

Final 3rd July 2006

South Gippsland Water

CORPORATE PLAN

2006-07 to 2010-11

April 2006

INCLUDES:

- *Document A - Statement of Corporate Intent*
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CORPORATE PLAN 2006-07 to 2010-11
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STATEMENT OF CORPORATE INTENT 2006-07 to 2010-11

1. CORPORATE OVERVIEW

1.1 Message from the Chair and the Board

Through the initiatives included in this Corporate Plan the Directors and staff of South Gippsland Water will continue to work for the benefit of our customers, the people of South Gippsland, and for the benefit of the region's internationally recognised environment, which we are fortunate to share.

The Corporate Plan 2006-07 to 2010-11 focuses on the key strategic issues identified by the Board and Executive for this period of the corporate planning cycle.

Long Term Water Strategy

One of the key outcomes will be the completion of the Authority's Long Term Water Strategy [LTWS] which centres on future water security across the region; planning for works to rectify the regions historic infrastructure deficit and to secure future water supply for our regional townships. The strategy will ensure the provision of the regions water needs into the future and will be developed in partnership with our customers, Shire Councils and the regions other natural resource managers. Sustainable water use, including demand management and water re-use will be features of the plan.

South Gippsland Water's LTWS is being developed using the specific knowledge of the regions water resource cycle. The LTWS will underpin the Authority's subordinate strategies for water security into the future.

The continued implementation of our Long Term Wastewater Strategy [LTWWS] is also contained within this plan. Further reduction of the environmental impacts of our waste streams and the continued quest for maximum opportunities for recycling and re-use are features of this phase of implementation. The major capital works in the LTWWS, at Korumburra, Leongatha and the Saline Wastewater Project are nearing completion. Importantly, the other major element of the LTWWS is the progress towards sewerage for key regional towns, under the "Country Towns Sewerage Program".

Other strategic items include securing financial position and long term viability of the Authority, attracting and retaining high quality human resources and opportunities that arise from strategic alliances within the industry.

The emphasis continues on environmental sustainability, the provision of infrastructure for water quality improvement, regional enhancement together with water conservation, and maximising where possible, opportunities for recycling and re-use of fit for purpose water. This Corporate Plan is closely aligned with the policy framework set out in the Government of Victoria White Paper - *"Our Water, Our Future"*.

Providing a high level of service to our customers remains at the forefront of South Gippsland Water's priorities. This plan will deliver further improvements to our already high standards of water quality. Customers will continue to be given opportunities to have input into our planning processes and to provide feedback to the Authority. We will continue to build on the strong water conservation program developed for schools and the community.

In delivering this plan South Gippsland Water aspires to the highest standards of customer service and environmental responsibility. The Board and staff will work diligently with our customers, Regional Councils, West Gippsland Catchment Management Authority and the Environment Protection Authority and other stakeholders to ensure these goals are met.

1.2 Operating Environment – Impact Assessment

Impacts on the operating environment of South Gippsland Water have been identified for the next five years by the Board and Management Team. They include the following key items:-

Government Policy – the White Paper action plan and compliance with regulators: Essential Services Commission [ESC], Energy and Water Ombudsman of Victoria [EWOV], the Environment Protection Authority [EPA], the Department of Human Services [DHS] and the DHS related legislation, the Safe Drinking Water Act. Monitoring of the National Water initiative is also required.

Our Stakeholders – continuing to understand the needs of our customers, aesthetic water quality, analysing the pricing and affordability issues for different customer groups and continuing to build on our relationships with State and Federal Government, Shires, Catchment Management Authorities [CMA's] and environmental groups.

The Environment – managing complex inter-catchment relationships. Managing and encouraging recycling in a local climate that may make re-use less attractive, during certain seasons.

Economic and Social Influences – facilitating the service needs of a diverse customer base, within approved price structures. Managing water and wastewater prudently for regional development, recreation, and coastal growth, against responsible cash flow management.

As far as possible the anticipated consequences and ramifications of the above issues have been incorporated in the structure of this Corporate Plan.

1.3 Ongoing Challenges

The organisation has identified the following ongoing challenges for South Gippsland Water, for the duration of the Plan.

Security and Quality of Supply

- Long Term Water Strategy.
- Drought management plans, assessment of storages with potential for growth – water resourcing.
- Increased security of supply via off-stream storages.
- Heightened monitoring of catchments to improve water quality in storages.

Servicing and Growth

- Long Term Water Strategy and participation in the Regional Sustainable Water Strategy.
- Supplying the water and wastewater needs of rural townships with steady growth and rapidly developing coastal towns.
- Building our customer base to better utilise infrastructure investment.
- Revision of trade waste pricing.

Resourcing, Size and Complexity

- Continuing to provide quality in an increasingly complex industry with limited resources.
- Ability to attract staff with appropriate qualifications, strong skills and practical experience.
- Ensuring that the identified business activities are able to be completed within the available staff resources.

Compliance with Regulatory Obligations

- Compliance with Government and regulatory requirements.
- Continuing to meet water quality guidelines and objectives.
- Achieving our Budget and Water Plan targets.
- Compliance with wastewater discharge requirements (Implementation of long term wastewater strategy plans).

Operations

- Capital Expenditure planning, budgeting and reporting.
- Continuous improvement in operational management.
- Replacement/maintenance of old water and wastewater mains – aging infrastructure in towns constructed in the early 20th century.

Internal Management Systems

- Improvement, and maintenance of internal management systems, including, environmental management, occupational health and safety and other quality systems.
- Further development of staff through targeted training programs.

- Promotion of cultural change to ensure uptake of new technology and information systems.
- Improving customer satisfaction with taste and odour.
- Programmed improvements for wastewater pump stations.

These challenges, amongst others, are reflected in this Corporate Plan.

1.4 Corporate Plan Forecast Achievements – Capital Works

The table below sets out the capital works forecast achievements for the period of the Corporate Plan.

CAPITAL WORKS PROJECT	PURPOSE	DESCRIPTION	OUTPUTS TO BE ACHIEVED
Regional Saline Wastewater Project	To meet environmental requirements for all segments of the environment. This includes meeting the general provisions of the Environment Protection Act (1970), State Environmental Protection Policies [SEPP] and regional industrial waste management policies.	Yarragon Road pump station upgrade, 11km's of pipe replacement, and replacement of the Venus Bay Outfall structure.	Stage 1 delivery by the end of 2005-06.
Wastewater Treatment Plant Upgrades	To meet the EPA and SEPP licence requirements for discharge of effluent into inland waters.	Upgrades to the Korumburra and Leongatha Wastewater Treatment Plants to tertiary treatment standards.	Project to be delivered by the end of 2005-06.
Coalition Creek Reservoir Dam Risk Reduction Works	Dam safety and risk reduction in accordance with ANCOLD guidelines and SGW's Statement of Obligations [SoO].	Rehabilitation of dam embankment due to excessive seepage and a number of dam safety deficiencies including a lack of stability in the outlet tower during an earthquake event. Works include rebuilding the embankment, the crest and installing a downstream toe drain.	Project carried forward to 2006/07.
Yarram Off Stream Storage	To provide security of supply to the customers of the Yarram water system.	Additional 200ML water storage required to reduce frequency of severe water restrictions and maintain appropriate level of service standards. An off stream storage dam is to be constructed.	Preliminary concept design for completion in this Corporate Plan period. Construction planned for 2007-08 to 2008-09
Telemetry	Proactive approach to risk management under Safe Drinking Water Act.	SGW is seeking to move from a reactive to a proactive approach to water and wastewater system operation. This is being done with the implementation of a regional CITEC / SCADA / Telemetry system. The system allows integrated, continuous monitoring and control of plant operations for all water and wastewater systems.	All plants telemetry enabled with communications infrastructure in place. Project to be delivered over the regulatory period to 2007/08.
Asset Management	To enable optimal infrastructure investment strategies and deliver efficient service outcomes to customers and through the effective	Implementation of a comprehensive and integrated set of management systems, (including Asset Management System, Geospatial Information System), to provide the Authority tools for efficient	Project to be delivered over the regulatory period.

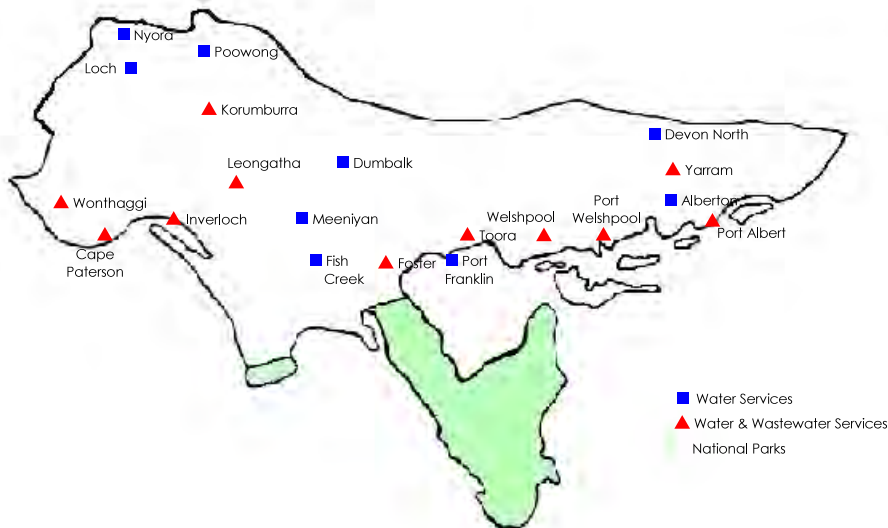
CAPITAL WORKS PROJECT	PURPOSE	DESCRIPTION	OUTPUTS TO BE ACHIEVED
	management of infrastructure assets.	management of the Authority's assets to minimise the whole of life costs of asset service delivery.	
Water Infrastructure Renewals / Replacement	To rehabilitate/replace inefficient water mains as per the security of service and asset management provisions of the SoO customer service provisions and operational issues.	SGW has a water main replacement program based on established priorities. Works include the progressive replacement of failing asbestos cement (AC) pipes installed up to the 1970s.	Progressive delivery over the plan period.
Sewer Infrastructure Renewals / Replacement	Security of service and asset management provisions of SoO customer service provisions and operational issues. Also to minimise detrimental environmental effects.	Planned reticulation sewer rehabilitation / replacement works including pipeline replacement & manhole repairs / replacement.	Progressive delivery over the plan period.
Sewer Augmentation	Security of service and asset management provisions of the SoO customer service provisions and operational issues.	Wonthaggi trunk main augmentation works of approximately 3km.	Project to be delivered by the end of 2006-07.

1.5 About South Gippsland Water

South Gippsland is located 2 hours drive from the south eastern suburbs of Melbourne and is well known for its coastal resorts and National Parks such as Wilson's Promontory and Tarra Bulga.

