



# ANNUAL REPORT 2021

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



**To the Hon Dave Kelly MLA**

Minister for Water

In accordance with Sections 60 and Clauses 35 and 36 of Schedule 3 of the *Water Corporations Act 1995*, we hereby submit for your information and presentation to Parliament, the Annual Report of Busselton Water Corporation for the year ended June 2021.

A handwritten signature in blue ink.

**Helen Shervington**  
Chair  
Busselton Water Corporation

A handwritten signature in blue ink.

**Chris Elliott**  
Managing Director  
Busselton Water Corporation

## BUSSELTON WATER ANNUAL REPORT 2021

This report is a review of our performance for the financial year ending 30 June 2021. It informs our shareholder, customers, community and stakeholders about Busselton Water, our governance, the strategic priorities which have driven our activities during the year, and our operational and financial performance.

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## Our year at a glance

 <b>5.5</b> billion litres of groundwater extracted	 <b>14,244</b> customers	 <b>100%</b> water health quality	 <b>341.5</b> kilometres of pipeline
 <b>3</b> local water treatment plants	 <b>5.4</b> billion litres drinking water supplied	 <b>9</b> bores	<b>497</b> new registrations for <b>MyBusseltonWater</b>
<b>5</b> storage tanks	<b>\$2.4</b> million capital investment	<b>\$13.38</b> million revenue	 <b>6</b> years no lost time injury
<b>\$1.17</b> million returned to Government by way of net accruals	 <b>31</b> employees	 <b>6</b> new community partnerships	 <b>\$3.35</b> million profit before tax
		 <b>103</b> kilolitres per person per year residential water use	

# Highlights



We delivered 5.4GL of high quality, fresh drinking water to 14,244 customers and connected 401 new services to our network. Our exceptional water quality was 100 per cent compliant with the health requirements of the Australian Drinking Water Guidelines.



We embarked on important planning work to mitigate the impacts of climate change on future water supplies, completing the concept design for a potential inland borefield and treatment plant to cater for customer water demands to 2030 and beyond.



We committed to the State Government's *Waste Avoidance and Resource Recovery Strategy 2030* with improved sorting, measurement and reporting of our waste to create opportunities for reduction, recycling and reuse.



We embedded processes to further reduce our energy use – including commissioning variable speed drives on all transfer station and delivery station pumps, and investigating the viability of establishing photovoltaic panels at all Busselton Water plants.

Our innovation and leadership excellence was recognised by the Australian Water Association. We received two prestigious state awards – Water Professional of the Year and the Infrastructure Project Innovation Award (Regional) and represented WA at the national awards ceremony.



We extended our support for people experiencing family and domestic violence, introducing our first Family Violence Policy for residential customers. We also invested in staff training, supported local domestic violence support services, and actively participated in 16 Days in WA campaign.



We surpassed targets under the State Government's Aboriginal Procurement Policy, awarding 25 per cent of all contracts over the threshold to registered Aboriginal businesses.



Cyber security systems were strengthened across our business. We implemented a pilot project to test multi-factor authentication and joined a cyber defence alliance.



Our operating licence was extended by 25 years and issued by the Economic Regulation Authority, ensuring security of supply to 2046.



Our exceptional safety record saw us reach six years Lost Time Injury free, raise our WorkSafe status to Platinum level, and achieve a Gold Safe Way Achiever Award for safety excellence.

## From the Chair



**It is with great pleasure that I present our Annual Report for the year ending 30 June 2021.**

After a year filled with challenges and uncertainty in 2019-20, this year proved to be one of consolidation and growth at Busselton Water.

Buoyed by government economic stimuli, our customer base grew by a remarkable 401 services to reach a record 14,244 customers by year end.

Efficiency improvements were at the core of our year's achievements. From energy-efficient infrastructure delivery and new waste commitments to the proactive adoption of new technologies and cloud-based platforms, our work was reflective of our deep desire to provide quality services in the most efficient and affordable manner.

Our commitment to cost efficiency was also reflected in our positive financial results. The business achieved another commendable financial result with a net profit before tax of \$3.35 million.

Underpinned by our ambitious water use targets, we created opportunities for water literacy amongst our community

through water saving initiatives, education programs and information-sharing. This will continue to be a firm focus over the next decade and beyond as we tackle the effects of climate change and protect our water source for future generations.

As a local water provider with a long history of service, we are particularly proud of the contributions we made this year to strengthen our community. We supported five grassroots community groups through the provision of much-needed funding, celebrated National Water Week with local school children, launched a new waterwise garden irrigation program to residents, and strengthened our support for those experiencing family and domestic violence.

Busselton Water continues to punch far beyond its weight as a regional water provider. Never has this been more evident than this year, where we proudly accepted two Western Australian Water Awards and went on to represent our state on the national stage. Our

Managing Director, Chris Elliott was awarded the prestigious WA Water Professional of the Year in recognition of his stellar career and many decades of service to the water sector. On behalf of my fellow Board members I congratulate Chris on this outstanding achievement.

Our thanks too, must go to Chris and his extraordinary team for their outstanding performance over the past year.

I would also like to acknowledge the leadership and support of my fellow Directors who have continued to serve the corporation to the benefit of the Busselton community. It is a joy and privilege to work alongside you all.

A handwritten signature in blue ink, appearing to read "Helen Shervington".

**Helen Shervington**  
Chair

# From the Managing Director



In 2020-21, Busselton Water provided immense value to our customers, underpinned by a strong focus on improved efficiencies and service standards across the business.

We delivered 5.4GL of high quality drinking water to a growing customer base across the region. The quality of our water remained exceptionally high, once again achieving 100 per cent compliance with all water health requirements of the Australian Drinking Water Guidelines.

More than \$2.4 million in planned capital and maintenance works was completed in 2020-21, extending our network and bolstering security of supply for our customers. A highlight was the completion of our variable speed drives program, which allows our pumps to be better managed in line with customer demand to create important energy savings and other efficiencies.

Our visionary work with GHD to design and construct new filters at our Kent Street Plant was acknowledged by the Australian Water Association as the year's most innovative infrastructure project in regional Western Australia. The award was pleasing recognition of our enduring efforts to innovate and set new benchmarks for the sector.

Cognisant that water literacy underpins our water efficiency program and remains paramount to countering the effects of climate change, we continued to foster insight and awareness of our finite water resources.

We also completed the concept design for new infrastructure for an inland borefield development that will cater for the region's growing demand whilst also managing the impending issue of saltwater intrusion on our water abstraction.

Operationally, we continued to strive for best practice with good success. Our water interruptions and customer complaints remained very low, we maintained our high safety performance, and we successfully adopted a suite of new cyber security protections and policies. Importantly, we excelled in our efforts to engage Aboriginal businesses – exceeding the State Government's target by 22 per cent.

As a local provider, we remain committed to an open dialogue with our customers and other stakeholders to underpin our customer focus and ongoing improvement. This year was no different – we actively engaged with our invaluable Customer Advisory Group and attracted more than 500 responses to our biennial customer survey.

As always, the driving force behind the year's success has been our committed team. This year's many achievements would not have been possible without your skills, flexibility and professionalism. To all of the team, I say thank you.

I would also like to acknowledge the vision and leadership provided by our Board of Directors. Your contribution to our business and the Busselton community is outstanding and very much appreciated.

A blue ink signature of the name "Chris Elliott".

**Chris Elliott**  
Managing Director



# Our business

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

We are owned by the Western Australian Government and accountable to its sole shareholder, the Honourable Dave Kelly MLA, Minister for Water. Our operating licence is issued by the Economic Regulation Authority under the *Water Services Act 2012* and is valid until 1 June 2046.

Our funding is generated from customer water sales, related services to customers (including land developers), interest on investments, reserve funding, borrowings and operating subsidies.

In 2013, Busselton Water was established as a water corporation under the *Water Corporations Act 1995* to further encourage opportunities to enhance our services and strengthen our financial sustainability and returns to Government.

## Our operating area

Our operating licence (WL3, Version 10) authorises Busselton Water to provide potable water supply services to the area shown on the adjacent map.

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



## Our services

Our managed network comprises three water treatment plants, nine bores and more than 341 kilometres of pipeline, through which we supply high quality drinking water to a local population of more than 28,000 people. As one of the State's most popular tourist locations, this requirement spikes significantly during peak holiday periods.

We service 14,244 customer accounts including residential, commercial, light industrial and special rural water users, and also sell bulk water to bolster supply in the adjoining Dunsborough licence area.

During the year, we assisted 3,754 residential customers with pensioner and senior rebates; concessions for leaks and bursts in the internal water reticulation system; exemptions in cases of special hardships; and discounts for concession holders in private rental tenancies.

## Our water

The majority of Busselton Water's raw ground water is drawn from the Yarragadee aquifer – a major freshwater resource for the south-west of Western Australia. We also abstract a smaller amount of water from the base of the shallower Leederville aquifer. Our abstraction is regulated by licences issued by the Department of Water and Environmental Regulation.

