



BUSSETON **WATER**

STATEMENT OF CORPORATE INTENT

2016–17

Contents

FROM OUR CHAIR AND CEO	3
OUR BUSINESS	4
OUR OPERATING AREA	4
OUR BUSINESS STRUCTURE	5
OUR VISION AND PURPOSE	6
OUR VALUES	6
OUR STRATEGIC PRIORITIES	7
ASSET INVESTMENT PROGRAM	9
KEY ASSUMPTIONS AND NOTES	10
OUR FINANCIAL FORECAST	11
OUR KEY PERFORMANCE OUTCOMES	11



From our Chair and CEO

Busselton Water's vision is to provide excellence and leadership in the provision of all water services.

We aim to deliver all water services safely, sustainably, commercially and in collaboration with our customers.

Our values of Integrity, Respect and Courage guide the way we do business.

Our strategic priorities are:

- Leadership;
- Strategy and Planning;
- Information and Knowledge;
- People;
- Customers and Other Stakeholders;
- Process Management, Improvement and Innovation;
- Results and Sustainable Performance; and
- Growth.

Our key performance outcomes, by which we will measure our success, are:

- Financial Results;
- Customers and Other Stakeholder Outcomes;
- Leadership and Governance Results;
- People Results;
- Operational Results;
- Society Outcomes; and
- Growth Outcomes.

In 2016-17 we anticipate a profit after tax of \$1.6 million, a net accrual to Government of \$1.1 million and completion of a \$2.7 million asset investment program. Subject to Government approval we also hope to commence implementation of an exciting growth strategy.

Helen Shervington
Chair

Chris Elliott
Chief Executive Officer



Our business

Busselton Water shares a 110-year history and culture with our community.

We are owned by the Western Australian Government and are accountable to our sole shareholder, the Minister for Water.

Busselton Water is a Water Corporation, established by the *Water Corporations Act 1995* on November 18, 2013. Under new legislation Busselton Water is poised for growth and diversification.

Our Operating Licence is issued by the Economic Regulation Authority and defines our current licensed area. We currently provide potable water services to the City of Busselton and bulk water supplies to the neighbouring town of Dunsborough.

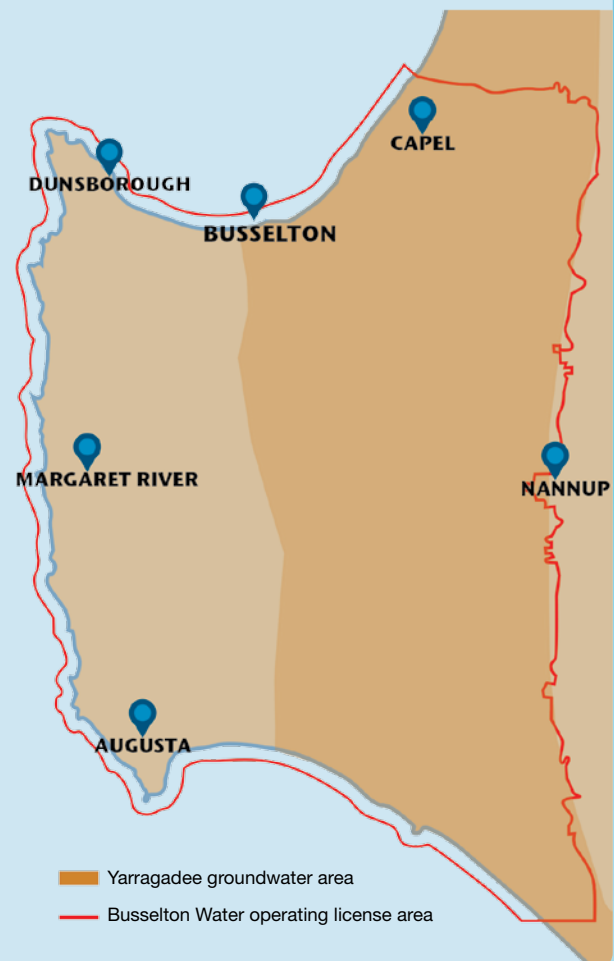
Our business is funded from customer water sales, related services from our customers including land developers, interest on our investments, borrowings and operating subsidies.

Our water is sourced from the Yarragadee and Leederville aquifers which provide high quality groundwater. Our abstraction is regulated through licenses issued by the Department of Water.

The raw groundwater has turbidity and iron concentrations above the aesthetic drinking water guideline limits, which are removed by oxidation and filtration processes at Busselton Water's treatment plants. Water is disinfected using chlorine before being distributed through the network to consumers.

