



BUSSELTON WATER

ANNUAL REPORT

2012-13



WORKING TOGETHER FOR OUR WATER FUTURE

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Statement of Compliance

For the year ended 30 June 2013

HON. TERRY REDMAN MLA

MINISTER FOR WATER

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of Busselton Water for the financial year ended 30th June 2013.

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



Helen Shervington
Chair of Busselton Water Board

Date: 2 September 2013



Matthew Walker
Member of Busselton Water Board

Date: 2 September 2013

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Chair's Report

As Chair of Busselton Water Board of Directors for my first full year, it is with pleasure and confidence that I present the 2012-13 Annual Report.

There have been a number of key challenges presented but well met during the past year so that we have delivered positively on our key performance indicators while providing requested efficiency dividends to Government and achieving a positive financial outcome.

This was the first full year of chlorination of Busselton Water's water treatment process and customers did not readily accept the changes. To address this the organisation's focus has been a revised and upgraded complaints response process and a renewed effort in community engagement and communication. As part of this action a customer advisory panel is being established and waterwise programs for schools, households and businesses are being expanded. Optimising infrastructure performance has also been required as part of the new disinfectant implementation and after a settling-in period the outcomes achieved are very pleasing with consistent high quality water delivered to customers and water quality criteria being 100% achieved.

Early in 2012-13 we faced significant changes of personnel at the senior executive level. The appointment of experienced individuals to the positions of Chief Executive Officer and Manager Finance and Administration has been a strategic and important outcome for the organisation which is now well placed to embrace opportunities in the future.

The financial performance of Busselton Water has been impacted by a number of significant challenges in 2012-13. Expenditure increased in the following areas:

- Electricity;
- Salaries due to the resignation of the CEO and the costs of replacement;
- Unplanned water plant maintenance;
- Implementation of full-time chlorination which resulted in additional mains flushing and increased water quality monitoring.

Increased expenditure has been partially offset by an increase in revenue from new connections and developer contributions due to a number of developments. This has resulted in Busselton Water returning a profit before tax that is slightly less than the budgeted figure but better than expected given the unplanned contingencies.

During 2012-13 a significant amount of work has been undertaken in preparation for commencement of the *Water Services Act 2012* and related subsidiary legislation. Overall these changes represent a major strategic development for Busselton Water and will set the organisation up for the next exciting phase of its existence.

On a personal note I would like to thank Geoff Oddy for his competent assistance as a Acting Chief Executive Officer for six months of the past year and welcome Chris Elliott to the permanent position of Chief Executive Officer where he has already made a positive and valuable contribution. I particularly express my gratitude to all Busselton Water employees whose dedication and commitment during the past 12 months has enabled the achievement of these positive results and outcomes in a challenging time.

It has been my privilege to work with a Board of Directors who bring broad experience and expertise to their positions and have put in a remarkable effort in the past 12 months to guide the organisation through a complex and sometimes difficult environment in preparation for the legislative changes that are to come. Thank you all for your effort and I am confident Busselton Water is now well placed to meet the challenges and opportunities as they present and I look forward to working with you for another busy and productive year ahead.



Helen Shervington
Chair

Chief Executive Officer's Report

I commenced as Chief Executive Officer for Busselton Water on 21 January 2013 and wish to acknowledge the contribution of Acting Chief Executive Officer, Mr Geoff Oddy for the period of 1 July 2012 to 20 January 2013.

Addressing our number one objective water quality performance has been ideal, with 100% compliance with all health criteria achieved. Most importantly our chlorine disinfection system in its first full year of operation performed as planned and ensured zero microbiological detections in the water supplied to our customers.

Our achievements against our seven objectives are set out in this report and demonstrate very pleasing progress towards our Vision and Purpose. Some of the highlights are noted below and are also outlined on page 14:

- Completion of our Business Continuity Plan, Asset Management Strategy and Plan and Risk Register
- Implementation of our Electronic Document Records Management System (TRIM)
- Successful outcomes of the Radio Frequency Meter Reading project
- Occupational Safety and Health achievements

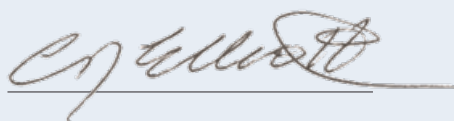
We achieved a profit before tax of \$734,567, made up of contributions to State Government through the National Tax Equivalent Regime of \$218,638 and a profit after tax of \$515,929. A capital works program of \$1.54M was also delivered. This was below the originally planned program as bulk water projects were able to be deferred due to a decrease in demand and a proposed Administration/Operations co-location facility was also deferred. The deferral of capital works had a positive impact on cash and reflects the healthy position of reserves held.

The following capital works were completed during the year:

- Replacement/new water plant infrastructure - \$0.73M
- New service connections and meters - \$0.28M
- New/upgrades to mains - \$0.47M
- Other - \$0.06M

Governance and compliance levels for all parts of the business were maintained at very high levels and were supported by findings of several audits and reviews. These included the Economic Regulation Authority Operating Licence Audit and Asset Management Review, the Office of Auditor General Audit, an Internal Audit conducted by AMD Chartered Accountants and compliance reports to our regulators the Economic Regulation Authority, Department of Water, Department of Treasury and Department of Health.

I thank the Board for their confidence and support and commend all staff for a fantastic effort in 2012-13.



Chris Elliott
Chief Executive Officer

OVERVIEW

Operational Structure

Busselton Water supplies water to domestic, commercial, light industrial and special rural consumers within the town of Busselton and its environs (the licensed area). Services are delivered through three departments: Finance and Administration, Customer Services and Production and Supply.

Enabling Legislation

The Busselton Water Board was established under Section 6 of the *Water Boards Act 1904*, is listed as a statutory authority by Schedule 1 of the *Financial Management Act 2006* and is subject to the provisions of the *Public Sector Management Act 1994*.

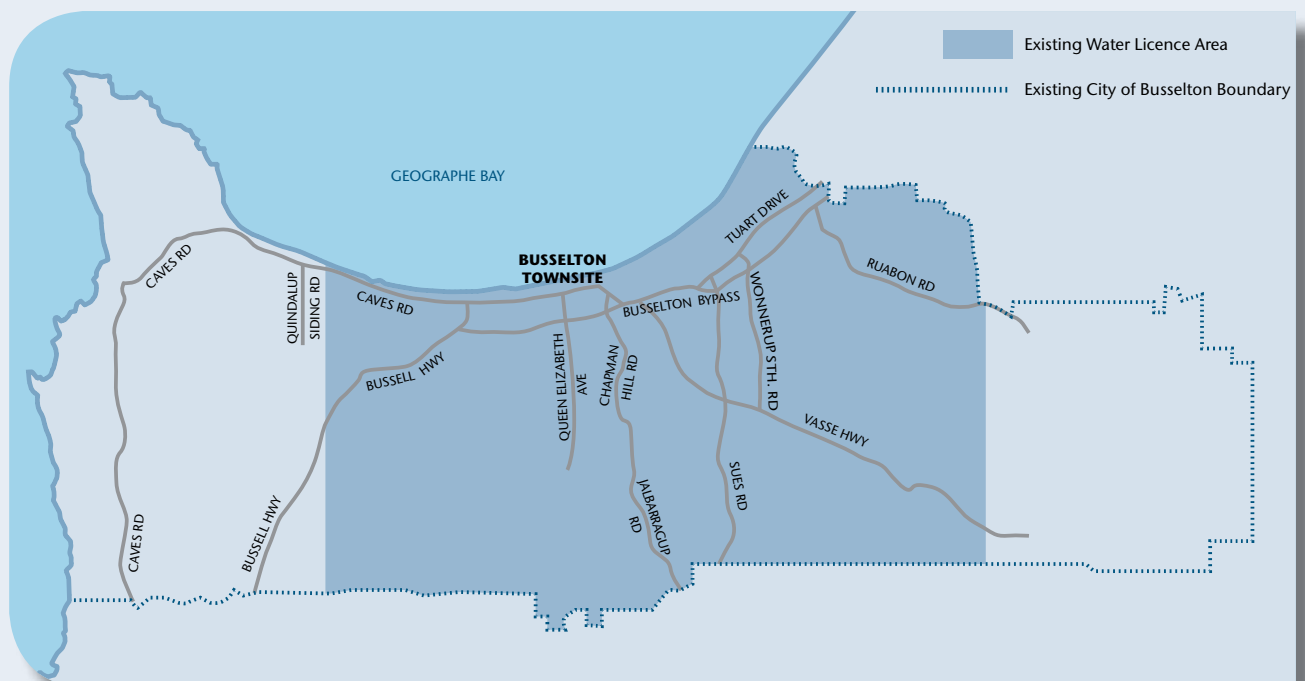
Busselton Water holds an Operating Licence issued by the Economic Regulation Authority under the *Water Services Licensing Act 1995*. The Licence is valid until 1 October 2021.

Responsible Minister

The Hon. Terry Redman, MLA, Minister for Water.

Licensed Area

Located approximately 220 kilometres south of Perth Busselton Water's operating licence (No. 3, Version 5) covers an area approximately 81,504 hectares.



OUR VISION

Strive for the attainment of excellence in supply, quality, management and sustainability of water service.

OUR PURPOSE

To provide high quality water at a minimum long term cost to our customers within the Busselton Water operating area through the provision of customer-focused services, capital investment programs, and adherence to government regulations regarding water quality.



OUR PRIORITIES AND VALUES ARE INTEGRAL TO THE BUSSELTON WATER CULTURE. THEY SET THE STANDARD FOR OUR BUSINESS AND FOR OUR FUTURE AND WE STRIVE TO MAINTAIN THEM IN EVERY ASPECT OF OUR ACTIVITIES.

OUR BUSINESS

- *Be fair in all our dealings with customers, government and allied water service providers.*
- *Be accountable for all our actions.*

OUR PEOPLE

- *Provide a safe and healthy work environment.*
- *Recognise and reward innovation and excellence of service.*
- *Support each other to develop, whilst fostering a pleasant working environment.*

OUR CUSTOMERS AND STAKEHOLDERS

- *Always be customer focused.*
- *Act with honesty and integrity and maintain transparency.*

CAPITAL INVESTMENT

- *Sustainably manage our groundwater resource.*
- *Respect the natural environment by assessing environmental implications whilst planning, implementing and constructing new infrastructure.*

Organisation Chart



Board of Busselton Water

Board members are appointed by the Governor in Executive Council for a three year term. Members are appointed according to their expertise and experience in areas relevant to Busselton Water's activities.

Board Profiles

Ms Helen Shervington (Chair)

Ms Shervington was appointed to the Board in October 2011, and elected Chair of the Board in July 2012. Ms Shervington has had extensive involvement with the water industry and is a past member of the Whicher Water Management Committee, Combined Shires Yarragadee Committee, the South West Development Commission and Busselton Shire Council. She is also a past Deputy President of the Busselton Shire Council.

Mr Paul Carter (Deputy Chair)

Mr Carter was appointed to the Board in 2010. Mr Carter is an owner of a local irrigation and garden centre business. He has worked for WA Farmers and the Dairy Industry Authority. Mr Carter has a Bachelor of Business in Agriculture.

Mr Christopher Boulton

Mr Boulton was appointed to the Board in 2012. Mr Boulton has been a school principal for over 20 years and is interested in ensuring the progress of Busselton Water in the community.

Ms Yvonne Robinson

Ms Robinson was appointed to the Board in 2007. Ms Robinson is the Chair of the Audit and Risk Committee. Ms Robinson retired in 2012 from her position as Chief Executive Officer at GP Down South, an organisation that provides a range of programs and activities focused on health promotion and preventative health care.

Mr Matthew Walker

Mr Walker was appointed to the Board in 2013. Mr Walker is the Business Manager for Pindari WA, a labour hire firm for construction maintenance servicing the mining sector. Previously he was the Chief Executive Officer at the Geographe Bay Tourism Association and has a Bachelor of Science.

Mrs Merryl Peet

Mrs Peet is the longest serving Board member having been initially appointed to the Board in 2004. Mrs Peet is a retired primary school teacher and after providing the Board with over 8 years of dedicated service, this year announced her retirement from the Board of Busselton Water.

Senior Officers

Chief Executive Officer

Chris Elliott MBA, Graduate Diploma in Business, Bachelor of Engineering (Hons)

Mr Elliott has 37 years experience in management and professional engineering roles in the water and construction industries in both public and private sectors.

Manager Customer Services

Julie Rawlings Graduate Certificate in Public Relations, MPRIA

Mrs Rawlings has over 20 years experience in public relations and customer service within the public sector.

Manager Production and Supply

Neels Kloppers, Bachelor Technology Engineering: Civil (Urban Engineering)

Mr Kloppers has 25 years experience in the civil engineering field within Australia and overseas.

Manager Finance and Administration

Diane Depiazz Bachelor of Commerce (Accounting), Associate Diploma of Business (Accounting), Associate Member CPA

Ms Depiazz has 30 years experience working in finance both in local and state government including 14 years as Finance Manager.



Administered Legislation

Busselton Water assists the Minister for Water in administering the following acts:

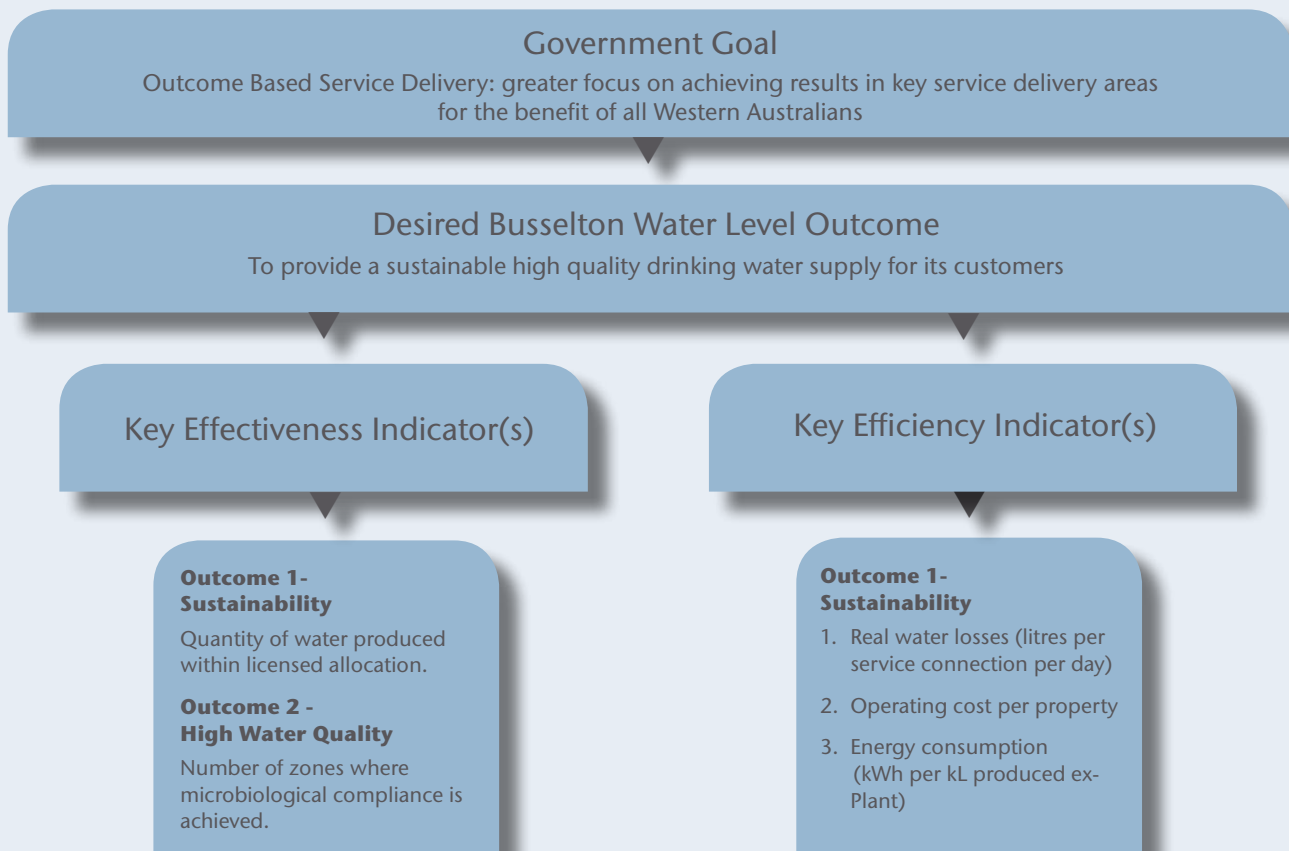
- *Water Boards Act 1904*
- *Water Agencies (Powers) Act 1984*
- *Water Resources Legislation Amendment Act 2007*
- *Water Services Licensing Act 1995*
- *Country Areas Water Supply Act 1947*
- *Rights in Water and Irrigation Act 1914*
- *Water Agencies Restructure (Transitional and Consequential Provisions) Act 1995*
- *Busselton Water Board (Supply of Water to Dunsborough) Act 2009*
- *Water Services Act 2012*
- *Water Services Legislation Amendment and Repeal Act 2012*

