



2011 - 2012



BUSSETON **WATER**

BUSSETON WATER
ANNUAL REPORT



working together for our water future

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Statement of Compliance

for the year ended 30 June 2012

HON BILL MARMION 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 2012.

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

Date: 3 September 2012



Merryl Peet

Board Member

Date: 3 September 2012

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Overview

Busselton Water is pleased to present a review of its performance for the financial year ending 30th June, 2012. The report is produced in accordance with the provisions of the *Financial Management Act 2006* and other relevant written law.

In addition, Busselton Water outlines its annual objectives and other information within a Statement of Corporate Intent in line with the requirements of the *Water Corporations Act 1995*, albeit Busselton Water is presently not bound by such a requirement. This statement is prepared in anticipation of this requirement becoming mandatory under the Water Services Bill and Water Services Legislation Amendment and Repeal Bill (2011) which would then apply to Busselton Water.

In anticipation of the new Water Legislation, Busselton Water has included a comparison of its performance against its Statement of Corporate Intent for 2011-2012.

The report is structured to demonstrate our performance against our management priorities as defined in the Statement of Corporate Intent.

- Our Business
- Our People
- Our Customers and Stakeholders
- Capital Investment
- Business Management
- Reporting is also included on Corporate Governance

To provide feedback on this report please complete the survey included within this year's Annual Report.

Chair's Report

I am pleased to advise I was elected to the position of Chair on 20th June 2012. For most of the year in review the Board was chaired by my predecessor David Reid, who I would like to thank for his dedicated service to the organisation from 1997 to 2003 as a Board member and from 2003 to 2012 as Chairman.

We have had three new appointments to the Board during the year and two Board member's terms of office were renewed.

As Chair of the Board and on its behalf I would like to present the 2011-2012 annual report.

It has been a difficult time for Busselton Water with the introduction of chlorine as a disinfectant into the water reticulation system. The decision to introduce chlorine was taken in 2010-2011 following a comprehensive risk analysis of the system and due consideration of the possible options available to ensure the safety of the water supply was maintained.

Chlorine was introduced in April 2012 following the successful installation of the treatment equipment. The Board recognises there remains community concern regarding the chlorination of Busselton's water supply.

The financial outcomes at Busselton Water have again been significantly influenced by a slower than expected growth rate for the Busselton area. Profit after tax this year was \$1,150,052, down from \$1,226,363 in the previous year, and less than the budget expectation of \$1,216,667. Our contribution to the State Government through the National Tax Equivalent Regime was \$532,495, a decrease from \$658,618 in the previous year.

Strategic milestones for the year include the following:

- Implementation of full time chlorination commenced in April 2012. The project was completed within budget, and is operating very effectively.
- The Radio Frequency (RF) Meter Retrofit Project was completed in May 2012. This brings considerable benefit to Busselton Water and its consumers with the increased information provided including timely water loss detection. This project was completed on budget and was co-funded by the Australian Government with a grant of \$763,288 from National Water Security Plan for Cities and Towns Program under the Water for the Future Initiative.
- A new bore (Bore 21) was completed at a cost of \$1,902,211 within the budget expectation. This bore is a significant investment in line with the Board's strategic commitment to ensure the consumers' levels of service are maintained.
- The Operational Audit and Asset Management Review was published by the Economic Regulation Authority in September 2011. This identified a number of issues that need to be addressed by Busselton Water. These issues have been prioritised for action and they are being addressed within the time frame agreed.
- Overall performance as measured by the stated performance indicators have been achieved within agreed targets.
- The Strategic Development Plan and the Statement of Corporate Intent have been reviewed by the Board to improve alignment with the new legislation currently in Parliament.

Chair's Report (cont.)

Looking forward, there are many challenges facing the Board. Ensuring the Busselton community continues to receive a safe and reliable drinking water supply is paramount. Other activities will include a comprehensive capital works program that will further increase the security of supply and upgrade the existing reticulation system. We will also be focusing on developing management and employee skills to extend the quality services available to our customers in the future.

The Board is preparing for new legislation to be introduced in the coming year. The Water Services Bill should provide greater clarity to the regulatory environment in which we operate and greater uniformity between all water utilities in the State.

I would like to express my appreciation to all Board members, management and staff for their commitment and dedication throughout the year and look forward to working positively together in the coming year.



Helen Shervington

Chair

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.

Chief Executive Officer's Report

Busselton Water has enjoyed another robust year and it again gives me great pleasure to outline the organisation's activities and achievements within this Annual Report for 2011-2012.

This year has involved the organisation in:

- After two years of detailed professional planning, research and meeting all compliance measures, full time chlorination was brought on line in April 2012. The equipment and safety measures are clearly world's best, and I feel confident the not inconsiderable investment will protect the town well for many years to come. No unexpected problems were encountered with the commissioning.
- Plant 3 in East Busselton now has greatly improved filtering capacity. This will provide security for the growth expected in the eastern parts of the network.
- Remote meter reading is now a reality throughout the entire network. This now allows for more efficient, accurate and concentrated meter reading runs. As well, backflow and leak detection is possible with obvious direct benefits to customers. The system was fully implemented in 2011-2012 on time and on budget and resulted in Busselton Water being presented with an award at the Australian and New Zealand Smart Metering Awards titled 'Roll Out Strategy and Innovation Award 2012.'
- A new bore (Bore 21) was sunk at Plant 11 in Fairway Drive Busselton to cater for western growth in the network and bulk water demands. Also within 2011-2012 Bore 20 was investigated and redeveloped to ensure it can continue to service the town with good quality water.
- Finalising the Memorandum of Understanding, an agreement between Busselton Water and the Department of Health that ensures co-operation and transparency when dealing with water quality related issues.
- New water services and governance legislation has progressed through parliament this year. This will see changes in the organisation's management and governance arrangements and will see staff continue to be involved in the development of codes and regulations subservient to the new legislation. The legislation is yet to come into effect.

With clear direction and support from the Board we have been able to implement our strategies during the year with confidence and have met our goals and targets for the year.

In the changing environment that we operate, I believe Busselton Water continues to be well equipped to deal with any challenges put before it.

In this regard I would like to thank our employees, not only for their application to achieve our targets, but for their loyalty to the organisation, particularly when faced with unfair and unwarranted attacks from a small number of the public over matters which were higher level decisions.



Keith White

Chief Executive Officer

OUR BUSINESS



Our Business

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

We supply over 20,000 customers within the Busselton townsite and close environs such as Port Geographe, Siesta Park, Vasse and Wonnerup. As a sought after sea-change destination this figure can rise significantly during weekends and holiday periods.

Busselton's water supply differs from most other sources in Australia because of the deep artesian aquifers (Leederville and Yarragadee) that offer high microbiological integrity and very low organic carbon loadings. This means that Busselton's water supply is of the highest quality. From bores, the water is aerated and filtered to remove iron before it is stored in tanks at its operating plants and then pumped through approximately 301 kilometres of mains.

In April 2012 the method of disinfection of the water supply changed from ultra-violet (UV) irradiation and spot chlorination as required, to full-time chlorination. Busselton Water is supported well by state of the art chlorination and safety equipment to complement its modern treatment plants.

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

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

The Board is responsible to the Hon Bill Marmion, MLA, Minister for Water.

Our Business

The objectives of Busselton Water are:

Provision of Services

To provide high quality water at a minimum long term cost to the customers within Busselton Water's area of responsibility (operating area).

Management of Water Board Resources

To assess, plan and manage the use and protection of the resources purchased by and entrusted to Busselton Water for the continuing benefit of the customers of Busselton Water.

Management of Water Resources

To plan, manage and conserve (in association with the Department of Water) all available water resources by:

Management of eight (8) Production Bores.

Monitoring of the Aquifer Performance.

Monitoring of the quality of water made available for the use and consumption by the community.

Financial Management

To conduct the financial affairs of Busselton Water in accordance with sound business principles and comply with the requirements of the *Water Board's Act 1904* (as amended) and the *Financial Management Act 2006* and its Operating Licence, for the benefit of present and future customers.

To meet Busselton Water's need for financial services information.

To provide financial planning and management functions including budget planning and control.

To control the levying and collecting of water tariff and other charges.

To provide monthly and annual informative financial statements and performance reports.

Revenue

Busselton Water pursues financial strategies that aim to recover the full cost of providing its services. This includes the utilisation of reserves, the use of loan funds where appropriate, and the raising of water tariff charges to ensure the most equitable revenue source is acquired for the carrying out of the Board's responsibilities. Busselton Water's objective in charging for services is to have a system which is fair and simple to understand and administer. To this end it actively pursues with both the Economic Regulation Authority (acting in an advisory capacity to the Minister) and the Minister for Water (who approves Busselton Water's charging structures), the streamlining of the water charging regime.

Busselton Water's total operating revenue was \$8,461,424 which represents 99.12% of the adopted budget for the 2011-2012 year. Busselton Water entered into a new loan during the reporting period amounting to \$2,567,000. This loan is repayable over a ten year period at an interest rate of 4.54%.

Our Business

Outcomes of Our Business priorities for the year are outlined below:

- **OBJECTIVE:** Comply with all regulatory requirements.

Busselton Water has received exemplary or satisfactory financial audit results for 2011-2012.

While the Operational Audit and Asset Management Review undertaken in September 2011 identified a number of issues that needed to be addressed these issues have been prioritised for action and are being addressed in a timely manner.

- **OBJECTIVE:** Continue to improve drinking water quality from 'catchment to tap'.

Busselton Water and the Department of Health entered into a Memorandum of Understanding (MoU) on 3rd October 2011. The MoU is an agreement between the two parties that ensures co-operation and transparency when dealing with water quality related issues.

This MoU is designed to establish and maintain a strong co-operative relationship between the Licensee and the Department for managing drinking water quality and protecting public health.

This MoU incorporates the framework for 'Management of Drinking Water Quality', an approach set out in the "Australian Drinking Water Guidelines", and is designed to integrate all facets of the drinking water quality management and assurance system.

Foremost in this MoU is the reinforcement of the Department as the regulator of Drinking Water quality in the State. Consequently this MoU enables the Department to audit Busselton's water quality, management and reporting systems to provide assurance of ongoing satisfactory performance.

- **OBJECTIVE:** Prioritise resources for asset maintenance to deliver the best overall business outcomes; Continue to deliver business improvement through effective management of processes across all areas of Busselton Water.

Long term financial planning is well entrenched in Busselton Water's processes and was used again in 2011-2012 to ensure a budget containing adequate mains renewal and plant maintenance. These budgets were fulfilled and audited as being appropriate and necessary.

