

STATUTORY INFORMATION

DISCLOSURE INDEX

The Annual Report of Melbourne Water is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of Melbourne Water's compliance with statutory disclosure requirements.

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CONSULTANTS

During 2010/11, Melbourne Water engaged 14 consultants at less than \$100,000 each to undertake operational and capital works projects at a total cost of \$284,996 (exclusive of GST).

In addition, Melbourne Water engaged five consultants (see table below) at over \$100,000 to undertake the following projects (expenditure excludes GST):

Consultant	Project	Total fee approved	Expenditure 2010/11	Future expenditure
CH2M HILL	Wastewater Algae to Energy Study for ETP and WTP	140,000	139,993	-
Atura	Biosolids QRA sensitivity analysis	197,517	194,332	75,000
Black & Veatch	Energy, Fuels & Chemical recovery report	115,236	104,779	-
Black & Veatch	Carbon sequestration product market assessment report	30,000	30,000	-
Total Black & Veatch		145,236	134,779	-
PriceWaterhouseCoopers	Maintenance & Low Risk Capital Delivery Strategy	250,000	163,094	86,906
GHD	Winneke Major Hazard Facility Re-licensing	199,000	104,463	94,537
TOTAL > \$100,000		931,753	736,660	256,443

NATIONAL COMPETITION POLICY

Melbourne Water submitted our 2009 Water Plan for water, sewerage and recycled water services to the Essential Services Commission (ESC) in November 2008 to enable the ESC to make a price determination for the four-year period commencing 2009/10. The 2009 Water Plan sets out proposed performance relative to the expenditures and outcomes included in the ESC's first determination as well as proposed outcomes, expenditures and prices for the second price determination period.

In December 2007, Melbourne Water submitted its 2008 Water Plan for waterways and drainage services, which enabled the ESC to make a price determination for these services commencing in 2008/09 for a five-year period.

These processes are consistent with the pricing and institutional reform objectives of the National Competition Policy.

Melbourne Water is corporatised and therefore has an independent Board, with independent and objective performance monitoring. We face equivalent tax treatment, borrowing requirements and regulations as a private business. As outlined above, we also operate in an environment where the ESC determines cost-based pricing. In this regard, our processes are consistent with the requirements of the Competitive Neutrality Policy Victoria.

FREEDOM OF INFORMATION

Melbourne Water is subject to the *Freedom of Information Act 1982 (Vic.)* and is committed to making documents and information available to the community whenever it can. The designated persons for the purpose of the Act are:

Principal officer:
Ms E Underwood

Chairman, Melbourne Water

Authorised officer:

Mr M Facciolo

Freedom of Information Officer, Melbourne Water

Requests for Information

This year we received 32 requests for access to documents under the Freedom of Information legislation.

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We processed these requests as follows:

Access in full	11
Access in part	13
Access refused	0
Documents not located	3
Applicant did not proceed	2
Not finalised	2
Withdrawn	1

The applications received related to the following issues:

Personal	6
Water quality	4
Business administration	5
Water supply	1
Waterways management	1
Property	9
Tendering	0
Environment and Planning	4
Flooding	2

This year we received 1 request for an internal review.

The original decision was confirmed from this review.

Year/Number of requests	
2005/06	14
2006/07	20
2007/08	20
2008/09	35
2009/10	43
2010/11	32

Grounds for refusing release of documents: internal working documents and/or documents containing sensitive commercial information and/or documents affecting personal privacy.

Access to Documents

People wanting access to Melbourne Water documents under the *Freedom of Information Act 1982 (Vic.)* should write to:

Freedom of Information Officer
Melbourne Water
PO Box 4342
Melbourne Victoria 3002

Each application must clearly identify the documents sought and be accompanied by the required application fee, currently \$24.40. General inquiries concerning Freedom of Information can be made by telephoning the Freedom of Information Officer on (03) 9235 1540 between 9am and 5pm, Monday to Friday or via email to: foi@melbournewater.com.au

Information on our consultative arrangements, required under Section 7 of the Act, is available on our website, melbournewater.com.au. Information on our publications, also required under Section 7, is included in this report.

Categories of Documents

We use a computerised records management system to manage our correspondence and documents. We use online computer systems to manage our financial, human resource and other operational activities and plans relating to our water supply, waterways, and drainage and sewerage responsibilities. Historical archives on our activities are available through the Public Record Office Victoria.

PRICING

Consistent with the Essential Services Commission's Final Determination in the 2009 Water Price Review, Melbourne Water's water and sewerage prices increased by an average of 15.2% in real terms (excluding inflation) in 2010/11. In addition, Melbourne Water's waterways and drainage charges increased by an average of 3.6% in real terms in 2010/11.

