



BUSSELTON **WATER**

2014 - 2015

# STATEMENT OF CORPORATE INTENT



# Contents

---

Executive Summary	3
About Us	4
Our Vision & Purpose	5
Our Values	6
Our Operating Licence	7
Our Business Structure	8
Our Objectives	9
Challenges	17
Opportunities	18
Capital Investments	19
Key Assumptions/Notes	21
Financial Forecast	23
Reportable Business Targets	24

---

# Executive Summary

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

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

Our values guide the way we do business and include Ethical Behaviour, Commercial Astuteness, Teamwork and Leadership.

Our Strategies are set out against seven key objectives; Water Quality, Engagement, Business Sustainability, People, Asset Management, Environment and Growth.

The plan identifies access to future ground water allocation and potential threats to ground water sources as key challenges. Business growth, radio frequency metering and our new business management framework are also identified as key opportunities.

The new Board and management team completed a long term 30 year master plan and capital program to replace the previous 10 year model. The 30 year planning had a holistic view in regards to source development, water treatment, water distribution, disinfection, operational optimisation and growth. The previous 10 year model focused only on growth. An improved asset management system has also provided information on replacement of assets.

Busselton Water anticipates a profitable year.



**Chris Elliott**

Chief Executive Officer



**Helen Shervington**

Board Chair

# About Us

Busselton Water has a long and proud history spanning over 100 years.

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

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

Our water is sourced from the confined Yarragadee and Leederville aquifers which provide fresh water supplies. Our groundwater 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 aeration and filtration processes at Busselton Water's treatment plants. Water is disinfected using chlorine and then pumped into enclosed storage tanks prior to being distributed to consumers. The treated water meets all the accepted guidelines for public health.



# Our Vision and Purpose

## Our Vision

Excellence and leadership in the provision of water services.

## Our Purpose

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



# Our Values

## Ethical Behaviour

---

Fairness, transparency, honesty, integrity, accountability, professionalism and trust.

## Commercial Astuteness

---

High quality work, business excellence, relentlessly seeking the best outcome, disciplined choice, safety first, long term approach to success, innovation, business sustainability.

## Teamwork

---

Enthusiasm, resourcefulness, participation, commitment, working together, achieving results, flexibility, recognition, communication, empowerment, reaching our potential.

## Leadership

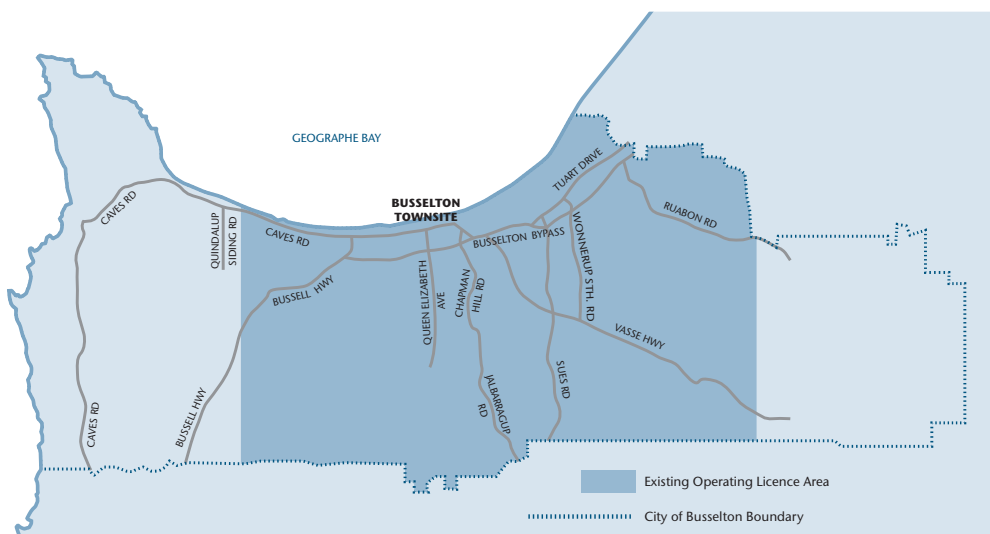
---

At all levels in the organisation, decisions and behaviours determine culture, expectations are communicated and understood, decisiveness, mentoring.

