



BUSSELTON **WATER**

2015 - 2016

# Statement of Corporate Intent







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## from our chair + 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 guide the way we do business and include Ethical Behaviour, Commercial Astuteness, Teamwork and Leadership.

This plan identifies the key opportunities and challenges we face as a new water corporation and these are specifically addressed by the strategies outlined in each of our eight areas of strategic priority.

Our strategic priorities are:

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

**Chris Elliott**

Chief Executive Officer

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

- Financial Results
- Customers + Other Stakeholder Outcomes
- Leadership + Governance Results
- People Results
- Operational Results
- Society Outcomes
- Growth Outcomes

Within this planning period Busselton Water proposes two major growth initiatives being the acquisition of the Dunsborough Water Supply and Busselton Waterways schemes.

In 2015/16 we anticipate a profit of \$1.3 million, a net accrual to Government of \$1.1 million and completion of a \$3.6 million capital works program.

**Helen Shervington**

Board Chair



Busselton Water shares a 109 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.

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 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.

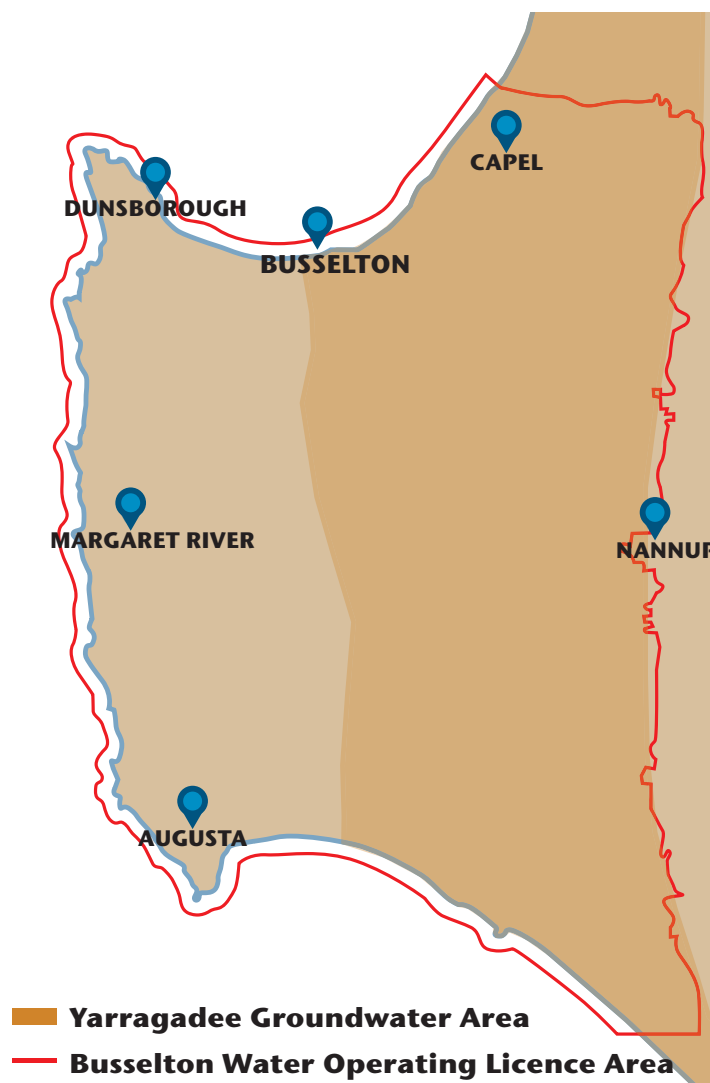




## our operating area

### Existing

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.



### Future

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



## our business structure





## 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.







## ethical behaviour

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

## commercial astuteness

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

## teamwork

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

## leadership

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



## our key opportunities + challenges

As a new corporation Busselton Water is facing a number of opportunities and challenges.

