperative regional catchment partnerships. Accordingly, we have planned our programs to support government policy objectives while continuing, and strengthening, the involvement of our customers, councils and regional communities.

Our priority strategies for this Corporate Plan recognise the need to balance social, economic and environmental values, and include:

- Responding to severe drought
- Improving the safety of our workplaces
- Extensively reviewing and upgrading our Environmental Management System
- Managing service levels and increasing water system efficiency
- Delivering water savings
- Contributing to the quest for healthy rivers
- Extending clarification and specification of water entitlements to support sustainable water resource management
- Undertaking dam improvement works at Lake Eildon
- Building business viability
- Preparing our first Water Plan for submission to the Essential Services Commission
- Building workforce capability and diversity, and
- Building stakeholder partnerships, particularly with local government

Goulburn-Murray Water also recognises the increasing importance of recreational uses of its water storages, as does the Victorian Government's White Paper on water reform, and will continue to work with stakeholders to understand how these needs can best be met.

The Victorian Government's White Paper typifies the ever-changing nature of the industry and the need for initiatives relating to sustainability and water for the environment. In managing these significant reforms, Goulburn-Murray Water will continue to be flexible and cooperative, building on its relationships to deliver sustainable water services.

A handwritten signature in dark ink, appearing to read 'Don Cummins', written in a cursive style.

**Don Cummins**  
Chairperson





## Mission

To deliver sustainable water services.

## Values

**Human Safety, the Environment and Customer Service** are our highest priorities

**Sustainability** 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

**Continual improvement** is essential and underpins our future

# Vision

## By 2020:

Goulburn-Murray Water envisages that healthy catchments and waterways will characterise the region, underpin the economy and make the region a popular business, lifestyle, recreation and tourism destination.

Land use patterns will be somewhat different from today. There will be a mosaic of higher value and more diverse irrigated agriculture in future with large tracts of land used for vegetation and biodiversity, low impact dryland agriculture and rural lifestyle properties.

There will be a significantly increased and diverse population located mainly in the thriving cities and towns with their value adding and service industries.

Customer participation in Goulburn-Murray Water decision making will have been strengthened and enhanced to incorporate extensive stakeholder involvement. This cooperative culture of involvement will have driven service improvement, with flexible and adaptable responses evolving to better meet stakeholder needs.

Rural water infrastructure will be more modern and efficient. It will comprise fewer dams and channels. Automated systems controlling channels will be integrated with farm systems in districts and there will be a number of small-diameter pipeline schemes, many of which will serve intensive farming enterprises or lifestyle farms.

Goulburn-Murray Water will be an employer of choice, providing a safe workplace for a diverse, committed and capable workforce which is valued by the Authority, customers and the community. Our business divisions will be commercially viable and we will continue to achieve productivity.

We will continually reduce the impacts of our business operations on the environment, whilst working with our catchment partners to deliver improved water health and environmental flow regimes.

***Healthy catchments and waterways will characterise the region, underpin the economy and make the region a popular business, lifestyle, recreation and tourism destination***



# Business Objectives

## 1. Service

To deliver water-related services to agreed standards to customers and communities in northern Victoria.

## 2. Water

To manage water resources on a total water cycle basis to meet consumptive and environmental water entitlements.

## 3. Environment

To minimise the impact of Goulburn-Murray Water activities on the environment and enhance the environment.

## 4. Assets

To effectively operate and manage the assets essential for delivery of service.

## 5. People

To ensure a diverse, capable and flexible workforce of healthy, satisfied employees and to provide a safe work environment.

## 6. Finances

To set prices to reflect the cost of efficient service provision and to ensure long term business viability.

## 7. Relationships

To maintain relationships, build partnerships and influence policy that will improve our water and business management and support sustainable regional development.

# Characteristics of the Business

Goulburn-Murray Water is a rural water authority established under the Water Act 1989 with a skills based Board appointed by the Minister for Water. Goulburn-Murray Water has four separate business divisions. These are:

- Bulk Water Services, involving the delivery of bulk water entitlements and supplies to urban and rural water authorities, and the management of headworks assets and associated water storages;
- Diversion Services, which includes the licensing of surface water and groundwater diversions;
- District Services, involving the delivery of water entitlements, water supply, drainage and flood protection services to customers, and the management of assets in irrigation, water and waterway management districts; and
- Natural Resource Services, involving the provision of a range of services which support sustainable land and water management.

The Authority undertakes its management functions within a region which extends from the Great Dividing Range north to the River Murray and from Corryong down river to Nyah. Goulburn-Murray Water also operates salinity mitigation works on the Murray downstream of Nyah, delivers bulk water to supply points outside its region and is the Victorian Constructing Authority for the Murray-Darling Basin Commission.

The Bulk Water Services business division operates the two major regulated bulk water supply systems from which the Authority takes its name, reflecting the dominant sources of the water resource. The Goulburn system comprises the storages, weirs and connecting channels that integrate the supply of water from the Broken, Goulburn, Campaspe and Loddon River catchments. The Murray system comprises both Murray-Darling Basin Commission and state-owned headworks assets located on the River Murray or within the Victorian tributary catchments of the Mitta Mitta, Ovens and King Rivers. The Bulk Water Services business supplies nine other Water Authorities which deliver water

for irrigation, stock and domestic, private diversion and urban consumption.

The Diversion Services business division provides regulated and unregulated surface water and groundwater diversion services to customers on 10,500 serviced properties within Goulburn-Murray Water's area.

The District Services business division delivers services to customers on 14,000 serviced properties located within constituted irrigation, water, and waterway management districts and six management areas (Shepparton, Central Goulburn, Rochester, Pyramid-Boort, Murray Valley and Torrumbarry). The services provided to these customers include gravity and pumped water supply, surface and sub-surface drainage and flood protection.

The Natural Resource Services business division provides a range of services which are purchased mainly by governments through programs coordinated by Catchment Management Authorities. The services provided include salinity management, surface and sub-surface drainage services 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 organisational groups that provide a range of corporate and support services. These services include corporate secretariat; corporate strategy, planning, coordination and communications; business and water market development; total water systems and water resource management; environmental management; water savings; financial management; information technology; water administration; and property, legal and human resource services.

Goulburn-Murray Water's four business divisions and the key services provided by each business are shown diagrammatically in Figure 2.

Further details on Goulburn-Murray Water's business structure are provided in Appendix A.



## Map of Goulburn-Murray Water





**Figure 2**

## Key Goulburn-Murray Water Businesses and Services

Bulk Water Services	Diversion Services	District Services
<ul style="list-style-type: none"> <li>Bulk Water Supply (regulated)</li> <li>Hydroelectricity</li> <li>Recreation at storages</li> </ul>	<ul style="list-style-type: none"> <li>Surface Regulated</li> <li>Surface Unregulated</li> <li>Groundwater</li> </ul>	<ul style="list-style-type: none"> <li>Water Supply</li> <li>Surface Drainage</li> <li>Sub-surface Drainage</li> <li>Flood Protection</li> </ul>
Natural Resource Services		
<ul style="list-style-type: none"> <li>Salinity Management</li> </ul>	<ul style="list-style-type: none"> <li>Water Quality Management</li> </ul>	<ul style="list-style-type: none"> <li>Land Management Planning</li> </ul>

**Figure 3**

## Bulk Water Supply Recipients

Figure 3 shows the recipients of bulk water supply services and the bulk water system from which supply is sourced.

Recipient	Water Supply System	
	Goulburn	Murray
<b>Goulburn-Murray Water</b>		
• Shepparton Area	Yes	
• Central Goulburn Area	Yes	
• Rochester-Campaspe Area	Yes	
• Pyramid-Boort Area	Yes	
• Murray Valley Area	Yes	Yes
• Torrumbarry Area		Yes
• Surface Water Diversions	Yes	Yes
<b>Other Rural Water Authorities</b>		
• Wimmera Mallee	Yes	Yes
• Sunraysia		Yes
• First Mildura Irrigation Trust		Yes
<b>Urban Water Authorities</b>		
• North East	Yes	Yes
• Lower Murray		Yes
• Goulburn Valley	Yes	Yes
• Central Highlands	Yes	
• Coliban	Yes	Yes

In order 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 4**

# Goulburn-Murray Water Assets Statistics

Figure 4 provides statistics relating to bulk water assets 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.