# Our Operating Licence

## Existing

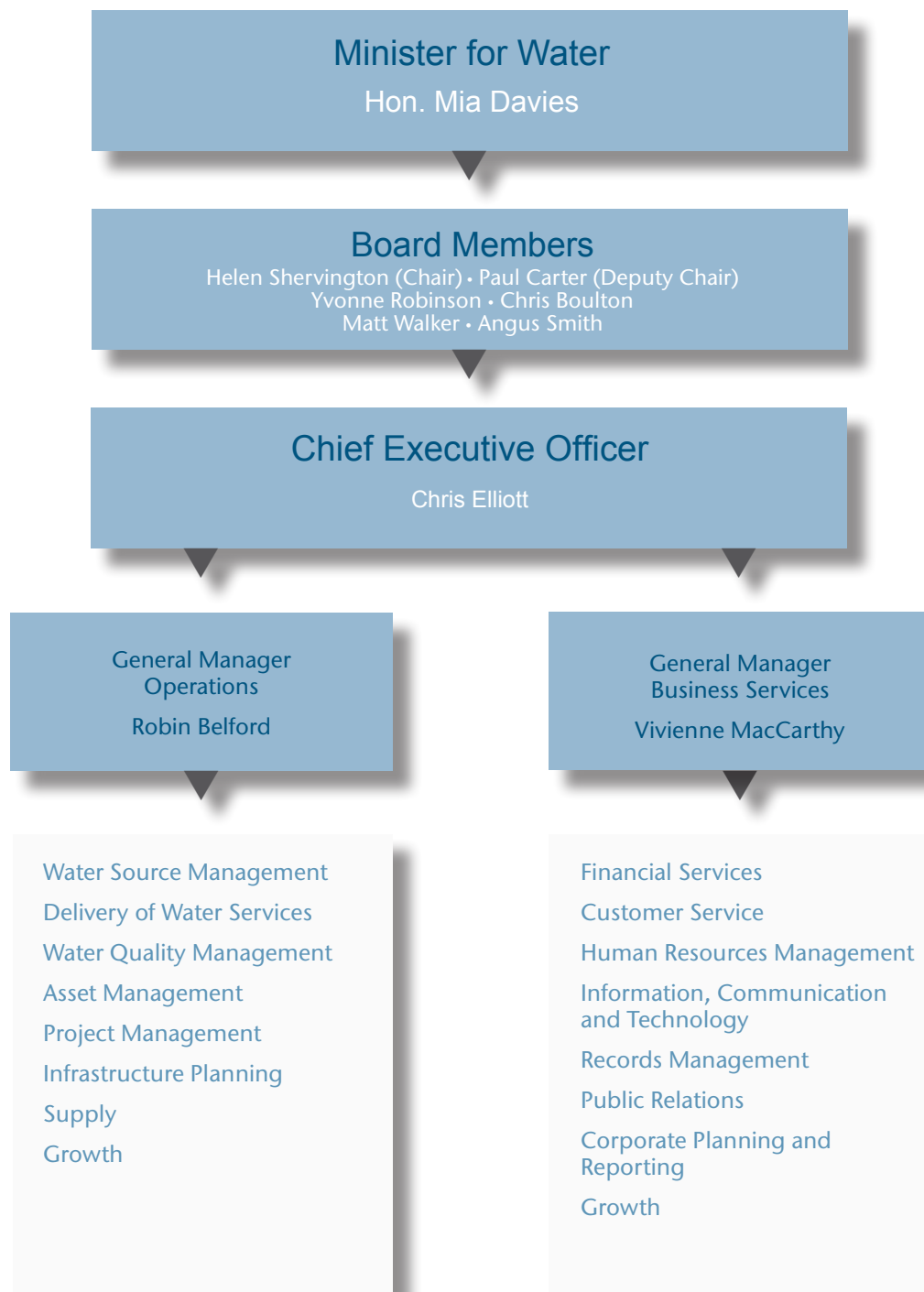
Busselton Water's operating licence (WL 3, Version 6) covers an area approximately 81,504 hectares and authorises Busselton Water to provide a potable water supply service.



## Future

Busselton Water proposes operating licence amendments in accordance with the Act to amend its operating licence to authorise potable, non-potable, sewerage and drainage services over expanded areas.

# Our Business Structure





# Our Objectives

In support of our Vision and Purpose our objectives guide our organisation and reflect our values and our vision for Busselton Water. Each is supported by strategies for the development of Busselton Water into the future.