BULK ENTITLEMENTS

The three metropolitan retail water businesses (retailers) hold Bulk Entitlements to the water resources of the Yarra River, Thomson River, Tarago and Bunyip Rivers and Silver and Wallaby Creeks (Goulburn River Basin).

The entitlements have been established as a collective "pool". On 8 October 2010, the Minister for Water added to the "pool" by granting the retailers bulk entitlements for up to 150,000 ML per year of water from the Victorian Desalination Project. The desalinated water bulk entitlements also imposed obligations to supply Barwon Water, Western Water, Westernport Water and South Gippsland Water with water from the Melbourne "pool". As part of imposing the obligations to supply Western Water from the Melbourne "pool", the Minister removed existing obligations in the retailers Yarra River Bulk Entitlements to supply Western Water.

BULK ENTITLEMENTS (CONTINUED)

Table 1 – Compliance with all Bulk Entitlements held by the three Melbourne retail water businesses (retailers)

Melbourne retail water businesses reporting obligation	Combined Yarra River, Silver and Wallaby Creeks, Thomson River	Yarra River ²	Silver and Wallaby Creeks ⁷	Thomson River ⁹	Tarago and Bunyip Rivers ¹²	Victorian Desalination Project ¹⁵
The volume of water taken by the retailers in 2010/11	Clause 15.1 (a) 469,300 ML	Clause 15.1 (a) 456,400 ML	Clause 13.1 (a) 11,300 ML	Clause 15.1 (a) 1,600 ML	Clause 14.1 (a) 13,900 ML (Tarago) 2,200 ML (Bunyip)	Clause 11.1 (a) 0 ML ¹⁶
Compliance with the long term average bulk entitlement diversion limit	Clause 15.1 (b) 427,800 ML ¹	Clause 15.1 (b) 289,100 ML ³	Clause 13.1 (b) 17,700 ML ⁸	Clause 15.1 (b) 133,400 ML ¹⁰	Clause 14.1 (f) 13,900 ML (Tarago) ¹³ 2,200 ML (Bunyip) ¹⁴	Clause 11.1 (e) 0 ML
The total annual consumption in 2010/11	343,600 ML	N/A	N/A	N/A	N/A	N/A
The retailers share of flow in 2010/11	N/A	Clause 15.1 (a) 436,500 ML	Clause 13.1 (a)N/A	Clause 15.1 (a) 194,000 ML	Clause 14.1 (a) 33,200 ML	Clause 11.1 (a) N/A
The retailers share of storage volume at 30/06/11	N/A	Clause 15.1 (a) 528,000 ML	N/A	Clause 15.1 (a) 406,100 ML	Clause 14.1 (a) 21,000 ML	N/A
Volume supplied to Primary Entitlement Holders	N/A	Clause 15.1 (a) N/A ⁴	N/A	N/A	Clause 14.1 (a) 235 ML (Gippsland Water) 0 ML (Southern Rural Water)	Clause 11.1 (a) 7,881 ML ¹⁷ (Western Water)
Any assignment of water allocation or temporary/permanent transfers of the bulk entitlement	N/A	Clause 15.1 (c) Nil	Clause 13.1 (c) Nil	Clause 15.1 (c) Nil	Clause 14.1 (b) Nil	Clause 11.1 (b) Nil
Any temporary or permanent transfer of the bulk entitlement which may alter the flow in the waterway	N/A	Clause 15.1 (d) Nil	Clause 13.1 (d) Nil	Clause 15.1 (d) Nil	Clause 14.1 (a) Nil	N/A
Any amendment to the bulk entitlement	N/A	Clause 15.1 (e) Yes ⁵	Clause 13.1 (e)Nil	Clause 15.1 (e) Nil	Clause 14.1 (d) Nil	Clause 11.1 (c) Nil
Any new bulk entitlement granted to the retailers	N/A	Clause 15.1 (f) Nil	Clause 13.1 (f) Nil	Clause 15.1 (f) Nil	Clause 14.1 (e) Nil	Clause 11.1 (d) Nil
Any failures to comply with any provision of the bulk entitlement	N/A	Clause 15.1 (g) Nil	Clause 13.1 (g) Nil	Clause 15.1 (g) Nil	Clause 14.1 (g) Nil	Clause 11.1 (f) Nil
Any difficulty experienced in complying with the bulk entitlement and if so, any remedial action taken or proposed	N/A	Clause 15.1 (h) Yes ⁶	Clause 13.1 (h) Nil	Clause 15.1 (h) Yes ¹¹	Clause 14.1 (h) Nil	Clause 11.1 (g) Nil

BULK ENTITLEMENTS (CONTINUED)

Combined Yarra River, Silver and Wallaby Creeks, Thomson River

1. Compliance with the long term average diversion limit of 555,000 ML is assessed using a 15 year rolling average annual diversion.

