



BUSSELTON WATER

# 2019 ANNUAL REPORT



## Busselton Water Annual Report 2019

This report is a review of our performance for the financial year ending 30 June 2019. It informs our shareholder, customers, community and stakeholders about Busselton Water, our governance, the strategic priorities which have driven our activities during the year, and our operational and financial performance.



### To the Hon Dave Kelly MLA

Minister for Water

In accordance with Sections 60 and Clauses 35 and 36 of Schedule 3 of the *Water Corporations Act 1995*, we hereby submit for your information and presentation to Parliament, the Annual Report of Busselton Water Corporation for the year ended June 2019.

**Helen Shervington**

Chair

Busselton Water Corporation

**Chris Elliott**

Managing Director

Busselton Water Corporation

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## OUR YEAR AT A GLANCE

 <b>5.41</b> gigalitres groundwater extracted	 <b>13,710</b> customers		<b>100%</b> water health quality		<b>5</b> major works projects
	<b>3</b> local water treatment plants	 <b>5.3</b> billion litres drinking water supplied	<b>8</b> bores	 <b>\$3.9</b> million profit before tax	
<b>5</b> storage tanks	<b>\$5.1</b> million capital investment	<b>\$13.6</b> million revenue	<b>\$1.02</b> million dividend to Government	<b>\$3.9</b> million profit before tax	
<b>\$1.65</b> million returned to Government by way of net accruals	 <b>31</b> employees	<b>9</b>  community partnerships	<b>22,000+</b> web visits 	<b>NO</b> lost time injury	

## HIGHLIGHTS



We delivered 5.30GL of fresh drinking water to 13,710 customers and connected 236 new properties to our network. Our exceptional water quality was 100 per cent compliant with the health requirements of the *Australian Drinking Water Guidelines*.



We reduced our carbon footprint – adopting new energy practices and partnerships, adding hybrid vehicles to our fleet and creating opportunities for more efficient operations right across the business.

Our Customer Advisory Group doubled its membership and celebrated five years of providing invaluable feedback to our Board and staff to inform our business and meet the needs of our customers.



We safeguarded our regional water future with \$5.1m in capital works projects to meet the needs of our growing region – delivering new assets to service our community and extending the life of our existing infrastructure.



We invested in our community – we worked with every school in our region to educate tomorrow's water users, provided support for nine local groups to kick-start community projects, participated in the Festival of Busselton, supported key regional events, and celebrated National Water Week with our community.



We listened to our customers and provided services to better meet their needs. We launched our dedicated online customer portal, MyBusseltonWater, and reached our customers in new ways, including SMS.



We took strides to improve our workplace and invested in our most valuable asset – our people. We embarked on a Workforce Development and Diversity Plan, a new intranet for staff and the refurbishment of our work spaces. We also embraced new values, improved our skills through training, and maintained our impressive safety record.



We were the first water utility in Australia to trial Telstra's water management system as part of our ongoing commitment to delivering our Intelligent Water Network. Our innovative approach was recognised with a Business Excellence Award from the Busselton Chamber of Commerce and Industry.



## OUR CONTRIBUTION TO STATE GOVERNMENT PRIORITIES

OUTCOME AREA	PRIORITIES	BUSSELTON WATER CONTRIBUTION
A strong economy	<i>Repair the State's finances</i>	<p>Achieved a profit before tax of \$3.9 million and revenue of \$13.6 million.</p> <p>Returned a dividend of \$1.02 million to Government.</p> <p>Returned to Government (net accrual) \$1.65 million.</p> <p>Operating expenditure in 2018-19 was \$9.7 million – an increase on last year of \$0.3 million (or 3 per cent).</p> <p>Sought efficiencies and savings through a range of programs and improved infrastructure across the business.</p>
A liveable environment	<i>Make a cleaner, more sustainable environment</i>	<p>Introduction of new waste reduction practices.</p> <p>Forged community partnerships that reduce plastic waste.</p> <p>\$5.1m capital works to improve long-term sustainability.</p> <p>Reduced our carbon footprint through our Energy Strategy and hybrid additions to our vehicle fleet.</p>
A bright future	<i>Increase in student reading and numeracy</i> <i>Increase in participation in STEM</i>	<p>Waterwise Schools Program outreach.</p> <p>Water treatment plant tours for students across the region.</p>
	<i>Improve the health and wellbeing of children in the early years</i>	<p>Reliable supply of high-quality drinking water (that is 100 per cent compliant with the health requirements of the <i>Australian Drinking Water Guidelines</i>) to more than 4,000 families with children in the region, including around 3,600 children under the age of 10.</p> <p>Nine community grants including those for youth sporting and community groups.</p>
Regional prosperity	<i>Deliver stronger regional communities</i>	<p>Employed 31 local staff.</p> <p>Procurement policies support local contractors and suppliers.</p>

## FROM THE CHAIR

I am delighted to present our  
Annual Report for the year  
ending 30 June 2019.



What a year of development and progress it has been. Our customer base grew by 236 customers in 2018-19, with every indication that this growth will continue as the South West bucks the downward trends felt in other regional areas.

To prepare for the challenges that come with this growth, we worked diligently to lead and promote waterwise behaviour in the region through our community and schools programs. We are immensely proud to see that hard work pay off, with this year's results showing another significant reduction in water consumption – now just 106.2kL per person per year, a result well below target.

We fostered relationships with industry leaders during the year – locally and further afield, and sought new partnerships with like-minded organisations that are committed to reducing water use and preserving our precious water reserves.

Our ongoing commitment to cost efficiency was reflected in our positive financial results. We achieved a net profit before tax of \$3.9 million, returning a dividend of \$1.02 million to the State Government.

Operationally, we continued to strive for best practice with good success. We achieved a reduction in water interruptions and water service complaints, maintained our WorkSafe Gold accreditation, and were humbled to receive the inaugural Innovation Award from the Busselton Chamber of Commerce and Industry in recognition of our efforts to seek out and adopt new technologies.

We also embraced technological advancements in customer services, launching MyBusseltonWater to provide our customers with online access to our services from their homes and businesses, and gathering feedback through our major online customer survey.

After more than a century of service to our local community, Busselton Water continues to set new benchmarks in the provision of water services – a remarkable achievement for a regional water provider. We owe much of this success to Chris Elliott and his capable team and I thank them for their outstanding performance over the past year.

I would also like to acknowledge my fellow Directors for their unwavering support and contribution to this vital organisation we have the privilege to serve.

A handwritten signature in blue ink, appearing to read 'H. Shervington', written over a light blue background.

**Helen Shervington**  
Chair

## FROM THE MANAGING DIRECTOR

There has been much to celebrate in 2018-19 as we continued our commitment to delivering water services safely, efficiently, sustainably and in collaboration with our customers and stakeholders.



We delivered a record 5.3GL of high quality drinking water to a growing customer base of 13,710 across the region. Once again, our water was of the highest quality and 100 per cent compliant with all water health requirements of the *Australian Drinking Water Guidelines*.

We proudly became the first water utility in the country to trial Telstra's next generation digital water meters, attracting interest from interstate and abroad on our innovative approach. It was a significant step towards achieving an Intelligent Water Network and securing a more efficient water future for generations to come.

We are heedful of the responsibility we bear to protect and manage our finite water resources in the face of climate change. This year, we seized every opportunity to reduce our carbon footprint – adding hybrid vehicles to our fleet and adopting new energy and waste strategies.

To service our growing community and preserve our water supplies for future generations, we invested \$5.1 million in capital works projects, including significant renewal projects at our water treatment plants – extending the life of our assets for decades to come.

Our commitment to our customers remained steadfast. Now in its fourth year, our Community Partnership Program provided much-needed funds for grassroots local projects.

This year, our Customer Advisory Group marked five years of continued service, providing invaluable feedback about our business and services. We owe a great debt of gratitude to the group's members, past and present, who have walked beside us as we embraced the challenges and opportunities that have come in the years since corporatisation.

As always, the driving force behind our success has been our dedicated team. Our many achievements would simply not have been possible without their passion, commitment and professionalism during the year. To all of the team, I say thank you.

I would also like to acknowledge the leadership and commitment provided by our Board of Directors. It has been a privilege to work alongside you as Managing Director since my appointment to the Board in September 2018. Your contribution to our business and the Busselton community is outstanding.

**Chris Elliott**  
Managing Director



BUSSELTON WATER

# OUR BUSINESS

Busselton is a major regional centre located approximately 220 kilometres south of Perth, Western Australia. Busselton Water has provided safe, sustainable and affordable water to this community and its surrounds since 1906.

We are a local water provider, owned by the Western Australian Government and accountable to its sole shareholder, the Honourable Dave Kelly MLA, Minister for Water. Our operating licence is issued by the Economic Regulation Authority under the *Water Services Act 2012* and is valid until 1 October 2021.

Our funding is generated from customer water sales, related services to customers (including land developers), interest on investments, reserve funding, borrowings and operating subsidies.

In 2013, Busselton Water was established as a water corporation under the *Water Corporations Act 1995* to further encourage opportunities to enhance our services and strengthen our financial sustainability and returns to Government.

## Our operating area

Our operating licence (WL3, Version 7) authorises Busselton Water to provide potable water supply services.

We currently provide services to Busselton, and also to the residents of Dunsborough via a bulk water agreement with the Water Corporation.





### Our services

Busselton Water supplies high quality drinking water to a local population of more than 28,000 people – and more than 50,000 people in peak tourist periods – through our 329-kilometre pipeline network.

We service 13,710 customer accounts including residential, commercial, light industrial and special rural water users. We also sell bulk water to bolster supply in the adjoining Dunsborough licence area.

During the year, we assisted 3,630 residential customers with pensioner and seniors rebates; concessions for leaks and bursts in the internal water reticulation system; exemptions in cases of special hardships; and discounts for concession holders in private rental tenancies.

### Our water

The majority of Busselton Water's raw ground water is drawn from the Yarragadee aquifer – a major fresh water resource for the south west of Western Australia. We also abstract a smaller amount of water from the base of the shallower Leederville aquifer. Our abstraction is regulated by licences

issued by the Department of Water and Environmental Regulation.

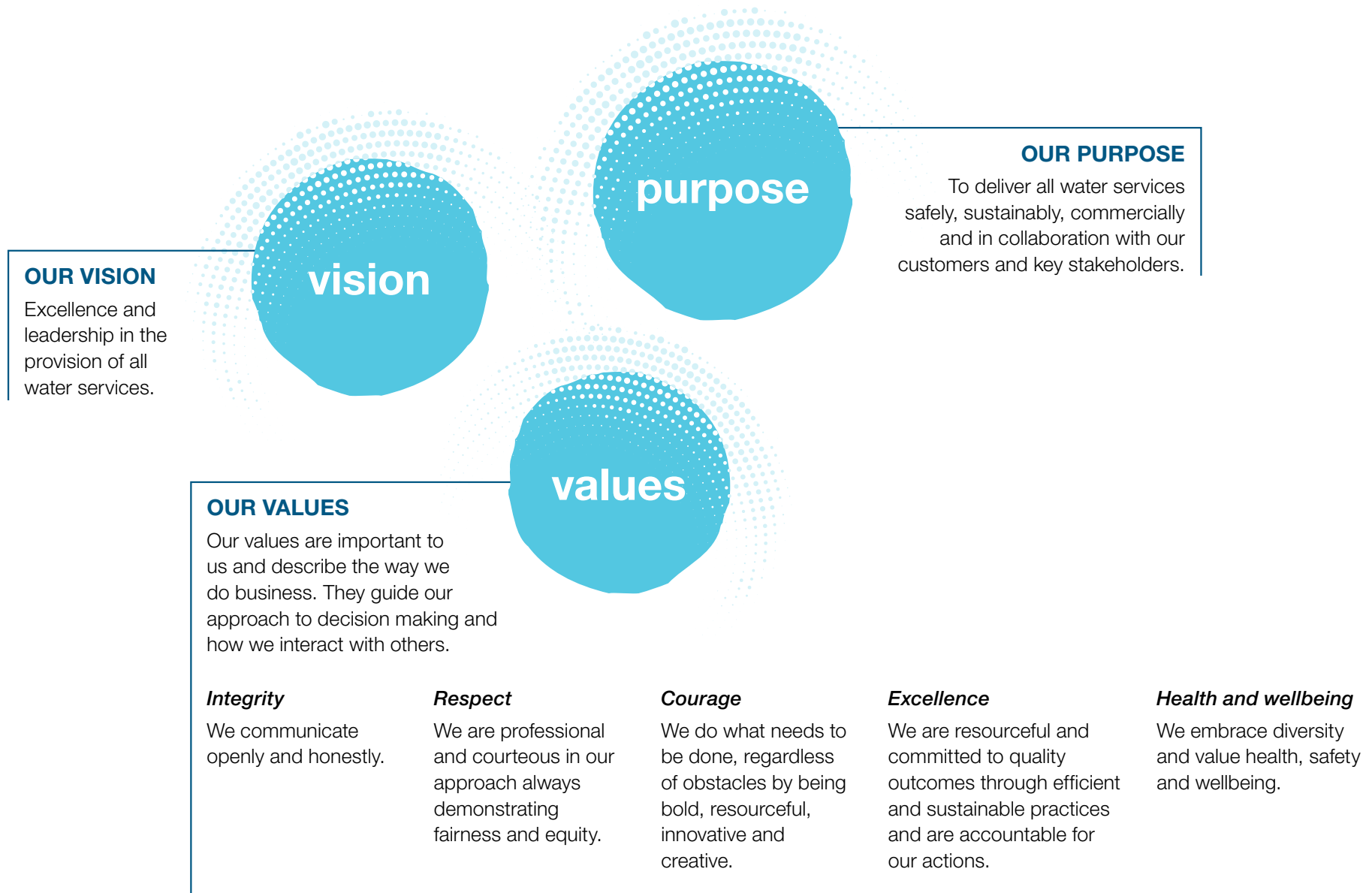
We filter and treat the raw groundwater at one of our three local treatment plants to remove impurities, and then disinfect it – ensuring it meets *Australian Drinking Water Guidelines* before being distributed through our network to customers.

### Our stakeholders

We are committed to an open dialogue with our customers and other stakeholders to ensure the business is informed and in touch with community opinions, concerns and issues.

We proactively engage with a range of stakeholders including customers, represented by the Busselton Water Customer Advisory Group, the City of Busselton, local businesses, community and service organisations, schools, industry organisations, and various State and Federal government agencies.

We value these relationships and continue to invest in our local community and raise awareness about our role and services through timely, targeted and relevant communication, education and partnership programs.