This year saw considerable efforts placed on the development of a Business Continuity Management Plan

- **OBJECTIVE:** Manage and deliver a high level of capital investment for the benefit of customers; Grow our business via logical, co-operatives and beneficial joint ventures with other utilities.

Programmed capital works amounting to \$5.5 million were undertaken during 2011-2012. Significant works included the construction and installation of chlorination facilities at three water treatment plants and the completion of the radio frequency (RF) metering retrofit project. In addition, preliminaries to works for a bulk transfer water main to Dunsborough was undertaken, as was needed to fulfil an agreement with the Water Corporation.

Embrace technology to enhance our capacity at all appropriate levels

Late this year integrated asset and customer care management software was introduced. This software will improve efficiencies and management practices in both areas.

Risk management has been a priority in recent years and this year saw the introduction of a dedicated risk management database as per Standard AS 31000. This database captures, prioritises and reports the identified business risks for Busselton Water and complements the newly introduced asset management software.

Organisation Structure



OUR PEOPLE



Our People

Busselton Water employs 31 people in a diverse range of occupations.

The growth in the district has meant a corresponding increase is needed in the number of professional employees. The Board is mindful of this and the need to continuously develop the competencies of its existing staff.

Increasing demands in the labour market, tighter compliance regimes, increasing complex technology, efficiency imperatives and higher levels of workforce mobility demand best practice human resource management and innovative people programs. As a small employer, adjusting to these needs provides a considerable challenge.

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

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

Outcomes of Our People priorities for the year are outlined below:

- **OBJECTIVE:** Design better "upwards/downwards" communication conduits; Work to ensure multi-skilling minimises risk related to the loss of key personnel.

As a relatively small organisation it is understood that effective communication and multiskilling is fundamental to ensuring successful outcomes. Management/employee meetings are regularly conducted and an employee newsletter is distributed by-monthly. This year greater emphasis was placed on employee participation into the business planning process with finalised plans redistributed, ensuring a high level of awareness of the goals, objectives and finer activities to be undertaken. Several staff have also participated in 'up-skills' training to ensure a high level of service coverage is maintained, particularly during periods of extended leave such as long-service leave.

- **OBJECTIVE:** Maintain general training levels and budgets, including a focus on professional development opportunities; Focus on training requirements to cater for the new chlorination process, soon to be introduced.

Employee training relevant to the newly introduced chlorine treatment process was a significant focus this year with all Works employees undergoing extensive training relevant to their respective responsibilities. Other training undertaken included:

- | | | |
|----------------------|---------------------------------|------------------------|
| • Traffic Management | • Microsoft Excel | • Contract Law |
| • Traffic Control | • Risk Management | • Crystal Reporting |
| • First Aid | • Customer Service | • Asbestos Removal |
| • Confined Space | • Microsoft Visio | • Taxation and Payroll |
| • Working at Heights | • Adobe In-Design | • ADWG |
| • Front End Loader | • Chainsaw | • Skidsteer |
| • Backhoe | • Telstra Copper Cable Locating | • Supervisor Training |
| • SCBA | • Applied Water Treatment | |

Our People

The number of employees by category is as follows:

Permanent Staff	FTE's 2011-2012	FTE'S Previous Year Comparison
Senior Executives	4.0	4.0
Finance/Administration	10.9	7.9
Reception Staff	2.1	2.1
Meter Reading	0	0.5
Purchasing	1.0	1.5
Construction/Maintenance	6.0	6.0
Water Treatment Plant Operation	5.0	5.0
TOTAL	29	27

Casual Staff	FTE's 2011-2012	FTE'S Previous Year Comparison
Administration	0.5	0.5
Construction/Maintenance	0	0
Water Treatment/Quality	1.0	0
TOTAL	1.5	0.5

Industrial Relations

A new Enterprise Agreement for both operational and administrative staff was successfully negotiated this year, expiring on 30th June 2014.

Our People

Occupational, Health and Injury Management

Understanding Occupational Health and Injury Management is a key issue, therefore policies which address these issues have been developed by Busselton Water.

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

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

Regular meetings at employee level focus on the development of responsive action to issues that may affect employees and have an impact on the general public. The Occupational Safety & Health Committee meets quarterly to review all matters pertaining to OS&H. Courses in First Aid have assisted employees to maintain safe work practices. Busselton Water's Occupational Health and Safety Programs are independently assessed periodically.

The Chief Executive Officer implements and administers the total safety and health program for all employees of Busselton Water.

Busselton Water is committed to ensuring safety consultation with all employees on an individual basis, through Health and Safety Representatives and Busselton Water's Health and Safety Committee. Busselton Water's Health and Safety Committee is fundamental to the success of the Busselton Water's safety management system and appropriate resources are provided to assist it to function successfully.

Busselton Water's Health and Safety Policy refers to establishing an effective rehabilitation system for all injured employees.

While an assessment of the occupational safety and health management system is being progressed a number of significant activities have been undertaken throughout the year including the completion of evacuation plans, emergency procedures and emergency response plans for water treatment plants. In addition, the Health and Safety Committee revise the emergency response procedure manuals, the health and safety policy and safety management plan.

Our People

A report of performance for 2011-2012 is included below:

Indicator	Target 2011-2012	Busselton Water
Number of fatalities	0	0
Lost time injury/disease incidence rate	0 or 10% improvement on the previous 3 years	0
Lost time injury severity rate	0 or 10% improvement on the previous 3 years	0
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	Greater than or equal to 80% return to work within 26 weeks	N/A
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	Greater than or equal to 80%	42%

Workers Compensation Claims

During the year one worker's compensation claim occurred.

Breaches of Privacy Complaints

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

OUR CUSTOMERS AND STAKEHOLDERS



Our Customers and Stakeholders

Busselton Water has existed in Busselton for over 100 years and has a proud tradition of local management and community involvement. Our Customer Service Charter backs our service commitment and is communicated annually to our customers by direct mail.

Outcomes of Our Customer and Stakeholder priorities for the year are outlined below:

- **OBJECTIVE:** Continue to provide excellent customer service.

Busselton Water operates a continuous 24 hour emergency contact service, and customers are able to be notified within one (1) hour of the action the operations/maintenance staff will take to combat an emergency. We achieved 100% compliance in meeting this target.

All meters are read three times per year, in October, February and June. The completed retrofit project of Radio Frequency (RF) meters has facilitated easier reading and better information flow for our customers.

Community Service

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

Standard Supply Charge:

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

Water Consumption:

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

The Board of Busselton Water has policy positions on such things as the payment of dividends, the claiming of Community Service Obligations (CSO) payments and the granting of concessions and borrowings. It pursues these issues through dialogue with its owner and the State Department of Treasury.

During the year many of these items became topical because of the impending new legislation under which Busselton Water operates. Discussions with government occurred on these items as well as for newly mandated government efficiency measures.

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).

Three applications were received this year.

Our Customers

We strive to deliver excellence in customer service and continue to improve our existing levels of customer satisfaction. Each year an independent survey is undertaken to assist with that improvement, along with a robust complaints handling process that has achieved exemplary audit results.

Our Customers and Stakeholders

Key outcomes of this year's Customers Survey include:

Satisfaction with Busselton Water's water supply service continues to be very high. More than 4 in 5 respondents are satisfied with all aspects of the water supply service.

79.2% of respondents residing at their Busselton property were aware that chlorination was being introduced.

More than nine out of ten respondents agree that the water supplied by Busselton Water is safe to drink.

Last year's annual report included a customer feedback form and one response was received including the positive feedback: "a very concise and well written (easy to understand) annual report."

- **OBJECTIVE:** Expanding opportunities for community engagement through innovative practices to ensure customers are well informed of our plans, services standards and costs; Demonstrate to the community that we are professional and well equipped to effectively manage our water supply, with particular reference to disinfection practices.

Communications

Busselton Water continues to place a high priority on its communications with customers and stakeholders. It is continually reviewing and implementing programs and identifying opportunities in which the community can connect and engage with Busselton Water. Significant emphasis was placed on communications during the year to ensure customers were informed of the change to full-time chlorination and what to expect during the implementation phase.

New programs this year include:

The Waterwise Household in Action Program

To focus on water conservation in the residential sector, a new program was launched during the year with the aim of improving community awareness. This program encourages waterwise practices and recognises the efforts of local customers.

The 4-Star Flush Toilet Replacement Program

To complement the Waterwise Household in Action Program, Busselton Water introduced a pilot toilet replacement program with partner Select Solutions. Customers have the opportunity to upgrade their single flush toilet to a dual flush 4-Star model at a reduced cost.

The Waterwise Business in Action Program

A business program was developed to encourage and recognise local businesses with the aim of improving awareness in water conservation across all sectors of the community. A partnership with GeoCatch Bay Friendly Program has expanded this initiative to encapsulate businesses that participate in a water audit with GeoCatch.

Local Schools Education Program

To assist in improving knowledge of the local water supply a schools education program has been developed in consultation with local primary schools. Two modules are available and have been created to span two ten week programs aimed at primary school children. The program was launched in November 2011.

National Water Week

To celebrate National Water Week a waterwise garden display was held in the local shopping centre. Featuring a recognised Waterwise Business in Action and showcasing innovative garden watering techniques, expert advice was on hand to answer consumer questions.

Our Customers and Stakeholders

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.

Stakeholder Reference Group

To ensure residents and landowners surrounding Busselton Water's new chlorination water treatment plants had the opportunity to be fully informed an invitation to participate in the group was sent by direct mail. Six residents took up the offer and attended a series of information exchange sessions that were highly successful, with all participants expressing their appreciation for the effort and information provided.

Watersource eNewsletter

An email based newsletter has been developed and is provided to businesses and stakeholders three times a year. 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.

Watersource

Busselton Water's customer newsletter 'Watersource' is delivered direct to customers twice per year and continues to be well received. Two additional newsletters were distributed this year, in March 2012 and June 2012, to update customers with information relating to the chlorination implementation program.

Water Efficiency Measures

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.

	2010-2011	2011-2012
Breach Reports	112	66
Exemptions (new lawns)	209	185

Customer Complaints

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

Busselton Water encourages its customers to express by letter, phone call or personal visitation, any concerns, which do not meet expectations and is committed to provide a response in a timely and professional manner. The customer care software module introduced late this year will further increase efficiencies in the management of complaints.

- During the year Busselton Water recorded a total of 286 concerns reported by customers, compared to 45 in the previous year. This increase was not unexpected as issues relating to discoloured water, taste and odour are common in a newly chlorinated water supply. The majority of these concerns were reported during the 3 month implementation phase that commenced in mid April 2012 and complaints had significantly declined by mid June.
- 96.8% of customer complaints were resolved within the time frame permitted in Busselton Water's Operating Licence.

