



2013-2014



BUSSELTON **WATER**

# BUSSELTON WATER STATEMENT OF CORPORATE INTENT



*working together for our water future*

# Contents

Introduction	3
About us	4
Our Vision & Purpose	5
Our Priorities & Values	6
Our Licence Area	7
Our Objectives	8
Capital Investments	13
Notes	15
Financial Forecast	16





## PLANNING FOR OUR WATER FUTURE

Busselton Water's vision is to attain excellence in service, supply, quality and management and sustainability of water service.

We aim to provide high quality water at a minimum long term cost to our customers through the provision of customer-focused services and sustainable practices.

Busselton Water has a long and proud history spanning over 100 years. As a small water service provider we are close to our customers, which is something we value highly. We also value the autonomy and flexibility we have to respond to and add value to our changing customer needs.

Busselton Water Board is committed to preserving this solid reputation and embraces planning for the future, one of our highest priorities. Growth of the City of Busselton as a top 'sea change' destination, climate change, changing legislative and regulation requirements and increasing water quality and environmental expectations are examples of aspects of our business requiring strategic planning responses.

This Statement of Corporate Intent addresses Busselton Water's identified business needs for 2013-2014.

### **Our objectives are:**


- Provide High Quality Water
- Build Genuine Community And Stakeholder Engagement In Support Of Our Vision And Purpose
- Continuously Improve Our Business
- Develop A Highly Skilled, Motivated And Well Resourced Workforce In A Safe And Secure Working Environment
- Manage Our Water Infrastructure System To Ensure Its Effective And Efficient Utilisation
- Manage All Operations Of Busselton Water To Achieve Greater Environmental Sustainability
- Grow Our Business

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



**Chris Elliott**

Chief Executive Officer



**Helen Shervington**

Board Chair

# About Us

## Who we are

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

Busselton Water is currently in a transitional phase, moving from a Water Board to a Water Corporation in 2013/2014 under the *Water Corporations Act 1995*.

We supply water to a population of greater than 26,000 within our licensed area and provide bulk water to an adjoining licensed area.

Busselton Water's Operating Licence issued by the Economic Regulation Authority defines our current licensed area and requirements.

Our groundwater abstraction is regulated through licenses issued by the Department of Water.

Our business is funded from water sales and related services from our customers including land developers, interest on our investments and loan and reserve funding.

Our water supply is sourced from the confined Yarragadee and Leederville aquifers which provide fresh water supplies. The raw groundwater has turbidity and iron concentrations above the aesthetic drinking water guideline limits, which are removed by aeration and filtration processes at Busselton Water's treatment plants. Following aeration and filtration, the water is disinfected using chlorine and then it is pumped into enclosed storage tanks prior to being distributed to consumers. The treated water meets all the accepted guidelines for public health.

Busselton Water is committed to grow our business for the benefit of our existing customers. We anticipate exciting opportunities in the future and we will strive to convert growth opportunities.

### Our Board Members

- Helen Shervington  
Board Chair
- Matt Walker
- Chris Boulton
- Angus Smith
- Yvonne Robinson
- Paul Carter

### Our Executive Staff

- Chris Elliott  
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

*To attain excellence in service, supply, quality and management and sustainability of water service.*

## OUR PURPOSE

*To provide high quality water at a minimum long term cost to our customers through the provision of customer-focused services and sustainable practices.*



# Our Priorities and Values

OUR PRIORITIES AND VALUES ARE INTEGRAL TO OUR BUSINESS.  
OUR STRONG GOVERNANCE FRAMEWORK EMBEDS OUR VALUES IN  
EVERYTHING WE DO.

