



BUSSELTON **WATER**

# BusseLton Water

## Annual Report

### 2009 - 2010



## Our Vision

**Busselton Water strives for the attainment of excellence in the supply, management and sustainability of water services**

Your feedback on this Annual Report is important to us. It helps us to meet the needs of the reader as well as meeting our statutory obligations

Readers are invited to complete a short questionnaire on page 27 and return it to  
Busselton Water, PO Box 57, Busselton WA 6280  
or by email to [admin@busseltonwater.wa.gov.au](mailto:admin@busseltonwater.wa.gov.au)

Cover page: Busselton Water photographic competition in celebration of  
National Water Week.

Winner: Callum is encouraging customers to monitor their meter and check for leaks

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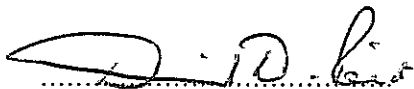
# BUSSELTON WATER BOARD STATEMENT OF COMPLIANCE

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Honourable Dr Graham Jacobs MBBS FRACGP MLA  
Minister for Water; Mental Health

On behalf of the Busselton Water Board, and in accordance with Section 63 of the Financial Management Act 2006, we have pleasure in submitting for your information and presentation to Parliament, the annual report of the Busselton Water for the financial year ended 30 June 2010.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006 and any other relevant written law.



David Reid  
CHAIRMAN OF BUSSELTON WATER BOARD

Date: 16<sup>th</sup> Sept 2010.



Yvonne Robinson  
MEMBER OF BUSSELTON WATER BOARD

Date: 16<sup>th</sup> September 2010.

## Contact Details

### Postal

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Busselton  
WA 6280

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Telephone: 61 8 9781 0500  
Facsimile: 61 8 9754 1075

## OVERVIEW SUMMARY

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Busselton Water is an independent water authority that supplies water to domestic, commercial, light industrial and special rural consumers within the town of Busselton and its environs (the licensed area).

The areas population is around 17,900<sup>1</sup>, but during weekends and holiday periods this can rise significantly. Being a sought after sea-change destination the population has been growing at a considerable rate and this trend is expected to continue into the foreseeable future.

Busselton's water supply differs from most other sources in Australia because of the deep artesian aquifers (Leederville and Yarragadee) that offer high microbiological integrity and very low organic carbon loadings. This means that Busselton's water supply is of the highest quality. From bores, the water is aerated and filtered to remove iron before it is stored in tanks at its operating plants and then pumped through approximately 295 kilometres of mains.

Busselton Water has access to a reliable, high quality water resource and is supported well by modern treatment plants, storage facilities and network capability.

Disinfection of the water supply is currently undertaken with ultra-violet (UV) irradiation and spot chlorination as required, however, Busselton Water is moving to full-time chlorination and this is expected to be implemented within the next 12 to 18 months.

Backflow is always of concern and hence Busselton Water has continued with the installation of its data collection system utilising radio frequency (RF) technology which can identify likely sources of contamination. The RF device was piloted in 2007 on 45 lots within the new Vasse Newtown subdivision and proved to be 100% accurate against the benchmark of physical meter reading. 2,168 RF devices have been fitted to date. The device provides Busselton Water with a comprehensive suite of real time information and once fully implemented, through a planned retrofitting program, will result in more efficient management, monitoring and control of water consumption within its licensed area. An Australian Government grant of over \$750,000 was secured this year which will enable the RF meter retrofit program to be completed within 2 years.

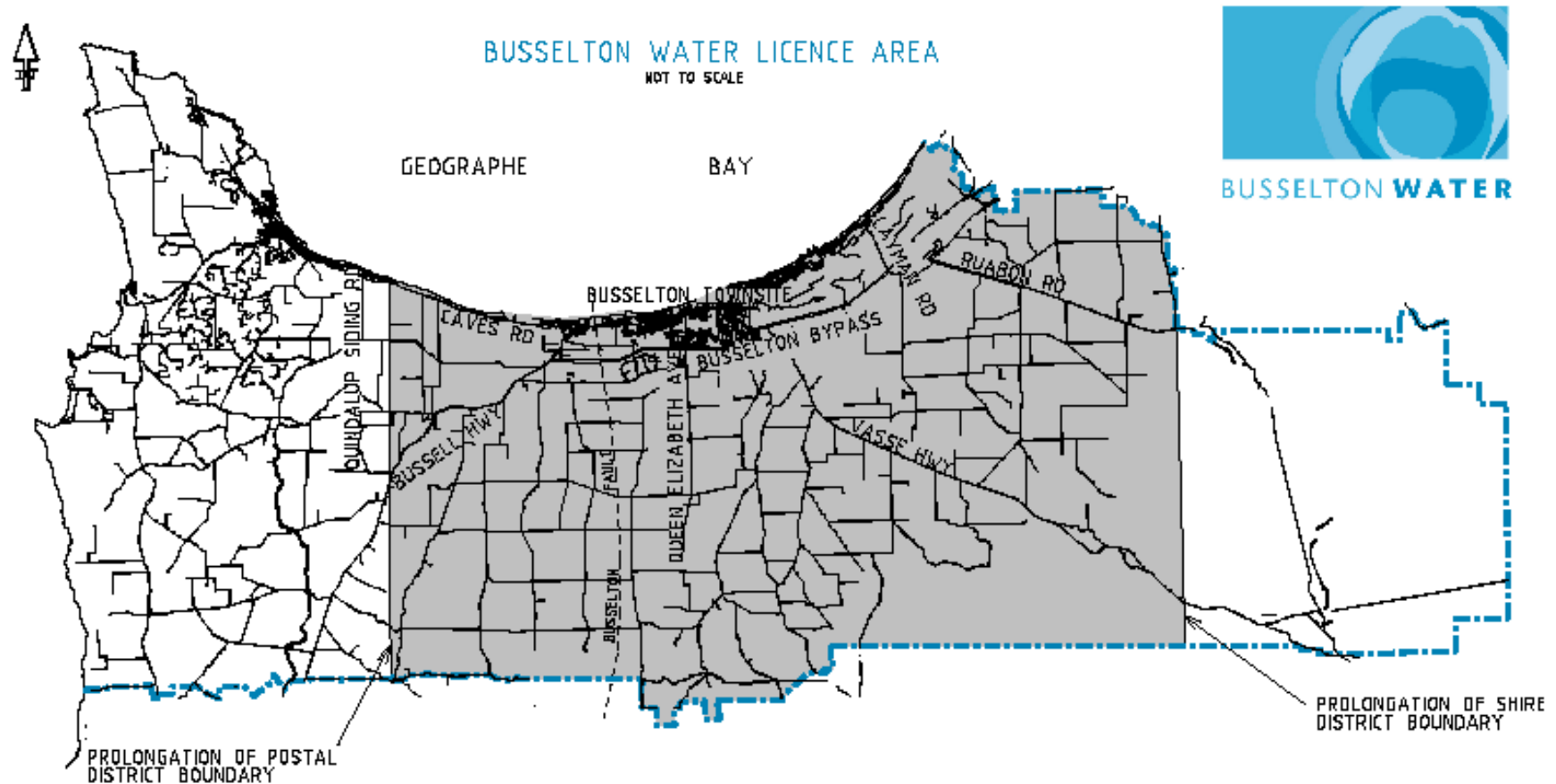
Water Efficiency Measures continue to be embraced by the majority of the customer base with some decrease this year in the number of reports received of customers breaching the 2 day per week watering roster, winter sprinkler and day time sprinkler ban. In the coming year Busselton Water will continue its community education program to ensure all are aware of the necessity and requirements for protecting our precious resource.

In a financial sense Busselton Water maintains a robust financial position with NIL indebtedness.

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<sup>1</sup> Australian Bureau of Statistics 2006

## MAP OF LICENCED AREA



### LEGEND

- EXTENT OF LICENSE AREA
- EXISTING BUSSETON SHIRE BOUNDARY
- EXISTING WATER LICENSE AREA

### NOTES

1. EXISTING LICENSE AREA SHOWN TAKEN FROM DRAWING NUMBER OWR-0A-085/2 B.
2. DRAWING NUMBER OWR-0A-085/2 B ADVERTISED IN THE GOVERNMENT GAZETTE ON THE 9TH OF JUNE 2000.

# CHAIRMAN'S REPORT

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The year was characterised by two of the most significant events in Busselton Water's existence

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It is with pleasure I present this year's annual report to our customers on behalf of the Board.

The year was characterised by two of the most significant events in Busselton Water's existence.

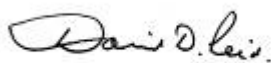
The signing of an agreement between Busselton Water and the Water Corporation on 12<sup>th</sup> February to supply bulk water to the Corporation's Dunsborough system. This was a milestone occasion that will enable residents in Dunsborough to enjoy for the first time the extraordinary qualities of the Yarragadee aquifer. The project is aimed at completion by the end of October 2010.

The Board's decision on 15<sup>th</sup> February to adopt chlorine treatment as the preferred disinfectant regime, replacing the U.V. system, was a major decision. It was a difficult but correct decision to make in the circumstances. The Board's expanding pipe work system together with the increasing occurrence of the *Naegleria amoebae* led the Board, after extensive investigations, to the necessity of incorporating a residual disinfectant into the supply network. The changeover period is expected in early 2012.

During the year the Board experienced reduced economic activity in line with the global financial downturn. The Board's operating profit after tax for the year was \$955,286 on a total revenue of \$7,227,043. This compared with profit after tax of \$1,035,729 and revenue of \$6,497,307 in the previous year.

In conclusion, I would like to particularly thank all Board members for their support. In addition I extend sincere appreciation to the management team and all staff for their contribution over a quite difficult year.

I remain totally confident Busselton Water will continue to meet the community's expectation of maintaining a safe and reliable water supply while building on the Board's proud 106 year reputation for a quality service operation in the Shire of Busselton.



David Reid  
Chairman

# CHIEF EXECUTIVE OFFICER'S REPORT

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Busselton Water has enjoyed another robust year and it gives me great pleasure to outline the organisations activities and achievements within this Annual Report for 2009/2010.

The year has been notable given the considerable focus on Busselton Water by external agencies. The organisation has been involved in:-

- Implementation of the Australian Drinking Water Guidelines 2004 and the consequent negotiations of a Memorandum of Understanding with the Department of Health
- Participation in a water legislation reform process, albeit at a slowed rate compared to previous years

Pleasingly, I believe Busselton Water has acquitted itself well in both of the above processes as well as which it has concluded a contract for the supply of bulk water to the Water Corporation for use in the town of Dunsborough. Infrastructure to accommodate this supply is hoped to be completed by the end of October 2010.

Water quality is the organisation's highest priority and following the commissioning of a report into available and recommended disinfection regimes, the Board took a decision in February 2010 to implement full-time chlorination as the primary water disinfection method for Busselton. This decision was based upon technical input from a number of highly qualified sources and was made notwithstanding in the context of negative customer feedback on the subject over a number of years.

Whilst finances remain robust, the organisation is mindful of a raft of pending matters which could negatively impact upon its financial position.

With clear direction and support from the Board we have been able to implement our strategies with confidence to achieve our goals and meet our targets. In this regard I would like to thank our employees, not only for their application to achieve our targets, but for their loyalty to the organisation. In the changing environment in which we operate, I believe Busselton Water is well equipped to meet any challenges put before us.

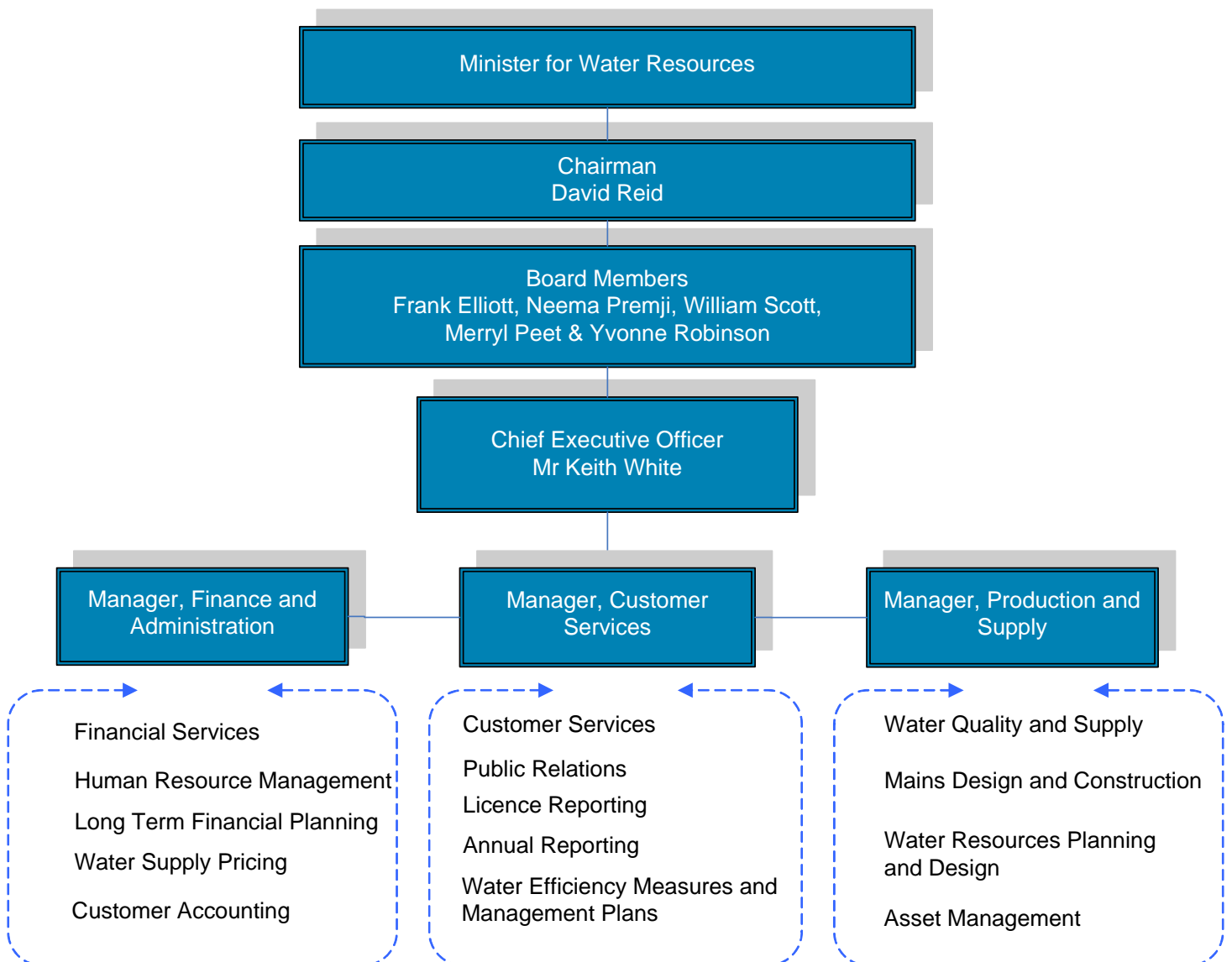


Keith White  
Chief Executive Officer



## ORGANISATIONAL STRUCTURE (ABRIDGED)

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# ANNUAL COMPLIANCE REPORTING TO COMMISSIONER FOR PUBLIC SECTOR STANDARDS

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Busselton Water hereby reports having adopted policies, guidelines and processes which support the public sector standards in human resource management. Relevant documentation contained within the Busselton Water Management Directives and Board Policies is available for access by all staff and Board Members.

