



2012-2013



BUSSELTON WATER

## BUSSELTON WATER STATEMENT OF CORPORATE INTENT



*working together for our water future*

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## Planning our water future


Busselton Water is pleased to present its ambitions for the 2012 – 2013 financial year. The following pages set out the specific achievements we will strive for in the coming year and how we will accomplish this.

The Statement of Corporate Intent reflects the significant opportunities and challenges being posed in 2012 – 2013. With water law reform high on the public agenda, the Board remains keen to preserve its involvements and quality reputation that it has attained. Growing our business is part of our Strategic Development Plan, and opportunities to do so have never been greater in our 100 year history.

### **Our objectives this year are:**

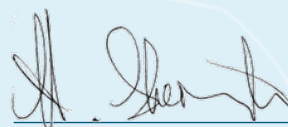
- Provide quality water meeting all prescribed water quality standards.
- To receive input and to be sensitive to customer and community needs.
- Achieve a return on our investments, constantly endeavouring to improve the value of our business.
- Maintain and grow a highly skilled, flexible, motivated and well resourced workforce in a safe and secure working environment.
- Manage our water infrastructure system to ensure its effective and efficient utilisation to provide an adequate and reliable supply of water.
- Ensure that all operations of Busselton Water give proper regard and respect to the environment.
- To capitalise on business opportunities.

The Board welcomes these challenges in achieving its aim of being committed to the production and management of high quality water for our customers.



**Geoff Oddy**

Acting Chief Executive Officer



**Helen Shervington**

Chair

## Who we are

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

We have a long and proud history within the community and are continually planning and monitoring our activities in order to focus resources and effort towards a good foundation for future prosperity and growth.

The culture for Busselton Water is in its pursuit of excellence in every endeavour. We continue today, as we were 100 years ago, to be guided by the core values established initially by staff and Board members and built upon over the history of our business.

The core values of fairness, recognition of service, commitment to tasks, and the rewarding of effort remain today and are underpinning factors in all of our actions and planning for the future.

We supply in excess of 20,000 customers within the Busselton town site and close environs such as Port Geographe, Siesta Park, Vasse and Wonnerup. During weekends and holiday periods this can rise significantly. Being a sought after sea-change

destination, the population has a history of strong growth. Although we are currently experiencing the effects of the economic downturn, a return to considerable growth is inevitable given the area's pristine coastal environment.

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 298 kilometres of mains.

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

Disinfection of the water supply was previously undertaken with ultra-violet (UV) irradiation and spot chlorination as required; however, Busselton Water has now implemented full-time chlorination to assure the quality of its drinking water supply.

### Our Board of Directors

- Helen Shervington  
*Chair*
- Christopher Boulton
- Paul Carter
- Merryl Peet
- Yvonne Robinson
- Vacant

### Our Executive Staff

- Geoff Oddy  
*Acting Chief Executive Officer*
- Julie Rawlings  
*Manager, Customer Services*
- Diane Depiazz  
*Manager, Finance and Administration*
- Neels Kloppers  
*Manager, Production and Supply*

# Our Vision and Purpose

## OUR VISION

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

## OUR PURPOSE

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





# Our Priorities and Values

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

## our business

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

## our people

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

## our customers and stakeholders

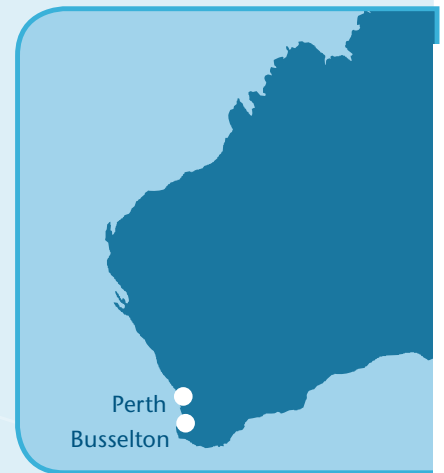
- *Always be customer focused.*
- *Act with honesty and integrity and maintain transparency.*

## capital investment

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

## BUSSELTON WATER LICENCE AREA

Located approximately 220 kilometres south of Perth  
Busselton Water's licensed area covers  
approximately 81,504 hectares.



# Our Objectives

Our objectives guide our activities and reflect our values and our vision for Busselton Water. Our objectives are supported by strategies for the development of Busselton Water into the future. The target objectives for Busselton Water for the 2012-2013 financial year are:

## OBJECTIVE 1

Provide quality water meeting all prescribed water quality standards.

## OBJECTIVE 2

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

## OBJECTIVE 3

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

## OBJECTIVE 4

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

## OBJECTIVE 5

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

## OBJECTIVE 6

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

## OBJECTIVE 7

To capitalise on business opportunities.



## OBJECTIVE 1

Provide quality water meeting all prescribed water quality standards.

Busselton Water knows the importance of providing its customers with high quality water.