The areas our objectives represent for 2014/2015 are:

Objective 1	Water Quality
Objective 2	Engagement
Objective 3	Business Sustainability
Objective 4	People
Objective 5	Asset Management
Objective 6	Environment
Objective 7	Growth

## Objective 1

### Water Quality

---

We are committed to achieving 100% compliance, with health related and non-health related water quality criteria in the Australian Drinking Water Guidelines.

To enable us to achieve this, we will:

Systematically monitor and report water quality performance.

Be prepared for incidents including regular testing of our response plans.

Fulfil all the requirements of our Operating Licence and Memorandum of Understanding with the Department of Health.

- Implement the Drinking Water Quality Management Plan in 2014/2015.

## Objective 2

### Engagement

---

We are committed to understanding what customers and other stakeholders value, now and in the future to enable organisational direction, strategy and action, and continually improving customer service as we strive for business excellence.

To enable us to achieve this, we will:

Regularly ask our customers for their opinion on our service.

Ensure customer feedback of any kind is managed well, including complaints.

- Continue to work with the newly appointed Water Ombudsman to ensure the smooth introduction of this scheme to customers and the organisation.

Ensure our staff have the training, skills and competencies to deliver excellent customer service.

Ensure all our interactions with customers are based on respect, courtesy and understanding.

Meet or exceed all customer service legislative compliance requirements.

Provide relevant, easy to understand information that clearly details what our customers can expect from us and the expectations we have of our customers.

- Complete a quality review of all customer information and ensure alignment with new legislation.

Provide leadership to our customers and community, as appropriate, in relevant water matters.

Maintain a communication and engagement strategy and related plans to achieve the highest level of engagement with our customers and we will review these annually.

- In 2014/2015 our plan will focus on further development of strong relationships with all our external customers, including our Customer Advisory Group (CAG) as well as opportunities to communicate the importance of water conservation with our ever growing visitor population.

### Business Sustainability

---

We are committed to ensuring business sustainability and long term success through benchmarked best practice across all areas of our business.

To enable us to achieve this, we will:

Set clear direction through an effective strategic planning framework.

- Refine our strategic planning framework following its introduction in 2013/2014.

Develop our business management system embracing business excellence, quality management and industry best practice principles.

- The annual review of all policies and procedures contributes to the ongoing improvement of our business management system and contributes to our journey towards business excellence.

Demonstrate high standards of corporate governance.

- As part of our risk management plan our risk register will be reviewed and updated twice annually.



## Objective 4

### People

---

We are committed to maintaining a highly skilled, motivated and well-resourced workforce.

To enable us to achieve this, we will:

Achieve effective management of our most valuable resource; our people, through our Human Resources strategy and processes.

- 2014/2015 will see the implementation of a new organisational structure to align with corporatisation and a detailed Human Resources manual documenting all policies, procedures, work instructions and processes.

Focus on effective recruitment, development and retention of skilled motivated staff.

Implement succession planning for identified key positions.

Encourage and recognise individual and team achievements.

Ensure effective communication and consultation with all staff.

Maintain a Code of Conduct to promote high ethical and professional standards of behaviour and decision making.

- In line with new legislation a revised Code of Conduct will be implemented in 2014/2015.

Comply with all Human Resource regulatory requirements.

## Objective 5

### Asset Management

---

We are committed to best practice asset management.

To enable us to achieve this, we will:

Achieve clear strategic direction and planning through short, medium and long term asset management strategies and plans.

- Develop and implement the annual asset management and operational plans.

Provide effective support for our asset management activities through an Asset Management Information System.

Ensure operations of our assets are fully aligned with our asset management objectives.

Ensure funding is provided so assets can achieve their optimal whole of life performance.

Identify, through risk management and condition assessment, initiatives to reduce the exposure to injury, liability and failure.

- Continue to test, improve and communicate our Business Continuity Plan (BCP).

Provide relevant information to support asset management, including the effective collection, collation and analysis of asset data.

Implement a robust planned maintenance program suitable for all classes of assets.

Proactively develop Busselton Water's employees to improve their knowledge and application of best practice asset management.

## Objective 6

### Environment

---

We are committed to caring for the environment and responsibly managing any impact our operations have.

To enable us to achieve this, we will:

Ensure environmental aspects and impacts are pro actively identified and controlled.

Set environmental objectives and targets to ensure we continuously improve the way we care for and protect the environment.

- Develop and implement annual strategies to reduce water loss and energy usage across all operations.

Be accountable and responsible for our environment.

Adopt environmentally sound work practices for all staff, contractors and other stakeholders.

