



Goulburn-Murray Water

Corporate Plan

2005/06

(Statement of Corporate Intent and Business Plan)

April 2005

Goulburn-Murray Water corporate Plan 2005/06

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Mission

Water is a valuable and finite natural resource, and it is a key input necessary for the development of healthy environments and vibrant, growing economies in northern Victoria.

The mission of Goulburn-Murray Water is to deliver sustainable water services that meet customer and stakeholder needs and support regional economic growth, whilst balancing social, economic and environmental considerations.

Values

Human safety, the Environment and Customer Service
.....are our highest priorities

Sustainabilityis our commitment to future generations

Co-operationbased on the involvement of people is the key to
progress

Opennessbuilds trust, knowledge and understanding

Integrity, respect and prideare valued characteristics of our people

Continual improvementis essential and underpins our future

Vision for 2010

By 2010, water will be widely recognised by all as a vital natural resource that must be managed effectively to deliver value to the whole community. Goulburn-Murray Water will provide integrated management of the total water system to meet the needs of the whole community.

This service cycle will commence at the top of the catchment, where management of unregulated stream diversions will strike a balance, meeting the needs of consumptive users whilst protecting the fragile environments of these upper catchment streams.

Storages will provide reliable water entitlements for communities across northern Victoria. Irrigation entitlements will support vibrant, growing regional economies, in parallel with environmental entitlements which support healthy, productive rivers and wetlands. In addition to this “silent” task of storing water entitlements, Goulburn-Murray Water reservoirs will pulse with life as people from all parts of Victoria enjoy the active and passive recreational opportunities that these water bodies offer.

Within irrigation districts, water supply infrastructure will have been extensively upgraded, reconfigured and rationalised to create a more modern, efficient supply system that supports a diverse range of profitable farm enterprises. Customers will be offered a range of affordable services and service levels and will be able to select the service and price mix that best suits their needs. These water supply services will be complemented by a range of flexible water trading and leasing services.

These “on-ground” outcomes will have been enabled through the development of productive, empathetic relationships with a wide range of interested stakeholder groups. Goulburn-Murray Water will be widely recognised for its ability to listen, hear the needs of its stakeholders and turn these needs into positive outcomes that provide a balance of social, economic and environmental benefits.

Significant improvements in the environment will have resulted from the effective use of environmental water entitlements. A significant portion of these entitlements will have been created through the completion of a range of major water savings projects undertaken by Goulburn-Murray Water. In addition, the benefits of environmental flows will be enhanced by the steady reduction in the environmental impacts of Goulburn-Murray Water’s business operations and through the effective, long term management of irrigation drainage salinity and nutrient loads.

Goulburn-Murray Water will be an employer of choice, providing a safe workplace for a diverse, committed and capable workforce which is valued by the Authority, customers and the community. Our business divisions will be commercially viable and benchmarking against other comparable water service providers will demonstrate the cost effectiveness and efficiency of their services.

Business Objectives

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

1. Responsive Customer Service

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

2. Building for the Future

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

3. Working Together

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

4. Operating Efficiently and Effectively

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

5. Connected to the Environment

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

6. Valuing our Employees

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

Characteristics of the Business

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

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

The Authority undertakes its management functions across a region of 68,000 km², bordered by the Great Dividing Range in the south and the River Murray to the north and stretching from Corryong in the east down river to Nyah. Goulburn-Murray Water also operates salinity mitigation works on the Murray downstream of Nyah, delivers bulk water to supply points outside its region and is the Victorian Constructing Authority for the Murray-Darling Basin Commission.

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

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

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

The Natural Resource Services business division provides a range of services which are purchased mainly by governments through programs coordinated by Catchment Management Authorities. The services provided include salinity management, surface and sub-surface drainage services support, water quality and land management planning and salt interception management.

The four business divisions are each the responsibility of a separate organisational group and are supported by other organisational groups that provide a range of corporate and support services. These services include corporate secretariat; corporate strategy, planning, coordination and communications; business and water market development; total water systems and water resource management; environmental management; water savings; financial management; information technology; water administration; and property, legal and human resource services.

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

Figure 1 – Map of Goulburn-Murray Water



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

Figure 2 - Bulk Water Supply Recipients

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

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

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

Figure 3 - Goulburn-Murray Water Assets Statistics

Bulk Water Assets	
Current Replacement Cost	\$1.8 billion*
17 large dams	
Ancillary Assets	
* Includes \$ 0.8 billion of Murray-Darling Basin Commission Assets	

Estimated Average Annual Deliveries to Bulk Supply Offtakes*	
	ML (000s)
Goulburn System	1739
Broken River Basin	23
Goulburn River Basin	1577
Campaspe River Basin	77
Loddon River Basin	61
Murray System (Victorian component only)	1704
Murray Basin	1688
Ovens River Basin	16
Bulk Water Entitlements Held	
Goulburn-Murray Water holds Bulk Water Entitlements for supplies taken from the Broken, Goulburn, Campaspe, Murray and Ovens river basins.	
* 10 year rolling average deliveries for the period up to and including 2003/04	

Distribution Assets	
Current Replacement Cost	\$1.8 billion
Irrigation and Drainage Assets	
Open Channels	6,529 km
Pipelines	240 km
Drains	3,126 km
Structures	23,647 No.
Meters	20,056 No.
Drain Inlets	8,267 No.
Domestic and Stock Assets	
Open Channels	517 km
Pipelines	293 km
Structures	753 No.
Meters	373 No.

