



2022 Annual Report









To the Hon Dave Kelly MLAMinister 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 2022.

Busselton Water Annual Report 2022

This report is a review of our performance for the financial year ending 30 June 2022. 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.

Dr Robyn Paice

Chair

Busselton Water Corporation

Chris Elliott

Managing Director

Busselton Water Corporation

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Our year at a glance



OUR WATER

6.06 billion litres of groundwater extracted

5.97 billion litres of drinking water supplied

105.55kL per person per year residential water use

> **100%** water health quality





OUR ASSETS

3 local water treatment plants

9 bores

3.8km new pipeline

345.3km total pipeline network

5 storage tanks



OUR PEOPLE

33 employees 7 years no lost time injury 580 hours of training



OUR COMMUNITY

226 new customer connections

14,491 total customers

4 new community partnerships



OUR CONTRIBUTION

\$3.88m profit before tax

\$14.63m revenue

\$0.42m returned to Government by way of net accruals

> **\$1.96m** capital investment

Highlights



RECORD PRODUCTION

We produced a record 5.97GL of drinking water, achieving 100 per cent compliance with drinking water quality health standards.



CAPITAL WORKS

We extended our network by 3.8 kilometres and invested \$1.96 million in capital works to ensure our mains, bores and pumps were efficient and able to meet the demand of our growing region.



INFRASTRUCTURE PLANNING

In response to climate change and growth, we commenced planning and approvals for a new bore and water treatment plant which will be part of an inland borefield development that will cater for future demand of our region.



We supported our regional community – investing in four community partnerships, continuing our support for local domestic violence services, and providing 3,770 of our customers with concessions and exemptions.



SAFETY FIRST

We maintained our WorkSafe Platinum status and reached a remarkable seven years no Lost Time Injury.



CLIMATE CHANGE AWARENESS

We embarked on an important community information and education campaign to build our customers' water literacy and understanding about the impacts of climate change on the water network.



RAP DEVELOPMENT

We completed our 'Reflect' level Reconciliation Action Plan, which received conditional endorsement from Reconciliation Australia.



WATERWISE TOOLS

We launched the Busselton Water Home Water Calculator - a dynamic new website tool that supports customers to better understand, track and save water in the home.





CYBER RISK MANAGEMENT

We extended our digital knowledge and capacity, becoming the first water utility in Australia to take part in a pilot program aimed at countering cyber criminals and building cyber security capacity.



From the Chair

I am pleased to present our Annual Report for the year ending 30 June 2022.

For more than 115 years, Busselton Water has supplied safe, sustainable and affordable water of the highest quality to the Busselton community. It is a legacy we are proud to continue as we grow and develop alongside our expanding region.

Reflecting the population growth trends in the South West, our customer base increased in 2021-22, with 226 new customers connected to our network.

More than 40,000 people now call our region home, with this growth set to continue over the next 30 years and beyond. Recognising that our primary responsibility as a regional water provider is to maintain the supply of fresh, high-quality drinking water to our community as it grows, we embarked on the planning and approvals for critical new infrastructure.

The new inland bore and water treatment plant will future-proof our drinking water supply for future generations and will be an essential part of overcoming the impacts of climate change on our water system, while also creating new opportunities in renewable energy, workplace safety and efficiency.

We were also pleased to complete our Reflect level Reconciliation Action Plan this year, which establishes our intention and approach to creating a deeper connection with the Wadandi People. Water is an integral part of First Nations' culture and there is much we can learn from the history, connection and values of the Wadandi Custodians to help support, protect and sustain our valuable water resources.

Our community will always be at our heart. This year, we were proud to continue our Community Investment Program in support of local community groups. We also strengthened our commitment to those experiencing family and domestic violence, providing support for our most vulnerable customers.

Managing our region's water supply is an important and complex responsibility. Chris Elliott and his team are to be commended for their impressive efforts and achievements this year, despite the enduring effects of the pandemic. On behalf of the Board and staff, I would like to thank outgoing Chair Helen Shervington and longstanding Directors Geoffery Oddy and Angus Smith for their enormous contribution to Busselton Water over many years and during a time of unprecedented growth and change.

I would also like to acknowledge my fellow Directors, whose professionalism and dedication continues to inspire and whose vision and leadership underpins the success of our organisation. I look forward with excitement to the year ahead.

Dr Robyn Paice

Chair

From the Managing Director

2021-22 saw Busselton Water continue its high quality service delivery to customers and build operational efficiencies, while also laying the foundations for a secure water future.

Our business achieved strong positive results in 2021-22, both in terms of financial returns and compliance with all required standards and benchmarks for health and water quality.

We produced a record 5.97GL of high quality drinking water which was, once again, 100 per cent compliant with all health requirements of the Australian Drinking Water Guidelines.

We also invested \$1.96 million in capital works to increase the efficiency, security and longevity of our network of bores, treatment plans and distribution pipelines and ensure reliable supply to our customers. A highlight of our works program was the upgrading of delivery pump sets to more efficient units with greater capacity.

We commenced the planning of new infrastructure for an inland borefield development that will cater for the region's growing demand whilst also managing the impending issue of saltwater intrusion caused by climate change on our water abstraction.

We also commenced a comprehensive customer education and information campaign to build community water literacy. Building greater understanding of our water source. how our water network works, and the challenges we face is fundamental to our water efficiency program and paramount to combating the effects of climate change on our water supply.

Operationally, we continued to successfully navigate the COVID-19 pandemic and maintained uninterrupted service to our customers. Our customer complaints remained very low and we successfully adopted a suite of new online customer services including a home water calculator and self-service kiosk.

We pride ourselves on the support and development of our workforce. We proudly maintained our unrivalled safety record in 2021-22 - cementing our WorkSafe Platinum status and reaching seven years of no Lost Time Injury. Our uncompromising safety culture is now firmly embedded across our organisation,

supported by 580 hours of staff training across the year in a range of priority areas.

We were also proud to be the first water organisation in Australia to take part in a new cyber defence pilot program that has provided new and important insights in this area.

This year's strong results demonstrate the resilience and significant capabilities of our committed team. Our people are the essence of our success and I thank them for their continued effort and support.

I would also like to welcome our new Chair, Dr Robyn Paice, new members Robin Belford and Jane Sparkes and acknowledge our Board of Directors for their ongoing guidance and support.

Chris Elliott Managing Director





Our business

Busselton Water is a local water provider based in Busselton, a major regional centre 220 kilometres south of Perth. We have proudly provided safe, sustainable and affordable water to our community and its surrounds since 1906.

We are owned by the Western Australian Government and accountable to its sole shareholder, the Honourable Dave Kelly MLA, Minister for Water.

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 10) is issued by the Economic Regulation Authority under the Water Services Act 2012 and is valid until 1 June 2046. It authorises Busselton Water to provide potable water supply services to the area shown on the adjacent map.

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



Our services

Our managed network comprises of three water treatment plants, nine bores and more than 345 kilometres of pipeline, through which we supply high quality drinking water to a regional population of more than 40,000 people. As one of the State's most popular tourist locations, demand also spikes significantly during peak holiday periods.

We service 14,491 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 3,770 residential customers with pensioner and senior 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

Our groundwater abstraction is regulated by licences issued by the Department of Water and Environmental Regulation.

The majority of Busselton Water's raw groundwater is drawn from the Yarragadee aquifer, a major freshwater resource for the South West region. A smaller amount of water also abstracted from the base of the shallower Leederville aquifer.

We filter and treat the raw groundwater at our local treatment plants to remove impurities and disinfect it – ensuring it meets Australian Drinking Water Guidelines – before distributing the water to our customers.

Our stakeholders

As a local provider, 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 contractors, consultants and suppliers

We use a range of contractors, consultants and suppliers who support and enable our workforce to deliver services effectively and efficiently. Our tendering and contracting arrangements are comprehensive and range from panel contracts over several years to short term assignments to meet specific needs.



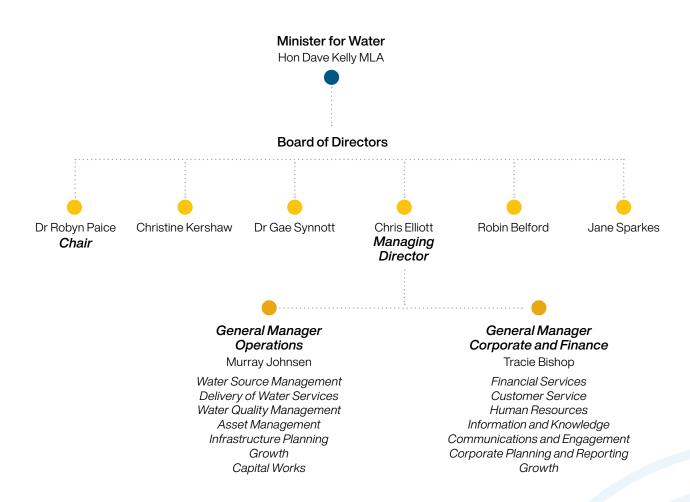
Our corporate structure

Our core business activities are divided into two distinct streams – Operations, and Corporate and Finance – 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.

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

Busselton Water employs 33 team members, comprising 28 full-time employees, two part-time employees and three casual employees. Busselton Water also engages external support and expertise as required.



Our Board



Dr Robyn Paice BSc (Hons), PhD Chair

Appointed to the Board in September 2018 and Chair from June 2022. 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 2024.



Christine Kershaw BA, GradDipEd

Christine Kershaw is a trainer and consultant with a background in urban and regional development and environmental management. Ms Kershaw is Chair of Cape Naturaliste College, former Chair of South West Catchment Council, a former Regional Landcare Facilitator and Steering Committee member, and Regional Development Australia (South West) Board member. She was appointed to the Board in 2017 and has been a member of the Audit Committee since 2018. Ms Kershaw's term expires in May 2023.



Dr Gae Synnott BA, MBA, PhD

Appointed to the Board in September 2018, Dr Gae Synnott brings extensive experience as a management and communications professional. 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 notfor-profit organisation Forrest Personnel. Dr Synnott's term expires in May 2024.



Chris Elliott BE (Hons), GDip Bus, MBA, MIE Aust, CPEng

Chris Elliott was appointed as Busselton Water's Chief Executive Officer in 2013 and joined the Board in September 2018 as Managing Director. Under Mr Elliott's leadership, Busselton Water successfully transitioned through corporatisation to become a Government Trading Enterprise and has achieved a range of business successes and innovations. With a passion for business excellence, Mr Elliott brings private and public sector experience and extensive knowledge of the water industry to the Board.



Jane Sparkes B.Bus CA

Jane Sparkes is Director and Partner of local accounting firm, STA Accountants and has more than 20 years of accounting and advisory experience. Appointed to the Board in 2022, Mrs Sparkes has expertise in business structures, budgeting and forecasting, high level analysis of business performance and benchmarking of businesses. She also offers extensive business and industry networks across the South West, particularly within the agriculture sector. Ms Sparkes' term expires in May 2025.