Comply with all regulatory requirements and wherever possible exceed set environmental targets.

Document and improve our environmental management system towards compliance with ISO14001.

Ensure awareness to protect and conserve cultural and Aboriginal heritage sites.

## Objective 7

### Growth

---

We are committed to growing our business by expanding our existing water services and diversifying into wastewater, drainage and irrigation services.

To enable us to achieve this, we will:

Grow our existing potable water business by continuing to work closely with the City of Busselton and planning agencies to be well positioned to meet projected growth of the City of Busselton.

Seek new opportunities across water, wastewater, drainage and irrigation services as provided for in the new water legislation.

Target selected opportunities identified through our Business Development Strategy and process.

Undertake detailed evaluation and due diligence assessments, before proceeding with selected growth initiatives.

- Three key opportunities, one in each of water supply, wastewater and drainage have been selected for assessment in 2014/2015.



Recent changes in our corporate environment present some challenges for the forecast period. We look forward to addressing them in a manner consistent with our values.

## ACCESS TO FUTURE GROUNDWATER ALLOCATION

---

The Department of Water has reserved 8.2 GL for future allocation to water utilities from the Busselton - Capel Groundwater Area.

Long term demand forecasts indicate that the Busselton Water Scheme will require most of this reserve over the next 50 years.

With competition for this reserve intensifying Busselton Water will be working with Government and Regulators in 2014/2015 to secure the best possible position.

## POTENTIAL RISKS TO GROUNDWATER SOURCES

---

Climate change, salt water intrusion and resources exploration activities in the groundwater catchment have been identified as potential risks.

The Leederville and Yarragadee aquifers are the only groundwater source available to Busselton Water and must be protected to ensure long term demand and sustainability.

Busselton Water will work closely with Regulators, Government and relevant Stakeholders to ensure these risks are closely monitored and addressed to ensure protection of the groundwater source into the future.

# Opportunities

Recent changes in our corporate environment bring many opportunities for Busselton Water. We will strive to benefit from as many of these opportunities as possible in order to better serve our customers and our community.

## GROWTH

---

Busselton Water is committed to expanding its existing water service and diversifying into wastewater, drainage and irrigation services. Busselton Water is well placed to identify, assess and act on opportunities as they present during 2014/2015.

## RADIO FREQUENCY (RF) METERING

---

Busselton Water is in the unique position of having RF meters installed on all services and we are committed to building on this technological advantage. In 2014/2015 we will commence our pursuit for further advancement of this service.

## BUSINESS MANAGEMENT FRAMEWORK

---

As a newly established Corporation 2014/2015 is an opportune time to implement significant improvements to our Business Management Framework as we critically redesign our policies, procedures and systems to support our vision for business excellence.

# Capital Investments

The following capital investment program is planned to be executed in the forecast period.

## New Trunk Mains

A program of new trunk mains is planned to improve network performance. This includes commencement of the extension of a 375mm trunk link main from Plant 1 to Plant 2.

## Mains Replacement

A mains replacement program is planned to replace identified pipes within the network at the following locations:

- Reynolds Street between High and King Street
- Craig Street from Geographe Bay Road to Bussell Highway

## New/Replace Infrastructure

A program of infrastructure projects, including new assets driven by growth and asset replacement or upgrades driven by asset management.

Included under this program is:

- Filter refurbishments at Plant 1
- Replace filter media at Plant 3
- A permanent pre-chlorination system at Plants 1, 2, & 3
- Recoat internal surface of pressure vessels and storage tanks

## Land, Buildings and Offices

A program of improvements related to our land, building and office assets.

Included under this program is:

- Minor furniture and equipment
- Upgrade lockable storage shed/records archive
- Design and construct a wall around clearwell for protection against flooding and damage
- Upgrade air conditioning in the Administration Building
- Plant Operation model & Case or Water Trailer

## New Service Connections

A provision for expected new service connections.

## Meter Replacements

A program of planned meter replacements which includes fitting Radio Frequency (RF) meters to Fire Services.

## Advanced Meter Infrastructure (AMI)

A program to implement AMI which provides automated collection of data from a RF cyble device that continuously monitors volume and alarm data over a 24 hour period.

# Capital Investments

## Vehicle and Mobile Plant Replacements

A program of planned vehicle and mobile plant replacements including replacement of work vehicles and bobcats.

## Information, Communication and Technology (ICT)

Implementation of a strategic ICT plan.

