



CORPORATE PLAN

2006/07 TO 2010/11

DELIVERING SUSTAINABLE WATER SERVICES

Watertight2020
The quest to save 400,000ML

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Our Mission

To deliver sustainable water services that meet customer and stakeholder needs and support regional economic growth, while balancing social, economic and environmental considerations.

Our 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

By 2010, Goulburn-Murray Water will provide integrated management of the total water system to meet the changing needs of the whole community.

We will provide responsive and innovative services with a price and delivery mix that balances existing and emerging customer needs. Water supply infrastructure will have been extensively reconfigured to create a more efficient supply system that meets the needs of modern irrigators and supports profitable farm enterprises.

Customers will have clearly specified water entitlements, offering choice and flexibility in the way they manage their businesses, complemented by a range of flexible water trading and leasing services.

These measures will help support vibrant, growing regional economies.

Our reservoirs will be visited by people from all parts of Victoria to enjoy the improved and expanded recreational opportunities that these water bodies will offer.

Our distribution system efficiency will have improved from the current level of around 72% to at least 77%, representing almost a 20% reduction in losses, and we will have supported our irrigation customers to make major improvements in on-farm water use efficiency.

Water savings projects undertaken by Goulburn-Murray Water and its customers will have provided environmental water entitlements and resulted in significant improvements in the environment. Rivers and wetlands will be healthy and productive.

The environment will be enhanced by the reduction in the environmental impacts of our business operations and through the better long term management of irrigation drainage salinity and nutrient loads.

We will be an employer of choice, providing a safe workplace for a diverse, committed and capable workforce that is valued by the Authority, customers and the community.

We will continue to consult openly and transparently with and listen to all our key stakeholders and will have established effective, productive working relationships with them.

The business objectives that Goulburn-Murray Water will aim to achieve over the next five years are:

1. Responsive Customer Service

To provide a range of responsive and innovative services with a price and delivery mix that balances existing and emerging customer needs.

2. Building for the Future

To contribute to Government water reforms, developing and adapting the appropriate assets, technology and systems that meet the future needs of our customers and communities and enable regional growth.

3. Working Together

To develop productive, empathetic and enduring relationships with all interested parties to achieve the best balance of economic, environmental and social outcomes.

4. Operating Efficiently and Effectively

To actively pursue new and improved ways to operate our business to achieve the most cost effective total water system management whilst meeting all our (statutory, financial and customer) obligations

5. Connected to the Environment

To be conscious that what we do has a significant and lasting effect on the environment and to seek to reduce this impact, contributing to enhanced environmental outcomes.

6. Valuing our Employees

To provide a safe, healthy and satisfying place for our people to work, because it is through a competent, committed and adaptable workforce that our long term security and success is assured in a rapidly changing world.

Goulburn-Murray Water's primary mission is to provide sustainable water services to its customers. We will build on the framework established over the last two years and focus on the following key strategies:

- **Improved Asset Management**

We will undertake a major Advanced Maintenance Program (AMP) to extend asset lives. This program was successfully commenced in late 2005/06 to coincide with the winter maintenance shutdown of our irrigation systems. We will also develop asset management techniques and strategies; overhaul project management, delivery and procurement processes.

- **Delivering Water Savings**

A new water savings program, called **Watertight 2020**, will be established. This ambitious program will provide a strong, clear focus for staff, customers and stakeholders on the water savings targets and the activities required to achieve savings. This program will generate water savings of by 320 ML by 2012 and by 400,000 ML by 2020. Key projects include Mokoan – Return to Wetlands, channel automation and saving 25 GL through the implementation of infrastructure reconfiguration plans. One of the priority actions under this program will be the resolution of performance and reliability issues in the Total Channel Control installations on the CG 1, 2, 3 and 4 channels.

- **Unbundling Water Entitlements and Reforming Tariffs**

The governments move to unbundle entitlements will offer more flexibility in how customers access our services and manage their businesses. G-MW has taken a lead in this area and tariffs have already been reformed to support the implementation of delivery shares and to manage the price impacts of permanent water trade. During 2006/07 we will establish Water Use Licences, separate Water Rights and Sales into independent Water Shares. We will also convert our interim delivery shares to fully unbundled delivery shares, and we will assist our customers who wish to apply for additional delivery shares so that they can better manage their farm services/costs. Further changes to tariffs will also be required, including the development of exit fees for customers who no longer wish to receive a delivery service. There is a need to review tariffs for drainage services, however this will not commence until unbundling is completed

- **Supporting Regional Development**

We will develop innovative and responsive solutions to support existing customers and attract irrigation development within our area. These activities will be closely linked to the reconfiguration of our distributions systems. We will collaborate closely with local government, DSE and CMAs in the reconfiguration of our systems and attracting new developments.

- **Urban/Rural Water Interface**

We will work with regional urban water authorities to develop ways to meet the additional water needs for important regional centres, whilst also ensuring that we can continue to adequately service the needs of our existing irrigation customers.

- **Improving Water Storage Amenity Services**

The Water Storage Amenity business was established in August 2005. A strategic business plan has now been developed and its 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.