Bulk Water Assets	
Current Replacement Cost 17 large dams Ancillary Assets	\$1.5 billion*
* Includes \$0.6 billion of Murray-Darling Basin Commission Assets	
Estimated Average Annual Volumes Delivered to Bulk Supply Offtakes*	
	(ML '000s)
Goulburn System	1,745
Broken River Basin	21
Goulburn River Basin	1,578
Campaspe River Basin	76
Loddon River Basin	70
Murray System (Victorian component only)	1,691
Murray/Mitta Basin	1,677
Ovens River Basin	14
Bulk Water Entitlements Held	
Goulburn-Murray Water holds Bulk Water Entitlements for supplies taken from the Goulburn and Campaspe Basins and the Murray/Mitta Basin	
* 10 year rolling average deliveries for the period up to and including 2001/02	
Distribution Assets	
Current Replacement Cost	\$1.6 billion
Irrigation Assets	
Open Channels	6,529 km
Pipelines	240 km
Drains	3,126 km
Structures	23,647 No.
Meters	20,056 No.
Drain Inlets	8,267 No.
Domestic and Stock Assets	
Open Channels	517 km
Pipelines	293 No.
Structures	753 No.
Meters	373 No.

# Performance Indicators

Performance Aspect	2004/05 Corporate Performance Targets	Social	Environmental	Economic
<b>Service</b>				
A Compliance with agreed service standards	Standards established in relevant Customer Service Agreements met for: - Water supply service standards - Response times for reactive maintenance activities  Accounts issued in accordance with agreed billing schedules, with no more than 1% error rate (as measured by customer enquiry calls)	✓ ✓ ✓	✓ ✓ ✗	✓ ✓ ✓
B Customer satisfaction	At least 80% of respondents to customer surveys satisfied with Goulburn-Murray Water services	✓	✓	✓
<b>Water</b>				
A Delivery system efficiency	Losses in distribution systems compliant with BE loss allowances	✓	✓	✓
B Minimum river flow regimes	Actual flows greater than or equal to specified minimum flows 100% of the time	✓	✓	✓
C Water use	Water use compliant with seasonally adjusted MDB cap	✓	✓	✓
<b>Environment</b>				
A Environmental management compliance	100% compliance with Goulburn-Murray Water environmental management targets	✓	✓	✓
<b>People</b>				
A Job satisfaction	At least 75% of respondents to independent employee surveys satisfied with Goulburn-Murray Water as an employer	✓	✗	✓
B Occupational Health and Safety	Frequency - less than 15 lost time injuries per million hours worked  Severity - less than 7 days lost per lost time injury	✓	✗	✓
C Employee health	Personal leave reduced by 5% compared to 2003/04 (average personal leave less than 6 days/employee)	✓	✗	✓

# Performance Indicators

Performance Aspect	2004/05 Corporate Performance Targets	Social	Environmental	Economic
<b>Assets</b>				
<b><i>Bulk Water Services Assets</i></b>				
A Availability of outlets for releases	No unplanned service failures, greater than 24 hours, across all storages	✓	✓	✓
B Capability of storage to hold design capacity	99% of time, or better, at each storage	✓	✓	✓
C Emergency Management	100% of plans reviewed and tested at least every 2 years	✓	✓	✓
<b><i>District Services Assets</i></b>				
A Availability of assets	No unplanned service failures due to assets longer than 24 hours	✓	✓	✓
B Asset base reduction	Abandon assets with combined replacement value of \$1 million	✓	✓	✓
C Minimise life cycle costs	Reduce reactive maintenance expenditure by 5% compared to 2003/04	✓	✓	✓
<b>Finances</b>				
A Strategic debt management	Operating debt less than 90% of water right revenue Operating debt eliminated by 2010/11	✓	✗	✓
B Tariff reform	Fixed revenue base is greater than 85% of total recurrent cost.	✓	✗	✓



# Business Risks

Major Business Risks identified for each of Goulburn-Murray Water's business divisions are summarised below, together with mitigating measures which have been adopted to minimise each risk. In this context, business risks are defined as issues which could act on corporate objectives and that have the ability to prevent or reduce the achievement of our mission or objectives. Risks are quantified in accordance with Goulburn-Murray Water's Risk Management Program Procedures.

## Bulk Water Services Business Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Recreation/ Public liability	Major	Likely	High	<ul style="list-style-type: none"> <li>Public Use Management program</li> <li>Communications program and public awareness</li> <li>Insurance</li> </ul>
Adverse environmental impacts	Major	Moderate	High	<ul style="list-style-type: none"> <li>Environmental Management Program</li> </ul>
Failure to supply (drought)	Major	Likely	High	<ul style="list-style-type: none"> <li>Corporate drought Management planning</li> <li>Asset Management Program</li> </ul>
Dam Failure	Catastrophic	Rare	Significant	<ul style="list-style-type: none"> <li>Dam Improvement Program</li> <li>Dam Safety Program</li> </ul>
Water quality <ul style="list-style-type: none"> <li>General</li> <li>Salinity</li> <li>Blue-Green Algae</li> <li>Pollutants</li> <li>Drought</li> <li>Fire</li> </ul>	Moderate	Moderate	Significant	<ul style="list-style-type: none"> <li>Corporate coordination through Natural Resource Services Business</li> <li>Environmental Management Program</li> <li>Public Use Management programs</li> <li>Rationalise Perimeter Land Developments</li> <li>Salinity Management Programs</li> <li>BGA Management Plans</li> <li>Regional partnerships and emergency planning</li> <li>Water quality monitoring programs</li> <li>Implementation of drinking water quality guidelines</li> </ul>
Terrorism threat	Major	Unlikely	Significant	<ul style="list-style-type: none"> <li>Dam Safety Program</li> <li>Water quality monitoring program</li> <li>State terrorism task force programs</li> </ul>

# Business Risks

## Diversion Services Business Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Water sharing (drought and bushfire)	Major	Likely	High	<ul style="list-style-type: none"> <li>Streamflow management plans</li> <li>Groundwater management plans</li> <li>Seasonal allocation policy</li> <li>Drought response plans</li> <li>Communications program</li> <li>Assessment of catchment yield risks</li> </ul>
Adverse environmental impacts	Major	Moderate	High	<ul style="list-style-type: none"> <li>Environmental Management Program</li> </ul>
Water quality <ul style="list-style-type: none"> <li>General</li> <li>Salinity</li> <li>Blue-Green Algae</li> <li>Pollutants</li> <li>Drought</li> <li>Fire</li> </ul>	Moderate	Moderate	Significant	<ul style="list-style-type: none"> <li>Corporate coordination through Natural Resource Services Business</li> <li>Environmental Management Program</li> <li>Salinity Management Programs</li> <li>BGA Management Plans</li> <li>Regional partnerships and emergency planning</li> <li>Water quality monitoring</li> <li>Implement drinking water quality guidelines</li> </ul>
Loss of customer support	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>Strengthening Water Services Committee process</li> <li>Customer consultation and communications</li> </ul>

## Natural Resource Service Business Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Salt Interception Schemes	Major	Unlikely	Significant	<ul style="list-style-type: none"> <li>Natural Resource Services Business function and funding negotiated with government</li> </ul>
Breakdown of partnerships	Major	Rare	Significant	<ul style="list-style-type: none"> <li>Maintenance of regional and basin cooperative partnerships</li> </ul>
Lack of funding for Natural Resource Management	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>Partnerships with CMAs</li> <li>Rural Catchment Strategy accreditation</li> <li>Government Services Contract renewal</li> </ul>
Adverse impacts on biodiversity	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>Goulburn-Murray Water Biodiversity strategy</li> <li>Lake Nagambie ecology project</li> <li>Water Quality and Biodiversity component of Storage Management Plans</li> <li>Kerang Wetlands project</li> </ul>