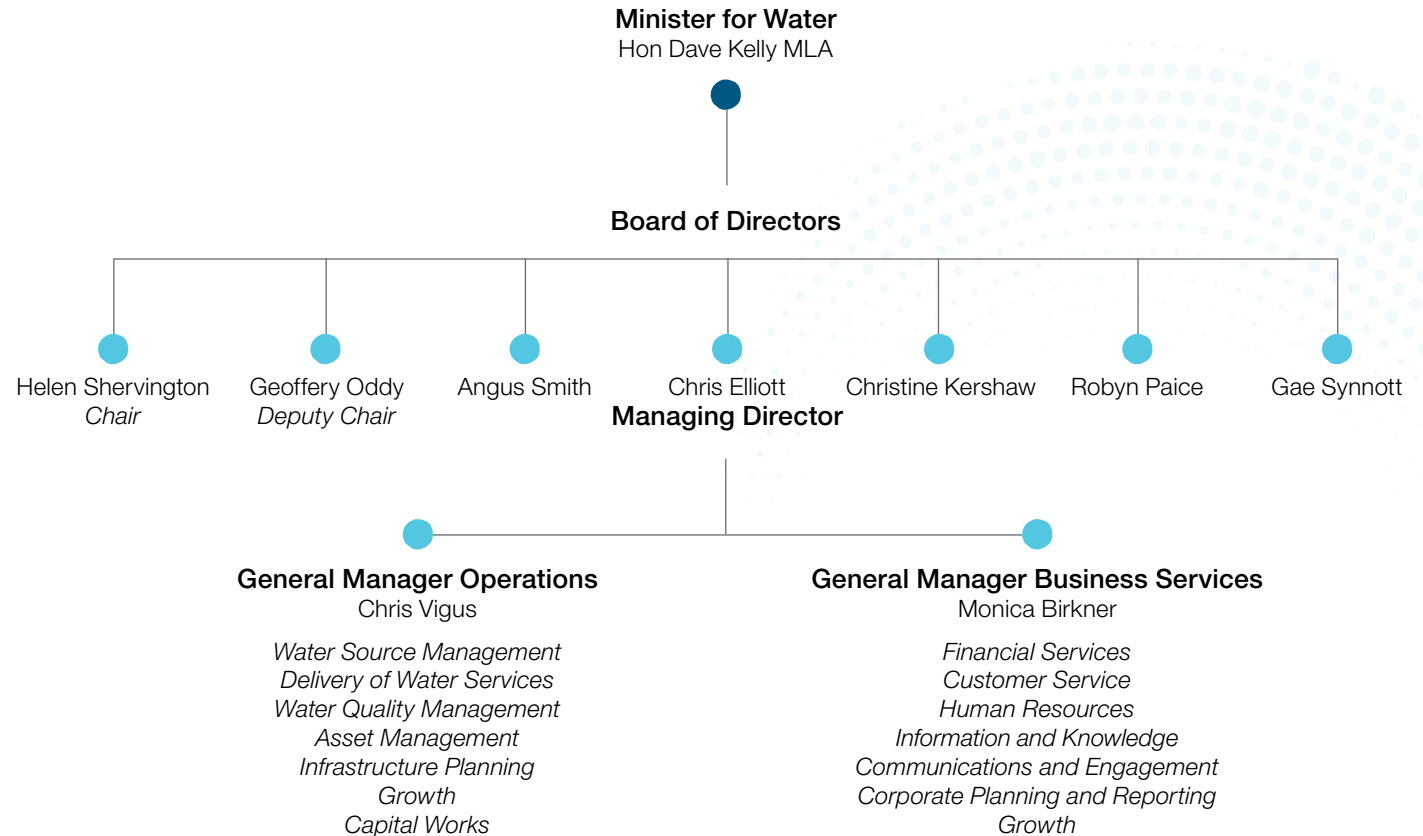
# OUR CORPORATE STRUCTURE

Our core business activities are divided into two distinct streams – Operations and Business Services – each headed by a General Manager reporting directly to the Managing Director.

Our Managing Director is appointed by the Board of Directors, which has the legislative authority to perform the functions of the organisation and is ultimately responsible for legal compliance, corporate governance and risk management.

The Board responds to the Minister for Water and provides strategic direction and guidance to the Managing Director and Senior Executive. It establishes the setting for our corporate culture which enables Busselton Water to achieve high levels of performance and compliance.

Busselton Water employs a team of 31 skilled staff and also engages external support and expertise as required.



# OUR BOARD



**Helen Shervington**

**OAM, BA (Hons), MIR**

***Chair***

Helen Shervington was appointed to the Board in October 2011 and elected Chair of the Board in July 2012. Ms Shervington has had extensive involvement with the water industry and is a former member of the Whicher Water Management Committee, Combined Shires Yarragadee Committee, the South West Development Commission and Busselton Shire Council. She is also a former Deputy President of the (then) Shire of Busselton. Ms Shervington's term expires in May 2022.



**Geoffery Oddy**

**Dip Eng Surv**

***Deputy Chair***

First appointed to the Board in 2014 and reappointed in 2017, Geoffery Oddy is a retired CEO of Aqwest in Bunbury. Mr Oddy served as interim CEO for Busselton Water in 2012 and is an active member of the Dunsborough community including membership of local golf, bowls and surfing clubs. Mr Oddy's term expires in May 2020.



**William Angus Smith**

**BCom, CA**

Angus Smith was appointed to the Board in 2013. He is a Chartered Accountant and Registered Tax Agent operating in public practice. Mr Smith is a former Executive member of the Busselton Chamber of Commerce and Industry and Treasurer of the Busselton Sporting Association, and is currently Treasurer of the Busselton Masters AFL Football Club. Mr Smith's term expires in May 2022.



**Christine Kershaw**

**BA, GradDipEd**

Appointed to the Board in 2017, Christine Kershaw is a trainer and consultant with a background in urban and regional development and environmental management. Ms Kershaw has strong networks in the region and is Chair of the Cape Naturaliste College. She is also the former Chair of the South West Catchments Council, a former Regional Landcare Facilitator and Steering Committee member, and Regional Development Australia (South West) past Board member. Ms Kershaw's term expires in May 2020.



**Robyn Paice**

**BSc (Hons), PhD**

Appointed to the Board in September 2018, Dr Robyn Paice has extensive scientific experience and knowledge related to the investigation and restoration of aquatic ecosystems. Dr Paice brings to the Board her valuable experience in water policy analysis and development together with extensive networks and understanding of local waterways. Dr Paice's term expires in May 2021.



**Gae Synnott**

**BA (Comm), MBA, PhD, FPRIA, MIMC, GAICD**

Dr Gae Synnott was appointed to the Board in September 2018, bringing more than 35 years' experience as a management and communications professional. Self-employed since 1997, Dr Synnott has a social sciences background and has worked across state and local government and a broad range of sectors. Key areas of her expertise include strategy, outcomes measurement, communications and culture. She is also on the Board of not-for-profit organisations, Starick and the National Foundation for Australian Women. Dr Synnott's term expires in May 2021.



**Chris Elliott**

**MBA, GDip Bus, BE (Hons), MIE Aust, CPEng**

Chris Elliott has been Managing Director of Busselton Water since January 2013 and joined the Board in 2018. Under Chris' leadership, Busselton Water successfully transitioned through corporatisation to become a Government Trading Enterprise and continues to achieve a range of business successes and innovations. Chris brings both private and public sector senior executive experience and extensive knowledge of the water industry.

## OUR EXECUTIVE



**Chris Elliott**

**MBA, GDip Bus, BE (Hons), MIE Aust, CPEng**

***Managing Director***

Chris Elliott has over 40 years' experience in management and professional engineering roles in the water and construction industries in both public and private sectors. Joining Busselton Water in 2013, his depth of water industry experience and passion for business excellence have combined to provide Busselton Water with the strong strategic leadership required to underpin its ongoing success. Chris is also a member of the Busselton Water Board.



**Chris Vigus**

**BEng, CPEng, PMP**

***General Manager Operations***

Chris brings over 40 years' experience as a water industry specialist and more than three decades working with WA water utilities in operations, maintenance, construction, project management and infrastructure planning. Before joining Busselton Water in 2018, Chris spent 14 years as an engineering consultant focusing on hydraulic analysis and development of associated software.



**Monica Birkner**

**BBSoc, GAICD**

***General Manager Business Services***

Monica Birkner joined Busselton Water in May 2018, bringing 15 years' senior level public sector experience, predominantly with agencies responsible for government buildings and public assets. She has particular strengths in governance, change management, human resources and strategic planning, backed by a strong understanding of policy and legislation. In recent years, Monica has focused on audit and compliance, and infrastructure program management at a state government level. She also has a passion for workforce safety and building strong and positive workplaces.



# KEY BUSINESS RESULTS

## Busselton Water excelled in its corporate performance in 2018-19.

The South West remains one of the fastest growing regions in the state. To support this growth and ensure future supply, we invested in a \$5.1 million capital works program during the year, maintaining a strong focus on innovation and continued improvement. Our financial results also reflect our ongoing commitment to meeting our customers' water needs in the most efficient manner.

In 2018-19, Busselton Water achieved a profit before tax of \$3.9 million and revenue of \$13.6 million (from \$14.3 million in 2017-18).

Our water sales generated \$9.7 million in revenue in 2018-19 (\$9.8 million 2017-18). Ex-plant production and sales are slightly down on last year due to milder summer conditions and water conservation.

A further \$2.3 million in revenue (\$2.8 million in 2017-18) was driven by land development activity from Dawson Estate in Vasse and other smaller developments. In addition, the City

of Busselton contributed \$1.1 million towards the development of water services to the new airport.

Operating expenditure in 2018-19 was \$9.7 million.

### Net accruals to Government

After 30 June 2019, the Directors proposed a final dividend payment of \$1.02 million for the 2019 year, payable on or before 31 December 2019.

We are also required by the Australian Taxation Office to lodge a National Taxation Equivalent Return and pay tax equivalents to the State of \$1.18 million.

We also pay local government rates equivalent of \$0.06 million to the State Government.

We received an operating subsidy from the Government of \$0.61 million for the provision of rebates to pensioners and seniors.

When our payment is offset by our Government Subsidy, the resulting Net Accrual to Government is \$1.65 million.

### Debt and borrowings

Our capital program in 2018-19 was self-funded and no additional borrowings were required.

### Investing in the community

All of Busselton Water's 31 employees live and work in the region, where they make a direct contribution to the social and economic growth of the community.

Busselton Water's procurement policies award additional weighting to local contractors and suppliers in order to support the local economy wherever possible. Tenders awarded to local contractors in 2018-19 for the delivery of services included pipelines, directional drilling and solar arrays.

Busselton Water also provided support to nine local community organisations in 2018-19, as well as a number of regional and tourism events including the Busselton Jetty Swim.

### Investing in assets

Capital expenditure for the year was \$5.1 million. Investment focused on several key projects:

- renewal of the aged gravity filters at Plant 1;
- providing the power supply and equipment for Bore 21;
- installing stand-by electric generation at our largest delivery pump station (Plant 4);
- reroofing and providing safer access to the Plant 2 storage tank;
- constructing a major pipeline between Fairway Drive and Queen Elizabeth Avenue; and
- completing construction of the Plant 8 (Busselton Margaret River Airport) booster pumping station.

At year end, all projects were complete other than the equipping of Bore 21, which is scheduled for completion in October 2019.

## Our financial results

Financial results (\$m)	2018-19 budgeted	2018-19 revised budget	2018-19 actual	Variance
Operating profit before income tax	2.23	2.23	3.86	1.63
Operating profit after income tax	1.45	1.45	2.68	1.23
Loan principal repaid	0.28	0.28	0.28	-
Capital expenditure	3.72	5.79	5.08	(0.71)
<b>Net accruals to Government (\$'000s)</b>				
Income tax equivalents (NTER)	779.08	779.08	1,179.83	400.75
Local Government rate equivalents	62.29	62.29	60.07	(2.22)
Dividends provided	1,130.00	1,130.00	1,017.24	(112.76)
<b>Total accruals to Government</b>	<b>1,971.37</b>	<b>1,971.37</b>	<b>2,257.14</b>	<b>285.77</b>
Less: Payments from Governments (Operating subsidies)	696.00	696.00	614.88	(81.11)
<b>NET ACCRUALS TO GOVERNMENT</b>	<b>1,275.37</b>	<b>1,275.37</b>	<b>1,642.26</b>	<b>204.66</b>
<b>Financial performance measures (%)</b>				
Return on fixed assets	1.94	1.94	2.66	0.72
Return on equity	1.99	1.99	2.84	0.85
Debt to equity ratio	1.06	1.06	0.82	0.24
Debt to total assets ratio	0.87	0.87	0.66	0.21

## Our key performance outcomes

Strategic priority / outcome	2018-19 target	2018-19 actual	Result
<b>Leadership</b>			
Residential water efficiency target kL/pp/year	113	106.18	On target
<b>Strategy and Planning</b>			
SCI and SDP submitted to Minister	30 April 2019	18 April 2019	On target
<b>Information and Knowledge</b>			
Deliver Year 1 of the Information and Knowledge five year program	>85%	70.8%	Below target
<b>People</b>			
Number of reported hazards per month (rolling year average)	>10	10.1	On target
<b>Customer and Other Stakeholders</b>			
Number of complaints per 1000 customers (rolling year average)	<10	2.29	On target
<b>Process Management, Improvement and Innovation</b>			
Drinking water quality compliance with health standards	100%	100%	On target
<b>Results and Sustainable Performance</b>			
Operating profit after tax	\$1.45m	\$2.53m	On target
<b>Growth</b>			
Number of new water services	150	236	On target

All key performance outcomes were on target for 2018-19 other than expenditure on year one of the Information and Knowledge program, which came in below the 85 per cent target. The target was not met because savings occurred on some projects, and others were intentionally deferred pending the outcome of the new five-year ICT program.

