

ENFORCEABLE UNDERTAKING

The commitments in this undertaking are offered to the Environment Protection Authority by:

Goulburn Valley Region Water Corporation
of 104-110 Fryers Street, Shepparton, Victoria 3632

DEFINITIONS

1. In this Undertaking:
 - 1.1. the Act means the Environment Protection Act 1970 (Vic);
 - 1.2. the Auditor means an auditor appointed pursuant to Part IXD of the Act;
 - 1.3. the Corporation means Goulburn Valley Region Water Corporation;
 - 1.4. the EPA means the Environment Protection Authority of Victoria;
 - 1.5. Industrial Waste means solid inert waste, including concrete, asphalt, bricks and plastic and prescribed industrial waste, including concrete pipe and cement sheet containing asbestos;
 - 1.6. Region means area managed or controlled by the Corporation under the Water Act 1989 (Vic); and
 - 1.7. Undertaking means this Enforceable Undertaking made pursuant to section 67D of the Act.

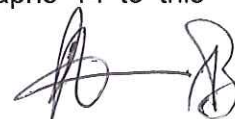
BACKGROUND

EPA's role

2. EPA is a statutory body created by the Act, which has primary responsibility for the administration and enforcement of that Act.

Details of conduct/incident

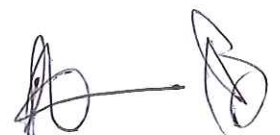
3. In June 2012 the EPA inspected the Corporation's Operations Centre located in Shepparton in response to a report from the community. Stockpiles of Industrial Waste were observed on the site, including soil mixed with asbestos cement pipe, concrete, bricks, asphalt and plastic.
4. The Industrial Waste identified at the Shepparton Operations Centre was generated by civil works carried out by the Corporation, including rectification of burst water mains within the Region.
5. In response the Corporation engaged independent contractors:
 - 5.1. to assess, screen, characterise and remove the Industrial Waste from the Shepparton Operations Centre; and
 - 5.2. to inspect and assess all 328 of the Corporation's sites across the Region.
6. On 34 of the 328 sites, stockpiled soil containing Industrial Waste was identified in volumes varying from 10m³ to 4,000m³ per site. These sites are listed in paragraphs 14 to this Undertaking.



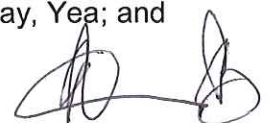
7. On some of the Corporation's sites Industrial Waste accumulated over a long period (estimated 50 years), including prior to the Corporation's constitution in 1994. The Corporation was created in 1994 by the merger of a number of former water boards. At the time the Corporation assumed control of assets including the sites listed in paragraphs 14 from the former water boards, and in some cases former municipal councils. It appears that on 34 sites the Corporation has taken control of a site where Industrial Waste was deposited prior to 1994 and continued its storage, which in some instances had been reused to construct infrastructure (e.g. an embankment). On 12 of the 34 sites, it appears that the Corporation's operations since it was constituted in 1994, have involved the placement and storage of Industrial Waste.
8. The issues identified are indicative of the continuing legacy of the asbestos cement pipe used across the water industry up to the late 1980s. From 1994 to 2000 the Corporation relied on plant managers to deal with the Industrial Waste and soil generated by burst water mains and civil works.
9. In 2000 the Corporation developed a standard operating instruction for handling asbestos containing material complying with occupational health and safety requirements. The procedure relied on the EPA guidance at that time for the handling of soil and asbestos (less than 1% asbestos in soil by volume was not a prescribed industrial waste). This guidance changed with the introduction of the Environment Protection (Industrial Waste Resource) Regulations 2009. The Corporation's standard operating instruction was not updated at that time.
10. The Corporation failed to identify these requirements and continued to store Industrial Waste at 34 sites in contravention of the Act.
11. The Corporation accepts responsibility for all of the Industrial Waste on its sites listed in paragraphs 14 to this Undertaking and is committed to rehabilitating the sites in accordance with site specific strategies verified by an Auditor.
12. The Corporation is required to rehabilitate the sites listed in the schedule to this Undertaking (8 sites) in compliance with this Undertaking. These sites were identified by the EPA as sites for which a clean up notice would have been issued but for this Undertaking, and are generally accepted as the sites with the greatest volume of Industrial Waste.
13. The Corporation commits to voluntarily rehabilitate the remaining 26 sites in compliance with site specific strategies prepared by an independent contractor. This has already been completed for 16 sites with another 6 sites scheduled to commence prior to 30 June 2014.