OUR OPERATING AREA

Busselton Water's operating licence (WL 3, Version 7) covers an area of approximately 688,700 hectares and authorises Busselton Water to provide potable water supply services.



Our business structure

ORGANISATIONAL CHART



Our vision, purpose and values

OUR VISION

Excellence and leadership in the provision of all water services.

OUR PURPOSE

To deliver all water services safely, sustainably, commercially and in collaboration with our customers and key stakeholders.

OUR VALUES

Integrity

We are open and transparent in everything we do.

Courage

We embrace innovation, challenges and opportunity.

Respect

We value our people, our environment and our community.

Our strategic priorities

In support of our Vision and Purpose, our areas of strategic priority are shown below and are supported by strategies which intentionally target our key opportunities and challenges.

- | | |
|-----------------------------|--|
| ■ Leadership | ■ Customers and Other Stakeholders |
| ■ Strategy and Planning | ■ Process Management, Improvement and Innovation |
| ■ Information and Knowledge | ■ Results and Sustainable Performance |
| ■ People | ■ Growth |

STRATEGIC PRIORITY: LEADERSHIP

We are committed to:

Developing and using effective systems and processes of leadership based on business excellence, developing a culture that is consistent with our values, and contributing to the liveability and sustainability of our local community and environment.

In 2016-17 we will:

- embed our leadership systems and processes;
- continue to build a culture of high performance;
- position for change associated with our growth strategy;
- create value for our community through targeted programs;
- reduce our carbon footprint;
- improve the quality, reach and outcomes of our water efficiency program; and
- enhance industry, community and stakeholder influence.

STRATEGIC PRIORITY: STRATEGY AND PLANNING

We are committed to:

Using systems and processes to establish and communicate our purpose, vision, values and strategies and to turn strategic decisions and imperatives into actionable plans.

In 2016-17 we will:

- review and update all plans and models;
- implement the 2016-17 cycle of the Strategic Planning Process; and
- conduct capability gap analysis in order to close the gap between where the organisation is now and where it wants to be.

STRATEGIC PRIORITY: INFORMATION AND KNOWLEDGE

We are committed to:

The effective application of the information and knowledge required to achieve our business goals.

In 2016-17 we will:

- share data to inform and empower customers to better understand their water service needs and usage;
- integrate meter data into our business systems;
- upgrade, enhance and integrate core business applications
- implement global positioning technology to enhance asset management; and
- review and improve security for all sites.

STRATEGIC PRIORITY: PEOPLE

We are committed to:

Attracting, developing and retaining a highly skilled and motivated workforce and creating a great place to work where our people are safe and make a meaningful contribution to organisational improvement, goals and success.

In 2016-17 we will:

- continue to improve our communication processes;
- effectively cascade our vision and strategic priorities through our performance management framework;
- review and implement workforce planning processes;
- build organisational capability through best practice learning and development programs; and
- improve our hazard management planning for critical Occupational Health and Safety risks.

STRATEGIC PRIORITY: CUSTOMERS AND OTHER STAKEHOLDERS

We are committed to:

Analysing our customer and other stakeholder requirements and to use this knowledge to manage these relationships to deliver increasing value.

In 2016-17 we will:

- empower customers with access to the data and information they need to better understand their water service needs and usage;
- implement a new customer relationship management system;
- build our customer engagement capabilities and implement new engagement technologies;
- build on the success of our Customer Advisory Group; and
- increase the value of our Busselton Water brand.

STRATEGIC PRIORITY: PROCESS MANAGEMENT, IMPROVEMENT AND INNOVATION

We are committed to:

Encouraging process innovation and improvement to deliver value to our stakeholders.

In 2016-17 we will:

- plan for the introduction of the 2011 Australian Drinking Water Guidelines;
- implement an improved water quality management system;
- improve business processes through implementation of mobile technology and automated workflows;
- reduce network leakage through automated metering and asset upgrades; and
- optimise our water treatment and production processes.

STRATEGIC PRIORITY: RESULTS AND SUSTAINABLE PERFORMANCE

We are committed to:

Measuring and communicating organisational results and achieving sustainable performance.

In 2016-17 we will:

- review all business indicators to ensure continued relevance;
- improve measurement and reporting capabilities; and
- deliver all reporting framework requirements.

STRATEGIC PRIORITY: GROWTH

We are committed to:

Growing our business by expanding our existing water services and diversifying into wastewater, drainage and irrigation services.

