



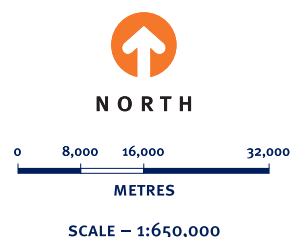
*Annual Report*  
2009

# COLIBAN WATER SERVICE REGION

## INCLUDING WATER SUPPLY SYSTEMS WITHIN THE REGION



The Coliban Region Water Corporation believes that the information contained herein is correct. However it does not warrant the accuracy of that information. The Coliban Region Water Corporation disclaims all responsibility for any omissions, inaccuracies, discrepancies, errors or scale inconsistencies that may exist between the actual and the plan representation. The Coliban Region Water Corporation further disclaims all responsibility for any loss or damage that may be suffered by any person relying upon such information, whether that loss or damage is caused by any negligence on the part of the Coliban Region Water Corporation or its employees. The data shown herein remains the property of the Coliban Region Water Corporation and may not be reproduced or resold without the express written consent of the Coliban Region Water Corporation.





# Introduction

## Contents

› Major Events	3
› Our Profile	4
› Chairman and Managing Director's Message	6
› Strategic Directions	8
› Community Engagement	11
› Water Security	18
› Capital Projects	29
› Ongoing Projects	31
› Water Quality and Reliability	35
› Sewer System	42
› People and Culture	46
› Environmental Performance	50
› Governance and Risk	57
› Statutory Information	62
› Performance Report	65
› Disclosure Index	70
› Financial Performance Summary	71
› Understanding the Financial Statements	75
› Financial Statements	77

## About this report

This Annual Report describes the programs, initiatives and actions we undertook between 1 July 2008 and 30 June 2009.

## Vision

To meaningfully contribute to improving living standards in our region.

## Mission

To realise our vision by:

- › engaging our communities and stakeholders to understand and meet their water cycle related needs
- › building, operating and maintaining sustainable water infrastructure to meet the needs of our community
- › ensuring that improved services, increased standards of living and commercial viability are incorporated into our financial planning
- › actively contributing to the sustainability of the region.

© Coliban Region Water Corporation 2009. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the Copyright Act 1968. Photography supplied by: Coliban Water, Shooter Photography, Bendigo Advertiser and Bendigo Weekly.









Author of 'Water for Gold', Dr Geoffrey Russell, at the book launch with Chairman John Brooke, 15 April 2009

## Major Events

### July 2008

- › Gavin Hanlon became Managing Director on 2 July.
- › Green World Youth Day in Bendigo – 57 delegates from around the world visited Bendigo and toured our water treatment, water recycling and water conservation facilities.

### August 2008

- › Water Trading Pilot announced that allows eligible non-residential customers to buy temporary water for delivery through our infrastructure.
- › First monthly *Water Outlook* for every system in our region published.
- › Harcourt Water Services Committee appointed to help guide modernisation of the rural system.

### September 2008

- › Zero allocation announced for Coliban rural system.
- › Recycled water delivered to Lake Weeroona.
- › Emergency water supply announced so eligible rural customers can receive 30 per cent of their allocation.

### October 2008

- › Water for Bendigo and surrounding towns guaranteed until mid-2010 by the purchase of temporary water.
- › The Hon. Tim Holding MP, Minister for Water, officially opened the Bendigo Recycled Water Factory.

### November 2008

- › Trunk sewer main across Bendigo Creek destroyed by debris and floodwater in December 2007 replaced by new 13 tonne steel bridge and sewer main.

### December 2008

- › Towns in our Murray and Goulburn supply systems moved to Stage 2 water restrictions following an increase in water allocations.
- › We assumed responsibility for standpipe management from the City of Greater Bendigo.

### January 2009

- › Water restrictions eased from Stage 4 General Exemption to Stage 3 for customers in Bendigo and Heathcote.
- › *WaterSmart* research project to understand household water use habits launched in Flora Hill, Strathdale and Kangaroo Flat.
- › Water consumption remained stable during week-long temperatures of more than 40 degrees.



Boort water storage tank demolition, April 2009

## February 2009

- › High levels of drinking water supplies maintained in anticipation of power outages due to extreme weather.

## March 2009

- › *Water Contingency Strategy* released detailing water security options for our region.
- › Investigation into detailed costing and design announced for a pipeline to connect Castlemaine to Bendigo.
- › Future growth in Ascot area accommodated by installation of 2.8 kilometres of sewer main.

## April 2009

- › Expressions of interest sought for Raywood/Sebastian area Water Services Committee to help with the Raywood Sebastian Pipeline Project.
- › The Hon. Tim Holding MP, Minister for Water, launched the book *Water for Gold* by Dr Geoffrey Russell.
- › Boort water storage tank demolished in readiness for construction of a new storage tank.

## May 2009

- › Work started on new high lift pump station at Rochester Water Treatment Plant to improve water security for Rochester.
- › Future industrial development in Kyneton accommodated by construction of new sewer pump station in Metcalfe Road.
- › Installation of 329 water quality sampling taps across region to improve our water quality-monitoring program.

## June 2009

- › Axedale pipeline connected 118 customers to the Bendigo supply system.
- › Start of five-year program of weed removal, fencing and re-vegetation on land surrounding reservoirs in Malmsbury and Kyneton areas.
- › Future customer needs in Echuca accommodated by construction of \$2.7 million sewer pump station.
- › Contractor announced for portable desalination facility at the Bridgewater Water Treatment Plant.



Sewer main installation at Ascot, March 2009

## Our profile

Coliban Region Water Authority was established on 1 July 1992 under the *Water Act 1989* as a Regional Urban Water Authority. The Authority became the Coliban Region Water Corporation on 1 July 2007 and operates as Coliban Water.

Our shareholder is the Victorian Government.

The responsible Minister is The Hon. Tim Holding MP, Minister for Water.

We provide water and wastewater services to a region with a population of 140,000 people, across 16,500 square kilometres of Central and Northern Victoria. Our service area covers 49 towns, extending from Cohuna and Echuca in the north to Kyneton and Trentham in the south; and from Boort, Wedderburn, Bealiba and Dunolly in the west and Heathcote and Tooborac in the east.

## Connections

	30 June 2009	30 June 2008
Residential	59,167	58,604
Non-Residential	6,655	6,621
Rural Licences	1,738	1,764

## Services

We provide urban water and wastewater services in accordance with the provisions of *Part 8 – Water supply* and *Part 9 – Sewerage*, of the *Water Act 1989*. Rural customers are supplied under *Part 4 Division 2* of the Act.

Our services include:

- › water harvest
- › water storage
- › water treatment
- › water distribution
- › urban wastewater collection
- › treatment, re-use and disposal, including trade waste
- › rural water supply
- › water purchase.

We provide recycled water services to some rural customers and some urban non-residential customers.





## Asset snapshot

The assets we manage to deliver our services include:

- › 2,151 kilometres of water mains
- › 31 kilometres of recycled water infrastructure
- › 1,750 kilometres of sewer mains
- › 494 kilometres of rural channels
- › 70 kilometres of main channels
- › 247 water and wastewater pumping stations
- › 26 water treatment plants
- › 16 water reclamation plants
- › 40 water reservoirs and service basins
- › 247 water and wastewater pumping stations, 182 wastewater pump stations and 65 water pump stations.

## Asset values

	Net book value
Land	\$17.540M
Buildings	\$3.151M
Water infrastructure	\$274.969M
Water distribution infrastructure	\$94.653M
Sewer infrastructure	\$243.797M
Recycling infrastructure	\$40.047M
Rural	\$11.976M
Headworks	\$111.248M
Corporate assets	\$1.600M
<b>Total</b>	<b>\$798.980M</b>
BOOT <sup>1</sup> schemes infrastructure	\$84.035M

*Note:*

- <sup>1</sup> Build Own Operate Transfer. These assets are owned by our BOOT partners.



# Chairman and Managing Director's Message

With the Goldfields Superpipe and Bendigo Water Factory completed in 2008/09 we have been looking for new opportunities to contribute to the growth and prosperity of our regional communities.

Central to this has been a renewed determination to consult more closely with our stakeholders and to involve them in our decision-making processes. In the near future our objective is for our customers and other stakeholders to drive what we do.

For example, we created a Water Service Committee for the Harcourt Rural Modernisation Project comprising representatives from the area. This committee has guided the project to ensure we deliver on their service expectations while achieving significant water savings by piping the leaky earthen channels.

We are now sharing more of the information we use to make decisions, such as the monthly publication of our water resource outlooks. This simple publication gives our communities details about our current storage volumes and updated forecasts for each of our seven supply systems.

And in this annual report, for the first time, we are providing a summarised water balance sheet, which was one of the outcomes from a review of the way in which we account for and report on our water resources.

We are pleased with the way this new, more open approach is working and we are confident it will continue to benefit our customers and other stakeholders.

Inflows continue at historically low levels with 2008/09 the second lowest in history. We can no longer rely on a single source of supply for each of our systems and we continue to work on diversifying sources to increase our water security.

We continued to develop our contingency plan for water resources. This includes modelling the likely impacts of a range of climate scenarios, identifying several alternative supply options and the critical decision making points for their implementation.

During the year the Loddon system hit critical levels of both supply and quality. The construction of a small desalination plant enabled us to make use of poor quality river water and in the future we will also be able to utilise saline ground water.

Critical levels were also reached in the Coliban system southern, which supplies the Castlemaine area. This prompted further work on the possible expansion of our water grid to supply Castlemaine from Bendigo, and Kyneton from Melbourne via Woodend. The water grid is an important way of diversifying our sources of supply and we continue to investigate options for its expansion to other communities.

We were able to substantially improve the overall amount of water available for a number of towns including Bendigo and Echuca. The purchase of water on the open market meant water restrictions in these towns could be eased for the first time in several years.



*Axedale to Bendigo Pipeline construction, January 2009*



*Harcourt Rural Modernisation investigation, January 2009*





*Minister for Water, The Hon. Tim Holding MP, Federal Member for Bendigo Steve Gibbons MP, Member for Bendigo East Jacinta Allan MP and Chairman John Brooke at the Bendigo Recycled Water Factory Opening, 31 October 2008*

We are fortunate to have a world-class water recycling plant, which has enabled Bendigo to keep significant parks and sporting grounds open for community use.

Recycled water for non-potable use was also supplied to 239 rural licence holders who would have otherwise had a zero allocation. It is clear that we can further improve the way in which we allocate and deliver this new resource and this will be a focus for the year ahead.

Our income has fallen because consumers are using less water and the prices we are allowed to charge were set by the Essential Services Commission in June 2008 on the assumption there would be a recovery from drought and further easing of restrictions.

Our expenditure has increased due the purchase of water on the open market and we are incurring increased borrowing costs as we continue to invest in upgrading and extending our supply and distribution infrastructure.

We have started the process of reviewing our pricing framework and engaging with key stakeholders with the intention of releasing a new plan for our long-term financial viability in 2010.

During the year, Pat Cotton retired after serving on the Board for 10 years and was replaced by Jane Holt. We wish Pat all the best for her retirement and warmly welcome Jane to the organisation.

Finally, we would not be able to improve our services to our communities without the dedication and commitment of our employees. Their ability to adapt to a rapidly changing environment has enabled us to continue delivering for our customers during this very challenging time in our history.



*Investigation drilling for bore water at Laanecoorie, June 2009*



*Eppalock to Sandhurst Augmentation Pump Station upgrade*



## Strategic Directions

An outcome of our corporate planning process earlier this year was recognition of our constantly changing operating environment.

Recent influences include:

- › A dramatic reduction in reliability of inflows as a result of drought and climate change
- › An increasing reliance on the water market to secure supplies
- › An increase in the size and complexity of our infrastructure projects
- › Continued change in the demographics of our customers.

Our strategic focus is to meaningfully contribute to the well-being of the region through creating a sustainable organisation that is customer focused, financially diligent and has the ability to continually adapt to constant change and the opportunities it brings.

The following text outlines our current Key Result Areas and Objectives. This report provides information about each of these areas and our performance.







Member for Bendigo West, Bob Cameron MP, at the Bendigo North Kindergarten 'Little people making big savings' launch, October 2008

#### Key Result Area

*Engage with the community and stakeholders to understand and meet their water cycle needs.*

- Objective 1 Understand what customers, communities and other stakeholders want.
- Objective 2 Provide customers with information to make informed input into decisions.
- Objective 3 Engage with all stakeholders.

#### Key Result Area

*Build, operate and maintain sustainable water cycle infrastructure to meet the needs of our community for now and into the future utilising best practice.*

- Objective 1 Ensure our capital expenditure program meets the immediate and strategic needs of our community.
- Objective 2 Build fit-for-purpose infrastructure on time and on budget.
- Objective 3 Operate our infrastructure to ensure community needs and regulatory standards are met.

#### Key Result Area

*Ensure improved services, increased standards of living and commercial viability are incorporated into all our financial plans.*

#### Key Result Area

*Ensure our sustainability and actively contribute to the sustainability of the region.*



Inside the pump house at the Bendigo Recycled Water Factory









## Community Engagement

During the year we increased the opportunities for our communities to be more informed and more involved in our business operations and decision-making. This has enabled us to better understand the needs of our customers and we intend to increase these engagement activities.

### Community Committees

One new initiative was the introduction of Water Services Committees to guide planning and decision-making for major projects.

#### Harcourt Water Services Committee

The Harcourt Water Services Committee was formed in October 2008 to guide the modernisation of the Harcourt Rural System and comprises people who live and work in the Harcourt area.

Members met seven times during the year and selected a preferred modernisation option that was subsequently approved by our Board.

#### Raywood-Sebastian Water Services Committee

The Raywood-Sebastian Water Services Committee was formed in June 2009 and comprises both urban and rural customers. This committee will guide a project to connect Raywood and Sebastian to the Bendigo water supply system and the modernisation of our rural system in this area.

#### Customer Consultative Committee

The Urban Customer Consultative Group was established in 2004. It comprises 10 customers from the residential, commercial and welfare sectors and is an important channel for their feedback on concerns, issues and possible solutions.

The group met twice during 2008/09 when input was provided to:

- › Water security planning
- › A review of our debt recovery policy
- › Community attitudes towards our Urban Water Trade pilot.

This committee is currently in recess due to declining attendance and a review of its role.

### Rural Customer Advisory Group

The Rural Customer Advisory Group was established in 2001 and its 10 members are all rural customers. It met three times during 2008/09 to discuss:

- › Water security
- › Emergency water supply criteria for commercial rural customers
- › State government rebates for fixed charges and our water rebate for carted water
- › Potential for provision of recycled water to the Harcourt horticultural area
- › Loss reduction strategies
- › Formation of a Water Services Committee for the Harcourt area
- › Rural modernisation.



*La Trobe University students tour Bendigo Water Reclamation Plant, 14 May 2009*

### Monthly Water Outlooks

We launched our monthly *Water Outlooks* in August 2008 to provide customers in each of our water supply systems with more information about the state of the systems.

They describe each areas' water needs, water reserves and the latest outlook for urban water restrictions and rural allocations.

### Media Relations

We issued 94 media releases during the year compared to 46 in 2007/08. We increased our direct contact with media to communicate better with the community. Our focus changed from only good news to more open reporting on incidents such as sewer spills and water main bursts.

### General Communications

We continued to direct-mail community and project updates to provide customers with information relevant to their area.

We used full-page updates in newspapers and introduced project posters for smaller communities to provide information on local projects.

More information is now available on our website for customers with internet access.

### Community Briefings

During the year our Managing Director made 27 presentations to community groups about water security. These were delivered to service clubs, environmental groups and other special interest groups.

### Daily Usage Water Dial

We continued to publish information about water usage targets and actual use on our website each week for the Bendigo, Castlemaine, Kyneton and Heathcote areas.



*Smart Gardens Workshop, Heathcote, 30 May 2009*



*WIN Television media interview, 21 May 2009*





*Raywood and Sebastian Area Water Services Committee*

## Customer and Stakeholder Research

To better understand our customers and communities the following research was carried out during the year by independent organisations:

- › A Stakeholder and Partner Survey was conducted for the first time to understand stakeholder experiences and perceptions of working with us. Key outcomes:
  - Overall stakeholders had a high level of confidence in us meeting the challenges of the future.
  - There was a strong message to increase stakeholder engagement in an open and transparent way.
  - To develop a greater understanding of what the community really wants, and what level of service they are willing to pay for.
  - To take a more proactive approach with industry partners, regulatory authorities and other stakeholders to build stronger working relationships.
- › A Customer Perception Survey that seeks feedback on our service and delivery performance from a randomly selected sample of customers. Key outcomes:
  - Overall customer satisfaction this year was 92 per cent, a decrease from last year's 96 per cent.
  - Water security remains a high priority.
  - Customer expectations of community engagement are increasing.
  - The importance of environmental awareness is broadening.
- › Two Customer Contact Surveys to assess our performance when dealing with customers who have contacted us in the previous three months. Key outcomes:
  - Overall 93 per cent of customers were satisfied with the way their issue was handled, compared to 92 per cent last year.
  - Overall satisfaction of our phone service during business hours increased to 97 per cent compared to 96 per cent last year.
  - Customers suggested we avoid the use of water industry jargon in our communication.
  - Providing of time frames for a response or completion of an issue was important to a high percentage of customers.



## **Taps and Toilets Water Systems Design Game**

During April 2009 we released a curriculum package featuring an engineering role-play activity called *Taps and Toilets* to all primary schools in our region.

This educational game is based around Coliban Water as a provider of water and wastewater services.

Using small sections of coloured straws on a map, students work in teams to design three water systems for a hypothetical community. Each group must minimise costs and follow environmental planning guidelines while constructing potable water supply, sewerage and recycled water systems.

Through hands-on involvement students gain a better understanding of our role and the importance of transporting water through pipes to facilitate water security and protect community and environmental health.

The key messages of the game include:

- › Water can be moved between catchments through pipes to access additional supplies.
- › Pipes can replace channels to preserve water quality and to eliminate losses through seepage and evaporation.
- › Sewage must be contained in pipes and conveyed to a water reclamation plant for treatment to protect community health and the environment.
- › Recycled water improves water security and is supplied through a separate coloured pipe system.

The activity has been well received by teachers and students alike and supports environmental and sustainability themes in the school curriculum as well as the new Victorian Essential Learning Standards curriculum framework.

We go out to schools and deliver an introductory presentation to students, demonstrating local applications and conducting the game. Teacher packs and all the materials needed to play the game are provided. So far, 13 schools and more than 400 students have been involved since the trial phase during September 2008.

## **Case Study**

## **Events**

Our largest community activity during the year was National Water Week in October 2008, which included:

- › A school poster competition
- › The launch of the Savewater Mission H2O interactive on-line game
- › A Coliban River tree planting day at Tylden
- › A Showerhead Exchange Day in Bendigo
- › Water wise gardening information sessions
- › Tours of the Bendigo Recycled Water Factory
- › Plumber information nights.

## **Sponsorships**

The criteria for our community sponsorships were modified this year to focus on opportunities with a direct link to our business mission and values.

We undertook 15 financial sponsorships totalling \$50,792, we made four donations totalling \$1,050 and we provided promotional materials to smaller events and activities.

Our mobile drinking fountain trailer was used as in-kind sponsorship at 27 events during the year.

## **Schools Education Program**

Our schools education program offered a range of support for teachers and schools including:

- › Information sessions for teachers
- › Curriculum resources such as *Water: Learn It! Live It!*
- › A schools newsletter
- › Information and activities on our website.
- › School visits, presentations and activities
- › Tours of water and wastewater facilities for tertiary groups
- › Information for student project work
- › Visits to our headworks on the Coliban River.

Specific programs delivered to primary schools included:

- › Taps and Toilets water systems design game
- › Coliban Watersaurus Shower Saver Challenge.

The schools program supports sustainability and environmental themes in the school curriculum and complies with the Victorian Essential Learning Standards. Presentations and activities are adapted to suit ages from early childhood through to tertiary education level.

Sustainability Awards were made for the first time to secondary school students in our region that demonstrated an outstanding level of commitment or achievement in sustainability, particularly water conservation.





*Green World Youth Day participants on tour at the Bendigo Recycled Water Factory, 7 July 2008*

## Smart Gardens Community Education Program

We continued our Smart Gardens program to support gardeners with advice about designing and managing their gardens under water restrictions. This is a partnership program with the City of Greater Bendigo.

## Customer Contact Centre

We have a dedicated Customer Contact Centre for telephone enquiries and over-the-counter contacts in Bendigo. We had more than 62,000 incoming customer contacts during the year.

This year we have consistently exceeded the requirements of the Essential Service Commission's *Grade of Service*, with an annual average of 91 per cent of calls answered within 30 seconds against a target of 90 per cent.

## Management of Social and Economic Impacts

Our Urban and Rural Customer Charters set out customers' rights, obligations and service expectations and our own obligations for service delivery. Copies are available from our website at [www.coliban.com.au](http://www.coliban.com.au) or on request from our office.

Key initiatives are discussed with our Urban Customer Consultative Group and our Rural Customer Advisory Group who provide valuable input into planning and implementation of our projects and programs.

We produced an extensive range of publications to ensure that information about water restrictions, policies, how to save water, support for hardship customers and other services is readily available to our customers.

## Community Service Obligations

Some of our residential customers are eligible for concessions or rebates from the Victorian Government. The table below summarises the value of concessions and rebates we have processed over the past three years.

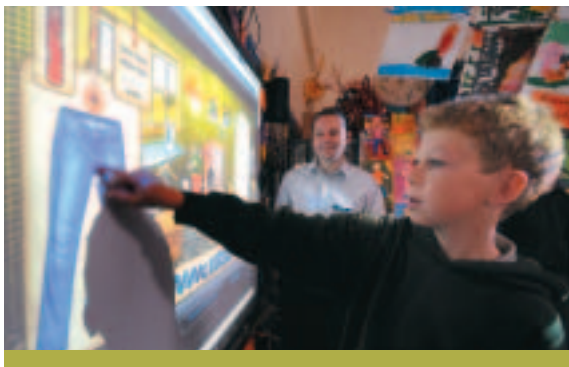
Concessions for residential tenants with water consumption accounts are limited to a maximum of \$94.85 and residential owner-occupiers can claim a maximum concession of \$189.70 each for water and sewerage services.

Utility relief grants support eligible concession card holders who are unable to pay their account due to a short-term financial issue.

Concessions and Rebates			
	2008/09	2007/08	2006/07
Not for profit rebates	\$279,878	266,268	\$269,002
Pension Concessions	\$3,180,040	\$2,504,767	\$2,614,802
Utility Relief Grants	\$7,851	\$ 2,450	\$ 3,024
Water Concession: life support machines/haemodialysis	\$345	\$234	n/a <sup>1</sup>
Hardship relief grant scheme	\$92,926	\$108,450 <sup>2</sup>	\$167,678

Notes:

1. Data not available
2. Figure recalculated and corrected for 2007/08



'Mission H2O' launch, Kangaroo Flat Primary, October 2008

## Indigenous Consultation

Aboriginal Affairs Victoria approved a *Cultural Heritage Management Plan* for Stage 2a and 2b of the Eppalock to Sandhurst Augmentation Project in July 2008.

Similar to the Stage 1 Plan that was approved earlier in the year it was prepared by TerraCulture Pty Ltd in consultation with representatives from the Dja Dja Wurrung Clans Aboriginal Corporation.

The investigations found there are no Aboriginal sites within Stage 2a or 2b however there are two Aboriginal sites (scarred trees) approximately 3km north of Stage 2a.

## Energy and Water Ombudsman

The Energy and Water Ombudsman (Victoria) (EWOV) receives, investigates and facilitates the resolution of customer complaints about electricity, gas and water companies.

During 2008/09 three complaints were referred to EWOV for investigation and 20 cases were referred to higher-level contact for investigation.

In addition, two enquiries to EWOV were noted for Coliban Water and one contact with EWOV about Coliban Water was referred to another agency for action.

Although EWOV referred the equivalent of 0.4 complaints for every 1,000 customers to us for action during 2008/09, compared to the Essential Service Commission's target of 0.32 per 1,000 customers, this was a significant improvement on previous years.

## Community Inclusiveness

We comply with the Victorian Government's policy framework on multicultural and gender issues and youth and indigenous affairs.

We respect the diversity of our customers and our employees and try to deliver culturally appropriate communications that meet their needs and expectations.

We offer telephone interpreter and text telephone (TTY) services to help with customer communications.

## WaterSmart Rebates

Our customers continued to take advantage of the Victorian Government's Water Smart Gardens and Homes Rebate Scheme. The total amount rebated during 2008/09 was \$107,580.00.



Showerhead exchange – National Water Week, 24 October 2008

## Water Restriction Enforcement

We are responsible for investigating reports of water restriction breaches and providing community education about restrictions and water conservation.

During the year 620 water restriction offences were reported compared to 287 in 2007/08. All reports were investigated and most found to relate to using grey water systems or rain water supplies. We issued 11 formal warning letters for non-compliance, two customers had their water service restricted, and four properties were identified for restriction.

Since March 2009 we have had the authority to issue on-the-spot fines for water restrictions breaches. We issued no fines during the year.

The installation of automated recording equipment to control and monitor the use of public standpipes has reduced the requirement for a regular monitoring presence by the team at standpipes.

2008/09 was the third year customers were required to register for a Water Carter Permit. We had 895 customers register for potable water and 27 for recycled water.

Water Enforcement Officer Activities 2008/09	Number
Reported Investigations	495
Water Restriction Offender Investigations	626
High Water Consumption Investigations	396
Recycled Water Meter Reads	400
Meter Reads	780
Penalty Infringement Notices Issued	0
Restrictors Applied	2
<b>Total Actions</b>	<b>2699</b>







# Water Security

## Water Contingency Strategy

In March 2009 we published our *Water Contingency Strategy* to provide customers with an insight into our water security thinking and planning for each of our supply systems.

The changing climate presents substantial challenges for our water security and this strategy is part of our response to the potential impacts.

The key elements are:

- › The interconnection of water supply systems.
- › The use of the temporary water market.
- › Modernisation of the rural channel system.
- › Increased use of groundwater and desalination.

## Water Supply Systems

We manage seven separate water supply systems in the Coliban Water Region. Please refer to the inside cover to see the towns in each of our supply areas.



*Campaspe River at Goomong*

### Water Balance Volume Notes:

1. Water held in storage is 36,751 megalitres, 11,989 megalitres or 48% more than June 2008.

*The two largest increases in storage water were:*

*5,166 megalitres delivered by the Goldfields Superpipe from Waranga Western Channel to Lake Eppalock; and*

*7,681 megalitres saved from Goulburn Water allocations and temporary water purchases and held in Lake Eildon. This water is available for supply to the Coliban system northern area in 2009/10, via the Goldfields Superpipe interconnection with the Sandhurst Reservoir;*

2. 60% of our water resource, or 22,121 megalitres, is held in our storages, including our share of Lake Eppalock. The remaining 14,630 megalitres, is held in storages controlled by Goulburn-Murray Water.

## Water Balance Volumes

This table compares our water in storage at 30 June this year with the 30 June last year.

	As at 30 June 2008 ML	As at 30 June 2009 ML	% Full 30 June 2009
<b>Storage volume in our region</b>			
Coliban System Northern – Sandhurst Reservoir	2,362	1,749	67%
Coliban System Northern – Caledonia Reservoir	124	88	41%
Coliban System Northern – Lake Eppalock	6,390	11,556	21%
Coliban Rural Northern – Spring Gully Reservoir (Recycled Water)	608	436	26%
Coliban System Southern – Upper Coliban Reservoir	191	128	0.3%
Coliban System Southern – Lauriston Reservoir	7,772	6,194	35%
Coliban System Southern – Malmsbury Reservoir	328	346	2%
Coliban System Southern – McCay Reservoir	1,081	1,298	95%
Coliban Rural Southern – Barkers Creek Reservoir	140	73	4%
Groundwater – Trentham Storages	63	59	66%
Wimmera system – Korong Vale storages	237	194	40%
<b>Total</b>	<b>19,297</b>	<b>22,121</b>	<b>16%</b>
<b>Available water in other systems</b>			
Campaspe System Bulk Entitlement – held in Lake Eppalock	0	47	n/a
Coliban System – Water shares held in Lake Eppalock	351	334	n/a
Coliban system Northern – held in Lake Eildon	3,232	10,913	n/a
Goulburn system – held in Lake Eildon		223	n/a
Loddon System, held in Loddon storages		113	n/a
Murray system – held in Murray River storages	1,882	3,000	n/a
<b>Total</b>	<b>5,465</b>	<b>14,630</b>	<b>n/a</b>
<b>Total</b>	<b>24,762</b>	<b>36,751</b>	<b>n/a</b>





*Construction of pontoon mounted pumps at Lauriston Reservoir*



### Water trading pilot

An Urban Water Trading Pilot was announced in 2008. The purpose of the pilot was to evaluate the benefit that water trading may have for our customers that either provide a broad community benefit or are a business that has been adversely impacted by water restrictions.

