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PURPOSE:
To provide sustainable high quality water services.



VISION:
To be an independent water utility providing diversity and competition in the Western Australian water industry



VALUES:
Be ethical.
Have and display integrity.
Be accountable and transparent



Statement of Compliance

Hon. Dr. Graham Jacobs MLA
MINISTER FOR WATER

On behalf of the Board of Management and in accordance with Section 63 of the Financial Management Act 2006, we have pleasure in submitting for your information and presentation to Parliament, the Annual Report of Aqwest-Bunbury Water Board for the financial year ended 30 June 2010.

D M PHILLIPS
Chairman

T M HALL
Board Member

B D GRANVILLE
Chief Finance Officer

BUNBURY, 1 SEPTEMBER 2010

Introduction

The site of the police station in Wittenoom Street was the birthplace of Aqwest in 1906 when hand drawn carts were filled from a well to sustain the small but bustling port-side community of Bunbury.

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

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

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

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

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

Aqwest is keen to consider options to expand its distribution.

Expansion depends heavily on changes to Government legislation.

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

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

Board Members



BACK L-R

Wayne Edgeloe, October 2009 - 31 May 2011

Merrilynn Walker, July 2003 - 31 May 2012

Stan Liaros, June 2004 - Present

FRONT L-R

David Smith, June 2004 - Present

Diana Phillips (Chairman) December 2001 - 31 May 2011

Tom Hall, July 2003 - 31 May 2012

Guiding Principles

- We are committed to service excellence
- We are customer and community focused
- We strive for innovative solutions
- We aim to be an employer of choice

Chairman's Report



Introduction

Despite tough economic times, Aqwest has had a good year. It seems that as an essential service provider, we have a business that is insulated somewhat from these difficult situations.

I believe the economy is recovering slowly albeit patchily and as a business, Aqwest has shown great resilience due to its excellent forward planning and day-to-day management.

Operations and Works

The Board and management dedicate considerable time to planning for the future. This year the Board held an externally facilitated strategic development day the results of which are reflected in our Strategic Development Plan and Statement of Corporate Intent, which are reviewed annually. Both of these documents are the blueprint for Aqwest's ongoing success and its pathway to meeting future demand.

Despite these efforts our plans do not always come to fruition. The Board's engineering alliance partners, for example, were affected by the economic climate and that reflected on Aqwest's ability to meet its capital works program. Some budgeted projects had to be deferred but these have now been re-scheduled for the 2010/2011 financial year. Reduced overall development in Aqwest's serviced area also resulted in developers' contributions and connection fees being significantly lower in 2009/2010.

During the year staff turnover was low with vacant positions being filled quickly. As part of Aqwest's ongoing traineeship, the Board appointed a trainee water treatment plant operator and intends to extend the recruitment in this area in the future.

Consumption

Water consumption decreased this year, which is in line with Water Efficiency Measures (WEMs).

As a water provider we try hard to convince customers to buy less of our product but often consumers' response is dependent on seasonal conditions and levels of rainfall. This year Aqwest's experience was that more water was being used at the bottom tier of the water-charging table indicating customers were using more water but at the cheaper rate.

Consumption in the commercial sector also decreased slightly in the reporting period, despite the growth in industry, as more businesses become part of the thriving Bunbury region.

Aqwest continues to concentrate on cost savings by minimising unaccounted for water losses through regular monitoring, maintenance and a specific leak detection program.

We also took advantage of ongoing cost saving opportunities and accessed 'off peak' electricity wherever possible and accessed better quality water through new resources resulting from our long term planning.

Chairman's Report

Performance

Other aspects of Aqwest are more insulated from the economic downturn and have been pleasingly successful. Aqwest's performance is continually being assessed by audits and surveys and the results are carefully analysed. We have also been nominated for awards or membership to peak industry groups and have been recognised for our diligence.

As part of our performance review, the Board undertakes a self-evaluation to ensure it meets the highest standards of corporate governance. It is intended to outsource this evaluation in the next financial year to obtain an independent third party perspective. The Board has a Charter that is reviewed each year under which committees such as the Audit Committee and Risk Management Committee operate and are active and vibrant aspects of the business.

The annual Staff Attitudinal Survey gave feedback, which indicated the best things about Aqwest were their fellow employees, the work environment, job satisfaction, interest in their work and job security. This is very pleasing to the Board.

The results of the Customer Satisfaction Survey were also pleasing in that the overall satisfaction level of customers was very good at +90% although we were disappointed with the results in respect to 'Aqwest charges fairly' and 'planning for the future'.

To better inform our customers and lift

their perceptions on these two matters, the Board changed the method of distributing its quarterly newsletter and it is now a two-page spread in a local newspaper. We will be trying harder in the future to inform customers so they have a broader understanding of our achievements and how Aqwest keeps their best interests at the forefront of our operations.

The Board is proud of the Utility's standing in the community.

Closing

I thank the Executive, Staff and Board Members for their input into the team this year. Aqwest maintains a good attitude, a good atmosphere and a continual focus on customer satisfaction and service. We continue to look forward to emerging opportunities in the West Australian water industry.

Diana Phillips
Board Chairman
26 August 2010

Chief Executive Officer's Report



There has been an increasing emphasis on devoting the required time and resources towards strategic issues in 2009/2010. The Board considers it essential to have a plan that addresses the relevant issues and opportunities that may arise following the impending introduction of legislative change. The Board has formed a Business Development Sub Committee to facilitate progression of the business post legislative change.

Strategic Planning

The Board produces a Strategic Development Plan (SDP) and Statement of Corporate Intent (SCI) and reviews these annually. These key documents are not currently legislative or regulatory requirements but are produced as part of the Board's desire to demonstrate contemporary best practice business principles.

During the year the Board held various strategic planning forums including a dedicated session independently facilitated by a highly regarded business advisor. These forums have provided clarity on the Board's purpose, vision, values and guiding principles and have set an agenda for the ongoing review of the Board's objectives within each Key Result Area (KRA).

Up to the 30 June 2009 the Board reported 53 performance indicators of which 22 were management indicators not subject to audit by the Office of the Auditor General (OAG), and 31 were key performance indicators which were subject to OAG audit. Late in the 2009 financial year the OAG recommended that the Board completely revamp their performance indicators for the 2009/2010 and subsequent financial years. The total review of performance indicators was completed during the year with the welcome assistance and

advice from the Department of Treasury and Finance, Department of Water, Minister for Water and OAG. The Board now has just five (5) auditable key performance indicators and 19 management indicators.

The Board has noted that Aqwest benchmarks favourably with similar size water utilities in Australia as detailed in the 2008/2009 National Performance Report for urban water utilities which was published late in the 2009/2010 financial year.

Water Law Reform

The Board acknowledges and appreciates the Department of Water's coordination of this important legislative change. The Minister for Water's facilitation throughout the year of various communication forums involving the relevant stakeholders has provided Aqwest and all stakeholders with the ideal opportunity to express their opinions. It remains the Board's view that public drinking water supplies must always be given the highest priority within any water allocation regime.

Human Resources

The Board remains committed to providing a work environment which gives all employees the opportunity to thrive. Feedback from the independent annual staff attitudinal survey remains extremely positive. These surveys have been utilised for sixteen (16) years to provide an independent assessment of staff attitudes in all key facets of the business. During the year a Memorandum of Understanding for training and assessment services was negotiated and agreed with the Water Corporation. A trainee was also employed in the water treatment section of the business and it is planned to increase the number of

Chief Executive Officer's Report

trainees in the future. The Staff Services Program continues to provide tangible benefits for both employees and Aqwest. The Board openly encourages staff training and attendance at key industry forums including VicWater 2009, OzWater 2010 and the 72nd Annual Victorian Water Industry Engineers and Operators Conference.

Safety

Safety has a high profile at Aqwest. The appointment of a permanent full time Safety Training and Compliance Officer has maintained the required focus on safety. The Board's points based Safety Incentive Scheme was again highly successful in 2009/2010, with staff achieving a record number of points. Safety meetings are held across the organisation on a monthly basis. There were no lost time injuries in 2009/2010.

Pricing

During the year Government endorsed those recommendations applicable to Aqwest from the Economic Regulation Authority's (ERA) Inquiry into the Tariffs of the Water Corporation, Aqwest and Busselton Water. As such, charging for 2010/2011 will be in accordance with ERA's recommendation. The Board provided rebates in excess of \$280,000 to pensioner and senior customers in 2009/2010.

The Board retains the very strong desire to remain debt free in the long term despite opinions to the contrary frequently being expressed by the Economic Regulation Authority and most recently by the Department of Treasury and Finance.

Maintenance/Capital Works

During the year the Board entered into an Engineering Services Alliance arrangement with GHD Engineering. An alliance arrangement for Civil

Maintenance and Construction Services was also established with Geographe Civil. Both arrangements deliver tangible long term benefits to Aqwest with the retention and growth of local experience, skills and intellectual capital.

Significant works completed throughout the year included the Tech School Reservoir column and liner project, the design and upgrade of the Supervisory Control and Data Acquisition (SCADA) system and the bore construction at the proposed Glen Iris Water Treatment Plant. Customers can be assured that Aqwest has the required water infrastructure planning in place to meet the long term growth of the City of Bunbury.

Risk Management

The Board has a dedicated Risk Management Committee. During the year the Board again completed an assessment of Board level risks. Business Continuity Planning (BCP) is well developed with the plan again being tested and assessed in December 2009. RiskCover's ongoing assistance and advice, including the hosting of their RiskBase software is greatly appreciated.

Water Quality

The provision of sustainable high quality water services is obviously fundamental to Aqwest. The Board has a highly experienced water quality committee and appreciates the external expertise brought to this forum by the WA Department of Health, Hunter Water Australia and the City of Bunbury. The Board's Memorandum of Understanding (MOU) with the Department of Health for drinking water quality expired in 2009 and is currently being re-negotiated.

Customer Satisfaction

Overall customer satisfaction remained

at a high level in 2009/2010 (Target 85%, Actual 91%). The Board sets an annual target of 85% for the nine (9) performance indicators (PIs) within the annual customer survey. In 2009/2010 five (5) PIs exceeded this target which was a pleasing result and identical to the prior year. Disappointing results were obtained in regards to customer perception on whether Aqwest charges fairly (Target 85%, Actual 69% down from 77% in the prior year) and customer perception on whether Aqwest is planning effectively for the future (Target 85%, Actual 36% down from 43% in the prior year). The Board has endorsed an action plan to address these areas.

Aqwest's Customer Service Charter and Customer Service Charter Summary were reviewed in accordance with the Board's Operating Licence during the year in a process that involved all key stakeholders. Both documents were approved and endorsed for a three (3) year period by the Economic Regulation Authority.

In conclusion, I have greatly appreciated the support of all Board Members, managers and staff throughout the financial year. I would again like to acknowledge and thank everyone at Aqwest who has made a commitment outside of their normal working hours to ensure this 24/7 business provides continuous customer service excellence. Also, to those staff who make an effort in their own time and sometimes at their own expense to make Aqwest a better place to work - thank you.

Brad Bevis
Chief Executive Officer
11 August 2010

Report on Operations

Operations

Aqwest provides potable water services to the City of Bunbury. Results for the 2009/2010 financial year show that Aqwest once again performed its role at a high level.

At the request of the Office of the Auditor General, Aqwest conducted an overhaul of its Key Performance Indicators (KPIs) in July 2009, mainly to align the audited KPIs with the Government Goal of Outcomes Based Service Delivery. The overhaul resulted in the number of KPIs reducing from 53 (31 audited, 22 management) down to 24 (5 audited, 19 management). As part of the process, the KPIs were also aligned with the National Water Commission's water industry indicators, to allow comparisons on a national scale.

National Water Initiative (NWI)

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

Aqwest's performance in terms of a comparison with similar sized water utilities as shown in the National Water Initiative 2009 report showed that Aqwest again performed very well.

Operating licence

Aqwest's operating licence expires in 2022.

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

Growth and consumption

Consumption statistics for 2009/2010 were lower than 2008/2009 as demonstrated below.

Year	Consumption (kL)		Total (kL) Consumption
	Residential	Non-residential	
2005	4,221,466	1,682,983	5,904,449
2006	4,110,477	1,710,703	5,821,180
2007	4,296,053	1,739,936	6,035,989
2008	3,905,496	1,622,342	5,527,838
2009	4,119,173	1,807,390	5,926,563
2010	4,053,179	1,756,832	5,810,011

Water Efficiency Measures (W.E.Ms)

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

The measures were successful in reducing overall consumption by approximately 9% in the year of introduction. However, water consumption increased in the 2008/2009 financial year, particularly due to the unseasonably dry weather patterns, then reduced slightly in the current year. Water consumption has now returned to pre-WEMs levels.

Aqwest takes responsibility for informing customers of the requirements of the water efficiency measures.

Water Conservation

The Board again maintained a comprehensive water conservation program in 2009/2010.

