



clean  
fresh  
pure

ANNUAL REPORT

2007/2008

# BUSSELTON WATER





# Our Vision

Busselton Water strives for the attainment of excellence in the supply, management and sustainability of water services.



clean  
fresh  
pure

# CONTENTS

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	Page
BUSSELTON WATER BOARD STATEMENT OF COMPLIANCE .....	2
OVERVIEW SUMMARY .....	3
CHAIRMAN'S REPORT.....	4
CHIEF EXECUTIVE OFFICER'S REPORT .....	5
ORGANISATIONAL STRUCTURE (ABRIDGED).....	6
ANNUAL COMPLIANCE REPORTING TO COMMISSIONER FOR PUBLIC SECTOR STANDARDS.....	7
REPORT ON OPERATIONS .....	8
COMMUNITY RELATIONS .....	19
AUDIT REPORT .....	21
CERTIFICATION OF FINANCIAL STATEMENTS.....	22
FINANCIAL STATEMENTS.....	23
CERTIFICATION OF PERFORMANCE INDICATORS.....	55
PERFORMANCE INDICATORS.....	56



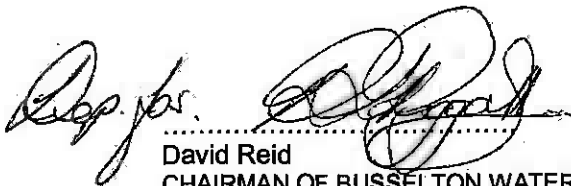
# BUSSELTON WATER BOARD STATEMENT OF COMPLIANCE

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The Hon. J.C. Kobelke BSc DipEd JP MLA  
Minister for Water Resources

On behalf of the Busselton Water Board, and in accordance with Section 61 of the Financial Management Act 2006, I have pleasure in submitting for your information and presentation to Parliament, the annual report of the Busselton 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 and any other relevant written law.

  
.....  
David Reid  
CHAIRMAN OF BUSSELTON WATER BOARD

Date: 12.9.08 2008.

  
.....  
William Scott  
MEMBER OF BUSSELTON WATER BOARD

Date: 12-9-08 2008.

## OVERVIEW SUMMARY

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Busselton Water is an independent water authority that supplies water to domestic, commercial, light industrial and special rural consumers within the town of Busselton and its environs (the licensed area).

The areas population is around 17,900<sup>1</sup>, but during weekends and holiday periods this can rise significantly. Being a sought after sea-change destination the population has been growing at a considerable rate and this trend is expected to continue into the foreseeable future.

Busselton's water supply differs from most other sources in Australia because of the deep artesian aquifers (Leederville and Yarragadee) that offer high microbiological integrity and very low organic carbon loadings. This means that Busselton's water supply is of the highest quality. From bores, the water is aerated and filtered to remove iron before it is stored in tanks at its operating plants and then pumped through approximately 269 kilometres of mains.

Busselton Water has access to a reliable, high quality water resource and is supported well by modern treatment plants, storage facilities and network capability. The computer technology and telemetry at the water treatment plants was further upgraded during the year.

Disinfection of the water supply is undertaken with ultra-violet (UV) irradiation in preference to methods such as chlorination. This method has offered Busselton excellent protection of its water supply for many years and with vigilant monitoring and controls in place, Busselton Water is well equipped to react quickly to any problems that may arise. Both the Board itself and customers, as represented in successive annual surveys, are strongly committed to this "chemical free" approach.

However, backflow is always of concern which is one of the reasons why Busselton Water embarked on a pilot program during the year with the introduction of a complete data collection system utilising radio frequency (RF) technology. The device was attached to 45 meters in the new Vasse Newtown subdivision and proved to be 100% accurate against the benchmark of physical meter reading. This device provides Busselton Water with a comprehensive suite of real time information and once fully implemented, through a planned retrofitting program, will result in more efficient management, monitoring and control of water consumption within its licensed area.

The year under review, in line with its Strategic Plan, has seen Busselton Water increase its customer base by 6%, increase its mains by 5.98%, embraced its works program to 99.9% completion, and broadened its community engagement opportunities.

A significant emphasis this year was in the adoption of the Statewide Water Efficiency Measures and subsequent roll out to the community. This resulted in approximately a 12% reduction in water sales revenue. In the coming year Busselton Water will be embarking on a community education program to ensure all are aware of the necessity and requirements for protecting our precious resource.

In a financial sense Busselton Water maintains a robust financial position with NIL indebtedness.

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<sup>1</sup> Australian Bureau of Statistics 2006



# CHAIRMAN'S REPORT

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During this period the Board has proudly maintained a strong commercial performance whilst providing the population of Busselton and surrounding environs with a high quality water service

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On behalf of the Members of Busselton Water, I am pleased to present this year's Annual Report to our customers and stakeholders.

We have known for some time the challenges facing the water industry are increasing and becoming more complex. As custodians for Busselton's residential and industrial water supply it is our role to manage our valuable water resource well.

During this period Busselton Water has proudly maintained a strong commercial performance whilst providing the population of Busselton and surrounding environs with a high quality water service.

The Board's operating profit after tax for the reporting year was \$3,078,056 and has been achieved on a total revenue of \$8,566,872. This compared to a profit after tax of \$2,610,346 and revenue of \$7,419,183 in 2006/2007. Busselton Water has a strong underlying financial position with a NIL level of indebtedness.

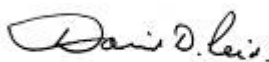
The Board has long held the view that the responsible use of our precious resource is of the utmost importance to not only the current, but also future generations. This is why the Board adopted the statewide water efficiency measures in October 2007. I would like to congratulate residents for embracing the new measures as their efforts within the first year have resulted in a water saving of approximately 8% in residential consumption.

I would like to take this opportunity to congratulate Yvonne Robinson on her re-appointment to the Board and express gratitude and appreciation in farewelling Robert Tognella following 11 years dedicated service to the Board. The Board will now continue with 6 members as opposed to 7 as it further moves towards consistency within the industry.

Some of the highlights for the year under review included:

- Acknowledgement of the Minister's pronouncement that Busselton Water would not be merged with other water utilities
- Actively embracing Water Reform, including providing input into the ERA reference to configuring/reconfiguring water and waste water services in the South West
- Growing and maintaining well, our skilled workforce including the appointment of the Manager, Customer Services with a focus on water efficiency measures and education
- An excellent response from our Customer Survey

I look forward to the future with enthusiasm and take comfort in the fact that we have a committed management team and staff whom I would like to thank for their commitment in creating another successful year. My thanks also to my fellow Board Members, all of whom have contributed strongly throughout the year.

A handwritten signature in black ink that reads "David Reid".

David Reid  
Chairman

# CHIEF EXECUTIVE OFFICER'S REPORT

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With clear direction and support from the Board we have been able to implement our strategies with confidence to achieve our goals and meet our targets.

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Busselton Water has enjoyed another robust year and it gives me great pleasure to outline the organisations activities and achievements within this Annual Report for 2007/2008.

Good governance was once again high on the agenda. Building on the framework established last year further improvements were implemented and will continue into the future as we strive for excellence within our industry.

Our capital works are the backbone of our excellent water supply and I'm pleased to report that almost all scheduled works were completed during the year and within budget. These works further expanded our reticulation system and/or maintained its integrity to a high standard.

Water quality is a high priority for the organisation and during the year an in-house Water Quality Committee was established to enable a collective focus on water quality issues. In addition consultants, Hunter Water, were engaged to assist Busselton Water to ultimately meet the requirements of the 2004 Australian Drinking Water Guidelines. Much progress has already been made and it is pleasing to note that Busselton water performed quite well in respect to most items within the review. Whilst further work is needed I am confident that our dedicated staff are up to the challenge.

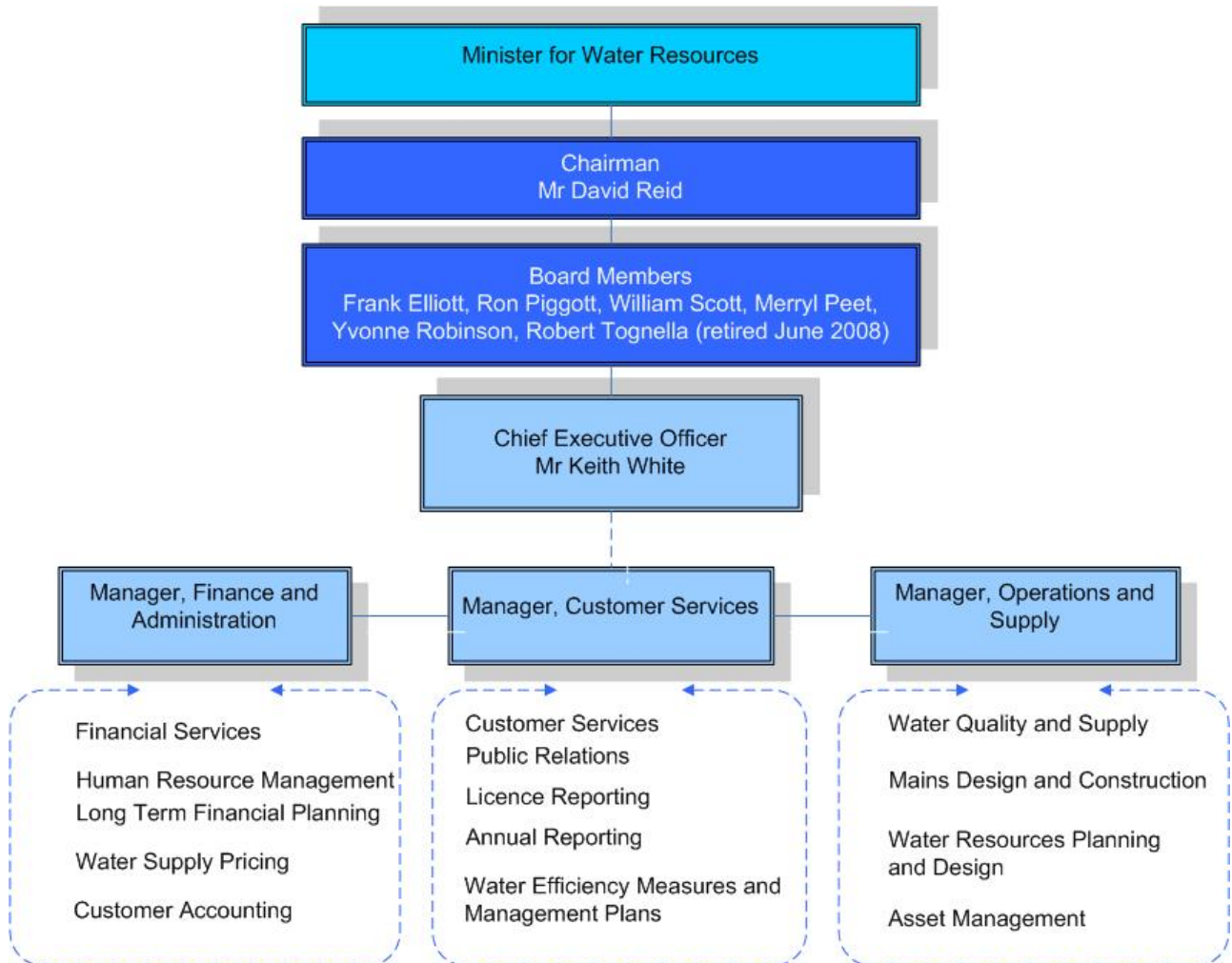
A renewed focus on our customer and community relations developed during the year. This included successfully expanding our customer survey which will now be undertaken on an annual basis. With community engagement a high priority for the organisation new programs were adopted this year which will see a greater community emphasis in the areas of education and community.

With clear direction and support from the Board we have been able to implement our strategies with confidence to achieve our goals and meet our targets. In this regard I would like to thank our employees, not only for their application to achieve our targets, but for their loyalty to the organisation. In the changing environment in which we operate, I believe Busselton Water is well equipped to meet any challenges put before us.