## 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.*

## OUR CUSTOMERS AND STAKEHOLDERS

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

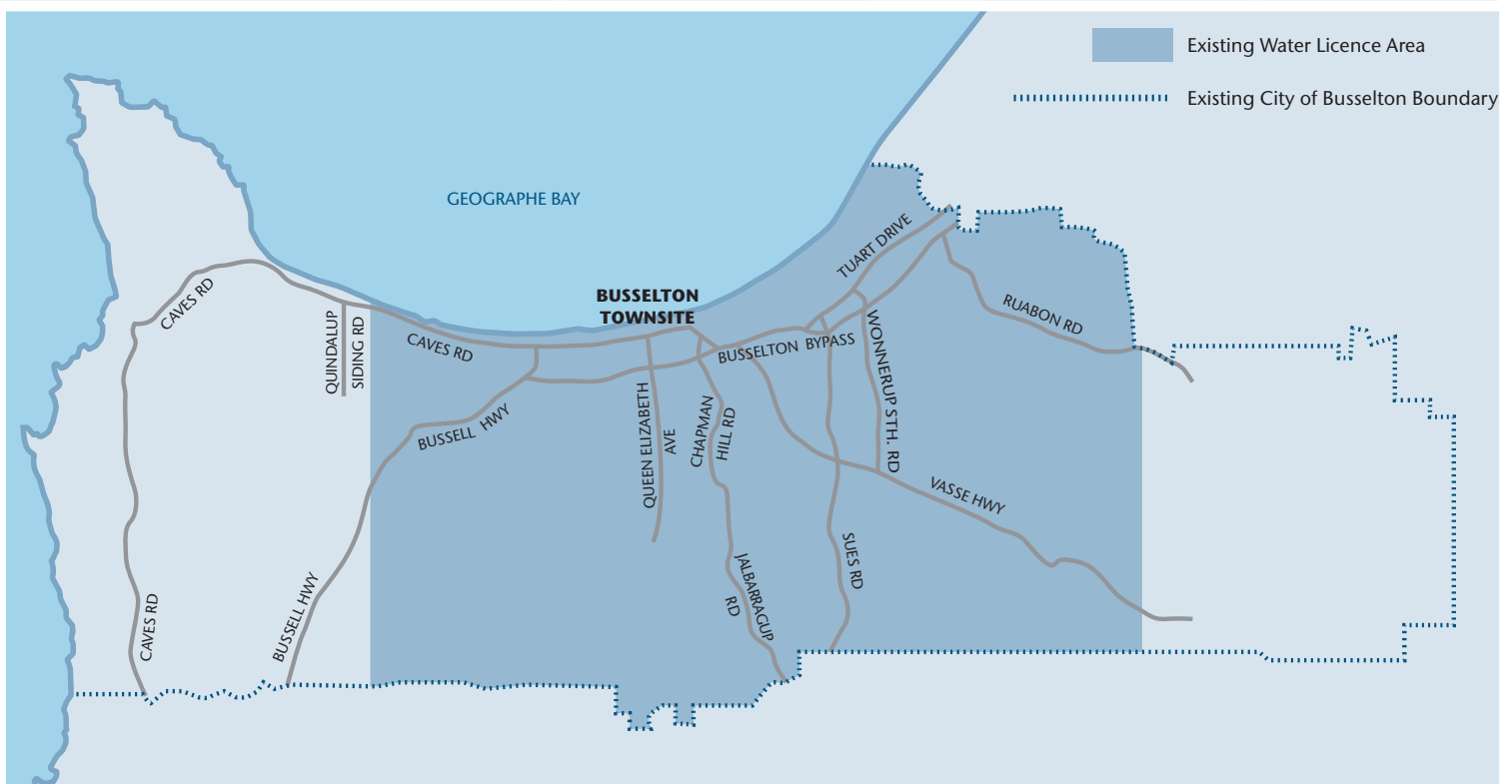
## OUR ENVIRONMENT

- *Sustainably manage our groundwater resource.*
- *Respect the natural environment by assessing environmental implications of all our business activities.*



## BUSSELTON WATER LICENCE AREA

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



*“Our strong governance framework embeds our values in everything we do.”*

# 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 2013-2014 financial year are:*

## OBJECTIVE 1

Provide High Quality Water

## OBJECTIVE 2

Build Genuine Community And Stakeholder Engagement In Support Of Our Vision And Purpose

## OBJECTIVE 3

Continuously Improve Our Business

## OBJECTIVE 4

Develop A Highly Skilled, 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

## OBJECTIVE 6

Manage All Operations Of Busselton Water To Achieve Greater Environmental Sustainability

## OBJECTIVE 7

Grow Our Business

## OBJECTIVE 8

Corporatisation



## OBJECTIVE 1

### Provide High Quality Water

Busselton Water is committed to providing its customers with high quality water.

*In order to accomplish this, we will:*

- **DELIVER WATER, MEETING ALL AGREED STANDARDS**

We will implement a Drinking Water Quality Management Plan in 2013-14. The Plan will be aligned with the Australian Drinking Water Guidelines 2004. The Plan will be reviewed regularly by the Water Quality Committee and action plans developed to improve operational processes and overall drinking water quality performance.