The program included:

- An Intensive radio campaign on the three local radio stations from December 2009 through to April 2010 inclusive.
- A website aimed at educating Primary School aged children, titled "Water Detectives" which was originally introduced during "Water Week" in October 2008.
- Weekly newspaper article where a comparison is provided of Actual vs Target consumption. Water saving tips are incorporated into the article.
- A cinema advertisement aimed at conserving water was created and shown at the local cinema complex.
- Promotional school brochures were created to educate children on topics relating to water conservation.

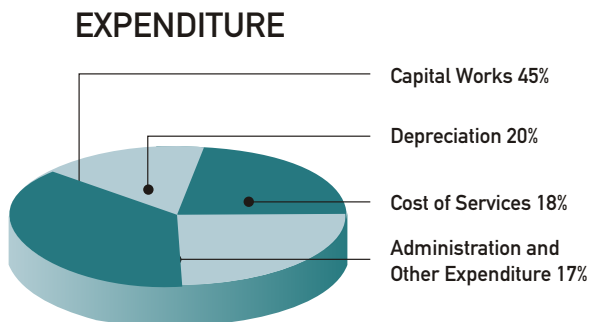
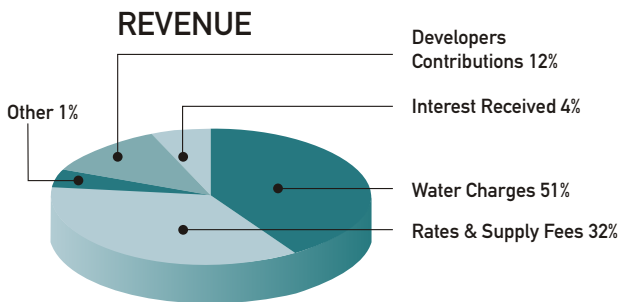


Finance

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

There were a number of Ministerial directives from the Minister for Water's office as follows:

- The adoption of a one-year price pathway for the charging of supply fees and consumption charges effective 1 July 2010. The pricing pathway occurred as a result of an analysis by the Economic Regulation Authority.
- The announcement of a total sprinkler ban for the winter months.



Production

There was a minor increase in the production of water in 2009/2010 as shown in the table below.

Year	Production (kL)
2005	6,594,681
2006	6,502,829
2007	6,766,557
2008	6,286,207
2009	6,667,959
2010	6,722,905

Consumption charges

Residential

The cost per kilolitre of water during the 2009/2010 financial year increased by approximately 3%. The 2009/2010 (and prior three years) residential consumption charges are shown in the table below:

Consumption kilolitres	2007	2008	2009	2010
0 to 150kl	\$0.40	\$0.41	\$0.42	\$0.43
151 to 350kL	\$0.71	\$0.74	\$0.77	\$0.80
351 to 500kl	\$1.03	\$1.07	\$1.10	\$1.14
501 to 700kl	\$1.35	\$1.41	\$1.45	\$1.51
701 to 1000kl	\$1.62	\$1.69	\$1.74	\$1.81
> 1000kl	\$2.36	\$2.47	\$2.55	\$2.65

Non Residential

A revised pricing regime was introduced in the non-residential sector on 1 July, 2005 and was completely phased in by 1 July 2009. The regime phased out the GRV (Gross Rental Value) method of rating properties and phased in a meter charge based on the meter size. In addition, the regime removed water allowances from consumption charges.

Effective 1 July 2010, a new pricing regime as recommended by the Economic Regulation Authority was introduced with the approval of the Minister for Water.

For non-residential customers the effect of the new regime will be the eventual alignment of non-residential supply fees with residential supply fees, over a three year period.

Capital Works Program

The 2009/2010 financial year has been challenging in terms of progressing capital works projects with respect to internal and external resource capacity.

The discovery of latent structural problems during the refurbishment of the Tech School Reservoir lead to a significant extension to the project scope. This meant that Aqwest and consulting staff were engaged on this project for five months longer than had originally been anticipated. Lining and stabilisation to all of the reservoir columns is now complete and the last phase of the roof purlin replacement program was carried out during 2009/2010.

A review of the refurbishment works is now being carried out to determine the effectiveness of the refurbishment program and to recommend further works and maintenance requirements.

This year Aqwest completed the drilling of its next major production bore at its future Water Treatment Plant site at Glen Iris. The 500m deep bore intersected excellent quality water which will allow the Board to progress with the phased construction of its next water treatment plant.

Several other significant projects have been completed this financial year as follows:

- SCADA upgrade (final software integration and commissioning to complete)
- Replacement of Forrest Avenue water main and service connections
- Metering of Large Fire Services
- Water mains extension - Temple Road

These projects represent a sound balance of maintaining and replacing existing assets, as well as continuing to advance with new projects which will allow the Board to achieve its planning and asset management strategies.

Long term planning in the form of stakeholder workshops, hydraulic network modelling and groundwater modelling has been conducted. This reinforces the Board's long term commitment to relocate coastal production bores to more suitable inland locations which produce higher quality water with less impact on the fresh water / seawater interface of the Yarragadee aquifer.

The Electoral Act 1907 Section 175ZE

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

1. Total expenditure for 2009/2010 was \$101,751
2. Expenditure was incurred in the following areas:

Media Advertising Organisations \$101,751

Barb Clews & Associates	\$34,565
Rural Press	\$11,052
Express Print	\$9,260
Radiowest	\$8,272
Mycre Display	\$7,770
SW Printing	\$6,578
CineAds	\$6,410
Dynamic Print	\$4,964
Redwave Media	\$3,645
Bunbury Print	\$2,807
Think Promotional	\$2,650
A & L Printers	\$1,773
The Wooers	\$1,600
The Local Link	\$405

Market Research Organisations \$10,863

Strahan Research	\$10,863
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Advertising Agencies nil

Polling Organisations nil

Direct Mail Organisations nil

Compliance with Public Sector Standards and Ethical Codes

In accordance with s31 of the Public Sector Management Act 1994, Aqwest Bunbury Water Board confirms that there has been no compliance issues in respect to the public sector standards, codes of ethics and Aqwest's own Code of Conduct during the 2009/2010 financial year.

After being originally implemented in September 1998 the Staff Code of Conduct was again reviewed and updated during the financial year. Awareness of the WA Public Sector Code of Ethics is formally promoted throughout the year by formal training/awareness sessions. Aqwest's Human Resources Manual, Induction Manual and various policies support the application of both the Ethics and Conduct Codes.

Compliance in respect to both codes is assessed by internal audits and reviews, staff feedback through performance management and staff feedback at staff meetings. Managers, Supervisors and Co-ordinators have a role in promoting both Codes to all staff. A training session was again provided to all staff during the year to provide information about potential ethical conduct problems and managing conflicts of interest which may arise in the workplace. The training also incorporated information in respect to the Public Interest Disclosure (PID) requirements. It is intended to repeat these sessions to all staff every six (6) months.

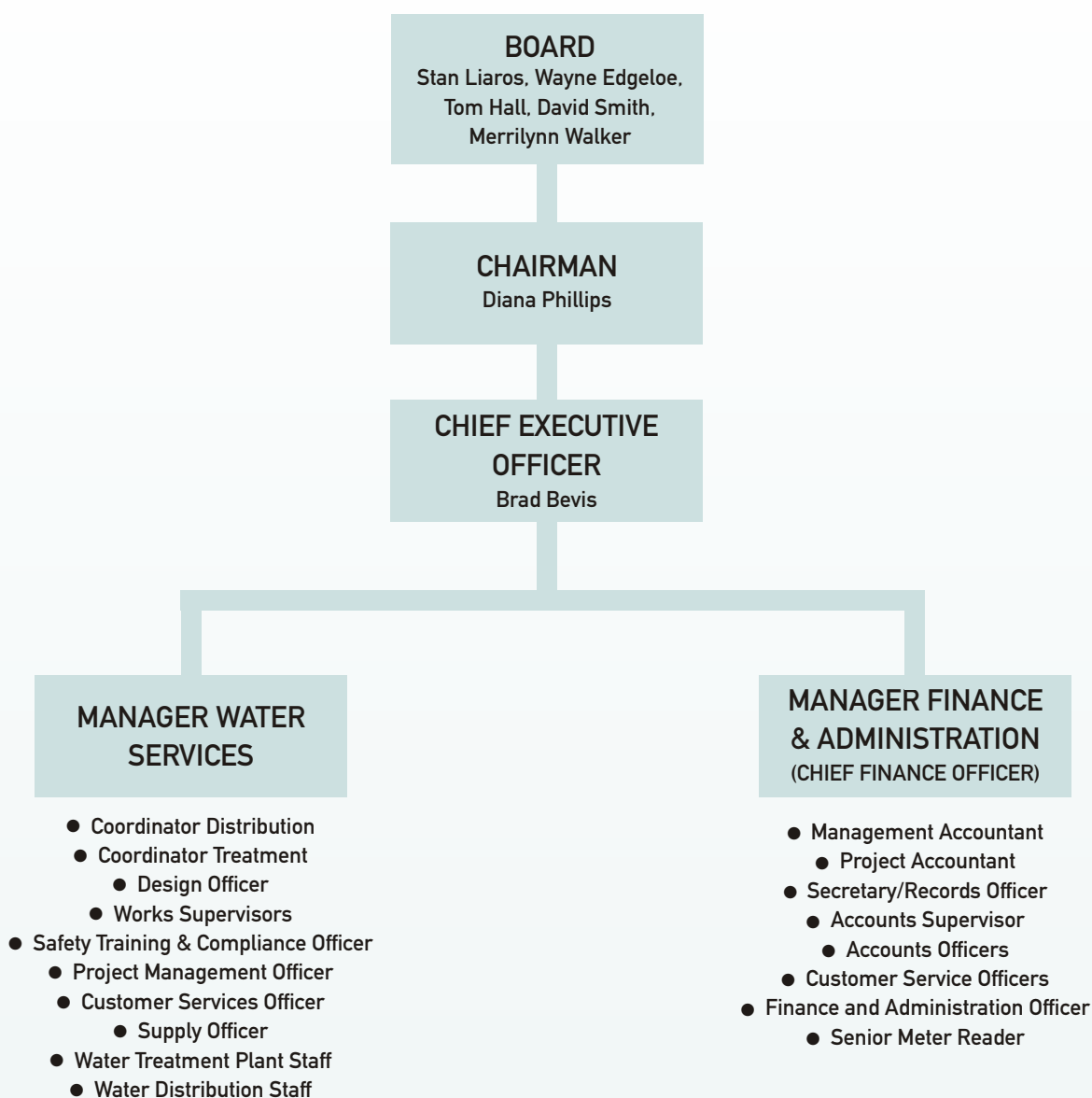
An annual independently conducted staff attitudinal survey using Australian Quality Awards criteria was conducted for the fourteenth consecutive year to assess staff attitudes in the conduct of Aqwest's activities.



B.G. Bevis
Chief Executive Officer
1 July 2010.



Corporate Structure



Customer Group Outcomes

Disability Access and Inclusion Plan

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

Equal Employment Opportunity Outcomes

A copy of the Board's Equal Employment Opportunity and Diversity Management Plan for the period 2009-2010 was submitted to the Office of Equal Employment Opportunity on 23 December 2009.

Record Keeping Plans

Refer to Page 18.

Equity and Diversity Plan

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

Number of employees

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

Staff category	Full time equivalents	
	2008/2009 (12 mths)	2009/2010 (12 mths)
Finance/Administration	12.78	12.31
Engineering	4.04	4.33
Operations	16.04	15.92
Total	32.86	32.56

Training and Development

As a part of our commitment to maintain and grow our water quality standards, we have introduced a program to train our existing employees to nationally accredited standards and provide recognition for their current knowledge and skills. This program has been extremely well received and to date three of our employees have completed Certificate II in Water Industry Operations and a further three have completed their Certificate III.

Our Traineeship Program commenced this year to address the skills shortage and create a pool of skilled and 'job-ready' water industry workers. The first of our Trainees started in Water Treatment and has already completed several units towards his Certificate II in Water Operations.

Every year a workplace attitudinal survey is conducted to provide an overview of organisational performance. The questionnaire is largely identical to the one that has been used for surveys conducted annually since 1998.

After several surveys where training emerged as a concern of the workforce, training opportunities within Aqwest are now seen in a much more positive way. This year's rating shows training as the greatest improvement over last year of any of the responses.

Occupational Health and Safety

Maintaining a safe and healthy workplace remains a strong focus at Aqwest. The appointment of three safety and health representatives representing Water Treatment, Water Distribution and Administration aims to enhance the existing communication and consultation process and provide valuable input for further growth and development.

In October 2008 the Staff Services Program was launched to reduce and ideally prevent injuries, improve staff morale and increase productivity. The program has been well received with staff able to choose what best suits them whether it's joining the local gym or Runners Club or even accessing nutrition and dietary advice. The flexibility of the program is one of its key strengths and perhaps why it has worked so well. Since the inception of the Staff Services Program, Aqwest has had no Lost Time injuries.