## Management trends

Key performance indicator	2014-15	2015-16	2016-17	2017-18	2018-19
Properties served (% per km of water mains)	39.4	39.8	40.2	40.5	40.7
Average annual residential water supplied (kl/property)	284.0	288.0	274.0	269.0	265.0
Total number of water main breaks	26	23	23	32	30
Water main breaks (per 100km of water main)	8.3	7.3	7.2	9.8	9.1
Total number of water quality complaints (per 1,000 properties)	1.7	3.8	1.1	1.3	1.1
Total number of water service complaints (per 1,000 properties)	0.0	0.0	0.0	0.5	0.5
Total number of account and billing complaints (per 1,000 properties)	0.2	0.0	0.2	0.3	0.4
Duration of unplanned water interruption (average minutes)	197.5	85.8	63.5	93.8	66.3
Incidence of unplanned water interruptions (average per 1,000 properties)	166.6	239.5	235.8	328.4	354.9
Economic real rate of return (% net water revenue/written down value of water assets)	5.4	6.0	4.2	6.5	3.5
Lost time injury frequency rate (LTI per one million hours)	21.8	20.1	0.0	0.0	0.0
Lost time injury incidence rate (LTI per 100 workers)	3.4	3.1	0.0	0.0	0.0
% return on weighted balance of investments target AusBond Bank Bill (1.8%)	3.6	3.0	2.8	2.6	2.63

Properties connected per kilometre of water main provides information on the spatial density of properties served by water mains. For Busselton Water, our figure of 40.7 compares with approximately 58 for the Perth metropolitan area, and approximately 34 for the average spatial density of regional towns.

Our average annual residential water supply was 265kL per property, showing an encouraging decreasing trend consistent with efforts to improve water use efficiency. This trend was also influenced by milder summer temperatures and higher rainfall.

The total number of water main breaks reduced this year to 30, though this number still reflects the aging of our infrastructure. The reduction resulted in 9.1 water main breaks per 100km of water main.

The duration of unplanned water interruptions reduced to 66.3 minutes due to a small number of major mains failure incidents during the year. This also contributed to the incidence of unplanned water interruptions increasing to 355 per 1,000 properties.

The number of water quality complaints per 1,000 properties was 1.1, which remained very low and was similar to last year. Water quality complaints included those related to discolouration (4), taste (10), and other matters (1).

The number of water service complaints per 1,000 properties was 0.5, and the number of account and billing complaints per 1,000 properties was 0.4. Both remained very low.

In the 2019 asset revaluation, asset value increased by \$30m affecting the economic real rate of return.

Both the lost time injury frequency rate (LTIFR) and lost time injury incidence rate (LTIIR) were maintained at zero for the entire year. Busselton Water's last lost time injury (LTI) was in July 2015.

Busselton Water assesses its investment performance against the AusBond Bank Bill. Busselton Water achieved a performance of 2.63%, which was better than the AusBond Bank Bill (of 1.98%).

# OPERATING REPORT

## STRATEGIC PRIORITY: Leadership



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

## Leadership and governance

### *Business continuity*

Our Business Continuity Management (BCM) Plan sets out the principles, actions and resources to be used in the event of prolonged business interruption due to any anticipated or unforeseen incident impacting Busselton Water.

The BCM assists us to respond effectively to critical incidents that may affect our business. It integrates operational risk management with emergency management policies and procedures, and establishes response procedures and priorities to deal with foreseeable incidents.

It recognises that we have responsibility to ensure our assets (human, information and property) are protected and that the continuity of critical water services is maintained.

In May 2019 a desktop event simulating a water quality issue was conducted in conjunction with the Department of Health. The relevant incident response plans were subsequently updated and improved.

### *Risk management*

In 2018-19, Busselton Water maintained a robust risk management and internal control system to identify and assess material risks and report on their effective management. Our process of identifying, analysing and evaluating risks is aligned with the WA Government Risk Management Guidelines by RiskCover and the AS/NZS ISO 31000:2009 Principles and Guidelines.

A range of improvements, actions and additional control measures were made to our Risk Register this year, following biannual reviews in August 2018 and February 2019.

In 2018-19, there were 45 incidents recorded in the Operational Incident Register, all of which were closed.

A training exercise was held in November at our Queen Elizabeth Avenue water treatment plant with involving the Busselton Water team, Department of Fire and Emergency Services personnel and volunteer fire fighters from four units in Busselton and Dunsborough responding to a mock emergency event to test our safety procedures.



## Leading our organisational culture

### *Code of Conduct*

Our Code of Conduct is a statement of how we conduct business at Busselton Water. The Code aligns our behaviours with our values and is designed to create a shared understanding of the way we behave in the workplace.

No breaches of the Code of Conduct were reported in 2018-19.

Our Code of Conduct was reviewed in September 2018 and monitored for compliance by the Senior Executive Group.

## Society, community and environmental responsibility

### *Environment*

Busselton Water is committed to caring for the environment and responsibly managing the potential impact of our operations.

To protect native fauna located around our Queen Elizabeth Avenue water treatment plant, in October 2018 we worked with local community group members and representatives from the Department of Biodiversity, Conservations and Attractions to improve the tree canopy overhang and, later, to replace the front perimeter fence to minimise harm to local Western Ringtail Possums.



In an effort to further reduce our waste to landfill, we engaged West Coast Waste to collect and recycle our PVC pipe waste. Over the past year, an estimated 20 cubic metres of offcuts have been recycled.



We partnered with the Busselton Jetty Swim organisers to promote a 'green event' in 2019. Busselton Water's two water fountains were provided free-of-charge at the event to encourage tourists and local attendees to bring a reusable water bottle to refill, rather than purchasing single-use water bottles – in turn reducing litter and assisting an environmentally-friendly event. In 2019-20 the water fountain program will be offered more widely within the local community.

## Water efficiency

Climate change was a core driver for Busselton Water's waterwise efficiency efforts in 2018-19 – mindful of our role to responsibly manage precious and finite water resources, responding to the impacts of climate change on water sources and in the face of significant regional development and population growth.

To this end, we fostered waterwise behaviour across our residential and commercial customer base through targeted waterwise messaging and engaging awareness and information campaigns.

In line with our contribution to broader state-wide water efficiency programs, Busselton Water remains committed to its consumption target of 100 kilolitres per person per annum by 2030. This year, the community achieved an average water consumption of 106.2kL per person for the year, compared to a target of 113.4kL.

Significant waterwise campaigns this year included the summer waterwise campaign promoting the two-day sprinkler roster from November 2018 to March 2019, and the 'Winter Sprinkler Switch Off' from May 2019. All campaigns involved online, traditional and/or social media activities, as well as direct engagement with customers and other stakeholders, including businesses and local government.

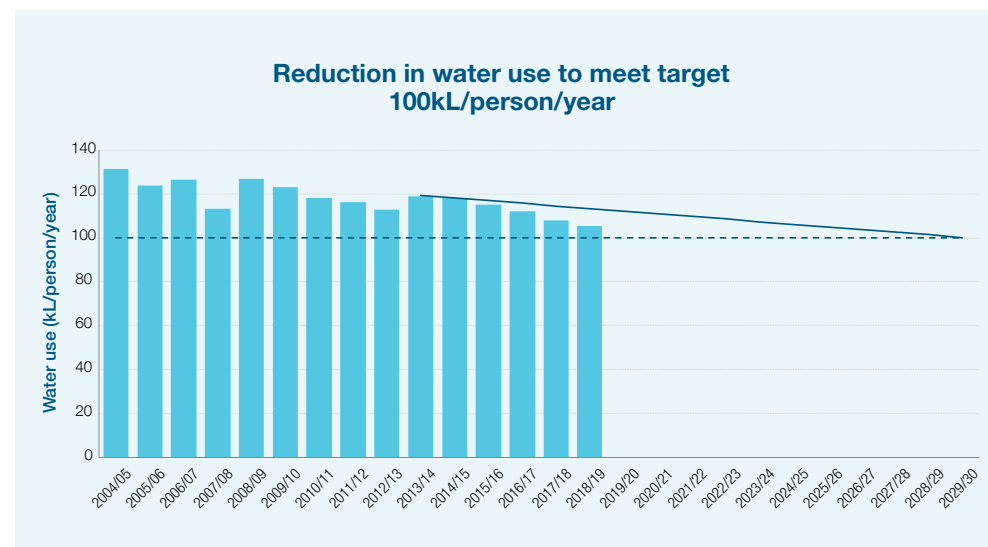
During the year, 96 customers received water efficiency breach letters, with information material also provided to build greater understanding of the need to preserve water resources.

Local businesses and householders were showcased and rewarded in 2018-19 for their commitment and achievement in waterwise practices, and we continued to work with local school children across the region to embed waterwise understanding and behaviour.

We also extended our community waterwise programs by embarking on a new Waterwise Garden Irrigator Program in Busselton in partnership with Irrigation Australia. The program encourages local irrigation retailers and individual irrigation contractors to undertake an eight-week online course to secure endorsement as a waterwise irrigator and be provided with waterwise merchandise for their

business. Branded materials have been prepared by Irrigation Australia for roll-out in Busselton, with the program to be heavily promoted by Busselton Water over the coming year.

Busselton Water and local catchment group GeoCatch combined forces in October 2018 to promote sustainable garden practices at the Busselton Show.





As part of our commitment to source protection and effective asset management, we performed internal inspections of our groundwater bores during the year. We engaged contractor Water Bore Redevelopers to capture a CCTV record of the top 400 metres of our Kent Street water plant bore's stainless steel casing and screen. Our hydrogeological consultant's Rockwater then provided a technical report on the condition of the bore.

### Source protection

Busselton Water continued its robust water quality and aquifer monitoring programs during the year. There were no unexpected trends in aquifer response or water quality and all results met the proposed trigger values for water levels and salinity. As such, it was not necessary for Busselton Water to implement any contingency strategies.

The Department of Water and Environmental Regulation also completed its 5-year review of the Busselton Water Drinking Water Source Protection Plan.

### Compliance with relevant legislation

Busselton Water continued to comply with, and implement, the environmental requirements of its Licences 110850 and 110851 and its Groundwater Licence Operating Strategy (GLOS). This included compliance with the requirements of the *Federal Environment Protection and Biodiversity Conservation Act 1999* and the *State Environmental Protection Act 1986*.

### Leak detection

Busselton Water is committed to an annual leak detection program to investigate concealed underground water leaks to reduce water wastage and improve asset reliability.

During the year, Busselton Water partnered with global developer Software AG and Telstra to develop a water

management system to read water meters in near real time – a first for Telstra in Australia and a first for the south west region. The partnership and associated technology was announced in February 2019 in Barcelona, resulting in local and international interest about the project.

The technology was tested through a proof-of-concept trial to Busselton Water's customers in south Ambergate which commenced in June 2019. The ability to combine daily consumption readings from a district zone meter as well as individual customer water meters within that zone, backed by encrypted, secure cloud-based software analytics, represents a substantial advancement in capability for Busselton Water to detect leaks. The trial will continue throughout 2019-20.

More broadly, 103 kilometres of water main and service leak search auditing was undertaken this year by our contractor, Leak Search, in the central Busselton and Rendezvous Road areas.

Sixty-two leaks were detected and repaired, equating savings of 494 litres per hour, or 65.6ML per year.

Busselton Water's radio frequency meters can also detect continuous water flow greater than two litres per hour, which may be the first indication of a hidden leak on a customer property. During the reporting period, 1,307 letters were issued to customers per billing cycle to advise of a potential leak.



### *Carbon footprint*

Energy consumption in 2018-19 was 0.57 kilowatt hours per kilolitre (kWh/kL) – below the target 0.59kWh/kL.

Busselton Water remains committed to reducing its energy use and carbon

footprint. Five per cent of Busselton Water's energy consumption was generated from renewable sources, specifically the solar panels at our primary water treatment plant and administration building.

In 2018-19, we commenced a new energy partnership with Alinta Energy, with improved efficiencies and savings right across the business. Specialist energy management company, EnerNOC was engaged to assist in the engagement process, offering market insights, modelling and specialist advice.

A new emergency standby 460kva diesel generator was installed at our Water Treatment Plant 4 on Bussell Highway in December 2018. The new generator was an integral component of our Electrical Demand Management Program and Energy Strategy, facilitating a switch from grid power to generators during peak demand periods across the South West electricity grid. Significant energy savings and cost reductions are anticipated from this work.

As a first step in a longer-term program to reduce our carbon footprint through our vehicle fleet management, in November 2018, we introduced our first hybrid vehicle and, in early 2019, a second hybrid vehicle was added to the fleet.

### *Our commitment to our community*

For the third consecutive year, Busselton Water continued its highly successful Community Partnership Program (CPP) as part of our return to the community and investment in local grassroots organisations. The program was open to all volunteer groups, not-for-profit community organisations, social enterprises, clubs and schools in the Busselton area to boost or kick-start local initiatives.

A record 23 applications for CPP funding were submitted and nine successful applicants awarded grants of between \$584 and \$3,000, being:

- **Busselton Aero Club's Young Flyer's Club** – for new safety equipment and learning resources for children enrolled in the newly-formed club.
- **Busselton Bowling Club** – for seven sets of lightweight bowls for use in two new programs, Junior Bowls and Bowls for the Disabled.
- **Busselton Croquet Club** – for a new hot water system to provide instantaneous hot water for club members.
- **Busselton Toy Library** – for new water-related toys for the library to teach children about this precious resource.
- **Busselton Volunteer Fire and Rescue** – for critical safety equipment including dash cameras.
- **Cornerstone Christian College** – to support the establishment of a sustainable garden with the purchase of a water tank, rain gauges and several other garden supplies.
- **Disabled Surfers Association South West** – to support its 'Let's Go Surfing' days.
- **Southern Capes Motorcycle Club** – for the installation of a standalone gravity feed water system for a disabled toilet to improve facilities for club members and visitors with disabilities.
- **Vasse Royals Football Club** – for a new club trailer for equipment storage and transport.



## STRATEGIC PRIORITY: Strategy and planning



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

### Strategic Planning Framework

#### *Strategic Planning Framework*

Our Strategic Planning Framework continued to evolve and improve during the year.

Strategic plans for each of our eight strategic priorities were reviewed in line with our Business Excellence Framework. The plans consolidated all of the strategies across the business and formed the basis of our Statement of Corporate Intent and Strategic Development Plan, both of which were also updated and completed on schedule.

#### *Sustainable Development Goals*

In recognition of local and global sustainability challenges (particularly those linked to climate, the environment and inequality) we reviewed our current and future activities to determine how we can localise the United Nations' Sustainable Development Goals and contribute at a local and regional level to their delivery. For example, how Busselton Water might contribute to Goal 6: Clean Water and Sanitation through new local waterwise initiatives, cooperative partnerships or improved supply chain management.



### Strategic planning process

We implemented the 2018-19 cycle of our Strategic Planning Process, reviewing and re-establishing our shareholder expectation, vision and purpose, strategic priorities, current performance, opportunities and challenges, core strategies and values.

As part of this, a workshop with all staff and Board members was undertaken to review our corporate values. Two new values were adopted, being 'Excellence' and 'Health and Wellbeing', reflecting our commitment to our customer services and our people.