- **Better Risk Management**

We will implement our recently developed “whole of business” approach to risk management, implement an ISO14001 standard Environmental Management System, and enhance our SafetyMAP accredited OH&S systems. We will also commence planning for the achievement of ISO 9000 quality accreditation within G-MW.

- **Reconfiguring Distribution Systems**

We will develop and begin to implement infrastructure reconfiguration plans, improve the viability of customers by providing services that meet modern irrigator needs and, where necessary, provide the mechanism to adjust to the changing demands for water delivery services. This work will build on the lessons and experience gained through the successful development of the Pyramid-Boort Future Management Strategy in 2005/06.

- **Providing efficient services**

We will achieve productivity savings of 12% over the 5 year period from 2005/06 to 2009/10; develop our second Water Plan to anchor the benefits of the move to Regulatory Asset Base(RAB) pricing; and improve price signals provided by cost-reflective tariffs.

- **Improving the environment**

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

- **Working with Stakeholders**

We seek to involve customers in decision making that affects the range, cost and quality of services provided to them. We have reviewed the role and future directions for Water Services Committees (WSCs), and will implement the recommendations of this review over the next two years.

- **Improving Our Workforce Capability**

We need a capable, committed workforce that understands and embraces the future directions for the organisation. We will undertake a strategic human resources development project to help our staff meet our challenges. This will also help ensure that we continuously improve the productivity and safety of our workplaces.

We are committed to achieving water savings for the return of water to the Murray and Snowy Rivers. As part of this push, there are also two major funding proposals lodged with the National Water Commission for funding under the Water Smart Australia program. The bids include involve a major channel automation and pipelining project in the Shepparton Area; and a major on-farm renovation program, closely integrated with reconfiguration programs, to create on-farm water savings and with channel reconfiguration works will enable more water savings to be achieved. If these bids are successful, they will be incorporated into our programs.

The strategies in this Plan are consistent with our 2006/07-07/08 Water Plan and will enable us to deliver the service strategies and outcomes identified in that Plan (pp 28 – 35, 41 – 44). 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 is included later in this Plan (refer pages 16 – 22)

Figure 1 - Our Performance Indicators at a glance

	Governance		Economic Sustainability			
Objective	We aim to continuously improve our governance practices and strive to achieve high levels of transparency, trust and stewardship		We will actively pursue new and improved ways to operate our business to achieve the most cost effective total water system management whilst meeting all our (statutory financial and customer) obligations		We will contribute to Government water reforms, developing and adapting the appropriate assets, technology and systems that meet the future needs of our customers and communities and enable regional growth	
Results	Perform. Aspect	2006/07 Target	Perform. Aspect	2006/07 Target	Perform. Aspect	2006/07 Target
	Whole-of-business approach to risk management	Whole-of-business risk management framework implemented	Cost management	Productivity Plan target of 3% reduction in cost compared to 04/05 base achieved	Delivery system efficiency	Overall efficiency of Area distribution systems 74%
	Continuously improve Board performance	Board performance review undertaken and report provided to Minister of Water	Advanced Maintenance Program	Water Plan works program achieved within cost estimates	Availability of bulk water assets to supply customer orders	100%
			Capital Expenditure	Water Plan works program achieved within cost estimates	Capability of storages to hold design capacity	100% of time at all storages (excl Lake Mokoan)
					Availability of distribution assets	No unplanned service failures greater than 24 hours
					Response to reported channel leaks	Area service standards met (Fig.2 below)
					Availability of Mildura-Merbein Salt Interception Scheme assets	69%

	Social Sustainability						Environmental Sustainability	
Objectives	We will provide a range of responsive and innovative services with a price and delivery mix that balances existing and emerging customer needs		We will provide a safe, healthy and satisfying place for our people to work, because it is through a competent, committed and adaptable workforce that our long term security and success is assured in a rapidly changing world		We will develop productive, empathetic and enduring relationships with all interested parties to achieve the best balance of economic, environmental and social outcomes		We will be conscious that what we do has a significant and lasting effect on the environment and seek to reduce this impact, contributing to enhanced environmental outcomes	
Results	Perform. Aspect	2006/07 Target	Perform. Aspect	2006/07 Target	Perform. Aspect	2006/07 Target	Perform. Aspect	2006/07 Target
	Compliance with agreed standards	Area service delivery standards met (Fig. 2 below) Accounts issued in accordance with agreed billing schedules with no more than 1% error rate At least 80% of surveyed customers satisfied with our services	Job Satisfaction OH&S	At least 75% of surveyed staff satisfied with G-MW as an employer More than 500,000 hrs worked without a Lost Time Injury	Development of stakeholder relationships	Relationships with customers, industry partners and government strengthened	Minimum river flow regimes: Regulated rivers Unregulated streams Water Use	Flows > or equal to specified min. flows 100% of the time Flows meet agreed targets or natural flow 90% of the time Water use compliant with MDB cap

Figure 2 - Detailed Performance Indicators

Area	2006/07 Performance Targets	
	Water delivered on day ordered – all orders	Leaks responded to within timeframes established in Customer Service Agreements:
Shepparton	90%	87%
Central Goulburn	91%	96%
Rochester	82%	96%
Pyramid-Boort	81%	96%
Murray Valley	86%	82%
Torrumbarry	92%	90%

Our current operating environment

Northern Victoria has been in drought for the last nine seasons, which has included years of record low water availability in all G-MW's water supply systems. This has impacted on water availability and revenues and created sharp upward pressure on prices. Continuation of the drought into 2006/07 appears likely.