- **MAINTAIN A MEMORANDUM OF UNDERSTANDING WITH THE DEPARTMENT OF HEALTH**

We will regularly engage with the Department of Health to fully meet our obligations under the Memorandum of Understanding.

## OBJECTIVE 2

### Build Genuine Community And Stakeholder Engagement In Support Of Our Vision And Purpose

We will be proactive in ensuring that we engage our customers, stakeholders and the community as we work to effectively manage current and future water needs for Busselton.

*In order to accomplish this, we will:*

- **REVIEW THE 5 YEAR COMMUNICATIONS AND ENGAGEMENT STRATEGY**

This year the strategy will be broadened to assist Busselton Water in the delivery of accurate, timely and effective stakeholder engagement and communication, designed to build public and stakeholder confidence and to assist in cementing the organisation's reputation as a leading water provider.

It will be developed in the knowledge that new legislation will most likely take effect in mid-2013 changing Busselton Water's status from a statutory authority to a statutory corporation. It will also align with Element 8 of the Australian Drinking Water Guidelines 2004.

It is then the intent of this strategy to engage and communicate with a diverse customer and stakeholder base the many aspects Busselton Water, as a water utility, is involved in and responsible for.

- **IMPLEMENT THE 2013-2014 COMMUNICATIONS AND ENGAGEMENT PLAN**

To support the strategy a plan will be developed to target specific communication and engagement priorities for the coming year.

This will include:

- Routinely engaging with our customers to understand what they require from us
- Further develop strong relationships with all our external stakeholders
- Focus on continuous improvement through enhanced systems and technology

# Our Objectives

## OBJECTIVE 3

### Continuously Improve Our Business

We are committed to applying strong financial management and business planning principles to ensure the short, medium and long term viability of Busselton Water.

*In order to accomplish this, we will:*

- **EFFECTIVELY PLAN FOR OUR BUSINESS**  
Review and update the 10 year financial model.  
Develop a longer range business plan. Our policy governing protection of investments and interest maximisation will be followed absolutely.
- **CONTINUOUSLY IMPROVE OUR BUSINESS MANAGEMENT SYSTEMS**  
Regularly review and improve all policies and procedures.  
Review relevant accreditation systems and select appropriate systems to participate in.
- **FOCUS ON INFORMATION, COMMUNICATION AND TECHNOLOGY**  
Implement the 2013-14 ICT plan to equip the business with the systems and tools needed to achieve efficiency and effectiveness.
- **DEMONSTRATE HIGH STANDARDS OF CORPORATE GOVERNANCE AND RISK MANAGEMENT**  
We will regularly review our governance practices, knowledge and training to ensure the highest standards of corporate governance. We will fully develop our corporate risk register to ensure all business risks are captured and treated.

## OBJECTIVE 4

### Develop A Highly Skilled, Motivated And Well Resourced Workforce In A Safe And Secure Working Environment

Ever increasing industry demands 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:*

- **ENSURE OUR EMPLOYEES SAFETY**  
Our 2013-14 OSH Plan will target priority actions identified from a self-assessment of OSH performance against WorkSafe WA criteria. All staff will participate in the development and implementation of this plan. Safety is the first item discussed in all toolbox and management meetings.
- **DEVELOP AND IMPLEMENT A COMPREHENSIVE HUMAN RESOURCES PLAN**  
We will develop a Human Resource Management Plan including specific outcomes to be achieved in 2013-14. The plan will address recruitment, development, retention and succession planning.
- **ACHIEVE AN EFFECTIVE TWO WAY INTERNAL COMMUNICATIONS MODEL**  
We will achieve effective, open two-way communication utilising a wide variety of tools. These will include regular team meetings, staff newsletters, CEO briefings and an effective performance management process incorporating mid year and annual reviews.

## OBJECTIVE 5

Manage Our Water Infrastructure System To Ensure Its Effective And Efficient Utilisation

A key factor in the provision of a sustainable and reliable water supply is an effective and well maintained water infrastructure system.

*In order to accomplish this, we will:*

- **MAINTAIN AN ASSET MANAGEMENT STRATEGY**  
We will implement the 2013-14 asset management plan as part of our asset management strategy.
- **MAINTAIN A BUSINESS CONTINUITY PLAN (BCP)**  
We will implement a program to review and improve, communicate and test the BCP.
- **MONITOR KEY PERFORMANCE INDICATORS**  
We will review all KPI's of the business on a monthly basis.

