



BUSSELTON WATER

ANNUAL REPORT

2010 - 2011

**Protecting
BusseLton's
Water**

Contents

Statement of Compliance.....	3
About this Report	4
Chairman’s Report	5
Chief Executive Officer’s Report	6
Our Business	8
Organisation Structure	12
Our People.....	13
Our Customers and Stakeholders	16
Corporate Governance.....	20
Capital Investment	24
Business Management and Key Performance Indicators	28
Certification of Key Performance Indicators	31
Annual Report Feedback	34
Financial Report 2011	35
Auditor General’s Report.....	36
Comprehensive Income	38
Financial Position.....	39
Changes in Equity.....	40
Cash Flow.....	41
Index to Notes.....	42
Notes to the Financial Statements.....	44

Statement of Compliance


For year ended 30 June 2011

HON. BILL MARMION MLA

MINISTER FOR WATER

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the annual report of Busselton Water for the financial year ended 30th June 2011.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* [and any other relevant written law].



David Reid

CHAIRMAN OF BUSSELTON WATER BOARD

Date: 12th September, 2011.



Meryll Peet

MEMBER OF BUSSELTON WATER BOARD

Date: 12th September, 2011.

Contact Details

Postal

PO Box 57
Busselton

WA 6280

Street

Cnr Fairbairn & Cammilleri St
Busselton

WA 6280

Electronic

Internet: www.busseltonwater.wa.gov.au
Email: admin@busseltonwater.wa.gov.au

Telephone: 61 8 9781 0500

Facsimile: 61 8 9754 1075

About this Report

Busselton Water is pleased to present a review of its performance for the financial year ending 30th June, 2011. The report is produced in accordance with the provisions of the *Financial Management Act 2006* and other relevant written law.

In addition, Busselton Water outlines its annual objectives and other information within a Statement of Corporate Intent in line with the requirements of the *Water Corporations Act 1995*, albeit Busselton Water is presently not bound by such a requirement. This statement is prepared in anticipation of this requirement becoming mandatory under the Water Services Bill and Water Services Legislation Amendment and Repeal Bill (2011) which would then apply to Busselton Water.

In anticipation of the new Water Legislation, Busselton Water has included a comparison of its performance against its Statement of Corporate Intent for 2010/2011.

The report is structured to demonstrate our performance against our management priorities as defined in the Statement of Corporate Intent.

- **Our Business**
- **Our People**
- **Our Customers and Stakeholders**
- **Capital Investment**
- **Business Management**
- **Reporting is also included on corporate governance**

To provide feedback on this report please complete the survey included within this year's Annual Report.

If you would like to contact us, our details are below:

Busselton Water

PO Box 57

1 Fairbairn Road

BUSSELTON WA 6280

(08) 9781 0506

admin@busseltonwater.wa.gov.au

www.busseltonwater.wa.gov.au

Chairman's Report

On behalf of the Board it is with pleasure I present this year's annual report. The year was strongly influenced by a number of significant events. The global financial uncertainty and the slowdown in real estate sales has led to subsequent reductions in new connections in Busselton Water's licenced area, leading to reduced revenue.

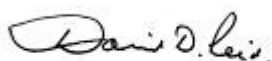
The year also saw the successful final completion and connection of the Busselton Water and Water Corporation's Dunsborough bulk water project. A small event held on the 4th February marked the occasion of improved water security for Dunsborough residents.

During the year new water connections declined by almost 29%, compared to the previous year. The Board completed the year with a satisfactory financial position. Busselton Water's operating profit after tax for the year was \$1,226,363 on a total revenue of \$7,932,726 this compared with a profit after tax of \$955,286 and a revenue of \$7,227,043 in the previous year.

Throughout the year the Board continued to work closely with the Minister for Water and the Minister for Health. The support from the Ministers, together with that of the Department of Health, is greatly appreciated and has been invaluable. The effects of the Board's previous decision to chlorinate the water supply, coupled with a multitude of associated compliance requirements has led to prolonged implementation of water quality improvements.

The Board remains totally committed towards continuing to supply safe and reliable water to its customers. Some sections of the local community have chosen to continue their opposition to the introduction of chlorine disinfection to the water supply, prompted possibly by the requirement of the Department of Health to spot chlorinate whenever detections of *Naegleria* occur within the system. It is considered that once chlorination has been fully implemented in early 2012 this matter will be largely resolved.

In conclusion, I wish to express my thanks and appreciation to the management team and Board members for their solid and unwavering contribution throughout the year.



David Reid
Chairman

Chief Executive Officer's Report

Busselton Water has enjoyed another robust year and it gives me great pleasure to outline the organisations activities and achievements within this Annual Report for 2010/2011.

The year has been notable given the considerable focus on Busselton Water by media, customers and others in relation to its decision in February 2010 to chlorinate the water supply on a full time basis. As well other government agencies have been scrutinising the affairs of Busselton Water in a more pronounced way than in the past. This year the organisation has been involved in:-

- High level risk management considerations in respect to the water treatment processes and water distribution processes. The risk evaluations form part of an ongoing adherence requirement to the Australian Drinking Water Guidelines 2004 and have resulted in 2010-2011 in a suite of water quality incident plans being compiled. These will govern the way that Busselton Water staff would react in the event of a contamination incident occurring.
- Post its decision to introduce full time chlorination Busselton Water was pro-active in soliciting the opinion of those customers whose homes, business or other facilities adjoin its water treatment plants. This enabled direct dialogue with those customers as well as which Busselton Water undertook statutory advertising and a comment period in relation to the chlorine gas dosing facilities to be introduced at its water treatment plants. Construction of fulltime chlorination is now expected to occur in the summer of 2011-2012.
- In December 2010 works required for Busselton Water to meet its contractual obligations in relation to supplying bulk water to Dunsborough were completed. This culminated in an opening ceremony with dignitaries and representatives of the Water Corporation present on the 4th February 2011.
- In mid July 2010 one of Busselton Water's senior managers left. This in turn has occasioned some minor restructuring with the appointment of a new manager who has come to Busselton Water with high qualifications and high level recommendations.
- A raft of legislation change has now been tabled in parliament and it is likely that Busselton Water will have its modus operandi altered in the new year to reflect the new legislation. Busselton Water staff remain engaged, on an ongoing basis, in the development of codes and regulations subservient to that new legislation.
- The fitment of Radio Frequency (RF) meters to enable remote reading of customer's meters has occurred smoothly at a rate ahead of schedule. These works were being undertaken in 2010/2011 under a grant provided by the Commonwealth Government, which provided 50% funding for the works.

Pleasingly, I believe Busselton Water has acquitted itself well in all of the areas of its involvement during the year and continues to provide relevant infrastructure to accommodate the supply and water quality needs for Busselton.

Water quality remains the organisation's highest priority, with risk management and event planning continuing to also be major features of the organisation's mind set.

The organisation now has 5 new [Key Performance Indicators](#) (KPI's) which will govern its strategic planning into the future. In this regard the organisation continues to move towards a more streamlined focus on the way that it plans for the future and allocates its resources.

With clear direction and support from the Board we have been able to implement our strategies during the year with confidence and have met our goals and targets for the year.

In the changing environment that we operate, I believe Busselton Water continues to be well equipped to deal with any challenges put before it.

In this regard I would like to thank our employees, not only for their application to achieve our targets, but for their loyalty to the organisation.

A handwritten signature in black ink, appearing to read 'Keith White', with a long horizontal stroke extending to the right.

Keith White
Chief Executive Officer

Our Business

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

We supply almost 20,000 customers within the Busselton townsite and close environs such as Port Geographe, Siesta park, Vasse and Wonnerup. During weekends and holiday periods this can rise significantly. Being a sought after sea-change destination the population has been growing at a considerable rate and this trend is expected to continue into the foreseeable future.

Busselton's water supply differs from most other sources in Australia because of the deep artesian aquifers (Leederville and Yarragadee) that offer high microbiological integrity and very low organic carbon loadings. This means that Busselton's water supply is of the highest quality. From bores, the water is aerated and filtered to remove iron before it is stored in tanks at its operating plants and then pumped through approximately 298 kilometres of mains.

Busselton Water has access to a reliable, high quality water resource and is supported well by modern treatment plants, storage facilities and network capability.

Disinfection of the water supply is currently undertaken with ultra-violet (UV) irradiation and spot chlorination as required, however, Busselton Water is moving to full-time chlorination and this is expected to be implemented in 2012.

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

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

The Board is responsible to the Hon. Minister for Water, Hon. Bill Marmion, MLA

The objectives of Busselton Water are:

- **Provision of Services**

To provide high quality water at a minimum long term cost to the customers within Busselton Water's area of responsibility (operating area).

- **Management of Water Board Resources**

To assess, plan and manage the use and protection of the resources purchased by and entrusted to Busselton Water for the continuing benefit of the customers of Busselton Water.

- **Management of Water Resources**

To plan, manage and conserve (in association with the Department of Water) all available water resources by:

- Management of eight (8) Production Bores.
- Monitoring of the Aquifer Performance.
- Monitoring of the quality of water made available for the use and consumption by the community.

- **Financial**

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

Revenue

Busselton Water pursues financial strategies that aim to recover the full cost of providing its services. This includes the utilisation of reserves, the use of loan funds where appropriate, and the raising of water tariff charges to ensure the most equitable revenue source is acquired for the carrying out of the Board's responsibilities. Busselton Water's objective in charging for services is to have a system which is fair and simple to understand and administer. To this end it actively pursues with both the Economic Regulation Authority (acting in an advisory capacity to the Minister) and the Minister for Water (who approves Busselton Water's charging structures), the streamlining of the water charging regime.

Water Quality

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

These samples are forwarded to Pathwest for bacterial analysis and any remedial action considered necessary is carried out promptly by Busselton Water.

Busselton Water has adopted the Australian Drinking Water Guidelines 2004 (ADWG 2004) for microbiological and chemical sampling.

Busselton Water and the Department of Health are currently negotiating a Memorandum of Understanding (MoU) and this is expected to be finalised early in the new financial year. The MoU is an agreement between the two parties that ensures co-operation and transparency when dealing with water related issues.

Staff will continue to measure bore draw downs and monitor and evaluate pumpage rates, undertake electrical conductivity and pH measurements. This data is used to analyse the health of the aquifer. Busselton Water's hydrologists (Rockwater) compile and analyse this data on behalf of Busselton Water.

Quarterly, annual and triennial reports are then submitted to Department of Water for consideration and are available on Busselton Water's website *Water Quality Reports*.

Outcomes of our business priorities for the year are outlined below

Busselton Water’s total operating revenue was \$7,932,726 which represents 99.2% of the adopted budget for the 2010/2011 year. Busselton Water was debt free as at the 30th June, 2011.

Comply with all regulatory requirements

Busselton Water has received exemplary or satisfactory audit results in all of its audits for 2010/2011. These include annual and internal financial audits, an asset management review and a compliance audit relative to its operating licence.

Continue to improve drinking water quality from ‘catchment to tap’

In February 2012 the Board resolved to implement full time chlorination. This was the culmination of several studies into water quality including:

- Whole System Hazard Assessment
- Disinfection Investigation UV System Review
- Disinfection Investigation Options Review/Analysis

As required by the *Water Boards Act 1904* Busselton Water undertook extensive consultation, above and beyond what was actually required under the Act, to ensure both surrounding landowners and the broader community had an opportunity to receive information and provide input into the proposed works associated with the project. This consultation process included the following:

Works associated with the chlorination of Busselton’s water supply - consultation and regulatory approval process				
Information Provided	Regulatory Process			
<p>Any Local Government, corporation, or person interested may object in writing to the construction of the whole or any part of the proposed works as required by the Water Board’s Act 1904 s.44(1). (Submissions that are not related to the works themselves will not be considered).</p>				
<p>February 2011</p> <ul style="list-style-type: none"> ◦ Briefings for key stakeholders. ◦ General (non-statutory advertising) of the proposal and process. ◦ Information placed on Busselton Water’s website busseltonwater.wa.gov.au ◦ Information made available at Busselton Water’s offices or by calling 9781 0500 	<p>April 2011</p> <ul style="list-style-type: none"> ◦ Busselton Water advertises proposed works in local paper and statewide. ◦ Plans made available for inspection at the offices of Busselton Water. 	<p>May 2011</p> <ul style="list-style-type: none"> ◦ Board of Busselton Water considers submissions on the works proposed 	<p>June 2011</p> <ul style="list-style-type: none"> ◦ Minister for Water considers the proposal 	<ul style="list-style-type: none"> ◦ Busselton Water gives notice in the Government Gazette of the outcome of the Minister’s authorisation or decline.

On the 13th June, 2011 the Minister for Water, Hon. Bill Marmion MLA issued his approval to commence the works for the chlorination project.