Keith White  
Chief Executive Officer

# ORGANISATIONAL STRUCTURE (ABRIDGED)





# ANNUAL COMPLIANCE REPORTING TO COMMISSIONER FOR PUBLIC SECTOR STANDARDS

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Busselton Water hereby reports having adopted policies, guidelines and processes which support the public sector standards in human resource management. Relevant documentation contained within the Busselton Water Management Directives and Board Policies is available for access by all staff and Board Members.

As a small independent utility, shortly to become a government owned corporation, it is considered that standards relating to transfer, secondment and redeployment of staff are not applicable. Considering the size of the organization it was also considered appropriate for the Chief Executive Officer to conduct the self-assessment of the public sector standards.

I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made herein, is correct.

## PUBLIC SECTOR STANDARDS IN HUMAN RESOURCE MANAGEMENT

Procedures include:

- Use of reviews conducted through “one on one” employee interviews.
- An annual review of policies adopted by the Board of Busselton Water, on staff issues.

### Outcome

The standards in Human Resource Management and the Board’s own policies have been complied with throughout the year.

## CODE OF ETHICS AND CODE OF CONDUCT

Procedures include:

- Use of reviews conducted through “one on one” employee interviews.
- Discussions through senior management meetings.

### Outcome

The ethical codes have been complied with throughout the year.

Busselton Water does have a Code of Conduct, which has been communicated to employees as follows:

- Advice given to new employees (Awareness Program)
- Intranet
- General circulars

There have been NIL complaints relating to non-compliance with the ethical codes lodged in 2007/2008.

The following positions covered by the Recruitment and Selection Standard were advertised during 2007/2008:

- Manager Customer Services
- Administration Officer
- Finance Officer

Keith White  
Chief Executive Officer

15<sup>th</sup> September, 2008.

# REPORT ON OPERATIONS

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## AUTHORITY BY WHICH BUSSELTON WATER IS ESTABLISHED

Busselton Water is a public self-funding corporation and is administered by a Board, the Members of which are appointed by the Governor in Executive Council. Members serve on the Board for a three-year term and are eligible for reappointment at the conclusion of a term.

The functions and duties of Busselton Water are set out in the Water Board's Act 1904 (as amended) and the Reporting Standards are detailed in the Financial Management Act 2006.

Busselton Water holds an Operating Licence issued by the Economic Regulation Authority under the Water Services Coordination Act 1995. The licence is valid until 1 October 2021. Details of the area covered are recorded on Plan OWR-0A-085/2B.

The Board is responsible to the Hon. Minister for Water Resources (Hon J Kobelke Bsc DipEd JP MLA).

## OBJECTIVES OF BUSSELTON WATER

The objectives of Busselton Water are:

- a) Provision of Services  
*To provide high quality water at a minimum long term cost to the customers within Busselton Water's area of responsibility (operating area).*
- b) Management of Water Board Resources  
*To assess, plan and manage the use and protection of the resources purchased by and entrusted to Busselton Water for the continuing benefit of the customers of Busselton Water.*
- c) Management of Water Resources  
*To plan, manage and conserve (in association with the Department of Water) all available water resources by:*
  - *Management of eight (8) Production Bores.*
  - *Monitoring of the Aquifer Performance.*
  - *Monitoring of the quality of water made available for the use and consumption by the community.*

## FINANCIAL OBJECTIVES

- To conduct the financial affairs of Busselton Water in accordance with sound business principles and comply with the requirements of the Water Board's Act 1904 (as amended) and the Financial Management Act 2006 and its Operating Licence, for the benefit of present and future customers.
- To meet Busselton Water's need for financial services information.
- To provide financial planning and management functions including budget planning and control.
- To control the levying and collecting of water tariff and other charges.
- To provide monthly and annual informative financial statements and performance reports.

## CUSTOMER BASE

Busselton Water provides quality potable water services to approximately 20,000 customers within its operating area which includes the town of Busselton and the neighbouring environs of Port Geographe, Siesta Park and Wonnerup.

## ADDRESS OF PRINCIPAL OFFICE

Administration Centre  
1 Fairbairn Road  
BUSSELTON WA 6280

PO Box 57  
BUSSELTON WA 6280

Telephone : (08) 9781 0500

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



## PUBLICATIONS

Listed below are the publications which are readily available upon request from the Administration Centre and without cost to customers:

- Annual Report, including the Financial Statements and Key Performance Indicators.
- Annual Water Monitoring Report.
- Customer Charter – a summary of the Customer Charter is forwarded to all customers annually with a copy of the complete charter available on request.
- Information on Water Tariff and Headwork's Contribution Charges.
- Budget for current financial year.
- Minutes of Board Meetings, which are generally held on the third Monday evening of each month, and associated Committee Meetings.
- A summary sheet explaining "Conditions for Water Connection".
- Information sheet referring to disputes.
- By-Laws adopted by the Board.
- Strategic Development Plan. (Ten Year Financial Plan).

## CUSTOMER GROUP OUTCOMES

- Disability Service Plan – The Board is not required to develop a Disability Service Plan, however the Board is aware of the key outcomes of such plans and adheres to the principles.
- Corruption Prevention – Busselton Water minimise the risk of misconduct and corruption by promoting its Code of Conduct to staff commencing with the induction process. Declarations of Interest are also actively promoted through meeting agenda structures.
- Equal Employment Opportunity Outcomes – Busselton Water embraces a Policy of Equal Opportunities in employment.
- Cultural Diversity and Language Service Outcomes – every effort is made to assist customer requests. None were received during 2007/2008.
- Youth Outcomes –Busselton Water has not considered programs or policies which specifically target young people within the age bracket of 12-25.

## REPORT ON OPERATIONS..

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- Equity and Diversity Plan – As Busselton Water employs less than 50 employees, it is not required to provide numerical performance objectives, however Busselton Water is aware of the Government's commitment to developing an equitable and diverse public sector workforce which is representative of the Western Australian community at each level of employment and which enables employees to combine work and family responsibilities.
- Energy Smart Government Policy – Having only recently increased its workforce to greater than the prescribed level of 25 employees, Busselton Water will henceforth be required to embrace the policy and give consideration to the means to be adopted to invoke any required changes (if any).

### EQUITY ACCESS

Busselton Water provides a general right of access to other documents and records in accordance with the Freedom of Information Act 1992.

Initial enquires can be made to the Chief Executive Officer who the Board has appointed as the Freedom of Information Co-ordinator.

### MEDIA ADVERTISING

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

Total Expenditure for 2007/2008 \$29,830

Media Advertising Organisations	Rounded
Market Force Productions	\$15,930
SW Printing and Publishing	\$3,120
Industrial Printing Company	\$4,250
TOTAL	\$23,200

Market Advertising Organisations	Name	Rounded
Advertising Agencies	Nil	Nil
Polling Organisations	Nil	Nil
Direct Mail Organisations	Nil	Nil
Market Research Organisations	Strategic Marketing Research	\$6,530
TOTAL		\$6,530

### BUDGET

The Board approves a Draft Budget usually in April/May and the Draft Budget submission is then forwarded to the Minister for Water Resources for formal approval, as the adopted Budget for Busselton Water.

## MINISTERIAL DIRECTIVES

There were no Ministerial directives regarding the setting and achievement of operational objectives, investment activities or financial activities during the year under review.

## RECORDKEEPING PLAN

In accordance with Section 19 of the State Records Act 2000 Busselton Water is required to have a Recordkeeping Plan. Busselton Water is also required to report on its compliance with the Act as required by Section 61 and State Records Commission Standard 2, Principal 6. The Registration Number assigned to Busselton Water's Plan is RKP2003087.

Busselton Water is committed to ongoing compliance of the State Records Act 2000 and to sound recordkeeping practises. During the 2007/2008 year Busselton Water:

- Successfully Implemented an Electronic Document Records Management System (EDRMS) using Synergy Soft "Central Records".
- Liaised with the State Records Office regarding the development of its Retention and Disposal Schedule.
- Created a Vital Records Register.
- Appraised, sentenced and disposed of old records appropriately.
- Ensured new staff were provided with adequate records management training.
- Continued to be a Member of the Records Management Association of Australia.

## EMPLOYEES

Employees are recruited under Section 31 of the Water Board's Act 1904 and in accordance with recruitment policies.

Busselton Water maintains an induction program for all new employees, and continues ongoing training for its employees.

During the year under review, employees attended training courses relative to:

- Traffic Management
- Traffic Control
- Plant Locater
- First Aid
- Water Treatment
- Enter Confined Space
- Work Safety at heights
- Excel
- Time Management
- Business Report and Letter Writing
- Mainpac

## REPORT ON OPERATIONS..

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The number of employees by category is as follows:

CATEGORY	FTE's THIS YEAR	FTE'S PREVIOUS YEAR COMPARISON
Senior Executives	4	3
Finance/Administration	8	6
Reception Staff	2	2.5
Meter Reading	.5	.5
Purchasing	1	1
Construction/Maintenance	11	10
Water Treatment Plant Operation	3	3
<b>TOTAL</b>	<b>29.5</b>	<b>26</b>



## OCCUPATIONAL HEALTH, SAFETY AND RISK MANAGEMENT

Busselton Water maintains a commitment to health and safety standards and has adopted a number of policies to support this commitment.

*Policy # S004 - It is the objective of Busselton Water to ensure without compromise that all of its workplaces are safe, healthy and accident free for all employees and members of the public. The Board regards compliance with legislation as the minimum standard and is committed to improving safety performance throughout all its operations.*

Understanding Occupational Health and Safety and Risk Management is a key issue, therefore policies which address these issues have been developed by Busselton Water. Regular meetings at employee level focus on the development of responsive action to issues that may affect employees and have an impact on the general public. The Occupational Safety & Health Committee meets quarterly to review all matters pertaining to OS&H..

*MOD # 04.04 - Busselton Water has a Duty of Care to provide injury management support to all workers who sustain a work related injury or illness with a focus on a safe and early return to meaningful work and in accordance with the Workers' Compensation and Injury Management Act 1981*

Courses in First Aid have assisted employees to maintain safe work practices. Busselton Water's Occupational Health and Safety Program are independently assessed periodically.

A report of performance for 2007/2008 is included below:

Indicator	Target 2007/2008
Number of fatalities	0
Lost time injury/diseases (LTI/D)	55% reduction on previous year
Lost time injury severity rate	0

## INDUSTRIAL RELATIONS

Enterprise Bargaining Agreements with both Busselton Water's Operational and Administrative employees were in place. A review commenced during the year to establish a new Collective Workplace Agreement. This new agreement is expected to be finalised early in the new year.

## WORKER'S COMPENSATION CLAIMS

During the year one significant worker's compensation claim occurred. This claim will be closed in 2007/2008.

## BREACHES OF PRIVACY COMPLAINTS

There were no complaints received during the year with respect to Breaches of Privacy.

## INDEMNIFICATION OF BOARD MEMBERS

During the period ended 30 June 2008 the Board paid insurance premiums in respect of Directors Liability amounting to \$10,160.

## REPORT ON OPERATIONS..

### MEETINGS OF THE BOARD

The Board's business is transacted at a monthly meeting which is usually held on the third Monday evening of each calendar month. The number of Board Meetings held and attended during the year by each Board Member holding office as at 30 June 2008 is depicted in the following table:

Member	Board of Directors Meetings	
	Number Held	Number Attended
David Reid	11	10
Frank Elliott	11	10
Ron Piggott	11	11
William Scott	11	10
Merryl Peet	11	7
Robert Tognela	10	9
Yvonne Robinson	11	9

Occasionally Special Meetings are convened if circumstances warrant.

When appropriate, Members record any declaration of a pecuniary interest in the Members' Interests Register. Nil declarations were made during the year.