Robin Belford BEng, GDip Eng, GDip Sci, MIE Aust, CP Eng

Robin Belford has extensive engineering and management experience within the water and construction industries within both the private and public sectors. He possesses a deep understanding of the water sector, and has particular experience and expertise in water supply, water quality and asset management. Appointed to the Board in 2022, Mr Belford is passionate about the delivery of sustainable public water services. Mr Belford's term expires in May 2025.

Our Executive



Chris Elliott BE (Hons), GDip Bus, MBA, 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. Mr Elliott is a member of the Busselton Water Board. In 2020, he was the Western Australian Water Professional of the Year, and was a national finalist for the Australian Water Association award in 2021.



Murray Johnsen BE (Civil), MIE Aust, CPEng, NER, GAICD General Manager Operations

Murray Johnsen joined Busselton Water in 2018 bringing more than 40 years of engineering management and operational experience in the water industry across metropolitan, regional and remote areas of Western Australia. He is a Chartered Professional Engineer with senior leadership skills in the delivery of water, wastewater, irrigation and drainage services. His experience also extends to optimising operational performance and building and maintaining high calibre, motivated and effective teams.



Tracie Bishop BBA, CPA General Manager Corporate and Finance

Tracie Bishop joined Busselton Water in 2020, bringing extensive experience in local government and the private sector, predominantly in roles with a strong focus on finance and management. She is a Certified Practising Accountant with particular strengths in strategy and integrated planning, finance, governance, human resources, occupational health and safety, and environmental compliance. A proven leader, Ms Bishop previously held a senior management role for a regional shire, overseeing its corporate and community services division.



Key business results

Busselton Water excelled in its corporate performance in 2021-22.

To support regional growth and meet current and future demand, Busselton Water invested \$1.96 million in capital works during the year.

Water production achieved a record annual high of 5.97GL in 2021-22, including a record monthly high of 839,484kL in January. Despite the strong demand, our water treatment capacity and distribution network were managed effectively and we maintained full supply to customers.

We achieved 100 per cent compliance with drinking water quality health standards and in 2021-22 reached 10 years without any thermophilic Naegleria detection in the water distribution system.

Our financial results also reflect our ability to meet customer requirements and service expectations while maintaining exceptional operational efficiencies. This period, Busselton Water achieved a profit before tax of \$3.88 million and revenue of \$14.64 million (from \$13.77 million in 2020-21).

Our water sales generated \$11.39 million in revenue in 2021-22 (\$10.79 million 2020-21).

A further \$3.25 million in revenue (\$2.98 million in 2020-21) was received from developer contributions, operating subsidies, interest on investments and other miscellaneous income.

Operating expenditure in 2021-22 was \$10.75 million.

Net accruals to Government

Accruals paid to the State Government included:

- a National Taxation Equivalent Return (NTER) payment equivalent of \$1.12 million; and
- \$0.64 million being the equivalent of local government rates.

Payment received from the State Government is an operating subsidy of \$0.76 million for the provision of rebates to eligible pensioners and seniors within our community.

The Net Accrual to State Government when taking into account accruals paid, less the operating subsidy, is a payment of \$0.42 million.

Debt and borrowings

Our capital program in 2021-22 was self-funded and no additional borrowings were required.

Investing in assets

Capital expenditure for the period was \$1.96 million, invested across key projects and activities including:

- commencing Stage 1 pre-work studies, investigations and approvals for the Inland Borefield Transition (Plant 8) Project, our most significant capital project;
- upgrading various bore and delivery pump sets to improve efficiency and ensure critical spares are in place;
- commencing a project to increase the capacity of Water Treatment Plant 2 to cater for growth and improve the flood protection of our assets; and
- completing a diverse range of small projects to sustain the capability and reliability of the distribution network, water treatment plants, equipment and buildings.

A significant number of projects were delayed, due to ongoing COVID-19-related impacts, including equipment availability, material deliveries, labour availability and other supply chain issues. Projects were reassessed and reprioritised with a focus on maintaining business continuity with those not completed being assessed for carry-over to the next financial year.

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 2021-22 for the delivery of services included pipelines, directional drilling and security fencing.

Our key performance outcomes

Strategic priority / outcome	2021-22 Target	2021-22 Actual	Result				
Leadership							
Residential water efficiency target kL/pp/year	110	105.55	On target				
Energy efficiency monthly production (rolling year) kWh/kL	≤ 0.6	0.59	On target				
Strategy and Planning							
SCI and SDP submitted to Minister	Meet 30 April deadline	Draft submitted to Minister 29 April 2022	On target				
Information and Knowledge							
Information and Knowledge Index	4	4	On target				
People							
People Index	4	3.4	Slightly below target				
WorkSafe	≥ Gold level	Platinum level	On target				
Customer and Other Stakeholders							
Number of complaints per 1000 customers (rolling year average)	<10	1.3	On target				
Process Management, Improvement and Innovation							
Business Excellence Index	5 by EOFY	5	On target				
Results and Sustainable Performance							
Drinking water quality compliance with health standards	100%	100%	On target				
Growth							
Number of new water services	100	226	On target				

Our People Index is slightly below target due to higher than usual staff turnover resulting from retirements and other departures. All other performance outcomes are on target for 2021-22.

Our financial results

Financial results (\$m)	2021-22 budgeted	2021-22 revised budget	2021-22 actual	Variance			
Operating profit before income tax	1.28	1.19	3.88	2.69			
Operating profit after income tax	0.73	0.64	2.89	2.25			
Loan principal repaid	0.24	0.24	0.24	0.00			
Capital expenditure	3.8	3.80	1.96	(1.84)			
Net accruals to Government (\$'000s)							
Income tax equivalents (NTER)	551	552	1,121.61	569.61			
Local Government rate equivalents	61	61	63.97	2.97			
Dividends provided	1,125	-	-	-			
Total accruals to Government	1,737	613	1,185.58	572.58			
Less: Payments from Governments (Operating subsidies)	761	761	761	0.00			
NET ACCRUALS TO GOVERNMENT	976	(148)	424.58	572.58			
Financial performance measures (%)							
Return on fixed assets	0.76	0.63	2.87	2.24			
Return on equity	0.82	0.65	2.81	2.16			
Debt to equity ratio	-	-	-	-			
Debt to total assets ratio	-	-	-	-			

Management trends

Key performance Indicator	2017-18	2018-19	2019-20	2020-21	2021-22
Properties served (% per km of water mains)	40.5	40.7	41.4	41.8	42.0
Average annual residential water supplied (kl/Property)	269.0	265.0	261.0	257.5	263.9
Total number of water main breaks	32	30	25	27	18
Water main breaks (per 100 km of water main)	9.8	9.1	7.5	7.9	5.2
Total number of water quality complaints (per 1,000 properties)	1.3	1.1	1.8	1.2	1.0
Total number of water service complaints (per 1,000 properties)	0.5	0.5	0.3	0.1	0.1
Total number of account and billing complaints (per 1,000 properties)	0.3	0.4	0.5	0.3	0.2
Duration of unplanned water interruption (average minutes)	93.8	66.3	147.6	130.0	37.9
Incidence of unplanned water interruptions (average per 1,000 properties)	328.4	354.9	450.9	354.7	227.7
Economic real rate of return (% net water revenue/written down value of water assets)	6.5	3.5	1.5	6.4	6.6
Lost time injury frequency rate (LTI per million hours)	0.0	0.0	0.0	0.0	0.0
Lost time injury incidence rate (LTI per 100 workers)	0.0	0.0	0.0	0.0	0.0
% return on weighted balance of investments target AusBond Bank Bill (0.013%)	2.57	2.63	1.57	0.65	0.52

Properties served per kilometre of water main provides information on the spatial density of properties served, This year's

outcome of 42 is comprised of infill plus frontal sub-division development – an indication of ongoing increasing density

of development in the region. High levels of building activity continued this period despite the impacts of COVID-19.

Our average annual residential water supply was 264kL per property. While this is higher than the previous year, it is noted that the summer period was drier in 2021-22. Additionally, visitors to the region were at record-high numbers which has also impacted water use this period.

The total number of water main breaks this year was 18 (down from 27 the previous year), equating to 5.2 water main breaks per 100 kilometres of water main. This is a good result and evidence of the success of our mains replacement program. We use data obtained from main breaks to identify causes and prioritise future asset refurbishment and replacement works.

The number of water quality complaints remained very low at one complaint per 1,000 properties. The number of water service complaints and account billing complaints also remained very low at 0.1 and 0.2 complaints per 1,000 properties respectively. Water quality monitoring is diligently undertaken to ensure compliance with the Australian Drinking Water Guidelines and potential issues can be averted when any adverse quality trends are identified.

The average duration of unplanned water interruptions decreased to 37.9

minutes per outage (from 130 minutes in 2020-21), reflecting improved planning and response by field staff. Mobile data information to and from field staff plus continual improvement of field maintenance equipment has been a focus this year.

The rate of unplanned water interruptions decreased during the period to 227.7 per 1,000 properties, continuing a very positive trend over the past three years.

Higher profits due to developer contributions has in turn increased profit which has created a higher Economic Real Rate of Return.

The lost time injury frequency rate (LTIFR) was maintained at zero for the entire year. Busselton Water's last lost time injury (LTI) was in July 2015. This sustained effort is attributed to an ongoing business wide focus on workplace health and safety. Staff are continually updated and involved in safety initiatives and a recent example is the implementation of the new Work Health and Safety legislation.

Busselton Water assesses its investment performance against the AusBond Bank Bill. Busselton Water achieved a performance of 0.52%, which was better than the AusBond Bank Bill (BAUBIL) (of 0.13%).



Leadership and governance

Governance

Busselton Water's Board Charter, which serves as our Governance Manual, describes how we discharge our functions, roles and responsibilities as defined in the *Water Corporations Act 1995*. It sets the framework to achieve best practice standards consistent with the Australian Institute of Company Directors' Guiding Principles of Good Governance and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

During 2021-22 we:

- refreshed our policy framework to ensure a clear line of sight between business objectives and policies;
- completed a review of all policies as follows:
 - Leadership;
 - Governance;
 - Risk Management;
 - Environmental Management;
 - Fraud Control;
 - Strategy and Planning;
 - Information and Knowledge;
 - Cyber Security;

- Records Management;
- People:
- Health, Safety and Wellbeing;
- Customers and Other Stakeholders:
- Land Development;
- Process Management, Improvement and Innovation;
- Drinking Water Quality;
- Asset Management;
- Financial Management;
- Results and Sustainable Performance: and
- Business Growth.
- ensured delivery of all obligations established in our Board Charter through effective management of our corporate calendar.

Audit program

A comprehensive audit program was completed, comprising:

- an annual external audit program undertaken by KPMG on behalf of the Office of the Auditor General in July and August 2022 for the 2021-22 financial year; and
- an internal audit undertaken by AMD in June 2022.

Risk management

We maintained a robust risk management and control system to identify and assess material risks and report on their effective management.