Alleged Contraventions

14. From 21 June 2012 the Corporation, being the occupier of a scheduled premises, did store prescribed industrial waste (including asbestos) without a licence where a licence is required in contravention of section 27(1A)(a) of the Act at:
 - 14.1. Alexandra Wastewater Management Facility, Maroondah Highway, Alexandra;
 - 14.2. Broadford Wastewater Management Facility, Kenny's Lane, Broadford;
 - 14.3. Broadford Water Treatment Plant, Water Trust Road, Broadford;
 - 14.4. Cobram Wastewater Management Facility, 855 Maidment Road, Cobram;
 - 14.5. Eildon Wastewater Management Facility, Back Eildon Road, Eildon;
 - 14.6. Kilmore Water Treatment Plant, Main Mountain Road, Kilmore;



- 14.7. Kilmore Water Treatment Plant (former reservoir), Andersons Road, Kilmore;
- 14.8. Kyabram Wastewater Management Facility, corner of Graham Road and Espange Lane, Kyabram;
- 14.9. Kyabram Water Treatment Plant, 58 Albion Street, Kyabram;
- 14.10. Mansfield Wastewater Management Facility, Withers Lane, Mansfield;
- 14.11. Marysville Water Treatment Plant (Aub Cusons Reservoir), Pack Road, Marysville;
- 14.12. Merrigum Water Treatment Plant (water tower), 104-108 Morrissey Street, Merrigum;
- 14.13. Mooroopna Wastewater Management Facility, 75 Alexander Road, Mooroopna;
- 14.14. Mooroopna Water Treatment Plant, 91 McLennan Street, Mooroopna;
- 14.15. Mooroopna Water Treatment Plant (elevated storage), Echuca Road, Mooroopna;
- 14.16. Murchison Wastewater Management Facility, Cassidy Road, Murchison;
- 14.17. Nagambie Wastewater Management Facility, McDonalds Road, Nagambie;
- 14.18. Nathalia Water Treatment Plant, 68 Katamatite-Nathalia Road, Nathalia;
- 14.19. Numurkah Wastewater Management Facility, 160 Kelly's Road, Numurkah;
- 14.20. Numurkah Water Treatment Plant, 1 MacKillop Way, Numurkah;
- 14.21. Rushworth Water Treatment Plant, Rushworth-Tatura Road, Rushworth;
- 14.22. Seymour Operations Centre, 140 Delatite Road, Seymour;
- 14.23. Shepparton Operations Centre, corner of Florence Street and Williams Road, Shepparton;
- 14.24. Shepparton Sewer Pump Station, 34-36 Mason Street, Shepparton;
- 14.25. Shepparton Wastewater Management Facility, McCrackens Road, Shepparton North;
- 14.26. Shepparton Water Treatment Plant, 174-194 Welsford Road, Shepparton North;
- 14.27. Strathmerton Wastewater Management Facility, Katunga North Road, Strathmerton;
- 14.28. Tallygaroopna Water Treatment Plant, Church Street, Tallygaroopna;
- 14.29. Tatura Wastewater Management Facility, Dhurringile Road, Tatura;
- 14.30. Tatura Water Treatment Plant, Coombs Road, Tatura;
- 14.31. Tongala Water Treatment Plant, 187 Henderson Road, Tongala;
- 14.32. Wunghnu Water Treatment Plant, Carlisle Street and Nine Mile Creek Bridge, Wunghnu;
- 14.33. Yea Wastewater Management Facility, 5980 Goulburn Valley Highway, Yea; and



14.34. Yea Water Treatment Plant, corner of Smith and View Streets, Yea.

KEY OBJECTIVES OF THIS UNDERTAKING

15. This Undertaking is a binding agreement that aims to:
- 15.1. improve the Corporation's environmental performance;
 - 15.2. update the Corporation's operating procedures, management systems and tender documentations to prevent a reoccurrence;
 - 15.3. deliver benefits to the environment and local community; and
 - 15.4. drive improvements in environmental performance across the water industry.

UNDERTAKINGS

16. In accordance with section 67D of the Act, the Corporation has offered and the EPA has agreed to accept as an alternative to taking Court proceedings, the undertakings in paragraphs 17 to 26 of this Undertaking.