Staff have been receiving dedicated training in respect to the Board's decision to introduce full-time chlorination of the water supply under the Australian Drinking Water Guidelines (ADWG) 2004 which, although not mandated is the water quality standard which the organisation aspires to.

**Prioritise resources for asset maintenance to deliver the best overall business outcomes;
Continue to deliver business improvement through effective management of processes across
all areas of Busselton Water**

Long term financial planning is well entrenched in Busselton Water's processes and was used again in 2010/2011 to ensure a budget containing adequate mains renewal and plant maintenance. These budgets were fulfilled and audited as being appropriate and necessary.

**Manage and deliver a high level of capital investment for the benefit of customers;
Grow our business via logical, cooperatives and beneficial joint ventures with other utilities**

Programmed capital works, again verified as necessary by audit, included filtration capacity improvements at Plant 3 (Hobson Street) and various new mains including for connection to the Dunsborough supply. The supply to Dunsborough was needed to fulfil an agreement with the Water Corporation, which aimed to optimise the use of both organisations assets.

Embrace technology to enhance our capacity at all appropriate levels

New software was commissioned in 2010/2011 to provide:

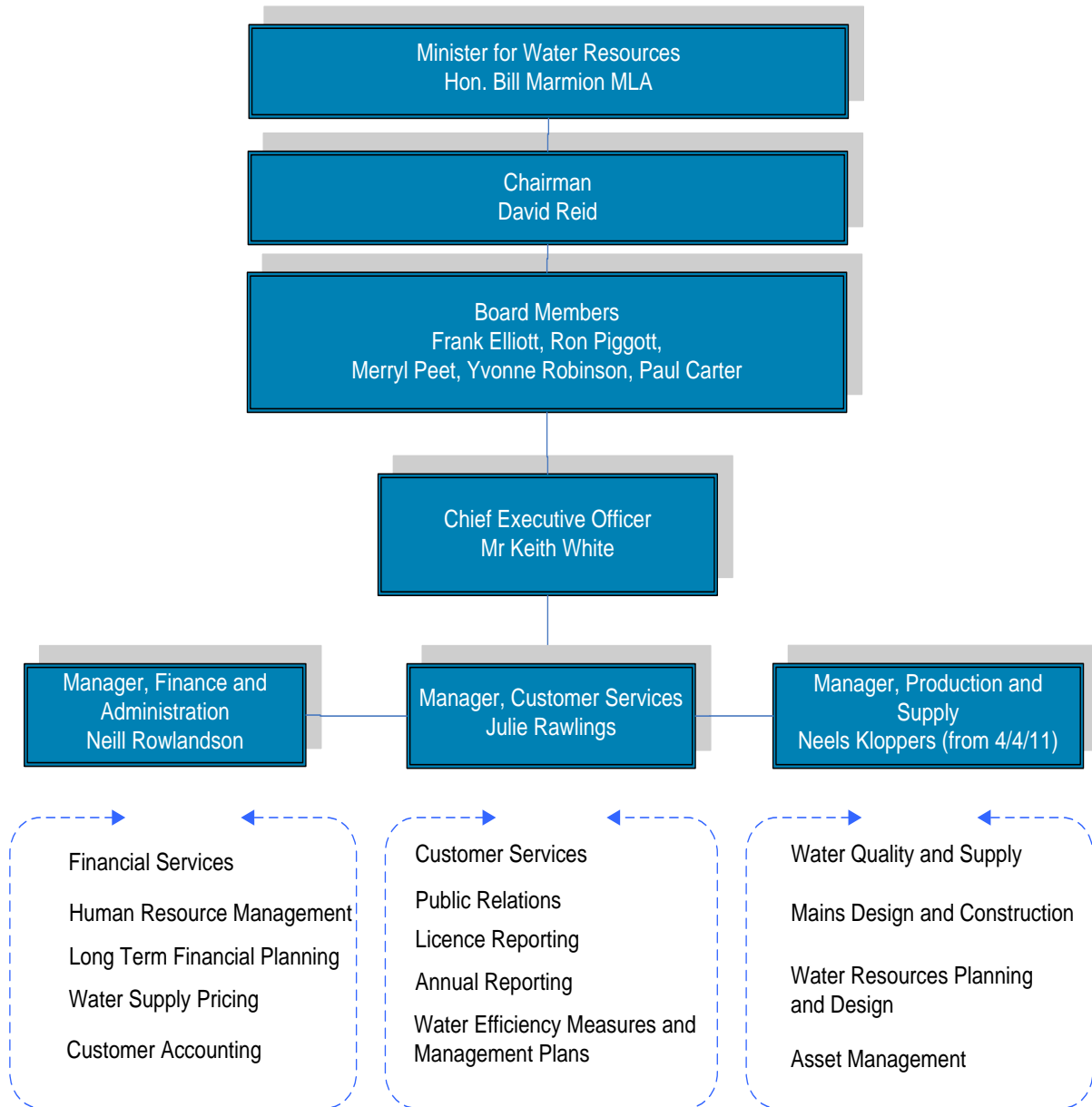
- A Water Quality Database – this allows for trend analysis, automation of data upload (water samples) and exception reporting.
- A Knowledge Management System – allow operator in the field to have detailed information about the network or treatment plants and about processes to be followed. The software also allows infield update of the organisation's corporate knowledge.

Both new applications are modern technology and needed to run an entity based on the principles of risk management.

Records Management

Records management has been another important focus of improvement this year. A fully automated system was investigated to remove more of the manually intense methods currently in use. The coming year will see a new system fully implemented.

Organisation Structure



Our People

Busselton employs 29 people in a diverse range of occupations. Many have given excellent service for a large number of years, whilst the four most senior employees are all relatively recent appointees. In the latter part of 2010 the new Manager, Production and Supply joined the management team.

The rapid growth in the district has meant a corresponding increase is needed in the number of professional employees. The Board is mindful of this and the need to continuously develop the competencies of its existing staff.

Increasing demands in the labour market, tighter compliance regimes, increasing complex technology, efficiency imperatives and higher levels of workforce mobility demand best practice human resource management and innovative people programs. As a small employer, adjusting to these needs provides a considerable challenge.

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

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

Management's focus is to develop our people through:

- Leadership
- Enhancing employee satisfaction
- Sustaining and growing our capability – now and into the future
- Commitment to safety and health

Training and Development

Outcomes of our priorities for the year are outlined below

Busselton Water works to ensure multiskilling minimises risk related to the loss of key personnel.

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

- | | | |
|---------------------------|----------------------|---------------------------------|
| ▪ Traffic Management | ▪ Microsoft Excel | ▪ Taxation and Payroll training |
| ▪ Traffic Control | ▪ Microsoft Visio | ▪ Applied Water Treatment |
| ▪ First Aid | ▪ Adobe In-Design | ▪ Microstation |
| ▪ Confined Space | ▪ Project Management | ▪ Chainsaw |
| ▪ Working at Heights | ▪ Crystal Reporting | |
| ▪ Project 2010 Essentials | ▪ Forklift | |

The number of employees by category is as follows:

CATEGORY (Permanent Staff)	FTE's THIS YEAR	FTE'S PREVIOUS YEAR COMPARISON
Senior Executives	4.0	4.0
Finance/Administration	7.9	8.0
Reception Staff	2.1	1.5
Meter Reading	0.5	0.5
Purchasing	1.5	1.5
Construction/Maintenance	6.0	6.2
Water Treatment Plant Operation	5.0	5.0
TOTAL	27	26.7

CATEGORY (Casual Staff)	FTE's THIS YEAR	FTE'S PREVIOUS YEAR COMPARISON
Administration	0.5	0.5
Construction/Maintenance	0	0
TOTAL	0.5	0.5

Industrial Relations

A Collective Workplace Agreement with both Busselton Water's Operational and Administrative employees is in place. This agreement expired at 30 June 2011.

Occupational, Health Safety and Risk Management

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

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

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

Meter Reading

The benefits of [Radio Frequency \(RF\)](#) metering are many and varied. An important advantage is the retro fitting of meters to areas where safety, health benefits and work efficiencies are all improved. As the RF meters are read remotely they remove the necessity for staff to physically read meters in hazardous areas, such as busy streets and at properties with animals.

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

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

A report of performance for 2010/2011 is included below:

Financial Outcomes	Ministers Approved Target	2010/2011 Actual YTD
Our People		
Lost Time Injury Frequency Rate (LTI per 1 Mill Hours)	19.7	21.4
Lost Time Injury Incidence Rate (LTI for 100 Workers)	3.4	3.6
Duration (Average Days Lost)	2.0	5.5
Recorded Lost Time Injury's (YTD Incidents)	-	1.0

* Given the small number of employees employed by Busselton Water just one injury can easily skew these statistics.

Workers Compensation Claims

During the year one worker's compensation claim occurred.

Breaches of Privacy Complaints

There were no complaints received during the year with respect to breaches of privacy.

Our Customers and Stakeholders

Busselton Water has existed in Busselton for over 100 years and has a proud tradition of local management and community involvement. Our mission is to provide and manage high quality water for our customers. We supply around 20,000 customers within the area.

Busselton Water operates a continuous 24 hour emergency contact service, and customers are able to be notified within one (1) hour of action the operations/maintenance staff will take to combat an emergency. We achieved 100% compliance in meeting this target.

All meters are read three times per year, in October, February and June. The partial retrofit of [Radio Frequency \(RF\)](#) meters has facilitated easier reading and better information flow for our customers.

To assist customers a range of payment options are available, with the addition of a direct debit facility, suggested through past customer surveys and subsequently included during the year.

Community Service

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

Standard Supply Charge/Rates:

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

Water Consumption:

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

Financial Hardship

To further assist customers Busselton Water has a [financial hardship policy](#) and is a member of the government funded financial assistance Hardship Utility Grant Scheme (HUGS). Only one application was received this year.

Our Customers

Outcomes of our priorities for the year are outlined below

We strive to deliver excellence in customer service and continue to improve our existing levels of customer satisfaction. Each year an [independent survey](#) is undertaken to assist with that improvement, along with a robust complaints handling process that has achieved exemplary audit results.

Last year's annual report included a customer feedback form however; no feedback on the report was received.

Key outcomes for 2010/2011 included:

- Satisfaction with Busselton Water's water supply service continues to be very high. More than 4 in 5 respondents are satisfied with all aspects of the water supply service
- 100% of customer complaints were resolved within 15 days
- 91.6% were aware that chlorination was being introduced
- 64.9% agree that the decision to chlorinate the water supply relates to public health
- More emphasis requested from customers relating to education in the area of water conservation (in the absence of other government education activities)

Communications

Busselton Water continues to place a high priority on its communications with customers and stakeholders. It is continually reviewing and implementing programs and identifying opportunities in which the community can connect and engage with Busselton Water.

New programs this year included:

- **The Waterwise Business in Action Program**

With such a focus on water conservation in the residential sector a business program was developed to encourage and recognise local businesses with the aim of improving awareness in water conservation across all sectors of the community.

- **Local Schools Education Program**

To assist in improving knowledge of the local water supply a schools education program was developed during the year with the assistance of local school teachers. Two modules were created that span two ten week programs aimed at primary school children. The program will be launched in late 2011.

- **National Water Week**

To celebrate National Water Week a waterwise garden display was held in the local shopping centre, with expert advice on hand to answer consumer questions. Additionally, an interactive water science display was held at the Busselton Agricultural Show.

- **Communication Awards**

In recognition of its commitment to best practise in communications Busselton Water received both a State and National Award for Excellence during 2010 from the Public Relations Institute of Australia (WA Division).

- **Community Engagement Program**

The Community Engagement Program has proved popular once again with many schools, community groups and local events seeking Busselton Water's participation. The Program focuses on providing support through water education, as well as raising awareness of water priorities through promotional opportunities and partnerships.

- **Water Source**

Busselton Water's customer newsletter '[WaterSource](#)' is delivered direct to customers twice per year and continues to be well received.

Water Efficiency Measures

The Board of Busselton Water supports the State Government's Water Efficiency Measures. These measures include the winter sprinkler ban, the two day per week watering roster and the daytime sprinkler ban as well as the necessity to establish Water Efficiency Management Plans with high end commercial users.

Significant work has been undertaken to establish and implement education and support programs to ensure customers understand their obligations. Water efficiency continues to be embraced by the majority of the community.

	<i>2009-2010</i>	<i>2010-2011</i>
Breach Reports	80	112
Exemptions (new lawns)	118	209

Customer Complaints

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

Busselton Water encourages its customers to express by letter, phone call or personal visitation, any concerns, which do not meet expectations and is committed to provide a response in a timely and professional manner – avoiding inconvenience wherever possible.

- During the year Busselton Water recorded a total of 45 concerns reported by customers, compared to 65 in the previous year.
- 100% of customer complaints were resolved within the time frame permitted in Busselton Water's Operating Licence.