Our approach is consistent with WA Government Treasury Instruction 825, the Risk Management Guidelines provided by RiskCover and ISO 31000:2009 Risk Management Principles and Guidelines.

There were eight incidents this year. The majority were managed as routine repair events, however four received comprehensive incident management to coordinate workforce deployment and safety management, and to provide advice to customers impacted by service disruption.

Our detailed incident management procedures ensure a structured approach that includes the roles of Incident Director, Incident Manager and the various responsibilities to achieve effective response and recovery. Incident debriefs result in improvement initiatives and records are kept in an Operational Risk Register.



Our corporate risk register, containing 102 risks, was given full review in August and February. This year we added psychological health as a potential consequence to be considered in assessing risks.

The COVID-19 pandemic is classified as an ongoing corporate incident and has had ongoing action guided by the best WA Government advice.

Business Continuity Management Plan

This year, we completed a review of the Business Continuity Management Plan (BCMP), a key component of achieving our vision and purpose. The review ensured sufficient up-to-date detail is available for response actions. We also updated our Emergency Response Plans.

Actions undertaken during the period to continue our COVID-19 corporate incident response included:

- maintaining full support for the State Government and WA Health COVID-19 response;
- close monitoring of advice from the Australian Government's Department of Health and Aged Care;
- ensuring mandated vaccination requirements were achieved;
- creating two administrative staff teams to work from home 'week about' during specific high risk periods;
- maintaining COVID-19-specific procedures and work instructions;
- keeping staff, customers and stakeholders informed;

- ensuring business continuity; and
- undertaking weekly incident status reporting to the State Emergency Co-ordinator Directorate.

Two mock events were carried out to test our BCMP this period:

- an evacuation drill of the Administration Office in May; and
- a water quality contamination mock event in June with Department of Health participation, which confirmed our ability to respond to a water contamination event, improved our understanding and documentation, and verified that we have adequate procedures in place.

Whilst our legislative requirements and customer expectations were achieved during the period, the COVID-19 pandemic continued to present an ongoing risk to our ability to service the community and maintain continuity of drinking water supply. To mitigate this risk, we continued to deploy a range of operational procedures, consistent with WA Government advice, to ensure the availability of drinking water without compromise throughout the pandemic.



Society, community and environment

Water literacy

In 2021-22 Busselton Water commenced a comprehensive community information and education campaign to improve customer and community water literacy.

The campaign – which is focussed on a number of core themes associated with climate change, groundwater and the regional water network – aims to:

 improve awareness and understanding of climate change impacts in relation to water use, supply and efficiency;

- improve community awareness and understanding of the issues facing the water sector in the region;
- facilitate discussion and engagement about Busselton's water future by presenting positive, informative and fact-based content about all aspects of local water issues and water planning for the future;
- counter misinformation and misunderstandings about the drinking water network; and
- build awareness and understanding about infrastructure and other requirements which may be required meet future demand.

A customer poll prior to commencement informed the campaign planning and provided valuable data and insights into the community's water literacy knowledge, which will also serve as a comparison tool.

Aboriginal procurement

Under the State's whole-of-government Aboriginal Procurement Policy, agencies are accountable for ensuring three per cent of contracts over \$50,000 are awarded to registered Aboriginal businesses each year.

This year, we awarded 4.75 per cent of all contracts over this threshold to Aboriginal businesses.

Reconciliation Action Plan

Busselton Water is committed to achieving and participating in a Reconciliation Action Plan (RAP) as a means of ensuring greater understanding of the connection between water and the local Wadandi people.

Our initial 'reflect' level RAP, which was commenced in 2020-21 in consultation with a local indigenous supplier, was completed this period and received conditional endorsement from Reconciliation Australia.

Local indigenous artist, Cassandra Bynder (pictured on page 24), was engaged to create the artwork that will be used in the design of the RAP and other Busselton Water publications.

Water use efficiency

This year the average water consumption per person was 105.55kL. While higher than 2020-21, this can be attributed to climate change which resulted in a longer, drier summer together with increased visitor numbers to our region. The overall trend towards the 100kL per person per year target remains positive.

Leakage remediation works and targeted mains replacement work continued this period. We also improved response times, and outage duration for water service and mains breaks. resulting in reduced water losses.

Energy efficiency

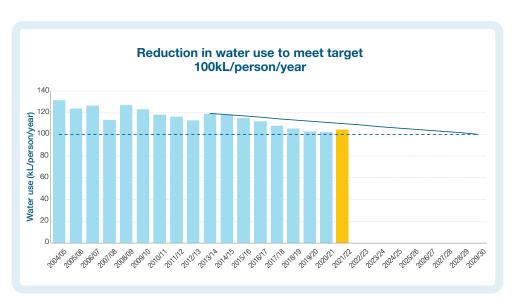
Our strong focus on energy consumption efficiency was maintained this period, with continued implementation of variable speed drives on pumps and the ongoing assessment of asset condition to identify replacement priorities.

The prioritising of our mains replacements was also beneficial in terms of energy efficiencies.

Our annual energy consumption for the period was 3,517,397kWh, compared with 3,389,663kWh in 2020-21. The increase can be attributed to higher temperatures and demand.

Electrical energy efficiencies of groundwater abstraction and treated water production were 0.58 kWh/kL and 0.59 kWh/kL respectively – both slightly below our annual target of 0.59kWh/kL.

A total of 135,955kWh (or 3.87 per cent) of this year's energy consumption was from renewable sources. Our Plant 2 solar scheme has now produced 624,665kWh since commissioning, representing 89.2 per cent toward recovery of its capital cost.



Environment and sustainability

Our Environmental Management System (EMS) has continued to provide the basis of our approach to achieving our Environmental Policy needs. Our alignment to international standard ISO 14001 affords us the confidence that appropriate actions and initiatives will be identified and prioritised. Our procedures also include the necessary staff awareness training.

Our focus on managing the impacts of climate change continued this period, and planning commenced to support the State Government's newly announced net zero greenhouse gas emissions reduction target of 80 per cent by 2030. The WA Government information and guidance on climate change used by Busselton Water includes the Western Australian Climate Projections and Western Australian Climate Policy.

A draft Climate Change Risk Management Guide has also been provided and used to commence the identification of key climate change risks and their potential impacts on our business continuity. We have also:

- initiated a detailed assessment of solar energy and battery back-up initiatives for potential inclusion in future energy reduction efforts;
- established a contract for energy supply that includes the option of green power;
- consolidated our waste recovery and recycling program, in support of the WA Government's Waste Avoidance and Resource Recovery Strategy 2030;
- continued the installation of more efficient pumping systems;
- continued to focus on water use efficiency with our customers and our management of assets; and
- continued our focus on managing the impacts of saltwater intrusion to our groundwater resources.

Supporting our local community

This year, our Community Partnership Program supported four local programs in the areas of sport, disability services, community services and the environment. A total of 12 applications for funding were received, with the



- Disabled Surfers Association to continue our support for 'Let's Go Surfing' Days for the sixth consecutive year.
- Busselton Football Club for the installation of a new drinking fountain to provide players and visitors with a fresh source of drinking water.
- Busselton Men's Shed for the installation of a new drinking fountain to provide fresh tap water for members and visitors.
- Vasse Primary School to support the upgrade of the school's existing playground and nature scape and provide an environment to learn about water efficiency, including the use of rainwater tanks for the water elements of the playground.





Strategic planning process

This year, as part of our annual strategic planning process, our Directors and Senior Executive Group participated in workshops designed to review and update our shareholder expectations, vision and purpose, strategic priorities, current performance, opportunities and challenges, core strategies and values.

Financial modelling and analysis were also completed during the period, before finalising our five-year Strategic Development Plan (SDP) and one-year Statement of Corporate Intent (SCI) on which all inputs to the 2021-22 budget cycle were based.

Busselton Water's approved SCI was tabled in Parliament of 14 June 2022.

GTE reform

During the period, we continued to work with the Government Trading Enterprise (GTE) Governance and Oversight Unit within the Department of Treasury.

Further requirements to the budget process and Treasury's Strategic Information Management System (SIMS) database were achieved and contributed to a smooth 2022-23 budget cycle.



Communications upgrades

A fully integrated audio-visual system was installed at our depot this year, similar to that installed within the Administration building. This has ensured the entire staff group can now access high-quality video conferencing through any software platform with simplicity and ease and has allowed staff based at the depot to have the opportunity to attend staff training and external meetings on site without the need to travel.

Digital innovation

As part of our contribution to the delivery of the State Government's Digital Strategy for the Western Australian Government 2021-2025, we developed our digital maturity this period by:

- implementing a whitelisting solution to block unknown applications;
- commencing roll-out of a multifactor authentication and password solution;
- adopting an electronic booking system for site visitors and meetings;

- completing the roll-out of new Surface Pro devices, monitors and other hardware and software to staff to facilitate 100% coverage for all staff to work from home; and
- conducting cyber security training for all staff and Board members.

In May, Busselton Water representatives also attended the FST Government Western Australia summit to better navigate our digital future and further support our increasing digital inclusivity, accessibility and transparency.

Cyber security

Improving our cyber security continued to be a priority this period.

Multi-factor authentication (MFA) opportunities were analysed and different approaches reviewed to arrive at the best model for Busselton Water.

A password management system was also initialised in June. This system will ensure that all passwords are stored in an encrypted format and secure access to all password information is provided through the inclusion of a master password. These additions have become increasingly important,

particularly given our mobile workforce and an increase in working from home arrangements.

In 2021/22, Busselton Water continued participating in the TrapX pilot program. This is a cyber defence project created by the Australian Active Defence Alliance (ACDA), which comprises a group of companies including Telstra, Honeytrace, and others.

Busselton Water is the first water organisation in Australia to take part in the pilot program, which is aimed at promoting and experimenting with Active Defence Technologies. Active defence technologies are cyber techniques including deception and honeypots aimed at luring in potential cyber criminals and then allowing greater scrutiny of what they do with information gained through illegal entry into organisation servers. Participation in the program has allowed Busselton Water to become proactive and have a greater understanding of where criminals are now focussing their attention and the methods being deployed.

The program will continue to run on Busselton Water networks.





Building organisational capability

Workplace training and development

A training needs analysis was built into the annual performance appraisals, which enabled employees and Line Managers to identify and develop the skills and training required.

Training and development is supported through external training and courses, internal development and mentoring.

This year, 82 per cent of our training and development plan was delivered, enabling employees to build competencies and skills. Some training was unable to be completed due to COVID-19 restrictions with some training providers.

Training in the period included:

- · family violence case management;
- effective people management;
- finance, specifically payroll and taxation;
- accreditation in confined space, working at heights and gas test atmospheres;
- operator skills in forklift, mini excavator and skid steer;
- information technology, including cyber security;
- work health and safety (WHS)
 including fire extinguisher training
 (pictured right), restricted asbestos
 removal, elected health and safety
 representative training, and ICAM
 incident investigator training; and
- industry awareness training at OzWater '22.