# Business Risks

## District Services Business Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Water availability (Drought and bushfire)	Major	Likely	High	<ul style="list-style-type: none"> <li>• Corporate Drought Management planning</li> <li>• Allocation policy</li> <li>• Communications program</li> <li>• Distribution system loss management program</li> <li>• Catchment yield risk assessment project</li> </ul>
Adverse environmental impacts	Major	Moderate	High	<ul style="list-style-type: none"> <li>• Environmental Management Program</li> </ul>
Irrigation drainage	Moderate	Likely	Significant	<ul style="list-style-type: none"> <li>• Establishment of High Level Operating Agreements with stakeholders</li> <li>• Barr Creek review (with EPA)</li> <li>• Implementation of Goulburn-Murray Water Drain Management Strategy</li> </ul>
Water quality <ul style="list-style-type: none"> <li>• General</li> <li>• Salinity</li> <li>• Blue-Green Algae</li> <li>• Pollutants</li> <li>• Drought</li> <li>• Fire</li> </ul>	Moderate	Moderate	Significant	<ul style="list-style-type: none"> <li>• Corporate coordination through Natural Resource Services Business</li> <li>• Environmental Management Program</li> <li>• Salinity Management Programs</li> <li>• BGA Management Plans</li> <li>• Drain Management Plans</li> <li>• Groundwater Management Plans</li> <li>• Regional partnerships and emergency planning</li> <li>• Water quality monitoring</li> <li>• Implementation of drinking water quality guidelines</li> </ul>
Public liability	Moderate	Moderate	Significant	<ul style="list-style-type: none"> <li>• Insurance</li> <li>• Communications and public awareness programs</li> </ul>
Loss of customer support	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Strengthening Water Services Committee process</li> <li>• Customer consultation and communications</li> </ul>
Failure to supply	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Asset Management Program</li> </ul>
Terrorism threat	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Water quality monitoring program</li> <li>• State terrorism task force programs</li> </ul>
Long-term asset deterioration	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Asset Management Plans</li> </ul>

# Business Risks

## Corporate Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Workforce Safety	Catastrophic	Unlikely	High	<ul style="list-style-type: none"> <li>• OH&amp;S Policies</li> <li>• OH&amp;S Audits</li> <li>• SafetyMAP Compliance Program</li> <li>• Staff, consultant and contractor management</li> </ul>
Workforce skills	Major	Likely	High	<ul style="list-style-type: none"> <li>• Growing Organisational Capability Program</li> <li>• Board Performance Improvement Program</li> </ul>
Adverse environmental impacts	Major	Moderate	High	<ul style="list-style-type: none"> <li>• Environmental Management Program</li> </ul>
Drought	Major	Likely	High	<ul style="list-style-type: none"> <li>• Corporate Drought Management Planning</li> <li>• Communications program</li> </ul>
Sustainability of Irrigation	Major	Moderate	High	<ul style="list-style-type: none"> <li>• Kerang Swan Hill Future Land Use Project</li> <li>• Goulburn-Broken Irrigation Futures R&amp;D project</li> <li>• CRC for Irrigation Futures</li> <li>• Ecological Risks Associated with Irrigation – research project</li> </ul>
Loss of customer support	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Strengthening Water Services Committee process</li> <li>• Customer consultation and communications</li> </ul>
Fractured government relationships	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Ongoing communication and liaison with department and Minister</li> </ul>
Lack of community support	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Corporate communications program</li> </ul>
Terrorism threat	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Office security review</li> <li>• Water quality monitoring program</li> <li>• State terrorism task force programs</li> </ul>
Reduced Revenue (Drought)	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Customer consultation program</li> <li>• Communications program</li> </ul>
Reduced workforce morale /motivation (drought)	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> <li>• Internal communications program</li> <li>• Staff support program</li> <li>• Leadership development and culture change</li> </ul>



# Board Corporate Governance Improvement Plan

**The Board will take the following actions during 2004/05 with the aim of achieving continuous improvement in its Corporate Governance:**

- Maintain the practice of reviewing the performance of the Board as a whole in the middle of each year. The review incorporates a 360° assessment process, with inputs from key stakeholder groups and management. A Board Performance Improvement Plan for the coming year is an outcome of the performance review;
- Review achievement against the Board Performance Improvement Plan in November, March and June;
- Maintain the practice of reviewing individual Director performance in January each year, including review of the Chair's performance by each Director;
- Maintain the following Board committees:
  - Financial and Management Audit Committee
  - Remuneration Committee
  - Safety and Environment Committee (established in April 2004)
- Encouraging all Directors to undertake the Australian Institute of Company Directors Course to a standard allowing admission to the Australian Institute of Company Directors;
- Continue to update its Corporate Governance Manual to ensure that sound ethical standards and best commercial practice and principles (consistent with the latest developments, where relevant, of the Corporations Act and Australian Stock Exchange principles) are adopted. In particular, during 2004 the Corporate Governance Manual will be reviewed to ensure consistency with the recently released Australian Standard on Corporate Governance (AS 8000);
- Enhance its understanding of its responsibilities under water legislation through briefings on the Water Act 1989 and Murray-Darling Basin Act 1993;
- Resource its secretariat with capable and appropriately qualified personnel and provide access to appropriate professional guidance and assistance.

The charter and membership of each committee will continue to be reviewed on an annual basis;

***The review incorporates a 360° assessment process, with inputs from key stakeholder groups and management***

# Current Operating Environment

***Goulburn-Murray Water has worked to ensure that services are clearly defined through explicit Customer Service Agreements***

The Goulburn-Murray Water 2004/05 Corporate Plan sets the key strategic directions for the Authority, considered in the context of a long term strategic vision of sustainability in our region. Our plan recognises the considerable positive change that has occurred in the Victorian water industry over the last decade, and builds on the solid foundation of Goulburn-Murray Water's achievements since the Authority was formed in July 1994.

Over this relatively short period, Goulburn-Murray Water has worked to ensure that services are clearly defined through explicit Customer Service Agreements and are financially separated, and that all 40 retail water services have achieved full self-financing of their real operating and capital costs. This move to full self-financing has been achieved through a partnership approach between Goulburn-Murray Water and its customers. Customers have accepted significant real price increases, whilst Goulburn-Murray Water has implemented a Productivity Plan with productivity improvements averaging 3.4% per year over a five-year period to 2000/01.

These types of changes can only occur when a spirit of cooperation and shared purpose exist within an organisation and between an organisation and its customers. The development of Water Services Committees is fundamental to the success of Goulburn-Murray Water, and has provided the vehicle to establish this type of relationship with our customer communities. The 12 Water Services Committees exert close scrutiny and significant influence on the standards of service, maintenance and asset renewals for services. Our current strategic improvement project aimed at strengthening Water Services Committees is the next step in the evolution of this relationship, and will underpin Goulburn-Murray Water's ability to meet the many challenges ahead.

The concept of the 'Corporate Identity' has been developed to define and strengthen the relationship between Water Services Committees and the Board. This allows each Water Services Committee to develop its services to meet local customer needs, whilst cooperating with other Water Services Committees to share knowledge and be able to benefit through shared access to the corporate resources and capabilities an organisation of Goulburn-Murray Water's size can cost-effectively offer. Figure 5 illustrates these key relationships.

The 2003/04 irrigation season has been dominated by the seventh consecutive year of drought in the region, with significant pressure on customers, communities and staff in all our systems. Favourable 2003 spring conditions helped somewhat to offset low irrigation availability; however, the season has still been extremely challenging for both customers and staff. Allocations in the Goulburn and the Murray systems reached 100% of Water Rights. Whilst Goulburn users have gained experience in managing under these levels of water availability over the last six years, this year is the lowest allocation on record in the Murray system and has presented some additional challenges to irrigators in that system.

# Current Operating Environment

Water availability in many unregulated streams and some of the major deeper aquifer systems has also continued to be very low, with the result that virtually all Goulburn-Murray Water customers are exposed to difficult operating environments for their farm businesses. Goulburn-Murray Water continues to place high priority in engagement of customers, industry groups and communities through a proactive consultation and communications program to assist in our regional drought response and recovery.

The uncertainty over the continuation of drought conditions in the Goulburn, Campaspe, Broken and Murray systems into next year creates an extremely difficult operating environment for all stakeholders.

We are conscious that the drought has caused immense hardship to many of our customers, and we recognise that in some areas significant and rapid structural change is occurring in industry and in our customer base that will affect our future business directions. In addition, many customers, particularly in the dairy sector, are experiencing lower returns for their produce in export markets and are experiencing further financial pressures from debt accumulated during the severe 2002/03 drought year. The combination of these factors and the upwards pressures on Goulburn-Murray Water costs to cover renewal of aging assets, improvements to dam safety and management of debt levels has made consultation with customers over the development of prices for 2004/05 the most difficult and stressful pricing process in the decade Goulburn-Murray Water has been in existence.

