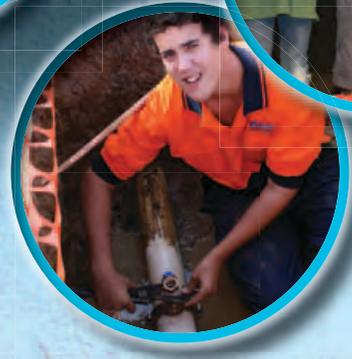


East Gippsland Water Annual Report 2010/11





At a glance

East Gippsland Water's Region

East Gippsland Water serves an area of 21,000 square kilometres in the east of Victoria, which boasts some of Australia's most diverse and spectacular scenery and a population of some 41,000 people.

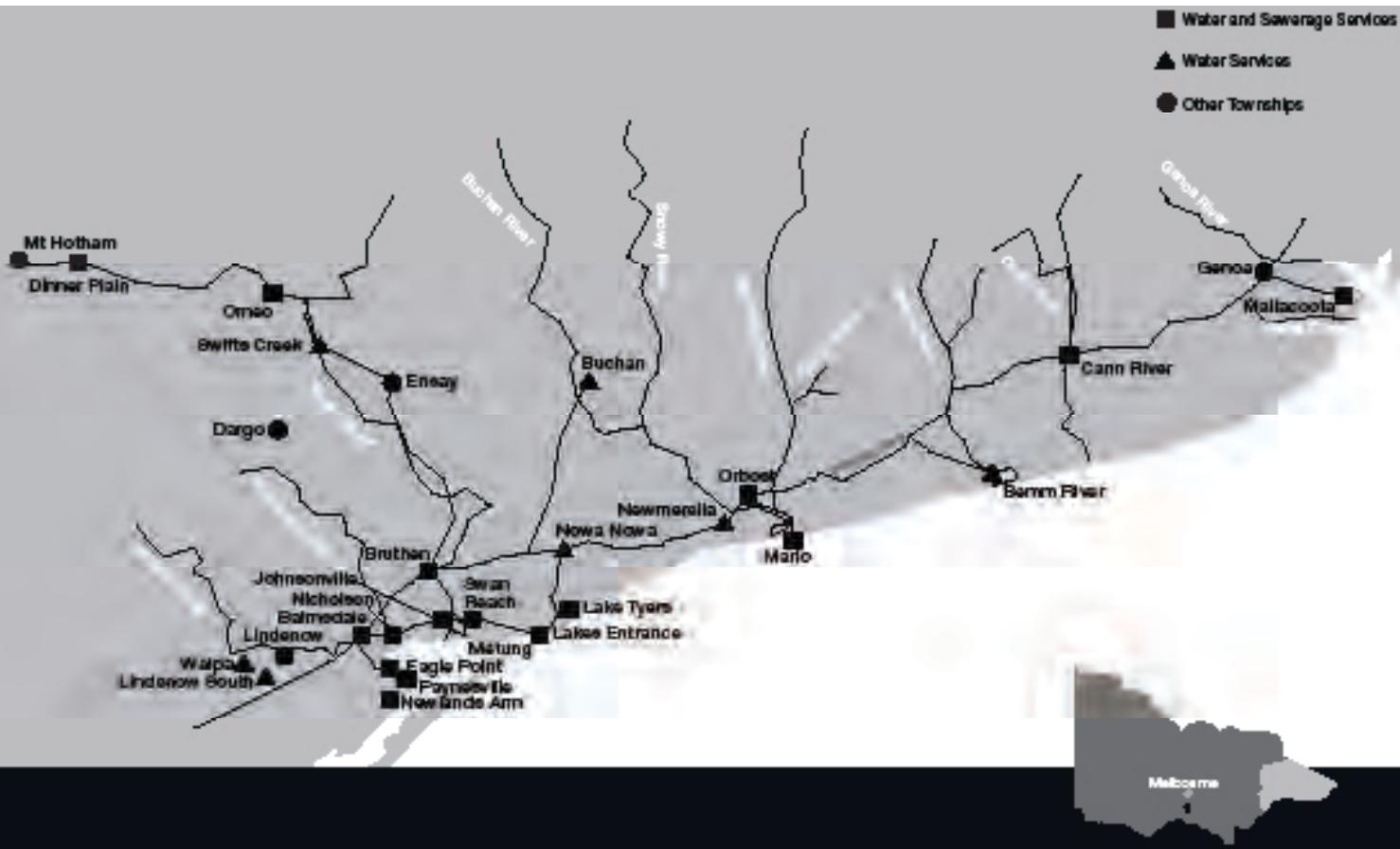
The region's world renowned beaches, lakes, high country and national parks are a natural drawcard for those seeking a lifestyle change, as well as for the many tourists that swell the region's population numbers over the busy holiday periods.

East Gippsland Water's service area extends east from Lindenow, through to the region's capital Bairnsdale, the holiday centres of Paynesville and Lakes Entrance, and on to the wilderness coast and Mallacoota near the New South Wales border. The Corporation also serves as far north as Dinner Plain in the High Country of the Victorian Alps.

The Corporation has nine separate water supply systems that serve the communities of Bairnsdale, Bemm River, Bruthen, Buchan, Cann River, Dinner Plain, Eagle Point, Johnsonville, Lakes Entrance, Lake Tyers Aboriginal Trust, Lake Tyers Beach, Lindenow, Lindenow South, Mallacoota, Marlo, Metung, Newlands Arm, Newmerella, Nicholson, Nowa Nowa, Omeo, Orbost, Paynesville, Raymond Island, Sarsfield, Swan Reach and Swifts Creek.

Ten individual wastewater systems serve Bairnsdale, Bruthen, Cann River, Dinner Plain, Eagle Point, Johnsonville, Lakes Entrance, Lake Tyers Beach, Lindenow, Mallacoota, Marlo, Metung, Newlands Arm, Nicholson, Omeo, Orbost, Paynesville, Raymond Island and Swan Reach.

Water services are provided to more than 24,000 customers with wastewater services also provided to over 20,000 of these.



Fact file (as at 30 June 2011)

Water

Serviced properties	
- domestic assessments	20,928
- non domestic assessments	3,077
Volume of water consumed (ML/y)	4,440.6
Length of water mains (km)	899
Water treatment plants	9
Water disinfection plants	17
Separate water supply systems	9

Wastewater

Serviced properties	
- domestic assessments	18,041
- non domestic assessments	2,191
Volume of wastewater collected (ML/y)	2,775
Length of sewer mains (km)	610.5
Wastewater treatment plants	10
Water recycled (%)	99.2
Separate wastewater systems	10

Our Vision

For East Gippsland Water to be recognised as a premier Corporation within the water industry, responsive to the needs of its community, the protection of the environment and the requirements of Government.

Our Mission

Our core purpose is to ensure that:

- our team provide quality water and wastewater services
- our approach is responsive to customers and the Government
- our operations are cost effective, environmentally sensitive and conducted in a safe and efficient manner
- we use sustainable management principles in all our business activities

Our Objectives

In accordance with the Water Act 1989, East Gippsland Water has the following objectives, which are reflected in its Corporate Plan:

- **Governance and Regulation**
We are committed to meeting the requirements of customers, Government and stakeholders.
- **Environmental Sustainability**
We are committed to environmental sustainability in all aspects of water and wastewater service provision.
- **Asset Management and Development**
We are committed to optimising the use of existing physical assets and developing new infrastructure for the delivery of water and wastewater services and emerging requirements.
- **Management and Operations**
We are committed to optimising the use of our human, financial and corporate resources.

The Corporation

East Gippsland Region Water Corporation was initially established as East Gippsland Region Water Authority on 1 January 1995, by Ministerial Order and under powers conferred by the Water Act 1989. It trades as East Gippsland Water.

The responsible Ministers during the 2010/11 reporting period were:

- The Hon. Tim Holding MP, Minister for Water (1 July 2010 to 2 December 2010)
- The Hon. Peter Walsh MP, Minister for Water (2 December 2010 to 30 June 2011)

In accordance with the Water Act 1989, East Gippsland Water delivers a full range of retail water services, including water harvesting, storage and drinking water supply. It also provides wastewater collection and treatment services, recycled water for rural and recreational uses, as well as trade waste services to industrial and commercial customers.

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About this Report

This Annual Report details East Gippsland Water's performance and achievements in all areas of its operations during 2010/11. It has been prepared in accordance with the Financial Reporting Direction *FRD 30A - Standard requirements for the design and printing of annual reports*. This defines the design and print specifications of annual reports to ensure consistency, cost minimisation and low environmental impact.

More information and previous Annual Reports are available at www.egwater.vic.gov.au.



Report from the Chairperson and Managing Director

East Gippsland Water continued to be very proactive in addressing the needs of the local community and Victorian Government in the 2010/11 financial year, recording some notable achievements.

Financial position

The Corporation recorded an overall loss of \$161,000 this financial period, against a surplus budget forecast of \$2.4 million. This variance was due to significant financial challenges and extraordinary expenditures, mainly of a non-cash nature.

Non-cash expenditure, attributed to the impairment of the Nicholson Dam in April 2011 and changes in asset valuations, added \$3.37 million to expenditure.

The financial situation was further compounded by reduced water sales, 12 per cent lower than forecast budget, equating to a budget shortfall of \$760,000.

The non-cash items have not impacted the Corporation's cash position and the level of borrowings of \$36.5 million was in line with budget estimates for the 2010/11 financial year.

Excluding the adjustment of these extraordinary items, East Gippsland Water would have achieved a surplus result close to budget of \$2.6 million.

Importantly, our operating result in 2011/12 is projected to return to budget. The Corporation is expecting to repay a total of \$5 million in borrowings in the 2011/12 financial year and remains in a strong financial position.

Restrictions

For the fourth year running we ensured no water restrictions anywhere in our region. This was due in no small part to the ongoing success of our five year, \$67 million capital works program initiated in 2008 to ensure secure, high quality drinking water supplies for all our customers well into the future. Other contributing factors included a wetter summer, autumn and winter than previous years and a now established customer culture of wise water usage.

Water entitlements

Some 24,000 people served by the Mitchell River Supply System received a boost to their long term water security with the transfer of Bulk Entitlements totalling 3,306ML from the Nicholson and Tambo Rivers to the Mitchell River. This means East Gippsland Water is able to access the 3,306ML from the Mitchell each year, if required, subject to strict environmental conditions being met.

Our total Bulk Entitlement for the river is now 9,208ML, which is just 0.7 per cent of the Mitchell's mean flow. The additional water from the Mitchell will only be drawn as 'winter fill', when the river's flows are higher. There will be no net impact on flows to the Gippsland Lakes, as the additional volume is a transfer from other rivers that also flow into Lake King.

This will bolster water security for our reticulated water customers spanning an area that includes the major centres of Bairnsdale, Paynesville and Lakes Entrance.

The Corporation obtained an additional 100ML allocation of groundwater for the Mallacoota water supply system in response to reduced flows in the Betka River, which have been impacting on the reliability of supply. The licence allocation is now 220ML which, in addition to surface water entitlements will meet projected demand levels for the local community through to 2050.

Aquifer Storage and Recovery (ASR)

East Gippsland Water is proposing to use an aquifer as a natural underground storage for drinking water, which would be a first for Victoria. In 2010/11 broad consultation was carried out with stakeholders, including nearby groundwater users, on our proposal to use the Latrobe Valley group of deep aquifers as an underground storage for water sourced from the Mitchell River.

This followed an extensive pilot program and modelling which demonstrated that subsequent extraction of this water from the storage would have minimal impact on surrounding groundwater levels. Importantly, the initiative would help ensure long-term water security for customers, as using an aquifer reduces the potential for water loss from evaporation and maintains high quality drinking water, free from risks of algal and airborne contamination.

The groundwater regulator, Southern Rural Water, is considering the Corporation's application for an ASR licence to store up to 500ML in the Latrobe Valley group of aquifers. Approval of the application is expected early in 2011/12.

Major infrastructure

We invested some \$450,000 in additional groundwater bores to ensure the Mallacoota community has secure supplies of drinking water into the future. A shade cloth cover was also installed over the second of the town's drinking water storage basins, with this \$400,000 initiative designed to greatly reduce the quantity of stored water lost through evaporation and significantly cut the risk of soil, algal or airborne contamination of the stored water.

A new, much larger water storage constructed at Omeo has increased that community's drinking water storage capacity from 5ML to 15ML. Built to capitalise on larger water flow events, it can hold enough water in storage to safeguard the local community against prolonged periods of dry weather.

Two significant water pipeline upgrade projects benefitting customers between Sarsfield and Lakes Entrance, and from Eagle Point to Paynesville and Raymond Island, were completed. The projects, together worth \$2.8 million, entailed replacing some 9km of ageing water mains with a larger diameter, heavy duty pipeline to boost the reliability and efficiency of local water supply networks. This has reduced the risk of pipeline failures and water supply interruptions to customers.

Sewage pumps and pump stations

We continued with our massive ongoing program of upgrade work involving the installation of advanced pump control systems and hardware across a network of some 100 sewer pump stations.

This initiative is designed to maximise the efficiency, performance and reliability of pumping operations. The ongoing focus is on preventative maintenance, resulting in reduced breakdowns and associated repair costs, as well as fewer spills from pump stations.

Maintenance milestones

More than 140km of water main (some 15 per cent of the total network) was extensively cleaned to ensure the efficiency of the supply network and maintain drinking water quality. Communities to benefit included Orbost, Nicholson, Newmerella, Lindenow, Lindenow South, Walpa, Mallacoota, Wy Yung, Eastwood, Bairnsdale, Newlands Arm, Paynesville, Raymond Island and Omeo. Mains cleaning, along with the new Water Treatment Plant at Woodglen and covering of storages enabled us to decommission eight chlorine injection sites on the Mitchell River Supply system.

A total of 26km of sewers (around 4 per cent of the total network) were inspected across a number of townships using specialist remote controlled cameras to check for pipe breaks, leaks, tree root intrusions and groundwater infiltration.

Sewerage schemes

East Gippsland Water was commissioned by the Department of Families, Housing, Community Services and Indigenous Affairs to coordinate much-needed upgrade work to the sewerage system at Lake Tyers Aboriginal Trust. Local community members are being employed on this \$2.9 million initiative, which will address the community's current and future sewerage requirements. The project is due for completion in 2011/12.

We also took the opportunity to assist the Trust in providing a replacement for the unreliable water main connecting the local community to the Corporation's supply system.

Preliminary reticulation plans for the Bemm River Sewerage Scheme were completed and made available to property owners to view. Tenders will be invited for the construction work early in 2011/12, with construction due to be completed by the end of 2012.

This project is designed to benefit the health of the local waterway and protect public health by removing risks associated with septic tank effluent.

Innovation awards

The Corporation scooped two prestigious awards for innovation in relation to the delivery of the Woodglen Water Treatment Plant and additional water storage projects. There was the state Infrastructure Project Innovation Award from the Australian Water Association and a Strategic Purchasing Procurement Excellence Award from Procurement Australia.

In both cases the judges were impressed by East Gippsland Water's highly successful strategy for procurement and project delivery, working in partnership with the Bairnsdale office of engineering consultants AECOM. The water treatment plant and the adjacent, second Woodglen water storage were both delivered below budget with the treatment plant also completed ahead of schedule.

Water Strategies

We have almost completed the process of reviewing the Water Supply Demand Strategies for each of our supply systems, which is vital in determining how we address long-term water security.

This review was initiated in 2008/09 in response to a significant reduction in stream flow events throughout the region and considers latest projections on climate change, and population growth, as well as the impact of bushfires on water catchments. The objective is to provide detailed, long-term forecasts of water demand for communities across the region, along with supply options to meet demand.

The process is due for completion in 2011/12, with the updated Water Supply Demand Strategies playing an instrumental role in determining the priorities and direction of East Gippsland Water's coming 2013-18 Water Plan. They will also be incorporated into our Drought Response Plans to enable an integrated approach to water management across a range of projected water supply and demand scenarios.

During the reporting period more than 80 public submissions were received in response to the draft Gippsland Region Sustainable Water Strategy. This feedback will be considered for the final strategy, due for release in 2011/12, which has the objective of ensuring long-term water security for the region. It is being developed by the Victorian Government in consultation with water corporations, catchment management authorities, local government, the community and industry groups.

The Environment

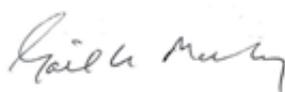
We maintained our position as a leader in the Victorian water industry for water recycling, with reuse exceeding 99% across all our wastewater treatment plants.

Attestations

We certify that East Gippsland Water has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard AS/NZS ISO 31000-2009 and an internal control system in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit & Risk Committee of the Corporation verifies this assurance and also that the risk profile of East Gippsland Water has been critically reviewed within the last 12 months.

In accordance with the Financial Management Act 1994, we are pleased to attest that East Gippsland Water's annual report is compliant with all statutory reporting requirements.

We would also thank the management and staff located across East Gippsland for their ongoing commitment to the work of the Corporation.



Gail Morley
Chairperson,
East Gippsland Water

30 June 2011



Les Mathieson
Managing Director,
East Gippsland Water

30 June 2011

Corporate Governance

In accordance with the Water Act 1989, the Board of East Gippsland Water consists of eight Non-Executive Directors appointed by the Minister for Water, based on their skills.

The Managing Director is also a Director on the Board.

The Board is responsible for the establishment of corporate strategy and the oversight of policies and business objectives to achieve that strategy. It is committed to performing its role in accordance with the highest standards of corporate governance.

Board Members

Gail Morley - Chairperson

Appointed Chairperson: July 2010

Gail Morley is a Fellow of the Australian Institute of Company Directors and was first appointed to the Board of East Gippsland Water in 2005. She holds a Bachelor of Arts, a Bachelor of Education and a Graduate Diploma in Office Systems.

Gail is Managing Director of a small consultancy business and has expertise in organisational development, vocational education and training, business management and corporate governance. She has also served as a Director on the Board of Gippsland Ports from 2003 to 2011.

Gail is Chair of East Gippsland Water's Remuneration and ad hoc Governance Committees.

Bernie Smith – Deputy Chairperson

Reappointed: October 2008

Bernie Smith (F.R.Ae.S.) was first appointed to the Board in 2005. He has recently retired as Chair of Gippsland Ports and is a former Chief Executive Officer of the Tasmanian Ports Corporation. His past roles have included Managing Director positions with Airservices Australia, gas companies Kinetik Energy and Westar, and also electricity generation corporation, Hazelwood Power. He was Director of Business Communications for Ericsson Australia, and General Manager of Maintenance and Engineering for Australian Airlines.

Bernie has served on a number of Boards. He is a member of East Gippsland Water's Technical and ad hoc Governance Committees.

Richard Elkington

Reappointed: July 2010

Richard Elkington joined the East Gippsland Water Board in 2007. He worked for more than 40 years in the Latrobe Valley power generation industry and held a number of senior positions at General Manager level. He is currently providing management and strategic planning consultancy services to a range of Gippsland businesses.

Richard is the Chair of the Regional Development Australia-Gippsland Committee, a member of the Clean Coal Victoria Advisory Committee and a long-term member of the Executive Council of the Victorian Employers' Chamber of Commerce and Industry. In

addition Richard is engaged in a range of community activities including community radio.

Having also chaired neighbouring water corporation Gippsland Water for a number of years, Richard has invaluable water industry expertise and is a member of the Audit & Risk, Remuneration and ad hoc Governance Committees.

Samuel Logan

Reappointed: July 2010

Samuel Logan (CA B.Bus (Accounting)) was first appointed to the Board in 2008. He is a Chartered Accountant, Registered Tax Agent, and Director and Principal of Riviera Accounting & Taxation Services Pty Ltd.

His professional experience includes business advisory services in management improvement, budgeting and financial reporting. He provides accounting and taxation compliance advice to a diverse range of business industries, including primary production, transport, manufacturing, retail, and professional organisations.

Samuel is Chair of East Gippsland Water's Audit & Risk Committee.

Jane Rowe

Reappointed: October 2008

Jane Rowe is serving her third term as a Councillor of East Gippsland Shire Council, of which she has twice been elected Mayor. She is also a member of the Victorian Local Sustainability Accord, Gippsland Coastal Board and Keep Australia Beautiful Victoria Advisory Committee.

She has served as Secretary of the Mitchell River Management Board, and Chair of the East Gippsland Catchment Management Authority and Gippsland Local Government Network.

First appointed to the East Gippsland Water Board in 2005, Jane brings particular expertise in local government and corporate governance and is a member of East Gippsland Water's Audit & Risk Committee.

John Rudge

Appointed: July 2010

John Rudge is Chair of Mallacoota Community Enterprises Ltd, Vice-Chair of Mallacoota & District Business and Tourism Association and on the Executive of the East Gippsland Regional Business and Tourism Association.

Past roles have included directorship of a number of private companies involved with tourism and fishing, membership of the former Mallacoota Water Board and a Councillor with the former Orbost Shire Council, where he also served as President.

John brings significant business experience to East Gippsland Water, where he is a member of the Remuneration Committee.

Eric Sjerp

Reappointed: July 2010

Eric Sjerp, an Environmental Scientist with a Bachelor of Science degree (Geology and Geography), is Managing

Director and Principal Consultant of Ethos NRM Environmental Planning Consultants.

He is a Director of Southern Rural Water and is a member of: the Environmental Institute of Australia and New Zealand, Victorian Planning and Environmental Law Association, Australian Institute of Company Directors, East Gippsland Catchment Management Authority's Technical and Regional Assessment Panel, and the East Gippsland Environmental Sustainability Advisory Board.

Eric, who joined the East Gippsland Water Board in 2004, has extensive professional experience in the fields of environmental impact assessment, natural resource and conservation management, strategic land use planning and government liaison.

He is Chair of East Gippsland Water's Technical Committee.

Robert Supplitt

Reappointed: July 2010

Robert Supplitt holds a Bachelor of Engineering (Civil) and a Master of Business Administration, and has worked extensively in the power supply, mineral resource, engineering consulting and construction industries. He first joined the Board in 2004 and is a Director and Principal Consultant in the firm Crossco Consulting Pty Ltd.

His professional experience includes civil engineering design and construction, project management, operational management, information technology, business planning and business process improvement.

Robert is a member of East Gippsland Water's Technical Committee.

Les Mathieson – Managing Director

Appointed: July 2007

Les Mathieson holds a Bachelor of Arts, a Diploma of Company Directors and a Diploma of Frontline Management, and has many years experience in executive roles within the Victorian water industry.