Consumption

The average consumption by customers during 2010/2011 is as follows:

Residential	Residential Increase/Decrease on the previous year	Non-Residential (as defined by the National Water Initiative)	Non-Residential Increase/Decrease on the previous year
284	- 4.05%	824	- 3.62%

Consumption Charges 2010/2011

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

1-150kl	62c
151-350kl	86.8c
351-500kl	98.1c
551-700kl	1.307c
751-1000kl	1.826c
Thereafter	2.254c

The cost per kilolitre of water consumed by non-residential customers was assessed as follows:

1-1000	1.079c
> 1000	1.352c

All pricing and related information was published in the Government Gazette dated 20th August, 2010 (page 4087) and in the Busselton-Dunsborough Times dated 27th August, 2010.

Corporate Governance

This section reports on our corporate governance practices during 2010/2011 and also reports outcomes as required by various legislation.

The Board

Indemnification of Board Members

During the period ended 30 June 2011 Busselton Water paid insurance premiums in respect of Directors Liability amounting to \$9,509.35.

Meetings of the Board

The Board's business is transacted at a monthly meeting which is usually held on the third Monday evening of each calendar month. The number of Board Meetings held and attended during the year by each Board Member holding office as at 30 June 2011 is depicted in the following table:

Occasionally Special Meetings are convened if circumstances warrant.

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

Committee Meetings

The Board operates both an Audit and Risk Committee and a Corporate Governance Committee. Both committees report to the Board.

Member	Board of Directors Meetings	
	Number Held	Number Attended
David Reid	14	14
Frank Elliott	14	13
William Scott	1	1
Merryl Peet	14	11
Yvonne Robinson	14	10
Neema Premji	14	11
Paul Carter	9	9

Budget

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

Ministerial Directives

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

Customer Group Outcomes

- **Disability Service Plan** – The Board is not required to develop a Disability Service Plan, however the Board is aware of the key outcomes of such plans and adheres to the principles.
- **Equal Employment Opportunity Outcomes** – Busselton Water embraces a Policy of Equal Opportunities in employment.
- **Cultural Diversity and Language Service Outcomes** – every effort is made to assist customer requests. None were received during 2010/2011.

- **Youth Outcomes** – Busselton Water has not considered programs or policies which specifically target young people within the age bracket of 12-25. However, it actively promotes participation by conducting school tours of its operations and National Water Week promotions. Additionally, during the year a primary school's education program was development.
- **Equity and Diversity Plan** – As Busselton Water employs less than 50 employees, it is not required to provide numerical performance objectives, however Busselton Water is aware of the Government's commitment to developing an equitable and diverse public sector workforce which is representative of the Western Australian community at each level of employment and which enables employees to combine work and family responsibilities.
- **Energy Smart Government Policy** – Although Busselton Water is exempt from this requirement, it actively pursues and adopts energy efficient practices.

Freedom of Information

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

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

During 2010/2011 Busselton Water received 2 access applications. Fees and charges totalling \$83.50 were received for processing these applications.

Record Keeping Plan

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

Busselton Water is committed to ongoing compliance of the *State Records Act 2000* and to sound recordkeeping practises. During the 2010/2011 year Busselton Water:

- Appraised, sentenced and disposed of old records appropriately.
- Ensured new staff were provided with adequate records management training.
- Continued to be a Member of the Records Management Association of Australia.
- Engaged a consultant to complete the cataloguing of archival and disposable records dating back at least 10 years.
- Implemented solutions for electronic document management.
- Purchased new electronic document management software.
- Trained key staff in new electronic document management software.
- Conducted configuration workshops to prepare for the implementation of electronic document management software
- Training planned for all staff early 2011/2012.
- Timeline created for the roll out of new electronic document management software into the organisation.

Media Advertising

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

Market Research	Amount Paid \$
Media Monitors	83.87
Strategic Marketing Research	8,550.00
Total	8,633.87

Media Advertising	Amount Paid \$
State Law Publisher	314.03
Australian Local Gov Job Directory	2,420.00
Rural Press Regional Media	8,181.95
SW Printing & Publishing	5,897.85
Total	16,813.83

Market Advertising Organisations	Amount Paid \$
Gumption Communication	7,306.82
Rotary Club	80.00
Industrial Printing	8,756.50
Marketforce Productions	6,577.47
Precision Print	6,053.64
Total	28,774.43

Polling Organisation	Nil
Direct Mailing Organisations	Nil

Total Expenditure for 2010/2011 \$54,222.13

Annual Compliance Reporting to the Commissioner of Public Standards

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

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

Public Sector Standards in Human Resource Management

Procedures include:

- Use of reviews conducted through “one on one” employee interviews.
- An annual review of policies adopted by the Board of Busselton Water, on staff issues.
- An internal/audit assignment to outside contracts to ensure:
 - appropriateness of policies and procedures in respect to recruitment and performance management, and
 - processes are in place in respect to recruitment and performance management are in accordance with best practice, and that written policies and procedures are complied with.

Outcome

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

Code of Ethics and Code of Conduct

Procedures include:

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

Outcome

The ethical codes have been complied with throughout the year.

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

- Advice given to new employees (Awareness Program)
- Intranet
- General circulars (provided at least annually)

There was a single complaint relating to non-compliance with the ethical codes lodged in 2010/2011.

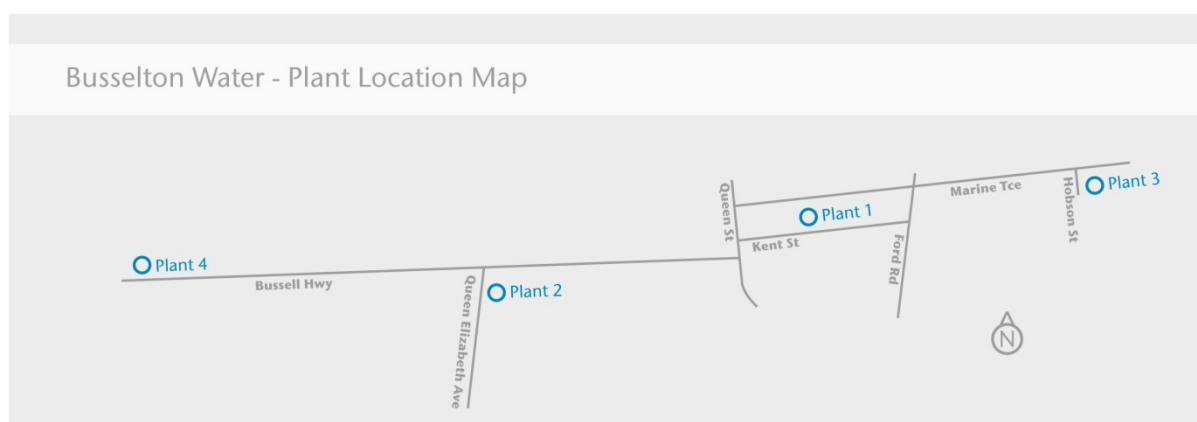
The following positions covered by the Recruitment and Selection Standard were advertised during 2010/2011:

- Manager Production and Supply
- Technical Officer – Asset and Risk Management
- 3 Water Industry Workers
- Part Time Customer Service Officer



Keith White, Chief Executive Officer

Capital Investment



A Capital Works program amounting to approximately \$2.894 million was undertaken during 2010/11.

Among the significant projects undertaken were the following:

- Retrofitting of RF meters throughout Busselton Water's licenced area in association with Federal Grant funding received for this program.
- Upgrading of 200mm A/C main to 250 mm PVC main in Caves Road between Monaghans Corner and Cuthbert Street.
- Upgrading of 100mm A/C main to 100mm PVC main along Bussell Highway between Thurkle Street and Bayview Terrace.
- Upgrading of 100mm A/C main to 100mm PVC main along Bussell Highway between Queen Elizabeth Avenue and King Street.
- Installed new Programmable Logic Controller (PLC) at Plant 4.
- Upgrading from A/C to PVC of 150mm/100mm mains in Queen Street between Duchess and Adelaide Streets.
- Upgrading of 100mm main in Duchess Street between Queen and Stanley Streets.
- Upgrading of main on Bussell Highway between Plant 4 and Jean Street.
- Upgraded Brown Street main.
- Commissioned Delivery Pump 5 at Plant 4.
- Replaced transfer diesel pump (Plant 2 to Plant 4).
- Renewed filter lids at Plant 2.
- Installed two filter tanks at Plant 3.
- Purchased replacement pump for Bore 17.
- Replaced Uninterruptable Power Supply (UPS) at Plant 2
- Valve replacement program carried out at Plant 1.
- Installation of first stage of Dunsborough Bulk Water project, consisting of 1.3km of 500mm main from the end of BW's existing main to BW's licence boundary.
- Construction of portion of new 375mm main along Ford Road between Marine and Peel Terraces.

Items of operational equipment acquired during 2010/11 included:

- Nissan Tilda sedan;
- Toyota Hilux 4x2
- Mitsubishi Triton utility
- Ford Ranger Utilities (x 2)

Radio Frequency (RF) Data Collection System

During the year Busselton Water secured an Australian Government grant to retrofit radio frequency (RF) water meters to the entire licensed area. This grant ensured that Busselton Water would complete the RF installation it commenced in the Vasse Newtown subdivision in 2007 however, without funding this project would have taken more than 10 years to complete.

At 30th June, 2011 Busselton Water has a total of 5,181 RF meters, with the retrofit program approximately 75% complete.

The system has improved the early detection of internal water leaks. Of those properties fitted to date 27.4% have registered water loss in varying degrees. The time taken to read water meters has also been significantly reduced.

RF meters would be a direct contributor to the State Government's waterwise objectives in achieving water conservation and demonstrates Busselton Water's commitment to the National Water Initiative which includes the requirement to measure water loss.

RF metering also assists in the monitoring of backflow, through early detection, thus assisting to minimise the risk of contamination.

In June 2010 Busselton Water received an Australian Government grant for approximately 50% of the overall project cost of \$1.5M. This grant will ensure that the RF meter retrofit program is completed by 30th June 2012.

The retrofit project is partially funded through Busselton Water and the Australian Government's Water for the Future initiative through the National Security Plan for Cities and Towns.

During 2010 recognition for the RF metering project was received from the Australian Water Association (WA) water industry awards in the category of water structure innovation and the Regional Achievement & Community Awards in the category of water conservation.

STATISTICS

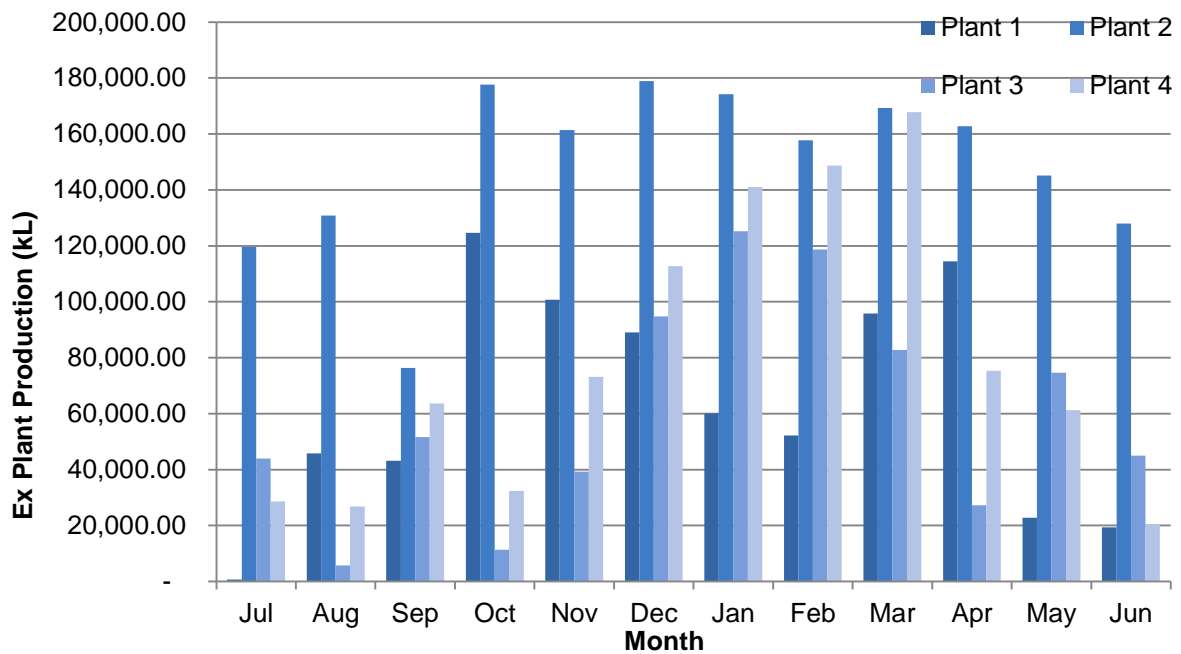
The following statistics are of interest and therefore included in this report:-