Community expectations on the value of water and the importance of responsible and sustainable environmental management continue to grow, both as a result of drought conditions and fostered by the debates and policies surrounding security of entitlements to water, and improved health of biodiversity and our river systems. Water savings initiatives and processes are challenging catchment communities to reconsider fundamentals of land and water use and create uncertainty for many in the future availability of water for traditional uses.

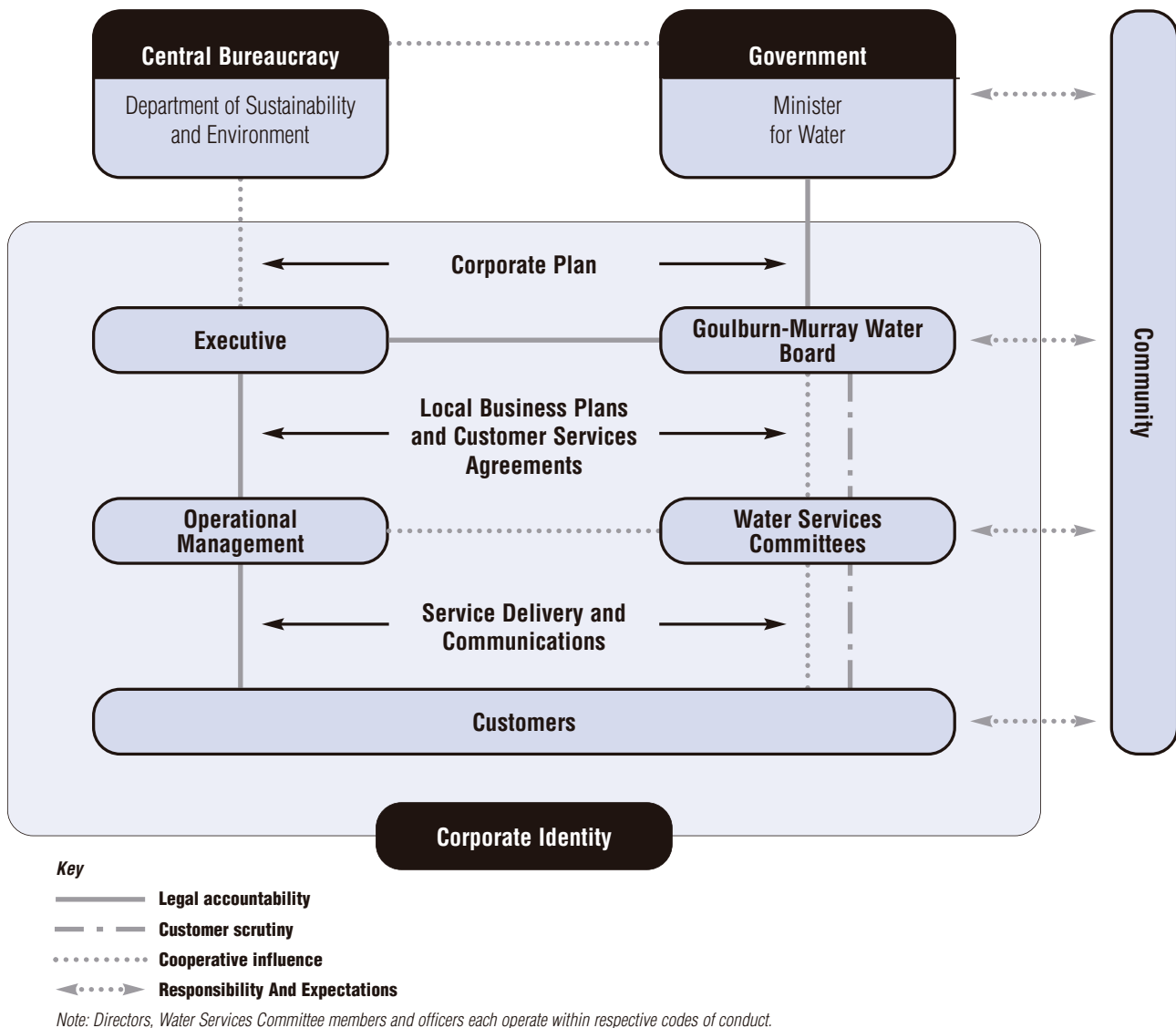
These debates must recognise the fundamental importance of responsible management and use of water to our region, and its place in supporting a dynamic and growing local and export economy, as well as healthy and vibrant regional catchment communities.

Within this environment, Goulburn-Murray Water's business divisions and customers continue to be challenged with supporting an aging infrastructure system. Future land use change, asset modernisation and reconfiguration and the continuation of the Dam Improvement Program will all require continuation of the significant progress that has been made in financial reforms by Goulburn-Murray Water, including the implementation of the next stages of tariff reform.

***Community expectations on the value of water and the importance of responsible and sustainable environmental management continue to grow***

**Figure 5**

# Key Relationships





# Key Future Directions

The initial strategic direction of Goulburn-Murray Water since its formation in 1994 was primarily driven by the move to full cost-recovery and financial self-sufficiency of each service. The fundamental and underlying importance to Goulburn-Murray Water and its customers of sound financial management and continuing reforms to tariff to ensure long-term financial sustainability remain, but must now be complemented by an increased emphasis on environmental sustainability and increased efficiency of water systems.

This new phase Goulburn-Murray Water is entering can best be characterised as "adjustment for sustainability". It will be built on strong cooperative regional catchment partnerships, developing and implementing programs where management of water resources supports sustainable land use. Our programs have been planned to recognise and support the government policy objectives included in the following strategies and initiatives:

- Securing our Water Future (Green Paper)
- Victorian River Health Strategy
- The Living Murray
- The Snowy Project Water Savings Program
- The MDBC Salinity and Drainage Strategy
- Regional Catchment Strategies

Involvement of our customers through Water Services Committees is a vital driver of our organisation, and the traditional scrutiny and influence in balancing services delivered, service standards and price will be extended to include optimisation of system efficiency. Our customer base is changing and further development of our Water Services Committee structures will recognise these changes and place us in a strong position to meet the government's objectives in relation to economic regulation by the Essential Services Commission.

The response and management of the continuing drought and recovery planning will remain our primary focus until conditions change. The potentially low water availability for the coming irrigation season, together with the difficult operating environment being experienced by many of our customers, will influence and drive our business strategies in the coming year.

We recognise that government and community expectations of Goulburn-Murray Water are changing not only because of the drought, but also because of an increased awareness and concern for the natural environmental and river health. Delivering sustainable improvements in river health will be complex, and collectively we must ensure that the desire for improvement will not mean that short-term measures are introduced to the detriment of long-term sustainable solutions. Finding cost-effective water savings for the environment is proving difficult and projects are proving more complex and involve longer lead times than originally expected. The successful completion of the first major water savings initiatives, the Woorinen and Normanville pipelining projects, in 2003/04 is an important step in this program and significant effort and resources will be directed towards achieving further savings.

Sustainable land use will drive our regional catchment communities and our business into the future. Significant industry and land use change is occurring across our region, driven by social, environmental and economic factors. Regional Catchment Strategies integrated with sustainable water management strategies are vital to ensure long-term sustainable goals are achieved. The strategic programs in this plan include a range of strategies focused around implementation of aspects of Land and Water Management Plans, Regional Water Quality Strategies and Biodiversity Strategies that Goulburn-Murray Water will undertake as its contribution to the implementation of Regional Catchment Strategies.

***This new phase Goulburn-Murray Water is entering can best be characterised as "adjustment for sustainability"***

***The diversity  
and capability  
of our  
workforce will  
continue to  
evolve to  
support our  
programs***

Projects like the Kerang-Swan Hill Future Land Use Pilot Project and the planned Pyramid Hill Future Management Study are vital in determining long-term land and water use, which will determine asset investment and reconfiguration decisions. The future of the water utility businesses will be based on infrastructure systems modernised, retired or reconfigured to support sustainable land use and deliver strong environmental outcomes. This will require a critical assessment of the long-term requirements for infrastructure both in irrigation delivery systems and our storage dams. The continuation of the Dam Improvement Program is vital to ensure public safety and to support reliability of water entitlements.