Performance Indicators

Performance Aspect			2005/06 Performance Target	Social	Environmental	Economic
Responsive Customer Service						
A	Compliance with agreed service standards	<ul style="list-style-type: none"> Standards established in relevant Customer Service Agreements met for : <ul style="list-style-type: none"> Water supply service standards Response times for reactive maintenance activities 		✓	✓	✓
		<ul style="list-style-type: none"> Accounts issued in accordance with agreed billing schedules, with no more than 1% error rate (as measured by customer enquiry calls). 		✓	x	✓
B	Customer satisfaction	<ul style="list-style-type: none"> At least 80 % of respondents to customer surveys satisfied with Goulburn-Murray Water services 		✓	✓	✓
Building for the future						
A	Asset base reduction	<ul style="list-style-type: none"> Abandon assets with combined replacement value of \$2 million 		✓	✓	✓
Operating Efficiently and Effectively						
A	Delivery system efficiency	<ul style="list-style-type: none"> Losses in delivery systems compliant with BE provisions 		✓	✓	✓
<i>Bulk Water Services Assets</i>						
B	Availability of outlets for releases	<ul style="list-style-type: none"> No unplanned service failures, greater than 24 hours, across all storages 		✓	✓	✓
C	Capability of storage to hold design capacity	<ul style="list-style-type: none"> 99% of time, or better, at each storage 		✓	✓	✓
D	Emergency Management	<ul style="list-style-type: none"> 50% of plans reviewed and tested every year. 		✓	✓	✓
<i>District Services Assets</i>						
E	Availability of assets	<ul style="list-style-type: none"> No unplanned service failures due to assets longer than 24 hours 		✓	✓	✓
F	Minimise life cycle costs	<ul style="list-style-type: none"> Reduce reactive maintenance expenditure by 5% compared to 2004/2005. 		✓	✓	✓

Performance Aspect		2005/06 Performance Target	Social	Environmental	Economic
<i>Financial</i>					
G	Strategic debt management	• Operating debt less than 90% of water right revenue	✓	✗	✓
H	Tariff reform	• Fixed revenue base is greater than 85% of total recurrent cost.	✓	✗	✓
Connected to the Environment					
A	Minimum river flow regimes	• Actual flows greater than or equal to specified minimum flows 100% of the time	✓	✓	✓
B	Water Use	• Water use compliant with seasonally adjusted MDB cap	✓	✓	✓
C	Environmental management	• 100% compliance with G-MW environmental management targets	✓	✓	✓
Valuing our Employees					
A	Job satisfaction	• At least 75% of respondents to employee surveys satisfied with Goulburn-Murray Water as an employer	✓	✗	✓
B	Occupational Health and Safety	• Frequency – less than 8 lost time injuries per million hours worked • Severity – less than 4 days lost per lost time injury	✓	✗	✓
C	Employee health	• Personal leave reduced by 5% compared to 2004/2005	✓	✗	✓

Current Operating Environment

The Goulburn-Murray Water's 2005/06 Corporate Plan has been developed in the context of the current business environment impacting on the organisation, its customers and the community.

Goulburn-Murray Water was created in 1994. In the same year, the Coalition of Australian Governments agreed to implement widespread reforms to water service delivery. For rural water supplies, one of the key reforms was the imperative to move to full recovery of the cost of system operation, maintenance and asset renewal from water users. A seven year transition was agreed, with full cost recovery to be achieved by 2000/01. Goulburn-Murray Water achieved this target for all its service through a combination of real price rises and real cost reductions through a five year productivity program. As the organisation moved into the second half of this transition to full cost recovery, severe drought started to impact on water availability and revenues to both Goulburn-Murray Water and its customers.

One of the major factors affecting Goulburn-Murray Water's current business position is the continuing drought in northern Victoria. In the Goulburn system, allocations in 2004/05 reached 100% of Water Rights. This represents the eighth year of drought in this system, with no Sales allocations available during the last seven years. This period has also included the record low allocation of water in this system, just 57% of Water Right, which was experienced in 2002/03.

The Murray system also experienced a seasonal allocation of 100% of Water Rights in 2004/05, which is the equal lowest on record. This follows on from Water Right only availability in 2003/04 and Water Rights plus 29% Sales in 2002/03.

In the Campaspe system, a continuation of severe drought has resulted in a seasonal allocation of only 39% of Water Rights in 2004/05, a record low allocation for this system. This represents a water availability 75% lower than the average seasonal allocation experienced in this system over the preceding ten years.

The outlook for water availability in 2005/06 indicates a continuation of constrained water availability with the most probable outcome being 100% of Water Rights in all systems. Actual water availability will be heavily dependant on winter/spring inflows. There is a very low probability of any Sales being available for Goulburn system users, however in the Murray system there is a modest prospect of some sales. The most likely outcome for the Campaspe system is 100% of Water Rights. There is also a small prospect of receiving some sales, whilst at the same time there is a similar chance of not achieving full water rights, highlighting the extreme variability of the resource in this system and the important role of large storages in buffering the fluctuations of natural streamflows.

Whilst drought has impacted on Goulburn-Murray Water's business, the combination of drought and low commodity prices, particularly in the dairy sector, has also had a profound impact on the businesses of many of our customers. The last few years have seen a significant adjustment in the dairy industry, however recent improvements in milk prices have generated some increase in confidence in this sector. Drought has also impacted heavily on those customers' businesses in the recreation and tourism industries based around Goulburn-Murray Water storages, where continuing low water levels have presented real challenges.

These pressures on customers, when combined with water movement resulting from irrigation industry adjustment and the aging of existing irrigation supply assets have

generated a strong focus on the need to reconfigure existing systems for the future. This has also raised questions as to how to manage the cost of service provision and in particular to best meet the cost of future asset renewals. Goulburn-Murray Water has recently completed an extensive, independent review of its pricing policies and implementing the recommendations from this review is a major priority, which will ultimately provide more certainty for water users in relation to future pricing paths.