Total above ground storage (kilolitre)	21,000
Total water treatment capacity per day (kilolitre)	42,768
Total bore capacity per day (kilolitre)	67,997
Total delivery capacity(litre/second)	1,287
Length of Mains (kilometre)	297.7
Properties connected to the supply network during 2010/2011	294
	Compared to 426 in the previous year

WATER PRODUCTION (EX PLANT)

YEAR	PRODUCTION (kl)	INCREASE	DECREASE
2000/2001	3,822,262	4.21%	
2001/2002	3,485,137		8.82%
2002/2003	3,387,267		2.81%
2003/2004	3,690,233	8.94%	
2004/2005	3,740,844	1.37%	
2005/2006	3,724,307		0.44%
2006/2007	4,042,759	8.55%	
2007/2008	3,824,270		5.40%
2008/2009	4,316,496	12.87%	
2009/2010	4,143,587		4.01%
2010/2011	4,222,424	1.90%	

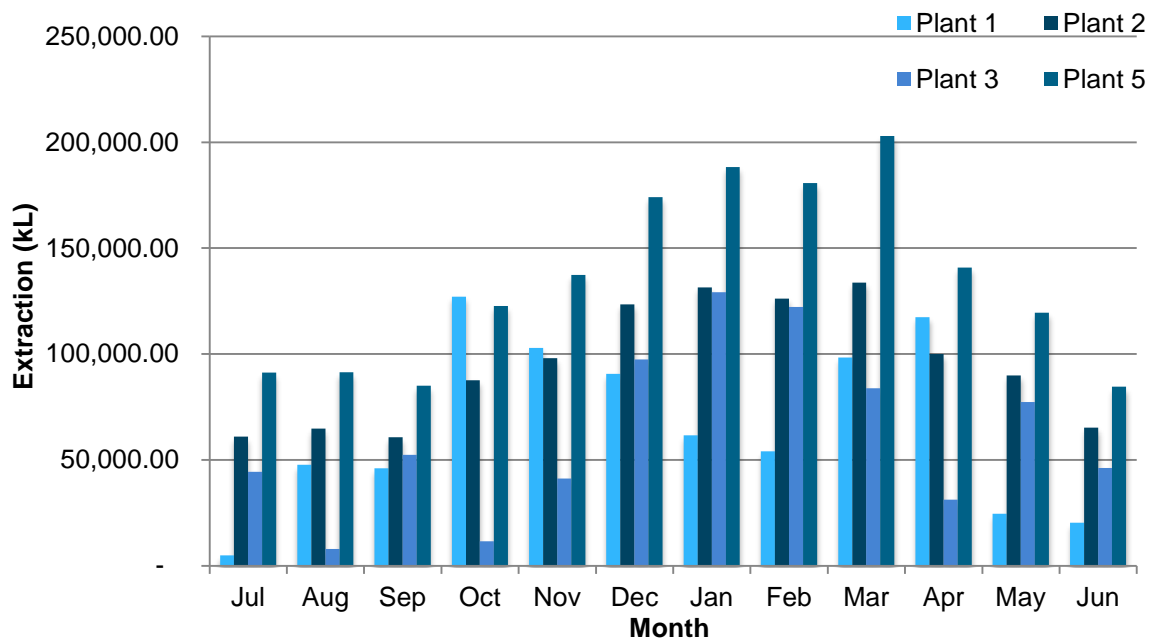
Ex Plant Production 2010/2011



WATER EXTRACTION

YEAR	EXTRACTION (kl)	INCREASE	DECREASE
2000/2001	4,070,316	6.62%	
2001/2002	3,638,492		10.61%
2002/2003	3,597,139		1.14%
2003/2004	3,896,927	8.33%	
2004/2005	3,922,277	0.65%	
2005/2006	3,888,869		0.85%
2006/2007	4,267,220	9.73%	
2007/2008	3,937,258		7.73%
2008/2009	4,487,068	13.96%	
2009/2010	4,227,776		5.79%
2010/2011	4,302,061	1.73%	

Extraction 2010/2011



Business Management and Key Performance Indicators

Busselton Water is required to measure its performance against Key Performance Indicators (KPIs) set by Government. Additionally, management provides its Board with a number of other business performance measures to assess its performance.

During 2010/2011 the following high level Key Performance Indicators (KPI's), set by Government, are as follows:

GOVERNMENT GOAL

Outcomes Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

OUTCOME 1 - SUSTAINABILITY

Effectiveness Indicator	Target 2011	Four Year Comparison			
		Actual			
		2011	2010	2009	2008
S1. Quantity of water produced within licensed allocation (Volume)	<8.6 GL	4.3 GL	4.2 GL	4.5 GL	3.9 GL

Standard Utilised to set target

The Department of Water licences groundwater extraction from the Yarragadee and Leederville aquifers. The target is based on total allowable volume permitted under the licence.

Relevance of Indicator to the Agency Level Desired Outcomes

Extraction at or below the licenced volume demonstrates the ability to manage the long term viability of the resource.

Explanation of Variance

Result 2011 v Target: Production of 4.302 GL in 2011 is below the target and is consistent with prior year production levels. Target volume reflects the future growth capacity of Busselton Water's licenced area.

Result 2011 v Result 2010: There was no significant variance in water production between 2010/11 and 2009/10

Efficiency Indicator	Four Year Comparison				
	Target 2011	Actual			
		2011	2010	2009	2008
S2. Real water losses (Litres per Service Connection per Day)	<115 Lt	97 L	92 L	123 L	96 L

Standard Utilised to set target

Real losses refer to leakages from reticulation mains and mains to meter services. Performance of this indicator can be influenced by the condition of reticulation mains, other infrastructure and water pressure.

Relevance of Indicator to the Agency Level Desired Outcomes

Busselton Water endeavours to minimise the difference between water production ex Plant and water consumed and billed to customers. Reducing real water losses enhances the sustainability of a valuable resource.

Explanation of Variance

Result 2011 v Target: Continued replacement of aging mains, and improvement in response times to major mains breaks has resulted in the indicator for 2011 being below the target indicator.

Result 2011 v Result 2010: A small increase in water leakages compared to the prior year.

Efficiency Indicator	Four Year Comparison				
	Target 2011	Actual			
		2011	2010	2009	2008
S3. Operating Cost per Property (\$ per Property)	< 4%				
Increase		360.29	374.48	378.48	414.00
% Change from previous year		-3.79%	-1.06%	-8.58%	-6.52%

Standard Utilised to set target

Long term industry standard at or below the forecast Index.

Relevance of Indicator to the Agency Level Desired Outcomes

To ensure the long term financial viability of Busselton Water and to achieve high quality drinking water at a sustainable reasonable cost.

Explanation of Variance

Result 2011 v Target: Stringent control across a broad selection of operating costs, including power consumption has resulted in an indicator below target.

Result 2011 v Result 2010: Continued cost control has resulted in a reduction in operating cost per property.

Efficiency Indicator	Target 2011	Four Year Comparison			
		Actual			
		2011	2010	2009	2008
S4. Energy Consumption (KWh per KL produced ex Plant)	<0.70 KWh/KL	0.61	0.60	0.62	0.66

Standard Utilised to set target

Target set at or below an industry accepted standard.

Relevance of Indicator to the Agency Level Desired Outcomes

To demonstrate the ability of the agency to provide water at a minimum, long term cost and reduce greenhouse gas emissions

Explanation of Variance

Result 2011 v Target: Busselton Water conducted an energy audit that identified more efficient use of energy, particularly over off peak demand times and more efficient pumping equipment. These initiatives have resulted in a gradual reduction in energy consumed per KL of water produced over an extended period.

Result 2011 v Result 2010: Only a minor variance to 2010. However, a continued reduction in the indicator over an extended period of time.

OUTCOME 1 - WATER QUALITY

Effectiveness Indicator	Target 2011	Four Year Comparison			
		Actual			
		2011	2010	2009	2008
WC1. Number of zones where microbiological compliance is achieved	1/1	1/1	1/1	1/1	1/1

Standard Utilised to set target

Microbiological compliance relates to the water quality parameters of bacteriological, amoebae, aesthetic (non-health related), health related, both organic and inorganic across Busselton Water's single zone. 100% compliance is the target set.

Relevance of Indicator to the Agency Level Desired Outcomes

Compliance with the above standards is essential in the production of high quality drinking water. These standards align with Australian Drinking Water Guidelines 2004 framework approach.

Explanation of Variance

Result 2011 v Target: No Variance to target

Result 2011 v Result 2010: No Variance between 2010/11 and 2009/10

Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess Busselton Water's performance, and fairly represent the performance of Busselton Water for the financial year ended 30th June, 2011.



D. Reid
Chairman
Busselton Water Board

Date: 12th September, 2011



Meryl Peet
Member
Busselton Water Board

Date: 12th September, 2011

MANAGEMENT KPIS

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

Management KPI	2011	2010	2009	2008
Properties served per km of water main	37.2	36.6	37.9	39.0
Average annual residential water supplied (KL/Property)	285.0	296.8	304.8	272.0
Total number of water main breaks	15	19	38	43.00
Water main breaks per 1,00km of water main	5.0	6.4	13.5	16.0
Total number of water quality complaints (per 1,000 properties)	1.35	0.83	1.13	0.40
Total number of water service complaints (per 1,000 properties)	0.81	0.19	0.28	1.10
Total number of account & billing complaints (per 1,000 properties)	0.90	1.94	1.23	N/A
Average duration of a unplanned interruption - water (Minutes)	41.6	41.3	43.2	106.8
Average frequency of unplanned interruptions - water (per 1000 properties)	1.1	2.8	8.9	8.0
Economic real rate of return % - Water (Net water revenue/Written down value of water assets)	1.8	2.1	1.2	5.0
Lost time injury frequency rate (LTI per 1 mill hours)	21.4	41.7	20.1	40.9
Lost time injury incidence rate (LTI per 100 workers)	3.6	7.6	3.7	6.8

The Board of Busselton Water has policy positions on such things as the payment of dividends, the claiming of Community Service Obligations (CSO) payments and the granting of concessions and borrowings. It pursues these issues through dialogue with its owner and the State Department of Treasury.

During the year many of these items became topical because of the impending new legislation under which Busselton Water operates. Discussions with government occurred on these items as well as for newly mandated (2010/2011) government efficiency measures.

Risk Management

A whole of system hazard analysis and risk review, and the design of water quality incident plans have been hallmarks of the year's activities. The incident plans will be endorsed by the Department of Health and become part of a Memorandum of Understanding with that Department.

Operators and senior management were trained in the requirements of the Australian Drinking Water Guidelines (2004).

Forward Planning

Busselton Water has set out its ambitions for 2011/2012 in a document entitled "Busselton Water – Statement of Corporate Intent 2010/2011". The document reflects the significant opportunities and challenges as perceived by the organisation for 2011/2012. Specifically, Busselton Water intends to:

- Implement full-time chlorination as its primary water disinfection method
- Continue to strongly interact with its customers
- Continue to react responsibly to government mandates and guidelines in terms of sustainable management of the State's water resources
- Refocus its efforts for mains replacement programs
- Further improve asset management regimes, operating efficiency and the quality service provided to customers
- Work hard to meet new and ever more stringent regulatory requirements
- Arrange for the installation and operation of new infrastructure as and when required to honour commitments which the Board has under a large scale bulk water supply contact
- Continue its commitment to the installation and retrofitting of radio frequency data logging devices for water metering purposes

For 2011/2012 and beyond Busselton Water has a Strategic Development plan which outlines projected revenues and expenses for a period of ten years. The plan attempts to address customer service needs in the context of infrastructure needs, growth in the district, economic circumstances, government imposed expenditure constraints, other government compliance mandates and government policy.

Annual Report Feedback

Your feedback is important to us.

What did you think?	Disagree	Neither or Disagree	Agree
1. The information presented is reader friendly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The quality of information was of a good standard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The information was relevant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The presentation is of a high standard while reflecting the organisation's commitment to keeping production costs down	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you disagreed with any of the above, please tell us why

Do you have any suggestions for improvement?

Thank you for taking the time to provide your feedback on this year's Annual Report. Your input helps us to provide a publication that meets our reader's needs as well as meeting our statutory obligations. Your contact details are welcome but not essential.

Please forward your feedback to the Manager, Customer Services, Busselton Water, PO Box 57, Busselton WA 6280 or email admin@busseltonwater.wa.gov.au

Financial Report 2011

Disclosures and Legal Compliance

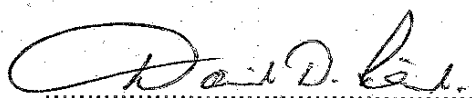
Financial Statements

Certification of Financial Statements

For the year ended 30 June 2011

The accompanying Financial Statements of Busselton Water 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 year ended 30th June 2011 and the financial position as at 30 June 2011.