Increased pressure for new or modified services from new and emerging customer and interest groups will become more dominant in our environment, whilst many of these groups have no commercial relationship with Goulburn-Murray Water. The relative roles and responsibilities of government, Goulburn-Murray Water and other organisations will need to be clarified to address these issues. Recreation and development pressures in and around major water storages must be carefully managed in a regional and catchment context, with the increasing community awareness of water quality and public liability responsibilities. The wider interest in water management issues from both a state and national level means that strong leadership and alignment of strategies at all levels is vital.

As our businesses strengthen and evolve to meet agreed government and customer needs, the diversity and capability of our workforce will continue to evolve to support our programs. There will be changes in work practices and improvements in workplace safety.

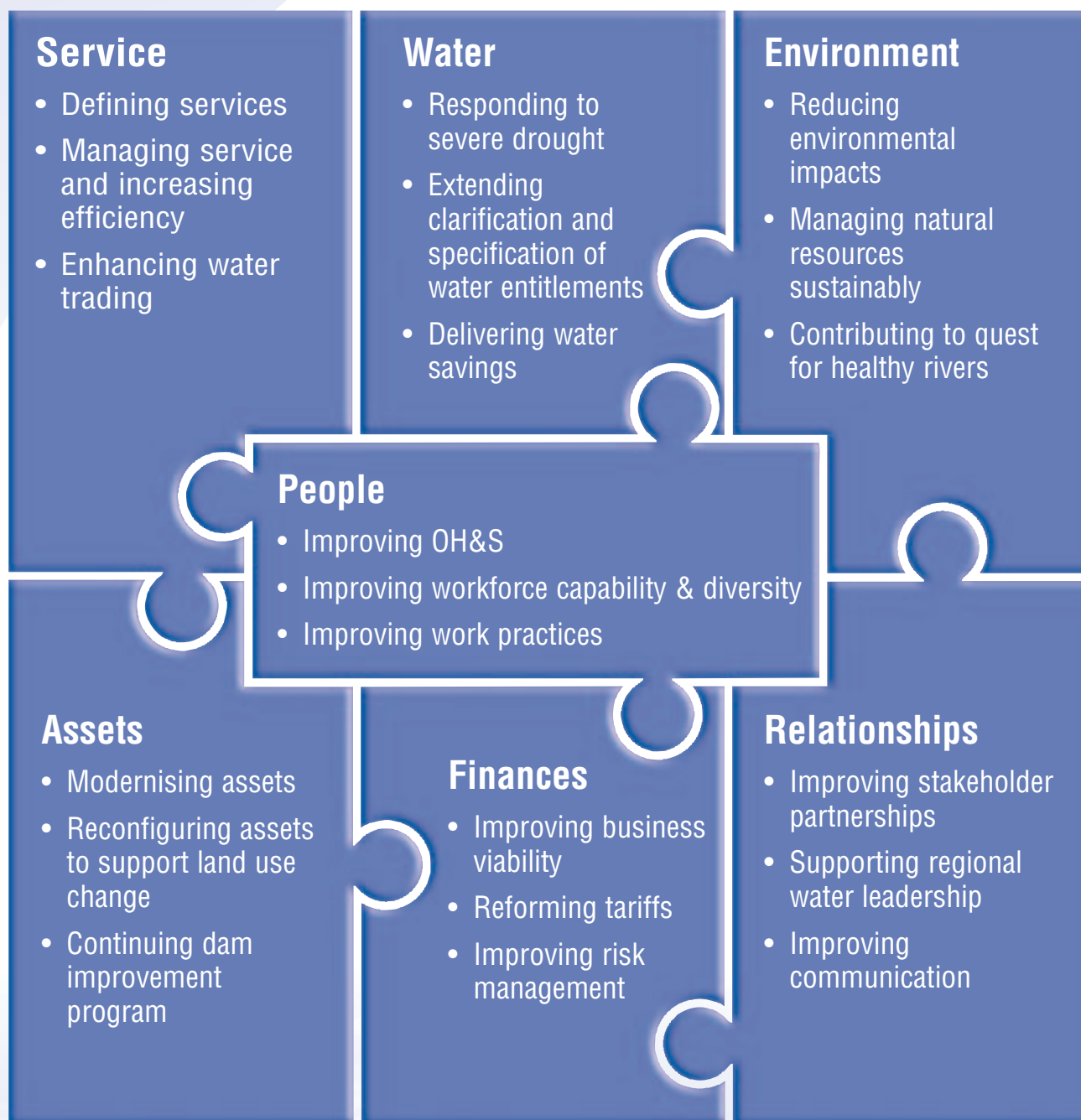
The key challenges that Goulburn-Murray Water will work towards over the period of this Corporate Plan include:

- Responding to severe drought
- Improving the safety of Goulburn-Murray Water workplaces
- Extensively reviewing and upgrading the Goulburn-Murray Water Environmental Management System
- Managing service levels and increasing water system efficiency
- Delivering water savings
- Contributing to the quest for healthy rivers
- Extending clarification and specification of water entitlements to support sustainable water resource management
- Continuing the dam improvement program
- Building business viability
- Preparing our first Water Plan for submission to the ESC
- Building workforce capability and diversity, and
- Building stakeholder partnerships

The other important element of the future directions for Goulburn-Murray Water is a strong recognition of the dynamic nature of the current environment. New initiatives in relation to sustainability and water for the environment are developing quickly and the strategic programs in this plan will need to be modified to align with these changes as they emerge. The most important of these imminent developments is the Victorian Government's White Paper on water reforms. The reform directions foreshadowed in the Green Paper could lead to significant reforms in the management of water entitlements and trading, and Goulburn-Murray Water will revise and refocus its strategic program to support and implement the Government's objectives once they are announced.

**Figure 6**

## *Strategic Program Summary 2004/05 – 2008/09*



**Delivering sustainable water services**



# Strategic Program

2004/05 - 2008/09

## Service

### Strategy

#### *Defining Services*

- Identify and engage all stakeholders and agree appropriate services and standards

#### *Managing service and increasing efficiency*

- Review and implement distribution system loss reduction program
- Complete investigations and implement review of Irrigation Planning Module Generation 2
- Complete Total Channel Control Project trial and evaluate outcomes

#### *Enhancing Water Trading*

- Develop water trading and trading mechanisms including enhancing Watermove services

### Outcome

- Services and standards delivered in accordance with agreements

- More efficient water delivery
- All irrigation area loss targets met

- Improved customer service
- Improved system delivery efficiency

- Improved customer service
- Improved system delivery efficiency

- Effective, transparent water trading services provided

### Year for Completion

2008/09+

2004/05

2006/07

2004/05

2006/07

+ Denotes strategy completion is beyond 2008/09 planning horizon



# Strategic Program

2004/05 - 2008/09

## Water

### Strategy

#### *Responding to severe drought*

- Maximise system efficiency by reducing losses and increasing delivery efficiency
- Optimise system operation and communicate effectively to customers
- Control and monitor system and business operations to minimise environmental effects
- Coordinate corporate response to drought and link to other stakeholder initiatives

- Review and revise water management policies
- Determine and assign individual Area loss allowances in the Goulburn system

#### *Clarification and specification of water entitlements*

- Develop and implement bulk entitlements for the Loddon and Ballarook basins
- Develop and implement streamflow management plans for priority streams
- Develop and implement groundwater management plans
- Develop and implement improved water accounting framework and water use measurement program
- Assess risks to catchment yield accounting framework and water use

#### *Delivering water savings*

- Total Channel Control Project trial complete
- Small volume metering project negotiated and implemented
- Investigation of Katandra, Rochester 20 projects complete
- Define further Water Savings Projects
- Investigation and scoping of further Total Channel Control System opportunities complete
- Implement approved future arrangements for Lake Mokoan
- Tungamah pipeline scheme designed and implemented