South Gippsland Water's total operation comprises:

- ❖ Over 18,000 serviced properties
- ❖ 13 reservoirs and 16 service basins
- ❖ 5,500 ML annual volume of metered water supplied
- ❖ Water catchments with a total area of 1,234 square kilometres
- ❖ 10 separate water supply systems
- ❖ 10 water treatment plants (Including the new Yarram Treatment Plant)
- ❖ 660 km of water mains
- ❖ 17 water pump stations
- ❖ 4,200 ML of wastewater collected
- ❖ 9 conventional wastewater systems (Tenth under construction at Waratah Bay)
- ❖ 1 vacuum wastewater system
- ❖ 10 wastewater treatment plants
- ❖ 447 km of wastewater mains
- ❖ 46 wastewater pump stations
- ❖ 2 effluent re-use systems



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2. MISSION

As South Gippsland’s Regional Urban Water Authority, to provide and manage quality water and wastewater systems in an ecologically sustainable and cost efficient manner.

3. VISION

To be widely recognized as an exemplary service provider and valued as an essential contributor to regional development and resource sustainability.

4. BUSINESS OBJECTIVES

South Gippsland Water has identified 7 key strategic activity areas for the Authority and set the objectives listed below for each area:-

4.1 Environmental Sustainability & Integrated Water Resource Cycle

Objectives

- Sustain the environment and manage wastewater systems to optimize the link with the integrated water cycle resource.
- Secure sustainable future water resources for customers of South Gippsland Water.

4.2 Water Quality

Objectives

- Increase customer satisfaction with water quality.
- Meet or exceed the new water regulations.

4.3 Customer Involvement and Service Delivery

Objectives

- Continue the high priority and commitment to our customers.
- Maintain compliance with the Essential Services Commission requirements on customer contact and consultation.

4.4 Organisation Culture & Development

Objectives

- Support of our staff by providing information and enhanced knowledge and systems to ensure continued quality performance.
- Access appropriate resources to provide a sustainable work environment.
- Continue working with staff to ensure a healthy and safe work environment.

4.5 Regional Enhancement

Objectives

- Facilitate regional development and the provision of enabling infrastructure.

4.6 Management of Assets

Objectives

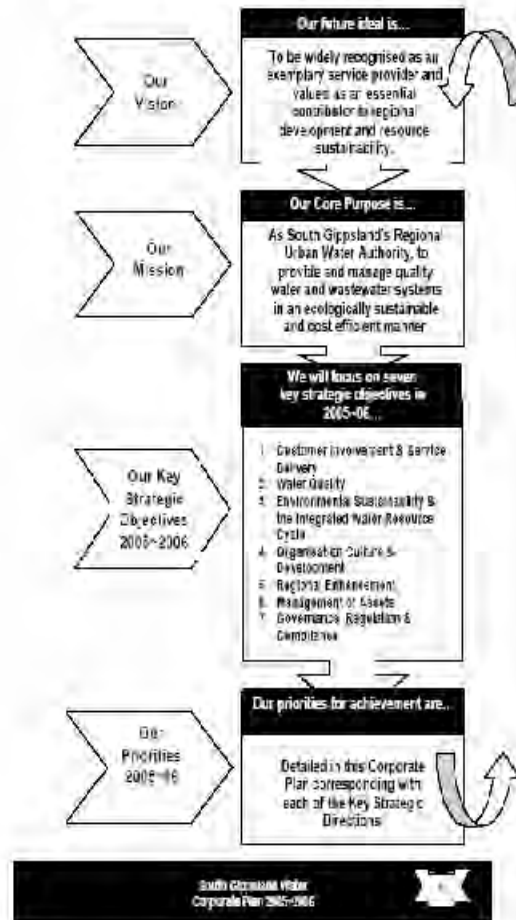
- Implement a fully integrated asset management system to improve knowledge, asset performance and utilisation.

4.7 Governance, Regulation & Compliance

Objectives

- Continue to meet standards for compliance, financial sustainability and performance of the organization – through sound and prudent governance.

Corporate Plan 2005-2006 ...in summary



5. KEY DIRECTIONS IN THE CORPORATE PLAN

South Gippsland Water's annual strategic planning workshop identified the following focus points, and their associated priorities, relevant to the 7 key strategic areas:

5.1 Customer Involvement and Service Delivery

- Customer Interaction
 - Customer consultation on taste and odour
 - Engagement of potential new customers
 - Develop customer consultation strategy for next Water Plan
- Benchmarking – against Authorities of similar size and asset structure.

Commentary – Customer Involvement & Service Delivery

South Gippsland Water will continue to improve processes and procedures to manage policy and regulatory change and to meet the associated compliance requirements, specifically relating to customer involvement/consultation and communication. Extensive customer consultation is planned for the drafting of the second Water Plan.

The Authority will continue to use the processes established to seek and receive customer feedback on specific issues as well as maintaining the annual customer satisfaction survey for comparison and benchmarking purposes.

Triple Bottom Line Summary– Customer Involvement & Service Delivery

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
Customer interaction.	Customer and community concerns on environment taken into account. Knowledge of customer and community environmental priorities.	Opportunity for customers and community to influence outcomes. Consultation embedded as part of project planning.	Interaction at community level increases understanding and is a cost effective form of involvement, consultation and communication.

5.2 Water Quality

- Water Quality
 - Taste and odour – continue internal sampling and programs undertaken by the Operations Improvement Group
 - Taste and odour – program for interaction with customers
 - Facilitate fluoridation if mandated
 - Further evaluation of outcomes regarding trihalomethanes and scoping of future works
- Water supply capital works
 - Toora water supply – upgrade
 - Lance Creek advanced treatment works
 - Other priority improvement works
- Safe Drinking Water Act
 - Continue to manage quality assurance processes
- Advocacy for Catchment Management
 - Develop better understanding of catchment risk and water quality
 - Monitor with Catchment Management Authorities, to improve water quality in catchments
 - Advocacy with the Environment Protection Authority regarding uncontrolled catchments
 - Work with the Environment Protection Authority to identify risks

Commentary – Water Quality

The Operations Improvement Group has continued to provide innovation and improvements, further refining the operation of South Gippsland Water's water supply and treatment systems. The taste and odour sampling program provides useful comparative information for improving the operation of all water supply systems. Process improvements are intended for implementation during the period of this plan to reduce disinfection by-products across a number of systems.

Increased monitoring of catchments, improved management practices and further cooperative work with relevant authorities are proposed during the period of this plan, to improve the quality of raw water entering our storages.

Triple Bottom Line Summary – Water Quality

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
Improved Water Quality	N/A	Improvements to taste and odour that are perceptible to customers.	N/A
Water Supply System Improvements	Including energy efficiency and waste minimization improvements.	Improvements to water quality.	Increases life cycle of existing assets. Energy savings.
Safe Drinking Water Act – [improved disinfection by-products compliance]	N/A	Improvements to water quality & public safety.	N/A
Improved catchment Management	Minimised use of algaecides and other supplementary treatment required due to poor quality raw water.	Improvements to taste and odour that are perceptible to customers.	Higher quality raw water reduces treatment and filtering costs.

5.3 Environmental Sustainability and Integrated Water Resource Cycle

Environmental Sustainability

- Implement long term wastewater strategy.
- Trade waste
 - Saline project
 - Minor trade waste project
- Catchment Management
 - Meet the catchment management obligations of the Statement of Obligations
 - Work with organizations to monitor and improve catchment management
- Country Town Water & Sewerage
 - Implement small town sewerage program
- Toora water treatment sludge handling.

- Trade Customers
 - Establish partnerships to develop resource management plans

Integrated Water Resource Cycle

- Long term water strategy
 - Ensure agreed principles applied for sub-regional catchment approach
 - Explore water saving options for farm and major customers
 - Explore reuse options for farm, major customers and domestic customers
 - Establish partnerships for raw water quality improvement
 - Meet Department of Sustainability and Environment requirements for the development of Regional Sustainable Water Strategy

Commentary - Environmental Sustainability & Integrated Water Resource Cycle

South Gippsland Water's environmental focus is linked to the actions required to meet our environmental obligations as supported by the Water Plan. For the 2006-07 period, South Gippsland Water's environmental commitments include:

- Water Conservation and Resource Efficiency
- Sewerage Management
 - Implementing the Waste Hierarchy for Sewerage Management
 - Sewage Treatment and Disposal
 - Biosolids Management
 - Sewage Planning
 - Management of Sewerage Systems
 - Odour Management
 - Greenhouse Gas Management and Energy Efficiency
 - Licence compliance
 - Groundwater Management Provisions
 - Management and Auditing of Irrigation Discharges
- Trade Waste Management
- Catchment, waterway and ground water management
 - Provision and Auditing of Environmental Flows
 - Waterway Management Obligations
 - Releases from Storages
- Assessment, monitoring, auditing and reporting
 - Monitoring, Auditing and Risk Assessment
 - Water Industry Reporting

Triple Bottom Line Summary - Environmental Sustainability & Integrated Water Resource Cycle

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
Implement Long Term Wastewater Strategy – including	Reduce effluent volumes and loads discharged to the	Potential benefits to appropriate local businesses through	Potential revenue generated through reuse sales.

Triple Bottom Line Summary - Environmental Sustainability & Integrated Water Resource Cycle

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
<ul style="list-style-type: none"> Wastewater reuse Discharge standards 	environment. Reduce demands on town water supplies.	reuse availability. Positive interaction – encourage participation.	
Trade Waste – including: <ul style="list-style-type: none"> Regional saline wastewater project Trade waste reduction Trade waste point sources 	Customer pre-treatment requirements reduce/remove load on wastewater treatment plants. Improved control of trade waste inputs – reduced operating risk.	Encourage waste reduction.	Revenue generated through trade waste agreements.
Catchment Management including: <ul style="list-style-type: none"> Site rehabilitation works Monitoring environmental flow provisions Support waterway management initiatives Review water releases from storages 	Minimised use of algaecides and other supplementary treatment required due to poor quality raw water.	Improved water quality. Share knowledge with community and interest groups.	Higher quality raw water reduces treatment and filtering costs.
Sewerage Schemes including: <ul style="list-style-type: none"> Compliance/asset renewal works Sludge management, plant & lagoons Small town sewerage schemes Storm water infiltration into sewers 	New systems and existing plant upgrades - reduce effluent/pollution loads on local environment. Effective use of resources.	Health and local amenity benefits. Increased property values. Efficient reliable systems.	Revenue to South Gippsland Water. Development opportunities for the community. Reduced maintenance and call out charges. [Benefits used to offset power consumption of new plants.]
Long Term Water Strategy including: <ul style="list-style-type: none"> Conservation program – focus on community education & 	Environmentally sustainable water supply systems with known sustainable capacities.	Community awareness raised – understanding of balance between resource limits, demand and	Balancing infrastructure to capacity. Ensure best fit of cost and capacity. Efficient long term capital

Triple Bottom Line Summary - Environmental Sustainability & Integrated Water Resource Cycle

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
demand management.		sustainability.	planning.

5.4 Organisational Culture and Development

- Human resource management – quality issues, executive to re-asses prior items such as :-
 - Quality Assurance Systems
 - Environmental Management System - integrated in culture
 - Staff cultural change – uptake of new technology
 - Managing staff for better performance
 - Accountability of Project Managers
 - Staff motivation
- Resourcing – quantity & quality
 - Resourcing management input for LTWS and LTWWS
 - Investigate options for resource sharing, alliances and partnerships
 - Investigate opportunities for potential resource savings through productivity gains
- Human resource management – staff training
 - Professional development and training
- Occupational Health and Safety
 - Accreditation
 - Lowering incidents

Commentary - Organisational Culture and Development

The commitment to improve the expertise and skill levels of all staff, in technical, administrative and managerial areas continues.