Performance

(As required by Public Sector Commissioners Circular 2009-11): Code of Practice: Occupational Safety and Health in the WA Public Sector.

Indicator	Target	Result
Number of Fatalities	Zero (0)	Zero (0)
Lost time injury/disease (LTI/D) incidence rate	Zero (0) or 10% reduction on the previous year	Zero (0)
Lost time injury severity rate	Zero (0) or 10% improvement on the previous year	Zero (0)
Percentage of injured workers returned to work within 28 weeks	Actual percentage result to be reported	0% (nil injured workers)
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	43%

Risk Management

Aqwest conducts an ongoing risk management program for the effective protection of people, assets and earnings to realise potential opportunities whilst managing adverse effects. A Risk Management Committee is convened to:

- 1 Ensure the organisation has the appropriate Risk Management Framework (strategies, policies, systems, processes and procedures) in place to effectively manage risk
- 2 Communicate the Risk Management Framework throughout Aqwest
- 3 Monitor the implementation, practice and performance of Aqwest's Risk Management Framework, and
- 4 Monitor the internal and external environment for potential organisational risks.

The Committee takes an organisation wide, strategic approach to managing risk and the Board of Management oversees the Committee to ensure it is operating effectively.

Employee Relations

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

Results of the survey are as follows:

Australian Quality Award Category	2010 Survey	2009 Survey	2008 Survey	2007 Survey	Aust. Survey ave
Customer Focus	4.03	3.97	4.03	3.88	3.48
Information & Analysis	3.66	3.72	3.83	3.82	3.08
Organisational Performance	3.32	3.62	3.77	3.55	3.54
Leadership	3.60	3.77	4.00	3.87	3.06
Processes, Products & Services	3.69	3.74	3.82	3.79	3.27
Individual Employment	3.46	3.61	3.71	3.62	3.11
Strategy, Policy & Planning	3.49	3.73	3.94	3.74	2.88
Organisation as an Employer	3.57	3.61	3.83	3.67	2.95
Workplace as part of the Organisation	3.44	3.67	3.80	3.28	2.82

For the 2010 survey most results were significantly above the Australian averages, with the exception of Organisational Performance.

Customer Survey

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

In the 2009/2010 customer satisfaction survey an overall satisfaction rating of 91% was achieved.

Again, the 2010 Survey has provided valuable feedback on Aqwest's performance. Whilst the majority of issues have been previously identified in prior surveys, the onus remains with Aqwest to continually improve.

Service

Overall satisfaction

91.3% of customers were satisfied overall with Aqwest's services sustaining the high levels achieved since 2005.

77.6% were satisfied with their tap water service. This is a statistically significant reduction of satisfaction compared to 2009 and is the lowest level reported in this data series. The main (ongoing) reason for dissatisfaction was primarily the smell and taste of the water (30.4%) including the smell and taste of chlorine (44.9%).

Customer contact

85.6% of customers who had contacted Aqwest in the past 12 months were satisfied with the response they received. The primary reasons for dissatisfaction were that the problem remained unresolved (33.3%) or the respondent got an unsympathetic response from Aqwest staff (22.2%).

Service interruptions or problems

85.8% of respondents had not experienced any problems with water quality, and 86.7% had no problems with pressure, in the last 12 months. These data sustain the trend of good water quality and water pressure

88.2% of respondents had not experienced unexpected interruptions to their residential service, and 72.8% had not experienced planned interruptions, in the last 12 months. Of those who had experienced planned interruptions, 88.5% were contacted prior to the interruption

Charges

69.2% of respondents believe that Aqwest charges fairly for its services. This is a statistically significant reduction on 2009 but is similar to the levels measured in 2006 and 2004. Those who believe that Aqwest does not charge fairly (11.3%) has grown significantly compared to all previous years and is primarily based on the view that charges are too high (68.1%) and are increasing (8.5%). A small number of customers also believe that water charges are too low (8.5%)

Tap Water Service

Quality

77.6% of respondents are satisfied with the quality of the tap water service provided by Aqwest. This is a statistically significant reduction on 2009 and a little below the average of the data series (83.7%). Those who are dissatisfied (16.7%) were concerned primarily about the taste and smell of the water (30.4%) including that caused by the chlorine (44.9%) in the water.

Drinkability

87.0% of respondents believe Aqwest water is safe to drink and 7.2% think it is not safe. The main concerns of those who think it is not safe are the bad taste and smell (50%) and the chlorine/chemicals in it (23.3%).

Communications

Awareness of communication

60.0% of respondents were aware of Aqwest's Customer Service Charter Summary continuing the improving trend in awareness since 2007. Awareness of the web site at 62.5% has declined on 2009 and 2008

48.2% of respondents were aware of Aqwest's On Tap newsletter similar to that achieved last year.

At 19.7% awareness of information pamphlets has seen a declining trend since 2007.

Informing the public

76.4% of customers agree that Aqwest does a good job of informing the public about its services, a slight reduction on the 2009 result. Those who disagree (5.7%) do so primarily on the basis that Aqwest does not adequately market or provide information about itself (70.8%).



Planning For The Future

36.1% of respondents believe that Aqwest is planning effectively for the future while 5.8% believe they are not. 47.7% don't know whether Aqwest is planning or not. The number of respondents who do not know whether Aqwest is planning has grown significantly over the period of the data series and especially in the last three years.

Respondents who believe that Aqwest is not planning effectively mainly base this on a view that Aqwest is not developing or using enough dams or reservoirs and is not adequately supporting the domestic installation of rainwater tanks.

They also believe that Aqwest is not adequately recognising the large changes occurring in Bunbury (25%).

Water conservation

73.8% of respondents believe Aqwest is actively involved in water conservation, 6.8% do not and 12.0% are unsure. The main reasons given by those who do not believe Aqwest is actively involved in water conservation are that Aqwest is inadequately

- Promotes water conservation (35.7%)
- Controls business and government water conservation (35.7%)
- Polices water conservation guidelines (7.1%)

Obstacles to Household Water Conservation

58.1% of respondents believe they face no obstacles to conserving water. Watering the garden and lawn is the main obstacle to conserving water (15.2%). Household requirements (9.4%) and the cost of equipment (8.2%) to improve water conservation in their homes are also seen as obstacles.

Reading the Water Meter

65.3% of respondents never read their water meter, 12% read it when they get their water bill and 9.6% read it quarterly.

Complaint statistics for the period 1 July 2009 to 30 June 2010 were as follows:

Category	No.
Water quality	89
Pressure or flow	83
Accounts	3
Other	12
TOTAL	187

Complaint Resolution

Resolved by routine business procedures	184
Unresolved	3
TOTAL	187

Written Complaints

Total number of written complaints	4
Number of written complaints resolved in 15 days	0
Number of written complaints resolved in more than 21 days	1
Number of complaints outstanding at 30 June 2010	3*

* Complaints received late June 2010

Customer Complaints

Aqwest recognises that supplying our customers with a high quality uninterrupted water supply is critical.

Aqwest operates a 24-hour emergency contact service as required by our Operating Licence. Customers are notified within one hour of the action to be taken.

During the year an automated Customer Complaints workflow system was introduced to track customer complaints.

Our customers are entitled to express valid concerns and have their query responded to in a timely, professional manner with the least amount of inconvenience where possible. Whether complaints are financial or relating to water supply, customers are kept fully informed on the progress of their complaint until a solution is found.

Community Services

Aqwest provides a rebate to owners and tenants who are holders of a Pensioner, Senior Card or Commonwealth Seniors Health Care Card (CSHC).

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

Supply Fee

Pensioners	50% rebate
CSHC and Seniors	50% rebate
Seniors	25% rebate

Water Consumption

Pensioners	50% up to 350kl
Seniors	50% up to 150kl

Customer Focus

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

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



Equity Access

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

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

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

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



Recordkeeping Plans

Aqwest's Recordkeeping Plan was approved for a period of four (4) years by the State Records Commission on the 18 June, 2009.

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

1. The efficiency and effectiveness of Aqwest's recordkeeping system is evaluated not less than once every five (5) years
 - a) TRIM software is subject to annual review to determine whether it continues to meet required business needs
 - b) Annual database integrity maintenance process completed
 - c) Informal annual reviews of recordkeeping system completed in recent years
 - d) Formal review of the recordkeeping system occurs at least once every five years. The next review will commence in 2011/2012

2. Recordkeeping Training Program

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

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

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

This remains partially implemented.

4. Aqwest's Induction Program

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

5. Public Interest Disclosure Act 2003

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

Community Relations

During the past year Aqwest has introduced several new innovative media campaigns to keep consumers up to date with its activities.

In September 2009, Aqwest's newsletter On Tap was published for the first time in the Bunbury Mail. It is published at the start of each season and this larger format allows Aqwest to include articles about projects that are being undertaken, staff achievements, alerts regarding water use, and stories about its plans for the future.

Also in September work started on the new bore at Glen Iris and once again Aqwest actively worked with residents to ensure both noise and inconvenience were kept to an absolute minimum whilst the 455 metre bore was being drilled. A letter drop was done to all residents in the area to let them know about the project and to provide a feedback mechanism for any complaints.

During National Water Week (18-24 October) Aqwest stepped up its campaign to help consumers save water both inside and outside their homes. A display was held in the foyer at Bunnings Warehouse at the beginning and end of Water Week. Staff members gave shoppers free gifts including water-measuring cups, Water Detectives drawstring bags full of goodies to help children understand the importance of water conservation, drink bottles and tip sheets with great ideas residents could use to save water.

Aqwest's promotional vehicle that carries waterwise messages was also on display. The vehicle is aptly named the Messenger and can be seen cruising the streets of Bunbury.

To coincide with the end of Water Week, Aqwest began published fortnightly Snippets in the Bunbury Mail, each one containing a waterwise message and ways residents could save water. Snippets became weekly during the summer months and were a well-read part of Aqwest's waterwise campaign.

The Summer Water Conservation Campaign kicked off with radio advertising on three local stations and for the first time an advertisement was screened at the Grand Cinemas showing viewers what could happen in the future if they didn't conserve water. This campaign ran from December to April.

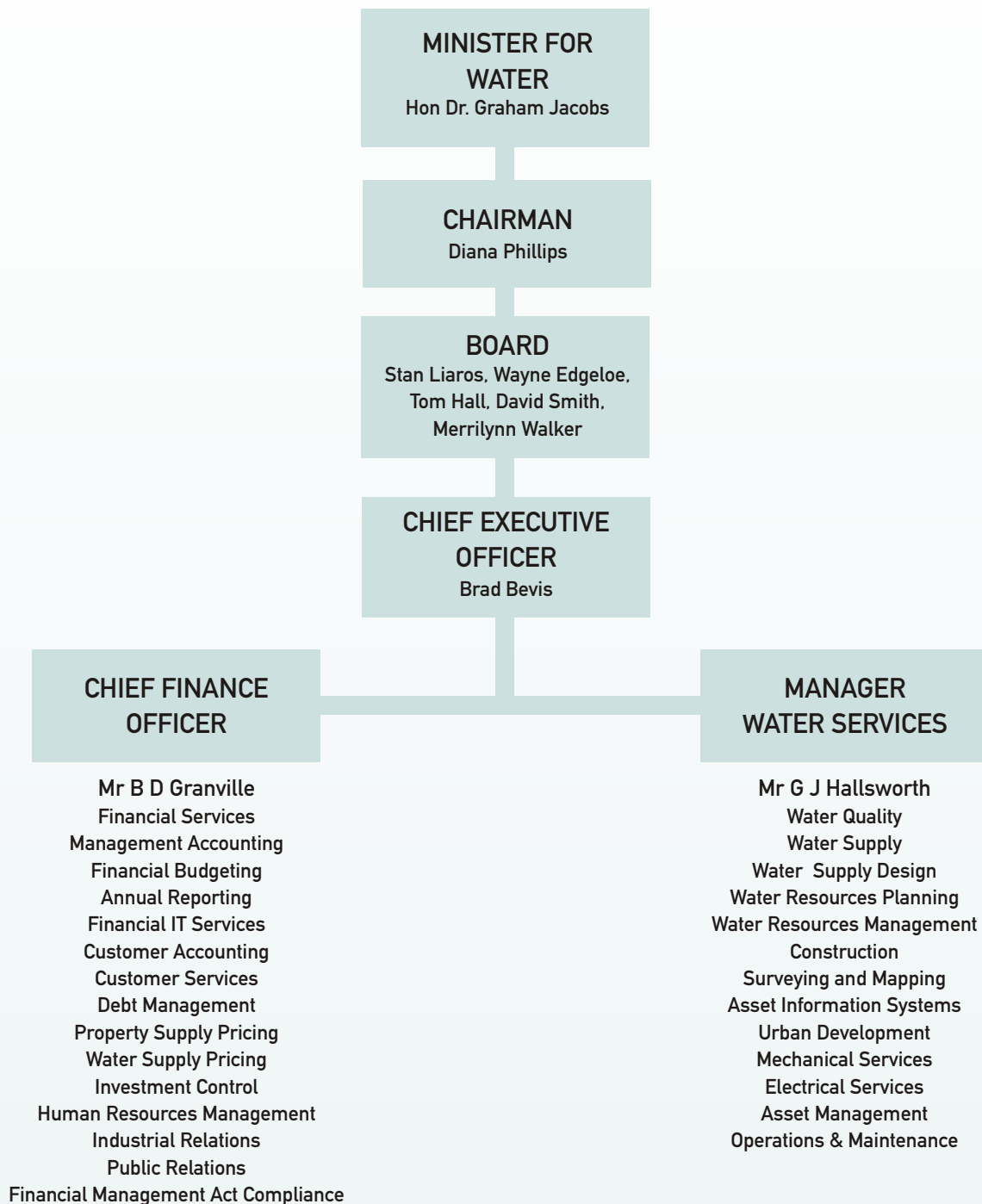
During the year, Aqwest's comprehensive education program proved highly successful and despite a long hot summer water usage was well within the target range.

