

Condensation ←

Evaporation ↑

Infiltration ↓



"BUNBURY WATER BOARD"

AQWEST

AQWEST - BUNBURY WATER BOARD

2007 - 2008 ANNUAL REPORT

Front cover styling

This year's front cover takes on a whole new direction from past annual reports. As part of it's annual water conservation summer campaign in 2007/2008 Aqwest introduced 'I Am The Difference' to replace 'Save Water, Save Money'. The cover celebrates this bold new initiative and uses the same imagery as one of the recent advertisements.

We believe this is much more effective as it attempts to demonstrate that Aqwest is about our community, we reach out to connect with them and invite them to connect with us.

The new styling has been purposely created to demonstrate community ownership of Aqwest and provide an assurance to customers that they play a part not only in Aqwest but in long term water conservation.

I am the Difference is inviting Aqwest to become part of the lives of Bunbury people – we hope that you like it and continue to help being part of 'the difference.'

Cover styling by The Answer Agency – PR consultants to Aqwest

CONTENTS

Statement of Compliance	2
Introduction	3
Board Members	3
Chairman's Report	4
Chief Executive Officer's Report	5
Report on Operations	6
Community Relations	15
Organisational Structure	16
Performance Indicators	17
Performance Indicator Notes	19
Certification of Financial Statements	22
Financial Statements	23
Annual Estimates 2008/2009	44
Auditor General's Report	45

AIM

To achieve on-going success in the water industry based on service excellence and compliance to statutory requirements

ROLE

Provide sustainable, high quality water services at minimum long term cost.

STATEMENT OF COMPLIANCE

Hon. Dr. Graham Jacobs MLA

MINISTER FOR WATER

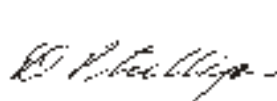
On behalf of the Board of Management and in accordance with Section 61 of the Financial Management Act 2006, we have pleasure in submitting for your information and presentation to Parliament, the Annual Report of Aqwest - Bunbury Water Board for the financial year ended 30 June 2008.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

In the financial administration of Aqwest - Bunbury Water Board we have complied with the requirements of the Financial Management Act 2006 and every other written law and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisitions and disposal of property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing we are not aware of any circumstances which would render the particulars in this statement misleading or inaccurate.

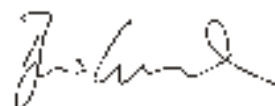
This statement is made in accordance with a resolution of the Board.



D M PHILLIPS
Chairman



T M HALL
Board Member



B D GRANVILLE
Chief Finance Officer

BUNBURY, 9 SEPTEMBER 2008

INTRODUCTION

The site of the police station in Wittenoom Street was the birthplace of Aqwest when hand drawn carts were filled from a well to sustain the small but bustling port-side community of Bunbury.

From the beginning the Bunbury Water Board was a locally run, not for profit organisation with a focus on serving the community.

Over one hundred years later that culture hasn't changed and is still central to all Aqwest does today. It is about local people servicing the needs of their community.

The Bunbury Water Board was controlled by local government until 1996 when it became an independent authority under the Water Services Co-ordination Act of 1995.

Aqwest is one of two independent water supply authorities operating in Western Australia. It is managed by a Board of community members.

Aqwest is the trading name for the Bunbury Water Board, which supplies drinking water to homes and businesses in Bunbury.

Aqwest is keen to consider options to expand its distribution.

Expansion depends heavily on changes to Government legislation.

The organisation has earned a reputation for achieving high customer satisfaction standards.

Aqwest has access to a reliable, high quality water resource and is supported by modern treatment plants, storage facilities and network capability. It has sound, long-term capacity to invest in new facilities as well as maintain and upgrade its existing facilities.

GUIDING VALUES

- A provider of high quality service
- Customer and community focused
- Recognised for leadership and innovation
- Committed to supporting staff
- Committed to providing a safe workplace
- Ethical and has integrity
- Accountable (open and transparent)
- Able to provide a safe and sustainable supply

BOARD MEMBERS



BACK L-R

Stan Liaros, June 2004 - 31 May 2010

Terry Spice, August 2005 - 31 May 2011

Tom Hall, July 2003 - 31 May 2009

David Smith, June 2004 - 31 May 2010

FRONT L-R

Merrilynn Walker, July 2003 - 31 May 2009

Diana Phillips (Chairman) December 2001 - 31 May 2011



The Board of every organisation is focused on the strategic and governance sides of the business and, with Aqwest's Board no different to any other in this regard, 2007/2008 has been very busy.

The water industry is a critical and very dynamic industry which is at the heart of our society. Climate change has placed additional pressures, challenges and focus on the industry.

At Aqwest we have had to be responsive to these challenges, changes in expectations, and demands, as well as continue to provide our core business which is serving the people of Bunbury with the best quality water we can in the best way possible.

Some of the issues we have to manage in this ever changing field are;

- 1 The Water Efficiency Measures (WEM's) which were introduced by the State Government on the 1st October 2007;
- 2 Pricing reviews that are being held into water providers in the Southwest and the State generally by the Economic Regulation Authority (ERA);
- 3 The need to conserve and monitor the sustainability of our water supply;
- 4 The requirement to obtain a reasonable rate of return on our assets;
- 5 Impending changes to current water industry legislation which would facilitate Aqwest becoming a Corporation; and
- 6 Implementing required Risk Management and Business Continuity Plans to ensure the sustainability and continuity of the business.

Thus, managing Aqwest from a Board's strategic and governance perspective is a complex task as there are many issues, some of which conflict.

WEM's are required because water is scarce in the Southwest and elsewhere and, at Aqwest, we believe that to manage water use we have to change our own and society's attitudes to water – that it isn't freely available with the turning on of the tap, and that there is a consequence to its use. At Aqwest, we have used pricing in the past to very effectively inculcate that in our customers' awareness, implementing a six-tier pricing arrangement designed to make those that use the most water pay more. Every customer of ours receives an allocation of 150 kl at the cheapest price then up to 350 kl at the next price level and after that the price increases escalate. This regime has worked incredibly well and householders now use less per household than they did in the early 1980s.

The State Government introduced WEM's to the southern half of the State which meant two day a week watering, so householders had to decrease their water usage even further. As this year has unfolded with WEMs in place, water usage for domestic consumption has decreased by approximately 13%. This is a fine effort and we congratulate the people of Bunbury.

However, the introduction of WEM's has had an impact on our business, in that it leads to a reduction in income, where many of our other costs do not decrease. Some of the production costs do decrease because we are producing less water, but many other costs remain the same; we are still up-keeping our treatment plants and equipment and undertaking capital works, costs that remain stable. Managing the business to cope with this reduction in income, whilst simultaneously obtaining the targeted 4% return on assets is a major challenge.

We take pride in being the cheapest water provider in the State. Our

Strategic Development Plan states our role is to "provide sustainable high quality water services at minimum long term cost"; hence we are hesitant to put the price of water up too steeply, but that means our issue with the fair rate of return on assets is an issue to be managed.

On top of this, the ERA continues to recommend we lower our prices considerably. There has been a further small review in 2007/2008 in which they recommended we reduce the six tiers of pricing that we have used to encourage water use efficiency. In addition, we also are undergoing another major pricing review by the ERA in the 2008/2009 financial year.

The ERA takes the view that water in the Southwest is plentiful and therefore should be charged accordingly, meaning even cheaper than what we provide at the moment. We at Aqwest see that this is contrary to the WEM's and what those measures are trying to instil into the mind of the people of Bunbury and the State – that water is a precious resource, that water is scarce, and that we must change our attitudes towards it.

Aqwest is also very aware of its need to conserve and maintain the reserves of water we have. We obtain our water from the Yarragadee aquifer and various studies have confirmed the Yarragadee needs to be well managed to maintain sustainability. In order to achieve that sustainable management, we have been undertaking capital works so that we can take water from bores inland from the coastal bores which are suffering some saline intrusion and head loss as water is taken from those areas.

This has involved some considerable undertakings for us with the biggest capital works program we have ever undertaken taking place in 2007/2008 in the form of the City Waterlink initiative. We can now transfer water from the relatively inland Tech Bores up to the northern end of Bunbury to service Marlston Hill and all the development at that end of town without having greater reliance on the coastal water production.

Perhaps all these factors come together with the impending change to the Act that governs us, so that we will in effect become a corporation rather than a statutory authority, and all that that will imply. On top of this, are the regular financial and operational auditing regimes.

In managing these issues, Aqwest is kept on its toes strategically, in having to strike a very delicate and rather precarious balance between competing needs and challenges. We are, though, very fit for this task and we do it well. We tackle these issues conscientiously and with the intention of finding our way through the complexity that is the demands of the water industry worldwide.

Given we work at this level, it is very pleasing that our most recent Customer Survey revealed overall customer satisfaction was 94.4%. In terms of planning effectively for the future, however, the performance indicator result was somewhat disappointing, despite increasing from 35.6% to 52.6%. In respect of these results, we realise it is imperative that we continue to advise our customers of Aqwest's important long-term planning initiatives and capital works program. Similarly, we recognise the need to more visibly promote a wide range of water conservation measures to the community, as well as inform customers of the services we provide. Our aim is always to put the customer before all else and we must ensure this commitment is clear in all our community interactions.

As an organisation, we are fighting hard for our customers' rights at the state and national level and are squarely focused on planning well into the future as we continue to deliver high-quality water supplies to the community. Our role is to serve and, as such, we are always keen to receive feedback on our operations and invite the community to share their experiences with us.

We look forward to 2008/2009 and sharing with the City of Bunbury the exciting community projects we are working on.

Diana Phillips,
Board Chairman
19 August 2008.

CHIEF EXECUTIVE OFFICERS REPORT



2007/2008 has been both a rewarding and challenging year for Aqwest. We have overseen many changes and completed important projects that will benefit the community for many years to come.

Customer Satisfaction

Overall customer satisfaction is at its highest level since 1999 (Target 85%: Actual 94.4%). The Board sets an annual target of 85% for the ten performance indicators (PI's) within the annual customer satisfaction survey. In 2007/2008, three (3) PI's exceeded this target and significant improvements were demonstrated in regards to planning effectively for the future

(2007 = 35.6%, 2008 = 52.6%) and the active promotion of water conservation (2007 = 63.3%, 2008 = 73.2%). Whilst the overall results are clearly satisfactory, it remains imperative that Board Members and staff are informed and consider customer views as part of their decision making processes.

Staffing

It has been a challenge for Aqwest to both attract and retain staff in the 2007/2008 financial year, with numerous highly experienced staff members moving on during the course of the 12 months. Fortunately, Aqwest has been able to source excellent replacements and this, in conjunction with a restructure of staffing arrangements in the operations and engineering areas, has provided a very positive work environment. The restructure has provided a fresh focus on two of the fundamentals of our business – water treatment and water distribution.

Early intervention staff strategies implemented in the prior financial year continue to provide tangible benefits for both employees and Aqwest. The annual Staff Satisfaction Survey indicated strong staff support in all key facets of the business. During the year, a three (3) year Aqwest Collective Agreement (ACA) was successfully negotiated between management, staff and union representatives.

In addition, the appointment of a Project Management Officer has provided much-needed assistance and expertise in the areas of Risk Management and Information Technology.

Financial Planning

The Board again completed a Strategic Development Plan (SDP) and Statement of Corporate Intent (SCI) in 2007/2008. Finance and Capital Works Plans were extended in duration from five (5) to ten (10) years. The plans identify that the Economic Real Rate of Return varies between 1.35% (minimum) and 2.56% (maximum) in the forthcoming ten(10) years. As this is not considered an adequate return on the significant asset investment made by the Board since 1906, it is intended to discuss the matter with key stakeholders early in the 2008/2009 financial year.

Reviews and Inquiries

Acting on a request from the Treasurer, a pricing review was conducted by the Economic Regulation Authority (ERA). The recommendations of that review are not supported by the Board and were not ultimately endorsed by Government. It remains the Board's strong view that water is a precious resource and that a six

(6) tier residential charging scale rewards those customers who conserve water.

The Board continues to provide the best value for money service in Western Australia for average residential water consumption.

During the financial year, the ERA also completed an inquiry on competition in the water and wastewater services sector and has recommended to Government that business cases be developed regarding alternative configurations of water and wastewater service provision in the Bunbury and Busselton regions. Should Government proceed with the recommendation, the Board feels comfortable in the knowledge that Aqwest provides the best value for money service for average consumption in Western Australia and that overall customer satisfaction is at its highest level for almost a decade.