Providing high quality support systems together with training continues as a key feature of this plan. Quality outcomes and productivity improvement are high priorities.

Recruitment at a variety of levels has become a challenge and this is expected to continue for the foreseeable future. The Government Sector Executive Remuneration Panel have come some distance towards addressing the attraction and retention of Executive Staff, but, unfortunately, they do limit the ability of small organisations to attract high level expertise.

Significant improvements have been made in internal communication and we will continue to focus attention on this issue. Staff have been encouraged to participate in the 2006 "People Matters" survey.

Occupational Health and Safety [OH&S] continues to be the number one human resources priority. Additional resources have been employed to increase the depth and breadth of knowledge across the Authority. Accredited OH&S training programs are being undertaken by a large percentage of staff.

Preventative programs for employment related staff health issues [eg; skin cancer checking, ergonomics, safe lifting and vaccinations] are fully operational and will continue at the current level of investment for this plan period.

Negotiations have commenced for a new EBA which is due in August 2006.

Triple Bottom Line Summary - Organisational Culture and Development

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
Human resource management - quality	Qualified, well trained staff with sound support systems – minimise the risks of environmental incidents occurring.	High skill levels and environmentally sustainable practices reduce the risk of nuisance events for the community.	Efficient operation of plant and equipment – risk and cost of associated environmental penalties reduced.
Resourcing – quantity & quality	High level expertise improves elements of operations that could impact the environment.	The organisation has the expertise to meet community expectations – ie water quality, taste and odour issues.	Improved performance – including potential efficiency and productivity improvements.
Internal communication	N/A - Benefits internal to South Gippsland Water.	Benefits in communication with customers – information provided by well informed staff.	Potential performance and productivity improvements.
Occupational Health	High safety	Benefits internal to	Benefits internal to

Triple Bottom Line Summary - Organisational Culture and Development

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
and Safety	awareness is related to high environmental awareness.	South Gippsland Water – full compliment of staff available to perform duties.	South Gippsland Water – savings in claims, lost time and rehabilitation requirements.

5.5 Regional Enhancement

- Industry Customers
 - Korumburra - Leongatha saline project marketing
 - Promote partnerships for water resource management
- Servicing towns
 - Country town water and sewerage program
 - Meeting coastal growth requirements
 - Managing expectations of Councils and communities for small town sewerage
 - Alternative innovative treatment systems for un-serviced towns
- Planning for growth
 - Planning and influencing incremental growth in existing towns
 - Coastal growth requirements
 - Response to rapid growth
 - Co-operation with Catchment Management Authorities and Shire Councils
 - Strategic alliance
- Capacity to fund regional growth
 - Examine perceived versus real need for small town sewerage

Commentary - Regional Enhancement

The Authority will be continuing with the marketing of the Regional Saline Wastewater Project, in conjunction with South Gippsland Shire Council. Both organisations are cooperating to provide packages tailored to the needs of potential customers. The infrastructure has the future to support significant economic development in the region.

Studies are scheduled for this planning period to evaluate a wide range of scenarios to support possible growth and development in the region – including both coastal and rural growth zones. Sustainability, feasibility and viability will all be examined, in coordination with other local Authorities, the community and developers. Planning to manage the potential growth and provide the appropriate level of service, within the guidelines set by the Government White Paper, is vital for the future of the South Gippsland region.

Triple Bottom Line Summary - Regional Enhancement

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
Regional Saline Wastewater Project – marketing	Environmentally responsible solution to a state wide problem. Saline wastewater disposal has been described by the EPA as the states' number one environmental issue.	As the cost of disposal of saline wastewater becomes prohibitive at other locations around the state, there is high potential for industries to relocate to an approved system - with consequent employment and business opportunities.	Income stream from new businesses connected to system.
Servicing Towns	Removal of pollution and health risks, in the locality.	Removal of one source of health risk. Increased value of property.	Income from new connections.
Planning for Growth	Planning for environmental sustainability – is critical in advance of growth and potential increase of environmental risks.	Security of water supply and timely provision of sewerage and re-use opportunities.	Not immediate. Facilitates forward planning & future strategic requirements.

5.6 Management of Assets

Implementation and operation

- Asset management
- Integration of asset management system
- ESC requirements, data, information and cost efficiencies
- Systems integration
- Implement Geo-spatial Information System
- Asset resourcing and replacement
 - Capacity to maintain aging assets

Commentary – Management of Assets

South Gippsland Water is committed to the full implementation and use of the integrated asset/enterprise management system(s) for every day and long term business decision making.

The integration and implementation of works management (activity based works management) to enable the analysis, reporting and management of the Authority's assets and resources/facilities is also planned to be fully functional in this period. Full practical application of these systems holds significant benefits for the organisation.

Triple Bottom Line Summary - Management of Assets

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
Asset Management Implementation & System Operation	Reduced risk of environmental incidents and improved response to incidents.	Improved service delivery to customers. Fewer unplanned interruptions and more notice of planned ones.	Improved productivity – through full works management & activity based costing.
Asset Resourcing and Replacement	Choice of sustainable options. Timely upgrade, maintenance or repair of infrastructure prior to failure – minimizing consequent environmental risk.	Security of supply and service. Improved sustainability of infrastructure.	Improved investment decisions, budgeting and financing. Reduced operating costs – holding maintenance costs at lower levels.

5.7 Governance, Regulation and Compliance

- ESC process management
 - Preparation for second Water Plan
 - Monitoring and reporting on current Water Plan
 - Respond to ESC Audit
- White Paper
 - Implementation of nine "Our Water Our Future" programs
 - Permanent water saving measures introduced
 - Extensive community and schools education program underway
 - Water conservation programs with major customers underway
 - Independent audit of bulk entitlement compliance
- Capital Expenditure
 - Capital works
 - Strategic Assessment & Capital Expenditure statement issues
 - Post implementation audit on major projects
 - Apply sustainability criteria to project assessment
- Reporting

- Annual Report
- Reporting – Statement of Obligations compliance
- Report against White Paper action
- Risk Management
 - Review risk management strategy and ensure acceptance by the Board of risk management processes and reporting

Commentary – Governance, Regulation & Compliance

The Board will continue the strategic oversight of the first Water Plan under the regulation of the ESC, together with monitoring of the White Paper action plan, and appraisal of the strategic outcomes in the South Gippsland Water's region.

Close monitoring of capital works projects and the related expenditure has been highlighted, particularly in relation to the Water Plan. Continued improvements in capital works program delivery during the budget and expenditure cycle of the Water Plan are being sought.

Triple Bottom Line Summary – Governance, Regulation & Compliance

Priority Items	Environmental Benefits	Social Benefits	Economic Benefits
ESC Process Management	Via the Water Plan – incremental improvements in environmental targets.	Improved customer service standards – customer access to performance information & new customer charter.	Regulation provides certainty of performance standards for customers – pricing and service levels known.
White Paper Monitoring	State wide policy impacts for sustainability.	N/A	N/A
Capital Expenditure	Project dependent.	Vary with individual project.	Improved performance within the planning period.

6. OPERATING & CAPITAL EXPENDITURE COMMENTS

– Including Initiatives to Improve Efficiency

6.1 Operating Expenditure

The following are the key operating expenditure areas noted in South Gippsland Water's Water Plan:-

Water Quality

Part time resources are to be secured to increase catchment surveillance activities in order to improve raw water quality.

Wastewater Quality Compliance

Substantial operating cost increases resulting from the major upgrades of the Korumburra and Leongatha Sewerage Treatment Plants to tertiary [very high quality] treatment. The upgrades were required to meet the SEPP “Waters of Victoria” requirements for discharge into inland waters.

Asset Management

Includes costs resulting from the implementation of asset managements system, including hardware, software, and management of the systems.

Repairs and Maintenance

Increasing Repairs and Maintenance costs, including wastewater lagoon de-sludging, rising materials and contractor costs.

Mains to Meter

Second year of costs for taking responsibility of maintenance of a property owners’ water service pipe between the main and the meter.

Dam Safety Monitoring

Increased surveillance of dams to ensure compliance with the Australian National Committee on Large Dams [ANCOLD] monitoring requirements.

Activated Carbon Dosing

Annual operating cost of activated carbon dosing at the Lance Creek reservoir as a risk mitigation measure to control/manage blue green algal blooms.

Environmental Initiatives

Environment related costs including employment of a Water Resources Coordinator, a range of environmental monitoring requirements, Green House Gas emission audit and establishing energy management plans, odour assessment, groundwater monitoring, and reuse activities.

6.2 Capital Expenditure

The following are the key capital expenditure areas noted in South Gippsland Water’s Water Plan.

Dams Risk Reduction

As requested by clause 14.1 of the SoO, the Authority has identified and prioritised works required for ensuring dam safety. The outcome of this major review is reflected by the substantial expenditure in the Corporate Plan period.

Wastewater Quality Compliance

Major upgrades of the Korumburra and Leongatha Sewerage Treatment Plants are required to meet SEPP “Waters of Victoria” requirements for discharge into inland waters. Also, general waste water treatment plant upgrade works along with developing reuse opportunities are required to meet licence compliance at the Baxters Beach, and Foster outfalls.

Country Towns Sewerage Program

The Plan identifies a number of possible new town sewerage schemes for investigation of works in line with the recent Government policy announcement.

Asset Management

South Gippsland Water is implementing an asset management system to ensure optimal decision making with respect to asset replacement/maintenance.

The development of a strategic approach will ensure that future investments are targeted on priority areas, are validated by reference to engineering assessment, and form part of a coherent strategy for the region.

Telemetry

A detailed telemetry strategy, identifying options, costs and timing was approved at the Board's February 2004 meeting. The strategy sets out a detailed long term plan for this major investment required to implement telemetry across the region.

Regional Saline Wastewater Project

A project of State significance that will ensure an environmentally sustainable disposal of saline waste for existing customers and new industry relocating to South Gippsland.

6.3 Initiatives to Improve Efficiency

Continued implementation of two major initiatives undertaken by South Gippsland Water to improve efficiency and productivity:-

[a] Asset Management

Environmental Benefits	Social Benefits	Economic Benefits
Reduced risk of environmental incidents through improved scheduling and timing of maintenance.	Reduced risk of incidents impacting customers.	Full works management reduces call-outs, overtime and overall labour costs. Improved asset investment decisions, budgeting and financing.
Improved response times to incidents that could effect the environment.	Improved response times to incidents. Quicker provision of services to new and existing customers. More consistent system operation. Fewer unplanned service interruptions and more notice of planned ones.	Activity based costing – reduces operating costs. Holding maintenance costs at lower levels for longer.

[b] Telemetry

Environmental Benefits	Social Benefits	Economic Benefits
Improved monitoring and warning of events/problems – resulting in reduction of environmental incidents. Improvements in reservoir water quality, leading to lower raw water use.	Remote monitoring improves response time to events – preventing or minimizing events that may impact customers.	Better quality control with lower overtime costs. Response to alarms [ie; site attendance] handled remotely, in many cases, reducing labour/travel time. Overall productivity improvement for these functions.