- **Safety:** Building on an already strong safety performance there is more we want to do to ensure our work places are safe, healthy and accident free for all employees, contractors and visitors.
- **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 to secure the best possible position.
- **Potential Risks to Groundwater Sources:** Climate change and salt water intrusion have been identified as potential risks. The Yarragadee and Leederville aquifers are the only groundwater source available to Busselton Water and must be protected to ensure long term source security.
- **Growth:** New legislation has opened up growth opportunities. We are committed to growing our business by expanding our existing water services and diversifying into wastewater, drainage and irrigation services. Dunsborough Water Scheme and Busselton Waterways scheme have been identified as target growth opportunities.
- **Water Use Efficiency:** In conjunction with Government and regulators Busselton Water has established a challenging water use efficiency target of 100kL per person per year.
- **Water Quality:** Continuous improvements of our systems and processes are required to enable ongoing compliance with changing water quality management criteria.
- **Asset Management:** To achieve whole of life optimal performance for all assets and to deliver effective and efficient upgrades to our infrastructure in a timely manner.
- **Operations:** Challenges include optimising scheme performance, minimising energy usage and maintaining customer service levels at all times including high tourist driven peak demand periods.
- **People:** Our business is demanding new skills as we grow and diversify. Our challenge is to ensure our business and our people are well prepared for the future.
- **Strategy and Planning:** Busselton Water has forecast its 50 year water demand needs and 30 year infrastructure requirements. Further long term business strategy and planning is required to ensure the achievement of our vision and purpose.

- **Customer Service:** Our challenge is to increase our knowledge about our stakeholder perceptions of value and to continually grow our understanding of what customers value now and in the future.
- **Leadership:** During a period of change, our challenge lies in the continued development of our leaders to effectively communicate our vision, purpose, values and strategic priorities to ensure our core strategies are understood and outcomes are delivered.
- **Efficient Operations, Water Pricing and Financial Returns:** Achieving efficient overall business operations to keep water pricing at acceptable levels for customers and at the same time, improve returns to our owner.
- **Information and Knowledge:** Growth and diversification is driving investment in our Information, Communication and Technology infrastructure. Limited high speed communication options in our area presents a challenge in the way we manage our infrastructure, disaster recovery capabilities and our connectivity.





## 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 + challenges.

Leadership

Strategy + Planning

Information + Knowledge

People

Customers + Other Stakeholders

Process Management, Improvement + Innovation

Results + Sustainable Performance

Growth

We will measure our success by monitoring our Key Performance Outcomes.

Figure 1 outlines the link between Our Vision + Purpose, Our Strategic Priorities and Our Key Performance Outcomes.



Figure 1. Our Strategic Priorities



## 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 supporting our community and environment.

### **Our core strategies:**

#### Leadership Strategy

Our Leadership Strategy addresses: Leadership and Governance throughout the Organisation; Leading the Organisational Culture; and Society, Community and Environmental Responsibility.

Our recent corporatisation has required us to meet new legal and financial requirements and has driven the comprehensive review of our values, policies, procedures, processes, code of conduct, organisational structure and Our Leadership Strategy builds on this by guiding the organisation in good governance and continuing to explore and develop our systems and processes of leadership authority, accountability and control.

We share a 109 year history with our customers and community and actively pursue opportunities to develop our community through strategic stakeholder partnerships and through value adding sponsorship programs.

We value sound and responsible environmental management which is integral to delivering our water services safely and sustainably.

#### In 2015/16 we will:

- Embed our leadership, processes and systems and build the right culture
- Position for change associated with our growth strategy
- Create value for our community through targeted programs with
- City of Busselton, Geocatch and community groups
- Improve the quality and reach of our water efficiency program
- Enhance industry, community and stakeholder influence



Supporting our community



BUSSETON WATER







## strategic priority: Strategy + Planning

### **We are committed to:**

Setting and continuously reviewing the vision and strategic direction of the organisation.

### **Our core strategies:**

#### Strategic Planning Process

Busselton Water undertakes a seven step strategic planning process on an annual basis to ensure clear direction and alignment for everything we do. The seven steps are represented in Figure 2.