### REVENUE

Busselton Water pursues financial strategies that aim to recover the full cost of providing its services. This includes the utilisation of reserves together with the raising of water tariff charges to ensure the most equitable revenue source is acquired for the carrying out of the Board's responsibilities. Busselton Water remains debt free.

Busselton Water's objective in charging for services is to have a system which is fair and simple to understand and administer. To this end it actively pursues with both the Economic Regulation Authority (acting in an advisory capacity to the Minister) and the Minister for Water Resources (who approves Busselton Water's charging structures), the streamlining of the water charging regime.

### LICENCE COMPLIANCE

The results achieved during 2007/2008 indicate that Busselton Water has once again performed credibly and to an acceptable level. The major achievements of the year were:

- 100% compliance with all health related water quality guidelines.
- Achievement of a high level of customer satisfaction, with 99% of Customer Complaints being resolved within the time frame permitted in the Operating Licence.

### CONSUMPTION CHARGES

The cost per kilolitre of water consumed by "Pay As You Use" residential customers was assessed as follows:

1-150kl	44c
151-350kl	63c
351-550kl	69c
551-750kl	84c
751-1150kl	1.39c
1151-1550kl	1.97c
1551-1950kl	2.28c
Thereafter	2.65c

All pricing and related information was published in the Government Gazette dated 28/9/07 (page 4949) and in the Busselton-Margaret Times dated 28/9/07.



## RADIO FREQUENCY (RF) DATA COLLECTION SYSTEM

A pilot program to fit an RF device to 45 meters within the new Vasse Newtown subdivision commenced in October 2007 for the purpose of determining the effectiveness and efficiency of the system. In November 2007 Busselton Water went live with reading and billing RF metered properties in this area. Results proved 100% accurate between RF reading and actual physical meter reading.

The system will improve quality control and access to services by providing accurate detailed usage patterns to water consumers, enabling them to adjust their usage accordingly and save money through early leak detection, enabling an environmentally sound approach to water conservation. RF meters would be a direct contributor to the State Government's Waterwise objectives in achieving water conservation and demonstrates Busselton Water's commitment to the National Water Initiative which includes the requirement to measure water loss.

RF metering brings advances in the monitoring of backflow, through early detection, thus minimising contamination, particularly relevant to Busselton Water's water supply with non-residual disinfection.

It is now the Board's intention that the retrofitting program will continue for as long as it takes to implement within the entire licensed area.

## CAPITAL WORKS PROGRAM

A Capital Works program amounting to \$2,838,000 was undertaken during the year. Among the significant projects undertaken were the following:

- Works undertaken on behalf of developers for new estates:
  - Provence (stages 1 to 12 now complete)
  - Birchfields (Stages 1A to 2D now complete)
  - Cambridge Estate
  - Ibis Gardens Stage 6
  - Port Geographe Stages 1 to 4
- Major mains extensions / improvements undertaken on behalf of developers for provision of water to new estates include:
  - The relocation of 300mm main along Layman Road (Port Geographe)
  - Installation of a 375mm main from Bussell Highway to the Vasse Middle School and the Vasse LIA
- Replacement of Asbestos Cement (AC) with PVC mains located in Kent Street.
- Installation of crossovers and landscaping at Plant 9 and 11 for the provision of access and screening for future infrastructure.
- The upgrade and refurbishment of the storage tank at Plant 3 and replacement fencing and gates at plant 1 and 4.
- Progressive major mains extensions along Rendezvous (300mm PVC) and Vasse (300mm PVC) to increase security of supply to major subdivisions and existing and future storage tanks.

No new items of operational equipment were acquired during 2007/2008, however replacement of light vehicles, including a mini excavator and a 14 tonne truck were undertaken during the year.

## REPORT ON OPERATIONS..

### WATER PRODUCTION (EX PLANT)

YEAR	CONSUMPTION (KI)	INCREASE	DECREASE
2000/2001	3,822,262	4.21%	
2001/2002	3,485,137		8.82%
2002/2003	3,387,267		2.81%
2003/2004	3,690,233	8.94%	
2004/2005	3,740,844	1.37%	
2005/2006	3,724,307		.44%
2006/2007	4,042,759	8.55%	
2007/2008	3,824,270		5.40%

### WATER EXTRACTION

YEAR	PRODUCTION	INCREASE	DECREASE
2000/2001	4,070,316	6.62%	
2001/2002	3,638,492		10.61%
2002/2003	3,597,139		1.14%
2003/2004	3,896,927	8.33%	
2004/2005	3,922,277	.65%	
2005/2006	3,888,869		.85%
2006/2007	4,267,220	9.73%	
2007/2008	3,937,258		7.73%

There were an additional 597 properties connected to the Busselton Water supply network during 2007/2008, compared with 468 in the previous year.

### WATER QUALITY TESTS

Samples of water are regularly collected from Busselton Water's four Plants and other various locations throughout the Busselton townsite.

These samples are forwarded to the Health Department of WA for bacterial analysis and any remedial action considered necessary is carried out promptly by Busselton Water.

Four additional permanent bacteriological sampling points were installed this year within subdivisions on the extremities of the current reticulation network at sub-divisional estates Provence, Ambergate, Birchfield's and the Vasse LIA.

Busselton Water is progressively moving towards the adoption of the Australian Drinking Water Guidelines 2004 (ADWG 2004) and has formed an in-house Drinking Water Quality Committee and engaged consultants (Hunter Water) to help guide the committee on the requirements of ADWG 2004. In short, a quality assurance program has commenced.

Busselton Water has recently renewed its extraction license for the Leederville aquifer and as of the 1<sup>st</sup> of July this year began sampling at the frequencies set down under the license, (Groundwater License Operating Strategy, GLOS).

As water quality is of critical importance to Busselton Water and its customers further investigations will be undertaken to determine whether additional critical control points for the water supply network are needed, this will be addressed by the Water Quality Committee and Busselton Water staff.

Regular Salinity Tests of water are also carried out by Busselton Water.

Rockwater Pty Ltd is Busselton Water's Hydro geological Consultants.

Busselton Water's staff collect water samples for chemical and microbiological analysis, measure water levels, monitor and evaluate pumpage rates and undertake electrical conductivity and pH measurements. This data is forwarded to Rockwater for the compilation of annual monitoring reports to meet the requirements of groundwater well licenses issued by the Department of Environmental Protection, Water and Rives Commission.

Groundwater monitoring reports are submitted to the Department of Environmental Protection, Water and Rivers Commission in accordance with the conditions specified in the relevant Groundwater Licence issued to cover the activities of the licensee.

## METER READING AND TESTING

All meters are read three times per year, in October, February and June. Facilities are available for customers to keep tally of progressive consumption during the year.

Meter tests are undertaken as requested by customers on payment of the prescribed fee.

Busselton Water replaces domestic water meters once they have recorded in excess of 5,000kl for meters installed prior to March 2006. For meters installed after March 2006 replacement may take place after the meter registers 7,000kl.

## ENERGY CONSERVATION

Every effort is made by Busselton Water to reduce its energy consumption. All pumps are operated in off peak times to minimise both cost and the impact on supply.

## FORWARD PLANNING

Busselton Water continues to carry out water level observations on all of its field bores, and pressure recordings of its water reticulation system.

Studies are continually being carried out on the aquifers for placement and upgrading of bores. These studies are carried out in conjunction with Busselton Water's Consulting Engineers and Consulting Hydro geologists.

Busselton Water continues to monitor its progress in accordance with its 10 year development plan, which is reviewed annually.

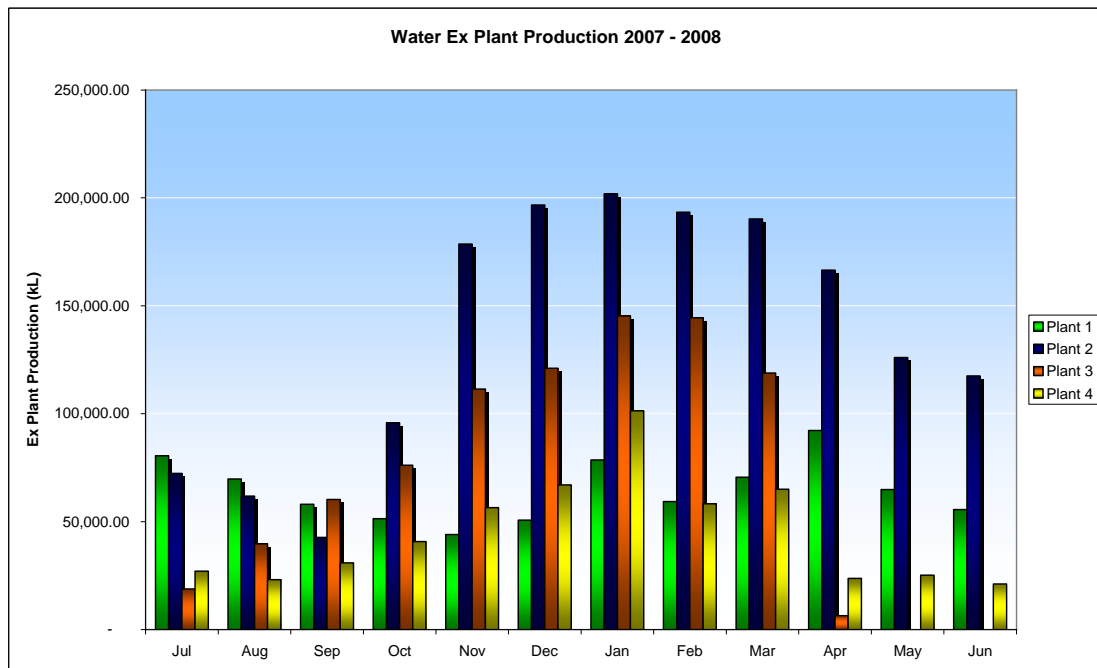
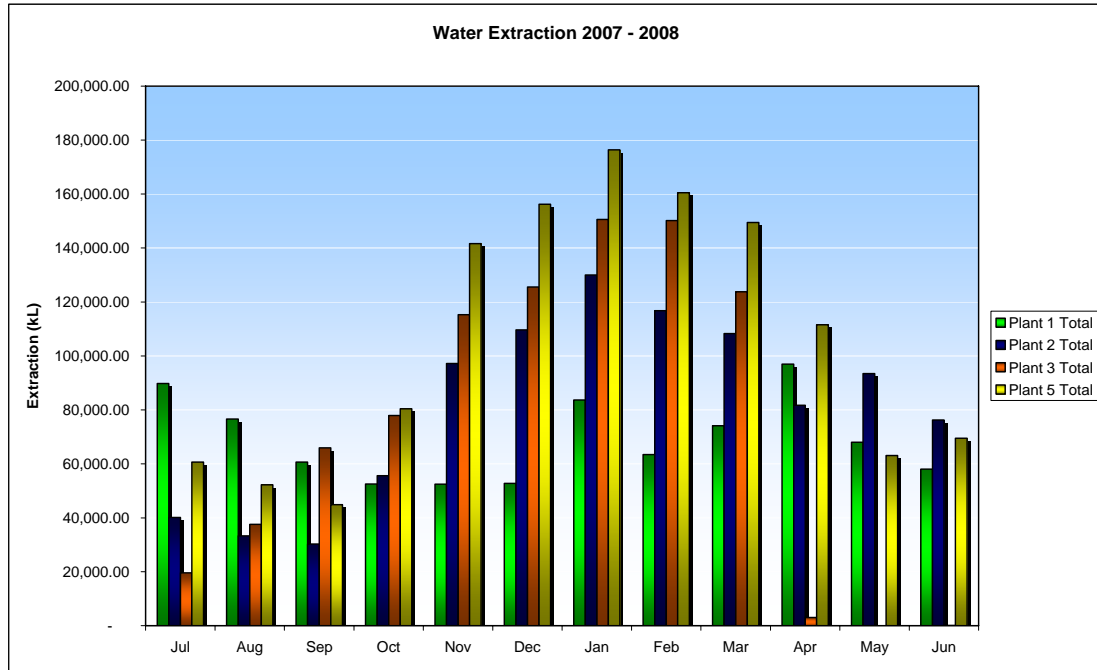
## STATISTICS

The following statistics are of interest and therefore included in this report:-

Total above ground storage	21,000	KI
Total water treatment capacity per day	45,792	KI
Total bore capacity per day	66,000	KI
Total delivery capacity L/second	1,335	L/S
Length of Mains	269	kms

Monthly and Annual extraction and production figures are depicted on the following graphs.