Other Key Legislation Impacting on Busselton Water's Activities

In the performance of its functions, Busselton Water complies with the following relevant written laws:

- *Auditor General Act 2006*
- *Contaminated Sites Act 2003*
- *Dangerous Goods Safety Act 2004*
- *Disability Services Act 1993*
- *Economic Regulation Authority Act 2003 (licence issued under this act)*
- *Electricity Act 1945*
- *Environmental Protection (Clearing of Native Vegetation) Regulations 2004*
- *Environmental Protection Act 1986*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Health Act 1911*
- *Industrial Relations Act 1979*
- *Land Drainage Act 1925*
- *Fairwork Act 2009*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Rates and Charges (Rebates and Deferments) Act 1992*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Statutory Corporations (Liability of Directors) Act 1996*
- *Telecommunications (Interception and access) WA Act 1986*
- *Waterways Conservation Act 1976*
- *Workers Compensation and Injury Management Act 1981*

Outcome Based Management Framework



Changes to Outcome Based Management Framework

Busselton Water's Outcome Based Management Framework did not change during 2012-13.

Shared Responsibilities with Other Agencies

Busselton Water did not share any responsibilities with other agencies in 2012-13.

OUR PERFORMANCE



Report on Operations

Water quality remains our top priority and for 2012-13 Busselton Water achieved 100% compliance with all health-related performance targets within the 2004 Australian Drinking Water Guidelines (ADWG) and the protocols of Busselton Water's Memorandum of Understanding with the Department of Health.

Busselton Water completed a comprehensive Business Continuity Plan during 2012-13.

There were no incidents reported during the year and a major mock event was undertaken to test and improve the incident response plans.

A significant amount of work was undertaken this year in preparing the organisation to become a corporation in the coming year. This involved reviewing new legislation including Customer Codes and Regulations, preparing action plans to address requirements and having dialogue with staff to ensure they are well informed.

Safety received an increased profile this year with the introduction of an action plan following an assessment of our occupational safety and health management system. It has also become the first topic of conversation at staff meetings across all levels within the organisation.

A highlight of the year was the review of our asset management software and development of a Asset Management Strategy and Asset Management Plan.

Our asset management focus is ongoing and demonstrates our commitment to continuous improvement.

Risk management also featured highly during the year with significant work being undertaken in the development of a risk register. This register is aligned with Australian Standards.

Work continued this year with the further development and implementation of our new Electronic Document Records Management System (EDRMS), TRIM. While further development is progressing this new system has demonstrated improved management of our records.

Our award winning Radio Frequency (RF) metering project has delivered its first year of outcomes and of particular note is the extent of identified water loss. 35% of properties have been identified with experiencing water loss and processes introduced to inform our customers.

Data collection continues to evolve to produce better outcomes for the business and our customers.

OUR PERFORMANCE

Actual Results versus Budget Targets

Financial Targets	2012 – 13 Target	2012 – 13 Revised Target	2012 – 13 Actual	Variation
Total expenses (\$'000) ¹	6,698	7,405	7,834	(1,136)
Total income (\$'000) ²	8,164	8,352	8,569	405
Total equity (\$'000) ³	58,959	58,959	60,350	1,391
Net increase/(decrease) in cash held ⁴	(3,928)	(3,928)	(562)	3,366
Approved full time equivalent (FTE) staff level	N/A	N/A	29	N/A

Financial Outcomes	2012 – 13 Target	2012 – 13 Revised Target	2012 – 13 Actual	Variation
Assumptions				
Growth rates & fees (%)	1.7	N/A	2.3	0.6
CPI (annual change) (%)	3	N/A	2.5	(0.5)
Specific price increase – Water Tariffs	-	N/A	-	-
Dividend provision rate (%)	N/A	N/A	N/A	N/A
Operating profit before income tax (\$m) ⁵	1.5	0.9	0.7	(0.8)
Operating profit after income tax (\$m) ⁵	0.9	0.3	0.5	(0.4)
Loan principal repaid (\$)	214,089	214,089	214,089	-
Capital expenditure (\$m) ⁶	6.3	1.54	1.54	4.76
Return on fixed assets (%) ⁷	1.29	N/A	0.80	(0.49)
Return on equity (%) ⁸	1.45	N/A	0.85	(0.60)
Debt to equity ratio (%)	3.99	N/A	3.90	(0.09)
Debt to total assets ratio (%)	3.17	N/A	3.08	(0.09)
Accruals to Government (State)				
Indirect tax (payroll tax and land tax) (\$'000) ⁹	98.8	105	114.9	(16.1)
Income tax equivalents (NTER)(\$'000)	609.3	609.3	218.6	390.7
Local government rate equivalents	N/A	N/A	N/A	N/A
Dividends provided	N/A	N/A	N/A	N/A
Total accruals to Government (\$'000)	708.1	714.3	333.5	374.6
Less: Payments from Government (CSOs, etc.)	N/A	N/A	N/A	N/A
Net Accruals to Government	708.1	714.3	333.5	374.6

Commentary:

(1) Total Expenses

Busselton Water commenced 2012-13 with a target of \$6.7 million for expenses. This target was revised with approval of the Board to \$7.4 million.

The actual result of \$7.8 million is above the original target primarily due to:

- Water plant maintenance was higher than anticipated due to an increase in electricity charges and unplanned maintenance.
- Mains and services maintenance increased due to additional flushing since the introduction of chlorination and shift in the labour budget from capital to maintenance. Chlorination also had an impact on water quality monitoring programs due to an increase in sampling since full-time implementation of chlorination.
- An increase in general consulting (engineering) for the implementation of a new asset management system and ensure full compliance with the operational and asset management review.
- Increased expenditure on salaries due to termination of the Chief Executive Officer and employment of his replacement.
- Depreciation was also higher than estimated.

Further explanations are contained in Note 33 'Explanatory Statement' to the financial statements.

(2) Total Income

Busselton Water commenced 2012-13 with a target of \$8.2 million for income. This target was revised with the approval of the Board to \$8.4 million.

The actual result of \$8.6 million is above the original target primarily due to:

- Total income is above the original target due to increased revenue from new connections and developer contributions due to a number of large developments.
- Interest revenue is also greater than anticipated due to deferral of capital projects funded by reserve.

(3) Total Equity

The variation is mainly due to an increase in the asset revaluation reserve after revaluation of assets and other reserves due to deferral of capital works.

(4) Net Increase in Cash Held

The increase in net cash held relative to the target primarily reflects a significant decrease in the purchase of non-current assets.

(5) Operating Profit

A profit before income tax equivalent expense of \$734,567 was achieved. The primary variance is explained under note 1 'Total Expenses' and note 2 'Total Income'. Further explanations are contained in Note 33 'Explanatory Statement' to the financial statements.

(6) Capital Expenditure

The actual result of \$1.54 million is below the approved target of \$6.3 million mainly due to:

- A number of large capital projects were deferred as demand from bulk water sales were significantly lower than originally estimated;
- Deferral of the implementation of the preliminary works for the Administration/Operations co-location facility; and
- Other projects were deferred as a result of their direct linkage to other upgrades or risk assessments.

(7) Return on Fixed Assets

The decrease is directly related to actual net profit after tax being lower than estimated.

(8) Return on Equity

The decrease is directly related to actual net profit after tax being lower than estimated.

OUR PERFORMANCE

Summary of Key Performance Indicators	2012-13 Target	2012-13 Actual	Variance ¹
Outcome 1 – Sustainability			
Key Effectiveness Indicator(s) Quantity of water produced within licensed area	< 8.1 GL	4.6 GL	3.5 GL
Key Efficiency Indicators(s) Real water losses (litres per service connection per day)	< 115	88	27
Operating cost per property (\$ per property) (% change from previous year)		509.72	
	< 4% increase	22.64	(18.64)
Energy consumption (kWh per kL produced ex-Plant)	<0.70	0.61	0.09
Outcome 2 – High Water Quality			
Key Effectiveness Indicator(s) Number of zones where microbiological compliance is achieved	1/1	1/1	0

Commentary:

(1) More detailed information on the Key Performance Indicators are presented on page 80 “Key Performance Indicators”.

Business Targets	2012 – 13 Target	2012 –13 Actual	Variance
Emergency Call Response (within 1 hour)	> 90.0%	98.4%	8.4%
Complaint Resolution within 15 business days	> 90.0%	100%	10%
Pressure (min. 15m) & Flow (min. 20ltrs/minute)	> 99.8%	100%	0.2%
Continuity of Supply of connected properties	> 75.0%	84.8%	9.8%
Lost time injury frequency rate (LTI / 1 Mill Hours)	< 19.5	20.65	(1.15)
Lost time injury incidence rate (LTI / 100 Workers)	< 3.4	3.3	0.1
Duration (average days lost) ¹	< 2.0	15	(13)1

Commentary:

(1) Due to the nature of the lost time injury, being a fractured finger, 15 work days were lost. The employees normal duties were field based operational duties, which also prevented an earlier return to work.

Management KPI Trends (These indicators are not subject to Audit by the Office of the Auditor General)	2013	2012	2011	2010	2009	2008
% Properties served per km of water main	38.5	37.7	37.2	36.6	37.9	39.0
Average annual residential water supplied ¹ (kL/Property)	271.9	279.8	285.0	296.8	304.8	272.0
Total number of water main breaks ²	20	10	15	19	38	43
Water main breaks per 100km of water main	6.6	3.3	5.0	6.4	13.5	16.0
Total number of water quality complaints ³ (per 1000 properties)	18.50	22.01	1.35	0.83	1.13	0.40
Total number of water service complaints (per 1,000 properties)	0.17	0.44	0.81	0.19	0.28	1.10
Total number of account & billing complaints (per 1000 properties)	0.26	0.53	0.90	1.94	1.23	N/A
Average duration of a unplanned interruption – water ⁴ (minutes)	92	79.5	41.6	41.3	43.2	106.8
Average frequency of unplanned interruptions - water (per 1000 properties)	4.1	2.73	1.1	2.8	8.9	8.0
Economic real rate of return % - Water (net water revenue/Written down value of water assets) ⁵	0.49	0.94	1.8	2.1	1.2	5.0
Lost time injury frequency rate (LTI per 1 mill hours)	20.65	Nil	21.4	41.7	20.1	40.9
Lost time injury incidence rate (LTI per 100 workers)	3.3	Nil	3.6	7.6	3.7	6.8
% return on weighted balance of investments target UBSA 90 day bank bill index 3.28% (2013), 4.7% (2012)	4.74	5.99	N/A	N/A	N/A	N/A

Commentary:

(1) The average annual water consumption by residents has seen a steady decline in the past 5 years, around the time water efficiency measures were introduced to the Busselton area.

(2) The level of mains breaks in 2012-13 returned to levels existing prior to 2010-11. Analysis of the breaks has identified most breaks have occurred in the older areas of the City. Mains replacement programs are in place to replace the aging infrastructure in these areas.

(3) Water quality complaints are continuing to reduce following the implementation of chlorination in April 2012. Complaints in other areas such as water service and billing and accounts have also demonstrated a decline this year.

(4) The average duration of unplanned interruptions increased in the past two years as a result of a minor number of interruptions that took on average between 4-5 hours to rectify.

(5) The change in the economic real rate of return is due to increased operating costs.

OBJECTIVE 1

Provide quality water meeting all prescribed water quality standards.

PLAN, DESIGN AND INSTALL APPROPRIATE INFRASTRUCTURE.

Asset acquisition and replacement will be reviewed as part of our financial forecasts. We will use highly qualified professional consultancy services to achieve industry best practice design and installation where needed to complement in-house expertise.

Busselton Water appointed competent professional consultancies and contractors to assist in-house expertise to design, plan and install infrastructure as per the approved capital works program.

A capital works program of \$1.54M was delivered. This was below the originally planned program as bulk water projects were able to be deferred due to a decrease in demand and a proposed Administration/Operations co-location facility was also deferred. The deferral of capital works had a positive impact on cash and reflects the healthy position of reserves held.

The following capital works were completed during the year:

- Replacement/new water plant infrastructure - \$0.73M
- New service connections and meters - \$0.28M
- New/upgrades to mains - \$0.47M
- Other - \$0.06M

MAINTAIN A COMMITMENT AND AWARENESS TOWARDS MAINTAINING WATER QUALITY STANDARDS.

Regular staff meetings and dialogue with government agencies are to be encouraged by management to promote an open and transparent approach to water quality management. A positive water quality ethos will be disseminated by management through mediums such as staff inductions, ongoing training, process mapping and review.

The Water Quality Committee met quarterly during the year to discuss water quality results and other water quality requirements as set out in the Memorandum of Understanding (MoU) with the Department of Health.

Busselton Water achieved 100% compliance with all health-related performance targets within the 2004 Australian Drinking Guidelines (ADWG) and the protocols of Busselton Water's MoU with the Department of Health.

Busselton Water participated in the Advisory Committee for the Purity of Water, chaired by the Department of Health to discuss statewide water quality results and to assist with water quality issues.

A Drinking Water Quality Management Plan was developed based on the 12 elements of the ADWG 2004. This plan is a requirement under the MoU with the Department of Health and will be finalised and implemented in 2013-14.

The Water Quality Monitoring Program was reviewed and approved by the Department of Health to align with the ADWG 2004. One staff member attended the Australian Drinking Water Guidelines seminar.

ENSURE THAT A SYSTEM IS IN PLACE FOR EFFECTIVE INCIDENT PLANNING AND PROCESSES.

We will promote and actively adhere to our responsibilities for incident planning and control as defined in both our MoU with the Department of Health and our in-house incident management plans.

Busselton Water updated and implemented its Business Continuity Plan during 2012-13 which sets out the principles to be followed, actions to be taken and resources to be used to ensure the continuity of critical business activities. This Business Continuity Plan is an overarching document that references all of Busselton Water's incident response plans.

To ensure effective incident planning, one mock event was undertaken during 2012-13 to test and improve the plans and create confidence to action the relevant plans.