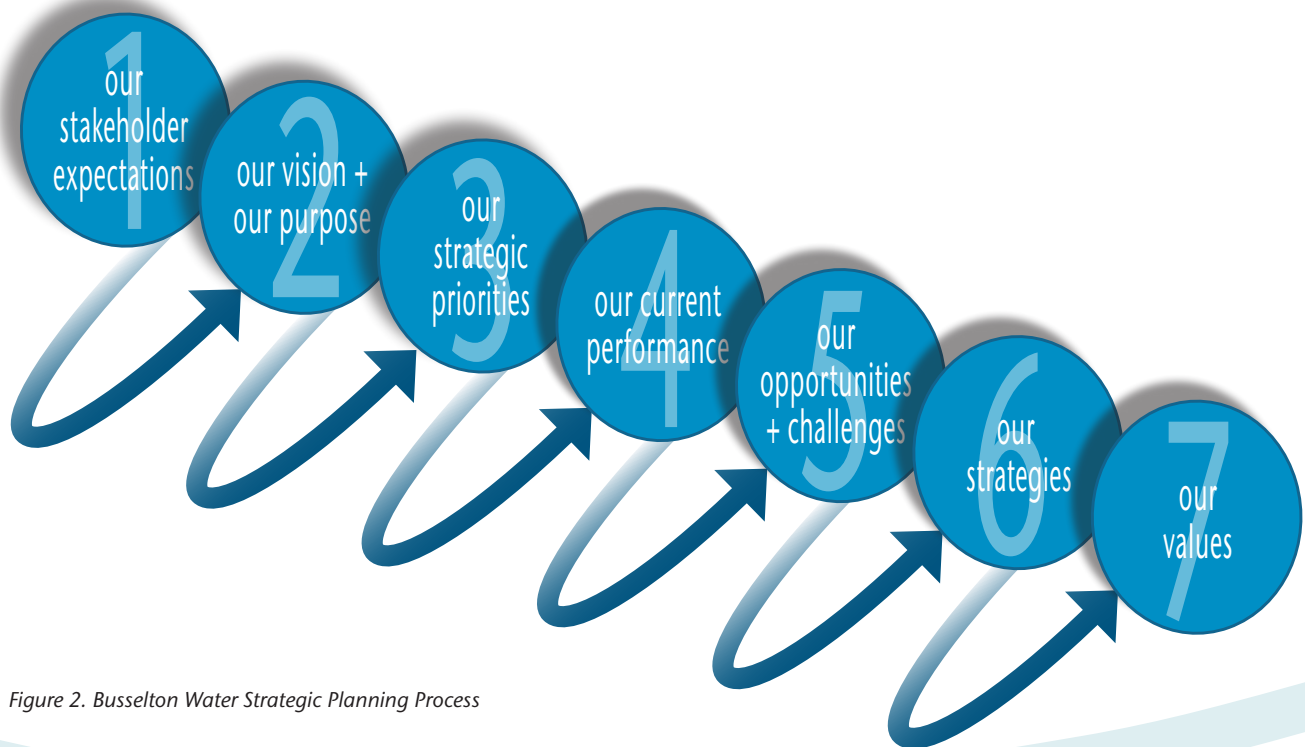


Figure 2. Busselton Water Strategic Planning Process

## Strategic Planning Framework

Supporting our planning process is a strategic planning framework which links strategic priorities, strategic plans, capital investment program, operational requirements and financial models, strategic development plan, statement of corporate intent, business unit plans and the reporting framework. These are represented in Figure 3.