STRATEGIC PRIORITY:  
**Information  
and knowledge**



We are committed to the effective application of the information and knowledge required to achieve our business goals.

### ICT Strategy

In 2018-19, Busselton Water engaged consultants to assist in the development of a new ICT Strategy.

### Intelligent Water Network (IWN) trial

Busselton Water commenced its first IWN trial in 2018-19.

Following the successful trial of new generation, ultrasonic Intelis meters with Everblu communications in a number of properties, this year we commenced investigation of expanded trials with alternative meter and communication vendors, including Narrowband Internet of Things (NB-IoT) compatible meters.

In June, 114 upgraded meters were installed at residential properties in south Ambergate. The new meters deliver improved efficiencies and provide greater data capture and analysis opportunities, facilitating improved water network management and preservation of future ground water supplies. Understanding a fine level of details of daily water use patterns and water temperatures will help our team to improve our daily operational efficiency and our network and system planning.

The trial will continue during 2019-20.

### Cyber security

Busselton Water continued to regularly assess and audit our information technology and information security during the year.

This year, we continued to carry out assessments to measure the susceptibility of Busselton Water Board members and staff to social engineering attacks, and to identify specific training needs. The assessment also tested our existing technical controls (antivirus, firewall, email filters and intrusion detection products).

We also completed a suite of incident management response plans, and continued our implementation of a structured change management program within our information technology environment.

### Water Services Code of Conduct (Customer Service Standards) 2018

New standards under the Water Services Code of Conduct came into full effect on 1 July 2018 following the completion of the Economic Regulation Authority's five-year review in February. The Water Services Code of Conduct regulates the conduct of water licensees in dealing with customers, and sets service standards in areas such as billing, payment, connection, metering, financial hardship and complaints.



## STRATEGIC PRIORITY: People



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

### Performance Management Framework

Our Performance Management Framework supported our management staff to achieve our strategic objectives by supporting them to lead, coach and develop our broader team.

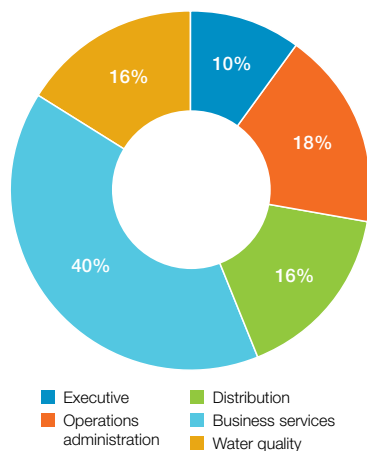
Busselton Water carried out two performance reviews in 2018-19, which included an informal mid-year review and an annual performance appraisal. Employee performance was assessed against individual key performance indicators (KPIs) and behaviours against our values and personal safety action plans.

### Training best practice

We invested in our team with training to build competencies and confidence, and to ensure we meet our legislative and regulatory obligations. The training was in alignment with our performance appraisal process. The technical training was supported by on the job assessment to validate training and assure competency.

This year, we also boosted our corporate skills with new training courses in mental health awareness, first aid, fatigue management, mentoring skills and project management.

### Our staff profile



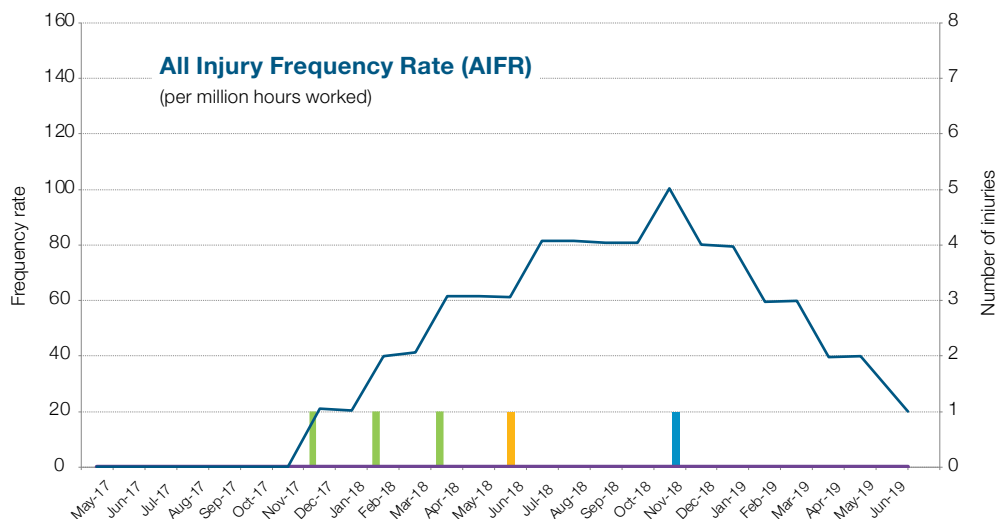
## Health, safety and wellbeing

### Workplace safety

An uncompromising commitment to safety resulted in a year that was Lost Time Injury (LTI) free, bringing to 47 months the total period without serious injury.

There was one minor injury reported in the period. The All Injury Frequency Rate (AIFR) decreased to 20.

All staff were offered voluntary skin checks and flu vaccinations, with the uptake from our workforce being 94 per cent and 34 per cent respectively.



In February, our team welcomed WorkSafe Commissioner Darren Kavanagh who visited Busselton Water to present our WorkSafe Plan Gold Certificate of Achievement. The award recognised our excellent management of safety and health in the workplace and contribution to the reduction of work-related injury and disease in Western Australia.





### Team space refurbishment

Refurbishment of the Administration Building on Fairbairn Road commenced this year, with architects Gobet Hur engaged to prepare concept designs for the building. The refurbishment is designed to allow greater staff numbers within the building and to modernise and improve the building's safety and amenity for our team.

A team building day was held this year in February to build team cohesion and morale, and a dedicated staff newsletter was introduced in April to keep office, operations and field staff informed and engaged.

### Diversity and Equal Employment Opportunity

Busselton Water strengthened its commitment to supporting a workforce inclusive of diversity in 2018-19 with the ongoing implementation of the Equal Employment Opportunity (EEO) Management Plan. The plan identifies key actions for driving a supportive and enabling culture, achieving gender equality in leadership, and normalising flexible working arrangements.

In June 2018, our staff attended Cultural Awareness Training, presented by Wadandi/Pibulum Cultural Custodians. The training covered some history, cultural beliefs and concluded with a powerful presentation about the stolen generation.



## STRATEGIC PRIORITY:

**Customers and other stakeholders**

We are committed to analysing our customer and other stakeholder requirements and to using this knowledge to manage these relationships to deliver increasing value.

**Improved customer services**

In 2018-19, there were substantial improvements in our customer services.

***MyBusseltonWater***

In June 2019, we launched MyBusseltonWater – a custom-built online platform that allows Busselton Water customers to manage their water use, pay water accounts and view their billing history, and update personal information. Within the first three weeks of the launch, more than 350 customers had registered for the service.

***Enhanced communications channels***

New customer communication channels were introduced during the year. Electronic direct mail commenced in May 2019 to 2,000 subscribers.

Also for the first time, SMS notifications were issued to customers for billing reminders and, later in the year, we also trialled Winter Sprinkler Switch Off campaign messages to more than 6,000 customer mobile phones.

Both channels will continue in the year ahead in line with feedback from customers that they prefer contact of this nature and as part of our efforts to reduce our waste footprint.

### Strengthened digital reach

Content and structural improvements were made to the Busselton Water website during the year. Our website audience grew significantly, with 14,000+ users visiting the site more than 22,000 times. Four in every five visitors were new to the website.

Our Facebook audience also grew over the past year. Page likes increased by more than 55 per cent, and page reach averaged 11,600 people each month. More than 240 posts were published in the year, promoting all aspects of the business and waterwise information.

### Industry engagement

During the year, we strengthened our industry networks locally and nationally. Our senior team members attended Australia's foremost water sector event, OzWater, in Melbourne as well as the annual VicWater conference.

We extended our relationship with the Australian Water Association and were delighted to host members of the Association during their visit to the South West.

Locally, we worked with other water providers, Water Corporation and Aqwest, and forged new partnerships with other organisations with shared waterwise values, including Irrigation Australia.

Busselton Water representatives also sat on a number of other committees, including the:

- Advisory Committee for the Purity of Water, chaired by the Department of Health;
- South West Water Industry Group, which also includes the Economic Regulation Authority, Department of Water and Environmental Regulation, Aqwest, Water Corporation and Harvey Water;
- South West infrastructure Group, coordinated by the South West Development Commission;
- Southern Critical Infrastructure Security Collective, coordinated by Western Australia Police Force; and
- Joint Interagency Working Party, alongside the Department of Fire and Emergency Services and other local water utilities.



To streamline the effective management of our drinking water supply and network, we extended our panel of consulting engineering services to include WML Consultants Pty Ltd, GHD Pty Ltd and Wood and Grieve Engineers Ltd to access specialist resources and advice when needed.

## Engaging with our community

### Customer Advisory Group

In November 2018, the Busselton Water Customer Advisory Group (CAG) celebrated its fifth year of operation. CAG represents our residential customers, business owners, schools and community groups and, working closely with our Board and Senior Executive, plays a pivotal role in helping to shape our future plans in line with the needs and expectations of our community.

The Busselton Water Customer Advisory Group met twice during the year (in November and May), with feedback also generated via online surveys and email correspondence.

To improve CAG, in August 2018, a short survey was issued to current and past CAG members. Feedback received assisted in the development of a strategy to improve the structure of the group, including the recruitment of new CAG members. As a result, CAG membership more than doubled during the year.

### 2019 Customer Survey

As part of Busselton Water's commitment to ongoing improvement and its strategic planning, a broad customer satisfaction survey was undertaken to gather customer intelligence, insights and to help measure performance.

The biennial survey, which was last undertaken in 2017, was widely promoted to all customers and open for a period of six weeks, with 706 customers providing feedback. Analysis will be completed in early 2019-20, with results informing the business over the coming year.

### National Water Week

National Water Week in October 2018 proved to be a highlight of Busselton Water's annual calendar. This year, we called on the local community and every local primary and high school to enter our 'Water for All' art competition, asking locals to artistically demonstrate why they value water. In response, almost 300 locals aged between seven and 72 submitted their artwork. Collectively, all entries were used as a permanent fixture on the skin of a Busselton Water meter reading vehicle to showcase the value of water to the Busselton community.





### ***Busselton Festival***

This year, we participated in the Busselton Festival for the first time. The event is the city's largest community festival which runs for four-weeks and celebrates the Busselton community. Busselton Water joined the celebrations by showcasing the National Water Week car and promoting summer waterwise messaging in the float parade.

### ***Waterwise education***

We continued our plant tours for local school groups, with 176 primary and secondary school students from Years 3 to 8 visiting our Queen Elizabeth Avenue water treatment plant. The students learn the journey water takes from aquifer to tap, with a focus on the importance of conserving water for the future.

Members of the Busselton Water team also hosted incursions at a number of local schools during the year.



Educating young water users about water conservation remained a key activity during the year. Our summer waterwise competition saw budding local artists share their top tips for saving water around the home.

## STRATEGIC PRIORITY:

**Process management,  
improvement and  
innovation**

We are committed to encouraging innovation and improvement to all of the processes we use to supply value to stakeholders.

**Water quality**

Our commitment to achieving full compliance with health related and non-health related water quality criteria in the *Australian Drinking Water Guidelines* (ADWG) is firmly established. Our performance is ensured through our Memorandum of Understanding (MoU) with the Department of Health, which was amended and extended to 30 November 2019.

Busselton Water achieved exceptional water quality results in 2018-19. Our water supply to customers achieved full compliance with the ADWG and MoU.

**Water quality 2018-19 – results  
at a glance**

Health related characteristics	% compliance with MoU
Escherichia coli	100
Naegleria	100
Chemical	100
Pesticides	100
Radiological	100

In 2018-19, 5.41GL of groundwater was extracted and 5.30GL of drinking water was produced – the highest amount ever.

The raw groundwater generally had turbidity and iron concentrations which we removed using chlorine and aeration for oxidation followed by gravity filtration. Drinking water was disinfected with chlorine prior to storage and distribution to consumers.

In 2018-19 there were 15 water quality complaints received from customers, with 10 relating to taste, 4 relating to discoloured water and one other matter.

### Water sampling

We maintained rigorous processes to ensure the continued delivery of safe drinking water to our customers, including an extensive water sampling program. This included taking weekly water samples, which resulted in more than 3,370 water quality tests undertaken during the year.

### Working with the Department of Health

Busselton Water continued to meet all the requirements of our MoU with the Department of Health in 2018-19.

Our Water Quality Committee met quarterly with the Department of Health to review water quality results and discuss relevant legislation and research.

During the year, the Department of Health advised all water utilities that the 2018 version of the ADWG is to be adopted as the regulatory standard. Busselton Water is well placed to work with the Department of Health towards full implementation of the ADWG 2018 standard.

This year, we also revised and updated our Drinking Water Safety Plan. The plan, which is a requirement of our MoU, outlines our existing alignment with the ADWG and identifies opportunities for improvement through our Improvement Action Plan. A multi-disciplinary hazard identification and risk review session is periodically undertaken to review and update our operations risk assessments as part of the Drinking Water Safety Plan execution.

### Managing our assets

Busselton Water continued its focus on asset condition, asset maintenance and assessment of all operational risks. Our Strategic Asset Plan was finalised and submitted to the Department of Treasury.

Salt water intrusion at our coastal bores remains a major, future threat to our groundwater resources. Like many local government authorities, the City of Busselton commenced a study into the impacts of coastal erosion. Some of Busselton Water's coastal bores are within areas that may be impacted. Busselton Water's long-term capital works program addresses this threat by proposing migration to an inland bore-field treated at a future Plant 8. This year, we engaged our hydrogeological consultant Rockwater to develop a 3D conceptual groundwater model in consultation with the Department of Water and Environmental Regulation (DWER). The initial phase of this model's construction was achieved and agreed with DWER in 2018-19. This work will continue in 2019-20 to quantify the hydrogeological aspects of the Plant 8 business case.

Annual leak detection and condition assessment programs of treatment plant assets, reticulation assets, bridge and drain crossings were conducted to ensure the reduction of water loss and exposure to injury, liability and asset failure. The program included:

- detecting leaks in customer plumbing through the analysis of metering data;
- detecting leaks in pipes, valves and hydrants through an acoustic and infra-red monitoring program;
- minimising water consumption from backwashing and repairing/flushing pipe operations; and
- promptly repairing pipelines and leaking valves.