The drought has also had a profound impact on the businesses of many of our customers. The last few years have seen a significant adjustment in the dairy industry. However, improvement in milk prices through 2005/06 has helped to restore some confidence in this sector.

Drought has also impacted heavily on customers with recreation and tourism industry businesses located around Goulburn-Murray Water storages, where continuing low water levels have presented real challenges.

These pressures on customers, in conjunction with water movement resulting from irrigation industry adjustment and the aging of existing irrigation supply assets have generated a strong focus on the need to reconfigure existing systems for the future.

We have completed extensive, independent reviews of our pricing policies and cost base, and continue to implement their recommendations. It is expected that the move to a Regulatory Asset Base (RAB) approach to pricing, coupled with the introduction of the Advanced Maintenance Program (AMP) will ultimately provide a smoother, more stable long term pricing path for water users.

The drought has also highlighted the need for regional urban centres to seek additional sources of water to meet the future needs of their growing populations. The supply authorities responsible for both Bendigo and Ballarat have developed future water strategies that propose connecting major pipelines into our systems. Balancing these new demands for water with those of our irrigation customers will present a challenge and will require innovative approaches.

Government's white paper *Securing Our Water Future Together* provided clarity on a number of major issues affecting Goulburn-Murray Water. These include returning Lake Mokoan to a wetland, the conversion of Sales into a separate, independently tradeable entitlement and unbundling water entitlements. We have undertaken programs to develop and implement these initiatives, and focus on this will continue.

The Essential Services Commission (ESC) now regulates the prices of our services, and made its initial, two year, pricing determination in June 2006. The Statement of Obligations has clearly established the expectations of regulatory authorities and costs to meet these obligations have been factored into the ESC pricing decisions.

Our Business Risks

Our major business risks are summarised below, together with mitigating measures 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 our Risk Management Program Procedures.

Assets and Technical Services Business Division Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Recreation/public liability	Major	Likely	High	<ul style="list-style-type: none"> Public use management program Communications program and public awareness Insurance
Adverse environmental impacts	Major	Moderate	High	<ul style="list-style-type: none"> Environmental management program
Failure to supply	Major	Likely (drought)	High	<ul style="list-style-type: none"> Corporate drought management planning Asset management Program
Dam failure	Catastrophic	Rare	Significant	<ul style="list-style-type: none"> Dam improvement program Dam safety program
Water quality <ul style="list-style-type: none"> General Salinity Blue-green algae Pollutants Drought Fire 	Moderate	Moderate	Significant	<ul style="list-style-type: none"> Corporate coordination through Planning and Environment Business Division Environmental management program Public use management programs Perimeter land management programs Salinity management programs BGA management plans Regional partnerships and emergency planning Water quality monitoring programs Safe drinking water risk management plans
Terrorism threat	Major	Unlikely	Significant	<ul style="list-style-type: none"> Dam safety program Critical Infrastructure program/protocols

Planning and Environment Business Division Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Salt interception schemes	Major	Unlikely	Significant	<ul style="list-style-type: none"> Natural Resource Services Business Division function and funding negotiated with government Environmental management program
Breakdown of partnerships	Major	Unlikely	Significant	<ul style="list-style-type: none"> Maintenance of regional and basin cooperative partnerships and relationships Stakeholder engagement program
Lack of funding for natural resource management	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> Partnerships with CMAs Government services contract renewal
Adverse impacts on biodiversity	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> G-MW biodiversity strategy Lake Nagambie ecology project Water quality and biodiversity component of storage Management plans Kerang wetlands project
Loss of access to appropriate technical skills and knowledge	Major	Unlikely	Significant	<ul style="list-style-type: none"> Consultancy panel agreements CRC and other research project involvements Peer networks Documentation of internal procedures
Adverse environmental impacts	Major	Moderate	High	<ul style="list-style-type: none"> Environmental management program

Water Delivery Services Business Division Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Water availability (drought and bushfire)	Major	Likely	High	<ul style="list-style-type: none"> • Drought management planning • Seasonal Allocation policy • Streamflow management plans • Groundwater management plans • Communications program • Distribution system loss management program • Catchment yield risk assessment project
Adverse environmental impacts	Major	Moderate	High	<ul style="list-style-type: none"> • Environmental management program • G-MW operating procedures
Irrigation drainage	Moderate	Likely	Significant	<ul style="list-style-type: none"> • Implementation of Irrigation Drainage MoU • Implementation of G-MW Drain Management Strategy
Water quality <ul style="list-style-type: none"> • General • Salinity • Blue-green algae • Pollutants • Drought • Fire 	Moderate	Moderate	Significant	<ul style="list-style-type: none"> • Corporate coordination through Planning and Environment Business Division • Environmental management program • Salinity management programs • BGA management plans • Drain management plans • Groundwater management plans • Regional partnerships and emergency planning • Water quality monitoring • Implementation of safe drinking water risk management plans
Public liability	Moderate	Moderate	Significant	<ul style="list-style-type: none"> • Insurance • Communications and public awareness programs • Risk reduction programs
Loss of customer support	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Water Services Committee development • Customer consultation and communications
Failure to supply	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Asset management program
Terrorism threat	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Water quality monitoring program
Long-term asset deterioration	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Asset management plans