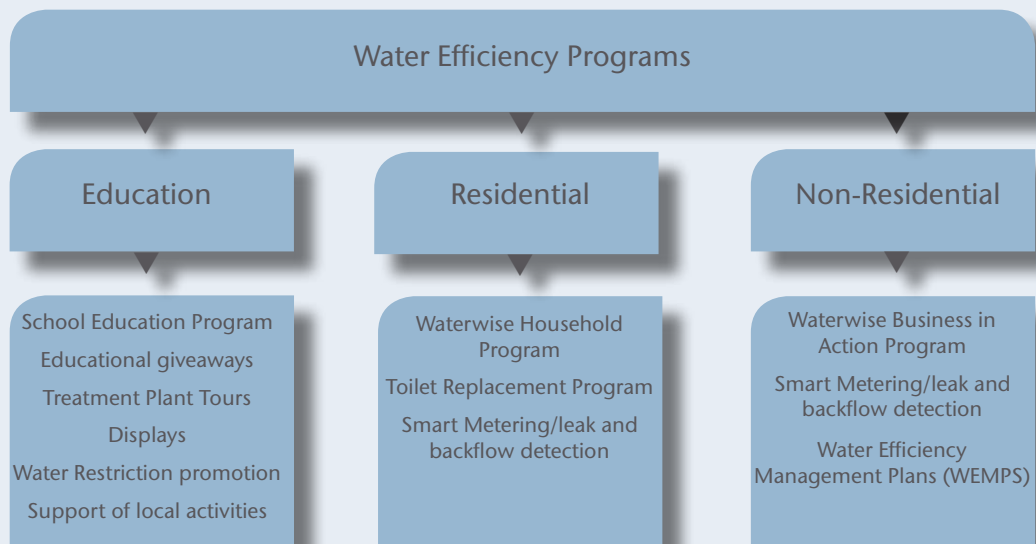
OBJECTIVE 2

To receive input and to be sensitive to customer and community needs.

DEVELOP ANNUAL COMMUNITY COMMUNICATION AND ENGAGEMENT PLANS.

We seek to emphasise a strong alignment with the Busselton community by providing support which promotes Busselton Water as an innovative organisation servicing the community. Busselton Water's Community Engagement Program uses community education to develop community relationships.

Busselton Water continues to place a high priority on its communications with customers and stakeholders and develops communications and engagement plans annually. It is continually reviewing and implementing programs and identifying opportunities in which it can connect and engage with the community, as depicted below.



Waterwise programs for business and residential customers progressed during the year. Two business customers were recognised for their outstanding achievement in managing our water resource and caring for our environment. Residential customers were introduced to a pilot toilet replacement program however the take-up of only 11 retrofits did not meet expectations and was discontinued.

The 2012 National Water Week competition theme 'valuing our water' continued to be a community favorite with over 100 entries received in the colouring competition. Local schools also participated with Cornerstone Primary School winning the schools prize.

CONTINUE SCHOOL EDUCATION PROGRAM.

This program was tailored in conjunction with schools and is believed to be the first of its kind with such a local focus. Providing information relevant to the licensed area with a broad understanding of water resources including water saving, conservation and water treatment.

Busselton Water's School Education Program aims to educate students and families to value, protect and conserve our precious water resource. The program has continued to be promoted to local schools during the year and it is expected that the new year will see a number of schools participating in the program and achieve Waterwise School status.

Community Engagement Program

The Community Engagement Program has proved popular once again with many schools, community groups and local events seeking Busselton Water's participation. The program focuses on providing support through water education, as well as raising awareness of water priorities through promotional opportunities and partnerships. Events supported during the year include the Busselton Jetty Swim, Ironman and Half Ironman.

Watersource Newsletter

Busselton Water's customer newsletter 'Watersource' is delivered direct to customers twice per year and continues to be the most recognised source of information along with our magnetised water roster. An email based newsletter is also distributed and this publication reaches over 600 contacts from the business sector including but not limited to: engineers, construction, plumbers, real estate and conveyancing agencies, schools and government.

Water Efficiency

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.

	2012-13	2011-12	2010-11
Breach Reports	121	66	112
Exemptions (new lawns)	123	185	209

OUR PERFORMANCE

Our Objectives

Radio Frequency (RF) Metering

One year on from the complete retrofit of Busselton Water's metering fleet to RF meters a number of benefits and outcomes have been achieved:

- Meter reading efficiency has improved from 5 weeks to 5 days
- Customers benefit from improved accuracy of meter reading
- On average 35% of properties have been identified as experiencing water loss
- Improved occupational safety and health for meter readers

Customers experiencing water loss are advised by direct mail and asked to investigate and rectify the problem.

This award winning project is 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.

CONDUCT ANNUAL CUSTOMER SURVEYS.

Each year an independent survey is undertaken to assist with service improvement, along with a robust complaints handling process that has achieved exemplary audit results.

This year saw our sixth customer survey undertaken with the survey outcomes feeding into the development of our 5 Year Communications and Engagement Strategy and one year plan. Outcomes also presented an opportunity to further enhance our performance across a range of operational and service levels and significant work is planned in this area for the coming year.

Financial Hardship

To further assist customers, Busselton Water has a financial hardship policy and is a member of the government funded financial assistance Hardship Utility Grant Scheme (HUGS).

Two applications were received this year.

Customer Complaints

We aim to provide excellent customer service by responding promptly to enquiries and complaints and providing timely advice of necessary works that may disrupt services to segments of the community. To ensure the highest level of compliance with our Operating Licence and Customer Charter we have a robust complaints handling process. We actively encourage customers to contact us when their expectations are not met and we use this feedback to grow our business.

Courtesy Calls

Feedback we received from customers was responsible for the introduction of direct customer follow up, a 'courtesy call' process that was introduced this year. Customers contacting us to report a fault or lodge a complaint were contacted by telephone a week later to ensure the customer was satisfied with the service provided and action taken. It was pleasing to see that 100% customer satisfaction was reported.

OBJECTIVE 3

Achieve a return on our investments, constantly endeavouring to improve the value of our business.

OPTIMISE FINANCIAL INVESTMENTS.

Our Policy governing protection of investments and interest maximisation will be followed absolutely.

Full adherence and compliance with our policy was achieved in 2012-13 with the following key outcomes:

- Surplus funds were invested after assessing credit risk and diversification. Not less than three quotations were obtained from authorised institutions before placing investments.
- An adequate level of diversification was maintained. The amount invested with any one financial institution did not exceed the percentage limits detailed in the policy. At any one time investments were spread across no less than two institutions.
- A high level of security by using recognised ratings was achieved. Any investments held which were downgraded such that they no longer fell within the Board's investment policy guidelines, were divested within 90 days or as soon as practicable.
- Investment funds achieved a return consistent with the USBA 90 Day Bank Bill Index (Total Annual Return). The USBA 90 Day Bank Bill Index for 2012-13 was 3.28%. Busselton Water's return on investments was 4.74%.
- To ensure the security of Busselton Water Funds (Preservation of Capital) investments were held with Australian Authorised Deposit-Taking Institutions (ADI) regulated by the Australian Prudential Regulation Authority (APRA) in accordance with the *Banking Act 1959*. The term to maturity ranged from 'at Call' to 18 months, within term deposit constraints.
- An investment report was provided to the Board monthly detailing the investment portfolio in terms of performance, counterparty percentage exposure of total portfolio and credit ratings. In addition, investment income versus budget year to date was reported.

OUR PERFORMANCE

Our Objectives

HAVE IN PLACE GOOD ASSET MANAGEMENT STRATEGIES.

We will continue to manage our assets in an efficient manner, including the identification of plant assets that require replacement on a non-recurrent basis and the identification of new capital works required to meet customer demand. To achieve this we will use good asset management tools.

Asset Management is a critical component in delivering safe potable drinking water to its customers. Busselton Water's Asset Management Strategy includes the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure desired levels of service.

Busselton Water undertook an independent review of its asset management software system (Confirm) to align with the International Infrastructure Management Manual. The review resulted in the development of a Asset Management Strategy and a Asset Management Plan.

Busselton Water also engaged an independent Asset Management expert consultancy to undertake an Asset Management Review as part of its Economic Regulation Authority Licensing obligations.

OBJECTIVE 4

Maintain and grow a highly skilled, flexible, motivated and well resourced workforce in a safe and secure working environment.

PROVIDE TOOLS, RESOURCES AND TRAINING AS APPROPRIATE.

We aim to provide appropriate training and development in order to keep our workforce skills current and relevant. A training plan is developed annually with input from our workforce. This plan includes recertification of employee accreditations and the development of essential on the job skill sets.

A Training and Professional Development Plan was identified during the performance review process to ensure our staff have the relevant skills to enable them to complete their tasks to a satisfactory standard.

Implementation of the Plan achieved 100% compliance for operational staff and 75% completion for administration staff.

CONTINUE TO IMPLEMENT AN “EFFECTIVE 2 WAY” COMMUNICATIONS MODEL.

We will regularly review our employee’s performance in order to maximise our workforce as a whole as well as our working environment. At the same time, we encourage our employees to communicate new ideas, innovations and better ways to accomplish tasks.

All staff participated in a performance review conducted by their Line Manager. This process has proven to be an effective way for employees and their Line Managers to communicate.

The CEO delivers a monthly team brief to all staff. Line Managers and Managers also hold team briefs within their business unit on a regular basis.

ENSURE OUR EMPLOYEES’ SAFETY.

Employees’ safety is of paramount importance to Busselton Water and through adherence to regulations, continual monitoring and active communication with employees, the highest are strived for. A new Knowledge Management System will provide real-time, on the job advice to employees as to inherent risks within tasks to be undertaken.

A self-assessment based on the Work Safe Plan was conducted and a gap analysis developed. This has been driving improvement within occupational safety and health. A Safety Manual was also developed and implemented as part of the self-assessment. A new software system, MYOSH, was implemented to manage occupational safety and health, including incident reporting, risk and hazard management, training management and insurance management of contractors and consultants.

The Knowledge Management System (KMS) was reassessed during the year as part of the Information and Communication Technology (ICT) review, and the outcome will be considered in the near future.

OBJECTIVE 5

Manage our water infrastructure system to ensure its effective and efficient utilisation to provide an adequate and reliable supply of water.

MAINTAIN AN ASSET MANAGEMENT PLAN.

A review of all assets is undertaken each year and each asset is assessed based on its age and condition. This information is taken into account when evaluating the asset's replacement and/or extension of its life. We will integrate our asset management strategies with our financial forecasts to optimise our assets utilisation, service potential and method of funding.

Busselton Water's Asset Management Plan was prepared in 2012-13 and consists of an asset description, maintenance plan, development plan and financial plan to manage the asset for the expected duration of the service to be provided by the asset.

The Asset Management Plan provides an integrated framework for the effective management of existing and new assets.

MAINTAIN A RISK REGISTER.

Our risk register identifies and details anticipated risks that could be encountered in the prescribed time periods, the impacts that may occur as a result, the probability of its occurrence and a summary of the planned response and mitigation measures.

Busselton Water's risk management process is aligned with the AS/NZS ISO 31000:2009 Principles and Guidelines.

Synergy Soft is used to manage all operation and governance risk. The register has been significantly developed during the year. Reports are produced and circulated monthly to staff advising of action to be completed. The operational and governance risk register is reviewed on an annual basis.

MONITOR KEY PERFORMANCE INDICATORS.

We are required to measure our performance against set Key Performance Indicators (KPIs), including quantities of water production, real water losses, operating cost per property and energy consumptions. We will strive to achieve these targets, as well as other business performance measures set out by management.

The standard utilised to set targets, relevance of the indicator to Busselton Water's desired outcomes and explanation of variances for set Key Performance Indicators (KPIs) are provided on page 80. These indicators are set by Government and audited by the Office of the Auditor General.

OBJECTIVE 6

Ensure that all operations of Busselton Water give proper regard and respect to the environment.

HONOUR ALL LICENCE AND APPROVAL CONDITIONS.

We will stringently monitor our compliance obligations to ensure our environmental responsibilities are met. Recently these obligations became more stringent with the introduction of full-time chlorination.

Busselton Water complied with all licence and approval conditions.

The 2012-13 Asset Management Review and Operational Audit was completed in April 2013. The Audit Report did not record any non-conformance in regards to Busselton Water's Operating Licence.

STRIVE TO REDUCE ENERGY CONSUMPTION.

Regularly monitor and analyse electricity consumption together with the continual improvement of water production processes to achieve the most efficient pumping practices so as to reduce our carbon footprint. Energy audits and the consideration of alternate technologies will be ongoing.

Busselton Water treatment plants are operated in a manner to maximize the use of off-peak power tariffs. An energy consumption level of 0.61 kWh/kL was achieved in 2012-13, a slight improvement on the previous year.

To further improve energy consumption performance winter and summer Operating Strategies have been redefined to ensure the optimisation of the Water Treatment Plants to reduce energy consumption.

OPERATE ACCORDING TO OUR ENVIRONMENTAL POLICY.

Continually monitor our environmental responsibilities and communicate our policy to all involved.

Busselton Water revised its Busselton Water Reserves Drinking Water Source Protection Plan in conjunction with the Department of Water. This included increasing the level of protection of its bores by proclaiming the water reserves to ensure their locations are under legislative protection. Proclamation ensures Busselton Water's water supply bores can be considered in future resource development proposals that have the potential to contaminate the confined aquifer.

As well as adhering to its Environmental Policy objectives, Busselton Water has developed and implemented a Cultural/Heritage Policy with the objective of avoiding impacting indigenous cultural or heritage sites during excavation operations.

Busselton Water continues to monitor its environmental responsibilities, act on its obligations and communicate the policy to all involved.

OBJECTIVE 7

To capitalise on business opportunities.

CAPITALISE ON OUR STRENGTHS BY BEING AWARE OF DEVELOPMENT OPPORTUNITIES.

We will strive to maintain a high profile in water and related industries to ensure early identification of opportunities to grow our business.

Busselton Water uses land development information in the preparation of its 10 Year Plan. This plan looks at potential new developments and identifies how we can provide a long-term water supply to service those developments. The development of the airport and surrounding residential development is such an example, when becoming aware of the City of Busselton's desire to develop the Busselton Airport we proactively identified ways to provide a potable reticulated solution.

MAINTAIN RELATIONSHIPS WITH KEY STAKEHOLDERS VIA OUR STAKEHOLDER MANAGEMENT PLAN.

Continue to acknowledge that our business operates within a complex system of interests and influences. We will assess and evaluate these forces in order to strive for alignment with corporate objectives.

Busselton Water is committed to involving stakeholders in its activities, to maintain a healthy business environment and a sustainable future.

In 2012-13 Busselton Water engaged with its key stakeholders through industry meetings such as the South West Water Industry Group, Joint Utilities, Joint Interagency Working Party and the Advisory Committee for the Purity of Water. Participation in these forums enables higher quality decision making and better planned and more informed policies, projects, programs and services.

IDENTIFY NEW COMMERCIAL OPPORTUNITIES.

Under the anticipated legislation change, Busselton Water will be able to seek out new commercial opportunities.

Geothermal Project

During the year Busselton Water signed off on a licence agreement in partnership with the City of Busselton, which will significantly reduce greenhouse gas emissions, with the installation of a geothermal heating system at Busselton's Geographe Leisure Centre (GLC). The system will utilise water from water treatment Plant No. 2. The water will be piped in a closed loop system and run through a series of heat exchangers, at no time does the water from Plant 2 come into contact with the Centre's pool water. This process will provide heating for the indoor and outdoor pools and space heating for the Centre.

In anticipation of new legislation being enacted in 2013-14, Busselton Water has identified growth and new opportunities to be pursued.