# REPORT ON OPERATIONS..



# COMMUNITY RELATIONS

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## COMMUNITY SERVICE

Busselton Water continues to fund a rebate to both owner/occupiers of residential properties who hold a current Concession Card. The rebate is applicable to standard supply charges/rates and "Pay As You Use" water consumption costs and is assessed as follows:

Standard Supply Charge/Rates:

- Pensioners - up to 50% rebate
- Seniors - up to 25% rebate
- Commonwealth Seniors Health Card - up to a 50% rebate

Water Consumption:

- Pensioners and Commonwealth Seniors Health Card - up to 50% rebate on first 350kl's for the whole year.

## COMMUNITY ENGAGEMENT PROGRAM

In recognition of the changing environment within the water industry and a drying climate it is more important than ever that Busselton Water is proactive in its community communications.

During the year the Board adopted a Community Engagement Program which focuses on Busselton Water's priority of striving for the attainment of excellence in the supply, management and sustainability of our water services, through community education and building community relationships.

The program endeavours to provide support which encourages the adoption of good water conservation practices and promotes the vision of Busselton Water.

Full implementation of the program will commence in the new year.

## CUSTOMER COMPLAINTS

Busselton Water actively encourages customers to report to it when expectations are not met – thus Busselton Water uses complaints to grow its business. There is a growing surge of energy being directed towards effective complaints handling for research and the potential for improving services and products. Busselton Water's complaints strategy is therefore part of its "loyalty to customer" program.

Busselton Water operates a continuous (viz 24 hour) emergency contact service in accordance with its operating licence requirements, and customers are able to be notified within one (1) hour of action the operations/maintenance staff will take to combat an emergency.

Busselton Water encourages its customers to express by letter, phone call or personal visitation, any concerns, which do not meet expectations and is committed to provide a positive response in a timely and professional manner – avoiding inconvenience wherever possible. During the year Busselton Water recorded a total of 36 concerns reported by customers, all of which were by phone call or personal visitation. 99% of the concerns were satisfactorily resolved within the time frame permitted in the Busselton Water Operating Licence.

# COMMUNITY RELATIONS..

## COMMUNITY AND MEDIA RELATIONS

Busselton Water pursues every opportunity to maintain its public profile in an effort to keep its customers informed. It promotes visits to Water Treatment Plants, including school visitations. Opportunities to participate in local promotional events are also grasped. During 2007 Busselton Water participated in the Iron Man event and provided support to various not for profit organisations.

## CUSTOMER SURVEY

A customer survey was distributed in March 2008 to 1000 customers and returned with a higher than anticipated response rate of 33.8%. In order to ensure Busselton Water is fully aware of any changing trends within its customer base the survey will now be undertaken annually.

Key findings from the customer survey indicate that the satisfaction with Busselton's water supply is very high. More than 9 out of 10 respondents are either very or somewhat satisfied with all aspects of their water supply service.

The main area highlighted for improvement is education, particularly in the area of water conservation. While Busselton Water rates highly with its senior customer base, the younger persons aged 18–45 are seeking a more concerted effort from the organisation. This information reinforces and compliments the education and support programs identified for the coming year.

It is also worthy to note that customers re-iterated within the survey that they are firmly against the water supply being treated with chlorination, preferring to remain with the UV methods as it currently is.

## WATER EFFICIENCY MEASURES

In October 2007 the Board adopted the State Government's Water Efficiency Measures and subsequently updated its Area Bylaws to reflect the change. These measures included the two day per week watering roster and daytime sprinkler ban as well as the necessity to establish Water Efficiency Management Plans with high end commercial users.

Significant work has been undertaken to establish education and support programs to ensure customers are fully conversant with the changes and their obligations. These programs will be rolled out during the coming year.





## Auditor General

### **INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

#### **BUSSELTON 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 Busselton 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.

**Busselton 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 Busselton 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




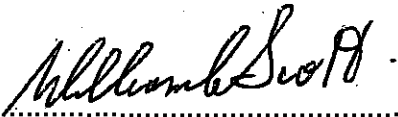
# CERTIFICATION OF FINANCIAL STATEMENTS

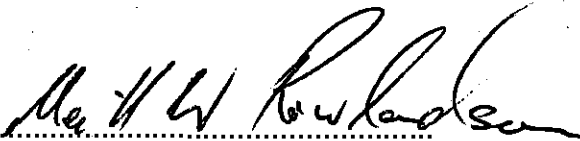
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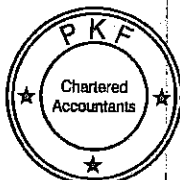
The accompanying Financial Statement of the Busselton Water Board has been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the year ended 30<sup>th</sup> June 2008 and the financial position 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 Statement misleading or inaccurate.

*Rep for*   
.....  
D. REID  
Chairman  
Busselton Water Board  
(Accountable Authority)

  
.....  
William Scott  
Member of the Busselton Water Board  
(Accountable Authority)

  
.....  
N.W. ROWLANDSON  
Chief Finance Officer  
Busselton Water Board



**BUSSELTON WATER BOARD  
BALANCE SHEET  
AS AT 30 JUNE 2008**

	Notes	2008	2007
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	2 (a)	789,124	754,185
Other Financial Assets	2 (b)	9,160,000	7,607,285
Trade & Other Receivables	3	877,508	875,441
Inventories	4	348,382	375,505
Prepayments		0	4,730
<b>Total Current Assets</b>		<u>11,175,014</u>	<u>9,617,146</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	<u>48,477,595</u>	<u>46,864,169</u>
<b>Total Non-Current Assets</b>		<u>48,477,595</u>	<u>46,864,169</u>
<b>TOTAL ASSETS</b>		<u>59,652,609</u>	<u>56,481,315</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	7	785,395	653,597
Short Term Provisions	8	653,553	535,595
Current Tax Liabilities	9	160,340	259,291
<b>Total Current Liabilities</b>		<u>1,599,288</u>	<u>1,448,483</u>
<b>Non-Current Liabilities</b>			
Long Term Provisions	8	15,339	28,587
Deferred Tax Liabilities	10	9,831,746	9,940,177
<b>Total Non-Current Liabilities</b>		<u>9,847,085</u>	<u>9,968,764</u>
<b>TOTAL LIABILITIES</b>		<u>11,446,373</u>	<u>11,417,247</u>
<b>NET ASSETS</b>		<u>48,206,236</u>	<u>45,064,068</u>
<b>Equity</b>			
Reserve Fund	11.1	7,660,304	5,352,464
Asset Revaluation Reserve	11.2	23,324,503	23,260,391
Retained Earnings	23	<u>17,221,429</u>	<u>16,451,213</u>
<b>TOTAL EQUITY</b>		<u>48,206,236</u>	<u>45,064,068</u>



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



**BUSSELTON WATER BOARD  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008	2007
<b>REVENUE</b>			
Water Sales Revenue	12	4,412,181	4,294,669
Cost of Sales	13	<u>2,527,046</u>	<u>2,262,733</u>
<b>Gross Profit</b>		<u>1,885,135</u>	<u>2,031,936</u>
<b>Other Revenue</b>			
Contributions from Developers - Headworks		1,976,264	1,701,975
Contributions from Developers - Mains		1,209,279	690,982
Interest on Investment Funds	14	671,350	416,584
Other Revenue from Ordinary Activities	15	296,766	258,044
Gain on disposal of non-current assets		<u>1,032</u>	<u>56,928</u>
<b>Total Revenue</b>		<u>6,039,826</u>	<u>5,156,450</u>
<b>EXPENSES</b>			
Administration Expenses	16	1,080,850	990,330
Other Expenses from Ordinary Activities	17	476,024	430,406
Loss on disposal of non-current assets		<u>76,366</u>	<u>12,138</u>
<b>Total Expenses</b>		<u>1,633,240</u>	<u>1,432,874</u>
<b>Profit Before Income Tax Equivalent Expense</b>		<u>4,406,586</u>	<u>3,723,576</u>
<b>Income Tax Equivalent Expense</b>	6	1,328,530	1,113,230
<b>Profit After Income Tax Equivalent Expense</b>		<u>3,078,056</u>	<u>2,610,346</u>

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

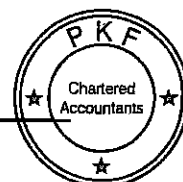


**BUSSELTON WATER BOARD  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Rates & Water Sales		4,427,249	4,397,699
Interest Received		679,381	391,573
Developers Contributions		3,185,543	2,392,956
GST Receipts on Sales		166,670	113,456
GST Receipts From Taxation Authority		184,229	105,856
Other Receipts		<u>246,470</u>	<u>240,483</u>
		8,889,542	7,642,023
<b>Payments</b>			
Payment to Suppliers & Employees		(2,738,311)	(2,643,569)
GST Payments on Purchases		(364,158)	(219,312)
<b>Net cash provided by operating activities</b>	<b>2(c)</b>	<u><u>5,787,073</u></u>	<u><u>4,779,142</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the Sale of Non-Current Physical Assets		171,737	131,990
Purchase of Non-Current Physical Assets		<u>(2,838,018)</u>	<u>(1,551,918)</u>
<b>Net cash used in investing activities</b>		<u><u>(2,666,281)</u></u>	<u><u>(1,419,928)</u></u>
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Taxation Equivalent		<u>(1,533,138)</u>	<u>(1,044,982)</u>
<b>Net cash flows to State Government</b>		<u><u>(1,533,138)</u></u>	<u><u>(1,044,982)</u></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u><u>1,587,654</u></u>	<u><u>2,314,232</u></u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u><u>8,361,470</u></u>	<u><u>6,047,238</u></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>2(a)</b>	<u><u>9,949,124</u></u>	<u><u>8,361,470</u></u>



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



**BUSSELTON WATER BOARD  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008	2007
<b>Total equity at start of year</b>		<b>45,064,068</b>	<b>19,728,788</b>
<b>RESERVES</b>			
<b>General Reserves</b>			
Balance at start of year		5,352,464	3,760,214
Transfers from Retained Earnings		3,820,511	2,857,916
Transfers to Retained Earnings		<u>(1,512,671)</u>	<u>(1,265,666)</u>
Balance at end of year	11.1	<u>7,660,304</u>	<u>5,352,464</u>
<b>Asset Revaluation Reserve</b>			
Balance at start of year		23,260,391	535,457
Gains from asset revaluations		91,586	32,466,853
Tax Effect on Revaluations		<u>(27,474)</u>	<u>(9,741,919)</u>
Balance at end of year	11.2	<u>23,324,503</u>	<u>23,260,391</u>
<b>RETAINED EARNINGS</b>			
Balance at start of year		16,451,213	15,433,117
Profit for the period		3,078,056	2,610,346
Transfers from Reserves		1,512,671	1,265,666
Transfers to Reserves		<u>(3,820,511)</u>	<u>(2,857,916)</u>
Balance at end of year	23	<u>17,221,429</u>	<u>16,451,213</u>
<b>Total equity at end of the year</b>		<u><u>48,206,236</u></u>	<u><u>45,064,068</u></u>



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



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Australian equivalents to International Financial Reporting Standards**

Busselton Water 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 statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these 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 Australian Accounting Standards, Australian Accounting Interpretations 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 statement

***Basis of Preparation***

These financial statements have been prepared on the accrual basis of accounting using the historical cost convention, as modified by the revaluation of selected non-current assets, financial assets and liabilities for which the fair value basis of accounting has been applied.