As a small independent utility, shortly to become a government owned corporation, it is considered that standards relating to transfer, secondment and redeployment of staff are not applicable. Considering the size of the organization it was also considered appropriate for the Chief Executive Officer to conduct the self-assessment of the public sector standards.

I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made herein, is correct.

## PUBLIC SECTOR STANDARDS IN HUMAN RESOURCE MANAGEMENT

Procedures include:

- Use of reviews conducted through “one on one” employee interviews.
- An annual review of policies adopted by the Board of Busselton Water, on staff issues.

### Outcome

The standards in Human Resource Management and the Board's own policies have been complied with throughout the year.

## CODE OF ETHICS AND CODE OF CONDUCT

Procedures include:

- Use of reviews conducted through “one on one” employee interviews.
- Discussion through senior management meetings.

### Outcome

The ethical codes have been complied with throughout the year.

Busselton Water does have a Code of Conduct, which has been communicated to employees as follows:

- Advice given to new employees (Awareness Program)
- Intranet
- General circulars (provided at least annually)

There was a single complaint relating to non-compliance with the ethical codes lodged in 2009/2010.

The following positions covered by the Recruitment and Selection Standard were advertised during 2009/2010:

- Accounting Officer
- Administration Officer – Production and Supply
- 1 x Water Industry Worker

Keith White  
Chief Executive Officer  
26 July, 2010

# REPORT ON OPERATIONS

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## AUTHORITY BY WHICH BUSSELTON WATER IS ESTABLISHED

Busselton Water is a public self-funding entity and is administered by a Board, the Members of which are appointed by the Governor in Executive Council. Members serve on the Board for a three-year term and are eligible for reappointment at the conclusion of a term.

The functions and duties of Busselton Water are set out in the Water Board's Act 1904 (as amended) and the Reporting Standards are detailed in the Financial Management Act 2006.

Busselton Water holds an Operating Licence issued by the Economic Regulation Authority under the Water Services Coordination Act 1995. The licence is valid until 1 October 2021. Details of the area covered are recorded on Plan OWR-0A-085/2B.

The Board is responsible to the Hon. Minister for Water; Mental Health, Hon. Dr. Graham Jacobs, MLA.

## OBJECTIVES OF BUSSELTON WATER

The objectives of Busselton Water are:

- a) **Provision of Services**  
To provide high quality water at a minimum long term cost to the customers within Busselton Water's area of responsibility (operating area).
- b) **Management of Water Board Resources**  
To assess, plan and manage the use and protection of the resources purchased by and entrusted to Busselton Water for the continuing benefit of the customers of Busselton Water.
- c) **Management of Water Resources**  
To plan, manage and conserve (in association with the Department of Water) all available water resources by:
  - Management of eight (8) Production Bores.
  - Monitoring of the Aquifer Performance.
  - Monitoring of the quality of water made available for the use and consumption by the community.

Busselton Water operates a continuous (viz 24 hour) emergency contact service in accordance with its operating licence requirements, and customers are able to be notified within one (1) hour of action the operations/maintenance staff will take to combat an emergency.

## FINANCIAL OBJECTIVES

- To conduct the financial affairs of Busselton Water in accordance with sound business principles and comply with the requirements of the Water Board's Act 1904 (as amended) and the Financial Management Act 2006 and its Operating Licence, for the benefit of present and future customers.
- To meet Busselton Water's need for financial services information.
- To provide financial planning and management functions including budget planning and control.
- To control the levying and collecting of water tariff and other charges.
- To provide monthly and annual informative financial statements and performance reports.

## REPORT ON OPERATIONS..

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### CUSTOMER BASE

Busselton Water provides quality potable water services to approximately 20,000 residents within its operating area which includes the town of Busselton and the neighbouring environs of Vasse, Port Geographe, Siesta Park and Wonnerup.

### ADDRESS OF PRINCIPAL OFFICE

Administration Centre  
1 Fairbairn Road  
BUSSELTON WA 6280

PO Box 57  
BUSSELTON WA 6280

Telephone : (08) 9781 0500  
Website : [www.busseltonwater.wa.gov.au](http://www.busseltonwater.wa.gov.au)



### PUBLICATIONS

Listed below are the publications which are readily available upon request from the Administration Centre and without cost to customers. Many documents are also available on the website [www.busseltonwater.wa.gov.au](http://www.busseltonwater.wa.gov.au)

- Annual Report, including the Financial Statements and Key Performance Indicators.
- Water Quality Reports.
- Statement of Corporate Intent.
- Customer Charter – a summary of the Customer Charter is forwarded to all customers annually with a copy of the complete charter available on the website or upon request.
- Information on Water Tariff and Headwork's Contribution Charges.
- Budget for current financial year.
- Minutes of Board Meetings.
- By-Laws adopted by the Board.
- Strategic Development Plan. (Ten Year Financial Plan).

### CUSTOMER GROUP OUTCOMES

- Disability Service Plan – The Board is not required to develop a Disability Service Plan, however the Board is aware of the key outcomes of such plans and adheres to the principles.
- Equal Employment Opportunity Outcomes – Busselton Water embraces a Policy of Equal Opportunities in employment.
- Cultural Diversity and Language Service Outcomes – every effort is made to assist customer requests. None were received during 2009/2010.
- Youth Outcomes – Busselton Water has not considered programs or policies which specifically target young people within the age bracket of 12-25. However, it actively promotes participation by conducting school tours of its operations and National Water Week promotions.

- Equity and Diversity Plan – As Busselton Water employs less than 50 employees, it is not required to provide numerical performance objectives, however Busselton Water is aware of the Government's commitment to developing an equitable and diverse public sector workforce which is representative of the Western Australian community at each level of employment and which enables employees to combine work and family responsibilities.
- Energy Smart Government Policy – Although Busselton Water is exempt from this requirement, it actively pursues and adopts energy efficient practices.

## EQUITY ACCESS

Busselton Water provides a general right of access to other documents and records in accordance with the Freedom of Information Act 1992.

Initial enquires can be made to the Chief Executive Officer who the Board has appointed as the Freedom of Information Co-ordinator.

## MEDIA ADVERTISING

In accordance with section 175ZE of the Electoral Act 1907, Busselton Water incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

Total Expenditure for 2009/2010 \$83,686

<b>Market Advertising Organisations</b>	<b>Amount (\$)</b>
Gumption Communication By Design	17,169
Rotary Club Of Busselton Geographe Bay (Inc)	70
Host Direct	780
SW Precision Print	5,357
Mosman Glass Printers	560
Industrial Printing Company	3,632
M2 Technology	150
Supanova Video Production	6,900
Magwash IT	1,955
<b>TOTAL</b>	<b>36,573</b>

<b>Market Research</b>	<b>Amount (\$)</b>
Media Monitors Pty Ltd	483
Strategic Marketing Research	7,350
<b>TOTAL</b>	<b>7,833</b>

<b>Media Advertising</b>	<b>Amount (\$)</b>
Rural Press Regional Media (W.A.) Pty Ltd	3,262
South West Printing & Publishing	6,265
State Law Publisher Government Gazette	444
Western Australian Local Government Association	1,855
Radiowest Broadcasters	9,605
<b>TOTAL</b>	<b>21,431</b>

<b>Poling Organisations</b>	<b>Amount (\$)</b>
Nil	-
TOTAL	-
<b>Direct Mailing Organisations</b>	<b>Amount (\$)</b>
Zipform	8,788
Australia Post	9,062
TOTAL	17,850
<b>Total Expenditure for 2009/2010</b>	<b>83,686</b>

## BUDGET

The Board approves a Draft Budget usually in April/May and the Draft Budget submission is then forwarded to the Minister for Water; Mental Health for formal approval, as the adopted Budget for Busselton Water.

## MINISTERIAL DIRECTIVES

There were no Ministerial directives regarding the setting and achievement of operational objectives, investment activities or financial activities during the year under review.

## RECORDKEEPING PLAN

In accordance with Section 19 of the State Records Act 2000 Busselton Water is required to have a Recordkeeping Plan. Busselton Water is also required to report on its compliance with the Act as required by Section 61 and State Records Commission Standard 2, Principal 6. The Registration Number assigned to Busselton Water's Plan is RKP2003087.

Busselton Water is committed to ongoing compliance of the State Records Act 2000 and to sound recordkeeping practises. During the 2009/2010 year Busselton Water:

- Upgraded and improved existing site for long term storage of permanent records, including purchase of specialised racking.
- Appraised, sentenced and disposed of old records appropriately.
- Ensured new staff were provided with adequate records management training.
- Continued to be a Member of the Records Management Association of Australia.
- Engaged a consultant to assist with the cataloguing of archival and disposable records dating back at least 10 years.
- Investigated long term solutions for electronic document management.
- Initiated comprehensive research into an electronic document management system solution for all documentation including incoming and outgoing mail, every day electronic files, dynamic documents and vital records.

## EMPLOYEES

### Employees

Employees are recruited under Section 31 of the Water Board's Act 1904 and in accordance with recruitment policies.

Busselton Water maintains an induction program for all new employees, and continues ongoing training for its employees.

During the year under review, employees attended training courses relative to:

- Traffic Management
- Traffic Control
- First Aid
- Confined Space
- Backflow
- Telstra APL Refresher
- Microsoft Excel
- Microsoft Visio
- Business Report Writing
- Project Management
- Occupational Safety and Health
- Use of Forklift and Excavator equipment
- Taxation and Payroll training
- Recruitment and selection
- Contract Management

The number of employees by category is as follows:

CATEGORY (Permanent Staff)	FTE's THIS YEAR	FTE'S PREVIOUS YEAR COMPARISON
Senior Executives	4	4
Finance/Administration	8	8
Reception Staff	1.5	1.5
Meter Reading	0.5	0.5
Purchasing	1.5	1.5
Construction/Maintenance	6.2	9.2
Water Treatment Plant Operation	5	4
<b>TOTAL</b>	<b>26.7</b>	<b>28.7</b>

CATEGORY (Casual Staff)	FTE's THIS YEAR	FTE'S PREVIOUS YEAR COMPARISON
Administration	0.5	0.8
Construction/Maintenance	0	1.0
<b>TOTAL</b>	<b>0.5</b>	<b>1.8</b>

## REPORT ON OPERATIONS..

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### INDUSTRIAL RELATIONS

A Collective Workplace Agreement with both Busselton Water's Operational and Administrative employees was in place. This new agreement runs until June 2011.

### OCCUPATIONAL HEALTH, SAFETY AND RISK MANAGEMENT

Busselton Water maintains a commitment to health and safety standards and has adopted a number of policies to support this commitment.

*Policy # S004 - It is the objective of Busselton Water to ensure without compromise that all of its workplaces are safe, healthy and accident free for all employees and members of the public. The Board regards compliance with legislation as the minimum standard and is committed to improving safety performance throughout all its operations.*

Understanding Occupational Health and Safety and Risk Management is a key issue, therefore policies which address these issues have been developed by Busselton Water. Regular meetings at employee level focus on the development of responsive action to issues that may affect employees and have an impact on the general public. The Occupational Safety & Health Committee meets quarterly to review all matters pertaining to OS&H.

*MOD # 04.04 - Busselton Water has a Duty of Care to provide injury management support to all workers who sustain a work related injury or illness with a focus on a safe and early return to meaningful work and in accordance with the Workers' Compensation and Injury Management Act 1981*

Courses in First Aid have assisted employees to maintain safe work practices. Busselton Water's Occupational Health and Safety Program are independently assessed periodically.

A report of performance for 2009/2010 is included below:

Financial Outcomes	Ministers Approved Target	2009/2010 Actual YTD
<b>Our People</b>		
Lost Time Injury Frequency Rate (LTI per 1 Mill Hours)	20.4	41.7
Lost Time Injury Incidence Rate (LTI for 100 Workers)	3.5	7.6
Duration (Average Days Lost)	2.0	4.9
Recorded Lost Time Injury's (YTD Incidents)	-	2.0

\* Given the small number of employees employed by Busselton Water just one injury can easily skew these statistics.