He is the President and an Associate of the Institute of Water Administration and a Director of the Paynesville & District Community Bank. Les is also a Member of the Australian Institute of Management and a Fellow of the Australian Institute of Company Directors.

Board Meetings

The Board meets formally once a month, with invited members of the executive management attending as necessary. Additional meetings are held, as required, to consider specific issues.

Board Committees

The Board has constituted the following committees to assist in meeting its governance obligations, both statutory and to the community:

Audit & Risk Committee

The Audit & Risk Committee is chaired by a Board Director, other than the Corporation Chair, and includes three members of the Board and two independent persons with appropriate business acumen and

experience. The Board has also appointed an Internal Auditor who reports directly to the committee.

The committee develops and oversees a systematic internal audit program. This looks at internal processes and controls with a view to testing these processes for minimisation of system, financial and operational risk and promoting efficiency and effectiveness.

Members:

- Samuel Logan (Chair)
- Jane Rowe
- Richard Elkington
- John Howson (Independent member appointed May 2010 for three years). B. Bus, C.A.
- Dr. Peter Veenker (Independent member reappointed May 2010 for two years). F.A.S.C.P.A., C.P.A.

Technical Committee

This committee focuses on effective management of technical, operational and environmental risks, compliance with laws and regulations and the capital works program.

Members:

- Eric Sjerp (Chair)
- Bernie Smith
- Robert Supplitt

Remuneration Committee

The Corporation's Remuneration Committee reviews and makes recommendations to the Board concerning the performance and remuneration of the Managing Director and members of the senior executive team.

Members:

- Gail Morley (Chair)
- Richard Elkington
- John Rudge

Ad hoc Governance Committee

This committee was set up during the financial year to review governance arrangements for operation of the Board and to establish an East Gippsland Water-specific Code of Conduct for the Board Directors. A total of two meetings were held.

Members:

- Gail Morley (Chair)
- Richard Elkington
- Bernie Smith

Ethical Standards

The Board of East Gippsland Water recognises the need for the highest standards of corporate governance practice and ethical conduct by all Directors, employees and contractors of the Corporation. The Board has adopted the Directors' Code of Conduct issued by the Public Sector Standards Commissioner.

Declaration of Pecuniary Interests

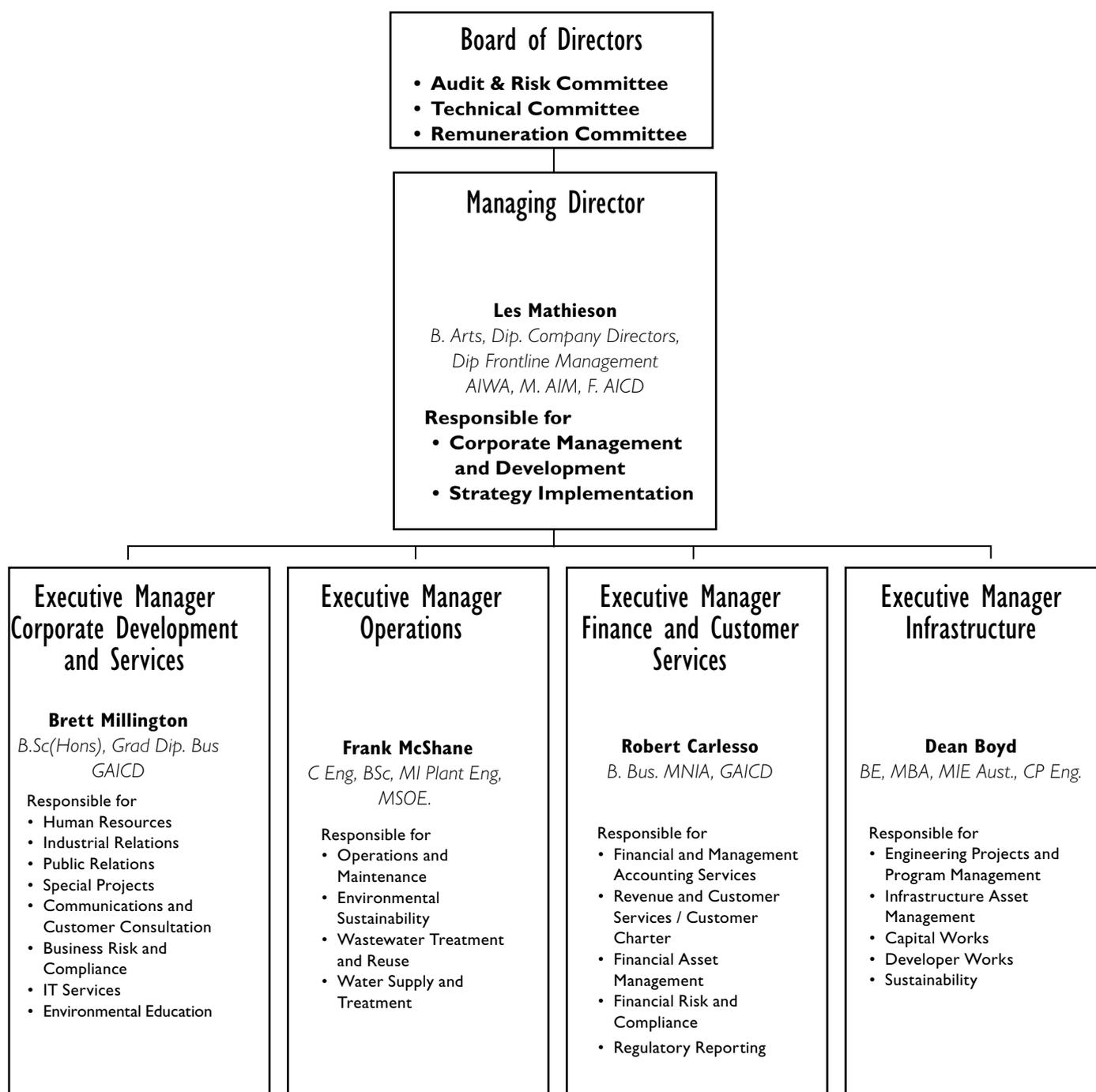
All Board members and executive managers have completed a declaration of interests for the reporting period.

Meeting Attendance 2010/11

Director	Board		Audit & Risk Committee		Technical Committee		Remuneration Committee		Governance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Gail Morley	11	9	-	-	-	-	2	2	2	2
Bernie Smith	11	11	-	-	3	3	-	-	2	2
Richard Elkington	11	9	4	3	-	-	2	2	2	2
Samuel Logan	11	10	4	4	-	-	-	-	-	-
Jane Rowe	11	8	4	3	-	-	-	-	-	-
John Rudge	11	11	-	-	-	-	2	2	-	-
Eric Sjerp	11	10	-	-	3	3	-	-	-	-
Robert Supplitt	11	11	-	-	3	3	-	-	-	-
Les Mathieson	11	10	-	-	-	-	-	-	-	-

Organisation Structure

East Gippsland Water's organisation structure as at 30 June 2011:



Environmental Sustainability

East Gippsland is an environmentally diverse part of Victoria. The well-being of the environment, community and economy are closely linked, particularly in relation to the region's dominant industries of tourism, forestry, fishing, agriculture and food processing.

During 2010/11 the Corporation's ongoing commitment to sustainability and protecting the environment was reinforced through:

- more than 99 percent reuse across all its wastewater treatment plants, maintaining its position as a leader in the Victorian water industry for water recycling;
- a continued downward trend in the quantity of water extracted from the environment;
- continued high performance of its Environmental Management System, with two highly successful external audits. One of these was a rigorous re-certification audit of the system that identified no non-conformances against the standard;
- a continued and significant reduction in paper use.

Water Consumption Report

The reporting period saw another significant reduction in water usage by residential and non-residential customers with a total of 4,440.6ML consumed, compared with 4,719.8ML in 2009/10 and 4,991.3ML in 2008/09.

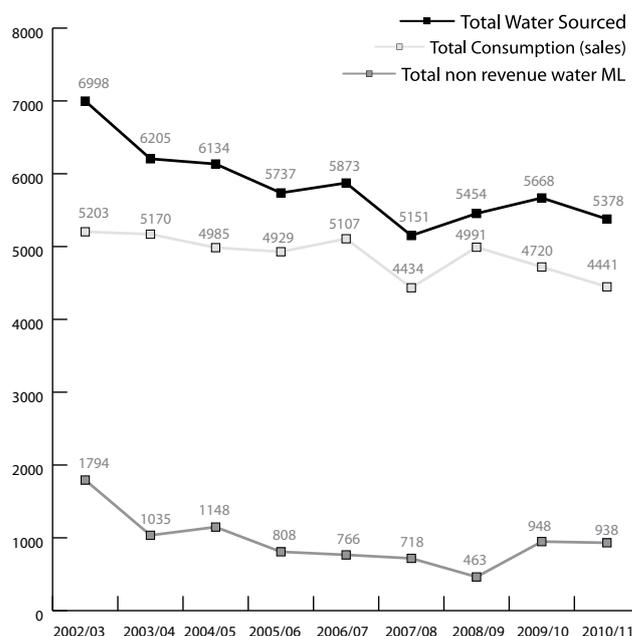
Total consumption for 2010/11 was 5.9 percent less than the previous year, despite 314 additional customers (assessments). Average residential consumption fell from 167kL to 145kL – a reduction of 13.2 percent.

Importantly, East Gippsland Water only needed to harvest a total of 5,378ML of water, almost 30 percent less than nine years ago .

Influential factors included a milder, wetter summer than in previous years, followed by a wetter autumn and winter, with customers also maintaining ongoing efforts to use water efficiently.

For the fourth year in a row, there were no water restrictions anywhere in East Gippsland, This is a direct result of the Corporation's five year, \$67 million capital works program, initiated in 2008 to ensure secure, high quality drinking water supplies for all customers well into the future.

Water Consumption Trends 2002/03 to 2010/11



Water Consumption Statistics by District/System 2010/11

District/System	Assessment Numbers (= Customer Numbers)			Non-Revenue Water (ML)			Water Consumption (ML)			Average Annual Water Consumption (ML) – based on last 3 years (2009-2011)
	Residential	Non-Residential	Total	Unaccounted Water #1	Accounted Water not Billed #2	Total	Residential	Non-Residential	Total #3	
Bemm River	88	10	98	-9.2	0.02	-9.2	10.5	13.1	23.6	19.3
Buchan	86	31	117	7.1	0.04	7.2	9.7	7.8	17.5	19.8
Cann River	147	69	216	4.5	0.03	4.6	16.0	19.2	35.2	37.3
Dinner Plain	490	61	551	13.6	1.9	15.6	21.6	7.6	29.3	27.5
Mallacoota	948	106	1,054	17.3	0.7	18.0	89.3	44.5	133.7	145.5
Mitchell	17,180	2,300	19,480	718.9	74.6	793.6	2,276.2	1,186.3	3,462.5	3,692.3
Omeo	218	74	292	6.5	2.46	9.0	22.8	14.3	37.2	40.2
Orbost	1,671	394	2,065	92.7	4.5	97.2	239.6	438.3	677.9	701.5
Swifts Creek	100	32	132	1.7	0.07	1.8	13.8	9.9	23.7	27.4
Total 2010/11	20,928	3,077	24,005	853.3	84.4	937.7	2,699.6	1,741	4,440.6	4,710.8

Notes:

#1 Unaccounted Water includes water lost through leakages because of pipe breaks and any water not calculated.

#2 Accounted Water not Billed includes water used for mains flushing, scouring of tanks and basins, bleeds for disinfection, and where storages may have been emptied for augmentation.

#3 Total Water Consumption excludes Non-Revenue Water.

Sustainable Water Use

During 2010/11, the Corporation continued to progress a number of initiatives in line with the Victorian Government's objectives for sustainable water use. Achievements included:

Water Conservation

East Gippsland Water has an ongoing program to utilise water supplies more efficiently and reduce its impact on the environment. Activities in the last year included reducing unaccounted water by replacing old meters, and investigating pipelines and property connections to pinpoint and reduce leaks under its leak detection program.

The Corporation's 2010/11 meter replacement program resulted in 924 meters being replaced. This included a significant number of commercial premises previously billed on assessed usage of their water consumption. Five bulk meters were also replaced and an additional three installed so that losses in the supply network could be more readily identified.

Two major pipeline upgrade projects, benefitting customers between Sarsfield and Lakes Entrance and from Eagle Point to Paynesville and Raymond Island, were completed. These have reduced the risk of pipeline failures, which can result in significant water loss, whilst also providing capacity for population growth in these communities.

A shade cloth cover on the second of Mallacoota's two water storages, together with the use of underground aquifers in the Woodglen area to store drinking water sourced from the Mitchell River, will help reduce the potential for water loss from evaporation. (For more information on these projects see pages 11 and 15).

Community education and awareness

East Gippsland Water employs a range of strategies to communicate key messages to all age groups in the community. The emphasis is on using water efficiently, awareness that water is a finite resource, the impact of extreme weather events and changes in climate, and the drive for long-term security of drinking water supplies.

A major message is the Corporation's commitment to environmental sustainability as a fundamental requirement of all its operations in relation to water, wastewater and water recycling.

In 2010/11 East Gippsland Water highlighted water efficiency incentives available to customers, including Victorian Government rebates for purchasing water-efficient products, such as rainwater tanks and washing machines.

Further information can be found in the Community Engagement section of this annual report (pages 20 – 22)

Working With Businesses

East Gippsland Water maintains a record of non-residential customers consuming more than 10 ML of drinking water a year and encourages them to prepare

and implement water saving plans under the Victorian Government's WaterMAP initiative.

The Corporation continues to work with all these customers on the implementation and monitoring of water efficiency measures.

During the reporting period East Gippsland Water had no customers meeting or exceeding the water consumption threshold of 200 ML per year and classified as 'major non-residential water users' under Section 122ZJ of the Water Act 1989 and Section 77A of the Water Industry Act 1994.

Assisting Local Government

The Corporation has been actively involved with the development and implementation of East Gippsland Shire Council's Environmental Sustainability Strategy. One of its Executive Managers continues on the Council's Environmental Sustainability Advisory Board, providing specialist input in relation to water efficiency and management.

In addition, the two organisations have a Memorandum of Understanding committing both to work together on projects and issues of common interest, including water conservation initiatives.

Gippsland Region Sustainable Water Strategy

This strategy aims to ensure long-term water security for the region. It is being developed by the Victorian Government, in consultation with water corporations, catchment management authorities, local government, the community and industry groups.

East Gippsland Water's Managing Director is an active member of the Consultative Committee.

During the reporting period, more than 80 public submissions were received in response to a draft water strategy for Gippsland and these are being considered in relation to the final strategy, due for release in 2011/12.

Water Supply Demand Strategies

East Gippsland Water has almost completed the process of reviewing its Water Supply Demand strategies for each system, which is vital in determining how the Corporation will address long-term water security.

The current over-arching Water Supply Demand Strategy (WSDS), incorporating all systems, was adopted by the Board in 2007 and was integral in determining the priorities and direction of East Gippsland Water's 2008-2013 Water Plan. A review of the WSDS was initiated in 2008/09, in response to a significant reduction in stream flow events throughout the region and was undertaken on a system-by-system basis. The updated strategies consider latest projections on climate change, and population growth, as well as the impact of bushfires on water catchments.

The objective is to provide detailed, long-term forecasts of water demand for communities across the region, along with supply options to meet demand.

By the end of 2010/11, individual strategies had been produced for all the region's water supply systems, except the Mitchell, which is due to be completed and presented to the Board in August 2011.

The updated strategies will be instrumental in determining the direction of East Gippsland Water's coming 2013-18 Water Plan. They will also be incorporated into the Corporation's Drought Response Plans to enable an integrated approach to water management across a range of projected water supply and demand scenarios.

River Health

The Corporation actively works to ensure compliance with river health requirements, set out in its Statement of Obligations, is consistent with the Victorian River Health Strategy, in particular the East Gippsland Catchment Management Authority (EGCMA) Regional River Health Strategy.

Harvesting drinking water to supply East Gippsland Water customers is undertaken with minimal impact on existing environmental flows from the region's waterways. The Corporation has no major on-stream dams and the small, 640ML Nicholson River dam has been recommended for decommissioning due to augmentations undertaken elsewhere in East Gippsland Water's supply system.

The Corporation is actively involved in initiatives to protect and improve wetland and river health including:

- investigation of the impact that East Gippsland Water infrastructure and operations may have on local river health, and using the results to minimise any impact;
- compliance with Bulk Entitlement obligations;
- development of Aquifer Storage and Recovery from the Mitchell River;
- participation in the Gippsland Regional Water Monitoring Partnership Group, which monitors water quality across Gippsland streams and estuaries. The group's information is crucial in monitoring catchment health and the Corporation contributes funds, staff and other resources;
- working with the EGCMA to provide better river health outcomes;
- installing several groundwater monitoring bores at Mallacoota and Dinner Plain to ensure that Groundwater Dependent Ecosystems are not adversely affected by groundwater harvesting for urban use;
- its ongoing water conservation measures and leak detection program designed to minimise the volume of bulk water diverted from the region's streams and aquifers;

- the East Gippsland Water Managing Director being an active member of the VicWater team working with the DSE, EPA and Department of Health on progressing the removal of cattle access to rivers and streams in potable drinking water catchments. This not only protects drinking water quality, but also provides for wider river health benefits.

Regional Catchment Strategy

The Corporation is a member of the EGCMA's Program Working Group, whose purpose is to improve the coordination of various activities, to meet the objectives of the East Gippsland Regional Catchment Strategy and supporting plans.

The Corporation also works with the EGCMA, Parks Victoria, East Gippsland Shire Council, Alpine Shire Council and DSE on catchment-related projects and acts as a referral authority for works that occur in the Corporation's water supply catchments. East Gippsland Water continues to contribute more broadly to strategy and biodiversity management across the region.

Victorian Biodiversity Strategy

The Corporation complies with the Victorian Biodiversity Strategy through implementation of the East Gippsland Water Biodiversity Management Plan and maintenance of its Biodiversity Asset Register.

East Gippsland Water assets/sites have been assessed for biodiversity significant values, and risks to these, as well as those posed by any new works, to ensure they are managed in accordance with the Biodiversity Management Plan.

The Corporation's plan is designed to minimise any potential harm to threatened and endangered species by identifying the locations of any previously recorded sensitive species or vegetation types. The plan also involves training field staff to identify potentially sensitive species and raising biodiversity awareness within the Corporation.

Water Entitlements

East Gippsland Water Entitlement Reporting 2010/11

Supply System	Source	Annual amount of water taken (ML)	Total Entitlement (ML/year)	Volume Unused (ML/year)	Any temporary or permanent transfer of all of part of Bulk Entitlement (ML)	Any BE or licence in respect of the waterway temporarily or permanently transferred to the Corporation	Any amendment to the Bulk Entitlement	Any failure by the Corporation to comply with any provision of the Bulk Entitlement	Any difficulties experienced or anticipated by the Corporation in complying with the BE and any remedial action taken or proposed	Passing Flow Compliance Clause
Bairnsdale *	Mitchell River	3,955	9,208	5,253	Nil	Nil	Nil	Nil	Nil	Cl. 8
Lakes Entrance *	Nicholson River	0	0	0	Nil	Nil	Nil	Nil	Nil	Cl. 8
Bemm River	Bemm River	11.8	100	88.2	Nil	Nil	Nil	Nil	Nil	Cl. 7
Cann River	Cann River	37.6	192	154.4	Nil	Nil	Nil	Nil	Nil	Cl. 7
Mallacoota	Betka River	96.9	330	233.1	Nil	Nil	Nil	Nil	Nil	Cl. 7
Bruthen *	Tambo River	0	0	0	Nil	Nil	Nil	Nil	Nil	Cl. 7
Nowa Nowa** *	Boggy Creek	0	118	118	Nil	Nil	Nil	Nil	Nil	Cl. 7
Swifts Creek	Tambo River	24.2	224	199.8	Nil	Nil	Nil	Nil	Nil	Cl. 7
Buchan	Buchan River	24.5	170	145.5	Nil	Nil	Nil	Nil	Nil	Cl. 7
Orbost	Brodribb River / Rocky River	797.3	2,031	1,233.7	Nil	Nil	Nil	Nil	Nil	Cl. 7
Omeo	Butchers Creek	58.3	77	18.7	Nil	Nil	Nil	Nil	Nil	Cl. 7
Mallacoota * * *	Groundwater	46.0	220	174.0	Nil	Nil	Nil	Nil	Nil	N/A^
Dinner Plain	Groundwater	44.8	120	75.2	Nil	Nil	Nil	Nil	Nil	N/A^
Mitchell System	Groundwater	0.7	120	119.3	Nil	Nil	Nil	Nil	Nil	N/A^

Notes:

* further details in section titled "Mitchell River Bulk Entitlement Amendment"

** all infrastructure to enable harvesting from Boggy Creek and the Tambo River at Bruthen has been decommissioned

*** further details in section titled "Mallacoota Groundwater"

N/A^ = not applicable

Mitchell River Bulk Entitlement Amendment

In September 2010, the Minister for Water gave approval for Bulk Entitlements from the Nicholson and Tambo Rivers totalling 3,306ML to be revoked, and for East Gippsland Water's Mitchell River Bulk Entitlement to be amended to include these volumes.

This was requested by East Gippsland Water under Section 44 of the Water Act 1989. It has enabled the Corporation to bolster water security for 24,000 people served by the Mitchell River Water Supply System for the next 50 years, by consolidating water supply infrastructure around a single, reliable, high-quality water source. Customers to benefit include those in the major centres of Bairnsdale, Paynesville and Lakes Entrance.

The transfer followed a thorough analysis to ensure minimal risk to the Mitchell River itself, with the DSE and EGCMA both involved in the environmental risk assessment process.

The Corporation is able to access the 3,306ML from the river each year, if required, subject to strict environmental conditions being met. This water will only be available as 'winter fill', which means it can only be drawn from 1 July to 31 October, when Mitchell River flows are higher, and then only up to a maximum draw rate of 60ML a day.

The transfer brings East Gippsland Water's total annual bulk entitlement for the Mitchell to 9,208ML, while the mean annual flow of the river is more than 1,300GL

There will also be a direct environmental benefit to the Nicholson River, enabling the existing dam infrastructure on that river to be removed and river flows to be restored to more natural regimes.

Mallacoota Groundwater

During the reporting period, East Gippsland Water obtained an additional 100ML allocation of groundwater for the Mallacoota water supply system in response to reduced flows in the Betka River impacting on reliability of supply. The licence allocation is now 220ML which, in addition to surface water entitlements, will meet the projected demand levels through to 2050.