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.



David Reid

Chairman

Busselton Water Board

Date: 12th September, 2011

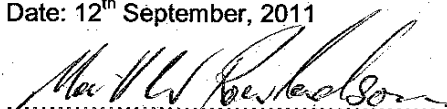


Merryl Peet

Member

Busselton Water Board

Date: 12th September, 2011



N.W. Rowlandson

Chief Finance Officer

Busselton Water

Date: 12th September, 2011

Auditor General's Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

BUSSELTON WATER BOARD

Report on the Financial Statements

I have audited the accounts and financial statements of the Busselton Water Board.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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 for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Busselton Water Board at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Busselton Water Board

Report on Controls

I have audited the controls exercised by the Busselton Water Board. The Board is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Board based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the controls exercised by the Busselton Water Board are sufficiently adequate to 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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Busselton Water Board. The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the key performance indicators of the Busselton Water Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.


COLIN MURPHY
AUDITOR GENERAL
15 September 2011

Comprehensive Income

BUSSELTON WATER For the Year Ended 30th June, 2011

	Notes	2011 \$	2010 \$
INCOME			
Revenue			
Water Sales Revenue	13	6,154,980	5,856,047
Commonwealth Grants	16	248,000	-
Contributions from Developers - Headworks	17	678,282	343,627
Contributions from Developers - Mains	17	86,627	297,426
Interest on Investment Funds	15	580,149	455,376
Other Revenue from Ordinary Activities	18	184,689	274,567
Gains			
Gain on disposal of non-current assets	22	-	-
TOTAL INCOME		<u>7,932,726</u>	<u>7,227,043</u>
EXPENSES			
Cost of Sales	14	1,768,062	1,995,123
Depreciation and amortisation expense	21	1,420,177	1,488,854
Administration Expenses	19	1,355,160	1,228,693
Other Expenses from Ordinary Activities	20	864,851	819,804
Loss on disposal of non-current assets	22	639,495	62,284
TOTAL EXPENSES		<u>6,047,745</u>	<u>5,594,759</u>
Profit/(Loss) before grants and subsidies from State Government		1,884,981	1,632,284
Grants and subsidies from State Government			
Profit before income tax equivalent expense		<u>1,884,981</u>	<u>1,632,284</u>
Income Tax Equivalent Expense	7	(658,618)	(676,998)
PROFIT/(LOSS) FOR THE PERIOD		<u>1,226,363</u>	<u>955,286</u>
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	12.2	-	7,582,152
Income tax on items of other comprehensive income	12.2	246,195	(2,085,358)
Total other comprehensive income		246,195	5,496,794
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,472,558</u>	<u>6,452,080</u>

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

Financial Position

BUSSELTON WATER As at 30th June, 2011

	Notes	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash & Cash Equivalents	3 (a)	1,212,605	1,061,648
Other Financial Assets	3 (b)	8,550,000	9,000,000
Receivables	4	1,983,624	1,563,619
Inventories	5	361,760	344,211
Current Tax Assets	10		
Total Current Assets		<u>12,107,989</u>	<u>11,969,478</u>
Non-Current Assets			
Property, Plant and Equipment	6	58,263,514	57,141,270
Total Non-Current Assets		<u>58,263,514</u>	<u>57,141,270</u>
TOTAL ASSETS		<u>70,371,503</u>	<u>69,110,748</u>
LIABILITIES			
Current Liabilities			
Payables	8	960,467	864,620
Provisions	9	759,760	721,955
Current Tax Liabilities	10	27,852	35,012
Total Current Liabilities		<u>1,748,079</u>	<u>1,621,587</u>
Non-Current Liabilities			
Provisions	9	55,125	37,481
Deferred Tax Liabilities	11	11,401,696	11,757,635
Total Non-Current Liabilities		<u>11,456,821</u>	<u>11,795,116</u>
TOTAL LIABILITIES		<u>13,204,900</u>	<u>13,416,703</u>
NET ASSETS		<u>57,166,603</u>	<u>55,694,045</u>
EQUITY			
Reserve Fund	12.1	7,707,478	7,936,746
Reserves	12.2	29,067,492	28,821,297
Retained Earnings	27	20,391,633	18,936,002
TOTAL EQUITY		<u>57,166,603</u>	<u>55,694,045</u>

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

Changes in Equity

BUSSELTON WATER For the Year Ended 30th June, 2011

		Reserves	Accumulated surplus (deficit)	Total equity
Balance as at 1 July 2009		31,292,204	17,949,761	49,241,965
Total comprehensive income for the year		5,496,794	955,286	6,452,080
Transfers to reserves	12.1	941,770	(941,770)	-
Transfers from Reserves	12.1	<u>(972,725)</u>	<u>972,725</u>	-
Balance at 30 June 2010	27	<u>36,758,043</u>	<u>18,936,002</u>	<u>55,694,045</u>
Balance as at 1 July 2010		36,758,043	18,936,002	55,694,045
Total comprehensive income for the year		246,195	1,226,363	1,472,558
Transfers to reserves	12.1	1,188,254	(1,188,254)	-
Transfers from Reserves	12.1	<u>(1,417,522)</u>	<u>1,417,522</u>	-
Balance at 30 June 2011	27	<u>36,774,970</u>	<u>20,391,633</u>	<u>57,166,603</u>

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

Cash Flow

BUSSELTON WATER For the Year Ended 30th June, 2011

	Notes	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Rates & Water Sales		5,752,507	5,784,802
Commonwealth Grants Received		248,000	
Interest Received		591,763	371,236
Developers Contributions		678,282	369,272
Grants and subsidies from State Government		-	-
GST Receipts on Sales		31,493	29,407
GST Receipts From Taxation Authority		422,321	273,804
Other Receipts		144,696	261,838
		<u>7,869,062</u>	<u>7,090,359</u>
Payments			
Payment to Suppliers & Employees		(3,847,232)	(3,516,966)
GST Payments on Purchases		(450,060)	(319,584)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	3(c)	<u>3,571,770</u>	<u>3,253,809</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the Sale of Non-Current Physical Assets		149,739	57,945
Purchase of Non-Current Physical Assets		(3,245,028)	(1,832,235)
NET CASH PROVIDED BY/ (USED IN) INVESTING ACTIVITIES		<u>(3,095,289)</u>	<u>(1,774,290)</u>
CASH FLOWS TO STATE GOVERNMENT			
Taxation Equivalent		(775,522)	(401,637)
NET CASH PROVIDED TO STATE GOVERNMENT		<u>(775,522)</u>	<u>(401,637)</u>
Net increase / (decrease) in cash and cash equivalents		(299,041)	1,077,882
Cash and cash equivalents at the beginning of period		10,061,647	8,983,765
CASH AND CASH EQUIVALENTS ASSETS AT THE END OF PERIOD	3(a)	<u>9,762,606</u>	<u>10,061,647</u>

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

Index to Notes

BUSSELTON WATER For the Year Ended 30th June, 2011

Subject	Policy Note	Disclosure Note	Title of the Policy Note
General	1		Australian Accounting Standards
General	1		General
General	1		Early Adoption of Standards
General	2		Summary of significant accounting policies
General	2(a)		General statement
General	2(b)		Basis of preparation
General	2(c)		Reporting entity
Income	2(d)		Income
Income	2(d)		Revenue recognition
Income	2(d)		Water sales revenue
Income	2(d)		Interest
Income	2(d)		Gains
Income	2(d)		Grants, donations, gifts and other non-reciprocal contributions
Income	2(d)		Other fees and charges
Expense/Asset	2(e)		Income Tax
Assets	2(f)		Property Plant & Equipment
Assets	2(g)		Intangible assets
Assets	2(h)		Impairment of assets
Assets/Liabilities	2(i)		Leases
Assets/Liabilities	2(j)		Financial Instruments
Assets	2(k)		Cash and cash equivalents
Assets	2(l)		Inventories
Assets	2(m)		Receivables
Assets	2(n)		Investments and other financial assets
Liability	2(o)		Payables
Liability	2(p)		Provisions
Liability	2(p)		Provisions - Employee Benefits
Expense	2(p)		Provisions - Other
General	2(q)		Rounding
Assets/Liabilities	2(r)		Goods and Services Tax (GST)
General	2(s)		Comparative figures
General	2(t)		Disclosure of changes in accounting policies and estimates
General	2(t)		Initial application of an Australian Accounting Standard
General	2(t)		Future impact of Australian Accounting Standards not yet operative
General	2(u)		Judgements made by management in applying accounting policies
General	2(v)		Key sources of estimation
General	2(w)		Other accounting policies
Income	2(w)		Pensioner rate deferrals
Assets		3	Notes to the Cash Flow Statement
Assets		3(a)	Cash & cash equivalents
Assets		3(b)	Other Financial assets
Assets		3(c)	Reconciliation of cash

BUSSELTON WATER
Index to Notes continued
For the Year Ended 30th June, 2011

Subject	Policy Note	Disclosure Note	Title of the Policy Note
Assets		4	Trade & Other Receivables
Assets		5	Inventories
Assets		6	Property , Plant & Equipment
Assets		6(a)	Reconciliation of carrying amount
Assets/Liabilities		7	Income Tax Equivalent
Expense		7(a)	Income tax expense
Expense		7(b)	Amount recognised directly in equity
Expense		7(c)	Reconciliation of income tax expense to prima facie tax payable
Assets/Liabilities		7(d)	Deferred income tax
Liability		8	Trade & Other Payable
Liability		9	Provisions
Assets/Liabilities		10	Current Tax (Asset)/Liability
Liability		11	Deferred Tax Liability
Liability		12	Reserve Funds
Liability		12.1	General Reserve Funds
Liability		12.2	Asset Revaluation Reserve Fund
Income		13	Water Sales Revenue
Expense		14	Cost of Sales
Income		15	Interest on Investment Funds
Income		16	Commonwealth Grants
Income		17	Developer Contributions
Income		18	Other Revenue
Expense		19	Administration Expenses
Expense		20	Other Expenses
Expense		21	Depreciation
Income/Expense		22	Net Gain/Loss on Disposal of Non-Current Assets
Expense		23	Remuneration of Auditor
Expense		24	Remuneration of Senior Officers
Expense		25	Remuneration of Members of Accountable Authority
General		26	Supplementary Financial Information
Liability		27	Retained Earnings Reconciliation
Income/Expense		28	Explanatory Statement
Income/Expense		28(a)	Comparisons of actual results with those of the preceding year
Income/Expense		28(b)	Comparisons of estimates and actual results
General	29		Program Information
Expense	30		Commitments for Expenditures
Assets/Liabilities	31		Contingent Liabilities and Contingent Assets
General	32		Events Occurring After Reporting Date
General	33		Financial Risk Management
General	33(a)		Financial risk management policies
General	33(b)		Financial instrument composition and maturity analysis
General	33(c)		Net fair value

Notes to the Financial Statements

BUSSELTON WATER
For the Year Ended 30th June, 2011

Note 1 Australian Accounting Standards

General

Busselton Water's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term "Australian Accounting Standards" includes Standards and Interpretations issued by the Australian Accounting Standard Board. (AASB)

In preparing these financial statements Busselton Water has adopted, where relevant to its operations, new and revised Australian Accounting Standards from their operative dates.

Early Adoption of Standards

Busselton Water cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 "Application of Accounting Standards and Other Pronouncements". No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by Busselton Water for the annual reporting period ended 30 June 2011.

Note 2 Summary of significant accounting policies

(a) General Statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with 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 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 statement.

Note 2 Summary of significant accounting policies (continued)

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified, where applicable, by the revaluation of land, buildings and infrastructure which have been measured at 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 Busselton Water's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at Note 2(u) '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 2(v) 'Key sources of estimation uncertainty'

(c) Reporting Entity

The reporting entity comprises Busselton Water.

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

(d) Income

Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable. Revenue is recognised net of returns, trade allowances and duties and taxes paid.

Water sales revenue

Revenue from water usage is based on water consumed by customers and other rates and charges are based on amounts levied and billed for the period. Water sales revenue also includes an estimate for the value of water consumed but not billed at balance date.

Interest

Interest revenue is recognised as the interest accrues.

Note 2 Summary of significant accounting policies (continued)

Gains

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

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when Busselton Water's control over the assets comprising the contributions, usually when cash is received.

Other fees and charges

Revenue from other fees and charges includes backflow testing fees, statement of meter readings, penalties raised, private works and other miscellaneous revenue received,

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(e) Income Tax

Busselton Water operates within the national tax equivalent regime ("NTER") whereby an equivalent amount in respect to income tax is payable to the WA Treasury. 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, Busselton Water 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 rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or subsequently 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 a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect 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.