Drought has generated a range of pressures on those who rely on water availability for their livelihoods, but it has also confirmed to the wider community the necessity of sustainable natural resource management and the importance of the efficient use of water. This clear community acceptance of the need for sustainable water management has led to a range of major government policy decisions which will strongly influence the directions of Goulburn-Murray Water and its customers over the period of this plan. Key directions for the future have been established through:

- ❑ The Living Murray first step decision to provide an additional 500 GL of environmental flows for the Murray system.
- ❑ The National Water Initiative and the Murray- Darling Basin Inter Governmental Agreement which have put in place the funding and timeframes associated with this first step decision.
- ❑ The Victorian government's White Paper "Securing Our Water Future Together".

Securing Our Water Future Together provided clarity on a number of major issues affecting Goulburn-Murray Water, including the decommissioning of Lake Mokoan, the Sales Package to convert Sales into a separate, independently tradeable entitlement and the decision to proceed with unbundling of water entitlements in Northern Victoria.

The other significant influence in our current environment is the implementation of economic regulation for the rural water sector. From 2006/07 onwards, pricing for rural water services will be regulated by the Essential Services Commission. In preparation for this, the Government has established the regulatory framework that the Commission will apply through the Water Industry Regulatory Order and the development of a Statement of Obligations for each water authority. Compliance with these regulatory obligations and requirements has informed and guided many of the strategies outlined in the Strategic Program included in this Plan.

Business Risks

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

Bulk Water Services Business Division Risks

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

Diversion Services Business Division Risks

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

Natural Resource Service Business Division Risks

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

District Services Business Division Risks

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

Corporate Risks

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

Board Corporate Governance Improvement Plan

During 2005/06 the Board will undertake the following program of activities to maintain and improve corporate governance:

1. Induct a new Chief Executive Officer, establish a performance plan for the Chief Executive Officer and monitor achievements against the performance plan
2. Operate the following Board Committees and review their functions and memberships:
 - Financial and Management Audit Committee
 - Safety and Environment Committee
 - Remuneration Committee
3. Conduct an overall Board review and a review of individual Board members' performance as required under the Statement of Obligations and in accordance with the guidelines for Board performance reporting set out in the Minister's 18 February 2005 letter. This will include:
 - An externally facilitated performance review.
 - Development of performance criteria for the Board and individual Directors
 - Establishment of a Performance Improvement Plan for the Board
4. Identify, assess and manage risks as required under the Statement of Obligations, including development of a "Whole-of Business" risk management framework
5. Maintain high corporate governance principles and practices consistent with
 - The Governance Guidelines for DSE Portfolio Statutory Authority Board Members of 2004
 - AS 8000- 2003
 - ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations of March 2003
6. Ensure compliance with the Water Act 1989
7. Maintain and update its Corporate Governance Manual
8. Maintain positive working relationships with the Minister for Water and the Department of Sustainability and Environment
9. Develop a training and development program for each Director to support continuous improvement in governance skills.
10. Resource its secretariat with capable and appropriately qualified personnel and provide access to appropriate professional guidance and assistance

Key Strategic Directions

The fundamental role of any water utility is to deliver services at a quality and price that meet the needs of its customers. This was the task Goulburn-Murray Water faced when it was first established and it is still the challenge we continue to address today and into the future.

Today the challenge has widened and become more complex compared to a decade ago. Importantly, we must now seek to ensure that we take a triple bottom line approach, meeting the needs of the environment and ensuring sustainable regional communities as well as delivering services that meet customers' needs and support regional economic development.

This period in Goulburn-Murray Water's evolution is perhaps best categorised as the era of sustainable water management. Our programs have been developed to recognise and support the government policy objectives and measures set out in the following strategies and initiatives:

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

In many respects the delivery of gravity irrigation supply could be considered a relatively well established, mature service. However, the prospect for new technologies like Total Channel Control to radically change the levels of service possible and the need to ensure that services continue meet the needs of customers who are striving to boost productivity and remain competitive in world markets means that we must review what the appropriate services for these customers are.

We must also be ready to understand and meet the service needs of new and emerging customers. Customers that rely on access to Goulburn-Murray Water storages to support recreational and tourism businesses will be the focus of the newly established Water Storage Amenity Unit and the future directions for this business segment will be identified through the development and implementation of a strategic business plan.

The environment will also be a major water entitlement holder and a significant Goulburn-Murray Water customer in the near future. We will be working with Catchment Management Authorities and the Department of Sustainability and Environment to determine how newly established environmental water entitlements generated from water savings projects and the White Paper Sales Package can be delivered to maximise the benefit to this new "customer group".

Implementation of key government water reforms, particularly the unbundling of water entitlements, will offer our customers more flexibility and choice in how they access Goulburn-Murray Water's services and manage their farm businesses. This is a major area of activity within our Strategic Program that will be completed over the next two years. Gravity supply tariffs will also be reformed to support unbundling. There is also a need to review tariffs for irrigation drainage services, however this will not commence until unbundling is completed.

Customer, community and government expectations of Goulburn-Murray Water are changing as a result of the drought and the increased importance of efficient water use. Efficient water use is an important issue, but it also sits within the wider picture of the community's expectations for a sustainable natural environment and healthy river systems. The strategic program in this Plan includes a range of strategies focussed on sustainable resource management, water savings projects, biodiversity enhancement, water quality improvement and implementing works for the delivery of environmental water.

Goulburn-Murray Water has always sought to involve customers in decision making that affects the cost and quality of services provided to them. In order to ensure that these arrangements keep pace with a changing world, we will be reviewing the role and membership of Water Services Committees to maintain them as an effective input to our future directions. In recognition of the more general interest in water management and the need to pursue triple bottom-line outcomes, we will also be implementing a comprehensive stakeholder engagement program to ensure that the wider community of interest also has an effective opportunity to contribute to our water management directions.