A total of 37 customers, including local sporting clubs, agricultural businesses, car wash businesses, schools, cemeteries and accommodation providers participated in the trial, which delivered 291.5 ML of water. This pilot is currently being evaluated to determine the benefit it provided to customers and the community and decide whether it should continue in 2009/10.

### Case Study

## Rainfall and Water Inflows

Our three main Coliban system catchment storages, Upper Coliban, Lauriston and Malmsbury Reservoirs are located south of Malmsbury.

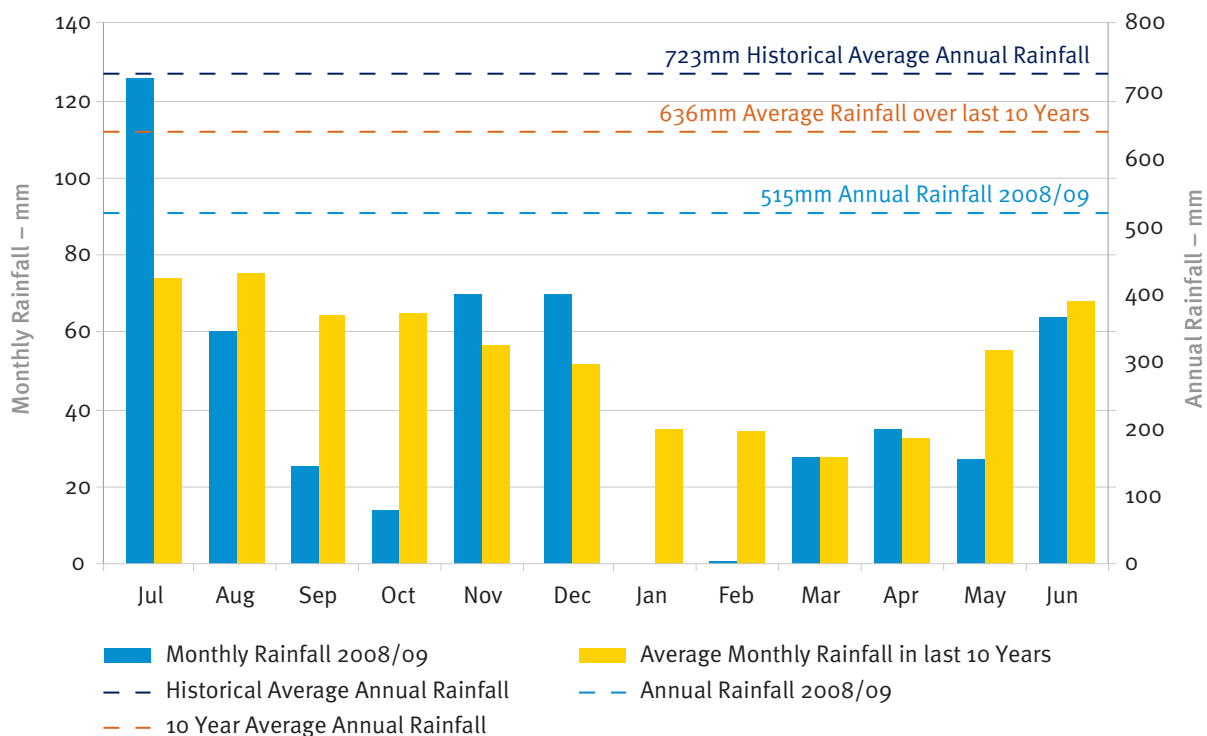
Rainfall at Malmsbury Reservoir was 515 millimetres for the year. This is 19 per cent less than the 10-year average of 636 millimetres, and 29 per cent less than the long-term historical average of 723 millimetres. Average rainfall fell in July, November, December and April.

Below average rainfall for the year ending June 2009, and during autumn 2008, resulted in our second lowest inflows into catchment storages on record. Autumn rainfall for 2008 was 87 millimetres or just over half the historical average rainfall of 164 millimetres.

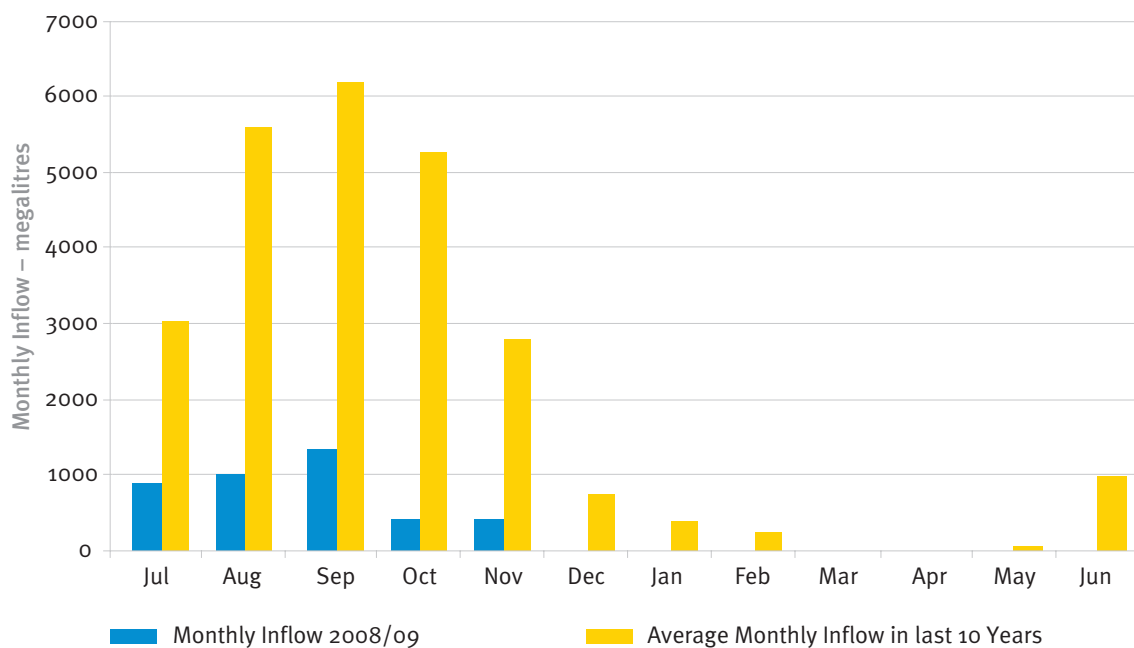
Across our region rainfall was below average. Bendigo received 382 millimetres, 12 per cent less than the average for the last 10 years of 434 millimetres.

Inflow from catchment runoff into the three main catchment reservoirs was 4,140 megalitres, or just 16 per cent of the 10-year average inflow of 25,400 megalitres. This is only seven per cent of the historical average inflow of 62,000 megalitres over the 107 year period from 1891 to 1997.

## Malmsbury Reservoir Monthly Rainfall 2008/09



## Malmsbury Reservoir Monthly Inflow 2008/09



Lauriston Reservoir, January 2009

Our storages in Central Victoria rely on soaking autumn rainfall to 'wet' the catchment in order to produce prolonged periods of inflow into our catchment storages during the following winter, spring and early summer period. Since 1997, autumn rainfall has declined by 30 per cent which, together with an overall 10 per cent drop in the winter-spring-summer rainfall, has significantly reduced the 'wetting' of the catchment and severely reduced inflows to our storages.





*Lauriston Reservoir, June 2009*

## Supplementing natural inflows

Part of our water security strategy is to supplement the natural inflow from rainfall with purchases from the temporary water market. In 2008/09 we purchased 11,949 megalitres of temporary water, of which 9,922 megalitres was for Bendigo.

The Goldfields Superpipe was used to transfer 15,648 megalitres of water from the Goulburn system into Lake Eppalock and to Sandhurst Reservoir in Bendigo. All water in our catchment reservoirs near Malmsbury is being held back to supply our Castlemaine and Kyneton areas.

The three Coliban catchment storages started the year at 8,291 megalitres (11 per cent of capacity). The storages rose to 11,366 megalitres (15 per cent) in mid-October before steadily falling to 6,650 megalitres in late June 2009. At 30 June 2009 they held 6,668 megalitres.

Our share of Lake Eppalock at the start of the financial year was 6,390 megalitres and at 30 June 2009 we had 11,556 megalitres. Natural inflow into Lake Eppalock was estimated to be 500 megalitres with the rest delivered from the Goulburn system through the Goldfields Superpipe.

## Water Extracted by Source

2008 – 09	Megalitres
Direct river extraction	2,811
Groundwater	254
Draw from dams / impounding reservoirs	3,699
Channel supplies	18,324
<b>Total</b>	<b>25,088</b>

## Bulk Water Entitlements

We hold Bulk Water Entitlements in the Campaspe, Coliban, Goulburn, Loddon, Murray and Wimmera systems and groundwater extraction licences in Elmore and Trentham (Groundwater supply system). We also hold high and low reliability water shares in the Goulburn and Campaspe systems. The volumes taken during 2008/09 were as follows:

Supply System	Source of Supply	Bulk Entitlement Volume ML	Bulk Entitlement Allocation ML	Carry-over from 2007/08 ML	Raw Water Volume Taken ML	Carry-over to 2009/10 ML	Reporting requirements in accordance with Bulk Entitlement clauses
<b>Campaspe</b>	<b>Campaspe River</b>						<b>1</b>
Axedale & Goornong		215	107.5	N/A	60	47	12.1 (c) – Any credits granted – Nil 12.1 (d) – Metering Program – Nil 12.1 (e) – Temporary or permanent transfer of all or part of BE – Nil
Rochester		134	0	N/A	0	N/A	12.1 – Any amendment to BE, or new BE for Axedale, [(g)&(h)] Goornong & Rochester – Nil 12.1 (i) – Any failure to comply with BE – Nil 12.1 (j) – Difficulties in complying – Nil
<b>Coliban</b>	<b>Coliban River, Campaspe River</b>						
Bendigo area, Castlemaine area, Kyneton area, Heathcote area & Coliban Rural	Coliban River Reservoirs: Upper Coliban, Malmsbury & Lauriston and Lake Eppalock	50,260		N/A	3,699	N/A	18.1 (f) – 2, 3, 4 & 5 18.1 (g) – Annual evaporation loss 2733 megalitres 18.1 (h) – No internal spills in Lake Eppalock 18.1 (i) – Passing flows qualified under Temporary Qualification of Rights June 2009 18.1 (j) – Any credits granted – Nil 18.1 (k) – Temporary or permanent transfer of bulk entitlement – Nil 18.1 (n) – Allocation to primary entitlements – Nil 18.1 (o) – Transfers of primary entitlements – Nil 18.1 (p) – Any alteration to primary entitlements – Nil 18.1 (q) – Any amendment to bulk entitlement <sup>6</sup> 18.1 (r) – Any new bulk entitlement – Nil 18.1 (s) – Environmental and metering programs implemented – Nil 18.1 (t) – Any failure to comply with BE – Nil 18.1 (u) – Difficulties in complying – Nil 18.1 (v) – Passing flows less than specified – Nil
<b>Goulburn</b>	<b>Waranga Western Channel</b>						
Boort		425	425		163	17.3	13.1 (c) – Amount and location of water taken from other than specified point – Nil
Dingee		50	50		8		13.1 (d) – Water returned to channel system – Nil
Lockington		130	130		79	26.4	13.1 (e) – Metering Program – Nil
Macoma		40	40		7		13.1 (f) – Any change to security of supply and annual entitlement – Nil
Mitiamo		60	60		19		13.1 (g) – Temporary or permanent transfer of all or part of BE <sup>7</sup>
Mysia		15	15		1		13.1 – Any transfers of entitlement to, amendment of BE, or new BE <sup>8</sup>
Pyramid Hill		300	300		138		13.1 (h), (i), (j)
Rochester		1,400	1400		978	179.2	13.1 (k) – Any failure to comply with BE – Nil
<b>Total</b>			<b>2,420</b>		<b>1,393</b>	<b>223</b>	13.1 (l) – Difficulties in complying – Nil
<b>Groundwater</b>	<b>Groundwater</b>						
Elmore		284	185	N/A	153	N/A	50 ML temporary allocation purchased for Elmore
Trentham	Bore Spring Water	48 N/A	48 N/A	N/A N/A	32 69		
<b>Loddon</b>	<b>Loddon River</b>						<b>9</b>
Bridgewater & Inglewood					189		13.1 (c) – Any credits granted – Nil 13.1 (d) – Metering Program – Nil 13.1 (e) – Temporary or permanent transfer of all or part of BE – Nil
Laanecoorie,							13.1 (g) – Any amendment to BE – Nil
Dunolly,					99	113	13.1 (h) – New BE granted – Nil
Bealiba & Tarnagulla		820	410	N/A			13.1 (i) – Any failure to comply with BE – Nil
Serpentine					14		13.1 (j) – Difficulties in complying – Nil
Jarklin					2		
<b>Total</b>					<b>304</b>		
<b>Wimmera</b>	<b>Wimmera Channel</b>						
Korong Vale & Wedderburn, Borung Wychitella		450	380	N/A	253	N/A	17.1 (c) – Amount and location of water taken from other than specified point – Nil 17.1 (e) – Metering Program – Nil 17.1 (f) – Any change to reliability and annual entitlement – Nil 17.1 (g) – Temporary or permanent transfer of all or part of BE – Nil 17.1 (h) – Any BE or other entitlement transferred to supply primary entitlements under this order – Nil 17.1 (i) – Any amendment to BE <sup>10</sup> 17.1 (j) – New BE granted – Nil 17.1 (k) – Any failure to comply with BE – Nil 17.1 (l) – Difficulties in complying – Nil
<b>Total</b>					<b>276</b>		



Supply System	Source of Supply	Bulk Entitlement Volume ML	Bulk Entitlement Allocation ML	Carry-over from 2007/08 ML	Raw Water Volume Taken ML	Carry-over to 2009/10 ML	Reporting requirements in accordance with Bulk Entitlement clauses
Murray	Murray River						<sup>11</sup>
Cohuna, Echuca, Gunbower Leitchville Total		6,285	2,200	1,788	603 2,448 66 338 3,455	3,000	20.1 (c) – New offtake points – Nil 20.1 (d) – Water returned – Nil 20.1 (e) – Metering Program – Nil 20.1 (f) – Temporary or permanent transfer of all or part of BE – Nil 20.1 (g) – Any BE or other entitlement transferred to supply primary entitlements under this order <sup>7</sup> 20.1 (h) – Any amendment to BE <sup>12</sup> 20.1 (i) – New BE granted – Nil 20.1 (j) – Any failure to comply with BE – Nil 20.1 (k) – Difficulties in complying – Nil
Goulburn	Waranga Western Channel						
Bendigo	Water Shares HR Water Shares LR	22,489 2,857.7	7,498	3,059	15,648	10,913	Temporary market purchase 9,922 megalitres Water Quality Reserve purchase 5,000 megalitres Urban Trading Program purchase 271 megalitres Volume transferred to Bendigo 8,780 megalitres Volume transferred to Lake Eppalock 6,519 megalitres Volume transferred to Heathcote 349 megalitres
Campaspe	Lake Eppalock						
Bendigo	Water Shares HR Water Shares LR	2,589 131.6	0	351	0	334	Carryover water from previous years

**Notes:**

- Normal bulk entitlement is 215 megalitres. An allocation of 50% of the bulk entitlement was granted for the year for Axedale and Goornong and zero% allocation for Rochester.
- 2,973 megalitres discharged from Malmsbury Reservoir to Coliban Main Channel
- 726 megalitres discharged from Lauriston to Kyneton system.
- Nil pumped from Lake Eppalock to Heathcote.
- Nil pumped from Lake Eppalock to Eppalock-Bendigo Pipeline
- Coliban System bulk entitlements were amended by Further Amendment to Temporary Qualification of Rights in the Campaspe Water Supply System – June 2008 and Second Further Amendment in September 2008.
- Temporary Transfer of bulk entitlements and water allocations:
  - 24 megalitres from Lockington to Bendigo (Superpipe)
  - 242 megalitres from Rochester to Bendigo (Superpipe)
  - 42 megalitres from Dingee to Bendigo (Superpipe)
  - 270 megalitres from Boort to Bendigo (Superpipe)
  - 14 megalitres from Mysia to Bendigo (Superpipe)
  - 162 megalitres from Pyramid Hill to Bendigo (Superpipe)
- 41 megalitres from Mitiamo to Bendigo (Superpipe)
- 33 megalitres from Macorna to Bendigo (Superpipe)
- Urban Trade Program – Temporary transfers of water from irrigators:
  - 175 megalitres to Murray
  - 271 megalitres to Bendigo
  - 3 megalitres to Goulburn
  - 6 megalitres to Loddon
- 1,977 megalitres purchased on temporary market for Murray system
- Goulburn System bulk entitlements were amended by Temporary Qualification of Rights in the Goulburn Water System – July 2007 and Further Amendment to Temporary Qualification of Rights in the Goulburn Water System June 2008.
- Normal Loddon bulk entitlement restricted to 50% for 2008/09.
- Wimmera System bulk entitlements were amended by Bulk Entitlement (Wimmera and Glenelg Rivers –Coliban Water) Conversion Amendment Order 2009.
- Normal Murray bulk entitlement restricted to 35% for 2008/09.
- Murray System bulk entitlements were amended by Temporary Qualification of Rights in the Murray Water Supply System July 2007 and Amendment to Temporary Qualification of Rights in the Murray Water System June 2008.

## Permanent Water Purchase

During the year, Coliban Water acquired a further 13,015 megalitres of high reliability water shares from the Goulburn Irrigation area.

## Water Restrictions

Our *Drought Response Plan* was first implemented in 2002. At the start of the 2008/09 48 towns across our region were on water restrictions and continued to be so for the entire year. Trentham was our only town on Permanent Water Saving Rules.

Through the year a number of qualifications of rights and Ministerial Directions on Bulk Water Entitlement supply were made and these are listed in the notes on the previous page.



*Recycled water standpipe, Bendigo*

## Standpipes

In December 2008 we assumed responsibility for the 16 standpipes in the City of Greater Bendigo area. We already manage standpipe operation and administration for 890 registered water carters.

The standpipes have changed from token to electronic operation to improve service to customers and to provide us with detailed water usage data for management purposes.

## Summary of Water Restrictions

Supply System	Summary 2008/09
<b>Campaspe</b> Axedale & Goornong	<ul style="list-style-type: none"> <li>Stage 4 in force on 1 July 2008. Axedale moved to Stage 3 on 19 June 2009</li> <li>Goornong remained on Stage 4 on 30 June 2009</li> </ul>
<b>Coliban Urban Northern</b> Bendigo and Heathcote areas	<ul style="list-style-type: none"> <li>Stage 4GE in force on 1 July 2008</li> <li>Stage 3 introduced on 1 January 2009 and remained in force on 30 June 2009 (except Raywood and Sebastian who remain on Stage 4GE)</li> </ul>
<b>Coliban Urban Southern</b> Castlemaine and Kyneton areas	<ul style="list-style-type: none"> <li>Stage 4GE in force on 1 July 2008 and remained in force on 30 June 2009</li> </ul>
<b>Coliban Rural</b>	<ul style="list-style-type: none"> <li>General allocation 0%</li> <li>Ministerial qualification to allow 30% emergency allocation to eligible licence holders</li> </ul>
<b>Goulburn</b> Boort, Dingee, Lockington, Macorna, Mitiamo, Mysia, Pyramid Hill & Rochester	<ul style="list-style-type: none"> <li>Stage 3 in force on 1 July 2008</li> <li>Stage 2 introduced on 15 December 2008 and remained in force on 30 June 2009</li> </ul>
<b>Groundwater</b> Elmore	<ul style="list-style-type: none"> <li>Stage 1 in force on 1 July 2008 and remained in force on 30 June 2009</li> </ul>
<b>Groundwater</b> Trentham	<ul style="list-style-type: none"> <li>Permanent Water Saving Rules in force on 1 July 2008 and remained in force on 30 June 2009</li> </ul>
<b>Loddon</b> Bridgewater & Inglewood, Laanecoorie, Bealiba, Dunolly, Tarnagulla, Jarklin & Serpentine	<ul style="list-style-type: none"> <li>Stage 4 in force on 1 July 2008 and remained in force on 30 June 2009</li> </ul>
<b>Murray</b> Cohuna, Echuca, Gunbower & Leitchville	<ul style="list-style-type: none"> <li>Stage 3 in force on 1 July 2008</li> <li>Stage 2 introduced on 15 December 2008 and remained in force on 30 June 2009</li> </ul>
<b>Wimmera</b> Korong Vale, Wedderburn, Borung & Wychitella	<ul style="list-style-type: none"> <li>Stage 4 in force at 1 July 2008 and remained in force on 30 June 2009</li> </ul>





Spring Gully Channel inlet

## Rural Usage

Rural customers had zero allocation for the season. A total of 68 customers met criteria for an emergency supply under a Qualification of Rights approved by the Minister for Water. This qualification also allowed recycled water to be supplied to the Ascot, Axe Creek and Cockatoo Hill rural channels. This gave an additional 349 customers the opportunity to access water.

Emergency supply customers received an allocation of up to 30 per cent of their licence volume. Channel systems that could be supplied recycled water were allocated 40 per cent of their licence volume.

System	Number of Rural Licences	Licence Volume (Megalitres)	Number of Licences supplied	Volume Delivered (Megalitres)	Notes
Cockatoo Hill	140	669	91	209	Supplied recycled water
Ascot	121	1464	90	474	Supplied recycled water
Harcourt	244	4284	36	742	Supply was either channel, temporary pipeline or temporary urban connection
Emu Valley	336	1884	4	18	Supply was via temporary connection to Eppalock Pipeline
Specimen Hill	115	1025	3	100	Temporary urban connections
Lockwood	229	1293	5	9	Temporary urban connections
Axe Creek	88	558	58	140	Supplied recycled water
Spring Gully	58	30	1	3	Temporary connection to Eppalock Pipeline
Jackass Flat	17	59	0	0	No supply
Poverty Gully	31	148	0	0	No supply
Coliban Main	174	1606	9	221	Channel delivery, with two temporary urban connections
Eppalock Pipeline	73	971	5	70	No change to regular connection
Lockwood South Pipeline	46	402	5	37	Temporary urban connection to Lockwood Sth Pipeline
Reservoirs	10	20	0	0	No supply
<b>Total</b>	<b>1682</b>	<b>14413</b>	<b>307</b>	<b>2023</b>	

## Recycled Water Production and Usage

Recycled water was produced and used from the following water reclamation plants during 2008/09:

### Axedale

The Axedale Water Reclamation Plant produces Class B recycled water, which is supplied to the Axedale Golf Club for irrigation use.

### Bendigo

The Epsom Water Reclamation Plant produces Class A and Class C recycled water.

Class A is produced in the recycled water factory and is available via the pipeline, standpipe and some rural channels. Customers include City of Greater Bendigo for its sporting facilities and parks and gardens, primary schools, industrial laundries, rural customers and commercial customers for dust suppression, car washing, fire fighting and road works.

Class C is produced prior to the recycled water factory treatment. It is available from a standpipe in accordance with the Drought Relief Framework program and can be used for dust suppression, road construction purposes and other commercial uses approved by us and the EPA. This class of water is also supplied to Northgate Minerals' Fosterville gold mine, the Bendigo Livestock Exchange and local irrigators.

### Castlemaine

The Castlemaine Water Reclamation Plant produces Class C recycled water, which is supplied to the Castlemaine Golf Course via a pipeline and to earthworks companies for dust suppression and construction works via tanks in accordance with the Drought Relief Framework.

### Echuca

The Echuca Water Reclamation Plant produces Class C recycled water, which is piped to a storage basin and then supplied to local irrigators.

### Heathcote

The Heathcote Water Reclamation Plant produces Class C recycled water, which is supplied to the Heathcote Golf Club for irrigation use.

### Kyneton

The Kyneton Water Reclamation Plant produces Class B and Class C recycled water, which is supplied to the Kyneton Racecourse and a local irrigator.

### Rochester

The Rochester Water Reclamation Plant produces Class C recycled water, which is supplied to local irrigators.

All our other water reclamation plants produce Class C recycled water which is stored on site for future use.

Water Reclamation Plant	Recycled water usage volume (ML)	
	2008/09	2007/08
Axedale	5	4
Bendigo		
› Class A	2,327	686
› Class C	1,123	1,254
Castlemaine	132	94
Echuca	572	811
Heathcote	112	85
Kyneton	262	282
Rochester	68	79
<b>Total</b>	<b>4,601</b>	<b>3,291</b>

### Table of Class A Recycled Water Uses

Type of Use	Number of Customers	
	2008/09	2007/08
Domestic garden watering	175	100
Toilet flushing	79	39
Livestock drinking	279	110
Rural water feature	14	9
Rural car wash	4	3
Irrigation of pasture for grazing	98	72
Irrigation of horticultural crop	40	32
Irrigation of public sporting facilities	20	14
Irrigation of school grounds	5	2
Irrigation of parks and gardens	3	2
Nurseries	1	1
Industrial purposes	1	1
Recreational Lake	1	1
Standpipe	27	0

### Table of Class C Recycled Water uses

Type of Use	Number of Customers	
	2008/09	2007/08
Irrigation of pasture for grazing	4	4
Mining	1	1
Dust suppression	2	2
Irrigation of sporting facilities	4	4

Please refer to our website [www.coliban.com.au](http://www.coliban.com.au) for further information on recycled water class definitions.





*Rosalind Park, Bendigo*



*Recycled water standpipe, Bendigo*

## Recycled Water Management

All of our customers using recycled water must comply with management requirements contained in the *Site Management Plan* or *Environment Improvement Plan* for each site. Every recycled water customer's management practices, water uses and volumes are audited annually to ensure compliance.



*Bendigo Recycled Water Factory community tours, October 2008*







Chairman John Brooke and engineer Jennifer Bently,  
Axedale to Bendigo pipeline completion, 4 June 2009



Eppalock to Sandhurst Augmentation Project

## Capital Projects

During the year we reviewed our project resourcing structure and established a Priority Projects Group and an Ongoing Projects Group.

The Priority Projects Group focus on larger and more complex projects whilst the Ongoing Projects Group focus on our renewals program and any unscheduled urgent works.

### Priority Projects

The Priority Projects Group delivered \$17.8 million of works for the first year of our *Water Plan 2008–2013*, and managed \$14.8 million of the \$27 million Eppalock to Sandhurst Reservoir pipeline duplication project. This project is outside our *Water Plan* and has been funded by Central Highlands Water to increase pipeline capacity for water delivery to Ballarat.

The capital expenditure and key projects undertaken by the Priority Projects Group are in the following tables.