The Board appreciates the opportunities provided by the Department of Water, Economic Regulation Authority, State Government and the Minister for Water Resources to participate in the development and review of draft water industry legislation, water planning initiatives and the implementation of National Water Initiative (NWI) reporting requirements.

Key Performance Indicators

Good results were again achieved across the Board's key performance indicators. Excellent compliance was again achieved in respect to water quality, pressure, flow and continuity. Water production dropped by approximately 9%, residential consumption by 13% and overall consumption by 8.8%. Customers are to be congratulated on these impressive reductions and their obvious adherence to the Water Efficiency Measures introduced on the 1st October 2007. Three (3) of nine (9) performance indicators relating to the annual customers satisfaction survey have exceeded the target level of 85% and the overall customer satisfaction level of 94% is at its highest level since 1999.

Economic real rates of return are showing a disturbing downward trend having consistently reduced on an annual basis from 8.44% in the 2003 financial year to 3.00% in the current 2008 financial year. Whilst some of this reduction can logically be attributed to significant increases in asset values via required re-valuation processes, it is an issue that needs to be addressed between Aqwest and relevant Government agencies.

Capital Works

During the 2007/2008 financial year, the Board completed its biggest capital works program in recent history, culminating in the completion of the City WaterLink project which provides long term security for the City of Bunbury's water supplies.

Discussions have been ongoing with the Water Corporation in regards to both organisations contributing to and constructing the necessary infrastructure to supply each other with emergency supplies and potential bulk water supplies.

In conclusion, the support of all Board members, managers and staff throughout the year has been greatly appreciated. I would especially like to acknowledge and thank everyone at Aqwest who has made a commitment outside of their normal working hours to ensure that this 24/7 business provides continuous customer service excellence.

Brad Bevis,
Chief Executive Officer
19 August 2008

OPERATIONS

Aqwest provides potable water services to the City of Bunbury.

Results for the 2007/2008 financial year show that Aqwest once again performed its role at a high level.

There were no changes to performance indicator targets in 2007/2008.

National Water Initiative (NWI)

During the financial year Aqwest provided the Economic Regulation Authority with data as set out in the National Performance Framework in accordance with the requirements of the National Water Initiative (NWI).

Aqwest's performance in terms of the controls and security of the data was very good with each of the forty (40) indicators examined being found to be "Fully Compliant" with the exception of one (1) which was rated as "Substantially Compliant". None of the forty (40) indicators examined were "Non-compliant".

There has been no other change in the Government's desired outcomes for outputs or activity relating to Aqwest operations, nor has there been any change in Government policy in relation to these outputs or activities in the past year.

Operating licence

Aqwest's operating licence expires in 2022.

Aqwest's Performance Indicators are closely aligned to the requirements of the operating licence. This ensures that the results from the Performance Indicators are particularly relevant to the business operation.

Growth and consumption

Consumption statistics for 2007/2008 were lower than 2006/2007 as demonstrated below.

Year	Consumption (kL)		Total (kL) Consumption
	Residential	Non-residential	
2003	3,663,623	1,603,460	5,267,083
2004	4,217,648	1,694,962	5,912,610
2005	4,221,466	1,682,983	5,904,449
2006	4,110,477	1,710,703	5,821,180
2007	4,296,053	1,739,936	6,035,989
2008	3,905,496	1,622,342	5,527,838

Water Efficiency Measures (W.E.M.S.)

The State Government introduced Water Efficiency Measures (WEM's) to the South West of the State on 1 October 2007.

The measures have been successful in reducing overall consumption by approximately 9%. Aqwest takes responsibility for informing customers of the requirements of the water efficiency measures.

Water Conservation

The Board again maintained a comprehensive water conservation program in 2007/2008.

The program included:

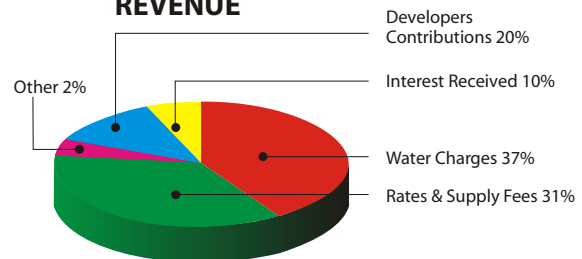
- An Intensive radio campaign on the three local radio stations from November 2007 through to April 2008 inclusive.
- During 'Water Week' 21-27 October 2007, a read your water meter competition was successfully run.
- Weekly newspaper article where a comparison is provided of Actual vs Target consumption. Water saving tips are incorporated into the article.
- Direct mail pamphlets promoting the "Save Water, Save Money" theme.
- Promotional banners were created promoting a customer focussed 'I am the Difference' theme.

FINANCE

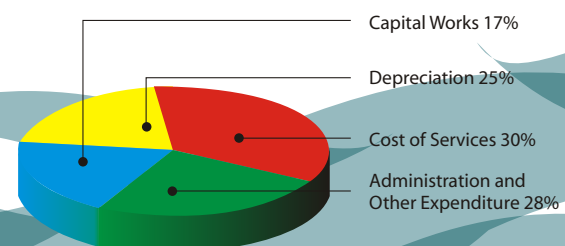
Aqwest's objectives in charging for services is to maintain a system which is fair, simple to understand and administer, while promoting the efficient use of the water resource.

Apart from The Minister for Water Resources approving Performance Indicator details, there were no Ministerial directives relevant to the setting and achievement of Ministerial objectives or to investing and financing activities.

REVENUE



EXPENDITURE



REPORT ON OPERATIONS



NON RESIDENTIAL

A revised pricing regime was introduced in the non-residential sector on 1 July, 2005. The new pricing regime introduced the following changes to the way in which water charges are levied across the non-residential sector.

1. Phasing out of the GRV (Gross Rental Value) method of rating properties over a 5 year period starting with an 80% charge in 2005/2006 reducing by 20% increments to be nil in 2009/2010.
2. Phasing in of a meter charge based on the meter size. The base charge (for 2007/2008) being \$362 for a 20mm meter. Charges for other meters are based on the volumetric capacity of the meter as shown in the table below.

Meter Size	Meter Size Index	Charge
20	1.00	362.00
25	1.56	564.72
40	4.00	1448.00
50	6.25	2262.50
80	16.00	5792.00
100	25.00	9050.00
150	56.25	20,362.50

PRODUCTION

There was a significant decrease in the production of water in 2007/2008 as shown in the table below.

Year	Production (kL)
2003	6,407,652
2004	6,846,789
2005	6,594,681
2006	6,502,829
2007	6,766,557
2008	6,286,207

Consumption charges

RESIDENTIAL

The cost per kilolitre of water during the 2007/2008 financial year increased by approximately 3%. The 2007/2008 (and prior three years) residential consumption charges are shown in the table below:

Consumption kilolitres	Cost per kilolitre			
	2005	2006	2007	2008
0 to 150kl	\$0.38	\$0.39	\$0.40	\$0.41
151 to 350kL	\$0.67	\$0.69	\$0.71	\$0.74
351 to 500kl	\$0.98	\$1.00	\$1.03	\$1.07
501 to 700kl	\$1.28	\$1.31	\$1.35	\$1.41
701 to 1000kl	\$1.53	\$1.57	\$1.62	\$1.69
> 1000kl	\$2.22	\$2.28	\$2.36	\$2.47

3. New consumption charges were phased in based on the percentages shown in the table below. The base charge for 2007/08 was \$0.77 per kL up to 1000 kL and \$1.14 per kL thereafter. The water allowances based on Gross Rental Values were discontinued from 1 July, 2005.

Consumption charges - phasing in %	
Year	% of base charge
2005/06	50%
2006/07	65%
2007/08	75%
2008/09	85%
2009/10	100%

Pricing and related information was published in the Government Gazette on 24 August, 2007.

REPORT ON OPERATIONS

Capital works program



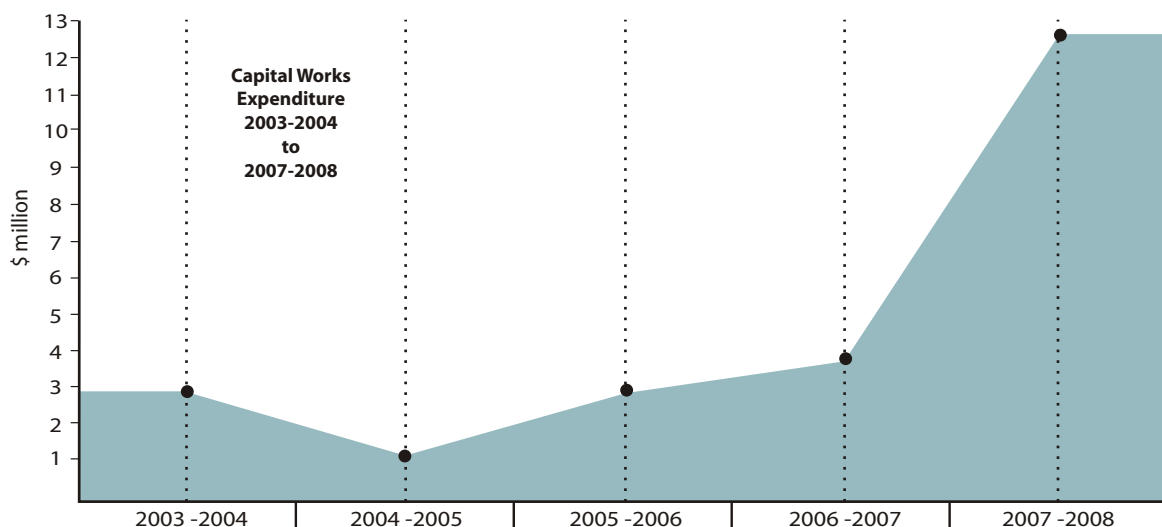
Aerial view of City Waterlink project.

The total value of the 2007/2008 capital works program was \$12.5 million.

The main works undertaken were:

City Waterlink project (including pump station)	\$6,956,942
Purchase land	\$3,282,618
Reticulation system augmentation	\$429,618
Plant purchases	\$367,307

The graph below illustrates the levels of capital works expenditure over the last five years.



The City Waterlink Project, one of the largest projects undertaken by Aqwest, was completed in May 2008. The project involved the construction of a new water pumping station and an 8.4 kilometre pipeline in Bunbury.

The project means that up to 24 million litres of water a day can now be moved from the new pumping station at Tech Reservoir in College Grove to three storage reservoirs in Bunbury.

The project will ensure Aqwest can meet the increasing demands being placed on the city's water supply by our growing community and allow us to continue to deliver high quality water to all of Bunbury.

From an environmental perspective, Aqwest will be able to move its coastal pumping operations inland, resulting in environmental benefits including protection of the Yarragadee aquifer by keeping salt water out of the aquifer, sustainable production of water from inland areas of the Yarragadee aquifer and an overall reduction in pumping and operating which cuts greenhouse gas emissions.

The Bunbury community will benefit from the City Waterlink Project through an improved supply of water to coastal areas, allowing Bunbury to grow and expand as a city and assuring the water supply to Bunbury residents is secure into the future.

The Electoral Act 1907 Section 175ZE

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

1. Total expenditure for 2007/2008 was \$95,324.
2. Expenditure was incurred in the following areas:

Media Advertising organisations	Rounded
The Answer Agency	\$20,645
Radio West	\$16,310
Bunbury Print	\$14,849
SW Printing	\$11,104
Mycre Display	\$10,600
Dynamic Print	\$6,036
A & L Printers	\$3,278
Express Print	\$775
The Local Link	\$368
Quantam Multimedia	\$347
Rural Press	\$149
TOTAL	\$84,461

Market Advertising Organisations	Rounded
Strahan Research	\$10,683
Advertising Agencies	-
Polling Organisations	-
Direct Mail Organisations	-
TOTAL	\$10,683



Aqwest Water Meter Reader, and longest serving current staff member Mr Barry Jones.

Compliance with Public Sector Standards and Ethical Codes

During the 2007/2008 financial year Aqwest had one non compliance with the Staff Code of Conduct. The matter related to the unauthorised use of Aqwest equipment. The matter was considered to be a reportable event and was therefore reported to the Corruption and Crime Commission. The Commission subsequently advised that the matter appeared to have been dealt with adequately by an internal investigation conducted by Aqwest and that further investigation was not necessary.

No other compliance issues arose during the financial year.