Our Customers and Stakeholders

Consumption

The average consumption by customers during 2011-2012 is as follows:

Residential	Residential Increase/ Decrease on the previous year	Non-Residential (as defined by the National Water Initiative)	Non-Residential Increase/ Decrease on the previous year
279	- 1.76%	930	+12.86%

Consumption Charges 2011/2012

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

1-150kl	69.9c
151-350kl	97.8c
351-500kl	1.105c
551-700kl	1.474c
751-1000kl	2.058c
Thereafter	2.307c

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

1-1000	1.161c
> 1000	1.300c

All pricing and related information was published in the Government Gazette dated 23rd August, 2011 (page 3401) and in the Busselton Dunsborough Mail dated 31st August, 2011.

- **OBJECTIVE:** To continue to pursue opportunities that enable customers to transact business efficiently via on-line self-service options.

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.



CORPORATE GOVERNANCE



Corporate Governance

This section reports on our corporate governance practices during 2011-2012 and also reports outcomes as required by various legislation.

The Board

Indemnification of Board Members

During the period ended 30 June 2012 Busselton Water paid insurance premiums in respect of Directors Liability amounting to \$9,508.50.

Meetings of the Board

The Board's business is transacted at a monthly meeting which is usually held on the third Monday evening of each calendar month. The number of Board Meetings held and attended during the year by each Board Member holding office as at 30 June 2012 is depicted in the below table:

Occasionally Special Meetings are convened if circumstances warrant.

When appropriate, Members record any declaration of a financial interest in the Members' Interests Register.

One declaration was made during the year.

Board Member	Board Meetings	
	Eligible to attend	Meetings attended
David Reid	12	12
Frank Elliott	12	12
Helen Shervington	11	9
Merryl Peet	14	12
Yvonne Robinson	14	12
Neema Premji	3	3
Paul Carter	14	14
Chris Boulton	2	2
David McDonald	2	1

Committee Meetings

The Board operates an Audit and Risk Committee, a Corporate Governance Committee and a Senior Staff Remuneration committee. All committees report to the Board.

Budget

The Board approves a Draft Budget usually in June and the Draft Budget submission is then forwarded to the Minister for Water for formal approval, as the adopted Budget for Busselton Water.

Ministerial Directives

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

Corporate Governance

Customer Group Outcomes

- Disability Service Plan – The Board is not required to develop a Disability Service Plan, however the Board is aware of the key outcomes of such plans and adheres to the principles.
- Equal Employment Opportunity Outcomes – Busselton Water embraces a Policy of Equal Opportunities in employment.
- Cultural Diversity and Language Service Outcomes – every effort is made to assist customer requests. None were received during 2011-2012.
- Youth Outcomes – Busselton Water has not considered programs or policies which specifically target young people within the age bracket of 12-25, however during the year a primary school education program was launched and favourably received by local schools.
- Equity and Diversity Plan – as Busselton Water employs less than 50 employees, it is not required to provide numerical performance objectives, however Busselton Water is aware of the Government's commitment to developing an equitable and diverse public sector workforce which is representative of the Western Australian community at each level of employment and which enables employees to combine work and family responsibilities.
- Energy Smart Government Policy – although Busselton Water is exempt from this requirement, it actively pursues and adopts energy efficient practices.

Freedom of Information

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

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

During 2011-2012 Busselton Water received no access applications.

Record Keeping Plan

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

Busselton Water is committed to ongoing compliance of the *State Records Act 2000* and to sound recordkeeping practises. During the 2011-2012 year Busselton Water:

- Provided the State Records Office with a review report of Busselton Water's Recordkeeping Plan.
- Appraised, sentenced and disposed of old records appropriately.
- Ensured new staff were provided with adequate records management training.
- Continued to be a member of the Records Management Association of Australia.
- Engaged a consultant to assist with the implementation plan for new electronic document management software.

Corporate Governance

Media Advertising

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

MARKET RESEARCH	AMOUNT PAID \$
Strategic Marketing Research	9,569.46
Research Solutions Pty Ltd	10,758.18
Total	20,327.64

MEDIA ADVERTISING	AMOUNT PAID \$
SW Printing & Publishing	10,661.05
Adcorp Marketing Communications	2,384.53
Department of Shared Services (Govt Gazette)	312.00
Radio West Broadcasters	3,270.00
Rural Press Regional Media	9,626.97
WA Local Government Association	5,146.40
Total	31,400.95

MARKET ADVERTISING ORGANISATIONS	AMOUNT PAID \$
Gumpton Communication	795.45
Rotary Club	80.00
MarketForce Productions	21,955.71
Precision Print	10,192.70
Total	33,023.86

POLLING ORGANISATION	AMOUNT PAID \$
Direct mailing organisations	Nil

TOTAL EXPENDITURE FOR 2011-12	\$ 84,752.45
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Corporate Governance

Annual Compliance Reporting to the Commissioner of Public Standards

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

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

Public Sector Standards in Human Resource Management

Procedures include:

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

An internal/audit assignment to outside contracts to ensure:

- Appropriateness of policies and procedures in respect to recruitment and performance management.
- Processes are in place in respect to recruitment and performance management are in accordance with best practice, and that written policies and procedures are complied with.

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

Code of Ethics and Code of Conduct

Procedures include:

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

- **OUTCOME:** The ethical codes have been complied with throughout the year.

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

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

The positions advertised during 2011-2012 covered by the Recruitment and Selection Standard were:

- | | |
|---|--------------------------------------|
| • Water Quality Treatment Officer | • Part Time Customer Service Officer |
| • Technical Officer – Asset and Risk Management | • Gardener/Handyman |
| • Water Industry Worker | • Customer Relations Officer |



Keith White
Chief Executive Officer

CAPITAL INVESTMENT



Capital Investment

A Capital Works program amounting to approximately \$5.5 million was undertaken during 2011-2012 against a budget of \$8.28 million. This underspend was a result of the deferment of significant infrastructure works relating to the Dunsborough Bulk Water supply and major trunk mains. The deferment was necessary as further preliminary works were required that were unknown at the time of budget preparation.

Among the significant projects undertaken were the following:

- Retrofitting of RF meters throughout Busselton Water's licensed area in association with Federal Grant funding received for this program
- Construction and installation of chlorination facilities at Plants 1, 2 and 3
- Replacement of 100mm and 150mm A/C mains in Queen Street between Adelaide Street and Marine Terrace) to 180mm poly main
- Installed 300mm PVC main in Rendezvous Road
- Upgraded 225mm A/C main to 375mm PVC main in Queen Elizabeth Avenue, from Bussell Highway to Plant 2
- Installed 375mm main in Marine Terrace
- Installed 375mm PVC trunk main on Vasse Highway (Via Vasse)
- Upgraded filters at Plant 3
- Upgraded 250mm main in Kent Street from A/C to PVC
- Upgraded 100mm main in Albert Street from A/C to PVC
- Remedial works carried out on Port Geographe pedestrian bridge steel water main
- Construction of new production bore BWB21 at Plant 11 in Fairway Drive
- Upgraded Electrical System at Plant 1

Items of operational equipment acquired during 2011-2012 amounts to \$694 k and included:

- Mazda BT50 Freestyle 3.0 tonne diesel 4WD utility fitted with tool box
- Dual axle box trailer (10 x 6)
- Single axle box trailer (7 x 4)

Capital Investment

Radio Frequency (RF) Data Collection System

The retrofit project commenced on 19th July, 2010 and was completed on 16th May 2012. This project involved the installation of a complete data collection system utilising radio frequency (RF) technology, fitted to 8342 properties. On completion over 11,000 RF meters are in operation, having fitted approximately 2,000 during the initial pilot program and preliminary installations that commenced in 2007.

A key focus of the project was the identification of water loss, along with the protection of water quality within the reticulation network through the early identification of backflow. Benefits of the improved technology will contribute to a reduction in potable water use and improve operational efficiency and safety as well as assist in reducing operational expenditure.

Following project completion 1 in 4 services registered water loss and this loss was communicated to customers by direct mail. While many customers noted they were pleased to have saved water, the fact that the RF meter had assisted to save them money was a clear winner.

Overall, the water loss detected demonstrated a minimum of 18.4 ML of water savings. RF meters will be a direct contributor to the State Government's waterwise objectives in achieving water conservation and demonstrate Busselton Water's commitment to the National Water Initiative which includes the requirement to measure water loss.

Having been recognised in previous year's for its significant contribution to community and environmental sustainability, the RF metering project was once again recognised with a Roll-Out Strategy and Innovation Award presented at the Australian & New Zealand Smart Metering Awards in February 2012.

The retrofit project cost was \$1.62M. The project was partially funded by Busselton Water and the Australian Government's Water for the Future initiative through the National Water Security Plan for Cities and Towns.

Statistics

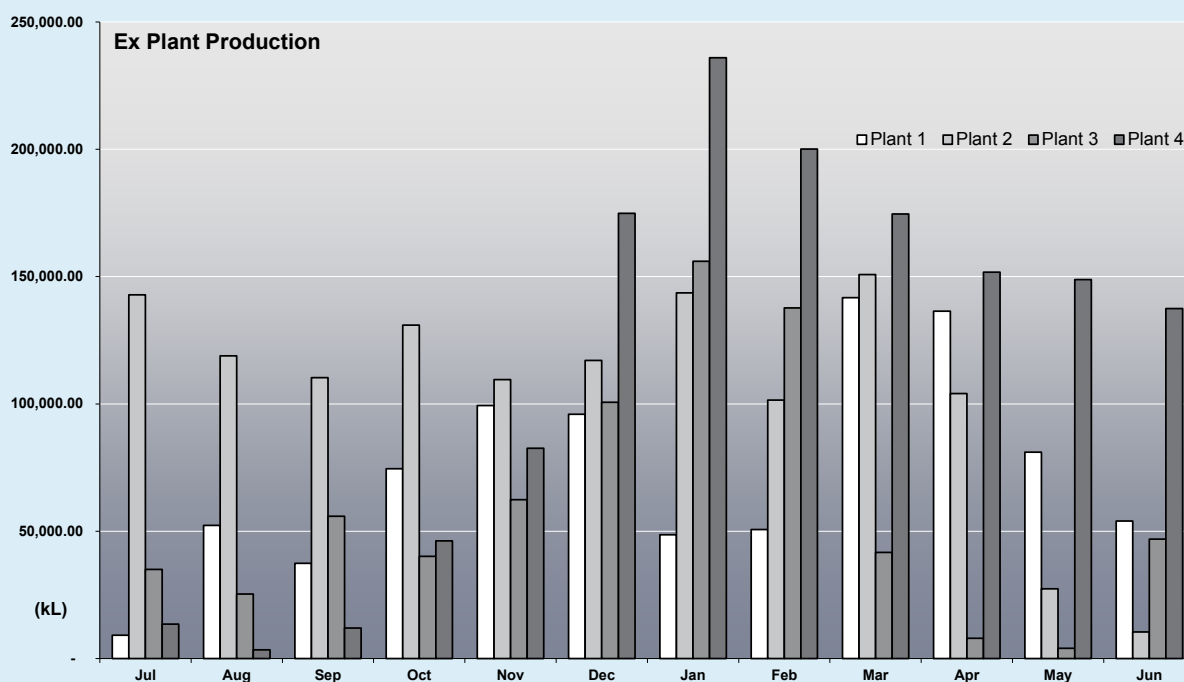
The following statistics are of interest and therefore included in this report:

Total above ground storage (kilolitre)	22,000
Total water treatment capacity per day (kilolitre)	67,400
Total bore capacity per day (kilolitre)	67,400
Total delivery capacity(litre/second)	800
Length of Mains (kilometre)	301.1
Properties connected to the supply network during 2011-2012	221
(Compared to 294 in 2010-2011)	

Capital Investment

WATER PRODUCTION (EX PLANT)

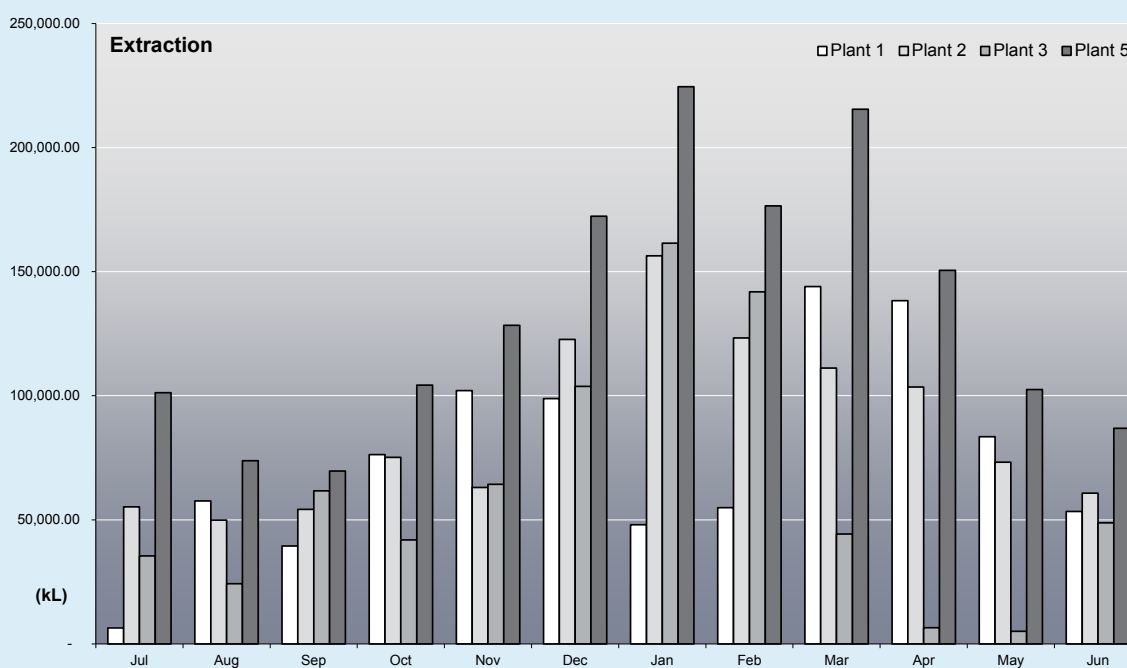
YEAR	PRODUCTION (kL)	INCREASE	DECREASE
2000-2001	3,822,262	4.21%	
2001-2002	3,485,137		8.82%
2002-2003	3,387,267		2.81%
2003-2004	3,690,233	8.94%	
2004-2005	3,740,844	1.37%	
2005-2006	3,724,307		0.44%
2006-2007	4,042,759	8.55%	
2007-2008	3,824,270		5.40%
2008-2009	4,316,496	12.87%	
2009-2010	4,143,587		4.01%
2010-2011	4,222,424	1.90%	
2011-2012	4,243,241	0.49%	



Capital Investment

WATER EXTRACTION

YEAR	EXTRACTION (kL)	INCREASE	DECREASE
2000-2001	4,07,316	6.62%	
2001-2002	3,638,492		10.61%
2002-2003	3,597,139		1.14%
2003-2004	3,896,927	8.33%	
2004-2005	3,922,277	0.65%	
2005-2006	3,888,869		0.85%
2006-2007	4,267,220	9.73%	
2007-2008	3,937,258		7.73%
2008-2009	4,487,068	13.96%	
2009-2010	4,227,776		5.79%
2010-2011	4,302,061	1.73%	
2011-2012	4,296,893		0.12%



Business Management & 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. Additionally, management provides its Board with a number of other business performance measures to assess its performance.

During 2011-2012 the following high level Key Performance Indicators (KPI's), are as follows:

Government Goal

Outcomes 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		FOUR YEAR COMPARISON			
	TARGET	ACTUAL			
EFFECTIVENESS INDICATOR	2012	2012	2011	2010	2009
S1. Quantity of water produced within licensed allocation (volume)					
	<8.6 GL	4.3 GL	4.3 GL	4.2 GL	4.5 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 2012 v Target: Production of 4.3 GL in 2012 is below the target and is consistent with prior year production levels. Target volume reflects the future growth capacity of Busselton Water's licensed area.

Result 2012 v Result 2011: There was no significant variance in water production between 2011-2012 and 2010-2011.

		FOUR YEAR COMPARISON			
	TARGET	ACTUAL			
EFFICIENCY INDICATOR	2012	2012	2011	2010	2009
S2. Real water losses (Litres per Service Connection per Day)					
	<115 Lt	65 L	97 L	92 L	123 L

Business Management & Key Performance Indicators

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.

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.

Explanation of Variance

Result 2012 v Target: Continued replacement of aging mains, and improvement in response times to major mains breaks has resulted in the indicator for 2012 being below the target indicator.

Result 2012 v Result 2011: A moderate decrease in water leakages compared to the prior year due in part to the introduction of metered fire hydrants and mains flushing standpipes.

	TARGET	FOUR YEAR COMPARISON			
		ACTUAL			
EFFICIENCY INDICATOR	2012	2012	2011	2010	2009
S3. Operating Cost per Property (\$ per Property)					
	< 4% Increase	415.61	360.29	374.48	378.48
% Change from previous year		+15.35%	-3.79%	-1.06%	-8.58%

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 2012 v Target: During 2012 two significant projects were undertaken; namely an investigation into high salinity readings at Bore 20 (\$92,459) and the internal repainting of storage tank two at Plant two (\$220,586). These two projects resulted in a significant (albeit one off) increase in the operating cost per property of 15.35%. Core operating expenses would have resulted in a cost per property of \$388.04 or 7.70%.

Result 2012 v Result 2011: Continued cost escalation, particularly in non-discretionary costs such as power and staffing costs has resulted in an increase in operating cost per property.

Business Management & Key Performance Indicators

	TARGET	FOUR YEAR COMPARISON			
		ACTUAL			
EFFICIENCY INDICATOR	2012	2012	2011	2010	2009
S4. Energy Consumption (KWh per KL produced ex Plant)					
	<0.70 KWh/KL	0.62	0.61	0.60	0.62

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 2012 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 resulted in the continued efficient use of energy over an extended period of time.

Result 2012 v Result 2011: Only a minor variance to 2011.

OUTCOME 2 - WATER QUALITY	TARGET	FOUR YEAR COMPARISON			
		ACTUAL			
EFFECTIVENESS INDICATOR	2012	2012	2011	2010	2009
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, amoebae, aesthetic (non-health related), and health related, both organic and inorganic 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 2012 v Target: No variance to target.

Result 2012 v Result 2011: No variance between 2011-2012 and 2010-2011.

Certification of Key Performance Indicators

For the year ended June 2012

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, 2012.



Helen Shervington

Chairperson

Date: 3 September 2012



Merryl Peet

Board Member

Date: 3 September 2012

Management KPIs

Management KPI	2012	2011	2010	2009	2008
Properties served per km of water main	37.7	37.2	36.6	37.9	39.0
Average annual residential water supplied (kL/Property)	279.8	285.0	296.8	304.8	272.0
Total number of water main breaks	10	15	19	38	43.00
Water main breaks per 100km of water main	3.3	5.0	6.4	13.5	16.0
Total number of water quality complaints (per 1000 properties)	22.01	1.35	0.83	1.13	0.40
Total number of water service complaints (per 1,000 properties)	0.44	0.81	0.19	0.28	1.10
Total number of account & billing complaints (per 1000 properties)	0.53	0.90	1.94	1.23	N/A
Average duration of a unplanned interruption - water (minutes)	79.5	41.6	41.3	43.2	106.8
Average frequency of unplanned interruptions - water (per 1000 properties)	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)	0.94	1.8	2.1	1.2	5.0
Lost time injury frequency rate (LTI per 1 mill hours)	nil	21.4	41.7	20.1	40.9
Lost time injury incidence rate (LTI per 100 workers)	nil	3.6	7.6	3.7	6.8
% return on weighted balance of investments target UBSA 90 day bank bill index 4.7%	5.99	-	-	-	-

Annual Report Feedback

Your feedback is important to us.

What did you think?		Disagree	Neither Agree or Disagree	Agree
1.	The information presented is reader friendly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	The quality of information is of a good standard.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	The information is relevant.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	The presentation is of a high standard while reflecting the organisation's commitment to keeping production costs down.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If you disagreed with any of the above, please tell us why.				
Do you have any suggestions for improvement?				

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

Please forward your feedback to:
Manager, Customer Services
Busselton Water
PO Box 57
Busselton WA 6280
Or email: admin@busseltonwater.wa.gov.au

Disclosures and Legal Compliance

Certification of Financial Statements

For the year ending 30 June 2012

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 30th June 2012 and the financial position as at 30 June 2012.

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.



Helen Shervington
Chair

Date: 3 September 2012



Merryl Peet
Board Member

Date: 3 September 2012



Len Boyling
Acting Chief Finance Officer

Date: 3 September 2012

Auditor General's Report



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 2012, 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 2012 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.