### Capital works program delivery

A \$5.1 million capital works program was delivered in 2018-19, focused on five major projects:

#### *Plant 1 gravity filters*

We replaced four filters at our Kent Street water treatment plant in Busselton, replacing the old filters with stainless steel gravity filters to extend the life of the plant for decades to come.

#### *Plant 4 generator*

We installed a new 460kva emergency diesel generator at our water treatment plant on Bussell Highway in Broadwater to provide back-up in the event of loss of mains power and to support our energy efficiency program.

#### *Plant 8 booster pump station*

We completed construction of a new pump station at Yalyalup to service high land adjacent to the Busselton Margaret River Regional Airport, also extending our pipe network by 1.8 kilometres.

#### *Plant 11 bore*

We completed design and commenced tendering to equip Bore 21 at our Plant 11 site in West Busselton in readiness to deliver additional supply to meet future peak summer daily demand in the region. Bore 21 is scheduled to be commissioned for the 2019-20 summer.

#### *DN355 pipeline*

We achieved construction of the majority of a 355mm diameter below ground water main almost one kilometre in length between Fairway Drive and Queen Elizabeth Avenue in West Busselton. Connections to the live network and a crossing of the Vasse Diversion Drain remained to be completed in early 2019-20.



Capital Works Program	2018-19 actual \$ million
New trunk mains	1.1
Mains replacement program	0.1
New/replacement infrastructure	3.0
Land, building and offices	0.3
New service connections	0.2
Meter replacements	0.1
Vehicle and mobile plant replacements	0.2
Information and knowledge program	0.1
<b>Total</b>	<b>5.1</b>

### Plant operations

Busselton Water operates an interconnected system of deep aquifer bores, water treatment plants, water storage facilities and pumping stations, and a reticulation network of underground pipes, to provide potable water for our customers.

We maintained, operated and managed eight bores, three water treatment plants, five storage tanks and 329 kilometres of distribution mains. We extended our pipeline network by four

kilometres this year and also carried out refurbishments, upgrades and maintenance to our water treatment plants, ensuring our water treatment system was fully available and reliable.

During the year, all three treatment plants operated normally. After a temporary closure to facilitate upgrade works, Plant 1 was returned into service in December 2018 with the commission of its four new filters. The new filters were designed by GHD, manufactured by Aerison and all site construction and project management was performed by Leicon Notley.

### Financial management

We maintained rigorous processes to ensure compliance of the *Water Corporations Act 1995* and Australian Accounting Standards with reduced disclosure requirements.

Busselton Water has worked with the Office of the Auditor General (OAG) to guide the continuous improvement of governance and frameworks in financial management. Our policies and practices are driven by model leadership and innovation from these frameworks to assist the organisation in 100 per cent compliance in financial management.



The tank at our water treatment plant on Queen Elizabeth Avenue received a new roof and a new flight of stairs to improve safety for our operations team.

As well as the OAG, we work with numerous external stakeholders and consultants such as internal auditors and asset revaluation consultants to ensure our internal governance and asset financial management meets best practice.

Our positive relationship with the Department of Treasury ensures that a high level of transparency and accountability is recognised, providing better business outcomes in financial management.

## STRATEGIC PRIORITY:

**Results and  
sustainable  
performance**

We are committed to measuring and communicating organisational results and achieving sustainable performance.

**Review of business indicators**

We reviewed our business indicators for the year and a new suite of high level indicators was produced for the 2019-20 Statement of Corporate Intent.

**Reporting requirements**

Busselton Water provides quarterly and annual reports to the Minister for Water detailing performance and progress towards the commitments set out in our Statement of Corporate Intent.

Our 2017-18 Annual Report was tabled in Parliament on 20 September 2018, and Version 2 re-tabled in August 2019.

Our 2018-19 Statement of Corporate Intent was tabled in Parliament on 28 August 2018.

Monthly management reports inform the Senior Executive group of performance and progress towards our objectives. The Managing Director draws from this information to inform the Board of Directors.



We report annually to the Economic Regulation Authority on our compliance with performance standards set out in our operating licence.

The Key Business Results section of this report shows 2018-19 results in our Financial Performance, Business Performance and Management Trends, with these results showing targets were met at a consistently high level with no significant variances.

## STRATEGIC PRIORITY: Growth



We are committed to growing our business by expanding and diversifying our existing water services.

Busselton Water continued to seek opportunities to grow our business to service the current and future needs of our community.

Our region continues to buck the downward trend seen in other areas of regional Western Australia – growing at 2.3 per cent. This growth rate is second only to the Augusta-Margaret River local government area.

We connected 236 new customer properties to our network in 2018-19, and supplied a record 5.30GL of drinking water – up 1.5 per cent on last year and more than eight per cent over the past five years.

We also continued our long term agreement with the Water Corporation to augment Dunsborough's water supply on an as-required basis, resulting in 303,949kL of water exported to this area, an increase of 6,927kL.

Forecasts indicate the region will continue to grow over the next 50 years. Busselton's residential population will reach 43,000 in just over a decade and 68,000 by 2050. Ambergate North's population alone is expected to grow to 13,000 people over the next four



decades. Vasse, too, is a growing area for families, with the Vasse population doubling between 2011 and 2016 and both Vasse Primary School and Vasse-based Cape Naturalist College increasing enrolments by more than 45 per cent.

With this growth in population and the establishment of new residential areas to cater for it, demand for water is set to more than double to between seven and 10 billion litres per annum over the next 50 years.

Coupled with climate change impacts, these pressures on our finite groundwater supplies emphasised the importance of our efforts to drive water efficient behaviour within our business and across our customer base.

Pleasingly, despite overall growth in the region, the average volume of household water use reduced by 4kL per household, from 269kL to 265kL per year.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE

Busselton Water's strong corporate governance framework (outlined following) ensures all of the requirements contained within the *Water Corporations Act 1995* are addressed in our Board Charter. Our annual review of policies, procedures, controls and risk management processes also makes certain that we deliver on the commitments set out within it.

### Board of Directors

Busselton Water is required to have a Board that comprises six or seven persons appointed by the Governor on the Minister for Water's nomination.

In the case of nomination for appointment to the Board, the nominee is a person ordinarily resident in the operating area of Busselton Water so far as is necessary for the majority of the directors, at the time of the appointment, to be persons so resident.

Directors are appointed for a term of three years and are eligible for reappointment. The terms of appointment are staggered so that one third of the Directors retire each year, which ensures continuity of knowledge and experience on the Board. Subject to reappointment, there is no limit on

the time a Director may serve on the Board.

The Governor, on the Minister's nomination, appoints a director of Busselton Water to be Chairperson and another to be Deputy Chairperson of the Board.

### Changes to the Board

Mr Matthew Walker vacated his position in August 2018.

Mr Christopher Boulton vacated his position in August 2018.

Mr Geoffery Oddy was appointed as Deputy Chair for a term expiring on 31 May 2020.

Dr Robyn Paice was appointed as a member for a term expiring on 31 May 2021.

Dr Gae Synnott was appointed as a member for a term expiring on 31 May 2021.

Mr Christopher Elliott was appointed as a member for an indefinite term coinciding with his tenure as Managing Director.

Ms Helen Shervington was reappointed as Chair for a further term expiring on 31 May 2022.

Mr Angus Smith was reappointed as a member for a further term expiring on 31 May 2022.

### Accountability and independence

As prescribed in Schedule 2 of the *Water Corporations Act 1995*, Directors have a duty to act honestly, exercise reasonable care and diligence, not make improper use of information or position, act with loyalty and in good faith and disclose all material personal interest in matters involving Busselton Water which are raised in Board meetings.

The Board has authority, subject to the *Water Corporations Act 1995* to perform the functions, determine the policies and control the affairs of Busselton Water.

Ministerial approval is required for transactions that are above a prescribed amount, amount to a major initiative or is likely to be of significant public interest.

### Ethical standards

The Board Charter describes how the Board discharges its functions, roles and responsibilities as defined in the *Water Corporations Act 1995*.

The Board has adopted the Code of Conduct for directors produced by the Australian Institute of Company Directors, and Busselton Water's Code of Conduct.

Busselton Water's Code of Conduct is reviewed annually followed by staff training sessions. A report on the observance of the Code of Conduct is provided to the Minister for Water annually, with a copy of the report provided to the Public Sector Commissioner.

### Conflicts of interest

The Board Charter and Busselton Water Code of Conduct set specific standards in relation to conflicts of interest. Conflicts may be perceived, potential or actual.

Procedures are in place to identify, declare and manage conflicts of interest where private or personal interest's conflict with Busselton Water duties.

### Related party disclosures

The Board Charter and Busselton Water Code of Conduct require Key Management Personnel (Board Directors and Senior Executive) to provide details of any controlled (or jointly controlled) entities; and details of any transactions, to the best of their

knowledge, between themselves or related parties.

The objective is to ensure that Busselton Water's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and financial performance may have been affected by related party disclosures.

### Board performance

The Board and Audit Committee undertake annual performance evaluations of the Board, Audit Committee and individual members to assess performance against the requirements of the Board and Audit Committee Charters, the *Water Corporations Act 1995* and any relevant achievement goals. Outputs from the reviews are used to inform the Director Development Program, including training opportunities.

### Governance framework

The Board is responsible for corporate governance and approves our Strategic Development Plan (SDP), Statement of Corporate Intent (SCI), Strategic Asset Plan (SAP), budgets and policies. It ensures legal compliance and risk management are effectively managed.

Each year the Board, in consultation with the Senior Executive Group, develops the SCI to provide direction for the coming 12 month period. The five-year SDP is updated each year to provide longer term direction. Both plans for the reporting period were presented to the Minister for Water.

The SCI is available to the public and communicates our objectives for the coming year.

The Board also prepares a SAP that identifies the top priority investment proposals and their strategic justification.

At monthly meetings, the Board monitors financial and operational performance through comprehensive monthly reporting. They consider progress towards our vision in each of the strategic priority areas – Leadership; Strategy and Planning; Information and Knowledge; People; Customers and Other Stakeholders; Process Management, Improvement and Innovation; Results and Sustainable Performance; and Growth.

### Internal control

The Board, through the Audit Committee, has oversight for the financial reporting process, the system

of internal controls, and the internal and external audit processes.

Busselton Water's internal control structure includes clear lines of accountability and delegation of authority. The Senior Executive Group has responsibility for maintaining internal controls in the delivery of Busselton Water's strategic objectives.

Strategic plans are monitored monthly to ensure the risk of not achieving organisational objectives is identified and appropriately managed and mitigated.

### Audit Committee

The Audit Committee was chaired by Mr Angus Smith and includes Mr Geoffery Oddy and Ms Christine Kershaw. Each member has considerable corporate and financial experience and the skills to undertake the Committee's responsibilities.

The Committee oversees the internal audit function and liaises with the external auditor.

The Audit Committee scope includes all audit related activities within the business. The Committee assists the Board in adding value and improving the organisations operations. It helps Busselton Water accomplish

its objectives by bringing a planned, systematic and disciplined approach to evaluate and improve the effectiveness of financial and other business processes and controls.

The Audit Committee invites input and attendance from the Managing Director, Chief Finance Officer and Senior Executive Group members. External attendees during the year included internal auditors.

Teleconference meetings are held with the audit staff of the Office of the Auditor General, Board Chair, Audit Committee, Managing Director, Chief Finance Officer and the General Manager Business Services.

### Internal audit and review

The Audit Committee, in discussion with the Senior Executive Group, sets the scope of the internal audit program for a rolling three year period. The quality of our internal controls and audits is further improved by referencing ad-hoc audit reports from the Office of the Auditor General.

Internal audits are outsourced within a three year agreement and conducted annually. Internal audit findings are actioned and closed under the direction of the Audit Committee.

### External auditors

The *Water Corporations Act 1995* requires that Busselton Water's financial reports for each financial year are audited by the Office of the Auditor General. The Auditor General's unqualified opinion in relation to Busselton Water's 2018-19 financial report forms part of this Annual Report.

### Managing financial exposures

The Board meets on a regular basis to analyse financial risk exposure and to evaluate Treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist Busselton Water in meeting its financial targets, while minimising potential adverse effects on financial performance.

Busselton Water operates under policies and a delegation approved by the Board. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

### Ministerial directions

Under Section 64(1) of the *Water Corporations Act 1995* the Minister for Water may give directions in writing to Busselton Water generally with respect to the performance of its functions and, subject to Section 65, Busselton Water is to give effect to any such direction. During the reporting period no directions were received from the Minister for Water.

### State Records Act 2000

In accordance with Section 61 of the *State Records Act 2000* and the State Records Commission's Standard (Standard 2 - Principle 6), Busselton Water has an approved Record Keeping Plan. The renewal of our Record Keeping Plan coincided with corporatisation and subsequent legislative change and in accordance with Section 28(5) of the Act, the Plan was submitted to the Minister and approved in June 2014. It describes how records are created, maintained, managed and disposed of in accordance with Standards and Principles.

A review of the efficiency and effectiveness of our training program was carried out during the reporting period. After the review, annual

refresher training on record keeping was provided to all staff. Training is also provided for new employees and includes familiarisation with the document management policy and procedures.

We are working with our record keeping partner on creating statistical information that can be used for monthly reporting.

### Public interest disclosure statement

The *Public Interest Disclosures Act 2003* facilitates the disclosure of public interest information, and provides protection for those making such disclosures and those who are the subject of disclosures.

Busselton Water has appointed a Public Interest Disclosure Officer and has internal procedures to support disclosures.

There were no public interest disclosures during the reporting period.

### Freedom of Information

In accordance with section 96 of the *Freedom of Information Act 1992* Busselton Water has published a Freedom of Information statement. The statement can be found at

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

Its purpose is to provide members of the public with information about how to access documents we may hold

During the year, no requests for information were made.

### Reportable expenditure

In accordance with section 175ZE of the *Electoral Act 1907*, Busselton Water incurred the following expenditure in advertising, market research, polling, direct mail and media advertising.

Total expenditure in 2018-19 was \$280,782.

Expenditure was incurred in the following areas:

Expenditure	Amount paid
<b>Media advertising organisations</b>	
Marketforce Productions	\$8,060
<b>Direct mail organisations</b>	
Zipform	\$15,811
<b>Communications and market research organisations</b>	
Mills Wilson	\$256,911

## DIRECTORS' REPORT

The Directors of Busselton Water present their report for the 12-month period ending 30 June 2019.