SIGNIFICANT ISSUES IMPACTING BUSSELTON WATER



Current and Emerging Issues and Trends

Corporatisation

During 2012-13 a significant amount of work has been undertaken in preparation for new legislation that will see Busselton Water become a corporation in the coming year under the *Water Corporations Act 1995*. Further work scheduled for the coming year includes review of policies, procedures and business practice to align with the new legislative requirements as well as an Operating Licence review.

The new Act provides for dividends and operating subsidies which are to be addressed in 2013-14.

DISCLOSURES AND LEGAL COMPLIANCE



DISCLOSURES AND LEGAL COMPLIANCE

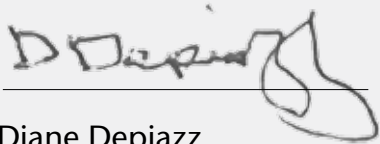
Financial Statements

Certification of Financial Statements

For the year ending 30 June 2013

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 June 2013 and the financial position as at 30 June 2013.

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.



Diane Depiazz

Chief Finance Officer

Date: 2 September 2013



Matthew Walker

Member of Busselton Water Board

Date: 2 September 2013



Helen Shervington

Chair of Busselton Water Board

Date: 2 September 2013

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

BUSSELTON WATER BOARD

Report on the Financial Statements

I have audited the accounts and financial statements of the Busselton Water Board.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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 for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Busselton Water Board at 30 June 2013 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

Report on Controls

I have audited the controls exercised by the Busselton Water Board during the year ended 30 June 2013.

Controls exercised by the Busselton Water Board are those policies and procedures established by the Board to ensure 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.

Board's Responsibility for Controls

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Busselton Water Board based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Board complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, the controls exercised by the Busselton Water Board are sufficiently adequate to 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 during the year ended 30 June 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Busselton Water Board for the year ended 30 June 2013.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

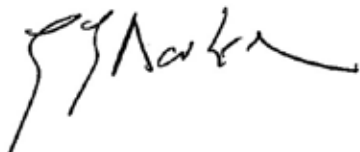
In my opinion, the key performance indicators of the Busselton Water Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2013.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Busselton Water Board for the year ended 30 June 2013 included on the Board's website. The Board's management is responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
6 September 2013

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
INCOME			
Revenue			
Water Sales Revenue	6	6,767,045	6,281,378
Commonwealth Grants	7	0	515,288
Developer Contributions - Headworks	8	1,102,494	870,887
Developer Contributions - Mains	8	89,113	45,640
Interest Revenue	9	421,073	586,357
Other Revenue	10	189,256	161,874
TOTAL INCOME		8,568,981	8,461,424
EXPENSES			
Cost of Sales	11	3,247,890	2,526,190
Depreciation Expense	12	1,870,234	1,957,648
Administration Expenses	13	1,614,131	1,437,498
Finance Costs	14	122,808	24,445
Other Expenses	15	937,637	743,389
Loss on Disposal of Non-current Assets	16	41,714	78,215
TOTAL EXPENSES		7,834,413	6,767,385
Profit before Income Tax Equivalent Expense		734,567	1,694,039
Income Tax Equivalent Expense	29	(218,638)	(532,495)
Profit after Income Tax Equivalent Expense		515,929	1,161,544
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in Asset Revaluation Surplus	27	1,765,388	(74,763)
Total Other Comprehensive Income		1,765,388	(74,763)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,281,317	1,086,781

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

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

Statement of Financial Position

As at 30 June 2013

	Notes	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash & Cash Equivalents	17	1,056,842	2,218,631
Other Financial Assets	18	8,000,000	7,400,000
Receivables	19	2,423,965	2,697,003
Inventories	20	383,627	327,511
Other Assets	21	50,540	0
Current Tax Assets		363,560	244,631
TOTAL CURRENT ASSETS		12,278,534	12,887,776
Non-Current Assets			
Property, Plant and Equipment	22	64,212,433	61,945,181
TOTAL NON-CURRENT ASSETS		64,212,433	61,945,181
TOTAL ASSETS		76,490,967	74,832,957
LIABILITIES			
Current Liabilities			
Payables	23	763,018	1,931,456
Borrowings	24	224,306	214,089
Provisions	25	733,370	794,281
Current Tax Liabilities		0	0
Other Current Liabilities	26	34,060	29,387
TOTAL CURRENT LIABILITIES		1,754,753	2,969,213
Non-Current Liabilities			
Provisions	25	43,583	47,862
Borrowings	24	2,128,605	2,352,911
Deferred Tax Liabilities	29	12,213,803	11,394,065
TOTAL NON-CURRENT LIABILITIES		14,385,991	13,794,838
TOTAL LIABILITIES		16,140,744	16,764,051
NET ASSETS		60,350,223	58,068,906
EQUITY			
Reserve Fund	27	7,982,315	7,648,799
Reserves		30,679,157	28,913,769
Retained Earnings		21,688,751	21,506,338
TOTAL EQUITY		60,350,223	58,068,906

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

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

Statement of Changes in Equity

For the year ended 30 June 2013

	Notes	Reserves \$	Retained Earnings \$	Total Equity \$
BALANCE AS AT 1 JULY 2011	27	36,774,970	20,391,633	57,166,603
Changes in accounting policy	38	(78,960)	(105,518)	(184,478)
Reinstated balance at 1 July 2011		36,696,010	20,286,115	56,982,125
Total comprehensive income for the year		(74,763)	1,161,544	1,086,781
Transfers to reserves		1,301,388	(1,301,388)	0
Transfers from Reserves		(1,360,067)	1,360,067	0
Balance at 30 June 2012		36,562,568	21,506,338	58,068,906
BALANCE AS AT 1 JULY 2012		36,562,568	21,506,338	58,068,906
Total comprehensive income for the year		1,765,388	515,929	2,281,317
Transfers to reserves		2,221,620	(2,221,620)	0
Transfers from Reserves		(1,888,103)	1,888,103	0
Balance at 30 June 2013		38,661,472	21,688,751	60,350,223

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

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

Statement of Cash Flows

For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Rates & Water Sales		6,837,991	5,699,006
Commonwealth Grants Received		0	515,288
Interest Received		439,410	627,175
Developers Contributions		1,146,861	879,743
GST Receipts on Sales		21,330	23,553
GST Receipts From Taxation Authority		487,903	657,087
Other Receipts		264,969	47,850
		9,198,463	8,449,702
PAYMENTS			
Payment to Suppliers & Employees		(7,087,439)	(3,640,662)
Finance Costs		(122,808)	(23,754)
GST Payments on Purchases		(449,022)	(743,665)
NET CASH PROVIDED BY OPERATING ACTIVITIES	28	1,539,194	4,041,621
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the Sale of Non-Current Physical Assets		30,200	98,694
Purchase of Non-Current Physical Assets		(1,546,347)	(5,963,918)
NET CASH USED IN INVESTING ACTIVITIES		(1,516,147)	(5,865,224)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		0	2,657,000
Repayment of Borrowings		(214,089)	(90,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES		(214,089)	2,567,000
CASH FLOWS TO STATE GOVERNMENT			
Taxation Equivalent		(370,748)	(887,372)
NET CASH PROVIDED TO STATE GOVERNMENT		(370,748)	(887,372)
Net increase / (decrease) in cash and cash equivalents		(561,790)	(143,975)
Cash and cash equivalents at the beginning of period		9,618,631	9,762,606
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	28	9,056,842	9,618,631

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

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

For the year ended 30 June 2013

Note 1 Australian Accounting Standards

General

Busselton Water's financial statements for the year ended 30 June 2013 have been prepared in accordance with Australian Accounting Standards. The term "Australian Accounting Standards" includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

Busselton Water has adopted any applicable 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". There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by Busselton Water for the annual reporting period ended 30 June 2013.

Note 2 Summary of significant accounting policies

(a) General Statement

Busselton Water is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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 statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for 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 financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying Busselton Water's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses 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.

(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.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

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.

(d) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

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

Revenue is recognised as the interest accrues.

Grants, donations, gifts and other non-reciprocal contributions

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

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.

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets

(e) Income Tax

Busselton Water operates within the national tax equivalent regime (NTER) whereby an equivalent amount in respect of income tax is payable to the 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 rate expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively 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 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 either accounting profit or taxable profit or loss.

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

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

Current and deferred tax balances attributable to amounts recognised in other comprehensive income are recognised in other comprehensive income, and directly in equity are recognised directly in equity.

(f) Borrowings

All loans payable are initially recognised at fair value, being the net proceeds received. Subsequent measurement is at amortised cost using the effective interest method.

(g) Property, Plant & Equipment and Infrastructure

Capitalisation/Expensing of Assets

Items of property, plant and equipment, and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment, and infrastructure costing less than \$5,000 are immediately expensed direct 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

Property, plant and equipment and infrastructure are initially recognised at cost.

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

Subsequent measurement

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 2013. Independent valuations are obtained every 3 years.

Property, plant and equipment, and infrastructure recorded at their fair value are based on independent valuations performed by AON International Valuation Consultants ("AON") as at 30 June 2013. 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, 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.

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Notes to the Financial Statements

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 general 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 the end of the reporting period.

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

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

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 22 'Property, plant and equipment'.

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 benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

	Life
Buildings	3 to 40 Years
Land Improvements	2 to 30 Years
Meters	8 to 10 Years
Mains and Services	70 to 80 Years
Motor Vehicles	7 to 20 Years
Office Equipment	2 to 13 Years
Plant	2 to 60 Years
Tools	3 to 16 Years

Land is not depreciated.

(h) Intangible Assets

Capitalisation/Expensing of Assets

Acquisitions of intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below \$5,000 are immediately expensed directly to the Statement of Comprehensive Income.

Computer Software

Software that is an integral part of the related hardware is recognised as property, plant & equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is immediately expensed directly to the Statement of Comprehensive Income.

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(i) 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As Busselton Water 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.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

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.

(j) 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 represents of the pattern of benefits derived from the leased property.

(k) Financial Instruments

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

- Loans and receivables;
- Held-to-maturity investments (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
 - Term deposits
- Financial Liabilities
 - Payables
 - WATC borrowings

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.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

(l) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets 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 a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(m) Inventories

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

(n) Receivables

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

The collectability 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.

(o) 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 profit or loss 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.

(p) 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 settlement is generally within 30 days.

(q) Borrowings

All loans payable are initially recognised at fair value, being the net proceeds received. Subsequent measurement is at amortised cost using the effective interest method.

(r) 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.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions as well as 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.

The provision for annual leave is classified as a current liability as Busselton Water does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Sick Leave

The provision for the employee's entitlement under the sick leave incentive scheme represents the estimated cash flows to be made by Busselton Water resulting from the employee's service to balance date in accordance with the relevant clause of Busselton Water's Enterprise Agreement.

Clause 12.8 of Busselton Water's Enterprise Agreement states that "Upon resignation/retirement (other than for legitimate dismissal) or death, an employee or his/her next of kin is to be paid for any Personal/Carer's Leave credits which have been accumulated since employment commenced at 100% of the rate of pay current at the time of resignation, retirement or death. This is capped at 1976 hours. This entitlement is not available to employees whose employment with Busselton Water ends during a probationary period".

Long Service Leave

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions as well as 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.

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 end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because Busselton Water has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

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.

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Notes to the Financial Statements

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 'Administration Costs'. The related liability is included in 'Employment on-costs provision'.

(s) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3 Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. Busselton Water evaluates these judgements regularly.

Operating lease commitments

Busselton Water has entered into a number of leases for computing equipment. These leases are of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Adoption of revaluation versus cost basis for plant and equipment

Busselton Water adopts the cost basis and revaluation basis of accounting for valuing non-current assets. Non-cash developer contributed infrastructure assets are originally based on cost, based on the contractual value of the works transferred to Busselton Water. Subsequent measurement of these assets utilises the revaluation model.

Note 4 Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors 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 calculates unbilled water revenue using a combination of actual and estimated monthly water usage and revenue. Estimate monthly water usage is based on historical patterns. The actual price relating to volumetric water usage is applied to the estimated water volumes.

Long Service Leave

Several estimations and assumptions used in calculating Busselton Water's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5 Disclosure of changes in accounting policy 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 2012 that impacted on Busselton Water.

AASB 2011-9 *Amendments to Australian Accounting Standards- Presentation of items of Other Comprehensive Income* [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

This Standard requires to group items presented in other comprehensive income on the basis of

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whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.

Voluntary changes in accounting policy

Effective from 1 July 2012, Busselton Water has increased its asset capitalisation threshold from \$1,000 to \$5,000 for property, plant and equipment and intangible assets.

Retrospective application of the change in accounting policy has resulted in assets below \$5,000 threshold amounting to \$184,478 being adjusted to the opening balance of accumulated surplus (deficiency) as at 1 July 2011.

The comparatives for property, plant and equipment, depreciation expense, cost of sales, and administration expenses have been restated to disclose the effect of the policy change (See note 38 'Voluntary change in accounting policy').

The tax effects of retrospective adjustments made to apply changes in accounting policy are accounted for and disclosed in accordance with AASB 112 *Income Taxes*.

Management takes the view that this policy provides reliable and more relevant information because the cost of managing a large amount of relatively low cost items under \$5,000 exceeds the benefit of asset recognition.

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 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> amended the mandatory application date of this Standard to 1 January 2015. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
AASB 10	<p><i>Consolidated Financial Statements</i></p> <p>This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i> amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014

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AASB 11	<p><i>Joint Arrangements</i></p> <p>This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 12	<p><i>Disclosure of Interests in Other Entities</i></p> <p>This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i>.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 13	<p><i>Fair Value Measurement</i></p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. Busselton Water has liaised with the Western Australian Land Information Authority (Valuation Services) to ensure that sufficient information will be provided to meet the disclosure requirements of this Standard. There is no financial impact.</p>	1 Jan 2013
AASB 119	<p><i>Employee Benefits</i></p> <p>This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.</p> <p>As Busselton Water does not operate a defined benefit plan this will have no impact.</p> <p>The effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts is not material.</p>	1 Jan 2013
AASB 127	<p><i>Separate Financial Statements</i></p> <p>This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014

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AASB 128	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
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. There is no financial impact.</p>	1 Jul 2013
AASB 1055	<p><i>Budgetary Reporting</i></p> <p>This standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Authority will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	1 July 2014
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</i></p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	1 Jul 2013
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015

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Notes to the Financial Statements

AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]* 1 Jul 2013

This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.

AASB 2011-6 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]* 1 Jul 2013

This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.

AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]* 1 Jan 2013

This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. For not-for-profit entities it applies to annual reporting period beginning on or after 1 January 2014. Busselton Water has not yet determined the application or the potential impact of the Standard.

AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]* 1 Jan 2013

This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.

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AASB 2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i>	1 Jan 2013
	This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.	
AASB 2011-11	<i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	1 Jan 2013
	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.	
AASB 2012-1	<i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i>	1 Jul 2013
	This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.	
AASB 2012-2	<i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]</i>	1 Jan 2013
	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.	
AASB 2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i>	1 Jan 2014
	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.	

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Notes to the Financial Statements

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]* 1 Jan 2013

This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.

AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]* 1 Jan 2013

This Standard amends the mandatory effective date of AASB 9 *Financial Instruments* to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.

AASB 2012-7 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]* 1 Jul 2013

This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.

AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]* 1 Jan 2013

This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

The Standard was issued in December 2012. Busselton Water has not yet determined the application or the potential impact of the Standard.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

AASB 2012-11

Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4] 1 Jul 2013

This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.