### WORKER'S COMPENSATION CLAIMS

During the year two worker's compensation claims occurred.

### BREACHES OF PRIVACY COMPLAINTS

There were no complaints received during the year with respect to breaches of privacy.

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## INDEMNIFICATION OF BOARD MEMBERS

During the period ended 30 June 2010 Busselton Water paid insurance premiums in respect of Directors Liability amounting to \$7,832.00

## MEETINGS OF THE BOARD

The Board's business is transacted at a monthly meeting which is usually held on the third Monday evening of each calendar month. The number of Board Meetings held and attended during the year by each Board Member holding office as at 30 June 2010 is depicted in the following table:

Occasionally Special Meetings are convened if circumstances warrant.

Member	Board of Directors Meetings	
	Number Held	Number Attended
David Reid	14	14
Frank Elliott	14	13
William Scott	14	13
Merryl Peet	14	12
Yvonne Robinson	14	10
Neema Premji	8	7

When appropriate, Members record any declaration of a pecuniary interest in the Members' Interests Register. Nil declarations were made during the year.

## REVENUE

Busselton Water pursues financial strategies that aim to recover the full cost of providing its services. This includes the utilisation of reserves, the use of loan funds where appropriate, and the raising of water tariff charges to ensure the most equitable revenue source is acquired for the carrying out of the Board's responsibilities. Busselton Water was debt free as at the 30<sup>th</sup> June, 2010.

Busselton Water's objective in charging for services is to have a system which is fair and simple to understand and administer. To this end it actively pursues with both the Economic Regulation Authority (acting in an advisory capacity to the Minister) and the Minister for Water (who approves Busselton Water's charging structures), the streamlining of the water charging regime.

## LICENCE COMPLIANCE

The results achieved during 2009/2010 indicate that Busselton Water has once again performed credibly and to an acceptable level. The major achievements of the year were:

- 100% compliance with all health related water quality guidelines.
- Achievement of a high level of customer satisfaction and 100% of Customer Complaints being resolved within the time frame permitted in the Operating Licence.

## REPORT ON OPERATIONS..

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### CONSUMPTION CHARGES

The cost per kilolitre of water consumed by “Pay As You Use” residential customers was assessed as follows:

1-150kl	55c
151-350kl	77c
351-500kl	87c
551-700kl	1.16c
751-1000kl	1.62c
Thereafter	2.67c

The cost per kilolitre of water consumed by non-residential customers was assessed as follows:

1-1000	1.00c
> 1000	1.40c

All pricing and related information was published in the Government Gazette dated 9<sup>th</sup> October, 2009 (page 4019) and in the Busselton-Dunsborough Times dated 9<sup>th</sup> October, 2010.

### RADIO FREQUENCY (RF) DATA COLLECTION SYSTEM

Following the successful implementation of the pilot program in October 2007 within the Vasse Newtown subdivision Busselton Water has expanded the deployment of RF water meters to other broadacre subdivisions, including Provence and Port Geographe South.

In addition, retro fitting the meters to areas where safety, health benefits and work efficiencies can be gained have also been implemented. These areas include Siesta Park, Dumbarton, Ambergate Heights, Whitemoss, Light Industrial Area (LIA), Willow Grove and County Road. This has increased the total amount of connected RF meters to 2,168 within Busselton Water's total network.

The system has improved the early detection of internal water leaks, and has reduced the time taken to read water meters. RF meters would be a direct contributor to the State Government's waterwise objectives in achieving water conservation and demonstrates Busselton Water's commitment to the National Water Initiative which includes the requirement to measure water loss.

RF metering also assists in the monitoring of backflow, through early detection, thus minimising contamination.

In June 2010 Busselton Water received an Australian Government grant of over \$750,000, 50% of the overall project cost. This grant will ensure that the RF meter retrofit program is completed within 2 years.

## **CAPITAL WORKS PROGRAM**

A Capital Works program amounting to \$3,079,648 was undertaken during the year. Among the significant projects undertaken were the following:

- Installed new Programmable Logic Controller (PLC) and upgraded wiring at Plant 1.
- Installed new transfer pump – Plant 2 to Plant 4.
- Undertook power usage audit.
- Installed a 450mm polyethylene water main along Ford Road.
- Installed a new 375mm trunk main along the Vasse Highway to Plant 8.
- Installed a new 150mm main in Queen Street, between Kent to Duchess Streets).
- Installed a new 300mm main in Rendezvous Road.

Items of operational equipment acquired during 2009/10 included light vehicles, a skid steer loader and a mobile welder/generator set.

## **DUNSBOROUGH BULK WATER**

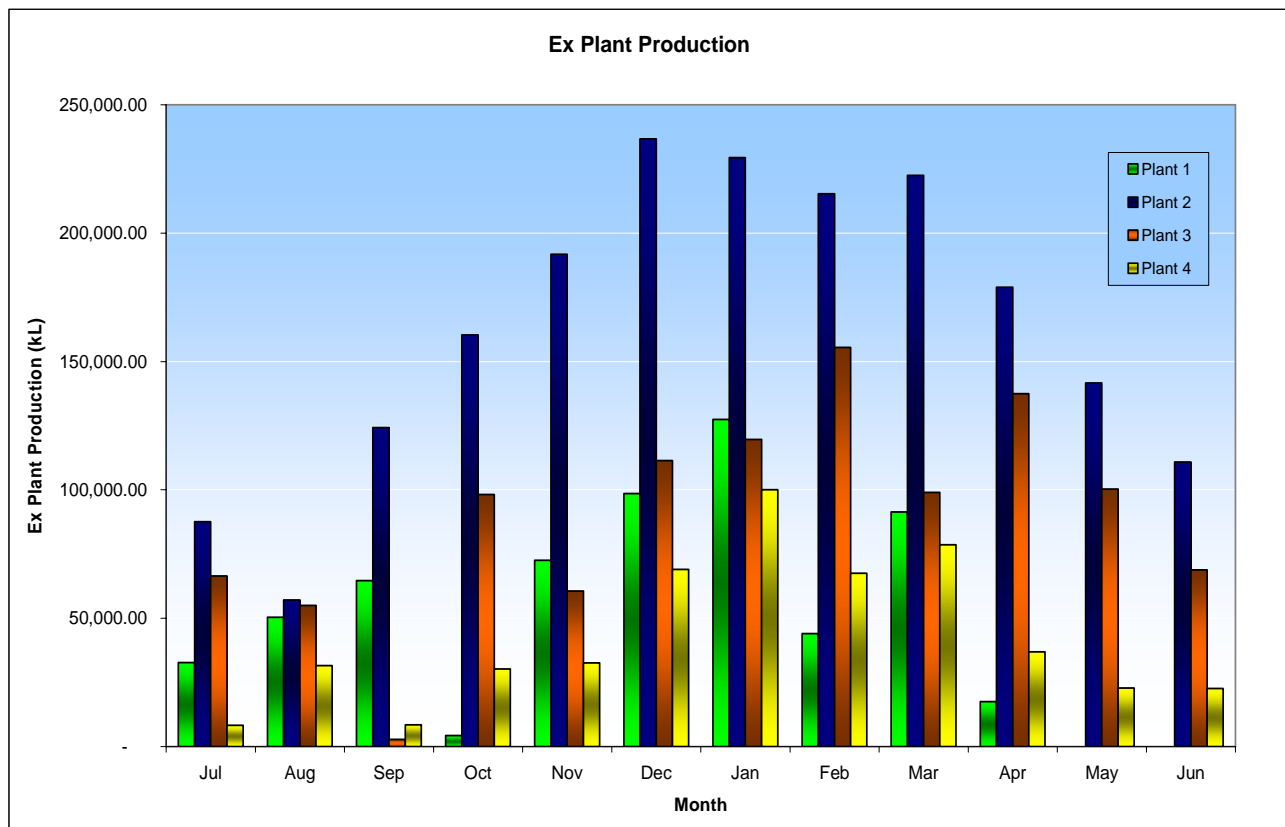
In 2009-2010 the Water Corporation and Busselton Water signed an agreement for Busselton Water to supply bulk water to the Water Corporation at its western-most boundary in Caves Road.

A requirement of the agreement was that Busselton Water install infrastructure to meet the extra demand on its distribution system. To meet this requirement, Busselton Water extended its distribution main in Caves Road from Toby Inlet 1300 metres westwards to its operating area boundary. The installation of the 450mm pvc main was carried out by a contractor (Southbound Contracting) and was completed on time and within budget.

## REPORT ON OPERATIONS..

### WATER PRODUCTION (EX PLANT)

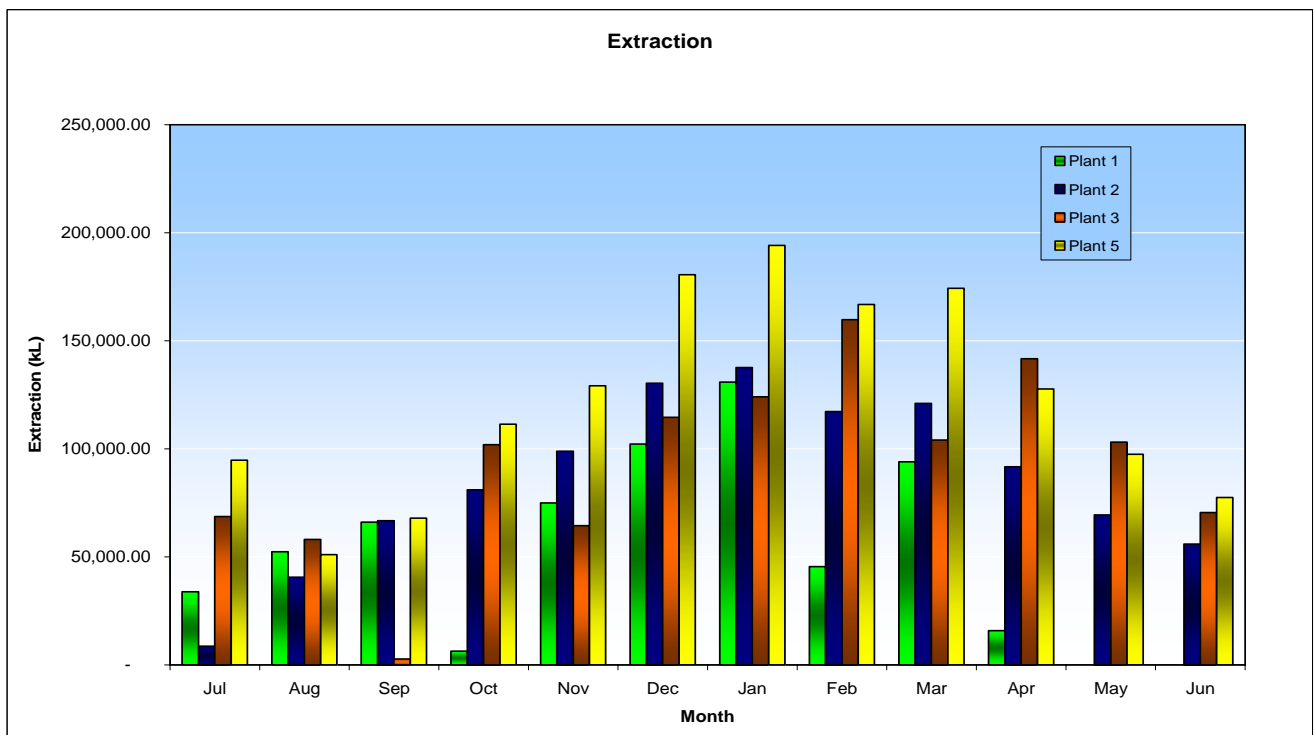
YEAR	PRODUCTION (kl)	INCREASE	DECREASE
2000/2001	3,822,262	4.21%	
2001/2002	3,485,137		8.82%
2002/2003	3,387,267		2.81%
2003/2004	3,690,233	8.94%	
2004/2005	3,740,844	1.37%	
2005/2006	3,724,307		.44%
2006/2007	4,042,759	8.55%	
2007/2008	3,824,270		5.40%
2008/2009	4,316,496	12.87%	
2009/2010	4,143,587		4.01%



## WATER EXTRACTION

YEAR	EXTRACTION (kl)	INCREASE	DECREASE
2000/2001	4,070,316	6.62%	
2001/2002	3,638,492		10.61%
2002/2003	3,597,139		1.14%
2003/2004	3,896,927	8.33%	
2004/2005	3,922,277	0.65%	
2005/2006	3,888,869		0.85%
2006/2007	4,267,220	9.73%	
2007/2008	3,937,258		7.73%
2008/2009	4,487,068	13.96%	
2009/2010	4,227,776		5.79%

There were an additional 426 properties connected to the Busselton Water supply network during 2009/2010, compared with 293 in the previous year.



## REPORT ON OPERATIONS..

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### STATISTICS

The following statistics are of interest and therefore included in this report:-

Total above ground storage	21,000	kl
Total water treatment capacity per day	42,768	kl
Total bore capacity per day	67,997	kl
Total delivery capacity L/second	1,287	L/S
Length of Mains	295	kms

Monthly extraction and production figures for the year are depicted on the above graphs.

### WATER QUALITY

Samples of water are regularly collected from Busselton Water's four Plants and other various locations throughout the Busselton townsite.

These samples are forwarded to Pathwest for bacterial analysis and any remedial action considered necessary is carried out promptly by Busselton Water.