### Directors

The following persons were Directors of Busselton Water at the date of this report:

#### Helen Shervington (Chair)

Director since: October 2011

Chair since: July 2012

#### Geoffery Oddy (Deputy Chair)

Director since: October 2014

#### William Angus Smith

Director since: August 2013

#### Christine Kershaw

Director since: September 2017

#### Robyn Paice

Director since: September 2018

#### Gae Synnott

Director since: September 2018

#### Christopher Elliott

Director since: September 2018

Please also see details of the Directors' qualifications and experience on pages 17 and 18.

### Directors' meetings

Attendance by Directors at meetings held during the financial year ended 30 June 2019 is set out in the following table:

Director	Board		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Helen Shervington	11	11		
Geoffery Oddy	11	11	3	2
William Angus Smith	11	10	3	3
Christine Kershaw	11	8	2	2
Robyn Paice	9	9		
Gae Synnott	9	9		
Christopher Elliott	9	9		
Matthew Walker	2	2		
Christopher Boulton	2	1	1	1

Board meetings are held monthly. The Audit Committee meets three times per year.

### Senior Executive

The Senior Executives of Busselton Water at the date of this report were:

Three highest paid employees	Title	Year ended 30 June 2018	Year ended 30 June 2017
Christopher Elliott	Managing Director	✓	✓
Christopher Vigus	General Manager Operations	✓	
Monica Birkner	General Manager Business Services	✓	✓

### Principal activities

Busselton Water was established as a Corporation in November 2013 under the provisions of the *Water Corporations Act 1995*. The organisation's principal activity is to acquire, store, treat, distribute and supply drinking water to the Busselton area. In addition, we undertake, maintain and operate any works, system, facilities apparatus or equipment required for this purposes. We provide these services under this Act and subsidiary legislation which control the water industry.

There has been no significant change in the nature of our activities during the reporting period.

### Operating results

During the year, Busselton Water supplied 5.30GL of drinking water.

Busselton Water made a profit before tax of \$3.9 million in 2018-19, (2017-18: \$4.9 million) and an after tax profit of \$2.7 million (2017-18: \$3.4 million).

### Dividends

Dividends paid by Busselton Water since the end of the previous financial year were:

Date of	Amount \$m	Date of payment
Final 2017-18	1,539,985	11/12/2018

## Dividends declared after end of year

After the balance sheet date, the Directors have proposed a final dividend of \$1.02 million for 2018-19, payable on or before 31 December 2019.

The financial impact of the dividend has not been brought to account in the financial statements for the year ended 30 June 2019 and will be recognised in subsequent reports.

## Review of operations

Busselton Water operates within a regulatory framework comprising the Economic Regulation Authority, Department of Water and Environmental Regulation, Department of Health and Department of Treasury.

The Busselton Water Statement of Corporate Intent (SCI) provides clear direction through objectives and performance targets.

Busselton Water performed well against the majority of targets set out in the SCI 2018-19.

## Remuneration report

### Director's emoluments

Remuneration of the Board of Directors is determined by the Minister on the recommendation of the Public Sector Commissioner.

Total remuneration band	No. of Directors <sup>1</sup>		Short-term remuneration		Post-employment superannuation		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
\$			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
0-10,000	2	1 <sup>1</sup>	3	2	1	-	4	2
10,001-20,000	5	5	62	59	5	6	67	65
20,001-30,000	1	1	25	25	2	2	27	27

<sup>1</sup> In accordance with the *Water Corporations Act 1995*, remuneration is not paid to one Director who holds a full-time position that is remunerated out of moneys appropriated by Parliament

### Executive emoluments

In accordance with S13 (3) of the *Water Corporations Act 1995*, the Board obtains concurrence of the Minister for Water before setting or altering compensation for the Managing Director. Compensation for the Managing Director and Senior Executives is benchmarked against local industry standards and is set to attract and retain the talent and experience required to deliver strategic objectives. The number of employees whose total remuneration falls within the following bands is:

Total remuneration band	No. of Staff		Short-term remuneration <sup>1</sup>		Performance Related Pay <sup>2</sup>		Post-employment superannuation		Other long-term benefits <sup>3</sup>		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
\$			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
0-50,000	1	1	22	16			2	2	(1)		23	18
50,001-100,000	1		48				4				52	
150,001-200,000	2	2	301	287			29	27	9	2	338	316
350,001-400,000	1	1	276	252	53	53	24	22	30	17	383	344

<sup>1</sup> Includes base remuneration and non-monetary benefits

<sup>2</sup> Performance Related Pay is a variable reward, approved by the Board, based on pre-determined targets being achieved

<sup>3</sup> Other long-term benefits refer to leave provisions

### Environmental performance

Busselton Water operates within Commonwealth and State environmental laws including the Environment Protection and Biodiversity Conservation Act (Cth) 1999 and the Environmental Protection Act 1986 (WA).

Under the Environmental Protection Act, we are registered to discharge backwash water to the environment. Should an unplanned discharge with potential to harm the environment occur, our incident management process ensures a fast and effective response to these and other incidents.

Environmental performance is underpinned by our Environment Policy which enables systematic identification of environmental risks and development of environmental improvement plans to reduce risks and ensure our activities are sustainable.

### State of affairs

There were no significant changes in the state of affairs during the year ended 30 June 2019 not otherwise disclosed in this report, or the financial statements.

### Events subsequent to balance date

Since the end of the financial year ending 30 June 2019 and the date of the release of this report, the Directors are not aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly, or may significantly, affect Busselton Water's operations, the results of those operations or Busselton Water's state of affairs in subsequent financial periods.

### Directors' interest and benefits

In the 12 months to 30 June 2019, no Director received, or became entitled to receive, any benefit (other than a benefit included in the total amount of remuneration received or due and receivable by Directors) by reason of a contract made by Busselton Water with the Director, or with a firm, of which the Director is a member, or with an entity in which the Director has a substantial interest.

### Indemnification of Directors and Auditors

In the 12 months ending 30 June 2019, Busselton Water has not indemnified against a liability, a person who is, or has been, a Director or auditor of Busselton Water. During the period ended 30 June 2019, Busselton Water paid insurance premiums in respect of Director's and Officer's liability insurance for any past, present or future, Director, Board/Committee member, Executive Officer or employee of Busselton Water.

This statement is made in accordance with a resolution of the Board.



**Helen Shervington**  
Chair



**Geoffery Oddy**  
Deputy Chair

Busselton, 19 August 2019



# FINANCIAL REPORT

for the year ended  
30 June 2019

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**DIRECTORS' DECLARATION**

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**INDEPENDENT AUDITOR'S REPORT**

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**STATEMENT OF COMPREHENSIVE INCOME**

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**STATEMENT OF FINANCIAL POSITION**

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**STATEMENT OF CHANGES IN EQUITY**

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**STATEMENT OF CASH FLOWS**

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**NOTES TO THE FINANCIAL STATEMENTS**

Note 1	Basis of Preparation
Note 2	Inventories
Note 3	Disclosure of Changes in Accounting Policy and Estimates
Note 4	Revenue
Note 5	Expenses
Note 6	Financing
Note 7	Key Assets
Note 8	Other Assets and Liabilities
Note 9	Risks and Contingencies
Note 10	Other Disclosures
Note 11	Taxation Equivalents
Note 12	Joint Operations

## Directors' Declaration

In the opinion of the Directors of Busselton Water Corporation:

- (a) the financial statements and notes are in accordance with the *Water Corporations Act 1995*, including:
  - (i) giving a true and fair view of Busselton Water's financial position as at 30 June 2019 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that Busselton Water will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Helen Shervington**  
Chair, Busselton Water Corporation



**Angus Smith**  
Member, Busselton Water Corporation

Date: 19 August 2019



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

#### BUSSELTON WATER CORPORATION

##### Opinion

I have audited the financial report of Busselton Water Corporation (the Corporation), which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial report of Busselton Water Corporation is in accordance with schedule 3 of the *Water Corporations Act 1995* including:

- (a) giving a true and fair view of the Corporation's financial position as at 30 June 2019 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the corporation in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Responsibility of the Directors for the Financial Report

The directors of the Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and schedule 3 of the *Water Corporations Act 1995*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Corporation.

##### Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

##### Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Busselton Water Corporation for the year ended 30 June 2019 included on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial report. If users of the financial report are concerned with the inherent risks arising from publication on website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

SANDRA LABUSCHAGNE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
13 August 2019

## Statement of Comprehensive Income

as at 30 June 2019

	Notes	2019 \$	2018 \$
<b>EXPENSES</b>			
Employee benefit expenses	2.1.1	1,516,236	1,508,075
Cost of Sales	2.2	3,738,207	3,459,414
Depreciation and Amortisation Expense	4.1.1 & 4.2.1	2,296,661	2,192,758
Finance Costs	6.2	56,065	68,475
Administration Expenses	2.3.1	773,246	901,020
Other Expenses	2.3.2	1,317,777	1,225,519
Loss on Disposal of Non-current Assets	2.3.3	58,739	6,828
Impairment of Non-current Assets	4.3	0	24,242
<b>Total cost of services</b>		<b>9,756,931</b>	<b>9,386,331</b>
<b>INCOME</b>			
Water Sales Revenue	3.1	9,697,999	9,821,231
Grants and Contributions	3.2	614,886	523,000
Developer Contributions - Headworks	3.3	2,330,798	2,839,433
Developer Contributions - Mains	3.3	415,491	338,854
Interest Revenue	3.4	325,183	318,042
Other Revenue	3.4	230,672	428,361
		<b>13,615,029</b>	<b>14,268,921</b>
<b>Profit before income tax equivalent expense</b>		<b>3,858,098</b>	<b>4,882,590</b>
Income Tax Equivalent Expense	8.7	(1,179,828)	(1,451,395)
<b>Profit after income tax equivalent expense</b>		<b>2,678,270</b>	<b>3,431,195</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus	8.6	18,842,926	1,172,510
<b>Total Other Comprehensive Income</b>		<b>18,842,926</b>	<b>1,172,510</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>21,521,196</b>	<b>4,603,705</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6.3	894,459	860,493
Other Financial Assets	6.3	10,410,000	12,000,000
Trade and other receivables	5.1	3,629,429	4,060,111
Inventories	5.2	498,594	517,292
Other Current Assets	5.3	219,125	131,272
Current Tax Assets		154,480	-
<b>Total Current Assets</b>		<b>15,806,087</b>	<b>17,569,168</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4.1	100,317,348	71,451,974
Intangible Assets	4.2	404,936	396,918
<b>Total Non-Current Assets</b>		<b>100,722,283</b>	<b>71,848,892</b>
<b>TOTAL ASSETS</b>		<b>116,528,370</b>	<b>89,418,060</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.4	1,779,323	1,331,991
Borrowings	6.1	294,088	281,107
Employee Related Provisions	2.1.2	969,901	891,162
Current Tax Liabilities		-	73,906
Other Current Liabilities	5.5	64,768	68,161
<b>Total Current Liabilities</b>		<b>3,108,080</b>	<b>2,646,327</b>
<b>Non-Current Liabilities</b>			
Employee Related Provisions	2.1.2	65,691	77,348
Borrowings	6.1	547,708	841,796
Deferred Tax Liabilities	8.7	18,544,262	11,571,171
<b>Total Non-Current Liabilities</b>		<b>19,157,661</b>	<b>12,490,315</b>
<b>TOTAL LIABILITIES</b>		<b>22,265,741</b>	<b>15,136,642</b>
<b>NET ASSETS</b>		<b>94,262,629</b>	<b>74,281,418</b>
<b>EQUITY</b>			
Reserve Fund	8.6	11,060,801	13,379,026
Reserves	8.6	53,705,968	34,863,042
Retained Earnings	8.6	29,495,860	26,039,350
<b>TOTAL EQUITY</b>		<b>94,262,629</b>	<b>74,281,418</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

as at 30 June 2019

	Notes	Reserves \$	Retained Earnings \$	Total Equity \$
<b>Balance as at 1 July 2017</b>	<b>8.6</b>	<b>45,548,541</b>	<b>25,537,797</b>	<b>71,086,338</b>
Total comprehensive income for the year		1,172,510	3,431,195	4,603,705
Transfers to reserves		3,002,843	(3,002,843)	-
Transfers from Reserves		(1,481,826)	1,481,826	-
<b>Transactions with owners, recorded directly in equity</b>				
Dividends paid		-	(1,408,625)	(1,408,625)
<b>Total transactions with owners</b>		0	(1,408,625)	(1,408,625)
<b>Balance at 30 June 2018</b>		<b>48,242,068</b>	<b>26,039,350</b>	<b>74,281,418</b>
<b>Balance as at 1 July 2018</b>	<b>8.6</b>	<b>48,242,068</b>	<b>26,039,350</b>	<b>74,281,418</b>
Total comprehensive income for the year		18,842,926	2,678,270	21,521,196
Transfers to reserves		1,919,729	(1,919,729)	-
Transfers from Reserves		(4,237,954)	4,237,954	-
<b>Transactions with owners, recorded directly in equity</b>				
Dividends paid		-	(1,539,985)	(1,539,985)
<b>Total transactions with owners</b>		-	(1,539,985)	(1,539,985)
<b>Balance at 30 June 2019</b>		<b>64,766,769</b>	<b>29,495,860</b>	<b>94,262,629</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

as at 30 June 2019

	Notes	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Rates & Water Sales		9,761,527	9,024,023
Interest Received		355,509	345,112
Developers Contributions		2,347,146	2,897,548
GST Receipts on Sales		124,090	99,443
GST Receipts From Taxation Authority		608,636	467,574
Other Receipts		452,059	(287,316)
		<b>13,648,966</b>	<b>12,546,384</b>
<b>Payments</b>			
Payment to Suppliers & Employees		(6,719,221)	(6,873,640)
Finance Costs		(56,066)	(68,475)
GST Payments on Purchases		(801,661)	(545,998)
		<b>6,072,019</b>	<b>5,058,271</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the Sale of Non-Current Physical Assets		91,772	15,964
Purchase of Non-Current Physical Assets		(5,078,718)	(2,515,406)
		<b>(4,986,946)</b>	<b>(2,499,442)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings		(281,107)	(268,698)
		<b>(281,107)</b>	<b>(268,698)</b>
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Operating Subsidy Contributions		614,886	523,000
Taxation Equivalent		(1,434,900)	(1,098,819)
Dividends Paid	8.6	(1,539,985)	(1,408,625)
		<b>(2,359,999)</b>	<b>(1,984,444)</b>
<b>NET CASH PROVIDED TO STATE GOVERNMENT</b>			
Net increase / (decrease) in cash and cash equivalents		(1,556,034)	305,687
Cash and cash equivalents at the beginning of period		12,860,493	12,554,806
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6.3</b>	<b>11,304,459</b>	<b>12,860,493</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

as at 30 June 2019

### 1. Basis of Preparation

Busselton Water is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Agency is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities has been included in "Our Business" section which does not form the part of these financial statements.