The changing demands for water services and an understanding of the longer term trends in irrigation demand across our region will also be key inputs to the development of long term strategic asset plans for Goulburn-Murray Water. These plans will guide the rationalisation, upgrading and reconfiguration of our assets. The first Future Management Strategy is under development for the Pyramid-Boort Area, and we will progressively develop and implement these strategies for all irrigation areas and regulated diversions services over the next five years.

In order to deliver this significant change program, we will need a capable, committed workforce that understands and embraces the future directions for the organisation. To this end we will undertake an organisational development program to help our current and future staff meet these challenges. This program will also help ensure that we continuously improve the productivity and safety of our workplaces.

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

- ❑ Defining future services
- ❑ Developing a new Water Service Amenity business
- ❑ Improving the safety of G-MW workplaces
- ❑ Redeveloping the G-MW Environmental Management System
- ❑ Delivering major water savings
- ❑ Contributing to the quest for healthy rivers
- ❑ Clarifying entitlements to water
- ❑ Unbundling irrigation entitlements
- ❑ Modernising and reconfiguring assets
- ❑ Building business viability
- ❑ Implementing the outcomes of the Pricing Policy Review
- ❑ Building workforce capability and diversity
- ❑ Building stakeholder partnerships, and
- ❑ Improving communications

The strategies in this Plan will also drive the content and scope of our first Water Plan, and they have also been designed to ensure that we can effectively meet the requirements established by the Minister for Water in the Goulburn-Murray Water Statement of Obligations.

Strategic Program 2005/06 – 2009/10

Responsive Customer Service

Strategy	Outcome	Year for Completion
<i>Defining Services</i>		
<ul style="list-style-type: none"> Identify and engage all customers and agree appropriate services and standards for gravity irrigation supply. 	<ul style="list-style-type: none"> Services delivered to meet customer needs. 	2007/08
<ul style="list-style-type: none"> Develop Customer Service Charter 	<ul style="list-style-type: none"> Clear customer and staff expectations and obligations for delivery of services. 	2005/06
<ul style="list-style-type: none"> Develop Business plan and strategic development program for Water Storage Amenity business. 	<ul style="list-style-type: none"> Water storage amenity services delivered to meet community and wider stakeholder needs, with clear funding mechanisms. Improved recreational and economic outcomes for communities. 	2005/06
<ul style="list-style-type: none"> Contribute to resolution of the future of the Loch Garry Flood Protection service 	<ul style="list-style-type: none"> Certainty on future service provision to customers. 	2005/06
<ul style="list-style-type: none"> Manage severe drought impacts on services. 	<ul style="list-style-type: none"> Risks understood and communicated to stakeholders. Service delivery adapted to climate conditions 	2005/06

Building for the Future

Strategy	Outcome	Year for Completion
<i>Clarifying Entitlements to Water</i>		
<ul style="list-style-type: none"> Unbundle water entitlements (Our Water, Our Future Program) 	<ul style="list-style-type: none"> Clear entitlements and improved business flexibility for regulated water users 	2006/07
<ul style="list-style-type: none"> Establish "sales" as an independent entitlement 	<ul style="list-style-type: none"> Clarified, robust entitlements with increased flexibility and choice for water users 	2006/07
<ul style="list-style-type: none"> Develop water trading and trading mechanisms including enhancing Watermove services. 	<ul style="list-style-type: none"> Effective, transparent water trading services provided. 	2006/07
<ul style="list-style-type: none"> Determine and assign individual Area loss allowances in the Goulburn system. 	<ul style="list-style-type: none"> Clear accountabilities for the effective management of losses. 	2005/06
<ul style="list-style-type: none"> Develop and implement bulk entitlements for the Loddon and Bullarook basins 	<ul style="list-style-type: none"> Clear entitlements for water authorities and environment 	2005/06
<ul style="list-style-type: none"> Develop stream flow management plans for five priority unregulated streams 	<ul style="list-style-type: none"> Clear entitlements for licensees and environment 	2006/7
<ul style="list-style-type: none"> Implement Phase 2 Statewide Management Rules for unregulated streams. 	<ul style="list-style-type: none"> Clear water sharing arrangements for consumptive use and the environment. 	2005/06
<ul style="list-style-type: none"> Develop and implement groundwater management plans for Mid-Loddon and Upper-Loddon WSPAs 	<ul style="list-style-type: none"> Clear entitlements for licensees supporting sustainable resource management 	2006/07 – Plan development 2007/08 - Implementation
<ul style="list-style-type: none"> Develop and implement improved water accounting framework and water use measurement program. 	<ul style="list-style-type: none"> Improved management of water use. System loss behaviours understood and managed. All significant water use accurately measured at both river offtake and farm level. 	2005/06
<ul style="list-style-type: none"> Implement metering program for unregulated and groundwater systems (Our Water Our Future program) 	<ul style="list-style-type: none"> All significant diversions water use accurately measured 	2007/08
<ul style="list-style-type: none"> Assess risks to catchment yield. 	<ul style="list-style-type: none"> Risks understood and agreed risk management actions implemented. 	2005/06