7. CUSTOMER INVOLVEMENT & SERVICE DELIVERY

Customer and Community Involvement

South Gippsland Water will continue its commitment to the highest possible standards of customer service, customer consultation and involvement in projects. The methodology developed for project consultation requirements will continue to be used for future customer involvement on regulatory issues, pricing structure, water saving measures and projects.

The customer feedback obtained on both the Water Plan and the Customer Charter has proved useful for planning the introduction of new services and pricing structures as determined by the ESC. The contacts made with a wide range of community groups, as well as our existing project groups, across the Authority's region of responsibility, have continued to develop. The commitment has been given to build on these contacts and continue the two way communication.

Education Programs

South Gippsland Water's education and information resources have continued to improve the coverage and frequency of our programs and are providing a strong community presence. The Authority's "Help for Water Efficient Organisations" program [known as H4O] has continued to raise the communities understanding of practical water conservation in a rural urban environment.

Regional Alliances

The strategic alliance formed with Westernport Water and East Gippsland Water has brought tangible efficiencies in resource sharing such as:-

- structuring the annual Customer Satisfaction Survey;
- preparation and presence at water conservation, sustainability and environmental events in the region; and
- National Water Week preparation and delivery.

Permanent Water Saving Measures

The permanent water saving rules were implemented on the 14th of February 2006 with wide acceptance across the community; due to the extensive consultation undertaken and the fact that the community had the opportunity to influence the final outcome.

8. PRICING & TARIFFS 2006-07 TO 2010-11

South Gippsland Water is pursuing a number of medium and long term principles with respect to tariffs, including:

- We are in the second year of a nine year plan (or three regulatory periods, whichever is the lesser) to move towards a rebalancing of tariffs:-
 - Water versus wastewater (after an assessment of Long Run Marginal Costs that include the cost impacts of new tertiary treatment plants and commissioning of the Waratah Bay sewerage system);
 - East/West Region versus Southern Region (one consistent service charge for water across all systems is currently being phased in and will continue over next 8 years); and
 - Type versus type (an assessment of the charging principles for vacant land, major customer, agreement and concessional categories).

- Investigation and implementation, of Inclining Block Water Tariffs from 1 July 2008.
- Investigation (with possible implementation from 1 July 2008), of a two part wastewater tariff (service charge and volumetric).
- Investigation and implementation of revised minor trade waste tariffs from 1 July 2008.
- Investigation and implementation of net present value based Developer Charges from 1 July 2008.

Tariffs will be implemented consistent with the "Water Industry Regulatory Order" [WIRO], which outlines a number of regulatory principles that are related to promoting sustainability.

In particular it requires that prices, or the manner in which prices are to be determined, should provide an incentive for the sustainable use of Victoria's water resources. Appropriate signals will be provided to water users about:

- the cost of providing services, including costs associated with future supplies and period of peak demands and or restricted supply; and
- choices regarding alternative supplies for different purposes.

The WIRO also requires that proposed prices provide businesses with incentives to pursue efficiency improvements and promote the sustainable use of Victoria's water resources. In addition, businesses are required to take into account the interests of their customers, including low income and vulnerable customers.

9. PERFORMANCE TARGETS 2006-07 TO 2010-11

Performance targets from 2005-06 to 2007-08 were endorsed by the Essential Services Commission.

SERVICE STANDARDS

Water	Unit	Performance Target					
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Unplanned water supply interruptions	per 100km	37.00	37.00	37.00	37.00	37.00	37.00
Average time taken to attend bursts and leaks (priority 1)	minutes	30.00	30.00	30.00	30.00	30.00	30.00
Average time taken to attend bursts and leaks (priority 2)	minutes	40.00	40.00	40.00	40.00	40.00	40.00
Unplanned water supply interruptions restored within 5 hours	per cent	99.00	99.00	99.00	99.00	99.00	99.00
Planned water supply interruptions restored within 5 hours	per cent	99.00	99.00	99.00	99.00	99.00	99.00
Average unplanned customer minutes off water supply	minutes	37.15	36.51	36.20	36.00	36.00	36.00
Average planned customer minutes off water supply	minutes	158.66	158.71	158.79	158.00	158.00	158.00
Average frequency of unplanned water supply interruptions	number	0.37	0.37	0.36	0.36	0.36	0.36
Average frequency of planned water supply interruptions	number	0.50	0.50	0.50	0.50	0.50	0.50
Average duration of unplanned water supply interruptions	minutes	100.00	100.00	100.00	100.00	100.00	100.00
Average duration of planned water supply interruptions	minutes	320.00	320.00	320.00	320.00	320.00	320.00
Number of customers experiencing > 5 unplanned water supply interruptions in the year	number	0.00	0.00	0.00	0.00	0.00	0.00
Unaccounted for water	per cent	15.00	14.00	14.00	14.00	14.00	14.00

Sewerage	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Sewerage blockages	per 100km	6.50	6.50	6.50	13.00	13.00	13.00

SERVICE STANDARDS

	Unit	Performance Target					
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Water							
Average time to attend sewer spills and blockages	minutes	30.00	30.00	30.00	30.00	30.00	30.00
Average time to rectify a sewer blockage	minutes	130.00	120.00	120.00	120.00	120.00	120.00
Spills contained within 5 hours	per cent	100.00	100.00	100.00	100.00	100.00	100.00
Customers receiving > 3 sewer blockages in the year	number		0.00	0.00	0.00	0.00	0.00
Customer service							
Complaints to EWOV	per 1000 cust	1.10	1.10	1.10	1.10	1.10	1.10
Telephone calls answered within 30 seconds	per cent	98.00	98.00	98.00	98.00	98.00	98.00
Additional service standards							
Average time taken to attend bursts and leaks (priority 3)	minutes		50.00	50.00	50.00	50.00	50.00

Authority Consumption Targets

ENERGY					
Target	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Unit</i>					
Tonnes CO2 equivalent emissions.	4,850	4,850	4,850	4,850	4,900

WATER [Office consumption only]					
Target	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Unit – per year</i>	180kl	180kl	179kl	179kl	178kl
Litres consumed - total.					
Litres consumed - per full time equivalent staff member	5.7kl	5.7kl	5.7kl	5.7kl	5.7kl

Interim Water Conservation Measures [Pre Target Setting]

The Gippsland Regional Sustainable Water Strategy will commence in 2006. South Gippsland Water is currently completing its "Water Supply and Demand Strategies" which will be a key input into the Gippsland Regional Sustainable Water Strategy.

The "Water Supply and Demand Strategies" will include the outcomes of related programs and studies such as the cumulative sustainable diversion limits, permanent water saving measures, the drought response plans and updating of "REALM" modelling to reflect the current situation. The strategy will identify water conservation areas and provide predictions for target setting.

The following actions have been taken to reduce non-revenue water loss, leakage and demand:-

OPERATIONAL WATER USE

Lance Creek Water Treatment Plant

Introduced compressed air, rather than water jets, to assist in the withdrawal of the float in the DAFF plant at Lance Creek. This has resulted in a saving of 20kL per ML produced. This approximates to a saving of 35ML per year.

Fish Creek Water Treatment Plant

Supernatant from the plant sludge collection and spent sample water is returned to the storage. Savings of approximately 15ML per year have been achieved.

Poowong Water Treatment Plant

Supernatant from the treatment plant is returned to the reservoir. Savings of approximately 29ML per year have been achieved.

- Total cost of implementing the water saving measures in A, B and C, above is approximately \$30,000.

Water Loss and Pressure Management Study

South Gippsland Water commenced a review by investigating options for reducing water loss with pressure management techniques in 2004. Early in 2005 consultants were engaged to undertake a study of these factors in two separate systems operated by South Gippsland Water.

The consultants advise there is potential for significant economic and environmental benefits through the initiation of active leakage detection and pressure/flow monitoring. A potential saving of 192 ML per year, valued at approximately \$100,000 has been put forward as achievable by the consultants. Pay back period for the return of the cost of works is approximately 2 years. These and other recommendations from the study are currently under review for possible implementation.

10. MANAGEMENT OF BUSINESS RISK

The Authority Risk Management System is continually improving and evolving, and has already resulted in a marked improvement in the way the Authority manages its risks.

The Authority has established a Corporate Risk Framework to assess risks within all areas of the business. It incorporates existing risk processes such as Water Quality, Environment and OH&S with overall corporate level risks.

The Authority continuously identifies and reviews its risks, develops strategies to mitigate them, and reviews them on a quarterly basis to ascertain that the established controls are effective. The Authority identifies new risks, and reviews existing risks, ensuring the most important risks in the organisation are dealt with as a matter of priority.

South Gippsland Water ensures that the concept of Risk Management is considered and embedded across all Authority business processes, by involving staff in the identification of risks within their areas, training its employees in the management of risk within their roles, delegating responsibilities for mitigating actions and monitoring of the risk process.

SGW's Risk System was externally audited by the Essential Services Commission during 2005 and annually by the Authority's Insurer.

Identified Business Risks

Over the last 12 months the Authorities Top 20 risks (of 2005) have been assessed and reviewed and mitigation strategies put in place to lessen or remove possible impacts on the business.

The main areas of risk include:

BUSINESS ISSUE	DIMENSIONS			ACTION
	Economic	Environmental	Social	
Non-compliance with legislation by contractors	Compensation claims from public. Compensation claims from Workcover. Fines and penalties, EPA, Workcover, etc.	Contamination of waterways, damage to flora and fauna, etc, Damage to aquatic ecosystem. Odours/Spills.	Possible employee or general public injury, illness or death. Damage to reputation. Loss of water supply.	Contractor management undergoing major review and redevelopment. Contractor Management Procedures to be developed. Contractor inductions to be reviewed. Encouraging change to contractor culture. Introduction of non-conformance and corrective action reporting. Spot checks/audits of works to be implemented. Assistance in developing plans to be provided to contractors.
Waste Water : Chemical Contamination (spills, accidental release/discharge, etc of treatment chemicals fuel, pesticides, chlorine gas etc)	Compensation claims from public. Compensation claims from Workcover. Fines and penalties, EPA, Workcover, etc.	Contamination of waterways, damage to flora and fauna, gases, toxins, odours, damage to aquatic ecosystem.	Possible employee or general public injury, illness or death. Damage to reputation.	Revise spill management response and environmental emergency response procedures. Further education and training as required for operations staff. Review and monitor storage of treatment chemicals, etc.
Maintenance and Care of Equipment and Machinery	Compensation claims from Workcover. Fines and penalties, EPA, Workcover, etc. Shorten usable life of equipment. Lower resale value. Purchasing replacement equipment.	Contamination to environment.	Possible employee injury, illness or death. Damage to reputation.	Carry out Plant Assessments on all machinery and equipment as required. Ensure assessments are reviewed every 5 years. Assessments to be carried out on all new equipment. Research maintenance and servicing requirements and develop maintenance schedule. Delegate responsibilities. Review and monitor. Schedule on Hansen in maintenance section for each applicable asset. Improve equipment damage reporting process. Encourage tagging-out of machine where danger is apparent.
Inappropriate/Inadequate Information Technology Security	Sensitive financial information in the wrong hands. Fines and penalties due to breach of	Damage to EPAC system, operators not notified of environmental emergency. Miscalculation of treatment	Damage to reputation. Public outrage if sensitive information released. Public	Review existing security systems in place, update or improve if necessary. Develop new policies and procedures. Staff training. Monitoring and review.