This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

6. WATER SALES REVENUE

	2013	2012
	\$	\$
Water Consumption	4,276,919	3,804,736
Connection Fees	238,470	126,682
Standard Supply Charge	2,202,015	2,303,193
Meter Reading Charges	17,697	16,743
Other Water Sales	31,945	30,024
	<u>6,767,045</u>	<u>6,281,378</u>

7. COMMONWEALTH GRANTS

	2013	2012
	\$	\$
Commonwealth Grant Re: Radio Frequency (RF) Meter Retrofit Project	0	515,288
	<u>0</u>	<u>515,288</u>

8. DEVELOPER CONTRIBUTIONS

	2013	2012
	\$	\$
Headworks contributions - Cash	1,102,494	870,887
	<u>1,102,494</u>	<u>870,887</u>
Developer mains contributions - Cash	44,367	8,856
Developer mains contributions - Non-Cash	44,746	36,784
	<u>89,113</u>	<u>45,640</u>

9. INTEREST REVENUE

	2013	2012
	\$	\$
Busselton Water Board invested excess funds and received the following interest:		
Interest on Water Fund	45,392	121,245
Interest on Reserves	375,681	465,112
	<u>421,073</u>	<u>586,357</u>

10. OTHER REVENUE

	2013	2012
	\$	\$
Backflow Prevention Device Testing Fees	26,059	16,637
Private Works & Sundry Income	27,385	36,593
Operating lease revenue	10,712	10,350
Meter Reading	42,405	29,658
Other Receipts & Services	82,694	68,636
	<u>189,256</u>	<u>161,874</u>

Busselton Water holds a long term operating lease with payments receivable annually for a telecommunications tower located on one of Busselton Water's facilities. The minimum lease payments receivable are as follows:

Operating lease revenue

Minimum lease revenue as follows:

Within 1 year	11,087	10,712
Later than 1 year and not later than 5 years	48,367	46,732
Later than 5 years	13,168	12,723
	<u>72,622</u>	<u>70,167</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

11. COST OF SALES

	2013	2012
	\$	\$
Pumping	584,497	364,015
Maintenance: General Production Plant	1,168,479	967,451
Mains & Meters	558,660	398,422
Net Vehicle Running Expenses	1,328	(15,209)
Net Public Works Overhead	231,524	175,142
Net Stock Allocated	21,226	16,916
Meter Reading Costs	17,261	13,035
Water Sampling & Monitoring Fees	664,914	606,418
	<u>3,247,890</u>	<u>2,526,190</u>

12. DEPRECIATION EXPENSE

	2013	2012
	\$	\$
Freehold Land Improvements	37,175	37,774
Plant, Machinery and Buildings	831,268	644,503
Motor Vehicles	98,734	123,163
Mains and Services	575,700	567,488
Meters	273,838	549,280
Tools	5,696	5,973
Office Equipment	47,823	29,467
	<u>1,870,234</u>	<u>1,957,648</u>

13. ADMINISTRATION EXPENSES

	2013	2012
	\$	\$
Salaries	1,067,016	896,724
Salary on Costs & Staff Expenses	118,635	112,548
Office Expenses	315,812	313,122
Stationery & Printing	27,660	28,211
Advertising	4,552	3,104
Bank Charges	23,584	21,507
Audit Fees	43,790	40,650
Legal Expenses	13,080	15,017
Bad Debts Written Off	0	6,615
	<u>1,614,131</u>	<u>1,437,498</u>

14. FINANCE COSTS

	2013	2012
	\$	\$
Loan Guarantee Fee	9,898	1,117
Interest Expense	112,910	23,328
	<u>122,808</u>	<u>24,445</u>

15. OTHER EXPENSES

	2013	2012
	\$	\$
Members Expenses	170,489	146,442
Pensioner Rate Rebate	334,268	297,984
Consulting Fees	165,027	133,478
Private Works	54,247	71,352
Other Costs & Staff Expenses	167,184	57,994
Sundry Expenditure	46,421	36,139
	<u>937,637</u>	<u>743,389</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

16. NET GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

	2013 \$	2012 \$
<u>Cost of Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	(71,914)	(176,909)
<u>Proceeds from Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	30,200	98,694
Net (loss)	<u>(41,714)</u>	<u>(78,215)</u>

17. CASH AND CASH EQUIVALENTS

	2013 \$	2012 \$
<u>Water Fund Cheque Account (at 2.5% as at 30.06.2013)</u>	476,778	199,078
The Board has an overdraft limit of \$15,000 on this account.		
<u>24 Hour Cash Call Account (at 2.58% as at 30.06.2013)</u>	578,964	2,018,453
<u>Cash on Hand</u>	<u>1,100</u>	<u>1,100</u>
	<u>1,056,842</u>	<u>2,218,631</u>

18. OTHER FINANCIAL ASSETS

<u>Fixed Term Deposits Held to Maturity</u>		
Reserve Investments: (at 4.29% average)	7,800,000	7,400,000
Water Fund Investments: (at 4.42%)	200,000	0
	<u>8,000,000</u>	<u>7,400,000</u>

19. RECEIVABLES

	2013 \$	2012 \$
Includes all amounts due to Busselton Water from operations.		
Rates/Std Supply Charge Debtors	617,465	711,604
Excess Water/Consumption Debtors	1,537,523	1,514,058
Deferred Rates/Charges	5,784	6,317
Late Payment Penalty	5,387	4,074
Fire Services	9,896	10,573
Settlement Reading Fees	4,898	5,030
Miscellaneous Fees	1,048	1,291
Sundry Debtors (Including Headworks)	63,064	187,844
GST (Net Receivable from ATO)	48,365	108,577
Miscellaneous Debtors	130,535	147,635
	<u>2,423,965</u>	<u>2,697,003</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.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

20. INVENTORIES

	2013 \$	2012 \$
<u>Current</u>		
Raw Materials and Stores (at cost)	<u>383,627</u>	<u>327,511</u>

21. OTHER ASSETS

	2013 \$	2012 \$
Prepayments	<u>50,540</u>	<u>0</u>

22. PROPERTY, PLANT AND EQUIPMENT

	2013 \$	2012 \$
Land at Fair Value	3,871,000	3,871,000
Capital Works in Progress	405,408	311,196
Freehold Land Improvements at Fair Value	637,300	634,413
Accumulated Depreciation	<u>0</u>	<u>(85,975)</u>
	<u>637,300</u>	<u>548,438</u>
Plant & Machinery at Fair Value	13,554,324	14,395,239
Accumulated Depreciation	<u>0</u>	<u>(939,394)</u>
	<u>13,554,324</u>	<u>13,455,845</u>
Buildings at Fair Value	2,409,900	2,431,035
Accumulated Depreciation	<u>0</u>	<u>(177,738)</u>
	<u>2,409,900</u>	<u>2,253,297</u>
Motor Vehicles at Fair Value	612,000	849,477
Accumulated Depreciation	<u>0</u>	<u>(155,027)</u>
	<u>612,000</u>	<u>694,450</u>
Mains and Services at Fair Value	39,268,331	39,296,405
Accumulated Depreciation	<u>0</u>	<u>(1,113,257)</u>
	<u>39,268,331</u>	<u>38,183,148</u>
Meters at Fair Value	3,243,160	2,670,347
Accumulated Depreciation	<u>0</u>	<u>(340,863)</u>
	<u>3,243,160</u>	<u>2,329,484</u>
Tools at Fair Value	50,250	59,832
Accumulated Depreciation	<u>0</u>	<u>(10,986)</u>
	<u>50,250</u>	<u>48,846</u>
Office Equipment & Furniture at Fair Value	160,760	297,819
Accumulated Depreciation	<u>0</u>	<u>(48,342)</u>
	<u>160,760</u>	<u>249,478</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>64,212,433</u>	<u>61,945,181</u>

Land recorded at fair value is on the basis of an independent valuation provided by AON International Valuation Consultants (AON) as at 30 June 2013.

Office Equipment & Furniture includes intangible assets of \$119,460 (2012: \$208,911) (written down value).

All other classes of property, plant and equipment and infrastructure recorded at fair value are based on an independent valuation by AON as at 30 June 2013. 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.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2013.

Busselton Water held no goodwill or intangible assets with a indefinite useful life during the reporting period. All surplus assets as at 30 June 2013 have either been classified as assets for sale, or written off.

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 Period</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals/ W'downs</u>	<u>Depreciation</u>	<u>Revaluation Adjustment</u>	<u>Carrying Amt at End of Period</u>
2013							
Land at Fair Value	3,871,000						3,871,000
Freehold Land Improvements	548,438				(37,175)	126,037	637,300
Capital Works in Progress	311,196	298,717	(204,504)				405,408
Plant & Machinery	13,455,845	491,363	(54,340)	(4,745)	(742,876)	409,076	13,554,324
Buildings	2,253,297		121,233	(4,400)	(88,393)	128,163	2,409,900
Motor Vehicles	694,450	54,089		(58,433)	(98,734)	20,628	612,000
Mains & Services	38,183,148	447,750	141,893		(575,700)	1,071,240	39,268,331
Meters	2,329,484	275,365			(273,838)	912,150	3,243,160
Tools	48,846		(4,282)		(5,696)	11,383	50,250
Office Equipment	249,478	23,810		(4,336)	(47,823)	(60,369)	160,760
	<u>61,945,181</u>	<u>1,591,093</u>	<u>0</u>	<u>(71,914)</u>	<u>(1,870,234)</u>	<u>2,618,307</u>	<u>64,212,433</u>
2012							
Land at Fair Value	3,871,000						3,871,000
Freehold Land Improvements	586,212				(37,774)		548,438
Capital Works in Progress	945,918	202,446	(837,169)				311,196
Plant & Machinery	8,880,394	4,412,793	721,199	(3,025)	(555,516)		13,455,845
Buildings	2,346,410			(4,125)	(88,987)		2,253,297
Motor Vehicles	802,617	111,703		(96,707)	(123,163)		694,450
Mains & Services	38,414,329	267,970	115,970	(47,633)	(567,488)		38,183,148
Meters	2,051,945	843,237		(16,418)	(549,280)		2,329,484
Tools	44,515	14,732		(4,427)	(5,973)		48,846
Office Equipment	135,694	147,823		(4,573)	(29,467)		249,478
	<u>58,079,034</u>	<u>6,000,704</u>	<u>0</u>	<u>(176,909)</u>	<u>(1,957,648)</u>	<u>0</u>	<u>61,945,181</u>

23. PAYABLES

Payables for goods and services received. The carrying amounts of payables approximate their net fair values.

	2013 \$	2012 \$
Trade Creditors	483,666	1,653,720
Payroll Creditors	43,382	44,634
Miscellaneous Creditors	235,970	233,102
	<u>763,018</u>	<u>1,931,456</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

24. BORROWINGS

	2013 \$	2012 \$
<u>Current</u>		
WATC Loan	224,306	214,089
Total current	<u>224,306</u>	<u>214,089</u>
<u>Non-Current</u>		
WATC Loan	2,128,605	2,352,911
Total Non-current	<u>2,128,605</u>	<u>2,352,911</u>

25. PROVISIONS

	2013 \$	2012 \$
<u>Current</u>		
Annual leave ^(a)	188,934	174,621
Long service leave ^(b)	93,903	124,713
Sick leave ^(c)	370,913	412,068
	<u>653,750</u>	<u>711,402</u>
Employment on-costs ^(d)	79,620	82,879
	<u>733,370</u>	<u>794,281</u>
<u>Non-current</u>		
Long service leave ^(b)	36,671	40,356
Employment on-costs ^(d)	6,912	7,506
	<u>43,583</u>	<u>47,862</u>
Aggregate employee benefit liability	<u>776,953</u>	<u>842,143</u>
Number of employees at year end	<u>30</u>	<u>32</u>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of liabilities are expected to occur as follows:

Within 12 months of the end of the reporting period	158,737	156,721
More than 12 months after the end of the reporting period.	30,197	17,900
	<u>188,934</u>	<u>174,621</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

25. PROVISIONS (CONTINUED)

	2013 \$	2012 \$
(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 the reporting period. Assessments indicate that actual settlement of total liabilities will occur as follows:		
Within 12 months of the end of the reporting period	19,444	88,771
More than 12 months after the end of the reporting period.	111,130	76,298
	<u>130,574</u>	<u>165,069</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 the reporting period. Assessments indicate that actual settlement of liabilities will occur as follows:

	2013 \$	2012 \$
Within 12 months of the end of the reporting period	0	63,305
More than 12 months after the end of the reporting period.	370,913	348,763
	<u>370,913</u>	<u>412,068</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.

26. OTHER LIABILITIES

	2013 \$	2012 \$
Monies in Trust	21,009	18,299
Income in Advance	13,050	11,088
	<u>34,060</u>	<u>29,387</u>

27. EQUITY

The Government holds the equity interest in Busselton Water on behalf of the community. Equity represents the residual interest in the net assets of Busselton Water. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

General Reserve Fund

	2013 \$	2012 \$
Balance at start of period	7,648,799	7,707,478
Less: Transfers to Retained Profits	(1,888,103)	(1,360,067)
Add: Transfers from Retained Profits	2,221,620	1,301,388
Balance at end of period	<u>7,982,315</u>	<u>7,648,799</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, plant funding, contingencies and other future projects.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

27. EQUITY (CONTINUED)

	2013 \$	2012 \$
<u>Asset Revaluation Reserve Fund</u>		
Balance at start of period	<u>28,913,769</u>	<u>29,067,492</u>
Net effect of change in accounting policy		(78,960)
Reinstated balance at start of the period	<u>28,913,769</u>	<u>28,988,532</u>
Net revaluation increments/(decrements)		
Land improvements	126,037	
Deferred Tax Land Improvements	(30,628)	11,163
Plant and Machinery	409,076	
Deferred Tax Plant and Machinery	(32,266)	(181,840)
Buildings	128,163	
Deferred Tax Buildings	(46,981)	37,488
Motor Vehicles	20,628	
Deferred Tax Motor Vehicles	(16,439)	(4,600)
Mains and Services	1,071,240	
Deferred Tax Mains and Services	(301,191)	64,104
Meters	912,150	
Deferred Tax Meters	(284,197)	(110,519)
Tools	11,383	
Deferred Tax Tools	(3,174)	15,829
Office Equipment	(60,369)	
Deferred Tax Office Equipment	583	8,594
Deferred Tax Low Value Pool	(138,626)	85,018
Deferred income tax (note 29 "Taxation equivalents")	<u>1,765,388</u>	<u>(74,763)</u>
Balance at end of period	<u>30,679,157</u>	<u>28,913,769</u>
<u>RETAINED EARNINGS</u>		
	2013 \$	2012 \$
Balance at Start of Period	21,506,338	20,391,633
Net effect of change in accounting policy		(105,518)
Restated Balance at Start of Period	<u>21,506,338</u>	<u>20,286,115</u>
Result for the Period	515,929	1,161,544
Add Transfers From Reserves	1,888,103	1,360,067
Less Transfers to Reserves	(2,221,620)	(1,301,388)
Balance at End of Period	<u>21,688,751</u>	<u>21,506,338</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

28. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

Cash at the end of the financial year, as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2013	2012
	\$	\$
Cash and cash equivalents	1,056,842	2,218,631
Other Financial Assets	8,000,000	7,400,000
	<u>9,056,842</u>	<u>9,618,631</u>

Reconciliation of profit after Income Tax Equivalent to net cash flows provided by/(used in) operating activities

	2013	2012
	\$	\$
Profit after Income Tax Equivalents	515,929	1,161,544
<u>Non-cash Items:</u>		
Depreciation	1,870,234	1,957,648
Loss on Sale of Assets	41,714	78,215
Less Developer Contributed Assets	(44,746)	(36,784)
Income Tax Expense	218,638	532,495
<u>(Increase)/decrease in assets:</u>		
Current Receivables	160,062	(660,969)
Current Inventories	(56,115)	34,249
<u>Increase/(decrease) in liabilities:</u>		
Current Payables ^(a)	(869,122)	709,445
Current Provisions	(60,911)	34,521
Non-Current Provisions	(4,279)	(7,263)
Net GST receipts/(payments) ^(b)	60,212	(63,025)
Change in GST in receivables/payables ^(c)	(292,422)	301,545
Net cash provided by/(used in) operating activities	<u>1,539,194</u>	<u>4,041,621</u>

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions

(c) This reverses out the GST in receivables and payables.