Aqwest's staff Code of Conduct is updated on an annual basis. It was originally implemented in September 1998. The organisation's Human Resources Manual is scheduled for a major review in 2008/2009. Position Descriptions for each employment position and performance management processes are complete for all categories of staff.

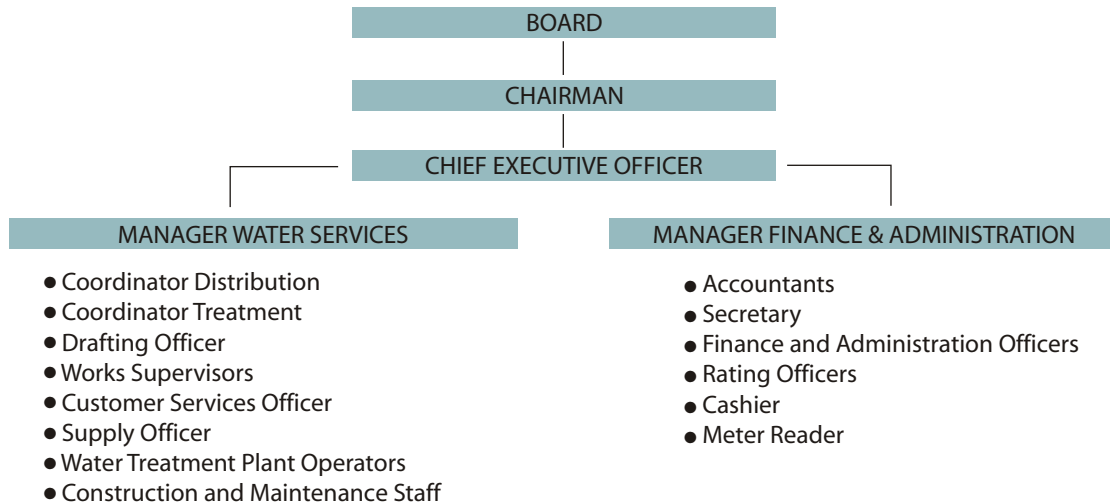
An annual independently conducted staff attitudinal survey using Australian Quality Awards Criteria is conducted to assess staff attitudes in the conduct of Aqwest's activities.

A comprehensive induction process applies to all new staff. An Induction Manual has been developed for this task.

Aqwest conducted some awareness raising activities in 2007/2008. It is intended to increase the frequency of these and implement additional training sessions in 2008/2009.

B.G. Bevis - Chief Executive Officer
1 July 2008

CORPORATE STRUCTURE



CUSTOMER GROUP OUTCOMES

Disability Access and Inclusion Plan

Aqwest - Bunbury Water Board is not required to develop a Disability Access and Inclusion Plan. Aqwest is cognisant with the six (6) desired outcomes of the plan.

Equal Employment Opportunity Outcomes

A copy of the Board's Equal Employment Opportunity and Diversity Management Plan for the period 2007-2009 was submitted to the Office of Equal Employment Opportunity on 1 May 2007.

Record Keeping Plans

Refer to Page 14.

Equity and Diversity Plan

Aqwest - Bunbury Water Board has less than 50 employees and is therefore not required to provide numerical performance objectives. The Board is aware of the State Government's Equity and Diversity Plan for the Public Sector Workforce 2006-2009. The Board is also aware that the State Government is committed to developing an equitable and diverse public sector workforce which is representative of the Western Australian community at all levels of employment and enables employees to combine work and family responsibilities.

CORRUPTION PREVENTION

Aqwest is taking the following measures to prevent corruption and misconduct.

- Promoting awareness of the staff Code of Conduct
- Advising staff of notification procedures for dealing with misconduct and corruption.

Number of employees

The number of employees by category in comparison with the preceding financial year is shown below:

Staff category	Full time equivalents	
	2006/2007 (12 mths)	2007/2008 (12 mths)
Finance/Administration	13.17	13.48
Engineering	4.64	4.51
Operations	15.27	16.86
Total	33.08	34.85

TRAINING AND DEVELOPMENT

Aqwest has an induction process for all new employees, and has ongoing specific training for staff.

Specific training is aimed at computer applications, manual handling, use of machinery, first aid and chlorine safety procedures.

Training is aimed at maintaining a skilled workforce, up to date with industry changes, and ensuring safe work practices.

Aqwest supports advanced external studies.

Occupational Safety and Health/Risk Management

Aqwest, in its commitment to health and safety, actively promotes employee participation.

Monthly safety meetings focus on developing responses to safety issues that may affect staff and issues that may have an impact on the public.

First aid training and refresher courses combined with videos, books and pamphlets encourage staff to maintain safe work practices. Appropriate voluntary immunisation programs are available to all employees.

Aqwest's safety incentive scheme was reviewed and enhanced to promote safety in the workplace.

A skin cancer screening session was also held for all staff during the year.

During the year the relevant staff conducted drills to test response and procedures according to the chlorine emergency response and emergency evacuation plans.

Aqwest's Occupational, Health and Safety Program is independently assessed in accordance with the Worksafe WA guidelines. The audit is completed every second year to measure and guide improvements in Aqwest's safety program. The audit was last completed in March 2007 with Aqwest achieving an overall 83% rating.

The composition of Aqwest's Risk Management Committee is the Chief Executive Officer, Manager Finance & Administration, Manager Water Services, Board Chairman and one Board Member.

The committee meets at least 6 times per year.

During 2007/2008 the Risk Management Committee engaged a Project Management Officer who, in conjunction with Executive Staff and the Risk Management Committee, completed a comprehensive review of all Risk Management processes.

Employee relations

Aqwest conducted its eleventh annual survey of staff attitudes, designed to compare organisational performance against the Australian Quality Award criteria.

Results of the survey are as follows:

Australian Quality Award Category	2008 Survey	2007 Survey	2006 Survey	2005 Survey	Aust. ave
Customer Focus	4.03	3.88	4.06	3.98	3.45
Information & Analysis	3.83	3.82	3.58	3.90	3.04
Organisational Performance	3.77	3.55	3.42	3.48	3.53
Leadership	4.00	3.87	3.54	3.57	3.01
Processes, Products & Services	3.82	3.79	3.51	3.80	3.24
Individual Employment	3.71	3.62	3.33	3.40	3.07
Strategy, Policy & Planning	3.94	3.74	3.38	3.67	2.82
Organisation as an Employer	3.83	3.67	3.45	3.59	2.91
Workplace as part of the Organisation	3.80	3.28	3.15	3.21	2.77

Results were significantly above the Australian averages.



CUSTOMER SURVEY

Aqwest delivers its services with a clear customer focus and a major objective to achieve a minimum of 85% approval rating.

In the 2007/2008 customer satisfaction survey an overall satisfaction rating of 94% was achieved.

Again, the 2008 Survey has provided valuable feedback on Aqwest's performance. Whilst the majority of issues have been previously identified in prior surveys, the onus remains with Aqwest to continually improve.

THE CUSTOMER SURVEY REVEALED THE FOLLOWING: SERVICE

Overall satisfaction

94.4% of customers were satisfied overall with Aqwest's services, an improvement on 2007.

81.1% were satisfied with their tap water service representing a small reduction on 2007, but a continuation of the high levels of satisfaction reported over earlier years. The main reason for dissatisfaction was primarily the smell and taste of the water including the smell and taste of chlorine.

Customer contact

89.9% of customers who had contacted Aqwest in the past 12 months were satisfied with the response they received, similar to that achieved in 2007. The primary reasons for dissatisfaction were that the problem remained unresolved or the respondent got an unsympathetic response from Aqwest staff.

Service interruptions or problems

84.5% of respondents had not experienced any problems with water quality, and 88.3% had not experienced any problems with pressure in the last 12 months.

These sustain the trend of good results achieved over the past six years.

87% of respondents had not experienced unexpected interruptions to their residential service, and 64.2% had not experienced planned interruptions in the past 12 months. Of those who had experienced planned interruptions, 92.8% were contacted prior to the interruption.

Charges

72.8% of customers believe that Aqwest charges fairly for its services. Those who believe that Aqwest does not charge fairly (7.4%) primarily based this on the view that charges are too high and that they are increasing.

TAP WATER SERVICE

Quality

80.4% of respondents are satisfied with the quality of the tap water service provided by Aqwest. Those who are dissatisfied (10.2%) were concerned primarily about the taste and smell of the water including that caused by chlorine in the water.

Drinkability

83.1% of respondents believe Aqwest drinking water is safe to drink and 6.4% think it is not safe. The main concerns of those who think it is not safe are the chlorine/chemicals in it and the bad taste and smell.

COMMUNICATIONS

Awareness of communication

72.2% of respondents were aware of Aqwest's Customer Service Charter Summary representing a very large improvement in awareness since 2007. Similarly, awareness of the website increased to 73.6% an equally large increase on 2007. On the other hand 42.5% of respondents were aware of Aqwest's **On Tap** newsletter and 27.3% of their information pamphlets, representing significant decreases in awareness in 2007.

Informing the public

80.7% of customers agree that Aqwest does a good job of informing the public about its services, another small improvement on 2007. Those who disagree (4.1%) do so primarily on the basis that Aqwest does not adequately market or provide information about itself.



PLANNING FOR THE FUTURE

Planning for the future

52.6% of respondents believe that Aqwest is planning effectively for the future while 5.3% believe they are not. This represents a significant improvement on 2006 and 2007 and revisits levels achieved in 2003 and 2004.

Respondents who believe that Aqwest is not planning effectively mainly based this on a view that Aqwest does not have plans for the future.

Water Conservation

73.2% of respondents believe Aqwest is actively involved in water conservation, 6.4% do not and 10.1% are unsure. The main reasons given by those who do not believe Aqwest is actively involved in water conservation are because Aqwest inadequately:

- Promotes water conservation
- Controls business and government water conservation
- Polices water conservation guidelines

Obstacles to Household Water Conservation

54.6% of respondents believe they face no obstacles to conserving water and that they do it quite well. The four main obstacles to conserving water reported are:

- Household requirements (14.0%) especially long showers taken by teenagers
- Lack of time (7.6%) to do what is needed to conserve water
- The cost of equipment and trades people (5.7%) needed to improve water conservation in their homes
- The need to water the lawn and garden (4.8%)

Results of the 2007/2008 and previous three (3) years customer surveys are:

Item	2008	2007	2006	2005
Overall satisfaction with Aqwest	94%	93%	90%	90%
Satisfaction with tap water	81%	87%	82%	83%
No interruption to supply	87%	89%	87%	62%
Water safe to drink	83%	90%	84%	85%
Water supply is of an acceptable quality	80%	84%	80%	81%
Aqwest is planning for the future	53%	36%	37%	45%
Aqwest charges fairly for its services	73%	77%	69%	75%
Customer contact satisfaction with response	90%	90%	82%	91%
Aqwest informs the public of water conservation	73%	63%	na	na

Complaint statistics for the period

1 July 2007 to 30 June 2008 were as follows:

CATEGORY	No.
Water quality	89
Pressure or flow	47
Accounts	6
Other	3
TOTAL	145

COMPLAINT RESOLUTION

Resolved by routine business procedures	145
Unresolved	0
TOTAL	145

WRITTEN COMPLAINTS

Total number of written complaints	2
Number of written complaints resolved in 21 days	1
Number of written complaints resolved in more than 21 days	1
Number of complaints outstanding at 30 June 2008	0

Customer Complaints

Aqwest recognises that supplying our customers with a high quality uninterrupted water supply is critical. Aqwest operates a 24-hour emergency contact service as required by our Operating Licence. Customers are notified within one hour of the action to be taken. Our customers are entitled to express valid concerns and have their query responded to in a timely, professional manner with the least amount of inconvenience where possible. Whether complaints are financial or relating to water supply, customers are kept fully informed on the progress of their complaint until a solution is found.



Community Services

Aqwest provides a rebate to owners and tenants who are holders of a Pensioner or a Senior Card.

The rebate applies to water supply fees and water consumption and is assessed on the following basis:

Supply Fee	
Pensioners	50% rebate
CSHC and Seniors	50% rebate
Seniors	25% rebate
Water Consumption	
Pensioners	50% up to 350kl
Seniors	50% up to 150kl

Customer focus

The following documents are usually held by Aqwest Bunbury Water Board and are available free of charge to our customers upon request:

- Customer Charter
- Annual Report
- Information on Headworks contributions
- Information Sheet regarding disputes
- Newsletters
- Strategic Development Plan
- Water Conservation Campaign documents
- By-laws

Equity Access

Aqwest Bunbury Water Board will provide a general right of access to other documents and records in accordance with the Freedom of Information Act 1992 and the guidelines of our Policy No. 5.10.