BUSINESS ISSUE	DIMENSIONS			ACTION
	Economic	Environmental	Social	
	privacy act, etc. Danger of virus spreading, loss of data, recovery time and costs, extra hours, etc.	chemicals.	frustration if customer details have to be taken again.	
Employee culture (OH&S/Environment/Risk etc)	Compensation claims from public. Compensation claims from Workcover. Fines and penalties from Workcover/EPA.	Contamination of waterways, damage to flora and fauna, gases, toxins, odours, damage to aquatic ecosystem.	Possible employee injury, illness or death. Damage to reputation.	Investigate and implement processes to improve staff awareness of OH&S and environmental issues and the importance of being actively involved in their management.

11. ASSET MANAGEMENT POLICIES & STRATEGIES

South Gippsland Water's asset management system is a comprehensive and integrated set of management systems, including a geospatial information system, to provide the Authority with the best possible tools for efficient management of a diverse range of assets spread over nearly 4,000 square kilometres. The Authority is committed to maximizing the full potential of the system across the business. The functions of the system will provide information for significant business decisions on asset expenditure and performance.

Key policy points include:-

- Organisation wide commitment to complete and accurate recording of all the Authority's assets, their history and ongoing maintenance and development;
- Organisation wide commitment to ongoing acceptance of asset management principles and the on going development of the business system;
- Acknowledging the link between asset management and risk management. By understanding our asset types, location, maintenance history, operational and service performance and condition – we will have a much greater understanding of the risk exposure of the Authority;
- The full implementation of integrated enterprise systems, including works management and activity based costing to ensure the minimum total cost of ownership while maintaining required service levels;
- Development of asset management plans for various asset classes, ongoing analysis and refinement of those assets management plans and business practices accordingly;
- Development of the system to provide "everyday" business management tools across the organization for all levels of staff;
- Implementation of the integrated business systems to optimize efficiency and effectiveness, and provide improved services to our customers; and
- Developing the system to provide accurate timely reporting for stakeholders, including customers, the Essential Services Commission, Department of Sustainability and Environment, EPA, EWOV, DHS etc., and for Water Plan development.

12. CORPORATE GOVERNANCE

South Gippsland Water will continue its proactive approach to Corporate Governance and Board performance. The Corporate Governance Committee, established in 1999, has reviewed a wide range of strategic and procedural issues. Major improvements to policies, procedures and strategic direction of South Gippsland Water have resulted from these reviews.

There are four other Board committees to support Directors in carrying out their duty of care and the fulfillment of Corporate Governance responsibilities. These comprise of, the Audit Committee, Remuneration Committee, Occupational Health and Safety Committee and the Environment Committee.

Priority issues for review by Board Committees during the period of this plan include:-

- ESC process management
- White Paper - monitoring
- Capital Expenditure

Document B.

BUSINESS PLAN INFORMATION SUMMARY

1. WATER PLAN ACTIONS

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
2. Key Strategies and Controls			
2.1 Asset Management	Development of integrated asset management system (including asset management, GIS, and financial systems).	Asset and GIS systems proven and functional. Target December 2007 for payroll and financial system integration.	Minor variation + 6 months.
	Geospatial Information System (GIS) development.	System concept developed and proven. Dependent on asset data collection and loading.	No variation.

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
	Comprehensive technical asset register, including financial details. Involving asset identification, collection, validation and loading into system.	1. Water and sewer networks June 2006. 2. All non-network assets June 2007. 3. Financial details December 2007.	No variation 1 & 2, + 18 months for 3.
	Asset valuation.	Transfer of high level asset structure information and asset valuation. Target June 05 for initial structure. December 2007 for fully detailed asset structure.	Variation + 12 months.
	Development and implementation works, resources & activity based maintenance management.	Implementation of activity based maintenance management across Authority assets. Target June 07.	Dependent on practical uptake. No variation.
	Asset performance and operation analysis.	Scheduled reporting of asset operation, performance & availability etc. Estimated target June 08	Dependent on practical uptake. No variation.
	Development and monitoring of long term Asset Management Plans.	Asset management planning is an ongoing process, requiring continuous review, based on the inflow of updated information. Initial long term plans (long term water and sewer strategy) developed. Likely Target June 2009 - June 2010.	No variation.
2.1.1 Asset Management System Implementation	Implementation of an independent audit of the Authority's asset management system to identify improvements.	Two external reviews of system implementation carried out July 2004 and July 2005. Confirmed the approach taken for asset identification as appropriate, and identified a number of possible areas that could be brought forward to enable the Authority see more	Dependent on practical uptake.

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
		returns for the project earlier.	
	Completion of the asset data collection and validation; associated asset identification.	See 2.1 above.	No variation.
	Development of comprehensive asset management plans for the various infrastructure asset groups.	See 2.1 above.	No variation.
2.3 Risk Management	Risk Workshops – two yearly.	Risk Management program consistent with AS/NZS 4360 implemented.	Completed. Ongoing management.
	Supporting Risk procedures developed & implemented.	Risk policy developed and implemented.	Completed. Ongoing management.
	Risk Analysis database - review and improvement.	Risk Analysis database implemented.	Completed. Ongoing management.
	Risk Management Review.	System relevance maintained.	6 monthly reviews of Risk system. [March 2005]
	Continuing Risk analysis.	Water Safety Plan implemented. Risk analysis carried out on all plants.	Annual Risk analysis of water treatment plants – complete.
2.4 Operations Management	Formal review of operating procedures.	Improved performance and efficiency.	Ongoing management.
2.5 Demand and Supply Planning	Consultants commissioned to review all plans.	Revised plans.	Ongoing program.
2.5.1 Long Term Water Planning Strategy	Water supply resources augmentation program.	Strategy report completed.	Programmed as planned for recommended actions.
2.5.2 Long Term Wastewater Strategy	Wastewater system upgrades program.	Strategy report completed.	Programmed as planned for recommended actions.
	Water Resources Officer – work towards maximizing summer use of treated wastewater.	Commenced initial investigations.	Position filled.
	Engage consulting and study resources for maximized summer use of treated wastewater.	Engage suitable consultant.	Conform to plan.

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
	Ensure capital works provision for developing re-use distribution reticulation.	Dependent on customer numbers and requirements.	Conform to plan.
2.5.5 Integrated Water Resource Management Plan	Continue to participate in plan development.	Gippsland Regional Sustainable Water Strategy.	Ongoing.
3. Water Services			
3.1 & .2 Water Supply and Supply Systems	Maintain and enhance the quality of potable supplies.	Asset/Infrastructure works ongoing.	Progressing as planned – Capital Works Program.
3.3 Water Quality Performance	Upgrade water treatment processes.	Improved THM compliance.	Improved water quality.
3.3.2 Customer Charter Performance	Provide ongoing services to customers in conformity with Customer Charter & Customer Service Code.	Performance complies with standards.	Continue monitoring performance.
3.3.3 Environmental Performance	Improve efficiency of water treatment process by minimizing production losses and, where practical, treat and recycle residual water.	Reduce processing water losses.	Continuing program.
	Establish protocol for monitoring residual water quality.	Procedures to monitor all water released – is treated to SEPP guideline levels.	No variation.
3.4.1 Construction of Water Treatment Plants	Yarram Water Treatment Plant completed 2004.	Completed.	Completed.
3.4.2 Operations Improvement Program	Ongoing improvement program and risk reduction for all water & wastewater operations.	Reduce risk and improve quality. Annual ongoing planned/programmed works rehabilitation.	Continuous performance improvement, progressing as planned.
3A Water Reticulation			
3.6 Operating Expenditure	Review reticulation operations to determine optimum systems for incorporating mains to meter obligations.	Systems optimized.	Ongoing program.
3.7 Capital Expenditure			
3.7.1 Replacement Expenditure	Expenditure allocated over 3 years on replacing ageing	Annual ongoing planned/programmed works rehabilitation.	Progressing as planned.

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
	water mains and meters, bulk meters and general works.		
3.7.2 Water Reticulation	Installation of booster pump station; Loch, Nyora, Poowong system.	Works scheduled in Capital Works Program.	Scheduled in 2006-07.
3.7.3 New Towns Water Supply Schemes	Venus Bay Feasibility study.	Study undertaken.	Completed.
3.7.4 & 5. Water Reticulation Capital Expenditure	Total capital expenditure of \$2.5 M over 3 years allocated to water reticulation.	Annual ongoing planned/programmed capital replacement works.	Continuing as planned.
3B. Water Treatment			
3.8.1 Operating Expenditure	Meet the requirements of the Safe Drinking Water Act 2003.	Implement sampling and testing regime as budgeted.	Implementation complete. Ongoing monitoring of budget.
3.8.2 Replacement Expenditure	Water treatment plant upgrades to comply with Safe Drinking Water Act 2003.	Improve water quality reliability and consistency of target plants.	Improvements completed in 2005-06.
3.8.4 Other Expenditure	Assessment of advanced treatment options for Lance Creek system.	Improve water quality reliability and consistency at Lance Creek.	Improvements to be completed in 2007-08.
3.10 Water Treatment Capital Expenditure	Water treatment capital works program budget.	Performance of program requirements within budget.	No variation.
4. Headworks			
4.2 & .3 Risk Assessment & Performance	Ongoing works across all systems. Lance Crk. Reservoir upgrade – risk reduction.	Project management tasks complete. Project underway.	Project complete.
4.4 Operating Expenditure	Operations management within forecast.	Achieve required results overall, within the forecast period.	Operational demands can cause variation.
4.5 Capital Expenditure	Management of capital works and capital expenditure within forecast.	Achieve program as per the forecast.	Variation possible, but not evident at this time.
5.1 Mains to meter – repairs & maintenance	Maintenance of customers water service line from main to meter.	Achieve service level required, within forecast expenditure.	Variation possible, but not evident at this time.
5.2 Drinking water standards – compliance	Compliance with the standards set out in the Safe Drinking Water Act 2003.	Achieve the Authority's Water Safety Plan. High quality water supply. Risks removed or reduced to	No variation.