### Outcome

- Water availability maximised
- Standard of customer service delivery optimised
- Environmental effects minimised
- Effect of drought on customers, staff, recreational users and communities minimised
- Strong and effective regional recovery from impacts of drought
- Water management practices more attuned to extreme drought conditions
- Clear accountabilities for the effective management of losses
- Clear entitlements for water authorities and environment
- Clear entitlements for licensees and environment
- Clear entitlements for licensees supporting sustainable resource management
- Control of water use
- All significant water use accurately measured at both river offtake and farm level
- Risks understood and agreed risk management actions implemented
- Opportunities for water savings defined
- Water saved
- Opportunities for water savings defined
- Opportunities for water savings defined
- Opportunities for water savings defined
- Sustainable water resource management and possible water savings
- Water saved

### Year for Completion

2004/05

2004/05

2004/05

2004/05

2004/05

2004/05

2005/06

2006/07

2008/09 +

2008/09 +

2005/06

2005/06

2004/05

2005/06

2004/05

2006/07

2004/05

2006/07

2006/07

+ Denotes strategy completion is beyond 2008/09 planning horizon

## Environment

Strategy	Outcome	Year for Completion
<i>Managing natural resources sustainably</i>		
• Develop water quality management strategies at Goulburn-Murray Water storages	• Acceptable water quality in storages, in support of catchment based strategy targets	2004/05
• Conduct major water quality study	• Risks of various storage usage activities better understood	2005/06
• Develop and implement strategies for improved management of perimeter land at storages	• Water quality impacts from perimeter land use at storages reduced	2008/09 +
• Develop Safe Drinking Water Risk Management Plans	• Water quality risks identified and managed	2004/05
• Develop future land use strategies for irrigation areas (Kerang Pilot Study)	• Appropriate resource management, based on understanding of future sustainable land use	2004/05
• Implement Goulburn-Murray Water Biodiversity Strategy	• Enhanced biodiversity within Goulburn-Murray Water assets and area of influence	2008/09 +
<i>Contributing to quest for healthy rivers</i>		
• Contribute to implementation of relevant aspects of the Victorian River Health Strategy	• Improved river health	2008/09 +
• Actively contribute to investigation and consultation work for Living Murray project	• All relevant issues identified • Future implementation and management strategies negotiated with key stakeholders	2008/09 +
<i>Reducing environmental impacts</i>		
• Develop and implement strategies to reduce high priority environmental risks	• Environmental risks and impacts progressively reduced	2008/09 +
• Revise and simplify Environmental Management System	• Environmental Management System understood and used by all staff	2006/07
• Develop rationalisation targets for storage perimeter lands developments	• Risks to storage water quality understood and risk reduction program developed	2004/05
• Develop and implement strategies for improved drainage management	• Water quality impacts from drains within catchment strategy targets	2008/09 +

+ Denotes strategy completion is beyond 2008/09 planning horizon

# Strategic Program

2004/05 - 2008/09

## Assets

### Strategy

#### *Modernising Assets*

- Re-assessment of asset condition for all irrigation and drainage infrastructure
- Implement improved quality control procedures for asset management data systems
- Appropriate future asset management strategies developed and implemented for all district and bulk water services assets
- Research and Development program developed and implemented to support future asset management program

#### *Reconfiguring assets to support land use change*

- Identify future irrigation district and bulk water service requirements & supporting asset needs
  - Pyramid Hill study
  - Kerang study expanded
  - Needs in other areas scoped
- Develop and implement asset reconfiguration strategies

#### *Continuing Dam Improvement Program*

- Implement Dam Improvement Program Phase 2 priority works
  - Eildon
  - Cairn Curran
  - Goulburn Weir

### Outcome

- Asset conditions understood
- Accurate asset data and enhanced asset decision-making
- Asset base maintained, replaced, reconfigured or retired as appropriate
- Best use of new technology and opportunity incorporated into asset management programs
- Future asset needs understood
- Asset base reconfigured to deliver appropriate service levels
- Risks reduced

### Year for Completion

2004/05

2005/06

2008/09 +

2006/07

2006/07

2008/09 +

2006/07

+ Denotes strategy completion is beyond 2008/09 planning horizon



## People

Strategy	Outcome	Year for Completion
<i>Building organisational capability and diversity</i>		
• Establish revised Board policy framework	• Clear policy directions for Goulburn-Murray Water and alignment with government policy	2004/05
• Develop long-term Goulburn-Murray Water organisational development strategy and integrated culture change program	• Improved human safety, environmental management and customer service performance	2006/07
• Develop strategic human resource plan	• Workforce capable of delivering corporate objectives in the short and long term	2005/06
• Establish mentor schemes to address staff support and development needs	• Workforce capability enhanced	2004/05
<i>Improving occupational health and safety</i>		
• Develop and implement OH&S action plans based on analysis and risk assessment for all work units	• Safer work environment with fewer injuries	2008/09 +
• Audit all workplaces and achieve certification at SafetyMAP Level 1	• Improved management of health and safety	2004/05
<i>Improving work practices</i>		
• Undertake review of staff accommodation and implement recommendations	• Suitable staff accommodation and facilities provided at all work locations	2005/06
• Implement information technology strategic plan initiatives	• Systems and procedures implemented to deliver better service and improve productivity	2005/06
• Develop Goulburn-Murray Water Business Management System	• Improved organisational performance and consistent business processes	2005/06

+ Denotes strategy completion is beyond 2008/09 planning horizon

# Strategic Program

2004/05 - 2008/09

## Finances

### Strategy

#### *Building business viability*

- Develop medium-term pricing paths and cashflow strategies for key services
- Finalise financial framework with government
- Develop Goulburn-Murray Water Water Plan
- Develop and implement productivity improvement plan

#### *Reforming Tariffs*

- Develop and implement new tariffs or fees for water supply services
- Review bulk water cost sharing arrangements for Goulburn-Murray Water customer groups

#### *Improving risk management*

- Identify future key business risks, develop and implement appropriate pricing strategies
- Implement, monitor and review risk management action plan

### Outcome

- Improved understanding of price-service options, and service pricing for long-term viability
- Clear accountabilities and cost-sharing for delivery of non-core services
- Pricing path and processes for 2005/06 - 2007/08
- Costs for Goulburn-Murray Water functions effectively managed
- Improved signals to customers about type and costs of service provided
- Improved signals to customers about third party impacts
- Improved Goulburn-Murray Water business viability
- Cost reflective, equitable tariffs for bulk water charges to Goulburn-Murray Water customer groups
- Improved ability to manage financial risks to business
- Risk profile lowered

### Year for Completion

2004/05

2004/05

2004/05

2007/08

2005/06

2004/05

2004/05

2004/05





## Relationships

Strategy	Outcome	Year for Completion
<p><i>Building Stakeholder partnerships</i></p> <ul style="list-style-type: none"> <li>• Regular coordination forums established with key partners including customers, industry bodies, state and federal Ministers, government departments, CMAs, other water authorities and local government</li> <li>• Implement recommendations of Strengthening Water Services Committee project</li> </ul>	<ul style="list-style-type: none"> <li>• Improved communication, trust and understanding, shared visions, integrated planning and coordinated actions</li> <li>• ANCID, ANCOLD, CRCs and other industry bodies actively supported</li> <li>• Increased capability and diversity of customer representatives and improved effectiveness of Water Services Committees</li> </ul>	<p>2004/05</p> <p>2004/05</p>
<p><i>Facilitating regional water leadership</i></p> <ul style="list-style-type: none"> <li>• Support the Northern Victorian water resources forum</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed strategies and directions for water resource management</li> <li>• Enhanced coordination between water resource management agencies</li> </ul>	<p>2004/05</p>
<p><i>Improving communications</i></p> <ul style="list-style-type: none"> <li>• Enhance and coordinate corporate and local communications programs</li> <li>• Enhance multicultural communications program</li> </ul>	<ul style="list-style-type: none"> <li>• Community, customer and staff awareness and understanding of key issues increased</li> <li>• Profile and image of irrigation and water sector raised and improved understanding of issues in the community</li> </ul>	<p>2005/06</p>

# Capital Expenditure Program

Goulburn-Murray Water manages assets with a current replacement value of \$3.1 billion. A well targeted, strategic asset management program is essential in order to ensure continuity of services to customers.