These financial statements were authorised for issue by the Board of Directors of Busselton Water on 19th August 2019.

#### Statement of Compliance

Busselton Water is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with:

- The *Water Corporations Act 1995*;
- Australian Accounting Standards (Reduced Disclosure Requirements); and
- Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The Water Corporations Act takes precedence over AAS's. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

#### Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed.

Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

### 2. Expenses Incurred

This section provides additional information about how Busselton Water expenses are applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by BW in achieving its objectives and the relevant notes are:

	Notes
Employee benefits expenses	2.1.1
Employee related provisions	2.1.2
Cost of sales	2.2
Other Expenditure	2.3
Administration expense	2.3.1
Other expenses	2.3.2
Net gain/(loss) on disposal of non-current assets	2.3.3

#### 2.1.1 Employee benefits expenses

	2019 \$	2018 \$
Salaries <sup>(a)</sup>	1,355,947	1,350,458
Superannuation Expenses <sup>(b)</sup>	160,289	157,617
	<u>1,516,236</u>	<u>1,508,075</u>

<sup>(a)</sup> Salaries are employee expenses including all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, and termination payments. This figure does not include total salary expense as labour expenses to BW infrastructure are costed to Cost of Sales (Note 2.2).

<sup>(b)</sup> Superannuation expenses comprises employer contributions paid to superannuation funds. BW does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. This figure does not include total superannuation expense as labour expensed to BW infrastructure are costed to Cost of Sales (Note 2.2).

## Notes to the Financial Statements

as at 30 June 2019

### 2.1.2 Employee related provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

	2019 \$	2018 \$
<b>Current</b>		
Annual leave <sup>(a)</sup>	210,622	192,101
Long service leave <sup>(b)</sup>	176,957	157,858
Sick leave <sup>(c)</sup>	464,079	431,426
	<u>851,658</u>	<u>781,385</u>
Employment on-costs <sup>(d)</sup>	118,243	109,777
	<u>969,901</u>	<u>891,162</u>
<b>Non-current</b>		
Long service leave <sup>(b)</sup>	53,700	63,141
Employment on-costs <sup>(d)</sup>	11,991	14,207
	<u>65,691</u>	<u>77,348</u>
Aggregate employee benefit liability	<u>1,035,592</u>	<u>968,510</u>
Number of employees at year end	<u>31</u>	<u>32</u>

<sup>(a)</sup> Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

<sup>(b)</sup> Long service leave liabilities that have been classified as current as BW does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities as BW has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as BW does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

<sup>(c)</sup> Sick leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period.

<sup>(d)</sup> The settlement of annual leave, long service leave and sick leave gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of future payments.

Employment on costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred.

### Movements in other provisions

	2019 \$	2018 \$
<b>Employment on-cost provision</b>		
Carrying amount at start of period	123,984	90,370
Additional/(reversals of) provisions recognised	88,560	112,065
Payments/other sacrifices of economic benefits	<u>(82,309)</u>	<u>(78,451)</u>
Carrying amount at end of period	<u>130,235</u>	<u>123,984</u>

### Key sources of estimation uncertainty - long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating Busselton Water's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefit expense.

## Notes to the Financial Statements

as at 30 June 2019

### 2.2 COST OF SALES

	2019	2018
	\$	\$
Pumping	749,886	636,286
Maintenance: General Production Plant	1,311,425	1,341,802
Mains & Meters	992,147	911,716
Net Vehicle Running Expenses	67,204	59,261
Net Operations Overhead	76,081	(68,193)
Net Stock Allocated	5,812	33,703
Meter Reading Costs	21,435	20,941
Water Sampling & Monitoring Fees	514,217	523,898
	<u>3,738,207</u>	<u>3,459,414</u>

Cost of sales represents the costs incurred for water treatment, operation of bores, maintenance of mains and meters, water quality, and the related materials, labour and depreciation expenses related to these processes. Salary and superannuation expenses for water workers are expensed to the Cost of Sales.

### 2.3 OTHER EXPENDITURE

#### 2.3.1 Administration Expense

	2019	2018
	\$	\$
Office Expenses	641,028	767,227
Stationery and Printing	23,792	29,083
Advertising	183	761
Bank Charges	26,747	22,486
Audit Fees	58,317	54,417
Legal Expenses	2,200	2,137
Other Administration Expenses	20,979	23,059
Bad Debts Written Off	-	1,850
	<u>773,246</u>	<u>901,020</u>

#### 2.3.2 Other Expenses

	2019	2018
	\$	\$
Members Expenses	152,788	128,883
Other Governance	298,123	258,737
Pensioner Rate Rebate <sup>(a)</sup>	592,682	513,605
Consulting Fees	41,902	72,130
Private Works	18,374	6,964
Payroll Tax	70,917	68,780
Asset Revaluation expenses	19,500	-
Other Costs & Staff Expenses <sup>(b)</sup>	123,491	176,420
	<u>1,317,777</u>	<u>1,225,519</u>

<sup>(a)</sup> Pensioner rebates are rebates and concessions provided to Pensioners, Seniors and various exempt bodies on annual service charges and water consumption charges.

<sup>(b)</sup> Other costs and staff expenses include employee provision movements, staff insurances, training costs and other staff related expenses for the day-to-day running costs incurred in normal operations.

Other expenses are recognised as an expense in the reporting period in which they are incurred.

#### 2.3.3 Loss on disposal of non-current assets

	2019	2018
	\$	\$
<u>Cost of Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles and infrastructure	150,512	22,792
<u>Proceeds from Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	(91,773)	(15,964)
Net (gain)/loss	<u>58,739</u>	<u>6,828</u>

Realised and unrealised gains or losses are usually recognised on a net basis. These include gains or losses arising on the disposal of non-current assets.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

## Notes to the Financial Statements

as at 30 June 2019

### 3. Revenue Obtained

This section provides additional information about how Busselton Water obtains its revenue and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by Busselton Water and the relevant notes are:

	Notes
Water sales revenue	3.1
Commonwealth grants and contributions	3.2
Developer contributions	3.3
Other revenue	3.4

#### 3.1 WATER SALES REVENUE

	2019 \$	2018 \$
Water Consumption	6,230,212	6,259,439
Connection Fees	165,019	371,173
Standard Supply Charge	3,224,203	3,111,421
Meter Reading Charges	28,512	30,790
Other Water Sales	50,053	48,408
	<u>9,697,999</u>	<u>9,821,231</u>

Revenue is recognised and measured at the fair value of consideration received or receivable.

Revenue from water usage is based on water consumed by customers and other rates and charges are based on amounts levied and billed for the period.

#### 3.2 GRANTS AND CONTRIBUTIONS

	2019 \$	2018 \$
Operating Subsidy Contributions	614,886	523,000
	<u>614,886</u>	<u>523,000</u>

Operating Subsidy contributions are recognised as revenue when there is reasonable assurance that they will be received and Busselton Water has complied with the conditions attached to them.

### 3.3 DEVELOPER CONTRIBUTIONS

	2019 \$	2018 \$
Headworks contributions - Cash	2,330,798	2,839,433
	<u>2,330,798</u>	<u>2,839,433</u>
Developer mains contributions - Cash	16,349	58,115
Developer mains contributions - Non-Cash	399,142	280,739
	<u>415,491</u>	<u>338,854</u>

Revenue is recognised at fair value when Busselton Water obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

#### 3.4 OTHER REVENUE

	2019 \$	2018 \$
<b>Interest revenue</b>		
Interest on Water Fund	57,790	58,092
Interest on Reserves	267,393	259,950
	<u>325,183</u>	<u>318,042</u>

Interest Revenue is recognised as interest accrues.

	2019 \$	2018 \$
<b>Sundry revenue</b>		
Backflow Prevention Device Testing Fees	30,907	33,104
Private Works & Sundry Income	36,215	104,916
Operating lease revenue	21,552	20,862
Meter Reading	47,054	53,246
Penalties Raised	16,420	16,857
Hydrant (Application) Hire	22,728	18,969
Geothermal recoups	17,129	16,917
Insurance Recoveries	20,189	0
Other Receipts & Services <sup>(a)</sup>	18,478	163,490
	<u>230,672</u>	<u>428,361</u>

Other Revenue is recognised and measured at the fair value of consideration received or receivable.

<sup>(a)</sup> Other receipts and services includes revenue from miscellaneous income, credit card fees and sale of scrap.

## Notes to the Financial Statements

as at 30 June 2019

### 4. Key assets

This section includes information regarding the key assets Busselton Water Board utilises to gain economic benefits or provide service potential. This section sets out both the key accounting policies and financial information about the performance of these assets.

	Notes
Property, plant and equipment	4.1
Depreciation expense	4.1.1
Intangibles	4.2
Amortisation and impairment	4.2.1
Impairment	4.3

#### 4.1 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

##### *Reconciliation of Carrying Amount*

Reconciliations of the carrying amounts for each class of property, plant and equipment between the beginning and the end of the reporting period are set out below:

##### *Adoption of revaluation versus cost basis for plant and equipment*

Busselton Water adopts the cost basis and revaluation basis of accounting for valuing non-current assets. Non-cash developer contributed infrastructure assets are originally based on cost, based on the contractual value of the works transferred to Busselton Water. Subsequent measurement of these assets utilises the revaluation model.

	Fair Value	Accumulated Depreciation	Carrying Amt at Beginning of Period	Additions	Transfers	Disposals/ W'downs	Depreciation	Impairment Losses	Revaluation	Carrying Amt at End of Period
Land at Fair Value	4,330,000		4,330,000						(1,945,000)	2,385,000
Freehold Land Improvements	759,699	(109,101)	650,598	95,123	75,304		(47,856)		(140,068)	633,100
Capital Works in Progress	1,059,303		1,059,303	1,457,214	(1,059,303)		-		-	1,457,214
Plant & Machinery	14,573,523	(1,495,171)	13,078,352	2,592,817	584,971	(13,079)	(618,514)		785,847	16,410,393
Buildings	2,566,932	(241,088)	2,325,844	215,433	56,053		(133,227)		637,197	3,101,300
Motor Vehicles	752,110	(129,752)	622,359	177,520		(100,150)	(69,814)		11,798	641,713
Mains & Services	46,724,808	(1,612,204)	45,112,604	570,223	296,071	(1,420)	(825,831)		28,310,531	73,462,178
Meters	4,947,500	(899,726)	4,047,774	290,371	37,642	(35,863)	(494,747)		(1,825,478)	2,019,700
Tools	35,030	(9,422)	25,608				(2,446)		(3,966)	19,196
Office Equipment	241,247	(41,714)	199,533				(23,818)		11,839	187,554
	<b>75,990,152</b>	<b>(4,538,177)</b>	<b>71,451,975</b>	<b>5,398,700</b>	<b>(9,262)</b>	<b>(150,512)</b>	<b>(2,216,253)</b>	<b>0</b>	<b>25,842,700</b>	<b>100,317,348</b>

## Notes to the Financial Statements

as at 30 June 2019

### Initial Recognition

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

### Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land, buildings, infrastructure and all other property, plant and equipment. The assets are independently valued every 3 years. All asset classes were independently revalued by Griffin Valuation Advisory as at 30 June 2019. The valuations were recognised at 30 June 2019.

Land, buildings, infrastructure and all other items of property, plant and equipment are carried at fair value less accumulated depreciation on buildings, infrastructure and other items of property, plant and equipment. Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

### Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

### Significant assumptions and judgements

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

### 4.1.1 Depreciation Expense

	2019 \$	2018 \$
Freehold Land Improvements	47,856	49,787
Plant and Machinery	618,514	593,301
Buildings	133,227	118,779
Motor Vehicles	69,814	66,951
Mains and Services	825,831	808,974
Meters	494,747	469,165
Tools	2,446	2,455
Office Equipment	23,818	22,335
	<u>2,216,253</u>	<u>2,131,747</u>

### Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line basis, at rates that allocate the asset's value over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful Life
Buildings	3 to 40 Years
Land Improvements	2 to 30 Years
Meters	8 to 10 Years
Mains and Services	70 to 80 Years
Motor Vehicles	7 to 20 Years
Office Equipment	2 to 13 Years
Plant	2 to 60 Years
Tools	3 to 16 Years
Land	Not depreciated

The estimated useful lives and depreciation method are reviewed at the end of each annual reporting period and adjustments made where appropriate. Land which is considered to have an indefinite life, are not depreciated.

## Notes to the Financial Statements

as at 30 June 2019

### 4.2 INTANGIBLE ASSETS

	2019 \$	2018 \$
Computer Software		
Gross Carrying Amount	626,926	538,501
Accumulated amortisation	(221,991)	(141,583)
	<u>404,936</u>	<u>396,918</u>
<b>Reconciliations:</b>		
Carrying amount at start of period	396,918	258,239
Additions	88,425	199,690
Amortisation expense	(80,407)	(61,011)
<b>Carrying amount at end of period</b>	<u>404,936</u>	<u>396,918</u>

Total amortisation expense for intangibles for the year is \$80,407 (2018: \$61,011).

#### Initial Recognition

Acquisitions of intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below \$5,000 are immediately expensed directly to the Statement of Comprehensive Income.

#### Computer Software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is immediately expensed directly to the Statement of Comprehensive Income.

#### Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

#### 4.2.1 Amortisation and impairment

	2019 \$	2018 \$
Amortisation Expense	80,407	61,011

As at 30 June 2019 there were no indications of impairment to intangible assets.

BW held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by BW have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for intangible assets are 2 to 13 years.

### 4.3 IMPAIRMENT OF ASSETS

As at the 30 June 2019, there has been no impairment of assets identified.

	2019 \$	2018 \$
Impairment loss	-	24,242

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Agency is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/ amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

## Notes to the Financial Statements

as at 30 June 2019

### 5. Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Busselton Water Corporation's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations.

	Notes
Receivables	5.1
Inventories	5.2
Other current assets	5.3
Payables	5.4
Other liabilities	5.5

#### 5.1 RECEIVABLES

Includes all amounts due to Busselton Water from operations.

	2019 \$	2018 \$
Rates/Std Supply Charge Debtors	883,520	911,231
Excess Water/Consumption Debtors	2,216,494	2,252,716
Deferred Rates/Charges <sup>(a)</sup>	4,360	4,360
Late Payment Penalty	6,191	5,865
Fire Services	15,691	16,513
Settlement Reading Fees	7,146	7,421
Miscellaneous Fees	4,511	3,852
Sundry Debtors	306,623	663,651
GST (Net Receivable from ATO)	110,010	42,707
Miscellaneous Debtors	74,883	151,795
	<u>3,629,429</u>	<u>4,060,111</u>

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment).