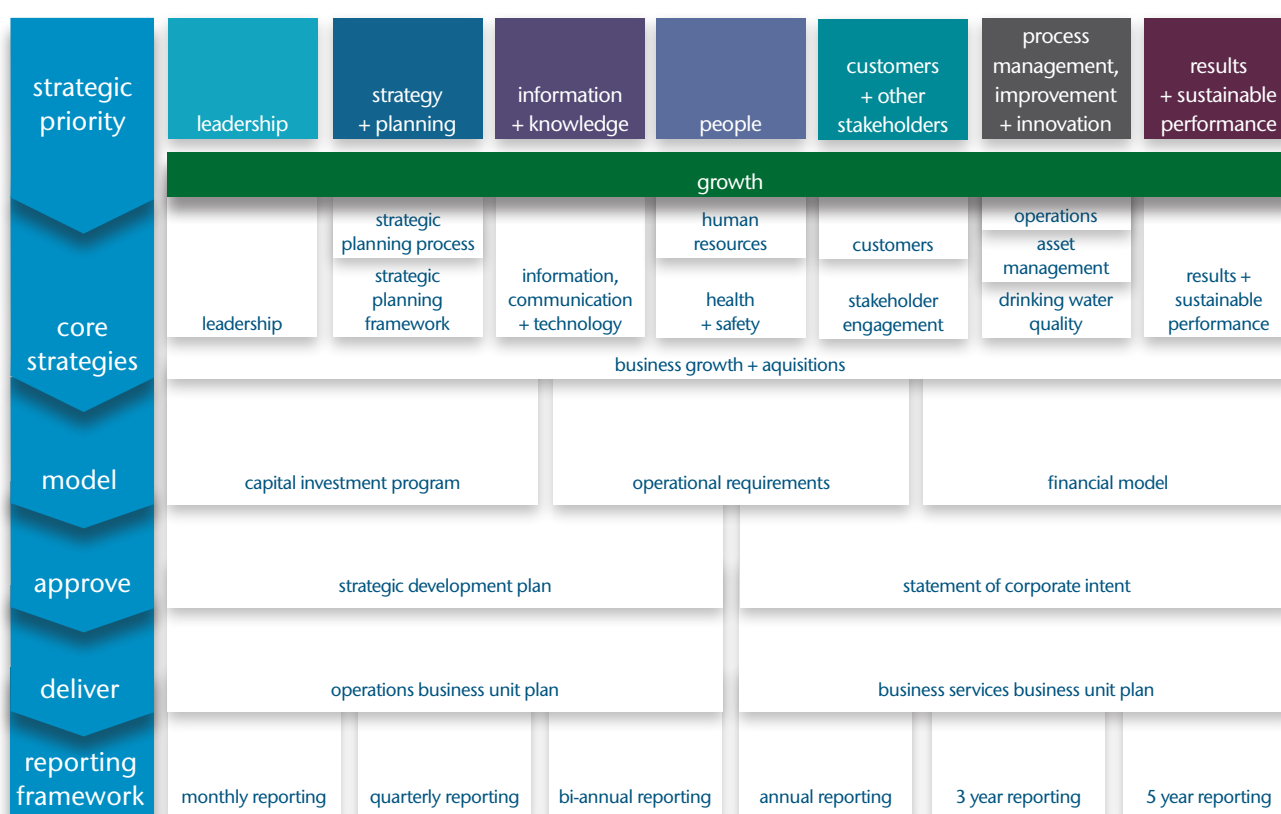


Figure 3. Busselton Water Strategic Planning Framework

### In 2015/16 we will:

- Establish a Long Term Business Strategy identifying what we aspire the business to look like in 50 years and how this will be achieved
- Review and update all plans and models
- Implement the 2015/16 cycle of the Strategic Planning Process



## strategic priority: Information + Knowledge

### **We are committed to:**

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

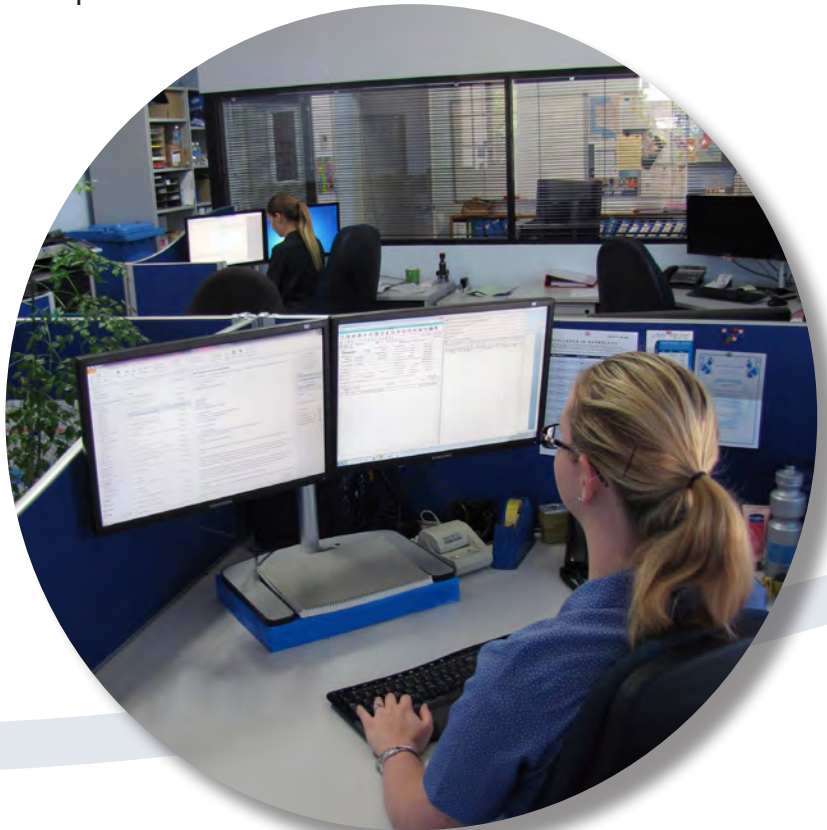
### **Our core strategies:**

#### Information, Communication + Technology (ICT) Strategy

Our ICT 5 YR Strategy delivers improvements to the management of Busselton Water's systems, networks and devices and ensures that they are secure, protected from risk, controlled, developed and maintained in line with our corporate objectives.