*In order to accomplish this, we will:*

- **PLAN, DESIGN AND INSTALL APPROPRIATE INFRASTRUCTURE.**

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

- **MAINTAIN A COMMITMENT AND AWARENESS TOWARDS MAINTAINING WATER QUALITY STANDARDS.**

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

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

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

## OBJECTIVE 2

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

We strive to deliver excellence in customer service and continue to improve our existing levels of customer satisfaction.

*In order to accomplish this, we will:*

- **CONDUCT ANNUAL CUSTOMER SURVEYS.**

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

- **DEVELOP ANNUAL COMMUNITY COMMUNICATION AND ENGAGEMENT PLANS.**

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

- **ESTABLISH A STAKEHOLDER REFERENCE GROUP (CHLORINATION IMPLEMENTATION).**

A stakeholder reference group is a means of effectively consulting with our closest neighbours surrounding our water treatment plants. The group will discuss matters of interest enabling the sharing of information.

- **CONTINUE SCHOOL EDUCATION PROGRAM.**

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

# Objectives

## OBJECTIVE 3

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

We have established key measures in order to constantly improve our business value, including return on equity and effective debt management.

*In order to accomplish this, we will:*

- **OPTIMISE FINANCIAL INVESTMENTS.**

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

- **HAVE IN PLACE GOOD ASSET MANAGEMENT STRATEGIES.**

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

## OBJECTIVE 4

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

Growth in our district necessitates employees that are well trained and highly skilled. We are mindful of this and the need to continuously develop the competencies of existing staff.

*In order to accomplish this, we will:*

- **PROVIDE TOOLS, RESOURCES AND TRAINING AS APPROPRIATE.**

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

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

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

- **ENSURE OUR EMPLOYEES' SAFETY.**

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

## OBJECTIVE 5

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

A key factor in the provision of a sustainable and reliable water supply is an effective and well maintained water infrastructure system. A cornerstone in meeting community expectations is the provision of services that make efficient use of our infrastructure.

*In order to accomplish this, we will:*

- **MAINTAIN AN ASSET MANAGEMENT PLAN.**

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

- **MAINTAIN A RISK REGISTER.**

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

- **MONITOR KEY PERFORMANCE INDICATORS.**

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

## OBJECTIVE 6

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

We are mindful that water is a limited resource in Western Australia and that the need to manage it sustainably is greater than ever. Part of this is the protection of the environment around us and around our water.

*In order to accomplish this, we will:*

- **HONOUR ALL LICENSE AND APPROVAL CONDITIONS.**

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

- **STRIVE TO REDUCE ENERGY CONSUMPTION.**

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

- **OPERATE ACCORDING TO OUR ENVIRONMENTAL POLICY.**

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



## OBJECTIVE 7

To capitalise on business opportunities.

We anticipate many exciting opportunities for Busselton Water in the future and will strive to identify and take advantage of each one in order to grow our business.

*In order to accomplish this, we will:*

- **CAPITALISE ON OUR STRENGTHS BY BEING AWARE OF DEVELOPMENT OPPORTUNITIES.**  
We will strive to maintain a high profile in water and related industries to ensure early identification of opportunities to grow our business.
- **MAINTAIN RELATIONSHIPS WITH KEY STAKEHOLDERS VIA OUR STAKEHOLDER MANAGEMENT PLAN.**  
Continue to acknowledge that our business operates within a complex system of interests and influences. We will assess and evaluate these forces in order to strive for alignment with corporate objectives.
- **IDENTIFY NEW COMMERCIAL OPPORTUNITIES.**  
Under the anticipated legislation change, Busselton Water will be able to seek out new commercial opportunities.



The following major projects are planned to be executed in the 2012-2013 financial year. Below are descriptions of the anticipated projects with estimated budget amounts and expected completion dates.

Busselton Water has implemented a Capital Works Program in order to provide an assurance to customers that old infrastructure will be renewed and new infrastructure created, thus maintaining water supplies in an expanding part of Western Australia.

## **New Trunk Mains**

**Estimated Budget \$1,023,000**

**Estimated Completion date 30 June 2013**

These projects are designed to provide system security through the elimination of “single supply” scenarios and this project being one kilometre of collector main is designed to transfer water from a new bore at Plant 11 (Fairway Drive) to the storage and treatment facilities at Plant 2 (Queen Elizabeth Avenue).

## **Upgrade Trunk Mains**

**Estimated Budget \$278,000**

**Estimated Completion date 30 June 2013**

282 metres of 225mm asbestos cement (AC) pipe and 360 metres of 200mm AC pipe will be replaced based upon a risk analysis and the age profile of the assets concerned.

## **New/Replacement Infrastructure**

**Estimated Budget \$1,520,000**

**Estimated Completion date 30 June 2013**

New works include an additional filter unit at Plant 2 and integrated electrical systems at Plant 11, both being required to service a new bore facility.

## **Land Improvements**

**Estimated Budget \$46,000**

**Estimated Completion date 30 June 2013**

Minor site improvements for plant movements and security are allowed.