Yarra River

2. The retailers hold the following Bulk Entitlements on the Yarra River

- Bulk Entitlement (Yarra River – Melbourne Water for City West Water Limited) Conversion Order 2006 – BEE049364
- Bulk Entitlement (Yarra River – Melbourne Water for South East Water Limited) Conversion Order 2006 – BEE049363
- Bulk Entitlement (Yarra River – Melbourne Water for Yarra Valley Water Limited) Conversion Order 2006 – BEE049362

3. Compliance with the long term average diversion limit of 400,000 ML is assessed using a 15 year rolling average annual diversion.

4. Water supplied to Western Water in 2010/11 is reported against the retailers Desalinated Water Bulk Entitlements.

5. On the 24 October 2010 the Minister for Water revoked obligations for the Melbourne retailers to supply Western Water from their Yarra River Bulk Entitlements.

6. One qualification of the Yarra River's Environmental Entitlement continued to supplement Melbourne's water supplies from the Yarra River in response to the continuing water shortage. It expired on 12 October 2010 when Melbourne's restriction levels were reduced to Stage 2. Melbourne Water continued to implement the water quality monitoring program and Yarra River Environmental Contingency Plan to monitor and manage the environmental impacts of the qualification. Melbourne Water and the retailers fully complied with the terms of the qualification and bulk entitlements.

Silver and Wallaby Creeks

7. The retailers hold the following bulk entitlements on the Silver and Wallaby Creeks

- Bulk Entitlement (Silver & Wallaby Creeks – Melbourne Water for City West Water Limited) Conversion Order 2006 – BEE049475
- Bulk Entitlement (Silver & Wallaby Creeks – Melbourne Water for South East Water Limited) Conversion Order 2006 – BEE049474
- Bulk Entitlement (Silver & Wallaby Creeks – Melbourne Water for Yarra Valley Water Limited) Conversion Order 2006 – BEE049473

8. Compliance with the 3-year total diversion limit of 66,000 ML is assessed using a 3 year rolling total diversion.

Thomson River

9. The retailers hold the following bulk entitlements on the Thomson River

- Transfer of Bulk Entitlement (Thomson River – Melbourne Water Corporation) Conversion Order 2001 to City West Water Limited – BEE049361
- Transfer of Bulk Entitlement (Thomson River – Melbourne Water Corporation) Conversion Order 2001 to South East Water Limited – BEE049360
- Transfer of Bulk Entitlement (Thomson River – Melbourne Water Corporation) Conversion Order 2001 to Yarra Valley Water Limited – BEE049359

10. Compliance with the long term average diversion limit of 171,800 ML is assessed using a 15 year rolling average annual diversion.

11. Two qualifications of the Thomson River Environment Bulk Entitlement continued to retain water in Thomson Reservoir for Melbourne in response to the continuing water shortage. Both qualifications expired on 12 October 2010 when Melbourne's restriction levels were reduced to Stage 2. The retailers funded the development and implementation of an emergency management plan, overseen by West Gippsland Catchment Management Authority, to monitor and manage the environmental impacts of the qualifications. Melbourne Water and the retailers fully complied with the terms of the qualifications and bulk entitlements.

Tarago and Bunyip Rivers

12. The retailers hold the following bulk entitlements on the Tarago and Bunyip Rivers

- Bulk Entitlement (Tarago and Bunyip Rivers – Melbourne Water for City West Water Limited) Conversion Order 2009 – BEE049358
- Bulk Entitlement (Tarago and Bunyip Rivers – Melbourne Water for South East Water Limited) Conversion Order 2009 – BEE049357
- Bulk Entitlement (Tarago and Bunyip Rivers – Melbourne Water for Yarra Valley Water Limited) Conversion Order 2009 – BEE049356

13. Compliance with the long term average diversion limit of 24,950 ML is assessed using a 5 year rolling average annual diversion.

14. Compliance with the long term average diversion limit of 5,560 ML is assessed using a 5 year rolling average annual diversion.