Ensuring a great place to work

Health, safety and wellbeing

Programs and activities undertaken this period to protect and strengthen the health and wellbeing of our people included:

- reviewing our 'Golden Rules' to include mental health as a focus on our journey to Zero Harm;
- maintaining rigorous occupational health, safety and wellbeing systems to sustain our high levels of workplace safety and WorkSafe Plan Platinum status;
- providing complimentary flu vaccinations for our team, with almost two-thirds (60%) of employees taking part; and
- providing complimentary skin checks for staff, with 100 per cent of employees participating in the annual opportunity.

Enterprise agreement

An Enterprise Agreement negotiation was completed within 2021-22.

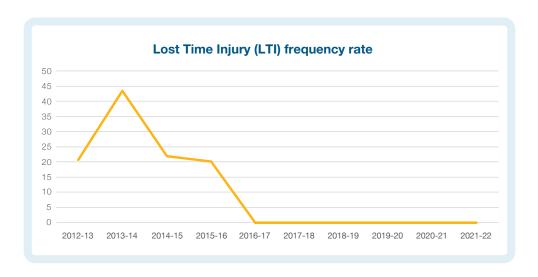
The proposed 2022 agreement was put to the vote on 29 June 2022, resulting in a two-year agreement with a 2.5% wage adjustment per annum and a one-off \$1,000 payment. This increase is consistent with the State Wages Policy currently in place.

The 2022 Agreement was subsequently issued to the Fair Work Commission for formal registration.

Code of Conduct

There were no reported breaches against the Code of Conduct in the period.

The Code of Conduct was monitored for compliance by the Senior Executive Group and Code of Conduct training was delivered to all employees.











Support for those experiencing domestic violence



Busselton Water's longstanding support for local domestic violence support services was extended this year, with all staff provided with orange shirts to wear during the Department of Communities' 16 Days in WA campaign, which commenced in November. A morning tea was held for all staff, attended by speakers with lived experience from local support provider, Tuart House.



Stronger networks

During the year, we continued to build and extend on our industry and stakeholder networks by:

- re-establishing the WAter Government Trading Enterprise (GTE) Forum, in conjunction with the Water Corporation and Aqwest, which now meets three times per year to explore opportunities for our customers and organisations;
- continuing our working relationships with other water providers, most notably the Water Corporation and Aqwest, including an annual meeting of Busselton Water and Aqwest directors;
- participating in quarterly meetings with key stakeholders including the City of Busselton, Department of Treasury, and the Department of Water and Environmental Regulation;
- attending a number of the Busselton Chamber of Commerce networking events;

- participating in local and state committees, including the South West Water Industry Group, the quarterly Advisory Committee for the Purity of Water, the South West Infrastructure Group, the Southern Critical Infrastructure Security Collective, the Joint Interagency Working Party and others;
- participating in a number of forums hosted by the Water Services Association of Australia; and
- participating in OzWater'22 via an online program that enabled staff to participate in various sessions to inform future planning for the business.
- participating in the Reconciliation Australia (RA) conference in November - the first reconciliation gathering from RA in more than 20 years, which allowed Busselton Water to gain a greater understanding of some of the issues experienced by Aboriginal communities.

Self-service kiosk



A self-service kiosk was introduced this year to assist customers in accessing online services. A wide range of simple online transactions are offered from the kiosk including paying accounts and changing address details, signing-up for direct debit or e-billing payments, applying for a new lawn exemption, and more. Our helpful customer service staff are also on-hand to assist if needed.

Meeting our customers' needs

Social and digital

Our social and digital platforms continued to reach and update our community. In 2021-22:

- 233 posts were shared across our three owned channels, Facebook, LinkedIn and Instagram;
- our Facebook audience continued to grow, with page likes increasing by 71 new fans;

- the Busselton Water LinkedIn page was viewed 499 times and had 2.107 impressions:
- our Instagram page increased its followers by 40 per cent;
- the Busselton Water website had an increase in visitor traffic of more than 30 per cent, with more than 26,000 users visiting close to 37,000 times;
- the MyBusseltonWater login page received more than 4,000 logins and attracted 528 new registrations this year, with customers conducting more than 900 transactions on the portal: and
- more than 7,500 SMS notifications were issued to customers, including those to advise of service outages and invoice reminders.

Supporting those affected by family violence



Our commitment to raising awareness of domestic violence and providing support to local on-the-ground services continued in 2021-22. In November, we ran a community donation drive for local support service, Tuart House, with our Administration Centre acting as a community drop-off point for linen. Nearly 150 items were collected and gratefully accepted by Tuart House for its clients. To build awareness of the impacts of family and domestic violence, we also prepared a range of content for our website and social media channels for customer and community education.

Water use efficiency

Busselton Water launched a dynamic new website tool for customers interested in tracking and saving water in the home.

The Busselton Water Home Water Calculator guides householders through each area of their home and garden and calculates the household's daily water use. The tool also compares an individual household's water use to the average water use in households of a similar size - and, most importantly, offers a water use target.

Supporting vulnerable customers

Busselton Water's Water Assist Program was implemented in 2021-22. Vulnerable customers do not always have the income or financial literacy to manage payment of their water bills and avoid recovery actions. Similarly, they may not be aware how to seek

support to stop high water consumption from continuing to occur. This program aims to close the gap for vulnerable customers by improving education, awareness and engagement through four key components:

- extended payment arrangements;
- the provision of water audits;
- plumber assist rebates; and
- water monitoring to provide valuable water consumption information.

School collaboration

Busselton Water has continued the relationship with St Mary MacKillop College in Busselton to provide students with work experience and workplace learning opportunities in the operations area.

During the year, two students worked alongside our operations team, undertaking water sampling, plant checks, valve maintenance tasks, pump replacements, grounds maintenance and network maintenance activities. Both students were eager to learn the various aspects of Busselton Water's operations and feedback received was very positive.

Engaging with our community

Customer Advisory Group

The Busselton Water Customer Advisory Group (CAG) represents our residential customers, business owners and community groups. The group is seen as one of our most significant and direct conduits to our customers. and a primary method by which we seek feedback and direction from our community. As such, the group, works closely with our Board and Executive helping to shape the corporation's future plans in line with the needs and expectations of our community.

To overcome the considerable challenges of in-person CAG meetings due to COVID-19, this year the decision was made to move from the traditional 'in-person' approach to a new online forum. Under this new 'virtual CAG' approach, the majority of contact with our CAG members moved to a digital environment.

The first of these virtual CAG engagements occurred in April, where members were invited to respond to a short questionnaire to inform upcoming customer campaigns.

National Water Week



In October we celebrated National Water Week by inviting students from Busselton Senior High School, Cornerstone Christian College, Vasse Primary School and St Mary MacKillop College to tour our water treatment plant to better understand our water network and the importance of our most precious natural resource.

With a theme of 'Caring for Water and Country' - and in recognition of the Australian First Nations people's knowledge in protecting and sustaining our water and lands for over 65,000 years - we also invited rangers from the Undalup Association to share their cultural knowledge with the students.



Managing our water

Water quality

In 2021-22, we produced 5.97GL of drinking water.

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 and reflected in our exceptional water quality results in 2021-22:

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

Our Memorandum of Understanding (MoU) with the Department of Health requires us to comply with the ADWG. Supporting the MoU is a Drinking Water Quality Management Plan, framed around ADWG requirements, which documents each stage of the water supply chain from source to customer. It details the hazard identification,

incident response and critical control points and is a comprehensive guide to the business on how to maintain and improve the safety of the supply of drinking water.

In accordance with MoU and ADWG requirements we maintain rigorous processes to ensure the delivery of safe, high quality drinking water to our customers, including an extensive water sampling and analysis program which resulted in over 10,000 water quality tests being taken throughout the year with approximately half being sent to NATA laboratory for analysis and reporting and the remainder being analysed in-house.

Our Water Quality Committee met quarterly with the Department of Health to review water quality results and discuss any relevant matters. We also have representation on the Advisory Committee for the Purity of Water. This is a non-statutory interdepartmental committee that operates under the chairmanship of the Department of Health. Amongst other functions, the Advisory Committee provides advice to the Ministers for Health and Water on protecting, monitoring and managing

drinking water quality and fosters interagency co-operation on related matters.

There were 14 water quality complaints received during the year, relating to taste and discoloured water.

Operating licence

Busselton Water's water services licence (WL3 version 10) for the provision of potable water to the operating area defined in the licence remains current (expires 2046).

In Western Australia, the Environmental Regulation Authority administers the water licensing regime under the Water Services Act 2012. This involves issuing licences and monitoring of licensees' compliance with conditions, ensuring they meet standards of water quality and ensuring appropriate customer service mechanisms are in place.

One of those conditions is the requirement of a Memorandum of Understanding (MoU) between Busselton Water and the Department of Health (which regulates drinking water quality in Western Australia). Our MoU remained current during the period.

Busselton Water met all of its water services licence conditions in 2021-22.



Capital works program

Water Production Upgrade Project

Busselton Water commenced the pre-work studies, investigations and approvals for the construction of an additional bore and associated water treatment infrastructure at Plant 8 in response to continued growth in demand. The project is timed to be ready in 2028-29 and will be the first component of further inland borefield development.

Delivery pump replacement

The delivery pump sets at Water Treatment Plant 2 were replaced to more efficient units with greater capacity. Pump efficiency testing is planned as part of our asset management focus on optimising asset life and efficiency.

Asbestos cement mains replacement

Annually, there is a growing number of leaks on the aging asbestos mains in the system requiring reactive repairs. Sections of pipeline that have reached their nominated asset life are assessed and prioritised for replacement to ensure the integrity of our supply network.

This year, 613 metres of asbestos cement water mains was replaced, primarily in residential streets.

Bore 16 relining

During the period, our bore condition assessment program determined the need for the relining of Bore 16. This bore provides approximately 15 per cent of the total Busselton Water extraction and is one of two primary production bores at Plant 3.

Optical and acoustic surveys were undertaken to assess condition and specialist consultants engaged for advice.

Materials were also acquired to enable construction to commence in the first quarter of the next financial year.

Capital Works Program	2021-22 Actual \$'000
Office Equipment / Information and Knowledge	24
Building, Land and Land Improvement	103
Plant and Machinery	885
Motor Vehicles	48
Meters	345
Mains and Services	555
Total	1,960

Managing our assets

Asset maintenance

Busselton Water maintained, operated and managed nine bores, three water treatment plants, five storage tanks and 345.3 kilometres of distribution mains to supply high quality water to our customers.

We extended our pipeline network by 3.8 kilometres this year and carried out maintenance and upgrades to our water treatment plants, ensuring our water treatment system was fully available and reliable.

During the year, all three treatment plants operated normally.

The impacts of COVID-19 on supply lead times for spares, consumables and project components was managed effectively in conjunction with contractors, with no adverse customer impacts. Project alternatives and options were assessed on an as-needs basis.