Aqwest's procedure for giving members of the public access to documents is as follows:

- Compliance with the Freedom of Information Act 1992.
- Board Policy 5.10 titled "Freedom of Information".

Initial enquiries can be made to the Board's Manager of Finance and Administration who performs the role of "Freedom of Information Coordinator".

Recordkeeping Plans

Aqwest's Recordkeeping Plan was approved for a period of three (3) years by the State Records Commission on the 18th January, 2008.

In accordance with Standard 2, Principle 6 of the State Records Act 2000, Aqwest addresses key areas as follows:

1. The efficiency and effectiveness of Aqwest's recordkeeping system is evaluated not less than once every five (5) years

- a) TRIM software subject to annual review to determine whether it continues to meet required business needs
- b) Annual database integrity maintenance process completed
- c) Informal annual reviews of recordkeeping system completed in recent years
- d) Formal review of recordkeeping system occurs at least once every five years. The next review will commence in 2011/2012

2. Recordkeeping Training Program

Informal training provided to new employees upon commencement and to current employees if the requirement is identified.

3. Efficiency and Effectiveness of the Recordkeeping Training Program is reviewed from time to time

The intention is to review the recordkeeping program annually in conjunction with the individual employee performance appraisal process.

This remains partially implemented.

4. Aqwest's Induction Program

Aqwest's Human Resources Manual has been modified so that employee induction procedures address roles and responsibilities in respect to Aqwest's recordkeeping plan.

5. Public Interest Disclosure Act 2003

The Board's Public Interest Disclosure (PID) Officer is the Chief Executive Officer.

COMMUNITY RELATIONS



Minister for Water Resources Mr John Kobelke, Board Chairman Mrs Diana Phillips and Chief Executive Officer Brad Bevis at the official opening of the City Waterlink Project.

The past year has seen us broaden our reach into the community, hosting a number of highly successful events and launching some innovative, new campaigns.

In May 2008, we celebrated the official launch by Water Resources Minister John Kobelke of Aqwest's City Waterlink initiative. The \$7 million City Waterlink project involved the construction of a new 8.4km pipeline and pumping station that makes delivering high quality water to Bunbury's rapidly developing waterfront area more efficient, as well as delivering environmental benefits to the Yarragadee aquifer. The launch event paid tribute to Aqwest staff and contractors who worked tirelessly to ensure this critical project was completed in less than six months.

In April, we took part in Bunbury Splashfest - an annual two day event formerly known as Bunbury On Show. This year, the theme for it was "Everything Water," which Aqwest fitted into perfectly. Our well visited marquee featured corporate banners and waterwise information, as well as a quiz to boost awareness of water saving initiatives, and reticulation cup giveaways.

During Water Week 2007 (October 21-27), we stepped up our campaign to help Bunbury residents reduce water wastage caused by hidden leaks in the home, running a radio competition that involved people reading their water meter. The strategy was designed to highlight the importance of checking meters weekly so that hidden leaks in internal pipework can be detected. Every year, a handful of residents are caught out by leaks and, as well as wasting precious water, it also leaves them with a large bill to pay.

Ahead of Water Week came the formal handing over of Aqwest's 100 year anniversary gift - a floating stone water feature to the Bunbury Community. An evening

ceremony was held at the City of Bunbury's chambers which commemorated the history of the Bunbury Water Board. The waterwise piece of public art is on display in Centenary Gardens and lies less than 100 metres from the site of Bunbury's first public well.

In the past year, Aqwest also oversaw the implementation of tightened water efficiency measures in Bunbury. A comprehensive education campaign proved enormously successful with water usage well down from the previous year. As part of this, a groundbreaking new advertising campaign was launched. The "I am the difference" ads focused on the positive impact local households were having on Bunbury's water supply by adopting waterwise strategies around the home.

This last twelve months also saw Aqwest further ensure the long term supply of water to Bunbury residents with the purchase from the City of Bunbury of three properties containing critical water supply infrastructure. The \$3.66 million acquisition was approved by the State Government.

The year ahead promises to see us build on the fine work done this year to further strengthen our important community relations activities.



Minister for Water Resources Mr John Kobelke, at the official opening of the City Waterlink Project.

ORGANISATIONAL STRUCTURE



PERFORMANCE INDICATORS

Performance Indicators - Certification Statement

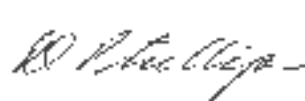
INTRODUCTION

In accordance with Section 69 of the Financial Management Act 2006, the Board has developed key performance indicators which enable assessment of the efficiency and effectiveness with which organisational performance and objectives are achieved.

Performance Indicators and associated levels of service are under constant review to ensure that they remain relevant and reflect both customer expectations and regulatory requirements. In accordance with the requirements of Treasurer's Instruction 904 our performance information has been fully reviewed and enhanced to relate actual output to meeting targets (delivery), inputs to outputs (efficiency), and outputs to outcomes (effectiveness).

We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Bunbury Water Board and fairly represent the performance of Bunbury Water Board for the financial year ended 30 June 2008.


Signed at Bunbury this ninth day of September 2008.



D M PHILLIPS
Chairman



T M HALL
Board Member



B D GRANVILLE
Chief Finance Officer

MANAGEMENT INDICATORS

(These indicators are not subject to Audit by the Office of the Auditor General)

Effectiveness	PI Number	Target	2008	2007	2006	2005	2004
Emergency Telephone system	11	> 90%	100%	100%	100%	100%	100%
Lost time injury frequency rate	34	<6.2	35.3	39.6	19.1	60.3	39.5
Average time lost per injury	35	<2 days	859 hrs	1217 hrs	1959 hrs	948.6 hrs	473.5 hrs
WorkSafe plan audit (%)	36	>70%	-	88%	78%	87%	75%
No of customers served	52	Increasing	15,522	14,880	14,480	14,187	14,521
Area covered by operating licences (km2)	53	Increasing	101.1	101.1	101.1	101.1	100.7
Staff Attitudinal Survey							
Customer focus	25	>3.45	4.03	3.88	4.06	3.98	4.21
Information and analysis	26	>3.04	3.83	3.82	3.58	3.90	4.03
Organisational performance	27	>3.53	3.77	3.55	3.42	3.48	3.67
Leadership	28	>3.01	4.00	3.87	3.54	3.57	3.71
Individual employment	29	>3.07	3.71	3.62	3.33	3.40	3.59
Processes, products and services	30	>3.24	3.82	3.79	3.51	3.80	3.88
Strategy, policy and planning	31	>2.82	3.94	3.74	3.26	3.38	3.67
Organisation as an employer	32	>2.91	3.83	3.67	3.26	3.45	3.59
Workplace as part of the organisation	33	>2.77	3.80	3.28	3.05	3.15	3.21
Efficiency							
Properties served per 100kms of water mains	37	>4000	4360	4389	4348	4363	4409
Debt to equity ratio	44	<5%	0	0	0	0	0
Revenue from usage charges (% total)	45	>60%	37.4%	42.6%	40.0%	39.5%	40.6%
Revenue from access charges (% of total)	46	<40%	30.9%	33.6%	35.6%	38.1%	39.8%
Revenue from other sources (% of total)	47	-	31.7%	23.8%	24.4%	22.4%	19.6%
Economic real rate of return	48	>4%	3.00%	3.63%	4.84%	5.05%	5.50%
Return on assets	49	>4%	2.64%	2.73%	3.55%	3.56%	3.97%

NOTE: PI 52 number of customers = number of assessments based on Control Summary Report not Valuation Report from 1 July 2004.

KEY AUDITED PERFORMANCE INDICATORS

OUTCOME: The following performance indicators provide a measure of Aqwest's ability to provide sustainable, high quality water services at minimum long term cost.

Effectiveness	PI Number	Target	2008	2007	2006	2005	2004
Water Quality - Bacteriological	1	>98%	100%	100%	100%	100%	100%
Water Quality - Amoebae	2	>98%	100%	100%	100%	100%	100%
Water Quality - Aesthetic (non health related)	3	>95%	100%	94.8%	99.6%	100%	100%
Water Quality - Health Related (organic)	4	>95%	100%	100%	100%	100%	100%
Water Quality - Health Related - (inorganic)	5	>95%	100%	100%	99.8%	99.85%	100%
Pressure	6	>99.8%	100%	100%	100%	100%	100%
Flow	7	>99.8%	100%	100%	100%	100%	100%
Continuity (not receiving interruption > 1 hr)	8	>75%	97.4%	97.8%	97.3%	97.3%	95.5%
Continuity (not receiving > 3 unplanned interruptions)	9	100%	100%	100%	100%	100%	100%
Restrictions	10	100%	100%	100%	100%	100%	100%
Quantity water produced	12	<9.2GL	6.29GL	6.77GL	6.50GL	6.59GL	6.85GL
Water Quality Complaints per 1000 services	13	<4	6	7	4	9	14
Customer interruption per 1000 properties	14	<250	304	223	189	235	41
Average customer outage time (minutes)	15	Decreasing	2 mins	2 mins	3 mins	4 mins	5 mins
Number of main breaks per 100km of water mains	41	<20	7.6	13.3	11.1	9.5	12.5
Customer Satisfaction Survey							
Overall satisfaction with AQWEST	16	>85%	94%	93%	90%	90%	81%
Overall satisfaction tap water services	17	>85%	81%	87%	82%	83%	81%
Customer contact (no problem with service)	18	>85%	90%	90%	82%	91%	84%
No interruption to water service	19	>85%	87%	89%	87%	62%	69%
Water safe to drink	20	>85%	83%	90%	84%	85%	84%
Water supplies are of an acceptable quality	21	>85%	80%	84%	80%	81%	75%
Aqwest charges fairly for its service	22	>85%	73%	77%	69%	75%	75%
Aqwest informs the public of water conservation	23	>85%	73%	63%	na	na	na
Aqwest is planning effectively for the future	24	>85%	53%	36%	37%	45%	52%
Delivery							
Average consumption per residential service	38	<350kl	273kl	314kl	315kl	336kl	341kl
Average consumption all users (kl)	39	<450kl	360kl	402kl	399kl	425kl	437kl
Efficiency							
Unaccounted for water	40	<10%	12.1%	10.8%	10.5%	10.5%	13.6%
Energy consumption (kWh/kl)	42	<0.45	0.48	0.48	0.45	0.38	0.45
Off peak energy use	43	>65%	70%	68%	65%	66%	69%
Operating cost per property	50	<4% increase	\$499.84	\$454.42	\$411.97	\$407.59	\$363.14
Operating cost per ML	51	<6% increase	\$1,234.22	\$999.30	\$917.34	\$876.85	\$770.17

Notes to the Performance Indicators

Treasurer's Instruction 904 and contemporary best practice management requires the Bunbury Water Board to produce performance information relating actual output to meeting targets (delivery), inputs to outputs (efficiency), and outputs to outcomes (effectiveness). As such, the Board's performance indicators for 2007/2008 continue to provide meaningful information. The relationship to Bunbury Water Board's objectives and the standard utilised to set each target is shown below and is grouped according to each Corporate Plan Key Result Area:

Customer Service and Regulation

Indicator Type	Indicator Number	Indicator	Target Performance	Relationship to Aqwest's Objectives	Standard Utilised to Set Target
Effectiveness	1	Water Quality - Bacteriological	>98%	Indicators 1 to 5 relate to desired water quality outcomes as specified in Aqwest's Strategic Development Plan and as a condition in the Operating Licence.	The targets for indicators 1 to 5 are the requirements of the Memorandum of Understanding (MOU) between Aqwest and the Health Department of WA.
Effectiveness	2	Water Quality - Amoebae	>98%		
Effectiveness	3	Water Quality - Aesthetic - non health related	>95%		
Effectiveness	4	Water Quality - Health Related (organic)	>95%		
Effectiveness	5	Water Quality - Health Related (inorganic)	>95%		
Effectiveness	6	Pressure - customers receiving greater than 15m	>99.8%	Indicators 6 to 11 are requirements of the Operating Licence as issued by the Economic Regulation Authority (ERA).	Targets for indicators 6 to 11 are as specified in the Operating Licence.
Effectiveness	7	Flow - customers receiving greater than 20 L/min	>99.8%		
Effectiveness	8	Continuity - No of customers not receiving interruption > 1 hour	>75%		
Effectiveness	9	Continuity - No of customers not receiving > 3 unplanned interruptions	100%		
Effectiveness	10	Restrictions - No of customers without restrictions	100%		
Effectiveness	11	Customer Emergency Telephone system % of customers with response within 1 hour	>90%		
Effectiveness	12	Quantity of water produced within licensed allocation	<9.2 GL	Indicator 12 measures Aqwest's compliance with licensed groundwater abstraction volumes as specified by the Department of Water.	Target based on current groundwater licence.
Effectiveness	13	Water quality complaints per 1000 services	<4	Indicators 13 to 15 are used by Water Services Association of Australia (WSAA) members and used for reporting to the Council of Aust Governments (COAG).	Seeking continuous improvement.
Effectiveness	14	Customer interruption frequency per 1000 properties	<250		Related to Operating Licence requirement.
Effectiveness	15	Average customer outage time	Decreasing		Seeking continuous improvement.

