



BUSSELTON WATER

**STATEMENT OF
CORPORATE
INTENT 2019-20**

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FROM OUR CHAIR AND MANAGING DIRECTOR

This *Statement of Corporate Intent* (SCI) provides direction for our business through clear objectives and performance targets for 2019.

As an organisation, we strive to deliver water services safely, sustainably, commercially and in collaboration with our customers and key stakeholders.

Our vision is to provide excellence and leadership in the provision of these water services – underpinned by our values of integrity, respect and courage, which are very important to us and guide the way we do business.

Strategic plans for each of our eight strategic priorities bring together all strategies across the business and form the basis of this SCI.

These are:

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

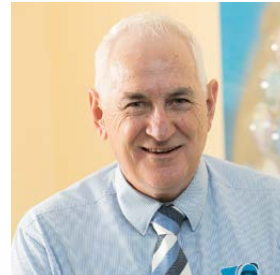
We measure our success by the performance outcomes we achieve across these strategic priorities and our financial performance.

In 2019-20 we anticipate a profit after tax of \$1.4 million, a net accrual to Government of \$1.5 million and completion of a \$2.9 million asset investment program.



A blue ink signature of Helen Shervington.

Helen Shervington
Chair



A blue ink signature of Chris Elliott.

Chris Elliott
Managing Director



OUR BUSINESS

Established in 1906, Busselton Water is a local water corporation that shares a 113-year history and culture with our community. We provide potable water services to Busselton and bulk water supplies to the neighbouring town of Dunsborough.

Established by the *Water Corporations Act 1995* in 2013, Busselton Water is owned by the Western Australian Government and accountable to our sole shareholder, the Minister for Water.

Our operating licence is issued by the Economic Regulation Authority and defines our current licence area.

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

Our water is sourced from the Yarragadee and Leederville aquifers, which provide high quality groundwater, with abstraction regulated through licences issued by the Department of Water and Environmental Regulation.

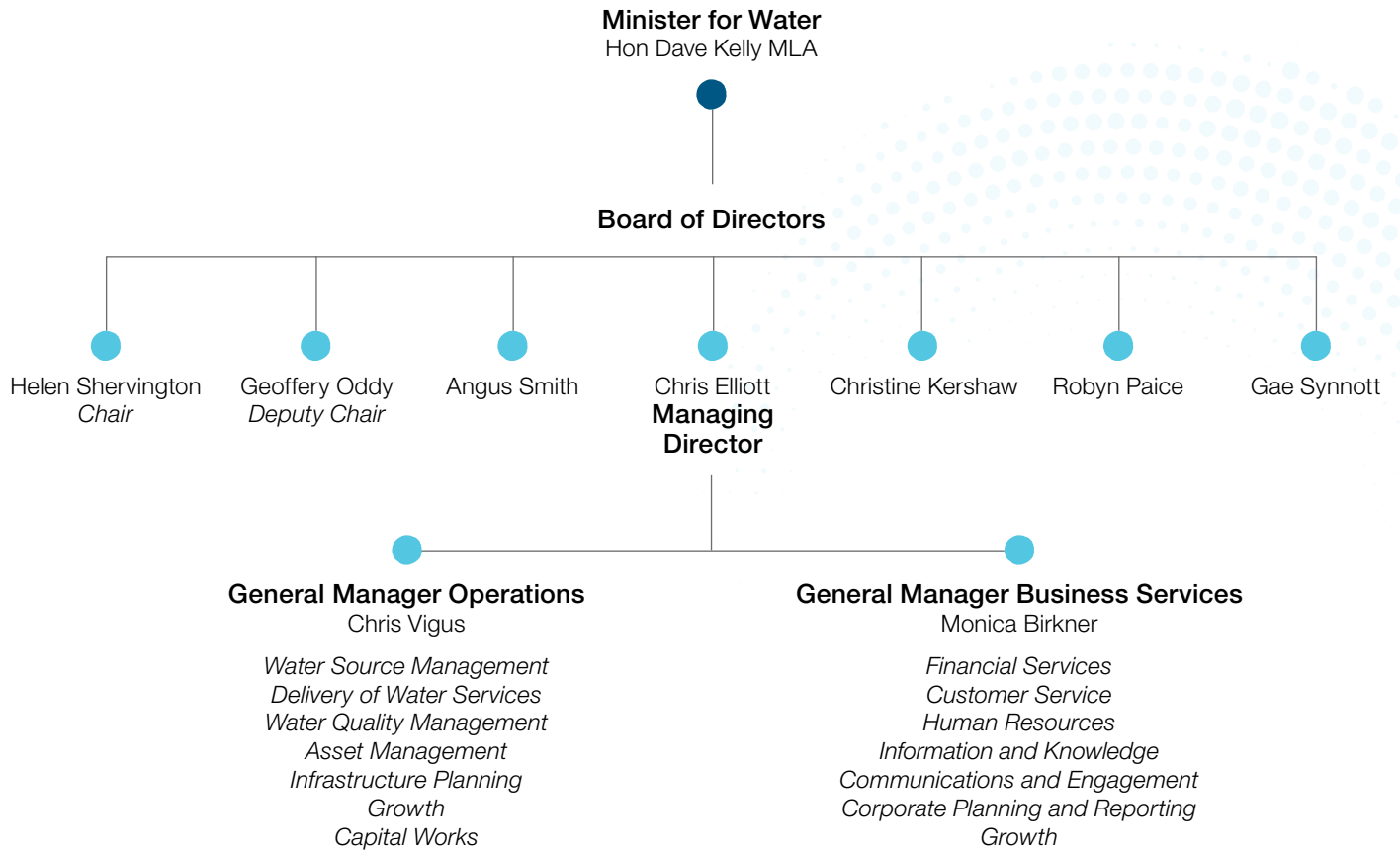
The raw groundwater has turbidity and iron concentrations above the aesthetic drinking water guideline limits, so these are removed by oxidation and filtration processes at Busselton Water's treatment plants. The water is also disinfected using chlorine before being distributed through our network to customers.