Victorian Desalination Project

15. The retailers hold the following bulk entitlements to the Victorian Desalination Project

- Bulk Entitlement (Desalinated Water – City West Water Limited) Order 2010 – BEE050814
- Bulk Entitlement (Desalinated Water – South East Water Limited) Order 2010 – BEE050815
- Bulk Entitlement (Desalinated Water – Yarra Valley Water Limited) Order 2010 – BEE050816

16. The Victorian Desalination Project is expected to provide water to the Melbourne retailers by June 2012.

17. In October 2010, the retailers obligation to supply Western Water was transferred from their Yarra River Bulk Entitlements to their Desalinated Water Bulk Entitlements. In the event that water is not being taken from these bulk entitlements, Western Water must be supplied from the retailers other bulk entitlements. This figure represents the total volume supplied to Western Water in 2010/11, including the water supplied under the Yarra River Bulk Entitlements.

Non-Compliance in Goulburn System Bulk Entitlement 2009/10

A correction to the 2009/10 compliance reporting for the Goulburn System Bulk Entitlements is required for a non compliance with daily pumping rate conditions experienced on 30 April 2010.

BULK ENTITLEMENTS (CONTINUED)

The Melbourne retailers bulk entitlements for the Goulburn System were in effect at this time and Clause 11.3 (c) specified that the daily diversion rate from the Goulburn River may not change by more than 180 ML/day when the river flows at the Killingworth gauge are 1,500 ML/day or greater. On 30 April 2010, the river flows were 2,335 ML/day, but the 190 ML increase in the daily pumping rate exceeded the maximum permissible rate by 10 ML/day. The non-compliance occurred while the Pipeline was being regulated manually due to problems with the outlet control valve. The valve was replaced in August 2010 which has enabled the pipeline's automatic control systems to be used and prevent this type of non-compliance in future.

Melbourne Water's Bulk Entitlement

Melbourne Water holds a bulk entitlement to the water resources of the Maribyrnong Basin to supply irrigators diverting water from Jacksons Creek, downstream of Rosslynne Reservoir, and the Maribyrnong River between its confluence with Jacksons Creek and Shepherd Bridge.

Table 2 – Compliance with the Maribyrnong River Bulk Entitlement held by Melbourne Water

<u>Melbourne Water reporting obligation</u>	Maribyrnong River
The volume of water taken by MW to supply licence holders in 2010/11	Clause 19.1 (b) 114 ML
Compliance with the 5 year rolling average annual bulk entitlement diversion limit of 1,056 ML	187 ML
The MW share of flow into the Rosslynne Reservoir in 2010/11	Clause 19.1 (a,iii) 1,660 ML
The MW share of storage volume in the Rosslynne Reservoir at 30/06/11	Clause 19.1 (a,ii) 1,598 ML
Transfer and operating losses within the system	Clause 19.1 (a,iv) 0 ML
Releases made from the Rosslynne Reservoir to supply licence holders in 2010/11	Clause 19.1 (a, i) 0 ML
Releases from MW's share of flow to meet minimum flows	Clause 19.1 (a,v) 64 ML
Any temporary or permanent transfers of the bulk entitlement	Clause 19.1 (c) nil
Any temporary or permanent transfer of the bulk entitlement which may alter the flow in the waterway	Clause 19.1 (d) nil
Alteration to volume of water under licences issued by MW	Clause 19.1 (e) nil
Alteration to security of supply of entitlements under licences	Clause 19.1 (e) nil
Transfer of licences (number, amount and places)	Clause 19.1 (f) Yes ¹
Any amendment to the bulk entitlement	Clause 19.1 (g) nil
Any new bulk entitlement granted to MW	Clause 19.1 (h) nil
Implementation of metering program	Clause 19.1 (i) Yes
Any failures to comply with any provision of the bulk entitlement	Clause 19.1 (j) nil
Any difficulty experienced in complying with the bulk entitlement and if so, any remedial action taken or proposed	Clause 19.1 (k) nil

¹ One transfer of licence was made from Keilor to Keilor with 6 ML.

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BULK ENTITLEMENTS (CONTINUED)

Environmental Entitlements

Table 3 – Compliance with the Environmental Entitlements held by the Environment Minister

<i>Environmental Entitlements reporting</i>	Yarra River	Thomson River	Silver and Wallaby Creeks	Tarago and Bunyip Rivers
Environment's share of storage volume at 30/06/11	18,325 ML	2,794 ML	N/A	3,000 ML
Compliance with environmental flows	Yes	Yes	Yes	Yes

PRIVACY LEGISLATION

Melbourne Water is subject to the *Information Privacy Act (2000)* and the *Health Records Act (2001)* and is committed to protecting the privacy of all personal and health information it collects and handles. Melbourne Water collects and handles personal and health information only to carry out our functions and activities.