Note 2 Summary of significant accounting policies (continued)

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

(f) Property, Plant & Equipment and Infrastructure

Capitalisation/Expensing of Assets

Items of Property, plant and equipment, tools and infrastructure that cost over \$1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment, tools and infrastructure that cost less than \$1,000 are expensed directly to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

The current Operating License for Busselton Water expires on 1 October 2021. However, Busselton Water views useful life to relate to the full useful life over which the assets will be utilised.

Initial recognition and measurement

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

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

Land

Land recorded at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), is on the basis of a valuation provided by AON International Valuation Consultants ("AON") as at 30 June 2010.

Property, Plant & Equipment, Tools and Infrastructure

Property, plant and equipment, tools and infrastructure recorded at their fair value are based on independent valuations performed by AON International Valuation Consultants ("AON") as at 30 June 2010. The fair values determined by AON were calculated with reference to depreciated replacement costs. Depreciated replacement cost is based on the estimated current cost of replacement of the asset with a similar installed asset that has a similar service potential and function, less an amount for depreciation.

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

Note 2 Summary of significant accounting policies (continued)

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

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

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

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

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of the reporting period.

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

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 benefit. An indication of the remaining useful life of each class of assets and the method of depreciation is reflected in the following table.

BUSSELTON WATER
For the Year Ended 30th June, 2011

Note 2 Summary of significant accounting policies (continued)

	<u>Life</u>	<u>Method</u>
Buildings	3 to 40 Years	Straight Line
Land Improvements	2 to 30 Years	Straight Line
Meters	8 to 10 Years	Straight Line
Mains and Services	70 to 80 Years	Straight Line
Motor Vehicles	7 to 20 Years	Straight Line
Office Equipment	2 to 13 Years	Straight Line
Plant	2 to 60 Years	Straight Line
Tools	3 to 16 Years	Straight Line

Land is not depreciated.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 6 'Property, plant and equipment'.

(g) Intangible Assets

Capitalisation/Expensing of Assets

Acquisitions of intangible assets costing \$1,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$1,000 are immediately expensed directly to the Statement of Comprehensive Income.

Computer Software

Software that is an integral part of the related hardware is treated as property, plant & equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is immediately expensed directly to the Statement of Comprehensive Income.

(h) Impairment of Assets

Property, plant and equipment, infrastructure and intangible 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 Busselton Water is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

Note 2 Summary of significant accounting policies (continued)

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Leases

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

(j) Financial Instruments

In addition to cash and bank overdraft, Busselton Water has two categories of financial instrument:

- Loans and receivables; and
- Held-to-maturity investments (commercial bills) and term deposits; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Commercial bills
- Term deposits

Financial Liabilities

- Payables
- Finance lease liabilities
- Amounts due to the Treasurer

Note 2 Summary of significant accounting policies (continued)

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows cash and cash equivalent (and restricted cash and cash equivalent) comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(l) Inventories

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

(m) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment).

Collectibility of trade receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that Busselton Water will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(n) Investments and other financial assets

Busselton Water classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting period. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity when management has a positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Note 2 Summary of significant accounting policies (continued)

Loans and receivables and held-to-maturity investments, such as commercial bills, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the Statement of Comprehensive Income when the investments are derecognised or impaired, as well as through the amortisation process.

Busselton Water assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(o) Payables

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

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

Annual leave and long service leave

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

When assessing 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 using the Reserve Bank of Australia cash rate at the reporting date to match, as closely as possible, the estimated future cash outflows.

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

BUSSELTON WATER
For the Year Ended 30th June, 2011

Note 2 Summary of significant accounting policies (continued)

Superannuation

Contributions are made to the W.A. Local Government Superannuation Plan which exists to provide a defined contribution benefit for employees and their dependents on retirements, disability or death.

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

Provisions - Other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of Busselton Water's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(q) Rounding of Amounts

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

(r) Goods & Services Tax (GST)

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

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

(s) Comparative Figures

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

Note 2 Summary of significant accounting policies (continued)

(t) Disclosure of Changes in Accounting Policies and Estimates

Initial application of an Australian Accounting Standard

Busselton Water has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that impacted on Busselton Water.

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 Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by Busselton Water where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). Busselton Water does not expect any financial impact when the Standard is first applied prospectively.

AASB 2009-2 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.

BUSSELTON WATER
For the Year Ended 30th June, 2011

Note 2 Summary of significant accounting policies (continued)

Future impact of Australian Accounting Standards not yet operative

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

	Operative for reporting periods beginning on/after
<p><i>AASB 2009-11</i> <i>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].</i></p> <p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. Busselton Water does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	<p>1 Jan 2013</p>
<p><i>AASB 1053</i> <i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial Statements</p> <p>The Standard does not have any financial impact on Busselton Water. However it may affect disclosures in the financial statements of Busselton Water if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new standard for agencies.</p>	<p>1 July 2013</p>

BUSSELTON WATER
For the Year Ended 30th June, 2011

Note 2 Summary of significant accounting policies (continued)

AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* 1 July 2013

This Standard makes amendments to many Australian Accounting Standards, including interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.

The Standard does not have any financial impact on Busselton Water. However this Standard may reduce some note disclosures in financial statements of Busselton Water. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

(u) Judgements made by management in applying accounting policies

- The recorded fair value of property, plant and equipment, tools and infrastructure are based on independent valuations performed by AON International Valuation Consultants ("AON") as at 30 June 2010. All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives based on an assessment by AON International Valuation Consultants ("AON") as at 30 June 2010.
- The recorded fair value of non-cash developer contributed infrastructure assets are based on either a scope of works quotation provided by Busselton Water to the developer or an itemised statement of costs incurred as provided by the developer.

(v) Key sources of estimation

- Busselton Water has not used estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.
- Busselton Water calculates unbilled water revenue using a combination of actual and estimated monthly water usage and revenue. Estimate monthly water usage is based on historical patterns. The actual price relating to volumetric water usage is applied to the estimated water volumes.

Note 2 Summary of significant accounting policies (continued)

(w) Other accounting policies

- Pensioner rate deferrals

Pensioner deferrals are annual service charges deferred by eligible pensioners, which will be realised on the sale of property or the estate. Interest at market rates is not charged to customers on the deferred amounts.

BUSSELTON WATER
For the Year Ended 30th June, 2011

3. NOTES TO THE CASH FLOW STATEMENT

	2011	2010
	\$	\$
3 (a) Cash & Cash Equivalents		
(i) <u>Water Fund Cheque Account (at 4.5% as at 30.06.2011)</u> The Board has an overdraft limit of \$15,000 on this account.	214,027	252,883
(ii) <u>24 Hour Cash Call Account (at 4.65% as at 30.06.2011)</u>	997,478	807,665
(iii) <u>Cash on Hand</u>	<u>1,100</u>	<u>1,100</u>
	<u><u>1,212,605</u></u>	<u><u>1,061,648</u></u>
 3 (b) Other Financial Assets comprise of:		
<u>Fixed Term Deposits Held to Maturity</u>		
(i) Reserve Investments: (at 6.29% average)	7,680,000	7,930,000
(ii) Water Fund Investments: (at 6.3% as at 30.06.2011))	<u>870,000</u>	<u>1,070,000</u>
	<u><u>8,550,000</u></u>	<u><u>9,000,000</u></u>

Reconciliation of Cash

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

	2011	2010
	\$	\$
<u>Cash and cash equivalents</u>	1,212,605	1,061,648
<u>Other Financial Assets</u>	<u>8,550,000</u>	<u>9,000,000</u>
	<u><u>9,762,605</u></u>	<u><u>10,061,648</u></u>

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

	2011	2010
	\$	\$
Operating Profit after Income Tax	1,226,363	955,286
Depreciation	1,420,177	1,488,854
(Profit) / Loss on Sale of Assets	639,495	62,284
Less Developer Contributed Assets	(86,627)	(271,781)
Income Tax Expense	658,618	676,998
Net Cash provided by Operating Activities before changes in Assets & Liabilities	<u>3,858,026</u>	<u>2,911,640</u>
Changes in Assets & Liabilities		
(Increase) / Decrease in Receivables	(422,518)	(185,661)
Increase / (Decrease) in Payables	94,608	440,026
(Increase) / Decrease in Inventories	(17,549)	25,853
Increase / (Decrease) in Provisions	55,449	45,528
Net GST receipts/(payments)	3,754	16,373
Change in GST receivables/payables		50
Net cash provided by operating activities	<u><u>3,571,770</u></u>	<u><u>3,253,809</u></u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

4. TRADE AND OTHER RECEIVABLES

	Notes	2011 \$	2010 \$
Includes all amounts due to Busseton Water from operations.			
Rates/Std Supply Charge Debtors		599,011	507,498
Excess Water/Consumption Debtors		1,049,639	776,719
Deferred Rates/Charges		6,317	6,919
Meter Rentals Debtors		1	107
Late Payment Penalty		3,192	1,108
Fire Services		8,218	6,564
Settlement Reading Fees		2,022	1,998
Miscellaneous Fees		1,071	1,083
Sundry Debtors (Including Headworks)		79,088	44,839
GST (Net Receivable from ATO)		48,226	45,832
Miscellaneous Debtors		<u>186,839</u>	<u>170,952</u>
		1,983,624	1,563,619
Allowance for impairment of receivables		<u>-</u>	<u>-</u>
		<u>1,983,624</u>	<u>1,563,619</u>

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

Not more than 3 months	31,644	6,241
More than 3 months but less than 6 months	47,615	28,091
More than 6 months but less than 1 Year	-	-
More than 1 year	<u>-</u>	<u>-</u>
	<u>79,259</u>	<u>34,332</u>

There were no indications of impairment to Receivables.

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

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

5. INVENTORIES

	2011 \$	2010 \$
Current		
Raw Materials and Stores (at cost)	<u>361,760</u>	<u>344,211</u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

6. PROPERTY, PLANT AND EQUIPMENT

	Notes	2011 \$	2010 \$
Land at Fair Value		3,871,000	3,871,000
Capital Works in Progress		945,918	454,530
Freehold Land Improvements at Fair Value		599,143	624,400
Plant & Machinery at Fair Value		8,918,436	8,921,900
Buildings at Fair Value		2,378,256	2,463,700
Motor Vehicles at Fair Value		809,917	798,300
Mains and Services at Fair Value		38,414,330	38,354,000
Meters at Fair Value		2,051,945	1,461,000
Tools at Fair Value		94,516	105,800
Office Equipment & Furniture at Fair Value		180,053	86,640
TOTAL PROPERTY, PLANT AND EQUIPMENT		<u>58,263,514</u>	<u>57,141,270</u>

Land recorded at fair value is on the basis of an independent valuation provided by AON International Valuation Consultants (AON) as at 30 June 2010

All other classes of property, plant and equipment, tools and infrastructure recorded at fair value are based on an independent valuation by AON as at 30 June 2010. The fair values determined by AON were calculated with reference to depreciated replacement costs.

Depreciated replacement cost is based on the estimated current cost of replacement of the asset with a similar installed asset that has a similar service potential and function, less an amount for depreciation. These classes of property, plant & equipment represent the fair values as determined by AON less accumulated depreciation from the date of the valuations.

There were no indications of impairment to property, plant and equipment and Infrastructure assets at 30 June 2011.

Busselton Water held no goodwill or intangible assets with a indefinite useful life during the reporting period. All surplus assets as at 30 June 2011 have either been classified as assets for sale, or written off.