Busselton Water is progressively working towards the adoption of the Australian Drinking Water Guidelines 2004 (ADWG 2004) and has implemented the ADWG 2004 guidelines for microbiological sampling since April. It will adopt the ADWG 2004 guidelines for chemical sampling as from 1 July 2010.

Busselton Water and the Department of Health are currently negotiating a Memorandum of Understanding (MoU) and this is expected to be finalised early in the new financial year. The MoU is an agreement between the two parties that ensures co-operation and transparency when dealing with water related issues.

Staff will continue to measure bore draw downs and monitor and evaluate pumpage rates, undertake electrical conductivity and pH measurements. This data is used to analyse the health of the aquifer. Busselton Water's hydrologists (Rockwater) compile and analyse this data on behalf of Busselton Water.

Quarterly, annual and triennial reports are then submitted to Department of Water for consideration.

During 2009/2010 Busselton Water installed turbidity meters on the outlets to the filters at Plants 1 and 2. The turbidity meters are connected to Busselton Water's SCADA system and alert the water treatment staff of any change in water quality.



## **METER READING AND TESTING**

All meters are read three times per year, in October, February and June. Facilities are available for customers to keep tally of progressive consumption during the year.

Meter tests are undertaken as requested by customers on payment of the prescribed fee.

Busselton Water has approved the replacement of all water meters to take place over the next two years with the assistance of a grant from the Federal Government. The new Radio Frequency meters will be fitted to all properties and fire services within Busselton Water's licensed area and will facilitate easier reading and better information flow. Once installed, a regular replacement program will be developed. The project is estimated to cost \$1.5M with Busselton Water sharing 50% of the cost with the Federal Government.

## **ENERGY CONSERVATION**

Busselton Water makes every effort to reduce its energy consumption for example, operational activities are rationalised to take advantage of off peak power which in turn minimises organisational costs.

During 2009/2010 Busselton Water engaged a consultant to undertake an energy audit of its Water Treatment Plants and Administration Centre. The audit was carried out in the summer months when all plants were operating to meet peak demand. The conclusion to the audit indicated that Busselton Water's Treatment Plants were well run and set up to conserve power. Hence only minor adjustments were recommended.

# COMMUNITY RELATIONS

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## COMMUNITY SERVICE

Busselton Water continues to fund a rebate to both owner/occupiers of residential properties who hold a current Concession Card. The rebate is applicable to standard supply charges and "Pay As You Use" water consumption costs, and is assessed as follows:

Standard Supply Charge/Rates:

- Pensioners - up to 50% rebate
- Seniors - up to 25% rebate
- Commonwealth Seniors Health Card - up to a 50% rebate

Water Consumption:

- Pensioners and Commonwealth Seniors Health Card - up to 50% rebate on first 350kl's for the whole year.

A financial hardship policy was adopted this year with the intent to aid residential customers who are currently experiencing financial hardship.

The financial hardship policy is based on six key principles.

- Enhanced communications to identify and actively engage customers in financial hardship.
- Flexible payment arrangements to meet our customer's needs.
- Training programs to raise employee awareness and capability.
- Build and maintain genuine relationships with key stakeholders.
- Ensure our policy and processes are transparent and accessible whilst at all times protecting confidentiality for customers.
- Demonstrated commitment to best practice and continuous improvement.

Busselton Water is a member of the government funded financial assistance Hardship Utility Grant Scheme (HUGS) to further assist residential customers experiencing financial hardship.

## COMMUNICATIONS

Busselton Water continues to place a high priority on its communications with customers and stakeholders. It is continually reviewing and implementing programs and identifying opportunities in which the community can connect and engage with Busselton Water.

This year a photography competition was conducted to celebrate National Water Week and to further promote the importance of our precious resource. Displays were also conducted in high profile areas such as local nurseries as requested through last year's customer survey.

In recognition of its commitment Busselton Water received a State Award for Excellence in October for its communications during 2009 from the Public Relations Institute of Australia (WA Division) in the category of Community Relations.

Communication has never been more important than in relation to the decision made by the Board in February 2010 to implement full-time chlorination of the water supply. Busselton Water made every effort to communicate to its customers the reasons for that decision. These efforts included four public information forums and a wide range of printed and electronic material to assist in addressing customer concerns. Busselton Water recognizes the ongoing need for dialogue with the community to ensure accurate information is communicated as to the need for the chlorination decision to be implemented as well as ongoing education.



The Community Engagement Program has proved popular once again with many schools, community groups and local events seeking Busselton Water's participation. The Program endeavours to provide support which encourages the adoption of good water conservation practices and promotes the vision of Busselton Water.

Busselton Water's customer newsletter 'WaterSource' is delivered direct to customers twice per year and continues to be well received.

Last year's annual report included a customer feedback form however; no feedback on the report was received.

## **CUSTOMER SURVEY**

The annual customer survey was distributed in March this year to 1000 customers in order to ensure Busselton Water is fully aware of any changing trends within its customer base.

Key findings from the customer survey indicate that the satisfaction with Busselton's water supply is very high. More than 9 out of 10 respondents are either very or somewhat satisfied with all aspects of their water supply service.

This year new questions were included to gauge customer understanding of the decision to implement full-time chlorination of the water supply. This feedback will provide guidance in developing new programs to further assist customers.

As in the previous year the main area highlighted for improvement is education, particularly in the area of water conservation. This area remains important to customers and programs for the coming year will be reviewed to address this need.

## **WATER EFFICIENCY MEASURES**

The Board of Busselton Water supports the State Government's Water Efficiency Measures. These measures include the winter sprinkler ban, the two day per week watering roster and the daytime sprinkler ban as well as the necessity to establish Water Efficiency Management Plans with high end commercial users.

Significant work has been undertaken to establish and implement education and support programs to ensure customers understand their obligations. Water efficiency continues to be embraced by the majority of the community with a further decrease this year in the number of reports received of customers breaching the 2 day per week watering roster and day time sprinkler ban.

## **CUSTOMER COMPLAINTS**

Busselton Water actively encourages customers to report to it when expectations are not met – thus Busselton Water uses complaints to grow its business. There is a growing surge of energy being directed towards effective complaints handling for research and the potential for improving services and products.

Busselton Water encourages its customers to express by letter, phone call or personal visitation, any concerns, which do not meet expectations and is committed to provide a response in a timely and professional manner – avoiding inconvenience wherever possible. During the year Busselton Water recorded a total of 65 concerns reported by customers, compared to 28 in the previous year. The increase is mainly attributed the decision to chlorinate Busselton's water supply and the introduction of a Customer Contact database which is more accurately capturing customer concerns.

100% of the concerns were satisfactorily resolved within the time frame stated within Busselton Water's Customer Service Charter.

## FORWARD PLANNING

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Busselton Water has set out its ambitions for 2010/2011 in a document entitled “Busselton Water – Statement of Corporate Intent 2010/2011”. The document reflects the significant opportunities and challenges as perceived by the organisation for 2010/2011. Specifically, Busselton Water intends to:

- Continue to strongly interact with its customers
- Continue to react responsibly to government mandates and guidelines in terms of sustainable management of the State’s water resources
- Refocus its efforts for mains replacement programs
- Decrease its practice of being involved in the installation of new subdivisional mains
- Further improve asset management regimes, operating efficiency and the quality service provided to customers
- Work hard to meet new and ever more stringent regulatory requirements
- Enter into a Memorandum of Understanding with the Department of Health; and
- Arrange for the installation and operation of new infrastructure required to honour commitments which the Board has under a large scale bulk water supply contract
- Continue its commitment to the installation and retrofitting of radio frequency data logging devices for water metering purposes
- Implement full-time chlorination as its primary water disinfection method

For 2010/2011 and beyond Busselton Water has a Strategic Development plan which outlines projected revenues and expenses for a period of ten years. The plan attempts to address customer service needs in the context of infrastructure needs, growth in the district, economic circumstances, government compliance mandates and government policy.



## ANNUAL REPORT FEEDBACK

Your feedback is important to us

What did you think?	Disagree	Neither Agree Nor Disagree	Agree
1. The information presented is reader friendly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The quality of information was of a good standard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The information was relevant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The presentation is of a high standard while reflecting the organisation's commitment to keeping production costs down	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you disagreed with any of the above, please tell us why

Do you have any suggestions for improvement?

Thank you for taking the time to provide your feedback on this year's Annual Report. Your input helps us to provide a publication that meets our reader's needs as well as meeting our statutory obligations. Your contact details are welcome but not essential.

Please forward your feedback to the Manager, Customer Services, Busselton Water, PO Box 57, Busselton WA 6280 or email [admin@busseltonwater.wa.gov.au](mailto:admin@busseltonwater.wa.gov.au)



## Auditor General

### **INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

#### **BUSSELTON WATER BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010**

I have audited the accounts, financial statements, controls and key performance indicators of the Busselton Water Board.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Board's Responsibility for the Financial Statements and Key Performance Indicators**

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are 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; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.


**Busselton Water Board**

**Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Busselton Water Board at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2010.

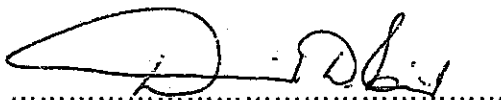
  
COLIN MURPHY  
AUDITOR GENERAL  
31 August 2010

## Certification of Financial Statements

For the year ended 30 June 2010

The accompanying Financial Statements of Busselton Water have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the year ended 30<sup>th</sup> June 2010 and the financial position as at 30 June 2010.

At the date of signing we are not aware of any circumstances, which would render the particulars included in the Financial Statements misleading or inaccurate.



D. Reid  
Chairman  
Busselton Water Board

Date: 26 - 8 - 2010



William Scott  
Member  
Busselton Water Board

Date: 26 - 8 - 2010



N.W. Rowlandson  
Chief Finance Officer  
Busselton Water

Date: 26<sup>th</sup> August 2010



# BUSSELTON WATER

## Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	2010 \$	2009 \$
<b>INCOME</b>			
<b>Revenue</b>			
Water Sales Revenue	13	5,856,047	5,103,487
Contributions from Developers - Headworks		343,627	526,023
Contributions from Developers - Mains		297,426	223,903
Interest on Investment Funds	15	455,376	524,877
Other Revenue from Ordinary Activities	16	274,567	119,017
<b>Gains</b>			
Gain on disposal of non-current assets		-	-
<b>Total Income</b>		<u>7,227,043</u>	<u>6,497,307</u>
<b>EXPENSES</b>			
Cost of Sales	14	1,995,123	1,863,144
Depreciation and amortisation expense	19	1,488,854	1,378,176
Administration Expenses	17	1,378,978	1,295,711
Other Expenses from Ordinary Activities	18	669,520	488,980
Loss on disposal of non-current assets	20	62,284	56,883
<b>Total Expenses</b>		<u>5,594,759</u>	<u>5,082,894</u>
<b>Profit before income tax equivalent expense</b>		<u>1,632,284</u>	<u>1,414,413</u>
Income Tax Equivalent Expense	7	676,998	378,684
<b>PROFIT FOR THE PERIOD</b>		<u>955,286</u>	<u>1,035,729</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus	12.2	7,582,152	-
Income tax on items of other comprehensive income	12.2	-2,085,358	-
<b>Total other comprehensive income</b>		5,496,794	0
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>6,452,080</u>	<u>1,035,729</u>

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



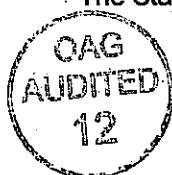
# BUSSELTON WATER

## Statement of Financial Position

As at 30 June 2010

	Notes	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	3 (a)	1,061,648	733,765
Other Financial Assets	3 (b)	9,000,000	8,250,000
Receivables	4	1,563,619	1,392,806
Inventories	5	344,211	370,063
Current Tax Assets	10		223,485
<b>Total Current Assets</b>		<b>11,969,478</b>	<b>10,970,119</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	6	57,141,270	49,064,185
<b>Total Non-Current Assets</b>		<b>57,141,270</b>	<b>49,064,185</b>
<b>TOTAL ASSETS</b>		<b>69,110,748</b>	<b>60,034,304</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	8	864,620	423,019
Provisions	9	721,955	688,131
Current Tax Liabilities	10	35,012	
<b>Total Current Liabilities</b>		<b>1,621,587</b>	<b>1,111,150</b>
<b>Non-Current Liabilities</b>			
Provisions	9	37,481	25,777
Deferred Tax Liabilities	11	11,757,635	9,655,413
<b>Total Non-Current Liabilities</b>		<b>11,795,116</b>	<b>9,681,190</b>
<b>TOTAL LIABILITIES</b>		<b>13,416,703</b>	<b>10,792,340</b>
<b>NET ASSETS</b>		<b>55,694,045</b>	<b>49,241,964</b>
<b>EQUITY</b>			
Reserve Fund	12.1	7,936,746	7,967,701
Reserves	12.2	28,821,297	23,324,503
Retained Earnings	25	18,936,002	17,949,760
<b>TOTAL EQUITY</b>		<b>55,694,045</b>	<b>49,241,964</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.