Corporate Risks

Issue	Consequence	Likelihood	Risk	Mitigating Measure
Water trading – exiting G-MW	Major	Likely	High	<ul style="list-style-type: none"> • Unbundled tariff • Reconfiguration planning
Workforce safety	Catastrophic	Unlikely	High	<ul style="list-style-type: none"> • OH&S policies • OH&S audits • SafetyMAP compliance program • Staff, consultant and contractor management
Workforce skills	Major	Likely	High	<ul style="list-style-type: none"> • Strategic Human Resources plan • Board performance Improvement program
Drought	Major	Likely	High	<ul style="list-style-type: none"> • Corporate drought management planning • Communications program
Sustainability of Irrigation	Major	Moderate	High	<ul style="list-style-type: none"> • Goulburn-Broken Irrigation Futures R&D project • CRC for Irrigation Futures • Reconfiguration planning
Loss of customer support	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Strengthening Water Services Committee process • Customer consultation and communications • Pricing policy review • Productivity plan
Fractured government relationships	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Ongoing communication and liaison with department and Minister • Customer consultation and communications • Stakeholder engagement program
Lack of community support	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Corporate communications program
Terrorism threat	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Office security review • Water quality monitoring program • State terrorism task force programs
Reduced revenue (drought)	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Customer consultation program • Communications program • Revised bill payment schedules • Tariff reform program
Reduced workforce morale /motivation (drought)	Moderate	Unlikely	Moderate	<ul style="list-style-type: none"> • Internal communications program • Staff support program • Leadership development and culture change • Central Consultative Committee

Our Board Corporate Governance Improvement Plan

During 2006/07 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.
 - Safety and Environment Committee.
 - Remuneration Committee.
2. Conduct an overall Board review and a review of individual Board members' performance
3. Assist as requested in providing background information to potential candidates for Board appointments from July 2007. Develop a program for the induction of new Directors appointed as of 1 July 2007.
4. Identify, assess and manage risks including implementation of a "Whole-of Business" risk management framework.
5. Maintain high corporate governance principles and practices consistent with:
 - 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
 - The *Public Administration Act* 1994
6. Ensure compliance with the *Water Act* 1989.
7. Maintain and update its Corporate Governance Manual.
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.

Responsive Customer Service

Strategy	Outcome	Year for Completion
<i>Developing Services</i>		
<ul style="list-style-type: none"> Develop strategy to retain and attract irrigation development within G-MW area 	<ul style="list-style-type: none"> Better utilisation of existing assets More viable customer base Regional economic growth 	2006/07
<ul style="list-style-type: none"> Identify and engage all customers and agree appropriate services and standards for gravity irrigation supply through development and implementation of Area reconfiguration Plans 	<ul style="list-style-type: none"> Services delivered to meet customer needs. Emerging needs met and innovative approaches developed. 	2007/08
<ul style="list-style-type: none"> Develop terms and conditions of service for unbundled Delivery Shares. (Our Water, Our Future Program) 	<ul style="list-style-type: none"> Clear service obligations and expectations 	2006/07
<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. 	2010/11
<ul style="list-style-type: none"> Develop new customer focussed service model. 	<ul style="list-style-type: none"> Improved service delivery and increased customer satisfaction Innovative service opportunities identified 	2007/08
<ul style="list-style-type: none"> Implement irrigation reforms: <ul style="list-style-type: none"> - Revised water trading - Delivery share trading (Our Water, Our Future Program) 	<ul style="list-style-type: none"> Increased flexibility and choice for customers. Simpler, faster water trading. 	2007/08
<ul style="list-style-type: none"> Further develop Watermove services 	<ul style="list-style-type: none"> Service that better meet market needs. 	2006/07
<ul style="list-style-type: none"> Review CMA relationship as G-MW customer for: <ul style="list-style-type: none"> - NRM services - Environmental water supplies 	<ul style="list-style-type: none"> Well understood service requirements. Clear service delivery responsibilities and roles 	2006/07