Aqwest's Photographic Competition was a great success with more than 130 entries. Photographs were published every week of the competition in the Bunbury Mail and a presentation was held at a local café.

The success or otherwise of Aqwest's relations with the community is measured by a number of questions in the annual Customer Satisfaction Survey and the results have confirmed customers are satisfied with the way Aqwest communicates with them.



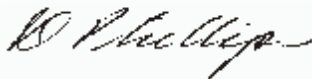
Organisational Structure



Performance Indicators - Certification Statement

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Bunbury Water Board's performance, and fairly represent the performance of the Bunbury Water Board for the financial year ended 30 June 2010.

Signed at Bunbury this first day of September 2010.



D M PHILLIPS
Chairman



T M HALL
Board Member



B D GRANVILLE
Chief Finance Officer

Key Performance Indicator Results 2010

The annual performance of Aqwest – Bunbury Water Board is measured against the targets set by the Board of Management and endorsed by the Minister for Water and Department of Treasury and Finance.

The performance indicators are derived as follows:

Government Goal

- Outcomes Based Service Delivery

Greater focus on achieving results in key service delivery areas for the benefit of all West Australians

- Agency Level Desired Outcome

To provide a sustainable high quality drinking water supply



Sustainability

Effectiveness Indicator	Target 2010	Four Year Performance Comparison			
		Actual 2010	2009	2008	2007
S1. Quantity of Water Produced within licenced allocation (Volume)					
	<7.6GL	6.73GL	6.67GL	6.29GL	6.77GL

Standard Utilised to Set Target

Groundwater licence number 150896 as issued by the Department of Water in accordance with Section 24 (2)(d) of Schedule 1 of the Rights in Water and Irrigation Act 1914.

Relevance of Indicator to the Agency Level Desired Outcome

The Department of Water licences groundwater extraction from the Yarragadee aquifer. Extraction at or below the licenced volume enhances long term sustainability of source water.

Explanation of variance

Result 2010 v Target: Target of 7.6GL was reduced from 9.2GL in the prior 2008/2009 year. Production of 6.73GL in 2010 is below target and consistent with prior year production levels

Result 2010 v Result 2009: There was no significant variance in water production between 2009/2010 and 2008/2009.

Efficiency Indicator	Target 2010	Four Year Performance Comparison			
		Actual 2010	2009	2008	2007
S2. Real Water Losses (L / Service Connection / Day)					
	<115L	128.0L	102.0L	87.1L	82.9L

This is a new performance indicator effective 1 July 2009. The indicator was previously reported to the National Water Commission as part of the National Performance Report, collated annually.

Standard Utilised to Set Target

Real losses refer to leakages from mains, reservoirs and service connections before the customer meter. Performance on this indicator can be influenced by the condition of mains and other infrastructure, water pressure and water consumption.

Relevance of Indicator to the Agency Level Desired Outcome

Similar to all water utilities Aqwest endeavours to minimise the difference between water production and water consumption. Maintaining minimal variance enhances sustainability of the resource.

Explanation of variance

During 2009/2010 Aqwest's main storage reservoir was the subject of significant repair work requiring abnormal volumes of water to be lost when emptying and refilling occurred to allow access for repairs.

Efficiency Indicator	Four Year Performance Comparison				
	Target 2010	Actual 2010	2009	2008	2007
S3. Average annual residential water supplied (kL / connected Property)					
New calculation method	<310kL	277.2kL			
Previous calculation method	<310kL	266.6kL	280kL	273kL	314kL

Comment

This indicator has been varied for the 2009/10 financial year to align with the National Water Initiative (NWI) performance indicator definitions. In prior years the denominator 'property' was defined as the number of residential supply fees. For this purpose, comparative information (for 2009 and earlier) has been shown using the previous calculation method.

Definition

Under the NWI a 'connected property' is defined as

- connected to the licensee's water system
- the subject of billing for water supply, and
- any property which, at the end of the reporting period, is connected to the water system and is separately billed for the water services – fixed and/or consumption

This includes:

- a connected non-rateable property, and
- a connected but non-metered property.

It does NOT include:

- a body corporate
- a rated but unconnected property, or
- a non-real property or strata garages i.e. a master meter for a block of separately metered strata title flats

Standard Utilised to Set Target

Target set below historical long term average.

Relevance of Indicator to the Agency Level Desired Outcome

Minimising average water consumption per property is a key factor in ensuring long term sustainability.

Explanation of variance

Result 2010 v Target: Target was reduced from 350kL to 310kL for the 2008/2009 financial year

Result 2010 v Result 2009: No comparative (utilising the same calculation method) available for 2009.

Efficiency Indicator	Target 2010	Four Year Performance Comparison			
		Actual 2010	2009	2008	2007
S4. Operating Cost Water (\$/property)					
New calculation method	<4% increase	\$316.56			
Previous calculation method	<4% increase	\$491.14	\$527.75*	\$491.04	\$454.42

*Note: 2009 re-stated as Total Expenses for 2008-2009 comparison increased from \$8,011,216 to \$8,244,257

Comment

New indicator provided to demonstrate that high water annual quality is achieved at reasonable cost. Indicator now aligns with NWI indicator F11. The main changes between the previous indicator and the new indicator are:

- Amending the denominator from 'number of assessments' to 'connected properties'
- Amending the numerator from 'total expenses' to 'operation, maintenance & administration costs' (OMA)
- OMA excludes depreciation, whereas 'total expenses' includes depreciation

Standard Utilised to Set Target

Long term industry standard

Relevance of Indicator to the Agency Level Desired Outcome

Sustained high quality drinking water must be achieved at reasonable cost.

Explanation of variance

Result 2010 v Target: No comparative available for 2009

Result 2010 v Result 2009: No comparative available for 2009.

Water Quality

Effectiveness Indicator	Four Year Performance Comparison				
	Target 2010	Actual 2010	2009	2008	2007
WQ1. Number of zones where microbiological compliance is achieved	7/7	7/7	7/7	7/7	7/7

Standard Utilised to Set Target

Microbiological compliance relates to the water quality parameters of bacteriological, amoebae, aesthetic (non health related), health related (organic) and health related (inorganic) across each of Aqwest's seven (7) zones.

100% compliance is the objective.

Relevance of Indicator to the Agency Level Desired Outcome

Compliance with bacteriological, amoebae, aesthetic (non health related), organic (health related) and inorganic (health related) water quality parameters is essential in the provision of high quality drinking water

Explanation of variance

Result 2010 v Target: No variance to target

Result 2010 v Result 2009: No variance to prior year.

Management KPIs

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

KPI	PI no.	Target	2010	2009	2008	2007
Sustainability						
Economic Real Rate of Return (new indicator to align with NWI indicator F17, prior years have been re-stated)	S5	> 4%	1.27%	1.16%	1.65%	1.47%
Total Net Greenhouse Gas Emissions (net tonnes CO2 equivalent) per 1000 properties (new indicator to align with NWI indicator E9)	S6	2% reduction pa	3.05%	n/a	n/a	n/a
% of fixed charges recouped from supply fees (new indicator)	S7	100%	53%	58%	58%	69%
Operating Cost per ML (aligns with prior indicator 51)	S8	< 6% (incr.)	\$1,175 (decr 5.0%)	\$1,201 (incr. 8.2%)	\$1,143 (incr. 14.4%)	\$999 (incr. 9.0%)

Customer Service

Customer Satisfaction survey targets met (aligns with prior indicators 16-24)	CS1	9/9	5/9	5/9	3/9	5/9
Average Frequency of an unplanned interruption (per 1000 properties) (new indicator to align with NWI indicator C17)	CS2	< 250	128	231*	304*	223*
Average Duration of an unplanned interruption (minutes)(new indicator to align with NWI indicator C15)	CS3	< 30 mins	41.7	32.3	33.9	30.7
Water quality complaints (per 1000 properties) (new indicator to align with NWI indicator C9)	CS4	< 4	6	7*	6*	7*
Water service complaints (per 1000 properties) (new indicator to align with NWI indicator C10)	CS5	< 4	5.19	n/a	n/a	n/a
Billing and account complaints (per 1000 properties) (new indicator to align with NWI indicator C12)	CS6	< 2	0.94	n/a	n/a	n/a

* Note: Indicators CS2 and CS4 have been amended from prior years to align with NWI indicators. The denominator has changed for each indicator as follows:

Number	From	To
CS2	Total Assessments	Total number of water connected properties
CS4	Total Meters	Total number of water connected properties

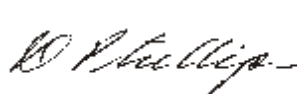
(*) For comparative purposes, calculations from the previous indicators have been shown.

KPI	PI no.	Target	2010	2009	2008	2007
Forward Planning						
Debt to Equity Ratio	FP1	0:1	0:1	0:1	0:1	0:1
Properties Served per kilometre of water main (aligns with prior indicator 37 – previously shown per 100km of water main)	FP2	> 40	43.7	43.4	43.6	43.9
Water Main Breaks (per 100km of water main) (aligns with prior indicator 41)	FP3	< 20	10.7	8.6	7.6	13.3
Energy Consumption (kWh/kL)(aligns with prior indicator 42)	FP4	< 0.45	0.48	0.49	0.48	0.48
Off Peak Energy Use (aligns with prior indicator 43)	FP5	> 65%	71%	71%	70%	68%
Human Resources						
Staff Attitudinal Survey Targets met for all parameters (aligns with prior indicators 25-33)	HR1	9/9	8/9	9/9	9/9	9/9
Lost Time Injury Frequency Rate (LTIFR) (aligns with prior indicator 34)	HR2	< 6.2	0	0	35.3	39.6
Average Time Lost per Injury (aligns with prior indicator 35)	HR3	< 2 days	0	0	113 days	160 days
Regulatory Performance						
Compliance with Aqwest Operating Licence service and performance standards (Schedule 4) (aligns with prior indicators 1-5)	RP1	5/5	5/5	5/5	5/5	5/5

Certification Of Financial Statements

The accompanying Financial Statements of the Bunbury Water Board have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2010 and the financial position as at 30 June 2010.

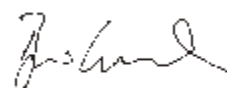
At the date of signing we are not aware of any circumstances which would render the particulars included in the Financial Statements misleading or inaccurate.