Report on Controls

I have audited the controls exercised by the Busselton Water Board during the year ended 30 June 2012.

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 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Busselton Water Board for the year ended 30 June 2012.

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.

Auditor General's Report

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

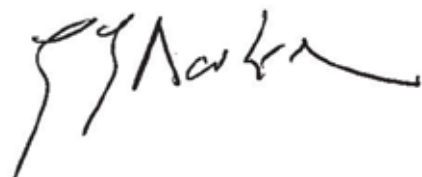
In my opinion, the key performance indicators of the Busselton Water Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2012.

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 2012 included on the Board's website. The Board's management are responsible for the integrity of the Board's website. I have not been engaged to report 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 2012

Comprehensive Income

	Notes	2012 \$	2011 \$
INCOME			
Revenue			
Water Sales Revenue	14	6,281,378	6,154,980
Commonwealth Grants	17	515,288	248,000
Contributions from Developers - Headworks	18	870,887	678,282
Contributions from Developers - Mains	18	45,640	86,627
Interest on Investment Funds	16	586,357	580,149
Other Revenue from Ordinary Activities	19	161,874	184,689
TOTAL INCOME		8,461,424	7,932,726
EXPENSES			
Cost of Sales	15	2,519,448	1,768,062
Depreciation Expense	23	1,980,985	1,420,177
Administration Expense	20	1,432,395	1,355,160
Finance Costs	21	24,445	-
Other Expenses from Ordinary Activities	22	743,389	864,851
Loss on Disposal of Non-current Assets	24	78,215	639,495
TOTAL EXPENSES		6,778,877	6,047,745
Profit/(Loss) before income tax equivalent expense		1,682,547	1,884,981
Income Tax Equivalent Expense	7	(532,495)	(658,618)
Profit/(loss) after income tax equivalent expense		1,150,052	1,226,363
PROFIT/(LOSS) FOR THE PERIOD			
Other Comprehensive Income			
Income tax on items of other comprehensive income	13.2	(140,158)	246,195
Total other comprehensive income		(140,158)	246,195
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,009,894	1,472,558

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

Financial Position

	Notes	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash & Cash Equivalents	3 (a)	2,218,631	1,212,605
Other Financial Assets	3 (b)	7,400,000	8,550,000
Receivables	4	2,699,950	1,983,624
Inventories	5	327,511	361,760
Current Tax Assets	11	244,631	-
TOTAL CURRENT ASSETS		12,890,723	12,107,989
Non-Current Assets			
Property, Plant and Equipment	6	62,118,167	58,263,514
Total Non-Current Assets		62,118,167	58,263,514
TOTAL ASSETS		75,008,890	70,371,503
LIABILITIES			
Current Liabilities			
Payables	8	1,963,790	960,467
Borrowings		214,089	-
Provisions	10	794,281	759,760
Current Tax Liabilities	11	-	27,852
TOTAL CURRENT LIABILITIES		2,972,160	1,748,079
Non-Current Liabilities			
Provisions	10	47,862	55,125
Borrowings		2,352,911	-
Deferred Tax Liabilities	12	11,459,460	11,401,696
TOTAL NON-CURRENT LIABILITIES		13,860,233	11,456,821
TOTAL LIABILITIES		16,832,393	13,204,900
NET ASSETS		58,176,497	57,166,603
EQUITY			
Reserve Fund	13.1	7,648,799	7,707,478
Reserves	13.2	28,927,334	29,067,492
Retained Earnings	29	21,600,364	20,391,633
TOTAL EQUITY		58,176,497	57,166,603

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

Changes in Equity

		Reserves	Retained Earnings	Total Equity
BALANCE AS AT 1 JULY 2010		36,758,043	18,936,002	55,694,045
Total comprehensive income for the year		246,195	1,226,363	1,472,558
Transfers to reserves	13.1	1,188,254	(1,188,254)	-
Transfers from Reserves	13.1	(1,417,522)	1,417,522	-
Balance at 30 June 2011	29	36,774,970	20,391,633	57,166,603
BALANCE AS AT 1 JULY 2011		36,774,970	20,391,633	57,166,603
Total comprehensive income for the year		(140,158)	1,150,052	1,009,894
Transfers to reserves	13.1	1,301,388	(1,301,388)	-
Transfers from Reserves	13.1	(1,360,067)	1,360,067	-
Balance at 30 June 2012	29	36,576,133	21,600,364	58,176,497

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

Cash Flow

	Notes	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Rates & Water Sales		5,699,006	5,752,507
Commonwealth Grants Received		515,288	248,000
Interest Received		627,175	591,763
Developers Contributions		879,743	678,282
GST Receipts on Sales		23,553	31,493
GST Receipts From Taxation Authority		657,087	422,321
Other Receipts		47,850	144,696
		8,449,702	7,869,062
PAYMENTS			
Payment to Suppliers & Employees		(3,628,817)	(3,847,232)
Finance Costs		(23,754)	-
GST Payments on Purchases		(743,665)	(450,060)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3(c)	4,053,466	3,571,770
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the Sale of Non-Current Physical Assets		98,694	149,739
Purchase of Non-Current Physical Assets		(5,975,763)	(3,245,028)
NET CASH USED IN INVESTING ACTIVITIES		(5,877,069)	(3,095,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		2,657,000	-
Repayment of Borrowings		(90,000)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		2,567,000	-
CASH FLOWS TO STATE GOVERNMENT			
Taxation Equivalent		(887,372)	(775,522)
NET CASH PROVIDED TO STATE GOVERNMENT		(887,372)	(775,522)
Net increase / (decrease) in cash and cash equivalents		(143,975)	(299,041)
Cash and cash equivalents at the beginning of period		9,762,606	10,061,647
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3(b)	9,618,631	9,762,606

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

Notes to the Financial Statements

Note 1 Australian Accounting Standards

General

Busselton Water's financial statements for the year ended 30 June 2012 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).

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

Early Adoption of Standards

Busselton Water cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 "Application of Accounting Standards and Other Pronouncements". 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 2012.

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 are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the 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 statement

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

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

(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.

Notes to the Financial Statements

(d) Income

Revenue recognition

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

Water sales revenue

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

Interest

Interest revenue is recognised as the interest accrues.

Gains

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

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when Busselton Water 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.

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.

(e) Income Tax

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or subsequently enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect accounting, profit or taxable profit or loss.

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

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 also recognised directly in equity.

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

Capitalisation/Expensing of Assets

Items of property, plant and equipment, and infrastructure costing \$1,000 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 that cost less than \$1,000 are immediately expensed directly to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

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

Initial recognition and measurement

All items of property, plant and equipment, 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 2010. 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 2010. The fair values determined by AON were calculated with reference to depreciated replacement costs. Depreciated replacement cost is based on the estimated current cost of replacement of the asset with a similar installed asset that has a similar service potential and function, less an amount for depreciation.

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

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

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

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

Increases in the carrying amount arising on revaluation of assets are credited to the revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged

Notes to the Financial Statements

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 6 '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 benefit. An indication of the remaining useful life of each class of assets and the method of depreciation is reflected in the table below.

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

Land is not depreciated.

(g) **Intangible Assets**

Capitalisation/Expensing of Assets

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

Computer Software

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

(h) **Impairment of Assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As 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.

Notes to the Financial Statements

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.

(i) Leases

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

(j) Financial Instruments

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

- Loans and receivables; and
- 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.

(k) Cash and Cash Equivalents

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

Notes to the Financial Statements

(l) Inventories

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

(m) Receivables

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

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

(n) Investments and other financial assets

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

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

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

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

(o) Payables

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

(p) Provisions

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

Provisions - employee benefits

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

Annual leave and long service leave

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

Notes to the Financial Statements

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

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

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

Provisions - Other

Employment on-costs

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

(q) Rounding of Amounts

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

(r) Goods & Services Tax (GST)

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

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

(s) Comparative Figures

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

Notes to the Financial Statements

(t) Disclosure of Changes in Accounting Policies and Estimates

Initial application of an Australian Accounting Standard

Busselton Water has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011 that impacted on Busselton Water.

AASB 1054 Australian Additional Disclosures

This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact

AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]

This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]

The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.

The amendments to AASB 101 clarify the presentation of the statement of changes in equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity can be presented in either the Statement of Changes in Equity or the Notes. There is no financial impact.

AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042]

This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]

This Standard introduces additional disclosures relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]

This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

Notes to the Financial Statements

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	<i>Financial Instruments</i>	1 Jan 2013
	This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments.	
	The Standard was reissued in December 2010. Busselton Water has not yet determined the application or the potential impact of the Standard.	
AASB 10	<i>Consolidated Financial Statements</i>	1 Jan 2013
	This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i> , introducing a number of changes to accounting treatments.	
	The Standard was issued in August 2011. Busselton Water has not yet determined the application or the potential impact of the Standard.	
AASB 11	<i>Joint Arrangements</i>	1 Jan 2013
	This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing a number of changes to accounting treatments.	
	The Standard was issued in August 2011. Busselton Water has not yet determined the application or the potential impact of the Standard.	
AASB 12	<i>Disclosure of Interests in Other Entities</i>	1 Jan 2013
	This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> .	
	The Standard was issued in August 2011. Busselton Water has not yet determined the application or the potential impact of the Standard.	
AASB 13	<i>Fair Value Measurement</i>	1 Jan 2013
	This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.	

Notes to the Financial Statements

AASB 119	<i>Employee Benefits</i>	1 Jan 2013
	<p>This Standard supersedes AASB 119 (October 2010). As Busselton Water does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact.</p>	
AASB 127	<i>Separate Financial Statements</i>	1 Jan 2013
	<p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	
AASB 128	<i>Investments in Associates and Joint Ventures</i>	1 Jan 2013
	<p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i>	1 Jul 2013
	<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>	
AASB 2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12]</i>	1 Jul 2013
	[Modified by AASB 2010-7]	
AASB 2010-2	<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>	1 Jul 2013
	<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>	
AASB 2010-7	<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>	1 Jan 2013
	<p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. Busselton Water has not yet determined the application or the potential impact of the Standard.</p>	

Notes to the Financial Statements

AASB 2011-2	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i>	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	<i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i>	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	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i>	1 Jan 2013
	This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> . Busselton Water has not yet determined the application or the potential impact of the Standard.	
AASB 2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 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]</i>	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.	
AASB 2011-9	<i>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]</i>	1 Jul 2012
	This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). Busselton Water has not yet determined the application or the potential impact of the Standard.	
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	

Notes to the Financial Statements

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
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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
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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.