# BUSSELTON WATER

## Statement of Changes in Equity

For the year ended 30 June 2010

		Reserves	Accumulated surplus (deficit)	Total equity
<b>Balance as at 1 July 2008</b>		30,984,807	17,221,429	48,206,236
Total Comprehensive income for the year			1,035,729	1,035,729
Transfers to reserves	12	1,361,896	(1,361,896)	-
Transfers from Reserves	12	(1,054,499)	1,054,499	-
<b>Balance at 30 June 2009</b>	<b>25</b>	<b>31,292,204</b>	<b>17,949,761</b>	<b>49,241,965</b>
<b>Balance as at 1 July 2009</b>		31,292,204	17,949,761	49,241,965
Total comprehensive income for the year		5,496,794	955,286	6,452,080
Transfers to reserves	12	941,770	(941,770)	-
Transfers from Reserves	12	(972,725)	972,725	-
<b>Balance at 30 June 2010</b>	<b>25</b>	<b>36,758,043</b>	<b>18,936,002</b>	<b>55,694,045</b>

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



# BUSSELTON WATER

## Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Rates & Water Sales		5,784,802	4,619,121
Interest Received		371,236	477,479
Developers Contributions		369,272	749,926
GST Receipts on Sales		29,407	61,474
GST Receipts From Taxation Authority		273,804	301,905
Other Receipts		261,838	138,475
		<u>7,090,359</u>	<u>6,348,380</u>
<b>Payments</b>			
Payment to Suppliers & Employees		(3,516,966)	(4,016,244)
GST Payments on Purchases		(319,584)	(337,001)
<b>NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>	<b>3(c)</b>	<u>3,253,809</u>	<u>1,995,135</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the Sale of Non-Current Physical Assets		57,945	93,536
Purchase of Non-Current Physical Assets		(1,832,235)	(2,115,185)
<b>NET CASH PROVIDED BY/ (USED IN) INVESTING ACTIVITIES</b>		<u>(1,774,290)</u>	<u>(2,021,649)</u>
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Taxation Equivalent		(401,637)	(938,845)
<b>NET CASH PROVIDED TO STATE GOVERNMENT</b>		<u>(401,637)</u>	<u>(938,845)</u>
Net increase / (decrease) in cash and cash equivalents		1,077,882	(965,359)
Cash and cash equivalents at the beginning of period		8,983,765	9,949,124
<b>CASH AND CASH EQUIVALENTS ASSETS AT THE END OF PERIOD</b>	<b>3(a)</b>	<u>10,061,647</u>	<u>8,983,765</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**Note 1 Australian Accounting Standards**

**General**

Busselton Water's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term "Australian Accounting Standards" refers to Standards and interpretations issued by the Australian Accounting Standard Board. (AASB)

In preparing these financial statements Busselton Water has adopted, where relevant to its operations, new and revised Australian Accounting Standards from their operative dates.

**Early Adoption of Standards**

Busselton Water cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 "Application of Accounting Standards and Other Pronouncements". No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by Busselton Water for the annual reporting period ended 30 June 2010.

**Note 2 Summary of significant accounting policies**

**(a) General Statement**

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statement

**(b) Basis of Preparation**

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified, where applicable, by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The judgements that have been made in the process of applying Busselton Water's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at Note 2(u) 'Judgements made by management in applying accounting policies'



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

***Note 2 Summary of significant accounting policies (continued)***

The key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed at Note 2(v) 'Key sources of estimation uncertainty'

**(c) Reporting Entity**

The reporting entity comprises Busselton Water.

Busselton Water operates in the one geographical segment, that being Busselton, Western Australia, and in the one business segment being water services.

**(d) Income**

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised net of returns, trade allowances and duties and taxes paid.

**Water sales revenue**

Revenue from water usage is based on water consumed by customers and other rates and charges are based on amounts levied and billed for the period. Water sales revenue also includes an estimate for the value of water consumed but not billed at balance date.

**Interest**

Interest revenue is recognised as the interest accrues.

**Gains**

Gains may be realised or unrealised and are recognised on a net basis. These include the gains arising on the disposal of non-current assets.

**Grants, donations, gifts and other non-reciprocal contributions**

Revenue is recognised at fair value when Busselton Water's control over the assets comprising the contributions, usually when cash is received.

**Other fees and charges**

Revenue from other fees and charges includes backflow testing fees, statement of meter readings, penalties raised, private works and other miscellaneous revenue received,

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

***Note 2 Summary of significant accounting policies (continued)***

**(e) Income Tax**

Busselton Water operates within the national tax equivalent regime ("NTER") whereby an equivalent amount in respect to income tax is payable to the WA Treasury. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, Busselton Water is required to comply with AASB 112 "Income Taxes".

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or subsequently enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or 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 accounting, profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(f) Property, Plant & Equipment and Infrastructure**

***Capitalisation/Expensing of Assets***

Items of Property, plant and equipment, tools and infrastructure that cost over \$1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment, tools and infrastructure that cost less than \$1,000 are expensed directly to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

The current Operating License for Busselton Water expires on 1 October 2021. However, Busselton Water views useful life to relate to the full useful life over which the assets will be utilised.

***Initial recognition and measurement***

All items of property, plant and equipment, tools and infrastructure are initially recognised at cost.

For items of property, plant and equipment, tools and infrastructure acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

***Note 2 Summary of significant accounting policies (continued)***

*Land*

Land recorded at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), is on the basis of a valuation provided by AON International Valuation Consultants ("AON") as at 30 June 2010.

*Property, Plant & Equipment, Tools and Infrastructure*

Property, plant and equipment, tools and infrastructure recorded at their fair value are based on independent valuations performed by AON International Valuation Consultants ("AON") as at 30 June 2010. The fair values determined by AON were calculated with reference to depreciated replacement costs. Depreciated replacement cost is based on the estimated current cost of replacement of the asset with a similar installed asset that has a similar service potential and function, less an amount for depreciation.

The carrying amount of property, plant and equipment, tools and infrastructure is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

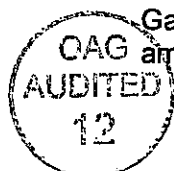
Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to the present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of assets are credited to the revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**Note 2 Summary of significant accounting policies (continued)**

*Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefit. An indication of the remaining useful life of each class of assets and the method of depreciation is reflected in the table below.

	<u>Life</u>	<u>Method</u>
Buildings	3 to 35 Years	Straight Line
Land Improvements	5 to 30 Years	Straight Line
Meters	8 to 10 Years	Straight Line
Mains and Services	50 Years	Straight Line
Motor Vehicles	3 to 20 Years	Straight Line
Office Equipment	3 to 20 Years	Straight Line
Plant	4 to 45 Years	Straight Line
Tools	2 to 30 Years	Straight Line

Land is not depreciated.

*Asset revaluation surplus*

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 6 'Property, plant and equipment'.

**(g) Intangible Assets**

*Capitalisation/Expensing of Assets*

Acquisitions of intangible assets costing \$1,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$1,000 are immediately expensed directly to the Statement of Comprehensive Income.

*Computer Software*

Software that is an integral part of the related hardware is treated as property, plant & equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is immediately expensed directly to the Statement of Comprehensive Income.

**(h) Impairment of Assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

***Note 2 Summary of significant accounting policies (continued)***

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

**(i) Leases**

Busselton Water has entered into a number of operating lease arrangements for office equipment where the lessor effectively retains the entire risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Comprehensive Income over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

**(j) Financial Instruments**

In addition to cash and bank overdraft, Busselton Water has two categories of financial instrument:

- Loans and receivables; and
- Held-to-maturity investments (commercial bills) and term deposits; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

**Financial Assets**

- Cash and cash equivalents
- Receivables
- Commercial bills
- Term deposits

**Financial Liabilities**

- Payables
- Finance lease liabilities
- Amounts due to the Treasurer

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.





**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

***Note 2 Summary of significant accounting policies (continued)***

**(k) Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows cash and cash equivalent (and restricted cash and cash equivalent) comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**(l) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a floating average cost basis.

**(m) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment).

Collectibility of trade receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that Busselton Water will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

**(n) Investments and other financial assets**

Busselton Water classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity when management has a positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Loans and receivables and held-to-maturity investments, such as commercial bills, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the Statement of Comprehensive Income when the investments are derecognised or impaired, as well as through the amortisation process.

Busselton Water assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

**(o) Payables**

Payables are recognised at the amounts payable when Busselton Water becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

***Note 2 Summary of significant accounting policies (continued)***

**(p) Provisions**

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

*Annual leave and long service leave*

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using the Reserve Bank of Australia cash rate at the reporting date to match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as Busselton Water does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

*Superannuation*

Contributions are made to the W.A. Local Government Superannuation Plan which exists to provide a defined contribution benefit for employees and their dependents on retirements, disability or death.

Busselton Water's liability for superannuation charges is extinguished by monthly payments of employer contributions to the W.A. Local Government Superannuation Plan.

Provisions - Other

*Employment on-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of Busselton Water's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

***Note 2 Summary of significant accounting policies (continued)***

**(q) Rounding of Amounts**

Busselton Water presents amounts in the financial reports rounded to the nearest dollar.

**(r) Goods & Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(s) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**Note 2 Summary of significant accounting policies (continued)**

**(t) Disclosure of Changes in Accounting Policies and Estimates**

**Initial application of an Australian Accounting Standard**

Busselton Water has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on Busselton Water.

- AASB 101**     *Presentation of Financial Statements* (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.
- AASB 2007-10**     *Further Amendments to Australian Accounting Standards arising from AASB 101*. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.
- AASB 2008-13**     *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]*. This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by Busselton Water where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). Busselton Water does not expect any financial impact when the Standard is first applied prospectively.
- AASB 2009-2**     *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038*. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

**BUSSELTON WATER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**Note 2 Summary of significant accounting policies (continued)**

**Future impact of Australian Accounting Standards not yet operative**

Busselton Water cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, Busselton Water has not applied early any following Australian Accounting Standards that have been issued that may impact Busselton Water. Where applicable, Busselton Water plans to apply these Australian Accounting Standards from their application date.

**Operative for  
reporting periods  
beginning  
on/after**

AASB 2009-11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12].</i></p> <p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. Busselton Water does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 Jan 2013
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial Statements</p> <p>The Standard does not have any financial impact on Busselton Water. However it may affect disclosures in the financial statements of Busselton Water if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new standard for agencies.</p>	1 July 2013



**BUSSELTON WATER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**Note 2 Summary of significant accounting policies (continued)**

**AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements**

**1 July 2013**

This Standard makes amendments to many Australian Accounting Standards, including interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.

The Standard does not have any financial impact on Busselton Water. However this Standard may reduce some note disclosures in financial statements of Busselton Water. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

**(u) Judgements made by management in applying accounting policies**

- The recorded fair value of property, plant and equipment, tools and infrastructure are based on independent valuations performed by AON International Valuation Consultants ("AON") as at 30 June 2010. All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives based on an assessment by AON International Valuation Consultants ("AON") as at 30 June 2010.
- The recorded fair value of non-cash developer contributed infrastructure assets are based on either a scope of works quotation provided by Busselton Water to the developer or an itemised statement of costs incurred as provided by the developer.

**(v) Key sources of estimation**

- Busselton Water has not used estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 3. NOTES TO THE CASH FLOW STATEMENT

	2010 \$	2009 \$
3 (a) Cash & Cash Equivalents		
(i) <u>Water Fund Cheque Account (at 4.25% as at 30.06.2010)</u> The Board has an overdraft limit of \$15,000 on this account.	252,883	214,964
(ii) <u>24 Hour Cash Call Account (at 4.4% as at 30.06.2010)</u>	807,665	517,701
(iii) <u>Cash on Hand</u>	1,100	1,100
	<u>1,061,648</u>	<u>733,765</u>
3 (b) Other Financial Assets comprise of:		
<u>Fixed Term Deposits Held to Maturity</u>		
(i) Reserve Investments: (at 6.00% average)	7,930,000	7,950,000
(ii) Water Fund Investments: (at 6.24% average)	1,070,000	300,000
	<u>9,000,000</u>	<u>8,250,000</u>

### Reconciliation of Cash

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

	2010 \$	2009 \$
<u>Cash and cash equivalents</u>	1,061,648	733,765
<u>Other Financial Assets</u>	9,000,000	8,250,000
	<u>10,061,648</u>	<u>8,983,765</u>

### 3 (c) Reconciliation of operating profit after Income Tax to net cash provided by operating activities

	Notes	2010 \$	2009 \$
Operating Profit after Income Tax		955,286	1,035,729
Depreciation		1,488,854	1,378,176
(Profit) / Loss on Sale of Assets		62,284	56,883
Less Developer Contributed Assets		(271,781)	
Income Tax Expense		676,998	378,684
Net Cash provided by Operating Activities before changes in Assets & Liabilities		<u>2,911,640</u>	<u>2,849,472</u>
Changes in Assets & Liabilities			
(Increase) / Decrease in Receivables		(185,661)	(515,299)
Increase / (Decrease) in Payables		440,026	-362,376
(Increase) / Decrease in Inventories		25,853	(21,681)
Increase / (Decrease) in Provisions		45,528	45,016
Net GST receipts/(payments)		16,373	
Change in GST receivables/payables		50	
Net cash provided by operating activities		<u>3,253,809</u>	<u>1,995,132</u>

# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 4. TRADE AND OTHER RECEIVABLES

	Notes	2010 \$	2009 \$
Includes all amounts due to Busselton Water from operations.			
Rates/Std Supply Charge Debtors		507,498	388,673
Excess Water/Consumption Debtors		776,719	763,154
Deferred Rates/Charges		6,919	34,231
Meter Rentals Debtors		107	32,796
Late Payment Penalty		1,108	1,287
Fire Services		6,564	4,853
Settlement Reading Fees		1,998	1,745
Miscellaneous Fees		1,083	1,696
Sundry Debtors (Including Headworks)		44,839	33,281
GST (Net Receivable from ATO)		45,832	30,826
Miscellaneous Debtors		170,952	100,264
		<u>1,563,619</u>	<u>1,392,806</u>
Allowance for impairment of receivables		-	-
		<u>1,563,619</u>	<u>1,392,806</u>

Ageing of receivables past due but not impaired based on the information provided to senior management at the balance sheet date

Not more than 3 months	6,241	15,108
More than 3 months but less than 6 months	28,091	17,965
More than 6 months but less than 1 Year		
More than 1 year		
	<u>34,332</u>	<u>33,073</u>

There were no indications of impairment to Receivables.