Strategy	Outcome	Year for Completion
<i>Modernising Assets</i>		
<ul style="list-style-type: none"> Implement Dam Improvement Program Phase 2 priority works <ul style="list-style-type: none"> Eildon Cairn Curran Goulburn Weir 	<ul style="list-style-type: none"> Risks reduced 	2007/08
<ul style="list-style-type: none"> Implement improved tactical and strategic asset management procedures. 	<ul style="list-style-type: none"> Accurate asset data and enhanced asset decision making 	2005/06
<ul style="list-style-type: none"> Appropriate future asset management strategies developed and implemented 	<ul style="list-style-type: none"> Assets provided at lowest lifecycle cost 	2009/10 +
<ul style="list-style-type: none"> Implement Total Channel Control on CG 1,2,3,4 	<ul style="list-style-type: none"> Improved customer service Efficient channel operations Water savings captured for the environment 	2006/07 2006/07 2007/08
<i>Reconfiguring assets</i>		
<ul style="list-style-type: none"> Identify future irrigation water service requirements and supporting asset needs. <ul style="list-style-type: none"> Strategic overview of G-MW assets. Information systems developed Pyramid Hill and Kerang infrastructure plans 	<ul style="list-style-type: none"> Future asset needs understood. Regional development supported 	2005/06 2005/06 2006/07
<ul style="list-style-type: none"> Develop and implement asset reconfiguration plans. 	<ul style="list-style-type: none"> Asset base reconfigured to deliver appropriate service levels. Water saved 	2009/10
<i>R & D</i>		
<ul style="list-style-type: none"> Research and Development program developed and implemented to support future business needs 	<ul style="list-style-type: none"> Best use of new technology and opportunity incorporated business activities 	2006/07

Working Together

Strategy	Outcome	Year for Completion
<i>Building Stakeholder partnerships</i>		
<ul style="list-style-type: none"> Implement comprehensive stakeholder engagement program 	<ul style="list-style-type: none"> Improved decision making and service delivery through effective input from diverse stakeholder interests. 	2006/07
<ul style="list-style-type: none"> Review Water Services Committee future role and membership. 	<ul style="list-style-type: none"> Clear roles and improved effectiveness of Water Services Committees 	2005/06
<ul style="list-style-type: none"> Actively participate in Northern Water Forum 	<ul style="list-style-type: none"> Agreed strategies and directions for water resource management Enhanced co-ordination between water resource management agencies 	2005/06
<i>Improving communications</i>		
<ul style="list-style-type: none"> Enhance and coordinate corporate and local communications programs. 	<ul style="list-style-type: none"> Community, customer and staff awareness and understanding of key issues increased. Profile and image of irrigation and water sector raised and improved understanding of issues in the community. 	2005/06

Operating Efficiently and Effectively

Strategy	Outcome	Year for Completion
<i>Improving Water Systems</i>		
<ul style="list-style-type: none"> Complete investigations and implement review of Irrigation Planning Module Generation 2 	<ul style="list-style-type: none"> Improved customer service Improved system delivery efficiency 	2007/08
<ul style="list-style-type: none"> Implement approved future arrangements for Lake Mokoan 	<ul style="list-style-type: none"> Sustainable water resource management and water savings 	2007/08
<ul style="list-style-type: none"> Tungamah pipeline scheme designed and implemented. 	<ul style="list-style-type: none"> Improved customer service Water saved 	2006/07
<i>Improving work practices</i>		
<ul style="list-style-type: none"> Review operational work practices and implement improvements. 	<ul style="list-style-type: none"> Effective practices aligned to future needs. 	2006/07
<ul style="list-style-type: none"> Develop Business Management System 	<ul style="list-style-type: none"> Improved organisational performance and consistent business processes. 	2005/06
<ul style="list-style-type: none"> Implement priority information technology strategic plan initiatives 	<ul style="list-style-type: none"> Systems and procedures implemented to deliver better service and improve productivity 	2007/08
<i>Building business viability</i>		
<ul style="list-style-type: none"> Develop and implement productivity improvement plan. 	<ul style="list-style-type: none"> Costs of functions effectively managed. 	2009/10
<ul style="list-style-type: none"> Undertake cost review of all G-MW activities. 	<ul style="list-style-type: none"> Costs of functions effectively managed 	2005/06
<ul style="list-style-type: none"> Implement pricing policy review 	<ul style="list-style-type: none"> Agreed cost sharing and pricing for asset replacement obligations 	2007/08
<ul style="list-style-type: none"> Implement improved project evaluation and project management systems 	<ul style="list-style-type: none"> Effective business investment decision making Efficient project delivery 	2005/06
<i>Reforming Tariffs</i>		
<ul style="list-style-type: none"> Develop and implement new tariffs or fees for water supply services to support unbundling of entitlements. 	<ul style="list-style-type: none"> Improved signals to customers about type and costs of service provided Acceptable third party impacts 	2006/07
<ul style="list-style-type: none"> Review bulk water cost sharing arrangements for G-MW customer groups. 	<ul style="list-style-type: none"> Cost reflective, equitable tariffs for bulk water charges to G-MW customer groups. 	2007/08
<i>Improving risk management</i>		
<ul style="list-style-type: none"> Establish whole-of-business risk management framework 	<ul style="list-style-type: none"> Improved ability to manage business risks 	2005/06

Connected to the Environment

Strategy	Outcome	Year for Completion
<i>Reducing environmental impacts</i>		
• Reduce high priority environmental risks.	• Environmental risks and impacts progressively reduced	2009/10+
• Redevelop Environmental Management System	• Environmental Management System understood and used by all staff. • Environmental risks and impacts progressively reduced	2007/08
• Develop and implement strategies for improved drainage management under ID MoU	• Water quality impacts from drains within catchment strategy targets	2009/10
• Implement Safe Drinking Water risk management plans	• Water quality risks understood and managed.	2005/06
<i>Managing natural resources sustainably</i>		
• Complete major water quality study.	Risks of various catchment and storage usage activities better understood.	2005/06
• Implement G-MW Biodiversity Strategy	• Enhanced biodiversity within G-MW assets and area of influence	2009/10+
<i>Contributing to quest for healthy rivers</i>		
• Contribute to implementation of relevant aspects of the Victorian River Health Strategy	• Improved river health	2009/10 +
• Actively contribute to investigation consultation and construction work for Living Murray project	• All relevant issues identified • Future implementation and management strategies negotiated with key stakeholders	2009/10