Building for the Future

Strategy	Outcome	Year for Completion
Clarifying Entitlements to Water		
<ul style="list-style-type: none"> Unbundle water entitlements in regulated systems (Our Water, Our Future Program) 	<ul style="list-style-type: none"> Clear entitlements and improved business flexibility for regulated water users 	2007/08
<ul style="list-style-type: none"> Establish "sales" as an independent entitlement 	<ul style="list-style-type: none"> Clarified, robust entitlements with increased flexibility and choice for water users 	2007/08
<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 	2007/08
<ul style="list-style-type: none"> Implement Phase 2 Statewide Management Rules for unregulated streams. 	<ul style="list-style-type: none"> Clear water sharing arrangements for consumptive use and the environment. 	2006/07
<ul style="list-style-type: none"> Improve groundwater management: <ul style="list-style-type: none"> Review Campaspe and Spring Hill Groundwater Management Plans. Implement Katunga Groundwater Management Plan. Develop trading rules for GMAs 	<ul style="list-style-type: none"> Clear entitlements for licensees supporting sustainable resource management 	2006/07
<ul style="list-style-type: none"> Develop and implement improved water accounting framework and water use measurement program. 	<ul style="list-style-type: none"> Improved management of water use. System loss behaviours understood and managed All significant water use accurately measured 	2007/08
<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 	2007/08
Managing Assets		
<ul style="list-style-type: none"> Implement improved tactical and strategic asset management procedures 	<ul style="list-style-type: none"> Accurate asset data and enhanced asset decision making 	2006/07
<ul style="list-style-type: none"> Develop long term AMP strategies and program 	<ul style="list-style-type: none"> Assets provided at lowest lifecycle cost 	2006/07
<ul style="list-style-type: none"> Strategic asset management plans developed 	<ul style="list-style-type: none"> Assets provided at lowest lifecycle cost 	2007/08

Strategy	Outcome	Year for Completion
<i>Reconfiguring assets</i>		
<ul style="list-style-type: none"> Identify future irrigation water services requirements and <ul style="list-style-type: none"> Strategic overview of G-MW assets Information systems developed Pyramid Hill infrastructure plan completed 	<ul style="list-style-type: none"> Future asset needs understood. Regional development supported 	2006/07
<ul style="list-style-type: none"> Develop and implement asset reconfiguration plans 	<ul style="list-style-type: none"> Asset base reconfigured to deliver appropriate service levels Water saved 	2006/07 2006/07 2009/10
<ul style="list-style-type: none"> Investigate hydro power opportunities in G-MW system <ul style="list-style-type: none"> Implement priority new hydro power project 	<ul style="list-style-type: none"> Increased renewable energy New revenue to improve business viability 	2006/07 2008/09

Working Together

Strategy	Outcome	Year for Completion
<i>Building Stakeholder partnerships</i>		
<ul style="list-style-type: none"> Implement comprehensive stakeholder engagement program 	<ul style="list-style-type: none"> Improved decision making and service delivery through effective input from diverse stakeholder interests. 	2006/07
<ul style="list-style-type: none"> Implement outcomes of the review of Water Services Committee future directions. 	<ul style="list-style-type: none"> Clear roles and improved effectiveness of Water Services Committees 	2007/08
<ul style="list-style-type: none"> Actively participate in development of the Northern Sustainable Water Strategy 	<ul style="list-style-type: none"> Agreed strategies and directions for water resource management 	2007/08
<i>Improving communications</i>		
<ul style="list-style-type: none"> Communicate details of entitlement unbundling to customers and other stakeholders. (Our Water, Our Future program) 	<ul style="list-style-type: none"> Community, customer and staff awareness and understanding of key reforms improved. 	2006/07

Operating Efficiently and Effectively

Strategy	Outcome	Year for Completion
<i>Improving Water Systems</i>		
• Implement the Irrigation Planning Module Generation 2	• Improved customer service and	2007/08
• Implement approved future arrangements for Lake Mokoan and Lake Boga.	• Sustainable water resource management and water savings	2007/08
• Investigate alternate water delivery systems.	• Efficient channel operations • Water savings captured	2006/07
<i>Improving work practices</i>		
• Implement productivity improvement plan.	• Costs effectively managed.	2009/10
<i>Reforming Tariffs</i>		
• Implement new tariffs or fees for Regulated diversions services to support unbundling of entitlements.	• Improved pricing signals to customers	2007/08
• Implement new tariffs or fees for surface drainage services.	• Acceptable third party impacts • Cost reflective, equitable tariffs for drainage customers.	2008/09
<i>Improving risk management</i>		
• Implement whole-of-business risk management framework	• Improved management of business risks	2006/07
<i>Building business viability</i>		
• Identify and pursue commercial opportunities: • Land at storages • Water trading • Consulting/contracting • Carbon credits	• Increased revenue base to support business development	2007/08