Strategic business partnerships ensure that we have the knowledge and skills to identify and respond to emerging trends and technologies.

Our business system and application initiatives will ensure we achieve and maintain best practice business processes which are aligned to current and future business needs and are responsive to change.



Data management initiatives will support further automation of our processes. Data integration between core system platforms is a key focus in 2015/16 with data quality and data integrity initiatives planned to mature in line with systems and process improvements. Key to the success of our automated metering infrastructure will be our ability to capture, manage and exploit meta-data.

Our Record Keeping plan ensures that our legislative and regulatory requirements are met in the handling of our information and will ensure that we capture, store, access, maintain and dispose of information securely and effectively.

Busselton Water information management initiatives guide our use of information and data in all its forms and ensures that it is captured, stored, accessed, maintained and disposed of securely and effectively.

Governance and security initiatives are key to supporting the complexity arising from remote access capabilities and web enabled customer service.

### In 2015/16 we will:

- Implement year three components of Busselton Water's approved ICT 5yr Plan
- Enhance connectivity and communications between sites through the fibre optic project
- Upgrade, enhance and integrate core business applications
- Increase productivity through remote access capabilities
- Develop an interactive and dynamic website



## strategic priority: People

### **We are committed to:**

Maintaining a highly skilled and well-resourced workforce motivated to achieve organisational objectives and ensuring all workplaces are safe and healthy environments for our employees, contractors and visitors.

### **Our core strategies:**

#### Human Resources Strategy

Our internal communications will effectively translate our strategic priorities to all teams and individuals. We will develop our people capabilities to ensure that we maintain a workforce with the skills and capabilities required to meet our current and future business needs. We will also encourage high performance and support our workforce to create strong career development prospects and pathways.

We will implement workforce planning and talent management processes to identify and respond to current and future resource requirements. By establishing Busselton Water as an employer of choice that supports diversity and work-life balance, we will ensure we are able to attract and retain the right people.

We will build a strong workforce culture that aligns us to our strategic priorities, values and key performance outcomes. A commitment to continuous improvement and innovation is central to delivering tangible value to our customers and owners.

We will ensure that our values are embedded and demonstrated in all the work we do.





## Health and Safety Strategy

We will maintain our commitment to workplace health and safety. This will be achieved through engagement of our workforce and strategic partners to embed a safety culture in everything we do. Ensuring our leaders continue to demonstrate strong safety leadership will be critically important.

We will build on a culture of safety where our management is visibly committed and actively involved in demonstrating positive safety behaviours. The frontline supervision will be performance focused and employees will be actively participate.

Our systems will be flexible and accommodate the growing culture of safety and we will strive to achieve a safety system that is positively perceived by our workforce.

### In 2015/16 we will:

- Create a culture of performance excellence by effectively cascading our vision, priorities + performance outcomes and embedding our values in everything we do
- Implement management systems to identify, develop and retain talent
- Improve our hazard management planning for critical Occupational, Health and Safety risks
- Undertake a workplace safety assessment





## strategic priority: Customers + Other Stakeholders

### **We are committed to:**

Continually improving customer service as we strive for business excellence and to understand what customers and other stakeholders value, now and in the future, to enable organisational direction, strategy and action.

### **Our core strategies:**

#### Customer Service

Our approach to customer service will focus on engagement with a broad customer base to better understand the services they value and in providing opportunities for customers and stakeholders to contribute to our decision making processes.

We will comply with all customer service legislative requirements and work to continuously improve service standards that are cost effective, responsive and relevant to customer expectations.

We will ensure that Busselton Water maintains a well resourced, skilled and knowledgeable customer service and administration team with the right systems and process capabilities to allow them to deliver excellence in customer service.

We will support our customers through the delivery of an efficient and effective customer service interface that provides quick and easy access to Busselton Water corporate information and include a customer enquiry and response management framework together with a billing interface that is tailored to customer needs.



## Stakeholder Engagement Strategy

We will build on our strong local history and reputation, maintain effective relationships and raise community awareness in regard to Busselton Water's services through timely, targeted and relevant communication, education and community investment programs.