BUSSELTON WATER
For the Year Ended 30th June, 2011

6 (a) Reconciliation of Carrying Amount

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

	<u>Carrying Amt At</u> <u>Beginning of Year</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Disposals/</u> <u>W'downs</u>	<u>Depreciation</u>	<u>Revaluation</u> <u>Adjustment</u>	<u>Carrying Amt</u> <u>at end of year</u>
2011							
Land at Fair Value	3,871,000						3,871,000
Freehold Land Improvements	624,400	23,979			(49,236)		599,143
Capital Works in Progress	454,530	945,918	(454,530)				945,918
Plant & Machinery	8,921,900	216,795	173,620	(4,953)	(388,926)		8,918,436
Buildings	2,463,700	9,735			(95,179)		2,378,256
Motor Vehicles	798,300	216,467		(143,889)	(60,961)		809,917
Mains & Services	38,354,000	462,712	280,910	(134,198)	(549,094)		38,414,330
Meters	1,461,000	1,332,133		(504,854)	(236,334)		2,051,945
Tools	105,800	4,189		(1,340)	(14,133)		94,516
Office Equipment	86,640	119,727			(26,314)		180,053
	<u>57,141,270</u>	<u>3,331,655</u>	<u>-</u>	<u>(789,234)</u>	<u>(1,420,177)</u>	<u>-</u>	<u>58,263,514</u>
2010							
Land at Fair Value	3,195,787					675,213	3,871,000
Freehold Land Improvements	570,118	11,075	18,174		(37,065)	62,098	624,400
Capital Works in Progress	-	454,530					454,530
Plant & Machinery	9,854,161	387,134	(26,135)	(32,100)	(422,819)	(838,341)	8,921,900
Buildings	2,117,246	5,700	6,862	(2,500)	(76,921)	413,313	2,463,700
Motor Vehicles	940,469	125,078	(13,860)	(80,259)	(81,357)	(91,771)	798,300
Mains & Services	31,104,945	857,107			(666,673)	7,058,621	38,354,000
Meters	1,038,028	208,989			(169,953)	383,936	1,461,000
Tools	104,413	16,282	12,394		(12,108)	(15,181)	105,800
Office Equipment	139,018	38,120	2,565	(5,371)	(21,958)	(65,734)	86,640
	<u>49,064,185</u>	<u>2,104,015</u>	<u>-</u>	<u>(120,230)</u>	<u>(1,488,854)</u>	<u>7,582,154</u>	<u>57,141,270</u>

7. INCOME TAX EQUIVALENT

	2011	2010
	\$	\$
(a) Income Tax Expense		
<i>Current income</i>		
Current income tax charge	790,962	660,134
Adjustments in respect of current income tax of previous years	(22,600)	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(109,744)	16,864
Income tax expense reported in Statement of Comprehensive Income	<u>658,618</u>	<u>676,998</u>
(b) Amounts recognised directly in equity		
<i>Deferred income tax</i>		
Unrealised gain on available for sale financial assets	(246,195)	2,085,358
Income tax benefit reported in equity	<u>(246,195)</u>	<u>2,085,358</u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

7. INCOME TAX EQUIVALENT (CONTINUED)

	Notes	2011 \$	2010 \$		
(c) Numerical reconciliation of income tax expense to prima facie tax payable					
Accounting profit before tax from continuing operations		1,884,981		1,632,284	
Profit before tax from discontinued operations		-		-	
Accounting profit before income tax		<u>1,884,981</u>		<u>1,632,284</u>	
At the statutory income tax rate of 30% (2010: 30%)		565,494		489,685	
Adjustments in respect of current income tax of previous Year		85,633		189,015	
Expenditure not allowable for income tax purposes		7,491		1,960	
Adjustment in relation to investment allowance deductions		-		<u>(3,662)</u>	
At effective income tax rate of 34.94% (2010: 41.5%)		<u>658,618</u>		<u>676,998</u>	
Income tax expense reported in statement of Comprehensive Income		658,618		676,998	
Income tax attributable to discontinued operations		-		-	
		<u>658,618</u>		<u>676,998</u>	
(d) Deferred Income Tax					
	<u>Statement of Financial Position</u>			<u>Statement of Comprehensive</u>	
				<u>Income</u>	
		2011	2010	2011	2010
		\$	\$	\$	\$
<u>Deferred income tax assets</u>					
Provisions - employee benefits		244,466	227,831	(16,633)	(13,659)
Accrued Superannuation		4,374	4,758	384	530
Accounting/tax depreciation differences		-	-	-	93,859
Prepaid expenses		293	293	-	937
		<u>249,133</u>	<u>232,882</u>		
<u>Deferred income tax liabilities</u>					
Revaluation of land, property, plant & equipment, tools and infrastructure		11,446,712	11,692,907	(246,195)	2,085,358
Developer contributions		160,652	250,680	(90,028)	(90,027)
Interest receivable		43,463	46,930	(3,467)	25,224
		<u>11,650,827</u>	<u>11,990,517</u>	<u>(355,939)</u>	<u>2,102,222</u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

8. TRADE AND OTHER PAYABLES

	2011	2010
	\$	\$
Payables for goods and services received. The carrying amounts of payables approximate their net fair values.		
Trade Creditors	826,128	726,505
Payroll Creditors	46,213	40,687
Miscellaneous Creditors	58,931	65,153
Monies in Trust	16,537	19,217
Customer Payments in Advance	9,984	11,625
GST Payable	<u>2,674</u>	<u>1,433</u>
	<u>960,467</u>	<u>864,620</u>

Trade and other payables are expected to be paid as follows

Less than 6 months	943,930	845,403
6 months to 1 year	16,537	19,217
1 - 5 years	-	-
	<u>960,467</u>	<u>864,620</u>

9. PROVISIONS

Current

Annual leave (a)	194,845	162,903
Long service leave (b)	98,866	112,784
Sick leave (c)	<u>346,896</u>	<u>333,044</u>
	640,608	608,731
Employment on-costs (d)	<u>119,152</u>	<u>113,224</u>
	<u>759,760</u>	<u>721,955</u>

Non-current

Long service leave (b)	46,480	31,603
Employment on-costs (d)	<u>8,645</u>	<u>5,878</u>
	<u>55,125</u>	<u>37,481</u>

Aggregate employee benefit liability	<u>814,885</u>	<u>759,436</u>
Number of employees at year end	<u>29</u>	<u>29</u>

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

Within 12 months of balance sheet date	159,842	128,491
More than 12 months after the reporting period.	<u>35,003</u>	<u>34,412</u>
	<u>194,845</u>	<u>162,903</u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

9. PROVISIONS (CONTINUED)

	2011	2010
	\$	\$
<p>(b) Long service leave liabilities that have been classified as current are where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of total liabilities will occur as follows:</p>		
Within 12 months of the reporting period.	31,318	37,003
More than 12 months after the reporting period.	<u>67,548</u>	<u>75,781</u>
	<u>98,866</u>	<u>112,784</u>

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

Within 12 months of the reporting period.	3,727	-
More than 12 months after the reporting period.	<u>343,169</u>	<u>333,044</u>
	<u>346,896</u>	<u>333,044</u>

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

10. CURRENT TAX (ASSET)/LIABILITIES

Income Tax Equivalent Refundable		-
Income Tax Equivalent Payable	<u>27,852</u>	<u>35,012</u>

11. DEFERRED TAX LIABILITIES

Provision for Deferred Income Tax Equivalent	<u>11,401,696</u>	<u>11,757,635</u>
--	-------------------	-------------------

12. RESERVE FUNDS

12.1 General Reserve Fund

Balance at start of period	7,936,746	7,967,701
<u>Less: Transfers to Retained Profits</u>	<u>(1,417,522)</u>	<u>(972,725)</u>
	6,519,224	6,994,976
<u>Add: Transfers from Retained Profits</u>	<u>1,188,254</u>	<u>941,770</u>
Balance at end of period	<u>7,707,478</u>	<u>7,936,746</u>

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

BUSSELTON WATER
For the Year Ended 30th June, 2011

12. RESERVE FUNDS (CONT')

	2011	2010
	\$	\$
12.2 <u>Asset Revaluation Reserve Fund</u>		
Balance at start of period	28,821,297	23,324,503
Change in asset valuation:		
Land	-	675,213
Land Improvements	-	62,097
Plant & Machinery	-	-838,341
Buildings	-	413,313
Motor Vehicles	-	-91,771
Mains and Services	-	7,058,620
Meters	-	383,935
Tools	-	-15,181
Office Equipment	-	-65,733
Low Value Pool	-	-
	<u>-</u>	<u>-</u>
	<u>246,195</u>	<u>7,582,152</u>
Tax equivalent on change in asset valuation:		
Deferred Tax Land (note 7 "Taxation equivalent")	-	-202,564
Deferred Tax Land Improvements (note 7 "Taxation equivalent")	10,737	-101,425
Deferred Tax Plant and Machinery (note 7 "Taxation equivalent")	125,141	169,720
Deferred Tax Buildings (note 7 "Taxation equivalent")	25,633	10,260
Deferred Tax Motor Vehicles (note 7 "Taxation equivalent")	(10,563)	-8,453
Deferred Tax Mains and Services (note 7 "Taxation equivalent")	(27,199)	-1,931,635
Deferred Tax Meters (note 7 "Taxation equivalent")	(205,138)	-33,569
Deferred Tax Tools (note 7 "Taxation equivalent")	(305)	8,941
Deferred Tax Office Equipment (note 7 "Taxation equivalent")	1,299	3,367
Deferred Tax Low Value Pool (note 7 "Taxation equivalent")	326,590	-
	<u>246,195</u>	<u>(2,085,358)</u>
Balance at end of period	<u>29,067,492</u>	<u>28,821,297</u>

13. WATER SALES REVENUE

	2011	2010
	\$	\$
Water Consumption	3,507,908	3,154,164
Connection Fees	141,130	161,322
Standard Supply Charge	2,459,690	2,495,567
Meter Reading Charges	17,189	15,617
Other Water Sales	29,063	29,377
	<u>6,154,980</u>	<u>5,856,047</u>

14. COST OF SALES

Pumping	331,153	331,164
Maintenance: General Production Plant	571,326	775,369
Mains & Meters	345,884	524,197
Net Vehicle Running Expenses	(4,372)	20,615
Net Public Works Overhead	64,404	39,212
Net Stock Allocated	4,052	9,803
Meter Reading Costs	27,126	31,596
Water Sampling & Monitoring Fees	428,489	263,166
	<u>1,768,062</u>	<u>1,995,123</u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

15. INTEREST ON INVESTMENT FUNDS

	2011	2010
	\$	\$
Busseton Water Board invested excess funds and received the following interest:		
Interest on Water Fund	100,783	79,230
Interest on Reserves	<u>479,366</u>	<u>376,145</u>
	<u>580,149</u>	<u>455,376</u>

16. COMMONWEALTH GRANTS

	2011	2010
	\$	\$
Commonwealth Grant Re: RF meter Replacement Project	<u>248,000</u>	<u>-</u>
	<u>248,000</u>	<u>-</u>

17. DEVELOPER CONTRIBUTIONS

Headworks contributions - Cash	678,282	343,627
Headworks contributions - Non-Cash	<u>-</u>	<u>-</u>
	<u>678,282</u>	<u>343,627</u>
Developer mains contributions - Cash	-	25,645
Developer mains contributions - Non-Cash	<u>86,627</u>	<u>271,781</u>
	<u>86,627</u>	<u>297,426</u>

18. OTHER REVENUE

Backflow Prevention Device Testing Fees	19,230	17,622
Insurance Recoveries	-	78,871
Private Works & Sundry Income	43,621	109,500
Other Receipts & Services	<u>121,839</u>	<u>68,574</u>
	<u>184,689</u>	<u>274,567</u>

19. ADMINISTRATION EXPENSES

Salaries	836,356	731,476
Salary on Costs & Staff Expenses	114,531	104,803
Office Expenses	271,190	280,013
Stationery & Printing	22,616	22,869
Advertising	1,033	4,737
Bank Charges	21,480	20,766
Audit Fees	55,093	38,233
Legal Expenses	<u>32,861</u>	<u>25,797</u>
	<u>1,355,160</u>	<u>1,228,693</u>

20. OTHER EXPENSES

Members Expenses	172,709	204,804
Pensioner Rate Rebate	272,845	244,682
Consulting Fees	139,716	108,489
Private Works	85,790	112,816
Other Costs & Staff Expenses	178,701	150,284
Sundry Expenditure	<u>15,091</u>	<u>-1,270</u>
	<u>864,851</u>	<u>819,804</u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

21. DEPRECIATION

	2011	2010
	\$	\$
Depreciation charged:	1,420,177	1,488,854
Freehold Land Improvements	49,236	37,065
Plant, Machinery and Buildings	484,105	499,740
Motor Vehicles	60,961	81,357
Mains and Services	549,094	666,673
Meters	236,334	169,953
Tools	14,133	12,108
Office Equipment	26,314	21,958
	1,420,177	1,488,854

22. NET GAIN/LOSS ON DISPOSAL OF NON-CURRENT ASSETS

<u>Cost of Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	789,234	(120,229)
<u>Proceeds from Disposal on Non-Current Assets</u>		
Plant, equipment, motor vehicles & infrastructure	149,739	57,945
Net gain (loss)	(639,495)	(62,284)

23. REMUNERATION OF AUDITOR

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

Auditing the accounts, financial statements and performance indicators	31,700	30,700
	31,700	30,700

24. REMUNERATION OF SENIOR OFFICERS

	2011	2010
	\$	\$
The total of fees, salaries, superannuation and other non-cash benefits received or due and receivable for the financial period by senior officers.	491,539	430,991

Fringe Benefit Tax expense incorporated in the above is based on the period 1st April 2010 to 31 March 2011 and not the financial year. The impact of this is considered as not material.