Connected to the Environment

Strategy	Outcome	Year for Completion
<i>Reducing environmental impacts</i>		
<ul style="list-style-type: none"> Redevelop Environmental Management System and gain ISO 14001 accreditation 	<ul style="list-style-type: none"> Environmental risks and impacts progressively reduced 	2006/07
<ul style="list-style-type: none"> Develop greenhouse gas reduction action plan 	<ul style="list-style-type: none"> Reduced greenhouse gas emissions 	2007/08
<i>Managing natural resources sustainably</i>		
<ul style="list-style-type: none"> Identify and implement Bush Broker opportunities 	<ul style="list-style-type: none"> Reduced greenhouse gas emissions 	2006/07
<ul style="list-style-type: none"> Review and improve sustainability reporting. 	<ul style="list-style-type: none"> Accountable environmental performance 	2007/08
<i>Saving water for the environment</i>		
<ul style="list-style-type: none"> Develop G-MW water savings program <ul style="list-style-type: none"> Identify priority water savings projects and develop business cases Establish effective governance and co-ordination arrangements. Develop water savings targets, scoreboard and staff awareness program 	Water savings captured for the environment	2006/07
<ul style="list-style-type: none"> Implement Total Channel Control on CG 1,2,3,4 	<ul style="list-style-type: none"> Improved customer service Efficient channel operations Water savings captured for the environment 	2006/07 2006/07 2007/08
<ul style="list-style-type: none"> Develop business case for implementation of channel automation in G-MW systems 	<ul style="list-style-type: none"> Clear strategy for implementation of improved technologies Improved customer service Water savings captured for the environment 	2006/07
<ul style="list-style-type: none"> Develop on-farm water savings program, integrated with reconfiguration 	<ul style="list-style-type: none"> Water savings captured for the environment Productive farm change 	2006/07

Valuing our Staff

Strategy	Outcome	Year for Completion
<i>Building organisational capability and diversity</i>		
<ul style="list-style-type: none"> Implement strategic human resource plan. 	<ul style="list-style-type: none"> Workforce capable of delivering corporate objectives in the short and long term 	2006/07
<i>Improving occupational health and safety</i>		
Implement a “near miss” identification and avoidance culture	<ul style="list-style-type: none"> Safer work environment with fewer injuries. 	2006/07

Capital Expenditure Program

Goulburn-Murray manages assets in excess of \$3.6 billion. A well targeted, 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.

To ensure the accuracy of the asset database the condition of each asset is reviewed on a five-yearly cycle, with 20% of the assets being assessed in each financial year.

As part of the move to a RAB approach to pricing, we have developed the Advanced Maintenance Program (AMP). This major program will provide for planned preventative maintenance works that will reduce asset deterioration and extend asset lives. The AMP techniques are suited to assets in moderate to good condition and will be targeted to spread the replacement costs of our assets over a longer period. This is important, as many of the distribution systems were built or remodelled in the post-war period. The AMP reduces the requirements for asset replacement and provides for a smoother, more stable long term price path.

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

Major capital investments are targeted at generating water savings, funding for these works being generally provided from governments seeking return of water savings to the environment.

Subsequent to our Water Plan, a number of new projects have been included or have had cost estimates revised. This includes Broken Basin Reconfiguration/Lake Mokoan decommissioning, Strategic Measurement Projects and Infrastructure Reconfiguration funded through a \$50 million component of the "Sales Package".

A program is underway to upgrade storages to meet contemporary safety standards. Since development of our Water Plan, further investigation and design work has been completed. This improved knowledge has been incorporated into an updated expenditure forecast for the Dam Improvement Program included in this document. We plan to spend some \$74 million over the next ten years on this program.

Expenditure is planned for the upgrading/replacement of irrigation delivery planning and customer billing systems. Upgrades are needed to support the unbundling of water entitlements.

It is likely that further G-MW funded capital expenditure may be required to achieve reconfiguration of our distribution systems. The nature and timing of any additional expenditure will not be known until reconfiguration plans are further advanced, so it has not been included in the capital program.

Additionally, there could be some changes to currently proposed levels of asset replacement expenditure as a result of reconfiguration planning, and/or the identification of new water savings projects. Once these issues are better understood, the capital program will be revised accordingly.

Capital Expenditure Forecast

Goulburn-Murray Water Capital Expenditure Forecast 2006/07 to 2015/16													
Nominal dollars													
	Project Total \$'000s	Total Expend. To 30-Jun-05 \$'000s	Revised Forecast 2005/06 \$'000s	Budget 2006/07 \$'000s	Forecast 2007/08 \$'000s	Forecast 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
Wholesale													
Projects Greater than \$5M	34,567			22,173	12,394								
Broken Basin Reconfiguration/Lake Mokoan Decommission	882	422	460										
Total Channel Control Project (OG1234)													
Dam Improvement Works	16,118	5,318			300	7,400		1,100	6,000	3,700			
Buffalo	7,700												
William Hovell	46,342	34,492	11,250	600									
Eildon	27,066	1,267	524	11,760	7,915								
Cairn Curran	30,623	119	1,004		4,400	100	5,000	4,800	6,000	2,500	5,600	4,600	5,600
Projects less than \$5M													
Total DIP Projects	127,849	41,196	12,778	12,360	12,615	7,500	5,000	5,900	6,000	6,200	8,100	4,600	5,600
Projects Less than \$5M			2,444	3,967	3,153	3,058	5,323	4,863	5,474	4,763	5,496	6,134	6,287
Total Wholesale		41,618	15,682	38,500	28,162	10,558	10,323	10,763	11,474	10,963	13,596	10,734	11,887
Retail													
Projects Greater than \$5M	15,092	407	8,788	5,627	270								
Tungamah Pipeline Network - WWD	15,718		627	8,584	6,507								
Strategic Measurement Project Goulburn System	18,023	7,794	5,229	5,000									
Total Channel Control Project (OG1234)													
Projects Less than \$5M	48,833	8,201	14,644	19,211	6,777	0	0	0	0	0	0	0	0
Total Retail			25,999	35,760	43,389	42,806	38,500	27,445	25,361	24,974	24,186	25,016	25,579
Total G-MW		8,201	40,643	54,971	50,167	42,806	38,500	27,445	25,361	24,974	24,186	25,016	25,579
		49,819	56,325	93,471	78,328	53,364	48,822	38,208	36,835	35,937	37,782	35,750	37,467