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

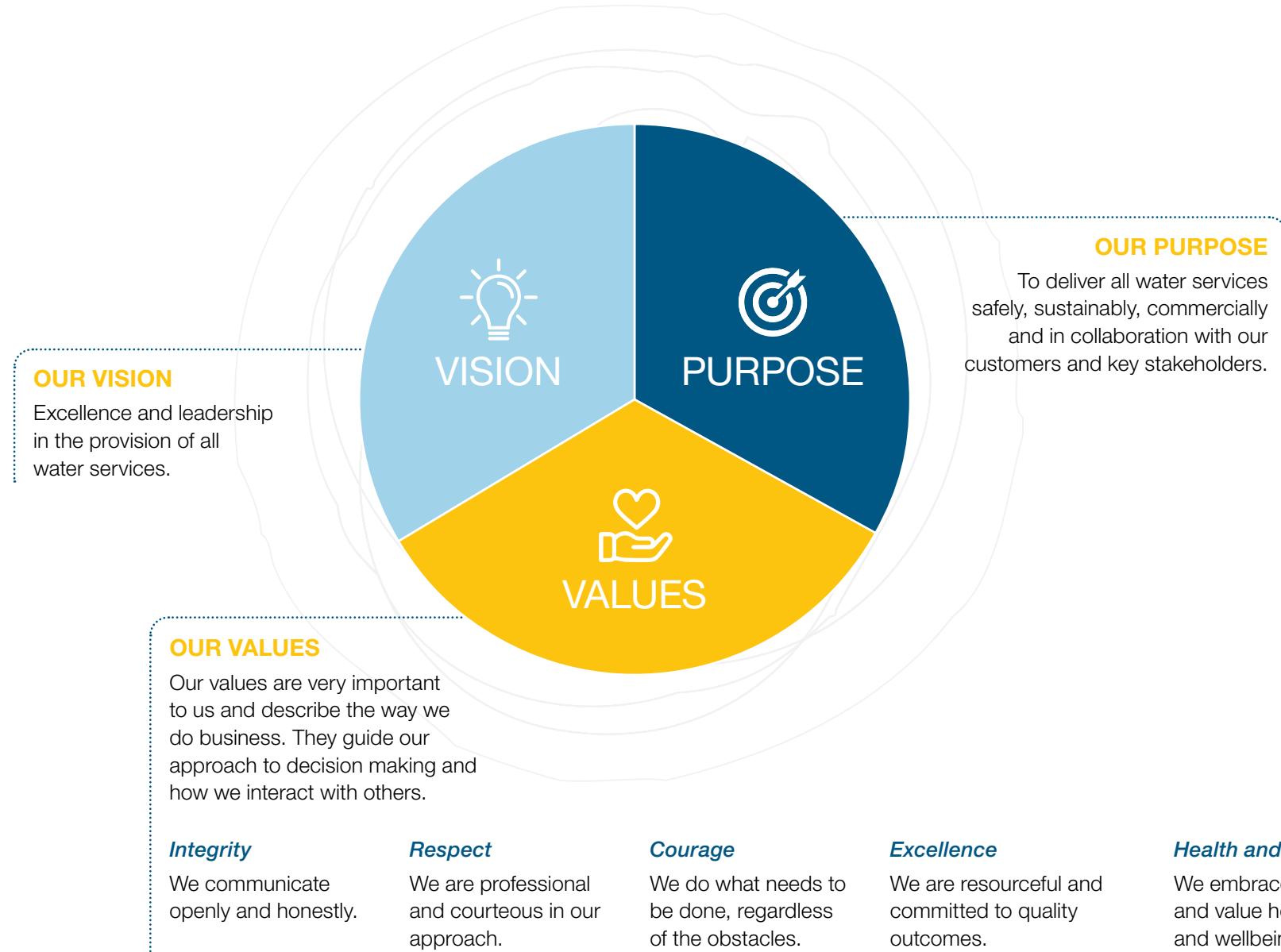
## Our stakeholders

As a local provider, we are committed to an open dialogue with our customers and other stakeholders to ensure the business is informed and in touch with community opinions, concerns and issues.



We proactively engage with a range of stakeholders including customers, represented by the Busselton Water Customer Advisory Group, the City of Busselton, local businesses, community and service organisations, schools, industry organisations, and various State and Federal government agencies.

We value these relationships and continue to invest in our local community and raise awareness about our role and services through timely, targeted and relevant communication, education and partnership programs.



# Our corporate structure

Our core business activities are divided into two distinct streams

– Operations, and Corporate and Finance – each headed by a General Manager reporting directly to the Managing Director.

The Managing Director is appointed by the Board of Directors, which has the legislative authority to perform the functions of the organisation and is ultimately responsible for legal compliance, corporate governance and risk management.

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

Busselton Water employs 31 team members and engages external support and expertise as required.



# Our Board



**Helen Shervington**

OAM, BA (Hons), MIR

*Chair*

Helen Shervington was first appointed to the Board in October 2011 and elected Chair of the Board in July 2012. Ms Shervington has had extensive involvement with the water industry and is a former member of the Whicher Water Management Committee, Combined Shires Yarragadee Committee and the South West Development Commission. She is also a former member and Deputy President of the (then) Shire of Busselton. Ms Shervington's term expires in May 2022.



**Geoffery Oddy**

Dip Eng Surv

*Deputy Chair*

First appointed to the Board in 2014 and elected deputy chair in 2018, Geoffery Oddy is a retired CEO of Aqwest in Bunbury. Mr Oddy served as interim CEO for Busselton Water in 2012 and has been a member of the Audit Committee since 2018. He is an active member of the Dunsborough community including membership of the local golf and country club. Mr Oddy's term expires in May 2023.



**William Angus Smith**

BCom, CA

A Chartered Accountant and Registered Tax Agent operating in public practice, Angus Smith was first appointed to the Board in 2013. A member of the Audit Committee since 2017, Mr Smith is also a past executive member of the Busselton Chamber of Commerce and Industry and Treasurer of the Busselton Sporting Association. Mr Smith's term expires in May 2022.



**Christine Kershaw**

**BA, GradDipEd**

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



**Robyn Paice**

**BSc (Hons), PhD**

Appointed to the Board in September 2018, Dr Robyn Paice has extensive scientific experience and knowledge related to the investigation and restoration of aquatic ecosystems. Dr Paice is a consulting ecologist and an academic at Murdoch and Edith Cowan Universities. She brings to the Board her valuable experience in water policy and development together with extensive networks and understanding of local waterways. Dr Paice's term expires in May 2024.



**Gae Synott**

**BA, MBA, PhD**

Appointed to the Board in September 2018, Dr Gae Synott brings extensive experience as a management and communications professional. Dr Synott has a social sciences background and has worked across state and local government and a broad range of sectors. Key areas of her expertise include strategy, outcomes measurement, communications and culture. She is also on the Board of not-for-profit organisations, Starick and Forrest Personnel. Dr Synott's term expires in May 2024.



**Chris Elliott**

**MBA, GDip Bus, BE (Hons), MIE Aust, CPEng**

Chris Elliott was appointed as Busselton Water's Chief Executive Officer in 2013 and joined the Board in September 2018 as Managing Director. Under Mr Elliott's leadership, Busselton Water successfully transitioned through corporatisation to become a Government Trading Enterprise and has achieved a range of business successes and innovations. With a passion for business excellence, Mr Elliott brings private and public sector experience and extensive knowledge of the water industry to the Board. In 2020, he was recognised as the Australian Water Association's (AWA) Western Australian Water Professional of the Year and was nominated for the 2021 AWA National Awards.

# Our Executive



**Chris Elliott**

**MBA, GDip Bus, BE (Hons), MIE Aust, CPEng**

**Managing Director**

Chris Elliott has over 40 years' experience in management and professional engineering roles in the water and construction industries in both public and private sectors. Joining Busselton Water in 2013, his depth of water industry experience and passion for business excellence have combined to provide Busselton Water with the strong strategic leadership required to underpin its ongoing success. Chris is also a member of the Busselton Water Board. Chris was the Western Australian Water Professional of the Year in 2020, and was nominated for a national Australian Water Association award in 2021.



**Chris Vigus**

**BE (Hons), MIE Aust, CPEng, PMP**

**General Manager Operations**

Chris Vigus brings over 40 years' experience as a water industry specialist backed by more than three decades working with WA water utilities in operations, maintenance, construction, project management and infrastructure planning. Before joining Busselton Water in 2018, Chris spent 14 years as an engineering consultant focusing on water quality and hydraulic analysis of water industry systems and development of associated software.



**Tracie Bishop**

**BBA, CPA**

**General Manager Corporate and Finance**

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



# Key business results

## Busselton Water excelled in its corporate performance in 2020-21.

Our financial results reflect our ability to meet customer and service requirements within our operating area, while maintaining exceptional operational efficiencies. For Busselton Water this year, higher than anticipated growth within the region has required ongoing agility throughout all planning processes.

This period, Busselton Water achieved a net profit before tax of \$3.35 million and revenue of \$13.39 million (from \$12.19 million in 2019-20).

Our water sales generated \$10.42 million in revenue in 2020-21 (\$10.09 million 2019-20).

A further \$2.97 million in revenue (\$2.1 million in 2019-20) was received from developer contributions, operating subsidies, interest on investments and other miscellaneous income.

Operating expenditure in 2020-21 was \$10.03 million.

### Net accruals to Government

Accruals paid to the State Government within the 2020-21 year included:

- a \$0.76 million dividend paid in 2020-21 for the 2019-20 year;
- a National Taxation Equivalent Return (NTER) payment equivalent of \$1.02 million; and
- \$0.63 million being the equivalent of local government rates.

Payment received from the State Government is an operating subsidy of \$0.67 million for the provision of rebates to eligible pensioners and seniors within our community.

The Net Accrual to State Government, when taking into account the dividend and accruals paid, less the operating subsidy, is a payment of \$1.17 million.

### Debt and borrowings

Our capital program in 2020-21 was self-funded and no additional borrowings were required.

### Investing in assets

Capital expenditure for the period was \$2.4 million, invested across key projects and other activities including:

- completing the concept design and a detailed cost estimate to support the business case for the Plant 8 Inland Borefield Transition Project;
- installing and commissioning variable speed drives on all transfer station and delivery station pumps to facilitate improved pressure management and a reduction in energy use and water losses;
- confirming the technical scope and financial viability of the Alternative Energy Strategy, which will result in the future establishment of an optimal set of photovoltaic panels at Busselton Water plants; and
- completing of a diverse range of small projects to sustain the capability and reliability of water treatment plants, equipment and buildings.