Customer Satisfaction (from phone survey)

Indicator Type	Indicator Number	Indicator	Target Performance	Relationship to Aqwest's Objectives	Standard Utilised to Set Target
Effectiveness	16	Overall satisfaction with Aqwest	>85%	Indicators 16 to 24 are desired customer satisfaction outcomes as specified in the Strategic Development Plan.	Target of 85% is as specified in the Strategic Development Plan and sets a high target level of customer satisfaction.
Effectiveness	17	Overall satisfaction with tap water service	>85%		
Effectiveness	18	Customer contact (no problem with service)	>85%		
Effectiveness	19	No interruption to water service	>85%		
Effectiveness	20	Water safe to drink	>85%		
Effectiveness	21	Water supplies are of an acceptable quality	>85%		
Effectiveness	22	Aqwest charges fairly for its service	>85%		
Effectiveness	23	Aqwest informs the public on water conservation	>85%		
Effectiveness	24	Aqwest is planning effectively for the future	>85%		

Human Resources Staff Attitudinal Survey/Australian Quality Awards Categories

Effectiveness	25	Customer Focus	>3.45	Indicators 25 to 33 measure Aqwest's compliance with objectives set in the Strategic Development Plan.	The target of achieving results greater than the Australian average in all categories of the Australian Quality Awards is specified in the Strategic Development Plan.
Effectiveness	26	Information and Analysis	>3.04		
Effectiveness	27	Organisational Performance	>3.53		
Effectiveness	28	Leadership	>3.01		
Effectiveness	29	Individual Employment	>3.07		
Effectiveness	30	Processes, Products and Services	>3.24		
Effectiveness	31	Strategy, Policy and Planning	>2.82		
Effectiveness	32	Organisation as an employer	>2.91		
Effectiveness	33	Workplace as part of the organisation	>2.77		

Customer Service and Regulation

Effectiveness	34	Lost Time Injury Frequency Rate (LTIFR)	<6.2	Industry average "Water Supply, Sewerage and Drainage Services" (ref DOCEP website - industry D37).	Indicators 34 and 35 measure the two dimensions used in risk management of frequency and consequence.
Effectiveness	35	Average time lost per injury	<2 days		
Effectiveness	36	WorkSafe Plan Audit (%)	>70%	Strategic Development Plan - guiding value - "We will provide a safe working environment and encourage staff to observe safe working practices.	Indicator 36 has limited historical data - initially looking for continuous improvement.

Asset Management

Indicator Type	Indicator Number	Indicator	Target Performance	Relationship to Aqwest's Objectives	Standard Utilised to Set Target
Efficiency	37	Properties served per 100 kilometres of water mains	>4000	Indicators 37 to 41 are used by WSAA members and used for reporting to COAG.	Attainable target.
Delivery	38	Average consumption per residential service	<350 kilolitres		Existing target used by Aqwest.
Delivery	39	Average consumption all users (kL)	<450 kilolitres		Looking for continuous Improvement.
Efficiency	40	Unaccounted for water	<10%		Looking for continuous Improvement.
Effectiveness	41	Number of main breaks per 100km	<20		Existing target used by Aqwest.
Efficiency	42	Energy consumption (kWh/ML)	<0.45		Looking for continuous improvement.
Efficiency	43	Off peak energy use	>65%		Aqwest's role as per the Strategic Development Plan is to provide water at minimum long term cost.

Finance

Efficiency	44	Debt to equity ratio	<5%		Sets a high level of debt control.
Efficiency	45	Revenue from usage charges (% of total)	>60%	Indicators 45 to 51 are used by WSAA members and used for reporting to COAG.	Approximate proportion of variable costs.
Efficiency	46	Revenue from access charges (% of total)	<40%		Approximate proportion of fixed costs.
Efficiency	47	Revenue from other sources (% of total)	No target		Provided to support indicators 45 and 46.
Efficiency	48	Economic real rate of return	>4%		Target for PI's 48 and 49 set to provide reasonable levels of return to ensure long term financial viability.
Efficiency	49	Return on assets	>4%		
Efficiency	50	Operating cost per property	<4% increase		Minimal increase.
Efficiency	51	Operating cost per ML	<6% increase		Minimal increase.

Opportunity

Effectiveness	52	No of customers served	Increasing	Indicators 52 and 53 relate to the objective within the Strategic Development Plan to expand Bunbury Water Board's services.	Looking for continuous improvement.
Effectiveness	53	Area covered by operating licenses (km ²)	Increasing		Looking for continuous improvement.

Customer survey methodology

The 2008 annual customer survey was completed by market research company Strahan Research in late April/early May 2008.

The objective of the customer survey is to establish customer and community satisfaction with a range of Aqwest services and establish reasons for any low satisfaction areas.

The matters that the research addresses include customers' perceptions and attitudes toward:

- Aqwest as their local water company
- The current quality of drinking water
- Performance levels and standards

A random telephone survey of 440 residential customers was undertaken, allowing 95% confidence that sample results are within 4.7% of residential customer population values.

The duration of the questionnaire was approximately 15 minutes, including 10 open-ended questions that provide information on improvements that Aqwest can make to its services.

A random sample was drawn from the postcode 6230 area, excluding Dalyellup, Gelorup and Pelican Point.

1949 calls were made, with the following results:

CALL RESULTS

	2008 n=1949	2007 n=1848
Completed interview	22.6%	21.6%
Refused	21.1%	22.0%
Unsuitable	11.1%	9.5%
No Answer	24.3%	24.7%
Disconnected	16.9%	17.3%
Other	4.0%	4.9%

MANAGEMENT OF DATA COLLECTION

Surveying of households was rigorous and comprehensive.

- one interview per household was obtained.
- sample households were telephoned up to four times in order to make contact to complete an interview
- only individuals within the stratified sample were interviewed
- highly experienced interviewers were used

ACCESSING AND USING QUALITATIVE INFORMATION

Aqwest requires not only accurate and reliable quantitative data on customer perceptions but also insightful qualitative information on the reasons for their views in order that services can be improved or extended.

We have included 10 open ended questions to capture the detail and complexity of residents' views.

Average residential consumption calculation methodology 2007/2008

AVERAGE CONSUMPTION PER RESIDENTIAL SERVICE (PI 38)

Average residential consumption has again been calculated using the formula total residential consumption/number of residential supply fees. This ensures that the water consumption impact of those properties where one master meter services multi residential properties is included. Average residential

consumption of the last two financial years has been as follows:

	2007/2008	2006/2007
Total Consumption (kl):	3,905,496	4,296,053
Properties supplied:	14,284	13,672
Average consumption (kl):	273	314

Certification of financial statements

The accompanying Financial Statements of Bunbury Water Board have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

At the date of signing we are not aware of any circumstances which would render the particulars included in the Financial Statements misleading or inaccurate.

Mrs D M PHILLIPS
Chairman

Mr T M HALL
Board Member

B D GRANVILLE
Chief Finance Officer

BUNBURY, 9 SEPTEMBER 2008

AQWEST - BUNBURY WATER BOARD
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 \$	2007 \$
INCOME			
Revenue			
Water Sales	2	6,874,244	6,919,141
Interest Revenue	3	1,010,757	1,131,891
Developers Contributions	4	1,988,225	823,639
Other Revenue	5	108,334	106,303
Total Income		9,981,560	8,980,974
EXPENSES			
Expenses			
Operational Expenses	6	5,558,888	4,475,258
Administration Expenses	9	1,560,010	1,538,777
Loss on Disposal of Non Current Assets	10	11,058	25,258
Other Expenses	11	628,601	722,545
Total Expenses		7,758,557	6,761,838
Profit Before Income Tax Equivalent Expense		2,223,003	2,219,136
Income Tax Equivalent Expense	12	1,081,699	1,178,764
Profit After Income Tax Equivalent Expense		1,141,304	1,040,372
PROFIT FOR THE YEAR		1,141,304	1,040,372

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

AQWEST - BUNBURY WATER BOARD

BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash & Cash Equivalents	25	654,356	1,073,823
Other Financial Assets	13	7,659,500	17,134,500
Receivables	14	1,361,769	1,127,118
Inventories	15	279,359	278,773
Other Current Assets	16	82,250	61,478
Total Current Assets		10,037,234	19,675,692
Non Current Assets			
Property, Plant & Equipment	17	73,740,087	57,061,596
Other Non Current Assets	16	319,483	2,601,507
Total Non Current Assets		74,059,570	59,663,103
TOTAL ASSETS		84,096,804	79,338,795
LIABILITIES			
Current Liabilities			
Payables	19	735,889	1,599,741
Current Tax Liabilities	20	213,366	153,451
Provisions	21	161,537	178,592
Total Current Liabilities		1,110,792	1,931,784
Non Current Liabilities			
Provisions	21	199,562	160,224
Deferred Tax Liabilities	22	8,053,352	6,997,567
Total Non Current Liabilities		8,252,914	7,157,791
TOTAL LIABILITIES		9,363,706	9,089,575
NET ASSETS		74,733,098	70,249,220
EQUITY			
Reserves	25	43,907,748	50,924,066
Retained Earnings		30,825,350	19,325,154
TOTAL EQUITY		74,733,098	70,249,220

The Balance Sheet should be read in conjunction with the accompanying notes.

AQWEST - BUNBURY WATER BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 \$	2007 \$
Balance of equity at start of year		70,249,220	64,734,982
RESERVES			
Asset Revaluation Reserve			
Balance at start of period		32,598,315	28,124,449
Gains/(losses) from asset revaluation	17(b)	4,463,392	6,608,104
Tax effect of revaluation increments	12	(1,120,818)	(2,134,238)
Balance at end of period		35,940,889	32,598,315
Other Reserves			
Balance at start of period		18,325,751	18,041,763
Transfers to Reserves		5,041,054	4,005,765
Transfers from Reserves		(15,399,946)	(3,721,777)
Balance at end of period		7,966,859	18,325,751
Total Reserves	23	43,907,748	50,924,066
RETAINED EARNINGS			
Balance at start of period		19,325,154	18,568,770
Profit for the period		1,141,304	1,040,372
Net Transfers From/(To) Other Reserves		10,358,892	(283,988)
Balance at end of period		30,825,350	19,325,154
Balance of equity at end of year		74,733,098	70,249,220
<i>Total income and expense for the period</i>		4,483,878	5,514,238

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

AQWEST - BUNBURY WATER BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of Goods and Services		6,694,755	6,484,701
Developers Contributions		1,202,912	807,795
Interest Received		1,123,885	1,112,740
Receipts from Taxation Authority		1,235,869	531,924
Other Receipts		108,334	106,305
Payments			
Payments to Suppliers and Other Employees		(6,875,947)	(4,108,492)
Payments to Taxation Authority		(460,911)	(61,667)
Net Cash provided by Operating Activities	25	3,028,897	4,873,306
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Non-Current Physical Assets		122,636	76,619
Purchase of Non-Current Physical Assets		(11,878,538)	(3,147,296)
(Purchase)/Drawdown of Investments		9,475,000	(417,000)
Net Cash provided (used in) Investing Activities		(2,280,902)	(3,487,677)
CASH FLOWS TO STATE GOVERNMENT			
Taxation Equivalents		(1,167,462)	(793,567)
Net Cash Provided to State Government		(1,167,462)	(793,567)
Net Increase/(Decrease) in Cash and Cash Equivalents		(419,467)	592,060
Cash and Cash Equivalents at the Beginning of Year		1,073,823	481,763
CASH AND CASH EQUIVALENT ASSETS AT THE END OF YEAR	25	654,356	1,073,823

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

AQWEST - BUNBURY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies

(a) Australian Equivalents to International Financial Reporting Standards.