Mrs D M PHILLIPS
Chairman



Mr T M HALL
Board Member



B D GRANVILLE
Chief Finance Officer

BUNBURY, 1 SEPTEMBER 2010

Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 \$	2009* \$
INCOME			
Revenue			
Water sales	7	7,897,960	7,708,473
Interest revenue	8	361,576	650,552
Developers contributions	9	1,164,983	1,124,849
Other revenue	10	67,218	373,809
TOTAL INCOME		9,491,737	9,857,683
EXPENSES			
Operational expenses	11	5,461,529	5,875,124
Administration expenses	14	1,781,109	1,726,087
Loss on disposal of non current assets	15	10,794	38,848
Asset revaluation offset	22	-	18,896
Other expenses	16	657,887	585,302
TOTAL EXPENSES		7,911,319	8,244,257
Profit/(loss) before income tax equivalent expense		1,580,418	1,613,426
Income tax equivalent expense	17	550,410	656,026
Profit/(loss) after income tax equivalent expense		1,030,008	957,400
PROFIT/(LOSS) FOR THE PERIOD		1,030,008	957,400
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	22	9,560,026	87,681
Gains/(losses) recognised directly in equity		-	-
Income tax on items of other comprehensive income	17	(2,609,100)	169,152
Total other comprehensive income		6,950,926	256,833
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,980,934	1,214,233

* Restated, refer note 34 for details of prior period error

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

Statement of Financial Position

As at 30 June 2010

	Note	2010 \$	2009* \$	2008* \$
ASSETS				
Current assets				
Cash & cash equivalents	30	486,453	525,614	654,356
Other financial assets	18	4,926,430	7,757,040	7,659,500
Receivables	19	1,143,316	1,704,096	1,361,769
Inventories	20	337,253	334,127	279,360
Other current assets	21	111,940	64,487	82,250
Total current assets		7,005,392	10,385,364	10,037,235
Non current assets				
Property, plant & equipment	22	96,062,783	82,899,411	83,399,489
Other non current assets	21	1,633,688	1,063,985	319,483
Total non current assets		97,696,471	83,963,396	83,718,972
TOTAL ASSETS		104,701,863	94,348,760	93,756,207
LIABILITIES				
Current liabilities				
Payables	24	358,396	424,064	735,889
Current tax liabilities	25	(21,607)	47,281	213,366
Provisions	26	297,660	303,857	164,519
Total current liabilities		634,449	775,202	1,113,774
Non current liabilities				
Provisions	26	104,259	121,816	223,913
Deferred tax liabilities	27	13,114,042	10,583,563	10,764,574
Total non current liabilities		13,218,301	10,705,379	10,988,487
TOTAL LIABILITIES		13,852,750	11,480,581	12,102,261
NET ASSETS		90,849,113	82,868,179	81,653,946
EQUITY				
Reserves	28	52,917,721	49,150,467	48,636,180
Retained earnings		37,931,392	33,717,712	33,017,766
TOTAL EQUITY		90,849,113	82,868,179	81,653,946

* Restated, refer note 34 for details of prior period error

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

Statement of Changes in Equity

For the year ended 30 June 2010

	Note	Asset Revaluation Reserve \$	Other Reserves \$	Retained Profits \$	Total Equity \$
Balance at 1 July 2008 as previously stated		35,940,889	7,966,859	33,017,766	76,925,514
Effects of correction of errors:					
Mains not recognised at fair value		6,754,903	-	-	6,754,903
Related income tax		(2,026,471)	-	-	(2,026,471)
Balance at start of period as restated		40,669,321	7,966,859	33,017,766	81,653,946
Total comprehensive income for the year as restated	22	256,833	-	957,400	1,214,233
Transfers to reserves	28	-	3,807,311	(3,807,311)	-
Transfers from reserves	28	-	(3,549,857)	3,549,857	-
Balance at 30 June 2009		40,926,154	8,224,313	33,717,712	82,868,179
Balance at 1 July 2009		40,926,154	8,224,313	33,717,712	82,868,179
Total comprehensive income for the year	22	6,950,926	-	1,030,008	7,980,934
Transfers to reserves	28	-	3,469,617	(3,469,617)	-
Transfers from reserves	28	-	(6,653,289)	6,653,289	-
Balance at 30 June 2010		47,877,080	5,040,641	37,931,392	90,849,113

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

Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		8,064,190	7,311,583
Developer contributions		600,543	807,779
Interest received		403,114	590,806
GST receipts on sales		52,856	32,865
GST receipts from taxation authority		912,160	811,117
Other receipts		379,218	61,809
Payments			
Supplies and services		(5,194,652)	(5,870,260)
GST payments on purchases		(913,950)	(579,593)
GST payments to taxation authority		-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	30	4,303,483	3,166,106
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		136,727	61,963
Purchase of non-current physical assets		(6,612,062)	(2,505,948)
(Purchase)/drawdown of investments		2,830,610	(97,540)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(3,644,725)	(2,541,525)
CASH FLOWS TO STATE GOVERNMENT			
Taxation equivalents		(697,919)	(753,323)
NET CASH PROVIDED TO STATE GOVERNMENT		(697,919)	(753,323)
Net increase/(decrease) in cash and cash equivalents		(39,161)	(128,742)
Cash and cash equivalents at beginning of year		525,614	654,356
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	30	486,453	525,614

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

Notes to the Financial Statements

For the year ended 30 June 2010

Note 1 - Australian Accounting Standards

(a) General

The Board's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Board has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

(b) Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No standards and interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ended 30 June 2010.

Note 2 - Summary of significant accounting policies

(a) General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts 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 the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain non-current assets and financial assets and liabilities, which are stated at their fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The judgements that have been made in the process of applying the Board's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key sources of estimation uncertainty'.

(c) Income

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Notes to the Financial Statements

For the year ended 30 June 2010

Water sales

Revenue from annual rates and supply charges and volume charges is shown in the income statement as the amounts levied and billed for the period, including interest on overdue amounts, less rebates and concessions allowed to entitled customers.

Other water charges include connection fees, relocation fees, disconnection fees, meter repair charges, meter reading charges and financial enquiries charges and are recognised as they are levied and billed.

Interest

Revenue is recognised on an accruals basis.

Developer contributions

Developer's contributions are recognised as revenue at fair value when received. The Board receives capital contributions from external parties in the form of either cash or assets, which are commonly referred to as developer contributions.

Other revenue

Other revenue includes hydrant hire, lease income and other miscellaneous revenue received.

(d) Income tax

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

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

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

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

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

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

(e) Property, plant and equipment and infrastructure

Capitalisation/expensing of assets

Items of property, plant and equipment and infrastructure that cost over \$100 and have a useful life of over three years are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure that cost less than \$100 are expensed directly to the Income Statement (other than where they form part of a group of similar items which are significant in total). The Board is exempt for the year ended 30 June 2010 from the requirements of paragraph (14) of Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements', which mandates a \$5,000 minimum threshold for asset recognition under AASB 116 'Property Plant and Equipment' effective from the 1 July 2008.

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

Notes to the Financial Statements

For the year ended 30 June 2010

Initial recognition and measurement

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

Subsequent measurement

After recognition as an asset, the Board uses the revaluation model for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment.

Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the gross carrying amount and the accumulated depreciation is restated proportionately. The revaluation of land and buildings is an independent valuation provided by the Western Australian Land Information Authority (Landgate) and is obtained at least every three years unless directed otherwise by the Office of the Auditor General.

Fair value of infrastructure is determined by reference to the written-down current replacement cost (existing use basis) as the assets are specialised and no market evidence of value is available. Land under infrastructure is included in land reported under Property, Plant and Equipment and is valued with reference to current market values. Valuations are provided at least every three years by a qualified, independent valuer. When infrastructure is revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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

Derecognition

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

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 22 'Property, plant and equipment'.

Depreciation

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

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

Notes to the Financial Statements

For the year ended 30 June 2010

The estimated effective lives for each class of depreciable asset are as follows:

Asset Class	Effective Life	Depreciation Method
Buildings at Fair Value	1.5% to 40.0%	Diminishing Value
Mains at Fair Value	1.2% to 13.0 %	Straight Line
Mains at Cost	2.5% to 8.0%	Diminishing Value
Meters at Fair Value	10.0% to 14.3%	Straight Line
Service Connections at Fair Value	5.0%	Diminishing Value
Treatment Plants at Fair Value	14.3% to 40.0%	Diminishing Value
Reservoirs at Fair Value	1.5% to 22.5%	Straight Line
Bores & Pumps at Fair Value	1.2% to 90.0%	Straight Line
Plant & Equipment at Cost	12.5% to 100.0%	Diminishing Value
Motor Vehicles at Cost	25.0% to 40.0%	Diminishing Value
Office Equipment at Cost	10.0% to 100.0%	Diminishing Value
Tools at Cost	13.3% to 100.0%	Diminishing Value

(f) Intangible assets

Computer software

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

(g) Impairment of assets

Property, plant and equipment and infrastructure assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Board is a not-for-profit entity, unless an asset has been identified as surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

Following the Board's review of carrying values at 30 June 2010, there were no indicators of impairment identified.

(h) Leases

The Board holds long term operating leases for telecommunications towers stored on the Board's facilities. Lease payments are receipted on a scheduled annual date and are generally indexed by CPI. The portion of lease income received in advance relating to a future financial year is shown as a liability (see note 24 'Payables' and note 37 'Non cancellable operating lease revenue').

Notes to the Financial Statements

For the year ended 30 June 2010

(i) Financial instruments

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

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

These have been disaggregated into the following asset classes:

Financial assets	Financial liabilities
Cash and cash equivalents	Payables
Receivables	
Term deposits	

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

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

(j) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise of cash in bank cheque accounts, an at call cash deposit account, petty cash and cash floats.

(k) Inventories

Inventories are classified as held for distribution and are measured using the weighted average cost method. Inventories mainly consist of consumable engineering supplies and spare materials for use in the maintenance and operation of distribution and water treatment assets.

(l) Receivables

Trade receivables

Receivables are recognised and carried at original invoice amount. The collectability of receivables is reviewed on an ongoing basis. The carrying amount of sundry receivables is equivalent to fair value as the average collection period for outstanding debt is 45 days (as at 30 June 2010).

(m) Investments

The Board classifies its investments as held to maturity investments, comprising term deposits. Investments are initially recognised at cost, being the fair value of consideration given, including directly attributable transaction costs. As all term deposits have maturity dates within twelve months of the original investment date, their cost is equivalent to fair value and no amortisation is applied.

(n) Payables

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

(o) Employee benefits

Accrued salaries and wages

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to the net fair value. See note 24 'Payables'.

Notes to the Financial Statements

For the year ended 30 June 2010

Employee benefits provisions

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

Annual leave

The liability for annual leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

The provision for annual leave is classified as a current liability, as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Rostered days off, Time in lieu

The liability for rostered days off and time in lieu expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

The provision for rostered days off is classified as a current liability, as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. See note 26 'Provisions'.

Long service leave

The liability for long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled. Long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Long service leave liabilities are in respect of services provided by employees up to the balance sheet date. See note 26 'Provisions'.

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

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

Sick leave

Sick leave entitlements for permanent employees are accumulating and partially vesting. On resignation (other than legitimate dismissal), employees are entitled to a payout at the rate of 1% of accumulated sick leave entitlements accrued from the 1 July 1997, for each completed year of service. This payout is per the Board's most recent Collective Agreement and was effective from 1 February 2008. The liability for sick leave is recognised only for this vesting component of entitlements. See note 26 'Provisions'.

A liability is not recognised for non vesting sick leave, as prior history indicates that on average, accumulated sick leave taken each reporting period is less than the entitlements accrued. This is expected to continue in future periods.

Notes to the Financial Statements

For the year ended 30 June 2010

Other provisions

Employment on costs

Employment on costs, including workers compensation insurance and payroll tax, are not employee benefits and are recognised as expenses and liabilities when the employment to which they relate has occurred. Employment on costs are not included as part of the Board's employee benefits expense, and are shown at note 13 'Cost of services' and at note 14 'Administration expenses'. The related liability is included in the provision for employment on costs. See note 26 'Provisions'.

Superannuation

The Board does not participate in a defined benefits plan, and as such, there is no related superannuation provision.

(p) Superannuation expense

The Board's default fund for defined contribution plans is the WA Local Government Superannuation Plan. Employees have the option of electing the default plan or another plan of choice. The majority of the Board's employees have plans with the default fund.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due. The Board does not participate in a defined benefits plan.

(q) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of the acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. PAYG withholding tax and FBT instalments payable to the ATO are netted off from this amount.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Comparative figures

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

Notes to the Financial Statements

For the year ended 30 June 2010

Note 3 - Other policies

(a) Resources received free of charge or for nominal cost

Resources received free of charge that can be reliably measured are recognised as revenues and as assets at their equivalent fair value. For the Board, such resources are generally gifted mains pipeline from developers and are included at note 9 'Developer contributions'.

Note 4 - Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Board evaluates these judgements regularly.

(a) Adoption of fair value versus cost basis for non current assets.

The board adopts the cost basis and fair value basis of accounting for valuing non current physical assets.

Gifted mains infrastructure assets are originally recognised at cost, based on the contractual value of the works transferred to the Board. Subsequent measurement of these assets utilises the revaluation model.

Note 5 - Key sources of estimation uncertainty

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

(a) Long service leave

In calculating the Board's long service leave provision, several estimations and assumptions have been made. These include discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 6- Disclosure of changes in accounting policy and estimates

(a) Initial application of an Australian Accounting Standard

The Board has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Board:

AASB 101	Presentation of Financial Statements (September 2007)
	This standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101
	This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in the Australian Accounting Standards and the Framework to better align with the IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038
	This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

(b) Voluntary changes in accounting policy

There were no voluntary changes in accounting policies applied in the 2009-2010 financial year.

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

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Consequently, the Board has not applied early any following Australian Accounting Standards that have been issued that may impact the Board. Where applicable, the Board plans to apply these Australian Accounting Standards from their application date:

AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12	Operative for reporting periods beginning on/after
	The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Board does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 January 2013

Notes to the Financial Statements

For the year ended 30 June 2010

	2010	2009
<i>Note 7 - Water sales</i>	\$	\$
Annual rates and supply fees	3,028,615	3,056,571
Consumption charges	4,774,191	4,514,968
Other water charges	423,205	453,207
Less: rebates given	(328,051)	(316,273)
	7,897,960	7,708,473

	2010	2009
<i>Note 8 - Interest revenue</i>	\$	\$
Interest from cash and cash equivalents	27,414	33,200
Interest from receivables	23,891	89,093
Interest from other financial assets	310,271	528,259
	361,576	650,552

	2010	2009
<i>Note 9 - Developer contributions</i>	\$	\$
Contributions to headworks	175,657	739,229
Contributions to mains subdivisions (a)	422,516	(6,163)
Transferred mains subdivision assets - non-cash	566,810	391,783
	1,164,983	1,124,849

(a) Mains subdivision revenue is in deficit due to refunds of prior year developer contributions given during the financial year ended 30 June 2009.