The majority of projects were complete at year end. The small number of projects that remain were reliant on equipment or material deliveries, subsequently delayed by the impact of COVID-19 on the supply chain.

Busselton Water's procurement policies award additional weighting to local contractors and suppliers in order to support the local economy wherever possible. Tenders awarded to local contractors in 2020-21 for the delivery of services included pipelines, directional drilling and security fencing.

## Our financial results

Financial results (\$m)	2020-21 budgeted	2020-21 revised budget	2020-21 actual	Variance
Operating profit before income tax	1.15	1.17	3.35	2.18
Operating profit after income tax	0.63	0.65	2.34	1.69
Loan principal repaid	0.31	0.31	0.31	-
Capital expenditure	2.89	3.32	2.38	(0.94)
<b>Net accruals to Government (\$'000s)</b>	<b>1703</b>	<b>1341</b>	<b>1,839.37</b>	<b>498.37</b>
Income tax equivalents (NTER)	517	523	1,019.34	496.34
Local Government rate equivalents	61	61	62.59	1.59
Dividends provided	1125	757	757.44	0.44
<b>Total accruals to Government</b>	<b>1703</b>	<b>1341</b>	<b>1,839.37</b>	<b>498.37</b>
Less: Payments from Governments (Operating subsidies)	670	670	670	-
<b>NET ACCRUALS TO GOVERNMENT</b>	<b>1,033</b>	<b>671</b>	<b>1,169.37</b>	<b>498.37</b>
<b>Financial performance measures (%)</b>				
Return on fixed assets	0.76	0.64	2.34	1.70
Return on equity	0.82	0.69	2.40	1.71
Debt to equity ratio	0.25	0.25	0.25	-
Debt to total assets ratio	0.21	0.21	0.21	-

## Our key performance outcomes

Strategic priority / outcome	2020-21 Target	2020-21 Actual	Result
<b>Leadership</b>			
Residential water efficiency target kL/pp/year	111	103	Exceeded target
<b>Strategy and Planning</b>			
SCI and SDP submitted to Minister	Meet 30 April deadline	April 2021	Met target
<b>Information and Knowledge</b>			
Information and Knowledge Index	4	4	Met target
<b>People</b>			
People Index	4	4	Met target
WorkSafe and IFAP assessments	≥ Gold level	Platinum WorkSafe and Gold IFAP accreditation achieved	Exceeded target
<b>Customer and Other Stakeholders</b>			
Number of complaints per 1000 customers (rolling year average)	<10	1.69	Exceeded target
<b>Process Management, Improvement and Innovation</b>			
Business Excellence Index	>4	4.4	Exceeded target
<b>Results and Sustainable Performance</b>			
Drinking water quality compliance with health standards	100%	100%	Met target
<b>Growth</b>			
Number of new water services	100	401	Exceeded target

All key performance outcomes met or exceeded targets for 2020-21.

## Management trends

Key performance Indicator	2016-17	2017-18	2018-19	2019-20	2020-21
Properties served (% per km of water mains)	40.2	40.5	40.7	41.4	41.8
Average annual residential water supplied (kl/Property)	274.0	269.0	265.0	261.0	257.5
Total number of water main breaks	23	32	30	25	27
Water main breaks (per 100 km of water main)	7.2	9.8	9.1	7.5	7.9
Total number of water quality complaints (per 1,000 properties)	1.1	1.3	1.1	1.8	1.2
Total number of water service complaints (per 1,000 properties)	0.0	0.5	0.5	0.3	0.1
Total number of account and billing complaints (per 1,000 properties)	0.2	0.3	0.4	0.5	0.3
Duration of unplanned water interruption (average minutes)	63.5	93.8	66.3	147.6	130.0
Incidence of unplanned water interruptions (average per 1,000 properties)	235.8	328.4	354.9	450.9	354.7
Economic real rate of return (% net water revenue/written down value of water assets)	4.2	6.5	3.5	1.5	6.4
Lost time injury frequency rate (LTI per million hours)	0.0	0.0	0.0	0.0	0.0
Lost time injury incidence rate (LTI per 100 workers)	0.0	0.0	0.0	0.0	0.0
% return on weighted balance of investments target AusBond Bank Bill (0.059%)	2.80	2.57	2.63	1.57	0.65

Properties connected per kilometre of water main provides information on the spatial density of properties served by water mains. The result of 41.8 per cent per kilometre continues a small increasing trend.

Our average annual residential water supply was 257kL per property, down from 261kL in 2019-20 and demonstrating a continued trend towards improved water use efficiency.

The total number of water main breaks increased this year to 27, a reflection of our aging infrastructure. The increase equates to 7.9 water main breaks per 100 kilometres of water main.

The number of water quality complaints remained very low at 1.2 complaints per 1,000 properties. The number of water service complaints and account billing complaints also remained very low at 0.1 and 0.3 complaints per 1,000 properties respectively.

The average duration of unplanned water interruptions decreased to 130 minutes per outage (from 148 minutes in 2019-20), which reflects improved planning for the necessary responses.

Despite the premature failure of some polyethylene fittings historically used on water service connections, the rate of unplanned water interruptions during the period decreased to 354.7 per 1,000 properties.

Higher developer contributions has increased profit which has created a higher Economic Real Rate of Return.

Both the lost time injury frequency rate (LTIFR) and lost time injury incidence rate (LTIIR) were maintained at zero for the entire year. Busselton Water's last lost time injury (LTI) was in July 2015.

Busselton Water assesses its investment performance against the AusBond Bank Bill. Busselton Water achieved a performance of 0.65%, which was better than the AusBond Bank Bill (BAUBIL) (of 0.059%).

# Operating report



## Leadership and governance

### Governance

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

During 2020-21 we:

- strengthened our policy framework through the introduction of a new policy for cyber security; and
- completed a committee structure review.

## **Audit program**

A comprehensive audit program was completed during the year, comprising:

- an internal audit undertaken by William Buck in May 2021;
- an annual external audit program undertaken by the Office of the Auditor General in June 2021; and
- a two-day WorkSafe Plan assessment on 29-30 June 2021.

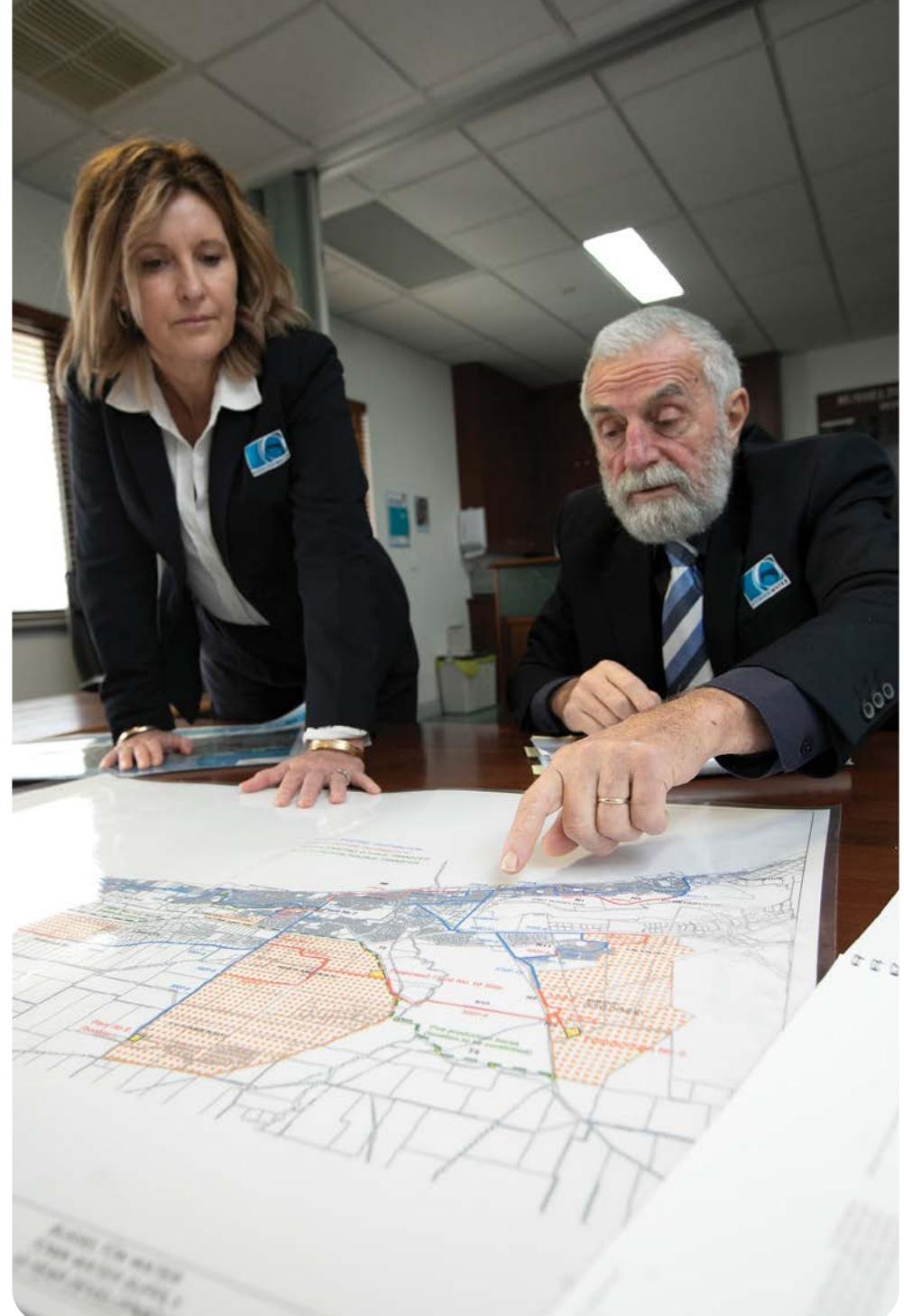
## **Risk management**

Our focus on strong risk oversight continued in 2020-21. Consistent with WA Government Risk Management Guidelines by RiskCover and ISO 31000:2009 Risk Management Principles and Guidelines, we maintained a robust risk management and control system to identify and assess material risks and report on their effective management.