Aquifer Storage and Recovery

East Gippsland Water has been proposing to use an aquifer as a natural underground storage for drinking water, which would be a first for Victoria. In 2010/11 broad consultation was carried out with stakeholders, including nearby groundwater users, on the Corporation's proposal to use the Latrobe Valley group of deep aquifers as an underground storage for water sourced from the Mitchell River.

This followed an extensive pilot program and modelling, which demonstrated subsequent extraction of this water from the storage would have minimal impact on surrounding groundwater levels. Importantly, the initiative would help ensure long-term water security for customers. Using an aquifer reduces the potential for water loss from evaporation and maintains high quality drinking water, free from risks of algal and airborne contamination.

The groundwater regulator, Southern Rural Water, is expected to approve the application for an Aquifer Storage and Recovery (ASR) licence to store up to 500ML in the Latrobe Valley group of aquifers early in 2011/12.

Drinking Water Quality

The delivery of safe drinking water to the community is fundamental and East Gippsland Water monitors drinking water quality regularly in all its water supply systems to comply with the *Safe Drinking Water Act 2003*, *Safe Drinking Water Regulations 2005* and its Customer Charter.

The Corporation operates a Drinking Water Quality Management System, which has certification in accordance with the *Safe Drinking Water Act 2003* and includes specific compliance standards for quality and frequency of sampling. Regulatory audits are undertaken by certified auditors appointed by the Department of Health (DoH) to ensure the integrity of this system.

Maintaining and Improving Water Quality

During 2010/11, the Corporation implemented and continued a number of major initiatives to maintain and improve water quality for customers, including:

- renewing around \$1.7 million worth of ageing water mains across Bairnsdale, Lakes Entrance, Orbost, Omeo and Eagle Point;
- high-pressure cleaning water mains at Omeo, Orbost, Newmerella, Nicholson, Lindenow,

Lindenow South, Walpa, Malalcoota, Wy Yung, Eastwood, Bairnsdale, Paynesville and Raymond Island – a total of 142.5km;

- installing a covered water storage tank at Sarsfield and a shade cloth cover over the second of the drinking water storages at Mallacoota. This will greatly reduce the risk of soil, algal or airborne contamination of stored drinking water supplies.

2010/11 compliance with the water quality standards specified in the Safe Drinking Water Act 2003

Water quality location	E.coli (< 1 organism in 98% of samples taken)	Aluminium (Acid Soluble) (<=0.2mg/L)	Turbidity (<=5 NTU)	Disinfection by-products
Bairnsdale				✓
Bemm River				✓
Buchan				✓
Cann River	✓	✓	✓	✓
Dinner Plain	✓	n/a (1)	✓	n/a
Eagle Point / Paynesville	✓	✓	✓	✓
Kalimna				✓
Lindenow	✓	✓	✓	✓
Lindenow South	✓	✓	✓	✓
Mallacoota	✓	✓	✓	✓
Merrangbaur				✓
Metung	✓	✓	✓	✓
Nicholson / Swan Reach	✓	✓	✓	✓
Nowa Nowa		✓	✓	
Omeo	✓	× (2)	✓	✓
Orbost	✓	✓	✓	✓
Sarsfield / Bruthen	✓	✓	✓	✓
Sunlakes / Toorloo	✓	✓	✓	✓
Swifts Creek				✓

(1) n/a = not applicable

(2) Omeo recorded two monthly non-compliant results for acid-soluble aluminium (reported to the DoH as Section 18 notifications). In response to these detections, extensive flushing of the Omeo water reticulation was carried out and a number of upgrades to the water treatment plant were implemented. All subsequent results were compliant.

Water Recycling

The Corporation maintained its position as a leader in the Victorian water industry for water recycling, achieving 99.3 percent reuse across its ten wastewater treatment plants. The 100 percent reuse record achieved by East Gippsland Water in each of the previous six years was hampered by the unusually high rainfall over the spring and summer months, which restricted opportunities to use recycled water for irrigation purposes at Paynesville.

Recycled Water Performance

	Volume (ML)			
	2007/08	2008/09	2009/10	2010/11
Wastewater collected	2,838	2,718	2,674.7	2,775.3
Recycled water produced	2,730	2,370	2,152.6	2,530.0
Recycled water used	2,730	2,370	2,152.6	2,511.3
Recycled water used (%)	100%	100%	100%	99.3%
Target	100%	100%	100%	99.3%

All the recycled water produced by the Corporation is directed at beneficial reuse, with a priority on protecting the environment. It is utilised on its own properties in Newmerella, Mallacoota, Metung, Paynesville, Bairnsdale and at its Bruces Track Farm near Swan Reach to irrigate pasture and tree plantations. Third parties to benefit from the recycled water include golf courses and the Bairnsdale

Volume of recycled water used per Town/System - 2010/11

Town/System	Number of Assessments	Annual volume of Recycled Water Used (ML)
Bairnsdale	6,798	1,162.2
Cann River	171	22
Dinner Plain	545	106.9
Lakes Entrance	4,538	463.3
Lindenow	177	15.1
Mallacoota	1,007	34.2
Metung / Bruthen	1,520	79
Omeo	239	34.4
Orbost / Marlo	1,685	359.4
Paynesville	3,551	234.8
Total	20,231	2,511.3

Racecourse, as well as farmers in Newmerella, Swan Reach, Paynesville, Omeo, Cann River and Kalimna West.

As part of the soon-to-be constructed Bemm River Scheme, East Gippsland Water is proposing to use subsurface irrigation for the recycled water generated, which will be a first for the Corporation.

How Reuse is Achieved

Location	Reuse Purpose					
Bairnsdale	Wetlands			East Gippsland Water tree plantations	Racecourse	
Lindenow	Wetlands					
Paynesville			East Gippsland Water pasture			Third party pasture
Metung			East Gippsland Water pasture			
Lakes Entrance, Kalimna West and Swan Reach			East Gippsland Water pasture	East Gippsland Water tree plantations		Third party pasture Golf course
Omeo						Third party pasture
Dinner Plain		Alpine woodland				
Orbost and Newmerella			East Gippsland Water pasture	East Gippsland Water tree plantations		Third party pasture
Mallacoota				East Gippsland Water tree plantations		Golf course
Cann River						Third party pasture

Macleod Morass

Under EPA licensing requirements, and a Memorandum of Understanding with Parks Victoria, East Gippsland Water's Bairnsdale Wastewater Treatment Plant supplies high-quality, recycled freshwater to the Macleod Morass, via a series of constructed wetland cells.

East Gippsland Water is planning a major upgrade to the wastewater treatment plant, sections of which are some 70 years old. As part of this process it is considering the long-term requirements of the morass from a water quality and quantity perspective.

In 2009, the EPA established a Macleod Morass working group, comprising representatives from 13 stakeholder organisations, to assess the benefits of continuing to supply recycled fresh water to the morass. This group concluded that the supply to the morass is beneficial and should continue. It also made a number of recommendations for the ongoing management of the morass, which were endorsed by the EPA.

In 2010/11, East Gippsland Water re-established the group to follow through these recommendations, which resulted in a wetland specialist being engaged to complete a study on the water quality and quantity requirements of the morass. Consulting engineers AECOM were then asked to identify best-practice technologies to be considered in relation to upgrading the wastewater treatment plant and best accommodating these needs.

Office Impacts

Parameter	Quantity 2009/10	Quantity 2010/11	Units
Energy			
Energy used per full time employee	15,501	16,217	Megajoules/FTE*
Energy per square metre of office space	577.8	578.7	Megajoules/m ²
Total energy usage	728,558	729,778	Megajoules
Greenhouse gas emissions	243.1	249.3	CO ₂ Tonnes
Waste Production			
Total units of waste produced	67.3	73.4	Kg/FTE
Total units of waste recycled	1,591	1,732	Kg
Paper Use			
Units of paper used per employee	8.2	4.8	Reams/FTE
Total units of paper used	385	217	Reams
Water Consumption			
Units of water used per employee	4.7	5.6	kL/FTE
Total units of water consumed	223	254	kL
Units of water used per square metre of office space	176.8	201.4	kL/ m ²
Transport			
Total energy consumption	576	590.6	Gigajoules
Total CO ₂ equivalent	34.95	39.63	CO ₂ -e tonnes
Energy consumption per employee	12.26	13	GJ / FTE
CO ₂ equivalent/per employee	0.74	0.88	CO ₂ - e tonnes / FTE
Kilometres travelled per employee	4,106	5,033	km / FTE
Total kilometres travelled (not private or commuting)	192,997	226,493	km
Percentage of employees using public transport, car pool, cycling or walking to work.	9%	11%	

Note: * FTE = Full time equivalent staff

Corporate Water Consumption

Total water consumption for the Corporation's Bairnsdale office increased from 223kL to 254kL.

The volume of water consumed per FTE increased from 4.7kL to 5.6kL. Factors contributing to this increase included leaking and dripping taps and inefficient usage of the dishwasher. These issues continue to be addressed and monitored.

Water consumption is not calculated for East Gippsland Water's other sites, such as depots, water and wastewater treatment plants as the majority of water they use is utilised as part of their operational processes.

Office Based Environmental Impacts

The Corporation continued to review its office-based activities, as part of its commitment to continually improve resource efficiency and lessen its environmental footprint.

Total energy usage for the Bairnsdale office remained reasonably stable at 729,778MJ, compared with 728,558MJ in the previous year.

Greenhouse Gas Emissions

The Corporation's Greenhouse Gas Reduction Strategy, launched in 2008, contains a five-year action plan for achieving greenhouse gas reductions.

Initiatives implemented during the reporting period included:

- continuation of a program to replace old and worn pumps with new, energy-efficient models;
- further rationalisation of distribution systems and improvements in water quality, allowing a number of water disinfection stations to be taken out of service;

- replacement of servers with virtual servers at the end of the reporting period to help reduce the carbon footprint in future years.

Despite energy savings achieved at a number of sites and a notable reduction in fuel required for transport, the Corporation's overall level of greenhouse gas emissions has unfortunately still increased.

The increase to 8,687 CO₂-e tonnes was primarily due to the recently constructed water treatment plant at Woodglen reaching full scale operation in 2010/11.

Greenhouse Gas Emissions 2010/11

	Electricity Usage	Fuel		Direct emission
		ULP / Diesel	LPG	
	CO ₂ -e (tonne)			
Water Treatment and Supply	4,596	1	27	0
Sewage Treatment and Management	2,370	71	3	1,044
Transport	0	266	25	0
Other (ie office buildings)	289	0	0	0
Total	7,255	338	55	1,044

Total Greenhouse Gas Emissions	=	8,692	CO₂-e tonnes
Offsets	=	5	CO₂-e tonnes (greenfleet)
Net Greenhouse Gas Emissions	=	8,687	CO₂-e tonnes

Environmental Management System

The Corporation maintained certification of its Environmental Management System (ISO 14001) during the reporting period. It performed consistently well in the surveillance audit and the recertification audit conducted by external auditors NCS International.

This system is invaluable for minimising East Gippsland Water's impact on the environment. As can be seen in the table below, significant environmental aspects are identified, managed and monitored in line with the systems processes.

Significant environmental aspects identified 1 July 2010	Action taken during 2010/11 to reduce impact
Direct emissions of methane and CO ₂ from wastewater treatment and reuse activities contributing to a change in climate.	Sludge surveys continued across the region, along with preliminary investigation works into the design of a replacement wastewater treatment plant for Bairnsdale.
Use of electricity and fuel contributing to a change in climate.	Emissions of Carbon Dioxide and its equivalents continue to be assessed and practical measures implemented to reduce.
Extraction of raw water from bores, creeks and rivers impacting on water available for the environment.	Significantly less water was extracted than in previous years (30% less than nine years ago) and this minimised the impact on rivers and aquifers.
The storage and handling of bulk diesel presenting a risk of pollution.	A significant reduction in bulk diesel storage, and a change over from diesel to electric powered irrigation systems and pumps at a number of sites, means that this is no longer a significant aspect.
Sewer overflows contributing to pollution and public health risks.	Proactive root cutting, manhole inspections and CCTV camera inspections of sewers have reduced sewer blockages and overflows.
The supply of freshwater to the Macleod Morass providing benefit to the environment.	The freshwater supply continues to benefit the morass environment. East Gippsland Water engaged a wetland specialist to complete a study on the water quantity and water quality requirements of the morass.

Biosolids Management

To demonstrate its commitment to the sustainable reuse of biosolids more than 600 dry tonnes of biosolids were successfully spread by East Gippsland Water at its Bruces Track Farm in 2010/11. The biosolids were spread in accordance with Environment Protection Authority Guidelines and are being used as a fertiliser and soil conditioner to improve pasture for grazing non-milking dairy cattle.

The Corporation also purchased new mobile equipment to spread the biosolids as accurately as possible.

Asset Management

East Gippsland Water is responsible for delivering quality water and wastewater services to its customers through the operation of an extensive range of infrastructure assets. These assets comprise water and networks and include pipes, pumps, storages, treatment plants and equipment, as well as depots and office buildings.

The construction and maintenance of these assets is often carried out in partnership with the engineering consulting firm AECOM.

The commitments contained in the Corporation's Asset Management Policy are aimed at achieving a safe, reliable and high quality of service to both existing and new customers.

During the reporting period, East Gippsland Water continued work to ensure that assets were being managed safely, effectively, efficiently and with minimal environmental impact. Key asset management initiatives that were progressed during the 2010/11 financial year appear below.

New Assets and Projects

A number of significant projects were either progressed or commissioned during the reporting period to improve services to customers, ensuring they receive secure, high quality water supplies and wastewater services well into the future. A key focus was addressing long term risks associated with extreme weather events, changes in climate and population growth. Significant initiatives included:

Woodglen Water Treatment Plant

Operational testing of the new \$13.5 million plant was completed early in 2010/11 and the facility entered full-scale operation. Fluoride was also introduced to the water supply as directed by the Department of Health. The plant will benefit all customers reliant on the Mitchell River Water Supply System, from Lindenow in the west through to Nowa Nowa in the east – including the major centres of Bairnsdale, Paynesville and Lakes Entrance.

Pipeline Augmentation Projects

Two major water pipeline upgrade projects, benefitting customers between Sarsfield and Lakes Entrance, and from Eagle Point to Paynesville and Raymond Island, were

completed. The projects, together worth \$2.8 million, entailed replacing some 9km of ageing water mains with a larger diameter, heavy-duty pipeline to boost the reliability and efficiency of local water supply networks. This has reduced the risk of pipeline failures and water supply interruptions to customers. It also means greater volumes of drinking water can be delivered and addresses future demand expectations from a growing population.

Omeo Water Storage

An additional 10ML storage was constructed, increasing Omeo's drinking water storage capacity from 5ML to 15ML. This \$800,000 facility will enable enough water to be held in storage, following sizeable water flow events, to safeguard the local community against prolonged periods of dry weather and times when water flows from the town's supply, Butchers Creek, are insufficient to meet demand.

Mallacoota Storage Cover and Bores

At Mallacoota, \$400,000 was spent on installing a shade cloth cover over the second of the town's two drinking water storages, with the Victorian Government contributing \$243,500 towards the project. This cover is designed to improve water quality in the 4IML storage by greatly reducing any risk of soil, algal or airborne contamination. It has also cut evaporation by some 90 percent.

East Gippsland Water also invested \$450,000 in drilling additional groundwater bores to boost local water supplies, as well as observation bores to monitor wastewater management at the wastewater treatment plant.

Orbost Water Filters

Two redundant Amiad filters were removed from the Wy Yung water storage and relocated to Orbost to assist with the maintenance of consistently high-quality water supplies for the local community. Worth some \$260,000 each, the filters will be brought into operation in 2011/12 to help ensure Orbost's water treatment plant is able to produce sufficient drinking water to meet future demand.

Tambo Bluff Estate

East Gippsland Shire Council is managing the construction of infrastructure for 320 allotments at Tambo Bluff Estate, including roads, drainage, electricity, water and wastewater systems. The water and wastewater components of this project are expected to be available for customer connection in 2011/12.

Bemm River Sewerage Scheme

This project is designed to benefit the health of the local waterway and protect public health by removing risks associated with septic tank effluent. Preliminary reticulation plans for the scheme were completed and made available for property owners to view towards the end of 2010/11. Tenders will be invited for the construction work early in 2011/12, with the project due to be completed by the end of 2012.

Lake Tyers Aboriginal Trust

East Gippsland Water was commissioned by the Department of Families, Housing, Community Services and Indigenous Affairs to coordinate much-needed upgrade work to the system at Lake Tyers Aboriginal Trust. Local community members are being employed on this \$2.9 million initiative, which will address the community's current and future requirements. It includes repairing and refurbishing two pump stations, manhole covers and wastewater pipes, as well as installing 6km of sewer pipeline connecting Lake Tyers Aboriginal Trust to the East Gippsland Water sewage system. The project is due for completion in 2011/12.

East Gippsland Water also took the opportunity to assist the Trust in replacing the existing water main connecting the local community to the Corporation's supply system. This previously traversed the bottom of the Lake, making it susceptible to breaks and leakage.

Sewage Pumps and Pump Stations

The Corporation continued its massive ongoing program of upgrade work involving the installation of advanced pump control systems and hardware across its network of some 100 sewer pump stations.

This initiative is designed to maximise the efficiency, performance and reliability of pumping operations. The ongoing focus is on preventative maintenance, resulting in reduced breakdowns and associated repair costs, as well as fewer spills from pump stations. The success of this program is highlighted by the significant reduction in fault alarms across the Mitchell district, with 501 recorded during the reporting period, compared to 968 in 2009/10 and 2,091 in 2008/09.

Supervisory Control and Data Acquisition (SCADA)

Using remote monitoring, SCADA operates continuously and provides early warning of faults or performance issues at water treatment plants, wastewater treatment facilities and pump stations. The focus is on maximising operational efficiency, monitoring equipment reliability and compliance, and improving customer service.

During the reporting period, East Gippsland Water continued the roll-out of its SCADA system, this time into its wastewater facilities. Four pump stations have now been brought on-line and this roll-out will continue in 2011/12.

Further investment in a backup communications system for water treatment plants was also made to bolster the existing monitoring and alarm system.

Developer Works and Subdivisions

A total of 295 new allotments were created during 2010/11, compared with 220 the previous year. The value of owner-financed works involving water and wastewater assets was \$0.86 million, compared with \$0.56 million in 2009/10.

Asset Maintenance and Renewals

East Gippsland Water is committed to continuously improving the reliability of its water and wastewater services and minimising service interruptions to its customers.

The Corporation operates a very proactive regime when it comes to inspecting and maintaining its underground water and wastewater assets, using dedicated teams and the latest in technology. This has brought reductions in the number of pipeline blockages and bursts, with sewer blockages in particular falling from 15.5 per 100km in 2009/10 to 9.1 in 2010/11. This in turn has cut the level of reactive work required.

The Essential Services Commission report for 2010/11 shows that East Gippsland Water performs very favourably compared with the industry average for blockages, bursts and incident response times.

Work undertaken as part of ongoing proactive programs in 2010/11 included:

- extensive cleaning of 142.5km of water mains (around 15 percent of the total network) to ensure the efficiency of the supply network and maintain drinking water quality. Systems targeted included Orbost, Nicholson, Newmerella, Lindenow, Lindenow South, Walpa, Mallacoota, Wy Yung, Eastwood, Bairnsdale, Newlands Arm, Paynesville Raymond Island and Omeo;
- closed-circuit television inspection of sewers in a number of townships – using a small remote controlled camera to check for pipe breaks, leaks, tree-root intrusions and groundwater infiltration. During the reporting period, East Gippsland Water purchased an additional camera to boost this inspection work across all its districts and 26km of sewers were inspected (around 4 percent of the total network);
- chemical foaming of sewer pipelines with known tree-root intrusion problems to prevent the re-growth of tree roots and the recurrence of blockages;
- proactive pipeline cleaning and tree root cutting work, targeting sections of the sewer network to prevent blockages, overflows and interruptions to customers' wastewater services;
- re-lining 1.5km of aged and deteriorated sewer pipeline, using technology designed to fully restore the efficiency of the pipeline, as well as significantly extend its life. The relining process avoids the need for excavation work and service interruptions;
- inspecting sections of sewer pipeline to pinpoint any stormwater infiltration of the network caused by leaks or illegal stormwater pipe connections. Areas targeted included Bairnsdale, Lucknow, Eastwood, Mallacoota and Omeo with a number of illegal connections and inappropriately located overflow relief gullies identified.

Asset Planning

Review and refinement of East Gippsland Water's ten year capital works expenditure program continued during the reporting period. This included a specific focus on initiatives to be covered in the next five-year Water Plan, which will run for the period 2013-18.

This Water Plan will set out the Corporation's challenges, objectives and targets for the period, with areas covered including the maintenance and upgrading of infrastructure, environmental sustainability and revenue requirements. In formulating the Plan, consideration will be given to East Gippsland Water's recently revised Water Supply Demand Strategies, Sewer Master Plans and Water Asset Master Plans. This will be considered in combination with the findings from community engagement initiated during 2011/12.

People and Culture

Our Philosophy

East Gippsland Water continues to provide a safe and respectful working environment, where the personal and professional development of staff is actively encouraged. These principles, along with the application of safe working practices, are of the utmost importance to enhance the operation of the organisation and lead to ongoing improvements in service delivery.

Risk Management

East Gippsland Water applies risk management to all areas of its work, including; business operations; the evaluation and management of new projects; and stakeholder management.

East Gippsland Water's Risk Management Team comprises the four executive managers and the Manager Business Risk and Compliance. This team meets quarterly to review and discuss risk issues.

Responsibility for the management of risk is clearly defined within each executive manager's portfolio and the team approach allows for 'top level' visibility across the organisation. The interaction and interdependence of the portfolios is also recognised.

The Corporation's risk management system, based on International Standard, ISO 31000, continued to be enhanced during 2010/11, along with the further development of the overarching risk reporting software utilised by the Corporation, ISES. The key systems that currently assist in the management of risk are:

- Drinking Water Quality Management System
- Environmental Management System
- Occupational Health & Safety Management System, including the Contractor Safety and Environment Management System
- Emergency Incident Response System, which includes the emergency incident response manual, business continuity and pandemic plans, as well as the security risk management plan

- Asset Management System, which includes the capital works and project planning processes
- Financial Management System, which incorporates the Financial Management Compliance Framework, Accounting Manual and Audit Plan

Effective risk management requires the identification of relevant stakeholders and an understanding of their needs, issues, concerns and interests. This aids the development of marketing and communication strategies, as stakeholder consultation is an integral part of the risk management process.