***Early Adoption of Standards***

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 "Application of 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 Authority for the annual reporting period ended 30 June 2008.

**(c) Segment Reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services that are different from those of segments operating in other economic environments.

Busselton Water operates in the one geographical segment, that being Busselton, Western Australia, and in the one business segment being water services.

Accordingly there is no further segment information to provide.



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 1 Summary of significant accounting policies (continued)**

**(d) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Revenue from the sale of goods and disposal of other assets and the rendering of services is recognised when Busselton Water Board has passed control of the goods or other assets or delivery of the service to the customer.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

**(e) Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate 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 rates expected to apply when the assets are recovered or liabilities are settled. 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 a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting, profit or taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

In preparing the financial report Busselton Water has complied with the requirements of the Income Tax Assessment Act 1936 (as amended) and the National Tax Equivalent Regime ("NTER") guidelines which have been specifically prepared to apply to the State's Government Trading Enterprises (GTE's) as from 1 July 2001. As a consequence of participation in the NTER, Busselton Water is required to comply with AASB 112 "Income Taxes".

**(f) Acquisitions of Assets**

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.



**BUSSELTON WATER BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**Note 1 Summary of significant accounting policies (continued)**

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to the present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(g) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**(h) Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollected are written off. A provision for doubtful receivables is established when there is objective evidence that Busselton Water will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

**(i) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a first in, first out basis.

**(j) Financial Instruments**

***Recognition***

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

***Held-to-maturity investments***

These investments have fixed maturities, with an intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

***Financial liabilities***

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.





**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 1 Summary of significant accounting policies (continued)**

***Fair value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

***Impairment***

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

**(k) Property, Plant and Equipment**

***Capitalisation/Expensing of Assets***

Items of Property, plant and equipment and infrastructure that cost over \$1,000 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 \$1,000 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 License for Busselton Water expires on 1 October 2021. However, Busselton Water views useful life to relate to the full useful life over which the assets will be utilized.

***Land***

Land recorded at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), is on the basis of a valuation provided by the Department of Land Information completed during July 2007.

***Property, Plant & Equipment and Infrastructure***

Property, plant and equipment and infrastructure recorded at their fair value are based on independent valuations performed by AON International Valuation Consultants ("AON") during June 2007 adjusted for additions at fair value since this date, less accumulated depreciation. The fair values determined by AON were calculated with reference to depreciated replacement costs. Depreciated replacement cost is based on the estimated current cost of replacement of the asset with a similar installed asset that has a similar service potential and function, less an amount for depreciation. These classes of property, plant & equipment and infrastructure represent the fair values as determined by AON less accumulated depreciation from the date of the valuations.

The carrying amount of property, plant and equipment and infrastructure is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 1 Summary of significant accounting policies (continued)**

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of assets are credited to the revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	Life	Method
Plant, Machinery & Buildings	5-20 years	Straight line
Motor Vehicles	5-7 years	Straight line
Mains and Services	50 years	Straight line
Water Meters	7-8 years	Straight line
Tools	5 years	Straight line
Office Furniture and equipment	4-10 years	Straight line

**(l) Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**(m) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to Busselton Water prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 1 Summary of significant accounting policies (continued)**

**(n) Employee Benefits**

***Wages and Salaries, Annual Leave and Sick Leave***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-vesting sick leave are recognised when the leave is taken and measured at the rates paid or payable.

***Long Service Leave***

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

***Retirement Benefit Obligations***

Contributions are made to State superannuation funds which exist to provide benefits for employees and their dependents on retirements, disability or death.

Busselton Water's liability for superannuation charges is extinguished by monthly payments of employer contributions to the WA Local Government Superannuation Plan.

**(o) Leases**

The Board has entered into a number of operating lease arrangements for office equipment where the lessor effectively retains the entire risks and benefits incident to ownership of the items held under the operating leases. Equal installments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

**(p) Rounding of Amounts**

Busselton Water presents amounts in the financial reports rounded to the nearest dollar.

**(q) Goods & Services Tax (GST)**

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(r) Comparative Figures**

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



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 1 Summary of significant accounting policies (continued)**

**(s) Disclosure of Changes in Accounting Policies and Estimates**

Busselton Water Board has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted on Busselton Water:

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 & 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 Authority's exposure to risks, including enhanced disclosure regarding components of the Authority's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**2. NOTES TO THE CASH FLOW STATEMENT**

	<u>2008</u>	<u>2007</u>
(a) Cash & Cash Equivalents		
(i) <u>Water Fund Cheque Account (at 4.00% average)</u> The Board has an overdraft limit of \$15,000 on this account.	162,920	108,107
(ii) <u>24 Hour Cash Call Account (at 7.15% average)</u>	625,304	645,178
(iii) <u>Cash on Hand</u>	900	900
	<u>789,124</u>	<u>754,185</u>
 (b) Other Financial Assets comprise of:		
<u>Fixed Term Deposits:</u>		
(i) Reserve Investments: (at 7.94% average)	7,660,000	5,407,285
(ii) Water Fund Investments: (at 7.81% average)	1,500,000	2,200,000
	<u>9,160,000</u>	<u>7,607,285</u>

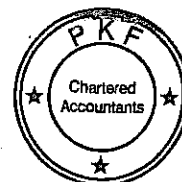
Reconciliation of Cash

Cash at the end of the financial year, as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:-

	<u>2008</u>	<u>2007</u>
<u>Cash and cash equivalents</u>	789,124	754,185
<u>Other Financial Assets</u>	9,160,000	7,607,285
	<u>9,949,124</u>	<u>8,361,470</u>

**2 (c) Reconciliation of operating profit after Income Tax to net cash provided by operating activities**

	Notes	<u>2008</u>	<u>2007</u>
Operating Profit after Income Tax		3,078,056	2,610,346
Depreciation		1,069,107	979,206
(Profit) / Loss on Sale of Assets		75,334	(44,790)
Income Tax Expense		1,328,530	1,113,230
Net Cash provided by Operating Activities before changes in Assets & Liabilities		<u>5,551,027</u>	<u>4,657,992</u>
 Changes in Assets & Liabilities			
(Increase) / Decrease in Receivables		3,664	41,816
Increase / (Decrease) in Payables		100,549	169,750
(Increase) / Decrease in Inventories		27,123	(45,509)
Increase / (Decrease) in Provisions		104,710	(44,907)
Net cash provided by operating activities		<u>5,787,073</u>	<u>4,779,142</u>



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**3. TRADE AND OTHER RECEIVABLES**

Includes all amounts due to Busselton Water from operations.

Rates/Std Supply Charge Debtors	256,347	206,513
Excess Water/Consumption Debtors	414,788	468,595
Deferred Rates/Charges	47,640	65,936
Meter Rentals Debtors	24,031	23,113
Late Payment Penalty	808	779
Fire Services	3,452	2,099
Settlement Reading Fees	1,030	1,111
Miscellaneous Fees	148	85
Sundry Debtors (Including Headworks)	58,208	32,832
GST (Net Receivable from ATO)	40,774	26,524
Miscellaneous Debtors	30,282	47,854
	<u>877,508</u>	<u>875,441</u>
Allowance for impairment of receivables	-	-
	<u><u>877,508</u></u>	<u><u>875,441</u></u>

Ageing of receivables past due but not impaired based on the information provided to senior management at the balance sheet date

Not more than 3 months	20,319	59,266
More than 3 months but less than 6 months	6,280	11,575
More than 6 months but less than 1 Year	-	-
More than 1 year	-	-
	<u>26,599</u>	<u>70,841</u>

There were no indications of impairment to Receivables.

Deferred Headworks have been included in the Accounts as the contributions from Developers are considered to be owing but payment has been delayed for 12 months as provided for in current Legislation.

Deferred Rates are those rates that are owed by a property owner but Legislation allows the owner to delay payments until the property is sold.

**4. INVENTORIES**

Notes	<u>2008</u>	<u>2007</u>
Current		
Raw Materials and Stores (at cost)	<u>348,382</u>	<u>375,505</u>



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

5. <u>PROPERTY, PLANT AND EQUIPMENT</u>	Notes	<u>2008</u>	<u>2007</u>
Land at Fair Value		3,156,000	3,156,000
Capital Works in Progress		<u>39,787</u>	<u>42,369</u>
		<u>3,195,787</u>	<u>3,198,369</u>
Freehold Land Improvements at Fair Value		548,489	0
Plant & Machinery at Fair Value		9,505,196	9,619,700
Buildings at Fair Value		2,177,490	2,497,900
Motor Vehicles at Fair Value		953,311	635,300
Mains and Services at Fair Value		30,741,759	29,625,000
Meters at Fair Value		1,095,738	1,058,000
Tools at Fair Value		110,282	125,000
Office Equipment & Furniture at Fair Value		149,543	104,900
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>		<u><u>48,477,595</u></u>	<u><u>46,864,169</u></u>

Land recorded at fair value is on the basis of a valuation provided by the Department of Land Information completed during July 2007. No land acquisitions were made during the 2007-2008 year.

All other classes of property, plant and equipment recorded at their fair value are based on independent valuations performed by AON International Valuation Consultants ("AON") in June 2007 plus assets acquired during 2007-2008 at fair value, less depreciation expense for the year. The fair values determined by AON were calculated with reference to depreciated replacement costs.

There were no indications of impairment to Property, plant and equipment and Infrastructure assets at 30 June 2008

Depreciated replacement cost is based on the estimated current cost of replacement of the asset with a similar installed asset that has a similar service potential and function, less an amount for depreciation.

These classes of property, plant & equipment represent the fair values as determined by AON less accumulated depreciation from the date of the valuations.

During the 2007-2008 year, a review of the fixed asset register was conducted. As a result of this review, a number of assets have been reclassified to ensure assets are reflected within the correct class of property, plant and equipment. It was also identified that various recent land improvements completed towards the end of the 2007 financial year were not included within the July 2007 land valuation. These improvements were brought to account at fair value during the 2007-2008 year. The above reclassifications and revaluation are disclosed in the reconciliation of carrying amount table below.



**BUSSELTON WATER BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**5. (a) Reconciliation of Carrying Amount**

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

2008	<u>Carrying Amt At</u> <u>Beginning of Year</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Disposals/ W'downs</u>	<u>Depreciation</u>	<u>Revaluation</u> <u>Adjustment</u>	<u>Carrying Amt</u> <u>at end of year</u>
Land at Fair Value	3,156,000	-	-	-	-	-	3,156,000
Freehold Land							
Improvements	-	158,496	335,582	-	(37,175)	91,586	548,489
Capital Works	42,369	-	(2,582)	-	-	-	39,787
Plant & Machinery	9,619,700	284,982	(74,600)	-	(324,886)	-	9,505,196
Buildings	2,497,900	26,423	(268,500)	(2,500)	(75,833)	-	2,177,490
Motor Vehicles	635,300	600,297	-	(214,072)	(68,214)	-	953,311
Mains & Services	29,625,000	1,551,398	-	-	(434,639)	-	30,741,759
Meters	1,058,000	129,639	-	-	(91,901)	-	1,095,738
Tools	125,000	-	10,100	(11,100)	(13,718)	-	110,282
Office Equipment	104,900	86,783	-	(19,399)	(22,741)	-	149,543
	<u>46,864,169</u>	<u>2,838,018</u>	<u>-</u>	<u>(247,071)</u>	<u>(1,069,107)</u>	<u>91,586</u>	<u>48,477,595</u>