29. TAXATION EQUIVALENTS

	2013	2012
	\$	\$
(a) Income Tax Expense		
<i>Current income</i>		
Current income tax charge	251,819	614,889
Adjustments in respect of current income tax of previous years		
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(33,181)	(82,394)
Total Income tax expense	<u>218,638</u>	<u>532,495</u>
(b) Amounts recognised in other comprehensive income		
<i>Deferred income tax</i>		
Unrealised gain on available for sale financial assets	852,919	74,763
Income tax benefit recognised in other comprehensive income	<u>852,919</u>	<u>74,763</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

29. TAX EQUIVALENTS (CONTINUED)

	2013 \$	2012 \$
(c) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax equivalents	734,567	1,694,039
Tax at the statutory income tax rate of 30% (2012: 30%)	220,370	508,212
Under (over) provisions in prior periods	(11,127)	11,403
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	9,395	12,880
Total Income Tax Expense	<u>218,638</u>	<u>532,495</u>

(d) Deferred Income Tax

	<u>Statement of Financial Position</u>		<u>Statement of Comprehensive Income</u>	
	2013 \$	2012 \$	2013 \$	2012 \$
<u>Deferred income tax assets</u>				
Provisions - employee benefits	233,086	252,643	19,557	(8,177)
Accrued Superannuation	109	106	(3)	4,268
Prepaid expenses	0	0	0	293
Gross deferred income tax assets	<u>233,195</u>	<u>252,749</u>		
<u>Deferred income tax liabilities</u>				
Revaluation of land, property, plant & equipment	12,374,394	11,521,475	852,919	74,763
Developer contributions	46,887	93,975	(47,088)	(66,677)
Interest receivable	25,717	31,364	(5,647)	(12,099)
Gross deferred income tax liabilities	<u>12,446,998</u>	<u>11,646,814</u>		
Deferred income tax expense			<u>819,738</u>	<u>(7,629)</u>

30. REMUNERATION OF AUDITOR

	2013 \$	2012 \$
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	<u>35,650</u>	<u>34,200</u>
	<u>35,650</u>	<u>34,200</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

31. REMUNERATION OF SENIOR OFFICERS

The number of senior officers other than senior officers reported as members of the Board, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2013	2012
\$		
\$0 - \$10,000	0	1
\$40,001 - \$50,000	1	0
\$100,001 - \$110,000	2	0
\$110,001 - \$120,000	1	1
\$120,001 - \$130,000	0	1
\$130,001 - \$140,000	2	0
\$140,001 - \$150,000	1	1
\$150,001 - \$160,000	0	1
	\$	\$
Cash remuneration received for the year	685,604	422,493
Adjustment for accruals	2,248	1,663
Annual leave and long service leave accruals	32,387	35,458
Other benefits	66,882	77,202
Total remuneration of senior officers	787,121	536,816

2012 figure restated to minus accrued salaries and add annual leave accruals.
2013 includes termination payments.

The main change in the bands is due to the resignation of two senior officers in July and August 2012 [including the Chief Executive Officer (CEO)]. There was an acting CEO between July 2012 to January 2013. A new CEO was appointed in January 2013.

REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY

The number of members of the Board whose total of fees, allowances, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2013	2012
\$		
\$0 - \$10,000	5	7
\$10,001 - \$20,000	1	1
	\$	\$
Cash remuneration received for the year	27,660	30,484

The main change in the number of members of the Board from 2012 to 2013 is due to timing between members who have resigned, retired or expiry of term and new members being appointed. The current Board now includes a public service officer who does not receive any remuneration.

32. SUPPLEMENTARY FINANCIAL INFORMATION

	2013	2012
	\$	\$
Write Offs		
Ex gratia water allowances	41,111	17,316
Bad debts written off	0	6,615
	41,111	23,931

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

33. EXPLANATORY STATEMENT

Significant variations between estimates and actual results for 2013 and between the actual results of 2012 and 2013 are shown below. Significant variations are considered to be those greater than 10% and greater than \$10,000.

(a) Significant variances between actual results for 2012 and 2013

	VARIANCE	ACTUAL 2013	ACTUAL 2012
	\$	\$	\$
REVENUE ITEMS			
<u>Water Consumption</u> Water consumption is based on the Economic Regulation Authority pricing for 2012-13 (plus 3.8%). The indexation amount is based on the CPI rate of 2.8% as advised by the Department of Treasury, as well as a 1% increase based on Treasury's Preliminary Assessment of the Impact of the Proposed Carbon Tax on Western Australia on water charges.	472,183	4,276,919	3,804,736
<u>Connection Fees</u> Increase in land developments.	111,788	238,470	126,682
<u>Commonwealth Grants</u> Commonwealth Grants received in prior years for the radio frequency (RF) meter retrofit project which is now complete.	(515,288)	0	515,288
<u>Developer Contributions</u> The increase is due to headworks and developer mains contributions for a number of large land developments.	275,080	1,191,607	916,527
<u>Interest Revenue</u> The decrease is due to a fall in interest rates.	(165,284)	421,073	586,357
<u>Sale of Water Meters (Scrap Value)</u> No sales in 2013.	(16,500)	0	16,500
<u>Sale of Works Light Vehicles</u> The change over period for light vehicles was extended to three years and one vehicle due for change over was ordered but not available for delivery before year end.	(43,327)	0	43,327
EXPENDITURE ITEMS			
<u>Water Plant Maintenance</u> Busselton Water entered into a new electricity contract in 2013 which saw a significant increase in electricity charges. In addition, unplanned maintenance (filter investigations) at Plant 1 and 3 occurred.	421,510	1,752,976	1,331,466
<u>Mains & Services Maintenance</u> Additional flushing in 2013 since the introduction of chlorination. In addition, due to a change in procedure the works crew reduced the amount of labour spent on capital projects which impacted the maintenance budget.	160,238	558,660	398,422
<u>Net Vehicle Running Expenses</u> Wages and overheads for maintenance of works plant has decreased due to the function being outsourced.	16,537	1,328	(15,209)
<u>General Consulting Engineering</u> Consulting fees in 2013 to implement a new asset management strategy to align with Busselton Water's new asset management system and ensure full compliance with the operational and asset management review.	117,958	134,072	16,114
<u>Consulting - Hydraulic Engineering Services</u> 10 year capital works program review (hydraulic).	29,750	29,750	0
<u>Wages and Overheads - Water Quality</u> A casual water quality officer was employed for part of the year to assist with chlorination issues.	41,431	286,953	245,522
<u>Water Quality Monitoring Programs</u> Additional sampling due to full-time implementation of chlorination.	43,107	377,962	334,855

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

33. EXPLANATORY STATEMENT (CONTINUED)

(a) Significant variances between actual results for 2012 and 2013 (Continued)

	VARIANCE	ACTUAL 2013	ACTUAL 2012
	\$	\$	\$
EXPENDITURE ITEMS			
<u>Salaries - Administration</u>	170,292	1,067,016	896,724
Termination payment for the Chief Executive Officer and employment of his replacement.			
<u>Finance Costs</u>	98,363	122,808	24,445
A new loan was commenced in 2012 with only one payment in June. 2013 had a full years repayments.			
<u>Members Expenses</u>	24,047	170,489	146,442
An increase in public relations due to a refocus by the Board on communications.			
<u>Computer Consultancies</u>	74,247	84,327	10,080
Increased costs for a consultant to develop a five year strategic development plan for Busselton Water's information and communication systems. Also, includes support to implement a electronic records management system (Trim).			
<u>Consultants - Special Projects</u>	(54,198)	14,052	68,250
Advisory services in 2012 in relation to the water tariff inquiry. In addition the project plan and feasibility study for a full smart metering network in 2013 was deferred until 2013/14.			
<u>Private Works</u>	(17,105)	54,247	71,352
Significant works in 2012 were undertaken in respect to the mains pipe connection at Port Geographe.			
<u>Other Costs and Staff Expenses</u>	109,190	167,184	57,994
Advertising and recruitment of the new Chief Executive Officer in 2013. Also, a significant reduction in non-cash employee benefits in 2012.			

(b) Significant variances between estimate and actual for 2013

	VARIANCE	ACTUAL 2013	ESTIMATE 2013
		\$	\$
REVENUE ITEMS			
<u>Connection Fees</u>	147,670	238,470	90,800
The increase is due to a number of large land developments.			
<u>Developer Contributions - Headworks</u>	253,229	1,191,607	938,378
The increase is due to headworks and developer mains contributions for a number of large land developments.			
<u>Interest Revenue</u>	65,073	421,073	356,000
The increase is due to the additional transfer of funds to reserve as a result of increased revenue from developer contributions, the deferral of the co-location facilities project and other capital works funded by reserve.			
<u>Statement of Water Tariff Costs</u>	13,460	42,405	28,945
Increase in property settlements this year.			
<u>Miscellaneous Admin Income</u>	13,819	14,319	500
Transfer of revenue from trust for land developments now complete.			

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

33. EXPLANATORY STATEMENT (CONTINUED)

(b) Significant variances between estimate and actual for 2013 (Continued)

	VARIANCE	ACTUAL 2013 \$	ESTIMATE 2013 \$
<u>REVENUE ITEMS</u>			
<u>Sale of Works Light Vehicles</u> The change over period for light vehicles was extended to three years and one vehicle due for change over was ordered but not available for delivery before year end.	(54,300)	0	54,300
<u>Sale of Earthmoving Equipment</u> It was decided that the earthmoving equipment did not need to be replaced this year.	(36,500)	0	36,500
<u>EXPENDITURE ITEMS</u>			
<u>Prior period write offs and adjustments</u> An increase in the number of ex-gratia claims as a result of RF metering identifying water losses.	14,432	43,832	29,400
<u>Water Plant Maintenance</u> Busselton Water entered into a new electricity contract during the year which saw a significant increase in electricity charges. In addition, unplanned maintenance (filter investigations) at Plant 1 and 3 occurred.	314,571	1,759,485	1,444,914
<u>Expendable Tools and Equipment</u> Change in accounting policy. Assets below \$5,000 are now expensed. Funds were available in the capital budget for purchase of minor plant replacement above \$1,000.	15,388	25,388	10,000
<u>Mains and Services Maintenance</u> Additional flushing since the introduction of chlorination. In addition, due to a change in procedure the works crew reduced the amount of labour spent on capital projects which impacted the maintenance budget.	131,386	558,660	427,274
<u>Vehicle Running Expenses (Wages and Overheads)</u> Wages and overheads for maintenance of works plant has decreased due to the function being outsourced.	(37,039)	27,425	64,464
<u>Wages and Overheads - Water Quality</u> A casual water quality officer was employed for part of the year to assist with chlorination issues.	93,271	286,953	193,682
<u>Incidence Response</u> Maintenance of plant (smartflow - portable chlorination) not required.	(12,050)	0	12,050
<u>Water Quality Monitoring Programs</u> Additional sampling due to full-time implementation of chlorination.	57,726	377,962	320,236
<u>General Consulting (Engineering)</u> Implementation of a new asset management strategy to align with Busselton Water's new asset management system and ensure full compliance with the operational and asset management review.	84,072	134,072	50,000

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

33. EXPLANATORY STATEMENT (CONTINUED)

(b) Significant variances between estimate and actual for 2013 (Continued)

EXPENDITURE ITEMS	VARIANCE	ACTUAL 2013 \$	ESTIMATE 2013 \$
<u>Salaries - Administration</u>	139,175	1,067,016	927,841
Termination payment for the Chief Executive Officer and employment of his replacement.			
<u>Legal Advice - Corporatisation</u>	10,871	10,871	0
Legal advice sought on the <i>Water Corporations Act 1995</i> .			
<u>Consultancies - Water Quality</u>	(21,351)	66,649	88,000
Not all of the budget was spent as the water quality management plan started later than originally anticipated.			
<u>Computer Consultancies</u>			
Increased costs for a consultant to develop a five year strategic development plan for Busselton Water's information and communication systems.	53,827	84,327	30,500
<u>Consultants - Special Projects</u>	(32,548)	14,052	46,600
Project plan and feasibility study for a full smart metering network was deferred until 2013/14.			
<u>Private Works</u>	20,262	54,367	34,105
Change in policy for meter replacements for customers.			
<u>Advertising/Recruitment - Administration</u>	51,146	58,646	7,500
Advertising and recruitment of the new Chief Executive Officer.			

34. COMMITMENTS FOR EXPENDITURES

Non-cancellable operating lease commitments

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 Macquarie and Alleasing Leasing, and to maintain the equipment in good working order. Equal installments 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. An option exists to extend the term for a further period if required by the Lessee. Figures reported exclude GST.

	2013 \$	2012 \$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	62,357	56,956
Later than 1 year and not later than 5 years	81,004	60,957
Later than 5 years	0	0
	<u>143,361</u>	<u>117,913</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

34. COMMITMENTS FOR EXPENDITURES (CONTINUED)

Capital Expenditure Commitments

	2013 \$	2012 \$
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	56,089	147,540
Later than 1 year and not later than 5 years	0	0
Later than 5 years	0	0
	<u>56,089</u>	<u>147,540</u>

Figures reported include GST.

The capital commitments include amounts for Plant & Machinery and Motor Vehicles.

Other Expenditure Commitments

	2013 \$	2012 \$
Other expenditure commitments, contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	68,500	0
Later than 1 year and not later than 5 years	0	0
Later than 5 years	0	0
	<u>68,500</u>	<u>0</u>

Figures reported include GST.

The operating expenditure commitments include water treatment plant maintenance, water sampling and monitoring fees and other administration costs.

35. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or assets to report as at 30 June 2013.

36. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Busselton Water is currently in a transitional phase, moving from a Water Board to a Water Corporation in 2013/14 under the *Water Corporations Act 1995*. This new legislation brings with it regulatory requirements.

As a consequence of the new legislation Busselton Water may be called upon to provide its owner (Minister for Water) with an annual dividend. In addition Busselton Water will become eligible to receive Community Service Obligations (CSO) payments for non-commercial activities engaged in at the direction of the State Government. Busselton Water will work with the Government to identify the best approach to these new practices that will allow us to continue to provide excellent service to our customers.

An estimate of the financial effect has not yet been determined.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

37. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

Busselton Water does not have any derivative instruments at 30 June 2013.

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 end of the reporting period 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 \$	- 100 basis points		+ 100 basis points	
		Surplus \$	Equity \$	Surplus \$	Equity \$
2013					
<u>Financial Assets</u>					
Cash & cash equivalents	1,056,842	(10,568)	(10,568)	10,568	10,568
Other financial assets	8,000,000	(80,000)	(80,000)	80,000	80,000
<u>Financial Liabilities</u>					
WATC Borrowings	2,352,911	(23,529)	(23,529)	23,529	23,529
Total Increase/(Decrease)		<u>(114,097)</u>	<u>(114,097)</u>	<u>114,097</u>	<u>114,097</u>
	Carrying Amount \$	- 100 basis points		+ 100 basis points	
		Surplus \$	Equity \$	Surplus \$	Equity \$
2012					
<u>Financial Assets</u>					
Cash & cash equivalents	2,218,631	(22,186)	(22,186)	22,186	22,186
Other financial assets	7,400,000	(74,000)	(74,000)	74,000	74,000
<u>Financial Liabilities</u>					
WATC Borrowings	2,567,000	(25,670)	(25,670)	25,670	25,670
Total Increase/(Decrease)		<u>(121,856)</u>	<u>(121,856)</u>	<u>121,856</u>	<u>121,856</u>

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial Risk Management Objectives and Policies (Continued)

Liquidity risk

Liquidity risk arises when Busselton Water is unable to meet its financial obligations as they fall due.