Risk management procedures were adjusted to enable risks to be categorised into 11 headline risks<sup>1</sup> with an associated risk appetite statement and an acceptable ‘risk appetite rating’. Each risk can be readily associated with a relevant business objective.

1 Headline risks are those where a failure to consider significant (or catastrophic) consequences puts the organisation at risk of total failure or a major diminution of value, for example, supply of contaminated water to customers or failure to manage a pandemic.

2 Risk appetite is the amount of risk exposure (or potential adverse impact from an event) we are willing to pursue to meet our objectives and takes into consideration, such as stakeholder expectations, organisational strategy, or organisational capability and risk capacity.



## ***Business Continuity Management Plan***

A key component of achieving our vision and purpose is the maintenance of a current and effective Business Continuity Management Plan (BCMP). A focussed review was undertaken following the initial COVID-19 response to better align the format of the BCMP with industry and RiskCover advice, and to ensure sufficient up-to-date detail was available for response actions.

Initiated in 2019-20, our COVID-19 corporate incident response continued throughout 2020-21. Actions included:

- maintaining full support for the State Government COVID-19 response including weekly incident status reporting to the State Emergency Co-ordinator Directorate;
- close monitoring of Federal, State and Department of Health advice;
- the establishment and maintenance of COVID-19-specific procedures and work instructions;
- keeping staff, customers and stakeholders informed; and
- ensuring business continuity.

We carried out two mock events during the period to test our BCMP:

- in September 2020, a mock event which explored and confirmed our ability to respond to and coordinate the response to a COVID-19 cluster outbreak; improved our understanding of communications; and verified that we have adequate procedures in place; and
- in March 2021, a water quality mock event with Department of Health participation, which identified some minor improvements including better preparation for incident status communication to stakeholders.

In 2020-21, there were seven incidents recorded in the Operational Incident Register, all of which were closed. The majority of these incidents were managed as routine repair events. Three cases received comprehensive incident management to coordinate workforce deployment, safety and advise customers impacted by service disruption.



Whilst our legislative requirements and customer expectations were achieved during the period, the COVID-19 pandemic continued to present an ongoing risk to our ability to service the community and maintain continuity of drinking water supply. To mitigate this risk, we continued the development and deployment of operational changes and procedures, consistent with WA Government advice, that effectively ensured that drinking water would be available without compromise throughout the pandemic.

## **Society, community and environment**

### ***Aboriginal procurement***

Under the State's whole-of-government Aboriginal Procurement Policy, agencies are accountable for ensuring three per cent of contracts over \$50,000 are awarded to registered Aboriginal businesses in 2020-21.

This year, we exceeded this target, with 25 per cent of all contracts over this threshold being awarded to Aboriginal businesses.

#### Water use efficiency

During the year, expert consultants were engaged to assist with:

- review and refinement of our program for the replacement of old water mains, prioritising those sections of pipeline at higher risk of breakage and water losses; and

- programmed investigation of leaks in the distribution network caused by cracked or broken mains or services.

These activities, coupled with improvements in our response times and the duration of outages, resulted in an average water consumption of 103kL per person for the year (compared to a target of 111kL). Busselton Water remains well on track to achieve its target of 100kL per person, per year by 2030.

#### Energy efficiency

During the year, we implemented a clear strategy to lower energy consumption through the:

- use of variable speed drives for pump sets;
- identification and replacement of inefficient transfer pumps; and
- use of generators in lieu of mains power at peak demand times.

Designed to support our Plant 2 to Plant 4 transfer station and all delivery stations, the Variable Speed Drives Program has resulted in improved system pressure management with no adverse customer impacts. Critically, it also offers significant potential to reduce system pressure fluctuations and, with that, the number of service and main breaks.

Our annual energy consumption for the period was 3,367,963kWh compared 3,147,120kWh in 2019-20. The increase can be attributed to higher temperatures and demand.

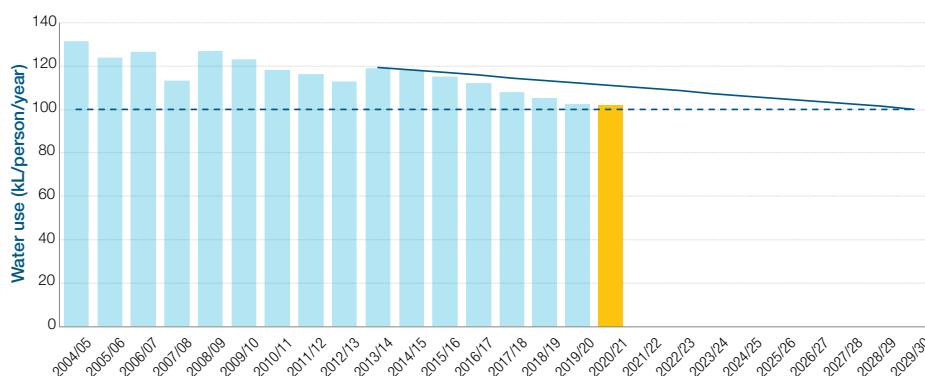
Electrical energy efficiencies of groundwater abstraction and treated water production were 0.61kWh/kL and 0.62kWh/kL respectively.

Pleasingly, a total of 112,891kWh (or 3.35 per cent) of this year's energy consumption was from renewable sources. Our Plant 2 solar scheme has now produced 488,620kWh since commissioning, representing 63.5 per cent toward recovery of its capital cost.

Our continued focus on sustainable energy practices extended to the engagement of a specialist consultant to assess potential photovoltaic and battery power systems across our sites. Outcomes of this assessment will be used to support future investment decisions.

We have established objectives and targets that identify actions that will result in measurable reductions in emissions.

**Reduction in water use to meet target  
100kL/person/year**





### **Environment and sustainability**

Our Environmental Management Policy is better supported following a range of updates made during the year to our environmental objectives, targets and procedures, as well as revisions to our Environmental Management System (EMS).

The Policy now includes commitments for ensuring sustainable water extraction, which is particularly relevant as we work to address climate change and avoid the ingress of salt water into the groundwater aquifers close to the coast.

The Policy's objectives and targets provide guidance through to 2041 relating to renewable energy, carbon offsets and the application of the EMS across our projects and operations.

Our renewed EMS is consistent with international standard ISO 14001:2016 and includes staff training and assessments, and the compilation and maintenance of a suite of environmental registers including:

- environmental aspects;
- legal and other requirements;
- conditions, issues and opportunities;
- interested parties;
- emergency response; and
- management review and auditing.

This year, in support of the WA Government's Waste Avoidance and Resource Recovery Strategy 2030, we committed the ongoing sorting of waste and to report the level of this activity to the Department of Water and Environmental Regulation. This includes the monitoring and measuring of cement and concrete products, green waste, cardboard, scrap metal, plastics and wooden pallets. The first reporting period will be September 2021.

Environmental risk management is integrated into the corporate risk framework.

### **Reconciliation Action Plan**

Busselton Water is committed to achieving and participating in a Reconciliation Action Plan as a means of ensuring greater understanding of the connection between water and the local Wadandi people. To achieve this an initial 'reflect' level plan is currently under construction in consultation with a local Aboriginal and Torres Strait Islander supplier.

### **Supporting our local community**

Our Community Partnership Program continued in 2020-21, providing funding for vital grassroots organisations within the region. This year, we supported six local programs in the areas of sport, disability services, community services and the environment. A total of 18 applications for funding was received, with the successful applicants awarded grants of between \$1,000 and \$3,600, being:

- **Disabled Surfers' Association** – to support its 'Let's Go Surfing' Days' for the fifth consecutive year.

- **Busselton Community Garden** – to support its Sustainable Water Efficiency Program, including the purchase of a 13,500-litre water tank.
- **FAWNA Inc** – for a new box trailer to assist with emergency transport for wildlife, the transportation of equipment to bushfires and natural disasters, and other operational activities.
- **Cape Naturaliste College** – to assist in the establishment of a sustainable garden with the purchase of wicking beds, garden mix and a selection of seedlings.
- **Busselton Volleyball Association** – to purchase new equipment including nets, balls and trolleys.
- **Pets of Older Persons (POOPS WA)** – to purchase a 'POOPS Busselton' branded gazebo and other display materials to enable the organisation to have a better presence at events.

**STRATEGIC PRIORITY:****Strategy and planning**

We are committed to establishing systems to set strategic direction (where we have come from, where we are going and how we will get there) and deploying plans to achieve our strategies.

**Strategic planning process**

In January, we implemented the 2020-21 cycle of our Strategic Planning Process, reviewing and re-establishing our shareholder expectation, vision and purpose, strategic priorities, current performance, opportunities and challenges, core strategies and values. This included a review of progress against the planned improvements in our eight Strategic Plans, with input received from all business areas.

This work resulted in approval in June of our Strategic Development Plan, with approval of our Statement of Corporate Intent pending the State Budget to be announced early in 2021-22.