The Board's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

(b) General Statement

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these requirements are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has 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.

The financial report of Aqwest Bunbury Water Board complies with all Australian Accounting Standards in their entirety.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(c) Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(d) Income

Revenue

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

Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Interest

Revenue is recognised on an accruals basis.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(e) Income Tax

The Board operates within the National Tax Equivalent Regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the WA Department of Treasury and Finance. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, 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 probable 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.

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(f) Property, Plant and Equipment and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant and equipment and infrastructure that cost over \$100 and have a useful life of over three years are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure that cost less than \$100 are expensed directly to the Income Statement (other than where they form part of a group of similar items which are significant in total).

The current Operating Licence for Aqwest-Bunbury Water Board expires in January 2022. However, the Board views useful life to relate to the full useful life over which the assets will be utilised.

Initial recognition and measurement

All items of property, plant and equipment and infrastructure are initially recognised at cost.

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

Subsequent measurement

After recognition as an asset, the Board uses the revaluation model for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the gross carrying amount and the accumulated depreciation is restated proportionately. The revaluation of land and buildings is an independent valuation provided by the Western Australian Land Information Authority (Landgate). Land and Buildings were most recently revalued in the financial year ended 30 June 2008.

Fair value of infrastructure is determined by reference to the written-down current replacement cost (existing use basis) as the assets are specialised and no market evidence of value is available. Land under infrastructure is included in land reported under Property, plant and equipment and is valued with reference to current market values. Valuations are provided by an independent valuer every 3 to 5 years.

When infrastructure is revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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

Derecognition

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

Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line or diminishing value method, using rates which are reviewed annually.

The depreciation rates for each class of depreciable assets (based on their estimated useful lives) are:

Asset Class	Depreciation Rate(s)	Method
Buildings at Fair Value	1.5% to 22.5%	Diminishing Value
Mains at Fair Value	0.81% to 12.95%	Straight Line
Mains at Cost	1.88% to 40%	Straight Line
Meters at Fair Value	10% to 14.3%	Straight Line
Treatment Plants at Fair Value	1.7% to 30%	Straight Line
Reservoirs at Fair Value	1.5% to 22.5%	Straight Line
Bores & Pumps at Fair Value	1.18% to 90%	Straight Line
Plant & Equipment at Cost	15% to 100%	Diminishing Value
Motor Vehicles at Cost	18.75% to 30%	Diminishing Value
Office Equipment at Cost	15% to 100%	Diminishing Value
Tools at Cost	15% to 100%	Diminishing Value

(g) Intangible Assets

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software that cost less than \$5,000 is expensed in the year of acquisition.

(h) Impairment of Assets

At each reporting date, the Board reviews the carrying values of its tangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. As the Board is a not-for-profit entity, unless an asset has been identified as surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The Board does not have any intangible assets with an indefinite useful life, or intangible assets not yet available for use.

Following the Board's review of carrying values at 30 June 2008, there were no indicators of impairment identified.

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

(i) Financial Instruments

In addition to cash, the Board has three categories of financial instruments:

- Receivables
- Held-to-maturity investments (term deposits)
- Payables

These have been disaggregated into the following asset classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Term Deposits

Financial Liabilities

- Payables

The fair value of short term receivables and payables is the transaction cost or the face value, as there is no interest rate applicable. Subsequent measurement is not required as the effect of discounting is immaterial. Held-to-maturity investments have been classified as short term as all maturity terms are less than one year from the reporting date.

At each reporting date, the Board assesses whether there is objective evidence that a financial instrument has been impaired. Any impairment losses are recognised in the income statement.

(j) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash and cash equivalents that are subject to insignificant risk of changes in value.

(k) Inventories

Inventories are classified as held for distribution and are measured at the lower of cost and current replacement cost. Costs are assigned on a first in first out basis.

(l) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect its debts.

(m) Payables

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(n) Provisions

Provisions are liabilities of uncertain timing and amount. The Board recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date and adjusted to reflect the current best estimate.

Provisions - Employee Benefits

• Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No standards and interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ended 30 June 2008.

(q) Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Board has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2007 that impacted on the Board.

- AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038]). This standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Board's exposure to risks, including enhanced disclosure regarding components of the Board's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
2 WATER SALES		
Water Sales		
Rates and Supply Fees	3,088,833	3,021,968
Water Charges	3,732,897	3,827,207
Other Water Charges	342,339	356,107
Less: Rebates Given	(289,825)	(286,141)
	6,874,244	6,919,141
3 INTEREST REVENUE		
Interest from Cash and Cash Equivalents	70,367	12,104
Interest from Receivables	12,226	12,650
Interest from Other Financial Assets	928,164	1,107,137
	1,010,757	1,131,891
4 DEVELOPERS CONTRIBUTIONS		
Contributions to Headworks	1,176,375	801,502
Contributions to Mains Subdivisions	90,406	22,137
Transferred Mains Subdivision Assets - Non-Cash	721,444	-
	1,988,225	823,639
5 OTHER REVENUE		
Hydrant Hire	13,898	21,038
Other Revenue	53,329	45,872
Rental Receipts	41,107	39,393
	108,334	106,303
6 OPERATIONAL EXPENSES		
Cost of Services : Materials	2,099,917	1,202,989
Electricity	293,531	311,088
Salaries and Wages	659,575	583,023
Employee Overheads	431,706	475,682
Other Expenses	145,675	355,554
	3,630,404	2,928,336
Depreciation	1,928,484	1,546,922
	5,558,888	4,475,258
7 COST OF WATER SALES		
Cost of Water Sales	1,229,804	1,150,930
Cost of water sales represents costs incurred for water treatment, operation of bores and reservoirs, and depreciation expense related to these processes.		
8 COST OF SERVICES		
Cost of Services are allocated on a job basis as follows:		
Bore Maintenance and Operations	77,538	121,670
Reservoir Maintenance	870,236	78,694
Filter Maintenance	263,243	390,900
Mains Maintenance	377,240	289,764
Service Maintenance	661,058	403,637
Compliance Water Testing	102,231	90,511
Meter Reading	92,976	76,068
Meter Maintenance	-	5,649
New Services	325,230	344,052
Filter Operations	182,988	213,222
Chemical Treatment	192,866	200,784
Booster Pump Maintenance	39,314	39,783
Tools Repairs and Replacements	8,922	7,681
Forward Planning	76,016	93,901
Engineering Analysis	8,219	257,928
Loss/(Gain) on Sale of Obsolete Stock	241	(54)
Charge Works - General	(2,885)	(2,165)
Electricity Charges	293,531	311,088
Other	61,440	5,223
	3,630,404	2,928,336

Note 8

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
9 ADMINISTRATION EXPENSE		
Write offs	3,324	3,232
Computer Maintenance and Software	170,382	154,020
Insurance	82,136	98,264
Legal Expenses	34,481	18,923
Rent	40,659	65,732
Salaries and Wages	1,120,648	1,004,497
Superannuation	108,380	194,109
	1,560,010	1,538,777
10 NET LOSS ON DISPOSAL OF NON CURRENT ASSETS		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	133,694	101,877
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	122,636	76,619
Net (gain)/loss	11,058	25,258
11 OTHER EXPENSES		
Public Relations [a]	74,722	260,828
Audit Cost [b]	44,136	34,750
Corporate Uniforms [c]	13,733	12,233
Valuation Expenses [d]	44,709	9,281
Utilities Costs [e]	78,958	73,831
Printing, Stationery, Postage and Office Expenses [f]	73,012	64,381
Fringe Benefits Tax [g]	14,594	17,070
Advertising, Water Conservation and Customer Survey	62,446	42,181
Board Members Allowances, Board Meeting Expenses and Travel	46,271	52,495
Building Maintenance [h]	22,173	20,972
CEO Replacement Provision [i]	-	23,220
Taxation Consultancy [j]	2,446	13,315
Staff Training [k]	38,778	46,536
Taxation Penalties [l]	45,280	-
Bank Charges & EFTPOS facilities	24,385	24,225
Other [m]	42,958	27,227
	628,601	722,545

[a] Includes expenditure on the Board's City WaterLink official opening (2008) and the Board's 100th anniversary celebrations (2007).

Expenditure for 2007 includes the floating stone gifted to the City of Bunbury \$180,000.

[b] Audit Cost - includes fees to the Office of the Auditor General - refer note 28.

[c] All staff are provided with a corporate uniform.

[d] Expenses incurred to value non-current assets.

[e] Office utilities including electricity, rates and telephone costs.

[f] General printing, stationery, postage and other associated costs.

[g] Fringe benefits tax expense for the fringe benefits tax year.

[h] Maintenance costs relating to administration office.

[i] Costs associated with replacement of the Chief Executive Officer (2007 only).

[j] Tax Equivalent Regime administration and consultancy fees.

[k] Administration, engineering and executive staff training, travel and accommodation.

[l] General interest charge on tax return amendments.

[m] Miscellaneous items including membership fees and compliance costs associated with Water Efficiency Measures introduced 1 October 2007.

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
12 TAXATION EQUIVALENT		
Major components of income tax expense for the years ended 30 June 2008 and 2007 are:		
{a} Income Tax Expense		
<i>Current income</i>		
Current income tax charge	891,104	803,413
Understatement/(Overstatement) of prior years income tax charge	255,628	(12,443)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(65,033)	387,794
Income tax expense reported in income statement	1,081,699	1,178,764
{b} Amounts recognised directly in equity		
<i>Deferred income tax</i>		
Fair value adjustments to property plant and equipment	1,120,818	2,134,238
Income tax benefit reported in equity	1,120,818	2,134,238
{c} Reconciliation of income tax expense to prima facie tax payable		
A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Board's effective income tax rate for the years ended 30 June 2008 and 2007 is as follows:		
Profit before income tax equivalents	2,223,003	2,219,136
Tax at the statutory income tax rate of 30%	666,901	665,741
Tax effect of amounts which are not deductible in calculating taxable income	7,361	2,760
Temporary Differences now brought to account	151,809	522,706
Understatement/(Overstatement) of prior year income tax charge	255,628	(12,443)
At effective income tax rate of 48.7% (2007: 53.1%)	1,081,699	1,178,764
Income tax expense reported in income statement	1,081,699	1,178,764

{d} Deferred Income Tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
Fair value adjustments to property, plant & equipment	-	-	7,816,238	6,676,082	7,816,238	6,676,082
Interest Receivable	-	-	46,982	80,921	46,982	80,921
Deferred Developers Contributions	-	-	298,462	342,209	298,462	342,209
Employee Entitlements	(108,330)	(101,645)	-	-	(108,330)	(101,645)
<i>Tax (assets) liabilities</i>	(108,330)	(101,645)	8,161,682	7,099,212	8,053,352	6,997,567
Set off of tax	108,330	101,645	(108,330)	(101,645)	-	-
<i>Net tax liabilities</i>	-	-	8,053,352	6,997,567	8,053,352	6,997,567

Movement in temporary differences during the year

	Balance 1 July 2007 \$	Recognised in Income \$	Recognised in Equity \$	Balance 30 June 2008 \$
Fair value adjustments to property, plant & equipment	6,676,082	19,338	1,120,818	7,816,238
Interest Receivable	80,921	(33,939)	-	46,982
Deferred Developers Contributions	342,209	(43,747)	-	298,462
Employee Entitlements	(101,645)	(6,685)	-	(108,330)
	6,997,567	(65,033)	1,120,818	8,053,352

Movement in temporary differences during the year

	Balance 1 July 2006 \$	Recognised in Income \$	Recognised in Equity \$	Balance 30 June 2007 \$
Fair value adjustments to property, plant & equipment	4,489,228	52,616	2,134,238	6,676,082
Interest Receivable	75,176	5,745	-	80,921
Deferred Developers Contributions	-	342,209	-	342,209
Employee Entitlements	(88,869)	(12,776)	-	(101,645)
	4,475,535	387,794	2,134,238	6,997,567