We will actively listen and engage through community involvement to ensure we are informed about stakeholder opinions, concerns and issues.

We will also continue our focus on building partnerships with key commercial and industrial stakeholders to provide innovative and value adding outcomes for our community.

We will identify and work with key stakeholders to ensure we are aware of and influence likely future changes in our commercial environment.

### In 2015/16 we will:

- Empower customers with access to metadata through automated metering technology
- Improve customer interaction and payment options
- 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
- Increase the value of our Busselton Water brand





## strategic priority: **Process Management, Improvement + Innovation**

### **We are committed to:**

Continuously reviewing and analysing our systems and processes to identify and improve our business and operational performance.

Achieving compliance with the drinking water quality criteria set out in the Australian Drinking Water Guidelines and progressively improving the management of infrastructure assets by adopting best practice standards and achieving whole of life, optimal performance for all assets.

### **Our core strategies:**

#### **Drinking Water Quality Strategy**

We will provide a consistent and reliable supply of high quality, safe drinking water as well as seek to deliver improved aesthetics in our water supply systems. We will ensure our response to customer concerns regarding water quality meet agreed timeframes.

Our memorandum of understanding with the Department of Health provides the foundation for our commitment to full compliance with the existing 2004 Australian Drinking Water Guidelines and in addition, will support our transition to the forthcoming 2011 Guidelines.





## Asset Management Strategy

Our asset management strategy will align process, resources and functional contributions to achieve whole life cycle asset management. Investment in our asset management system and improved processes will provide a better understanding and usage of performance data and information to improve planning and create efficiencies in our capital expenditure.

## Operations Strategy

The operations strategy will optimize the performance of our assets while meeting water quality targets, the daily customer demand, and the operating licence requirements of pressure, flow and disinfection. In achieving this all the requirements of Busselton Water's groundwater licence operating strategies will be met and the extraction limits will not be exceeded.

### In 2015/16 we will:

- Prepare a transition plan for the introduction of the 2011 Australian Drinking Water Guidelines
- Improve business and operational processes through implementation of mobile technology and automated workflows
- Reduce network leakage through automated metering and asset upgrades
- Deliver enhanced water treatment processes through pre-chlorination





## strategic priority: Results + Sustainable Performance

### **We are committed to:**

Measuring and communicating organisational results and achieving sustainable performance.

### **Our core strategies:**

#### Results + Sustainable Performance Strategy

Our strategy provides an integrated and balanced view of our business performance which embraces all areas of our business activities and measures and communicates:

- Financial Results
- Customer + Other Stakeholder Outcomes
- Leadership + Governance Results
- People Results
- Operational Results, and
- Society Outcomes
- Growth Outcomes

We will leverage from our systems and process improvements to continually improve the way we measure and interpret internal and external data to ensure sustainable performance. Our analysis will consider the changing needs of our stakeholders and assess our organisational change readiness in the areas of technology, knowledge, skills and resources.

Our established reporting framework addresses our key performance outcomes and sets out monthly, quarterly, six monthly, annually, three yearly and five yearly reporting requirements across all areas of our business.

#### **In 2015/16 we will:**

- Review all business indicators to ensure continued relevance
- Improve measurement and reporting capabilities
- Deliver all reporting framework requirements
- Organise change for the delivery of our growth agenda





## strategic priority: Growth

### **We are committed to:**

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

### **Our core strategies:**

#### Business Growth Strategy

Busselton Water will grow its potable water business by continuing to work closely with the City of Busselton, planning agencies and land development stakeholders to be well positioned to meet projected growth of the City of Busselton.

#### Acquisition Strategy

Busselton Water has identified the Dunsborough Water Supply Scheme and Busselton Waterways Scheme as target growth acquisitions.



#### In 2015/16 we will:

- Meet projected water supply service growth for the Busselton Water Scheme
- Proactively participate in the Busselton Waterways Ministerial Taskforce
- Complete a detailed business case (or cases) for the acquisition of the Dunsborough Water Supply Scheme and Busselton Waterways Scheme including consultation with customers and stakeholders. Target date for the business case presentation to Government is December 2015

The following capital investment program is planned to be executed in 2015/16:

## New Trunk Mains

A program of new trunk mains is planned to meet growth and improve network performance. This includes continuation of the extension of a 375mm trunk link main from Plant 1 to Plant 2, extension of 300mm water main in Rendezvous Road and installation of a new 375mm main from Plant 3 to East Busselton along Ford Road to Bussell Highway (Marine Terrace to Peel Terrace).