The Corporation is a member of the DSE Water Security Continuity Network and regularly reviews measures to manage critical infrastructure.

Public Liability and Property Risk Management Audit

East Gippsland Water is regularly assessed by its public liability insurer, Civic Mutual Plus (CMP), for public liability and property risk management. Full audits are conducted every two years (the last being in March 2010), with a brief review carried out during intervening years.

External recognition of the Corporation's industry-leading approach to risk management was again received via the CMP Excellence in Risk Management award for Victorian water corporations. This is the second time that the Corporation has received this since the award's inception in 2007/08. This recognition has translated to reduced insurance premiums for the Corporation, qualifying it for the maximum discount available.

As a proactive measure, East Gippsland Water representatives regularly attend best practice forums held by the public liability and property insurer.

Staff Training and Achievements

The Corporation invests significant resources into staff training and development to enhance skills and promote personal advancement. There is a clear focus on safe working practices.

Staff undertaking accredited training 2010/11

Water Industry Operations Cert II/III	4
Water Industry Operations Cert IV	6
Diploma of Civil Engineering	1
Leadership Course	1
Finance for Non-Finance Managers Course	1
Diploma of Accounting	1
Advanced Diploma (Accounting)	1
Certified Practising Accountant	1
Fleet Management Certificate	1
Management Skills for Executive Assistants	1
Graduate Diploma of Business	1
Bachelor of Business & Commerce Degree (HR)	1
Diploma in Information Technology	2
Masters (IT)	1
OH&S Cert IV	2
Training and Assessment Cert IV	1
TOTAL	26

During 2010/11, many staff commenced or successfully completed accredited training at various levels, as well as pursuing a diverse range of short courses. East Gippsland Water continued to provide ongoing training and assessments for Operations and Maintenance staff in relation to Certificate II/III & IV in Water Industry Operations.

A significant number of operations and maintenance staff also completed and received various certificates relating to occupational health and safety, new work skills and personal development.

Staff Health and Wellbeing

A key element of the Corporation's Occupational Health & Safety (OH&S) Management System is linking personal wellbeing and working life via regular health and wellbeing initiatives.

A staff wellbeing workgroup managed a number of key health-related events during the reporting period, aimed at maximising employee involvement in health and fitness related initiatives. These included:

Sports and Team Based Activities

The Corporation entered six teams in the East Gippsland Corporate Teams Triathlon and three teams participated in the Fit 'n' Healthy Steps Challenge. A number of field and office staff also enrolled in the East Gippsland Soccer League, as well as coming together for a number of 'friendly' games of Ultimate Frisbee.

Movember and Pink Ribbon

Staff raised more than \$1,500 for health research during these cancer and mental health awareness and research campaigns.

Australian Red Cross Blood Service

The availability of the mobile blood donation service was actively promoted, with a number of staff donating on a regular basis.

Employee Assistance Program

This ongoing East Gippsland Water initiative offers staff confidential counselling and support for personal and workplace issues that may impact on their wellbeing and work capability. The Corporation employs the services of a qualified independent counsellor, who regularly visits work sites to discuss any issues with staff in the strictest confidence. This counsellor also provides Executive Management with an independent overview of the psychological health of the workforce, highlighting any areas of concern.

Public Administration Values, Employment Principles and Trademark Behaviours

East Gippsland Water recognises the influence that staff behaviour has on productivity, internal relationships, the work environment, public relations and relationships with

customers, clients, contractors and the wider community.

In accordance with the principles of Equal Employment Opportunity and the Victorian Charter of Human Rights and Responsibilities, all staff are expected to actively promote a work place that abides by this Charter and are provided with appropriate training to inform them of this obligation.

East Gippsland Water also has an identified Equal Opportunity Officer, and two trained Equal Employment Opportunity Contact Officers, who can provide informal counselling to staff.

To complement its code of conduct for staff, which is consistent with the Code of Conduct for Victorian Public Sector Employees, the Corporation has also established a set of trademark behaviours that staff have identified as important for the effective functioning of the business. These behaviours have been built into East Gippsland Water's annual review process and continue to be the focus of work place culture.

Staff receive updates on the Victorian Charter of Human Rights and all new staff receive an introduction to the Charter and the Equal Opportunity Act as part of their overall induction to East Gippsland Water.

Staff Satisfaction

Surveys help the Corporation identify where it is performing well in the management of its people, as well as identifying opportunities for improvement in workplace practices.

Along with other water corporations, East Gippsland Water participates in the State Services Authority (SSA) People in Water Matter survey to assess staff satisfaction with the organisation and its employment practices. This is held every two years, with the next to be conducted during 2011/12.

To continually monitor staff satisfaction, East Gippsland Water also collects and considers feedback as part of its annual review process and undertakes internal staff satisfaction surveys in alternate years to the People Matters survey.

Workplace Relations

East Gippsland Water's Employee Consultative Committee provides an invaluable means of communication and information flow within the Corporation. Its primary role is to monitor the contribution made by staff to the Corporation's performance and its adherence to key performance indicators, as identified in the East Gippsland Water Certified Enterprise Agreement. It also provides feedback on the quality of staff training and participates in the identification of continuous improvement programs.

Staff continued to operate effectively and efficiently under the East Gippsland Water Certified Agreement in 2010/11.

Workforce Data

As at June 30, 2011 the Corporation employed 83 people. The breakdown of staff was as follows:

Staff classification	Total		Male		Female	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Managing Director and Executive staff	5	5	5	5	0	0
Technical and Administrative staff (full time)	40	36	24	21	16	15
Technical and Administrative staff (part time & temp)	3	3	0	0	3	3
Field staff (full time)	35	39	33	38	2	1
Total	83	83	62	64	21	19

Occupational Health & Safety

The Corporation's most important asset, people, remains integral to the delivery of reliable and effective services across the region. As such, the Corporation maintained a management system to monitor the safety of staff, contractors and the public across all areas of the business. This management system recently passed a milestone and was re-certified for another three years against Australian/New Zealand Standard 4801:2011 in April 2011. The original certification was achieved in 2005.

Staff induction, formal and industry-specific training, including on-the-job, industry and nationally accredited training programs and staff supervision, continue to be high priorities. With an emphasis on working cost-effectively during the reporting period, the Corporation increased its use of competent and qualified staff to deliver training in-house, and also continued to engage local training institutions.

East Gippsland Water also promoted OH&S courses to contractors and other East Gippsland organisations to make training more cost effective and improve local expertise. This was most evident during a fire safety management course run in a remote area that also involved representatives from Parks Victoria and Ambulance Victoria.

The Corporation's Contractor Safety Management System is a corner-stone of its OH&S management system. Safety remained a key focus in all contract works during the reporting period, with contractor safety incidents reported to the Corporation so that lessons could be learnt.

The Corporation's staff continued to provide leadership in the steering group of the East Gippsland Occupational Health Safety Network in 2010/11. This forum brought high quality presentations at no direct cost to the businesses attending. East Gippsland Water also continued its involvement with, and leadership of, the Victorian Water Industry OH&S Network. This network has been operating since 2002.

Significant achievements in OH&S for 2010/11 included:

- Re-certification of the Corporation's OH&S Management System against AS/NSZ 4801:2001
- Integration of documentation and the management of the Corporation's individual certified systems for safety and environment. One team now oversees both systems.

- Continuation of the corporate health and wellbeing program, with an emphasis on running monthly activities including social and sporting events.
- Release of version two of the Victorian Water Industry Civil Construction Guides, developed by East Gippsland Water staff.
- Development of an electronic chemical management system, which is more accessible and user-friendly than the previous hard-copy chemical register.
- Continued use of extensive OH&S plans to address all safety issues, including the development and implementation of an annual OH&S strategic plan.
- Continued close collaboration with safety partners, service providers and other utility asset owners including the establishment of a utility working group.
- Achievement of key performance indicators embedded into the Certified Agreement, to reflect OH&S commitment and performance.
- Utilised in-house expertise to deliver courses, including chlorine gas awareness, manual handling and asbestos safety training.
- Participated in industry forums in preparation for new national OH&S legislation.

Occupational Health and Safety Statistics

Number of Incidents/Lost-Time Incidents

Incident reporting, including the reporting of near misses, reflects the effectiveness of East Gippsland Water's safety system and, therefore, the reporting of all incidents is encouraged. All incidents are tabled at regular committee and board meetings and, depending on their severity, receive an investigation to determine the cause and prevent a repeat.

While the reporting period saw an increase in the frequency of incidents, the number of working days lost decreased. The increase in reported incidents reflected well on the rigor of the reporting system, and was not a cause for concern. Many of the incidents were 'near-miss', which allowed them to be examined and new control measures to be implemented before they resulted in an injury.

Medical treatment incidents are those that result in treatment by a registered medical practitioner, not just referral to a doctor. Lost-time incidents are those that result in a person being absent from work for at least one full shift due to a workplace injury.

Incidents	2006/07	2007/08	2008/09	2009/10	2010/11
Total incidents reported	13	16	12	9	24
Medical treatment incidents	1	1	1	0	1
Lost-time incidents	3	0	1	1	1
Working days lost	21	0	2	3	2

Average Time Lost

Average Time Lost is the average time lost from work, per incident, in days. For the purpose of this indicator, 12 months (220 days) is the maximum time for any single incident. It is calculated against total incidents recorded, as well as against lost time incidents.

Average Time Lost = $\frac{\text{Number of Working Days Lost}}{\text{Number of Incidents in the Period}}$

Average Time Lost	2006/07	2007/08	2008/09	2009/10	2010/11
Days lost per total incidents	1.62	0.00	0.17	0.33	0.08
Days lost per lost-time incident	7.00	0.00	2.00	3.0	2

Community Engagement

Communication and Consultation

East Gippsland Water uses a variety of communication and consultation tools to actively engage with its residential and business customers, as they are spread across a vast geographic area spanning approximately 21,000 square kilometres.

Tools utilised include:

- media releases, advertorials, advertisements and articles published in local newspapers, on the Corporation's website and broadcast on local TV and radio;
- the Corporation's *Pipeline* newsletter (targeted at a selection of key stakeholders) and *On Tap* news sheet (mailed to all account holders);
- information brochures covering a wide range of topics;

- targeted Customer Reference/Advisory Committees (Groups);
- customer service follow-up calls;
- monthly regional visits/consultative meetings;
- an annual, independently conducted customer satisfaction survey to assess how well Corporation services are being delivered.

Consultation is conducted on specific issues and proposed projects, as well as draft East Gippsland Water strategies and policies, where there is a significant potential impact on customers and the community.

The Corporation is keen to expand the level of community engagement, to ensure that customers are informed and, where appropriate, involved in the shaping and implementation of initiatives, programs and services that have an impact on them.

During the financial year, customers were invited to register their interest to participate in consultation activities. This invitation will be further promoted in 2011/12 to assist with community engagement, in relation to the Corporation's draft five-year Water Plan (for the period 2013-18).

Community Reference Groups

East Gippsland Water has maintained the Bemm River Scheme Community Reference Group since August 2009 to help keep the local community informed about progress on a scheme for the township. The group proved invaluable during the reporting period in helping the Corporation to address any questions or concerns raised by the community. It will continue to meet on a regular basis for the term of the scheme project.

Regional Consultative Meetings

The Corporation holds monthly community consultative meetings at regional centres across the region, including Omeo, Lakes Entrance, Orbost and Mallacoota. These are advertised in advance in the local press, with customers invited to meet with the Managing Director and senior management to discuss any issues relating to East Gippsland Water.

Newsletters/News Sheets

Three issues of East Gippsland Water's *Pipeline* newsletter were published during the reporting period. This is designed to inform key stakeholders of significant Corporation activities and projects. It is mailed out and is also available on the Corporation's website and over the counter at East Gippsland Water offices.

Two issues of the *On Tap* news sheet were published in 2010/11. This is mailed out to all account holders with their bill, to inform them about East Gippsland Water services and projects.

Information Brochures

East Gippsland Water's extensive brochure range includes customer service, water efficiency and environmental information, as well as Permanent Water Saving Rules, water restrictions and information about the Corporation's water and wastewater systems. These are available at East Gippsland Water offices and on its website.

Web Site

East Gippsland Water's website www.egwater.vic.gov.au aims to provide customers with easy access to information about the Corporation and its services, as well as direct links to other water-related websites.

Tours/Presentations/Events

East Gippsland Water once again participated in the *Summer by the Sea* program, coordinated by Coast Action/Coastcare, which toured a number of coastal towns in the region in January 2011.

As part of this program, the Corporation hosted an information stand to publicise water efficiency tips, its water and wastewater services and major initiatives to ensure the long-term security of drinking water supplies for customers. It was a good opportunity for customers to discuss water-related issues with staff face-to-face.

The Corporation handled more than 70 requests for tours and presentations (a significant increase on previous years) in relation to its infrastructure and various aspects of its operations, including wastewater treatment and water recycling. Those to benefit included Bairnsdale Secondary College, Swifts Creek Primary School, Swifts Creek Secondary College, Orbost Secondary College, Cann River P-12 College, Deakin University, Orbost Regional Health, Lucknow Primary School, Glenvale Primary School, Rotary Club of Bairnsdale, Mitchell River Rotary Club, Bairnsdale Primary School, Nagle College, Bairnsdale Neighbourhood Watch, St Mary's Primary School, Wesley College (Melbourne), Methodist Ladies College (Melbourne), Orbost Lochiel House, Lakes Entrance Senior Citizens Club, Orbost Womens Awareness Group, Bairnsdale Home Schoolers and Monash University.

East Gippsland Water participates in the *CSIRO Scientist in Schools* program, which enables local schools to tap into the scientific and mathematical expertise of East Gippsland Water staff. A number of local schools have taken up this offer, which has been of significant benefit to students.

In addition, it is a member of the Victorian Water Educators' Network, which is invaluable for sharing ideas and strategies to advance water education in schools.

National Water Week

National Water Week in October each year, provides a focus for sustainable water issues at national, state and regional level.

As in previous years, East Gippsland Water promoted the National Water Week Primary Schools Poster Competition. More than 350 entries were received from schools across the region. Students from Meerlieu, Lucknow and St Brendan's primary schools and Cann River P-12 College were the East Gippsland region winners.

The East Gippsland Wicked Water Eisteddfod provided a fitting finale for National Water Week. Goongerah P-8 School was the overall winner.

This water-themed performance event, run jointly by East Gippsland Water and East Gippsland Waterwatch, was open to primary and secondary schools, including P-12 colleges, throughout the region. Entries focused on water and our environment.

Start Smiling Oral Health Promotion

Encouraging the region's 0-3 year olds to drink healthily and drink water is a key message of the *Start Smiling* Oral Health program launched in June 2011 by the East Gippsland Primary Care Partnership and East Gippsland Water.

This joint initiative, which will run initially for a year, is being piloted in five settings including kinder gyms in Bruthen, Lakes Entrance and Bairnsdale, and an occasional care/playgroup in Mallacoota.

The program promotes the benefits of good oral hygiene and healthy eating and is based on the Dental Health Services Victoria *Smiles 4 Miles* oral health drive.

Resources used to help support the initiative include books, posters, displays, DVDs, music and East Gippsland Water drink bottles bearing the message *Water is Best*.

Sponsorship

East Gippsland Water provides financial, merchandise and in-kind sponsorship to a number of local organisations and community groups for activities with a focus on water use, water efficiency, healthy lifestyles and environmental sustainability.

Sponsorship provided during the reporting period included:

- East Gippsland Corporate Teams Triathlon
- Marlo Triathlon
- NAIDOC Week celebrations
- Mallacoota Cup Soccer Tournament
- Local schools participating in the RACV Energy Breakthrough Challenge
- Sale to Sea Disability Kayak Challenge

Promotional Items

East Gippsland Water provides promotional items to the community which are practical and include messages promoting the value of water.

Annual Customer Satisfaction Survey

	% of customers at least satisfied		% of customers very satisfied	
	2009	2010	2009	2010
Overall satisfaction	98	98	45	48
Water supply	97	99	60	66
Wastewater services	99	99	70	74
Water quality	96	96	53	54
Customer accounts	97	97	61	67
Price	82	87	20	31
Information provided	91	89	38	40

Note: The survey is conducted in July each year and considers East Gippsland Water's performance over the previous 12 months.

Customer Satisfaction Survey

Annual customer satisfaction surveys are a very important tool to measure the perception of East Gippsland Water services, including where the Corporation is delivering services well and any areas that may require action and improvement.

In July 2010, a random sample of 600 customers from districts across the region were interviewed via the telephone. Bartley Consulting, an independent research consultancy, was engaged to conduct the survey.

The results showed the overall level of satisfaction with East Gippsland Water remaining high and consistent, with 98 percent of customers contacted 'at least satisfied' with the service they received – the same percentage as the previous year.

Even more encouraging, the proportion 'very satisfied' increased from 45 percent to 48 percent. This also represents an 8 percent increase in the proportion 'very satisfied' since 2008.

The percentage 'very satisfied' with the price rose significantly from 20 percent to 31 percent. In areas not covered by the previous survey, 42 percent of customers were 'very satisfied' by the way East Gippsland Water looks after the environment, 53 percent with East Gippsland Water staff and 50 percent with the way the Corporation is managed. It should be noted that in these three areas, there was also a high percentage of 'don't knows'.

Water Trailer

East Gippsland Water's mobile drinking water trailer creates a highly visible and positive image for the Corporation at community events. Operating under the slogan Preserving our environment – Naturally, it is available free of charge to community and not-for-profit regional organisations.

During 2010/11, the water trailer attracted more than 20 bookings and was utilised at a variety of events, including community festivals, major sporting events and field days with hundreds of people benefitting across the region.

Social Sustainability

The Corporation employs a triple bottom line approach to its decision making and strategic planning. This recognises that the provision of water and wastewater services has the potential for both positive and negative social, economic and environmental impacts.

In relation to social sustainability:

- East Gippsland Water is committed to the provision of high-quality drinking water to all communities, not just the larger population centres.
- It is committed to a 100 percent environmentally beneficial, affordable and sustainable reuse of wastewater.
- The revegetation and passive use of East Gippsland Water land for public purposes is another focus for enhancing environmental and social capital. The Corporation is actively involved with Landcare groups in rehabilitating wetlands.
- East Gippsland Water's Permanent Water Saving Rules include watering times adjusted to meet the needs of the region's significant older age group.

Showerhead Exchange Program

East Gippsland Water continued to operate a showerhead exchange program, providing the opportunity for residential customers to swap inefficient showerheads for three-star rated, water-efficient models, free of charge.

As part of East Gippsland Water's Corporate Licence with the EPA, the program continued to include tourist accommodation operators. The Corporation will continue to work closely with the region's tourism industry to improve water conservation.

WaterSmart Rebates

East Gippsland Water continued to support Government Rebate Schemes, with regard to water efficient products in 2010/11. This included using the *On Tap* news sheet (mailed to all account holders) and *Pipeline* newsletter (distributed to key stakeholders) to publicise the initiatives.

From 1 July 2011, the *Living Victoria Water Rebate* program expands the availability of rebates on water-efficient products, making them accessible to all Victorian households, including those not connected to a reticulated water supply, as well as small businesses.

WaterSmart Rebates 2010/11

Rebate Type	Applications Approved	Applications Received	Applications Granted \$
Rainwater Tank	5	8	\$750
Large Rainwater Tank	12	14	\$11,800
Greywater System	0	0	0
Tank to Toilet	4	4	\$600
Basket Offer	279	287	\$8,330
Dual Flush Toilet	45	49	\$4,250
Shower Rose	9	9	\$160
Cleaning Device	0	0	\$0
Water Conservation Audit	0	0	\$0
Not-For-Profit Organisations	1	1	\$150
Total	355	372	\$26,040.00

Water Leaks, Exceptional Circumstances

East Gippsland Water policy allows for dispensation on high water-usage accounts in instances where customers cannot reasonably have been expected to be aware of a water leak.

Each case is considered on merit and a total of \$18,649 was adjusted on accounts during the reporting period.

To be eligible, customers must have engaged a licensed plumber to confirm the leak, the circumstances surrounding it and the repair undertaken.

Community Service Obligations

East Gippsland Water provides concession relief to some members of the community as part of its community service obligations.

Value of Community Service Obligation provided	2009/10	2010/11
Concessions to pensioners	\$1,098,139	\$1,264,576
Rebates to Not-For-Profit Organisations under the Water & Sewerage Rebate Scheme	\$132,187	\$142,659
Utility Relief Grant Scheme payments	\$10,538	\$8,379
Water Concessions on life support machines - Haemodialysis	\$0	\$0
Hardship Relief Grant Scheme (Sewerage Connection Scheme)	\$0	\$0
Total	\$1,240,864	\$1,415,614

Summary of Financial Results

Financial Result	2006/07	2007/08	2008/09	2009/10	2010/11
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Core business revenue	16,071	17,369	19,637	21,636	23,422
Government contributions	105	900	0	0	815
Other revenue	3,728	3,613	3,826	2,908	3,578
Total revenue	19,904	21,882	23,463	24,544	27,815
Operating expenditure	11,284	12,521	13,189	13,267	13,948
Depreciation expenditure	4,953	5,323	5,951	6,382	7,145
Finance costs	11	676	1,285	2,023	2,448
Other expenditure	267	793	567	2,500	4,518
Total expenditure	16,515	19,313	20,992	24,172	28,059
Net result before tax	3,389	2,569	2,471	372	-244
Current assets	6,141	8,244	8,601	6,860	8,555
Non-current assets	183,199	189,661	203,256	216,677	335,562
Total assets	189,340	197,905	211,857	223,537	344,417
Current liabilities	6,939	9,405	12,583	8,442	10,679
Non-current liabilities	9,915	16,308	24,395	39,494	76,377
Total liabilities	16,854	25,713	36,978	47,936	87,056
Net cash flows from operations	7,002	3,945	7,697	4,859	7,610
Payments for property, plant and equipment (including infrastructure)	16,786	15,912	18,876	20,360	10,569

Summary of Financial Performance

Performance indicator	2006/07	2007/08	2008/09	2009/10	2010/11
Internal Financing Ratio	37%	23%	38%	23%	64%
Gearing Ratio	1.85%	7.07%	10.38%	15.66%	10.6%
Interest Cover (EBIT) times	289	5.66	3.09	2.06	2.58
Interest Cover (Cash) times	617	8.92	7.83	3.61	4.93
Return on Assets	1.81%	1.68%	1.83%	1.09%	0.81%
Return on Equity	1.45%	1.12%	0.84%	0.15%	-0.08%

Overview

The Corporation recorded an overall loss of \$161,000 this financial period, against a surplus budget forecast of \$2.4 million. This variance was due to significant financial challenges and extraordinary expenditures, mainly of a non-cash nature.