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
13 OTHER FINANCIAL ASSETS		
INVESTMENTS		
Asset Replacement Deposit Account	3,545,000	10,673,000
Headworks Deposit Account	2,378,000	4,796,000
Subdivision Deposit Account	906,000	972,000
EDP Upgrade Deposit Account	478,000	395,000
Business Development Reserve Account	352,500	298,500
	7,659,500	17,134,500
14 RECEIVABLES		
Trade Debtors Rates	619,423	647,363
Sundry Debtors	585,738	210,019
Accrued Interest	156,608	269,736
	1,361,769	1,127,118
15 INVENTORIES		
Inventories Held for Distribution (at Cost)	279,359	278,773
16 OTHER ASSETS		
<u>Current</u>		
Prepayments	77,000	61,478
Discounts Receivable	5,250	-
	82,250	61,478
<u>Non Current</u>		
Work In Progress	319,483	2,601,507
17 PROPERTY, PLANT & EQUIPMENT		
Land at Fair Value	6,818,182	2,239,972
	6,818,182	2,239,972
Buildings at Fair Value	1,712,073	1,618,320
Accumulated Depreciation	(348,437)	(279,205)
Accumulated Impairment Losses	-	-
	1,363,636	1,339,115
Mains at Fair Value	38,689,501	27,016,634
Accumulated Depreciation	-	(499,997)
Accumulated Impairment Losses	-	-
	38,689,501	26,516,637
Mains at Cost	-	248,368
Accumulated Depreciation	-	(32,544)
Accumulated Impairment Losses	-	-
	-	215,824
Meters at Fair Value	1,718,045	1,664,398
Accumulated Depreciation	(416,921)	(205,914)
Accumulated Impairment Losses	-	-
	1,301,124	1,458,484
Treatment Plants at Fair Value	6,743,178	6,011,402
Accumulated Depreciation	(504,530)	(174,107)
Accumulated Impairment Losses	-	-
	6,238,648	5,837,295
Reservoirs at Fair Value	16,124,800	16,124,800
Accumulated Depreciation	(379,849)	-
Accumulated Impairment Losses	-	-
	15,744,951	16,124,800

AQWEST - BUNBURY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
Bores & Pumps at Fair Value	3,082,879	2,853,400
Accumulated Depreciation	(119,436)	-
Accumulated Impairment Losses	-	-
	2,963,443	2,853,400
Plant & Equipment at Cost	127,576	121,005
Accumulated Depreciation	(84,513)	(68,384)
Accumulated Impairment Losses	-	-
	43,063	52,621
Motor Vehicles at Cost	556,714	395,534
Accumulated Depreciation	(110,253)	(110,255)
Accumulated Impairment Losses	-	-
	446,461	285,279
Office Equipment at Cost	410,433	396,536
Accumulated Depreciation	(310,671)	(275,822)
Accumulated Impairment Losses	-	-
	99,762	120,714
Tools at Cost	95,117	73,435
Accumulated Depreciation	(63,801)	(55,980)
Accumulated Impairment Losses	-	-
	31,316	17,455
	73,740,087	57,061,596

17{a} Property Plant and Equipment at Fair Value

An independent valuation of the Mains Pipeline asset class was completed by MWH Global for the 2008 financial year. The effective date of the revaluation was 30 June 2008, with the revaluation being brought to account on the same date. The valuation of Mains was determined by utilising the Depreciated Current Replacement Cost method. Mains were previously revalued in the financial year ended 30 June 2006.

An independent valuation of Land (based on market value) was completed by Landgate for the financial year ended 30 June 2008. The fair value of all land has been determined by reference to recent market transactions. Land was previously revalued in the financial year ended 30 June 2006.

An independent valuation of Buildings (based on market value) was completed by Landgate for the financial year ended 30 June 2008. The fair value of all Buildings has been determined by reference to recent market transactions. Buildings were previously revalued in the financial year ended 30 June 2006.

An independent valuation of Reservoirs, Bores and Pumps asset classes was completed by Aon Valuation Services during the 2007 financial year. The effective date of the revaluation was 30 June 2007, with the revaluation being brought to account on the same date. The valuation of Reservoirs, Bores and Pumps asset classes was determined by utilising the Depreciated Current Replacement Cost method.

AQWEST - BUNBURY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION

17(b) Movements in Carrying Amounts

Reconciliations of the carrying amounts of infrastructure, property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below:

DESCRIPTION	Carrying amount at the Start of the Year	Additions	Disposals	Transfers Between Categories	Revaluation Increments (Decrements) to Asset Revaluation Reserve	Revaluation Decrement to Income Statement	Impairment losses reversed	Depreciation	Carrying Amount at the End of the Year
2008									
Land at Fair Value	2,239,972	3,290,618			1,287,592				6,818,182
Buildings at Fair Value	1,339,115	79,765			13,988			(69,232)	1,363,636
Mains at Fair Value	26,516,637			9,501,880	3,170,183			(499,199)	38,689,501
Mains at Cost	215,824	9,435,245		(9,501,880)				(149,189)	-
Meters at Fair Value	1,458,484	83,567	(14,281)		(8,371)			(218,276)	1,301,123
Treatment Plants at Fair Value	5,837,295	731,777						(330,424)	6,238,648
Reservoirs at Fair Value	16,124,800							(379,849)	15,744,951
Bores & Pumps at Fair Value	2,853,400	229,479						(119,436)	2,963,443
Plant and Equipment at Cost	52,621	7,661						(17,219)	43,063
Motor Vehicles at Cost	285,279	367,307	(116,343)					(89,782)	446,461
Office Equipment at Cost	120,714	29,176	(3,037)					(47,091)	99,762
Tools at Cost	17,455	22,681	(32)					(8,787)	31,317
Totals	57,061,596	14,277,276	(133,693)	-	4,463,392	-	-	(1,928,484)	73,740,087
2007									
Land at Fair Value	2,239,972								2,239,972
Buildings at Fair Value	1,405,224							(66,109)	1,339,115
Mains at Fair Value	27,016,634							(499,997)	26,516,637
Mains at Cost	97,241	151,127						(32,544)	215,824
Meters at Fair Value	1,572,550	120,938	(38,846)		13,562			(209,720)	1,458,484
Treatment Plants at Fair Value	5,360,800	650,602						(174,107)	5,837,295
Reservoirs at Fair Value	10,964,082	31,771			5,438,481			(309,534)	16,124,800
Bores & Pumps at Fair Value	1,822,220	33,012			1,156,061			(124,881)	2,853,400
Plant and Equipment at Cost	26,775	33,012						(7,166)	52,621
Motor Vehicles at Cost	248,322	150,750	(56,067)					(57,726)	285,279
Office Equipment at Cost	143,856	36,506	(4,758)					(54,890)	120,714
Tools at Cost	8,319	21,590	(2,206)					(10,248)	17,455
Totals	50,905,995	1,196,296	(101,877)	-	6,608,104	-	-	(1,546,922)	57,061,596

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
18 IMPAIRMENT OF ASSETS		
There were no indications of impairment to property, plant and equipment and infrastructure at 30 June 2008.		
The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.		
19 PAYABLES		
<u>Current</u>		
Trade Creditors	664,597	1,551,771
Accrued Salaries and Wages	29,449	23,681
Other Accrued Expenses	41,843	24,289
	735,889	1,599,741
20 CURRENT TAX LIABILITY		
Income Tax Equivalent Payable	213,366	153,451
21 PROVISIONS		
<u>Current</u>		
Employee Benefits Provision:		
Annual Leave (a)	127,105	114,961
Long Service Leave (b)	3,874	21,898
Rostered Days Off (e)	18,594	18,715
Superannuation (d)	-	-
	149,573	155,574
Other Provisions:		
Employment on-costs (c)	11,964	23,018
	161,537	178,592
<u>Non-Current</u>		
Long Service Leave (b)	166,028	132,010
Superannuation (d)	-	-
	166,028	132,010
Other Provisions:		
Employment On-Costs (c)	33,534	28,214
	199,562	160,224
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur within 12 months.		
Within 12 months of reporting date	127,105	114,961
More than 12 months after reporting date	-	-
	127,105	114,961
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of reporting date	3,874	21,898
More than 12 months after reporting date	166,028	132,010
	169,902	153,908
(c) The settlement of annual and long service leave liabilities 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 expected future payments. The associated expense is included in the annual leave and long service leave provision amounts as shown at (a), (b) and (c).		
(d) The Bunbury Water Board does not participate in a defined benefits plan and as such there is no superannuation provision.		
(e) Rostered Day Off liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur within 12 months.		

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
22 DEFERRED TAX LIABILITIES		
Deferred Tax Liabilities - see Note 12	8,053,352	6,997,567
23 RESERVES		
EDP Upgrade Reserve		
Opening Balance	466,001	374,911
Transfers to Reserve	82,310	126,498
Transfers from Reserve	(17,290)	(35,408)
Closing Balance	531,021	466,001
Asset Replacement Reserve		
Opening Balance	10,977,734	9,924,353
Transfers to Reserve	2,689,526	2,548,706
Transfers from Reserve	(10,166,944)	(1,495,325)
Closing Balance	3,500,316	10,977,734
Headworks Reserve		
Opening Balance	5,427,084	6,090,552
Transfers to Reserve	1,382,767	1,180,850
Transfers from Reserve	(4,677,715)	(1,844,318)
Closing Balance	2,132,136	5,427,084
Mains Subdivision Reserve		
Opening Balance	1,151,703	1,397,818
Transfers to Reserve	823,203	92,070
Transfers from Reserve	(525,730)	(338,185)
Closing Balance	1,449,176	1,151,703
Business Development Reserve		
Opening Balance	303,229	254,129
Transfers to Reserve	63,248	57,641
Transfers from Reserve	(12,267)	(8,541)
Closing Balance	354,210	303,229
	7,966,859	18,325,751
The Board maintains the following reserves:		
● EDP Upgrade Reserve: To provide for future upgrades of the Board's computer system.		
● Asset Replacement Reserve: To cater for the ongoing replacement of the Board's capital infrastructure.		
● Headworks Reserve: To fund augmentation works to service growth requirements.		
● Mains Subdivision Reserve: To fund subdivisional development.		
● Business Development Reserve: To fund future business development.		
Asset Revaluation Reserve		
Balance at start of period	32,598,315	28,124,449
Gains/(losses) from asset revaluation	4,463,392	6,608,104
Tax effect of revaluation (increments)/decrements	(1,120,818)	(2,134,238)
Balance at end of period	35,940,889	32,598,315
TOTAL RESERVES	43,907,748	50,924,066

AQWEST - BUNBURY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
24 FINANCIAL INSTRUMENTS		
[a] Financial Risk Management Objectives and Policies		
Financial instruments held by the Board are cash and cash equivalents, term deposits, receivables and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.		
<u>Credit Risk</u> Credit risk arises when there is the possibility of the Board's receivables defaulting on their contractual obligations, resulting in a financial loss to the Board. All debts pertaining to water sales are secured against the land to which the debts relate. Receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. There are no significant concentrations of credit risk. The maximum exposure to credit risk at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as shown in the table at Note 24[f].		
<u>Liquidity Risk</u> The Board is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due. The Board's objective is to maintain sufficient cash assets on hand to meet its debts as and when they fall due. The Board has sufficient financial assets to ensure that it is able to meet its commitments.		
<u>Market Risk</u> The Board does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). The Board's exposure to market risk for changes in interest rates relate primarily to short and long term cash investments. All of the Board's investments are at fixed interest rates with varying maturity periods. The risk is managed through portfolio diversification and variation in maturity dates. Portfolio diversification is limited to investments with financial institutions with a Standard and Poor's Credit rating of AA or greater. Other than as detailed in the Interest Rate Sensitivity Analysis table at Note 24[d], the Board has limited exposure to interest rate risk as it has no borrowings.		
[b] Categories of Financial Instruments		
In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:		
<u>Financial Assets</u>		
Cash and Cash Equivalents	654,356	1,073,823
Receivables	1,361,769	1,127,118
Held to Maturity Investments	7,659,500	17,134,500
<u>Financial Liabilities</u>		
Payables	735,889	1,599,741
[c] Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:		
Less than one year	319,587	207,302
One year or more	21,468	21,415
Deferred - less than one year**	2,420	2,366
Deferred - one year or more**	21,784	21,292
	365,259	252,375

** Pensioners are not required to pay rates issues as they are billed - the collection of such rates is ultimately deferred until the property changes ownership from the pensioners title.
Also includes bankruptcies, where the debt is deferred until ownership changes.