(u) 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.

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

(v) Key sources of estimation

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

Busselton Water 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.

(w) Other accounting policies

• **Pensioner rate deferrals**

Pensioner deferrals are annual service charges deferred by eligible pensioners, which will be realised on the sale of property or the estate. Interest at market rates is not charged to customers on the deferred amounts.

Notes to the Financial Statements

3. NOTES TO THE STATEMENT OF CASH FLOWS

	2012 \$	2011 \$
3 (a) Cash & Cash Equivalents		
(i) <u>Water Fund Cheque Account (at 3.25% as at 30.06.2012)</u> The Board has an overdraft limit of \$15,000 on this account.	199,078	214,027
(ii) <u>24 Hour Cash Call Account (at 4.28% as at 30.06.2012)</u>	2,018,453	997,478
(iii) <u>Cash on Hand</u>	1,100	1,100
	<u>2,218,631</u>	<u>1,212,605</u>
3 (b) Other Financial Assets comprise of:		
<u>Fixed Term Deposits Held to Maturity</u>		
(i) Reserve Investments: (at 5.86% average)	7,400,000	7,680,000
(ii) Water Fund Investments:	-	870,000
	<u>7,400,000</u>	<u>8,550,000</u>

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:

	2012 \$	2011 \$
Cash and cash equivalents	2,218,631	1,212,605
Other Financial Assets	<u>7,400,000</u>	<u>8,550,000</u>
	<u>9,618,631</u>	<u>9,762,605</u>

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

	2012 \$	2011 \$
Profit after Income Tax Equivalents	1,150,052	1,226,363
<u>Non-cash Items:</u>		
Depreciation	1,980,985	1,420,177
Loss on Sale of Assets	78,215	639,495
Less Developer Contributed Assets	(36,784)	(86,627)
Income Tax Expense	532,495	658,618
Net Cash provided by Operating Activities before changes in Assets & Liabilities	<u>3,704,963</u>	<u>3,858,026</u>

Notes to the Financial Statements

Changes in Assets & Liabilities

(Increase)/decrease in assets:

Current Receivables	(653,028)	(422,518)
Current Inventories	34,249	(17,549)

Increase/(decrease) in liabilities:

Current Payables	1,003,050	94,608
Current Provisions	34,521	55,449
Non-Current Provisions	(7,263)	-
Net GST receipts/(payments)	(63,025)	3,754
Net cash provided by operating activities	<u>4,053,467</u>	<u>3,571,770</u>

4. RECEIVABLES

	2012 \$	2011 \$
Includes all amounts due to Busselton Water from operations.		
Rates/Std Supply Charge Debtors	711,604	599,011
Excess Water/Consumption Debtors	1,514,058	1,049,639
Deferred Rates/Charges	6,317	6,317
Meter Rentals Debtors	-	1
Late Payment Penalty	4,074	3,192
Fire Services	10,573	8,218
Settlement Reading Fees	5,030	2,022
Miscellaneous Fees	1,291	1,071
Sundry Debtors (Including Headworks)	187,844	79,088
GST (Net Receivable from ATO)	111,524	48,226
Miscellaneous Debtors	147,635	186,839
	<u>2,699,950</u>	<u>1,983,624</u>

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

Not more than 3 months	15,756	31,644
More than 3 months but less than 6 months	53,340	47,615
More than 6 months but less than 1 Year	4,190	-
More than 1 year	-	-
	<u>73,286</u>	<u>79,259</u>

There were no indications of impairment to Receivables.

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

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

5. INVENTORIES

	2012 \$	2011 \$
<u>Current</u>		
Raw Materials and Stores (at cost)	<u>327,511</u>	<u>361,760</u>

Notes to the Financial Statements

6. PROPERTY, PLANT AND EQUIPMENT

	2012 \$	2011 \$
Land at Fair Value	3,871,000	3,871,000
Capital Works in Progress	311,196	945,918
Freehold Land Improvements at Fair Value	648,379	648,379
Accumulated Depreciation	<u>(88,137)</u>	<u>(49,236)</u>
	560,242	599,143
Plant & Machinery at Fair Value	14,438,906	9,307,015
Accumulated Depreciation	<u>(947,475)</u>	<u>(388,579)</u>
	13,491,431	8,918,436
Buildings at Fair Value	2,467,535	2,473,435
Accumulated Depreciation	<u>(186,445)</u>	<u>(95,179)</u>
	2,281,090	2,378,256
Motor Vehicles at Fair Value	859,277	865,067
Accumulated Depreciation	<u>(157,179)</u>	<u>(55,150)</u>
	702,098	809,917
Mains and Services at Fair Value	39,296,405	38,961,491
Accumulated Depreciation	<u>(1,113,257)</u>	<u>(547,161)</u>
	38,183,148	38,414,330
Meters at Fair Value	2,670,347	2,216,157
Accumulated Depreciation	<u>(340,863)</u>	<u>(164,212)</u>
	2,329,484	2,051,945
Tools at Fair Value	121,762	108,489
Accumulated Depreciation	<u>(26,212)</u>	<u>(13,973)</u>
	95,550	94,516
Office Equipment & Furniture at Fair Value	352,793	206,367
Accumulated Depreciation	<u>(59,865)</u>	<u>(26,314)</u>
	292,928	180,053
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u><u>62,118,167</u></u>	<u><u>58,263,514</u></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 2010.

Office Equipment & Furniture includes intangible assets of \$214,766 (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 2010. The fair values determined by AON were calculated with reference to depreciated replacement costs.

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

There were no indications of impairment to property, plant and equipment and Infrastructure assets at 30 June 2012.

Busselton Water held no goodwill or intangible assets with a indefinite useful life during the reporting period. All surplus assets as at 30 June 2012 have either been classified as assets for sale, or written off.

Notes to the Financial Statements

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>
2012							
Land at Fair Value	3,871,000						3,871,000
Freehold Land							
Improvements	599,143				(38,901)		560,242
Capital Works in Progress	945,918	202,446	(837,168)				311,196
Plant & Machinery	8,918,436	4,414,393	721,198	(3,025)	(559,571)		13,491,431
Buildings	2,378,256			(4,125)	(93,041)		2,281,090
Motor Vehicles	809,917	113,203		(96,708)	(124,314)		702,098
Mains & Services	38,414,330	267,969	115,970	(47,633)	(567,488)		38,183,148
Meters	2,051,945	843,237		(16,418)	(549,280)		2,329,484
Tools	94,516	18,373		(4,427)	(12,912)		95,550
Office Equipment	180,053	152,926		(4,573)	(35,478)		292,928
	<u>58,263,514</u>	<u>6,012,547</u>	<u>-</u>	<u>(176,909)</u>	<u>(1,980,985)</u>	<u>-</u>	<u>62,118,167</u>

	<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>
2011							
Land at Fair Value	3,871,000						3,871,000
Freehold Land							
Improvements	624,400	23,979			(49,236)		599,143
Capital Works in Progress	454,530	945,918	(454,530)				945,918
Plant & Machinery	8,921,900	216,795	173,620	(4,953)	(388,926)		8,918,436
Buildings	2,463,700	9,735			(95,179)		2,378,256
Motor Vehicles	798,300	216,467		(143,889)	(60,961)		809,917
Mains & Services	38,354,000	462,712	280,910	(134,198)	(549,094)		38,414,330
Meters	1,461,000	1,332,133		(504,854)	(236,334)		2,051,945
Tools	105,800	4,189		(1,340)	(14,133)		94,516
Office Equipment	86,640	119,727			(26,314)		180,053
	<u>57,141,270</u>	<u>3,331,655</u>	<u>-</u>	<u>(789,234)</u>	<u>(1,420,177)</u>	<u>-</u>	<u>58,263,514</u>

7. INCOME TAX EQUIVALENT

	2012	2011
	\$	\$
(a) Income Tax Expense		
<i>Current income</i>		
Current income tax charge	614,889	790,962
Adjustments in respect of current income tax of previous years	-	(22,600)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(82,394)	(109,744)
Total Income tax expense	<u>532,495</u>	<u>658,618</u>
(b) Amounts recognised directly in equity		
<i>Deferred income tax</i>		
Unrealised gain on available for sale financial assets	140,158	(246,195)
Income tax benefit reported in equity	<u>140,158</u>	<u>(246,195)</u>

Notes to the Financial Statements

7. INCOME TAX EQUIVALENT (CONTINUED)

	2012 \$	2011 \$
(c) Numerical reconciliation of income tax expense to prima facie tax payable		
Accounting profit before tax from continuing operations	1,682,547	1,884,981
At the statutory income tax rate of 30% (2011: 30%)	504,764	565,494
Adjustments in respect of current income tax of previous year	14,851	85,633
Expenditure not allowable for income tax purposes	12,880	7,491
At effective income tax rate of 31.65% (2011: 34.94%)	<u>532,495</u>	<u>658,618</u>
Income tax expense reported in statement of Comprehensive Income	<u>532,495</u>	<u>658,618</u>

(d) Deferred Income Tax

	Statement of Financial Position		Statement of Comprehensive Income	
	2012 \$	2011 \$	2012 \$	2011 \$
<u>Deferred income tax assets</u>				
Provisions - employee benefits	252,643	244,466	(8,177)	(16,633)
Accrued Superannuation	106	4,374	4,268	384
Prepaid expenses	-	293	293	-
	<u>252,749</u>	<u>249,133</u>		
<u>Deferred income tax liabilities</u>				
Revaluation of land, property, plant & equipment infrastructure	11,586,870	11,446,712	140,158	(246,195)
Developer contributions	93,975	160,652	(66,677)	(90,028)
Interest receivable	31,364	43,463	(12,099)	(3,467)
	<u>11,712,209</u>	<u>11,650,827</u>	<u>57,766</u>	<u>(355,939)</u>

8. PAYABLES

	2012 \$	2011 \$
Payables for goods and services received. The carrying amounts of payables approximate their net fair values.		
Trade Creditors	1,653,720	826,128
Payroll Creditors	44,634	46,213
Miscellaneous Creditors	233,102	58,931
Monies in Trust	18,299	16,537
Customer Payments in Advance	11,088	9,984
GST Payable	2,947	2,674
	<u>1,963,790</u>	<u>960,467</u>
Trade and other payables are expected to be paid as follows		
Less than 6 months	1,945,491	943,930
6 months to 1 year	18,299	16,537
	<u>1,963,790</u>	<u>960,467</u>