### Priority Projects Expenditure

Projects	2008/09	
	Expenditure (\$'000)	% of total
Carry-Over Projects from our last <i>Water Plan</i>	\$5,686.9	8.9%
Corporate	\$4,338.5	6.8%
Distribution	\$31,350.2	49.3%
Headworks	\$508.6	0.8%
Outside the <i>Water Plan</i>	\$4,444.7	7.0%
Recycled Water	NIL	NIL
Wastewater Reticulation	\$4,360.7	6.9%
Wastewater Treatment	\$6.3	0.1%
Water Reticulation	\$5,695.8	8.8%
Water Treatment	\$7,250.5	11.4%
<b>Totals</b>	<b>\$63,642.1</b>	<b>100.0%</b>

Project Name	Location	Purpose	Cost	Start	Completion Target
Eppalock to Sandhurst Augmentation Project (Pipeline Augmentation and Pump Station Upgrade)	Lake Eppalock to Sandhurst Reservoir	Water Security	\$27.0M	Jul 2007	Dec 2009
<b>Description:</b> Installation of 13.8km of pipeline to expand the existing Eppalock to Sandhurst Pipeline and the installation of three new pumps in the existing Eppalock Pump Station. This project is being managed by Coliban Water and funded by Central Highlands Water.					
Epsom Spring Gully Recycled Water Project (Stage 1)	Bendigo Water Reclamation Plant to Spring Gully Reservoir	Water Security	\$42.5M	Nov 2006	Operating
<b>Description:</b> This project includes: › Construction of a Recycled Water Treatment and Pumping Facility at the Bendigo Water Reclamation Plant; › Installation of 13 kilometres of pipeline from the Bendigo Water Reclamation Plant to Spring Gully Reservoir; and › Construction of a Winter Brine Storage Lagoon at Epsom.					
Bendigo to Axedale Water Supply Pipeline	Junortoun to Axedale	Water Security	\$4.0M	Oct 2008	Operating
<b>Description:</b> Installation of pipeline to connect the township of Axedale to the Bendigo water supply system. Includes upgrade of the chlorination facility at the Axedale Water Treatment Plant.					
Echuca SPS4 Replacement	Echuca	Capacity Upgrade	\$2.8M	July 2008	Operating
<b>Description:</b> Construction of a new sewage pumping station on the same site as the existing facility to ensure safe and reliable sewage transfer for present and future operation.					
Bridgewater WTP Upgrade – Reverse Osmosis Plant, Ancillary Works, Brine Disposal Option and Bore Development	Bridgewater	Water Quality	\$4.0M	Jun 2009	Jun 2010
<b>Description:</b> Works at Bridgewater includes: › Desalination plant and associated works to facilitate interfacing between existing plant and proposed reverse osmosis plant › Brine storage option for storage of waste brine produced by the reverse osmosis plant; and › Development of local bore to guarantee an alternative raw water supply for Bridgewater.					
Water Quality Improvement Project	Boort, Bridgewater, Cohuna, Echuca, Elmore, Goornong, Heathcote, Korong Vale, Laanecoorie, Leitchville, Lockington, Pyramid Hill, Raywood, Rochester, Serpentine, Trentham	Water Quality	\$25M – \$30M	2006	Dec 2010
<b>Description:</b> Water quality and treatment process improvements, control and monitoring improvements, Occupational Health and Safety improvements, vehicle access improvements to multiple locations across the region.					
Lauriston Raw Water Pumping System Improvement Project	Lauriston Reservoir	Water Security	\$0.6M	Dec 2008	Sep 2009
<b>Description:</b> Installation of a new pontoon with two pumps and a standby intermediate pump. Replacement of the existing switchboard with a new switch board.					
Rochester High Lift Pump Station	Rochester Water Treatment Plant	Water Security	\$1.1M	Nov 2008	Oct 2009
<b>Description:</b> Construction of a new high lift pump station with new pumps and an emergency power generator.					
Raywood – Sebastian Pipeline Project	Pipeline from Eaglehawk to Raywood via Sebastian	Water Security and Water Quality	\$6M (estimated)	Detailed planning Mar 2009	Dec 2010
<b>Description:</b> The Raywood – Sebastian Pipeline will connect these townships to the Bendigo water supply system.					





Construction of bridge and trunk sewer main across Bendigo Creek, November 2008

## Ongoing Projects

The Ongoing Projects Group delivered \$7.9 million of works as part of the *Water Plan*, the largest being for Occupational Health and Safety Improvements totalling \$1.2 million.

The distribution of capital expenditure during the year is shown below.

Project Name	Location	Purpose	Cost	Start	Completion Target
Generator and Communications Upgrade Echuca Sewer Pump Station No. 11	Echuca	Occupational Health and Safety	\$357,957	Jan 2008	Feb 2009
<b>Description:</b> To improve operational performance and address Occupational Health and Safety issues.					
Spring Gully Bores	Spring Gully Reservoir	Water Quality	\$50,000	Feb 2008	Aug 2009
<b>Description:</b> Bores installation to assess the quality of ground water in this area.					
Access Upgrade, Lauriston Reservoir	Lauriston	Occupational Health and Safety	\$287,693	Mar 2008	Jul 2009
<b>Description:</b> Occupational Health and Safety project to address access issues.					
Occupational Health and Safety Remedial Works Program	Region wide	Occupational Health and Safety	\$1,500,000	Jul 2008	Jun 2009
<b>Description:</b> Various works to eliminate identified Occupational Health and Safety hazards.					
Fence Replacement Rochester Water Reclamation Plant	Rochester	Asset Security	\$16,676	Jul 2008	Oct 2008
<b>Description:</b> Replace and refurbish Rochester Water Reclamation Plant fences on site.					
Boort Tank Replacement	Boort	Water Security	\$980,000	Jul 2008	Oct 2009
<b>Description:</b> Replacement of high level storage tank and reconfiguration of connected reticulation.					
Water Main Replacement – Archibald Street	Lockington	Asset Maintenance	\$50,000	Jul 2008	Jan 2009
<b>Description:</b> Water main replacement.					

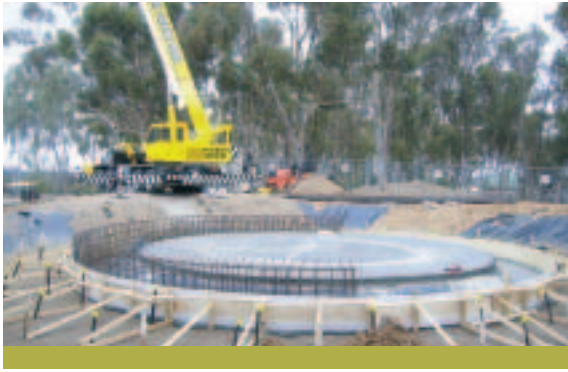
Project Name	Location	Purpose	Cost	Start	Completion Target
Water Savings Project – Rural System, Channel Lining	Harcourt area	Water Security	\$650,000	Jul 2008	Feb 2009
<b>Description:</b> Lining of leaking channels.					
Valve Installation, Duke Street	Castlemaine	Asset Maintenance	\$500,000	Jul 2008	Sep 2009
Installation of a valve to improve operation of Castlemaine water supply system.					
Bulk Water Meters Upgrade – Program Design and Construct	Region wide	Water Security	\$577,450	Aug 2008	Dec 2009
<b>Description:</b> Upgrading of communications network. Installation, replacement and calibration of flow meters at various locations throughout the our service region.					
Water Savings Project – Rural System, Butts Road	Eaglehawk	Water Security	\$105,000	Aug 2008	Feb 2009
<b>Description:</b> System improvements for efficiency					
Echuca Sewer Pump Stations – Flow Meter Installation	Echuca	Asset Improvement	\$564,463	Oct 2008	May 2009
<b>Description:</b> Installation of flow meter on rising main at five sewage pump stations (1, 2, 5, 6 and 17), and integration of data output into regional remote communications monitoring system.					
Fence Improvements – Green Gully Reservoir	Lockwood	Security	\$8,000	Nov 2008	May 2009
<b>Description:</b> Installation of a boundary fence around Green Gully Reservoir.					
Fence Improvements – Harcourt Basin	Harcourt	Security	\$4,000	Nov 2008	Mar 2009
<b>Description:</b> Improve the fence around the basin to prevent kangaroos gaining entry into the basin compound.					
Sewer Pump Station and Rising Main – Metcalfe Road	Kyneton	Population Growth	\$420,000	Nov 2008	Aug 2009
<b>Description:</b> Installation of new sewer pump station and new rising main. Decommissioning of existing sewer pump station.					



Axe Creek rural channel lining project to save water, 27 February 2009







Early construction on Boort Water Storage Tank, 7 May 2009



Project Name	Location	Purpose	Cost	Start	Completion Target
Gravity Sewer, Sullivan Street	Epsom	Population Growth	\$734,000	Nov 2008	Mar 2009
<b>Description:</b> Construction of trunk main to service new growth areas in Epsom.					
Water Main Replacement – Main Street	Sebastian	Asset Maintenance	\$40,000	Dec 2008	Jul 2009
<b>Description:</b> An old section of water main was replaced to allow the City of Greater Bendigo to reconstruct the road.					
Kyneton Water Reclamation Plant Maintenance works	Kyneton	Asset Maintenance	\$130,000	Dec 2008	Oct 2009
<b>Description:</b> Various projects are being undertaken to repair and improve the operation of the Kyneton Water Reclamation Plant.					
Park Valley Standpipe	Kyneton	Asset Maintenance	\$20,471	Feb 2009	Apr 2009
<b>Description:</b> Upgrade electrical circuitry to meet legislative requirements.					
View Street Water Main Replacement	Bendigo	Asset Maintenance	\$105,000	Mar 2009	Aug 2009
<b>Description:</b> An old section of water main was replaced to allow the City of Greater Bendigo to reconstruct the road.					
Roberts Avenue Water Main Replacement	Castlemaine	Asset Maintenance	\$110,000	Mar 2009	Jun 2009
<b>Description:</b> Replacement of section of water main in Roberts Avenue between Ray and Johnstone Streets.					
Field Monitoring for Hydraulic Modelling	Echuca and Elmore	Water Security	\$211,000	Mar 2009	Sep 2009
<b>Description:</b> Testing points around Echuca and Elmore to increase the efficiency of the water systems, including pump efficiency.					
Pyramid Hill Booster Pump Station Upgrade	Pyramid Hill	Asset Improvement	\$150,000	Apr 2009	Aug 2009
<b>Description:</b> Upgrade of booster pump station to improve pressure in Pyramid Hill.					
Low Pressure Scheme Bridge Crossing Replacements	Cohuna	Asset Maintenance	\$88,000.	May 2009	Jun 2009
<b>Description:</b> Replace 13 rural water main bridge crossings with larger diameter pipe.					
Ray Street Water Main Replacement	Castlemaine	Asset Maintenance	\$90,000	Jun 2009	Oct 2009
<b>Description:</b> Replace section of water main in Ray Street between Elizabeth and Butterworth Streets Castlemaine.					
Bendigo Water Reclamation Plant Tertiary Filter Outflow Upgrade	Bendigo	Asset Maintenance	\$175,000	June 2009	October 2009
<b>Description:</b> Upgrade tertiary filtration unit to deliver continuous and increased water security.					
Odour Control	Echuca, Pyramid Hill, Kyneton	Asset Performance	\$223,400	Jun 2009	Jan 2010
<b>Description:</b> Put in place odour control systems at four sites: Echuca Sewer Pump Station 1; Echuca Sewer Pump Station 16; Pyramid Hill Sewer Pump Station 1; Harpers Lane Air Relief Valve, Kyneton.					
Heathcote Golf Club – Survey and Flow Meter Installation	Heathcote	Asset Performance	\$20,000	Jun 2009	Oct 2009
<b>Description:</b> Survey of existing dam to calculate maximum capacity and installation of flow meter to monitor for pipeline leakages.					
McCay Reservoir Pipeline Valve Installation	Castlemaine	Asset Performance	\$70,000	Jan 2009	Jun 2009
<b>Description:</b> Installation of by-passes around large diameter valves.					







## Water Quality and Reliability

We provide water to 65,812 properties in our region and with our partners we operate 26 water treatment plants.

### ***Customer Service Objectives – water reticulation***

We met our target response time of four hours to begin fixing a priority one supply problem (significant main water burst) on 100 per cent of occasions.

We met our target response time of 24 hours to begin fixing a priority two supply problem (minor water main burst or leak) on 99.1 per cent of occasions.

We met our target response time of five hours to restore customer supplies 99.4 per cent of the time.

### ***Safe Drinking Water Act 2003***

We met all our obligations under the *Safe Drinking Water Act 2003*, including:

- › Passing the first regulatory audit of the implementation of risk management plans for our drinking water systems
- › Reporting of water quality performance to the Department of Human Services (DHS)
- › Fulfilling our formal commitments (Undertakings) with the DHS to complete specified actions required to improve water quality at Bridgewater, Goornong and Axedale. There is also a commitment to improve the water quality in Leitchville and Gunbower.



## Low water levels McCay Reservoir

McCay Reservoir, which supplies the Castlemaine area including the townships of Maldon and Harcourt, is supplied by channel from Malmsbury Reservoir.

However, since Bendigo's connection to the Goulburn Region via the Goldfields Superpipe, and reduced rural allocations in this area, there has been less water flowing along the main channel. To minimise channel losses from low-volume operations, McCay Reservoir was filled before Christmas 2008 for summer drawdowns and an autumn channel run in cooler weather was planned.

Mild earthy tastes and odours were reported in early May 2009. These were a result of algae associated with the low water levels at the end of summer and de-stratification (mixing of the temperature layers) within the storage during the cooler autumn weather.

A water release was initiated from Malmsbury Reservoir to refill McCay Reservoir to increase water levels and reduce algae levels, but debris in the channel caused a blockage at a creek crossing. The release had to be shut down for a week to enable the blockage to be removed, which extended the time that taste and odours could be detected within the Castlemaine urban system.

This illustrates some of the issues that have arisen due to changed operating conditions and low water reserves during the drought. The proposed Bendigo to Castlemaine pipeline will provide another supply option, but since this is not scheduled for completion until late 2010, we will be monitoring McCay Reservoir to avoid a similar water quality problem next year.

## Case Study

## Water Quality

This table shows the compliance of potable water sampling localities with the water quality standards specified in the *Safe Drinking Water Act 2003*.

Town/Supply Zone	E. coli (orgs./100ml) ≥98% Compliance	Aluminium (≤0.2mg/L)	Turbidity (≤5 NTU)	Disinfection By-Products
Axedale	Yes	Yes	Yes	Yes
Bealiba	Yes	Yes	Yes	No <sup>1</sup>
Bendigo Northern	Yes	Yes	Yes	Yes
Bendigo Southern	Yes	Yes	Yes	Yes
Bendigo Spring Gully	Yes	Yes	Yes	Yes
Big Hill	Yes	Yes	Yes	Yes
Boort	Yes	Yes	Yes	Yes
Bridgewater	Yes	No <sup>2</sup>	Yes	Yes
Castlemaine	Yes	Yes	Yes	Yes
Cohuna (Rural)	Yes	Yes	Yes	Yes
Cohuna (Urban)	Yes	Yes	Yes	Yes
Dunolly	Yes	Yes	Yes	Yes
Echuca	Yes	Yes	Yes	Yes
Elmore	Yes	N/A	Yes	N/A
Epsom – Huntly	Yes	Yes	Yes	Yes
Fryerstown	Yes	Yes	Yes	Yes
Goornong	Yes	Yes	Yes	Yes
Guildford	Yes	Yes	Yes	Yes
Gunbower	Yes	N/A	Yes	Yes
Harcourt	Yes	Yes	Yes	Yes
Heathcote	Yes	Yes	Yes	Yes
Inglewood	Yes	No <sup>3</sup>	Yes	Yes
Junortoun	Yes	Yes	Yes	Yes
Korong Vale	Yes	Yes	Yes	Yes
Kyneton	Yes	Yes	Yes	Yes
Laanecoorie	Yes	Yes	Yes	Yes
Leitchville (Rural)	Yes	Yes	Yes	Yes
Leitchville (Urban)	Yes	Yes	Yes	Yes
Lockington	Yes	Yes	Yes	Yes
Maiden Gully – Marong	Yes	Yes	Yes	Yes
Maldon	Yes	Yes	Yes	Yes
Malmsbury	Yes	Yes	Yes	Yes
Newstead	Yes	Yes	Yes	Yes
Pyramid Hill	Yes	Yes	Yes	Yes
Raywood	Yes	Yes	Yes	Yes
Rochester	Yes	Yes	Yes	Yes
Serpentine	Yes	Yes	Yes	No <sup>4</sup>
Strathfieldsaye	Yes	Yes	Yes	Yes
Taradale-Elphinstone	Yes	Yes	Yes	Yes
Tarnagulla	Yes	Yes	Yes	Yes
Tooborac	Yes	Yes	Yes	Yes
Trentham	Yes	N/A	Yes	Yes
Tylden	Yes	Yes	Yes	Yes
Wedderburn	Yes	Yes	Yes	Yes





*Bendigo Water Treatment Plant, 30 June 2009*

Borong, Dingee, Jarklin, Macorna, Mitiamo, Mysia, Sebastian, Wychitella were supplied with non-potable water during 2008/09.

*Notes to the Water Quality Table opposite:*

1. *Trihalomethane (THMs – a disinfection by-product) non-compliance (75% compliance at Bealba) due to the elevated levels of salinity in the treated water (due to drought) and the need to temporarily increase the level of chlorine to improve the cleanliness of the reticulation system.*
2. *Aluminium non-compliance (67% compliance at Bridgewater) due to process difficulties at the water treatment plant. Subsequent improvements now enable consistent compliance.*
3. *Aluminium non-compliance (92% compliance at Inglewood) due to process difficulties at the water treatment plant (see Bridgewater above).*
4. *Trihalomethane (THMs – a disinfection by-product) non-compliance (92% compliance at Serpentine) due to the elevated levels of salinity in the treated water (due to drought). Water is being carted from Bendigo to reduce salinity levels, however, this was not done for three days at the time of the non-compliance.*



### **Blue Green Algae in the Murray System**

Elevated levels of a potentially toxic species of Blue Green Algae (BGA) were detected at various points along the Murray River in March 2009, which was threatening water supplies to Echuca, Gunbower, Leitchville and Cohuna. In response, we activated our *Blue Green Algae Response Plan*, which involved: increased sampling and testing of both raw and treated water; increased surveillance by operators of treatment processes and water quality; and the addition of additional filtering (via powder activated carbon) where possible to reduce taste, odour and toxin risks. Elevated levels of BGA were detected through to early May, but testing did not show any toxins in raw or treated water and taste and odour complaints were negligible.

### **Case Study**

## Water Treatment Process

The following table shows how we treat our water to make it safe to drink.

		Treatment Process					Added Substances								
Water Treatment Plant Location	Water Quality Zone	Clarification	Filtration	Taste / odour / algae toxin removal	pH correction	Disinfection	Alum / alum chlorhydrate	Polyelectrolyte	Activated Carbon	Ozone	Lime/soda ash/caustic soda Carbon dioxide Sulphuric Acid	Chlorine	Ammonia	Fluoride	Potassium Permanganate
BENDIGO	Axedale <sup>1</sup> Bendigo Northern Bendigo Southern Bendigo Spring Gully Epsom – Huntly Big Hill Junortoun Maiden Gully – Marong Strathfieldsaye		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	
BOORT	Boort	✓	✓		✓	✓	✓	✓			✓	✓			
BRIDGEWATER	Bridgewater Inglewood	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓		
CASTLEMAINE	Castlemaine Taradale – Elphinstone Fryerstown Guildford Harcourt Maldon Newstead		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		
COHUNA	Cohuna (rural) Cohuna (urban)	✓	✓	✓	✓	✓	✓	✓			✓	✓			✓
ECHUCA	Echuca	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	
ELMORE	Elmore				✓	✓					✓				
GOORNONG	Goornong	✓	✓		✓	✓	✓				✓	✓			
GUNBOWER	Gunbower		✓			✓						✓			
HEATHCOTE	Heathcote Tooborac	✓	✓		✓	✓	✓	✓			✓	✓	✓		
KORONG VALE	Korong Vale Wedderburn	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		
KYNETON	Kyneton Malmsbury Tylden		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	
LAANECORIE	Bealiba Dunolly Laanecorie Tarnagulla	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		
LEITCHVILLE	Leitchville (rural) Leitchville (urban)	✓	✓		✓	✓	✓				✓	✓			
LOCKINGTON	Lockington	✓	✓		✓	✓	✓	✓			✓	✓			
PYRAMID HILL	Pyramid Hill	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
RAYWOOD	Raywood <sup>2</sup>	✓	✓		✓	✓	✓				✓	✓			
ROCHESTER	Rochester	✓	✓		✓	✓	✓	✓			✓	✓			
SERPENTINE	Serpentine <sup>2</sup>	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		
TRENTHAM	Trentham		✓	✓		✓	✓		✓	✓		✓	✓		

Notes:

1. Water trucked from Bendigo throughout 2008/09
2. Some water trucked from Bendigo throughout 2008/09

Please refer to our website [www.coliban.com.au](http://www.coliban.com.au) for further information on our treatment process and added substances.



## Water, Wastewater and Customer Numbers by System

	Wastewater	Residential		Non Residential		Total		3 Year Annual Demand	Consumption Variation	Non Revenue Water Urban <sup>1</sup>
Water Supply System	No.	No.	ML	No.	ML	No.	ML	ML	%	ML
Campaspe										
Axedale	47	106	15	13	3	119	17	18	-6%	3
Goornong	0	148	24	26	4	174	28	29	-3%	4
Total	47	254	38	39	7	293	45	47	-4%	7
Coliban										
Bendigo	37,119	36,370	5,822	3,240	2,475	39,610	8,297	7,657	8%	400
Castlemaine	4,070	5,175	681	463	490	5,638	1,171	1,140	3%	158
Elphinstone/Taradale	0	224	29	16	5	240	33	34	-3%	Note 2
Heathcote	808	1,057	128	132	65	1,189	193	174	11%	41
Kyneton	2,390	2,267	322	415	265	2,682	586	575	2%	59
Maldon	696	858	101	114	43	972	144	139	4%	Note 2
Malmsbury	256	260	33	22	12	282	46	45	0%	Note 3
Newstead	167	301	40	41	8	342	49	45	9%	Note 2
Raywood	0	79	13	16	2	95	15	16	-6%	5
Sebastian	0	64	11	4	1	68	12	12	0%	2
Tooborac	0	49	8	9	2	58	10	10	0%	Note 4
Tylden	103	106	14	12	5	118	19	19	0%	Note 3
Total	45,609	46,810	7,202	4,484	3,373	51,294	10,575	9,866	7%	665
Goulburn										
Boort	1,352	1,327	303	184	487	1,511	789	127	-11%	11
Dingee	218	204	35	28	7	232	41	7	-14%	2
Lockington	0	30	4	14	2	44	6	43	-5%	38
Macorna	0	50	7	11	2	61	9	1	0%	1
Mitiamo	0	10	1	2	0	12	1	9	0%	6
Mysia	0	26	1	3	0	29	1	1	0%	1
Pyramid Hill	151	263	45	51	57	314	102	125	-18%	8
Rochester	240	393	83	110	30	503	113	899	-12%	0
Total	1,961	2,303	478	403	583	2,706	1,061	1,212	-12%	67
Groundwater										
Elmore	387	371	86	74	72	445	157	186	-16%	0
Trentham	296	428	58	67	16	495	74	75	-1%	22
Total	683	799	143	141	88	940	231	261	-11%	22
Loddon										
Bealiba	0	9	1	4	1	13	2	9	11%	Note 5
Bridgewater	0	72	9	19	4	91	12	35	-9%	21
Dunolly	349	408	43	41	25	449	68	54	-6%	Note 5
Inglewood	200	191	21	33	12	224	32	73	-7%	Note 6
Jarklin	0	86	7	13	3	99	10	2	0%	0
Laanecoorie	173	388	40	63	11	451	51	5	0%	31
Serpentine	0	37	5	4	0	41	5	13	-8%	7
Tarnagulla	0	119	8	13	2	132	10	11	-9%	Note 5
Total	722	1,310	134	190	57	1,500	191	202	-5%	59
Murray										
Cohuna	1,083	1,048	278	353	229	1,401	507	549	-8%	55
Echuca	6,088	5,732	1,321	809	913	6,541	2,234	2,461	-9%	77
Gunbower	127	138	32	38	16	176	48	53	-9%	5
Leitchville	110	151	43	120	253	271	296	340	-13%	36
Total	7,408	7,069	1,673	1,320	1,411	8,389	3,085	3,403	-9%	173
Wimmera										
Borong	0	21	2	3	0	24	2	2	0%	0
Korong Vale	0	123	11	9	1	132	11	13	-15%	19
Wedderburn	226	456	46	63	16	519	62	61	2%	Note 7
Wychitella	0	13	1	2	0	15	1	1	0%	3
Total	226	613	60	77	17	690	77	77	0%	22
Totals	56,656	59,158	9,729	6,654	5,537	65,812	15,266	15,068	1%	1,015

### Notes:

1. Non revenue water is water that is lost from within the urban system through leaks, bursts, meter inaccuracy, theft etc. It is not included in the total consumption.
2. Included with Castlemaine
3. Included with Kyneton
4. Included with Heathcote
5. Included with Laanecoorie
6. Included with Bridgewater
7. Included with Korong Vale

## Non-Residential Consumption

### WaterMAPs

In 2007/08 the Victorian Government made it mandatory for non-residential customers that use more than 10 megalitres a year to produce a *Water Management Action Plan (WaterMAP)*. All non-residential customers using more than 50 megalitres a year must also be listed in our annual reporting. In 2008/09 the number of *WaterMAP* customers has fluctuated, and there are now 59 customers, including three new customers and one site closure. In their *WaterMAPs*, customers have identified water saving projects that include installing automated sterilisers, water recycling equipment and encouraging staff to report leaks.

### Major Non-Residential Customers by Volume Range

Usage Range – megalitres per year	Number of Customers
50ML – 100ML	3
100ML – 200ML	5
200ML – 300ML	2
300ML – 400ML	1
400ML – 500ML	1
500ML – 750ML	0
750ML – 1000ML	0
Greater than 1000ML	0
<b>Total Customers</b>	<b>12</b>



## Major Non-Residential Customers

### Names of major customers and their participation in water conservation programs

Name of customer (in alphabetic order)	Water Conservation Plan
Bendigo Health Care Group	✓
Don KRC	✓
H J Heinz Company Australia Limited	✓
Hardwicks Meatworks Pty Ltd	✓
Hazeldenes Chicken Farm Pty Ltd	✓
Murray Goulburn Co-Operative Co Ltd <sup>1</sup>	✓
Fonterra (Nestlé) Echuca	✓
Parmalat Australia Ltd	✓
QAF Meat Industries Pty Ltd	✓
Riverside Meats Echuca Pty Ltd	✓
Simplot Australia	✓

Note: Two sites included in previous table.



### SmartWater Meter Trial

*SmartWater* meters are being trialled by Coliban Water and customers that use more than 50 megalitres of water a year. This project, which received support from the Australian Industry Group, allows customers to monitor their water consumption every five minutes and upload the readings to an online database on a daily basis. Customers have found benefits in identifying leaks and high consumption, which has lead to improved efficiency of water use at these sites. The water consumption profile has also provided valuable information to Coliban Water to help ensure that its water supply infrastructure provides a better quality of service.

### Case Study







# Sewer System

We provide wastewater services to 56,656 properties in our region and with our partners we operate 16 water reclamation plants.

## Customers Service Objectives – Sewerage Collection

We met our target response time of one hour to begin fixing a sewerage problem on 98.6 per cent of occasions.

We met our target response time of five hours to restore a customer's service on 99.3 per cent of occasions.

There were 1,022 sewer blockages during the year compared to 1,051 last year

There were 557 sewer spillages this year compared to 512 last year.

## Water Services Agreement Standards

During the year we contained 99.6 per cent of sewer spillages within five hours.

## Environment Protection Authority Compliance

Our Corporate Licence with the Environment Protection Authority (EPA) includes a sustainability commitment and Environmental Performance Conditions (refer to page 54). An annual statement of compliance is provided to the EPA summarising progress in achievement of the commitments and compliance with the Environmental Performance Conditions. Full compliance with discharge limits to waterways was achieved.

The Water Infrastructure Group, which operates the Echuca Water Reclamation Plant on our behalf, also has a wastewater and discharge licence. Full compliance with the discharge limits was achieved.



Street identification for sewer maintenance







*Jetting truck used for sewer maintenance and clearing blockages*

## Water Reclamation (Sewerage Influent and Treated Effluent Volumes)

Water reclamation plants treat the sewerage influent to a specified quality and then discharge the treated effluent for either reuse as recycled water or to waterways.