## OBJECTIVE 6

Manage All Operations Of Busselton Water To Achieve Greater Environmental Sustainability

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:*

- **ENSURE SUSTAINABLE SOURCE PROTECTION AND MANAGEMENT**  
Implement the Source Protection and Management Plan.
- **ENSURE COMPLIANCE WITH ALL ENVIRONMENTAL CONDITIONS**  
Stringently monitor our environmental obligations through monthly KPI reviews.
- **REDUCE OUR ENVIRONMENTAL FOOTPRINT**  
Review and improve our operating strategy to optimise energy usage.  
Develop and implement an energy efficiency initiative to optimise energy usage across all operations.  
This will include achievement of an optimised operating strategy, improved pumping efficiency and use of off-peak tariffs.
- **REDUCE UNACCOUNTED FOR WATER**  
Investigate and implement opportunities to reduce water losses and wastage. Targets over the next 5 years to be set.



# Our Objectives

## OBJECTIVE 7

### Grow Our Business

We anticipate many exciting opportunities for Busselton Water in the future and will strive to identify and convert growth opportunities.

*In order to accomplish this, we will:*

- **ORGANIC GROWTH**

Continue to work closely with land developers, the City of Busselton and planning agencies to be well positioned to meet the projected increased growth of the City of Busselton.

- **SEEK NEW OPPORTUNITIES**

During 2013-14 a Business Development Plan will be developed to address potential new commercial opportunities. This process will entail identification of potential and real opportunities, assessment of these opportunities, development of preferred and non-preferred opportunities and decisions in relation to specific opportunities.

## OBJECTIVE 8

### Corporatisation

We anticipate a significant challenge in 2013-14 from the impact of new legislation that will change the governance of Busselton Water from the *Water Boards Act 1904* to a new *Water Corporations Act 1995*.

*In order to accomplish this, we will:*

- **IMPLEMENT A DETAILED CORPORATISATION ACTION PLAN**

This will include a comprehensive review of all Policies, procedures and business practices.

The following projects are planned to be undertaken in 2013-14:

DESCRIPTION	2013-14 \$
<b>New Trunk Mains</b>	420,000
<b>Mains Replacement Program</b>	308,900
<b>New/Replace Infrastructure</b>	699,200
<b>Land, Building and Offices</b>	61,305
<b>New Service Connections</b>	285,212
<b>Meter Replacements</b>	50,000
<b>Vehicle &amp; Mobile Plant Replacements</b>	324,435
<b>Information, Communication and Technology</b>	100,000
<b>TOTAL CAPITAL INVESTMENT</b>	<b>2,249,052</b>

## NEW TRUNK MAINS

300mm water main along Rendezvous Road and Kloorup Road to provide a dual supply.

Budget: \$ 40,000

375 mm water main in Provence subdivision.

Budget: \$175,000

100m water main along Layman Road, East Busselton.

Budget: \$205,000

## MAINS REPLACEMENT PROGRAM

Upgrades will be carried out on Queen Street from Marine Terrace to The Equinox Cafe, Hobson Street and Falkingham Road.

Budget: \$308,900

## NEW/REPLACE INFRASTRUCTURE

Installation of a clearwell tank, Plant 1.

Budget: \$ 73,000

Upgrade the electrical system at Plant 2.

Budget: \$185,800

Install an additional clearwell pump at Plant 2.

Budget: \$ 57,000

Preliminary planning to install a 700 kVA generator at Plant 2.

Budget: \$ 50,000

Replacement of a submersible pump, Bore 16, Plant 3.

Budget: \$ 35,000

# Capital Investments

Install an additional delivery pump and 2 variable speed drives at Plant 4.

Budget: \$ 75,000

Replacement and upgrade of equipment including variable speed drives, modulating valves, security system and laboratory upgrade.

Budget: \$223,400

## LAND, BUILDING AND OFFICES

Replace five compartment sand containers and a retaining wall at Plant 2.

Budget: \$ 61,305

## NEW SERVICE CONNECTIONS

Install new service connections.

Budget: \$285,212

## METER REPLACEMENTS

Retrofit fire services with RF meter devices.

Budget: \$ 50,000

## VEHICLE AND MOBILE PLANT REPLACEMENT

Replacement of mobile plant and vehicles.

Budget: \$324,435

## INFORMATION, COMMUNICATION AND TECHNOLOGY

Implement the 2013-14 ICT Plan to equip the business with the systems and tools needed to achieve efficiency and effectiveness.