Strategic Asset Plan

Our Strategic Asset Plan was updated and submitted to the Department of Treasury. Input was sourced from all relevant internal corporate planning documents which were rigorously reviewed. A highlight of the capital works program is the continuing development of a new inland borefield and associated water treatment infrastructure at Plant 8, which will respond sustainably to the water production growth needs for the Busselton water scheme.

Driving innovation

Mapping system improvements

Our online mapping system continued to provide up to date spatial data for users, which was particularly useful to the network team. During the period, improved functionality with our asset data and customer data was developed, including meter information, the location of air valves, mains and service breaks, new service lines and latest aerial photography and cadastral information from Landgate.

Intelligent Water Network

In 2021-22, specialist hydraulic planning consultants were engaged to provide information that will support better configuration and management of our water network and facilitate the scheduling of system changes (including new and upgraded mains and metering) to accommodate ongoing growth in demand and enable improved operational monitoring.



Reporting requirements

Busselton Water successfully delivered on all reporting framework requirements in 2021-22.

We provided quarterly and annual reports to the Minister for Water detailing performance and progress towards the commitments set out in our Statement of Corporate Intent. Monthly management reports informed the Senior Executive Group on performance and progress towards our objectives, with this information also used by the Managing Director in reports to the Board of Directors.

Our 2020-21 Annual Report was tabled in Parliament on 12 October 2021. Our 2021-22 Statement of Corporate Intent was tabled in Parliament on 9 November 2021. We also submitted our annual report on our compliance with performance standards set out in our operating licence to the Economic Regulation Authority.

The Key Business Results section of this report shows 2021-22 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.



Measuring and communicating organisational results

Our performance against our key measures was reviewed monthly at the business. Executive and Board levels and appropriate improvement decisions occurred at all three levels. Key performance indicators address our strategic priorities, key supporting processes and measures required by regulation.

Our drinking water quality reporting to the Department of Health was enhanced with a revised Drinking Water Quality Management Plan and a revised Business Continuity Management Plan.

Achieving sustainable performance

Our asset capability was regularly reviewed and our operating and capital expenditure forecasts became major inputs to financial modelling. An estimated value of income and expenditure has been prepared for each element of income and expenditure over five, 10 and 20 year periods.

Scenario analysis was undertaken to assess the impacts on customer tariffs, income, expenditure, balance sheet (including reserves) and return on investment. The results were reviewed by the Executive and Board, after which a single scenario was selected for adoption in next year's Strategic Development Plan and Statement of Corporate Intent.



Although easing, the higher than normal growth trend and visitor numbers experienced the previous year due to Government stimulus packages and the economic responses to COVID-19 continued in 2021-22.

More broadly, residential growth trends for the Busselton region continued, with a 10.6% increase in the Busselton population between 2016 and 2021 and residential population now more than 40,000 for the first time. There was also an increase in dwelling numbers of 13.8% in the same period, with long-term forecasts predicting the Busselton population will reach up to 70,000 people by 2050. The highest areas of new subdivision development were Vasse, Geographe and Yalyalup.

This, coupled with continued business growth of more than seven per cent over the past five years, has seen demand for water services grow. We connected 226 new customer properties to our network this period (401 in 2020-21) and supplied 5.97GL of water (5.4GL in 2020-21).

We also continued our long-term agreement with the Water Corporation to augment the Dunsborough water supply scheme, resulting in 388,659kL of water exported to the area, an increase of 15.8 per cent (or 53,000kL) from last year.

During 2021-22 Busselton Water also identified and evaluated a number of business development opportunities aimed at expanding and diversifying our existing water services. None of these opportunities were selected for commercial development.



Corporate governance report

CORPORATE GOVERNANCE

Busselton Water's strong corporate governance framework 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.

Our corporate governance framework is as follows:

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 must ordinarily reside within Busselton Water's operating area, so far as is necessary for the majority of directors to be locally-based at the time of the appointment.

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

Dr Robyn Paice was appointed Board Chair commencing 1 June 2022 for a term expiring 31 May 2024.

Ms Jane Sparkes was appointed as a member for a term expiring on 31 May 2025.

Mr Robin Belford was appointed as a member for a term expiring on 31 May 2025.

Helen Shervington's term expired as Board Chair 31 May 2022.

Geoffery Oddy retired as a member on 27 April 2022.

Angus Smith term expired as a member 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 Commission.

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 interests 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 (retired) and included Mr Geoffery Oddy (retired) and Ms Christine Kershaw. Each member had 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 Corporate Finance.

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 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. Any audit findings are actioned and closed out under the direction of the Audit Committee.

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.

Board cyber security training was held in February, facilitated by an external provider with over 30 years' experience in information and knowledge and cyber roles. The training ensured that Board members have the knowledge to ensure that they are up-to-date with techniques currently employed by malicious actors and techniques in how to better improve their personal security.

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. In accordance with Section 28(5) of the Act, the Plan was submitted to the Minister and approved in October 2019.

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 the training program was carried out during the reporting period. Training was provided for new employees and includes familiarisation with the document management policy and procedures.

Busselton Water continues to work with Information Proficiency, 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. 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 2021-22 was \$108,559. Expenditure was incurred in the following areas:

Expenditure	Amount paid (\$, ex GST)				
Media advertising organ	isations				
Marketforce Productions	\$78,321				
Direct mail organisations					
Zipform	\$30,238				

DIRECTORS' REPORT

The Directors of Busselton Water present their report for the 12-month period ending 30 June 2022.

Directors

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

Dr Robyn Paice (Chair)

Director since: September 2018 Chair since: June 2022

Christine Kershaw

Director since: September 2017

Dr Gae Synnott

Director since:: September 2018

Christopher Elliott

Director since: September 2018

Robin Belford

Director since: June 2022

Jane Sparkes

Director since: June 2022

Please also see details of the Directors' qualifications and experience on pages 15 and 16.

Directors' meetings

Attendance by Directors at meetings held during the financial year ended 30 June 2022 is set out in the following table:

	Во	ard	Audit Committee		
Director	Eligible to attended Attended		Eligible to attend	Attended	
Helen Shervington	10	9			
Geoffery Oddy	9	9	4	3	
William Angus Smith	10	10	4	4	
Christine Kershaw	11	10	4	4	
Dr Robyn Paice	11	11			
Dr Gae Synnott	11	11			
Christopher Elliott	11	10			
Robin Belford	1	1			
Jane Sparkes	1	1			

Board meetings are held monthly, excluding December. The Audit Committee meets three times per year, however this year there was an additional special meeting to review Internal Auditor Applications.

Senior Executive

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

Three highest paid employees	Title	Year ended 30 June 2022	Year ended 30 June 2021
Christopher Elliott	Managing Director	✓	✓
Murray Johnsen	General Manager Operations	✓	
Tracie Bishop	General Manager Corporate and Finance	✓	✓

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 these purposes. These services are provided 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 5.97GL of drinking water.

Busselton Water made a profit before tax of \$3.88 million in 2021-22, (2020-21: \$3.74 million) and an after tax profit of \$2.89 million (2020-21: \$3.53 million).

Dividends

No dividends have been paid by Busselton Water since the end of the previous financial year.

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 all targets set out in the SCI 2021-22.

Remuneration report

Director's emoluments

The Minister determines the emoluments of the Board of Directors.

Total remuneration	of Divoctors		Short-term Post-empremuneration superar		,		-	Total		
band	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
\$			\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
0-10,000	2	-	2	-	-	-	-	-	2	-
10,001-20,000	5	5	12	13	1	1	-	-	13	14
20,001-30,000	1	1	23	25	2	2	-	-	25	27

Executive emoluments

The compensation packages for executives consist of a total reward that is a mix of fixed compensation, in the form of salary, non-monetary benefits and superannuation contributions. Nonmonetary benefits may include access to a fully maintained motor vehicle and fringe benefits tax. Other long-term benefits refer to long service leave.

The compensation package for the Managing Director also includes a variable component which is subject to performance assessed against the Managing Director Performance Agreement Framework adopted by the Board.

Compensation for executives is reviewed annually and adjustments in 2021-22 were consistent with the State Government Wages Policy.

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	Number	of Staff ¹	Short remune			able eration³		oloyment nuation	Other lo	ng-term efits⁴	Tot	al
band	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
\$			\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
0-50,000	-	-	-	-	-	-	-	-	-	-	-	-
50,001-100,000	-	-	-	-	-	-	-	-	-	-	-	-
150,001-200,000	1	1	144	153	-	-	14	14	-	9	158	176
200,001-250,000	1	1	181	183	-	-	23	17	16	8	220	208
250,001+	1	1	280	278	26	27	28	27	2	11	336	343

^{1.} Where there is more than one employee in a remuneration band the average remuneration is shown.

- 3. Variable remuneration reported and paid in 2021-22 relates to the 2020-21 financial year.
- 4. Other long-term benefits e.g. movement in accrued leave provision.

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 2022 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 2022 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 2022, 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 2022, 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 2022, 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.

Dr Robyn Paice

Chair

Christine Kershaw

Charshan

Director

Busselton, 14/03/2023

^{2.} Includes base remuneration and non-monetary benefits.



DIRECTORS' DECLARATION

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF FINANCIAL POSITION

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOWS

Note 8

NOTES TO THE FINANCIAL STATEMENTS

Note 1	Basis of Preparation
Note 2	Use of Funding
Note 3	Our Funding Sources
Note 4	Key Assets
Note 5	Other Assets and Liabilities
Note 6	Financing
Note 7	Financial Instruments and Contingencies

Other Disclosures

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 2022 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:

Robyn Paice

Chair, Busselton Water Corporation

Christine Kershaw

Member, Busselton Water Corporation

OAG

Date: 14/03/2023

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT 2022 Busselton Water Corporation

To the Parliament of Western Australia

Opinion

I have audited the financial report of Busselton Water Corporation (the Corporation), which comprises:

- the Statement of Financial Position as at 30 June 2022, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- · notes to the financial report, including a summary of significant accounting policies
- · the directors' declaration.

In my opinion, the financial report of the Corporation is prepared in accordance with Schedule 5 of the *Water Corporations Act 1995*. and:

- gives a true and fair view of the Corporation's the financial position at 30 June 2022 and of its performance for the year then ended
- · in accordance with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

I conducted my audit in accordance with 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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – restatement of comparative balances

I draw attention to Note 9 to the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Corporation are responsible for:

- preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), and Schedule 3 of the Water Corporations Act 1995
- such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Page 1 of 3

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

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
- 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 responsibilities for the audit of the financial report

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is 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. 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.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the Auditor General Act 2006 and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The directors are responsible for the other information. The other information is the information in the Corporation's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information. I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Corporation for the year ended 30 June 2022 included in the annual report 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 the annual report. If users of the financial report is concerned with the inherent risks arising from publication on the website, they are advised to contact the Corporation to confirm the information contained in the website version.