- Fibre link between Administration Building and Plant 2 to improve network access and communication at the Plant
- Upgrades to our Water Billing System

DESCRIPTION	Plan Year 1 2014-15 \$
New Trunk Mains	684,000
Mains Replacement	335,000
New/Replace Infrastructure	1,208,992
Land, Building and Offices	152,000
New Service Connections	292,628
RF Meter Replacements	60,000
Advanced Metering Infrastructure	100,000
Vehicle and Mobile Plant Replacements	283,500
Information, Communication and Technology	176,885
<b>Total Capital Investment</b>	<b>3,293,005</b>



# Key Assumptions/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 Plan.

## Investment Interest Rates

Projections are based on an annual interest rate of 4%.

## Consumer Price Index

Projections are based on a 2.6% CPI increase.

## Water Tariff

Projections for 2014/2015 are based on the ERA recommendations.

## Accounting Policy

Details of significant accounting policies can be found in the notes accompanying the Financial Statements in our 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* as required through transitional arrangements and Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB).

## Borrowings

Nil new borrowings are proposed in 2014/2015.

## Dividend Policy

Dividends will be considered in accordance with the *Water Corporations Act 1995*, Part 5, Division 2, Section 79. The dividend rate used in this plan reflects the Government policy position of 65%.

## Efficiency Dividend

On 1 April 2011, the West Australian Cabinet introduced a 5% efficiency dividend on the discretionary operating expenditure of Government Trading Enterprises (GTEs). A further round of efficiency dividends was announced on 16 April 2012. These efficiency dividends are included in the preparation of the financial forecasts included in this SCI.

# Key Assumptions/Notes

## Operating Subsidies

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

Under a formal agreement with Government, we provide these services and are compensated by the Government for the shortfall between customer revenue and the cost of providing the services.

The operating subsidies provided by us are:

Operating Subsidies		2014 – 15 Budgeted (\$'000s)
Category	Description	
Pensioner and Senior Rebates	Pensioners, Commonwealth Seniors Health Card, State Seniors and State Concessions	398
Ex Gratia Write-offs	Concessions for Leaks and Bursts in the Internal Water Reticulation System	45
Exemption for Charitable Purposes	Exemption from Water Supply Charges	1

## 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 Chief Executive Officer 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 *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](http://www.busseltonwater.wa.gov.au).

# Financial Forecast

## Financial Performance

2014 – 15 Budgeted

ASSUMPTIONS (%)		
	Growth Rates	1.56
	CPI (annual change)	2.6
Specific Price Increase - Water Tariffs (%)		
	Residential	6.8
	Commercial	6.8
DIVIDEND RATE (%)		65
FINANCIAL RESULTS (\$m)		
	Operating Profit before Income Tax	1.9
	Operating Profit after Income Tax	1.3
	Loan Principal Repaid	0.23
	Capital Expenditure (incl. Capitalised Interest)	3.29
NET ACCRUALS TO GOVERNMENT (\$'000s)		
	Indirect Tax (payroll tax)	131.35
	Income Tax Equivalents (NTER)	643.97
	Local Government Rate Equivalents	30.76
	Dividends Provided	-
	Total Accruals to Government	806.08
	Less: Payments from Governments (Operating Subsidies)	444.00
	NET ACCRUALS TO GOVERNMENT	362.08
FINANCIAL PERFORMANCE MEASURES (%)		
	Return on fixed assets	1.97
	Return on equity	2.08
	Debt to equity ratio	3.03
	Debt to total assets ratio	2.41

# Reportable Business Targets

## Business Target

2014 – 15 Target

### GOVERNMENT KEY PERFORMANCE INDICATORS

Quantity of Water Produced within Licence allocation (volume GL)	<8.1
Real Water Losses (litres per service connection per day)	<115
Operating cost per property (% change from previous year)	<4
Energy Consumption (kwh per kl produced)	<0.70
Number of zones where microbiological compliance is achieved	1/1

### WATER SERVICES CODE OF CONDUCT (Customer Service Standards) 2013

% Customer connections to existing mains within 10 business days	90
% Number of restored water services following restriction	90

### Performance Reporting (without targets set)

% Complaints resolved within 15 business days	n/a
% Number of restricted services per 1,000 residential properties	n/a





BUSSELTON **WATER**

PO Box 57  
Busselton WA 6280  
P: 089781 0500  
F: 089754 1074

admin@busseltonwater.wa.gov.au  
**www.busseltonwater.wa.gov.au**