Valuing our Staff

Strategy	Outcome	Year for Completion
<i>Building organisational capability and diversity</i>		
<ul style="list-style-type: none"> Develop and implement long term G-MW organisational development strategy and integrated culture change program 	<ul style="list-style-type: none"> Improved human safety, environmental management and customer service performance 	2007/08
<ul style="list-style-type: none"> Develop strategic human resource plan. 	<ul style="list-style-type: none"> Workforce capable of delivering corporate objectives in the short and long term 	2005/06
<i>Improving occupational health and safety</i>		
<ul style="list-style-type: none"> Develop and implement OH&S action plans based on analysis and risk assessment for all work units 	<ul style="list-style-type: none"> Safer work environment with fewer injuries Maintain SafetyMap initial level certification. 	2009/10 +

Capital Expenditure Program

Goulburn-Murray manages assets with a current replacement value of \$3.6 billion. A well targeted, strategic asset management program is essential in order to ensure continuity of services to customers.

Goulburn-Murray Water uses a computer based asset management system to plan its asset renewal program. This system contains data on over 70,000 separate assets. Each asset is assessed to determine its current condition and remaining life. This life cycle data, in combination with estimates of the current replacement cost for each type and size of asset enables Goulburn-Murray Water to estimate the future capital expenditure (quantum and timing) required to maintain sustainable services. In order to ensure that the asset management system accurately reflects the expenditure required to renew assets when they reach the end of their economic lives, the condition of each asset is reviewed on a five-yearly cycle, with 20% of the assets being assessed in each financial year.

This data is also used to determine appropriate customer contributions for inclusion in pricing (via a renewals annuity) to meet the cost of future asset renewals, in accordance with the 1994 COAG Water Agreement. Goulburn -Murray Water is currently investigating alternative arrangements to renewals for the funding of capital expenditure for the replacement of assets.

The other major area of planned capital expenditure is investments to upgrade assets or to improve the extent or standard of services to customers. A significant investment program is underway to upgrade Goulburn-Murray Water's major storages to meet contemporary safety standards. It is planned that \$47 m will be invested in the Dam Improvement Program over the next three years as part of an estimated \$94 m that will be invested over the next ten years.

Generating water savings for the environment will also be an area of major future capital expenditure for Goulburn-Murray Water, in partnership with Government. The major projects currently identified include Total Channel Control for the Central Goulburn No. 1, 2, 3 and 4 channels (\$23 M total project cost); the decommissioning of Lake Mokoan and associated works (\$45.9 m) and pipelining of the Tungamah Domestic and Stock supply system (\$ 18.5 m). These projects are all included in the 10 year capital program.

The "Sales Package" announced by the government in its white paper "Securing our Water Future Together" will establish sales as a clearly specified independent entitlement, with 20% of this entitlement being allocated to the environment. The financial assistance measures that form part of the "Sales Package" will provide funds for the development of reconfiguration plans in irrigation districts together with a further \$50 m to implement these plans and create water savings for the environment. The nature and timing of this \$50 m expenditure will not be known until reconfiguration plans are further advanced, so it has not been included in the capital program. Additionally, there could be some changes to currently proposed levels of asset replacement expenditure as a result of reconfiguration planning. Once these issues are better understood, the capital program will be revised accordingly.

Capital Expenditure Forecast

Goulburn- Murray Water Capital Expenditure Forecast 2005/06 to 2014/15													
	Project	Total Expend. To	Revised Forecast	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Total	30-Jun-04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Wholesale													
Projects Greater than \$5M													
Broken Basin Reconfiguration/Lake Mokoan Decommission	45,946			9,610	8,351	8,436	661	7,128	10,659	1,101			
Total Channel Control Project (CG1234)	1,067		1,067										
Stage 2 Dam Improvement Works													
Buffalo	20,496	5,211	135							1,100	6,200	7,200	650
Nillahcootie	10,000					1,200	6,800	2,000					
Eildon	50,493	8,593	26,700	15,200									
Cairn Curran	30,496	1,263	3	1,540	11,275	12,500	3,915						
Tullaroop	10,000							900	4,700	4,400			
Laanecoorie	6,000						800	4,000	1,200				
	174,498	15,067	27,905	26,350	19,626	22,136	12,176	14,028	16,559	6,601	6,200	7,200	650
Projects Less than \$5M	53,471		4,105	7,316	3,567	2,776	2,915	4,983	4,446	4,879	4,148	5,264	9,075
Total Wholesale	227,969	15,067	32,010	33,666	23,193	24,912	15,091	19,011	21,005	11,480	10,348	12,464	9,725
Retail													
Projects Greater than \$5M													
Waranga West Main Channel	5,888	5,388	400	100									
Tungamah Pipeline Network - WWD	18,500		1,000	8,600	8,900								
Woorinen Pipeline Network	21,271	21,045	216	10									
Normanville Pipeline Network - WWD	6,874	6,710	164										
Total Channel Control Project (CG1234)	20,526		8,886	8,140	3,500								
	73,058	33,142	10,666	16,850	12,400	0	0	0	0	0	0	0	0
Projects Less than \$5M	259,379		21,725	27,632	25,701	25,186	23,685	23,229	25,386	23,033	22,111	20,741	20,953
Total Retail	332,437	33,142	32,390	44,482	38,101	25,186	23,685	23,229	25,386	23,033	22,111	20,741	20,953
Total G-MW	560,406	48,208	64,401	78,147	61,294	50,098	38,776	42,239	46,390	34,513	32,459	33,204	30,678