Grant Robinson Assistant Auditor General Financial Audit Delegate of the Auditor General for Western Australia Perth. Western Australia 16 March 2023

Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	2022	2021
		\$	\$
	-		*Restated
EXPENSES			
Employee benefit expenses	2.1.1	1,372,448	1,337,594
Cost of sales	2.2	4,386,741	3,678,569
Depreciation and amortisation expenses	4.1.1, 4.2.1	2,792,096	2,955,740
Finance costs	6.2	15,932	35,144
Administration expenses	2.3.1	886,879	701,732
Other expenses	2.3.2	1,212,357	1,218,616
Loss on disposal of non-current assets	2.3.3	88,030	102,946
Total cost of services	-	10,754,483	10,030,341
INCOME			
Revenue			
Water sales revenue	3.1	11,389,576	10,791,101
Grants and contributions	3.2	761,000	670,000
Developer contributions - headworks	3.3	1,997,343	1,916,053
Developer contributions - mains	3.3	181,320	58,981
Interest revenue	3.4	53,599	83,024
Other revenue	3.4	253,417	249,229
	-	14,636,255	13,768,388
Profit before income tax		3,881,772	3,738,047
Income tax equivalent expense*	8.7.1	(987,330)	(211,494)
Profit after income tax*	- -	2,894,442	3,526,553
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus*	8.6.3	2,401,117	-
Income tax expense on items of other comprehensive income*	8.7.1	(600,279)	
Total other comprehensive income	_	1,800,838	_
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	_	4,695,280	3,526,553
	_		



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

^{*} Refer to Note 9 'Prior year restatement'

Statement of Financial Position

as at 30 June 2022

do de oo odno Eolle				
	Notes	2022	2021	1 July 2020
		\$	\$	\$
		<u> </u>	*Restated	*Restated
ASSETS				
Current Assets				
Cash & cash equivalents	6.3	2,309,397	3,353,299	1,697,577
Cash & cash equivalents (Restricted) Other financial assets	6.3 6.4	2,201,483 10,500,000	10,540,565	9,110,000
Trade and other receivables	5.1	4,185,598	3,089,555	3,068,370
Inventories	5.2	569,969	600,303	579,955
Other current assets	5.3	146,829	61,711	33,800
Current tax assets		120,665	56,886	230,567
Total Current Assets		20,033,941	17,702,319	14,720,269
Non-Current Assets	4.4	404400 007	00 500 757	100 170 055
Infrastructure property, plant and equipment Intangible assets	4.1 4.2	101,193,637 209,405	99,566,757 263,356	100,173,055 307,912
Right-of-use assets	4.3	123,138	187,681	218,909
Total Non-Current Assets		101,526,180	100,017,794	100,699,876
TOTAL ASSETS		121,560,121	117,720,113	115,420,145
		121,000,121	,	,
LIABILITIES				
Current Liabilities				
Payables	5.4	849,718	1,466,628	747,124
Borrowings	6.1	750 00 4	240,040	307,662
Employee related provisions Lease liabilities	2.1.2 6.5	753,384 87,525	1,167,048 121,608	1,127,800 109,855
Other current liabilities	5.5	136,255	121,558	69,093
Total Current Liabilities		1,826,882	3,116,882	2,361,534
Non-Current Liabilities				
Employee related provisions	2.1.2	21,907	22,091	46,039
Borrowings	6.1		-	240,046
Deferred tax liabilities*	8.7.2 6.5	16,719,708	16,253,704	17,167,118
Lease liabilities Total Non-Current Liabilities	0.5	44,871 16,786,486	75,964 16,351,759	123,047 17,576,250
TOTAL LIABILITIES		18,613,368	19,468,641	19,937,784
TOTAL LIABILITIES		10,013,300	19,400,041	19,937,764
NET ASSETS		102,946,753	98,251,472	95,482,361
EQUITY				
General reserve fund	8.6.1	14,479,707	11,894,258	10,647,065
Asset revaluation reserve	8.6.3	53,802,683	52,001,845	52,001,845
Retained earnings	8.6.4	34,664,363	34,355,370	32,833,451
TOTAL EQUITY		102,946,753	98,251,473	95,482,361



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

^{*} Refer to Note 9 'Prior year restatement'

Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	General reserve fund	Asset revaluation reserve	Retained earnings	Total equity
	-	\$	\$	\$	\$
Balance as at 1 July 2020 as previously reported		10,647,065	54,039,743	29,805,143	94,491,951
Restatement for asset revaluation reserve correction*	9	-	(2,037,898)	3,028,308	990,410
Restated opening balance at 1 July 2020*	-	10,647,065	52,001,845	32,833,451	95,482,361
Profit/(loss) for the period*				3,526,553	3,526,553
Other comprehensive income*		-	-	-	-
Transfers to reserves	8.6.1	2,042,184	-	(2,042,184)	-
Transfers from reserves	8.6.1	(794,991)		794,991	
	-	11,894,258	52,001,845	35,112,811	99,008,914
Transactions with owners, recorded directly in equity					
Dividends paid	8.6.2	_	_	(757,441)	(757,441)
Total transactions with owners	0.0.2	_	_	(757,441)	(757,441)
	-			, , ,	<u> </u>
Balance at 30 June 2021*	-	11,894,258	52,001,845	34,355,370	98,251,473
Balance as at 1 July 2021		11,894,258	52,001,845	34,355,370	98,251,473
Profit/(loss) for the period		-	-	2,894,442	2,894,442
Other comprehensive income		=	1,800,838	-	1,800,838
Transfers to reserves	8.6.1	4,096,901	-	(4,096,901)	-
Transfers from reserves	8.6.1	(1,511,452)		1,511,452	
Total Comprehensive Income for the period	-	14,479,707	53,802,683	34,664,363	102,946,753
Transactions with owners, recorded directly in equity					
Dividends paid	8.6.2	-	-	-	<u>-</u>
Total transactions with owners	-	_	=	=	-
Balance at 30 June 2022	-	14,479,707	53,802,683	34,664,363	102,946,753



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

^{*} Refer to Note 9 'Prior year restatement'

Statement of Cash Flows

for the year ended 30 June 2022

Notes	2022	2021
	\$	\$
	10,317,264	10,833,718
	30,339	102,151
	1,897,657	2,135,181
	37,029	42,916
	492,227	421,538
	260,515	259,204
	13,035,031	13,794,708
	(8,704,067)	(6,602,397)
	(15,931)	(35,145)
	(536,608)	(505,443)
	3,778,425	6,651,723
	33,318	55,159
	(1,827,193)	(2,375,669)
	(1,793,874)	2,320,510
	(240.040)	(307,668)
	` , ,	(135,866)
		(443,534)
	(307,040)	(443,534)
	761,000	670,000
	(1,261,495)	(713,949)
8.6.2	-	(757,443)
	(500,495)	(801,392)
	1.117.016	3,086,287
	13,893,864	10,807,577
6.3, 6.4	15,010,880	13,893,864
	8.6.2	\$ 10,317,264 30,339 1,897,657 37,029 492,227 260,515 13,035,031 (8,704,067) (15,931) (536,608) 3,778,425 33,318 (1,827,193) (1,793,874) (240,040) (127,000) (367,040) 761,000 (1,261,495) 8.6.2 (500,495) 1,117,016 13,893,864



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

for the year ended 30 June 2022

1 Basis of preparation

Busselton Water Corporation (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 27th February 2023.

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 (Simplified Disclosure Requirements); and
- · Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The Water Corporations Act 1995 take 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.

Basis of preparation

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of Busselton Water as a result of the change in the basis of preparation.

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 dollar.

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.

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that:

- (a) the amount of GST incurred by the Agency as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an expense item; and
- (b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Contributed Equity

AASB Interpretation 1038 Contributions by *Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and will be credited directly to Contributed Equity.

Comparative Information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. AASB 1060 provides relief for presenting comparatives for:

- · Property, Plant and Equipment reconciliations;
- · Intangible Asset reconciliations; and
- · Right-of-Use Asset reconciliations.

for the year ended 30 June 2022

2 Use of Funding

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 Busselton Water in achieving its objectives and the relevant notes are:

Notes

175.104

1372 448

156.122

1.337.594

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	
Loss on disposal of non-current assets	2.3.3	
2.1.1 Employee benefits expenses		
,	2022	2021
	\$	\$
Employee benefits	1,197,344	1,181,472

⁽a) Employee benefits 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 Busselton Water infrastructure are costed to Cost of Sales (Note 2.2).

2.1.2 Employee related provisions

Superannuation expenses

Net employee benefits

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.

	2022 \$	2021 \$
Current		
Employee benefits provisions		
Annual leave (a)	198,384	269,333
Long service leave (b)	239,199	288,035
Sick leave (c)	275,012	543,673
	712,595	1,101,041
Other provisions		
Employment on-costs ^(d)	40,789	66,007
Total current employee related provisions	753,384	1,167,048
Non-current Employee benefits provisions Long service leave (b)	20,694	20,850
Other Provisions Employment on-costs (d)	1,213	1,241
Total non-current employee related provisions	21,907	-
Total employee related provisions Number of employees at year end	775,291 33	1,189,139 <u>31</u>

⁽a) 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.

(b) Long service leave liabilities that have been classified as current as Busselton Water 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 Busselton Water 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 Busselton Water 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.

⁽b) Superannuation expenses comprises employer contributions paid to superannuation funds. Busselton Water 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 Busselton Water infrastructure are costed to Cost of Sales (Note 2.2).

for the year ended 30 June 2022

- (c) 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.
- (d) 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. Employment on-costs are included as part of Other Expenses, note 2.3.2. The related liability is included in Employment on-costs provision.

Movements in other provisions

	2022 \$	2021 \$
Employment on-cost provision		
Carrying amount at start of period	67,248	142,191
Additional/(reversals of) provisions recognised	84,720	(68,974)
Payments/other sacrifices of economic benefits	(109,966)	(5,969)
Carrying amount at end of period	42,002	67,248

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.

2.2 Cost of sales

	2022	2021
	\$	\$
Pumping	577,204	556,183
Maintenance: General production plant	1,193,293	1,337,501
Mains and meters	1,462,478	1,008,615
Net vehicle running expenses	91,390	64,866
Net operations overhead	478,425	144,859
Net stock allocated	(25)	3,413
Meter reading costs	22,646	22,232
Water sampling & monitoring fees	561,330	540,900
	4,386,741	3,678,569

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 expenses

	2022	2021
	\$	\$
Office expenses	650,774	526,391
Stationery and printing	36,652	33,280
Advertising	-	144
Bank charges	27,549	29,880
Audit fees	46,623	50,377
Legal expenses	90,945	15,634
Other administration expenses	23,746	30,094
Bad Debts Written Off	-	-
Pandemic protection measures	10,590	15,932
	886,879	701,732

for the year ended 30 June 2022

2.3.2 Other expenses

	2022	2021
	\$	\$
Board members expenses	133,203	136,495
Other governance	118,894	137,117
Pensioner rate rebate (a)	690,751	649,596
Consulting fees	52,583	94,635
Private works	13,518	20,387
Payroll tax	77,789	70,721
Other costs and staff expenses (b)	125,619	109,665
	1,212,357	1,218,616

⁽a) Pensioner rebates are rebates and concessions provided to pensioners, seniors and various exempt bodies on annual service charges and water consumption charges.