Non-cash expenditure, attributed to the impairment of the Nicholson Dam in April 2011 and changes in asset valuations, added \$3.37 million to expenditure.

The financial situation was further compounded by reduced water sales, 12 per cent lower than forecast budget, equating to a budget shortfall of \$760,000.

The non-cash items have not impacted the Corporation's cash position and the level of borrowings of \$36.5 million was in line with budget estimates for the 2010/11 financial year.

Excluding the adjustment of these extraordinary items, East Gippsland Water would have achieved a surplus result close to budget of \$2.6 million.

Importantly, East Gippsland Water's operating result in 2011/12 is projected to return to budget. The Corporation is expecting to repay a total of \$5 million in borrowings in the 2011/12 financial year and remains in a strong financial position.

Other Information

Freedom of Information

The Freedom of Information Act 1982 allows public access to documents held by government entities, which includes right of access to documents held by East Gippsland Water.

A decision to release information is made by an Authorised Officer. Freedom of Information requests need to be made in writing to:

Mr Brett Millington,
Freedom of Information Officer,
East Gippsland Water,
PO Box 52,
Bairnsdale, Victoria, 3875.

The telephone number is 1300 720 700 and enquiries can also be e-mailed to foi@egwater.vic.gov.au.

The fee for requests from 1 July 2011 is \$24.44.

During the reporting period one request for information was received by the Corporation and the requested information was released in full.

Whistleblowers' Protection Act 2001

The main objective of the Whistleblowers Protection Act 2001 is to encourage and facilitate the making of disclosures of improper conduct or detrimental action by public officers and public bodies.

Further information is available from the Victorian Ombudsman's website at www.ombudsman.vic.gov.au

Within the terms of reference of the Whistleblowers Protection Act, no disclosures were made to East Gippsland Region Water Corporation, or to the Ombudsman, for public interest determination or investigation during the year.

A copy of East Gippsland Water's Whistleblower's Protection Act Policy is included in this Annual Report. See Appendix A (pages 65 – 72).

Alternatively, to request a copy please email egw@egwater.vic.gov.au or call 1300 720 700.

Implementation of the Victorian Industry Participation Policy

During 2010/11, the Corporation did not commence or complete any contracts applicable to the requirements of the Victorian Industry Participation Policy.

Compliance with the Building Act

During the reporting period East Gippsland Water complied with the building and maintenance provisions of the Building Act 1993.

It also completed an assessment of all its buildings for compliance with the Building Code of Australia, specifically in relation to essential safety measures.

National Competition Policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. East Gippsland Water continues to implement and apply this principle in its business undertakings.

Financial Management Compliance Framework

The Financial Management Compliance Framework was implemented on 1 July 2003. Department of Treasury and Finance developed the framework in response to the Government's initiative of promoting responsible financial management in the public sector. The framework provides a vehicle for Department of Treasury and Finance to monitor and report on East Gippsland Water's financial management obligations. The annual certification for 2010/11 assessed the Corporation's compliance at 100%.

Subsequent Events

No significant events occurred between the end of 2010/11 financial year and this Annual Report going to print that may significantly affect East Gippsland Water's operations in subsequent reporting periods.

Consultants to the Corporation

Consultants costing below \$100,000 in the 2010/11 financial year

Number – 34

Total cost of consultants engaged - \$680,604

Consultants costing over \$100,000 in the 2010/11 financial year

Number – 1

Consultant	Project	Total cost	Expenditure 2010/11	Future commitment
Technology One	Upgrade to finance, HR and payroll system	\$226,121	\$126,121	\$100,000

Contracts

East Gippsland Water engages AECOM to provide engineering design and project management services and has done so for a number of years.

The Corporation and AECOM have a contractual arrangement in place for engineering services covering the provision of feasibility studies, detailed design, project management and construction supervision. This arrangement is independently assessed, benchmarked and validated to ensure that East Gippsland Water receives value for money and that the appropriate governance issues are upheld.

Following an independent, external review the contract was extended in November 2009 for four years.

The agreement is monitored against ongoing and annual performance indicators. There are provisions in the agreement and the Corporation's policies to ensure conflict of interest issues are avoided and the Board of East Gippsland Water also actively oversees the ongoing arrangement.

The total paid in fees to AECOM for design, project management and construction work undertaken on behalf of the Corporation in 2010/11 was \$3 million.

The contractual arrangement is non exclusive and the Corporation does also engage other consulting engineers who have expertise in specialist areas.

Major Contracts

East Gippsland Water did not enter into any contracts greater than \$10 million during the reporting period.

Energy and Water Ombudsman Victoria

Customers dissatisfied with any aspect of interaction or service performance from a utility within Victoria may seek assistance from the Energy and Water Ombudsman Victoria. This is an independent body funded by member utilities.

During the reporting period East Gippsland Water received five complaints that were referred to a higher-level contact in the Corporation for resolution. All the complaints were resolved satisfactorily.

Availability of Other Information

The following information is available on request in relation to East Gippsland Water, subject to the Freedom of Information Act 1982:

- details of shares held in subsidiaries;
- details of changes in prices, fees, charges, rates and levies charged by East Gippsland Water;
- major external reviews;
- official overseas travel;
- further details on assessments and measures undertaken to improve the occupational health and safety of employees (covered in the People and Culture section of this Annual report);
- details of publications produced by East Gippsland Water about itself and how these can be obtained (covered in the Environmental Sustainability section of this Annual Report and on the website www.egwater.vic.gov.au);
- Details of major promotional, public relations and marketing activities undertaken by East Gippsland Water to develop community awareness of the Corporation and its services (covered in the Environmental Sustainability and Community Engagement sections of this Annual Report, as well as on the website www.egwater.vic.gov.au)

2010/11 Performance Report

EAST GIPPSLAND REGION WATER CORPORATION

Financial Performance Indicators

	Performance indicator	Notes	2009-10 Result	2010-11 Result	2010-11 Target	Variance
F1	Internal Financing Ratio (Net operating cash flow – dividends) / Capital expenditure	1	22.53%	71.44%	86%	-17.0%
F2	Gearing Ratio Total debt (including finance leases) / total assets	2	15.62%	10.58%	16.00%	-33.9%
F3	Interest Cover (EBIT) Earnings before net interest and tax expense / net interest expense	3	2.06	0.93	2.27	-58.9%
F4	Interest Cover (cash) Cash flow from operations before net interest and tax payments / net interest payments	4	3.61	4.51	5.05	-10.7%

Notes:

1. Lower than expected revenue from water sales and payment of superannuation reduced cash position, with Capex spending meeting target.
2. Total assets increased as a result of an asset revaluation.
3. Overall earnings were reduced by major asset impairment, reduced revenue from water sales and a call on employer-sponsored superannuation.
4. Lower than expected revenue from water sales and payment of superannuation reduced cash position, with Capex spending meeting target.

EAST GIPPSLAND REGION WATER CORPORATION

Service and Environmental Performance Indicators

(Whole-of-business)

Performance Indicator (Complying with Essential Services Commission definitions)		Notes	2009-10 Result	2010-11 Result	2010-11 Target	Variance
S1	Water supply interruptions					
S1.1	Number of customers receiving 1 unplanned interruptions in the year		1,524	1,697	1,700	0%
S1.2	Number of customers receiving 2 unplanned interruptions in the year	1	201	55	442	88%
S1.3	Number of customers receiving 3 unplanned interruptions in the year		39	26	no target set	N/A
S1.4	Number of customers receiving 4 unplanned interruptions in the year		20	0	no target set	N/A
S1.5	Number of customers receiving 5 unplanned interruptions in the year		0	0	no target set	N/A
S1.6	Number of customers receiving > 5 unplanned interruptions in the year		0	0	no target set	N/A
S2	Interruption time indicators					
S2.1	Average duration of unplanned water supply interruptions (minutes)	2	72	60.1	125.9	52%
S3	Restoration of water supply					
S3.1	Unplanned water supply interruptions restored within 3 hours		97%	94%	91.7%	2%
S3.2	Unplanned water supply interruptions restored within 5 hours		100%	96%	97.5%	-1%
S3.3	Unplanned water supply interruptions restored within 12 hours		100%	100%	99.3%	1%
S4	Reliability of sewerage collection services					
S4.1	Sewer Spills from reticulation and branch sewers (priority 1)		3	1	no target set	N/A
S4.2	Sewer Spills from reticulation and branch sewers (priority 2)		47	49	no target set	N/A
R5	Containment of sewer spillages					
S5.1	Average time to attend a sewer spill and blockage (minutes)	3	26.7	38.3	30.15	-27%
S5.2	Average time to rectify a sewer blockage (minutes)	4	85.5	55.4	76.9	28%
S6	Customer complaints indicators					
S6.1	Water quality complaints per 1000 customers	5	1.19	1.16	7.27	84%
S6.2	Sewerage service quality and reliability complaints per 1000 customers	6	1.88	1.12	5.74	81%
S6.3	Billing complaints per 1000 customers		0.05	0.00	0.98	0%
C6.4	Sewage odours complaints per 1000 customers		0.28	0.50	0.50	0%

Notes:

- Improved planned maintenance activities have significantly decreased the number of unplanned water supply interruptions this year.
- Average time for unplanned water supply interruptions has also decreased following a major emphasis on planned maintenance strategies.
- Even though this shows an increase in the time taken to attend, the actual number of blockages and spills has decreased from 92 to 54 (43%) this year.
- Improvement in reduced time to rectify sewer blockages has been a major focus for the operations team for 2010/11.
- Water quality remains a major priority, which is reflected by a decrease in the number of complaints.
- Sewer service reliability has improved as a result of a major planned maintenance strategy.

EAST GIPPSLAND REGION WATER CORPORATION
Service and Environmental Performance Indicators
(Whole-of-business)

Performance Indicator (Complying with Essential Services Commission definitions)	Notes	2009-10 Result	2010-11 Result	2010-11 Target	Variance	
E1 Reuse Indicators						
E1.1	Effluent reuse (volume %)	1	100.0%	99.3%	100%	-0.7%
E1.2	Biosolids reuse (dry mass %)	2	N/A	N/A	100%	N/A
E2 Sewage Treatment Standards						
E2.1	Number of analyses complying with licence agreements as % of samples		100%	100%	100%	0%

Notes:

1. Unusually high rainfall over the spring and summer months restricted opportunities to use recycled water for irrigation purposes at Paynesville.
2. Biosolids are stored as a dry mass and reused when conditions are appropriate. 600 tonnes were reused for 2010/11. All (100%) dry mass stores will be reused eventually.

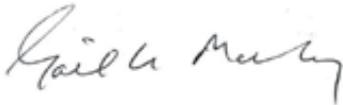
East Gippsland Region Water Corporation

Certification of Performance Report for 2010/11

We certify that the accompanying Performance Report of East Gippsland Regional Water Corporation in respect of the 2010-11 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The statement outlines the relevant performance indicators as determined by the responsible Minister, the actual results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the Performance Report to be misleading or inaccurate.



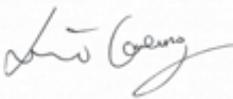
Gail Morley
Chairperson

East Gippsland Region Water Corporation



Les Mathieson
Managing Director

East Gippsland Region Water Corporation



Rob Carlesso
Chief Finance & Accounting Officer

East Gippsland Region Water Corporation

7 September 2011

INDEPENDENT AUDITOR'S REPORT

To the Board Members, East Gippsland Region Water Corporation

The Performance Report

The accompanying performance report for the year ended 30 June 2011 of the East Gippsland Region Water Corporation comprises the performance indicators, the related notes and the certification.

The Board Members' Responsibility for the Performance Report

The Board Members of the East Gippsland Region Water Corporation are responsible for the preparation and the fair presentation of the performance report in accordance with the *Financial Management Act 1994* and for such internal control as the Board Members determine is necessary to enable the preparation of the performance report that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report. The audit procedures selected depend on judgment, including the assessment of the risks of material misstatement of the performance report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Independent Auditor's Report (continued)

Opinion

In my opinion, the performance report of the East Gippsland Region Water Corporation in respect of the 30 June 2011 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Performance Report

This auditor's report relates to the performance report of the East Gippsland Region Water Corporation for the year ended 30 June 2011 included both in the East Gippsland Region Water Corporation's annual report and on the website. The Board Members of the East Gippsland Region Water Corporation are responsible for the integrity of the East Gippsland Region Water Corporation's website. I have not been engaged to report on the integrity of the East Gippsland Region Water Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the performance report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance report to confirm the information contained in the website version of the performance report.

MELBOURNE
7 September 2011

for T. DJH
D D R Pearson
Auditor-General

Financial Report

For the Year Ended 30 June 2011

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EAST GIPPSLAND REGION WATER CORPORATION

Statement of Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
Revenue from operating activities			
Service Charges	1(b)		
Metered Charges	3(a)	17,092	16,284
Trade Waste Charges		6,110	5,979
Government Contributions	1(b), 3(a)	220	197
Developer Contributions	3(a)	815	0
Other Revenue	3(a)	2,212	742
Gain on Assets Disposed	3(a)	1,070	1,165
	8(b)	111	0
Total Revenue from operating activities		27,630	24,367
Revenue from non-operating activities			
Interest Income		103	88
Other Revenue	3(a)	82	89
Total Revenue from non-operating activities		185	177
Total Revenue		27,815	24,544
Expenses			
Borrowing Costs	1(c)	2,448	2,023
Depreciation	3(b)	6,455	5,850
Amortisation - Intangible Assets	3(b)	690	532
Employees	3(b)	6,907	6,426
Environmental Contribution	1(q)	823	823
Suppliers & Materials		7,041	6,841
Loss on Assets Disposed	8(b)	0	1,678
Loss on Impairment of Non Financial Assets	3(b)	3,695	0
Total Expenses		28,059	24,173
Net Result before tax		(244)	371
Income Tax Expense	1(r), 4	(83)	102
Net Result for the Period	19	(161)	269
Other Comprehensive Income			
Net gain of revaluation of Infrastructure, Land & Buildings	4(c)	119,136	0
Income Tax Relating to Comprehensive Income	4(c)	(37,214)	0
Total Comprehensive Income for the year		81,761	269

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

EAST GIPPSLAND REGION WATER CORPORATION

Balance Sheet as at 30 June 2011

	Note	2011 \$000	2010 \$000
Current Assets			
Cash and Cash Equivalents	I(g), 5, 22	1,314	615
Receivables	I(h), 6	6,805	5,511
Prepayments		217	245
Inventories	I(i), 7	520	489
Total Current Assets		8,856	6,860
Non Current Assets			
Receivables	I(h), 6	358	636
Property, Plant and Equipment	8	326,400	206,166
Intangible Assets	I(k), 9	876	1,276
Capital Works in Progress	8	7,928	8,599
Total Non Current Assets		335,562	216,677
Total Assets		344,418	223,537
Current Liabilities			
Payables	I(m), 10	3,680	3,501
Interest Bearing Liabilities	I(l), 12	5,000	3,000
Funds Held in Trust		27	7
Employee Benefits	I(o), 11(a)	1,681	1,477
Deferred Revenue - Developer Deposits	I(b)	291	457
Total Current Liabilities		10,679	8,442
Non Current Liabilities			
Employee Benefits	11(b)	141	134
Interest Bearing Liabilities	12	31,500	32,000
Deferred Tax Liabilities	I(r), 13	44,736	7,360
Total Non Current Liabilities		76,377	39,494
Total Liabilities		87,056	47,936
Net Assets		257,362	175,601
Equity			
Contributed Capital	I(w), 17	95,694	95,694
Reserves	18	91,703	9,781
Accumulated Surplus	19	69,965	70,126
Total Equity		257,362	175,601

The above Balance Sheet should be read in conjunction with the accompanying notes.

EAST GIPPSLAND REGION WATER CORPORATION
Statement of Changes in Equity for the year ended 30 June 2011

	Note	Contributed Capital \$000	Reserves \$000	Accumulated Surplus \$000	Total \$000
Balance as at 1 July 2009		95,243	9,781	69,857	174,881
Total Comprehensive Income for the year as reported in the 2009 financial report		0	0	269	269
Transactions with State in its capacity as owner					
Contributions by owners		451	0	0	451
Balance as at 30 June 2010		95,694	9,781	70,126	175,601
Total Comprehensive Income for the year		0	81,922	(161)	81,761
Transactions with State in its capacity as owner					
Contributions by owners		0	0	0	0
Balance as at 30 June 2011		95,694	91,703	69,965	257,362

The above statement of Changes in Equity should be read in conjunction with the accompanying notes.

EAST GIPPSLAND REGION WATER CORPORATION
Cash Flow Statement for the year ended 30 June 2011

	Note	2011 \$000 Inflows / (Outflows)	2010 \$000 Inflows / (Outflows)
Cash flows from Operating Activities			
Receipts			
Rates, Tariffs, Fees and Charges		21,748	22,044
Interest Received		103	88
Other		1,152	1,254
GST Received from ATO		1,481	3,100
Payments			
Interest Paid		(2,271)	(1,953)
Employees		(6,696)	(6,106)
Environmental Contribution		(823)	(823)
Suppliers and Others		(7,084)	(12,745)
Net Cash Inflow from Operating Activities	20	7,610	4,859
Cash flows from Investing Activities			
Payment for Property, Plant and Equipment		(10,571)	(20,360)
Payments for Intangibles		(183)	(550)
Contributions for Capital Works		909	404
Trust Monies Received		20	7
Trust Monies Paid		0	(75)
Proceeds from Sale of Property, Plant and Equipment		1,414	209
Net Cash (Outflow) from Investing Activities		(8,411)	(20,365)
Cash flows from Financing Activities			
Proceeds from Contributions by Owners	17	0	451
Proceeds from Borrowings		5,800	
Repayment of Borrowings		(4,300)	13,000
Net Cash Inflow from Financing Activities		1,500	13,451
Net Increase in Cash and Cash Equivalents		699	(2,055)
Cash and Cash Equivalents at the Beginning of Financial Year		615	2,670
Cash and Cash Equivalents at end of Financial Year	5, 22	1,314	615

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies

(a) Basis of Accounting

General

This financial report includes separate financial statements for East Gippsland Region Water Corporation (the Corporation) as an individual reporting entity. This financial report is a general purpose financial report that consists of a Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions.

This financial report has been prepared on an accrual and going concern basis.

These financial statements were authorised for issue by the Board of Directors on the 7th September 2011.

Accounting Policies

No changes in accounting policies or comparative figures were made during the year.

Functional and Presentation Currency

Items included in this financial report are measured using the currency of the primary economic environment in which the Corporation operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Corporation's functional and presentation currency.

Classification between Current and Non-Current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Corporation's operational cycle - see Note 1(o) for a variation in relation to employee benefits.

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollar.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment.

Critical Accounting Estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies.

(b) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Service and Metered Charges

Rate/tariff and service charges are recognised as revenue when levied or determined. Water usage charges are recognised when the product is provided through metered water volume measure. Wastewater volume measure is based on the metered water volume measure for Dinner Plain. Meter reading is undertaken progressively during the year. An accrual, calculated by multiplying the number of days since the last reading by each customer's average water volume measure usage, is made at the end of each accounting period in respect of water meters which have not been read at balance date. This amount is included as accrued income for the reporting period. All tariffs for Water and Wastewater include the Environmental Contribution.

Developer Contributions / Fees paid by developers

Fees paid by developers to connect new developments to the Corporation's existing water supply and sewerage systems are recognised as revenue when the construction work and connection to the system has been completed and the contributions are received. In cases where the Corporation has entered into conditional agreements with developers to meet outfall and headworks charges, revenue is recognised at the date of agreement.

Developer deposits received for construction works are recognised as deferred revenue until works are completed. Assets acquired at no cost to the Corporation (developer's capital contributions) are recognised as revenue upon their acceptance by the Corporation for maintenance in perpetuity, and are recorded at their fair value in the financial statements.

Government Grants and Contributions

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the statement of comprehensive income as government grants and contributions. However, grants and contributions received from the Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as Equity – Contributions by Owners.

Interest

Interest income is recognised using the effective interest rate method.

Lease Income

Income from operating leases (i.e. rentals) is recognised on a straight-line basis over the lease term.

(c) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

(d) Recognition and Measurement of Assets

Property, plant and equipment represent non-current assets comprising land, buildings, water infrastructure, and drainage infrastructure, heritage assets, plant, equipment and motor vehicles, used by the Corporation in its operations. Items with a cost or value in excess of \$500 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Where assets are constructed by the Corporation, the cost at which they are recorded includes an appropriate share of fixed and variable overheads.

Works on existing assets are only capitalised if they substantially increase the useful life of the asset. The cost of capital works projects are accumulated as work in progress until the projects have been commissioned. Costs are then transferred to completed works at the end of each month and depreciation is applied from the following month.

Assets acquired at no cost or for nominal consideration by the Corporation are recognised at fair value at the date of acquisition.

Repairs and Maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Measurement of Non-Current Physical Assets

All non-current physical assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of Financial Reporting Direction (FRD) 103D.

Revaluations are conducted in accordance with FRD 103D. Scheduled revaluation is undertaken every five years with an annual assessment of fair value to determine if it is materially different to carrying value. If the difference to carrying value is greater than 10 per cent, a management revaluation is undertaken, while a movement greater than 40 per cent will normally involve an Approved Valuer (usually the Valuer General of Victoria) to perform detailed assessment of fair value. If the movement in fair value since the last revaluation is less than or equal to 10 per cent, then no change is made to carrying amounts.

Plant, equipment and motor vehicles are measured at fair value.

For the plant, equipment and vehicles asset class, where the Corporation is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exist for these assets, depreciated replacement cost could represent a reasonable approximation of fair value.

In the prior period, FRD 121 Infrastructure Assets (Water/Rail) provided a temporary exemption for the fair value measurement of water infrastructure assets controlled by water entities, at the entity reporting level. This exemption no longer applies for the current period. Water infrastructure assets, at both the entity reporting level and whole of government reporting level, are therefore measured at fair value less accumulated depreciation and impairment in accordance with FRD 103D. These assets comprise substructures or underlying systems held to facilitate harvesting, storage, treatment and transfer of water to meet customers needs. They also include infrastructure assets that underlie sewage and drainage systems.