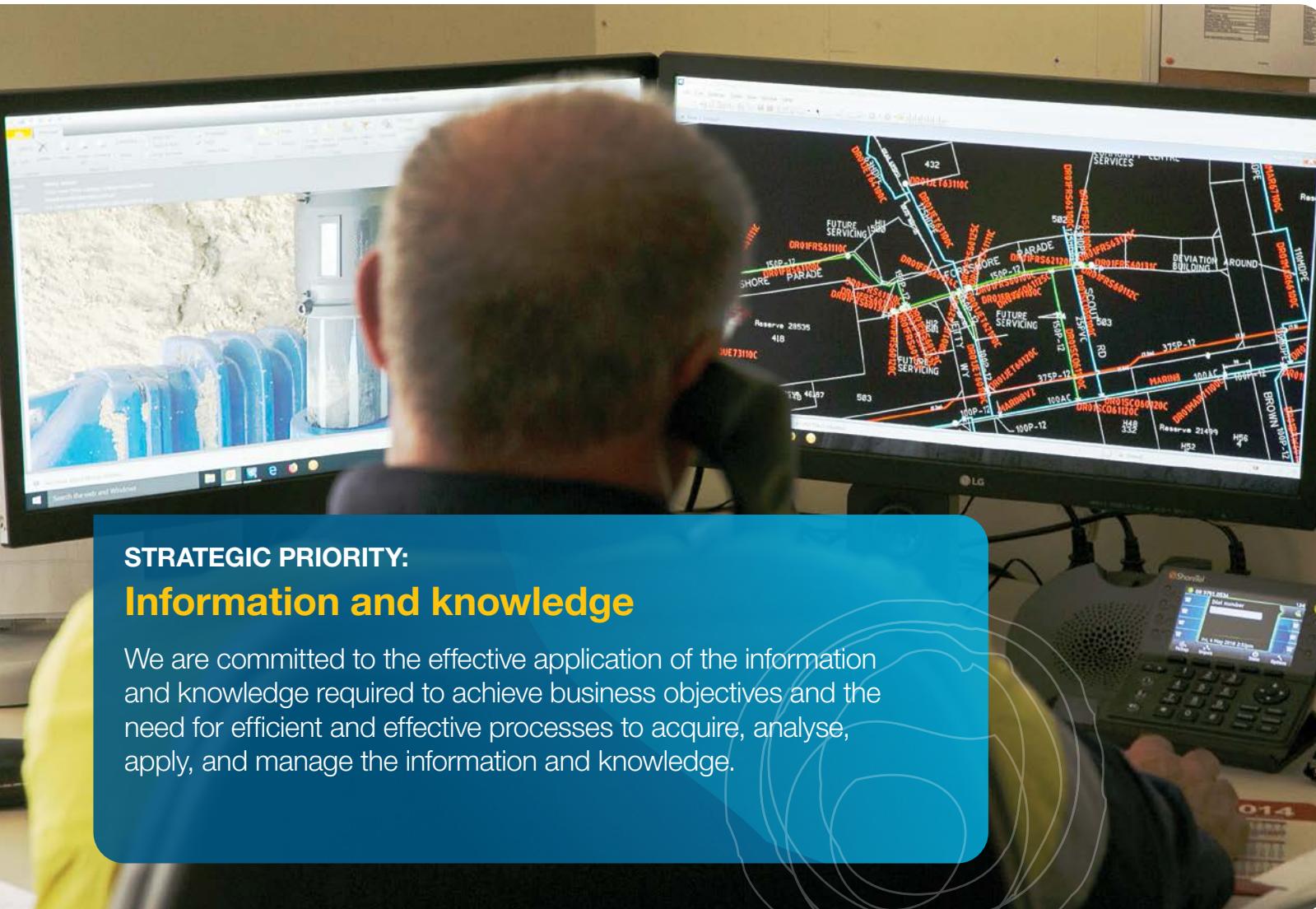
**GTE reform**

During 2020-21, Busselton Water worked closely with the Government Trading Enterprise (GTE) Governance and Oversight Unit established within the Department of Treasury, including an onsite meeting.



This work helped to achieve a greater level of understanding and transparency between the two organisations and enabled Busselton Water to better embrace GTE reforms progressed during the year, which included:

- enhancements to the budget process, including the inclusion of new information in budget papers for the upcoming financial year to now show detail relating to whole-of-business spend as opposed to the previous asset spend only; and
- enhancements to the Strategic Information Management System (SIMS) database.



## STRATEGIC PRIORITY:

### Information and knowledge

We are committed to the effective application of the information and knowledge required to achieve business objectives and the need for efficient and effective processes to acquire, analyse, apply, and manage the information and knowledge.

### Working from home

This year, iPads and desktop computers were replaced with Microsoft Surface devices to ensure staff are ‘work from home’ ready. This was significant step forward in maintaining a productive workforce during lockdowns over the period.

Further aiding our team’s ability to work from home, our internal phone system was also upgraded to a cloud-hosted solution this year, allowing staff to have internal extensions available on tablets, mobile phones or VOIP handsets at home. This has resulted in streamlined service for customers, who are provided with a seamless transition and response regardless of where a staff member is located.

### Video conferencing

Upgrades to the boardroom at the Busselton Water Administration Centre included a completely integrated audio-visual system that has allowed Busselton Water to undertake high quality video conferencing through any software platform with simplicity and ease. Staff training and external meetings are now held without the need for travel to attend.



### **Continuous improvement**

Work commenced on implementing outcomes of our Information and Communications Technology (ICT) roundtable discussion to gain a better understanding of the ICT needs of the business and balancing these needs with our capacity, both financially and in relation to resource levels.

This work includes:

- planning an integration strategy for the business; and
- developing supporting policies and procedures.

The implementation of a ICT support register and ticketing system during the period has also allowed our ICT team to track requirements and issues more effectively.

### **Intelligent Water Network**

In partnership with Telstra, Busselton Water concluded its two-year Intelligent Water Network trial at Ambergate in June 2021. The trial was aimed at gaining a greater understanding of water metering technologies, with data being analysed to inform future projects.

### **Cyber security**

Improving our cyber security was a key focus for the period.

As part of our ongoing cyber security improvements across the business, we progressed Multi-Factor Authentication during the year, running a multi-vendor pilot program to source and test a suitable option for the organisation, including our SCADA networks.

We were also pleased to participate in a pilot project with the Active Cyber Defence Alliance (ACDA), a special interest group comprised of industry, academic and government stakeholders. The pilot program tests and identifies any vulnerabilities in Busselton Water's cyber security and facilitates improvements to mitigate the risk and impact of an actual cyber event.

In addition, Busselton Water also:

- continued our assessment of internal maturity levels against the Office of Digital Government's (DGov) five areas of control;
- investigated opportunities for inclusion in DGov's Security Information and Event Management (SIEM) and Security Operations Centre (SOC) program rollouts; and
- undertook preliminary groundworks to facilitate participation in AquaEx Australia's first national cyber security exercise for Australia's urban water and wastewater sector in 2021-22.



## STRATEGIC PRIORITY: **People**

We are committed to valuing our people and creating a great place to work – including attracting the right people, developing their skills, engaging them and retaining them, as well as establishing appropriate policies, systems, processes and tools to ensure our people make a meaningful contribution to organisational improvement, goals and success.

### Ensuring a great place to work

#### *Health, safety and wellbeing*

We strengthened our commitment to the health and wellbeing of our people through a range of activities and improvements during the year. These included:

- developing a **mental health and well-being procedure and guide** – which outlines the risk management methodology by which we will identify potential risks and assist with the appropriate measures to protect the mental health and wellbeing of all Busselton Water employees;
- in September 2020, fulfilling the requirements of a **Platinum Certificate of Achievement** under the WorkSafe Plan assessment process, which rates occupational safety and health management systems;
- **providing complimentary flu vaccinations** for our team, with almost two thirds (65%) of employees taking part;

- **providing complimentary skin checks** for staff, with 88 per cent of employees participating in the annual opportunity; and
- **replacing standard desks with sit/stand options** to accommodate individual staff to better perform their tasks.

#### *Enterprise agreement*

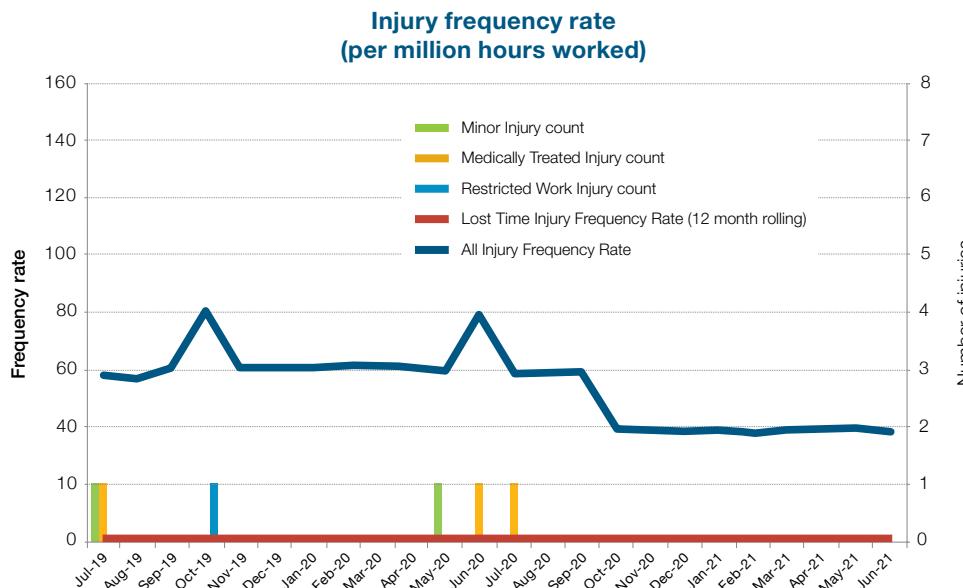
Busselton Water's 2017 Enterprise Agreement was maintained for 2020-21 with pay increases consistent with the State Wages Policy applied.