Notes to the Financial Statements

For the year ended 30 June 2010

	2010	2009
<i>Note 10 - Other revenue</i>	\$	\$
Legal settlement	-	312,000
Rental receipts (a)	44,633	42,805
Other revenue	22,585	19,004
	67,218	373,809

(a) See note 37 'Non cancellable operating lease revenue'.

		2010	2009*
<i>Note 11 - Operational expenses</i>		\$	\$
Cost of services:			
Materials		1,156,638	1,388,905
Electricity		346,602	356,486
Salaries and wages		723,542	777,432
Employee overheads		332,525	540,389
Other expenses		43,920	190,631
	Note 13	2,603,227	3,253,843
Depreciation*	Note 22	2,853,302	2,621,281
		5,461,529	5,875,124

* Restated, refer note 34 'Prior period errors'

	2010	2009
<i>Note 12 - Cost of water sales</i>	\$	\$
Cost of water sales	1,202,397	1,241,516

Cost of water sales represents costs incurred for water treatment, operation of bores and reservoirs, and depreciation expense related to these processes.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 13 - Cost of services

Cost of services are allocated on a job basis as follows:

	2010	2009
	\$	\$
Bore maintenance and operations	42,213	22,981
Reservoir maintenance	103,484	46,570
Reservoir integrity analysis	8,321	-
Filter maintenance	230,603	235,910
Mains maintenance	269,861	287,605
Compliance water testing	128,069	133,725
Network analysis	11,295	3,965
Leak detection	26,280	27,247
Service maintenance	503,015	465,602
Groundwater analysis	19,183	12,517
Booster pump maintenance	33,996	26,637
Filter operations	177,686	176,405
Corrosion control strategy	12,325	3,115
Process engineering	1,378	26,699
Chemical treatment	176,544	176,805
Grounds maintenance	37,674	31,602
Private works	30,940	140,045
Repair liner and columns Tech Reservoir	-	391,724
Replace rusted purlins Tech and Roberts Reservoirs	280,965	297,224
Water quality improvement projects	35,080	46,308
Asset data audit all sites	-	31,978
Meter reading	58,344	89,224
Electricity	346,602	356,486
Other service expenses (a)	69,369	223,469
	2,603,227	3,253,843

a) Other service expenses includes operational audit, forward planning best practice, engineering analysis, system quality improvement, loss on sale of obsolete stock, tool repairs and replacements, IT strategic projects implementation, WorkSafe Plan audit and risk management implementation.

Notes to the Financial Statements

For the year ended 30 June 2010

	2010	2009
	\$	\$
<i>Note 14 - Administration expenses</i>		
Write offs	558	522
Computer maintenance and software	196,537	192,089
Insurance	105,039	120,472
Legal expenses	9,176	61,400
Rent	-	2,149
Salaries and wages	1,340,273	1,207,242
Superannuation	129,526	142,213
	1,781,109	1,726,087

	2010	2009
	\$	\$
<i>Note 15 - Net loss on disposal of non current assets</i>		
Cost of disposal of non current assets:		
Plant, equipment and vehicles	147,521	100,811
Proceeds from disposal of non current assets:		
Plant, equipment and vehicles	(136,727)	(61,963)
Net (gain)/loss	10,794	38,848

	2010	2009
	\$	\$
<i>Note 16 - Other expenses</i>		
Public relations	35,239	32,663
Audit cost (a)	42,870	40,000
Corporate uniforms	16,403	15,563
Valuation expenses (b)	20,511	17,636
Administration building utilities	101,344	77,275
Postage, printing and stationery	63,824	59,970
Fringe benefits tax	18,548	14,456
Advertising and promotion (c)	54,887	105,320
Board expenses (d)	45,386	43,088
Administration building maintenance	48,288	42,767
Staff training (e)	45,776	56,414
Bank charges	27,699	25,155
Office expenses	23,461	23,953
Taxation penalties	24,315	-
Tax equivalent planning	15,485	602
Watering efficiency measures compliance costs	19,427	19,200
Other (f)	54,424	11,240
	657,887	585,302

a) Includes contracted strategic internal audit services and remuneration of the OAG.

b) Includes asset revaluation consultancy.

c) Includes water conservation publicity, customer survey and general advertising.

d) Includes board members allowances, meeting expenses and travel accommodation for board members.

e) Includes conference and seminar costs and associated travel and accommodation.

f) Includes freight, records archive and storage, membership fees, business development strategy, CEO employee awards and employee assistance program.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 17 - Taxation equivalent

Major components of income tax expense for the years ended 30 June 2010 and 2009 are:

(a) Income tax recognised in profit and loss

	2010	2009
Current income tax	\$	\$
Current income tax charge	629,031	665,700
Understatement/(overstatement) of prior years income tax charge	-	2,185
Deferred income tax		
Relating to origination and reversal of temporary differences	(78,621)	(11,859)
Income tax expense reported in income statement	550,410	656,026

(b) Reconciliation of income tax expense to prima facie tax payable

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Board's effective income tax rate for the years ended 30 June 2010 and 2009 is as follows:

	2010	2009*
	\$	\$
Profit before income tax equivalents	1,580,418	1,613,426
Tax at the statutory income tax rate of 30%	474,126	484,028
Tax effect of amounts which are not deductible in calculating taxable income	4,021	4,875
Temporary differences now brought to account	233,984	210,120
Investment allowance deduction	(161,720)	(45,182)
Understatement/(overstatement) of prior year income tax charge	-	2,185
At effective income tax rate of 34.8% (2009: 40.7%)	550,410	656,026
Income tax expense reported in income statement	550,410	656,026

* restated, refer note 34

(c) Income tax recognised directly in equity

	2010	2009*
Deferred income tax	\$	\$
Fair value adjustments to property, plant and equipment	2,069,100	(169,152)
Income tax benefit reported in equity	2,069,100	(169,152)

* Restated, refer note 34 'Prior period errors'

Notes to the Financial Statements

For the year ended 30 June 2010

Note 17 continued - Taxation equivalent

(d) Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010	2009*	2010	2009*	2010	2009*
	\$	\$	\$	\$	\$	\$
Fair value adjustments to property, plant & equipment	-	-	12,991,327	10,316,022	12,991,327	10,316,022
Interest receivable	-	-	16,597	64,906	16,597	64,906
Deferred developer contributions	-	-	226,694	330,339	226,694	330,339
Employee entitlements	(120,576)	(127,704)	-	-	(120,576)	(127,704)
Tax (assets) liabilities	(120,576)	(127,704)	13,234,618	10,711,267	13,114,042	10,583,563
Set off of tax	(120,576)	(127,704)	(120,576)	(127,704)	-	-
Net tax liabilities	-	-	13,114,042	10,583,563	13,114,042	10,583,563

Movement in temporary differences during the year:

	Balance 1 July 2009*	Recognised in income	Recognised in equity	Balance 30 June 2010
	\$	\$	\$	\$
Fair value adjustments to property, plant & equipment	10,316,022	66,205	2,609,100	12,991,327
Interest receivable	64,906	(48,309)	-	16,597
Deferred developer contributions	330,339	(103,645)	-	226,694
Employee entitlements	(127,704)	7,128	-	(120,576)
	10,583,563	(78,621)	2,609,100	13,114,042

Movement in temporary differences during the year:

	Balance 1 July 2008*	Recognised in income	Recognised in equity	Balance 30 June 2009
	\$	\$	\$	\$
Fair value adjustments to property, plant & equipment	10,535,660	(50,486)	(169,152)	10,316,022
Interest receivable	46,982	17,924	-	64,906
Deferred developer contributions	298,462	31,877	-	330,339
Employee entitlements	(116,530)	(11,174)	-	(127,704)
	10,764,574	(11,859)	(169,152)	10,583,563

Effects of corrections of errors*:

	Balance 1 July 2008	Recognised in income	Recognised in equity	Balance 30 June 2009*
	\$	\$	\$	\$
Fair value adjustments to property, plant & equipment				
Balance at 1 July 2008 as previously stated	8,509,189	(50,486)	(99,240)	8,359,463
Correction of mains not recognises at fair value	2,026,471	-	(69,912)	1,956,559
Balance at 30 June 2009 as restated	10,535,660	(50,486)	(169,152)	10,316,022

* Refer to note 34 'Prior period errors'.

Notes to the Financial Statements

For the year ended 30 June 2010

<i>Note 18 - Other financial assets</i>	2010	2009
Held to maturity investments	\$	\$
Fund 1 deposit account	600,000	100,000
EDP upgrade reserve deposit account	460,100	342,500
Asset replacement reserve deposit account	663,070	3,841,040
Headworks reserve deposit account	407,600	2,648,120
Subdivision reserve deposit account	482,020	414,080
Business development reserve deposit account	2,313,640	411,300
	4,926,430	7,757,040

<i>Note 19 - Receivables</i>	2010	2009
Current	\$	\$
Trade debtors	909,544	1,078,417
GST receivable	51,010	89,648
Sundry debtors	111,376	415,445
Accrued interest	55,323	96,861
	1,127,253	1,680,371
Non current		
Pensioner rate deferrals	16,063	23,725
Total receivables	1,143,316	1,704,096

<i>Note 20 - Inventories</i>	2010	2009
	\$	\$
Inventories held for distribution (at cost)	337,253	334,127

<i>Note 21 - Other assets</i>	2010	2009
Current	\$	\$
Prepayments	111,940	64,487
Non current		
Work in progress	1,633,688	1,063,985
Total other assets	1,745,628	1,128,472

Notes to the Financial Statements

For the year ended 30 June 2010

<i>Note 22 - Property, plant and equipment</i>	2010	2009*
	\$	\$
Land at fair value	7,220,561	7,220,561
	7,220,561	7,220,561
Buildings at fair value	2,254,947	1,755,614
Accumulated depreciation	(502,475)	(430,736)
Accumulated impairment losses	-	-
	1,752,472	1,324,878
Mains at fair value	45,211,363	45,555,793
Accumulated depreciation	(1,799,071)	(1,244,838)
Accumulated impairment losses	-	-
	43,412,292	44,310,955
Mains at cost	2,521,850	567,937
Accumulated depreciation	(218,640)	(5,252)
Accumulated impairment losses	-	-
	2,303,210	562,685
Meters at fair value	1,188,775	1,015,000
Accumulated depreciation	(112,942)	-
Accumulated impairment losses	-	-
	1,075,833	1,015,000
Service connections at fair value	3,616,704	3,321,000
Accumulated depreciation	(223,819)	-
Accumulated impairment losses	-	-
	3,392,885	3,321,000
Treatment plants at fair value	10,558,750	5,102,700
Accumulated depreciation	(5,644,493)	-
Accumulated impairment losses	-	-
	4,914,257	5,102,700
Reservoirs at fair value	25,868,804	16,359,638
Accumulated depreciation	-	(752,194)
Accumulated impairment losses	-	-
	25,868,804	15,607,444

Notes to the Financial Statements

For the year ended 30 June 2010

Note 22 continued - Property, plant and equipment

	2010	2009*
	\$	\$
Bores and pumps at fair value	5,048,445	3,626,230
Accumulated depreciation	-	(232,188)
Accumulated impairment losses	-	-
	5,048,445	3,394,042
Plant and equipment at cost	525,072	469,788
Accumulated depreciation	(173,504)	(95,773)
Accumulated impairment losses	-	-
	351,568	374,015
Motor vehicles at cost	601,851	573,415
Accumulated depreciation	(176,202)	(168,498)
Accumulated impairment losses	-	-
	425,649	404,917
Office equipment at cost	739,378	595,391
Accumulated depreciation	(467,513)	(362,377)
Accumulated impairment losses	-	-
	271,865	233,014
Tools at cost	105,630	101,408
Accumulated depreciation	(80,688)	(73,208)
Accumulated impairment losses	-	-
	24,942	28,200
Total property, plant and equipment	96,062,783	82,899,411

* Restated, refer note 34 'Prior period errors'.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 22 continued - Property, plant and equipment

(a) Property plant and equipment at fair value

Reservoirs, bores and pumps carried at revalued amounts

An independent valuation of the reservoirs, bores and pumps asset classes was completed by APV Valuers for the 2010 financial year. The effective date of the revaluation was 30 June 2010, with the revaluation being brought to account on the same date. The valuation of reservoirs, bores and pumps was determined by utilising the Depreciated Current Replacement Cost method. Reservoirs, bores and pumps were previously revalued in the financial year ended 30 June 2007.