2007	<u>Carrying Amt At</u> <u>Beginning of Year</u>	<u>Additions</u>	<u>Disposals/ W'downs</u>	<u>Depreciation</u>	<u>Revaluation</u> <u>Adjustment</u>	<u>Carrying Amt</u> <u>at end of year</u>
Land at Fair Value	930,000	166,786	-	-	2,059,214	3,156,000
Capital Works	-	42,369	-	-	-	42,369
Plant & Machinery	4,549,831	56,946	-	(282,976)	5,295,899	9,619,700
Buildings	1,239,442	18,184	-	(37,963)	1,278,237	2,497,900
Motor Vehicles	630,679	108,218	(87,199)	(76,412)	60,014	635,300
Mains & Services	6,258,466	1,007,249	-	(447,726)	22,807,011	29,625,000
Meters	173,862	91,163	-	(108,559)	901,534	1,058,000
Tools	85,535	4,034	-	(14,214)	49,645	125,000
Office Equipment	43,989	56,969	-	(11,356)	15,298	104,900
	<u>13,911,804</u>	<u>1,551,918</u>	<u>(87,199)</u>	<u>(979,206)</u>	<u>32,466,853</u>	<u>46,864,169</u>

**6. INCOME TAX EQUIVALENT**

Notes

2008

2007

Major components of income tax expense for the years ended 30 June 2008 and 2007 are:

**Income statement**

*Current income*

Current income tax charge	1,464,435	1,176,286
Adjustments in respect of current income tax of previous years		

*Deferred income tax*

Relating to origination and reversal of temporary differences	(135,905)	(63,056)
<b>Income tax expense reported in income statement</b>	<u>1,328,530</u>	<u>1,113,230</u>

**Statement of changes in equity**

*Deferred income tax*

Unrealised gain on available for sale financial assets	(27,474)	(9,741,919)
<b>Income tax benefit reported in equity</b>	<u>(27,474)</u>	<u>(9,741,919)</u>

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 organisation's effective income tax rate for the years ended 30 June 2008 and 2007 is as follows:

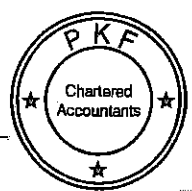




**BUSSELTON WATER BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2008**

**6. INCOME TAX EQUIVALENT (CONTINUED)**

Accounting profit before tax from continuing operations	4,406,586	3,723,575
Profit before tax from discontinued operations	-	-
Accounting profit before income tax	<u>4,406,586</u>	<u>3,723,575</u>
At the statutory income tax rate of 30% (2007: 30%)	1,321,976	1,117,072
Adjustments in respect of current income tax of previous Year	5,733	(4,603)
Expenditure not allowable for income tax purposes	821	761
At effective income tax rate of 30.1% (2007: 29.9%)	<u>1,328,530</u>	<u>1,113,230</u>
Income tax expense reported in income statement	1,328,530	1,113,230
Income tax attributable to discontinued operations	-	-
	<u>1,328,530</u>	<u>1,113,230</u>



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**DEFERRED TAX ASSETS AND LIABILITIES**

Recognised deferred tax assets and liabilities  
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Fair value adjustments of assets			9,607,549	9,580,075	9,607,549	9,580,075
Income not yet assessable for taxation purposes						
Developers Contributions			430,735	520,762	430,735	520,762
Interest Receivable			7,486	10,003	7,486	10,003
Expenses not yet deductible for taxation purposes						
Employee Entitlements	(200,668)	(169,255)			(200,668)	(169,255)
Accrued Superannuation	(1,052)	(1,408)			(1,052)	(1,408)
Accounting/tax depreciation differences	(12,304)				(12,304)	
Tax (assets) liabilities	(214,024)	(170,663)	10,045,770	10,110,840	9,831,746	9,940,177
Set off of tax	214,024	170,663	(214,024)	(170,663)	-	-
Net tax liabilities	-	-	9,831,746	9,940,177	9,831,746	9,940,177

**Movement in temporary differences during the year**

	Balance 1 July 2006	Recognised in Income	Recognised in Equity	Balance 30 June 2007
Fair value adjustments of assets	(161,844)		9,741,919	9,580,075
Income not yet assessable for taxation purposes				
Developers Contributions	610,790	(90,028)		520,762
Interest Receivable	3,000	7,003		10,003
Expenses not yet deductible for taxation purposes				
Employee Entitlements	(182,727)	13,472		(169,255)
Accrued Superannuation	(7,904)	6,496		(1,408)
	261,315	(63,057)	9,741,919	9,940,177

**Movement in temporary differences during the year**

	Balance 1 July 2007	Recognised in Income	Recognised in Equity	Balance 30 June 2008
Fair value adjustments of assets	9,580,075		27,474	9,607,549
Income not yet assessable for taxation purposes				
Developers Contributions	520,762	(90,027)		430,735
Interest Receivable	10,003	(2,517)		7,486
Expenses not yet deductible for taxation purposes				
Employee Entitlements	(169,255)	(31,413)		(200,668)
Accrued Superannuation	(1,408)	356		(1,052)
Accounting/tax depreciation differences	-	(12,304)		(12,304)
	9,940,177	(135,905)	27,474	9,831,746



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**7. TRADE AND OTHER PAYABLES**

Notes

2008

2007

Payables for goods and services received. The carrying amounts of payables approximate their net fair values.

Trade Creditors	613,830	511,822
Payroll Creditors	78,424	65,580
Miscellaneous Creditors	47,496	15,947
Sundry Liabilities	-	409
Monies in Trust	20,133	41,435
Customer Payments in Advance	24,521	18,404
GST Payable	991	-
	<u>785,395</u>	<u>653,597</u>

Trade and other payables are expected to be paid as follows

Less than 6 months	765,262	612,162
6 months to 1 year	20,133	41,435
1 - 5 years	-	-
	<u>785,395</u>	<u>653,597</u>

**8. PROVISIONS**

Current

Annual leave (a)	174,760	160,985
Long service leave (b)	111,130	82,032
Sick leave (c)	265,167	213,986
	551,057	457,003
Employment on-costs (d)	102,496	78,592
	<u>653,553</u>	<u>535,595</u>

Non-current

Long service leave (b)	12,933	24,517
Employment on-costs (d)	2,406	4,070
	<u>15,339</u>	<u>28,587</u>

Aggregate employee benefit liability

668,892

564,182

Number of employees at year end

30

26

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of liabilities will occur as follows:

Within 12 months of balance sheet date	161,227	139,642
More than 12 months after balance sheet date	13,533	21,343
	<u>174,760</u>	<u>160,985</u>



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. PROVISIONS (CONTINUED)**

Notes

2008

2007

(b) Long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of total liabilities will occur as follows:

Within 12 months of balance sheet date	78,487	22,079
More than 12 months after balance sheet date	32,642	84,470
	111,129	106,549

(c) Sick leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of liabilities will occur as follows:

Within 12 months of balance sheet date	-	-
More than 12 months after balance sheet date	265,167	213,986
	265,167	213,986

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

**9. CURRENT TAX LIABILITIES**

Income Tax Equivalent Payable	160,340	259,291
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**10. DEFERRED TAX LIABILITIES**

Provision for Deferred Income Tax Equivalent	9,831,746	9,940,177
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**11. RESERVE FUNDS**

**11.1 General Reserve Fund**

Opening Balance	5,352,464	3,760,214
Less: Transfers to Retained Profits	(1,512,671)	(1,265,666)
	3,839,793	2,494,548
Add: Transfers from Retained Profits	3,820,511	2,857,916
Closing Balance	7,660,304	5,352,464

Eric Ripper MLA, Deputy Premier and Treasurer approved the amalgamation of all prior reserve accounts and fund balances into a single new Reserve Account, in a letter addressed to Busselton Water dated May 2006. The funds are reserved for staff liabilities, infrastructure funding, buildings and plant funding, contingencies and other future projects.

**11.2 Asset Revaluation Reserve Fund**

Opening Balance	23,260,391	535,457
Asset Revaluations	91,586	32,466,853
Tax effect on Revaluation	(27,474)	(9,741,919)
Closing Balance	23,324,503	23,260,391



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	<u>2008</u>	<u>2007</u>
<b>12. WATER SALES REVENUE</b>			
Meter Rentals		146,042	132,758
Rates		218,907	306,772
Excess Water & Water Consumption		2,170,097	2,292,446
Connection Fees		417,836	335,932
Standard Supply Charge		1,414,925	1,170,938
Meter Reading Charges		11,643	21,018
Other Water Sales		32,731	34,807
		<u>4,412,181</u>	<u>4,294,669</u>

**13. COST OF SALES**

Pumping		208,920	216,974
Maintenance: General Production Plant		629,516	448,109
Mains & Meters		444,083	396,825
Depreciation	18	1,046,367	967,850
Net Vehicle Running Expenses		790	717
Net Public Works Overhead		133,743	149,704
Net Stock Allocated		(55,809)	696
Meter Reading Costs		21,339	20,757
Water Sampling & Monitoring Fees		98,097	61,101
		<u>2,527,046</u>	<u>2,262,733</u>

**14. INTEREST ON INVESTMENT FUNDS**

Busselton Water Board invested excess funds and received the following interest:

Interest on Water Fund		208,675	155,167
Interest on Reserves		462,675	261,416
		<u>671,350</u>	<u>416,584</u>

**15. OTHER REVENUE**

Backflow Prevention Device Testing Fees		13,667	11,733
Insurance Recoveries		28,677	33,306
Private Works & Sundry Income		150,830	121,407
Other Receipts & Services		103,592	91,598
		<u>296,766</u>	<u>258,044</u>

AUDITED  
36



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	<u>2008</u>	<u>2007</u>
<b>16. ADMINISTRATION EXPENSES</b>			
Salaries		539,690	525,018
Salary on Costs & Staff Expenses		185,416	117,420
Office Expenses		239,240	244,280
Stationery & Printing		16,337	19,232
Advertising		2,736	1,129
Bank Charges		22,416	22,737
Audit Fees		50,195	47,564
Legal Expenses		2,079	1,594
Depreciation	18	22,741	11,356
		<u>1,080,850</u>	<u>990,330</u>

**17. OTHER EXPENSES**

Members Expenses		73,800	73,482
Pensioner Rate Rebate		174,274	166,107
Consulting Fees		39,848	71,779
Private Works		168,290	113,442
Sundry Expenditure		19,812	5,596
		<u>476,024</u>	<u>430,406</u>

**18. DEPRECIATION**

Depreciation charged:		1,069,107	979,206
Freehold Land Improvements	13	37,175	-
Plant, Machinery and Buildings	13	400,719	320,939
Motor Vehicles	13	68,214	76,412
Mains and Services	13	434,639	447,726
Meters	13	91,901	108,559
Tools	13	13,718	14,214
Office Equipment	16	22,741	11,356
		<u>1,069,107</u>	<u>979,206</u>

**19 REMUNERATION OF AUDITOR**

The total of fees paid or due and payable to the Auditors of the Busselton Water Board is as follows:

Fees to the Auditor General:

For the audit of the financial statements	27,500	30,000
and performance indicators	<u>27,500</u>	<u>30,000</u>



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
<b>20. REMUNERATION OF SENIOR OFFICERS</b>			
The total of fees, salaries, superannuation and other non-cash benefits received or due and receivable for the financial period by senior officers.		<u>302,868</u>	<u>301,895</u>

Fringe Benefit Tax expense incorporated in the above is based on the period 1st April 2007 to 31 March 2008 and not the financial year. The impact of this is considered as not material.

The number of senior officer positions whose total fees, salaries, super, and other non cash benefits received, or due and receivable, for the year ended 30 June 2008, fall within the following bands are:

\$40,001 - \$50,000		1	
\$50,001 - \$60,000			3
\$60,001 - \$70,000			
\$70,001 - \$80,000			
\$80,001 - \$90,000	2		
\$90,001 - \$100,000			
\$100,000 and over	1		1

No personnel who are presently employed are members of the Superannuation and Family Benefits Act Scheme.