OUR OPERATING AREA

Our operating licence (WL 3, Version 7) authorises Busselton Water to provide potable water supply services.



OUR STRUCTURE



OUR VISION, PURPOSE AND VALUES

OUR VISION

Excellence and leadership in the provision of all water services.

vision

OUR PURPOSE

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

purpose


OUR VALUES

Our values are very important to us and describe the way we do business.

*Integrity • Respect • Courage
Excellence • Health and wellbeing*

values

OUR STRATEGIC PRIORITIES



Our eight areas of strategic priority support our vision and purpose:

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

Our strategic priorities guide our actions and target our key opportunities and challenges, with each priority area supported by its own strategic plan.

STRATEGIC PRIORITY: Leadership

We are committed to:

Developing and using leadership concepts, business processes and management systems, to developing an organisational culture that is consistent with our values and to supporting our community and environment.

In 2019-20 we will:

- implement our 2019-20 Audit Program;
- create value for our community through our Community Partnership Program;
- deliver our Water Use Efficiency Plan;
- deliver our Energy Efficiency Plan;
- progress development of our Environmental Management System; and
- deliver our Waste Management Plan.

STRATEGIC PRIORITY: Strategy and Planning

We are committed to:

Establishing systems to set strategic direction (where we have come from, where we are going and how we will get there) and deploying plans to achieve our strategies.

In 2019-20 we will:

- implement the 2019-20 cycle of the Strategic Planning Process; and
- prepare an adoption plan for Government Trading Enterprise (GTE) Reform Project outcomes.

STRATEGIC PRIORITY: Information and Knowledge

We are committed to:

The effective application of the information and knowledge required to achieve our business objectives and the need for efficient and effective processes to acquire, analyse, apply and manage the information and knowledge.

In 2019-20 we will:

- implement the new information, communication and technology (ICT) program;
- continue the development of our Intelligent Water Network (IWN) through meter and sensor trials;
- implement the Digital Policy and security audit; and
- review our record-keeping plan.

OUR STRATEGIC PRIORITIES

STRATEGIC PRIORITY: People

We are committed to:

Valuing our people and creating a great place to work; attracting the right people, developing their skills, engaging them and retaining them; establishing appropriate policies, systems, processes and tools that ensure people are engaged and make a meaningful contribution to organisational improvement, goals and success.

In 2019-20 we will:

- enhance our workforce and succession plans;
- provide leadership coaching and development for our leaders;
- introduce online recruitment;
- establish a 2020 Enterprise Agreement; and
- continue our occupational safety and health improvement plans based on WorkSafe and Industrial Foundation for Accident Prevention (IFAP) assessments.

STRATEGIC PRIORITY: Customers and Other Stakeholders

We are committed to:

Analysing our customer and other stakeholder requirements, using this knowledge and managing our relationships to deliver increasing value to customers and other stakeholders.

In 2019-20 we will:

- continue to develop our online portal to improve customer access to data and information and better understand water services and usage;
- strengthen our social media presence, including increasing the uptake of digital communications and engagement with key stakeholders, including the community; and
- develop customer journey maps to identify improvement opportunities.

STRATEGIC PRIORITY: Process Management, Improvement and Innovation

We are committed to:

Supply value to stakeholders through our processes and to encourage innovation and improvement to our processes and, therefore improve the quality of its outputs.

In 2019-20 we will:

- implement process improvement plans for our Tier 1 processes, namely Drinking Water Quality, Asset Management and Financial Management;
- undertake a triennial operating licence audit and asset management review;
- establish an annual innovation workshop and supporting processes; and
- apply our innovation matrix to selected processes and activities.