Melbourne Water is committed to openness and transparency and welcomes any queries about our approach to privacy. We endeavour to resolve any privacy complaints quickly and effectively.

Melbourne Water was formally notified about one alleged privacy breach in 2010/11. The matter is currently before the Victorian Civil and Administrative Tribunal.

People wanting to make a privacy complaint or seek a copy of Melbourne Water's Privacy Policy should write to:

The Privacy Officer – Melbourne Water,
PO Box 4342, Melbourne Victoria 3002.

COMPLIANCE WITH BUILDING ACT 1993

Melbourne Water's major premises are compliant with the *Building Act 1993*. Melbourne Water has a program to refurbish our remote sites to ensure compliance with the Building Code of Australia (BCA).

In the last 12 months, *Disability Discrimination Act (DDA)* audits have been completed at all sites and recommendations are currently being considered. All sites that the Property Team is accountable for are Essential Safety Measure (ESM) compliant following audits completed over the last two years.

The Southern Eastern Regional Office (SERO) has been completed and is 5 Star Green Star Design (GBCA) rated, as well as compliant with BCA, DDA and ESM. Minor fit-out works and furniture replacement have been completed at Brooklyn and the Western Treatment Plant office complexes.

INFORMATION AVAILABLE ON REQUEST

Further information is available on request about: pecuniary interests of relevant officers, details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary, details of changes in prices, fees, charges, rates and levies charged if relevant, details of any major external review carried out upon Melbourne Water, details of Melbourne Water publications, committees chaired by Melbourne Water, major external reviews carried out on Melbourne Water, research and development activities, overseas visits, major promotional, public relations and marketing activities, assessments and measures to improve the occupational health and safety of employees, statement of industrial relations and details of time lost through industrial accidents and disputes, and major sponsorships. Please ring 131 722 (within Victoria) or (03) 9235 7100 (within the rest of Australia) or visit melbournewater.com.au

WHISTLEBLOWERS PROTECTION ACT

The *Whistleblowers Protection Act 2001* began operation on 1 January 2002.

It aims to encourage and facilitate disclosure of improper conduct by public officers and public bodies.

Melbourne Water is committed to the aims and objectives of the Act, has established the following procedures and takes the following approach to disclosures of improper conduct:

- A reporting system was established with Protected Disclosure Officers reporting to the Protected Disclosure Coordinator, who in turn, reports to the Managing Director
- Melbourne Water will take all reasonable steps to protect the identity of a whistleblower and is committed to the protection of genuine whistleblowers against reprisals for making protected disclosures
- The principles of natural justice will be followed in any investigation of a public interest disclosure.

The following appointments were made to manage disclosures of improper conduct:

Protected Disclosure Coordinator
Leigh Keath, General Manager, People and Safety

Protected Disclosure Officer
Jane Denton, Corporate Secretary & Legal Counsel

Melbourne Water has established written procedures, which are contained in this report, at melbournewater.com.au or by contacting the Protected Disclosure Officer or the Protected Disclosure Coordinator at:

Melbourne Water
100 Wellington Parade,
East Melbourne Victoria 3002
Telephone: 03 9235 7297

There were no whistleblower requests received by Melbourne Water this year.

Whistleblowers Protection and Procedures

Purpose

These procedures establish a system for reporting disclosures of improper conduct or detrimental action by Melbourne Water or its people under the *Whistleblowers Protection Act 2001* (the Act). The system enables such disclosures to be made to the Protected Disclosure Coordinator or to one of the nominated Protected Disclosure Officers. Disclosures may be made by Melbourne Water people or by members of the public.

These procedures are designed to complement normal communication channels between Melbourne Water people. People are encouraged to continue to raise appropriate matters at any time with their managers/team leaders. As an alternative, people may make a disclosure of improper conduct or detrimental action under the Act in accordance with these procedures.

Scope

Melbourne Water is committed to the aims and objectives of the *Whistleblowers Protection Act 2001*. It does not tolerate improper conduct by its people, nor the taking of reprisals against those who come forward to disclose such conduct.

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

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

Performance Standards

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

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Definitions

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

a) Improper conduct

Improper conduct means conduct that is corrupt, a substantial mismanagement of public resources, or conduct involving substantial risk to public health or safety or to the environment. The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal.

b) Corrupt conduct

Corrupt conduct means:

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

c) Detrimental action

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

Detrimental action includes:

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

Legislation/Regulations

Whistleblowers Protection Act 2001

Section 104 details reporting requirements

References

Melbourne Water Code of Conduct