Deferred Headworks have been included in the Accounts as the contributions from Developers are considered to be owing but payment has been delayed for 12 months as provided for in current Legislation.

Deferred Rates are those rates that are owed by a property owner but Legislation allows the owner to delay payments until the property is sold.

### 5. INVENTORIES

	Notes	2010 \$	2009 \$
Current			
Raw Materials and Stores (at cost)		<u>344,211</u>	<u>370,063</u>





**BUSSELTON WATER****Notes to the Financial Statements****For the year ended 30 June 2010****6. PROPERTY, PLANT AND EQUIPMENT**

	Notes	2010 \$	2009 \$
Land at Fair Value		3,871,000	3,195,787
Capital Works in Progress		454,530	-
Freehold Land Improvements at Fair Value		624,400	570,118
Plant & Machinery at Fair Value		8,921,900	9,854,161
Buildings at Fair Value		2,463,700	2,117,246
Motor Vehicles at Fair Value		798,300	940,469
Mains and Services at Fair Value		38,354,000	31,104,945
Meters at Fair Value		1,461,000	1,038,028
Tools at Fair Value		105,800	104,413
Office Equipment & Furniture at Fair Value		86,640	139,018
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>		<b><u>57,141,270</u></b>	<b><u>49,064,185</u></b>

Land recorded at fair value is on the basis of an independent valuation provided by AON International Valuation Consultants (AON) as at 30 June 2010

All other classes of property, plant and equipment, tools and infrastructure recorded at fair value are based on an independent valuation by AON as at 30 June 2010. The fair values determined by AON were calculated with reference to depreciated replacement costs.

Depreciated replacement cost is based on the estimated current cost of replacement of the asset with a similar installed asset that has a similar service potential and function, less an amount for depreciation. These classes of property, plant & equipment represent the fair values as determined by AON less accumulated depreciation from the date of the valuations.

There were no indications of impairment to property, plant and equipment and Infrastructure assets at 30 June 2010.

Busselton Water held no goodwill or intangible assets with a indefinite useful life during the reporting period. All surplus assets as at 30 June 2010 have either been classified as assets for sale, or written off.



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 6 (a) Reconciliation of Carrying Amount

Reconciliations of the carrying amounts for each class of property, plant & equipment between the beginning and the end of the reporting period are set out below:

	<u>Carrying Amt At Beginning of Year</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Disposals/ W'downs</u>	<u>Depreciation</u>	<u>Revaluation Adjustment</u>	<u>Carrying Amt at end of year</u>
<b>2010</b>							
Land at Fair Value	3,195,787					675,213	3,871,000
Freehold Land							
Improvements	570,118	11,075	18,174		(37,065)	62,098	624,400
Capital Works in Progress	-	454,530					454,530
Plant & Machinery	9,854,161	387,134	(26,135)	(32,100)	(422,819)	(838,341)	8,921,900
Buildings	2,117,246	5,700	6,862	(2,500)	(76,921)	413,313	2,463,700
Motor Vehicles	940,469	125,078	(13,860)	(80,259)	(81,357)	(91,771)	798,300
Mains & Services	31,104,945	857,107			(666,673)	7,058,621	38,354,000
Meters	1,038,028	208,989			(169,953)	383,936	1,461,000
Tools	104,413	16,282	12,394		(12,108)	(15,181)	105,800
Office Equipment	139,018	38,120	2,565	(5,371)	(21,958)	(65,734)	86,640
	<u>49,064,185</u>	<u>2,104,015</u>	<u>-</u>	<u>(120,230)</u>	<u>(1,488,854)</u>	<u>7,582,154</u>	<u>57,141,270</u>
<b>2009</b>							
Land at Fair Value	3,156,000	-	39,787	-	-	-	3,195,787
Freehold Land							
Improvements	548,489	55,525	-	-	(33,896)	-	570,118
Capital Works in Progress	39,787	-	(39,787)	-	-	-	-
Plant & Machinery	9,505,196	710,534	-	-	(361,569)	-	9,854,161
Buildings	2,177,490	16,393	-	-	(76,637)	-	2,117,246
Motor Vehicles	953,311	214,779	-	(149,445)	(78,176)	-	940,469
Mains & Services	30,741,759	1,006,561	-	-	(643,375)	-	31,104,945
Meters	1,095,738	90,619	-	-	(148,329)	-	1,038,028
Tools	110,282	7,035	-	(974)	(11,930)	-	104,413
Office Equipment	149,543	13,739	-	-	(24,264)	-	139,018
	<u>48,477,595</u>	<u>2,115,185</u>	<u>-</u>	<u>(150,419)</u>	<u>(1,378,176)</u>	<u>0</u>	<u>49,064,185</u>

### 7. INCOME TAX EQUIVALENT

	<b>Notes</b>	<b>2010 \$</b>	<b>2009 \$</b>
(a) Income Tax Expense			
<i>Current income</i>			
Current income tax charge		660,134	555,017
Adjustments in respect of current income tax of previous years		-	-
<i>Deferred income tax</i>			
Relating to origination and reversal of temporary differences		16,864	(176,333)
Income tax expense reported in Statement of Comprehensive Income		<u>676,998</u>	<u>378,684</u>
(b) Amounts recognised directly in equity			
<i>Deferred income tax</i>			
Unrealised gain on available for sale financial assets		2,085,358	-
Income tax benefit reported in equity		<u>2,085,358</u>	<u>-</u>



Notes to the Financial Statements

For the year ended 30 June 2010

7. INCOME TAX EQUIVALENT (CONTINUED)

	Notes	2010 \$	2009 \$
(c) Numerical reconciliation of income tax expense to prima facie tax payable			
Accounting profit before tax from continuing operations		1,632,284	1,414,413
Profit before tax from discontinued operations		-	-
Accounting profit before income tax		<u>1,632,284</u>	<u>1,414,413</u>
At the statutory income tax rate of 30% (2009: 30%)		489,685	424,324
Adjustments in respect of current income tax of previous Year		189,015	(6,469)
Expenditure not allowable for income tax purposes		1,960	2,190
Adjustment in relation to investment allowance deductions		(3,662)	(41,361)
At effective income tax rate of 41.5% (2009: 30.1%)		<u>676,998</u>	<u>378,684</u>
Income tax expense reported in income statement		676,998	378,684
Income tax attributable to discontinued operations		-	-
		<u>676,998</u>	<u>378,684</u>

(d) Deferred Income Tax

	<u>Statement of Financial Position</u>		<u>Statement of Comprehensive Income</u>	
	2010 \$	2009 \$	2010 \$	2009 \$
<u>Deferred income tax assets</u>				
Provisions - employee benefits	227,831	214,172	(13,659)	(13,504)
Accrued Superannuation	4,758	5,288	530	(4,236)
Accounting/tax depreciation differences	-	93,859	93,859	(81,555)
Prepaid expenses	293	1,230	937	(1,230)
	<u>232,882.00</u>	<u>314,549.00</u>		
<u>Deferred income tax liabilities</u>				
Revaluation of land, property, plant & equipment, tools and infrastructure	11,692,907	9,607,549	2,085,358	
Developer contributions	250,680	340,707	(90,027)	(90,028)
Interest receivable	46,930	21,706	25,224	14,220
	<u>11,990,517</u>	<u>9,969,962</u>	<u>2,102,222</u>	<u>(176,333)</u>



**Notes to the Financial Statements**

**For the year ended 30 June 2010**

**8. TRADE AND OTHER PAYABLES**

Notes	2010 \$	2009 \$
Payables for goods and services received. The carrying amounts of payables approximate their net fair values.		
Trade Creditors	726,505	321,628
Payroll Creditors	40,687	61,771
Miscellaneous Creditors	65,153	6,915
Monies in Trust	19,217	20,388
Customer Payments in Advance	11,625	9,309
GST Payable	1,433	3,008
	<u>864,620</u>	<u>423,019</u>

Trade and other payables are expected to be paid as follows

Less than 6 months	845,403	402,631
6 months to 1 year	19,217	20,388
1 - 5 years	-	-
	<u>864,620</u>	<u>423,019</u>

**9. PROVISIONS**

**Current**

Annual leave (a)	162,903	163,397
Long service leave (b)	112,784	118,967
Sick leave (c)	333,044	297,848
	<u>608,731</u>	<u>580,212</u>
Employment on-costs (d)	113,224	107,919
	<u>721,955</u>	<u>688,131</u>

**Non-current**

Long service leave (b)	31,603	21,734
Employment on-costs (d)	5,878	4,043
	<u>37,481</u>	<u>25,777</u>

Aggregate employee benefit liability	759,436	713,908
Number of employees at year end	29	30

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of liabilities will occur as follows:

Within 12 months of balance sheet date	128,491	141,261
More than 12 months after balance sheet date	34,412	22,136
	<u>162,903</u>	<u>163,397</u>



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 9. PROVISIONS (CONTINUED)

Notes	2010 \$	2009 \$
(b) Long service leave liabilities that have been classified as current are where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of total liabilities will occur as follows:		
Within 12 months of balance sheet date	37,003	54,657
More than 12 months after balance sheet date	75,781	64,310
	<u>112,784</u>	<u>118,967</u>

(c) Sick leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of liabilities will occur as follows:

Within 12 months of balance sheet date	-	-
More than 12 months after balance sheet date	333,044	297,848
	<u>333,044</u>	<u>297,848</u>

(d) The settlement of annual leave, long service leave and sick leave gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of future payments.

### 10. CURRENT TAX (ASSET)/LIABILITIES

Income Tax Equivalent Refundable	-	223,485
Income Tax Equivalent Payable	<u>35,012</u>	<u>-</u>

### 11. DEFERRED TAX LIABILITIES

Provision for Deferred Income Tax Equivalent	<u>11,757,635</u>	<u>9,655,413</u>
--	-------------------	------------------

### 12. RESERVE FUNDS

#### 12.1 General Reserve Fund

Opening Balance	7,967,701	7,660,304
Less: Transfers to Retained Profits	<u>(972,725)</u>	<u>(1,054,499)</u>
	6,994,976	6,605,805
Add: Transfers from Retained Profits	<u>941,770</u>	<u>1,361,896</u>
Closing Balance	<u>7,936,746</u>	<u>7,967,701</u>

Eric Ripper MLA, Deputy Premier and Treasurer approved the amalgamation of all prior reserve accounts and fund balances into a single new Reserve Account, in a letter addressed to Busselton Water dated May 2006. The funds are reserved for staff liabilities, infrastructure funding, buildings and plant funding, contingencies and other future projects.



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 12. RESERVE FUNDS (CONT')

	Notes	2010 \$	2009 \$
<b>12.2 Asset Revaluation Reserve Fund</b>			
Balance at start of year		23,324,503	23,324,503
Change in asset valuation:			
Land		675,213	
Land Improvements		62,097	
Plant & Machinery		(838,341)	
Buildings		413,313	
Motor Vehicles		(91,771)	
Mains and Services		7,058,620	
Meters		383,935	
Tools		(15,181)	
Office Equipment		(65,733)	
		<u>7,582,152</u>	
Tax equivalent on change in asset valuation:			
Deferred Tax Land (note 7 "Taxation equivalent")		-202,564	
Deferred Tax Land Improvements (note 7 "Taxation equivalent")		-101,425	
Deferred Tax Plant and Machinery (note 7 "Taxation equivalent")		169,720	
Deferred Tax Buildings (note 7 "Taxation equivalent")		10,260	
Deferred Tax Motor Vehicles (note 7 "Taxation equivalent")		-8,453	
Deferred Tax Mains and Services (note 7 "Taxation equivalent")		-1,931,635	
Deferred Tax Meters (note 7 "Taxation equivalent")		-33,569	
Deferred Tax Tools (note 7 "Taxation equivalent")		8,941	
Deferred Tax Office Equipment (note 7 "Taxation equivalent")		3,367	
		<u>-2,085,358</u>	
Closing Balance		<u>28,821,297</u>	<u>23,324,503</u>

### 13. WATER SALES REVENUE

	Notes	2010 \$	2009 \$
Meter Rentals		-	162,129
Rates		-	117,368
Water Consumption		3,154,164	2,802,260
Connection Fees		161,322	138,520
Standard Supply Charge		2,495,567	1,831,635
Meter Reading Charges		15,617	14,207
Other Water Sales		29,377	37,368
		<u>5,856,047</u>	<u>5,103,487</u>

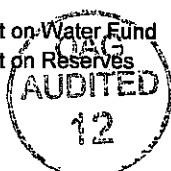
### 14. COST OF SALES

Pumping		331,164	333,596
Maintenance: General Production Plant		775,369	680,850
Maintenance: Mains & Meters		524,197	548,754
Net Vehicle Running Expenses		20,615	-6,772
Net Public Works Overhead		39,212	135,391
Net Stock Allocated		9,803	(718)
Meter Reading Costs		31,596	23,932
Water Sampling & Monitoring Fees		263,166	148,112
		<u>1,995,123</u>	<u>1,863,144</u>

### 15. INTEREST ON INVESTMENT FUNDS

Busseton Water Board invested excess funds and received the following interest:

Interest on Water Fund		79,230	89,666
Interest on Reserves		376,145	435,212
		<u>455,376</u>	<u>524,877</u>



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 16. OTHER REVENUE

Backflow Prevention Device Testing Fees	17,622	15,542
Insurance Recoveries	78,871	24,136
Private Works & Sundry Income	109,500	21,957
Other Receipts & Services	68,574	57,382
	<u>274,567</u>	<u>119,017</u>