Busselton Water is exposed to liquidity risk through its trading in the normal course of business.

Busselton Water manages liquidity risk by budgeting and monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Credit risk

Credit risk arises when there is the possibility of Busselton Water's receivables defaulting on their contractual obligations resulting in financial loss to Busselton Water.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and in the table of Note 37(c) 'Financial Instruments' and note 19 'Receivables' to the financial statements.

There are no amounts of collateral held as security at 30 June 2013

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 2013 and 30 June 2012 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.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Busselton Water's income or the value of its holdings of financial instruments. Busselton Water does not trade in foreign currency and is not materially exposed to other price risks such as commodity prices changes. Busselton Water's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations.

All borrowings are due to the Western Australian Treasury Corporation (WATC) and are repayable at fixed rates with varying maturities. Busselton Water has limited exposure to interest rate risk as detailed in the interest rate sensitivity analysis table at note 37(a)(ii), Busselton Water is not exposed to interest rate risk because the majority of cash and cash equivalents and investments are non-interest bearing and it has no borrowings other than WATC borrowings.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

37. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2013	2012
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	1,056,842	2,218,631
Receivables ^(a)	2,375,600	2,588,426
Other Financial Assets	8,000,000	7,400,000
<u>Financial Liabilities</u>		
Payables	763,018	1,931,456
WATC Borrowings	2,352,911	2,567,000
Other Financial Liabilities	34,060	29,387

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial Instrument Disclosures

Credit risk

The following table discloses the Busseton Water's maximum exposure to credit risk and the ageing analysis of financial assets. Busseton Water's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of Busseton Water.

Busseton Water does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

	Carrying Amount	Not past due and not impaired	Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 years	Impaired financial assets
	\$	\$	\$	\$	\$	\$	\$	\$
2013								
Cash and cash equivalents	1,056,842	1,056,842	0	0	0	0	0	0
Receivables (a)	2,375,600	2,285,975	0	45,624	43,496	505	0	0
Other Financial Assets	8,000,000	8,000,000	0	0	0	0	0	0
	11,432,442	11,342,817	0	45,624	43,496	505	0	0
2012								
Cash and cash equivalents	2,218,631	2,218,631	0	0	0	0	0	0
Receivables (a)	2,588,426	2,515,140	0	15,756	53,340	4,190	0	0
Other Financial Assets	7,400,000	7,400,000	0	0	0	0	0	0
	12,207,057	12,133,771	0	15,756	53,340	4,190	0	0

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

37. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk and interest rate exposure

The following table details the Authority's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities:

	Weighted Average Effective Interest Rate %	Interest rate exposure				Nominal amount \$	Maturity dates						
		Carrying Amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$		Up to 1 month \$	1 - 3 months \$	3 months to 1 year \$	1 - 5 years \$	More than 5 years \$		
2013													
Financial Assets													
Cash and cash equivalents	2.58	1,056,842	0	1,055,742	1,100	1,056,842	1,056,842	0	0	0	0	0	0
Receivables ^(a)		2,375,600	0	0	2,375,600	2,375,600	1,655,600	480,000	240,000	0	0	0	0
Other Financial Assets	4.33	8,000,000	8,000,000	0	0	8,000,000	0	4,500,000	3,500,000	0	0	0	0
		11,432,442	8,000,000	1,055,742	2,376,700	11,432,442	2,712,442	4,980,000	3,740,000	0	0	0	0
Financial Liabilities													
Payables		763,018	0	0	763,018	763,018	763,018	0	0	0	0	0	0
WATC Borrowings	4.54	2,352,911	2,352,911	0	0	2,352,911	0	55,131	169,175	1,005,702	1,122,903		
Other Financial Liabilities		34,060	0	0	34,060	34,060	0	13,051	21,009	0	0	0	0
		3,149,989	2,352,911	0	797,078	3,149,989	763,018	68,182	190,184	1,005,702	1,122,903		

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

37. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Interest rate exposure				Nominal amount \$	Maturity dates				
		Carrying Amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$		Up to 1 month \$	1 - 3 months \$	3 months to 1 year \$	1 - 5 years \$	More than 5 years \$
2012											
Financial Assets											
Cash and cash equivalents	4.19	2,218,631	0	2,217,531	1,100	2,218,631	2,218,631	0	0	0	0
Receivables (a)		2,588,426	0	0	2,588,426	2,588,426	1,798,426	500,000	290,000	0	0
Other Financial Assets	5.86	7,400,000	7,400,000	0	0	7,400,000	0	2,900,000	4,500,000	0	0
		12,207,057	7,400,000	2,217,531	2,589,526	12,207,057	4,017,057	3,400,000	4,790,000	0	0
Financial Liabilities											
Payables		1,931,456	0	0	1,931,456	1,931,456	1,931,456	0	0	0	0
WATC Borrowings	4.54	2,567,000	2,567,000	0	0	2,567,000	0	52,381	161,708	961,311	1,391,600
Other Financial Liabilities		29,387	0	0	29,387	29,387	0	11,088	18,299	0	0
		4,527,843	2,567,000	0	1,960,843	4,527,843	1,931,456	63,469	180,007	961,311	1,391,600

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)

(d) Fair Values

Bussetton 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.

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

38. VOLUNTARY CHANGE IN ACCOUNTING POLICY

Effective from 1 July 2012, Busselton Water has increased its asset capitalisation threshold from \$1,000 to \$5,000 for property, plant and equipment and intangible assets (See note 5 'Voluntary changes in accounting policy'). Retrospective application of the change in accounting policy has resulted in an amount of \$184,478 being adjusted to the opening balance of accumulated surplus/(deficiency) as at 1 July 2011. The adjustments relating to the 2011-12 financial year are as follows:

Reconciliation of equity at the end of the last reporting period under previous asset capitalisation policy: 30 June 2012

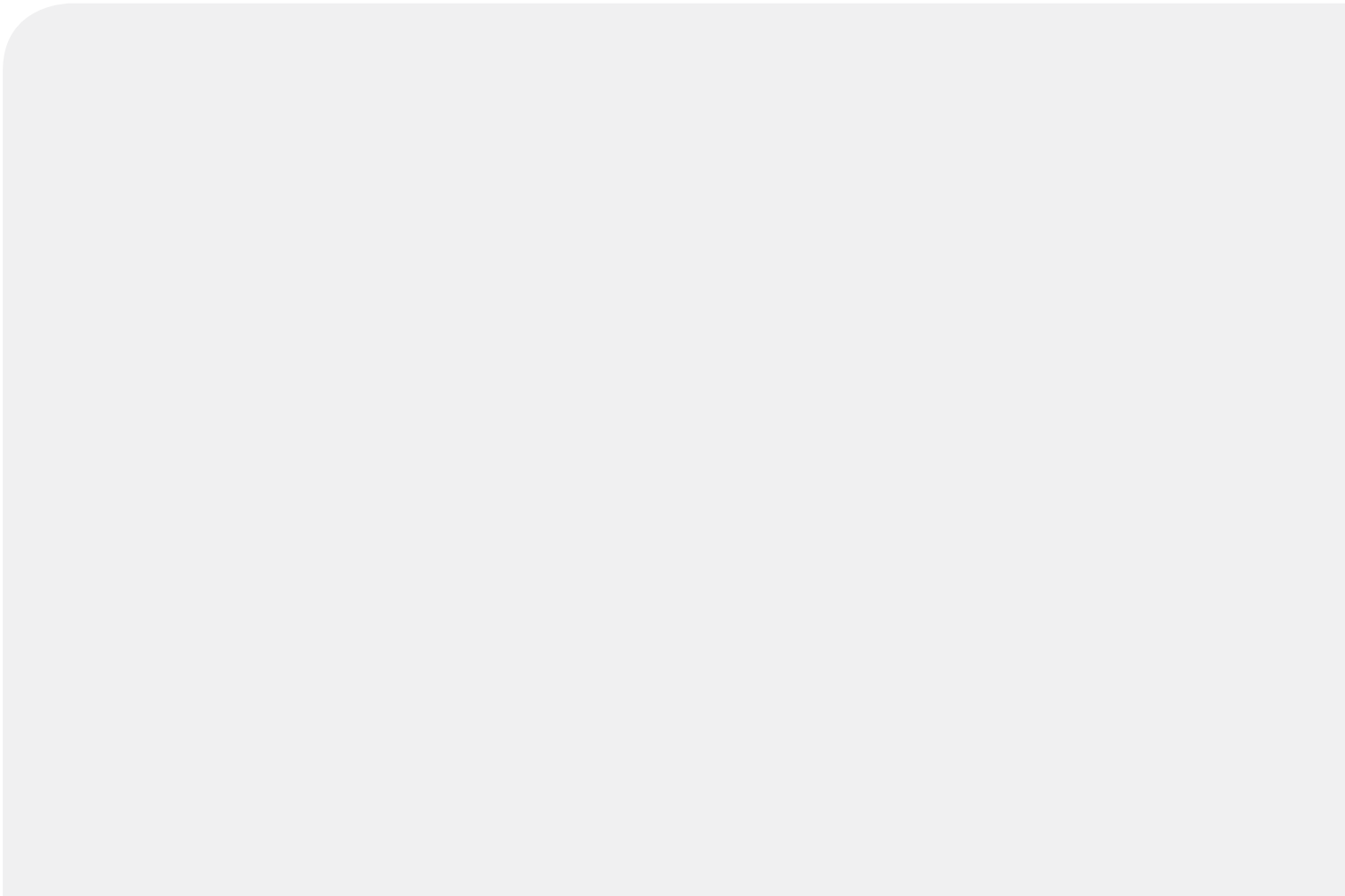
	Before policy change 30th June 2012 \$	Adjustment \$	After policy change 30th June 2012 \$
Assets			
Current Assets	12,890,723		12,890,723
Non-Current Assets ^(a)	62,118,167	(172,986)	61,945,181
Total Assets	75,008,890	(172,986)	74,835,904
Liabilities			
Current Liabilities	2,972,160		2,972,160
Non-Current Liabilities ^(b)	13,860,233	(65,395)	13,794,838
Total Liabilities	16,832,393	(65,395)	16,766,998
Total Equity ^(c)	58,176,497	(107,591)	58,068,906
Retained earnings			
Balance at Start of Period	57,166,603	(184,478)	56,982,125
Result for the Period	1,009,894	76,887	1,086,781
Closing balance	58,176,497	(107,591)	58,068,906
<i>(a) Property, plant and equipment</i>	62,118,167	(172,986)	61,945,181
<i>(b) Deferred Tax Liabilities</i>	11,459,460	(65,395)	11,394,065
<i>(c) Retained Earnings</i>	58,176,497	(107,591)	58,068,906

Reconciliation of statement of comprehensive income for the year ended 30 June 2012:

	Before policy change 30th June 2012 \$	Adjustment \$	After policy change 30th June 2012 \$
Expenses ^(a)	6,778,877	(11,492)	6,767,385
Total income	8,461,424		8,461,424
Profit/(Loss) before income tax equivalent expense	1,682,547	11,492	1,694,039
Income Tax Equivalent Expense	(532,495)		(532,495)
Profit/(loss) after income tax equivalent expense	1,150,052	11,492	1,161,544
Other Comprehensive Income			
Income tax on items of other comprehensive income	(74,763)		(74,763)
Total Comprehensive Income for the period	1,075,289	11,492	1,086,781
<i>(a) Depreciation expense</i>	1,980,985	(23,337)	1,957,648
<i>Cost of Sales</i>	2,519,448	6,742	2,526,190
<i>Administration Expenses</i>	1,432,395	5,103	1,437,498
	5,932,828	(11,492)	5,921,336

Reconciliation of statement of cash flows for the year ended 30 June 12

	Before policy change 30th June 2012 \$	Adjustment \$	After policy change 30th June 2012 \$
Cash flows utilised as follows			
Net cash (used in) / provided by/to			
Operating activities ^(a)	4,053,466	(11,845)	4,041,621
Investing activities ^(b)	(5,877,069)	11,845	(5,865,224)
Financing activities	2,567,000		2,567,000
State Government	(887,372)		(887,372)
Net increase / (decrease) in cash and cash equivalents	(143,975)	0	(143,975)
Cash and cash equivalents at the beginning of period	9,762,606		9,762,606
Cash and cash equivalents at the end of period	9,618,631		9,618,631
<i>(a) Payments for suppliers and employees</i>	(3,628,817)	(11,845)	(3,640,662)
<i>(b) Payments for purchase of non-current physical assets</i>	(5,975,763)	11,845	(5,963,918)



Certification of Key Performance Indicators

For the year ended June 2013

We 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 30th June, 2013.



Helen Shervington
Chair

Date: 2 September 2013



Matthew Walker
Board Member

Date: 2 September 2013

DISCLOSURES AND LEGAL COMPLIANCE

Additional Key Performance Indicator Information

Key Performance Indicators

Busselton Water is required to measure its performance against Key Performance Indicators (KPIs) as recommended by the Board and approved by Government.

During 2012-13 the following high level Key Performance Indicators (KPI's), are as follows:

Government Goal

Outcome Based Service Delivery; Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

Desired Busselton Water Outcome

To provide a sustainable high quality drinking water supply for its customers.

OUTCOME 1 - SUSTAINABILITY

Key Effectiveness Indicator	Target	Four Year Comparison			
	2013	Actual			
		2013	2012	2011	2010
S1. Quantity of water produced within licensed allocation (volume)					
	<8.1 GL	4.6 GL	4.3 GL	4.3 GL	4.2 GL

Standard Utilised to Set Target

The Department of Water licenses groundwater extraction from the Yarragadee and Leederville aquifers. The target is based on total allowable volume permitted under the licence.

Relevance of Indicator to the Agency Level Desired Outcomes

Extraction at or below the licensed volume demonstrates the ability to manage the long term viability of the resource.

Explanation of Variance

Result 2013 v Target: 2013 extraction remains well within target.

Result 2013 v Result 2012: Extraction is up 0.3 GL from 2012. Due to variations in treatment plant performance and growth in scheme demand and losses.

Key Efficiency Indicator	Target	Four Year Comparison			
	2013	Actual			
		2013	2012	2011	2010
S2. Real water losses (Litres per Service Connection per Day)					
	<115 Lt	88 L	37 L	49 L	N/A

Standard Utilised to Set Target

Real losses refer to leakages from reticulation mains and mains to meter services. Performance of this indicator can be influenced by the condition of reticulation mains, other infrastructure and water pressure.

DISCLOSURES AND LEGAL COMPLIANCE

Additional Key Performance Indicator Information

Relevance of Indicator to the Agency Level Desired Outcomes

Busselton Water endeavours to minimise the difference between water production ex Plant and water consumed and billed to customers. Reducing real water losses enhances the sustainability of a valuable resource.

The methodology in 2013 was amended to include bulk water sales, flushing, vacant land and Busselton Water properties as accountable water supplied as they are not considered real water losses. 2012 and 2011 have been re-instated using the new methodology. Information was not available to re-instate 2010.