The number of senior officer positions whose total fees, salaries, super, and other non cash benefits received, or due and receivable, for the year ended 30 June 2011, fall within the following bands are:

\$0 - \$10,000	1	
\$20,001 - \$30,000	1	
\$90,001 - \$100,000	2	2
\$100,000 and over	2	2

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

BUSSELTON WATER
For the Year Ended 30th June, 2011

25. REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY

	2011	2010
	\$	\$
The total of fees, wages, allowances, superannuation and other non-cash benefits received or due and receivable for the financial period by Board Members	<u>26,985</u>	<u>26,200</u>

The number of positions on the Board whose total fees, allowances, super, and other non-cash benefits received, or due and receivable, for the year ended 30 June 2011 fall within the following bands:

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

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

26. SUPPLEMENTARY FINANCIAL INFORMATION

	2011	2010
	\$	\$
<u>Write Offs</u>		
<u>Revenue and other property written off by the Authority during the financial year.</u>		
Ex gratia water allowances	14,929	5,674
<u>Losses Through Theft, Defaults & Other Causes</u>		
Losses of public moneys & other property through theft or default.	-	-
<u>Gifts of Public Property</u>		
Gifts of public property provided by Busselton Water.	-	-
	<u>14,929</u>	<u>5,674</u>

27. RETAINED EARNINGS RECONCILIATION

Retained Earnings at Beginning of Year	18,936,002	17,949,761
Net Profits from Ordinary Activities		
After Income Tax Equivalent Expenses	1,226,363	955,286
Add Transfers From Reserves	1,417,522	972,725
Less Transfers to Reserves	(1,188,254)	(941,770)
Retained Earnings at End of Year	<u>20,391,633</u>	<u>18,936,002</u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

28. EXPLANATORY STATEMENT

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

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

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

<u>REVENUE ITEMS</u>	VARIANCE	ACTUAL 2011	ACTUAL 2010
	\$	\$	\$
<u>Water Consumption</u> Now includes 7 months income from Dunsborough Bulk Water Sales to the Water Corporation. (\$84,436). Increase also due in part to tariff increases.	344,572	3,531,861	3,187,289
<u>Standard Supply Charge</u> Reduction due to restructuring of non-residential supply charge tariffs by the ERA.	(35,877)	2,459,690	2,495,567
<u>Statement of Water Tariff</u> Reduction due in part to slow down of property transfers.	(8,675)	33,738	42,413
<u>Connection Fees</u> This decrease is due to a substantial decline in the number of new land developments as a result of the continuing global economic crisis.	(20,192)	141,130	161,322
<u>Private Works Income</u> 2009/2010 included \$77,272 contribution to private works for the construction of a service main over a canal at Port Geographe. 2010/2011 includes a contribution of \$27,878 towards the cost of installing the Dunsborough Bulk Water metering device.	(36,313)	71,499	107,812
<u>Interest On Investment Fund</u> This increase reflects and improvement in interest rates and a higher level of reserve funds invested.	124,774	580,149	455,376
<u>Contributions from Developers - Headworks (General)</u> This decrease is due to a substantial decline in the number of new land developments as a result of the continuing global economic crisis.	(44,896)	298,731	343,627
<u>Contributions from Dunsborough Bulk Water Supply Agreement</u> Contributions in respect to the Dunsborough Bulk Water Supply agreement which commenced in December 2010.	379,551	379,551	-
<u>Contributions from Developers - Mains</u> The decrease is due to the phasing out of green fields development works.	(25,645)	-	25,645

BUSSELTON WATER
For the Year Ended 30th June, 2011

28. (a) <u>EXPENDITURE ITEMS</u>	VARIANCE	ACTUAL 2011	ACTUAL 2010
	\$	\$	\$
<u>Water Plant Maintenance</u>	(183,576)	947,153	1,130,729
Due in part to a reduction in ad-hoc maintenance requirements.			
<u>Mains & Services Maintenance</u>	(180,428)	345,884	526,312
Represents an overall reduction in maintenance requirements for the year			
<u>Water Quality Monitoring Programs</u>	110,766	268,794	158,028
Elevated costs due to the increase in analysed water samples on a routine basis for compliance reasons and annual quarterly reports of compliance.			
<u>Consultancies - Water Quality</u>	41,154	110,587	69,433
Due to the proposed implementation of a Chlorine based disinfection system and a higher level of water quality compliance requirements.			
<u>Public Relations</u>	(43,177)	90,202	133,379
Due in part to completion in 2009/2010 of preliminary works of the proposed implementation of a Chlorine based disinfection system.			
<u>Governance Legal Costs</u>	7,209	31,216	24,007
Due in part to completion in 2009/2010 of preliminary works of the proposed implementation of a Chlorine based disinfection system.			
<u>Salary On Costs - Admin</u>	24,862	208,145	183,283
Represents an increase in staff costs due to added C.W.A benefits.			
<u>Office Maintenance & Surrounds</u>	(22,133)	42,389	64,522
Due in part to the internal repainting of the administration building during 2009/2010.			
<u>Revaluation of Assets</u>	(15,909)	-	15,909
A revaluation of assets is undertaken every three years.			
<u>Private Works Expenditure</u>	(25,460)	88,003	113,463
Refer to private works income above.			

BUSSELTON WATER
For the Year Ended 30th June, 2011

28. (b) Comparison of Estimates and Actual Results

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

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

	VARIANCE	ACTUAL	BUDGET
		2011	2011
		\$	\$
<u>REVENUE ITEMS</u>			
<u>Dunsborough Bulk Water Sales</u> The decrease is due to lower than anticipated demand.	(73,139)	84,436	157,575
<u>Water Sales Other</u> The decrease is due to budgeted water usage via standpipes now billed as part of water consumption.	(2,441)	1,714	4,155
<u>Statement of Water Tariff</u> Reduction due in part to slow down of property transfers.	(3,487)	33,738	37,225
<u>Connection Fees</u> This decrease is due to the continuing decline in the number of new land developments as a result of the global economic crisis.	(94,320)	141,130	235,450
<u>Commonwealth Gov't Grants</u> Reduction due to a restructuring of the grant aquital program. Balance of grant to be recouped in 2011/2012.	(134,978)	248,000	382,978
<u>Private Works Income</u> Lower than forecast minor private works.	(11,799)	43,621	55,420
<u>Interest On Investment Fund</u> The increase is due in part to a higher than forecast interest rate and higher volume of investments.	236,789	580,149	343,360
<u>Contributions from Developers - Headworks (General)</u> Reflects the inherent difficulty in budgeting for development activity within the district, which is not under the control of Busselton Water.	(665,869)	298,731	964,600
<u>Contributions from Dunsborough Bulk Water Supply Agreement</u> Contributions in respect to the Dunsborough Bulk Water Supply agreement that commenced in December 2010 were forecast to commence in January 2011.	31,539	379,551	348,012

BUSSELTON WATER
For the Year Ended 30th June, 2011

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

<u>EXPENDITURE ITEMS</u>	<u>VARIANCE</u>	<u>ACTUAL</u> <u>2011</u> <u>\$</u>	<u>BUDGET</u> <u>2011</u> <u>\$</u>
<u>Water Plant Maintenance</u> Containment of costs within budget limits.	(358,562)	947,153	1,305,715
<u>Incidence Response</u> New Naegleria response protocols as required by a directive from the Dep't of Health	56,991	56,991	-
<u>Consultancies/Special Projects/ADWG 2004</u> Due to the proposed implementation of a Chlorine based disinfection system and a higher level of water quality compliance requirements.	45,587	110,587	65,000
<u>Public Relations</u> Lower than anticipated scope of preliminary works required for the proposed implementation of a Chlorine based disinfection system.	(50,312)	90,203	140,515
<u>Governance Legal Costs</u> Due wholly to the proposed implementation of a Chlorine based disinfection system.	6,217	31,217	25,000
<u>Salary On Costs - Admin</u> Containment of costs within budget limits	(34,680)	208,145	242,825
<u>Office Equipment Maintenance</u> Higher than anticipated costs	9,721	19,851	10,130
<u>Computer Expenses</u> Containment of costs within budget limits	(18,546)	156,424	174,970
<u>Consultants/Special Projects</u> Preliminaries for the co-location facility carried over to 2011/2012	(33,326)	28,674	62,000
<u>Mains & Services Maintenance</u> Represents an overall reduction in maintenace requirements for the year	(78,835)	345,884	424,719

29. PROGRAM INFORMATION

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

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

BUSSELTON WATER
For the Year Ended 30th June, 2011

30. COMMITMENTS FOR EXPENDITURES

Non-cancellable operating leases

Busselton Water has entered into a number of non-cancellable operating lease arrangements for office equipment where the lessors effectively retain some of the risks and benefits incident to ownership of the items held under the operating leases. The Busselton Water is responsible to insure the items with Flexirent and Macquarie Leasing, and to maintain the equipment in good working order. Equal installments of the lease payments are charged to the Statement of Comprehensive Income over the lease term as this is representative of the pattern of benefit to be derived from the leased property. An option exists to extend the term for a further period if required by the Lessee. Figures reported exclude GST.

	2011	2010
Lease Commitments		
At balance date, Busselton Water had the following		
Operating lease Commitments:		
Not later than one year	59,375	61,622
Later than one year and not later than two years	36,835	45,993
Later than two years and not later than five years	11,837	27,185
	108,047	134,800

Capital Expenditure Commitments

Major capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:-
Figures reported include GST.

	2011	2010
Late than one year and not later than 5 years	147,691	-
	147,691	-

The capital commitments include amounts for Plant & Machinery

31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or assets to report at 30 June 2011

32. EVENTS OCCURRING AFTER REPORTING DATE

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

BUSSELTON WATER
For the Year Ended 30th June, 2011

33 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

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

Busselton Water does not have any derivative instruments at 30 June 2011.

i. Treasury Risk Management

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

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

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

ii. Financial Risk Exposures and Management

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

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of Busselton Water's financial assets and liabilities at the 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.

		- 1% change		+ 1% change	
	Carrying Amount	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
2011					
<u>Financial Assets</u>					
Cash & cash equivalents	1,212,605	(12,126)	(12,126)	12,126	12,126
Other financial assets	8,550,000	(85,500)	(85,500)	85,500	85,500
<u>Financial Liabilities</u>					
Bank overdraft		-	-	-	-
Total Increase/(Decrease)		<u>(97,626)</u>	<u>(97,626)</u>	<u>97,626</u>	<u>97,626</u>
		- 1% change		+ 1% change	
	Carrying Amount	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
2010					
<u>Financial Assets</u>					
Cash & cash equivalents	1,061,648	(10,616)	(10,616)	10,616	10,616
Other financial assets	9,000,000	(90,000)	(90,000)	90,000	90,000
<u>Financial Liabilities</u>					
Bank overdraft		-	-	-	-
Total Increase/(Decrease)		<u>(100,616)</u>	<u>(100,616)</u>	<u>100,616</u>	<u>100,616</u>

BUSSELTON WATER
For the Year Ended 30th June, 2011

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk

Busselton Water is not exposed to fluctuations in foreign currencies.

Liquidity risk

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

Credit risk

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

There are no amounts of collateral held as security at 30 June 2011

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

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

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

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

The trade receivables balances at 30 June 2011 and 30 June 2010 do not include any counter parties with external credit ratings. Customers credit worthiness is monitored monthly and actions taken where applicable in accordance with Board policy.

Price risk

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

(b) Financial Instrument Composition and Maturity Analysis

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

BUSSELTON WATER
For the Year Ended 30th June, 2011

33 FINANCIAL RISK MANAGEMENT (Cont'd)

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing				Non-interest Bearing		Total	
	2011	2010	2011	2010	Within 1 Year		1 to 5 Years		2011	2010	2011	2010
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	4.62	4.36	1,211,605	1,060,648	-	-	-	-	1,000	1,000	1,212,605	1,061,648
Receivables			-	-	-	-	-	-	1,983,624	1,563,619	1,983,624	1,563,619
Investments	6.29	6.03	-	-	8,550,000	9,000,000	-	-	-	-	8,550,000	9,000,000
Total Financial Assets			1,211,605	1,060,648	8,550,000	9,000,000	-	-	1,984,624	1,564,619	11,746,229	11,625,267

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing				Non-interest Bearing		Total	
	2011	2010	2011	2010	Within 1 Year		1 to 5 Years		2011	2010	2011	2010
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities:												
Trade and other payables			-	-	-	-	-	-	960,467	864,620	960,467	864,620
Total Financial Liabilities			-	-	-	-	-	-	960,467	864,620	960,467	864,620

BUSSELTON WATER
For the Year Ended 30th June, 2011

c. Net Fair Values

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

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

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

	2011		2010	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial assets				
Loans and receivables	1,983,624	1,983,624	1,563,619	1,563,619
	<u>1,983,624</u>	<u>1,983,624</u>	<u>1,563,619</u>	<u>1,563,619</u>
Financial liabilities				
Trade and other payables	960,467	960,467	864,620	864,620
	<u>960,467</u>	<u>960,467</u>	<u>864,620</u>	<u>864,620</u>

Fair values are in line with carrying values.



BUSSELTON WATER

po box 57 busselton wa 6280 • p 089781 0500: • f 089754 1075

admin@busseltonwater.wa.gov.au

www.busseltonwater.wa.gov.au