## Mains Replacement

A mains replacement program is planned to replace aging pipes at the following locations:

- Seagrott Road from Geographe Bay Road to Glenleigh Road
- Alpha Road
- Reynolds Street between King and Thurkle Streets

## 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:

- Filter replacement – Plant 1
- Bore 17 reline (ABS) – Plant 1

## Meter Replacements

A program to fit radio frequency meters to Fire Services.

## Land, Buildings + Offices

A program of improvements related to our land, building and office assets. Included under this program:

- Design and construct a wall surrounding the clearwell tank for protection against flooding and damage
- Upgrade air conditioning in the Administration building

## Advanced Meter Infrastructure (AMI)

A program to continue the implementation of AMI which provides automated collection of data from a radio frequency cyble device that continuously monitors volume and alarm data over a 24 hour period.

## Vehicle and Mobile Plant Replacements

A program of planned vehicle and mobile plant replacements including replacement of work, administration vehicles and a bobcat and trailer.

## Information, Communication + Technology (ICT)

Continue the implementation of a strategic ICT plan. Included under this program is a fibre link between the Administration building and Plant 2 to improve network access and communication at the Plant.

## New Service Connections

A provision for expected new service connections.

## CAPITAL INVESTMENT DESCRIPTION

2015-16  
\$

New Trunk Mains	1,168,319
Mains Replacement	316,251
New/Replace Infrastructure	1,248,654
Land, Building + Offices	90,000
New Service Connections	300,236
Meter Replacements	60,000
Advanced Metering Infrastructure	200,000
Vehicle + Mobile Plant Replacements	134,889
Information, Communication +Technology	85,000
Total Capital Investment	3,603,349



## our 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 3.6% throughout the term of this Plan.

### Consumer Price Index

Projections are based on a 2.6% CPI increase.

### Water Price Path

The 6.8% increase for 2015/16 is consistent with expectations having being previously approved by the Economic and Expenditure Reform Committee and Cabinet.

### 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* 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. The dividend rate used in this plan reflects the Government policy 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 Plan.

## Operating Subsidies

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

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 Busselton Water are:

Operating Subsidies		2015 – 16 Budgeted (\$'000s)
Category	Description	
Pensioner and Senior Rebates	Pensioners, Commonwealth Seniors Health Card, State Seniors and State Concessions	485
Ex Gratia Write-offs	Concessions for Leaks and Bursts in the Internal Water Reticulation System	46
	TOTAL	531

## 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).



## our key performance outcomes

Target Area	Measure	1 YR Target
FINANCIAL RESULTS	Operating profit after tax	\$1.33m
	Net accrual to Government	\$1.09m
CUSTOMERS + OTHER STAKEHOLDER OUTCOMES	Number of complaints per 1000 customers (rolling year average)	<10
	Complaint resolution within 15 business days	>90%
LEADERSHIP + 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%
	Water efficiency target kL/pp/year	117
SOCIETY OUTCOMES	Investment in community	Increasing trend
GROWTH OUTCOMES	Dunsborough Water Supply	Business case completed
	Busselton Waterways	Business case completed





# our financial forecast

## Financial Performance

2015-16 Budgeted

### ASSUMPTIONS (%)

Growth Rates	1.52
CPI (annual change)	2.6

### SPECIFIC PRICE INCREASE - WATER TARIFFS (%)

Residential	6.8
Commercial	6.8

### DIVIDEND RATE (%)

65.0

### FINANCIAL RESULTS (\$m)

Operating Profit before Income Tax	1.96
Operating Profit after Income Tax	1.33
Loan Principal Repaid	0.25
Capital Expenditure (incl. Capitalised Interest)	3.60

### NET ACCRUALS TO GOVERNMENT (\$'000s)

Indirect Tax (payroll tax)	132.94
Income Tax Equivalents (NTER)	633.92
Local Government Rate Equivalents	26.77
Dividends Provided	833.34
Total Accruals to Government	1,626.97
Less: Payments from Governments (Operating Subsidies)	530.74
NET ACCRUALS TO GOVERNMENT	1,096.23

### FINANCIAL PERFORMANCE MEASURES (%)

Return on fixed assets	1.96
Return on equity	2.05
Debt to equity ratio	2.54
Debt to total assets ratio	2.03



BUSSELTON **WATER**

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