The initial fair value assessment for water infrastructure in the current period was undertaken with involvement from Valuer General of Victoria (VGV) and under the instructions of Department of Treasury & Finance (DTF). The assessment was performed on a portfolio basis for various categories of water infrastructures. Further details of the valuation exercise is provided in Note 8.

Revaluation of Non-Current Physical Assets

Revaluation increments are credited directly to equity in the revaluation reserve net of tax effect, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining the net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as an expense in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated surplus on derecognition of the relevant asset.

All fixed assets excluding land are depreciated on the straight-line basis over the estimated useful lives of the assets to the Corporation.

Land & Buildings were revalued at 30th June 2011 by Egan National Valuers on behalf of the Valuer General's Office.

Infrastructure assets were revalued at 30th June 2011 by AECOM on behalf of the Valuer General's Office.

(e) Impairment of Non-current Assets

Impairment of Assets

Intangible assets with indefinite useful lives are tested annually as to whether their carrying value exceeds their recoverable amount.

All other assets are assessed annually for indicators of impairment, except for;

- inventories;
- deferred tax assets; and
- financial instrument assets.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the Statement of Comprehensive Income except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the Statement of Comprehensive Income, a reversal of that impairment loss is also recognised in the Statement of Comprehensive Income.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

(f) Depreciation and Amortisation of Non-Current Assets

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. Major depreciation periods used are listed below and are consistent with the prior year, unless otherwise stated.

Class of Fixed Asset	Useful Life (Years)
Buildings	67
Water Infrastructure	10 to 100
Wastewater Infrastructure	10 to 80
Plant & Equipment	3 to 20
Motor Vehicles	8
Office Equipment	1 to 10
Intangible Assets	3

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight line) commencing from the time the asset is available to use. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment as outlined in note 1(k).

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities on the balance sheet, but are included within cash and cash equivalents for cash flow statement presentation purposes.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impaired receivables. Receivables are due for settlement no more than 28 days from the date of recognition for tariff debtors, and no more than 30 days for other debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impaired receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due, according to the original terms of receivables on tenant accounts, as all accounts raised against property owners are collectable on sale of the property and hence have been excluded from any impairment assessment.

The amount of the allowance is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate. The amounts credited to the allowance are recognised as an expense in the Statement of Comprehensive Income.

(i) Inventories

Inventories comprise stores and materials used in the construction of new works and for the repair and maintenance of existing assets. All inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost basis. Inventories include goods and other property held either for sale or for distribution at no or nominal cost in the ordinary course of business operations.

Inventories held for distribution are measured at the lower of cost and current replacement cost. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

Livestock inventory was valued at 30 June 2011 and 2010 by Landmark Kyle & Obst for stock held at the Orbst property.

(j) Investments

Investments if any, are brought to account at cost with interest revenue recognised in the Statement of Comprehensive Income on a time proportionate basis that takes into account the effective yield in the financial asset, using the effective interest rate method.

(k) Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment loss. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Corporation.

Amortisation is allocated to intangible assets with finite useful lives on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible assets concerned are impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite useful lives are not amortised. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment of that asset. In addition, the entity tests all intangible assets with indefinite useful lives for impairment by comparing their recoverable amount with their carrying amount annually and, whenever there is an indication that the intangible assets may be impaired. Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

A summary of the policies applied to the Corporation's intangible assets is as follows:

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

(k) Intangibles continued

Development Costs

Useful Lives	Finite
Method Used	3 Years - Straight Line
Internally Generated / Acquired	Internally Generated
Impairment Test / Recoverable	Amortisation method reviewed at financial year ended 30 June 2010

Licenses

Useful Lives	Finite
Method Used	Not amortised or revalued
Internally Generated / Acquired	Acquired
Impairment Test / Recoverable	Annually and where an indicator of impairment exists

(l) Interest Bearing Liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any difference between the initial amount recognised and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(m) Payables

Payables consist predominantly of trade and sundry creditors. These amounts represent liabilities for goods and services provided to the Corporation prior to the end of the financial year, which are unpaid at financial year end. The amounts are unsecured and are usually paid within 30 days of recognition. Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

(n) Financial Instruments

Recognition

Financial instruments are initially measured at fair value, plus in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or the issue of the financial asset or liability. Subsequent to initial recognition, the financial instruments are measured as set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. Gains and losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and other receivables in the balance sheet.

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. If the Corporation were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets. Any held-to maturity investments held by the Corporation are stated at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the other categories. Available-for-sale financial assets are reflected at fair value. Gains and losses arising from changes in fair value are taken directly to equity and recycled to the statement of comprehensive income upon disposal or the financial asset is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the statement of comprehensive income of the period.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale equity investment, a significant or prolonged decline in value of the instrument below its cost is considered as an indicator that the investment is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments classified as available for sale are not reversed through the Statement of Comprehensive Income.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

(o) Employee Benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages, salaries, annual leave and accumulating long service leave expected to be settled within 12 months of the reporting date are recognised in employee benefits liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values. Employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows made by the Corporation, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, liabilities made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

Long Service Leave (LSL)

Current Liability - unconditional LSL

(representing 7 or more years of continuous service) is disclosed as a current liability even where the Corporation does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Present value - component that the Corporation does not expect to settle within 12 months; and
- Nominal value - component that the Corporation expects to settle within 12 months

Non-Current Liability - conditional LSL

(representing less than 7 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

In calculating present value, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

The amount charged to the Statement of Comprehensive Income in respect of superannuation represents the contributions made by the Corporation to the superannuation plan in respect to the current services of entity staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Employee Benefit on-Costs

Employee benefit on-costs, including superannuation, payroll tax and worker's compensation are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(p) Provisions

Provisions are recognised when the Corporation as a result of a past event, has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the provision.

(q) Environmental Contribution

The Water Industry (Environmental Contributions) Act 2004 amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by water supply corporations. The Act establishes an obligation for corporations to pay into the consolidated fund annual contributions. The contribution period has been extended to cover the period from 1 July 2008 to 30 June 2012, which sets out the amounts payable by each Corporation.

The purpose for the environmental contribution is set out in the Act, and the funding may be used for the purpose of funding initiatives that seek to promote the sustainable management of water or address water-related initiatives. The environmental contributions are disclosed separately in expenses within the Statement of Comprehensive Income.

(r) Taxation

The Corporation is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Taxation Office.

The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Corporation's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the Balance Sheet.

(s) Dividend Policy

The Corporation is required to pay a dividend in accordance with a determination of the Treasurer of Victoria under the Public Authorities (Dividend) Act 1983, based on a prescribed percentage of the previous years' adjusted net profit. An obligation to pay a dividend only arises after consultation with the portfolio Minister and the Treasurer and a formal determination is made by the Treasurer. The Corporation does not expect to provide a dividend from the results of this reporting period.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

(t) Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis – i.e., inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the taxation Authority is classified as operating cash flows.

(u) Contributions by Owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners. Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

(v) Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Corporation and that are believed to be reasonable under the circumstances.

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Key estimates and judgments made are disclosed throughout the financial statements.

(w) New Accounting Standards and Interpretations issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2011. The Corporation has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The group has not yet decided when to adopt AASB 9.	1-Jan-13	The Corporation does not expect that any adjustments will be necessary as a result of applying the revised rules.
Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards	In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.	1-Jan-11	The Corporation does not expect that any adjustments will be necessary as a result of applying the revised rules.
AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement	In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.	1-Jan-11	The Corporation does not make any such prepayments. The amendment is therefore not expected to have any impact on the Corporation's financial statements.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements	1-Jul-13	The impact of this standard will depend on instructions provided by DTF on its applicability to the Corporation. The Corporation will assess its impact once DTF has provided guidance on this standard.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project.	1-Jan-11	These amendments are not expected to have any significant impact on the Corporation's disclosures.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	In November 2010, the AASB made amendments to AASB 7 Financial Instruments: Disclosures which introduces additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.	1-Jul-11	These amendments are not expected to have any significant impact on the Corporation's disclosures.
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale.	1-Jan-12	The Corporation will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.
AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] and AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	AASB 1 First-time Adoption of Australian Accounting Standards was amended in December 2010 by eliminating references to fixed dates for one exemption and one exception dealing with financial assets and liabilities. The AASB also introduced a new exemption for entities that resume presenting their financial statements in accordance with Australian Accounting Standards after having been subject to severe hyperinflation.	1-Jan-11 / 1-Jan-13	Neither of these amendments will affect the financial statements of the Corporation.

Note 2: Financial Risk Management

The Corporation's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This note presents information about the Corporation's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The Corporation's Board has the overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Corporation. The Corporation uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

Risk management is carried out by the Audit and Risk Committee under policies approved by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

An effective framework is in place to adequately assess, monitor, manage and report, the significant financial risks to which the Corporation is exposed to as a result of, and in the course of its activities and responsibilities.

(a) Risk exposures

The main risks the Corporation is exposed to through its financial instruments are as follows:

Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Corporation's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Corporation's exposure to market risk is primarily through interest rate risk, there is insignificant exposure to foreign exchange risk and other price risk.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

(i) Interest rate risk

The Corporation's exposure to market interest rates relates primarily to the Corporation's long term borrowings.

The Corporation minimises its exposure to interest rate changes on its long term borrowings by holding fixed rate debt. Debt is sourced from Treasury Corporation of Victoria and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly. In accordance with the Corporation's Treasury Management Policy, floating debt is limited to less than 20% of the total borrowing portfolio. This debt is restricted to short term borrowings, which limits the exposure to interest rate risk further.

The Corporation has minimal exposure to interest rate risk through its holding of cash assets and other financial assets.

(ii) Foreign exchange risk

The Corporation has limited exposure to changes in the foreign exchange rate.

(iii) Other price risk

The Corporation has no significant exposure to other price risk.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Market risk sensitivity analysis

The sensitivity analysis below has taken into consideration past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the Corporation believes that a movement of 1% in interest rates is reasonable over the next 12 months

30th June 2011	Carrying amount \$000	Interest Rate Risk			
		-1%		1%	
		Result \$000	Equity \$000	Result \$000	Equity \$000
Financial Assets					
Cash	1,314	(13)	(13)	13	13
Receivables: Trade	6,805	0	0	0	0
Private Schemes	358	(4)	(4)	4	4
Total Financial Assets	8,477	(17)	(17)	17	17
Financial Liabilities					
Trade Creditors & Accruals	3,680	0	0	0	0
Borrowings	36,500	50	50	(50)	(50)
Total Financial Liabilities	40,180	50	50	(50)	(50)
Total Increase / (Decrease)		33	33	(33)	(33)

30th June 2010	Carrying amount \$000	Interest Rate Risk			
		-1%		1%	
		Result \$000	Equity \$000	Result \$000	Equity \$000
Financial Assets					
Cash	615	(6)	(6)	6	6
Receivables: Trade	5,558	0	0	0	0
Private Schemes	636	(6)	(6)	6	6
Total Financial Assets	6,809	(12)	(12)	12	12
Financial Liabilities					
Trade Creditors & Accruals	3,508	0	0	0	0
Borrowings	35,000	0	0	0	0
Total Financial Liabilities	38,508	0	0	0	0
Total Increase / (Decrease)		(12)	(12)	12	12

Credit Risk

Credit risk is the risk of financial loss to the Corporation as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Corporation's receivables.

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant. The Corporation has in place a policy and procedure for the collection of overdue receivables, and if required, can evoke sections of the Water Act 1989 to recover unpaid debts from customers. An analysis of the ageing of trade receivables is presented in Note 6.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

To manage liquidity risk the Corporation has in place an ability to access funds via overnight notifications to Treasury Corporation of Victoria in accordance with the Treasurer's borrowing approval limits. Under the State's centralised borrowing arrangement, TCV has assumed responsibility for securing adequate access to global financial markets.

(b) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, the Corporation has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying amounts of trade receivables approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. The fair value of current borrowings approximate the carrying amount, as the impact of discounting is not significant.

(c) Interest Rate Risk

The following table sets out the Corporation's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the Corporation intends to hold fixed rate liabilities to maturity.

2011	Contractual repricing of maturity periods									
	Non-interest bearing	Floating interest rate	Fixed Interest Rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
Financial Instruments	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(i) Financial Assets										
Cash and Cash Equivalents	27	1,287								1,314
Receivables: Trade	6,805									6,805
Private Schemes				10	10	8	8	8	314	358
Total Financial Assets	6,832	1,287	0	10	10	8	8	8	314	8,477
(ii) Financial Liabilities										
Trade Creditors & Accruals	3,707									3,707
Borrowings				5,000	9,500	7,000	5,500	2,500	7,000	36,500
Total Financial Liabilities	3,707	0	0	5,000	9,500	7,000	5,500	2,500	7,000	40,207
Net Financial asset / (liabilities)	3,125	1,287	0	(4,990)	(9,490)	(6,992)	(5,492)	(2,492)	(6,686)	(31,730)

2010	Contractual repricing of maturity periods									
	Non-interest bearing	Floating interest rate	Fixed Interest Rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
Financial Instruments	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(i) Financial Assets										
Cash and Cash Equivalents	7	608								615
Receivables: Trade	5,558									5,558
Private Schemes				10	10	8	8	8	592	636
Total Financial Assets	5,565	608	0	10	10	8	8	8	592	6,809
(ii) Financial Liabilities										
Trade Creditors & Accruals	3,508									3,508
Borrowings				3,000	7,500	7,000	7,000	5,500	5,000	35,000
Total Financial Liabilities	3,508	0	0	3,000	7,500	7,000	7,000	5,500	5,000	38,508
Net Financial asset/(liabilities)	2,057	608	0	(2,990)	(7,490)	(6,992)	(6,992)	(5,492)	(4,408)	(31,699)

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

(d) Net Fair Values Measurements

The carrying amounts and fair values of interest bearing liabilities at balance date are:

Financial Instruments	Carrying Amount		Fair Value	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
(i) Financial Assets				
Cash and Cash Equivalents	1,314	615	1,314	615
Receivables	6,805	5,558	6,805	5,558
Private Schemes	358	636	358	636
Total Financial Assets	8,477	6,809	8,477	6,809
(ii) Financial Liabilities				
Payables - Trade Creditors and Accruals	3,707	3,508	3,707	3,508
Borrowings - TCV	36,500	35,000	37,229	35,840
Total Financial Liabilities	40,207	38,508	40,936	39,348

None of the classes of interest bearing liabilities are readily traded on organised markets in standardised form. The fair value of borrowings is based upon market prices, where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles. Fair value is inclusive of costs which would be incurred on settlement of a liability.

(e) Credit Risk Exposure

The Corporation's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

Concentration of Credit Risk

The Corporation minimises concentrations of credit risk in relation to Trade Accounts Receivable by undertaking transactions with a large number of customers. The Corporation has the power under the Water Act 1989 to claim monies from the sale of properties to recover outstanding accounts.

Credit risk in trade and other receivables is managed by payment term of 14 days.

Credit risk for bank accounts is reduced by banking with reputable financial institutions with a sound credit rating.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 3: Operating Statement - Disclosures	2011	2010
	\$000	\$000
(a) Significant Revenues		
Service Charges		
Water Charges	5,852	5,511
Wastewater Charges	11,240	10,773
	17,092	16,284
Government Contributions		
Capital	815	0
	815	0
Developer Contributions		
Headwork / Outfall Fees	678	273
Landowner Contributions	1,534	469
	2,212	742
Other Revenue		
Planning Fees	485	498
Farm Operation Income	179	176
Rental Income	82	89
Miscellaneous	330	425
Legal Fees Recovered	76	66
	1,152	1,254
(b) Expenses		
Depreciation and Amortisation:		
Buildings	59	59
Water Infrastructure	3,402	2,814
Wastewater Infrastructure	2,409	2,323
Plant, Equipment, Office and Motor Vehicles	585	654
Sub-total	6,455	5,850
Amortisation - Intangible Assets	690	532
	7,145	6,382
Employee Costs		
Salaries & Wages	5,619	4,830
Leave Payments	203	677
Superannuation Contributions	757	484
Other	328	435
	6,907	6,426
Bad and Doubtful Debts		
	36	(4)
Loss on Assets Disposed		
Water Assets	0	1,621
Wastewater Assets	0	3
Corporate Assets	0	54
	0	1,678
Loss on Impairment of Non Financial Assets		
Water Assets - Impairment of Nicholson Dam	2,716	0
Corporate Assets - Building Revaluation Impairment	979	0
	3,695	0
Auditors' Remuneration		
Auditor General for audit of financial statements	40	39
Internal Audit	88	48
	128	87

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 4: Income Tax Expense/(Benefit)

The income tax expense/(benefit) for the financial year differs from the amount calculated on the profit/(loss). These differences are reconciled as follows:

(a) Components of Tax Expense/(Benefit)

Deferred tax relating to temporary differences

Deferred income tax expense included in income tax expense comprises:

Decrease / (increase) in deferred tax assets

(Decrease) / increase in deferred tax liabilities

(b) Reconciliation of Income Tax to prima facie tax payable

Net result before income tax expense/(benefit)

Income tax at 30%

Add / (Deduct)

Tax Effect of:

- Depreciation on Buildings
- Entertainment
- Amortisation of Buildings
- Prior Year Correction

Aggregate Income Tax Expense/(Benefit)

Aggregate income Tax Expense/(Benefit) comprises:

- Deferred Income Tax Provision

(c) Income Tax recognised in Other Comprehensive Income

Net gain on revaluation of property, plant & equipment

Tax at the Australian tax rate of 30% (2010: 30%)

Tax relating to prior land and building revaluation not previously recognised

Total Income Tax recognised in Other Comprehensive Income

	2011 \$000	2010 \$000
Deferred tax relating to temporary differences	(83)	102
	(83)	102
Deferred income tax expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(68)	(47)
(Decrease) / increase in deferred tax liabilities	(15)	149
	(83)	102
(b) Reconciliation of Income Tax to prima facie tax payable		
Net result before income tax expense/(benefit)	(244)	371
Income tax at 30%	(73)	111
Add / (Deduct)		
Tax Effect of:		
- Depreciation on Buildings	18	18
- Entertainment	2	2
- Amortisation of Buildings	(30)	(29)
- Prior Year Correction	0	0
	(83)	102
Aggregate Income Tax Expense/(Benefit)	(83)	102
Aggregate income Tax Expense/(Benefit) comprises:		
- Deferred Income Tax Provision	(83)	102
(c) Income Tax recognised in Other Comprehensive Income		
Net gain on revaluation of property, plant & equipment	119,136	0
Tax at the Australian tax rate of 30% (2010: 30%)	35,741	0
Tax relating to prior land and building revaluation not previously recognised	1,473	0
	37,214	0

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 5: Cash and Cash Equivalents

Current

Cash on Hand and Bank Accounts
Developer Bond Accounts

2011 \$000	2010 \$000
1,287	608
27	7
1,314	615

Note 6: Receivables

Current:

Trade Debtors
Other Debtors
Less Provision for Impaired Receivables

2011 \$000	2010 \$000
355	467
6,505	5,091
(55)	(47)
6,805	5,511

Non Current:

Private Schemes

358	636
358	636

Provision for impaired receivables

As at the 30 June 2011, current receivables of the Corporation with a nominal value of \$174K (2010: \$433K) were past due but not impaired. The amount of the provision was \$55K (2010: \$47K). The individually impaired receivables relate to tenant debtors. The ageing of these receivables is as follows:

3 to 6 months
Over 6 months

40	230
134	203
174	433

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected these amounts will be received when due. Movements in the provision for impaired receivables are as follows:

At 1 July
Provision for impairment recognised during the year
Receivables written off during the year as uncollectable

46	67
37	(4)
(28)	(17)
55	46

The creation and release of the provision for impaired receivables has been included in 'Suppliers & Materials' in the Statement of Comprehensive Income.

Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

Note 7: Inventories

Stores at Cost
Livestock at Valuation

2011 \$000	2010 \$000
488	457
32	32
520	489

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 8: Infrastructure, Property, Plant and Equipment

(a) Classes of Property, Plant and Equipment

Land

At Fair Value (Crown)	2,377	2,492
At Fair Value (Freehold)	11,196	13,627
At Cost (Freehold)	157	1,369
	13,730	17,488

Buildings

At Fair Value	1,720	4,636
At Cost	0	98
Less Accumulated Depreciation	0	(186)
	1,720	4,548

Water Infrastructure

At Deemed Cost	0	64,910
At Fair Value	166,637	0
At Cost	9,548	54,249
Less Accumulated Depreciation	(33)	(18,243)
	176,152	100,916

Wastewater Infrastructure

At Deemed Cost	0	65,900
At Fair Value	130,651	0
At Cost	1,464	33,609
Less Accumulated Depreciation	(16)	(18,981)
	132,099	80,528

Motor Vehicles

At Fair Value	863	931
At Cost	489	442
Less Accumulated Depreciation	(26)	(24)
	1,326	1,348

Plant and Equipment

At Fair Value	869	973
At Cost	201	149
Less Accumulated Depreciation	(19)	(16)
	1,051	1,106

Office Equipment

At Fair Value	131	171
At Cost	202	83
Less Accumulated Depreciation	(11)	(23)
	322	231

Total Infrastructure, Property, Plant and Equipment

326,400	206,165
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Capital Works in Progress

Water, At Cost	1,600	6,426
Wastewater, At Cost	6,328	2,173

Total Capital Works in Progress

7,928	8,599
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EAST GIPPSLAND REGION WATER CORPORATION
Notes to the financial report for the year ended 30 June 2011

Note 8: Infrastructure, Property, Plant and Equipment (Continued)

	Asset Value at Sale Date	Accumulated Depreciation on Disposal	WDV at Sale Date	Proceeds from Sale	Profit / (Loss) on Sale
	\$000	\$000	\$000	\$000	\$000
(b) Profit / Loss on Sale of Non Current Assets 2011					
Motor Vehicles	435	(144)	291	233	(58)
Plant and Equipment	94	(92)	2	0	(2)
Office Equipment	57	(57)	0	0	0
Infrastructure	1,184	(174)	1,010	1,181	171
Total	1,770	(467)	1,303	1,414	111

(b) Profit / Loss on Sale of Non Current Assets 2010					
Motor Vehicles	366	(100)	266	208	(58)
Plant and Equipment	3	(3)	0	0	0
Office Equipment	53	(53)	0	0	0
Infrastructure	1,844	(224)	1,620	0	(1,620)
Total	2,266	(380)	1,886	208	(1,678)

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 8: Infrastructure, Property, Plant and Equipment (Continued)

	Opening WDV \$000	Additions \$000	Disposals \$000	Revaluation \$000	Impairment \$000	Trans- fers \$0	Depreciation Exp \$000	Closing WDV \$000
(c) Movement during financial year 2011								
Land								
At Fair Value (Crown)	2,492			(115)				2,377
At Fair Value (Freehold)	13,627		(350)	(2,081)				11,196
At Cost	1,369	402	(245)	(1,369)				157
	17,488	402	(595)	(3,565)	0	0	0	13,730
Buildings								
At Fair Value	4,509			(1,058)	(979)	(693)	(59)	1,720
At Cost	39			(39)				0
	4,548	0	0	(1,097)	(979)	(693)	(59)	1,720
Water Infrastructure								
At Fair Value	0			166,637				166,637
At Deemed Cost	54,864		(415)	(51,733)	(2,716)			0
At Cost	46,052	9,548		(42,684)			(3,401)	9,515
	100,916	9,548	(415)	72,220	(2,716)	0	(3,401)	176,152
Wastewater Infrastructure								
At Fair Value	0			130,651				130,651
At Deemed Cost	56,822			(55,105)		693	(2,410)	0
At Cost	23,706	1,466		(23,724)				1,448
	80,528	1,466	0	51,822	0	693	(2,410)	132,099
Motor Vehicles								
At Fair Value	932		(291)				(194)	447
At Cost	417	488					(26)	879
	1,349	488	(291)	0	0	0	(220)	1,326
Plant and Equipment								
At Fair Value	973		(2)				(235)	736
At Cost	133	201					(19)	315
	1,106	201	(2)	0	0	0	(254)	1,051
Office Equipment								
At Fair Value	171						(100)	71
At Cost	60	202					(11)	251
	231	202	0	0	0	0	(111)	322
Total	206,166	12,307	(1,303)	119,380	(3,695)	0	(6,455)	326,400
At 1 July 2010								
Cost / fair value	246,712							
Accumulated Depreciation and Impairment	(40,546)							
Net Carrying Amount	206,166							
At 30 June 2011								
Cost / fair value								329,877
Accumulated Depreciation and Impairment								(3,477)
Net Carrying Amount								326,400

Land and Buildings were independently valued at 30 June 2011 by Valuer General of Victoria (using Egan National Valuers). For Land, the valuation methodology used has been market value adjusted for community service obligations where applicable. Due to their specialised nature Buildings have been valued using Depreciated replacement costs.