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

2022	2021
\$	\$
121,348	158,105
(33,318)	(55,159)
88,030	102,946
	\$ 121,348

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).

3 Our Funding Sources

How we obtained our funding

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
Grants and contributions	3.2
Developer contributions	3.3
Interest revenue	3.4
Other revenue	3.5

3.1 Water sales revenue

	2022	2021
	\$	\$
Water consumption	7,162,373	6,903,844
Connection fees	329,866	368,408
Standard supply charge	3,813,337	3,438,188
Meter reading charges	22,995	25,943
Other water sales	61,005	54,718
	11,389,576	10,791,101

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, plus estimated unbilled water consumption and service charges at reporting date.

3.2 Grants and contributions

	2022	2021
	\$	\$
Operating subsidy contributions	761,000	670,000
	761,000	670,000

Operating subsidies are received from State Government for revenue foregone from rebates and concessions to pensioners and seniors on supply and consumption charges. They are recognised in the period in which they are received.

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

for the year ended 30 June 2022

3.3 Developer contributions

Developer contributions are recognised at fair value when Busselton Water obtains control over the assets comprising the contributions. Busselton Water receives capital contributions from external parties in the form of either cash or assets, which consists of:

	2022 \$	2021 \$
Headworks contributions - Cash	1,997,343	1,916,053
	1,997,343	1,916,053
Developer mains contributions - Cash	49,622	58,981
Developer mains contributions - Cash Developer mains contributions - Non-Cash	131,698	-
•	181,320	58,981
3.4 Interest income		
	2021	2020
	\$	\$
Interest on water fund	2,687	869
Interest on reserves	50,912	82,155
	53,599	83,024

3.5 Other revenue

	2021 \$	2020 \$
Backflow prevention device testing fees	2,460	22,200
Private works and sundry income	12,427	20,100
Operating lease revenue	24,113	22,638
Meter reading	104,234	111,344
Penalties raised	16,128	32,696
Hydrant (application) hire	14,521	2,163
Geothermal recoups	15,724	15,657
Insurance recoveries	22,959	1,667
Other receipts and services (a)	40,851	20,764
	253,417	249,229

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

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

4 Key assets

This section includes information regarding the key assets Busselton Water 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
Infrastructure, property, plant and equipment	4.1
Intangible assets	4.2
Right-of-use assets	4.3

Interest income is recognised as interest accrues.

for the year ended 30 June 2022

4.1 Infrastructure, property, plant and equipment

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

2022	Gross carrying amount	Accumulated Depreciation	Carrying amount at start of period	Additions	Transfers	Disposals/ Write downs	Depreciation	Impairment Losses	Revaluation increment/ (decrements)	Carrying amount at 30 June 2022		occumulated Depreciation
Land at Fair Value	2,385,000	-	2,385,000	-	-	-	-	-	1,130,000	3,515,000	3,515,000	-
Freehold Land Improvements	668,189	(93,205)	574,984	22,742	39,000	(350)	(52,878)	-	81,001	664,500	664,500	-
Capital Works in Progress	695,735	-	695,735	221,702	-	-	-	-	-	917,437	917,437	-
Plant and Machinery	18,316,107	(2,502,761)	15,813,346	644,159	39,246	(8,541)	(1,071,286)	-	954,727	16,371,650	16,371,650	-
Buildings	3,314,118	(298,853)	3,015,265	80,257	(78,246)	(4,014)	(148,421)	-	337,959	3,202,800	3,202,800	-
Motor Vehicles	790,176	(110,805)	679,371	48,273	-	(23,371)	(74,020)	-	92,347	722,600	722,600	-
Mains and Services	75,876,477	(1,905,422)	73,971,055	555,483	-	(18,084)	(971,242)	-	440,788	73,978,000	73,978,000	-
Meters	2,628,108	(398,942)	2,229,166	345,404	-	(66,987)	(255,048)	-	(651,135)	1,601,400	1,601,400	-
Tools	26,000	(11,633)	14,367	17,260	-	-	(2,485)	-	6,008	35,150	35,150	-
Office equipment	245,615	(57,147)	188,468	16,040	-	-	(28,829)	-	9,422	185,100	185,100	-
Carrying amount at 30 June 2022	104,945,525	(5,378,768)	99,566,757	1,951,320	-	(121,347)	(2,604,209)	-	2,401,117	101,193,637	101,193,637	-

Non-cash developer contributed infrastructure assets

Non-cash developer contributed infrastructure assets are measured initially at cost based on the contractual value of the works transferred to Busselton Water. Subsequent to initial recognition these assets utilises the revaluation model for measurement.

for the year ended 30 June 2022

4.1 Infrastructure, property, plant and equipment (continued)

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).

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 2022. The valuation amounts were recognised at 30 June 2022.

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 and impairment

	2022	2021
	\$	\$
Charge for the period		
Freehold land improvements	52,878	47,226
Plant and machinery	1,071,286	1,251,126
Buildings	148,421	153,463
Motor vehicles	74,020	68,639
Mains and services	971,242	962,280
Meters	255,048	224,999
Tools	2,485	2,415
Office equipment	28,829	21,123
Right-of-use assets	126,367	131,763
Total depreciation	2,730,576	2,863,034

As at 30 June 2022, there were no indications of impairment to infrastructure, property, plant and equipment (2021: Nil).

Finite useful lives

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
Freehold Land Improvements	2 to 30 years
Meters 20mm & 25mm	8 to 10 years
Meters 40mm and above	20 to 25 years
Mains and services	70 to 80 years
Motor vehicles	7 to 20 years
Office equipment	2 to 13 years
Plant and machinery	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.

for the year ended 30 June 2022

4.1 Impairment of assets

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 Busselton Water 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.

4.2 Intangible assets

2022	2021
\$	\$
684,046	676,476
(474,641)	(413,120)
209,405	263,356
-	
263,356	307,913
7,570	48,149
(61,521)	(92,706)
209,405	263,356
	\$ 684,046 (474,641) 209,405 263,356 7,570 (61,521)

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.

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

	2022 \$	2021 \$
Charge for the period Computer software	61,521	92,706

As at 30 June 2022 there were no indications of impairment to intangible assets.

Busselton Water 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 Busselton Water 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.

Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 4.1.

for the year ended 30 June 2022

4.3 Right-of-use assets

	2022	2021 \$
Office equipment	*	•
Gross carrying amount	369,644	382,348
Accumulated depreciation	(246,506)	(194,667)
	123,138	187,681
Reconciliations:		
Carrying amount at start of period	187,681	218,909
Additions	61,825	100,535
Depreciation expense	(126,368)	(131,763)
Carrying amount at end of period	123,138	187,681

Initial recognition

Right-of-use assets are measured at cost including the following:

- · the amount of the initial measurement of lease liability
- · any lease payments made at or before the commencement date less any lease incentives received
- · any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

This includes all leased assets other than investment property right-of-use assets, which are measured in accordance with AASB 140 'Investment Property.'

Busselton Water has elected not to recognise right-of-use assets and lease liabilities for short term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to Busselton Water at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.

The following amounts relating to leases have been recognised in the Statement of Comprehensive Income:

	2022	2021
Depreciation - office equipment	126,368	131,763
Interest lease expense	3,086	5,829

The total cash outflow for leases for the year ended 30 June 2022 was \$130,086 (2021: \$135,866)

Busselton Water has leases for information technology equipment.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.5.

5 Other assets and liabilities

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

	Notes
Trade and other receivables	5.1
Inventories	5.2
Other current assets	5.3
Payables	5.4
Other current liabilities	5.5

5.1 Trade and other receivables

Includes all amounts due to Busselton Water from operations.

	2022	2021
	\$	\$
Rates/standard supply charge debtors	952,018	757,976
Water/consumption debtors	2,454,793	1,769,691
Deferred rates/charges (a)	2,392	2,392
Late payment penalty	12,093	12,572
Fire services	18,170	12,577
Settlement reading fees	4,451	4,920
Miscellaneous fees	15,928	3,857
Sundry debtors	60,552	68,917
GST (Net receivable from ATO)	71,471	64,120
Miscellaneous debtors	593,730	392,533
	4,185,598	3,089,555

⁽a) 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.

for the year ended 30 June 2022

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 (expected credit loss) 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.

5.2 Inventories

	2022	2021
	\$	\$
Inventories held for distribution	569,969	600,303

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

	2022	2021
	\$	\$
Prepayments	146,829	61,711

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

	2022	2021
	\$	\$
Trade creditors	667,881	1,148,018
Accrued salaries	71,040	67,995
Accrued expenses	110,797	250,615
	849,718	1,466,628

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.

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.

5.5 Other current liabilities

	2022	2021
	\$	\$
Monies in trust	34,782	27,501
Income in advance	101,473	94,057
	136,255	121,558

6 Financing

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

	Notes
Borrowings	6.1
Finance costs	6.2
Cash and cash equivalents	6.3
Other financial assets	6.4
Lease liabilities	6.5
Commitments	6.6
Capital commitments	6.6.1

6.1 Borrowings

	2022	2021
Current	Ş	Ş
Western Australia Treasury Corporation Loan (WATC)		240,040
Total current	-	240,040
Non-Current		
Western Australia Treasury Corporation Loan (WATC)	-	
Total Non-current	-	

Busselton Water has no outstanding loan commitments as at 30 June 2022.

All loans payable are initially recognised at fair value, being the considerations received less direct attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method. \$240,040 was repaid during the year (2021: \$307,668).

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for the year ended 30 June 2022

6.2 Finance costs

	2022	2021
	\$	\$
Loan guarantee fee	5,470	9,638
Interest expense	7,376	19,677
Lease interest expense	3,086	5,829
	15,932	35,144

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) and interest component of lease liability repayments.

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.

	2022 \$	2021 \$
Cash and Cash Equivalents	2,309,397	3,353,299
Cash and Cash Equivalents (Restricted Cash)	2,201,483	_
	4,510,880	3,353,299
6.4 Other financial assets		
	2022	2021
	\$	\$
Fixed Term Deposits Held to Maturity		
Reserve investments	8,100,000	9,130,565
Water fund investments	2,400,000	1,410,000
	10,500,000	10,540,565

6.5 Lease liabilities

	2022	2021
	\$	\$
Current	87,525	121,608
Non-current	44,871	75,964
	132,396	197,572

Initial measurement

Busselton Water measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, Busselton Water uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by Busselton Water as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- · amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects the agency exercising an
 option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by Busselton Water if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by Busselton Water in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 4.3

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

for the year ended 30 June 2022

6.6 Commitments

6.6.1 Capital commitments

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

	2022	2021
	\$	\$
Within 1 year	622,867	556,663
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	622,867	556,663

7 Financial instruments and contingencies

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

	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:

	2022 \$	2021 \$
<u>Financial assets</u>		
Cash and Cash Equivalents	2,309,397	3,353,299
Receivables (a)	4,114,127	3,025,436
Reserve Fund Investments (Restricted)	2,201,483	-
Reserve Fund Investments (Unrestricted)	10,500,000	10,540,565
Total financial assets	19,125,007	16,919,300
Financial liabilities		
Payables	849,718	1,466,628
WATC Borrowings	-	240,040
Other Financial Liabilities	223,782	243,166
Total financial liabilities	1,073,500	1,949,834

⁽a) 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.