The following volumes were treated and discharged during 2008/09:

Town	Sewerage Influent (ML)	Total Effluent Discharged (ML)	Effluent discharged to Waterways (ML)	Effluent discharged for Reuse (ML)
Axedale	7	5	0	5
Boort	49	0	0	0
Bendigo	5,719	3,832	382	3,450
Bridgewater/Inglewood	29	0	0	0
Castlemaine/Harcourt/Maldon/Newstead	957	897	765	132
Cohuna	177	0	0	0
Dunolly	25	0	0	0
Echuca	1,413	572	0	572
Elmore	38	0	0	0
Gunbower/Leitchville	33	0	0	0
Heathcote	154	112	0	112
Kyneton/Trentham/Tylden	556	401	139	262
Lockington	21	0	0	0
Pyramid Hill	29	0	0	0
Rochester	186	68	0	68
Wedderburn	28	0	0	0
<b>Total</b>	<b>9,421</b>	<b>5,887</b>	<b>1,286</b>	<b>4,601</b>



## Stop The Block

Sewer blockages occur for many reasons, from the intrusion of tree roots, the disposal of fats and foreign objects through to the age and condition of the sewer.

*Stop The Block* is an initiative to reduce blockages within our 1,747 kilometre sewer reticulation system. The program targets maintenance on sewers with a known blockage history, and where risk of disruption to the environment and to customers is significant.

Since the programs started in 2005, it has achieved a 33 per cent reduction in the total number of blockages across our sewer network. We had 1,536 blockages in 2004/05 compared to 1,022 blockages in 2008/09.

The most dramatic improvement has been seen within the Bendigo system where the same period has seen a 37 per cent reduction in blockages.

## Case Study

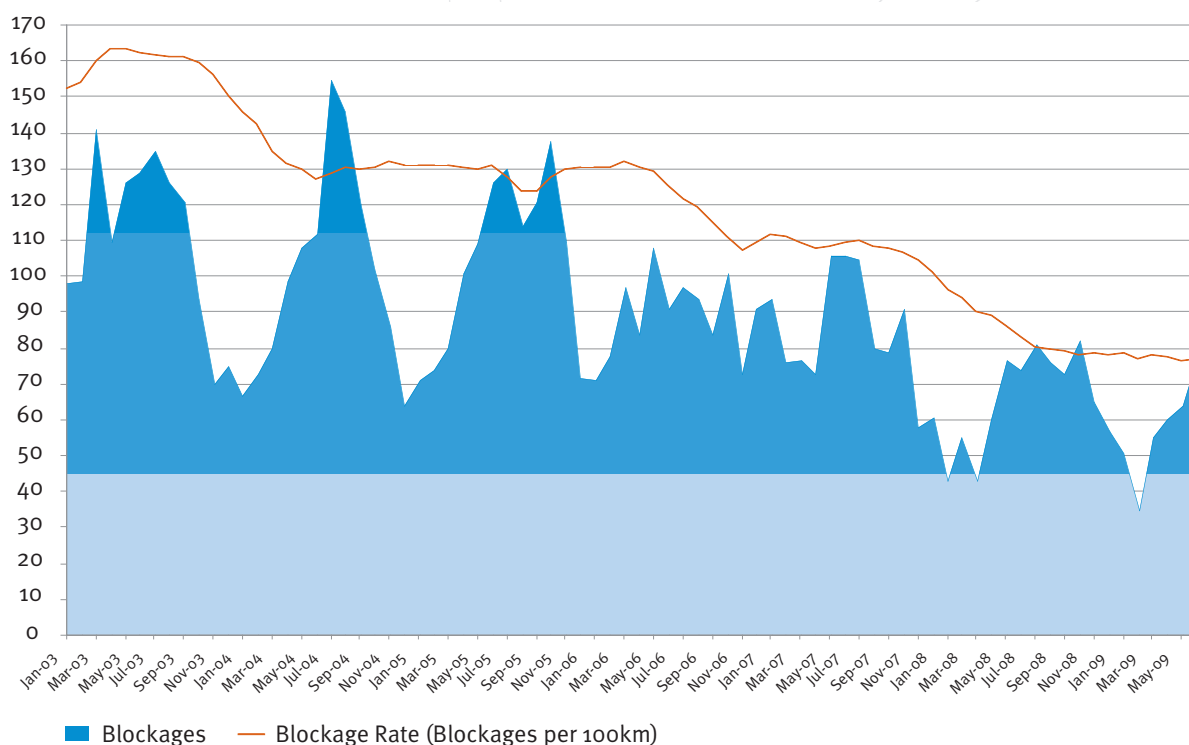


*Clearing a sewer blockage*

## Blockages – Bendigo System January 2003 – June 2009

The program focused:

- › Preventative sewer maintenance – to remove the causes of potential blockages. In 2008/09 more than 2,200 lengths of sewer main were maintained in this way.
- › Sewer renewal – relining and resizing of sewers to improve the system performance and capacity. About 200 lengths of sewer have been renewed at a cost of \$1.8 million. A \$4.5 million capital investment program will see further system improvements over the next four years.







# People and Culture

## Building our Capability

We are building a collaborative workforce that engenders trust and confidence among our employees and with our customers, community, business partners, stakeholders.

Our focus is on building a sustainable corporate knowledge base that enables us to deliver results now and into the future.

Highlights during the year included:

- › Successfully implementing a major change to our organisation structure to deliver better business outcomes, provide more career opportunities and improve succession planning.
- › Introducing new employee engagement activities such as weekly briefings, online discussion forums and monthly morning teas with the Managing Director.
- › Holding team sessions to develop skills and identify desirable behaviours for effective and open communication.
- › Awarding seven civil engineering scholarships at La Trobe University Bendigo.
- › Offering five summer vacation work experience places to local undergraduate students.
- › Hosting four international students from Singapore and the Netherlands.
- › Raising more than \$1,000 for the Bendigo bushfire appeal, among several other fundraising activities throughout the year.



### Employee Health Checks

In 2008 the Victorian Government committed \$218 million over five years to improve the health and wellbeing of all Victorian workers through the WorkHealth program. In April 2009, we received funding to offer voluntary employee health checkups to all our employees.

Bendigo Community Health Services provided checks for 59 employees. This important early intervention program is the first step in our staff wellbeing strategy that will minimise the impact of poor health on our employees.

### Case Study

## Working at Coliban Water

Our employees have expertise and experience in a variety of disciplines including customer service, engineering, environmental science, project management, plumbing, accounting and commerce, human resources, corporate communications, management and administration.

### Employee statistics

Employees	2008/09	2007/08*
Full-time	77	63
Part-time	14	13
<b>Total</b>	<b>91</b>	<b>76</b>
Full-time equivalent	84.6	76
Casual	3	5
Female	36 (40%)	31 (41%)
Male	55 (60%)	45 (59%)

\* All figures re-calculated due to error in 2007/08 annual reporting





## Employee Relations

Our Enterprise Agreement 2008 implementation included salary increases, connected to performance outcomes. We had no time lost due to industrial disputes during the year.

## Structure Change

Following the commencement of our new Managing Director, stakeholders were consulted about the effectiveness of our organisation structure and possible areas for improvement. As a result, the structure was broadened and greater emphasis given to teamwork to improve customer and community outcomes.

Our new structure is designed to:

- › improve our customer service
- › improve the delivery of water to our customers
- › encourage clear accountability and teamwork
- › improve the engagement of our management and staff with the community
- › deliver our long-term strategies.

Our new organisation chart can be found on page 60.

## Employee Training & Development

All our employees participate in our Performance Development Program (PDP). This process helps set individual expectations in line with business objectives and coaches employees to meet their aspirations.

All staff has been provided with opportunities to undertake training and development over the past year.

	2008/09
Total training hours	2,740
Total training investment	\$176,348
Average investment per employee	30 hours/\$1,960

We continue to support employees who wish to undertake formal study at undergraduate and postgraduate levels. For example, we are currently supporting two of our managers to complete their Master of Business Administration (MBA) at La Trobe University Bendigo. Also two of our employees have completed formal project management qualifications.

Several employees also participated in a career mentoring program with local schools in our region called *Straight Talk*.

Our Managing Director and General Manager Planning and Infrastructure undertook an international study to look at new technologies and innovations in the water industry.



## Wellbeing in the workplace

We involve our employees in workplace wellbeing initiatives through a staff committee called *Select*. *Select* has a charter to enhance:

- › professional development
- › personal development
- › health and fitness
- › work/life balance
- › social interaction
- › a better work environment.

Examples of activities arranged by *Select* are:

- › Lunch box sessions, with a guest speaker and pizza lunch
- › Neck and shoulder massages to help remove stress & tension
- › Fortnightly fruit baskets
- › Fund raising activities
- › Lunchtime trivia challenges
- › BBQs, lunches and special breakfasts
- › Theme days to raise funds for charity e.g. Bandana Day, Ride to Work, Footy Colours Day and Safety Week.

## Case Study

### Attraction & Retention

We have adopted the Victorian Public Sector employment principles of:

- › fair and reasonable treatment
- › equal opportunity
- › merit in employment
- › reasonable avenue of redress against unfair and unreasonable treatment.

These principles underpin our human resources policies and practice.

### Employers must ensure that:

- › decisions are based on merit
- › employees are treated fairly and reasonably
- › equal employment opportunity is provided
- › reasonable avenues of redress against unfair or unreasonable treatment.

### Employees must:

- › act with impartiality
- › display integrity, including avoiding real or apparent conflicts of interest
- › be accountable for their actions
- › provide responsive service.

We recruited 25 people in full-time, part-time and casual positions during the year. Together with our business partners, we create 250 jobs in our region.

## Our Business Partners

### Campaspe Asset Management Services Pty Ltd (CAMS)

CAMS is a consortium comprising United Utilities Australia and the APA Group.

Under a 10-year contract that started on 1 July 2003, CAMS provides services, that include:

- › operation and maintenance of water and wastewater networks, including treatment plants
- › other asset management
- › information technology systems
- › revenue collection and processing.

### Bendigo Water Services Pty Ltd (BWS)

BWS is owned by Veolia Water Australia. The company owns and operates water treatment plants for the Bendigo, Castlemaine and Kyneton areas under a 25-year Build Own Operate Transfer (BOOT) contract that started in June 2002.

### Veolia Water Australia

Veolia Water Australia operates the Kyneton and Castlemaine Water Reclamation Plants under separate operations and maintenance agreements.

### ETE Coliban Pty Ltd (ETEC)

ETEC is an operating entity controlled by the Water Infrastructure Group (WI Group) and owned by Tyco International. It owns and operates the Echuca Water Reclamation Plant under a 25-year Build Own Operate Transfer (BOOT) contract that started in September 2004.







# Environmental Performance

## Introduction

We want to lead by example in becoming a more sustainable business for the benefit of our community and the environment. During the past year we have refocused our business to better understand what 'becoming more sustainable' means for us and review what we are already doing towards achieving this and what more we still need to do.

The completion of several significant infrastructure projects led to improvements in the way we assess potential environmental impacts and consider their implications for the health of our environment.

We maintained ISO 14001 certification for environmental management with continued implementation of a comprehensive environmental management system (EMS). The EMS provides for the identification and management of impacts on waterways, wetlands and the broader natural environment.

We prioritised stakeholder engagement in project planning, redefined regulatory compliance in a new Environment Protection Authority Corporate Licence and began to explore the potential for incorporating life cycle assessment methodologies into our decision-making.

## Environmental Stakeholders

We have continued to work in partnership with the North Central Catchment Management Authority (NCCMA), the Department Sustainability and Environment (DSE), Parks Victoria and the Department Primary Industries (DPI) over the past year through proactive resource planning, workshops, reference groups and steering committees.

We consulted with Goulburn-Murray Water, the DSE and the Department of Human Services (DHS) during the year for identified Blue Green Algal blooms in accordance with our Statement of Obligation requirements and corporate *Blue Green Algae Management Plan*.

The Bendigo Field Naturalists, Bird Observers Club Echuca, and Field and Game Australia have undertaken bird surveys during 2008/09 on our behalf.

Our project managers and environmental staff liaised with the following Landcare and Catchment Groups:

- › Friends of Campbells Creek
- › Sheepwash Creek Landcare Group
- › Axe Creek Landcare Group
- › Longlea and District Landcare Group
- › Bendigo Field Naturalists
- › Bendigo and District Environment Council.



*Bushfire impact on catchment, February 2009*



*Winter storage with Blue Green Algae*





*Reservoir fencing project surveying*



*Tree planting at Little Coliban River, 22 October 2008*

## **Catchment Management**

The Reservoir Fencing Program for the Coliban supply system storages will protect water quality by controlling stock access to reservoir foreshores. The fencing will help to stabilise reservoir banks, minimise soil disturbance and protect vegetation, resulting in less erosion and sedimentation. A total of 26.6 kilometres was surveyed and 12.2 kilometres fenced during the year.

We undertook further willow eradication along the Coliban River during 2008/09 to manage weeds. The dry conditions provided an opportunity to remove willows from the river bed and banks, and to mulch infestations of gorse on the adjoining floodplains and the foreshore of our reservoirs. This work extends the willow control works previously undertaken downstream of Malmsbury Reservoir.

Follow up spraying will be required to control regeneration of weeds and some of these areas will be replanted with native vegetation to improve the river environment to limit weed regrowth.

Ongoing catchment water quality monitoring programs continued during the year to monitor the impact of our activities. Water quality and flow information was provided to Macedon Ranges Shire Council, Department of Sustainability and Environment and the North Central Catchment Management Authority to support river health programs.

An *Environmental Management Plan* specific to the Coliban supply system storages provides for reservoir releases to be made in an environmentally considerate manner. Temperature changes, dissolved oxygen levels, sedimentation, the nutrient balance and the value of downstream habitat are considered when releasing water from our reservoirs.



## Gorse and weed removal

In non-drought years, releases occur almost continuously from Upper Coliban Reservoir to Lauriston Reservoir along a one kilometre stretch of the Coliban River.

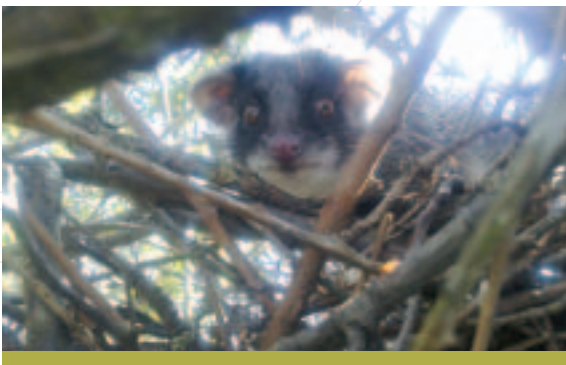
This was choked with willows and gorse and access for land management has been limited. However, the continuing dry conditions presented an opportunity to get heavy machinery into the area to remove the willows and mulch the gorse and blackberries.

We are planning to remove all the remaining willows during 2009/10. After follow up weed management, the river boundary will be fenced to control stock access and the area along the river is to be revegetated within the next three years to improve the natural habitat.

One of the adjoining property owners has similar environmental aspirations for his common river frontage with us and has agreed to sell some of his property to enable the boundary fence to be located above the floodplain. This has increased the area available for planting of native vegetation and improved access for future weed and vegetation management.

This is a four year project and is expected to cost between \$150,000 to \$200,000 and will provide improved environment along the river, reduced erosion of the river bed and banks from willows and grazing stock and improve the area for bush walking and fishing.

## Case Study



Possum relocated during gorse removal project

## Biodiversity Strategy

As managers of about 5,700 hectares of land across five bioregions in north central Victoria, we must ensure that our operations and activities do not impact negatively on biodiversity.

We maintain a biodiversity register of threatened flora and fauna found on our land and this was updated during the year.

With continuing dry conditions our reservoirs and water reclamation plant lagoons are increasingly important refuges for many water bird species. Bendigo Field Naturalist Society and Bendigo Field and Game regularly survey bird numbers at the lagoons and our employees also report incidental sightings of threatened species.

The following threatened fauna species were recorded on our land during the year;

Threatened Fauna	Conservation Status <sup>1</sup>
Australasian Shoveller	Vulnerable
Brolga	Vulnerable
Freckled Duck	Endangered
Hardhead	Vulnerable
Blue-billed Duck	Endangered
Whiskered Tern	Near Threatened
Musk Duck	Vulnerable
Diamond Firetail	Vulnerable
Growling Grass Frog	Endangered

*Note: 1. Advisory List of Threatened Vertebrate Fauna in Victoria 2007.*



Malmsbury Reservoir





*Environmental silt fencing, Eppalock to Sandhurst Augmentation Project*

## River Health

A Ministerial Qualification in place throughout 2008/09 has meant that only 30 per cent of the normal environmental Bulk Entitlement was available for environmental releases down the Coliban River from Malmesbury Reservoir. The balance of the environmental allocation was made available for urban supplies during the drought.

The environmental reserve is stored in the Coliban system storages and released as directed by the NCCMA. The two releases during the year refreshed the in-stream environment. The release in February 2009 of 208 megalitres was cut short due to the fire in the Redesdale area because of concerns that poor quality water laden with ash and sediment may enter the river and Lake Eppalock. A further 250 megalitres was released in late April.

One of the three in-stream water quality monitoring stations, installed to help optimise the value of environmental releases, was destroyed by the Redesdale fire in February 2009. This monitoring site has since been restored.

The environmental reserve held in the Coliban storages on 30 June 2009 was 110.82 megalitres.

The Minister has directed that the environmental flow allocation will increase to 50 per cent of the Bulk Entitlement in 2009/10.

## Groundwater Monitoring Program

Our wastewater treatment lagoons and reuse activities have the potential to affect groundwater. To monitor and reduce any impact, an extensive groundwater monitoring program exists at each of the treatment plants in line with EPA licence requirements. Results from the program were reviewed during the year to evaluate trends and groundwater impact risk.

## Greener Office Program

Since 2004 employees at our Bendigo head office have embraced the principle of reduce-reuse-recycle by separating recyclable material from waste going to landfill. We expanded the program in 2008/09 to include the southern, central and northern service depot buildings at Kyneton, Epsom and Echuca.

We also recycle photocopier and printer consumables through participation in the *Close the Loop*® resource recovery program. Other 'e-wastes', such as CD's, diskettes and CD cases, are collected for recycling and we recycled 42 phones, 45 batteries and 27 mobile phone accessories through the Mobile Muster program during the year.

## Corporate Water Consumption

Head Office Water Consumption			
	2006/07	2007/08	2008/09
Total water consumption (litres)	1,415,000	759,000	546,000
Full-time equivalent staff including contractors	104	115	130.4
Volume per FTE (litres)	13,616	6,600	4,032

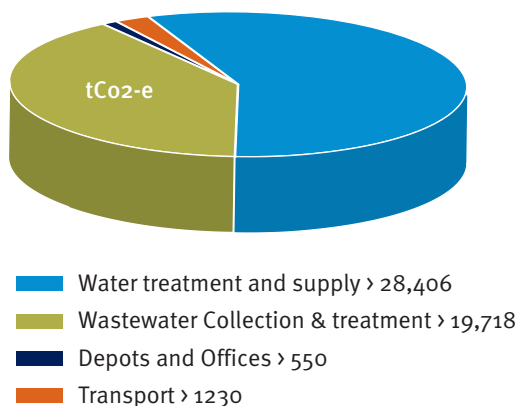
Total water consumption applies to 37-45 and 28 Bridge Street, Bendigo.

The 2008/09 water consumption represents 11.5 litres per day per full-time equivalent staff member working in our head office. Water use has been significantly reduced by water saving measures including waterless urinals and installation of rainwater tanks to water plants.



## Energy Use and Greenhouse Gas Emissions

Greenhouse Gas emissions are generated from all water and wastewater service provision activities, including those managed through public/private partnerships with Campaspe Asset Management Services, Veolia and the Water Industry Group.



Operation of the Bendigo Recycled Water Factory contributed to the increase in the emissions from wastewater treatment this year.

Goldfields Superpipe operation for a full year (compared with only part year operation in 2007/08) contributed to the increase in water supply related emissions. The Superpipe figures reported represent only Coliban Water's share of the emissions with Central Highlands Water having the rest. The total emissions from the Goldfields Superpipe for both organisations was the equivalent 37,788 tonnes of carbon dioxide (tCO2-e).

Activity		tCO2-e
Water Supply	Treatment	5,811
	Reticulation	2,258
	Goldfields Superpipe	20,337
Wastewater System	Collection	1,575
	Treatment	18,143
Offices & Depots		550
Transport Fleet		1230
Total		49,905

## Other Emissions

The National Pollutant Inventory (NPI) is a reporting database for all Australian companies that emit certain substances to the air, land and water sectors.

We report on ammonia and nitrogen emissions, and electricity consumption, from wastewater treatment at the Bendigo, Rochester, Castlemaine and Kyneton Water Reclamation Plants.

## Our Corporate Licence

This licence includes a sustainability commitment as well as the more traditional performance conditions relating to discharge limits and environmental monitoring requirements. We report annually on the sustainability commitment, which includes:

- › Working with major commercial customers to reduce water use and achieve cleaner production.
- › Reduction of greenhouse gas emissions.
- › Integration of environmental considerations into business decisions.
- › Partnerships to improve the sustainability of new developments.
- › Optimising the use of recycled water for the community and the environment.
- › Managing risks associated with the sewer system.
- › Involvement in catchment management and protection.
- › Improving the rural supply system.
- › Successful community engagement.





*Upper Coliban Reservoir catchment area, June 2009*

### **Sewer spill into Southern Cross Creek**

In April 2009 31,000 litres of sewage flowed into Southern Cross Creek at Echuca, polluting a low-flow waterway and creating significant local odour. The cause was a tree root which had grown around the PVC sewer pipe causing it to crack. The spill was immediately contained with sandbags and eduction trucks were brought in to completely remove all the sewage. A comprehensive monitoring program was implemented until the Environment Protection Authority determined that the clean up was satisfactory and water quality had returned to the condition it was before the spill. Sewer mains near the spill site were inspected for further damages.

### **Case Study**



*Epsom Water Treatment Plant, May 2009*

## ***Environmental Incidents***

We received no Penalty Infringement Notices for significant environmental incidents from the Environment Protection Authority during the year.

Sewer spills into the natural environment are a high risk to our environmental performance. While no EPA regulated penalties were received, we identified 29 environmentally significant sewer spills during the year. Immediate service and priority clean up is given to these sewer spills, particularly in areas with unrestricted public access or where sensitive land uses are at risk.







*Our Board. Back row L–R: Managing Director Gavin Hanlon, Chairman John Brooke, David Beard, Jennifer Dawson. Front Row L–R: Don Erskine, Jane Holt, Noel Harvey, Andrew Cairns.*

## Governance and Risk

We believe that effective corporate governance structures encourage innovation and development while providing appropriate control systems for risks.

### Board Responsibilities

Our Board comprises seven non-executive directors, including the Chairman, and the Managing Director. Non-executive directors are appointed on the basis of their skills by the Victorian Minister for Water.

The Board is responsible for overall corporate governance, including:

- › monitoring of corporate strategies, objectives and targets
- › implementation of appropriate monitoring and reporting systems to manage business risks
- › assessment and review of senior executive performance
- › remuneration policy.

It also establishes policies and procedures to ensure we meet all of our legal and ethical responsibilities.

A Statement of Obligations outlining the service, accountability and reporting obligations of the board is available from our website at [www.coliban.com.au](http://www.coliban.com.au)

The Board meets formally each month, and convenes informally as required to discuss specific issues and projects.

### Board Directors as at 30 June 2009

**John Brooke, OAM, BCom., BEd., FCPA, CA, Chairman.**

Appointed as Chairman on 8 November 2007, Mr Brooke farms beef cattle and walnuts near Pyramid Hill and is a Director of Goulburn–Murray Water and North Central Catchment Management Authority. He is a member of their audit committees, chairing the Goulburn-Murray Water committee.

Mr Brooke has extensive experience in water resource management, local government and business. He is a former senior partner in Brooke Bird & Co., chartered accountants, which specialises in insolvency work.

**Noel Harvey, OAM, MIPA, MAICD Deputy Chairman**

Appointed to the Board in October 2001, Mr Harvey has been involved in local government in Central Victoria since 1991. He was twice President of the Shire of Kyneton and served three terms as Mayor of Macedon Ranges Shire Council.

Mr Harvey is a Board Member of Parks Victoria, Chairman of the Victorian Mineral Water Committee and a former board member of the North Central Catchment Management Authority. He has extensive experience in the travel, transport and tourism industries and is currently involved in the natural resource management and carbon offset industry.

**Gavin Hanlon, MBA, MApp Sci (Env Sci), BApp Sci (Soil Sci & Cons), MAICD, FAIM, Managing Director.**

Appointed to the Board on his commencement as Managing Director on 2 July 2008. Mr Hanlon has a background in environmental science and business, and has extensive experience in leadership roles in both catchment management authorities and local government.

He was Chief Executive Officer of the North Central Catchment Management Authority for four years prior to his appointment to Coliban Water and was Chief Executive Officer of Mallee Catchment Management Authority from 2001 to 2004.

**Jennifer Dawson, BBus, MAICD, FCA.**

Appointed to the Board in October 2001, Ms Dawson has extensive experience in accounting and auditing, leading Bendigo Bank's Internal Audit Group until her appointment as a non-executive Director of the bank in 1999. She had 10 years experience with an international accounting firm and is a member of the State Government Regional Development Advisory Committee.

**David Beard, MAICD, FIEAust, CP Eng, MBus.**

Appointed to the Board in October 2005, Mr Beard is General Manager Commercial Services Victoria for Veolia Environmental Services. He has over 15 years experience in civil engineering, and from 2000 to 2005 was a Director with the City of Greater Bendigo. Mr Beard served on the Municipal Association of Victoria's Transport Advisory Committee, Goulburn Valley and Calder Regional Waste Management Groups, Calder Highway Improvement Committee, and the Institute of Engineers Australia. He is Vice-President of Victorian Waste Management Association.

**Andrew Cairns, BEng (Electrical), AFAIM, MAICD.**

Appointed to the Board in October 2007, Mr Cairns is Chief Executive Officer of Community Telco Australia and has held management positions in several industries locally and internationally. He has applied his experience of start-up organisations to Bendigo Community Telco and is responsible for the implementation of the community telco model around Australia. He is a Director of Bendigo Community Telco Limited and iTEL Community Telco Limited.

**Don Erskine, BMechEng.**

Appointed to the Board in November 2007, Mr Erskine is Managing Director of Industrial Conveying (Aust) Pty Ltd, Director of Bendigo Regional Institute of TAFE and a Director of Bendigo Community Telco. He is also Chairman of the Bendigo +25 Reference Group.

**Jane Holt, BAppSc(WineSc), AssocDegAppSc (Wine-growing), GAICD**

Appointed to the Board in October 2008, Ms Holt is a winemaker and viticulturist for Berrys Bridge wines, having established the vineyard in 1990. She has operated as a contract book keeper for 20 years, following 10 years in administration in mineral exploration. Ms Holt is a board member of the North Central Catchment Management Authority and a regional delegate for the Victorian Wine Industry Association.



*New Boort water storage tank, June 2008*



*Mine collapse risk to water pipeline, Chum Street Bendigo, July 2008*

## **Outgoing Board Directors**

Former Managing Director Geoff Michell retired on 2 July 2008.

Patricia Cotton completed her term as Director on 30 September 2008.





Incident training exercise, June 2009

## Committees of the Board

Committees of the Board are established to help the Board in their deliberations and ensure compliance with legislated responsibilities. Each committee has a charter describing its role and responsibilities consistent with best practice corporate governance principles.

### Executive Management Review Committee

The Executive Management Review Committee meets at least half-yearly and is responsible for:

- › ensuring that remuneration policies and practices support the strategic goals of our business.
- › setting the Managing Director's remuneration and managing his or her performance
- › approving our other remuneration policies, employment practices and compliance

Members the Committee are John Brooke (Chair), Noel Harvey and Don Erskine.

The Committee met twice during 2008/09.