Infrastructure assets were independently valued at 30 June 2011 by the Valuer General of Victoria (using AECOM valuers). The valuation methodology used was depreciated replacement costs using a Greenfields approach for assessing costs and only included assets that were constructed before 1 July 2010. Cost models were built based on actual construction information complimented by a variety of information sources including capacity, height, material type, length and depth that could be applied broadly across the range of assets in each category.

EAST GIPPSLAND REGION WATER CORPORATION
Notes to the financial report for the year ended 30 June 2011

Note 8: Infrastructure, Property, Plant and Equipment (Continued)

	Opening WDV \$000	Additions \$000	Disposals \$000	Revaluation \$000	Impairment \$000	Transfers \$0	Depreciation Exp \$000	Closing WDV \$000
(d) Movement during financial year 2010								
Land								
At Fair Value (Crown)	2,492							2,492
At Fair Value (Freehold)	13,627							13,627
At Cost	934	435						1,369
	17,053	435	0	0	0	0	0	17,488
Buildings								
At Fair Value	4,509							4,509
At Cost	70	28					(59)	39
	4,579	28	0	0	0	0	(59)	4,548
Water Infrastructure								
At Deemed Cost	54,864							54,864
At Cost	28,246	22,240	(1,620)				(2,814)	46,052
	83,110	22,240	(1,620)	0	0	0	(2,814)	100,916
Wastewater Infrastructure								
At Deemed Cost	56,822							56,822
At Cost	22,520	3,509					(2,323)	23,706
	79,342	3,509	0	0	0	0	(2,323)	80,528
Motor Vehicles								
At Fair Value	1,392		(266)				(194)	932
At Cost	0	441					(24)	417
	1,392	441	(266)	0	0	0	(218)	1,349
Plant and Equipment								
At Fair Value	1,257						(284)	973
At Cost	0	149					(16)	133
	1,257	149	0	0	0	0	(300)	1,106
Office Equipment								
At Fair Value	284						(113)	171
At Cost	0	83					(23)	60
	284	83	0	0	0	0	(136)	231
Total	187,017	26,885	(1,886)	0	0	0	(5,850)	206,166
At 1 July 2009								
Cost / fair value	222,095							
Accumulated Depreciation and Impairment	(35,078)							
Net Carrying Amount	187,017							
At 30 June 2010								
Cost / fair value								246,712
Accumulated Depreciation and Impairment							(40,546)	
Net Carrying Amount								206,166

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 8: Infrastructure, Property, Plant and Equipment (Continued)

(e) Capital Works in Progress	Opening Cost \$000	Additions \$000	Transfer \$000	Closing Cost \$000
2011				
Water				
At Cost	6,426	6,015	(10,841)	1,600
Wastewater				
At Cost	2,173	5,621	(1,466)	6,328
	8,599	11,636	(12,307)	7,928
2010				
Water				
At Cost	11,966	17,836	(23,376)	6,426
Wastewater				
At Cost	3,026	2,656	(3,509)	2,173
	14,992	20,492	(26,885)	8,599

Note 9: Intangible Assets

	2011 \$000	2010 \$000
Cost (Gross Carrying Amount) - Software	2,837	2,547
Cost (Gross Carrying Amount) - Gound Water Licence (Indefinite Life)	181	181
Accumulated Amortisation and Impairment	(2,142)	(1,452)
Net Carrying Amount	876	1,276
Opening Written Down Value	1,276	733
Additions	290	1,075
Amortisation	(690)	(532)
Net Carrying Amount	876	1,276

Note 10: Payables

	2011 \$000	2010 \$000
Unsecured		
Trade Creditors and Accruals	3,432	2,571
Contractor Deposits and Retention	248	930
	3,680	3,501

The Corporation does not have a foreign exchange rate exposure in respect of its Payables balance.

Note 11: Employee Benefits

(a) Current

Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service:

	2011 \$000	2010 \$000
Annual Leave - nominal value	661	604
Long Service Leave - present value	1,020	873
	1,681	1,477

(b) Non Current

Conditional long service leave, measured at present value

	141	134
	141	134

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 11: Employee Benefits (Continued)

(c) Employee Statistics

Number of Employees	84	86
Number of Effective Full Time Employees	83	81

The present value of employee entitlements that are not expected to be settled within twelve months of balance date have been calculated using the following weighted averages, as advised by the Department of Treasury and Finance. Rostered Days Off were not deemed to be liabilities and no provision was calculated during the reporting period.

Assumed rate of increase in wage and salary rates	4.60%	4.48%
Discount Rate	4.74% - 5.03%	4.98% - 5.65%
Settlement Term (years)	7	7

Note 12: Interest Bearing Liabilities

Current

Secured TCV Borrowings	5,000	3,000
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Non-Current:

Secured TCV Borrowings	31,500	32,000
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Total Interest Bearing Liabilities

36,500	35,000
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The borrowings are not directly secured by assets of the Corporation but have the benefit of the Treasurer's guarantee in favour of TCV dated 25 April 2002.

Credit Standby Arrangements

Bank (TCV) loan facilities

Total Facilities	36,500	36,500
Used at Balance Date	36,500	35,000

Unused at Balance Date

0	1,500
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Interest Rate Risk Exposures

The following table sets out the Corporation's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate maturity periods. Exposures arise predominately from, liabilities bearing variable interest rates as the Corporation intends to hold fixed borrowings to maturity.

TCV Borrowings - Floating	5,000	0
TCV Borrowings - Fixed	31,500	35,000

36,500	35,000
---------------	---------------

Weighted Average interest rate (%)

5.96%	5.83%
--------------	--------------

None of the Corporation's interest bearing liabilities are readily traded on organised markets in standardised form. The fair value of the Corporation's interest bearing liabilities are disclosed in Note 2. All of the Corporation's interest bearing liabilities are denominated in AUD and are not subject to foreign exchange risk.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 13: Deferred Tax Liabilities

(a) Deferred tax assets

The balance comprises temporary differences attributable to:

	2011 \$000	2010 \$000
Employee Benefits	547	483
Doubtful Debts	16	14
Other	10	7
Benefit of carry forward tax losses	10,654	9,569
Sub total	11,227	10,073
Offset against deferred tax liabilities	(11,227)	(10,073)
Closing Balance	0	0

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Cumulative depreciation & amortisation	16,661	15,590
Net gain on revaluation of property, plant & equipment	39,302	1,843
offset from deferred tax assets	(11,227)	(10,073)
Closing Balance	44,736	7,360

Movements

Opening Balance at 1 July	7,360	7,258
Charged/(credited) to Statement of Comprehensive Income	(83)	102
Charged/(credited) to Equity	37,459	0
Closing Balance	44,736	7,360

Deferred tax liabilities to be recovered after more than 12 months	44,736	7,360
Deferred tax liabilities to be recovered within 12 months	0	0

Note 14: Contingent Liabilities

At balance date the Corporation is unaware of any contingent liabilities or contingent assets that have not been disclosed or recorded.

Note 15: Superannuation

The Corporation contributes to the following superannuation schemes in respect of its employees with contribution rates varying from 9% - 9.25% of employee salaries. Contributions by the Corporation during the reporting period are detailed below:

	2011 \$000	2010 \$000
Local Authorities Super - Defined Benefits	369	104
Local Authorities Super - Super Saver	388	380
	757	484

The Corporation makes employer superannuation contributions in respect of most employees to the Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the fund.

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Defined Benefit Plan

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate defined liabilities, assets and costs between employers. As provided under AASB 119, the Corporation does not use defined benefit accounting for these contributions.

The Corporation makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2008, the Corporation makes the following contributions -

- 9.25% of members' salaries
- the difference between resignation and retrenchment benefits paid to any retrenched employees, plus contributions tax.

Following an actuarial review conducted by the Trustee in late 2010, as at 31 December 2008, a funding shortfall of \$71 million for the fund was determined. A call to Employers for additional contributions was made for the financial year 30 June 2011 with commitment from Employers from 1 July 2011.

A further actuarial review will be undertaken as at 31 December 2011 by mid 2012. Based on the result of the review, a detailed funding plan will be developed and implemented to achieve the target of full funding by 31 December 2013. The Corporation will be notified of any additional required contributions by late 2012.

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008, pursuant to the requirements of Australian Accounting Standard AAS25, and is as follows:

	31-Dec-08 \$000
Net Market Value of Assets	3,630,432
Accrued Benefits	3,616,422
Difference between Assets and Accrued Benefits	14,010

Vested Benefits (Minimum sum which must be paid to members when they leave the Fund)	3,561,588
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The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	8.50% p.a
Salary Inflation	4.25% p.a
Price Inflation	2.75% p.a

Note 16: Lease Commitments

	2011 \$000	2010 \$000
Less than One Year	234	228
One to Five Years	464	646
Over Five Years	177	248
	875	1,122

Lease and rental income is derived from lease of telecommunication tower sites, rental of residential farm property and rental of sites for weather and navigational monitoring facilities with terms between 5 and 20 years. The Corporation has entered into a 5 year lease arrangement for agistment of owned land to a third party.

Note 17: Contributed Capital

	2011 \$000	2010 \$000
Opening Balance	95,694	95,243
Equity Contributions from Victorian Government - Cash	0	451
Total Contributed Capital	95,694	95,694

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 18: Reserves	2011 \$000	2010 \$000
Asset Revaluation Reserve		
Land	4,348	8,465
Buildings	0	1,316
Infrastructure	87,355	0
Total Reserves	91,703	9,781
Movements in Reserves		
Opening Balance	9,781	9,781
Land Valuation Decrement	(4,117)	0
Building Valuation Decrement	(1,316)	0
Infrastructure Increment	87,355	0
Closing Balance	91,703	9,781
The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.		
Note 19: Accumulated Surplus		
	2011 \$000	2010 \$000
Balance July 1	70,126	69,857
Net result for the period	(161)	269
Accumulated Surplus at the end of year	69,965	70,126
Note 20: Reconciliation of net results from Ordinary Activities to Cash Provided by Operating Activities		
	2011 \$000	2010 \$000
Net Result for the Period	(161)	269
Loss on Sale on Non-Current Assets	3,695	1,678
Depreciation and Amortisation	7,145	6,382
Bad Debts	28	17
Income for Capital Purposes	(2,212)	(742)
Movement in Assets and Liabilities		
(Increase)/Decrease in Receivables	(1,044)	(173)
(Increase)/Decrease in Inventories	(31)	1
Increase/(Decrease) in Prepayments	29	0
Increase/(Decrease) in Provisions	211	(178)
Increase/(Decrease) in Accounts Payable	199	(2,497)
Increase/(Decrease) in Deferred Revenue	(166)	0
Increase/(Decrease) in Deferred Tax Liabilities	(83)	102
Net cash provided by operating activities	7,610	4,859
Non Cash Activities		
Income for Capital Purposes - Donated Developer Assets	1,307	340
Income for capital purposes includes the value of donated developer assets received, where the Corporation gains control of those assets. They represent "non-cash" activities.		

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 21: Commitments

Capital Commitments

Capital Project Commitments due within 12 months - Exclusive of GST

2011 \$000	2010 \$000
1,780	1,677

Environmental Contribution Commitments

At 30 June 2011, the Corporation had outstanding environmental contribution commitments, to be paid is follows:

Within one year

One to five years

823	823
0	823
823	1,646

Note 22: Reconciliation of Cash and Cash Equivalents

Cash as at the end of the financial year as shown in the Cash flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash on Hand

Cash at Bank

Developer Bond Accounts

2011 \$000	2010 \$000
1	1
1,286	607
27	7
1,314	615

Note 23: Auditor's Remuneration

Amounts paid/payable to the Victorian Office of the Auditor General (inc. GST)

2011 \$000	2010 \$000
44	43

Note 24: Executive Officers' Remuneration

The number of Executive Officers', other than the responsible persons, whose total remuneration falls within the specific bands above \$100,000 as are follows:

	Total Remuneration		Base Remuneration	
	2011	2010	2011	2010
\$110,000 - \$119,999	0	0	0	1
\$120,000 - \$129,999	0	2	0	2
\$130,000 - \$139,999	1	1	3	1
\$140,000 - \$149,999	2	1	1	0
\$150,000 - \$159,999	1	0	0	0
Total Remuneration	573	520	549	497
Total Numbers	4	4	4	4

EAST GIPPSLAND REGION WATER CORPORATION

Notes to the financial report for the year ended 30 June 2011

Note 25: Responsible Persons' Related Disclosures

The names of persons who were responsible at any time during the financial year were:

Ministers

The Hon. Timothy Holding MP	Minister for Water (1 July 2010 to 1 December 2010)
The Hon. Peter Walsh MP	Minister for Water (2 December 2010 to 30 June 2011)

Board

Chairperson	Gail Morley (Appointed 1 July 2010)
Deputy Chairperson	Bernie Smith
Director	Robert Supplitt
Director	Jane Rowe
Director	Eric Sjerp
Director	John Rudge (Appointed 1 July 2010)
Director	Richard Elkington
Director	Samuel Logan
Managing Director	Les Mathieson

Remuneration of Responsible Persons

Remuneration paid to Ministers is reported in the Annual Report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members' Interests which each member of the Parliament completes. The number of Responsible Persons' whose remuneration from the Corporation was within the specific bands were as follows:

	2011	2010
\$10,000 - \$19,999	6	6
\$20,000 - \$29,999	1	1
\$40,000 - \$49,999	1	1
\$210,000 - \$219,999	1	1
Total Numbers	9	9

Remuneration received or receivable by responsible persons' and related parties in respect of the management of the Corporation during the reporting period was:

	2011	2010
	\$000	\$000
	393	385

Retirement Benefits

The Corporation has made superannuation payments of \$36,000 (2010: \$35,000) on behalf of the Board Directors.

Transactions between responsible persons and the Corporation

There have been no transactions between responsible persons and the Corporation other than in the normal capacity as ratepayers and consumers.

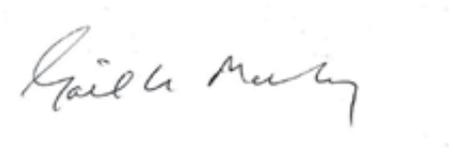
East Gippsland Region Water Corporation

Statutory certification for 2010/11

We certify the attached financial statements for East Gippsland Region Water Corporation have been prepared in accordance with standing direction 4.2 of the Financial Management Act 1994, applicable Australian Accounting Standards, Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and the financial position of the Corporation as at 30 June 2011.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Gail Morley
Chairperson

East Gippsland Region Water Corporation



Les Mathieson
Managing Director

East Gippsland Region Water Corporation



Rob Carlesso
Chief Finance & Accounting Officer

East Gippsland Region Water Corporation

7 September 2011

INDEPENDENT AUDITOR'S REPORT

To the Board Members, East Gippsland Region Water Corporation

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of the East Gippsland Region Water Corporation which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory certification has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the East Gippsland Region Water Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the East Gippsland Region Water Corporation as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the East Gippsland Region Water Corporation for the year ended 30 June 2011 included both in the East Gippsland Region Water Corporation's annual report and on the website. The Board Members of the East Gippsland Region Water Corporation are responsible for the integrity of the East Gippsland Region Water Corporation's website. I have not been engaged to report on the integrity of the East Gippsland Region Water Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
7 September 2011

for T.D.H.
D D R Pearson
Auditor-General

Appendix:

Whistleblower's Protection Act Policy Investigation of Disclosures and Protection for Whistleblowers (2010/11)

Within the terms of reference of the Whistleblowers Protection Act which came into effect on January 1, 2002, no disclosures were made to East Gippsland Region Water Corporation, nor were any disclosures made to the Ombudsman for determination as to whether such disclosures were public interest disclosures.

No investigation or disclosure of any type was taken over from East Gippsland Water by the Ombudsman, and no requests by complainants to have disclosures investigated by the Ombudsman due to their dissatisfaction with the way East Gippsland Water investigated any matter, were received.

East Gippsland Water did not decline to investigate any disclosure and no recommendations were received by East Gippsland Water from the Ombudsman in relation to any aspect of the Whistleblowers Protection Act.

Policy No 31 (as follows) was adopted on February 19, 2002. The policy reads: "East Gippsland Region Water Corporation (EGW) is committed to the aims and objectives of the Whistleblowers Protection Act 2001 and will not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

East Gippsland Water recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

East Gippsland Water will take all reasonable steps to protect persons who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

A copy of the *Whistleblowers Protection Act 2001 Ombudsman's Guidelines* is registered on File No. 0/040/570 Document No. 24620."

East Gippsland Water's Standard Operating Procedure, **SOP 084 Whistleblowers: Investigation - Protection** provides detailed procedures to facilitate the making and investigation of disclosures and protection of whistleblowers from reprisals. SOP 084 is reprinted as follows.

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1. PURPOSE

These procedures establish a system for reporting disclosures of improper conduct or detrimental action by East Gippsland Water or its employees. The system enables such disclosures to be made to the Protected Disclosure Co-ordinator or to one of the nominated Protected Disclosure Officers. Disclosures may be made by employees or members of the public.

These procedures are designed to complement normal communication channels between supervisors and employees. Employees are encouraged to continue to raise appropriate matters at any time with their supervisors. As an alternative, employees may make a disclosure of improper conduct or detrimental action under the Act in accordance with these procedures.

1.1 Statement of support to whistleblowers

East Gippsland Water is committed to the aims and objectives of the

Whistleblowers Protection Act 2001 (the Act). It does not tolerate improper conduct by its employees, officers or members, nor taking of reprisals against those who come forward to disclose such conduct.

East Gippsland Water recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

East Gippsland Water will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

2. APPROVAL

Managing Director

3. OBJECTIVES OF THE ACT

The Whistleblowers Protection Act 2001 commenced operation on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

4. PROCEDURE:

Definitions of key terms

Three key concepts in the reporting system are improper conduct, corrupt conduct and detrimental action. Definitions of these terms are set out as follows.

4.1 Improper conduct

A disclosure may be made about improper conduct by a public body or public official. Improper conduct means conduct that is corrupt, a substantial mismanagement of public resources, or conduct involving substantial risk to public health or safety or to the environment.

The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal.

4.2 Corrupt conduct

Corrupt conduct means:

- Conduct of any person (whether or not a public official) that adversely affects the honest performance of a public officer's or public body's functions;
- The performance of a public officer's functions dishonestly or with inappropriate partiality;
- Conduct of a public officer, former public officer or a public body that amounts to a breach of public trust;
- Conduct by a public officer, former public officer or a public body that amounts to the misuse of information or material acquired in the course of the performance of their official functions; or
- A conspiracy or attempt to engage in the above conduct.

4.3 Detrimental action

The Act makes it an offence for a person to take detrimental action against a person in reprisal for a protected disclosure. Detrimental action includes:

- Action causing injury, loss or damage;
- Intimidation or harassment; and
- Discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

5. THE REPORTING SYSTEM

5.1 Contact persons

- East Gippsland Water

Disclosures of improper conduct or detrimental action by East Gippsland Water or its employees, may be made to the following officers:

- The Protected Disclosure Co-ordinator
East Gippsland Water
Managing Director, Les Mathieson:
telephone 5150 4444 – internal extension 417;
e-mail lmathieson@egwater.vic.gov.au
- The Protected Disclosure Officer
East Gippsland Water
Executive Manager Corporate Development and Services, Brett Millington:
telephone 5150 4444 – internal extension 415;
e-mail bmillington@egwater.vic.gov.au

All correspondence, phone calls and emails from internal or external whistleblowers will be referred to the Protected Disclosure Co-ordinator.

Where a person is contemplating making a disclosure and is concerned about approaching the Protected Disclosure Co-ordinator or a Protected Disclosure Officer in the workplace, he or she can call the relevant officer and request a meeting in a discreet location away from the workplace.

5.2 Alternative contact persons

A disclosure about improper conduct or detrimental action by East Gippsland Water or its employees, may also be made directly to the Ombudsman:

The Ombudsman Victoria
 Level 3 (South Tower), 459 Collins Street
 Melbourne Victoria 3000
 (DX 210174)
 Internet: www.ombudsman.vic.gov.au
 Email: ombudvic@ombudsman.vic.gov.au
 Toll Free: 1800 806 314

The following table sets out where disclosures about persons other than employees of East Gippsland Water should be made.