Improve the Corporation's environmental performance

17. The Corporation undertakes, for the sites listed in the schedule to this Undertaking, to:
- 17.1. engage a suitably qualified site assessor with experience identifying and assessing Industrial Waste deposited on land;
 - 17.2. use the site assessors engaged in compliance with paragraph 17.1 to complete a preliminary site investigation to confirm the presence and identify the extent of Industrial Waste deposited, if any;
 - 17.3. use the site assessors engaged in compliance with paragraph 17.1 to complete a risk assessment of all sites where Industrial Waste is identified taking into account:
 - 17.3.1. the condition of the Industrial Waste;
 - 17.3.2. the quantity of the Industrial Waste;
 - 17.3.3. the proximity of the site to sensitive land uses (i.e. dwellings and schools);
 - 17.3.4. the proximity of the site to sensitive environments (i.e. wetlands or waterways); and
 - 17.3.5. access to the site (i.e. secured site or public access);
 - 17.4. engage an Auditor to provide a written verification of the risk assessment prepared in compliance with paragraph 17.3;
 - 17.5. provide to the EPA a copy of the risk assessment prepared in compliance with paragraph 17.3 and the auditor's written verification prepared in compliance with paragraph 17.4;
 - 17.6. prepare site specific plans for each site where Industrial Waste was identified, detailing:

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- 17.6.1. the method of site assessment to verify and identify the quantity and type of Industrial Waste on the land;
- 17.6.2. the schedule of works to rehabilitate the site, which may include onsite retention ("Rehabilitation Works");
- 17.6.3. the estimated cost of completing the Rehabilitation Works;
- 17.6.4. the estimated timeframe (which must be within 4 years of the date of the Undertaking) for the completion of each component of the Rehabilitation Works;
- 17.6.5. the method of verification on completion of the Rehabilitation Works; and
- 17.6.6. any ongoing management and aftercare;
- 17.7. engage an Auditor to provide written verification of the adequacy of the site specific plans;
- 17.8. provide the EPA with a copy of the site specific plans prepared in compliance with paragraph 17.6 and Auditor verification prepared in compliance with paragraph 17.7;
- 17.9. complete the Rehabilitation Works in accordance with the site specific plans prepared in compliance with paragraph 17.6;
- 17.10. engage an Auditor to provide written verification of the completion of the Rehabilitation Works;
- 17.11. provide to the EPA a report every 6 months detailing the progress of the Rehabilitation Works; and
- 17.12. provide to the EPA a report confirming the completion of the Rehabilitation Works and the Auditor's written verification (paragraph 17.10) within 3 months of the date of completion of rehabilitation at each site.

The undertakings referred to in paragraphs 17 must be completed within 4 years of the date of this Undertaking.

18. The Corporation undertakes to:

- 18.1. complete a review of its operating procedures, management systems and tender documentation relating to Industrial Waste against legal requirements and industry best practice, including:
 - 18.1.1. Standard Operating Instruction SOI-GVW-310 titled 'Safe Handling and Removal of Asbestos Cement Pipes';
 - 18.1.2. the Waste Management Strategy;
 - 18.1.3. environmental management system; and
 - 18.1.4. general terms of contract for civil works;
- 18.2. update the Corporation's operating procedures, management systems and tender documentation to ensure the identification, assessment, handling, transport and disposal of Industrial Waste produced by the Corporation's activities reflects industry best practice and legal requirements;

- 18.3. implement annual auditing of the Corporation's activities relating to Industrial Waste; and
- 18.4. implement training of the Corporation's personnel (including the chief executive officer and senior management) and contractors relating to the Corporation's operating procedures, management systems and tender documentation relating to Industrial Waste.

The undertakings referred to in paragraphs 18 must be completed within 6 months of the date of this Undertaking.

Benefit to the environment and community

19. The Corporation undertakes to make a monetary contribution of \$150,000 to fund an environmental project external to the Corporation's core business activities which will benefit the community and environment, namely:
 - 19.1. works on land along Broken-Boosey-Nine Mile Creeks within the Goulburn Broken Catchment Management Region to protect native vegetation in riparian zones and improve freshwater habitat for endangered fish species.