In 2016-17 we will:

- meet projected water supply service growth for the Busselton Water Scheme;
- subject to Government approval, complete detailed due diligence and implementation planning for our Growth Business Case proposal to transfer the Dunsborough Water Supply Scheme and Busselton Waterways Scheme to Busselton Water; and
- deliver our Growth Strategy by progressing selected opportunities.

Asset investment program

The following asset investment program (AIP) is planned to be executed in 2016-17.

Description and Purpose	Plan Yr 1 2016-17 (\$)
New trunk mains	610,072
Mains replacement program	195,780
New/replace infrastructure	1,170,614
Land, building and offices	148,582
New service connections	308,042
Meter replacements	69,910
Vehicle and mobile plant replacements	21,000
Information, Communication and Technology	155,000
TOTAL ASSET INVESTMENT PROGRAM	2,679,000

Key assumptions and notes

Growth

Busselton Water has carefully reviewed population projections for the review period and also considered available planning information related to growth in water services. This information has been taken into account in the development of this Statement.

Investment Interest Rates

Projections are based on an annual interest rate of 2.95% throughout the term of this Statement.

Consumer Price Index

Projections are based on a 1.1% CPI increase throughout the term of this Statement.

Accounting Policy

Details of significant accounting policies can be found in the notes accompanying the Financial Statements in our 2014-15 Annual Report.

Busselton Water's financial statements are 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. They are prepared in accordance with the *Water Corporations Act 1995* and Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB).

Borrowings

Nil new borrowings are proposed during the forecast period.

Dividend Policy

Dividends will be considered in accordance with the *Water Corporations Act 1995*, Part 5, Division 2, section 79.

Operating Subsidies

An operating subsidy is an obligation to perform functions which are not in the commercial interests of the corporation.

Busselton Water provides these services and is compensated by the Government for the shortfall between customer revenue and the cost of providing the services

Reporting to the Minister

Reports which monitor performance against the targets outlined within this Statement of Corporate Intent, along with information on our financial position and capital expenditure, are provided to the Minister on a quarterly basis.

In addition, the Board and Chief Executive Officer advise the Minister of any significant variations in the performance of Busselton Water. Reporting of operational performance to authorities and departments of Government occurs in addition to this reporting to the Minister. An Annual Report is provided to the Minister within the timeframe specified by the *Water Corporations Act 1995*.

Copies of Busselton Water's major public documents including the Annual Report and Quarterly Performance Reports can be accessed through our website at www.busseltonwater.wa.gov.au.

Our financial forecast

Financial Performance		2016-17 Budgeted
ASSUMPTIONS (%)		
Growth Rates		1.60
CPI (annual change)		1.10
Dividend Rate (%)		65.00
SPECIFIC PRICE INCREASE – WATER TARIFFS (%)		
Residential		1.10
Commercial		1.10
FINANCIAL RESULTS (\$m)		
Operating Profit before Income Tax		2.27
Operating Profit after Income Tax		1.55
Loan Principal Repaid		0.26
Capital Expenditure (incl. Capitalised Interest)		2.68
NET ACCRUALS TO GOVERNMENT (\$'000s)		
Indirect Tax (payroll tax and land tax)		145.00
Income Tax Equivalents (NTER)		711.36
Local Government Rate Equivalents		27.00
Dividends Provided		842.93
Total Accruals to Government		1,726.29
Less: Payments from Governments (Operating Subsidies)		646.37
NET ACCRUALS TO GOVERNMENT		1,079.91
FINANCIAL PERFORMANCE MEASURES (%)		
Return on fixed assets		2.27
Return on equity		2.34
Debt to equity ratio		2.10
Debt to total assets ratio		1.69

Our key performance outcomes

Target Area	Measure	2016-17 Target
FINANCIAL RESULTS	Operating profit after tax	\$1.55m
	Net accrual to Government	\$1.08m
CUSTOMERS AND OTHER STAKEHOLDER OUTCOMES	Number of complaints per 1000 customers (rolling year average)	<10
	Complaint resolution within 15 business days	>90%
LEADERSHIP AND GOVERNANCE RESULTS	Adverse audit findings	Nil
PEOPLE RESULTS	Number of reported hazards per month (rolling year average)	≥10
	Staff participation in Performance Management process	100%
OPERATIONAL RESULTS	Drinking water quality compliance with health standards	100%
	Residential water efficiency target kL/pp/year	116
SOCIETY OUTCOMES	Investment in society, community and environmental responsibility	Increasing trend
GROWTH OUTCOMES	Dunsborough Water Supply Scheme and Busselton Waterways Scheme	Subject to Government approval of proposal, complete detailed due diligence and implementation planning for Growth Business Case proposal.



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