<i>Person who is the subject of the disclosure</i>	<i>Person/body to whom the disclosure must be made</i>
Employee of a public body	That public body or the Ombudsman
Member of Parliament (Legislative Assembly)	Speaker of the Legislative Assembly
Member of Parliament (Legislative Council)	President of the Legislative Council
Councillor	The Ombudsman
Chief Commissioner of Police	The Ombudsman or Deputy Ombudsman
Member of the police force	The Ombudsman, Deputy Ombudsman or Chief Commissioner of Police

6. ROLES AND RESPONSIBILITIES

6.1 Employees

Employees are encouraged to report known or suspected incidences of improper conduct or detrimental action in accordance with these procedures.

All employees of East Gippsland Water have an important role to play in supporting those who have made a legitimate disclosure. They must refrain from any activity that is, or could be perceived to be, victimisation or harassment of a person who makes a disclosure. Further, they should protect and maintain the confidentiality of a person they know or suspect to have made a disclosure.

6.2 Protected Disclosure Officers

Protected Disclosure Officers will:

- Be a contact point for general advice about the operation of the Act for any person wishing to make a disclosure about improper conduct or detrimental action;
- Make arrangements for a disclosure to be made privately and discreetly and, if necessary, away from the workplace;
- Receive any disclosure made orally or in writing (from internal and external whistleblowers);

- Commit to writing any disclosure made orally;
- Impartially assess the allegation and determine whether it is a disclosure made in accordance with Part 2 of the Act (that is, a protected disclosure);
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential;
- Forward all disclosures and supporting evidence to the Protected Disclosure Co-ordinator;
- Liaise with the Managing Director East Gippsland Water.

6.3 Protected Disclosure Co-ordinator

The Protected Disclosure Co-ordinator has a central clearinghouse role in the internal reporting system. He or she will:

- Receive all disclosures forwarded from the Protected Disclosure Officers;
- Receive all phone calls, emails and letters from members of the public or employees seeking to make a disclosure;
- Impartially assess each disclosure to determine whether it is a public interest disclosure;
- Refer all public interest disclosures to the Ombudsman;
- Be responsible for carrying out, or appointing an investigator to carry out, an investigation referred to the public body by the Ombudsman;
- Be responsible for overseeing and co-ordinating an investigation where an investigator has been appointed;
- Appoint a Welfare Manager to support the whistleblower and to protect him or her from any reprisals;
- Advise the whistleblower of the progress of an investigation into the disclosed matter;
- Establish and manage a confidential filing system, collate, publish statistics on disclosures made;
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential;

6.4 Investigator

The Investigator will be responsible for carrying out an internal investigation into a disclosure where the Ombudsman has referred a matter to East Gippsland Water. An Investigator may be a person from within an organisation or a consultant engaged for that purpose.

6.5 Welfare manager

The welfare manager is responsible for looking after the general welfare of the whistleblower. The welfare manager will:

- Examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and seek to foster a supportive work environment;
- Advise the whistleblower of the legislative and administrative protections available;
- Listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making disclosure; and
- Ensure the expectations of the whistleblower are realistic.

7. CONFIDENTIALITY

East Gippsland Water will take all reasonable steps to protect the identity of the whistleblower. Maintaining confidentiality is crucial in ensuring reprisals are not made against a whistleblower.

The Act requires any person who receives information due to the handling or investigation of a protected disclosure, not to disclose that information except in certain limited circumstances. Disclosure of information in breach of section 22 constitutes an offence that is punishable by a maximum fine of 60 penalty units (\$6000) or six months imprisonment or both.

The circumstances in which a person may disclose information obtained about a protected disclosure include:

- Where exercising the functions of the public body under the Act;
- When making a report or recommendation under the Act;
- When publishing statistics in the annual report of a public body; and
- In criminal proceedings for certain offences in the Act.

However, the Act prohibits the inclusion of particulars in any report or recommendation that is likely to lead to the identification of the whistleblower. The Act also prohibits the identification of the person who is the subject of the disclosure in any particulars included in an annual report.

East Gippsland Water will ensure all files, whether paper or on computer disk (all electronic files must be suitably password protected) are kept under lock and key in the personnel files cabinet, and can only be accessed by the Protected Disclosure Co-ordinator, Protected Disclosure Officer, the Investigator or Welfare Manager (in relation to welfare matters). All printed material will be kept in files that are clearly marked as a Whistleblower Protection Act matter, and warn of the criminal penalties that apply to any unauthorised divulging of information concerning a protected disclosure. Electronic files will be produced and stored on a stand-alone computer and be given password protection. Backup files will be kept on floppy disc. All materials relevant to an investigation, such as tapes from interviews, will also be stored securely with the whistleblower files.

East Gippsland Water will not e-mail documents relevant to a whistleblower matter and will ensure all phone calls and meetings are conducted in private.

8. COLLATING AND PUBLISHING STATISTICS

The Protected Disclosure Co-ordinator will establish a secure register to record the information required to be published in the annual report and generally keep account of the status of whistleblower disclosures. The register will be confidential and will not record information that may identify the whistleblower, and will contain the following:

- The number and types of disclosures made to public bodies during the year;
- The number of disclosures referred to the Ombudsman for determination as to whether they are public interest disclosures;

- The number and types of disclosed matters referred to the public body by the Ombudsman for investigation;
- The number and types of disclosures referred by the public body to the Ombudsman for investigation;
- The number and types of investigations taken over from the public body by the Ombudsman;
- The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body;
- The number and types of disclosed matters that the public body has declined to investigate;
- The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation; and
- Any recommendations made by the Ombudsman relating to the public body.

9. RECEIVING AND ASSESSING DISCLOSURES

9.1 *Has the disclosure been made in accordance with Part 2 of the Act?*

Where a disclosure has been received by the Protected Disclosure Officer or by the Protected Disclosure Co-ordinator, he or she will assess whether the disclosure has been made in accordance with Part 2 of the Act and is, therefore, a protected disclosure.

9.1.1 *Has the disclosure been made to the appropriate person?*

- For the disclosure to be responded to by East Gippsland Water, it must concern an employee, member or officer of East Gippsland Water. If the disclosure concerns an employee, officer or member of another public body, the person who has made the disclosure must be advised of the correct person or body to whom the disclosure should be directed. (See the table in 5.2). If the disclosure has been made anonymously, it should be referred to the Ombudsman.

9.1.2 *Does the disclosure contain the essential elements of a protected disclosure?*

- To be a protected disclosure, a disclosure must satisfy the following criteria:
- Did a natural person (that is, an individual person rather than a corporation) make the disclosure?
- Does the disclosure relate to conduct of a public body or public officer acting in their official capacity?
- Is the alleged conduct either improper conduct or detrimental action taken against a person in reprisal for making a protected disclosure?
- Does the person making a disclosure have reasonable grounds for believing the alleged conduct has occurred?
- Where a disclosure is assessed to be a protected disclosure, it is referred to the Protected Disclosure Co-ordinator. The Protected Disclosure Co-ordinator will determine whether the disclosure is a public interest disclosure.
- Where a disclosure is assessed not to be a protected disclosure, the matter does not need to be dealt with under the Act. The Protected Disclosure Officer will decide how the matter should be responded to in consultation with the Protected Disclosure Co-ordinator.

9.2 Is the disclosure a public interest disclosure?

- Where the Protected Disclosure Officer or Co-ordinator has received a disclosure that has been assessed to be a protected disclosure, the Protected Disclosure Co-ordinator will determine whether the disclosure amounts to a public interest disclosure. This assessment will be made within 45 days of the receipt of the disclosure.
- In reaching a conclusion as to whether a protected disclosure is a public interest disclosure, the Protected Disclosure Co-ordinator will consider whether the disclosure shows, or tends to show, that the public officer to whom the disclosure relates:
- Has engaged, is engaging or proposes to engage in improper conduct in his or her capacity as a public officer; or
- Has taken, is taking or proposes to take detrimental action in reprisal for the making of the protected disclosure.
- Where the Protected Disclosure Co-ordinator concludes that the disclosure amounts to a public interest disclosure, he or she will:
- Notify the person who made the disclosure of that conclusion; and
- Refer the disclosure to the Ombudsman for formal determination as to whether it is indeed a public interest disclosure.

Where the Protected Disclosure Co-ordinator concludes that the disclosure is not a public interest disclosure, he or she will:

- Notify the person who made the disclosure of that conclusion; and
- Advise that person that he or she may request the public body to refer the disclosure to the Ombudsman for a formal determination as to whether the disclosure is a public interest disclosure, and that this request must be made within 28 days of the notification.

In either case, the Protected Disclosure Co-ordinator will make the notification and the referral within 14 days of the conclusion being reached by the public body. Notification to the whistleblower is not necessary where the disclosure has been made anonymously.

10. INVESTIGATIONS

10.1 Introduction

Where the Ombudsman refers a protected disclosure to East Gippsland Water for investigation, the Protected Disclosure Co-ordinator will appoint an investigator to carry out the investigation.

The objectives of an investigation will be:

- To collate information relating to the allegation as quickly as possible. This may involve steps to protect or preserve documents, materials and equipment;
- Consider information collected/draw conclusions objectively and impartially;
- To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure; and

- To make recommendations arising from the conclusions drawn concerning remedial or other appropriate action.

10.2 Terms of reference

Before commencing an investigation, the Protected Disclosure Co-ordinator will draw up terms of reference. The terms of reference will set a date by which the investigation report is to be concluded, and will describe the resources available to the Investigator to complete the investigation within the time set. The Protected Disclosure Co-ordinator may approve, if reasonable, an extension of time requested by the Investigator. The terms of reference will require the Investigator to make regular reports to the Protected Disclosure Co-ordinator who, in turn, is to keep the Ombudsman informed of general progress.

10.3 Investigation plan

The Investigator will prepare an investigation plan for approval by the Protected Disclosure Co-ordinator. The plan will list the issues to be substantiated and describe the avenue of inquiry. It will address the following issues:

- What is being alleged?
- What are the possible findings or offences?
- What are the facts in issue?
- How is the inquiry to be conducted?
- What resources are required? At the commencement of the investigation, the whistleblower should be:
- Notified by the Investigator that he or she has been appointed to conduct the investigation;
- Asked to clarify any matters; and
- Provide any additional material.

The Investigator will be sensitive to whistleblowers' possible fear of reprisals and will be aware of statutory protections provided to whistleblowers.

10.4 Natural justice

The principles of natural justice will be followed in any investigation of a public interest disclosure. The principles of natural justice concern procedural fairness and ensure a fair decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals and enhances public confidence in the process. East Gippsland Water will have regard to the following issues in ensuring procedural fairness:

- The person who is the subject of the disclosure is entitled to know the allegations made against him or her and must be given the right to respond. (This does not mean the person must be advised of the allegation as soon as the disclosure is received or the investigation has commenced);
- If the Investigator is contemplating making a report adverse to the interests of any person, that person should be given the opportunity to put forward further material that may influence the outcome of the report and that person(s) defence should be fairly set out in the report;
- All relevant parties to a matter should be heard and all submissions should be considered;
- A decision should not be made until all reasonable inquiries have been made;

- The Investigator or any decision maker should not have a personal or direct interest in the matter being investigated;
- All proceedings must be carried out fairly and without bias. Care should be taken to exclude perceived bias from the process; and The Investigator must be impartial in assessing the credibility of the whistleblowers and any witnesses. Where appropriate, conclusions as to credibility should be included in the investigation report.

10.5 Conduct of the investigation

The Investigator will make contemporaneous notes of all discussions and phone calls, and all interviews with witnesses will be taped. All information gathered in an investigation will be stored securely. Interviews will be conducted in private and the Investigator will take all reasonable steps to protect the identity of the whistleblower. Where disclosure of the identity of the whistleblower cannot be avoided, due to the nature of the allegations, the Investigator will warn the whistleblower and his or her Welfare Manager of this probability.

It is at the discretion of the Investigator to allow any witness to have legal or other representation or support during an interview. If a witness has a special need for legal representation or support, permission should be granted.

10.6 Referral of an investigation to the Ombudsman

The Protected Disclosure Co-ordinator will make a decision regarding the referral of an investigation to the Ombudsman where, on the advice of the Investigator:

- The investigation is being obstructed by, for example, the non-co-operation of key witnesses; or
- The investigation has revealed conduct that may constitute a criminal offence.

10.7 Reporting requirements

The Protected Disclosure Co-ordinator will ensure the whistleblower is kept regularly informed concerning the handling of a protected disclosure and an investigation.

The Protected Disclosure Co-ordinator will report to the Ombudsman about the progress of an investigation.

Where the Ombudsman or the whistleblower requests information about the progress of an investigation, that information will be provided within 28 days of the date of the request.

11. ACTION TAKEN AFTER AN INVESTIGATION

11.1 Investigator's final report

At the conclusion of the investigation, the Investigator will submit a written report of his or her findings to the Protected Disclosure Co-ordinator. The report will contain:

- The allegation/s;
- An account of all relevant information received and, if the Investigator has rejected evidence as being unreliable, the reasons for this opinion being formed;
- The conclusions reached and the basis for them; and
- Any recommendations arising from the conclusions.

Where the Investigator has found that the conduct disclosed by the whistleblower has occurred, recommendations made by the Investigator will include:

- The steps that need to be taken by East Gippsland Water to prevent the conduct from continuing or occurring in the future; and
- Any action that should be taken by East Gippsland Water to remedy any harm or loss arising from the conduct. This action may include bringing disciplinary proceedings against the person responsible for the conduct, and referring the matter to an appropriate authority for further consideration.

The report will be accompanied by:

- Transcript or other record of any oral evidence taken including tape recordings;
- All documents, statements or other exhibits received by the officer and accepted as evidence during the course of the investigation.

Where the Investigator's report is to include an adverse comment against any person, that person will be given the opportunity to respond and his or her defence will be fairly included in the report.

The report will not disclose details likely to lead to identification of the whistleblower.

11.2 Action to be taken

If the Protected Disclosure Co-ordinator is satisfied that the investigation has found that the disclosed conduct has occurred, he or she will recommend the action that must be taken to prevent the conduct from continuing or occurring in the future. The Protected Disclosure Co-ordinator may also recommend that action be taken to remedy any harm or loss arising from the conduct.

The Protected Disclosure Co-ordinator will provide a written report to the Minister for Conservation and Environment, the Ombudsman and the whistleblower setting out the findings of the investigation and any remedial steps taken. Where the investigation concludes that the disclosed conduct did not occur, the Protected Disclosure Co-ordinator will report these findings to the Ombudsman and to the whistleblower.

12. MANAGING THE WELFARE OF THE WHISTLEBLOWER

12.1 Commitment to protecting whistleblowers

East Gippsland Water is committed to the protection of genuine whistleblowers against detrimental action taken in reprisal for the making of protected disclosures. The Protected Disclosure Co-ordinator is responsible for ensuring whistleblowers are protected from direct and indirect detrimental action, and that the culture of the workplace is supportive of protected disclosures being made.

The Protected Disclosure Co-ordinator will appoint a Welfare Manager to all whistleblowers who have made a protected disclosure. The Welfare Manager will:

- Examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and, where the whistleblower is an employee, seek to foster a supportive work environment;

- Advise the whistleblower of legislative and administrative protections available to him or her;
- Listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making disclosure;
- Keep a contemporaneous record of all aspects of the case management of the whistleblower including all contact and follow-up action; and
- Ensure the expectations of the whistleblower are realistic.

All employees will be advised that it is an offence for a person to take detrimental action in reprisal for a protected disclosure. The maximum penalty is a fine of 240 penalty units (\$24,000) or two years imprisonment or both. The taking of detrimental action in breach of this provision can also be grounds for making a disclosure under the Act and can result in an investigation.

Detrimental action includes:

- Causing injury, loss or damage;
- Intimidation or harassment; and
- Discrimination, disadvantage or adverse treatment in relation to a person(s) employment, career, profession, trade or business (including the taking of disciplinary action).

12.2 Keeping the whistleblower informed

The Protected Disclosure Co-ordinator will ensure the whistleblower is kept informed of action taken in relation to his or her disclosure, and the time frames that apply. The whistleblower will be informed of the objectives of an investigation, the findings of an investigation, and the steps taken by East Gippsland Water to address any improper conduct that has been found to have occurred. The whistleblower will be given reasons for decisions made by East Gippsland Water in relation to a protected disclosure. All communication with the whistleblower will be in plain English.

12.3 Occurrence of detrimental action

If a whistleblower reports an incident of harassment, discrimination or adverse treatment that would amount to detrimental action taken in reprisal for making the disclosure, the Welfare Manager will:

- Record details of the incident;
- Advise the whistleblower of his or her rights under the Act; and
- Advise the Protected Disclosure Co-ordinator of the detrimental action.

The taking of detrimental action in reprisal for the making of a disclosure can be an offence against the Act as well as grounds for making a further disclosure. Where such detrimental action is reported, the Protected Disclosure Co-ordinator will assess the report as a new disclosure under the Act. Where the Protected Disclosure Co-ordinator is satisfied that the disclosure is a public interest disclosure, he or she will refer it to the Ombudsman. If the Ombudsman subsequently determines the matter to be a public interest disclosure, the Ombudsman may investigate the matter or refer it to another body for investigation as outlined in the Act.

12.4 Whistleblowers implicated in improper conduct

Where a person who makes a disclosure is implicated in misconduct, East Gippsland Water will handle the disclosure and protect the whistleblower from reprisals in accordance with the Act, the Ombudsman's guidelines and these procedures. East Gippsland Water acknowledges that the act of whistleblowing should not shield whistleblowers from the reasonable consequences flowing from any involvement in improper conduct. Section 17 of the Act specifically provides that a person's liability for personal conduct is not affected by the person's disclosure of that conduct under the Act. In some circumstances an admission may be a mitigating factor in considering disciplinary or other action.

The Protected Disclosure Co-ordinator will make the final decision as to whether disciplinary or other action will be taken against a whistleblower. Where disciplinary or other action relates to conduct that is the subject of the whistleblower's disclosure, disciplinary/other action will only be taken after the disclosed matter has been dealt with appropriately.

In all cases where disciplinary or other action is being contemplated, the Managing Director must be satisfied that it has been clearly demonstrated that:

- The intention to proceed with disciplinary action is not causally connected to the making of the disclosure (as opposed to the content of the disclosure or other available information);
- There are good and sufficient grounds that would fully justify action against any non- whistleblower in the same circumstances; and
- There are good and sufficient grounds that justify exercising any discretion to institute disciplinary or other action.

The Protected Disclosure Co-ordinator will thoroughly document the process including recording the reasons why the disciplinary or other action is being taken, and the reasons why the action is not in retribution for the making of the disclosure. The Protected Disclosure Co-ordinator will clearly advise the whistleblower of the proposed action to be taken, and of any mitigating factors that have been taken into account.

13. MANAGING PERSONS AGAINST WHOM A DISCLOSURE HAS BEEN MADE

East Gippsland Water recognises that employees against whom disclosures are made must also be supported during the handling and investigation of disclosures. East Gippsland Water will take all reasonable steps to ensure the confidentiality of the person who is the subject of the disclosure during the assessment and investigation process. Where investigations do not substantiate disclosures, the fact that the investigation has been carried out, the results of the investigation, and the identity of the person who is the subject of the disclosure will remain confidential.

The Protected Disclosure Co-ordinator will ensure the person who is the subject of any disclosure investigated by or on behalf of a public body is:

- Informed as to the substance of the allegations;

- Given the opportunity to answer the allegations before a final decision is made;
- Informed as to the substance of any adverse comment that may be included in any report arising from the investigation; and has
- His or her defence set out fairly in any report.

Where the allegations in a disclosure have been investigated, and the person who is the subject of the disclosure is aware of the allegations or the fact of the investigation, the Protected Disclosure Co-ordinator will formally advise the person who is the subject of the disclosure of the outcome of the investigation.

East Gippsland Water will give its full support to a person who is the subject of a disclosure where the allegations contained in a disclosure are clearly wrong or unsubstantiated. If the matter has been publicly disclosed, the Managing Director of East Gippsland Water will consider any request by that person to issue a statement of support setting out that the allegations were clearly wrong or unsubstantiated.

14. CRIMINAL OFFENCES

East Gippsland Water will ensure officers appointed to handle protected disclosures and all other employees are aware of the following offences created by the Act:

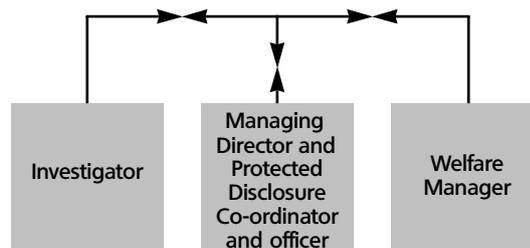
1. It is an offence for a person to take detrimental action against a person in reprisal for a protected disclosure being made. The Act provides a maximum penalty of a fine of 240 penalty units (\$24,000) or two years imprisonment or both.

2. It is an offence for a person to divulge information obtained as a result of the handling or investigation of a protected disclosure without legislative authority. The Act provides a maximum penalty of 60 penalty units (\$6,000) or six months imprisonment or both.
3. It is an offence for a person to obstruct the Ombudsman in performing his responsibilities under the Act. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.
4. It is an offence for a person to knowingly provide false information under the Act with the intention that it be acted on as a disclosed matter. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.

15. REVIEW

These procedures will be reviewed annually to ensure they meet the objectives of the Act and accord with the Ombudsman's guidelines.

16. REPORTING STRUCTURE FOR EAST GIPPSLAND WATER



Annexure A – Model Register

The register below records information about disclosures made to East Gippsland Water that have been determined to be protected disclosures.

	File A	File B	File C	File D	File E
Date disclosure received					
Type of disclosure					
Is disclosure a public interest disclosure?					
Date above determination made					
Date WB* informed of determination					
Date disclosure referred to the Ombudsman					
Determination made by Ombudsman					
Was the investigation referred back to the Ombudsman?					
Did the Ombudsman take over the investigation?					
Did WB request Ombudsman to take over investigation?					
Findings of the public body					
Recommendations made by the Ombudsman					
Date reporting requirements satisfied					

* WB refers to whistleblower

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The Annual Report of the East Gippsland Region Water Corporation is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Corporation's compliance with statutory disclosure requirements.

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Glossary

ASR	Aquifer Storage and Recovery
DSE	Department of Sustainability and Environment
DoH	Department of Health
EGCMA	East Gippsland Catchment Management Authority
EPA	Environment Protection Authority
FTE	Full Time Equivalent
Gigalitre (GL)	One billion litres
Kilolitre (KL)	One thousand litres
Megalitre (ML)	One million litres
WSDS	Water Supply Demand Strategy



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