The undertakings referred to in paragraphs 19 must be completed within 24 months of the date of this Undertaking.

Improvement in environmental performance industry wide

20. The Corporation undertakes to expend \$100,000 on the following:
 - 20.1. complete a study of practices for the handling, storage, segregation and disposal of Industrial Waste, primarily spoil from the repair and replacement of asbestos containing pipe (water and sewer);
 - 20.2. research the segregation of asbestos containing material from spoil generated by pipe repair works with the objective of reducing the volume of prescribed industrial waste disposed of to landfill;
 - 20.3. perform presentations for the Victorian water industry detailing the findings and recommendations of the study and research referred to in paragraphs 20.1 and 20.2; and
 - 20.4. publish the findings of a case study of the work completed pursuant to this Undertaking with the Victorian Water Industry Association Incorporated.

The undertakings referred to in paragraphs 20 must be completed within 24 months of the date of this Undertaking.

Reporting, monitoring and cost of compliance

21. The Corporation undertakes to pay its costs of its compliance with this Undertaking. In addition to the specific costs identified in 19 and 20 above, an estimate of compliance costs has been provided in paragraphs 37 and 38 below.
22. The Corporation undertakes to provide written progress reports every 6 months from the date of this Undertaking until the Corporation provides EPA with the Auditor's final assessment report under paragraph 24. These progress reports will outline:
 - 22.1. the Corporation's actions undertaken to implement each undertaking specified in paragraphs 17-20 above.



- 22.2. actions still to be completed to ensure compliance with the terms of the Undertaking
- 22.3. any potential compliance issues and mitigation strategies the Corporation intends to employ to ensure delivery of all undertakings in accordance with the terms of the Undertaking.
23. The Corporation undertakes that it will, within 14 business days, unless otherwise agreed by the EPA, supply to the EPA, on request, all documents and information reasonably requested by EPA from time to time for the purpose of assessing the Corporation's compliance with the terms of this Undertaking. For the avoidance of doubt, the Corporation is not required to provide to EPA documents or information that is the subject of legal professional privilege.
24. The Corporation undertakes to engage, at its own cost, an Auditor to verify the Corporation's compliance with the terms of the Undertaking and to prepare a 'final assessment report' which outlines each undertaking and provides the Auditor's professional assessment of the Corporation's compliance with the terms of each undertaking.
25. The Corporation undertakes to provide the EPA:
- 25.1. a copy of the Auditor's 'final assessment report' referred to in 24 above within 3 months of completion of the terms of this Undertaking;
- 25.2. a written statement from its chief executive officer that the Undertaking has been complied with within 3 months of completion of the terms of this Undertaking.
26. The Corporation undertakes to provide a detailed cost break down of its actual expenditure in complying with this Undertaking to the EPA at the same time it provides the EPA with a copy of the Auditor's 'final assessment report' and written statement from its chief executive officer in compliance with paragraph 25.

ACKNOWLEDGEMENT

27. The Corporation acknowledges the EPA's allegation that the Corporation contravened the Act. The Corporation has conducted its own investigation identifying rehabilitation and remedial measures required to prevent any further contravention.
28. The Corporation acknowledges that the EPA:
- 28.1. may issue a media release on execution of this Undertaking referring to its terms and to the concerns of EPA which led to its execution;
- 28.2. may from time to time publicly refer to this Undertaking; and
- 28.3. will make this Undertaking available for public inspection on a register of undertakings and that this Undertaking will remain on the register upon completion of all undertakings contained within, in accordance with section 67G of the Act.
29. The EPA acknowledges that its acceptance of this Undertaking means that in accordance with s.67D of the Act, while the Undertaking is in force proceedings may not be brought against the Corporation for the contraventions alleged in paragraph 14 of this Undertaking.
30. The Corporation acknowledges that:
- 30.1. if the Corporation withdraws from this Undertaking before it has been fulfilled, proceedings may be brought for the offence/s constituted by the contravention/s or alleged contravention/s in respect of which the undertaking was given (referenced in paragraph 14 of this Undertaking).