Agreement was also reached during the period to maintain the same arrangements for a further year to cover 2021-22.

#### *Code of Conduct*

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

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



## Building organisational capability

#### *Workplace training and development*

Ninety per cent of our training and development plan was delivered this year, meeting our legislative and regulatory obligations and enabling our employees to build competencies and skills across a range of including:

- finance, specifically taxation and payroll;
- family and domestic violence;

- operator skills in testing and tagging, and backhoe, forklift and chainsaw operation;
- fraud, corruption awareness and government investigations;
- information technology, including Geographic information system software
- social media;
- leadership development;
- occupational safety and health; and
- industry and innovation skills and awareness training at OzWater'21.





## Meeting our customers' needs

### Social and digital

Our social and digital platforms continued to reach and update our community. In 2020-21:

- our Facebook audience grew, with page likes increasing by 17 per cent and 130 posts published;
- the Busselton Water LinkedIn page was viewed 649 times and had 1,698 impressions;
- we extended our social platforms with the creation of the Busselton Water Instagram account, attracting 112 followers;
- the Busselton Water website (including the MyBusseltonWater portal) has had more than 19,600 users visit close to 29,000 times;
- the MyBusseltonWater login page received more than 4,000 logins and attracted almost 500 new registrations this year, with customers conducting more than 900 transactions on the portal;
- more than 13,000 SMS notifications were issued to customers, including those to advise of service outages and the winter sprinkler switch-off.

### ***Supporting those affected by family violence***

The Water Services Code of Practice (Family Violence) 2020 came into effect on 8 December 2020, prescribing the minimum requirements for water service providers to support their residential customers who have been affected by family violence.

Following consultation with specialist organisations, Busselton Water introduced its Family Violence Policy in June 2021. The policy ensures our customers experiencing family violence know they will be heard and treated with compassion.

To support the introduction of the new policy, training was undertaken to enable staff to appropriately respond to customers experiencing family violence. Customer information packs were also prepared to provide information about debt management and recovery, payment difficulties and hardship related to family violence.

Busselton Water also continued its employee assistance program, which provides support to staff who may be personally affected by family and domestic violence.



Our commitment to raising awareness of domestic violence and providing support to local on-the-ground services continued in 2020-21. As part of the 16 Days in WA campaign in November, we:

- encouraged our team to wear orange to support an end to violence against women;
- hosted a guest speaker from Communicare's local domestic violence support service, Tuart House, to present to staff at a special morning tea;
- highlighted the statistics and impacts of domestic violence to our customers and community through our website and social channels; and
- ran two community donation drives for local support service, Tuart House, with our Administration Centre acting as a community drop-off point for school supplies between November and January, and toiletries during March. More than 700 items were collected and gratefully accepted by Tuart House for its clients.

## Stronger networks

During the year, we strengthened our industry and stakeholder networks by:

- continuing our working relationships with other water providers, most notably the Water Corporation and Aqwest;
- attending a number of the Busselton Chamber of Commerce networking events;
- participating in local and state committees, including the South West Water Industry Group, the quarterly Advisory Committee for the Purity of Water, the South West Infrastructure Group, the Southern Critical Infrastructure Security Collective, the Joint Interagency Working Party and others;
- participating in a number of forums hosted by the Water Services Association of Australia;
- participating in OzWater'21 via an online program that enabled three staff to participate in various sessions to inform future planning for the business; and

- hosting Department of Treasury representatives on site to foster improved relationships between the two organisations and allow Treasury analysts to gain a greater understanding of the long term objectives of Busselton Water.

### *Australian Water Association study tour*

Busselton Water also played host to a delegation of water industry representatives in May, with the group visiting our Kent Street Water Treatment Plant to inspect and learn about our award-winning filter project as part of a wider tour of the region's water infrastructure.

General Manager Operations, Chris Vigus was tour guide to the 30 study tour attendees, explaining the design challenges behind our stainless steel gravity filters and providing insights into how 3D modelling was used to meld existing pipework with the new infrastructure.



### *School collaboration*

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

During the year, two students worked alongside our operations team, participating in water quality checks, getting a behind-the-scenes look at our operations and storerooms, and observing stock management and logistics. The students also received hands-on learning opportunities – joining the team at new installations, helping to fix leaking taps and assisting with other general maintenance in the field.

## Australian Water Association Awards



Busselton Water was awarded two major accolades at the Western Australian Water Awards in October.

In partnership with GHD, Busselton Water received the Infrastructure Project Innovation Award (Regional) for the Kent Street Plant filter replacement project. The 40-year-old legacy drinking water filters at the Kent Street Plan were replaced with new highly innovative units that offered improved safety, operability and environmental character.

Busselton Water Managing Director, Chris Elliott received the prestigious Water Professional of the Year award for setting new benchmarks in workplace safety and sector innovation, whilst also making a significant contribution at a regional level.

Both projects went on to represent WA at the Australian Water Association Awards.

## Engaging with our community

### *Customer survey*

As part of Busselton Water's commitment to ongoing improvement, a broad customer satisfaction survey was undertaken to gather customer intelligence and insights, and to help measure performance.

The biennial survey was widely promoted to customers and open for a period of six weeks, with 518 customers providing feedback. Analysis will be completed in early 2021-22, with results informing the business over the coming years.

### *Customer Advisory Group*

The Busselton Water Customer Advisory Group represents our residential customers, business owners and community groups. The group works closely with our Board and Executive and plays a pivotal role in helping to shape the corporation's future plans in line with the needs and expectations of our community.

This year, the group met for two half days, in November 2020 and May 2021, to discuss and provide feedback on a range of topics including online portal enhancements, the 2021 customer survey, tariffs and billing, and customer programs. The group also received a presentation from Rockwater about Busselton Water's 3D saltwater interface sustainability study.

#### **Waterwise Garden Irrigator Program**

This year, in partnership with Irrigation Australia, Busselton Water launched the Waterwise Garden Irrigator Program to the community.

Three local irrigators completed a self-paced online water efficiency education course, becoming endorsed as waterwise garden irrigators and able to share their skills with householders to help reduce water wastage through domestic reticulation systems.

As part of the launch, community members were also invited to share their waterwise gardens and water saving tips with others to implement in their homes.

#### **National Water Week**



In October, we celebrated National Water Week with the creation of a children's book, *Hydro and Lily Save Busselton's Water*.

The story follows Busselton Water's mascot, Hydro and his friend, Lily as they learn about climate change and how to save water in order to save Hydro's home, the Yarragadee Aquifer.

Illustrations were completed by local students and the cover art was designed by a young community member.



## Managing our water

### *Water quality*

In 2020-21, we produced 5.4GL of drinking water. Our commitment to achieving full compliance with health related and non-health related water quality criteria in the Australian Drinking Water Guidelines (ADWG) is firmly established and reflected in our exceptional water quality results in 2020-21:

Health related characteristics	% compliance with MoU
Escherichia coli	100
Naegleria	100
Chemical	100
Pesticides	100
Radiological	N/A <sup>3</sup>

<sup>3</sup> As radiological sampling is undertaken every two years, it was not required nor undertaken in 2020-21.

Our Memorandum of Understanding (MoU) with the Department of Health requires us to comply with the ADWG. Supporting the MoU is a Drinking Water Quality Management Plan, framed around ADWG requirements, which documents each stage of the water supply chain from source to customer. It details the hazard identification, incident response and critical control points and is a comprehensive guide to the business on how to maintain and improve the safety of the supply of drinking water.

Our Water Quality Committee met quarterly with the Department of Health to review water quality results and discuss any relevant matters.

We maintained rigorous processes to ensure the delivery of safe, high quality drinking water to our customers, including an extensive water sampling program which resulted in 11,251 water quality tests being taken throughout the year with 5,569 samples being sent to a National Association of Testing Authorities (NATA) accredited laboratory for analysis and reporting, and a further 5,682 samples being analysed in-house.

There were 17 water quality complaints received during the year, relating to taste and discoloured water.

#### ***Water quality testing improvements***

Our in-house water quality testing equipment was calibrated to provide faster turnaround times and to create greater capacity for in-house testing. Our courier services for water sample deliveries were also assessed to ensure continuity of service during periods potentially impacted by the ongoing pandemic.

#### ***Capital works program***

##### ***Water Production Upgrade Project***

Busselton Water is planning the construction of an additional bore with associated water treatment infrastructure at Plant 8, timed to be ready when the existing system is no longer able to meet estimated demand in 2029-30. Consistent with sustainable water resource management parameters, this project will be the first component of further inland borefield development. It is being designed and located to mitigate the impacts of climate change.



Concept design work was completed this year, proposing a design to cater for future demand to 2049-50 and beyond. The concept design proposes a plant capable of treating groundwater and producing safe, compliant, aesthetically acceptable water to Busselton Water customers. The project will increase production by 24 per cent and is Stage 1 of proposed longer-term development.

Pre-work investigations and approvals have been initiated and will identify site-specific considerations, including environmental matters, that will need to be addressed to allow design to proceed.

This project has an estimated capital cost of \$32.7 million.





### **Variable Speed Drives Program**

The commissioning of variable speed pumps at our Plant 2 to Plant 4 transfer pumping stations and all delivery stations was completed this year, allowing pump performance to better align with customer demand. By minimising water hammer and pressure surges, the program supports energy savings and reduces impact on our pipeline network.

### **Asbestos cement mains replacement**

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

This year, a total of 1,147 metres of asbestos cement water mains was replaced.

As the replacement works are primarily located within residential streets, each project has a strong focus on maintaining customer supply, minimising customer impacts, ensuring good traffic management and building pipeline assets that meet strict engineering and construction standards.