Notes to the Financial Statements

9. **BORROWINGS**

	2012 \$	2011 \$
<u>Current</u>		
WATC Loan	214,089	-
Total current	<u>214,089</u>	<u>-</u>
<u>Non-Current</u>		
WATC Loan	2,352,911	-
Total Non-current	<u>2,352,911</u>	<u>-</u>

10. **PROVISIONS**

	2012 \$	2011 \$
<u>Current</u>		
Annual leave ^(a)	174,621	194,845
Long service leave ^(b)	124,713	98,866
Sick leave ^(c)	412,068	346,896
	<u>711,402</u>	<u>640,608</u>
Employment on-costs ^(d)	82,879	119,152
	<u>794,281</u>	<u>759,760</u>
<u>Non-current</u>		
Long service leave ^(b)	40,356	46,480
Employment on-costs ^(d)	7,506	8,645
	<u>47,862</u>	<u>55,125</u>
Aggregate employee benefit liability	<u>842,143</u>	<u>814,885</u>
Number of employees at year end	<u>32</u>	<u>29</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 will occur as follows:

Within 12 months of the end of the reporting period	156,721	159,842
More than 12 months after the end of the reporting period.	17,900	35,003
	<u>174,621</u>	<u>194,845</u>

Notes to the Financial Statements

10. PROVISIONS (CONTINUED)

	2012 \$	2011 \$
(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	88,771	31,318
More than 12 months after the end of the reporting period.	<u>76,298</u>	<u>114,028</u>
	<u>165,069</u>	<u>145,346</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:

	2012 \$	2011 \$
Within 12 months of the end of the reporting period	63,305	3,727
More than 12 months after the end of the reporting period.	<u>348,763</u>	<u>343,169</u>
	<u>412,068</u>	<u>346,896</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.

11. CURRENT TAX (ASSET)/LIABILITIES

	2012 \$	2011 \$
Income Tax Equivalent Refundable	244,631	-
Income Tax Equivalent Payable	-	27,852

12. DEFERRED TAX LIABILITIES

	2012 \$	2011 \$
Provision for Deferred Income Tax Equivalent	11,459,460	11,401,696

13. RESERVE FUNDS

	2012 \$	2011 \$
13.1 General Reserve Fund		
Balance at start of period	7,707,478	7,936,746
Less: Transfers to Retained Profits	<u>(1,360,067)</u>	<u>(1,417,522)</u>
	6,347,411	6,519,224
Add: Transfers from Retained Profits	<u>1,301,388</u>	<u>1,188,254</u>
Balance at end of period	<u>7,648,799</u>	<u>7,707,478</u>

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

Notes to the Financial Statements

13. RESERVE FUNDS (CONTINUED)

	2012 \$	2011 \$
13.2 <u>Asset Revaluation Reserve Fund</u>		
Balance at start of period	<u>29,067,492</u>	<u>28,821,297</u>
Tax equivalent on change in asset valuation:		
Defered Tax Land Improvements	7,622	10,737
Defered Tax Plant and Machinery	(192,516)	125,141
Defered Tax Buildings	29,150	25,633
Defered Tax Motor Vehicles	(6,894)	(10,563)
Defered Tax Mains and Services	50,604	(27,199)
Defered Tax Meters	(110,519)	(205,138)
Defered Tax Tools	1,818	(305)
Defered Tax Office Equipment	(4,441)	1,299
Defered Tax Low Value Pool	85,018	326,590
Defered income tax (note 7 "Taxation equivalent")	<u>(140,158)</u>	<u>246,195</u>
Balance at end of period	<u>28,927,334</u>	<u>29,067,492</u>

14. WATER SALES REVENUE

	2012 \$	2011 \$
Water Consumption	3,804,736	3,507,908
Connection Fees	126,682	141,130
Standard Supply Charge	2,303,193	2,459,690
Meter Reading Charges	16,743	17,189
Other Water Sales	30,024	29,063
	<u>6,281,378</u>	<u>6,154,980</u>

15. COST OF SALES

	2012 \$	2011 \$
Pumping	364,015	331,153
Maintenance: General Production Plant	960,709	571,326
Mains & Meters	398,422	345,884
Net Vehicle Running Expenses	(15,209)	(4,372)
Net Public Works Overhead	175,142	64,404
Net Stock Allocated	16,916	4,052
Meter Reading Costs	13,035	27,126
Water Sampling & Monitoring Fees	606,418	428,489
	<u>2,519,448</u>	<u>1,768,062</u>

16. INTEREST REVENUE

	2012 \$	2011 \$
Busselton Water Board invested excess funds and received the following interest:		
Interest on Water Fund	121,245	100,783
Interest on Reserves	465,112	479,366
	<u>586,357</u>	<u>580,149</u>

Notes to the Financial Statements

17. COMMONWEALTH GRANTS

	2012	2011
	\$	\$
Commonwealth Grant Re: RF meter Replacement Project	515,288	248,000
	<u>515,288</u>	<u>248,000</u>

18. DEVELOPER CONTRIBUTIONS

	2012	2011
	\$	\$
Headworks contributions - Cash	870,887	678,282
	<u>870,887</u>	<u>678,282</u>
Developer mains contributions - Cash	8,856	
Developer mains contributions - Non-Cash	36,784	86,627
	<u>45,640</u>	<u>86,627</u>

19. OTHER REVENUE

	2012	2011
	\$	\$
Backflow Prevention Device Testing Fees	16,637	19,230
Private Works & Sundry Income	36,593	43,621
Non-cancellable lease revenue	10,350	10,000
Other Receipts & Services	98,294	111,839
	<u>161,874</u>	<u>184,689</u>
Non-cancellable lease revenue		
Minimum lease revenue as follows:		
Within 1 year	10,712	10,350
Later than 1 year and not later than 5 years	46,732	45,152
Later than 5 years	12,723	12,293
	<u>70,167</u>	<u>67,795</u>

20. ADMINISTRATION EXPENSES

	2012	2011
	\$	\$
Salaries	896,724	836,356
Salary on Costs & Staff Expenses	112,548	114,531
Office Expenses	308,019	271,190
Stationery & Printing	28,211	22,616
Advertising	3,104	1,033
Bank Charges	21,507	21,480
Audit Fees	40,650	55,093
Legal Expenses	15,017	32,861
Bad Debts Written Off	6,615	-
	<u>1,432,395</u>	<u>1,355,160</u>

21. FINANCE COSTS

	2012	2011
	\$	\$
Loan Guarantee Fee	1,117	-
Interest Expense	23,328	-
	<u>24,445</u>	<u>-</u>

Notes to the Financial Statements

22. OTHER EXPENSES

	2012	2011
	\$	\$
Members Expenses	146,442	172,709
Pensioner Rate Rebate	297,984	272,845
Consulting Fees	133,478	139,716
Private Works	71,352	85,790
Other Costs & Staff Expenses	57,994	178,701
Sundry Expenditure	36,139	15,091
	<u>743,389</u>	<u>864,851</u>

23. DEPRECIATION EXPENSE

	2012	2011
	\$	\$
Depreciation charged:	1,980,985	1,420,177
Freehold Land Improvements	38,901	49,236
Plant, Machinery and Buildings	652,612	484,105
Motor Vehicles	124,314	60,961
Mains and Services	567,488	549,094
Meters	549,280	236,334
Tools	12,912	14,133
Office Equipment	35,478	26,314
	<u>1,980,985</u>	<u>1,420,177</u>

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

	2012	2011
	\$	\$
<u>Cost of Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	176,909	789,234
<u>Proceeds from Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	98,694	149,739
Net loss	<u>(78,215)</u>	<u>(639,495)</u>

25. REMUNERATION OF AUDITOR

	2012	2011
	\$	\$
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	34,200	31,700
	<u>34,200</u>	<u>31,700</u>

26. REMUNERATION OF SENIOR OFFICERS

	2012	2011
	\$	\$
The total of fees, salaries, superannuation and other non-cash benefits received or due and receivable for the financial period by senior officers.	569,443	528,933

2011 figure restated to include leave accruals, accrued salaries and super.

Fringe Benefit Tax expense incorporated in the above is based on the period 1st April 2011 to 31 March 2012 and not the financial year. The impact of this is considered as not material.

Notes to the Financial Statements

26. REMUNERATION OF SENIOR OFFICERS (CONTINUED)

	2012 \$	2011 \$
The number of senior officer positions whose total fees, salaries, super, and other non cash benefits received, or due and receivable, for the year ended 30 June 2012, fall within the following bands are:		
\$0 - \$10,000	1	1
\$30,001 - \$40,000	-	1
\$90,001 - \$100,000	-	1
\$100,001 - \$110,000	-	1
\$120,001 - \$130,000	2	1
\$140,001 - \$150,000	1	-
\$150,001 - \$160,000	-	1
\$170,001 - \$180,000	1	-

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

27. REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY

	2012 \$	2011 \$
The total of fees, wages, allowances, superannuation and other non-cash benefits received or due and receivable for the financial period by Board Members	30,484	26,985

The number of positions on the Board whose total fees, allowances, super, and other non-cash benefits received, or due and receivable, for the year ended 30 June 2012 fall within the following bands:

\$0 - \$10,000	7	6
\$10,001 - \$20,000	1	1

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

28. SUPPLEMENTARY FINANCIAL INFORMATION

	2012 \$	2011 \$
Write Offs		
Ex gratia water allowances	17,316	14,929
	<u>17,316</u>	<u>14,929</u>

29. RETAINED EARNINGS RECONCILIATION

	2012 \$	2011 \$
Balance at Start of Period	20,391,633	18,936,002
Net Profits from Ordinary Activities		
After Income Tax Equivalent Expenses	1,150,052	1,226,363
Add Transfers From Reserves	1,360,067	1,417,522
Less Transfers to Reserves	(1,301,388)	(1,188,254)
Balance at End of Period	<u>21,600,364</u>	<u>20,391,633</u>

Notes to the Financial Statements

30. EXPLANATORY STATEMENT

Significant variations between estimates and actual results for 2012 and between the actual results of 2011 and 2012 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 2011 and 2012

	VARIANCE	ACTUAL 2012	ACTUAL 2011
	\$	\$	\$
<u>REVENUE ITEMS</u>			
<u>Connection Fees</u> This decrease is due to the continual decline in the number of new land developments as a result of the current economic conditions.	(14,448)	126,682	141,130
<u>Commonwealth Grants</u> Increase due to a restructuring of the grant acquittal program.	267,288	515,288	248,000
<u>Contributions from Developers - Headworks (General)</u> Contributions in respect to the Dunsborough Bulk Water Supply agreement commenced in December 2010 with a full 12 months contributions reflected in the 2011-2012 reporting period.	192,605	870,887	678,282
<u>Contributions from Developers - Mains</u> This decrease is due to a reduction in the value of gifted new land development internal mains reticulation as a result of the current economic conditions.	(40,987)	45,640	86,627
<u>Other Receipts</u> Due in part to the reduction in the proceeds from the sale of scrap materials. (\$11,032)	(13,195)	108,644	121,839