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
		acceptable levels.	
6. Sewerage Services	Under take activities required to meet the environmental obligations for water businesses as described in the EPA principles.	Compliance with criteria for sewerage services – for the plan period.	No variation.
6.1.1 Sewer Systems	See comments on WATER PLAN ATTACHMENT A BELOW- items 2.2 and 2.4 within topic 6.1.3.	See comments on WATER PLAN ATTACHMENT A BELOW - items 2.2 and 2.4 within topic 6.1.3.	See comments on WATER PLAN ATTACHMENT A BELOW - items 2.2 and 2.4 within topic 6.1.3.
6.1.2 Sewerage Treatment Plants	Reduce discharge to surface waters and ocean outfalls. See comments on WATER PLAN ATTACHMENT A BELOW - item 2.1 within topic 6.1.3.	Long term strategy report developed for re-use of effluent. See comments on WATER PLAN ATTACHMENT A BELOW - item 2.1 within topic 6.1.3.	Treated effluent re-use strategy adopted. See comments on WATER PLAN ATTACHMENT A BELOW - item 2.1 within topic 6.1.3.
6.1.3 Environmental Obligations.	As per WATER PLAN ATTACHMENT A.	As per WATER PLAN ATTACHMENT A.	As per WATER PLAN ATTACHMENT A.
WATER PLAN – ATTACHMENT A. ENVIRONMENT			
1. WATER CONSERVATION	<i>Implement conservation program (plan focuses on community education and demand management).</i>	<i>Maintain Hills-2-Ocean program and 3rd party support.</i>	<i>Conform with plan.</i>
	<i>Continue Battery Creek site rehabilitation works.</i>	<i>Continue with Greenfleet and other tree planting activities each year.</i>	<i>Conform with plan.</i>
	<i>Review Inverloch STP site rehabilitation plan; revise and implement.</i>	<i>Carried over from 2005-06.</i>	<i>Conform with plan.</i>
	<i>Undertake Foster Creek and Ruby Creek restoration works.</i>	<i>Task beyond the capacity of SGW; involvement of other agencies would be required for works to proceed.</i>	<i>Timing changed to align with completion of Korumburra and Leongatha STP augmentation/upgrade works.</i>
2. SEWAGE MANAGEMENT & 2.1 Implementing The Waste Hierarchy	<i>Review of trade waste point sources for all systems.</i>	<i>Results being used to develop Minor Trade Waste Management Plan.</i>	<i>Conform with plan.</i>
	<i>Improve monitoring and reporting capabilities (all systems).</i>	<i>Continuous improvement program proceeding into 2006-07.</i>	<i>Conform with plan.</i>

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
	<i>Encourage trade waste reduction initiatives (all systems).</i>	<i>Continuous improvement program proceeding into 2006-07.</i>	<i>Conform with plan.</i>
	<i>Evaluate wastewater recycling schemes.</i>	<i>Systems review completed; progressing opportunities now dependent on obtaining funding.</i>	<i>Conform with plan.</i>
2.2 Sewage Treatment And Disposal	<i>Complete plant augmentation/upgrade works at Korumburra and Leongatha STPs and other treatment plants to address non-compliance with statutory policies or licences or to accommodate growth, asset renewals, maintenance, etc.</i>	<i>On track.</i>	<i>Conform with plan.</i>
2.3 Biosolids Management	<i>Complete site preparation and commence handling and storage of treatment plant sludges at the Leongatha STP.</i>	<i>On track.</i>	<i>Conform with plan.</i>
	<i>Undertake desludging of STP lagoons as identified.</i>	<i>On track.</i>	<i>Conform with plan.</i>
2.4 Sewerage Planning	<i>Continue planning for reticulated sewerage schemes for towns (contingent on State Government Subsidisation).</i>	<i>Feasibility studies and required research complete, or undertaken to the level required.</i>	<i>Conform with plan.</i>
2.5 MANAGEMENT OF SEWERAGE SYSTEMS	<i>Complete preparation of Environmental Improvement Plan and implement protocols.</i>	<i>Outstanding waste discharge licenses revised and EIP's prepared.</i>	<i>Conform with plan.</i>
	<i>Investigate storm water infiltration into sewers and address issues where possible.</i>	<i>Commence 2006-07.</i>	<i>Conform with plan.</i>
2.6 TRADE WASTE MANAGEMENT	<i>Upgrade infrastructure and establish regional trade waste treatment facility (major components of Regional Saline Wastewater Project).</i>	<i>Continue with development and implementation.</i>	<i>Conform with plan.</i>

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
2.7 MANAGEMENT OF ODOUR AND GREENHOUSE GAS EMISSIONS 2.7.1 Odour Management	Assess odour emissions from treatment plants and mitigate apparent risks using best practice methodologies.	Commence 2006-07.	Conform with plan.
2.7.2 Greenhouse Gas Management And Energy Efficiency	Continue to install energy efficient equipment over the course of normal equipment replacement and, where practicable, source energy from clean, renewable sources (as per Energy Management Plan).	Energy efficient destratification mixers installed at several reservoirs.	Conform with plan.
	Commission independent energy audit of non-category A sites.	Commence 2007-08.	Conform with plan.
2.8 LICENCE COMPLIANCE	Complete preparation of Environmental Improvement Plan (incorporating System Management Plans) and implement protocols.	Framework for overall EIP prepared; review pending.	Conform with plan.
3. CATCHMENT, WATERWAY AND GROUNDWATER MANAGEMENT 3.1 Management And Auditing Of Irrigation Discharges	Ensure that reclaimed water customers are aware of their responsibilities in terms of preventing irrigation runoff from entering surface water directly or via a channel or drain.	One reclaimed water site EIP has been revised and implemented; other is in progress.	Conform with plan.
3.2 Provisions And Auditing Of Environmental Flows	Instigate an independent audit of at least one environmental flow provision per year (according to pending EPA protocol and DSE schedule)	On track.	Conform with plan.
3.3 Waterway Management Obligations	Support other agencies in waterway management.	Continue to cooperate with other catchment stakeholders.	Conform with plan.
3.4 Releases From Storages	Undertake an assessment of the effects of water releases from	On track.	Conform with plan.

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
	<i>storages, prepare and, if practicable, implement an action plan to address any impacts.</i>		
<i>3.5 Groundwater Management Provisions</i>	<i>Maintain water table and groundwater monitoring at the Leongatha WTP extraction bore.</i>	<i>Comply with requirements.</i>	<i>Conform with plan.</i>
	<i>Establish and maintain bore monitoring around all wastewater treatment lagoons.</i>	<i>On track.</i>	<i>Conform with plan.</i>
	<i>Develop groundwater protection assessment procedures in relation to applications for irrigation using reclaimed water.</i>	<i>Incorporated in site EIP's.</i>	<i>Conform with plan.</i>
4. ASSESSMENT, MONITORING, AUDITING AND REPORTING <i>4.1 Monitoring, Auditing And Risk Assessment</i>	<i>Establish protocol for reviewing and revising the environmental risk management system.</i>	<i>Procedure prepared and implemented.</i>	<i>Conform with plan.</i>
	<i>Establish and maintain a program for risk and compliance audits (all sites).</i>	<i>Procedure prepared; schedule developed.</i>	<i>Conform with plan.</i>
<i>4.2 Water Industry Reporting</i>	<i>Establish procedure(s) for water industry reporting.</i>	<i>Carried over from 2005-06.</i>	<i>Conform with plan.</i>
6A. Sewerage Collection and Transfer			
<i>6.2.1 Customer Charter Compliance</i>	<i>Supply wastewater services to connected customers.</i>	<i>Compliance with obligations regarding wastewater spills and sewer blockages.</i>	<i>No variation.</i>
<i>6.2.2 Sewer extension – application of Health Act 1958</i>	<i>Identify community needs and plan for future needs.</i>	<i>Prepare studies and plans to address present and future requirements.</i>	<i>No variation.</i>
<i>6.2.3 Sewer Spills – EPA Compliance</i>	<i>Manage sewerage infrastructure to comply with clause 35 of SEPP.</i>	<i>Containment of flows in sewerage infrastructure for a 1 in 5 year rainfall event.</i>	<i>No variation.</i>
<i>6.3 Operating Expenditure</i>	<i>Manage sewerage reticulation systems.</i>	<i>Achieve compliance with obligations within the forecast budget.</i>	<i>No variation.</i>

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
6.4 Capital Expenditure	Manage sewer asset performance to meet service standards.	Optimise expenditure to maintain asset performance at required levels.	No variation.
6.4.1 Replacement Expenditure	Expenditure allocated over 3 years on replacing ageing sewer and manholes.	Annual ongoing planned/programmed works rehabilitation.	Progressing as planned.
6.4.2 Demand Growth	Anticipate demand growth.	Augmentation works identified and carried out.	No variation.
6.4.3 New Town Schemes	Investigation and feasibility study for un-serviced townships. [See also item 2.4 under Water Plan ATTACHMENT A above.]	Feasibility studies completed.	No variation.
6.4.5 Reuse	Identify and develop commercially sensible and viable re-use options for treated effluent from sewerage treatment plants.	Water Resources officer appointed, investigations into re-use stations, plant upgrades and capital for necessary reticulation.	Ongoing program.
6.4.6 Dry Well Conversion	Review existing situation – convert dry well to wet well.	Investigation report of wet/dry well stations and associated OH&S issues completed.	Conversion works scheduled in Capital Works Program.
6B. Wastewater Treatment & Disposal			
6.7 Maintaining Compliance – Treatment and Disposal	Complete preparation of Environmental Improvement Plan (incorporating System Management Plans) and implement protocols.	Implemented.	Conform with plan.
6.8 Operating Expenditure	Operations management within forecast.	Achieve required results overall, within the forecast period.	Operational demands can induce variation.
6.9 Capital Expenditure	Replace assets that have reached the end of life cycle or are non-complying with EPA conditions.	Achieve the required project results within the forecast period.	No variation.
6.9.1 License Compliance	Upgrades required at 6 plants to meet licence requirements – during this plan.	Achieve licence compliance.	No Variation.
6.9.2 Biosolids Management	Treatment and handling of biosolids in an environmentally	Treatment to point where biosolids will meet criteria for	No variation.

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
	sustainable way.	unrestricted agricultural use.	
7.1 Korumburra and Leongatha Domestic Sewerage Treatment Plant Upgrades.	See below for each plant.	See below for each plant.	See below for each plant.
Leongatha	1. Statutory approvals 2. Design & construction 3. Commissioning	Plant operational.	In conformity.
Korumburra	1. Statutory approvals 2. Design & construction 3. Commissioning	Plant operational.	In conformity.
8. Trade Waste Services 8.2 Legal Obligations	Management in conformity with Section 20 of the Environment Protection Act 1970. See Water Plan ATTACHMENT A ENVIRONMENT item 2.1.	Compliance with regulatory requirements.	Variance is a risk given the inconsistency of effluent discharged by trade waste customers.
8.3 Customers and Agreements	Minor trade waste customer review. See Water Plan ATTACHMENT A ENVIRONMENT item 2.1.	Identifying all minor trade waste customers and introducing improved management.	Improved trade waste water quality.
8.4 Trade Waste Charges	Reviewing charging for next Water Plan to ensure no cross subsidy. See Water Plan ATTACHMENT A ENVIRONMENT item 2.1.		Provisions for next Water Plan.
8.3.2 Minor trade waste customers	Program to negotiate and enter into trade waste agreements with minor customers. See Water Plan ATTACHMENT A ENVIRONMENT item 2.1.	All minor trade waste customers identified and categorized. Improve quality and flow reduction at source. Pre-discharge improvements by customers – extending life and improving performance of current facilities.	Program commenced. No variation.
8.9 Regional Saline Wastewater Project [RSWP]	See Water Plan ATT. A ENVIRONMENT item 2.6.		