### ***Chlorination upgrade***

To ensure the ongoing efficient operation of our chlorination system, we commenced a project that will replace critical components with those of an improved quality and industry standard. The project will provide improved:

- equipment configuration and performance standardisation;
- availability and reliability of spares;
- manufacturer and supplier support; and
- staff training effectiveness.

All of our chlorination plants have the required licences and are designed, built and operated to enable full compliance the Australian Drinking Water Guidelines.

<b>Capital Works Program</b>	<b>2020-21 Actual \$'000</b>
Office Equipment / Information and Knowledge	62
Building, Land and Land Improvement	74
Plant and Machinery	1,126
Motor Vehicles	120
Meters	411
Mains and Services – New Developments	50
Mains and Services – Upgrade Existing	533
<b>Total</b>	<b>2,376</b>

## Managing our assets

### *Water pressure improvements*

A pressure-sustaining valve was installed in the supply main that delivers bulk water to supplement the Water Corporation's Dunsborough water supply, providing more consistent water pressure for our customers, who are also directly serviced by the same main.

The new valve also allows for larger supplies to be distributed to Dunsborough during low demand periods in Busselton, deferring the immediate need for mains upgrades to the supply pipeline on Caves Road.

### *Asset maintenance*

Busselton Water maintained, operated and managed nine bores, three water treatment plants, five storage tanks and 341.5 kilometres of distribution mains to supply high quality water to our customers. We extended our pipeline network by 3.5 kilometres this year to accommodate an increase in predominantly residential development. We also carried out maintenance and upgrades to our water treatment plants, ensuring our water treatment system was fully available and reliable.



During the year, all three treatment plants operated normally.

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

### *Geographical Information System (GIS) upgrade*

In recognition of significant innovations in GIS and related technologies and the

anticipated future impact of web-based GIS, we implemented Esri's ArcGIS online GIS platform in June.

Already, the mapping and analytics platform has delivered a raft of benefits, including:

- the ability to create and manage 2D and 3D location data using field and office applications;
- data analysis to understand trends;
- rapid data updates;
- field access to the latest asset information; and

- improved asset identification during fault response.

Training was undertaken with relevant staff and ongoing supplier support has also been contracted.

### *Operating licence extension*

The Environmental Regulation Authority (ERA) approved the renewal of Busselton Water's water services licence WL3 from 2 June 2021 for 25 years (to 2046) for the provision of potable water to the operating area defined in the licence.

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

The Memorandum of Understanding (MoU) between Busselton Water and the Department of Health (which regulates drinking quality in Western Australia) remained in place during the period.

## Driving innovation

### *Innovation workshops*

Our Business Management System was improved to better align our innovation processes with our corporate planning cycle. This has enabled improved identification of innovation opportunities across all strategic priority areas. All staff participated in innovation workshops, resulting in some immediate improvements to our strategic plans and others being further assessed.

### *Mapping system improvements*

A new online mapping system provided by Esri has been implemented to overcome the inherent time delays with data exchange, integration and updating of our previous system. Improved functionality with our asset data and customer data will continue to evolve in this area.

### *Cloud-based payroll system*

Improvements to our payroll system were implemented in June. Altus Payroll is a cloud-based system that offers improved efficiencies by providing the ability to manage all payroll functions electronically, including leave requests. The new modern system has superseded our former paper-based system.

### *eftsure*

As part of our increased commitment to cybercrime and fraud control, Busselton Water adopted eftsure in February. This service verifies all payment recipients prior to the processing of a customer's electronic funds transfer payment, streamlining our payment process and creating greater efficiencies and security.

### *Seeking new options for leak detection*



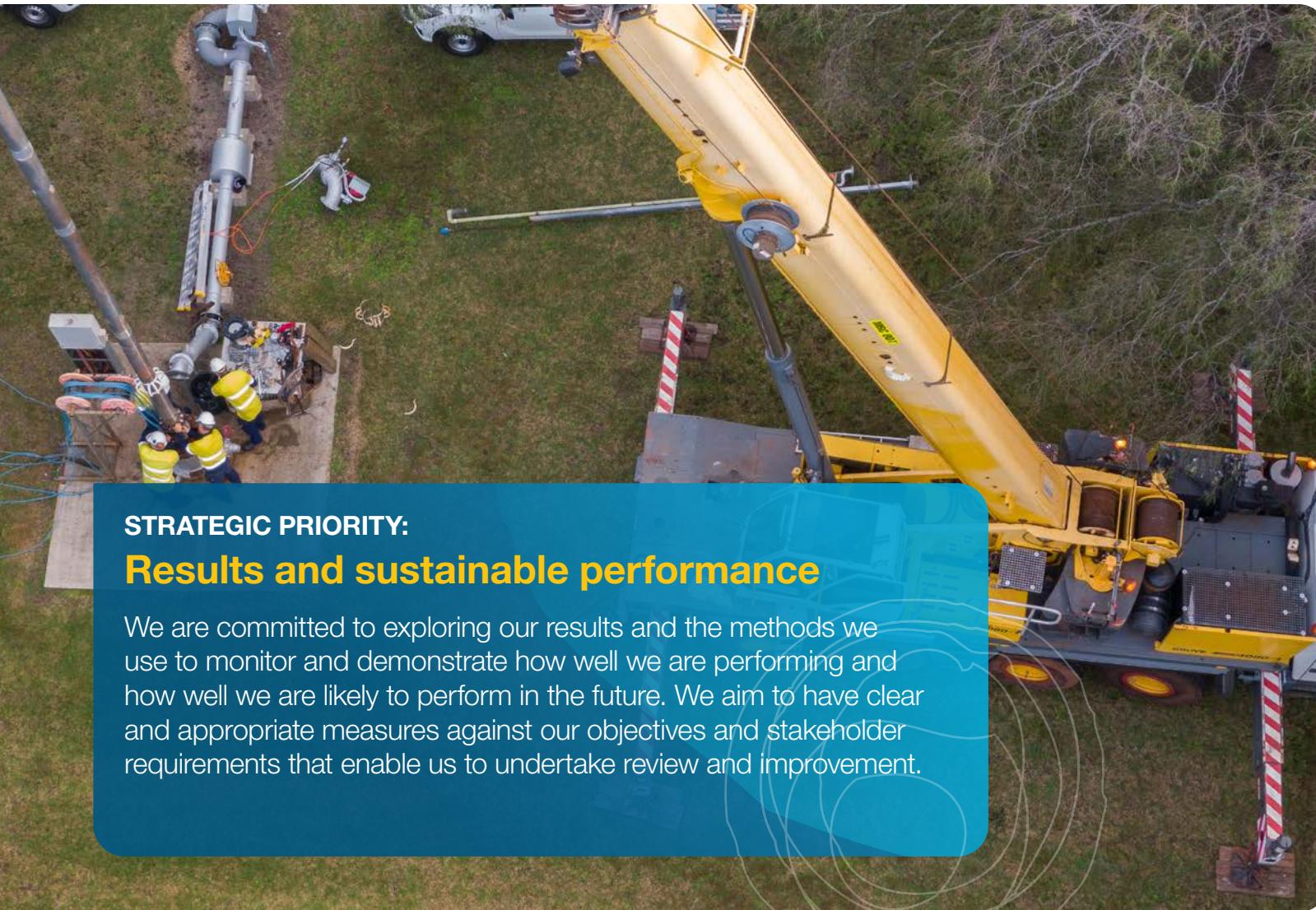
In September, Busselton Water was visited by Water Corporation canine handler Andrew Blair and Kep, Australia's first water leak detection dog.

Kep, the English springer spaniel named after the Noongar word for water, has worked as part of the Water Corporation's non-visible leaks program for more than two years.

Our local team had the pleasure of watching Kep in action and was able to learn more about how she used her target scent of chlorinated water to find underground leaks in the water network.

## STRATEGIC PRIORITY: **Results and sustainable performance**

We are committed to exploring our results and the methods we use to monitor and demonstrate how well we are performing and how well we are likely to perform in the future. We aim to have clear and appropriate measures against our objectives and stakeholder requirements that enable us to undertake review and improvement.



### **Reporting requirements**

Busselton Water successfully delivered on all reporting framework requirements in 2020-21.

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

Our 2019-20 Annual Report was tabled in Parliament on 17 September 2020. Our 2020-21 Statement of Corporate Intent was tabled in Parliament on 11 November 2020. We also submitted our annual report on our compliance with performance standards set out in our operating licence to the Economic Regulation Authority.

The Key Business Results section of this report shows 2020-21 results in our Financial Performance, Business Performance and Management Trends, with these results showing targets were met at a consistently high level with no significant variances.

## Measuring and communicating organisational results

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

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

## Achieving sustainable performance

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

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

## Strategic Asset Plan

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





## STRATEGIC PRIORITY: **Growth**

We are committed to growing our business by expanding and diversifying our existing water services.

Fuelled by government stimulus packages and the economic response to COVID-19, the South West region enjoyed a mini land development boom and growth spurt in 2020-21.

We connected 401 new services to our network (176 in 2019-20) and supplied 5.4GL of drinking water (5.3GL in 2019-20).

Pleasingly the average volume of household water use reduced by 4kL per household, from 261kL to 257kL per year.

We continued our long term agreement with the Water Corporation to augment the Dunsborough water supply scheme, resulting in 335,659kL of water exported to this area, an increase of around 7.5% (or an additional 23,397kL) on last year.

Long term forecasts indicate our region will continue to grow with Busselton's residential population predicted to reach up to 70,000 people by 2050 with demand for water likely to increase to 9GL per annum.