## **Buildings - Administration**

**Estimated Budget \$500,000**

**Estimated Completion date 30 June 2013**

Preliminary feasibility and design considerations have been allowed for a co-located administration and operations facility.

## **New Service Connection**

**Estimated Budget \$277,000**

**Estimated Completion date 30 June 2013**

Based upon growth predictions Busselton Water allows annually for the capital cost of new water services.

## **Vehicle and Mobile Plant Replacement**

**Estimated Budget \$95,000**

**Estimated Completion date 30 June 2013**

Busselton Water operates a small number of items of earth moving equipment and service vehicles. These are owned for reasons of system security and expediency in providing excellent customer service. 2012/2013 provides for a typical allocation for replacement of this plant and equipment.

## **Furniture/Fitting Equipment**

**Estimated Budget \$23,000**

**Estimated Completion date 30 June 2013**

Busselton Water plans for the routine replacement of furniture and fitting requirements.

# Financial Forecast

Busselton Water's financial outcomes and targets for the 2012/13 financial year are as follows:

Financial Outcomes	2012 – 13 Budgeted	2013 – 14 Projected
<b>Assumptions</b>		
Growth rates & fees (%)	1.72%	2.12%
CPI (annual change) (%)	3%	3%
Specific Price Increase – Water Tariffs	-	-
Dividend provision rate (%)	N/A	N/A
<b>Financial Outcomes</b>		
Operating profit before income tax (\$m)	\$2.1m	\$2.2m
Operating profit after income tax (\$m)	\$1.3m	\$1.4m
<b>Total debt</b>		
Loan principal repaid	\$195,178	\$243,736
Capital expenditure (incl. Capitalised interest) (\$m)	\$3.8m	\$5.1m
Return on fixed assets (%)	1.91%	1.92%
Return on equity (%)	2.19%	2.25%
Debt to equity ratio (%)	3.98%	6.77%
Debt to total assets ratio (%)	3.13%	5.22%
<b>Performance Indicators</b>		
Quantity of Water Produced within Licence allocation	<8.6 GL	<8.6 GL
Real Water Loss (litres per service per service connection per day)	<119 Lt	<118 Lt
Operating cost per property (\$ per property)	\$394.58	\$407.59
Energy Consumption (kwh per kl produced)	0.70 KWH/KL	0.70 KWH/KL
Number of zones where microbiological compliance are achieved	1/1	1/1
<b>Accruals to Government (State)</b>		
Indirect tax (payroll tax and land tax) (\$'000)	\$100.9	\$108.1
Income tax equivalents (NTER)(\$'000)	\$779.9	\$797.9
Local government rate equivalents	N/A	N/A
Dividends provided	N/A	N/A
Total accruals to Government (\$'000)	\$877.8	\$706.0
Less: Payments from Government (CSOs, etc.)	N/A	N/A
<b>Net Accruals to Government</b>	<b>\$877.8</b>	<b>\$706.0</b>



Business Targets	2012 – 13 Target	2013 – 14 Target
<b>Our customers and stakeholders - Effectiveness of Water Supply Management – Customer service</b>		
Emergency Call Response (within 1 hour)	> 90.0%	> 90.0%
Complaint Resolution within 15 business days	> 90.0%	> 90.0%
Pressure (min. 15m) & Flow (min. 20ltrs/minute)	> 99.8%	> 99.8%
Continuity of Supply of connected properties	> 75.0%	> 75.0%
<b>Our People</b>		
Lost time injury frequency rate (LTI / 1 Mill Hours)	< 19.5	< 19.5
Lost time injury incidence rate (LTI / 100 Workers)	< 3.4	< 3.4
Duration (Average days lost)	< 2.0	< 2.0
<b>Government Initiatives</b>		
Efficiency Dividends	231,000	288,000

## NOTES

### Dividend Policy

The Board is not currently obligated to pay a dividend to government. However, it is anticipated as an addition to our policy as a part of the new legislation. Our dividend policy will be updated accordingly where appropriate.

### Borrowings

All of Busselton Water's capital works to renew assets and its operating expenses are funded from operational cash flows.

### Accounting Policy

Busselton Water's financial statements are prepared on an accrual accounting basis in accordance with the historical cost convention. They are prepared in accordance also with the Australian equivalents to the International Financial Reporting Standards (IRFS), authoritative pronouncements of the Australian Accounting Standards Board and the *Financial Management Act 2006*. Full details of

the Board's significant accounting policies can be found within the notes accompanying the Financial Statement within the Board's last Annual Report, available on our website:

**[www.busseltonwater.wa.gov.au](http://www.busseltonwater.wa.gov.au)**.

### Community Service Obligations (CSOs)

Presently there are no arrangements for government to fund Busselton Water activities which are either not otherwise commercially viable and are designed to satisfy broader economic, environmental or social needs of the Busselton community.

### Reporting to the Minister

An annual report is provided each year to the Minister as per the varying legal requirements. For the purposes of this Statement of Corporate Intent (SCI), financial and non financial predictions are included. These will be monitored and reported against in the following financial year's SCI.



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