Goulburn-Murray Water Statement of Financial Performance – Consolidated

Recurrent Activity	2004/05 Forecast	2005/06 Budget
	\$'000s	\$'000s
Revenue		
Rates - water and drainage	59,306.7	63,297.7
Consumptive charges	14,718.8	14,796.0
Bulk supplies - external	5,542.9	5,956.4
MDBC Contract	17,920.0	21,711.3
Government Services Contract	4,398.0	4,941.6
Government Grant - Water Savings	3,328.3	3,604.6
- Other	1,047.9	722.6
Interest - Customers	343.4	329.6
- Investments	382.6	283.1
Other revenue	7,500.4	8,483.2
Sale of assets	465.0	116.0
Total Revenue	114,954.0	124,242.1
Less Expenses		
Operations (excluding Dam Safety 121)	23,951.4	23,856.1
Water Savings Projects	3,149.3	3,604.6
Maintenance	19,575.9	24,069.1
Management and administration	10,064.8	11,101.1
Research and development	681.5	813.0
MDBC contribution - Operating	6,392.2	6,392.2
- Capital	3,142.9	3,142.9
MDBC Contract	17,152.6	20,712.5
Government Services Contract	4,149.4	4,716.3
Finance charges	1,420.1	1,359.3
WDV of disposed assets	465.0	116.0
WDV of rationalised assets	2,000.0	2,000.0
Renewals Annuity	19,911.2	19,538.1
Dam Improvement Program Contribution	839.5	873.8
Total Expenses	112,895.8	122,295.0
Renewals Profit/ (Loss) before payment to consolidated fund	2,058.2	1,947.1
Payment to consolidated fund	385.0	385.0
Renewals Profit/ (Loss)	1,673.2	1,562.1
Add back renewals annuity	19,911.2	19,538.1
Add back Dam Improvement Program Contribution	839.5	873.8
Deduct Dam Safety expenditure funded by DIP Contribution	2,445.0	2,085.0
Deduct depreciation	27,700.0	28,400.0
Deduct asset rationalisation	999.4	1,175.2
Adjusted Profit/(Loss)	(8,720.5)	(9,686.2)

Pricing Proposals

Pricing Principles

Price levels for 2005/06 have been determined on the basis of the following pricing principles:

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

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

In the case of bulk water services :

- ❑ price will maintain self sufficiency,
- ❑ price will recover annualised costs,
- ❑ a renewals annuity will be included in costs,
- ❑ operating bank balances are factored back into prices over a five year period. A positive cash balance will reduce prices and an overdraft balance will increase prices,
- ❑ the price will be set so that the cost of bulk water supply will be allocated to bulk water customers on the following basis:
 - in accordance with the bulk entitlement order where one exists,
 - where no bulk entitlement order exists but an equivalent can be determined, then on the basis of the equivalent,

In the case of district and diversion services:

- ❑ price will maintain self sufficiency,
- ❑ price will recover annualised costs,
- ❑ a renewals annuity will be included in costs,
- ❑ an overdraft repayment component, based on the prior year's operating bank closing balance, will be included in price calculations,
- ❑ the Infrastructure Use Fee will be aligned with operations cost and will be based on a water volume that is no higher than the 10-year average of total water delivered.

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

Price changes may also be averaged over the three year period 2005/06 to 2007/08.

Pricing Consultation

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

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

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

- September 2004 – October 2004
Water Services Committees reviewed 2005/06 capital, operation and maintenance budget/program proposals
- February – March 2005
Water Services Committee Finance Sub-Committees reviewed and scrutinised preliminary pricing models
- February – March 2005
Full Water Services Committee meetings considered pricing recommendations
- March 2005
Workshops were held where Goulburn-Murray Water managers of corporate related services presented their business plans for their respective services to Water Services Committees. Workshop discussions included the need to provide services at the lowest possible cost and provided an opportunity for scrutiny as well as an understanding of issues affecting corporate costs.
- March 2005
Water Services Committee workshop, where Water Services Committee representatives presented their business plans to Goulburn-Murray Water Board and to other Water Services Committees. Workshop discussions included identification and sharing of pricing issues and pressures in each Area and wider customer consultation proposals.
- March – April 2005
Water Services Committee consultation with customers
 - Area Water Services Committees published special pricing newsletters and held a series of public meetings
 - Diversions Water Services Committees sent each customer a newsletter explaining pricing issues and seeking feedback and held several public meetings.

Consultation on pricing raised the following issues:

- A number of gravity irrigators from the dairy sector have indicated a strong desire for zero or low price increased in recognition of their reduced ability to pay as a result of lower returns and other difficulties in their sector.

- Many concerns were raised in regards to water trading and the impact on prices for customers remaining in the district, as well as social impacts.
- There was no widespread response from customers that the levels of service or asset renewals proposed were inappropriate.
- Many concerns were raised regarding the need to understand and communicate the approaching 'unbundling' reforms.
- Some concerns were raised at the lower price for 'sales water'.

Issues were raised about the appropriateness of renewals annuities given the uncertainty of reconfiguration.