### Works/Environment Committee

The Works/Environment Committee was established in December 2007 and meets a minimum of four times each year. It is responsible for:

- › reviewing and monitoring financial and physical progress of our *Water Plan* capital program and any amendments.
- › ensuring adequate and appropriate reporting of capital works projects to the Committee and the Board.
- › considering environmental issues that may have strategic, business and reputational implications for us.
- › monitoring compliance with the Environmental Management System and associated environmental legislation, standards, codes of practice and licences.

Members of the Committee are Noel Harvey (Chair), Jane Holt, Andrew Cairns, David Beard and Don Erskine. John Brooke is an ex-officio member.

The Committee met five times during 2008/09.

### Audit Committee

The Audit Committee meets quarterly and at other times as required. It is responsible for:

- › appointing and monitoring the performance of the internal auditor.
- › reviewing and approving internal audit programs.
- › evaluating the adequacy and effectiveness of our administrative, operating and accounting policies and controls.

Members of the Committee are Jennifer Dawson (Chair), John Brooke and David Beard who are all independent.

The Committee met six times during 2008/09.

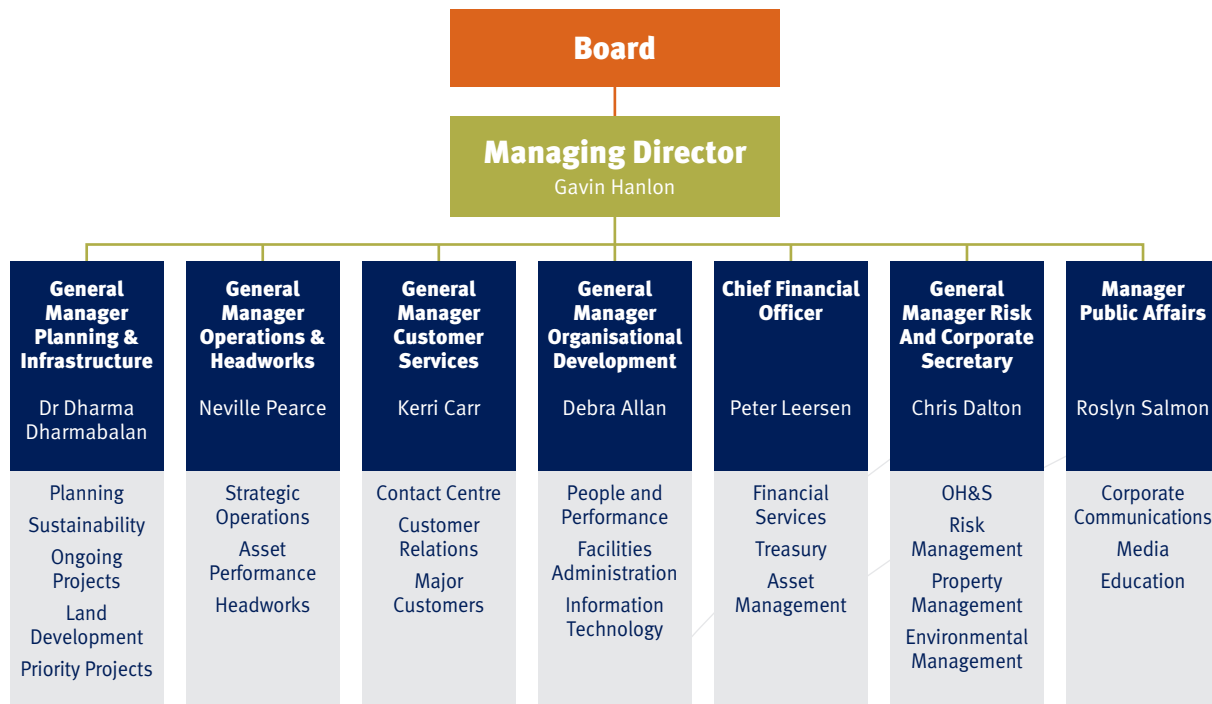
The number of meetings of the Board of Directors and Committees of the Board held during the year ended 30 June 2009 and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee		Executive Management Review Committee		Works / Environment Committee	
Director	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
J Brooke	12	12	6	6	2	2	<sup>1</sup>	<sup>1</sup>
N Harvey	12	10			2	2	5	5
P Cotton	3 <sup>2</sup>	3					1 <sup>2</sup>	1
J Dawson	12	12	6	6				
D Beard	12	11	6	6			5	5
G Hanlon	12	12						
A Cairns	12	11					5	4
D Erskine	12	9			2	2	5	5
J Holt	9 <sup>3</sup>	9					4 <sup>3</sup>	4 <sup>3</sup>

Notes:

1. Board Chairman J Brooke is an ex-officio member of this Committee.
2. P Cotton's term as director expired 30 September 2008.
3. J Holt term as director commenced 1 October 2008.

## Corporate structure



Sullivan Street, Ascot sewer main upgrade, March 2009

## Risk Management Statement

I, John Brooke certify that Coliban Water has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard 4360 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Board verifies this assurance and that the risk profile of Coliban Water has been critically reviewed within the last 12 months.

John Brooke  
Chairman

17 September 2009





*Our Executive Team. Back row L–R: Christopher Dalton, Peter Leersen, Neville Pearce, Dharma Dharmabalan. Front row L–R: Debra Allan, Kerri Carr, Managing Director Gavin Hanlon, Roslyn Salmon.*

## Occupational Health & Safety

Our commitment to Occupational Health and Safety (OH&S) was strengthened through the OH&S Asset Rectification project, enhancement of the staff OH&S induction process, OH&S auditing of contractors, employee health checks through the Victorian Government's WorkHealth initiative and regular staff training.

The OH&S Committee met on six occasions during the year and business units maintained a safe workplace through:

- › quarterly toolbox meetings to discuss OH&S issues.
- › regular workplace inspections
- › inducting contractors and new employees
- › achieving 100 per cent of Key Performance Indicators
- › participation in Safe Work Australia Week.

This year, we had one lost time injury which incurred three days lost and no workers compensation claims. Two notifiable incidents, one resulting from the actions of a Council contractor working in the property adjacent to our head office in Bridge Street Bendigo and one from a Coliban employee at Lauriston Reservoir, were reported to WorkSafe Victoria however no consequential actions followed.

Capital expenditure on all OH&S projects for the financial year totalled \$1.5 million, upgrading many existing assets to current safety standards.

	2008/09	2007/08	2006/07	2005/06	2004/05
Incidents reported to Coliban Water <sup>1</sup>	30	27	26	12	8
WorkSafe reportable incidents <sup>1</sup>	2	2	2	4	0
Workers' Compensation claims <sup>2</sup>	0	0	1	2	3
Injuries resulting in days lost <sup>2</sup>	1	0	1	0	0
Lost time due to injuries (days) <sup>2</sup>	3	0	12	0	0
Lost Time Injury Frequency Rate <sup>3</sup>	7.71	0	8.91	0	0
Average Lost Time Rate <sup>4</sup>	3	0	12	0	0

### Notes:

1. Includes project contractors.
2. Coliban Water employees only.
3. Lost time injuries per million hours worked.
4. Average number of days lost per lost time injury.

# Statutory Information

## Freedom of Information

The *Freedom of Information Act 1982* allows public access to documents held by government entities. All requests must be in writing to the Authorised Officer at Coliban Water, PO Box 2770 Bendigo DC 3554, or via email at [foi@coliban.com.au](mailto:foi@coliban.com.au) and accompanied by a fee of \$23.40.

The following officers have been appointed under the *Freedom of Information Act 1982*:

- › Principal Officer – Managing Director
- › Authorised Officer – Corporate Secretary

During 2008/09 we received three FOI applications which were processed in accordance with the Act and none went to review.

## Competition Policy

We have substantially implemented our National Competition Policy. We have had 'pay for use' water pricing, consisting of a fixed and a variable (volumetric) charge for many years, and cross subsidies between business units are transparent and are disclosed in the Annual Report.

Vertical structural and financial separation of business functions has been in place for several years and the performance of business functions is reported separately in our annual financial statements. We have introduced competition in service delivery by the involvement of the private sector through competitively-bid Public-Private Partnership contracts for infrastructure projects and by outsourcing other functions.

We continue to monitor developments in National Competition Policy.

## Taxation

In common with the rest of the water industry, we are subject to a National Tax Equivalent Regime. This means we are subject to the *Income Tax Assessment Act*, managed through the Australian Taxation Office, to ensure we do not gain a competitive advantage over private industry in taxation matters.

## External Financing

Under the *Borrowing and Investment Powers Act 1987*, we may only source debt funding from Treasury Corporation Victoria and we are subject to a Financial Accommodation Levy (FAL). As a Victorian Government Agency, our borrowings carry an implicit State Government guarantee that commands lower borrowing prices in financial markets. To offset this advantage, an FAL is levied on all borrowings, using a formula based on business credit ratings, to ensure we gain no unfair competitive advantage over the private sector.

## Performance Benchmarking

We participate in annual performance benchmarking studies through the National Water Commission – National Performance Framework and also the Department of Human Services – Water Quality Management Benchmarking. These processes measure the successful implementation of the Australian Drinking Water Quality Guidelines using a risk management framework and encourage continuous improvement in service delivery standards. In addition this year we also participated in the Water Services Association of Australia – Asset Management Benchmarking Project. All these activities help identify areas where we can improve our performance.

## Information Privacy Act 2000

The *Information Privacy Act 2000* regulates the responsible collection and handling of personal information in the Victorian Public Sector. All our employees have been trained in the requirements for compliance with our Privacy Policy, which complies with the Act.

## Building Act 1993

We met all relevant compliance provisions of the *Building Act 1993* in our building and maintenance activities during the year.

## Whistleblowers Protection Act 2001

This legislation is designed to protect people who disclose information about serious wrongdoing within the Victorian Public Sector, and provides a framework for the investigation of these matters. Our procedures under this Act are included as an insert to this Annual Report.

During the year no disclosures were made or investigated under the Act.

## Membership of Industry Associations

Our industry and business association memberships help enhance our organisational benchmarking and network capabilities, as well as allowing us to participate in the development of industry codes of practice:

- › Water Services Association of Australia (WSAA)
- › Victorian Water Industry Association (VWIA)
- › Institute of Water Administration (IWA)
- › International Water Association (IWA)
- › Australian Water Association (AWA)
- › Australian Institute of Management (AIM)
- › Australian Institute of Company Directors (AICD)



## Major Consultancies

During 2008/09 we engaged eight major consultancies with a value over \$100K. The total value of the major consultancies was \$5.24 million.

Project	Amount (inc GST)	Future Commitment
<b>Consultant:</b> Connell Wagner	\$200,459	\$30,000
Provision of services for project management for the Lake Eppalock pump station augmentation		
<b>Consultant:</b> Connolly Environmental (Aust) Pty Ltd	\$316,070	\$200,000
Environmental testing & analysis for Alder Street Residential Development		
<b>Consultant:</b> Beca Pty Ltd	\$1,545,608	\$135,000
Provision of services for project management for the following projects: Epsom - Spring Gully Recycled Water Echuca SPS No.4 Replacement Bendigo - Axedale Pipeline Leitchville - Gunbower Water Supply Northern SPS Flowmeter Installation Eppalock - Sandhurst Pipeline Augmentation Lake Eppalock Pump Station Augmentation Bridgewater WTP Upgrade		
<b>Consultant:</b> Beca Pty Ltd	\$1,568,443	\$1,224,178
Provision of services for technical services (planning, design, environmental) for the following projects: Epsom - Spring Gully Recycled Water Echuca SPS No.4 Replacement Bendigo - Axedale Pipeline Leitchville - Gunbower Water Supply Project Northern SPS Flowmeter Installation WQIP: Chemical Dosing Systems Upgrade Bendigo WRP Inlet Improvements Bendigo Sludge Processing Improvements Bendigo WRP Sludge Treatment Centrifuge Installation Castlemaine WRP Treatment Plant Improvements Castlemaine WRP ATADS Replacement of Aerators		
<b>Consultant:</b> GHD Pty Ltd	\$504,101	\$410,000
Provision of services for technical services (planning, design, environmental) for the following projects: Eppalock - Sandhurst Pipeline Augmentation Lake Eppalock Pump Station Augmentation GC Link / Goldfields Superpipe Epsom - Spring Gully Recycled Water Bendigo Creek Sewer Trunk Main Crossing Replacement Rochester WTP High Lift Pump Station – Structural Investigation Raywood - Sebastian Pipeline – Planning and Environmental Assessment		
<b>Consultant:</b> SJ Street & Associates	\$319,760	\$250,000
Structural design and project management for OH&S remedial works program – eliminate identified hazards during audits of service delivery assets.		
<b>Consultant:</b> SMEC Pty Ltd & Beca Pty Ltd	\$588,996	\$570,000
Provision of services for project management for the Water Quality Improvement Program and Bridgewater WTP upgrade		
<b>Consultant:</b> SMEC Pty Ltd & Beca Pty Ltd	\$193,898	\$55,000
Provision of services for technical services (planning, design, environmental) for the Water Quality Improvement Program		
<b>TOTAL</b>	<b>\$5,237,335</b>	<b>\$2,874,178</b>

## Minor Consultancies

During the year 63 projects used consultants at a cost of less than \$100,000. The total cost of these minor consultancies was \$1.42 million excluding GST.

## Disclosure of Major Contracts

We continued two major contracts greater than \$10 million during the year ended 30 June 2009 totalling \$44.3 million.

Major Contracts over \$10 million	Total Spend to 30 June 2009	Total Amount (exc GST)	Future Commitment
Consultant: Consultant: CCB Envico	\$10,271,825	\$10,271,825	\$502,340
Construction of Recycled Water Pumping and Treatment Facility			
Consultant: Fulton Hogan	\$34,056,496	\$34,056,496	\$427,766
Goulburn-Campaspe Link Alliance > Construction of pipeline, pump stations and ancillary structures for Goulburn-Campaspe link pipeline project			
<b>TOTAL</b>	<b>\$44,328,321</b>	<b>\$44,328,321</b>	<b>\$930,106</b>

## Victorian Industry Participation Policy (VIPP)

We have implemented procedures in accordance with Section 9 of the *Victorian Industry Participation Policy Act 2003*. This forms part of our contract templates and is included in tender documents where the contract value may exceed \$10 million.

## Completed Projects

Contract Details	Date of Project		Full Time Equivalent Jobs Committed	Full Time Equivalent Jobs Achieved	Local Content (%)
Name	Commencement	Completion	Total	Total	Achieved
<b>Eppalock to Sandhurst Pipeline</b>					
Pipe supply	22/10/2007	9/10/2008	5	5	100.0
<b>Eppalock Pump Station Augmentation</b>					
Supply and delivery of electrical equipment	5/03/2008	13/05/2009	2	2	33.0
<b>Water Quality Improvement Program</b>					
Programmable Logical Controller (PLC) and Instrumentation Upgrade Project – Separable Portion 2	25/09/2007	23/02/2009	8	8	35.0
Design and Construction of Chlorination Upgrade Project	21/08/2007	12/09/2008	11	11	50.0

## New Projects

Contract Details	Project Commencement	Full Time Equivalent Jobs Committed	Local Content Committed (%)
Name			
<b>Eppalock Pump Station Augmentation</b>			
Construction of the Lake Eppalock Pump Station Augmentation	1/10/2008	3	75.0%
<b>Bridgewater Water Treatment Plant Upgrade</b>			
Supply of Containerised Reverse Osmosis Plant	1/06/2009	15	90.0%
<b>Axedale Water Supply Pipeline</b>			
Construction of pipeline and chlorinator	9/10/2008	10	95.0%
<b>Echuca Sewer Pump Station Number 4</b>			
Construction of Sewer Pump Station	18/08/2008	3	95.0%



# Performance Report

## Financial Performance Indicators

### a) Financial Performance

Financial Performance Indicators	Actual Result 2007/08	Actual Result 2008/09	Corporate Plan Target 2008/09	Variance from Target 2008/09
1. Long Term Profitability Indicator <sup>1</sup>	(1.8%)	(1.1%)	(0.7%)	(47.1%)
2. Owners Investment Indicator <sup>2</sup>	(3.9%)	(4.0%)	(3.5%)	(14.3%)
3. Long Term Financial Viability Indicator <sup>3</sup>	20.2%	27.1%	27.7%	2.4%
4. Liquidity and Debt Servicing Indicator (Interest Cover) <sup>4</sup>	(128.4%)	(57.0%)	(39.4%)	(44.8%)
5. Immediate Liquidity and Debt Servicing Indicator (Cash Cover) <sup>5</sup>	(0.3)	0.3	0.5	(0.4)
6. Operating Efficiency Indicator				
6.1 Water Supply Bulk (Headworks)	\$147.66	\$92.40	no target set	n/a
6.2 Water Supply Reticulation	\$977.46	\$599.40	no target set	n/a
6.3 Water Supply Treatment	\$543.58	\$672.55	no target set	n/a
6.4 Wastewater Reticulation	\$391.12	\$382.03	no target set	n/a
6.5 Wastewater Treatment	\$1,189.18	\$1,238.33	no target set	n/a

*Note: Calculations for all indicators are in line with Department of Treasury and Finance guidelines. This may affect the figures from previous year's Corporate Plan target.*

#### Reasons for variations greater than 10%

- 1 The Long Term Profitability Indicator measures profit/(loss) before net interest and tax for the current financial year as a % of average total assets over the current and previous financial years.

*Variance Actual Result 2008/2009 to Corporate Plan 2008/2009: The net loss for the year was greater than budgeted for in the Corporate Plan by \$3.7 million or 14.5% which impacted on the long term profitability indicator. The result was a significant improvement on the previous financial year.*

- 2 The Owners Investment Indicator measures profit/(loss) after tax for the current financial year as a % of average total equity over the current and previous financial years.

*Variance Actual Result 2008/2009 to Corporate Plan 2008/2009: The net loss for the year has also impacted on the owners investment indicator. The result was slightly worse than the previous financial year.*

- 3 The Long Term Financial Viability Indicator measures net debt as a percentage of total assets.

- 4 The Liquidity and Debt Servicing Indicator (Interest Cover) measures the number of times net interest expense is covered by earnings before net interest expense.

*Variance Actual Result 2008/2009 to Corporate Plan 2008/2009: The net loss for the year has also impacted on the liquidity and debt servicing indicator. The result was a significant improvement on the previous financial year.*

*The budgeted increase in service and usages charges for 2009/10 will see the interest cover indicator improve. During 2009/10 Coliban Water will work with Government and the Essential Services Commission to develop strategies to improve this indicator.*

- 5 The Immediate Liquidity and Debt Servicing Indicator (Cash Cover) measures the number of times net interest payments are covered by cash flow from operations before net interest payments.

*Variance Actual Result 2008/2009 to Corporate Plan 2008/2009: The negative cash flow from operating activities of \$7.3 million has impacted the Cash Cover indicator. The result was a significant improvement on the previous financial year and returned a positive indicator.*

*The continuing drought has impacted on Coliban Water's ability to generate sufficient cash flows from service and usage charges. Coliban Water has also incurred additional expenditure due to temporary water purchases and additional water cartage costs due to drought. Capital projects have been reviewed and low priority projects have been delayed to reduce interest costs.*

*During 2009/10 Coliban Water will work with Government and the Essential Services Commission to develop strategies to improve this indicator.*

## Service Delivery Performance Indicators

### a) Water Supply

Water Supply Interruptions	2007/08 Result	2008/09 Result	2008/09 Target	Variance from Target
Number of Customers receiving 5 unplanned interruptions in a year <sup>1</sup>	43	0	2	(100.0%)
<b>Interruption Time Indicators</b>				
Average duration of unplanned water supply interruptions <sup>2</sup>	117	102	140	(27.1%)
Average duration of planned water supply interruptions <sup>3</sup>	67	81	150	(46.0%)
<b>Restoration of Water Supply</b>				
Unplanned Water Supply Interruptions restored within 5 hours	97.0%	98.0%	98.0%	0.0%
<b>Reliability and Sewer Service collection service indicators</b>				
Sewer spill from reticulation and branch sewers (priority 1 and 2)	513	553	n/a	n/a
Sewer spills from ERS and Pump Stations (% of volume transported)	0.00008	0.000006	n/a	n/a
<b>Containment of Sewer Spills</b>				
Sewer Spills contained within 5 hours (%)	100.0%	100.0%	99.0%	1.0%
<b>Customer Complaints Indicator</b>				
Water quality complaints per 1000 customers	6.93	3.85	n/a	n/a
Water supply reliability complaints per 1000 customers	0.08	0.06	n/a	n/a
Sewer Service quality and reliability complaints per 1000 customers	0.05	0.06	n/a	n/a
Affordability complaints per 1000 customers	0	0	n/a	n/a
Billing complaints per 1000 customers	0.13	0.19	n/a	n/a
Pressure complaints per 1000 customers	0.11	0	n/a	n/a
Sewerage complaints per 1000 customers	2.10	2.81	n/a	n/a
Other complaints per 1000 customers	1.37	1.50	n/a	n/a
<b>Reuse indicators</b>				
Effluent Reuse (vol) <sup>4</sup>	61.0%	78.0%	64.0%	21.2%
Biosolids reuse (dry mass)	100.0%	100.0%	95.9%	4.3%
<b>Sewerage treatment standards</b>				
Number of analyses complying with licence agreement as % of samples	97.0%	100.0%	n/a	n/a

#### Reasons for variations greater than 10%

- 1 No customers received 5 unplanned interruptions during the year.
- 2 Unplanned water supply interruptions are reactive. They are influenced by continued dry weather, replacement programs and pressure control/reduction. Our programs in these areas have influenced this result.
- 3 Use of different technology has significantly reduced the number of planned water supply interruptions, particularly those of extended duration.
- 4 Sustained high level of demand for re-use water due to ongoing dry conditions and the new Water Factory being operational.



## Service Delivery Performance Indicators (continued)

### b) Quality Of Wastewater Disposal (By Treatment Or Disposal Facility)

Aggregate annual performance of town or sewerage systems	2008/09 Result	Short term/persistent compliance with EPA licence	2008/09 Result
Number of individual test results meeting EPA licence conditions x 100 / total number of individual tests for the year		Number of sets of test results meeting EPA licence conditions x 100 / total number of sets of routine tests for the year	
Axedale <sup>1</sup>	*	Axedale <sup>1</sup>	*
Bendigo	100%	Bendigo	100%
Boort <sup>1</sup>	*	Boort <sup>1</sup>	*
Bridgewater/Inglewood <sup>1</sup>	*	Bridgewater/Inglewood <sup>1</sup>	*
Castlemaine	100%	Castlemaine	100%
Cohuna <sup>1</sup>	*	Cohuna <sup>1</sup>	*
Dunolly <sup>1</sup>	*	Dunolly <sup>1</sup>	*
Echuca <sup>2</sup>	100%	Echuca <sup>2</sup>	100%
Elmore <sup>1</sup>	*	Elmore <sup>1</sup>	*
Gunbower/Leitchville <sup>1</sup>	*	Gunbower/Leitchville <sup>1</sup>	*
Heathcote <sup>1</sup>	*	Heathcote <sup>1</sup>	*
Kyneton	100%	Kyneton	100%
Lockington <sup>1</sup>	*	Lockington <sup>1</sup>	*
Pyramid Hill <sup>1</sup>	*	Pyramid Hill <sup>1</sup>	*
Rochester <sup>1</sup>	*	Rochester <sup>1</sup>	*
Wedderburn <sup>1</sup>	*	Wedderburn <sup>1</sup>	*

#### Notes

<sup>1</sup> Due to EPA Corporate Licence, EPA licence tests are not required.

<sup>2</sup> EPA licence held by other parties.

\* No test conducted

## Service Delivery Performance Indicators (continued)

### c) Environmental Performance Indicators

Wastewater effluent reused	2008/09 Result	Wastewater sludge reused / recycled	2008/09 Result
Volume effluent reused x 100 / total volume of effluent produced		Volume effluent reused x 100 / total volume of effluent produced	
Axedale	#	Axedale	^
Bendigo	90.0%	Bendigo	100.0%
Boort	#	Boort	^
Bridgewater/Inglewood	#	Bridgewater/Inglewood	^
Castlemaine	14.0%	Castlemaine	100.0%
Cohuna	#	Cohuna	^
Dunolly	#	Dunolly	^
Echuca	100.0%	Echuca	^
Elmore	#	Elmore	^
Gunbower/Leitchville	#	Gunbower/Leitchville	^
Heathcote	100.0%	Heathcote	^
Kyneton	65.0%	Kyneton	^
Lockington	#	Lockington	^
Pyramid Hill	#	Pyramid Hill	^
Rochester	100.0%	Rochester	^
Wedderburn	#	Wedderburn	^

# Effluent produced was evaporated or retained in storages for future reuse.

^ Sludge still being treated and dried to allow future reuse.

# Directors' Declaration

## Statutory Certification

In our opinion, the accompanying Performance Report of Coliban Region Water Corporation for the year ended 30 June 2009, is presented fairly in accordance with the *Financial Management Act 1994*.

The Report comprises the performance indicators determined by the responsible Minister. We have reported our actual results achieved against pre-determined performance targets and an explanation of any significant variance between the actual results and targets.

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



**John Brooke**  
Chairman



**Gavin Hanlon**  
Managing Director

17 September 2009



## INDEPENDENT AUDITOR'S REPORT

### To the Members of the Board, Coliban Region Water Corporation

#### *The Performance Report*

The accompanying performance report for the year ended 30 June 2009 of the Coliban Region Water Corporation which comprises the statement of performance indicators, the related notes and the statutory certification has been audited.

#### *The Board Member's Responsibility for the Performance Report*

The Board Members of the Coliban Region Water Corporation are responsible for the preparation and fair presentation of the performance report in accordance with the *Financial Management Act 1994*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation 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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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 judgement, 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.

#### *Matters Relating to the Electronic Presentation of the Audited Performance Report*

This auditor's report relates to the performance report published in both the annual report and on the website of the Coliban Region Water Corporation for the year ended 30 June 2009. The Board Members of the Coliban Region Water Corporation are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance report to confirm the information included in the audited performance report presented on the Coliban Region Water Corporation website.

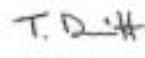
#### *Independence*

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.

#### *Auditor's Opinion*

In my opinion, the performance report of the Coliban Region Water Corporation in respect of the 30 June 2009 financial year presents fairly, in all material respects, in accordance with the *Financial Management Act 1994*.

MELBOURNE  
24 September 2009

for   
D D R Pearson  
Auditor-General

# Disclosure Index

The 2008/09 Annual Report of Coliban Region Water Corporation is prepared in accordance with all relevant Victorian legislation. This index verification of our compliance with statutory disclosure requirements.

Clause	Disclosure	Page
<b>Report of Operations</b>		
22B	Manner of establishment and relevant Ministers	4
22B	Objectives, functions, powers and duties	4
22B	Nature and range of services provided	4
<b>Management Structure</b>		
22B	Organisational structure, names, and functional areas of responsibility of senior officers	60
22B	Names of Board members	57 & 58
22B	Statement of workforce data for current and previous financial year	46
<b>Financial and Other Information</b>		
22B	Merit and equity	48
15B	Executive officer disclosures	96
22B	5 year summary of financial results	72
22B	Significant changes in financial position during the year	72
22B	Objectives and performance against objectives	8 & 9, 6–107
22B	Major changes or factors affecting performance	6 & 7
22B	Subsequent events which will affect operations in future years	11–61
22B	Details of consultancies > \$100,000 and total No and cost < \$100,000	63 & 64
12A	Disclosure of major contracts	64
22B	Application and operation of <i>Freedom of Information Act 1982</i>	62
22B	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	62
22B	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	62
22B	Statement on NCP	62
22B	OHS policy	61
24C	Environmental Reporting	50–55
10	Disclosure Index	70
22B	Statement of availability of other information	70
25	Victorian Industry Participation Policy	64

## Further Information About Operations and Performance

Information about our operations and performance is available in the following sources, Coliban Water *Strategic Plan 2008–2013*, previous Annual Reports, the *Customer Charter*, and our website at [www.coliban.com.au](http://www.coliban.com.au)

Printed copies of all publications are available from our offices at 37–45 Bridge Street, Bendigo.