Budget: \$100,000





## GROWTH

Busselton Water has carefully reviewed population projections<sup>1</sup> 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 plan.

## INVESTMENT INTEREST RATES

Projections are based on an annual interest rate of 4.5% throughout the term of the Plan.

## CORPORATISATION

The new Act provides for Dividends and Community Service Obligations (CSO) however, this plan has made no provision for either. Currently Busselton Water provides rebates for seniors and pensioners and this will continue. These matters will be a topic of discussion between Busselton Water and the Minister in the future.

## 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 quarterly.

In addition, the Board and CEO advise the Minister of any significant variations in 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 Act.

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

CSO Category	CSO Description	2013 – 14 Target (\$,000)	2014 – 15 Target (\$,000)	2015 – 16 Target (\$,000)	2016 – 17 Target (\$,000)	2017 – 18 Target (\$,000)
Rebates on Supply Charges Rates and Charges ( <i>Rebates and Deferments Act 1992</i> )	Pensioners, Seniors & Commonwealth Seniors Health Card	171	177	184	190	196
Rebates on Water Consumption	Pensioners, Seniors & Commonwealth Seniors Health Card	131	136	141	146	151
Water Efficiency - (WEMS related)	Public Relations, Staffing Costs & IT Support - Customer Database	75	77	79	83	86
Ex Gratia Write-offs	Concessions for Leaks & Bursts	25	26	26	27	28
<b>Total \$</b>		<b>402</b>	<b>416</b>	<b>430</b>	<b>446</b>	<b>461</b>

## 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 with the *Water Corporations Act 1995* as required through transitional arrangements and Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB).

## BORROWINGS

Nil new borrowings are proposed during the forecast period.

## WATER TARIFF

Projections for 2013-14 are based on the ERA recommendations.

<sup>1</sup> Future Busselton 2050 prepared by Landinsights  
Western Australia Tomorrow Population Report No.7, 2006-2026

# Financial Forecast

*Busselton Water's financial outcomes and targets for the 2013/2014 financial year are as follows:*

Financial Forecast	2013 – 14 Budgeted	2014 – 15 Projected
<b>Assumptions</b>		
Growth Rates & Fees	1.31%	1.29%
CPI (annual change)	3%	3%
<b>SPECIFIC PRICE INCREASE – WATER TARIFFS</b>		
Residential	6.8%	6.8%
Commercial	6.7%	6.8%
Dividend Rate	Nil	Nil
<b>Financial Outcomes</b>		
Operating Profit before Income Tax (\$m)	\$1.4	\$1.7
Operating Profit after Income Tax (\$m)	\$0.9	\$1.2
<b>TOTAL DEBT</b>		
Loan Principal Repaid	\$224,306	\$234,665
Capital Expenditure (incl. capitalised interest) (\$m)	\$2.2	\$2.3
Return on Fixed Assets	1.48%	1.86%
Return on Equity	1.58%	1.94%
Debt to Equity Ratio	3.57%	3.12%
Debt to Total Assets Ratio	2.82%	2.47%
<b>Accruals to Government (State)</b>		
Indirect Tax (payroll tax and land tax) (\$'000)	\$130.66	\$138.09
Income Tax Equivalents (NTER)(\$'000)	\$481.27	\$554.03
Local Government Rate Equivalents (\$'000)	\$30.00	\$30.90
Dividends Provided	Nil	Nil
Total Accruals to Government (\$'000)	\$641.94	\$723.02
Less: Payments from Government (CSO, etc.)	Nil	Nil
<b>Net Accruals to Government</b>	<b>\$641.94</b>	<b>\$723.02</b>

# Reportable Business Targets

Reportable Business Targets	2013 – 14 Target	2014 – 15 Target
<b>Government Key Performance Indicators</b>		
Quantity of Water Produced within Licence Allocation (volume)	<8.1 GL	<8.1 GL
Real Water Loss (litres per service connection per day)	<115 Lt	<115 Lt
Operating Cost per Property (\$ per property)	<4%	<4%
Energy Consumption (kwh per kl produced)	<0.70 KWh/KL	<0.70 KWh/KL
Number of Zones where Microbiological Compliance is Achieved	1/1	1/1
<b>ERA Operating Licence Service and Performance Standards</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%

Note: In addition to the above, Busselton Water has a range of management KPI's and these are reported on within the Annual Report. This includes Public Sector reporting requirements.





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