Goulburn-Murray Water uses a computer-based asset management system to plan its asset renewal program. This system contains data on over 70,000 separate assets. Each asset is assessed to determine its current condition and remaining life. This life cycle data, in combination with estimates of the current replacement cost for each type and size of asset enables Goulburn-Murray Water to estimate the future capital expenditure (quantum and timing) required to maintain sustainable services. In order to ensure that the asset management system accurately reflects the expenditure required to renew assets when they reach the end of their economic lives, the condition of each asset is reviewed on a five-yearly cycle. Approximately 50% of the asset base has been reviewed over the last two years and the capital program included in this Corporate Plan is based on this updated data.

This data is also used to determine appropriate customer contributions for inclusion in pricing (via a renewals annuity) to meet the cost of future asset renewals, in accordance with the 1994 COAG Water Agreement.

The other major area of planned capital expenditure is investments to upgrade assets or to improve the extent or standard of services to customers. A significant investment program is underway to upgrade Goulburn-Murray Water's major storages to meet contemporary safety standards. An estimated \$145 m will be invested in this Dam Improvement Program over the next ten years. The next two years will also see the completion of a major upgrade to the capacity of the Waranga Western Channel in the Boort area. This upgrade will enable the expansion of high value horticultural plantings in this area.

Generating water savings for the environment is also expected to be an area of major future capital expenditure for Goulburn-Murray Water, in partnership with Government. It is expected that investigations currently in progress will enable negotiations on a range of potential water savings investments to be finalised over the next 12 months. When the scope and timing of these projects are better defined, the capital program will be revised appropriately.

***A well targeted, strategic asset management program is essential in order to ensure continuity of services to customers***



# Capital Expenditure Forecast 2004/05 to 2013/14

	Project Total	Expenditure to 30 June 03	Total Revised Forecast	Budget 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13	Forecast 2014/15
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Wholesale</b>													
Projects greater than \$5m													
Stage 2 Dam Improvement Works													
Eildon	51,511		8,211	29,300	14,000								
Mokoan	20,000				500	14,500						5,000	
Cairn Curran	19,000			3,000	10,000	6,000							
Laanacoorie	6,000						3,000	3,000					
Tullaroop	15,000							3,000	7,000			5,000	
Waranga Basin	14,300							3,000	4,100				7,200
William Hovell	6,000									500	5,500		
Buffalo	15,000									5,000	10,000		
Nillahcootie	9,000					500	5,500						3,000
Projects less than \$5m	155,811	-	8,211	32,300	24,500	21,000	8,500	9,000	11,100	5,500	15,500	10,000	10,200
Total Wholesale	40,856	-	3,015	4,802	4,568	2,306	2,343	2,588	4,321	6,272	3,386	3,084	4,171
	196,667	-	11,226	37,102	29,068	23,306	10,843	11,588	15,421	11,772	18,886	13,084	14,371
<b>Retail</b>													
Projects greater than \$5m													
Other													
Waranga West Channel Upgrade	6,600	3,098	598	874	2,030								
Tungamah Pipeline	12,400			7,400	4,000	1,000							
Little Murray Weir	6,000								2,000	4,000			
Projects less than \$5m	25,000	3,098	598	8,274	6,030	1,000	0	0	2,000	4,000	0	0	0
Total Retail	240,103	-	24,396	24,540	21,843	23,583	23,685	19,964	23,007	19,950	19,364	19,690	20,081
	265,103	3,098	24,994	32,814	27,873	24,583	23,685	19,964	25,007	23,950	19,364	19,690	20,081
Total Goulburn-Murray Water	461,770	3,098	36,220	69,915	56,941	47,889	34,528	31,552	40,428	35,722	38,250	32,774	34,452

Note: Forecast capital expenditure excludes contract work for River Murray Water

# Profit and Loss Summary - Consolidated

(Values expressed in \$ 2004/05 except 2003/04 year)

	Revised Forecast 2003/04	Budget 2004/05
	\$'000s	\$'000s
<b>Revenue</b>		
Rates - water and drainage	50,780	59,791
Sales & Consumptive charges	16,470	14,391
Bulk water charges - Goulburn-Murray Water	N/A	N/A
Bulk water charges - other RWAs	3,154	3,235
- RUWAs (ex NMUs)	1,894	1,965
Hydroelectricity	443	416
Recreation & Associated Storage Revenue	1,792	1,796
MDBC contract	16,788	17,446
Tungamah Project Contract	0	0
Government services contract	5,269	6,026
Government grants - other	2,474	7,932
Recoverable Works	1,635	697
Interest - customers	188	270
- investments	100	260
Other Revenue	4,965	4,956
Sale of assets	602	465
Abnormal Revenue - Assets Received Free	0	0
<b>Total Revenue</b>	<b>106,554</b>	<b>119,646</b>
<b>Expenditure</b>		
Operations	22,720	29,996
Maintenance	18,477	19,902
Management and administration	9,893	10,011
Research and development	1,069	851
Bulk water charges - Goulburn-Murray Water	N/A	N/A
MDBC contribution - operating	6,065	6,392
- capital	3,050	3,143
MDBC contract	16,032	16,692
Tungamah Project contract	0	0
Government services contract	5,136	5,491
Finance charges	172	195
Interest expense	800	2,059
WDV of disposed assets	602	465
WDV of rationalised assets	2,000	2,000
Dam Improvement Annuity	1,390	840
Renewals annuity	18,273	20,165
<b>Total Expenditure</b>	<b>105,679</b>	<b>118,202</b>
<b>Renewals Profit/(Loss) before payment to consolidated fund</b>	<b>875</b>	<b>1,444</b>
Payment to consolidated fund	385	385
<b>Renewals Profit/(Loss)</b>	<b>490</b>	<b>1,059</b>
Add back renewals annuity	18,273	20,165
Add back dam improvement annuity	1,390	840
Deduct depreciation	27,500	29,900
Deduct Dam Safety Expenditure Funded by DIP Contribution	2,078	1,741
Deduct asset rationalisation	775	917
<b>Adjusted Profit(Loss)</b>	<b>(10,200)</b>	<b>(10,494)</b>



# Pricing Proposals

## Pricing Principles

### **Price levels for 2004/05 have been determined on the basis of the following pricing principles:**

Consistent with Goulburn-Murray Water's financial objectives, prices set for each service must achieve long-term business viability, ie:

- Ensure full cost-recovery
- Are consumption or usage-based
- Promote efficient and effective delivery of service, ie the removal of cross subsidies not consistent with this principle
- Promote stability
- Hedge against unforeseen / unpredictable risk
- Maintain the financial capacity to deliver price-efficient services over the long-term

### **In the case of bulk water services:**

- price will maintain self-sufficiency
- price will recover annualised costs based on a rolling 5-year forecast
- a renewals annuity will be included in the 5-year forecast
- the opening operating bank balance of the 5-year forecast period is included, so that the 5-year forecast of costs is reduced in the case of a positive cash balance, or is increased in the case of an overdraft cash balance
- the price will be set so that the cost of bulk water supply will be allocated to bulk water customers on the following basis:
  - in accordance with the bulk entitlement order where one exists,

- where no bulk entitlement order exists but an equivalent can be determined, then on the basis of the equivalent
- where no bulk entitlement exists, and no equivalent can be determined, then on the basis of prior usage

### **In the case of district and diversion services:**

- price will maintain self-sufficiency
- price will recover annualised costs based on a rolling 5-year forecast
- a renewals annuity will be included in the rolling 5-year forecast
- an overdraft repayment component, calculated at 10% of the prior year operating bank closing balance, will be included in the rolling 5-year forecast
- the water delivery price will be based on domestic & stock, water right, and licensed water volumes plus a ten-year rolling average of sales volume

Prices may be set above the minimum long-term business viability level calculated in accordance with the principles above, in consultation with Water Service Committees.

For the 2004/05 financial year, Goulburn-Murray Water has also considered a range of variations to these principles to provide some short-term price relief to customers who are experiencing very difficult circumstances. These variations are still consistent with the overall objective of full cost-recovery over a rolling 5-year forecast period.



# Pricing Proposals

## Pricing Consultation

Goulburn-Murray Water is strongly committed to effective customer involvement in decision making, particularly in relation to price and service issues. The organisation's focus on continuous improvement has also seen steady improvement in the nature and extent of Water Services Committee and the wider customer groups' involvement in these issues.

Against a background of upwards pressure on prices and lower margins in a number of irrigated farm industries, it was seen as particularly important that the irrigation community be given the opportunity to gain a good understanding of pricing proposals and to comment on these issues.