Information listed in Appendix 1 of Reporting Direction 22B is held at the Corporation's office and is available to the relevant Minister, Members of Parliament or the public on request, subject to the provisions of the *Freedom of Information Act 1982*.

# Financial Performance Summary

## Financial Summary

	Plan 2008/09 (\$'000)	Actual 2008/09 (\$'000)	Actual 2007/08 (\$'000)	Actual 2006/07 (\$'000)	Actual 2005/06 (\$'000)	Actual 2004/05 (\$'000)
<b>Revenue</b>						
Service Charges	58,978	50,627	41,364	39,457	41,308	36,822
Developer contributions & capital works	4,547	5,648	5,874	5,323	6,794	10,183
Other	1,085	1,362	2,540	1,934	784	726
Interest	265	135	290	681	1,439	2,473
<b>Total Revenue</b>	<b>64,875</b>	<b>57,772</b>	<b>50,068</b>	<b>47,395</b>	<b>50,326</b>	<b>50,204</b>
<b>Expenses</b>						
Operations	37,188	34,788	35,453	25,717	24,604	34,112
Administration	8,629	8,590	8,625	8,984	8,348	6,739
Direct Depreciation	24,039	22,938	20,473	19,452	19,890	14,618
Finance Charges	18,755	18,930	13,147	8,156	8,170	–
Environmental Contribution	2,031	2,031	1,740	1,740	1,740	1,270
<b>Total Expenditure</b>	<b>90,642</b>	<b>87,277</b>	<b>79,438</b>	<b>64,049</b>	<b>62,752</b>	<b>56,739</b>
<b>Net Result before Tax</b>	<b>(25,767)</b>	<b>(29,505)</b>	<b>(29,370)</b>	<b>(16,653)</b>	<b>(12,426)</b>	<b>(6,535)</b>

	Plan 2008/09 (\$'000)	Actual 2008/09 (\$'000)	Actual 2007/08 (\$'000)	Actual 2006/07 (\$'000)	Actual 2005/06 (\$'000)	Actual 2004/05 (\$'000)
<b>Assets</b>						
Total Current Assets	16,231	14,583	13,932	16,074	25,543	44,378
Total Non-Current Assets	1,017,920	1,011,457	966,059	892,700	815,893	810,301
<b>Total Assets</b>	<b>1,034,151</b>	<b>1,026,040</b>	<b>979,991</b>	<b>908,774</b>	<b>841,436</b>	<b>854,679</b>
<b>Liabilities</b>						
Total Current Liabilities	32,635	74,710	51,024	60,174	23,081	22,251
Total Non-Current Liabilities	276,595	222,270	179,661	110,527	95,873	97,648
<b>Total Liabilities</b>	<b>309,230</b>	<b>296,980</b>	<b>230,685</b>	<b>170,701</b>	<b>118,954</b>	<b>119,899</b>
<b>Total Net Assets</b>	<b>724,921</b>	<b>729,060</b>	<b>749,306</b>	<b>738,073</b>	<b>722,482</b>	<b>734,780</b>

## Major changes or factors affecting performance

The continuation of the drought has impacted water consumption income over the past two years. In submitting the *Water Plan 2008–13* to the Essential Services Commission (ESC), it was anticipated that we would move to stage 2 water restrictions in 2008/09 – 2009/10 and then permanent water savings thereafter. All forward forecasts and five year pricing were factored around these assumptions.

The reality of the current drought and the capacity of the Sandhurst Water Treatment Plant in Bendigo to treat Goulburn water has meant we can only remain on stage 3 water restrictions until the conditions improve. This has reduced revenue due to less water being sold.

Total expenditure has increased due to the drought as we have incurred additional temporary water purchase and water cartage costs. Many large capital works need to be fast tracked to ensure water security for towns affected by the drought and this has caused a significant increase in borrowing costs and depreciation.

The severity of the drought on our financial viability can be seen in the net result since 2004/05. This is due to lower water consumption income and an increase in operating costs. Large infrastructure assets such as the Goldfields Superpipe and Bendigo Recycled Water Factory were built and we purchased permanent water entitlements to increase water security.



## Five year comparison of financial results and projection for 2009/10

	Plan 2009/10 (\$'000)	% Change 09/10 – 08/09	Actual 2008/09 (\$'000)	% Change 08/09 – 07/08	Actual 2007/08 (\$'000)	Actual 2006/07 (\$'000)	Actual 2005/06 (\$'000)	Actual 2004/05 (\$'000)
Total Revenue	64,231	23.2%	52,125	17.9%	44,194	42,072	43,531	40,021
Total Expenditure	96,888	11.1%	87,277	9.9%	79,438	64,049	62,752	56,739
<b>Net Profit before developer income</b>	<b>(32,657)</b>	<b>7.1%</b>	<b>(35,152)</b>	<b>0.3%</b>	<b>(35,244)</b>	<b>(21,976)</b>	<b>(19,220)</b>	<b>(16,718)</b>
Developer contributions & capital works	4,752	(15.9%)	5,648	(3.9%)	5,874	5,323	6,794	10,183
<b>Net Profit before Tax</b>	<b>(27,905)</b>	<b>5.4%</b>	<b>(29,505)</b>	<b>(0.5%)</b>	<b>(29,370)</b>	<b>(16,653)</b>	<b>(12,426)</b>	<b>(6,535)</b>
Income tax expense	–	0.0%	–	0.0%	–	–	–	–
<b>Net Profit after Tax</b>	<b>(27,905)</b>	<b>5.4%</b>	<b>(29,505)</b>	<b>(0.5%)</b>	<b>(29,370)</b>	<b>(16,653)</b>	<b>(12,426)</b>	<b>(6,535)</b>

### Significant changes in financial position

The Essential Service Commission's pricing determination for 2008–13 resulted in three factors affecting our financial position.

The new determination has caused our pricing policy to change. The prices for water service charges has decreased but is offset by a three step tariff. This change rewards customers who use less water. The change to volumetric charges has been impacted by water restrictions with less water sold.

We are continuing a major capital works program with \$214 million in capital projects committed in our five year plan. A consequence of the new pricing structure was that \$82 million net in new borrowings was required to finance assets during 2008/09, with further borrowings proposed over the remainder of the water plan period.

There has been a significant increase in total assets due to the capital works program which has seen total assets increase and an increase in the long term financial viability indicator. Our gearing ratio has been traditionally very low and as further borrowings are proposed the gearing ratio will increase and align with general business practices.

### Shareholder dividend

We are 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 Treasurer and a formal determination is made by the Treasurer.

No shareholder dividend was paid for 2008/09.

### The Water Plan

The ESC manages its objectives and ensures compliance under the WIRO through the assessment of a *Water Plan* from each regulated business. This sets out the prices that will be changed and the performance targets to be achieved during the period to which the *Water Plan* relates.

The current five year *Water Plan* was accepted by the ESC in June 2008. This year is the second year of the plan.

### Post balance date events

There are no post balance date events that materially affect Coliban Water's 2008/09 financial statements.

### Outlook 2009/10

This financial report has been prepared on a going-concern basis. The Board of Coliban Water believes this basis is appropriate. We will be able to pay our debts as and when they become payable on the basis of the following:

- Our performance indicators improved in 2008/09 – the financial position at 30 June 2009 was adversely affected by lower volumetric sales due to the drought conditions, increasing depreciation expenses and financing charges.
- We have commenced discussions with the Department of Treasury and Finance, the Department of Sustainability and Environment and the Essential Services Commission to explore a range of options. These options include a price review to ensure we have a positive operating cash flow and can manage expected losses.
- The Treasury Corporation of Victoria has provided assurance that any maturing loans will be re-financed: Our low working capital is influenced considerably by borrowings to fund the large capital works program in the approved 2008–13 *Water Plan*. Loan maturities are mixed to minimise interest rate risk. We will rely on borrowings to fund the \$214 million capital works program over the next four years.

Total revenue for 2009/10 is projected to be \$69.0 million, total expenses \$96.9 million, including \$20.9 million to service debt, with a total deficit after tax of \$27.9 million.

The projected increase in total revenue in 2009/10 is due to the Essential Service Commission price determination for 2008–13. The average family household's water bill (based on 250 kilolitres per annum) will increase on average \$150 during 2009/10. This increase is the main factor contributing to the 23.2 per cent increase in Total Revenue next year.

The increase in Total Expenditure in 2009/10 is due to higher depreciation charges from the intensive capital works program and higher borrowing costs to fund the program. We will rely on borrowings from Treasury Corporation Victoria to fund the capital works program over the next four years.

Total operation and administration expenses will remain in line with 2008/09 expenditure. Due to the continuing drought this will include \$2.8 million for purchase of temporary water and additional water cartage costs.

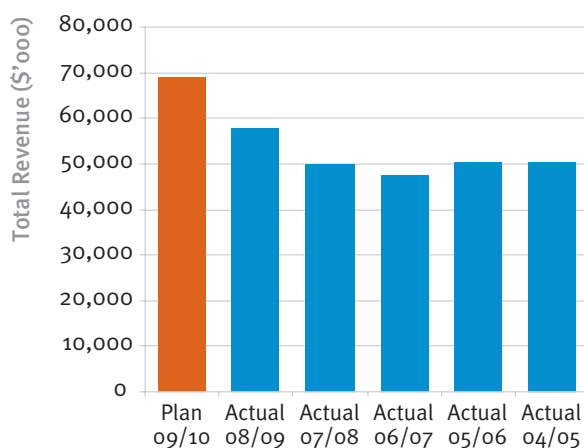
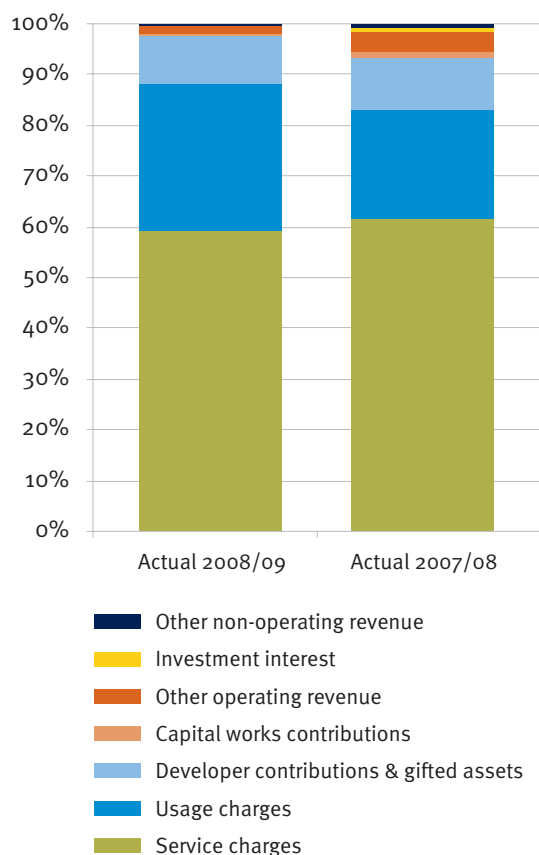
## Revenue

Total revenue increased \$7.7 million or 15.4 per cent in 2008/09. Total revenue is budgeted to continue to increase in 2009/10.

Overall service charges increased \$3.4 million or 11.2 per cent in 2008/09. In line with the ESC price determination 2008/13, service charges for water decreased 14.5 per cent while sewerage and trade waste service fees increased 17.9 per cent.

Usage charges increased \$6.1 million or 56.2 per cent in 2008/09 as water consumption increased due to the easing of water restrictions from stage 4 to stage 3 during the year and the pricing policy to shift to volumetric charging. This is still below the stage 2 predicted in the *Water Plan 2008–2013*.

About 85 per cent of income is derived from service charges and consumption usage charges, with the remainder being capital works and developer contributions.

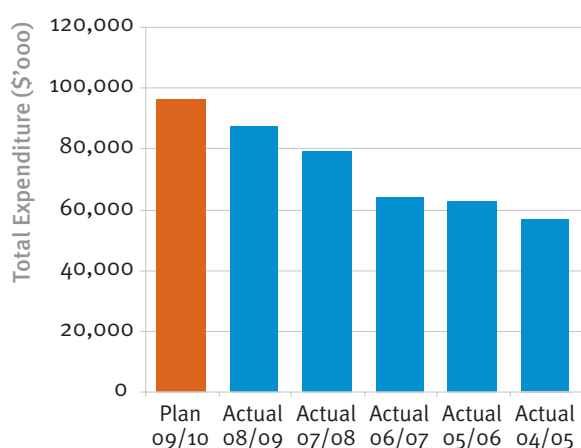


## Expenditure

Operational and administration expenses decreased slightly (\$637K or 1.7 per cent) on last year's figures. Operations expenses are budgeted to increase to purchase further temporary water and water cartage costs. Administration costs are budgeted to increase due to a combination of wage rises and additional staffing.

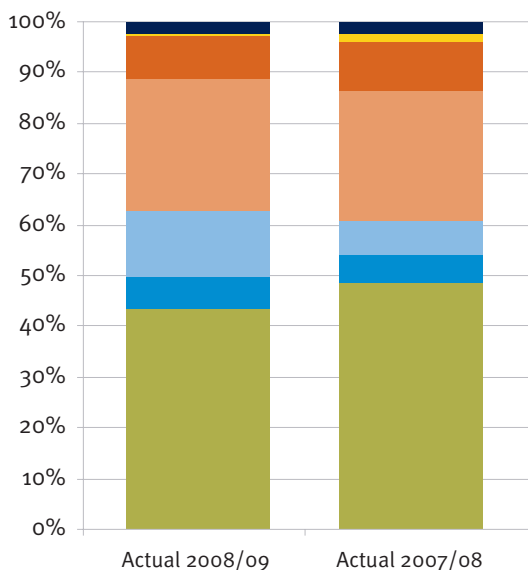
As debt levels continued to grow from \$96 million in 2007/08 to \$178 million during the year to fund the capital works program, the debt servicing cost increased by \$5.8 million or 44.0 per cent. We will rely on borrowings from Treasury Corporation Victoria to fund the capital works program over the next four years.

Depreciation has increased significantly over the past few years as capital projects are completed. In 2008/09 depreciation increased \$2.3 million or 11.0 per cent.



Operation, administration and employee costs account for about half of total expenditure. The remainder is borrowing costs, depreciation, BOOT schemes and the environment contribution levy to the Victorian Government.

Borrowing costs and depreciation have increased substantially over the last few years and will continue to increase as the capital works program continues.

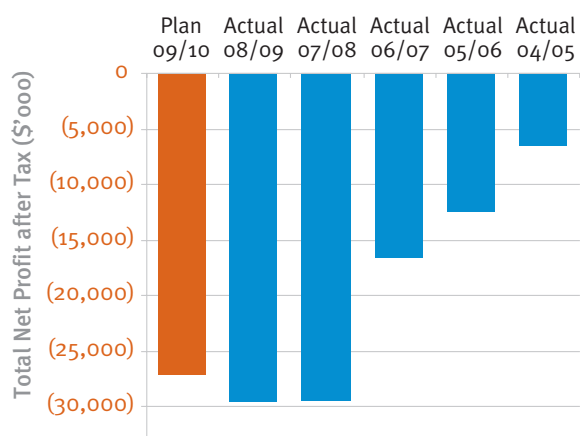


- Environmental contribution
- Loss on sale of assets
- Finance charges (BOOT schemes)
- Depreciation
- Borrowing costs
- Employee benefits
- Operating and administration expenses

## Net result before tax

The net result before tax in 2008/09 remained in line with the previous year with total revenue increasing \$7.7 million and total expenditure increasing \$7.8 million. The large losses are due to the continuation of the drought and the impacts of water restrictions.

The drought is budgeted to continue into 2009/10. The net result before tax is budgeted to improve again in 2009/10 due to increases in service and usages charges based on the ESC price determination 2008/13.





# Understanding the Financial Statements

## Operating Statement

The Operating Statement measures our performance over the year and shows if a profit or loss has been made in delivering products and services. The statement includes all sources of income less all expenses incurred in earning that income.

For the year ending 30 June 2009, we made a net result before tax of \$29.5 million.

## Balance Sheet

The Balance Sheet sets out our net accumulated financial worth at the end of the financial year. It shows the assets we own as well as liabilities or claims against those assets.

Both assets and liabilities are expressed as current or non-current. Current are assets or liabilities that are expected to be converted to cash within the next twelve months. Non-current assets or liabilities are longer-term. Equity is total capital, and reserves and accumulated profits that have been reinvested in the business over the years.

## Statement of changes in equity

The Statement of changes in equity shows the changes in equity from last year to this year.

The total overall change in equity during a financial year comprises the net result for the year after tax items charged directly to the equity account from revaluation of assets.



Rochester Water Treatment Plant, March 2008

## Cash Flow Statement

The Cash Flow Statement summarises our cash receipts and payments for the financial year and the net cash position at the end of the year. It differs from the Operating Statement in that it excludes non-cash expenses such as depreciation and the accruals taken into account in the Operating Statement. It includes, payments or receipts in relation to capital items and any financing activities such as movements in borrowings by us.

For the year ending 30 June 2008, Coliban Water had a negative net cash flow from operating activities of \$7.3 million.

## Notes to the Accounts

The Notes to the Accounts provide further information about how the Financial Statements are prepared as well as additional information and detail about specific items within them.

The Notes also describe any changes to accounting standards, policy or legislation that may affect the way the statements are prepared. Information in the Notes is particularly helpful if there has been a significant change from the previous year's comparative figures.

## Statutory Certificate and Auditor General's Report

These provide the reader with a written undertaking that the Financial Statements are correct. The Report from the Auditor General provides an independent view and describes any issues of concern.





# Financial Statements

## Table of Contents

For the Reporting Period ended 30 June 2009

### Financial statements

Statutory Certification	78
Operating statement	79
Balance sheet	80
Statement of Changes in Equity	81
Cash Flow Statement	81

### Notes to the financial statements

Note 1	Significant accounting policies	82–86
Note 2	Operating statement disclosures	87
Note 3	Cash and cash equivalents	88
Note 4	Receivables	88
Note 5	Doubtful debts provision	88
Note 6	Other financial assets	88
Note 7	Property plant and equipment	89, 90
Note 8	Intangible assets	91
Note 9	Payables	91
Note 10	Interest bearing liabilities	91
Note 11	Employee benefits	92
Note 12	Income tax	92
Note 13	Deferred tax assets and deferred tax liabilities	93
Note 14	Contributed by owners	93
Note 15	Asset revaluation reserve	93
Note 16	Accumulated funds	93
Note 17	Superannuation	94, 95
Note 18	Responsible persons related party disclosures	95, 96
Note 19	Financial risk management objectives and policies	97, 98
Note 20	Financial instruments	99, 100
Note 21	Segment reporting	102, 103
Note 22	Reconciliation of net result for the period to net cash flows from operating activities	104
Note 23	Commitments	104
Note 24	Finance lease liabilities – BOOT schemes	105
Note 25	Leasing commitments	106
Note 26	Contingent liabilities and contingent assets	106
Note 27	Financing facilities	106
Note 28	Auditors remuneration	106
Note 29	Events occurring after balance sheet date	106
Note 30	Correction of error	107
	Auditor-General's Report	108



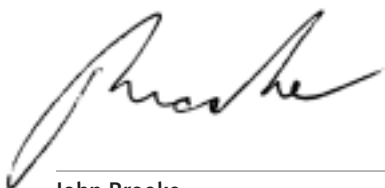
## Statutory Certification

We the undersigned certify the accompanying financial statements for Coliban Region Water Corporation have been prepared in accordance with Part 7 of the Directions of the Minister for Finance under 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 Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2009 and the financial position as at 30 June 2009.

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

Signed at Bendigo on the 24 day of September, 2009  
on behalf of the Board.



---

John Brooke

Chairman  
Coliban Region Water Corporation



---

Gavin Hanlon

Managing Director  
Coliban Region Water Corporation



---

Peter Leersen

Chief Financial Officer  
Coliban Region Water Corporation

# Operating Statement

For the Reporting Period ended 30 June 2009

	Notes	2009 (\$'000)	2008 (\$'000)
<b>Revenue from operating activities</b>			
Service charges	2(a)	34,138	30,712
Usage charges	2(a)	16,862	10,798
Developer contributions & gifted assets	2(a)	5,521	5,264
Capital works contributions		127	611
Other operating revenue		796	1,983
		<b>57,444</b>	<b>49,368</b>
<b>Revenue from non-operating activities</b>			
Investment interest		135	287
Other non-operating revenue		193	413
		<b>328</b>	<b>700</b>
<b>Total revenue</b>		<b>57,772</b>	<b>50,068</b>
<b>Expenses from operating activities</b>			
Operating and administration expenses	2(b)	37,678	38,315
Employee benefits		5,712	4,527
Borrowing costs		11,217	5,271
Depreciation	2(b)	22,718	20,473
Finance charges (BOOT schemes)		7,713	7,876
Loss on sale of assets	2(c)	208	1,236
Environmental contribution		2,031	1,740
<b>Total expenses</b>		<b>87,277</b>	<b>79,438</b>
<b>Net result before tax</b>		<b>(29,505)</b>	<b>(29,370)</b>
Income tax expense		-	-
<b>Net result for the period</b>		<b>(29,505)</b>	<b>(29,370)</b>

The above operating statement should be read in conjunction with the accompanying notes.

# Balance Sheet

As at Reporting Period ended 30 June 2009

	Notes	2009 (\$'000)	2008 (\$'000)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	772	1,676
Receivables	4	13,411	12,070
Prepayments		400	186
<b>Total current assets</b>		<b>14,583</b>	<b>13,932</b>
<b>Non-current assets</b>			
Receivables	4	1,474	1,676
Other financial assets	6	64	64
Property, plant and equipment	7	944,048	936,663
Intangible assets	8	65,004	27,656
Net deferred tax assets	13	867	–
<b>Total non-current assets</b>		<b>1,011,457</b>	<b>966,059</b>
<b>TOTAL ASSETS</b>		<b>1,026,040</b>	<b>979,991</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	9	17,754	23,245
Interest bearing liabilities	10	53,000	24,000
Finance lease liabilities (BOOT schemes)	10, 24(b)	2,416	2,230
Employee benefits	11	1,540	1,549
<b>Total current liabilities</b>		<b>74,710</b>	<b>51,024</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	10	125,000	72,000
Finance lease liabilities (BOOT schemes)	10, 24(b)	97,182	99,597
Net deferred tax liabilities	13	–	7,983
Employee benefits	11	88	81
<b>Total non-current liabilities</b>		<b>222,270</b>	<b>179,661</b>
<b>TOTAL LIABILITIES</b>		<b>296,980</b>	<b>230,685</b>
<b>NET ASSETS</b>		<b>729,060</b>	<b>749,306</b>
<b>EQUITY</b>			
Contributed by owners	14	309,864	309,455
Asset revaluation reserve	15	13,598	13,598
Accumulated funds	16	405,598	426,253
<b>TOTAL EQUITY</b>		<b>729,060</b>	<b>749,306</b>

The above balance sheet should be read in conjunction with the accompanying notes.



## Statement of Changes in Equity

For the Reporting Period ended 30 June 2009

	Notes	2009 (\$'000)	2008 (\$'000)
Total equity at beginning of financial year		749,306	738,073
Effects of correction of errors	30	-	5,296
Restated total equity at the beginning of the financial year		749,306	743,369
Decrease in net deferred tax liabilities	13	8,850	8,807
Net income recognised directly in equity		8,850	8,807
Net result for the period		(29,505)	(29,370)
Total recognised income and expense for the period		(29,505)	(29,370)
Transactions with the State in its capacity as owner	14	409	26,500
Total equity at end of financial year		729,060	749,306

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Cash Flow Statement

For the Reporting Period ended 30 June 2009

	Notes	2009 (\$'000)	2008 (\$'000)
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Service and usage charges		48,264	41,150
Other customer revenue		4,283	3,439
Receipts from Government		250	1,397
GST received from the ATO		10,669	13,671
Interest received		150	276
		63,616	59,933
<b>Payments</b>			
Payments to suppliers & employees		(56,845)	(58,519)
GST paid to ATO		(1,725)	(602)
Interest and other costs of finance paid		(10,322)	(4,164)
Environmental contribution		(2,031)	(1,740)
		(70,923)	(65,025)
Net cash (outflow) / inflow from operating activities	22	(7,307)	(5,092)
<b>Cash Flows from Investing Activities</b>			
Payments for infrastructure, property, plant and equipment		(36,441)	(72,667)
Payments for intangible assets		(37,348)	(20,092)
Proceeds on disposal of property, plant and equipment		12	24
Net cash (outflow) / inflow from investing activities		(73,777)	(92,735)
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		86,000	91,000
Repayment of borrowings		(4,000)	(20,000)
Proceeds from contributions of owners		409	26,500
Repayment of finance lease liabilities		(2,229)	(2,066)
Net cash (outflow) / inflow from financing activities		80,180	95,434
Net increase / (decrease) in cash and cash equivalents		(904)	(2,393)
Cash and cash equivalents at the beginning of the financial year		1,676	4,069
Cash and cash equivalents at the end of the financial year	3	772	1,676

The above cash flow statement should be read in conjunction with the accompanying notes.

# Notes to the Financial Report

For the Reporting Period ended 30 June 2009

## Note 1: Significant Accounting Policies

### (i) Basis of Accounting

#### General

This financial report of Coliban Region Water Corporation is a general purpose financial report that consists of an Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards, 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.

#### Accounting Policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure made of material changes to comparatives.

#### Historical cost convention

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

#### 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 Coliban Water's operational cycle (see note 1(xvii) Employee Benefits for an exception to this rule).

#### Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies.

#### Early adoption of pronouncements

In accordance with FRD 7A, an entity must not early adopt an authoritative accounting pronouncement such as an Australian Accounting Standard, except in rare circumstances, where early adoption is appropriate, subject to approval from the Minister of Finance.

### (ii) Going Concern Basis

This financial report has been prepared on a going concern basis. The Board of Coliban Water believes this basis is appropriate. Coliban Water will be able to pay its debts as and when they become payable on the basis of the following:

- › Coliban Water's performance indicators improved in 2008/09: the financial position at 30 June 2009 was adversely affected by lower volumetric sales due to the drought conditions, increasing depreciation expenses and financing charges.

- › Coliban Water has commenced discussions with the Department of Treasury and Finance, the Department of Sustainability and Environment and the Essential Services Commission to explore a range of options. These options include a price review to ensure Coliban Water has a positive operating cash flow.
- › The Department of Treasury and Finance has provided support that any maturing loans will be re-financed: Coliban Water's low working capital is influenced considerably by borrowings to fund the large capital works program in the approved 2008-2013 Water Plan. Loan maturities are mixed to minimise interest rate risk. Coliban Water will rely on borrowings to fund the \$214 million capital works program over the next four years.
- › The Treasurer has provided approval for \$62 million of new financial accommodation to fund initiatives in the approved 2009/10 Corporate Plan

Coliban Water actively manages its financial risks as disclosed in Note 19.

### (iii) Rounding

Unless otherwise stated amounts reported in the Financial Statements have been rounded to the nearest thousand dollars.

### (iv) Revenue Recognition

#### Service and usage charges

Service charges are brought to account when services have been provided or when a rate levy has been made.

Usage charges are recognised as income when the service has been used. Meter reading is cyclical and therefore an estimation is made at the end of each accounting period of water services used that are recorded on meters which have not been read. The estimation is made by multiplying the number of days since the last reading by an adjusted reading for an equivalent prior period.

Trade waste charges are recognised as revenue at the end of the service delivery period. Volume meters are read and appropriate charges levied as per the trade waste agreements. Major trade waste customers meters are read monthly with accounts sent monthly. All other trade waste customers meters are read quarterly with accounts sent quarterly.

#### Developer contributions and fees paid by developers

Augmentation fees paid by developers to connect new developments to existing water supply and sewerage systems are recognised as revenue when the contributions are received.

Assets received free from developers and others are recognised at their fair value as revenue upon their acceptance by Coliban Water for maintenance in perpetuity. Water and Wastewater mains are often constructed and financed by property developers and on completion, ownership of the mains are transferred to Coliban Water as a gifted asset.