Pricing Summary

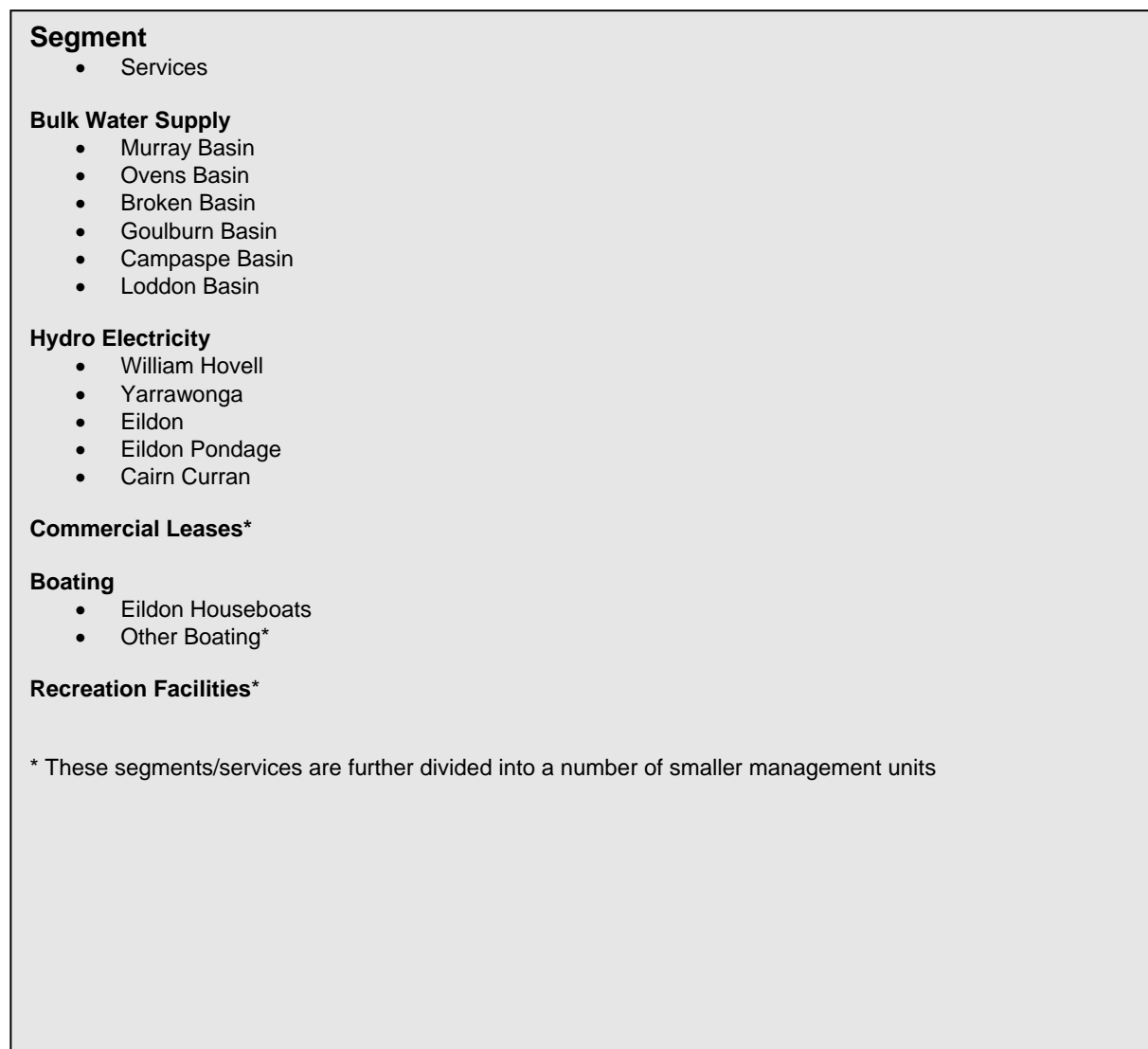
Goulburn-Murray Water Pricing Summary for Bulk Water			
Charge	Unit	Price	
		2004/05 \$	2005/06 \$
Murray System - Entitlement			
Business Cost	ML	6.63	N/A
Full Economic Cost	ML	15.92	N/A
Murray Basin - Entitlement			
Business Cost	ML	N/A	6.37
Urban Water Authorities	ML	N/A	TBA
Ovens Basin - Entitlement			
Business Cost	ML	N/A	32.22
Urban Water Authorities	ML	N/A	TBA
Goulburn System - Usage	ML	5.89	N/A
Goulburn Supplemented Basin - Entitlement			
Rural Water Authorities	ML	6.70	6.27
Urban Water Authorities - Channel Supply	ML	21.64	TBA
Delivery	ML	0.14	0.15
Broken Basin - Entitlement			
Business Cost	ML	N/A	24.42
Urban Water Authorities - River Supply	ML	18.83	TBA
Goulburn Basin - Entitlement			
Source	ML	N/A	3.81
Urban Water Authorities - River Supply	ML	16.10	TBA
Delivery	ML	0.15	0.15
Campaspe Basin - Entitlement			
Business Cost	ML	N/A	13.74
Urban Water Authorities - River Supply	ML	36.60	TBA
Loddon Basin - Entitlement			
Business Cost	ML	N/A	23.47
Urban Water Authorities - River Supply	ML	18.83	TBA
Bullarook - Entitlement			
Business Cost	ML	N/A	164.98
Urban Water Authorities - River Supply	ML	18.83	TBA
TBA - To Be Advised			

Goulburn-Murray Water 2005/06 Service Prices and Miscellaneous Fees and Charges Distribution			
Charge Unit		Price	
		2004/05 \$	2005/06 \$
Goulburn System			
Shepparton Gravity Irrigation	ML	35.07	38.98
Central Goulburn Gravity Irrigation	ML	31.26	32.71
Rochester Gravity Irrigation	ML	28.85	30.51
Pyramid-Boort Gravity Irrigation	ML	22.23	24.18
Murray System			
Murray Valley Gravity Irrigation	ML	28.16	30.34
Torrumbarry Gravity Irrigation	ML	26.45	27.88

Appendix A: Goulburn-Murray Water Business Division Structure

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

Figure A.1 – Bulk Water Services Business Division Structure



Figures A.2 and A.3 show the District Services and Diversions Services business division structures, which comprise a total of 41 separate rural water services. The Water Services Committee that oversees price and service issues for each service is also shown.

Figure A.2 – District Services Business Division Structure

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

Figure A.3 – Diversion Services Business Division Structure

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

Figure A.4, below, shows the structure of the Environment and Natural Resources Business Division structure, where the services delivered are all within the Salinity Mitigation Segment.

Figure A.4 – Environment and Natural Resources Business Division Structure

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