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
8.9.1 RSWP Pipeline Construction	1. Statutory Approvals 2. Design & Construction 3. Commissioning See Water Plan ATTACHMENT A ENVIRONMENT item 2.1.	Pipeline operational.	1. In conformity. 2. In conformity. 3. In conformity.
Outfall Construction	1. Statutory Approvals. 2. Design & Construction. 3. Commissioning.	1. Complete. 2. Complete. 3. Ready for commissioning.	1. In conformity. 2. In conformity. 3. Awaiting customer compliance with EPA requirements.
8.9.2 RSWP Treatment Plant	1. Statutory Approvals. 2. Design & construction 3. Commissioning.	1. Complete. 2. 5% complete. 3. N/A.	On hold – awaiting commercial participation.
8.10.2 RSWP Outfall - Trade Waste Spills	Outfall and pipeline upgrade program.	Complete.	In conformity.
8.11.1 Regional outfall network strategy	Strategic approach to progressively up grade outfall to meet obligations and commitments.	First phase – relating to disposal of treated wastewater in place.	First phase operational – Treatment Plant awaiting commercial participation.
10. Rural Water Services	Effectively manage this minor service to a small number of customers.	Continuation of service as per the Customer Charter.	No variation.
11. Recycled Water	Evaluate wastewater recycling schemes. See Water Plan ATTACHMENT A ENVIRONMENT item 2.1.	Commenced.	Ongoing program.
12. Customer Service			
12.1.2 Customer Charter	Operation under ESC approved Customer Charter.	Fully operational.	In conformity.
12.1.3 ESC Draft Customer Service Code	Draft new Customer Charter incorporating ESC Customer Service Code.	Completed & submitted to ESC.	Approved by ESC.
12.1.5 Customer Satisfaction Research	Undertake to survey annually.	Annual survey complete.	Conformity.
12.2 Customer Service Performance	Monitor & report.	Ongoing.	Conformity.

Outcomes, Forecast Achievements & Variations			
1. WATER PLAN 2005-06 TO 2007-08			
Water Plan Item No.	Activity 2005-06 to 2007-08	Outcome 2005-06 to 2006-07	Forecast Achievements or Variations
Indicators			
12.3 Customer and Community Consultation	Ongoing Program of consultation.	Ongoing.	Conformity.
12.3.4 Media Releases, Publications & Web site	Maintain information programs. WP to be placed on Website.	Continuing programs to be updated. WP placed on Website.	Conformity.

2. STATEMENT OF OBLIGATION ACTIONS

Exception Report			
2. STATEMENT OF OBLIGATIONS			
Section	Activity 2005-06 to 2007-08	Result 2004-05 to 2005-06	Forecast Achievements or Variations
1 to 6	Machinery of Operation.	Complete.	In conformity.
7	Preparation & Delivery of Water Plan.	Complete.	Approved by ESC.
8	Procedural requirements & requirement to consult.	Complete.	Accepted by ESC.
9	Review of Board Performance.	Annual report to Minister.	In conformity.
10	Customer & Community Engagement.	Continuing programs.	In conformity.
11	Develop & Implement Risk Management Plan.	Complete.	In conformity with AS/NZS 4360.
12	Response Planning for Incidents & Emergencies.	Complete.	In conformity.
13	Managing Assets - plans, systems & procedures.	System installed. Plans & procedures in place.	System functionality will increase to fully functional by 2008.
14	Dam Safety.	Reviews undertaken & scheduled for future in conformity with section 14.	Upgrades to be progressively implemented over the period of the Water Plan and beyond.

2. STATEMENT OF OBLIGATIONS			
<i>Section</i>	<i>Activity 2005-06 to 2007-08</i>	<i>Result 2004-05 to 2005-06</i>	<i>Forecast Achievements or Variations</i>
15	Implementation of sustainable water resource management.	Ultimate target full reuse in a 90th percentile wet year.	In conformity.
16	Metering.	All new water use to be metered.	In conformity.
17	Drought Response Planning.	Full compliance.	In conformity.
18	Sewerage services to unsewered urban areas.	SGW continues to work with & support municipal councils. Feasibility investigations complete.	Ongoing program.
19	Sewerage connections to properties.	Complying.	In conformity.
20	Managing Trade Waste.	Program to negotiate & enter into trade waste agreements with all relevant customers.	Program continuing.
21	Participation in regional and local planning programs.	Participating.	In conformity.
22	Environmental Management System.	System developed and adopted.	Progressing towards ultimate aim of accreditation under standards.
23	Blue-Green Algal Bloom management.	Contingency plan in place.	In conformity.
24 & 25	River Health & Monitoring - management of SGW's operations.	Proceeding with programs.	Progressing as planned.
26	Payment options for capital contributions required by property owners.	No current schemes.	Provisions in place.
27	Providing concessions & rebates.	Continuing as per programs.	In conformity.
28	Complying with obligations of SoO.		Acknowledged.
29	Compliance Audits	Undertaken.	In conformity.
30	Audits & Other Reviews.	Undertaken.	In conformity.

<i>Exception Report</i>			
2. STATEMENT OF OBLIGATIONS			
Section	Activity 2005-06 to 2007-08	Result 2004-05 to 2005-06	Forecast Achievements or Variations
31	Customer Charter - compliance with existing charter.	Undertaken.	In conformity.
32	Drinking Water Standards, schedule B.	Monitoring in accordance.	In conformity.

3. "OUR WATER OUR FUTURE" & OTHER POLICIES & LEGISLATION

<i>Exception Report</i>			
3. OUR WATER OUR FUTURE - ACTION PLAN			
Action Plan Item No.	Activity 2005-06 to 2007-08	Outcome or Target 2004-05 to 2005-06	Forecast Achievements or Variations
1	Collection of Environmental Contributions.	Implemented.	In conformity.
2	Regional Sustainable Water Strategy 2006.	Collaboration with relevant Authorities commenced.	In conformity.
3	Water Supply & Demand Strategy.	Long term water & wastewater strategy plans developed.	In conformity.
4	Water Savings & Tariff Measures.	a. Permanent Water Restrictions. b. New Tariff Structures. c. Conservation Targets. d. Adoption of Uniform Water Restriction Guidelines.	a. Complete. b. In place. c. In progress. d. On hold awaiting DSE advice.
5	Rebates for Water Saving.	Fully Operational.	In conformity.
6	Reporting & Compliance.	a. Water Conservation Plans. b. Salt discharge reductions. c. Independent audit of bulk entitlement.	In conformity.
7	Country Towns Water Supply & Sewerage Program.	Program continues. Working with Shires on Wastewater Management Plans & Small Towns Sewerage program.	In conformity.
8	Cooperation & Coordination with Catchment Management Authorities & Local Government Authorities.	Extending water conservation plans. Developing local planning policies consistent with sustainable urban water management. Storm water as part of water supply/demand strategies.	In conformity.

<i>Exception Report</i>			
3. OUR WATER OUR FUTURE - ACTION PLAN			
<i>Action Plan Item No.</i>	<i>Activity 2005-06 to 2007-08</i>	<i>Outcome or Target 2004-05 to 2005-06</i>	<i>Forecast Achievements or Variations</i>
9	Cost recovery principles.	Sustainable revenue. Recovery of OMA. Agreed rate of return on existing assets. Rate of return on finance for new & augmented assets.	In conformity.
10	Concessions for eligible customers.	Increased concessions, seasonally adjusted.	In conformity.
11	Strategic alliances with other interrelated Rural Urban Water Authorities.	Enhanced performance and productivity by working together. Memorandum of Understanding between, East Gippsland Water & Westernport Water.	Alliance fully operational.
STATE & FEDERAL GOVT. IMPACTS			
<i>Item</i>	<i>Activity</i>	<i>Outcome or Target</i>	<i>Impact</i>
Applicable items have been addressed under the relevant sections of this report.			

4. TRIPLE BOTTOM LINE TARGETS

(Based on VWIA Triple Bottom line Guidelines & Global Reporting Initiative - 2002 Sustainability Reporting Guidelines.)

4.1 ECONOMIC Indicator <i>(* Denotes explanatory comment by South Gippsland Water)</i>	Target 2006/07	Estimate 2005/06	2004/05	2003/04
A. Customers				
1. \$ Total income for sales of water & provision of sewerage services (*Excluding returns from investments)	\$15,806,000	\$14,219,000	\$13,515,000	\$12,730,000
2. \$ Income by water supply/sewerage system. (*Systems over 5% of total revenue only.)				
a. Lance Creek (<i>Wonthaggi, Inverloch & Cape Paterson</i>)				
Water				
Supply.....	\$4,054,000	\$3,824,000	\$3,608,000	\$3,703,000
Sewerage.....	\$3,669,000	\$3,461,000	\$3,265,000	\$3,405,000
b. Ruby Creek (<i>Leongatha, Leongatha South & Koonwarra</i>)				
Water				
Supply.....	\$2,233,000	\$2,106,000	\$1,987,000	\$1,646,000
Sewerage.....	\$1,655,000	\$1,561,000	\$1,473,000	\$1,485,000
c. Coalition Creek (<i>Korumburra</i>)				
Water				
Supply.....	\$775,000	\$731,000	\$690,000	\$551,000
Sewerage.....	\$982,000	\$926,000	\$874,000	\$707,000
d. Agnes River (<i>Toora, Welshpool, Port Welshpool, Port Franklin & Agnes</i>)				
Water				
Supply.....	\$583,000	\$550,000	\$519,000	\$460,000
Sewerage.....	\$390,000	\$386,000	\$347,000	\$271,000
e. Tarra River (<i>Yarram, Devon North, Alberton & Port Albert</i>)				
Water				
Supply.....	\$639,000	\$603,000	\$569,000	\$579,000
Sewerage.....	\$469,000	\$442,000	\$417,000	\$397,000
3. Customer perception of economic benefit, comments on pricing and affordability. Based on Customer Survey.				
a. Customer satisfaction with Pricing and Affordability	90%	92%	92%	92%
b. Customer satisfaction with overall service delivery	93%	93%	94%	94%
B. Suppliers – Economic Performance				
1. Payments and payables to suppliers, for all goods, materials and services purchased.	\$5,170,000	\$5,018,000	\$4,896,000	\$4,860,000
2. Percentage of contracts paid in accordance with agreed terms,	95%	95%	95.22%	93.07%

4.1 ECONOMIC Indicator <i>(* Denotes explanatory comment by South Gippsland Water)</i>	Target 2006/07	Estimate 2005/06	2004/05	2003/04
excluding agreed penalty arrangements. (*Agreed terms defined as: standard ASA contract conditions)				
3. Changes in Days Payable – as per accepted definitions of sales and bills payable (*Excluding contracts)	70.00 to 69.00	90.80 to 70.00	68.01 to 90.80	70.93 to 68.01
C. Employees				
1. Total remuneration paid to employees, includes wages, pensions, other benefits and redundancy payments	\$4,040,000	\$3,870,000	\$3,706,000	\$3,133,000
D. Funders				
1. Interest on debt and dividend payments	\$788,000	\$196,000	\$0	\$0
2. Return on Assets	1.6%	2.0%	1.51 %	1.41%
3. Return on Equity	1.2%	2.0%	1.54%	1.44%
E. Public Sector				
1. Taxes paid:				
a. PAYE	\$1,020,000	\$980,000	\$897,000	\$812,000
b. FBT	\$72,000	\$70,000	\$60,000	\$98,000
c. Payroll Tax	\$177,000	\$170,000	\$164,000	\$166,000
2. Dollars of non-core infrastructure development outside main business activities for employees and their families.	Items – none \$0	Items – none \$0	Items – none \$0	Items – none \$0
F. Indirect Economic Impacts				
1. Description of South Gippsland Water's indirect economic impacts.				
a. Total Capex	\$10,963,000	\$16,373,000	\$14,034,000	\$8,862,000
b. \$ value of renewals	\$9,655,000	\$7,238,000	\$10,699,000	\$5,256,000
c. \$ value of new works	\$1,308,000	\$9,135,000	\$3,335,000	\$3,606,000
d. \$ Capex per customer	\$655	\$985	\$853	\$512
<i>(* Indicators chosen from VWIA alternative Guidelines)</i>				