**Water Services Committee involvement is extensive, and the key interactions have been as follows:**

- **September 2003**  
Water Services Committees reviewed 2004/05 capital, operation and maintenance budget/program proposals
- **January - February 2004**  
Water Services Committee Finance Sub-Committees reviewed and scrutinised preliminary pricing models (minimum of two meetings of each sub-committee)
- **February - March 2004**  
Full Water Services Committee meetings considered pricing recommendations
- **March 2004**  
Water Services Committee workshops, where Water Services Committee representatives presented their Business Plans to Goulburn-Murray Water Board and to other WSCs. Workshop discussions

included identification and sharing of pricing issues and pressures in each Area and wider customer consultation proposals.

- **March - April 2004**  
Water Services Committee consultation with customers
  - Area WSCs published special pricing newsletters and held a series of public meetings.
  - Diversions WSCs sent each customer a letter explaining pricing issues and seeking feedback.
- **April 2004**  
Water Services Committee representatives met with Goulburn-Murray Water Board to provide feedback on public consultation on pricing proposals and to develop possible options to addressing pricing concerns.

**Consultation on pricing has raised the following issues:**

- A number of gravity irrigators from the dairy sector have indicated a strong desire for zero or low price increases in recognition of their reduced ability to pay as a result of lower returns and the financial burden from debt accumulated during the 2003/03 drought.
- There was no widespread response from customers that the levels of service or asset renewals proposed were inappropriate.
- Very little feedback was received from diversion services customers to pricing proposals for these services.

***Goulburn-Murray Water is strongly committed to effective customer involvement in decision making, particularly in relation to price and service issues***

## Pricing Summary For Bulk Water

	% Change	Unit	Price	
			2003/04 \$	2004/05 \$
<b>Murray System</b>				
Business Cost	(0.2)%	ML	6.64	6.63
Full Economic Cost	(0.01)%	ML	15.94	15.92
<b>Goulburn System</b>				
Rural (Usage)	6.1%	ML	5.55	5.89
Rural (Entitlement)				
- Source Charge	5.5%	ML	6.35	6.70
- Delivery Charge	0.0%	ML	0.14	0.14
River Urbans (Usage)	1.0%	ML	18.65	18.83
Channel Urbans (Entitlement)				
- Source Charge	0.1%	ML	21.61	21.64
- Delivery Charge	0.0%	ML	0.14	0.14
<b>Goulburn Basin</b>				
River Urbans (Entitlement)				
- Source Charge	0.0%	ML	16.10	16.10
- Delivery Charge	0.0%	ML	0.15	0.15
<b>Campaspe System</b>				
River Urbans (Entitlement)	10.4%	ML	33.16	36.60

## Pricing Summary For Gravity Irrigation

Area	2003/04					2004/05				
	Service Fee	Additional Service Point Fee	Entitlement Storage Fee#	Infrastructure Access Fee#	Infrastructure Usage Fee^	Service Fee	Additional Service Point Fee	Entitlement Storage Fee#	Infrastructure Access Fee#	Infrastructure Usage Fee^
	\$/property	\$/Add. Service Point	\$/ML Ent.	\$/ML Ent.	\$/ML Used	\$/Property	\$/Add. Service Point	\$/ML Ent.	\$/ML Ent.	\$/ML Used
Shepparton	100.00	50.00	6.15	23.22	5.62	100.00	50.00	6.55	28.70	6.37
Central Goulburn	100.00	50.00	6.15	19.71	9.85	100.00	50.00	6.55	23.74	7.49
Rochester	100.00	50.00	6.15	17.91	8.96	100.00	50.00	6.55	21.77	7.08
Campaspe	100.00	50.00	6.15	22.20	11.10	100.00	50.00	6.55	31.55	8.66
Pyramid-Boort	100.00	50.00	6.15	13.10	6.55	100.00	50.00	6.55	16.42	5.81
Murray Valley	100.00	50.00	7.56	15.96	7.98	100.00	50.00	7.53	21.19	6.97
Torrumbarry	100.00	50.00	7.56	16.26	8.13	100.00	50.00	7.53	19.46	6.99

# Charge applies to Water Right, and Domestic and Stock entitlement volumes.

^ Charge applies to all water delivered under Water Right, Domestic and Stock, and Sales.

# Appendix A

## Goulburn-Murray Water Business Structure

Figure A.1 shows the Bulk Water Services business division structure, which comprises three service segments and 29 separate bulk water services.

**Figure A.1 – Bulk Water Services Business Structure**

Segment
<i>Category</i>
<ul style="list-style-type: none"> <li>Services</li> </ul>
Bulk Water
<i>Bulk Water Supplies</i>
<ul style="list-style-type: none"> <li>Murray Basin</li> <li>Ovens Basin</li> <li>Broken Basin</li> <li>Goulburn Basin</li> <li>Campaspe Basin</li> <li>Loddon Basin</li> </ul>
<i>Salinity Mitigation</i>
<ul style="list-style-type: none"> <li>Mildura-Merbein Groundwater Interception Scheme</li> <li>Barr Creek - Lake Tutchewop Salt Interception Scheme</li> <li>Woorinen Drainage Scheme</li> </ul>
Hydro Electricity
<ul style="list-style-type: none"> <li>Dartmouth</li> <li>William Hovell</li> <li>Yarrawonga</li> <li>Eildon</li> <li>Eildon Pondage</li> <li>Cairn Curran</li> </ul>
Recreation and Public Use
<i>Commercial Leases*</i>
<i>Boating</i>
<ul style="list-style-type: none"> <li>Eildon Houseboats</li> <li>Other Boating*</li> </ul>
<i>Recreation Facilities*</i>

\*These categories/services are further divided into a number of smaller management units

Figures A.2 and A.3 show the District Services Division and Diversions Services Division business structures, which comprise a total of 41 separate rural water services. The Water Services Committee relevant to each service is also shown. All rural water services met the target of pricing for full cost-recovery by 2000/01. Achievement of this target does not mean that prices will not change in future. Prices will move in response to future changes in revenue, or expenditures required to operate, maintain and replace or retire assets.

**Figure A.2 – District Services Business Division Structure**

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





**Figure A.3 – Diversion Services Business Division Structure**

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



# Corporate Directory

40 Casey Street, PO Box 165, Tatura Victoria 3616  
(DX 32951)  
Telephone: (03) 5833 5500  
Facsimile: (03) 5833 5501  
Email: [reception@g-mwater.com.au](mailto:reception@g-mwater.com.au)  
Website: [www.g-mwater.com.au](http://www.g-mwater.com.au)

## Other Offices:

### Bulk Water Services

#### Goulburn

Goulburn Headworks Manager - Darren Nabbs  
Lake Eildon, High Street, Eildon 3713

#### Murray

Murray Headworks Manager - David Jeffery  
Hume Dam, Private Bag 2, Wodonga 3691

#### Loddon

Loddon Headworks Manager - Ivan Smith  
Cairn Curran Reservoir, Maldon 3463

### District Services

#### Shepparton Area

Area Manager - Phil Hoare  
21 Wheeler Street, Shepparton 3630

#### Central Goulburn Area

Area Manager - Graham Smith  
40 Casey Street, Tatura 3616

#### Rochester-Campaspe Area

Area Manager - Jeff Parry  
49 High Street, Rochester 3561

#### Pyramid-Boort Area

Area Manager - David Kent  
24 Barber Street, Pyramid Hill 3575

#### Murray Valley Area

Area Manager - Kevin Preece  
Dillon Street, Cobram 3644

#### Torrumbarry Area

Area Manager - Lester Haw  
Koondrook Road, Kerang 3579

### Diversions Services

#### Shepparton

21 Wheeler Street, Shepparton 3630

#### Cobram

Dillon Street, Cobram 3644

#### Rochester

49 High Street, Rochester 3561

#### Kerang

Koondrook Road, Kerang 3579

#### Newlyn

Midland Highway, Newlyn North 3364

#### Wangaratta

"Tara Court" Ford Street, Wangaratta 3677

### Natural Resource Services

#### Tatura

Manager Natural Resource Tatura - Terry Hunter  
40 Casey Street, Tatura 3616

#### Kerang

Manager Natural Resource Kerang - John Ginnivan  
Koondrook Road, Kerang 3579



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