#### Government 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 operating statement as government 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 – Contributed by Owners.

#### **Interest and rents**

Interest and rentals are recognised as revenue when earned or when the service has been provided.

#### **(v) 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.

#### **(vi) Web Site Costs**

Costs in relation to web sites controlled by Coliban Water are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they would be capitalised and amortised over the period of expected benefits. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits controlled by Coliban Water that can be reliably measured, would be capitalised as an asset and amortised over the period of the expected benefits.

#### **(vii) 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 authorities. The Act establishes an obligation for Coliban Water to pay into the consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments. The contribution period has been extended to cover the period 1 July 2008 until 30 June 2012.

The purpose of 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 for 2008/2009 were \$2.031 million (2007/08 – \$1.74 million) and are disclosed separately within expenses. Future contributions required by Coliban Water are \$2.031 million per year for the next 3 years (see Note 23 (c)).

#### **(viii) Cash and Cash Equivalent Assets**

For the purposes of the Cash Flow Statement, 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 change in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities on the balance sheet.

#### **(ix) Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less any allowance for doubtful debts. The likelihood of debts being collected is assessed at balance date and a

provision is made for doubtful debts when Coliban Water expects they will not be able to collect all amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Debts which are known to be uncollectible are written off.

#### **(x) Other Financial Assets**

Other Financial Assets are valued at their share value at 30 June 2009 and are classified as non-current assets based on maturity dates of individual investments.

#### **(xi) Recognition and Measurement of Assets**

Property, plant and equipment represent non-current assets comprising land, buildings, water, sewerage and drainage infrastructure, plant, equipment and motor vehicles, used by Coliban Water in its operations. Such assets comprise substructures or underlying systems held to facilitate the harvesting, storage, treatment and transfer of water to meet customer needs. They also include infrastructure assets that underlie sewage systems.

Items with a cost value in excess of \$1,000 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 Coliban Water, the cost at which they are recorded includes an appropriate share of fixed and variable overheads. Assets acquired at no cost or for nominal consideration by Coliban Water 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.

#### **Valuation of non-current physical assets**

Land and buildings are measured at fair value which is determined as the amount for which assets could be exchanged between knowledgeable, willing parties, in an arm's length transaction.

All other non-current physical assets except land under declared roads and water infrastructure assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of FRD103D.

Revaluations are conducted using management expertise and are classified as a managerial revaluation.

Plant, equipment and vehicles are measured at fair value.

Water infrastructure assets are measured at cost less any accumulated depreciation and any accumulated impairment losses. These assets comprise substructures or underlying systems held to facilitate the harvesting, storage, treatment and transfer of water to meet customer needs. They also include infrastructure assets that underlie sewage and drainage systems.

During the year, the Minister for Finance issued two new FRDs in relation to non-current physical assets that are relevant to water infrastructure assets. FRD103D Non-current Physical Assets ('FRD 103D'), as revised in March 2009, requires all non-current physical assets to be measured using the revaluation model unless the entity has received prior written approval of the Minister for Finance to measure the assets at cost. FRD 103D is applicable for reporting periods commencing on or after 1 July 2008, superseding FRD 103C. However, in recognition of the initial workload and heavy demand on



resources within a relatively tight timeframe for implementation, transitional dispensation is available to relieve measurement at fair value at the entity reporting level for 2008-2009 financial year until the temporary exemption is withdrawn. This temporary exemption is made under FRD 121 Infrastructure Assets (Water/Rail) ('FRD 121'). The revaluation model under FRD 103D will be applied in either the year ended 30 June 2010 or year ended 30 June 2011.

### 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:

- › deferred tax assets;
- › financial instrument assets;
- › non-current assets held for sale.

All assets are tested for indication of impairment on an annual basis. Assets will be carried at the lower of carrying value and recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount, with the difference being written-off by a charge to the operating statement, 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.

### Revaluations

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

Revaluation decrements are recognised immediately as expenses 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 funds on derecognition of the relevant asset.

### Non-Current Assets Classified as Held for Sale

Non-current assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. Coliban Water considers that the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets are not depreciated or amortised while they are classified as held for sale.

There were no non-current assets classified as held for sale during the year.

### (xii) Depreciation and Amortisation of Non-Current Assets

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 costs 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 sheet date.

Major depreciation rates used are listed below and are consistent with the prior year, unless otherwise stated:

Asset	Period
Water Infrastructure Assets	10–300 years
Water Distribution Assets	15–200 years
Wastewater Infrastructure Asset	2–130 years
Recycling Infrastructure Assets	25–50 years
Rural Infrastructure Assets	15–80 years
Headworks Infrastructure Assets	5–200 years
Buildings	20–50 years
Leasehold Improvements	20 years
Plant & Equipment	2–20 years

### (xiii) Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Coliban Water. The intangible assets recognised by Coliban Water have indefinite useful lives and are therefore not amortised.

All intangible assets with indefinite useful lives are tested for impairment by comparing the assets recoverable amount with its 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.

Intangible Assets are represented by water entitlements purchased in the Goulburn water supply system that have been capitalised under the provisions of AASB 138 Intangible Assets.

### (xiv) Payables

These amounts represent liabilities for goods and services provided to Coliban Water 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.

### (xv) Interest Bearing Liabilities

Interest Bearing Liabilities in respect to loans held with Treasury Corporation of Victoria are initially recognised at fair value, net of transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the operating statement over the period of the interest bearing liability using the effective interest rate method.

## (xvi) Finance Leases and Leasehold Improvements

### Finance leases

Leases of property, plant and equipment where Coliban Water has substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance cost is charged to the operating statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance lease is depreciated over the shorter of the asset's useful life and the lease term.

### Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the operating statement on a straight-line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

### Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 20 year period.

## (xvii) Employee Benefits

### Wages and salaries and annual leave

Liabilities for wages, salaries and annual leave to be settled within 12 months of the reporting date are recognised in employee benefits liabilities in respect of employee 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 as the present value of the estimated future cash outflows to be made by the entity, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, provisions 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

Current Liability – unconditional LSL (representing 7 or more years of continuous service) is disclosed as a current liability even where Coliban Water 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 Coliban Water does not expect to settle within 12 months; and
- › Nominal value – component that Coliban Water 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 operating statement in respect of superannuation represents the contributions made by Coliban Water to the superannuation plan in respect to the current services of Coliban Water staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

A liability or asset in respect of defined benefit superannuation is recognised in the provision for employee benefits, and is measured as the difference between the present value of employees' accrued benefits at the reporting date and the net market value of the superannuation plan's assets at that date. The present value of accrued benefits is based on expected future payments which arise from membership of the plans to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using rates of national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. The amount charged to the operating statement in respect of superannuation represents the contributions made to the superannuation plan, adjusted by the movement in the defined benefit plan liability or surplus. The statutory contributions made by Coliban Water to all superannuation plans make up the superannuation expense for the reporting period and are detailed in Note 17.

### Employee Benefit On-Costs

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

### Performance payments

Performance payments for Coliban Water's Senior Executive Officers are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contracts to balance date.

## (xviii) Finance Lease Liabilities – BOOT Schemes

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in payables. Each stream of lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The interest element of the finance cost is charged to the operating statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset(s)

acquired in a BOOT scheme that meets the classification of finance lease is depreciated over the shorter of the asset's useful life and the lease term.

**(xix) Changes in Accounting Policy**

The accounting policies are consistent with those of the previous year, unless stated otherwise.

**(xx) Dividend Policy**

Coliban Water 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 between the Board and the relevant portfolio Minister and the Treasurer. Following this consultation a formal determination is made by the Treasurer. The process to determine the dividend applicable to the 2008/09 financial year has not yet been completed at the reporting date however it is anticipated that no dividend will be payable.

**(xxi) State Government Grants for Capital Works**

The individual circumstances of a particular entity may require that certain State Government capital contributions, normally those associated with major asset acquisition programs, be accounted for as equity contributions. In such instances, the Minister may, after consultation with the Minister for Finance, direct that such contributions be recognised as Equity – Contributed by Owners.

In accordance with a direction from the Minister for Finance, capital contributions received from the State Government during 2008/09 of \$409,000 (2007/08 – \$26,500,000) were treated as equity and appeared in the Balance Sheet as Equity – Contributed by Owners.

**(xxii) Goods and Services Tax**

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST 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 cashflows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows.

**(xxiii) Segment Information**

Segment information is prepared in accordance with the Ministerial Direction under Section 51 of the *Financial Management Act 1994*.

Segment information is reported on the basis of business segments as the entities risks and returns are affected predominantly by differences in the products and services provided through those segments.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and other assets, net of related provisions. Segment liabilities consist primarily of trade and other creditors and employee entitlements.

Segment revenues, expenses and results include transfers between segments. These transfers are priced on an 'arms-length' basis and are eliminated on consolidation.

**(xxiv) Taxation**

Coliban Water is subject to the National Tax Equivalent Regime (NTER) which is administered by the Australian Taxation Office. Coliban Water does not currently bring to account tax expense in the Operating Statement as settlement of these items is not assured beyond reasonable doubt in the foreseeable future.

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 tax liability. No deferred tax asset or deferred tax liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit and loss. Coliban Water's deferred tax assets exceed the level of deferred tax liability and therefore a net tax asset has been disclosed in the balance sheet.

**(xxv) Jointly Controlled Assets**

On 6 May 2008, Coliban Water established with Central Highlands Water an unincorporated joint venture for the development, operation and maintenance of the pipelines and infrastructure associated with the Goldfields Superpipe.

Under the agreement, the assets will be jointly owned as tenants in common in their respective percentage interests. Coliban Water's capital share has been determined by the total expenditure on the Goldfields Superpipe less the incremental proportion of capital expenditure that relates to the additional capacity required to service Central Highlands Water. The incremental proportion has been funded by Central Highlands Water.

Operational costs shares are to be calculated on a combination of fixed component based on capacity share, a variable component based on volumes of water pumped and an energy charges share based on volumes stored or pumped from Lake Eppalock.

Principal Activity	Interest 2009	Water Infra- structure (\$'000)	Opera- tional Costs (\$'000)
Operation and maintenance of pipelines and associated infrastructure:			
› Waranga Channel to Lake Eppalock	2/3	58,437	2,780
› Lake Eppalock to Sandhurst Reservoir	2/3	–	2,333
› Sandhurst Reservoir to White Swan Reservoir	100% CHW	–	–

**(xxvi) Comparative Amounts**

Where necessary, figures for the previous year have been restated or reclassified to facilitate comparison.



## Note 2: Operating Statement Disclosures

For the Reporting Period ended 30 June 2009

	2009 (\$'000)	2008 (\$'000)
<b>a) Significant Revenues</b>		
<b>Service Charges:</b>		
Water service charges	7,108	8,311
Rural water service charges	1,266	573
Sewerage service charges	21,981	18,305
Trade waste charges	3,751	3,512
Recycled water service charges	32	11
	<b>34,138</b>	<b>30,712</b>
<b>Usage Charges:</b>		
Water usage charges	15,389	9,931
Rural water usage charges	422	214
Sewerage usage charges	712	517
Recycled water usage charges	339	136
	<b>16,862</b>	<b>10,798</b>
<b>Developer Contributions and Gifted Assets:</b>		
Augmentation fees paid by developers	1,561	1,028
Assets received free from developers and others	3,960	4,236
	<b>5,521</b>	<b>5,264</b>
<b>b) Significant Expenses</b>		
<b>Operating and Administration Expenses:</b>		
Partnership contract expenses	17,959	14,945
Water purchases	4,510	7,022
Outside services	5,661	8,287
Electricity	3,472	2,761
BOOT toll service payments	4,193	3,641
Materials	182	281
Other operating and administration expenses	1,701	1,378
	<b>37,678</b>	<b>38,315</b>
<b>Depreciation:</b>		
Water infrastructure	5,913	5,817
Water distribution	1,673	1,322
Wastewater infrastructure	7,156	6,972
Recycling infrastructure	1,598	42
Rural infrastructure	335	305
Headworks infrastructure	1,157	1,148
BOOT schemes	4,441	4,442
Buildings	245	214
Plant & equipment	200	211
	<b>22,718</b>	<b>20,473</b>
<b>(c) Loss on sale of assets</b>		
Proceeds on sale of assets	(12)	(24)
Written down value of assets sold	220	1,260
	<b>208</b>	<b>1,236</b>

	2009 (\$'000)	2008 (\$'000)
<b>Note 3: Cash and Cash Equivalents</b>		
Cash on hand	1	1
Cash at bank	771	1,675
<b>Total cash and cash equivalents</b>	<b>772</b>	<b>1,676</b>
<b>Note 4: Receivables</b>		
<b>Current Receivables</b>		
Rates and charges receivables	3,960	2,842
Sundry debtors receivables	1,619	2,350
GST receivables	1,043	1,332
Income receivables	950	988
Accrued revenue	5,906	4,645
Provision for doubtful debts	(67)	(87)
	<b>13,411</b>	<b>12,070</b>
<b>Non-Current Receivables</b>		
Deferred debtors receivables	1,574	1,839
Provision for doubtful debts	(100)	(163)
	<b>1,474</b>	<b>1,676</b>
<b>Total receivables</b>	<b>14,885</b>	<b>13,746</b>
The ageing analysis of rates and charges receivables, sundry debtors receivables, income receivables and deferred debtors receivables at 30 June 2009 is as follows:		
Current	5,732	5,597
1 to 3 months	246	290
3 to 12 months	551	293
More than 12 months	1,574	1,839
<b>Total receivables</b>	<b>8,103</b>	<b>8,019</b>
<b>Note 5: Doubtful Debts Provision</b>		
Movement in the doubtful debts provision is as follows:		
Opening provision for doubtful debts	250	274
Unused provision amount reversed	(25)	36
Receivables written off as uncollectable	(58)	(60)
<b>Closing provision for doubtful debts</b>	<b>167</b>	<b>250</b>
<b>Note 6: Other Financial Assets</b>		
Shares in Bendigo Community Telco Limited	64	64
<b>Total Other Financial Assets</b>	<b>64</b>	<b>64</b>

Coliban Water purchased 20,000 Shares @ \$1.00 each in Bendigo Community Telco Limited in April 2000. Approval for purchase of the shares was granted by the Minister for Finance.

A 1 for 1 bonus share issue was made by Bendigo Community Telco Limited in February 2005. As a result Coliban Water now holds 40,000 Shares in Bendigo Community Telco Limited.

Bendigo Community Telco Limited Shares were listed on the Bendigo Stock Exchange during 2005/06 and therefore their 2008/09 value is reported as the share value at 30 June 2009.

	2009 (\$'000)	2008 (\$'000)
<b>Note 7: Property, Plant and Equipment</b>		
<b>a) Classes of property, plant and equipment</b>		
<b>Land</b>		
At fair value (as at 30 June 2007)	17,540	17,558
	<b>17,540</b>	<b>17,558</b>
<b>Buildings</b>		
At fair value (as at 30 June 2007)	1,053	1,053
Less: accumulated depreciation	(53)	(29)
	<b>1,000</b>	<b>1,024</b>
<b>Buildings</b>		
At cost	3,295	3,098
Less: accumulated depreciation	(1,144)	(923)
	<b>2,151</b>	<b>2,175</b>
<b>Plant and Equipment</b>		
At fair value (as at 30 June 2009)	4,480	3,051
Less: accumulated depreciation	(2,880)	(2,701)
	<b>1,600</b>	<b>350</b>
<b>Water Infrastructure</b>		
At cost	446,019	418,841
Less: accumulated depreciation	(171,050)	(157,543)
	<b>274,969</b>	<b>261,298</b>
<b>Water Distribution Assets</b>		
At cost	231,094	231,036
Less: accumulated depreciation	(136,441)	(134,775)
	<b>94,653</b>	<b>96,261</b>
<b>Wastewater Infrastructure</b>		
At cost	393,751	393,458
Less: accumulated depreciation	(149,954)	(142,786)
	<b>243,797</b>	<b>250,672</b>
<b>Recycling infrastructure</b>		
At cost	41,701	40,984
Less: accumulated depreciation	(1,654)	(56)
	<b>40,047</b>	<b>40,928</b>
<b>Rural Infrastructure</b>		
At cost	105,827	131,450
Less: accumulated depreciation	(93,851)	(101,124)
	<b>11,976</b>	<b>30,326</b>
<b>Headworks Infrastructure</b>		
At cost	180,454	180,388
Less: accumulated depreciation	(69,206)	(68,050)
	<b>111,248</b>	<b>112,338</b>
<b>Total Infrastructure Assets</b>	<b>776,690</b>	<b>791,823</b>
<b>BOOT Schemes infrastructure</b>		
At cost	111,035	111,035
Less: accumulated depreciation	(27,000)	(22,559)
	<b>84,035</b>	<b>88,476</b>
<b>Works in Progress</b>		
At cost	61,032	35,257
	<b>61,032</b>	<b>35,257</b>
<b>Total Property, Plant and Equipment</b>	<b>944,048</b>	<b>936,663</b>

Coliban Water revalued land and buildings to fair value as at 30 June 2007. The valuation was carried out by Countrywide Valuers – Registered Valuers.



**Note 7: Property, Plant and Equipment (continued)****(b) Movements during the reporting period****2008–2009**

	Opening WDV (\$'000)	Prior Year Adjust- ment (\$'000)	Additions (\$'000)	Capital -ised (\$'000)	Dispo- -sals (\$'000)	Write -offs (\$'000)	Transfers (\$'000)	Deprec- -iation (\$'000)	Closing WDV (\$'000)
<b>Land</b>									
At fair value	17,558	-	-	-	(18)	-	-	-	17,540
	17,558	-	-	-	(18)	-	-	-	17,540
<b>Buildings</b>									
At fair value	1,024	-	-	-	-	-	-	(24)	1,000
At cost	2,175	-	-	197	-	-	-	(221)	2,151
	3,199	-	-	197	-	-	-	(245)	3,151
<b>Plant &amp; Equipment</b>									
At cost	350	-	-	1,396	-	-	54	(200)	1,600
	350	-	-	1,396	-	-	54	(200)	1,600
<b>Infrastructure</b>									
At cost	791,823	-	-	2,955	(202)	-	(54)	(17,832)	776,690
	791,823	-	-	2,955	(202)	-	(54)	(17,832)	776,690
<b>BOOT Schemes</b>									
At cost	88,476	-	-	-	-	-	-	(4,441)	84,035
	88,476	-	-	-	-	-	-	(4,441)	84,035
<b>Works in Progress</b>									
At cost	35,257	-	30,323	(4,548)	-	-	-	-	61,032
	35,257	-	30,323	(4,548)	-	-	-	-	61,032
<b>Totals</b>	<b>936,663</b>	<b>-</b>	<b>30,323</b>	<b>-</b>	<b>(220)</b>	<b>-</b>	<b>-</b>	<b>(22,718)</b>	<b>944,048</b>

**2007–2008**

	Opening WDV (\$'000)	Prior Year Adjust- ment (\$'000)	Additions (\$'000)	Capital -ised (\$'000)	Dispo- -sals (\$'000)	Write -offs (\$'000)	Transfers (\$'000)	Deprec- -iation (\$'000)	Closing WDV (\$'000)
<b>Land</b>									
At fair value	17,558	-	-	-	-	-	-	-	17,558
	17,558	-	-	-	-	-	-	-	17,558
<b>Buildings</b>									
At fair value	1,053	-	-	-	-	-	-	(29)	1,024
At cost	2,541	(375)	-	194	-	-	-	(185)	2,175
	3,594	(375)	-	194	-	-	-	(214)	3,199
<b>Plant &amp; Equipment</b>									
At cost	452	-	-	109	-	-	-	(211)	350
	452	-	-	109	-	-	-	(211)	350
<b>Infrastructure</b>									
At cost	679,891	8,032	-	120,390	(884)	-	-	(15,606)	791,823
	679,891	8,032	-	120,390	(884)	-	-	(15,606)	791,823
<b>BOOT Schemes</b>									
At cost	92,918	-	-	-	-	-	-	(4,442)	88,476
	92,918	-	-	-	-	-	-	(4,442)	88,476
<b>Works in Progress</b>									
At cost	90,624	-	65,702	(120,693)	-	(376)	-	-	35,257
	90,624	-	65,702	(120,693)	-	(376)	-	-	35,257
<b>Totals</b>	<b>885,037</b>	<b>7,657</b>	<b>65,702</b>	<b>-</b>	<b>(884)</b>	<b>(376)</b>	<b>-</b>	<b>(20,473)</b>	<b>936,663</b>

	2009 (\$'000)	2008 (\$'000)
--	------------------	------------------

## Note 8: Intangible Assets

Water entitlements	65,004	27,656
<b>Total intangible assets</b>	<b>65,004</b>	<b>27,656</b>
<b>Movements during the year</b>		
Opening balance at 1 July	27,656	5,641
Additions	37,348	22,015
<b>Closing balance at 30 June</b>	<b>65,004</b>	<b>27,656</b>

Coliban Water is of the opinion that these assets are not impaired under AASB 136 Impairment of Assets, as the assets are either annually transferable as a temporary trade through the active water market or form a mandatory requirement for the purchase of raw bulk water which is subsequently on sold to Coliban Water's customers.

## Note 9: Payables

### Current Payables

Trade payables	5,289	8,041
Accrued expenses	10,022	13,088
Other payables	2,443	2,116
<b>Total Payables</b>	<b>17,754</b>	<b>23,245</b>

## Note 10: Interest Bearing Liabilities

### Current Interest Bearing Liabilities

TCV loans	53,000	24,000
Finance lease liabilities – BOOT schemes	2,416	2,230
	<b>55,416</b>	<b>26,230</b>

### Non Current Interest Bearing Liabilities

TCV loans	125,000	72,000
Finance lease liabilities – BOOT schemes	97,182	99,597
	<b>222,182</b>	<b>171,597</b>
<b>Total Interest Bearing Liabilities</b>	<b>277,598</b>	<b>197,827</b>

## Note 11: Employee Benefits

### Current

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

› Short-term employee benefits that fall due within 12 months after the end of the period, measured at nominal value.	572	589
› Other long-term employee benefits greater than 12 months are measured at present value not nominal value.	968	960
<b>Total Current</b>	<b>1,540</b>	<b>1,549</b>
<b>Non-Current</b>		
Conditional long service leave	88	81
<b>Total Non-Current</b>	<b>88</b>	<b>81</b>
<b>Total Employee Benefits</b>	<b>1,628</b>	<b>1,630</b>
Employee numbers at end of financial year	91	77

The following assumptions were adopted in measuring the present value of long service leave entitlements:

› Weighted average increase in employee costs	3.50%	4.75%
› Weighted average discount rates	4.27%	4.75%
› Weighted average settlement period	10 years	10 years

Coliban Water made no ex-gratia payments during the financial year.

## Note 12: Income Tax

Coliban Water will not pay income tax for 2008/09. Accordingly tax losses are disclosed in the balance sheet.

### Prima facie tax calculations

Loss from ordinary activities	(29,505)	(29,370)
Prima facie tax calculated at 30%	(8,852)	(8,811)
Tax effect of amounts not deductible/(taxable) in calculating taxable income		
› Non deductible expenses	2	4
<b>Notional Income Tax Expense</b>	<b>(8,850)</b>	<b>(8,807)</b>
(Decrease)/increase in deferred tax assets	(66)	1,218
Decrease/(increase) in deferred tax liabilities	5,152	(225)
<b>Total Income Tax Payable / (Tax Loss)</b>	<b>(3,764)</b>	<b>(7,814)</b>

The benefit of the balance of the tax losses has been brought to account as realisation is probable.



## Note 13: Deferred Tax Assets and Deferred Tax Liabilities

### Deferred Tax Assets

The balance comprises temporary differences attributable to:

Amounts recognised in operating statement

Doubtful debts	50	75
Book differences in depreciable asset values	-	40
Low value asset pool	-	59
Accruals	3,083	2,356
Employee benefits	488	489
BOOT scheme assets	29,879	30,548
Tax losses	35,583	29,267
	<b>69,083</b>	<b>62,834</b>
<b>Effect of correction of error in previous period</b>		
Correction of error – Tax Losses	-	2,552
<b>Total deferred tax assets</b>	<b>69,083</b>	<b>65,386</b>

### Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Amounts recognised in operating statement

Accrued rates and charges	1,772	1,394
Interest and other income receivables	285	292
Book differences in depreciable asset values	40,949	40,227
BOOT scheme finance leases	25,210	26,543
	<b>68,216</b>	<b>68,456</b>
<b>Effect of correction of error in previous period</b>		
Correction of error – Differences in depreciable asset values	-	4,913
<b>Total deferred tax liabilities</b>	<b>68,216</b>	<b>73,369</b>
<b>Total net deferred tax asset/(liability)</b>	<b>867</b>	<b>(7,983)</b>

AASB 112 Income Tax requires deferred tax assets arising from temporary differences to be offset against deferred tax liabilities on the basis that the deferred tax assets will be fully utilised against the deferred tax liabilities. Coliban Water's deferred tax assets exceed the level of deferred tax liabilities in 2009 and therefore a net tax asset has been disclosed in the balance sheet.

## Note 14: Contributed by Owners

Opening balance at 1 July	309,455	282,955
Epsom spring gully recycled water pipeline	409	1,500
Goldfields super pipe	-	25,000
<b>Closing balance at 30 June</b>	<b>309,864</b>	<b>309,455</b>

## Note 15: Asset Revaluation Reserve

Opening balance at 1 July	13,598	13,598
Revaluation increment / decrement on non-current assets	-	-
<b>Closing balance at 30 June</b>	<b>13,598</b>	<b>13,598</b>

## Note 16: Accumulated Funds

Opening balance at 1 July	426,253	441,520
Prior Year Error – Adjustments to retained earnings (Refer Note 30)	-	5,296
Decrease in net deferred tax liabilities	8,850	8,807
Profit/(loss) for the year	(29,505)	(29,370)
<b>Closing balance at 30 June</b>	<b>405,598</b>	<b>426,253</b>

## Note 17: Superannuation

Coliban Water contributes in respect of its employees to various accumulation superannuation and defined benefits plans. These funds have two categories of membership, each of which is funded differently.

### Accumulation Superannuation Plan

Accumulation superannuation funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation, currently 9%. No other liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the plans.

### Defined Benefit Plan

The fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, Coliban Water does not use defined benefit accounting for these contributions.

Coliban Water 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 Trustees have determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Coliban Water makes the following contributions:

- › 9.25% of members' salaries (same as previous year)

Coliban Water's past service liability to the Funds as at 30 June 2009, including retrenchment increments, accrued interest and tax is \$ nil (\$ nil at 30 June 2008).

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 as follows:

	31-Dec-08 (\$'000)
Net Market Value of Assets	3,630,432
Accrued Benefits	3,616,422
<b>Difference between Assets and Accrued Benefits</b>	<b>14,010</b>
<b>Vested Benefits (Minimum sum which must be paid to members when they leave the fund)</b>	<b>3,561,588</b>

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Funds were:

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

## Note 17: Superannuation (continued)

Coliban Water contributes in respect of its employees to the following superannuation schemes:

Superannuation Scheme	Type of Scheme	Rate	2009 (\$'000)	2008 (\$'000)
Local Authorities Superannuation Scheme	Defined Benefits	10.2%-9.25%	35	117
Vision Super	Accumulated Contribution	9.0%	336	250
ESS Super	Defined Benefits	17.3%-7.5%	99	148
Vic Super Scheme	Accumulated Contribution	9.0%	150	92
AM Corp Lifetrack Superannuation Scheme	Accumulated Contribution	9.0%	7	10
Other Superannuation Funds	Accumulated Contribution	9.0%	59	41
Employee Personal Superannuation Funds	Accumulated Contribution	9.0%	154	162
<b>Total contributions to all funds</b>			<b>840</b>	<b>820</b>

As at the reporting date, there were no outstanding contributions payable to the above funds.

As at the reporting date, there were no loans to or from Coliban Water to any of the above funds.