### 17. ADMINISTRATION EXPENSES

	Notes	2010 \$	2009 \$
Salaries		731,476	737,025
Salary on Costs & Staff Expenses		255,087	208,052
Office Expenses		280,013	255,390
Stationery & Printing		22,869	26,848
Advertising		4,737	2,023
Bank Charges		20,766	19,132
Audit Fees		38,233	43,857
Legal Expenses		25,797	3,384
		<u>1,378,978</u>	<u>1,295,711</u>

### 18. OTHER EXPENSES

Members Expenses	204,804	152,722
Pensioner Rate Rebate	244,682	199,804
Consulting Fees	108,489	117,282
Private Works	112,816	14,928
Sundry Expenditure	-1,270	4,244
	<u>669,520</u>	<u>488,980</u>

### 19. DEPRECIATION

Depreciation charged:	1,488,854.0	1,378,176.0
Freehold Land Improvements	37,065.0	33,896
Plant, Machinery and Buildings	499,740.0	438,206
Motor Vehicles	81,357.0	78,176
Mains and Services	666,673.0	643,375
Meters	169,953.0	148,329
Tools	12,108.0	11,930
Office Equipment	21,958.0	24,264
	<u>1,488,854</u>	<u>1,378,176</u>

### 20. NET GAIN/LOSS ON DISPOSAL OF NON-CURRENT ASSETS

<u>Cost of Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	120,229	150,419
<u>Proceeds from Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	57,945	93,536
Net gain (loss)	<u>-62,284</u>	<u>-56,883</u>

### 21. REMUNERATION OF AUDITOR

Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows

Auditing the accounts, financial statements and performance indicators	30,700	29,400
	<u>30,700</u>	<u>29,400</u>



**Notes to the Financial Statements**

**For the year ended 30 June 2010**

**22. REMUNERATION OF SENIOR OFFICERS**

	Notes	2010 \$	2009 \$
The total of fees, salaries, superannuation and other non-cash benefits received or due and receivable for the financial period by senior officers.		<u>430,991</u>	<u>397,792</u>

Fringe Benefit Tax expense incorporated in the above is based on the period 1st April 2009 to 31 March 2010 and not the financial year. The impact of this is considered as not material.

The number of senior officer positions whose total fees, salaries, super, and other non cash benefits received, or due and receivable, for the year ended 30 June 2010, fall within the following bands are:

\$40,001 - \$50,000		
\$50,001 - \$60,000		
\$60,001 - \$70,000		
\$70,001 - \$80,000		
\$80,001 - \$90,000		1
\$90,001 - \$100,000	2	2
\$100,000 and over	2	1

No personnel who are presently employed are members of the Superannuation and Family Benefits Act Scheme.

**23. REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY**

The total of fees, wages, allowances, superannuation and other non-cash benefits received or due and receivable for the financial period by Board Members	<u>26,200</u>	<u>29,910</u>
---	---------------	---------------

The number of positions on the Board whose total fees, allowances, super, and other non-cash benefits received, or due and receivable, for the year ended 30 June 2010 fall within the following bands:

\$0 - \$10,000	6	6
\$10,001 - \$20,000	1	1

No Board Members who are presently employed are members of the Superannuation and Family Benefits Act Scheme.





**BUSSELTON WATER****Notes to the Financial Statements****For the year ended 30 June 2010****24. SUPPLEMENTARY FINANCIAL INFORMATION**

	Notes	2010 \$	2009 \$
<b><u>Write Offs</u></b>			
Public Property written off by the Accountable Authority during the financial year.		-	-
<b><u>Losses Through Theft, Defaults &amp; Other Causes</u></b>			
Losses of public moneys & other property through theft or default.		-	-
<b><u>Gifts of Public Property</u></b>			
Gifts of public property provided by Busselton Water.		-	-
		<u>-</u>	<u>-</u>

**25. RETAINED EARNINGS RECONCILIATION**

Retained Earnings at Beginning of Year	17,949,761	17,221,429
Net Profits from Ordinary Activities		
After Income Tax Equivalent Expenses	955,286	1,035,729
Add Transfers From Reserves	972,725	1,054,499
Less Transfers to Reserves	(941,770)	(1,361,896)
Retained Earnings at End of Year	<u>18,936,002</u>	<u>17,949,761</u>

# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 26. EXPLANATORY STATEMENT

#### (a) Comparisons of Actual Results with those of the Preceding Year

Details and reasons for significant variations between actual Revenue and Expenditure and the corresponding item of the preceding year are detailed below.

Significant variations are those considered to be in excess of either 15%, or \$5,000 if considered appropriate in the circumstances.

	VARIANCE	ACTUAL 2010	ACTUAL 2009
	\$	\$	\$
<b><u>REVENUE ITEMS</u></b>			
<u>Rates</u> The decrease is due to the phasing out of rates, applicable to commercial properties.	(117,368)	-	117,368
<u>Meter Rentals</u> This charge is now part of the standard supply charge. See below.	(162,129)	-	162,129
<u>Water Consumption</u> Now includes income from standpipe usage. Refer below. Increase also due in part to tariff increases.	364,782	3,187,289	2,822,507
<u>Standard Supply Charge</u> Now includes meter rentals previously charged separately. Refer above. Increase also due in part to tariff increases.	663,932	2,495,567	1,831,635
<u>Fire Services</u> Increase due in part to tariff increases.	9,482	28,118	18,636
<u>Water Sales Other</u> The decrease is due to water usage via standpipes now billed as part of water consumption.	(17,037)	5,602	22,639
<u>Statement of Water Tariff</u> Increase due in part to a higher inquiry rate from estate agents in respect to property transfers and rentals.	14,074	42,413	28,339
<u>Connection Fees</u> Increase due in part to tariff increases and growth.	22,802	161,322	138,520
<u>Private Works Income</u> Increase due to a \$77,272 contribution to private works for the construction of a service main over a canal at Port Geographe.	87,393	107,812	20,419
<u>Interest On Investment Fund</u> The decrease is due to a drop in interest rates on investments.	(69,502)	455,376	524,877
<u>Contributions from Developers - Headworks</u> This decrease is due to a substantial decline in the number of new land developments as a result of the continuing global economic crisis.	(182,397)	343,627	526,023
<u>Contributions from Developers - Mains</u> The decrease is due to the phasing out of green fields development works.	(198,258)	25,645	223,903



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

	VARIANCE	ACTUAL 2010	ACTUAL 2009
	\$	\$	\$
<b>26. (a) <u>EXPENDITURE ITEMS</u></b>			
<u>Water Plant Maintenance</u> Due in part to an expanding distribution network and ad-hoc maintenance requirements.	76,418	1,130,729	1,054,311
<u>Water Monitoring Programs</u> Elevated costs due to the increase in analysed water samples on a routine basis for compliance reasons and annual quarterly reports of compliance.	9,916	158,028	148,112
<u>Public Relations</u> Due to the proposed implementation of a Chlorine based disinfection system.	61,392	133,379	71,987
<u>Governance Legal Costs</u> Due wholly to the proposed implementation of a Chlorine based disinfection system.	21,007	24,007	3,000
<u>Salary On Costs - Admin</u> Represents an increase in staff costs due to added C.W.A benefits.	29,163	183,283	154,120
<u>Office Maintenance &amp; Surrounds</u> Due in part to the internal repainting of the administration building.	30,480	64,522	34,042
<u>Consultancies/Special Projects</u> 2009 included significant cost incurred in the preparation of the Dunsborough Bulk Water Supply Agreement and submission of a Private Tax Ruling.	(90,981)	22,621	113,602
<u>Revaluation of Assets</u> A revaluation of assets is undertaken every three years.	15,909	15,909	0
<u>Private Works Expenditure</u> Refer to private works income above.	98,461	113,463	15,002



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 26. (b) Comparison of Estimates and Actual Results

Section 40 of the Financial Management Act 2006 requires Statutory Authorities to prepare Annual Budget Estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results.

Significant variations are those considered to be in excess of either 15%, or \$5,000 if considered appropriate in the circumstances.

	VARIANCE	ACTUAL 2010 \$	BUDGET 2010 \$
<b><u>REVENUE ITEMS</u></b>			
<u>Water Sales Other</u> The decrease is due to budgeted water usage via standpipes now billed as part of water consumption.	(18,098)	5,602	23,700
<u>Statement of Water Tariff</u> Increase due in part to a higher inquiry rate from estate agents in respect to property transfers and rentals.	15,413	42,413	27,000
<u>Connection Fees</u> Increase due in part to additional growth.	29,862	161,322	131,460
<u>Private Works Income</u> Increase due, in part, to a \$77,272 contribution to private works for the construction of a service main over a canal at Port Geographe.	91,023	107,813	16,790
<u>Payrol Tax Rebate</u> Newly implemented Government initiative.	30,000	30,000	-
<u>Interest On Investment Fund</u> The increase is due in part to a higher than forecast interest rate and higher volume of investments.	102,304	455,375	353,071
<u>Contributions from Developers - Headworks</u> Reflects the inherent difficulty in budgeting for development activity within the district, which is not under the control of Busselton Water.	(215,814)	343,627	559,440
<u>Contributions from Developers - Mains</u> Minor greenfields works undertaken not budgeted for.	25,645	25,645	-



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 26. (b) Comparison of Estimates and Actual Results (Continued)

<u>EXPENDITURE ITEMS</u>	<u>VARIANCE</u>	<u>ACTUAL 2010 \$</u>	<u>BUDGET 2010 \$</u>
<u>Water Plant Maintenance</u> Containment of costs within budget limits.	(193,906)	1,130,729	1,324,635
<u>Monitoring Programs</u> Containment of costs within budget limits.	-67,554	158,028	225,582
<u>Consultancies/Special Projects/ADWG 2004</u> Containment of costs within budget limits.	(30,567)	69,433	100,000
<u>Governance Legal Costs</u> Due wholly to the proposed implementation of a Chlorine based disinfection system.	20,207	24,007	3,800
<u>Office Maintenance &amp; Surrounds</u> Due in part to the internal repainting of the administration building.	26,905	64,522	37,617
<u>Private Works Expenditure</u> Refer to private works income above.	98,200	113,463	15,263

### 27. PROGRAM INFORMATION

The Busselton Water Board was established under the Water Board's Act 1904 and operates under a licence issued by the Economic Regulation Authority for the provision of water services within the Busselton Operating Area.

The Board considers that there is one program within its function and that is the provision of water services and therefore these financial statements reflect this program.

### 28. COMMITMENTS FOR EXPENDITURES

#### Non-cancellable operating leases

Busselton Water has entered into a number of non-cancellable operating lease arrangements for office equipment where the lessors effectively retain some of the risks and benefits incident to ownership of the items held under the operating leases. The Busselton Water is responsible to insure the items with Flexirent and Macquarie Leasing, and to maintain the equipment in good working order. Equal installments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property. An option exists to extend the term for a further period if required by the Lessee. Note:- Figures reported exclude GST. 2009 comparative figure was previously reported including GST

	<u>2010</u>	<u>2009</u>
Lease Commitments		
At balance date, Busselton Water had the following		
Operating lease Commitments:		
Not later than one year	61,622	47,150
Later than one year and not later than two years	45,993	33,965
Later than two years and not later than five years	27,185	18,809
	<u>134,800</u>	<u>99,924</u>



**BUSSELTON WATER**

**Notes to the Financial Statements**

**For the year ended 30 June 2010**

**28. COMMITMENTS FOR EXPENDITURES (CONT')**

There are no capital commitments at 30 June 2010.

**29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or assets to report at 30 June 2010

**30. EVENTS OCCURRING AFTER REPORTING DATE**

No significant events have occurred after the reporting date that require disclosure in the financial statements.



# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010

### 31 FINANCIAL RISK MANAGEMENT

#### (a) Financial Risk Management Policies

Busselton Water's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

Busselton Water does not have any derivative instruments at 30 June 2010.

##### i. Treasury Risk Management

The Board meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist Busselton Water in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Busselton Water operates under policies and a delegation approved by the Board. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

##### ii. Financial Risk Exposures and Management

The main risks Busselton Water is exposed to through its financial instruments are detailed below:

##### Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of Busselton Water's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount \$	- 1% change		+ 1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>2010</b>					
<u>Financial Assets</u>					
Cash & cash equivalents	1,061,648	(10,616)	(10,616)	10,616	10,616
Other financial assets	9,000,000	(90,000)	(90,000)	90,000	90,000
<u>Financial Liabilities</u>					
Bank overdraft		-	-	-	-
Total Increase/(Decrease)		<u>(100,616)</u>	<u>(100,616)</u>	<u>100,616</u>	<u>100,616</u>
	Carrying Amount \$	- 1% change		+ 1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>2009</b>					
<u>Financial Assets</u>					
Cash & cash equivalents	733,765	(7,338)	(7,338)	7,338	7,338
Other financial assets	8,250,000	(82,500)	(82,500)	82,500	82,500
<u>Financial Liabilities</u>					
Bank overdraft		-	-	-	-
Total Increase/(Decrease)		<u>(89,838)</u>	<u>(89,838)</u>	<u>89,838</u>	<u>89,838</u>



**31 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Foreign currency risk*

Busselton Water is not exposed to fluctuations in foreign currencies.

*Liquidity risk*

Busselton Water manages liquidity risk by budgeting and monitoring forecast cash flows.

*Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no amounts of collateral held as security at 30 June 2010

Credit risk is reviewed by the Board. It arises from exposures to customers and deposits with financial institutions.

Busselton Water's management monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with ratings as outlined within the investment policy are utilised; and
- customers that do not pay on a timely basis are subject to recovery actions in accordance with Board policy and may ultimately have services restricted.