Treatment plants and meters carried at revalued amounts

An independent valuation of treatment plants and meters was completed by Aon Valuation Services for the financial year ended 30 June 2009, with the revaluation being brought to account on the same date. The effective date of the revaluation was 30 June 2009. The valuation of treatment plants and meters was determined using the Depreciated Current Replacement Cost method. Treatment plants and meters were last revalued in the financial year ended 30 June 2006.

Service connections carried at revalued amounts

An independent valuation of the service connections asset class was completed by Aon Valuation Services for the 2009 financial year. The effective date of the revaluation was 30 June 2009, with the revaluation being brought to account on the same date. The valuation of service connections was determined by utilising the Depreciated Current Replacement Cost method. Service connections were previously revalued in the financial year ended 30 June 2007.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 22 continued - Property, plant and equipment

(b) Movements in carrying amounts

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

2010	Carrying amount at the start of the year	Additions	Disposals	Transfers between categories	Revaluation increments/ (decrements) recognised in income	Impairment losses	Impairment losses reversed	Depreciation	Carrying amount at the end of the year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land at Fair Value	7,220,561	-	-	-	-	-	-	-	7,220,561
Buildings at Fair Value	1,324,878	-	-	499,333	-	-	-	(71,739)	1,752,472
Mains at Fair Value	44,310,955	-	-	-	-	-	-	(898,663)	43,412,292
Meters at Cost	562,685	2,343,353	-	(358,050)	-	-	-	(244,778)	2,303,210
Meters at Fair Value	1,015,000	203,113	(10,263)	-	(19,075)	-	-	(112,942)	1,075,833
Service Connections at Fair Value	3,321,000	295,704	-	-	-	-	-	(223,819)	3,392,885
Treatment Plants at Fair Value	5,102,700	224,750	-	-	-	-	-	(413,193)	4,914,257
Reservoirs at Fair Value	15,607,445	2,149,216	-	14,451	8,531,877	-	-	(434,185)	25,868,804
Bores and Pumps at Fair Value	3,394,042	920,518	-	(155,734)	1,047,224	-	-	(157,605)	5,048,445
Plant and Equipment at Cost	374,015	55,284	-	-	-	-	-	(77,731)	351,568
Motor Vehicles at Cost	404,916	268,602	(137,209)	-	-	-	-	(110,740)	425,569
Office Equipment at Cost	233,016	144,325	(49)	-	-	-	-	(105,427)	271,885
Tools at Cost	28,199	4,223	-	-	-	-	-	(7,480)	24,942
Totals	82,899,411	6,609,088	(147,521)	-	9,560,026	-	-	(2,858,302)	96,062,703

2009	Carrying amount at the start of the year	Additions	Disposals	Transfers between categories	Revaluation increments/ (decrements) to Asset Reserve	Revaluation increments/ (decrements) recognised in income	Impairment losses	Impairment losses reversed	Depreciation	Carrying amount at the end of the year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land at Fair Value	6,818,182	402,379	-	-	-	-	-	-	-	7,220,561
Buildings at Fair Value	1,363,636	43,541	-	-	-	-	-	-	(82,299)	1,324,878
Mains at Fair Value*	45,444,404	-	-	-	-	-	-	-	(1,133,449)	44,310,955
Meters at Cost	-	567,937	-	-	-	-	-	-	(5,252)	562,685
Meters at Fair Value	1,301,123	189,528	(28,777)	-	(176,064)	(48,400)	-	-	(222,410)	1,015,000
Service Connections at Fair Value	2,904,499	326,631	-	-	235,075	-	-	-	(145,205)	3,321,000
Treatment Plants at Fair Value	6,238,648	183,865	-	(1,041,608)	28,670	29,504	-	-	(336,380)	5,102,699
Reservoirs at Fair Value	15,744,951	67,843	(1,390)	171,995	-	-	-	-	(375,954)	15,607,445
Bores and Pumps at Fair Value	2,943,443	21,450	(4,898)	527,401	-	-	-	-	(113,354)	3,394,042
Plant and Equipment at Cost	43,063	-	-	342,212	-	-	-	-	(11,260)	374,015
Motor Vehicles at Cost	446,461	130,195	(65,618)	-	-	-	-	-	(106,122)	404,916
Office Equipment at Cost	99,762	213,570	(128)	-	-	-	-	-	(80,188)	233,016
Tools at Cost	31,317	6,290	-	-	-	-	-	-	(9,408)	28,199
Totals	83,399,489	2,153,229	(100,811)	-	87,681	(18,896)	-	-	(2,621,281)	82,899,411
Balance at 1 July 2008 as previously stated	76,644,586	2,153,229	(100,811)	-	87,681	(18,896)	-	-	(2,388,240)	76,377,549
Effects of corrections of errors*	-	-	-	-	-	-	-	-	(233,041)	6,521,862
Mains not recognised at fair value	6,754,903	-	-	-	-	-	-	-	(2,621,281)	82,899,411
Balance at 30 June 2009 as restated	83,399,489	2,153,229	(100,811)	-	87,681	(18,896)	-	-	(2,621,281)	82,899,411

* Refer to note 34 'Prior period errors'.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 23 - Impairment of assets

There were no indications of impairment to property, plant and equipment and infrastructure at 30 June 2010. The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

Note 24 - Payables

	2010	2009
Current	\$	\$
Trade creditors	263,311	331,029
Accrued salaries and wages	54,834	40,555
Other accrued expenses	15,041	28,315
Income in advance	25,210	24,165
	358,396	424,064

Note 25 - Current tax liabilities

	2010	2009
	\$	\$
Income tax equivalent payable/(receivable)	(21,607)	47,281

Note 26 - Provisions

	2010	2009
Current	\$	\$
<i>Employee benefits provision</i>		
Annual leave (a)	170,903	153,519
Long service leave (b)	70,530	89,943
Rostered days off (c)	15,319	13,151
Time in lieu (c)	18,117	13,037
Sick leave (d)	5,719	4,312
	280,588	273,962
<i>Other provisions</i>		
Employment on costs (e)	17,072	29,895
Total current provisions	297,660	303,857
Non current	\$	\$
<i>Employee benefits provision</i>		
Long service leave (b)	60,518	79,715
Sick leave (d)	39,050	31,111
Superannuation (f)	-	-
	99,568	110,826
<i>Other provisions</i>		
Employment on costs (e)	4,691	10,990
Total non current provisions	104,259	121,816

Notes to the Financial Statements

For the year ended 30 June 2010

Note 26 continued - Provisions

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

(b) Long service leave liabilities have been classified as current where the employee has provided notice that their leave will be taken within 12 months of the reporting date. Assessments indicated that actual settlement of the liabilities will occur as follows:

	2010	2009
	\$	\$
Within 12 months of reporting date	70,530	89,943
More than 12 months after reporting date	60,518	79,715
	131,048	169,658

(c) Rostered days off and time in lieu liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur within 12 months of reporting date.

(d) Sick leave liabilities have been classified as current based on the probability of staff resigning within 12 months of the reporting date. Probability assessments indicate the following settlement of the liability.

	2010	2009
	\$	\$
Within 12 months of reporting date	5,719	4,312
More than 12 months after reporting date	39,050	31,111
	44,769	35,423

(e) The settlement of annual leave, long service leave, rostered days off and time in lieu liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense is included in all other expenses (note 16), administration expenses (note 14) and cost of services (note 13).

(f) The Bunbury Water Board does not participate in a defined benefits plan and as such there is no superannuation provision. Employer superannuation contributions relating to the employee benefits provisions are included within the leave provision. The associated expense is included in all other expenses (note 16), administration expenses (note 14) and cost of services (note 13).

Notes to the Financial Statements

For the year ended 30 June 2010

Note 27 - Deferred tax liabilities

	2010	2009
	\$	\$
Deferred tax liabilities	13,114,042	10,583,563

Note 28 - Reserves

The Board maintains the following reserves:

Cash reserves

EDP Upgrade Reserve

(to provide for future upgrades of the Board's computer systems)

	2010	2009
	\$	\$
Opening balance	475,606	531,021
Transfers to reserve	73,093	82,379
Transfers from reserve	(74,681)	(137,794)
Closing balance	474,018	475,606

Asset Replacement Reserve

(to cater for the ongoing replacement of the Board's capital infrastructure)

	2010	2009
	\$	\$
Opening balance	3,695,812	3,500,316
Transfers to reserve	2,623,752	2,648,361
Transfers from reserve	(3,972,994)	(2,452,865)
Closing balance	2,346,570	3,695,812

Headworks Reserve

(to fund augmentation works to service growth requirements)

	2010	2009
	\$	\$
Opening balance	2,471,120	2,132,136
Transfers to reserve	507,099	924,160
Transfers from reserve	(2,368,551)	(585,176)
Closing balance	609,668	2,471,120

Notes to the Financial Statements

For the year ended 30 June 2010

Note 28 continued - Reserves

	2010	2009
<i>Mains Subdivision Reserve</i> (to fund subdivisional development)	\$	\$
Opening balance	1,170,729	1,449,176
Transfers to reserve	204,739	88,360
Transfers from reserve	(230,783)	(366,807)
Closing balance	1,144,685	1,170,729
<i>Business Development Reserve</i> (to fund future business development)	2010	2009
	\$	\$
Opening balance	411,046	354,210
Transfers to reserve	60,934	64,051
Transfers from reserve	(6,280)	(7,215)
Closing balance	465,700	411,046
Total cash reserves	5,040,641	8,224,313
Asset revaluation reserve	2010	2009*
	\$	\$
Balance at start of period	40,926,154	40,669,321
Gains/(losses) from asset revaluation	9,560,026	87,681
Tax effect of revaluation (increments)/decrements	(2,609,100)	169,152
Balance at end of period	47,877,080	40,926,154
Total reserves	52,917,721	49,150,467

* Restated, refer note 34 'Prior period errors'.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 29 - Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Board are cash and cash equivalents, term deposits, receivables and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Board's receivables defaulting on their contractual obligations, resulting in a financial loss to the Board.

The maximum exposure to credit risk at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as shown in the table at note 29(c).

All debts pertaining to water sales are secured against the land to which the debts relate. Receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due. The Board is exposed to liquidity risk through its trading in the normal course of business.

The Board's objective is to maintain sufficient cash assets on hand to meet its debts as and when they fall due. The Board has sufficient financial assets and appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments.

The Board does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity price changes). The Board's exposure to market risk for changes in interest rates relate primarily to short and long term cash investments.

All of the Board's investments are at fixed interest rates with varying maturity periods. The risk is managed through portfolio diversification and variation in maturity dates. Portfolio diversification is limited to investments with financial institutions with a Standard and Poor's Credit rating of AA or greater.

Other than as detailed in the Interest Rate Sensitivity Analysis table at note 29(d), the Board has limited exposure to interest rate risk as it has no borrowings.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 29 - Financial instruments continued

(b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2010	2009
	\$	\$
Financial assets		
Cash and cash equivalents	486,453	525,614
Receivables (a)	1,092,306	1,614,448
Held to maturity investments	4,926,430	7,757,040
	<u>6,505,189</u>	<u>9,897,102</u>
Financial liabilities		
Payables (b)	<u>333,186</u>	<u>399,899</u>

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

(b) The amount of payables excludes income received in advance.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 29 continued - Financial instruments

(c) Financial instrument disclosures

Credit risk

The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired, based on information provided to senior management of the Board.

Ageing analysis of financial assets

	Carrying amount	Not due	Past due but not impaired			
			Less than one year	One year or more	Deferred - less than one year (b)	Deferred - more than one year (b)
2010	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	486,453	-	-	-	-	-
Receivables (a)	1,092,306	538,132	516,879	21,232	1,606	14,457
Held to maturity investments	4,926,430	-	-	-	-	-
	6,505,189	538,132	516,879	21,232	1,606	14,457
2009						
Cash and cash equivalents	525,614	-	-	-	-	-
Receivables (a)	1,614,448	500,895	1,062,512	27,315	2,373	21,353
Held to maturity investments	7,757,040	-	-	-	-	-
	9,897,102	500,895	1,062,512	27,315	2,373	21,353

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

(b) Pensioners are not required to pay rates issues as they are billed - the collection of such rates is ultimately deferred until the property changes ownership from the pensioner's title. These amounts are shown at note 19 as non current trade debtors.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 29 continued - Financial instruments

Liquidity risk and interest rate risk

The following table discloses the Board's maximum exposure to interest rate risk and a contractual maturity analysis of financial assets and liabilities. The contractual maturity amounts in the table are representative of the undiscounted amounts at the end of the reporting period. Adjustments for discounting have not been made due to immateriality.