- 30.2. the EPA's powers are not fettered by this Undertaking and the EPA may commence any other enforcement action against the Corporation in relation to any subsequent contravention or alleged contravention of the Act that is not the subject of this Undertaking, whether or not the subsequent contravention or alleged contravention involves the provision of the Act that is referred to in paragraph 14 of this Undertaking; and
- 30.3. this Undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this Undertaking or arising from subsequent conduct; and
- 30.4. this Undertaking has no operative force until accepted by EPA, and the Corporation and EPA acknowledge that the date of this Undertaking is the date on which it is accepted by EPA.
31. The Corporation agrees that any public reference made by the Corporation to the actions contained within the Undertaking will refer to this Undertaking.

STATEMENT OF REGRET

32. The Corporation regrets its conduct that caused the storage of prescribed industrial waste (including asbestos) on its land without a licence where a licence was required or where any other necessary approval was not obtained.

ASSURANCE ABOUT FUTURE BEHAVIOUR

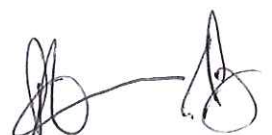
33. The Corporation commits to training its employees, implementing its operating procedures, monitoring its systems and routinely auditing its operations to prevent the storage of prescribed industrial waste at a site not licensed to accept that waste.
34. The Corporation commits to implementing the updated operating procedures, management systems and tendering documentation developed in compliance with the Undertaking to prevent a reoccurrence of the contraventions.

EFFECT OF NON-COMPLIANCE

35. The Corporation acknowledges that failure to comply with this Undertaking may result in the EPA seeking to enforce this Undertaking in the Magistrates Court.

ADDITIONAL INFORMATION

36. The Corporation declares that the environmental project referred to in paragraph 19 does not include expenditure that has already been planned as a part of the Corporation's budget.
37. The Corporation has committed to the following costs of compliance with this Undertaking:
- 37.1. \$100,000 improving the Corporation's performance (refer to paragraph 18);
- 37.2. \$150,000 delivering benefit to the environment and the community (refer to paragraph 19); and
- 37.3. \$100,000 improving the performance of the industry (refer to paragraph 20).
38. In addition, the Corporation has estimated that the cost of ensuring that the Corporation's sites comply with Victorian environmental laws is estimated to be:
- 38.1. \$1 million for the 16 sites voluntarily rehabilitated to May 2014; and



38.2. between \$700,000 and \$3 million for rehabilitation of the remaining sites listed in the paragraph 14.

39. The Corporation will reimburse EPA for costs, for expenses incurred such as scientific analysis of samples pursuant to section 66C of the Act.

TERMINATION OF ENFORCEABLE UNDERTAKING FOR BREACH

40. If the Corporation fails to carry out any of the requirements or obligations agreed to in this Undertaking, EPA may issue a written notice identifying the breach and requesting that the Corporation take action to remedy the breach by a specified date.

41. If the notice is not complied with, EPA may terminate the Undertaking by written notice to the Corporation. Upon termination, EPA may bring proceedings for the offence constituted by the contravention or alleged contravention in respect of which the Undertaking was given.

CESSATION OF THE ENFORCEABLE UNDERTAKING

42. Upon EPA's receipt of the Auditor's final assessment report under 25.1 above, the certification from the Corporation's chief executive officer that the terms of the Undertaking have been fully complied with, under 25.2 above, and the Corporation's detailed costings of compliance expenditure under 26 above, EPA will review the Auditor's final assessment report. If fully satisfied that the terms of the Undertaking have been complied with, EPA will provide written notification to the Corporation that the Undertaking is no longer in force.

THE OFFICIAL SEAL of the **GOULBURN VALLEY REGION WATER CORPORATION**)
was hereto affixed in the presence of:)



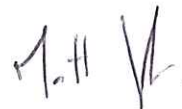


Chair/Non-Executive Director



Secretary/Managing Director

Accepted by the Environment Protection Authority under section 67D of the *Environment Protection Act 1970* by its Acting CEO and Deputy Chairman:



Acting CEO and Deputy Chairman of the Environment Protection Authority

Date: 27 / 6 / 2014

SCHEDULE 1

The Corporation's site to be rehabilitated in compliance with this Undertaking

- 1 Broadford Water Treatment Plant
- 2 Kilmore Water Treatment Plant – Former Reservoir
- 3 Kyabram Wastewater Management Facility
- 4 Mansfield Wastewater Management Facility
- 5 Nathalia Water Treatment Plant
- 6 Shepparton Wastewater Management Facility
- 7 Tatura Wastewater Management Facility
- 8 Yea Water Treatment Plant