Busselton Water does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into.

The trade receivables balances at 30 June 2010 and 30 June 2009 do not include any counter parties with external credit ratings. Customers credit worthiness is monitored monthly and actions taken where applicable in accordance with Board policy.

*Price risk*

Busselton Water is not exposed to any material commodity price risk.

**(b) Financial Instrument Composition and Maturity Analysis**

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.





**BUSSELTON WATER**

Notes to the Financial Statements

For the year ended 30 June 2010

**31 FINANCIAL RISK MANAGEMENT (Cont'd)**

**(b) Financial Instrument Composition and Maturity Analysis (Cont'd)**

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing			Non-Interest Bearing			Total
	2010	2009	2010	2009	Within 1 Year		1 to 5 Years	2010	2009		
					2010	2009					
<b>Financial Assets:</b>											
Cash and cash equivalents	4.36	2.90	1,061,648	733,765	-	-	-	-	-	1,061,648	733,765
Receivables			-	-	-	-	-	1,563,619	1,392,806	1,563,619	1,392,806
Investments	6.03	4.34	-	-	9,000,000	8,250,000	-	-	-	9,000,000	8,250,000
Total Financial Assets			<u>1,061,648</u>	<u>733,765</u>	<u>9,000,000</u>	<u>8,250,000</u>	<u>-</u>	<u>1,563,619</u>	<u>1,392,806</u>	<u>11,625,267</u>	<u>10,376,571</u>

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing					Total
					Within 1 Year		1 to 5 Years		Non-Interest Bearing	
	2010	2009	2010	2009	2010	2009	2010	2009		
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	-	864,620	423,019	864,620 423,019
Total Financial Liabilities	-	-	-	-	-	-	-	864,620	423,019	864,620 423,019

# BUSSELTON WATER

## Notes to the Financial Statements

For the year ended 30 June 2010



### c. Net Fair Values

Busseton Water has no listed investments at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

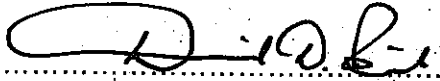
Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	2010		2009	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
<b>Financial assets</b>				
Loans and receivables	1,563,619	1,563,619	1,392,806	1,392,806
	<u>1,563,619</u>	<u>1,563,619</u>	<u>1,392,806</u>	<u>1,392,806</u>
<b>Financial liabilities</b>				
Trade and other payables	864,620	864,620	423,019	423,019
	<u>864,620</u>	<u>864,620</u>	<u>423,019</u>	<u>423,019</u>

Fair values are in line with carrying values.

## Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess Busselton Water's performance, and fairly represent the performance of Busselton Water for the financial year ended 30<sup>th</sup> June, 2010.



D. Reid  
Chairman  
Busselton Water Board

Date: 20<sup>th</sup> August 2010.



William Scott  
Member  
Busselton Water Board

Date: 20. 8. 2010



In the following documentation it is to be noted that all Performance Indicators highlighted in **BOLD** print, have been subject to Audit. Those not in **BOLD** have not been subject to Audit.

# **REGULATORY PERFORMANCE**

Description	Formula	Note	Target	2010	2009	2008	2007	2006	2005	2004	2003
Continuity of Supply – Mains length	Leaks and bursts per 100km Mains	1a	<20/100km								
	Major Nil								0	0	0
	Minor 19			6.44	10.68	14.87	12.65	6.65	5.56	9	7.1
	Total 19			6.44	10.68	14.87	12.65	6.65	5.56	9	7.1
Continuity of Supply – Services	Leaks and bursts per 1000 services	1b	<20/1000 Services								
	Major Nil								0	0	0
	Minor 287			26.62	20.64	24.62	18.87	7.42	4.1	2.85	5.09
	Total 287			26.62	20.64	24.62	18.87	7.42	4.1	2.85	5.09
Water Quality - Health											
Total Coliforms	% of routine samples meeting standard	2a	>90%	100%	100%	99%	100%	100%	100%	100%	100%
Thermo Tolerant Coliforms	% of routine samples meeting standard	2b	>95%	100%	100%	100%	100%	100%	100%	100%	100%
Amoeba Naegleria Fowlerii	% of routine samples meeting standard	2c	>95%	100%	100%	100%	100%	100%	100%	100%	100%
Water Quality Aesthetic	% of routine samples meeting target	3a	>95% (Fe)	100%	100%	100%	100%	100%	100%	100%	100%
		3b	>95% (Mn)	100%	100%	100%	100%	100%	100%	100%	100%



# **REGULATORY PERFORMANCE (CONT.)**

Description	Formula	Note	Target	2010	2009	2008	2007	2006	2005	2004	2003
Water Pressure	Complaints per 1,000 services	4	<5/1000	0.19	2.35	1.25	0	0	0	0.01	0.88
Water Production	Water Production (Ex Plant)	5a	Demand driven	4,143,587kl	4,316,496 kl	3,824,270 kl	4,042,759 kl	3,724,307 kl	3,740,844kl	3,690,233kl	3,387,267kl
	Water Consumption Billed	5b	Demand driven	3,764,759kl	3,924,785 kl	3,164,566 kl	3,453,507 kl	3,282,424			
Water Resource Management	Water Extracted compared to Licence allocation	6	18GI	4.23GL	4.49GL	3.94 GI	4.27GI	3.88GI	3.92GI	3.90GI	3.59GI
Energy Management	Power costs per kl Water Extracted	7	<6.5c	7.83c	7.43C	5.31c	5.08c	5.12c	5.01c	5.15c	5.40c

## **HUMAN RESOURCES**

Description	Formula	Note	Target	2010	2009	2008	2007	2006	2005	2004	2003
Accidents in the Work place	Lost time due to injury	8	<100 hrs	75.0 hrs	701.0 hrs	130.0 hrs	129.5 hrs	286.1 hrs	358 hrs	33.2hrs	12.2hrs
Return on Capital Investment	Fixed Assets/ Kiloliters of water extracted	9 See Note Below	<\$5.00	\$13.51	\$10.93	\$12.31	\$10.98	\$3.58	\$5.05	\$3.41	\$3.94
	No. of Connected Services/Employee	10	>300	372	397	347	394	376	376	361	350
	Total operating costs of all work programs/ service employee	11	\$240,000	\$297,656	\$248,855	\$193,939	\$198,481	\$194,107	\$196,307	\$203,107	\$134,701

# FINANCE

Description	Formula	Note	Target	2010	2009	2008	2007	2006	2005	2004	2003
Water Supply Operation	Operation and maintenance costs/number of connected services	12	\$290/Service	\$320.99	\$269.77	\$242.99	\$229.56	\$240.04	\$224.85	\$236.31	\$262.96
	Total overhead costs/number of connected services	13	\$110/Service	\$187.65	\$91.76	\$99.19	\$100.47	\$105.90	\$109.39	\$101.78	\$134.42
	Total expenditure/number of connected services	14	\$320/Service	\$518.99	\$426.38	\$400.03	\$374.92	\$396.59	\$380.84	\$367.28	\$389.94
	Operation and maintenance costs/total water extracted	15	\$0.50/kl	\$0.82	\$0.72	0.64/Kl	0.53/Kl	\$0.58/kl	\$0.52/kl	\$0.50/kl	\$0.59/kl
	Total overhead costs/total water produced ex plant	16	\$0.25/kl	0.49	\$0.25/kl	\$0.27/Kl	\$0.24/Kl	\$0.26/kl	\$0.25/kl	\$0.22/kl	\$0.30/kl
	Total expenditure/ total water produced ex plant	17	\$0.75/kl	\$1.35	\$1.18	\$1.09/kl	\$0.91/kl	\$0.96/kl	\$0.88/kl	\$0.78/kl	\$0.86/kl
	Operation and maintenance costs/total water produced ex plant	18	\$0.60/kl	\$0.84	\$0.75	\$0.66/kl	\$0.56/kl	\$0.61/kl	\$0.54/kl	\$0.53/kl	\$0.63/kl
Recovery of Debts	Water revenue overdue x 100/water revenue billed	19	<5%	0.12%	0.59%	1.21%	2.33%	1.18%	0.76%	2.43%	0.58%



**FINANCE (continued)**

Description	Formula	Note	Target	2010	2009	2008	2007	2006	2005	2004	2003
Water Tariff Fixed Income Structure	Total water revenue x 100/total revenue less developers contributions	20	<75%	88.23%	87.90%	81.17%	84.33%	91.01%	90.10%	84.30%	94.05%
Recovery of Costs	Total revenue less developers contributions x 100/total expenditure	21	100%	117.72%	113.07%	129.35%	136.01%	111.71%	113.78%	76.72%	85.28%
Capital Structure	Total debt x 100/WDV of total fixed assets	22	<5%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Interest expense x 100/total expense	23	<2.5%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Total assets/total liabilities	24	5:1	5.15	5.24:1	5.21:1	4.95:1	14.31:1	11.67:1	9.8:1	12.5:1
	Current assets/current liabilities	25	2:1	7.38:1	9.87:1	6.99:1	6.64:1	6.22:1	4.5:1	12:01	9:01

Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
1	Effectiveness	Continuity of supply	<20/100 km <20/1000 Services	6.44 26.62	Utilise Asset Management practices to achieve long term Asset Performance	Performance Indicator used by the Water Services Ass'n. of Australia to COAG
2	Effectiveness	Water Quality – Health	Total Coliforms >90% Thermo Tolerant Coliforms > 95% Amoeba Naegleria Fowlerii > 95%	100% 100% 100%	To achieve water quality compliance within 1987 NHMRC guidelines	1987 National Health and Medical Research Council (NHMRC) guidelines
3	Effectiveness	Water Quality – Aesthetic	> 95% (Fe) > 95% (Mn)	100% 100%	To achieve water quality compliance with 1987 NHMRC guidelines	1987 National Health and Medical Research Council (NHMRC) guidelines
4	Efficiency	Water Pressure – complaints per 1,000 services	<5/1000	0.19	Operating Licence and Customer Charter	Measure of Busselton Water Board's ability to provide water at the level set by the Operating Licence
5	Efficiency	Water Production Ex Plant Water Consumption Billed	Demand Driven Demand Driven	4,143,587kl 3,764,759kl	a) Water conservation awareness b) Clause 3.12 of the Operating Licence	Average domestic consumption per service in other areas of the South West of WA is 470 kl. The target is considered to be achievable for consumption per residential property for consumers in the Busselton Water Area
6	Effectiveness	Water Resource Management - Water Extraction compared to Licence	Demand Driven	4.23GL	Compliance with the requirements of the Water and Rivers Commission	The Dept. of Water has set a maximum production allocation of 9.45 GI
7	Cost	Energy Management	<6.5c	7.83c	Provide sustainable, high quality water services at minimum long term cost	Energy Management system developed internally



Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
8	Quality	Accidents in the Workplace	<100 hrs	75.0 hrs	Commitment to providing a safe working environment and to encourage staff to observe safe working practices	Target considered to be reasonable and achievable
9	Cost	Return on Capital Investment	<\$5.00	\$13.51		
10	Quality	No. of Connected Services / Service Employee	>300	372.00	Commitment to encouragement of staff to be innovative and to respond in an equitable manner to their needs	Continuous improvement in staff efficiency
11	Efficiency	Total Operating Costs in all Work Programs/Service Employee	\$240,000	\$297,656		
12	Efficiency	Operation & Maintenance Cost/No. of Connected Services	\$290/Service	\$320.99	Commitment to financial strength and accountability	Historical
13	Efficiency	Total Overhead Costs/No. of Connected Services	\$110/Service	\$187.65	Commitment to financial strength and accountability	Historical
14	Efficiency	Total Expenditure/ No. of Connected Services	\$320/Service	\$518.99	Commitment to financial strength and accountability	Historical
15	Efficiency	Operation & Maintenance Costs / Total Water Extracted	\$0.50/Kl	\$0.82	Commitment to financial strength and accountability	Historical
16	Efficiency	Total Overhead Costs / Total Water Produced Ex Plant	\$0.25/Kl	\$0.49	Commitment to financial strength and accountability	Historical
17	Efficiency	Total Expenditure / Total Water Produced Ex Plant	\$0.75/Kl	\$1.35	Commitment to financial strength and accountability	Historical
18	Efficiency	Operation & Maintenance Costs/ Total Water Produced Ex Plant	\$0.60/Kl	\$0.84	Commitment to financial strength and accountability	Historical
19	Efficiency	Recovery of Debts Water Revenue overdue x 100/Water Revenue billed	<5%	0.12%	Commitment to financial strength and accountability	Requirement for a high standard of debit control

Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
20	Efficiency	Water Tariff – Fixed Income Total Water Revenue x 100/Total Revenue less Developers Contribution	>75%	88.23%	Commitment to financial strength and accountability	Historical
21	Efficiency	Recovery of Costs Total Revenue less Developers Contribution x 100 / Total Expenditure	>100%	117.72%	Commitment to financial strength and accountability	Historical
22	Efficiency	Capital Structure Total Debt x 100 / WDV of Total Fixed Assets	<5%	0.00%	Commitment to financial strength and accountability	Historical
23	Efficiency	Interest Expense x 100 / Total Expense	<2.5%	0.00%	Commitment to financial strength and accountability	Historical
24	Efficiency	Total Assets/Total Liabilities	5:1	5.15	Commitment to financial strength and accountability	Historical
25	Efficiency	Current Assets/Current Liabilities	2:1	7.38:1	Commitment to financial strength and accountability	Historical

**NOTE:**

1) Reference Note (9) above - Value of Fixed Assets. Due to a mandatory revaluation of fixed assets as at 30 June 2007 the fair value of fixed assets was increased by 236.9%