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

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

Interest rate exposures and contractual maturity analysis of financial assets and liabilities

	Weighted average effective interest rate	Carrying amount	Interest Rate Exposure			Contractual Maturity Date			
			Variable interest rate	Non-interest bearing	Fixed interest rate	Up to 3 months	3 months to 12 months	1-2 years	More than 2 years
2010	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets									
Cash and cash equivalents	3.21%	486,453	484,953	1,500	-	-	-	-	-
Receivables (a)	-	1,092,306	-	1,092,306	-	-	-	-	-
Held to maturity investments	5.14%	4,926,430	-	-	4,926,430	3,375,580	1,550,850	-	-
		6,505,189	484,953	1,093,806	4,926,430	3,375,580	1,550,850	-	-
Financial liabilities									
Payables (b)	-	333,186	-	333,186	-	-	-	-	-
		333,186	-	333,186	-	-	-	-	-
2009									
Financial assets									
Cash and cash equivalents	4.26%	525,614	524,114	1,500	-	-	-	-	-
Receivables (a)	-	1,614,448	-	1,614,448	-	-	-	-	-
Held to maturity investments	6.09%	7,757,040	-	-	7,757,040	4,783,420	2,973,620	-	-
		9,897,102	524,114	1,615,948	7,757,040	4,783,420	2,973,620	-	-
Financial liabilities									
Payables (b)	-	399,899	-	399,899	-	-	-	-	-
		399,899	-	399,899	-	-	-	-	-

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

(b) The amount of payables excludes income received in advance.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 29 continued - Financial instruments

(d) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the end of the reporting period 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.

2010	Carrying Amount \$	- 1% change		+ 1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
Financial assets					
Cash and cash equivalents	484,953	(4,850)	(4,850)	4,850	4,850
Other financial assets	4,926,430	(49,264)	(49,264)	49,264	49,264
Financial liabilities					
All non-interest bearing	-	-	-	-	-
Total increase/(decrease)		(54,114)	(54,114)	54,114	54,114

2009	Carrying Amount \$	- 1% change		+ 1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
Financial assets					
Cash and cash equivalents	524,114	(5,241)	(5,241)	5,241	5,241
Other financial assets	7,757,040	(77,570)	(77,570)	77,570	77,570
Financial liabilities					
All non-interest bearing	-	-	-	-	-
Total increase/(decrease)		(82,811)	(82,811)	82,811	82,811

(e) Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 30 - Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash at the end of the financial period, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

	2010	2009
	\$	\$
Current accounts		
General cheque account (fund 1)	476,828	512,423
At call deposit account	1,987	-
Headworks reserve cheque account (fund 4)	3,922	11,591
EDP upgrade reserve cheque account (fund 2)	2,197	72
Subdivision reserve cheque account (fund 5)	9	6
Asset replacement reserve cheque account (fund 3)	8	1
Business development reserve cheque account (fund 6)	2	21
Floats	1,500	1,500
	486,453	525,614

(b) Reconciliation of profit after income tax equivalent to net cash flows provided by/(used in) operating activities

	2010	2009
	\$	\$
Profit after income tax equivalents	1,030,008	957,400
<i>Non cash items:</i>		
Depreciation	2,858,302	2,621,281
Loss on disposal of non current assets	10,794	38,848
Asset revaluation offset	-	18,896
Developer contributions	(566,810)	(391,783)
<i>(Increase)/decrease in assets:</i>		
Trade and other debtors	599,418	(429,535)
Inventories	(3,126)	(54,767)
Prepayments	(47,453)	17,763
<i>Increase/(decrease) in liabilities:</i>		
Trade creditors and accruals	(65,668)	(311,825)
Employee provisions	(23,754)	37,241
Income tax equivalent	550,410	656,026
Net GST receipts/(payments)	(51,066)	(264,388)
Change in GST receivable/payable	12,428	270,949
Net cash provided by/(used in) operating activities	4,303,483	3,166,106

Notes to the Financial Statements

For the year ended 30 June 2010

Note 31 - Credit standby arrangements and loan facilities

Credit standby arrangements:

Standby funds are provided by the Board's bankers. A total of \$250,000 is accessible by the Board. The bank overdraft facility may be drawn at any time and is subject to annual review.

At 30 June 2010 an aggregate amount of \$250,000 (2009 \$250,000) remained unused

	2010	2009
	\$	\$
Summary of loan facilities		
Credit standby arrangement	250,000	250,000

Note 32 - Remuneration of members of the accountable authority and senior officers

(a) Remuneration of members of the accountable authority

The number of members of the Board, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2010	2009
\$nil - \$10,000	5	5
\$10,001 - \$20,000	1	1
The total remuneration of members of the accountable authority	\$30,117	\$28,556

The total remuneration includes the superannuation expense incurred by the Board in respect of members to the accountable authority.

No members of the accountable authority are members of the pension Scheme.

(b) Remuneration of senior officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2010	2009
\$10,001 to \$20,000	1	-
\$110,001 to \$120,000	1	1
\$130,001 to \$140,000	-	1
\$140,001 to \$150,000	1	-
\$160,001 to \$170,000	1	1
The total remuneration of senior officers	\$443,020	\$409,121

Note 33 - Remuneration of auditor

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

	2010	2009
	\$	\$
Auditing the accounts, financial statements, and performance indicators.	31,000	29,600
	31,000	29,600

Notes to the Financial Statements

For the year ended 30 June 2010

Note 34 - Prior period errors

Mains at fair value

It has come to the attention of management that a portion of mains infrastructure assets relating to the City Waterlink transfer main project, which was completed and commissioned in the financial year ended 30 June 2008, was not included in the revaluation of mains assets undertaken for the year ended 30 June 2008. These assets have not been carried at cost nor fair value since their commissioning on the 26 March 2008.

These assets were originally capitalised and depreciated to 30 June 2008, however, as they were not included in the revaluation of mains at 30 June 2008, they were eliminated when the revaluation was brought to account.

The fair value of these transfer main assets is equivalent to their cost as at 30 June 2008. This value has been brought to account on the same day through the asset revaluation reserve.

The impact of correcting the error is as follows:

Impact on the Statement of Financial Position as at:	30 June 2009	1 July 2008
	\$	\$
Mains at fair value	-	6,866,292
Mains at fair value - accumulated depreciation	233,041	111,389
Asset revaluation reserve - mains	69,912	4,728,432
Deferred taxation liability	(69,912)	2,026,471
Retained earnings	233,041	-

Impact on the Comprehensive Income Statement for the period ending:	30 June 2009
	\$
Depreciation expense	233,041
Deferred taxation expense (other comprehensive income)	(69,912)

Notes to the Financial Statements

For the year ended 30 June 2010

Note 35 - Explanatory statement

i) This statement provides details of any significant variations between estimates and actual results for the 2010 financial year. Significant variations are considered to be those greater than 10% or \$200,000:

	Actual 2010	Estimate 2010	Variance
<i>Interest revenue</i>	361,576	189,017	172,559

Higher than budget due to timing of capital works expenditure, which directly relates to cash invested.

<i>Cost of services</i>	2,603,227	2,946,556	(343,329)
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Budget included the Tech Reservoir Column and Liner repair project, which was originally to be treated as an expense. The magnitude and scope of the project increased and the expenditure was subsequently capitalised.

<i>Income tax equivalent</i>	555,763	309,136	246,627
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Income tax is directly proportionate to movements in revenue and expenditure budgets.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 35 continued- Explanatory statement

ii) This statement provides details of any significant variations between actual revenues and expenditures for the 2009 financial year. Significant variations are considered to be those greater than 10% or \$200,000:

	Actual 2010	Actual 2009	Variance
<i>Interest revenue</i>	361,576	650,552	(288,976)
Reflective of decreasing capital reserves and decline in interest rates received on term deposits in 2010			
<i>All other revenue</i>	67,218	373,809	(306,591)
2009 included a legal settlement of \$312,000			
<i>Cost of services</i>	2,603,227	3,253,843	(650,616)
2009 included two large repair projects - the replacement of rusted purlins at the Tech and Roberts Reservoirs, and the repair of the Tech Reservoir liner and columns.			
<i>Income tax equivalent</i>	550,410	656,026	(105,616)
Income tax is directly proportionate to movements in actual revenue and expenditures.			
<i>Depreciation</i>	2,858,302	2,621,281	237,021
Mainly attributed to revised depreciation rates following revaluation of treatment plants at 30 June 2010.			

Notes to the Financial Statements

For the year ended 30 June 2010

Note 36 - Supplementary information

	2010 \$	2009 \$
Write-offs		
Revenue and other property written off by the accountable authority during the financial year:		
Ex gratia water allowances	45,800	43,866
	45,800	43,866
Losses through theft, defaults and other causes		
Losses of public moneys and public and other property through theft or default	-	-
Amounts recovered	-	-
Gifts of public property		
Gifts of public property provided by the Board	-	-
	-	-

Note 37 - Non cancellable operating lease revenue

The Board holds long term operating leases with rentals receivable annually for telecommunications towers located on the Board's facilities. The minimum lease payments receivable are as follows:

	2010 \$	2009 \$
Within 1 year	42,477	41,470
Later than 1 year and not later than 5 years	188,717	181,026
Later than 5 years	124,080	174,248
	355,274	396,744

Notes to the Financial Statements

For the year ended 30 June 2010

Note 38 - Commitments for expenditure

(a) Capital expenditure commitments

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

	2010	2009
	\$	\$
Within 1 year	2,471,229	6,243,331
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	2,471,229	6,243,331

The capital commitments include amounts for:

Buildings	59,760	-
Land	-	-
Office equipment	-	100,931
Treatment plants	1,540,000	1,677,500
Plant and equipment	736,719	825,000
Reservoirs	134,750	1,892,000
Bores and pumps	-	812,900
Mains and service connections	-	935,000
	2,471,229	6,243,331

These commitments are all inclusive of GST.

(b) Other expenditure commitments

Other expenditure commitments, including information technology support, internal audit, external audit, office cleaning and sanitary services, contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	2010	2009
	\$	\$
Within 1 year	165,761	145,871
Later than 1 year but not later than 5 years	248,124	386,981
Later than 5 years	34,100	32,560
	447,985	565,412

Note 39 - Contingent assets and contingent liabilities

As at the 30 June 2010, there are no material contingent assets or liabilities to report.

Note 40 - Events occurring after the reporting date

There have been no events occurring after the reporting date requiring disclosure in the 30 June 2010 financial statements.

Annual Estimates 2010-2011

<i>Budgeted Income Statement</i>	<i>Budgeted</i>
	\$
REVENUE	
<i>Water Sales</i>	
Water Consumption	5,142,399
Supply Fees	2,914,201
less: Rebates	(336,713)
	7,719,887
<i>Other Income</i>	
Interest Received	218,147
Developers Contributions	1,220,135
All Other Revenue	465,847
	1,904,129
TOTAL REVENUE	9,624,016

Annual Estimates 2010-2011

Budgeted Income Statement Continued

	<i>Budgeted</i>
	\$
EXPENSES	
<i>Cost of Services</i>	
Salaries & Wages	950,818
Overheads	583,030
Ongoing Works - Materials/Contractors	509,250
Non Recurrent Works - Materials/Contractors	498,000
Other Expenses	132,861
Electricity	327,616
	3,001,575
<i>Administration & Other Expenses</i>	
Computer Maintenance & Software	335,762
Depreciation	2,620,276
Insurance	108,752
Salaries & Wages	1,439,764
Superannuation	137,725
All Other Expenses	836,615
	5,478,894
TOTAL EXPENSES	8,480,469
OPERATING PROFIT BEFORE INCOME TAX	1,143,548
Income Tax Equivalent	327,464
OPERATING PROFIT AFTER INCOME TAX	816,083
add : Retained profits at beginning of year	40,930,470
add : Transfers from Reserves	6,445,167
less : Transfers to Reserves	(2,768,121)
RETAINED PROFITS AT PERIOD END	45,423,600

Annual Estimates 2010-2011

Budgeted Statement of Financial Position

	<i>Budgeted</i>
	\$
CURRENT ASSETS	
Cash	(41,363)
Investments	788,167
Receivables	1,787,000
Inventories	350,000
Other	68,000
Total Current Assets	2,951,804
NON CURRENT ASSETS	
Property, Plant & Equipment	88,124,963
Works in Progress	1,115,000
Total Non Current Assets	89,239,963
TOTAL ASSETS	92,191,767
CURRENT LIABILITIES	
Accounts Payable	347,000
Accrued Expenses	97,000
Borrowings	-
Provisions	318,000
Current Tax Liabilities	49,000
Total Current Liabilities	811,000
NON CURRENT LIABILITIES	
Borrowings	-
Provisions	128,000
Deferred Tax Liabilities	8,245,000
Total Non Current Liabilities	8,373,000
TOTAL LIABILITIES	9,184,000
NET ASSETS	83,007,767
EQUITY	
Retained Profits	45,423,600
RESERVES	
Asset Revaluation Reserve	36,796,000
Other Reserves	788,167
Total Reserve Funds	37,584,167
TOTAL EQUITY	83,007,767



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUNBURY WATER BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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. This document is available on the OAG website under "How We Audit".

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

Bunbury Water Board
Financial Statements and Key Performance Indicators for the year ended 30 June 2010

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Bunbury Water Board at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.



COLIN MURPHY
AUDITOR GENERAL
6 September 2010

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