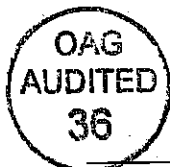
**21. REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY**

The total of fees, wages, allowances, superannuation and other non-cash benefits received or due and receivable for the financial period by Board Members		<u>25,775</u>	<u>24,680</u>
---	--	---------------	---------------

The number of positions on the Board whose total fees, allowances, super, and other non-cash benefits received, or due and receivable, for the year ended 30 June 2008 fall within the following bands:

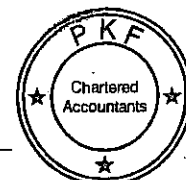
\$0 - \$10,000	7		6
\$10,001 - \$20,000	1		1

No Board Members who are presently employed are members of the Superannuation and Family Benefits Act Scheme.



**BUSSELTON WATER BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008	2007
<b>22. SUPPLEMENTARY FINANCIAL INFORMATION</b>			
<b><u>Write Offs</u></b>			
Public Property written off by the Accountable Authority during the financial year.		-	-
<b><u>Losses Through Theft, Defaults &amp; Other Causes</u></b>			
Losses of public moneys & other property through theft or default.		-	-
<b><u>Gifts of Public Property</u></b>			
Gifts of public property provided by Busselton Water.		-	-
		-	-
<b>23. RETAINED EARNINGS RECONCILIATION</b>			
Retained Earnings at Beginning of Year		16,451,213	15,433,117
Net Profits from Ordinary Activities			
After Income Tax Equivalent Expenses		3,078,056	2,610,346
Add Transfers From Reserves		1,512,671	1,265,666
Less Transfers to Reserves		(3,820,511)	(2,857,916)
Retained Earnings at End of Year		17,221,429	16,451,213





**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**24. EXPLANATORY STATEMENT**

(a) Comparisons of Actual Results with those of the Preceding Year

Details and reasons for significant variations between actual Revenue and Expenditure and the corresponding item of the preceding year are detailed below.

Significant variations are those considered to be in excess of either 15%, or \$5,000 if considered appropriate in the circumstances

<u>REVENUE ITEMS</u>	<u>VARIANCE</u>	<u>ACTUAL 2008</u>	<u>ACTUAL 2007</u>
	\$	\$	\$
<u>Rates</u> The decrease is due to the ongoing phasing out of rates, applicable to commercial properties.	(87,865)	218,907	306,772
<u>Water Consumption</u> The decrease is due, in part, to the adoption of Statewide Water Efficiency measures.	(155,385)	2,170,097	2,325,482
<u>Standard Supply Charge</u> The increase is due to both population growth combined with the progressive substitution of supply charges in lieu of rates in the commercial sector.	243,988	1,414,925	1,170,938
<u>Statement of Water Tariff</u> The increase is due to change in billing methods.	26,395	45,054	18,659
<u>Water Connection Fees</u> The increase is due to the increase in property development during the year.	81,903	417,836	335,932
<u>Interest On Investment Fund</u> Through the Board's strategic financial planning, greater funds were available for investment at higher interest rates in 2007/08.	255,745	671,350	415,605
<u>Contributions from Developers - Headworks</u>	274,289	1,976,264	1,701,975
<u>Contributions from Developers - Mains</u> Attributable to timing of land developments.	518,298	1,209,279	690,982



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**24. (a) EXPENDITURE ITEMS**

	VARIANCE	ACTUAL 2008	ACTUAL 2007
<u>Salary On Costs - Admin</u> Represents an increase in staff costs due to both additional staff and added E.B.A. benefits.	67,995	185,416	117,420
<u>Salaries</u> Represents an increase in staff costs due to both additional staff and added E.B.A. benefits.	14,672	539,690	525,018
<u>Water Plant Maintenance</u> Ad-hoc maintenance requirements were greater than in the prior year.	181,407	629,516	448,109
<u>Mains &amp; Meters Maintenance</u> Planned expansion of general maintenance and AC to PVC pipe replacement.	47,258	444,083	396,825
<u>Private Works Expenditure</u> The increase is due to a significant increase in private works revenue plus the first time revenue from contract underground drilling	54,848	168,290	113,442



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

24. (b) Comparison of Estimates and Actual Results

Section 40 of the Financial Management Act 2006 requires Statutory Authorities to prepare Annual Budget Estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results.

Significant variations are those considered to be in excess of either 15%, or \$5,000 if considered appropriate in the circumstances

	VARIANCE	ACTUAL	BUDGET
		2008	2008
<b><u>REVENUE ITEMS</u></b>			
<u>Standard Supply Charge</u>	114,925	1,414,925	1,300,000
<u>Connection Fees</u>	117,836	417,836	300,000
<u>Water Sales - Other</u>	13,470	20,920	7,450
<u>Statement of Water Tariff</u>	21,854	45,054	23,200
The increase is due to the increase in property development during the year.			
<u>Water Consumption</u>	(320,891)	2,179,109	2,500,000
The decrease is due, in part, to the adoption of Statewide Water Efficiency measures.			
<u>Contributions from Developers - Headworks</u>	340,364	1,976,264	1,635,900
<u>Contributions from Developers - Mains</u>	752,756	1,209,279	456,523
Reflects the inherent difficulty in budgeting for development activity within the district, which is not under the control of Busselton Water.			
<u>Misc Admin Income</u>	34,965	36,165	1,200
Dept't of Water special one-off grant			
<u>Private Works</u>	94,744	148,944	54,200
Higher than anticipated income			
<u>Interest on Investments</u>	211,741	671,350	459,609
Through the Board's strategic financial planning, greater funds were available for investment at higher interest rates in 2007/08.			



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

24. (b) Comparison of Estimates and Actual Results (Continued)

<u>EXPENDITURE ITEMS</u>	<u>VARIANCE</u>	<u>ACTUAL</u>	<u>BUDGET</u>
		<u>2008</u>	<u>2008</u>
<u>Monitoring Programs</u>	38,697	98,097	59,400
<u>Technical R &amp; D</u>	11,037	11,037	-
Added cost pressures to maintain services to acceptable standard			
<u>Revaluation of Assets</u>	16,725	16,725	-
<u>Balance of asset revaluation program not budgeted for</u>			
<u>Private Works</u>	126,540	175,815	49,275
Higher costs matched by higher than anticipated income			
<u>NTER Tax</u>	473,503	1,304,095	830,592
Payable on higher than anticipated income			
<u>Office Maintenance &amp; Surrounds</u>	(6,911)	32,139	39,050
<u>Computer Expenses</u>	(27,188)	159,012	186,200
<u>Consultants/Special Projects</u>	(31,097)	21,903	53,000
Containment of costs within budget limits			

25. PROGRAM INFORMATION

The Busselton Water Board was established under the Water Board's Act 1904 and operates under a licence issued by the Economic Regulation Authority for the provision of water services within the Busselton Operating Area.

The Board considers that there is one program within its function and that is the provision of water services and therefore these financial statements reflect this program.

26. COMMITMENTS FOR EXPENDITURES

OPERATING LEASES

Busselton Water has entered into a number of operating lease arrangements for office equipment where the lessors effectively retain some of the risks and benefits incident to ownership of the items held under the operating leases. The Board is responsible for Insuring the items with Flexirent and National Rental Corp; and to maintain the equipment in good working order. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

	<u>2008</u>	<u>2007</u>
Lease Commitments		
At balance date, the Board had the following:		
Operating lease Commitments:		
Not later than one year	57,987	98,779
Later than one year and not later than two years	19,503	51,204
Later than two years and not later than five years	8,709	10,826
	<u>86,199</u>	<u>160,809</u>



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**26. COMMITMENTS FOR EXPENDITURES (CONT')**

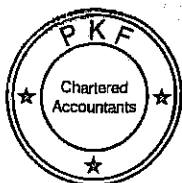
During the financial year ended 30 June 2008, Busselton Water entered into a contract for the repair and replacement of the water tank roof at Plant 3. An outstanding commitment of \$214,500 remains as at balance date 30 June 2008

**27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or assets to report at 30 June 2008.

**28. EVENTS OCCURRING AFTER REPORTING DATE**

No significant events have occurred after the reporting date that require disclosure in the financial statements.



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**29 FINANCIAL RISK MANAGEMENT**

**(a). Financial Risk Management Policies**

Busselton Water's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

Busselton Water does not have any derivative instruments at 30 June 2008.

**i. Treasury Risk Management**

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

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

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

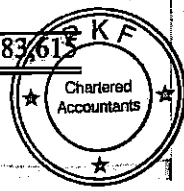
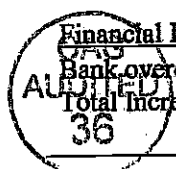
**ii. Financial Risk Exposures and Management**

The main risks Busselton Water is exposed to through its financial instruments are detailed below:

**Interest rate sensitivity analysis**

The following table represents a summary of the interest rate sensitivity of Busselton Water'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.

	Carrying Amount \$	- 1% change		+ 1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>2008</b>					
<u>Financial Assets</u>					
Cash & cash equivalents	789,124	-7,891	-7,891	7,891	7,891
Other financial assets	9,160,000	-91,600	-91,600	91,600	91,600
<u>Financial Liabilities</u>					
Bank overdraft	0				
<b>Total Increase/(Decrease)</b>		<b>-99,491</b>	<b>-99,491</b>	<b>99,491</b>	<b>99,491</b>
<b>2007</b>					
<u>Financial Assets</u>					
Cash & cash equivalents	754,185	-7,542	-7,542	7,542	7,542
Other financial assets	7,607,285	-76,073	-76,073	76,073	76,073
<u>Financial Liabilities</u>					
Bank overdraft	0				
<b>Total Increase/(Decrease)</b>		<b>-83,615</b>	<b>-83,615</b>	<b>83,615</b>	<b>83,615</b>



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**29 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Foreign currency risk*

Busselton Water is not exposed to fluctuations in foreign currencies.

*Liquidity risk*

Busselton Water manages liquidity risk by budgeting and monitoring forecast cash flows.

*Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no amounts of collateral held as security at 30 June 2008.

Credit risk is reviewed by the Board. It arises from exposures to customers and deposits with financial institutions.

Busselton Water's management monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with ratings as outlined within the investment policy are utilised; and
- customers that do not pay on a timely basis are subject to recovery actions in accordance with Board policy and may ultimately have services restricted.

Busselton Water does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into.

The trade receivables balances at 30 June 2008 and 30 June 2007 do not include any counter parties with external credit ratings. Customers credit worthiness is monitored monthly and actions taken where applicable in accordance with Board policy.

*Price risk*

Busselton Water is not exposed to any material commodity price risk.

**b. Financial Instrument Composition and Maturity Analysis**

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.



**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

04/29  
**AUDITED**  
36

**FINANCIAL RISK MANAGEMENT (Cont'd)**

**b. Financial Instrument Composition and Maturity Analysis (Cont'd)**

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturings Within 1 Year		Fixed Interest Rate Maturings 1 to 5 Years		Non-interest Bearing		Total
	2008 %	2007 %	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	
<b>Financial Assets:</b>											
Cash and cash equivalents	6.49	4.34	789,123	754,185	-	-	-	-	-	-	789,123
Receivables			-	-	-	-	-	-	877,508	875,441	877,508
Investments	7.94	6.54	-	-	9,160,000	7,607,285	-	-	-	-	9,160,000
<b>Total Financial Assets</b>			<b>789,123</b>	<b>754,185</b>	<b>9,160,000</b>	<b>7,607,285</b>	<b>-</b>	<b>-</b>	<b>877,508</b>	<b>875,441</b>	<b>10,826,631</b>

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturings Within 1 Year		Fixed Interest Rate Maturings 1 to 5 Years		Non-interest Bearing		Total
	2008 %	2007 %	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	
<b>Financial Liabilities:</b>											
Trade and other payables			-	-	-	-	-	-	785,395	653,597	785,395
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>785,395</b>	<b>653,597</b>	<b>1,438,990</b>

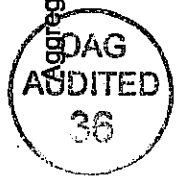
**c. Net Fair Values**  
 Busseton Water has no listed investments at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.