STRATEGIC PRIORITY: Results and Sustainable Performance

We are committed to:

Achieving excellent results and using effective methods to monitor and demonstrate performance and review and improve performance.

In 2019-20 we will:

- deliver all reporting framework requirements;
- review all key performance indicators; and
- undertake an organisational capability assessment.

STRATEGIC PRIORITY: Growth

We are committed to:

Growing our business by expanding and diversifying our existing water services.

In 2019-20 we will:

- undertake scenario planning to assess impacts of high and low growth; and
- meet projected water supply service growth for the Busselton Water Scheme.

ASSET INVESTMENT PROGRAM (AIP)

The following AIP is planned to be executed in 2019-20.

Description and Purpose	2019-20 (\$'000)
Business as usual programs	
Building, land and land improvements	439
Connections and meters	442
Mains and services	554
Office equipment	265
Mobile plant and other purchases	187
Treatment plants	969
Total AIP	2,856

KEY ASSUMPTIONS AND NOTES

Growth

Busselton Water has carefully reviewed population projections for the review period and also considered available planning information related to growth in water services. This information has been taken into account in the development of this Statement.

Investment interest rates

Projections are based on an annual interest rate of 2.56% throughout the term of this Statement.

Consumer Price Index (CPI)

Projections are based on a 2.00% CPI increase throughout the term of this Statement.

Accounting policy

Details of significant accounting policies can be found in the notes accompanying the financial statements in our 2017-18 Annual Report.

Busselton Water's financial statements are prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings and infrastructure which have been measured at fair value. They are prepared in accordance with the *Water Corporations Act 1995* and Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB).

Borrowings

No new borrowings are proposed in 2019-20.

Dividend policy

Dividends will be considered in accordance with the *Water Corporations Act 1995*, Part 5, Division 2, section 79. In line with Government requirement, the dividend rate used in this plan is 85%.

Operating subsidies

An operating subsidy is an obligation to perform functions which are not in the commercial interests of the corporation. Busselton Water provides these services and is compensated by the Government for the shortfall between customer revenue and the cost of providing the services.

Reporting to the Minister

Reports which monitor our key performance outcomes against the targets outlined within this Statement, along with information on our financial performance, are provided to the Minister on a quarterly basis.

In addition, the Board and Managing Director advise the Minister of any significant variations in the performance of Busselton Water. Reporting of operational performance to authorities and departments of Government occurs in addition to this reporting to the Minister. An Annual Report is provided to the Minister within the timeframe specified by the *Water Corporations Act 1995*.

Copies of Busselton Water's major public documents including the Annual Report and Quarterly Performance Reports can be accessed at busseltonwater.wa.gov.au.

GTE efficiency dividends

Busselton Water's Net Debt Reduction target for 2019-20 is incorporated in the budget.

Government wage policy

The public sector wages policy of \$1,000 per annum and a freeze on executive remuneration has been adhered to in the formation of the 2019-20 financial forecast.

Aboriginal procurement policy

Busselton Water has adhered to the Aboriginal procurement policy as implemented on the 1st July 2018 and is identified in our procurement processes.

OUR FINANCIAL FORECAST

Financial Performance		2019-20 budgeted
WATER TARIFFS (%)		
Residential		2.50
Commercial		2.50
FINANCIAL RESULTS (\$m)		
Operating Profit before Income Tax		2.17
Operating Profit after Income Tax		1.39
Loan Principal Repaid		0.29
Capital Expenditure		2.86
NET ACCRUALS TO GOVERNMENT (\$'000s)		
Income Tax Equivalents (NTER)		784.49
Local Government Rate Equivalents		60.79
Dividends Provided		1,187.27
Total Accruals to Government		2,032.55
Less Payments from Government (Operating Subsidies)		566.22
NET ACCRUALS TO GOVERNMENT		1,466.33

OUR KEY PERFORMANCE OUTCOMES

Target Area	Measure	2019-20 Target
Leadership	Residential water consumption per person (goal 100kL/ person by 2030)	112
Strategy and Planning	SDP and SCI submitted to Minister	Meet 30 April deadline annually
Information and Knowledge	Information and knowledge index	>95%
People	People index	>95%
	WorkSafe and IFAP assessments	≥ Gold level
Customer and Other Stakeholders	Number of complaints/1000 customers	<10
Process Management, Improvement and Innovation	Business excellence index	>4
Results and Sustainable Performance	Drinking water quality compliance with health standards	100%
Growth	New water services	100



1 Fairbairn Road
Busselton WA 6280

PO Box 57
Busselton WA 6280

+61 (8) 9781 0500
admin@busseltonwater.wa.gov.au
busseltonwater.wa.gov.au

 [/busselton.water](https://www.linkedin.com/company/busseltonwater)

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