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Forecast Statement of Financial Performance – Consolidated

Goulburn-Murray Water Forecast Statement of Financial Performance Values expressed in nominal dollars						
	Estimate 2005/06	(1) Budget 2006/07	(1) Forecast 2007/08	(2) Forecast 2008/09	(2) Forecast 2009/10	(2) Forecast 2010/11
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Revenue						
Rates - water and drainage	61,811	62,786	63,074	69,368	71,058	74,718
Consumptive charges	15,442	15,448	15,538	15,927	16,325	16,733
Bulk water	5,652	5,443	5,983	6,573	6,754	7,076
Victorian Government services and contributions	12,771	9,600	7,222	13,896 (3)	6,356	6,506
Other external clients	16,439	15,220	16,027	16,428	16,838	17,259
Interest	2,003	812	817	520	529	539
Other revenue	5,770	7,253	7,321	6,812	7,019	7,205
Total Revenue	119,888	116,362	115,782	129,524	124,879	130,036
Costs						
Operations	54,375	63,163 (3)	61,068 (3)	67,420 (4,5)	58,632	60,090
Maintenance	24,075	31,629	38,692	39,659	40,651	41,667
Management and administration	11,554	14,284	12,890	12,821	12,623	12,939
Environmental contribution	-	-	1,240	1,240	1,240	1,240
Finance charges	1,138	1,831	3,145	3,852	5,268	6,768
Regulatory depreciation	-	2,394	3,556	4,269	4,910	5,934
Renewals annuity	19,538	-	-	-	-	-
Assets disposed / abandoned	2,445	2,000	2,000	2,000	2,000	2,000
Total Costs	113,125	115,301	122,591	131,261	125,324	130,638
Regulatory Profit / (Loss)	6,763	1,061	(6,809)	(1,737)	(445)	(602)
<i>add back</i>						
Regulatory depreciation	-	2,394	3,556	4,269	4,910	5,934
Renewals annuity	19,538	-	-	-	-	-
<i>deduct</i>						
Statutory depreciation	30,516	33,000	33,772	33,910	34,082	34,248
Statutory Profit / (Loss)	(4,215)	(29,545)	(37,025)	(31,378)	(29,617)	(28,916)

(1) ESC Water Plan determination 2006/07 - 2007/08

(2) Subject to the second ESC Water Plan determination

(3) Includes Victorian Government funding of Lake Mokoan decommissioning \$7.8M

(4) Includes Lake Mokoan decommissioning expenditure \$7.8M

(5) Includes infrastructure reconfiguration planning expenditure (funding received in 2006/06 and 2006/07)

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.

Three Key Goulburn-Murray Water Divisions

Assets and Technical Services manages Goulburn-Murray Water's assets to agreed service levels and required safety standards. The group plans our asset works programs, including maintenance and capital works and operates 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 manages 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 three business divisions are each the responsibility of a separate organisational group and are supported by others who 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	
• Torrumbarry 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	
Current Replacement Cost	\$1.8 billion*
17 large dams	
Ancillary Assets	
* Includes \$ 0.8 billion of Murray-Darling Basin Commission Assets	

Estimated Average Annual Deliveries to Bulk Supply Offtakes*	
	ML ('000s)
Goulburn System	1577
Broken River Basin	23
Goulburn River Basin	1423
Campaspe River Basin	72
Loddon River Basin	57
Bullarook Creek Basin	2
Murray System (Victorian component only)	1603
Murray River Basin	1585
Ovens River Basin	18
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 2004/05	

Distribution Assets	
Current Replacement Cost	\$1.9 billion
Irrigation and Drainage Assets	
Open Channels	6,770 km
Pipelines	252 km
Drains	3,142 km
Structures	23,333 No.
Meters	21,335 No.
Drain Inlets	8,333 No.
Domestic and Stock Assets	
Open Channels	517 km
Pipelines	292 km
Structures	753 No.
Meters	374 No.