## Note 18: Responsible Persons Related Party Disclosures

### a) Responsible persons related party disclosures

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

Persons Name	Position	Period
The Hon. Timothy Holding MP	Minister of Water	01 Jul 2008 30 Jun 2009
John Brooke	Director (Chairperson)	01 Jul 2008 30 Jun 2009
Pat Cotton	Director	01 Jul 2008 30 Sep 2008
Noel Harvey	Director	01 Jul 2008 30 Jun 2009
Jenny Dawson	Director	01 Jul 2008 30 Jun 2009
David Beard	Director	01 Jul 2008 30 Jun 2009
Andrew Cairns	Director	01 Jul 2008 30 Jun 2009
Don Erskine	Director	01 Jul 2008 30 Jun 2009
Jane Holt	Director	01 Oct 2008 30 Jun 2009
Geoff Michell	Managing Director	01 Jul 2008 01 Jul 2008
Gavin Hanlon	Managing Director	02 Jul 2008 30 Jun 2009

### Remuneration of responsible persons

Remuneration received by the Minister 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 Parliament completes.

Total remuneration received, or due and receivable, during 2008/09 by Responsible Persons including the Managing Director from Coliban Water in connection with the management of Coliban Region Water Corporation was \$683,349 (2007/08 – \$473,165). On 01 July 2008, Geoff Michell retired and received his final pay from Coliban Water.



## Note 18: Responsible Persons Related Party Disclosures (continued)

### b) Responsible persons remuneration

The number of Responsible Persons whose remuneration for the year ended 30 June 2009 falls within the following bands are:

Income band (\$)	Total Remuneration	
	2009 No.	2008 No.
0 - 9,999	1	2
10,000 - 19,999		3
20,000 - 29,999	1	4
30,000 - 39,999	5	
40,000 - 49,999		1
60,000 - 69,999	1	
200,000 - 209,999	1	
210,000 - 219,999	1	
250,000 - 259,999		1
<b>Total Numbers</b>	<b>10</b>	<b>11</b>

### Related party transactions

During the financial year ended 30 June 2009, the following related party transactions that were based on normal terms and conditions and conducted on an arms length basis occurred:

- (i) Coliban Water Directors Mr Andrew Cairns and Mr Don Erskine are also Directors of Bendigo Community Telco Limited which provides Coliban Water with various telecommunication voice and data services. Coliban Water paid Bendigo Community Telco Limited a total of \$91,052 during 2008/09 (2007/08 – \$115,287).
- (ii) Other than normal water and wastewater services that are levied on normal commercial terms no other related party transactions occurred between the Directors and their related parties and Coliban Water during the reporting period.

### c Senior executive officers' remuneration

The number of Senior Executive Officers whose remuneration for the year ended 30 June 2009 falls within the following bands are:

Income band (\$)	Total Remuneration		Base Remuneration	
	2009 No.	2008 No.	2009 No.	2008 No.
Less than 100,000	5		5	1
100,000 - 109,999		1	1	
110,000 - 119,999	1			
120,000 - 129,999				1
130,000 - 139,999			2	
140,000 - 149,999	1	1		
150,000 - 159,999	1			1
160,000 - 169,999		1		
170,000 - 179,999			1	
180,000 - 189,999	1			
<b>Total Numbers</b>	<b>9</b>	<b>3</b>	<b>9</b>	<b>3</b>
<b>Total Amount</b>	<b>\$995,638</b>	<b>\$412,594</b>	<b>\$923,312</b>	<b>\$377,659</b>

Due to an organisational restructure in 2009, the number of Senior Executive Officers reporting to the Managing Director increased from three to seven. Three existing positions within Coliban Water commenced reporting to the Managing Director during the year which totalled \$283,964. Two Senior Executive Officers were replaced and one position was new. The final remuneration paid to the two Senior Executive Officers totalled \$327,848 during the year.

## ***Note 19: Financial Risk Management Objectives and Policies***

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

The Board of Coliban Water has the overall responsibility for the establishment and oversight of the risk management framework. All borrowings are sourced through Treasury Corporation of Victoria (TCV) and Coliban Water's total borrowing limit is regulated by Department of Treasury and Finance (DTF). Coliban Water operates within the risk management requirements that are imposed by TCV and DTF over these borrowings. The overall risk management program seeks to minimise potential adverse effects on the financial performance of Coliban Water. Coliban Water 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, other price risks and ageing analysis for credit.

Risk management is carried out by the Board of Directors under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with Coliban Water's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risks, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### **Risk Exposures**

The main risks that Coliban Water are exposed to through its financial instruments are as follows:

#### **(a) Market risk**

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. Coliban Water's exposure to market risk is primarily through interest rate risk, there is no exposure to foreign exchange risk and insignificant exposure to other price risks.

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

##### **(i) Interest Rate Risk**

Exposure to market interest rates relates primarily to long term borrowings and funds invested on the money market.

Coliban Water minimises its exposure to interest rate changes on its borrowings by holding a mix of fixed and floating rate debt. Long term borrowings are fixed rate interest only loans while short term borrowings are variable rate interest only loans. Debt is sourced from Treasury Corporation Victoria and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly.

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

##### **(ii) Foreign Exchange Risk**

Coliban Water has no exposure to changes in the foreign exchange rate.

##### **(iii) Other Price Risk**

Coliban Water has no significant exposure to Other Price Risk. Coliban Water holds 40,000 shares in Bendigo Community Telco Limited. Bendigo Community Telco Limited are listed on the Bendigo Stock Exchange and therefore the reported value of the shares at 30 June 2009 (ie. \$64,000) are based on their share value as at that date.

## Note 19: Financial Risk Management Objectives and Policies (continued)

### 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. Coliban Water believes that a movement of 1% in interest rates is reasonable over the next 12 months.

	Carrying Amount	Interest Rate Risk			
		-1%		+1%	
2008–2009	(\$'000)	Result (\$'000)	Equity (\$'000)	Result (\$'000)	Equity (\$'000)
<b>Financial Assets</b>					
Cash and cash equivalents	772	(8)	(8)	8	8
<b>Total Financial Assets</b>	<b>772</b>	<b>(8)</b>	<b>(8)</b>	<b>8</b>	<b>8</b>
<b>Financial Liabilities</b>					
Interest bearing liabilities	178,000	1,780	1,780	(1,780)	(1,780)
<b>Total Financial Liabilities</b>	<b>178,000</b>	<b>1,780</b>	<b>1,780</b>	<b>(1,780)</b>	<b>(1,780)</b>
<b>Total Increase/(Decrease)</b>		<b>1,722</b>	<b>1,722</b>	<b>(1,772)</b>	<b>(1,772)</b>

	Carrying Amount	Interest Rate Risk			
		-1%		+1%	
2007–2008	(\$'000)	Result (\$'000)	Equity (\$'000)	Result (\$'000)	Equity (\$'000)
<b>Financial Assets</b>					
Cash and cash equivalents	1,676	(17)	(17)	17	17
<b>Total Financial Assets</b>	<b>1,676</b>	<b>(17)</b>	<b>(17)</b>	<b>17</b>	<b>17</b>
<b>Financial Liabilities</b>					
Interest bearing liabilities	96,000	960	960	(960)	(960)
<b>Total Financial Liabilities</b>	<b>96,000</b>	<b>960</b>	<b>960</b>	<b>(960)</b>	<b>(960)</b>
<b>Total Increase/(Decrease)</b>		<b>943</b>	<b>943</b>	<b>(943)</b>	<b>(943)</b>

#### (b) Credit risk

Credit risk is the risk of financial loss to Coliban Water as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from receivables and financial assets available for sale.

Coliban Water minimises concentrations of credit risk by undertaking transactions with a large number of customers. The receivables balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Coliban Water is therefore not materially exposed to any individual customer. Receivable balances recognised on the balance sheet are the carrying amount net of any provision for doubtful debts.

#### (c) Liquidity risk

Liquidity Risk is the risk that Coliban Water will not be able to meet its financial obligations as they fall due. Coliban Water'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.

Coliban Water manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. Financial liability maturities have been disclosed in Note 20.



## Note 20: Financial Instruments

### Terms, Conditions and Accounting Policies

Coliban Water's accounting policies including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are as follows:

#### (a) Financial Assets

##### (i) Cash

Cash is carried at the principal amount. Interest received/receivable on any bank balance is recognised in the Operating Statement as the interest is earned.

Interest is earned daily based on the credit balance of the bank account at the end of each day.

##### (ii) Current Receivables – Rates and Charges

Rates & Charges Receivables are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts which are considered unlikely to be collected.

Credit is allowed for a 28 day term.

##### (iii) Current Receivables – Other

Other Receivables are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts which are considered unlikely to be collected.

Credit is allowed for a 30 day term.

##### (iv) Non Current Receivables

Non Current Receivables are carried at the nominal amounts due less any provision for doubtful debts. A doubtful debts provision is made for any amounts which are considered unlikely to be collected.

For deferred receivables resulting from amounts owing by customers under the Government sewerage scheme initiative, credit is allowed for various terms up to a maximum period of twenty years.

Instalments are made quarterly. For all other deferred receivables, credit is allowed for various terms up to a maximum period of ten years.

Instalments are made quarterly and interest is charged over the term of the credit at varying interest rates.

##### (v) Other Financial Assets – Unlisted Shares

40,000 shares in Bendigo Telco Limited are carried at 30 June 2009 valuation.

#### (b) Financial Liabilities

##### (i) Payables

Payables are recognised for future amounts to be paid in respect of goods and services received, whether or not they are billed as at year end.

Settlement of payables is normally effected within a 30 day term.

##### (ii) Interest Bearing Liabilities

Interest Bearing Liabilities are initially recognised at fair value, net of transaction cost. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the operating statement over the period of the interest bearing liability using the effective interest rate method.

Interest accrues daily based on the outstanding amount at the end of each day.

## Note 20: Financial Instruments (continued)

### Interest Rate Exposures

The following table sets out Coliban Water's exposure to interest rate risk, including the contractual re-pricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as Coliban Water intends holding fixed rate liabilities to maturity:

	Floating Interest Rate	Fixed Interest Rate Maturing						Non-interest Bearing	Total	Weighted Average Interest Rate
		1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years			
2008/09	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	%
<b>Financial Assets</b>										
Cash and cash equivalents	771	-	-	-	-	-	-	1	772	5.51%
Receivables	-	-	-	-	-	-	-	14,885	14,885	n/a
Other financial assets	-	-	-	-	-	-	-	64	64	n/a
<b>Total Financial Assets</b>	<b>771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,950</b>	<b>15,721</b>	
<b>Financial Liabilities</b>										
Payables	-	-	-	-	-	-	-	17,754	17,754	n/a
Finance lease liabilities	-	2,416	2,607	2,814	3,037	3,277	85,447	-	99,598	7.65%
Interest bearing liabilities	30,000	23,000	21,000	13,000	19,000	44,000	28,000	-	178,000	5.86%
<b>Total Financial Liabilities</b>	<b>30,000</b>	<b>25,416</b>	<b>23,607</b>	<b>15,814</b>	<b>22,037</b>	<b>47,277</b>	<b>113,447</b>	<b>17,754</b>	<b>295,352</b>	
<b>Net Financial Liabilities</b>	<b>(29,229)</b>	<b>(25,416)</b>	<b>(23,607)</b>	<b>(15,814)</b>	<b>(22,037)</b>	<b>(47,277)</b>	<b>(113,447)</b>	<b>(2,804)</b>	<b>(279,631)</b>	

	Floating Interest Rate	Fixed Interest Rate Maturing						Non-interest Bearing	Total	Weighted Average Interest Rate
		1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years			
2007/08	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	%
<b>Financial Assets</b>										
Cash and cash equivalents	1,675	-	-	-	-	-	-	1	1,676	7.15%
Receivables	-	-	-	-	-	-	-	13,746	13,746	n/a
Other financial assets	-	-	-	-	-	-	-	64	64	n/a
<b>Total Financial Assets</b>	<b>1,675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,811</b>	<b>15,486</b>	
<b>Financial Liabilities</b>										
Payables	-	-	-	-	-	-	-	23,245	23,245	n/a
Finance lease liabilities	-	2,230	2,416	2,607	2,814	3,037	88,723	-	101,827	7.65%
Interest bearing liabilities	24,000	-	10,000	8,000	8,000	9,000	37,000	-	96,000	7.06%
<b>Total Financial Liabilities</b>	<b>24,000</b>	<b>2,230</b>	<b>12,416</b>	<b>10,607</b>	<b>10,814</b>	<b>12,037</b>	<b>125,723</b>	<b>23,245</b>	<b>221,072</b>	
<b>Net Financial Liabilities</b>	<b>(22,325)</b>	<b>(2,230)</b>	<b>(12,416)</b>	<b>(10,607)</b>	<b>(10,814)</b>	<b>(12,037)</b>	<b>(125,723)</b>	<b>(9,434)</b>	<b>(205,586)</b>	





## Note 21: Segment Reporting

In accordance with directions under Section 51 of the *Financial Management Act 1994* the following financial information relating to separate reporting of wholesale and retail operations and the disclosure of financial information on retail services is disclosed.

	Urban Water Supply		Wastewater		Rural Water Supply	
	2009 (\$'000)	2008 (\$'000)	2009 (\$'000)	2008 (\$'000)	2009 (\$'000)	2008 (\$'000)
<b>Revenue</b>						
Revenue from Operating Activities	24,929	19,945	30,105	27,082	2,001	2,164
Revenue from Non Operating Activities	18	387	778	835	(356)	(436)
<b>Total Revenue</b>	<b>24,947</b>	<b>20,332</b>	<b>30,883</b>	<b>27,917</b>	<b>1,645</b>	<b>1,728</b>
<b>Expense</b>						
Operating & Administration Expenses	19,621	21,580	16,553	15,972	6,007	5,918
Borrowing Costs and Financing Charges (BOOT Schemes)	10,331	7,220	6,439	4,651	2,035	1,244
Depreciation	9,493	9,335	10,873	9,024	1,109	895
Environmental Contribution	1,092	935	891	764	48	41
<b>Total Expense</b>	<b>40,536</b>	<b>39,070</b>	<b>34,756</b>	<b>30,411</b>	<b>9,200</b>	<b>8,098</b>
<b>Net Result from Ordinary Activities</b>	<b>(15,589)</b>	<b>(18,738)</b>	<b>(3,873)</b>	<b>(2,494)</b>	<b>(7,555)</b>	<b>(6,370)</b>
<b>Assets</b>						
Cash & Cash Equivalents	9,205	9,423	9,897	12,391	(12,482)	(15,035)
Land, Buildings, Infrastructure, Plant & Equip	418,381	389,317	352,723	346,241	56,322	75,318
Intangible Assets	65,004	16,594	–	–	–	11,062
Other Assets	7,220	5,049	7,881	7,829	1,080	1,088
<b>Total Assets</b>	<b>499,809</b>	<b>420,383</b>	<b>370,501</b>	<b>366,461</b>	<b>44,920</b>	<b>72,433</b>
<b>Liabilities</b>						
Interest Bearing Liabilities	92,612	49,306	43,424	23,712	40,862	22,431
Finance Lease Liabilities (BOOT Schemes)	54,509	56,739	45,088	45,088	–	–
Other Liabilities	10,231	12,247	6,019	8,244	3,033	4,037
<b>Total Liabilities</b>	<b>157,352</b>	<b>118,292</b>	<b>94,532</b>	<b>77,044</b>	<b>43,895</b>	<b>26,468</b>
<b>Total Net Assets</b>	<b>342,457</b>	<b>302,091</b>	<b>275,970</b>	<b>289,417</b>	<b>1,026</b>	<b>45,965</b>
<b>Cash Flows</b>						
Net Cash (Outflow) / Inflow from Operating Activities	(3,157)	(8,255)	2,727	4,416	(6,680)	(4,400)
Net Cash (Outflow) / Inflow from Investing Activities	(37,226)	(46,208)	(24,933)	(24,933)	(10,520)	(20,520)
Net Cash (Outflow) / Inflow from Financing Activities	41,486	53,056	19,712	17,262	18,431	26,756
<b>Net Increase (Decrease) in Cash Held</b>	<b>1,103</b>	<b>(1,407)</b>	<b>(2,494)</b>	<b>(3,255)</b>	<b>1,232</b>	<b>1,836</b>

	Total Retail		Total Wholesale		Total	
	2009 (\$'000)	2008 (\$'000)	2009 (\$'000)	2008 (\$'000)	2009 (\$'000)	2008 (\$'000)
	57,035	49,191	409	177	57,444	49,368
	440	786	(112)	(86)	328	700
	<b>57,475</b>	<b>49,977</b>	<b>297</b>	<b>91</b>	<b>57,772</b>	<b>50,068</b>
	42,181	43,470	1,417	608	43,598	44,078
	18,805	13,115	125	32	18,930	13,147
	21,475	19,254	1,243	1,219	22,718	20,473
	2,031	1,740	–	–	2,031	1,740
	<b>84,492</b>	<b>77,579</b>	<b>2,785</b>	<b>1,859</b>	<b>87,277</b>	<b>79,438</b>
	<b>(27,017)</b>	<b>(27,602)</b>	<b>(2,488)</b>	<b>(1,768)</b>	<b>(29,505)</b>	<b>(29,370)</b>
	6,620	6,779	(5,848)	(5,103)	772	1,676
	827,426	810,876	116,622	125,787	944,048	936,663
	65,004	27,656	–	–	65,004	27,656
	16,181	13,966	35	30	16,216	13,996
	<b>915,231</b>	<b>859,277</b>	<b>110,808</b>	<b>120,714</b>	<b>1,026,040</b>	<b>979,991</b>
	176,898	95,449	1,102	551	178,000	96,000
	99,597	101,827	–	–	99,597	101,827
	19,283	24,528	99	8,330	19,382	32,858
	<b>295,779</b>	<b>221,804</b>	<b>1,201</b>	<b>8,881</b>	<b>296,980</b>	<b>230,686</b>
	<b>619,452</b>	<b>637,473</b>	<b>109,608</b>	<b>111,833</b>	<b>729,060</b>	<b>749,306</b>
	(7,110)	(8,239)	(197)	3,147	(7,307)	(5,092)
	(72,679)	(91,661)	(1,098)	(1,074)	(73,777)	(92,735)
	79,629	97,074	551	(1,640)	80,180	97,434
	<b>(159)</b>	<b>(2,826)</b>	<b>(745)</b>	<b>433</b>	<b>(904)</b>	<b>(2,393)</b>

## Note 22: Reconciliation of Net Result for the period to Net Cash Flows from Operating Activities

<b>Net Result for the period</b>	(29,505)	(29,370)
<b>Add /(less) Non-Cash Flows in Net Result</b>		
Add: Depreciation and amortisation	22,718	20,473
(Profit)/loss on disposal of non-current assets	208	1,236
Payments for fixed assets in payables movement	10,078	9,470
Less: Non cash capital contributions	(3,960)	(4,236)
	(461)	(2,427)
<b>Changes in Assets and Liabilities</b>		
Decrease / (increase) in receivables	(1,139)	(157)
Decrease / (increase) in prepayments	(214)	12
Decrease / (increase) in other financial assets	-	(16)
(Decrease) / increase in payables	(5,491)	(2,276)
(Decrease) / increase in provisions	(2)	(228)
<b>Net cash flows from operating activities</b>	<b>(7,307)</b>	<b>(5,092)</b>

## Note 23: Commitments

### a) Capital Expenditure Commitments

The value of capital expenditure commitments outstanding as at 30 June 2009 totalled \$3.8 million (excl GST) (2007/08 – \$9.1 million). All capital expenditure commitments are due and payable within 12 months.

### b) Operating Service Commitments

The value of operating service commitments as at 30 June 2009 totalled \$196 million (2007/08 – \$215 million). This amount is represented by three major operations contracts. Two of these contracts are for the service component of the BOOT schemes delivered as part of Victoria's Public Private Partnership process for the provision of wastewater and water treatment services. Refer to Note 24 for more details of these schemes. The third contract is a ten year contract for operations, maintenance, revenue and information management services to be provided to Coliban Water to support the delivery of its outputs. Operating expenditure commitments are due and payable as follows:

#### Operating Expenditure Commitments

Not later than one year	20,327	19,271
Later than one year and not later than five years	72,508	86,958
Later than five years	102,813	108,690
<b>Total operating expenditure commitments</b>	<b>195,648</b>	<b>214,919</b>

### c) Environmental Contribution Commitments

The value of environmental contribution commitments as at 30 June 2009 totalled \$6.1 million (2007/08 – \$8.1 million).  
See Note 1 (vii) for an explanation of these commitments.

#### Environmental Contribution Commitments

Not later than one year	2,031	2,031
Later than one year and not later than five years	4,062	6,093
Later than five years	-	-
<b>Total environmental contribution commitments</b>	<b>6,093</b>	<b>8,124</b>



## Note 24: Finance Lease Liabilities – BOOT Schemes

Coliban Water has signed two Build Own Operate Transfer (BOOT) contracts.

A contract deed was signed on 5 May 1999 with USF Bendigo Water Services Pty Ltd for provision of water treatment services for Bendigo, Castlemaine and Kyneton. USF Bendigo Water Services is a fully owned subsidiary of Comgen Australia Pty Ltd, which is ultimately a fully owned subsidiary of Vivendi Environment SA (France). Commercial acceptance of this facility was granted on 1 June 2002.

Coliban Water signed a contract deed on 26 November 2002 with ETE Coliban Pty Ltd for the provision of water reclamation and reuse services for Echuca and Rochester. ETE Coliban Pty Ltd is a fully owned subsidiary of Earth Tech Engineering Pty Ltd, which is an Australian subsidiary of the global company, Tyco International Ltd. Commercial acceptance of this facility was granted on 28 September 2004.

The above contracts, which comprise both fixed and variable components, commit Coliban Water to the payment of significant tolls over the 25 year contract periods.

As ownership of the asset(s) will be transferred to Coliban Water at the end of the contractual term and this term is for the major part of the economic life of the asset(s), Coliban Water accounts for the asset(s) under the BOOT schemes as a finance lease.

	2009 (\$'000)	2008 (\$'000)
<b>Value of expected future obligations – Public Private Partnership Contracts</b>		
<b>(a) Finance Lease Commitments</b>		
Commitments for minimum lease payments in relation to finance leases are payable as follows:		
Within one year	9,951	9,942
One to five years	39,805	39,805
Six to ten years	49,756	49,756
More than ten years	90,080	100,031
	<b>189,592</b>	<b>199,534</b>
Less future interest charges	<b>89,994</b>	<b>97,707</b>
<b>Total Finance Lease Commitments</b>	<b>99,598</b>	<b>101,827</b>
<b>(b) Represented by Lease Liabilities</b>		
Current lease liability	2,416	2,230
Non current lease liability	97,182	99,597
<b>Total Finance Lease Liabilities – BOOT Schemes</b>	<b>99,598</b>	<b>101,827</b>
<b>(c) Commitments contracted for but not recognised as liabilities service commitments</b>		
Within one year	5,119	4,888
One to five years	22,382	21,624
Six to ten years	32,510	31,460
More than ten years	70,303	77,230
	<b>130,314</b>	<b>135,202</b>

The above service commitments are included in operation service commitments – Note 23(b).

## Note 25: Leasing Commitments

### a) Operating Lease on Head Office Building

Coliban Water signed an Operating Lease agreement on 20 September 2000 for lease of the Coliban Water Head Office building at Bridge Street Bendigo. The operating lease is for a period of twenty (20) years commencing 1 September 2000 with lease payments commencing 1 November 2002.

Coliban Water signed another Operating Lease agreement on 1 June 2008 for lease of a second Head Office building at 28 Bridge Street Bendigo. The operating lease is for a period of three (3) years commencing 1 June 2008.

Total lease payments over the remaining periods of the leases are expected to be \$1.6 million.

#### Operating Lease Expenditure Commitments

Not later than one year	163	157
Later than one year and not later than five years	554	583
Later than five years	917	1,051
<b>Total operating expenditure commitments</b>	<b>1,634</b>	<b>1,791</b>

### b) Operating Leases on Motor Vehicles

Coliban Water also has a number of Cancellable Operating Leases for the lease of motor vehicles. Operating lease rentals of \$243,747 (2007/08 – \$181,859) have been included in the determination of the operating result for the accounting period.

## Note 26: Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets at 30 June 2009 (2007/08 – nil).

## Note 27: Financing Facilities

The bank overdraft limit of Coliban Water is \$400,000. This facility is subject to annual review and at 30 June 2009 the amount of unused credit was \$400,000 (2007/08 – \$400,000).

The bank overdraft is secured by way of mortgage over the revenue of Coliban Water.

## Note 28: Auditors Remuneration

The fee for auditing the financial statements of Coliban Water for 2008/09 has been set at \$65,900 (2007/08 – \$59,900) by the Victorian Auditor-General Office. No other benefits were received or are receivable by the Victorian Auditor-General Office.

## Note 29: Events occurring after the Balance Sheet Date

No matters or circumstances have arisen since the end of the reporting period which significantly affects the operations of Coliban Water, the results of those operations, or the state of affairs of Coliban Water in future financial years.

## Note 30: Correction of Error

### a) Correction of impaired assets in previous financial years

During the year Coliban Water undertook a full reconciliation of property, plant and equipment. This reconciliation identified prior year accounting errors in relation to impaired assets not written off; and active assets incorrectly written off. Retrospective restatement of comparative information is considered impractical due to lack of prior year information available. The errors identified had the combined effect of understating the written down value of property, plant and equipment by \$746,943 (cost \$1,050,944 overstated; accumulated depreciation \$1,797,887 overstated); understating accumulated funds after tax by \$522,860; and understating net deferred tax liabilities by \$224,083.

These errors have been corrected by restating the opening balances for each of the affected financial statement line items for the prior year, as described above.

### b) Correction of error in depreciation expense in previous financial years

During the year Coliban Water undertook a full reconciliation of property, plant and equipment. This reconciliation identified prior year accounting errors in relation to depreciation calculations for property, plant and equipment. Retrospective restatement of comparative information is considered impractical due to the lack of prior year information available. This error identified had the effect of overstating accumulated depreciation by \$6,911,163; understating accumulated funds after tax \$4,773,972; and understating net deferred tax liabilities by \$2,137,191.

These errors have been corrected by restating the opening balances for each of the affected financial statement line items for the prior year, as described above.

The effect of this correction on Equity for the year ended 30 June 2008 is:

	Property, plant and equipment cost	Accumulated Depreciation	Net deferred tax liabilities	2008 (\$'000)
<b>a) Correction of impaired assets in previous financial years</b>				
Impaired assets not written off	(10,804)	4,143	1,998	(4,663)
Active assets written off in a prior year	9,753	(2,345)	(2,223)	5,185
<b>b) Correction of error in depreciation expense in previous financial years</b>				
Overstated accumulated depreciation	-	6,911	(2,137)	4,774
<b>Total correction of prior year error</b>	<b>(1,051)</b>	<b>8,709</b>	<b>(2,362)</b>	<b>5,296</b>



## INDEPENDENT AUDITOR'S REPORT

### To the Members of the Board, Coliban Region Water Corporation

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2009 of the Coliban Region Water Corporation which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the statutory certification has been audited.

#### *The Board Member's Responsibility for the Financial Report*

The Board Members of the Coliban 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*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

#### *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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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 Members, 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.

#### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial report published in both the annual report and on the website of the Coliban Region Water Corporation for the year ended 30 June 2009. The Board Members of the Coliban Region Water Corporation are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Coliban Region Water Corporation website.

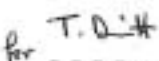
#### *Independence*

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.

#### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Coliban Region Water Corporation as at 30 June 2009 and its financial performance and 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*.

MELBOURNE  
24 September 2009

  
for D D R Pearson  
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## RURAL SYSTEM



Disclaimer: This diagram is a schematic to represent the Coliban System of Waterworks. Coliban Water reserves the right to alter or change information.



General Enquiries:  
1300 363 200 (8.00am to 5.30pm, Monday to Friday)  
Facsimile: 03 5434 1341  
Website: [www.coliban.com.au](http://www.coliban.com.au)  
Email: [coliban@coliban.com.au](mailto:coliban@coliban.com.au)

Postal Address:  
Coliban Water PO Box 2770  
Bendigo Delivery Centre Victoria 3554

Office Address:  
37-45 Bridge Street Bendigo Victoria 3550