4.2 ENVIRONMENTAL Indicators <i>(* Denotes explanatory comment by South Gippsland Water)</i>	Target 2006/07	Estimate 2005/06	2004/05	2003/04
A. Energy				
1. Consumption of electricity measured in Kwh's				
a. Water	1,770,000	1,760,000	1,756,972	1,564,456
b. Sewerage	1,200,000	1,090,00	1,080,205	1,071,742
C. Other/Corporate Usage	95,000	93,000	92,442	90,442
2. Initiatives to use renewable energy sources and increase energy efficiency <i>(Energy Source Kwh or Cubic M)</i>	Commissioning of Leongatha and Korumburra sewerage treatment plants will increase power usage due to tertiary treatment.	Significant savings of power at Korumburra and Leongatha by installation of de-stratification equipment.	Significant savings of power at Fish Creek and Foster by installation of de-stratification equipment.	A saving of 83,220 Kwh of power by installation of WEARS de-stratification system at Lance Creek Reservoir.
B. Water				
1. Water Throughput (Available Water ML)				
a. Water Extracted from the Environment.				
Ground water		Nil	Nil	Nil
Direct river extraction	1,265	1,270	1,265	1,475
Impounding reservoir	5,299	5,410	5,309	5,469
b. Water Purchased				
Raw water purchase	Nil	Nil	Nil	Nil
Treated water purchased	Nil	Nil	Nil	Nil
c. Water Recycled				
Own source	N/A	N/A	N/A	N/A
Purchased	Nil	Nil	Nil	Nil
Desalinisation plant	Nil	Nil	Nil	Nil

4.2 ENVIRONMENTAL Indicators <i>(* Denotes explanatory comment by South Gippsland Water)</i>	Target 2006/07	Estimate 2005/06	2004/05	2003/04
2. Total Water Available (Water Applications ML)				
• Residential	2,208	2,240	2,208	2,154
• Commercial	2,646	2,715	2,698	2,558
• Mining	Nil	Nil	Nil	Nil
• Non-Water Utilities	Nil	Nil	Nil	Nil
• Parks & Gardens	53	55	53	20
• Municipal	Nil	Nil	Nil	Nil
• Rural	597	610	597	670
• Environmental Flows	3,000	3,000	3,000	3,000
• Bulk Sales to Other Water Utilities (Raw)	Nil	Nil	Nil	Nil
• Bulk Sales to Other Water Utilities (Treated)	Nil	Nil	Nil	344
• Real System Water Loss	Nil	Nil	Nil	Nil
• Estimated non metered consumption - Authorised	695	700	680	799
• Estimated non metered consumption - Unauthorised	365	360	340	399
• Estimated non metered consumption – Unauthorised	Nil	Nil	Nil	Nil
Total Water Applications =	9,564	9,680	9,576	9,944
3. Total recycling and reuse of water, includes wastewater & any other water recycled (ML)				
a. Residential	Nil	Nil	Nil	Nil
b. Commercial	Nil	Nil	Nil	Nil
c. Wastewater reuse	392	174	223	224
4. Ratio of water used to rainfall available				
a. Area of catchments available to supply sources	1,234 Square km's	1,234 Square km's	1,234 Square km's	1,234 Square km's
b. Average annual rainfall in region	969.7 mm	969.7 mm	969.7 mm	969.7 mm
c. Total ML p.a. available to catchments	1,196,610	1,196,610	1,196,610	1,196,610
C. Water				
1. Wastewater disposal (ML)				
a. Ocean Outfall	3,178	3,186	3,206	2,766
b. Inland receiving waters	790	990	1,035	777
c. Re-use	392	174	223	224
d. Other	Nil	Nil	Nil	Nil

4.3 SOCIAL Indicators <i>(* Denotes explanatory comment by South Gippsland Water)</i>	Target 2006/07	Estimate 2005/06	2004/05	2003/04
A. Labour Practices – Employment & Work				
1. Breakdown of workforce by status / employment type. Staff numbers by function – total and full time equivalent:				
a. Executive & Administration	13	13	12	14
Customer Service	8	8	8	8
Technical Services	11	11	11	13
Operations	<u>38</u>	<u>37</u>	<u>36</u>	<u>34</u>
Total	70	69	67	69
b. % of employees who are part time	4.0%	4.0%	4.5%	2.9%
c. % of employees not on a permanent contract:	4.3%	4.4%	4.5%	0%
d. estimated % of labour requirement met by outsourcing or non-employees	5.7%	5.7%	5.8%	5.9%
2. Net employment creation and employee turnover. Employee turnover as a % workforce	8.00%	8.01%	10.41%	5.9%
B. Industrial Relations				
1. Percentage of employees covered by collective bargaining agreements	99%	99%	99%	99%
2. a. Policy and procedures for information, consultation and negotiation with staff over changes in the Authority's operations.	Human Resources Policy and Enterprise Bargaining Agreement.	Human Resources Policy and Enterprise Bargaining Agreement.	Human Resources Policy and Enterprise Bargaining Agreement.	Human Resources Policy and Enterprise Bargaining Agreement.
b. Provision of formal worker representation in decision making or management including corporate governance (Board of Directors)	Nil	Nil	Nil	Nil
C. Health & Safety				
1. Occupational Health and Safety policy, distribution and staff awareness.	Human Resources Policy & Training	Human Resources Policy & Training	Human Resources Policy & Training	Human Resources Policy & Training
2. Recording and notification of accidents and diseases, for period of this report. Number of workplace injuries - Resulting days lost Person days lost	3 20	3 50	5 106	6 54.5
D. Training and Education				

4.3 SOCIAL Indicators <i>(* Denotes explanatory comment by South Gippsland Water)</i>	Target 2006/07	Estimate 2005/06	2004/05	2003/04
1. Total training investment	\$123,000	\$120,000	\$133,000	\$112,000
2. Programs to support the continued employability of staff and to manage career endings.				
a. Training spent per staff member p.a.	\$1,750	\$1,740	\$1,985	\$1,750
b. Number of employees to undertake training. Study Leave available for approved courses	70	69	67	66
E. Diversity & Opportunity				
1. Positive or affirmative action policies – extension of equal opportunity.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
2. Female/Male ratio in senior management and corporate governance (Board of Directors) - % of women in management roles	18%	18%	27%	27%
F. Indigenous Rights				
1. Mechanism for consultation on projects that may effect historical indigenous rights. Consultation with indigenous people – No. of 'Cultural Heritage and Archaeological Surveys conducted during reporting period.	2	3	4	2
2. Documented management principles regarding indigenous people.	As directed by Government of Victoria.	As directed by Government of Victoria.	As directed by Government of Victoria.	As directed by Government of Victoria.
G. Human Rights - General				
1. Human rights compliance in relation to suppliers of goods and materials – verify that manufacturers of imported products comply with Human Rights standards.	To be assessed.	To be assessed.	To be assessed.	To be assessed.
H. Customer Health & Safety				
1. Policy for customer health and safety during use of Authority's products and services – guidelines, monitoring and reporting on compliance.	See water and wastewater compliance results.	See water and wastewater compliance results.	See water and wastewater compliance results.	See water and wastewater compliance results.
2. Number and type of breaches of guidelines.	See water and wastewater compliance results.	See water and wastewater compliance results.	See water and wastewater compliance results.	See water and wastewater compliance results.
3. Number of complaints upheld by regulatory body, Energy and Water Ombudsman of Victoria (EWOV) relating				

4.3 SOCIAL Indicators <i>(* Denotes explanatory comment by South Gippsland Water)</i>	Target 2006/07	Estimate 2005/06	2004/05	2003/04
to health and safety of products.	Nil	Nil	Nil	Nil
a. No. of Enquiries	18	20	21	16
b. No. of Level 1 Contacts	2	2	2	1
c. No. of Level 2 Contacts	Nil	Nil	Nil	Nil
d. No. of Level 3 Contacts	Nil	Nil	Nil	Nil
e. EWOV – Complaints upheld	Nil	Nil	Nil	Nil
I. Advertising				
1. Advertising policy compliance with standards for social and environmental responsibility.	Compliance with government standards.	Compliance with government standards.	Compliance with government standards.	Compliance with government standards.
J. Respect for Privacy				
1. Description of Authority's privacy policy.	Authority must operate within the prescribed government policy.	Authority must operate within the prescribed government policy.	Authority must operate within the prescribed government policy.	Authority must operate within the prescribed government policy.
2. Number of substantiated breaches of customer privacy over the last 3 years.	Nil	Nil	Nil	Nil
K. Competition & Pricing				
1. Policy, procedures and management	Authority must operate within pricing guidelines set by the Government.	Authority must operate within pricing guidelines set by the Government.	Authority must operate within pricing guidelines set by the Government.	Authority must operate within pricing guidelines set by the Government.
a. Systems and compliance mechanisms for anti-competitive behaviour				
b. Weighted Average Increase in Prices	7.8%	7.8%	6.0%	7.0%
L. Corporate Citizenship				
1. Authority contributions to projects with value to the greater community, eg. Education, training and humanitarian programs.	Nil	Nil	Nil	Nil
2. Awards received for social, ethical and environmental performance.	Nil	Nil	Nil	Nil
3. Grants to landowners for environmental improvements (Hills to Ocean H2O Grants)				
a. Number	10	8	5	2
b. Value	\$7,000	\$5,000	\$2,877	\$1,000
M. Community				
1. Policy, procedures and compliance mechanisms for customer feedback and satisfaction reporting.	Independent annual customer satisfaction survey	Independent annual customer satisfaction survey	Independent annual customer satisfaction survey	Independent annual customer satisfaction survey

4.3 SOCIAL Indicators <i>(* Denotes explanatory comment by South Gippsland Water)</i>	Target 2006/07	Estimate 2005/06	2004/05	2003/04
	conducted.	conducted.	conducted.	conducted.
2. Authorities policies, procedures for engaging in dialogue with community and stakeholders in the region of operation.	Project based customer groups. Customer forums for general issues and Water Plan review.	Project based customer groups. Customer forums for general issues and Water Plan review.	Project based customer groups. Customer forums for general issues and Water Plan review.	Project based customer groups. Customer forums for general issues and Water Plan review.

Report C. [Electronic]
FINANCIAL STATEMENTS