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

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

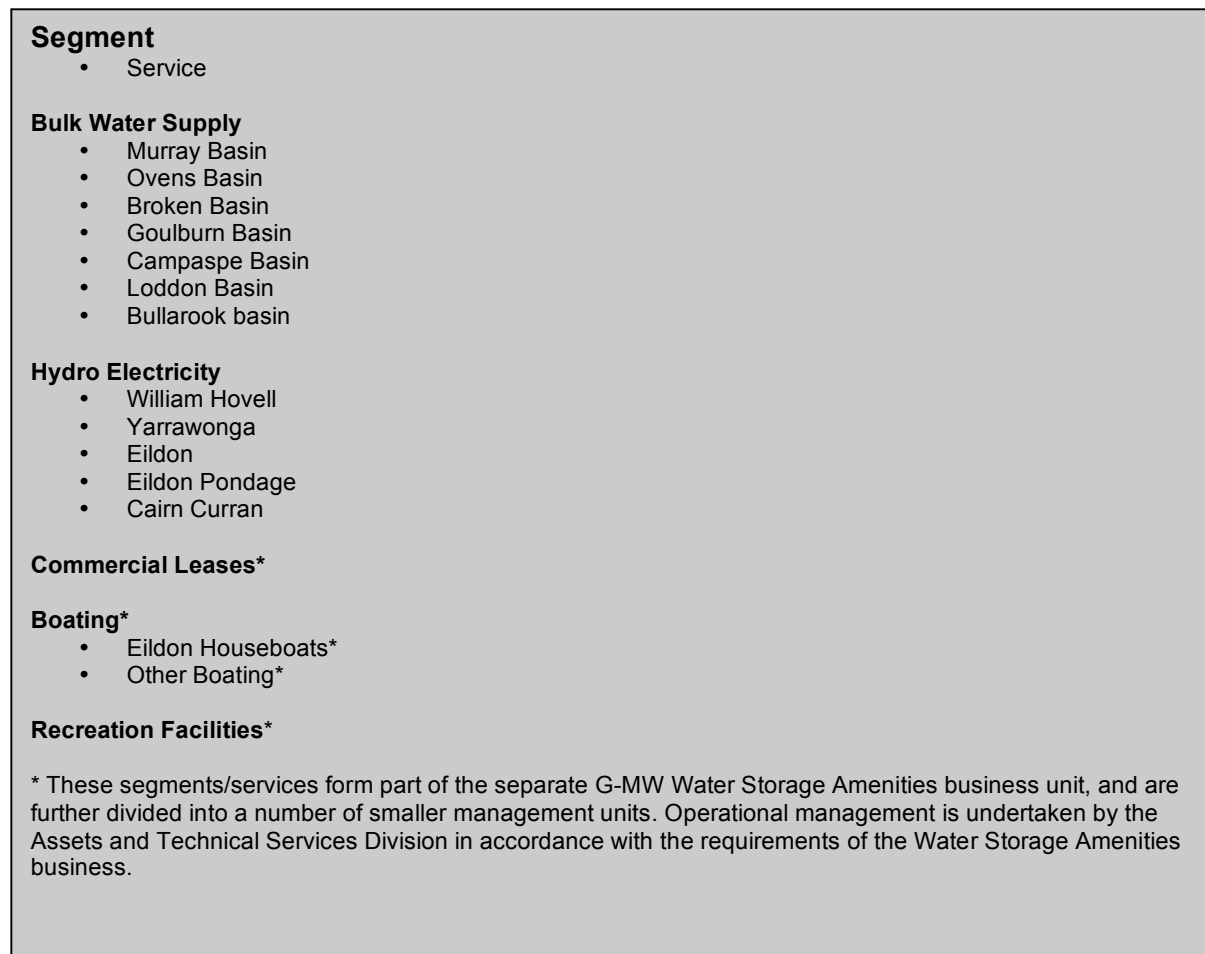


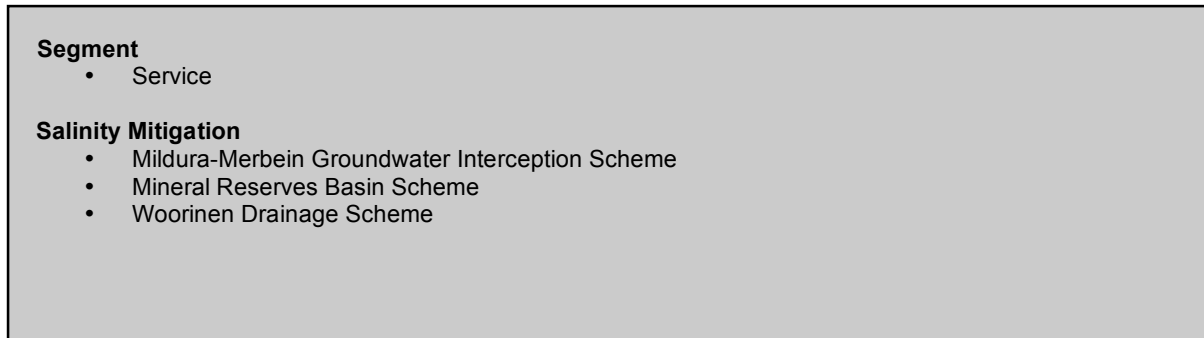
Figure A.5 shows the Water Delivery Services business division structures, which comprise a total of 41 separate rural water services. The Water Services Committee that oversees price and service issues for each service is also shown.

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 Waterworks Loddon Waterworks Loddon Waterworks Tungamah
Flood Protection	
<ul style="list-style-type: none"> Loch Garry 	Loch Garry
Surface Water Diversion	
<ul style="list-style-type: none"> Goulburn Regulated Goulburn Unregulated Murray Regulated Murray Unregulated 	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



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
Website: www.g-mwater.com.au