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 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

AASB 1060 introduces the Simplified Disclosures framework for general purpose financial statements prepared entities reporting under Tier 2 of the Differential Reporting Framework. This new disclosure framework applies to Busselton Water. While most of the disclosures remain the same as 2020-21, there have been some changes by way of additional or reduced disclosures reflected in these financial statements.

The new accounting standard does not change any recognition or measurement requirements, and Busselton Water's financial statements continue to comply with the recognition and measurement requirements of all applicable accounting standards and interpretations.

for the year ended 30 June 2022

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 Busselton Water for the reporting period are presented within the following bands:

Compensation of board members

Compensation Band (\$)	2022	2021
0 - 10,000	2	-
10,001 - 20,000	5	5
20,001 - 30,000	1	1
	Ś	Ś
Total compensation of members of Busselton Water	97,134	99,131
Company of atheres of the contract of the cont		
Compensation of other senior officers		
Compensation Band (\$)	2022	2021
150,001 - 160,000	1	-
170,001 - 180,000	-	1
200,001 - 210,000	-	1
220,001 - 230,000	1	-
330,001 - 340,000	1	-
340,001 - 350,000	-	1
	2022	2021
	\$	\$
Short-term employee benefits	631,452	641,017
Post-employment benefits	65,272	58,334
Other long-term benefits	18,052	28,032
Termination payments	-	-
Total compensation of senior officers	714,776	727,383

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.

Related parties of Busselton Water include:

- · all cabinet 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 agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly owned public sector entities); and
- associates and joint ventures of a wholly owned public sector entity.

Material transactions with related parties

Outside of normal citizen type transactions with Busselton Water, there are no other related party transactions that involve key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

Significant transactions with government related entities

	Notes	2022 \$	2021 \$ *Restated
Income tax equivalents (NTER)*	8.7	987,330	211,494
Dividends	8.6.2	-	757.441
Payroll tax		170,590	154,009
Operating subsidies	3.2	761,000	670,000
Loan repayments (WATC)	6.1	240,040	307,668
Insurance		93,963	83,051
Local government rates equivalent		63,965	62,594
Bulk water supply agreement - water sales		434,059	312,419
Bulk water supply agreement - infrastructure		767,979	765,608

^{*} Refer to Note 9 'Prior year restatement'

2021

Notes to the Financial Statements

for the year ended 30 June 2022

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:

	2022	2021
Auditing the accounts, financial statements and controls	\$	\$
	62,600	39,500
•	62,600	39,500

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.

8.6.1 General reserve fund

	2022	2021
	\$	\$
Balance at start of period	11,894,258	10,647,065
Less: Transfers to retained earnings	(1,511,452)	(794,991)
Add: Transfers from retained earnings	4,096,901	2,042,184
Balance at end of period	14,479,707	11,894,258

8.6.2 Dividends

The following dividends were declared and paid by the Corporation for the year ended 30 June 2022.

	2022 \$	2021 \$
Final dividend payment for the prior year (a)	-	757,443

⁽a) No dividend was paid for the year ended 30 June 2022. The amount was retained under direction from the Government, to be used for asset investment.

Dividends not recognised at year end

Dividends are recognised as a liability in the period in which they are declared. Busselton Water pays a dividend of 85% on operating profit after tax (less gifted assets income). Since year end no dividend has yet been declared to be paid.

Advice has subsequently been received from Government that the dividend for the 2021-22 year, normally paid in the December after year end, is to be retained by Busselton Water to be used for asset investment.

8.6.3 Asset revaluation reserve

	2022	2021
	\$	\$
		*Restated
Balance at start of period*	52,001,845	52,001,845
Gains from asset revaluation*	2,401,117	-
Tax effect of revaluation increments*	(600,279)	<u>-</u>
Balance at start of period	53,802,683	52,001,845

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 4.1 'Infrastructure, property plant and equipment'.

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

* Refer to Note 9 'Prior year restatement'

8.6.4 Retained Earnings

	2022	2021
	\$	\$
		*Restated
Balance at start of period*	34,355,370	32,833,451
Result for the period*	2,894,442	3,526,553
Transfers from general reserve fund	1,511,452	794,991
Transfers to general reserve fund	(4,096,901)	(2,042,184)
Dividends paid		(757,441)
Balance at end of period	34,664,363	34,355,370

^{*} Refer to Note 9 'Prior year restatement'

for the year ended 30 June 2022

8.7 Income Tax

8.7.1 Income tax equivalents

2022 2021 \$ \$ *Restated (a) Recognised in profit and loss Current Current income tax charge 1,121,606 1,179,088 Adjustments in respect of current income tax of previous years (54,180)Deferred income tax (650,148)Reduction in tax rate* (134,276)(263, 266)Relating to origination and reversal of temporary differences 987,330 211,494 Total income tax expense (b) Amounts recognised in other comprehensive income Deferred income tax Fair value adjustments to property, plant and equipment* 600.279 600,279 Total income tax expense * Refer to Note 9 'Prior year restatement' 2022 2021 Ś Ś *Restated (c) Reconciliation of income tax expense to prima facie tax payable Profit/(loss) before income tax equivalents 3.881.772 3.738.047 Tax at the statutory income tax rate of 25.0% (2021: 26.0%) 970,443 971,892 Under/(over) provisions in prior periods (54,180)Tax effect of amounts which are not deductible (taxable) in calculating taxable income* 16,887 (56,070)Reduction in tax rate* (650,148)Total income tax expense reported in Statement of 987,330 211,494 Comprehensive Income

As a consequence of participation in the NTER, Busselton Water is required to comply with AASB 112 $^{\prime}$ 1ncome 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.

Assets

293,417

Liabilities

(293,417)

16.253.704

8.7.2 Deferred tax liability

2022

2022	Assets	Liabilities \$
Deferred toy exacts and liabilities are attributable to the following:	Ş	Ş
Deferred tax assets and liabilities are attributable to the following:	(400,000)	
Provisions - employee benefits	(193,823)	-
Accrued superannuation	-	-
Prepaid expenses	3,639	-
Revaluation of land, property, plant and equipment	-	16,898,303
Property, plant and equipment at cost	-	6,935
Lease liabilities	-	(2,314)
Interest receivable	-	6,968
Tax (assets)/liabilities	(190,184)	16,909,892
Set-off of tax	190,184	(190,184)
Net tax liabilities	-	16,719,708
2021	Assets	Liabilities
	\$	\$
	*Restated	*Restated
Deferred tax assets and liabilities are attributable to the following:		
Provisions - employee benefits	(297,284)	-
Accrued superannuation	-	-
Prepaid expenses	3,867	-
Property, plant and equipment at cost	-	16,595,361
Lease liabilities	-	(49,393)
Interest receivable	-	1,153
Tax (assets)/liabilities	(293,417)	16,547,121

Set-off of tax

Net tax liabilities

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.

^{*} Refer to Note 9 'Prior year restatement'

^{*} Refer to Note 9 'Prior year restatement'

for the year ended 30 June 2022

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, other than a business combination, 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 probably that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

	Balance 1 July 2021 *Restated	Recognised in income	Recognised in equity	Balance 30 June 2022
	\$	\$	\$	\$
Movement in temporary differences during				
the year:				
Provisions - employee benefits	(297,284)	103,461	-	(193,823)
Prepaid expenses	3,867	(228)	-	3,639
Infrastructure, Property Plant & Equipment	16,595,361	(259,618)	600,279	16,936,022
Lease liabilities	(49,393)	16,294	-	(33,099)
Interest receivable	1,153	5,815	-	6,968
Total movement	16,253,704	(134,276)	600,279	16,719,708

^{*} Refer to Note 9 'Prior year restatement'

9 Prior year restatement

During the year ended 30 June 2022, the following misstatement was identified relating to prior financial years. This misstatement has been corrected by restating each of the affected financial statement line items for prior years. The misstatements have no impact on the Statement of Cash Flows and are described below.

9.1 Asset revaluation reserve and deferred taxation

The asset revaluation reserve has been restated to recognise the correct taxation treatment associated with temporary differences arising from the depreciation and revaluation of property, plant & equipment and infrastructure, that have been historically recorded in the reserve. The tax impact disclosed in the Statement of Other Comprehensive Income has also been restated to recognise the correct tax impact associated with the Changes in asset revaluation surplus. Consequently, the asset revaluation reserve was overstated and retained earnings was understated.

A separate erroneous tax entry related to asset revaluation decrements was posted to tax expense and the asset revaluation reserve in 2021. Consequently, the asset revaluation reserve and income tax equivalent expense was overstated.

In addition, the deferred tax liability was restated to reflect the substantively enacted tax rates related to the period in which the temporary differences were expected to reverse. Consequently, the deferred tax liability and income tax equivalent expense was overstated.

The following table summarised the impacts on the financial statements:

Statement of Financial Position	Original \$	Impact \$	Restated \$
1 July 2020			
Deferred tax liabilities	18,157,528	(990,410)	17,167,118
Total non-current liabilities	18,566,660	(990,410)	17,576,250
Total liabilities	20,928,194	(990,410)	19,937,784
Net assets	94,491,951	990,410	95,482,361
Asset revaluation reserve	54,039,743	(2,037,898)	52,001,845
Retained earnings	29,805,143	3,028,308	32,833,451
Total equity	94,491,951	990,410	95,482,361
Statement of Financial Position	Original	Impact	Restated
	\$	\$	\$
30 June 2021		4	
Deferred tax liabilities	16,903,852	(650,151)	16,253,704
Total non-current liabilities	17,001,907	(650,151)	16,351,759
Total liabilities	20,118,789	(650,151)	19,468,640
Net assets	97,601,322	650,151	98,251,473
Asset revaluation reserve	55,316,578	(3,314,733)	52,001,845
Retained Earnings	30,390,487	3,964,883	34,355,370
Total equity	97,601,322	650,151	98,251,473
Statement of Comprehensive Income	Original	Impact	Restated
·	\$	· \$	\$
30 June 2021			
Profit before income tax	3,738,047	-	3,738,047
Income tax equivalent expense	1,148,067	(936,573)	211,494
Profit after income tax	2,589,980	936,573	3,526,553
Other comprehensive income			
Changes in asset revaluation surplus	1,276,834	(1,276,834)	-
Income tax expense on items of other comprehensive income	-	-	-
Total other comprehensive income	1,276,834	(1,276,834)	
Total comprehensive income for the period	3,866,814	(340,261)	3,526,553

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