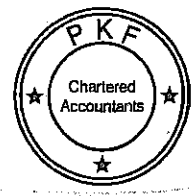
**BUSSELTON WATER BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**



Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	2008		2007	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
<b>Financial assets</b>				
Loans and receivables	877,508	877,508	875,441	875,441
	<u>877,508</u>	<u>877,508</u>	<u>875,441</u>	<u>875,441</u>
<b>Financial liabilities</b>				
Trade and other payables	785,395	785,395	653,597	653,597
	<u>785,395</u>	<u>785,395</u>	<u>653,597</u>	<u>653,597</u>

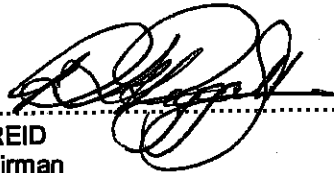
Fair values are in line with carrying values.

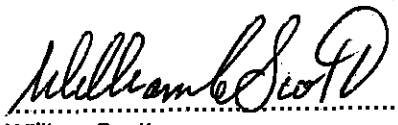


# CERTIFICATION OF PERFORMANCE INDICATORS

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I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess Busselton Water Board's performance, and fairly represent the performance of the Busselton Water Board for the financial year ended 30<sup>th</sup> June, 2008.

*Rep. for*   
.....  
D. REID  
Chairman  
Busselton Water Board  
(Accountable Authority)

  
.....  
William Scott  
Member of the Busselton Water Board  
(Accountable Authority)



In the following documentation it is to be noted that all Performance Indicators highlighted in **BOLD** print, have been subject to Audit. Those not in **BOLD** have not been subject to Audit.



**REGULATORY PERFORMANCE**

Description	Formula	Note	Target	2008	2007	2006	2005	2004	2003	2002
Continuity of Supply – Mains length	Leaks and bursts per 100km Mains	1a	<20/100km							
	Major Nil						0	0	0	0
	Minor 40			14.87	12.65	6.65	5.56	9	7.1	6.16
	Total 40			14.87	12.65	6.65	5.56	9	7.1	6.16
Continuity of Supply – Services	Leaks and bursts per 1000 services	1b	<20/1000 Services							
	Major Nil						0	0	0	0
	Minor 256			24.62	18.87	7.42	4.1	2.85	5.09	9.89
	Total 256			24.62	18.87	7.42	4.1	2.85	5.09	9.89
Water Quality - Health										
Total Coliforms	% of routine samples meeting standard	2a	>90%	99%	100%	100%	100%	100%	100%	100%
Thermo Tolerant Coliforms	% of routine samples meeting standard	2b	>95%	100%	100%	100%	100%	100%	100%	100%
Amoeba Naegleria Fowlerii	% of routine samples meeting standard	2c	>95%	100%	100%	100%	100%	100%	100%	100%
Water Quality Aesthetic	% of routine samples meeting target	3a	>95% (Fe)	100%	100%	100%	100%	100%	100%	100%
		3b	>95% (Mn)	100%	100%	100%	100%	100%	100%	100%



**REGULATORY PERFORMANCE (CONT.)**


Description	Formula	Note	Target	2008	2007	2006	2005	2004	2003	2002
Water Pressure	Complaints per 1,000 services	4	<5/1000	1.25	0	0	0	0.01	0.88	100%
Water Production	Water Production (Ex Plant)	5a	Demand driven	3,824,270 kl	4,042,759 kl	3,724,307 kl	3,740,844kl	3,690,233kl	3,387,267kl	3,485,137kl
	Water Consumption Billed	5b	Demand driven	3,164,566 kl	3,453,507 kl	3,282,424				
Water Resource Management	Water Extracted compared to Licence allocation	6	18GI	3.94 GI	4.27GI	3.88GI	3.92GI	3.90GI	3.59GI	3.64GI
Energy Management	Power costs per kl Water Extracted	7	<6.5c	5.31c	5.08c	5.12c	5.01c	5.15c	5.40c	6.74c

**HUMAN RESOURCES**

Description	Formula	Note	Target	2008	2007	2006	2005	2004	2003	2002
Accidents in the Work place	Lost time due to injury	8	<100 hrs	130.0 hrs	129.5 hrs	286.1 hrs	358 hrs	33.2hrs	12.2hrs	38hrs
Return on Capital Investment	Fixed Assets/ Megalliters of water extracted	9 See Note Below	<\$5.00	\$12.31	\$10.98	\$3.58	\$5.05	\$3.41	\$3.94	\$3.90
	No. of Connected Services/Employee	10	>300	347	394	376	376	361	350	375
	Total operating costs of all work programs/ service employee	11	\$240,000	\$193,939	\$198,481	\$194,107	\$196,307	\$203,107	\$134,701	\$145,466



**FINANCE**

Description	Formula	Note	Target	2008	2007	2006	2005	2004	2003	2002
	Operation and maintenance costs/ number of connected services	12	\$290/Service	\$242.99	\$229.56	\$240.04	\$224.85	\$236.31	\$262.96	\$276.74
	Total overhead costs/ number of connected services	13	\$110/Service	\$99.19	\$100.47	\$105.90	\$109.39	\$101.78	\$134.42	\$129.14
	Total expenditure/number of connected services	14	\$320/Service	\$400.03	\$374.92	\$396.59	\$380.84	\$367.28	\$389.94	\$387.66
	Operation and maintenance costs/total water extracted	15	\$0.50/kl	0.64/kl	0.53/kl	\$0.58/kl	\$0.52/kl	\$0.50/kl	\$0.59/kl	\$0.60/kl
	Total overhead costs/ total water produced ex plant	16	\$0.25/kl	\$0.27/kl	\$0.24/kl	\$0.26/kl	\$0.25/kl	\$0.22/kl	\$0.30/kl	\$0.28/kl
	Total expenditure/ total water produced ex plant	17	\$0.75/kl	\$1.09/kl	\$0.91/kl	\$0.96/kl	\$0.88/kl	\$0.78/kl	\$0.86/kl	\$0.84/kl
Operation and maintenance costs/total water produced ex plant	18	\$0.60/kl	\$0.66/kl	\$0.56/kl	\$0.61/kl	\$0.54/kl	\$0.53/kl	\$0.63/kl	\$0.63/kl	
Recovery of Debts	Water revenue overdue x 100/water revenue billed	19	<5%	1.21%	2.33%	1.18%	0.76%	2.43%	0.58%	0.89%



**FINANCE (continued)**

Description	Formula	Note	Target	2008	2007	2006	2005	2004	2003	2002
Water Tariff Fixed Income Structure	Total water revenue x 100/total revenue less developers contributions	20	<75%	81.17%	84.33%	91.01%	90.10%	84.30%	94.05%	92.22%
Recovery of Costs	Total revenue less developers contributions x 100/total expenditure	21	100%	129.35%	136.01%	111.71%	113.78%	76.72%	85.28%	76.89%
Capital Structure	Total debt x 100/WDV of total fixed assets	22	<5%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Interest expense x 100/total expense	23	<2.5%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Total assets/total liabilities	24	5:1	5.21:1	4.95:1	14.31:1	11.67:1	9.8:1	12.5:1	12.5:1
	Current assets/current liabilities	25	2:1	6.99:1	6.64:1	6.22:1	4.5:1	12:01	9:01	9:01



Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
1	Effectiveness	Continuity of supply	<20/100 km <20/1000 Services	14.87 24.62	Utilise Asset Management practices to achieve long term Asset Performance	Performance Indicator used by the Water Services Ass'n. of Australia to COAG
2	Effectiveness	Water Quality – Health	Total Coliforms >90%	99%	To achieve water quality compliance within 1987 NHMRC guidelines	1987 National Health and Medical Research Council (NHMRC) guidelines
			Thermo Tolerant Coliforms > 95%	100%		
			Amoeba Naegleria Fowlerii > 95%	100%		
3	Effectiveness	Water Quality – Aesthetic	> 95% (Fe) > 95% (Mn)	100% 100%	To achieve water quality compliance with 1987 NHMRC guidelines	1987 National Health and Medical Research Council (NHMRC) guidelines
4	Efficiency	Water Pressure – complaints per 1,000 services	<5/1000	1.25	Operating Licence and Customer Charter	Measure of Busselton Water Board's ability to provide water at the level set by the Operating Licence
5	Efficiency	Water Production Ex Plant	Demand Driven	3,824,270 kl	a) Water conservation awareness b) Clause 3.12 of the Operating Licence	Average domestic consumption per service in other areas of the South West of WA is 470 kl. The target is considered to be achievable for consumption per residential property for consumers in the Busselton Water Area
			Demand Driven	3,164,566 kl		
6	Effectiveness	Water Resource Management - Water Extraction compared to Licence	Demand Driven	3.94 Gl	Compliance with the requirements of the Water and Rivers Commission	The Dept. of Water has set a maximum production allocation of 9.45 Gl
7	Cost	Energy Management	<6.5c	5.31c	Provide sustainable, high quality water services at minimum long term cost	Energy Management system developed internally
8	Quality	Accidents in the Workplace	<100 hrs	130.0 hrs	Commitment to providing a safe working environment and to encourage staff to observe safe working practices	Target considered to be reasonable and achievable

Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
9	Cost	Return on Capital Investment	<\$5.00	\$10.98		
10	Quality	No. of Connected Services / Service Employee	>300	347	Commitment to encouragement of staff to be innovative and to respond in an equitable manner to their needs	Continuous improvement in staff efficiency
11	Efficiency	Total Operating Costs in all Work Programs/Service Employee	\$240,000	\$193,939		
12	Efficiency	Operation & Maintenance Cost/No. of Connected Services	\$290/Service	\$242.99	Commitment to financial strength and accountability	Historical
13	Efficiency	Total Overhead Costs/No. of Connected Services	\$110/Service	\$99.19	Commitment to financial strength and accountability	Historical
14	Efficiency	Total Expenditure/ No. of Connected Services	\$320/Service	\$400.03	Commitment to financial strength and accountability	Historical
15	Efficiency	Operation & Maintenance Costs / Total Water Extracted	\$0.50/Kl	0.64/Kl	Commitment to financial strength and accountability	Historical
16	Efficiency	Total Overhead Costs / Total Water Produced Ex Plant	\$0.25/Kl	\$0.27/Kl	Commitment to financial strength and accountability	Historical
17	Efficiency	Total Expenditure / Total Water Produced Ex Plant	\$0.75/Kl	\$1.09/Kl	Commitment to financial strength and accountability	Historical
18	Efficiency	Operation & Maintenance Costs/ Total Water Produced Ex Plant	\$0.60/Kl	\$0.66/Kl	Commitment to financial strength and accountability	Historical
19	Efficiency	<u>Recovery of Debts</u> Water Revenue overdue x 100/Water Revenue billed	<5%	1.21%	Commitment to financial strength and accountability	Requirement for a high standard of debit control
20	Efficiency	<u>Water Tariff – Fixed Income</u> Total Water Revenue x 100/Total Revenue less Developers Contribution	>75%	81.17%	Commitment to financial strength and accountability	Historical



Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
21	Efficiency	Recovery of Costs Total Revenue less Developers Contribution x 100 / Total Expenditure	> 100%	129.35%	Commitment to financial strength and accountability	Historical
22	Efficiency	Capital Structure Total Debt x 100 / WDV of Total Fixed Assets	< 5%	0.00%	Commitment to financial strength and accountability	Historical
23	Efficiency	Interest Expense x 100 / Total Expense	< 2.5%	0.00%	Commitment to financial strength and accountability	Historical
24	Efficiency	Total Assets/Total Liabilities	5:1	5.21:1	Commitment to financial strength and accountability	Historical
25	Efficiency	Current Assets/Current Liabilities	2:1	6.99:1	Commitment to financial strength and accountability	Historical

**NOTE:**

1) Reference Note (9) above - Value of Fixed Assets. Due to a mandatory revaluation of fixed assets as at 30 June 2007 the fair value of fixed assets has increased by 236.9%