The collectability of trade receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that Busselton Water will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

There were no indications of impairment to Receivables.

<sup>(a)</sup> Deferred Rates are those rates that are owed by a property owner but Legislation allows the owner to delay payments until the property is sold.

#### 5.2 INVENTORIES

	2019 \$	2018 \$
Inventories held for distribution (at cost)	498,594	517,292

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being valued on a weighted average cost basis.

#### 5.3 OTHER CURRENT ASSETS

	2019 \$	2018 \$
Prepayments and accrued income	219,125	131,272

Prepayments represents payments in advance of receipt of goods or services or that part of the expenditure made in one accounting period covering a term extending beyond that period.

#### 5.4 PAYABLES

	2019 \$	2018 \$
Trade creditors <sup>(a)</sup>	1,039,778	445,764
Accrued salaries <sup>(b)</sup>	80,163	86,268
Accruals <sup>(c)</sup>	659,382	799,959
	<u>1,779,323</u>	<u>1,331,991</u>

<sup>(a) (c)</sup> Trade creditors and Accruals are recognised at the amounts payable when Busselton Water becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

<sup>(b)</sup> Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. Busselton Water considers the carrying amount of accrued salaries to be equivalent to its fair value.

## Notes to the Financial Statements

as at 30 June 2019

### 5.5 OTHER LIABILITIES

	2019	2018
	\$	\$
Monies in Trust	18,154	25,191
Income in Advance	46,614	42,970
	<u>64,768</u>	<u>68,161</u>

Monies in Trust relates to subdivision design fees and various deposits received on hire items. Income in advance are water debtors with credits on account.

## 6. Financing

This section set out the material balances and disclosures associated with the financing and cashflow of Busselton Water Corporation.

	Notes
Borrowings	6.1
Finance Costs	6.2
Cash and Cash Equivalents	6.3
Commitments	6.4
Non-cancellable operating lease commitments	6.4.1
Capital commitments	6.4.2
Other expenditure commitments	6.4.3

### 6.1 BORROWINGS

	2019	2018
	\$	\$
<u>Current</u>		
Western Australia Treasury Corporation Loan (WATC)	294,088	281,107
<b>Total current</b>	<u>294,088</u>	<u>281,107</u>
<u>Non-Current</u>		
WATC Loan	547,708	841,796
<b>Total Non-current</b>	<u>547,708</u>	<u>841,796</u>

All loans payable are initially recognised at fair value, being the net proceeds received. Subsequent measurement is at amortised cost using the effective interest method. \$281,107 was repaid during the year (2018: \$268,698).

### 6.2 FINANCE COSTS

	2019	2018
	\$	\$
Loan Guarantee Fee	9,861	9,861
Interest Expense	46,204	58,614
	<u>56,065</u>	<u>68,475</u>

Finance costs include a loan guarantee fee and interest expenses incurred in the connection with borrowing of funds from the Western Australia Treasury Corporation (note 6.1).

### 6.3 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

	2019	2018
	\$	\$
Cash and cash equivalents on this account	894,459	860,493
<u>Fixed Term Deposits Held to Maturity</u>		
Reserve Investments	10,400,000	10,450,000
Water Fund Investments	10,000	1,550,000
	<u>10,410,000</u>	<u>12,000,000</u>
Cash and cash equivalents	<u>11,304,459</u>	<u>12,860,493</u>

## Notes to the Financial Statements

as at 30 June 2019

### 6.4 COMMITMENTS

#### 6.4.1 Non-cancellable operating lease commitments

Operating Leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased items.

	2019 \$	2018 \$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	136,202	148,746
Later than 1 year and not later than 5 years	67,763	117,618
Later than 5 years		
	<u>203,965</u>	<u>266,364</u>

#### 6.4.2 Capital commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2019 \$	2018 \$
Within 1 year	516,725	2,314,606
Later than 1 year and not later than 5 years		
Later than 5 years		
	<u>516,725</u>	<u>2,314,606</u>

Figures reported include GST.

#### 6.4.3 Other expenditure commitments

Other expenditure commitments, contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

	2019 \$	2018 \$
Within 1 year	166,774	120,898
	<u>166,774</u>	<u>120,898</u>

#### Judgements made by management in applying accounting policies - operating lease commitments

Busselton Water has entered into a number of operating lease arrangements for office equipment where the lessor effectively retains the entire risks and benefits incident to ownership of the items held under the operating leases. An option exists to extend the term for a further period if required by the Lessee. These leases are of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

### 7. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of Busselton Water Board.

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2
Contingent assets	7.2.1
Contingent liabilities	7.2.2

#### 7.1 FINANCIAL INSTRUMENTS

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2019 \$	2018 \$
<u>Financial Assets</u>		
Cash and cash equivalents	894,459	860,493
Receivables <sup>(a)</sup>	3,519,419	4,017,404
Other Financial Assets	<u>10,410,000</u>	<u>12,000,000</u>
	<u>14,823,878</u>	<u>16,877,897</u>
<u>Financial Liabilities</u>		
Payables	1,779,323	1,331,991
WATC Borrowings	841,796	1,122,903
Other Financial Liabilities	<u>64,768</u>	<u>68,161</u>
	<u>2,685,887</u>	<u>2,523,055</u>

<sup>(a)</sup> The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

#### 7.2 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

##### 7.2.1 Contingent assets

Busselton Water has no contingent assets.

##### 7.2.2 Contingent liabilities

Busselton Water has no contingent liabilities.

## Notes to the Financial Statements

as at 30 June 2019

### 8. Other Disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related parties	8.4
Remuneration of Auditors	8.5
Equity	8.6
Income Tax	8.7

#### 8.1 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred after the reporting date which would have a material effect on the financial statements.

#### 8.2 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

##### AASB 9 Financial Instruments

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurements for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

BW applied AASB 9 prospectively, with an initial application date of 1 January 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, Busselton Water has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in Accumulated surplus/(deficit).

##### (a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: BW's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of BW's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to BW. The following are the changes in the classification of BW's financial assets:

- Receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- Busselton Water did not designate any financial assets as at fair value through P/L.

In summary, upon the adoption of AASB 9, Busselton Water had the following required (or elected) reclassifications as at 1 July 2018:

	AASB 9 category		
AASB 139 category	Amortised Cost (\$)	FV through OCI (\$)	FV through PL (\$)
Receivables <sup>(a)</sup>	\$4,017,404	-	-
	\$4,017,404	-	-

<sup>(a)</sup> The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

##### (b) Impairment

The adoption of AASB 9 has fundamentally changed Busselton Water's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires Busselton Water to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Upon adoption of AASB 9, the effect was not considered to be material, therefore no adjustments were made.

#### 8.3 KEY MANAGEMENT PERSONNEL

Busselton Water has determined that key management personnel include the responsible Minister, board members, and, senior officers of Busselton Water. However, Busselton Water is not obligated to compensate the responsible Minister and therefore disclosures in relation to Ministers' compensation may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Agency for the reporting period are presented within the following bands:

## Notes to the Financial Statements

as at 30 June 2019

### Compensation of members of Busselton Water

Compensation Band	2019	2018
0 - 10,000	2	1
10,001 - 20,000	5	5
20,001 - 30,000	1	1
	\$	\$
<b>Total compensation of members of Busselton Water</b>	<b>98,822</b>	<b>94,928</b>

### Compensation of other senior officers

Compensation Band	2019	2018
10,001 - 20,000		1
20,001 - 30,000		
50,001 - 60,000		
90,001 - 100,000		
130,001 - 140,000		
140,001 - 150,000		
150,001 - 160,000	1	1
160,001 - 170,000		1
170,000 - 180,000	1	
290,001 - 300,000		
320,001 - 330,000		1
380,001 - 390,000	1	
	\$	\$
<b>Total compensation of senior officers</b>	<b>720,561</b>	<b>664,141</b>

Total compensation includes the superannuation expense incurred by Busselton Water in respect of senior officers.

### 8.4 RELATED PARTIES

Busselton Water is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, Busselton Water is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to State.

Related parties of Busselton Water include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly owned public sector entities);
- associates and joint ventures of a wholly owned public sector entity

### Significant transactions with government related entities

	Notes	2019 \$	2018 \$
Income tax Equivalents (NTER)	8.7	1,179,828	1,451,395
Dividends	8.6	1,539,985	1,408,625
Payroll Tax	2.2 & 2.3.2	148,330	143,890
Operating Subsidies	3.2	614,886	523,000
Loan Repayments (WATC)	6.1	281,107	268,698
Insurance		124,748	103,173
Local Government Rates Equivalent	2.2 & 2.3.1	60,069	58,315
Bulk Water Supply Agreement - Water Sales	3.1	320,783	507,666
Bulk Water Supply Agreement - Infrastructure Costs	3.3	745,497	738,400

### Material transactions with other related parties

Busselton Water had no material related party transaction with Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

All other transactions (including general citizen type transactions) between Busselton Water and Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities are not material for disclosure.

## Notes to the Financial Statements

as at 30 June 2019

### 8.5 REMUNERATION OF AUDITORS

Remuneration paid or payable to the Auditor General in respect to the audit for the current financial year is as follows:

	2019 \$	2018 \$
Auditing the accounts, financial statements, and controls	38,773	38,200
	<u>38,773</u>	<u>38,200</u>

### 8.6 EQUITY

The Government holds the equity interest in Busselton Water on behalf of the community. Equity represents the residual interest in the net assets of Busselton Water. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

#### General Reserve Fund

	2019 \$	2018 \$
Balance at start of period	13,379,026	11,858,009
Less: Transfers to Retained Profits	(4,237,954)	(1,481,826)
Add: Transfers from Retained Profits	1,919,729	3,002,843
Balance at end of period	<u>11,060,801</u>	<u>13,379,026</u>

#### Dividends

Dividends are recognised as a liability in the period in which they are declared. Dividends are calculated with respect to 75% of net profit of the Corporation for the financial year after first taking into account any amounts payable to the Treasurer for payment of amount in lieu of rates and exclusion of developer hand-over assets.

The following dividends were declared and paid by the Corporation for the year ended 30 June 2018.

	2019 \$	2018 \$
Final dividend payment for the prior year	1,539,985	1,408,625
	<u>1,539,985</u>	<u>1,408,625</u>

After 30 June 2019, the Directors proposed a final dividend payment of \$1,017,242 for the 2019 year, payable on or before 31 December 2019. The dividend has been calculated at 85% of net profit and has not been provided for and there are no tax consequences.

#### Asset Revaluation Reserve Fund

	2019 \$	2018 \$
Balance at start of period	<u>34,863,042</u>	<u>33,690,532</u>
<b>Net revaluation increments/(decrements)</b>		
Land	(1,945,000)	
Deferred Tax Land	534,875	73,659
Land improvements	(140,068)	
Deferred Tax Land Improvements	45,447	15,341
Plant and Machinery	785,847	
Deferred Tax Plant and Machinery	(232,292)	(41,499)
Buildings	637,197	
Deferred Tax Buildings	(213,251)	85,216
Motor Vehicles	11,798	
Deferred Tax Motor Vehicles	7,099	9,929
Mains and Services	28,310,531	
Deferred Tax Mains and Services	(7,678,533)	902,858
Meters	(1,825,477)	
Deferred Tax Meters	616,171	112,959
Tools	(3,966)	
Deferred Tax Tools	30	(69)
Office Equipment	11,839	
Deferred Tax Office Equipment	(44,668)	(4,854)
Deferred Tax Low Value Pool	(34,653)	18,970
Deferred income tax	<u>18,842,926</u>	<u>1,172,510</u>
Balance at end of period	<u>53,705,968</u>	<u>34,863,042</u>

#### Retained Earnings

	2019 \$	2018 \$
Balance at Start of Period	26,039,350	25,537,797
Result for the Period	2,678,270	3,431,195
Add Transfers From Reserves	4,237,954	1,481,826
Less Transfers to Reserves	(1,919,729)	(3,002,843)
Dividends Paid	(1,539,985)	(1,408,625)
Balance at End of Period	<u>29,495,860</u>	<u>26,039,350</u>

## Notes to the Financial Statements

as at 30 June 2019

## 8.7 INCOME TAX

Income tax Equivalents

	2019 \$	2018 \$
(a) Income Tax Expense		
<i>Current income</i>		
Current income tax charge	1,206,514	1,450,006
Adjustments in respect of current income tax of previous years		
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(26,686)	1,389
Total Income tax expense	<u>1,179,828</u>	<u>1,451,395</u>
(b) Amounts recognised in other comprehensive income		
<i>Deferred income tax</i>		
Unrealised gain on available for sale financial assets	6,999,777	1,172,510
Income tax benefit recognised in other comprehensive income	<u>6,999,777</u>	<u>1,172,510</u>
(c) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax equivalents	3,858,098	4,882,590
Tax at the statutory income tax rate of 27.5% (2018: 27.5%)	1,060,977	1,342,712
Under (over) provisions in prior periods	-	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	118,851	108,683
Total Income Tax Expense	<u>1,179,828</u>	<u>1,451,395</u>

(d) *Deferred Income Tax*

	Statement of Financial Position		Statement of Comprehensive Income	
	2019 \$	2018 \$	2019 \$	2018 \$
<u>Deferred income tax assets</u>				
Provisions - employee benefits	284,788	266,341	(18,447)	12,133
Accrued Superannuation	2,366	2,448	82	(229)
Prepaid expenses	(3,833)	(3,432)	401	(149)
Gross deferred income tax assets	<u>283,321</u>	<u>265,357</u>		
<u>Deferred income tax liabilities</u>				
Revaluation of land, property, plant and equipment	18,807,024	11,807,247	6,999,777	(1,172,510)
Interest receivable	20,559	29,281	(8,722)	(10,366)
Gross deferred income tax liabilities	<u>18,827,583</u>	<u>11,836,528</u>		
Net deferred income tax liabilities	<u>18,544,262</u>	<u>11,571,171</u>		
Deferred income tax expense			<u>6,973,091</u>	<u>(1,171,121)</u>

Busselton Water operates within the national tax equivalent regime (NTER) whereby an equivalent amount in respect of income tax is payable to the Department of Treasury. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, Busselton Water is required to comply with AASB 112 'Income Taxes'.

The income tax expense equivalent, or income for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred income tax equivalents are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.





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