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION

24 [d] Interest Rate Sensitivity Analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2008	Carrying Amount	- 1% Change		+ 1% change	
		Profit	Equity	Profit	Equity
Financial Assets					
Cash and cash equivalents	654,356	(6,544)	(6,544)	6,544	6,544
Other Financial Assets	7,659,500	(76,595)	(76,595)	76,595	76,595
Financial Liabilities					
All non-interest bearing					
Total Increase/(Decrease)		(83,139)	(83,139)	83,139	83,139
2007	Carrying Amount	- 1% Change		+ 1% change	
		Profit	Equity	Profit	Equity
Financial Assets					
Cash and cash equivalents	1,073,823	(10,738)	(10,738)	10,738	10,738
Other Financial Assets	17,134,500	(171,345)	(171,345)	171,345	171,345
Financial Liabilities					
All non-interest bearing					
Total Increase/(Decrease)		(182,083)	(182,083)	182,083	182,083

24 [e] Fair Values

All financial assets and liabilities are recognised in the balance sheet and carried at cost, which represents a reasonable approximation of fair value.

AQWEST - BUNBURY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

24 (f) Financial Instrument Disclosures

The Board's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The contractual maturity amounts in the table are representative of the undiscounted amounts at balance sheet date. Adjustments for discounting have not been due to immateriality.

The Board does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Board does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due.

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date:

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity						Total \$
			Within 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	
2008									
Financial Assets									
Cash and cash equivalents	4.76%	654,356	-	-	-	-	-	-	654,356
Receivables	-	-	-	-	-	-	-	1,361,769	1,361,769
Held to Maturity Investments	7.30%	-	7,659,500	-	-	-	-	-	7,659,500
		654,356	7,659,500	-	-	-	-	1,361,769	9,675,625
Financial Liabilities									
Payables	-	-	-	-	-	-	-	735,889	735,889
								735,889	735,889
2007									
Financial Assets									
Cash and cash equivalents	4.55%	1,073,823	-	-	-	-	-	-	1,073,823
Receivables	-	-	-	-	-	-	-	1,127,118	1,127,118
Held to Maturity Investments	6.26%	-	17,134,500	-	-	-	-	-	17,134,500
		1,073,823	17,134,500	-	-	-	-	1,127,118	19,335,441
Financial Liabilities									
Payables	-	-	-	-	-	-	-	1,599,741	1,599,741
								1,599,741	1,599,741

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
25 NOTES TO THE CASH FLOW STATEMENT		
Reconciliation of Cash Balances		
Cash at the end of the financial period, as shown in the Cashflow Statement, is reconciled to the related items in the Balance Sheet as follows:		
Current Accounts		
General Working Current Account	611,195	519,190
Headworks Current Account	38,019	425,245
EDP Upgrade Current Account	216	1,733
Subdivision Current Account	1,872	729
Asset Replacement Current Account	876	126,984
Business Development Reserve Current Account	678	(1,558)
Floats	1,500	1,500
	654,356	1,073,823
Reconciliation of Operating Activities		
Operating Profit from Ordinary Activities after Income Tax Equivalent	1,141,304	1,040,372
Depreciation	1,928,484	1,546,922
Loss on Disposal of Assets	11,058	25,258
Income Tax Equivalent	1,081,699	1,178,764
Non-Cash Developers Contributions	(721,444)	-
Changes in Assets and Liabilities		
- (Increase)/Decrease in Trade and Other Debtors	(154,005)	62,488
- (Increase)/Decrease in Stock	(586)	(50,868)
- (Increase)/Decrease in Prepayments	(20,772)	1,324
- Increase in Trade Creditors and Accruals	(259,124)	1,026,460
- Increase/(Decrease) in Employee Provisions	22,283	42,586
	3,028,897	4,873,306
NET CASH PROVIDED BY OPERATING ACTIVITIES		
26 CREDIT STANDBY ARRANGEMENTS AND LOAN FACILITIES		
Credit Standby Arrangements:		
Standby funds are provided by the Board's bankers. A total of \$250,000 is accessible by the Board. The bank overdraft facility may be drawn at any time and is subject to annual review.		
At 30 June 2008, an aggregate amount of \$250,000 (2007 \$250,000) remained unused.		
Summary of Loan Facilities:		
Credit standby arrangement	250,000	250,000
27 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY & SENIOR OFFICERS		
The total fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year by members of the Accountable Authority from the Board or related body.	31,197	33,354
The total fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year by Senior Officers other than members of the Board or related body.	380,488	370,348
The number of members of Aqwest-Bunbury Water Board whose total fees, salaries, non-monetary benefits and other benefits received or due and receivable for the financial year within the following bands:		
\$nil - \$10,000	5	5
\$10,001 - \$20,000	1	1
The number of Senior Officers other than members of Aqwest-Bunbury Water Board whose total fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year falls within the following bands:		
\$50,001 to \$60,000	-	1
\$70,000 to \$80,000	-	1
\$100,000 to \$110,000	1	1
\$120,000 to \$130,000	1	-
\$130,001 to \$140,000	-	1
\$140,001 to \$150,000	1	-
Superannuation expenses included in the above amounts represent superannuation expenses incurred by the Board in respect of Senior Officers other than Senior Officers reported as members of the Bunbury Water Board. No Senior Officers are members of the Pension Scheme.	3	4

AQWEST - BUNBURY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
28 REMUNERATION OF AUDITOR		
Remuneration payable to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements, and performance indicators	28,000	29,950
The expense is included at note 11 'Other expenses'.	28,000	29,950

29 EXPLANATORY STATEMENT

i) This statement provides details of any significant variations between estimates and actual results for the 2008 financial year. Significant variations are considered to be those greater than 10% or \$200,000

Water Sales Revenue

Budgeted kilolitres = 5,663,411kL

Actual kilolitres = 5,427,272kL

Budget assumed no reduction in consumption due to the introduction of Water Efficiency Measures on the 1st October 2007.

Interest Revenue

Timing of large capital works projects - funds invested longer than budgeted.

Developers Contributions

Higher development activity.

Revenue recognised for transferred infrastructure assets of \$721,444 was not anticipated at the time of budget preparation.

Cost of Services

Budgeted capital works totalling \$663,334 expensed at year end due to their eventual non-capital nature. Items also expensed from prior years' Works in Progress of \$604,728.

Administration Expenses

Computer Software & Maintenance - Budget \$295,700, Actual \$170,382.

Salaries & Wages - Budget \$1,206,646, Actual \$1,120,648

ii) This statement provides details of any significant variations between actual revenues and expenditures for the 2008 financial year and revenues and expenditures for the 2007 financial year. Significant variations are considered to be those greater than 10% or \$200,000

Developers Contributions

Demand driven. Transferred infrastructure assets for the 2007 year were immaterial and not brought to account.

Cost of Services

Increase mainly due to Reservoir Maintenance project commenced in 2006 and completed in 2008 - \$604,728 expensed from prior years' Works in Progress. Project involved the replacement of rusted purlins at the Tech Reservoir.

Depreciation

Major asset addition - City WaterLink mains and pump station.

Increase also due to asset revaluation increments to Reservoirs, Bores and Pumps at 30 June 2007.

	Actual 2008 \$	Estimate 2008 \$	Variance \$
Water Sales Revenue	3,732,897	3,993,360	(260,463)
Interest Revenue	1,010,757	375,400	635,357
Developers Contributions	1,988,225	700,000	1,288,225
Cost of Services	3,630,404	2,026,856	1,603,548
Administration Expenses	1,560,010	1,886,071	(326,061)
	Actual 2008 \$	Actual 2007 \$	Variance \$
Developers Contributions	1,988,225	823,639	1,164,586
Cost of Services	3,630,404	2,928,336	702,068
Depreciation	1,928,484	1,546,922	381,562

30 SUPPLEMENTARY INFORMATION

Write-offs:

Revenue and other property written off by the accountable authority during the financial year

Losses Through Theft, Defaults and Other Causes

Losses of public moneys and public and other property through theft or default

Amounts recovered

Gifts of Public Property

Gifts of public property provided by the Board (a)

(a) Floating Stone provided to the City of Bunbury in honour of the Board's 100 year celebrations. These amounts are inclusive of GST.

2,038	5,704
-	-
-	-
-	-
-	198,000

AQWEST - BUNBURY WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2008 \$	2007 \$
31 COMMITMENTS FOR EXPENDITURE		
(a) Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	3,194,438	12,064,031
Later than 1 year and not later than 5 years	110,000	330,000
Later than 5 years	-	55,000
The capital commitments include amounts for:		
Land	425,000	4,036,000
Treatment Plants	550,000	440,000
Reservoirs	1,210,000	737,000
Mains	877,525	7,236,031
Bores and Pumps	241,913	-
These commitments are all inclusive of GST.		
(b) Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:		
Within 1 year	1,970	11,332
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	1,970	11,332
Future finance charges on finance leases	-	-
These commitments are all inclusive of GST.		
(c) Expenditure commitments		
Other expenditure commitments, including information technology support, internal audit, external audit, office cleaning and sanitary services, contracted for at the reporting date but not recognised as liabilities, are payable as follows:		
Within 1 year	88,002	78,430
Later than 1 year but not later than 5 years	135,898	162,223
Later than 5 years	28,000	27,500
	251,900	268,153

32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

As at the 30 June 2008, there are no material contingent liabilities to report.

Contingent Assets

In addition to the assets incorporated in the financial statements, the Board has the following contingent asset:

(a) Litigation in progress

The Board has commenced a negligence claim against a supplier as a result of faulty materials supplied. The estimated potential financial effect cannot be reliably measured at this point in time.

33 EVENTS OCCURRING AFTER REPORTING DATE

There have been no events occurring after reporting date requiring disclosure in the 30 June 2008 financial statements.

ANNUAL ESTIMATES 2008/2009

BUDGETED INCOME STATEMENT 2008/2009

BUDGETED BALANCE SHEET 2008/2009

PARTICULARS	2008/2009 Budgeted	PARTICULARS	2008/2009 Budgeted
REVENUE		CURRENT ASSETS	
Water Sales	4,286,368	Cash	300,000
Rates and Supply Fees	2,992,710	Investments	3,625,256
	<u>7,279,078</u>	Receivables	1,000,000
Less Rebates	(330,300)	Inventories	279,000
	6,948,778	Other	15,000
Other Income		Total Current Assets	5,219,256
Interest Received	274,900	NON CURRENT ASSETS	
Developers Contribution	1,330,000	Property, Plant & Equipment	77,460,519
Profit on Sale of Plant	(1,362)	Investments	-
All Other Revenue	552,186	Work in Progress	300,000
	<u>2,155,724</u>	Total Non Current Assets	77,760,519
TOTAL REVENUE	9,104,502	Total Assets	82,979,775
EXPENDITURE		CURRENT LIABILITIES	
Cost of Services		Accounts Payable	20,000
Salaries & Wages	688,995	Accrued Expenses	50,000
Employee Overheads	646,440	Borrowings	-
	<u>1,335,435</u>	Provisions	150,000
Materials	308,611	Other Liabilities	100,000
Other Expenses	109,200	Total Current Liabilities	320,000
Electricity	300,452	NON CURRENT LIABILITIES	
	2,053,698	Deferred Tax Liabilities	7,000,000
Administration and Other Expenses		Provisions	216,800
Bad Debts	2,100	Total Non Current Liabilities	7,216,800
Computer Maintenance and Software	414,260	Total Liabilities	7,536,800
Depreciation	2,139,523	NET ASSETS	75,442,975
Insurance	237,538	EQUITY	
Interest	-	Retained Profits	39,019,404
Legal Expenses	30,000	Reserves:	
Rent	2,000	Asset Revaluation Reserve	32,798,315
Salaries and Wages	1,171,117	Other Reserves	3,625,256
Superannuation	122,481	Total Reserve Funds	36,423,571
All Other Expenses	966,267	TOTAL EQUITY	75,442,975
	<u>5,085,286</u>		
TOTAL EXPENSES	7,138,984		
OPERATING PROFIT BEFORE INCOME TAX EQUIVALENT	1,965,518		
Income Tax Equivalent	589,700		
PROFIT AFTER INCOME TAX EQUIVALENT	1,375,818		
Retained profits at the beginning of the financial year	32,922,598		
Transfers from Reserves	7,192,261		
Transfer to Reserves	(2,471,273)		
RETAINED PROFITS AT THE END OF FINANCIAL YEAR	39,019,404		



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUNBURY WATER BOARD

FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

I have audited the accounts, financial statements, controls and key performance indicators of the Bunbury Water Board.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Bunbury Water Board
Financial Statements and Key Performance Indicators for the year ended 30 June 2008

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Bunbury Water Board at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2008.



COLIN MURPHY
AUDITOR GENERAL
17 September 2008

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"BUNBURY WATER BOARD"
AQWEST