Explanation of Variance

Result 2013 v Target: Real water losses is below target.

Result 2013 v Result 2012: Significant increased mains and service flushing activity associated with chlorination in 2012-13 contributed to increased unaccounted water losses.

	Target	Four Year Comparison			
		Actual			
Key Efficiency Indicator	2013	2013	2012	2011	2010
S3. Operating Cost per Property (\$ per Property)					
	< 4% Increase	509.72	415.61	360.29	374.48
% Change from Previous Year		+22.64%	+15.35%	-3.79%	-1.06%

Standard Utilised to Set Target

Long term industry standard at or below the forecast Index.

Relevance of Indicator to the Agency Level Desired Outcomes

To ensure the long term financial viability of Busselton Water and to achieve high quality drinking water at a sustainable reasonable cost.

Explanation of Variance

Result 2013 v Target: During 2013 there was a significant increase in electricity charges, unplanned maintenance (filter investigations) at Plant 1 and 3, additional mains flushing since the introduction of chlorination and an increase in salaries due to the resignation of the Chief Executive Officer. These costs resulted in a significant increase in the operating cost per property of 22.64%.

Result 2013 v Result 2012: Continued cost escalation, particularly in electricity charges, chlorination and staff costs has resulted in an increase in operating cost per property.

DISCLOSURES AND LEGAL COMPLIANCE

Additional Key Performance Indicator Information

Key Efficiency Indicator	Target	Four Year Comparison			
		Actual			
	2013	2013	2012	2011	2010
S4. Energy Consumption (KWh per KL produced ex Plant)					
	0.70 KWh/KL	0.61	0.62	0.61	0.60

Standard Utilised to Set Target

Target set at or below an industry accepted standard.

Relevance of Indicator to the Agency Level Desired Outcomes

To demonstrate the ability of the agency to provide water at a minimum, long term cost and reduce greenhouse gas emissions.

Explanation of Variance

Result 2013 v Target: Busselton Water conducted an energy audit that identified more efficient use of energy, particularly over off-peak demand times and more efficient pumping equipment. These initiatives have maintained energy consumption levels well within target.

Result 2013 v Result 2012: Only a minor variance to 2012.

OUTCOME 2 - HIGH WATER QUALITY

Key Effectiveness Indicator	Target	Four Year Comparison			
		Actual			
	2013	2013	2012	2011	2010
WC1. Number of zones where microbiological compliance is achieved					
	1/1	1/1	1/1	1/1	1/1

Standard Utilised to Set Target

Microbiological compliance relates to the water quality parameters of bacteriological and amoebae, across Busselton Water's single zone. 100% compliance is the target set.

Relevance of Indicator to the Agency Level Desired Outcomes

Compliance with the above standards is essential in the production of high quality drinking water. These standards align with Australian Drinking Water Guidelines 2004 framework approach.

Explanation of Variance

Result 2013 v Target: No Variance to target 100% compliance maintained.

Result 2013 v Result 2012: No Variance between 2012-13 and 2011-12

DISCLOSURES AND LEGAL COMPLIANCE

Ministerial Directives

No Ministerial directives were received during the financial year.



DISCLOSURES AND LEGAL COMPLIANCE

Other Financial Disclosures

Pricing policies of services provided

Rates and charges were determined in accordance under Section 93, *Water Boards Act 1904* and have been approved for the period 1 July 2012 to 30 June 2013. Pursuant to Section 94 of the *Water Boards Act 1904*, the Busselton Water Board has resolved and the Minister has approved, that the following Rates and Charges shall apply for the twelve months ending 30 June 2013.

Residential

Standard Supply Charge – \$162.47

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

1-150 kL	\$0.811
151-350 kL	\$1.135
351-500 kL	\$1.282
551-700 kL	\$1.710
751-1000 kL	\$2.387
Thereafter	\$2.446

Non Residential

Supply Charge (based on size of water meter)

The cost per kilolitre of water consumed by non-residential customers was assessed at \$1.283 per kilolitre.

20 mm	\$162.47
25 mm	\$253.87
40 mm	\$649.90
50 mm	\$1015.46
80 mm	\$2599.59
100 mm	\$4061.85
150 mm	\$9139.16

To assist customers, a range of payment options are available, which include on-line payment facilities via Busselton Water's website. In addition, a direct debit facility has been included as suggested through past customer surveys.

The current rates and charges were published in the Government Gazette dated 31 August, 2012 and in the Busselton Dunsborough Mail dated 12 September, 2012 and introduced payable from 1 July 2012.

Details are available on Busselton Water's website at www.busseltonwater.wa.gov.au

DISCLOSURES AND LEGAL COMPLIANCE

Other Financial Disclosures

Major Capital Works

Uncompleted major capital projects

Project	2012-13 Target	Estimated Total Cost	Estimated Cost to Complete	Completion Year
Air Scour System Upgrade Plant 1	\$70,000	\$74,420	\$15,820	2014
SCADA - Replacement PLC & Communications, Plant 2 & 5	\$368,800	\$345,647	\$269,410	2014

Completed major capital projects

Project	2012-13 Target	Total Cost of Project	Variation (if applicable)
Extension of 300mm Water Main Rendezvous Rd	\$371,300	\$88,985	Revised scope of works reduced cost of proposed works
Installation of 375mm Main along Ford Rd	\$150,000	\$100,759	Revised scope of works reduced cost of proposed works
Water Main Upgrade Queen Elizabeth Ave	\$175,000	\$192,356	
Redevelopment of Bore 20	\$240,000	\$406,907	Revised scope of works to include restoration

DISCLOSURES AND LEGAL COMPLIANCE

Other Financial Disclosures

Employment and Industrial Relations

Staff Profile

The number of employees in comparison with the preceding financial year is shown below:

Staff	2013	2012
Full-time permanent	23	23
Full-time contract	4	4
Part-time measured on a FTE basis	3	3
Secondment	0	0

Staff Development

Busselton Water has a strong commitment to providing training and professional development for staff as stated in Objective 4 within the Statement of Corporate Intent.

Employee training identified from the performance review process was a focus with staff undergoing training relevant to their respective duties.

100% of training identified for operational staff and 75% of training identified for administration staff, from the 2012-13 performance review process was undertaken.

Staff attendance at relevant conferences included national forums convened by the Australian Water Association and International Water Environment School (IWES, University of Queensland).

Workers Compensation

Five workers compensation claims were recorded during the financial year, with one being declined. This compares with one claim in 2011-12.

Commentary:

The workers compensation claims recorded this financial year were:

1. Back injury
2. Arm injury
3. Cut to head
4. Fractured finger

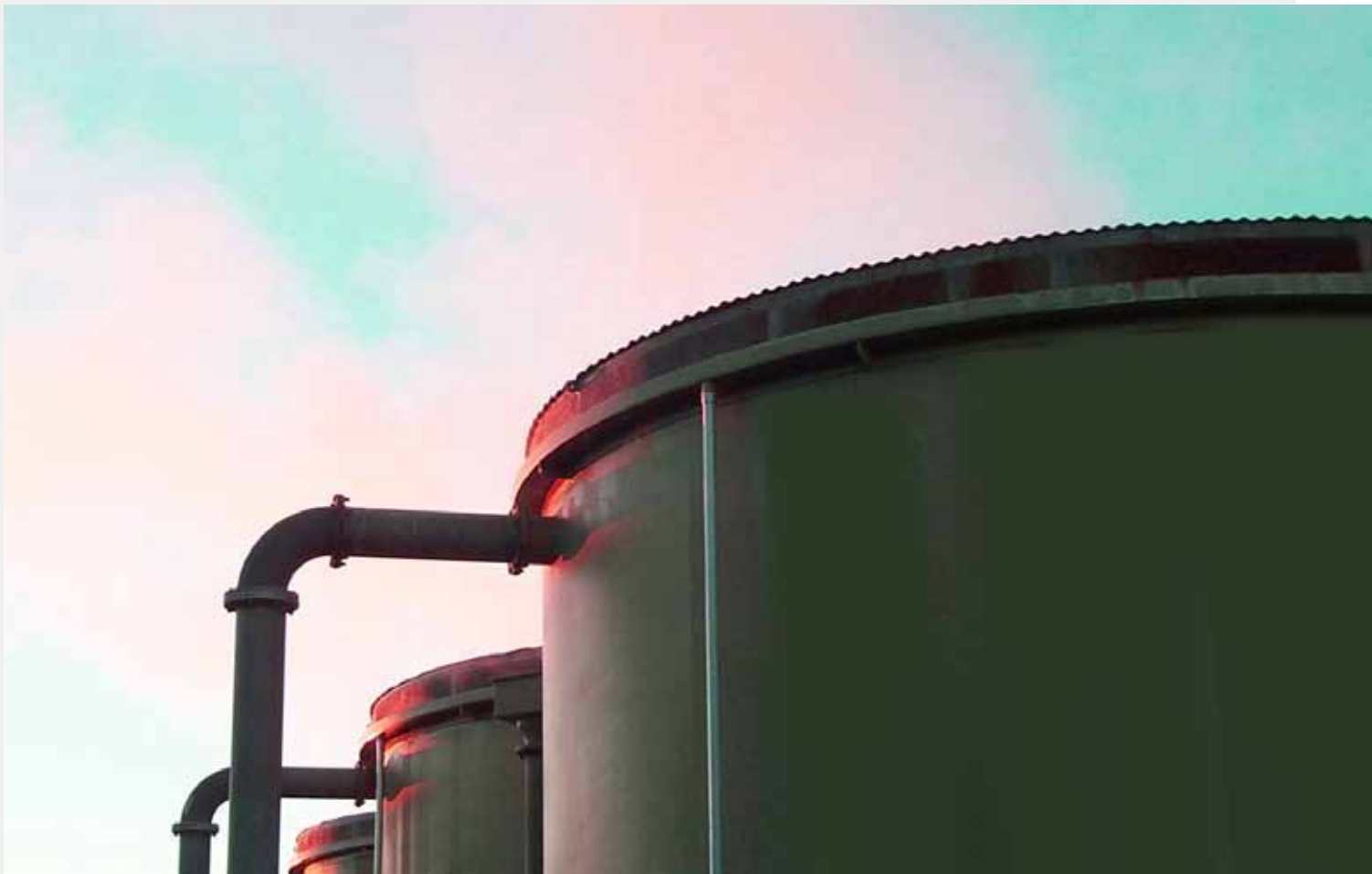
The total cost of workers compensation claims for the 2012-13 financial years was \$6,776, compared with \$94 for the previous financial year

DISCLOSURES AND LEGAL COMPLIANCE

Governance Disclosures

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under Sections 13 or 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. The amount of the insurance premium paid for 2012-13 was \$8,948.80.



DISCLOSURES AND LEGAL COMPLIANCE

Other Legal Requirements

Expenditure on advertising, market research, polling and direct mail

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 2012-13 was \$73,149

Expenditure was incurred in the following areas:

Market Research	\$39,216
Mills Wilson Communication Consultants	28,800
Research Solutions	10,416
Media Advertising	\$14,482
State Law Publisher - Government Gazette	320
Adcorp Marketing Communications	6,189
Rural Press Regional Media	3,025
Local Link	701
Price Advertising	3,637
West Australian	609
Market Advertising Organisations	\$13,955
Gumpton Communication by Design	8,147
Rotary Club of Busselton Geographe Bay (Inc.)	80
SW Precision Print	5,728
Direct Mailing Organisations	\$5,494
Zipform	5,494
Polling Organisations	NIL
TOTAL	\$73,147

DISCLOSURES AND LEGAL COMPLIANCE

Other Legal Requirements

Disability Access and Inclusion Plan Outcomes

Busselton Water is not required to develop a Disability Access and Inclusion Plan, however it is aware of the key outcomes of such plans and adheres to the principles.

Compliance with Public Sector Standards and Ethical Codes

Busselton Water confirms there have been no compliance issues in respect to public sector standards, code of ethics and Busselton Water's own Code of Conduct during the 2012-13 financial years.

The Code of Conduct was reviewed during the financial year. Awareness of the Code of Conduct is promoted throughout the year via annual circulation. Managers and Line Managers have a role in promoting the Code of Conduct to staff.

Compliance is assessed by internal reviews, staff feedback through staff meetings and performance reviews.

Busselton Water has adopted policies and guidelines and processes which support the public sector standards in human resource management. This documentation is available for access by Board members and all staff.

Recordkeeping Plans

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 practices.

During the 2012-13 year Busselton Water:

- Implemented an Electronic Document Records Management System (EDRMS) in January 2013. This system will continue to be assessed in the coming year to ensure the efficiency and effectiveness of the integration of the new system into the current records environment.
- Engaged a consultant to assist with the implementation and post implementation of an electronic document records management system. The assistance included training sessions for staff on how to use the new system.
- Provided staff and the board with a records management awareness training session conducted by a consultant.
- Will continue to have records management training in the new system in the coming year.
- Ensured new staff were provided with adequate records management training.
- Continued to be a member of the Records Management Association of Australia.
- Appraised, sentenced and disposed of old records appropriately.

Freedom of Information

Busselton Water provides a general right of access to documents and records in accordance with the *Freedom of Information Act 1992*. During 2012-13 Busselton Water received no access applications.

DISCLOSURES AND LEGAL COMPLIANCE

Government Policy Requirements

Substantive Equality

Although this requirement does not apply to Busselton Water, we are aware of the intent and substance of the Policy Framework for Substantive Equality. For example, our Code of Conduct espouses our commitment to equal opportunity as does our Equal Opportunity Policy ensuring that discrimination does not occur in the workplace.

Occupational Safety, Health and Injury Management

Busselton Water ensures without compromise that all of its workplaces are safe, healthy and accident free for all employees, contractors and where appropriate members of the public. The Board regards compliance with legislation as the minimum standard and is committed to best practice safety performance throughout all of Busselton Water operations.

Regular staff meetings are held involving Line Managers and employees, which are used as a consultative mechanism for safety concerns.

The Safety Committee facilitates consultation and cooperation between Management and employees in initiating, developing and implementing measures designed to ensure the safety and health of employees. Elected Safety Representatives liaise with employees regarding matters concerning the safety and health of persons in the workplace.

Busselton Water complies with the injury management requirements of the *Workers Compensation and Injury Management Act 1981* including the development of return to work plans. An assessment of the occupational safety and health management system has been completed based on the Work Safe Plan. An action plan was developed in April and as at June 2013, 58% of the agreed actions arising from the assessment have been completed.

A report of annual performance for 2012-13 against the following:

Measure	Actual Results		Results against Target	
	2010-11	2012-13	Target	Comment
Number of fatalities	0	0	0	On target. Result achieved.
Lost time injury and/or disease incidence rate	0	3.3	<3.4	On target. Result achieved.
Lost time injury and/or disease severity rate	0	0	0 or 10% reduction	On target. Result achieved.
% of injured workers returned to work: (i) Within 13 weeks	100%	100%	100%	On target. Result achieved.
(ii) Within 26 weeks	100%	100%	Greater than or equal to 80%	On target. Result achieved.
% of managers trained in occupational safety, health and injury management responsibilities	42%	100%	Greater than or equal to 80%	On target. Result achieved.

Your feedback is important to us, it helps us to provide a publication that meets our reader's needs as well as meeting our statutory obligation. Your contact details are welcome but not essential.

Please forward your feedback to:

Manager, Customer Services

Busselton Water

PO Box 57

Busselton WA 6280

Or email: admin@busseltonwater.wa.gov.au

Or go to: <http://www.busseltonwater.wa.gov.au/ContactUs.aspx>



BUSSELTON **WATER**

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