Notes to the Financial Statements

	VARIANCE	ACTUAL 2012	ACTUAL 2011
	\$	\$	\$
30. (a) <u>EXPENDITURE ITEMS</u>			
<u>Water Plant Maintenance</u> Increase due in part to additional non-recurring works including the investigation into salinity problems with Bore 20 (\$91,472), and the anti corrosion control internal re-painting of tank 2 at Plant 2 (\$242,644).	422,245	1,324,724	902,479
<u>Mains & Services Maintenance</u> Represents an overall increase in maintenance requirements for the	52,538	398,422	345,884
<u>Meter Reading Costs</u> Represents an overall reduction in costs as a result of the introduction of RF Metering.	(14,091)	13,035	27,126
<u>Water Sampling & Quality Monitoring Programs</u> Elevated costs due to the increase in analysed water samples on a routine basis, a higher level of water quality compliance requirements and additional resources required with the introduction of full time	177,929	606,418	428,489
<u>Office Expenses</u> Elevated costs of office maintenance, telephone & internet services, computer leasing charges and office equipment maintenance.	36,829	308,019	271,190
<u>Audit Fees</u> Audit of NWI KPI data required every second year	(14,443)	40,650	55,093
<u>Legal Expenses</u> Overall reduction in legal representation requirements.	(17,844)	15,017	32,861
<u>Finance Costs</u> New Loan commencing June 2012.	24,445	24,445	-
<u>Members Expenses</u> Due in part to the reduction in public relation costs associated with the introduction of full time chlorination.	(26,267)	146,442	172,709
<u>Private Works Expenditure</u> Overall reduction in private works undertaken.	(14,438)	71,352	85,790
<u>Other Costs and Staff Expenses</u> Significant reduction in non-cash employee benefits (\$144,974).	(120,707)	57,994	178,701
<u>Sundry Expenditure</u> Due in part to the new strategic planning initiative.	21,048	36,139	15,091

Notes to the Financial Statements

30. (b) Significant variances between estimate and actual for 2012

	VARIANCE	ACTUAL 2012 \$	BUDGET 2012 \$
<u>REVENUE ITEMS</u>			
<u>Dunsborough Bulk Water Sales</u> The decrease is due to lower than anticipated demand.	(122,428)	115,552	237,980
<u>Electricity Rebates (DSR)</u> A new initiative negotiated during the 2011-2012 reporting period.	10,065	10,065	-
<u>Connection Fees</u> This decrease is due to the continual decline in the number of new land developments as a result of the current economic conditions.	(19,968)	126,682	146,650
<u>Commonwealth Gov't Grants</u> Increase due to a restructuring of the grant acquittal program.	132,000	515,288	383,288
<u>Sale of Water Meters (Scrap Value)</u> Lower than anticipated sales value.	(13,500)	16,500	30,000
<u>Sale of Works Light Vehicles</u> One unit not sold (\$11,800) and lower than anticipated sales values.	(15,273)	43,327	58,600
<u>Sale of Earthmoving Equipment</u> Bobcat Excavator not sold.	(9,950)	2,550	12,500

Notes to the Financial Statements

30. (b) Significant variances between estimate and actual for 2012 (Continued)

<u>EXPENDITURE ITEMS</u>	<u>VARIANCE</u>	<u>ACTUAL 2012 \$</u>	<u>BUDGET 2012 \$</u>
<u>Meter Reading Employee Costs</u> Represents an overall reduction in costs as a result of the introduction of RF Metering.	(12,840)	12,138	24,978
<u>Water Plant Maintenance</u> Completion of the anti corrosion control internal re-painting of Tank 2 at Plant 2 (\$100,000) and investigation into salinity problems with Bore 20 (\$200,000) carried forward to 2012-2013 reporting period.	(377,397)	1,367,679	1,745,076
<u>Water Quality Salaries and on-costs</u> Variance is due entirely to the allocation of wages staff and associated overheads now engaged in water quality monitoring previously undertaken by a salaried member of staff.	177,657	266,139	88,482
<u>Water Quality Monitoring Programs and Incident Response</u> routine basis, a higher level of water quality compliance requirements and additional resources required with the introduction of full time chlorination.	(20,552)	353,189	373,741
<u>Consultancies/Special Projects/ADWG 2004</u> Higher than anticipated costs in connection to full time chlorination	15,149	55,149	40,000
<u>Public Relations</u> Overall reduction in costs associated with full time chlorination.	(28,039)	69,506	97,545
<u>Strategic Planning</u> Lower than anticipated costs.	(12,140)	17,860	30,000
<u>Salary and Employee On Costs - Admin</u> Costs contained within budget limits.	(119,583)	1,113,872	1,233,455
<u>Consultants/Special Projects</u> Lower than anticipated costs.	(13,950)	68,250	82,200
<u>Licence Compliance Costs</u> A new initiative for a compliance review of adherence to operating licence conditions as per Economic Regulation Authority requirements.	12,828	12,828	-
<u>Private Works Expenditure</u> Significant works undertaken in respect to the mains pipe connection at Port Geographe.	34,624	71,352	36,728

31. PROGRAM INFORMATION

The Busselton Water Board was established under the Water Board's Act 1904 and operates under a license 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.

Notes to the Financial Statements

32. COMMITMENTS FOR EXPENDITURES

Non-cancellable operating leases

Busselton Water has entered into a number of non-cancellable operating lease arrangements for office equipment where the lessors effectively retain some of the risks and benefits incident to ownership of the items held under the operating leases. The Busselton Water is responsible to insure the items with Flexirent and Macquarie Leasing, and to maintain the equipment in good working order. Equal installments of the lease payments are charged to the 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.

	2012 \$	2011 \$
Lease Commitments		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	56,956	59,375
Later than 1 year and not later than 5 years	60,957	48,672
Later than 5 years	-	-
	<u>117,913</u>	<u>108,047</u>

	2012 \$	2011 \$
<u>Capital Expenditure Commitments</u>		
Major capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	147,540	147,691
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>147,540</u>	<u>147,691</u>

Figures reported include GST.
The capital commitments include amounts for Plant & Machinery.

33. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or assets to report as at 30 June 2012.

34. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

Notes to the Financial Statements

35. 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 2012.

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.

		- 1% change		+ 1% change	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	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>
		- 1% change		+ 1% change	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
2011					
<u>Financial Assets</u>					
Cash & cash equivalents	1,212,605	(12,126)	(12,126)	12,126	12,126
Other financial assets	8,550,000	(85,500)	(85,500)	85,500	85,500
<u>Financial Liabilities</u>					
WATC Borrowings	-	-	-	-	-
Total Increase/(Decrease)		<u>(97,626)</u>	<u>(97,626)</u>	<u>97,626</u>	<u>97,626</u>

Notes to the Financial Statements

35. (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 notes to the financial statements.

There are no amounts of collateral held as security at 30 June 2012

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 2012 and 30 June 2011 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 35(a), 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.

Notes to the Financial Statements

(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:

	2012	2011
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	2,218,631	1,212,605
Receivables ^(a)	2,588,426	1,935,398
Investments	7,400,000	8,550,000
<u>Financial Liabilities</u>		
Payables	1,963,790	960,467
Borrowings	2,567,000	-

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

Notes to the Financial Statements

(c) Financial Instrument Disclosures

Credit risk

The following table discloses the Busselton Water's maximum exposure to credit risk and the ageing analysis of financial assets. Busselton 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 Busselton Water.

	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
	\$	\$	\$	\$	\$	\$	\$	\$
2012								
Cash and cash equivalents	2,218,631	2,218,631	-	-	-	-	-	-
Receivables ^(a)	2,588,426	2,515,140	-	15,756	53,340	4,190	-	-
Investments	7,400,000	7,400,000	-	-	-	-	-	-
	12,207,057	12,133,771	-	15,756	53,340	4,190	-	-
2011								
Cash and cash equivalents	1,212,605	1,212,605	-	-	-	-	-	-
Receivables ^(a)	1,935,398	1,856,139	-	31,644	47,615	-	-	-
Investments	8,550,000	8,550,000	-	-	-	-	-	-
	11,698,003	11,618,744	-	31,644	47,615	-	-	-

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

Notes to the Financial Statements

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 %	Carrying Amount \$	<u>Interest rate exposure</u>			Nominal amount \$	<u>Maturity dates</u>				
			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	-	2,217,531	1,100	2,218,631	2,218,631	-	-	-	-
Receivables ^(a)		2,588,426	-	-	2,588,426	2,588,426	1,798,426	500,000	290,000	-	-
Investments	5.86	7,400,000	7,400,000	-	-	7,400,000	-	2,900,000	4,500,000	-	-
		12,207,057	7,400,000	2,217,531	2,589,526	12,207,057	4,017,057	3,400,000	4,790,000	-	-
Financial Liabilities											
Payables		2,177,879	-	-	2,177,879	2,177,879	2,148,492	11,088	18,299	-	-
WAIC Borrowings	4.54	4,744,879	2,567,000	-	-	2,567,000	-	52,381	161,708	961,311	1,391,600
		6,922,758	2,567,000	-	2,177,879	4,744,879	2,148,492	63,469	180,007	961,311	1,391,600

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

Notes to the Financial Statements

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

	Weighted Average Effective Interest Rate %	Carrying Amount \$	Interest rate exposure			Nominal amount \$	Maturity dates				
			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 \$
2011											
Financial Assets											
Cash and cash equivalents	4.62	1,212,605	-	1,211,605	1,000	1,212,605	1,212,605	-	-	-	-
Receivables ^(a)		1,935,398	-	-	1,935,398	1,935,398	1,385,398	350,000	200,000	-	-
Investments	6.29	8,550,000	8,550,000	-	-	8,550,000	1,950,000	2,000,000	3,600,000	1,000,000	-
		11,698,003	8,550,000	1,211,605	1,936,398	11,698,003	4,548,003	2,350,000	3,800,000	1,000,000	-
Financial Liabilities											
Payables		960,467	-	-	960,467	960,467	933,946	9,984	16,537	-	-
		960,467	-	-	960,467	960,467	933,946	9,984	16,537	-	-

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

(d) Fair Values

Busselton 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.



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