During 2020-21 Busselton Water also identified and evaluated a number of business development opportunities aimed at expanding and diversifying our existing water services. None of these opportunities were selected for commercial development.





# Corporate governance report

## CORPORATE GOVERNANCE

Busselton Water's strong corporate governance framework ensures all of the requirements contained within the *Water Corporations Act 1995* are addressed in our Board Charter. Our annual review of policies, procedures, controls, and risk management processes also makes certain that we deliver on the commitments set out within it.

Our corporate governance framework is outlined following.

### Board of Directors

Busselton Water is required to have a Board that comprises six or seven persons appointed by the Governor on the Minister for Water's nomination.

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

Directors are appointed for a term of three years and are eligible for reappointment. The terms of appointment are staggered so that one

third of the Directors retire each year, which ensures continuity of knowledge and experience on the Board. Subject to reappointment, there is no limit on the time a Director may serve on the Board.

The Governor, on the Minister's nomination, appoints a director of Busselton Water to be Chairperson and another to be Deputy Chairperson of the Board.

### Changes to the Board

Dr Robyn Paice was reappointed as a member for a term expiring on 31 May 2024.

Dr Gae Synott was reappointed as a member for a term expiring on 31 May 2024.

### Accountability and independence

As prescribed in Schedule 2 of the *Water Corporations Act 1995*, Directors have a duty to act honestly, exercise reasonable care and diligence, not make improper use of information or position, act with loyalty and in good faith and disclose all material personal interest in matters involving Busselton Water which are raised in Board meetings.

The Board has authority, subject to the *Water Corporations Act 1995* to perform the functions, determine the policies and control the affairs of Busselton Water.

Ministerial approval is required for transactions that are above a prescribed amount, amount to a major initiative or is likely to be of significant public interest.

### Ethical standards

The Board Charter describes how the Board discharges its functions, roles and responsibilities as defined in the *Water Corporations Act 1995*.

The Board has adopted the Code of Conduct for directors produced by the Australian Institute of Company Directors, and Busselton Water's Code of Conduct.

Busselton Water's Code of Conduct is reviewed annually followed by staff training sessions. A report on the observance of the Code of Conduct is provided to the Minister for Water annually, with a copy of the report provided to the Public Sector Commission.

### Conflicts of interest

The Board Charter and Busselton Water Code of Conduct set specific standards in relation to conflicts of interest. Conflicts may be perceived, potential or actual.

Procedures are in place to identify, declare and manage conflicts of interest where private or personal interests conflict with Busselton Water duties.

### Related party disclosures

The Board Charter and Busselton Water Code of Conduct require Key Management Personnel (Board Directors and Senior Executive) to provide details of any controlled (or jointly controlled) entities; and details of any transactions, to the best of their knowledge, between themselves or related parties.

The objective is to ensure that Busselton Water's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and financial performance may have been affected by related party disclosures.

## Board performance

The Board and Audit Committee undertake annual performance evaluations of the Board, Audit Committee and individual members to assess performance against the requirements of the Board and Audit Committee Charters, the *Water Corporations Act 1995* and any relevant achievement goals. Outputs from the reviews are used to inform the Director Development Program, including training opportunities.

## Governance framework

The Board is responsible for corporate governance and approves our Strategic Development Plan (SDP), Statement of Corporate Intent (SCI), Strategic Asset Plan (SAP), budgets and policies. It ensures legal compliance and risk management are effectively managed.

Each year the Board, in consultation with the Senior Executive Group, develops the SCI to provide direction for the coming 12-month period. The five-year SDP is updated each year to provide longer term direction. Both plans for the reporting period were presented to the Minister for Water.

The SCI is available to the public and communicates our objectives for the coming year.

The Board also prepares a SAP that identifies the top priority investment proposals and their strategic justification.

At monthly meetings, the Board monitors financial and operational performance through comprehensive monthly reporting. They consider progress towards our vision in each of the strategic priority areas – Leadership; Strategy and Planning; Information and Knowledge; People; Customers and Other Stakeholders; Process Management, Improvement and Innovation; Results and Sustainable Performance; and Growth.

## Internal control

The Board, through the Audit Committee, has oversight for the financial reporting process, the system of internal controls, and the internal and external audit processes.

Busselton Water's internal control structure includes clear lines of accountability and delegation of authority. The Senior Executive Group

has responsibility for maintaining internal controls in the delivery of Busselton Water's strategic objectives.

Strategic plans are monitored monthly to ensure the risk of not achieving organisational objectives is identified and appropriately managed and mitigated.

## Audit Committee

The Audit Committee was chaired by Mr Angus Smith and includes Mr Geoffrey Oddy and Ms Christine Kershaw. Each member has considerable corporate and financial experience and the skills to undertake the Committee's responsibilities.

The Committee oversees the internal audit function and liaises with the external auditor.

The Audit Committee scope includes all audit related activities within the business. The Committee assists the Board in adding value and improving the organisations operations. It helps Busselton Water accomplish its objectives by bringing a planned, systematic and disciplined approach to evaluate and improve the effectiveness of financial and other business processes and controls.

The Audit Committee invites input and attendance from the Managing Director, Chief Finance Officer and Senior Executive Group members. External attendees during the year included internal auditors.

Teleconference meetings are held with the audit staff of the Office of the Auditor General, Board Chair, Audit Committee, Managing Director, Chief Finance Officer and the General Manager Corporate Finance.

## Internal audit and review

The Audit Committee, in discussion with the Senior Executive Group, sets the scope of the internal audit program for a rolling three year period. The quality of our internal controls and audits is improved by referencing ad-hoc audit reports from the Office of the Auditor General.

Internal audits are outsourced within a three year agreement and conducted annually. Internal audit findings are actioned and closed under the direction of the Audit Committee.

## External auditors

The *Water Corporations Act 1995* requires that Busselton Water's financial

reports for each financial year are audited by the Office of the Auditor General. Any audit findings are actioned and closed out under the direction of the Audit Committee.

### Managing financial exposures

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

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

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

Board financial training was held in March facilitated by an external provider with over 30 years' international experience in financial and general management roles to ensure that

Board members have the knowledge to achieve a greater comprehension of financial statements which further ensures that the risk of financial exposure is mitigated.

### Ministerial directions

Under Section 64(1) of the Water Corporations Act 1995 the Minister for Water may give directions in writing to Busselton Water generally with respect to the performance of its functions and, subject to Section 65, Busselton Water is to give effect to any such direction.

During the reporting period no directions were received from the Minister for Water.

### State Records Act 2000

In accordance with Section 61 of the *State Records Act 2000* and the State Records Commission's Standard (Standard 2 – Principle 6), Busselton Water has an approved Record Keeping Plan. In accordance with Section 28(5) of the Act, the Plan was submitted to the Minister and approved in October 2019. It describes how records are created, maintained, managed and disposed of in accordance with Standards and Principles.

A review of the efficiency and effectiveness of the training program was carried out during the reporting period. After the review, annual refresher training on record keeping was provided to all staff. Training is also provided for new employees and includes familiarisation with the document management policy and procedures.

Busselton Water continues to work with Information Proficiency, our record keeping partner, on creating statistical information that can be used for monthly reporting.

### Public interest disclosure statement

The *Public Interest Disclosures Act 2003* facilitates the disclosure of public interest information and provides protection for those making such disclosures and those who are the subject of disclosures.

Busselton Water has appointed a Public Interest Disclosure Officer and has internal procedures to support disclosures.

There were no public interest disclosures during the reporting period.

### Freedom of Information

In accordance with section 96 of the *Freedom of Information Act 1992* Busselton Water has published a Freedom of Information statement. The statement can be found at [busseltonwater.wa.gov.au](http://busseltonwater.wa.gov.au). Its purpose is to provide members of the public with information about how to access documents we may hold.

During the year, one request for information was made.

### Reportable expenditure

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

Total expenditure in 2020-21 was \$26,895.

Expenditure was incurred in the following areas:

Expenditure	Amount paid (\$, ex GST)
Media advertising organisations	
Marketforce Productions	\$11,581
Direct mail organisations	
Zipform	\$15,314

## DIRECTORS' REPORT

The Directors of Busselton Water present their report for the 12-month period ending 30 June 2021.

### Directors

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

#### **Helen Shervington (Chair)**

Director since October 2011  
Chair since July 2012

#### **Geoffery Oddy (Deputy Chair)**

Director since October 2014

#### **William Angus Smith**

Director since August 2013

#### **Christine Kershaw**

Director since September 2017

#### **Robyn Paice**

Director since September 2018

#### **Gae Synnott**

Director since September 2018

#### **Christopher Elliott**

Director since September 2018

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

### Directors' meetings

Attendance by Directors at meetings held during the financial year ended 30 June 2021 is set out in the following table:

Director	Board		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Helen Shervington	11	11		
Geoffery Oddy	11	11	3	3
William Angus Smith	11	10	3	2
Christine Kershaw	11	9	3	3
Robyn Paice	11	11		
Gae Synnott	11	11		
Christopher Elliott	11	9		

Board meetings are held monthly. The Audit Committee meets three times per year.

### Senior Executive

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

Three highest paid employees	Title	Year ended 30 June 2021	Year ended 30 June 2020
Christopher Elliott	Managing Director	✓	✓
Christopher Vigus	General Manager Operations	✓	✓
Tracie Bishop	General Manager Corporate and Finance	✓	✓

### Principal activities

Busselton Water was established as a Corporation in November 2013 under the provisions of the *Water Corporations Act 1995*. The organisation's principal activity is to acquire, store, treat, distribute and supply drinking water to the Busselton area. In addition, we undertake, maintain and operate any works, system, facilities apparatus or equipment required for these purposes. These services are provided under this Act and subsidiary legislation which control the water industry.

There has been no significant change in the nature of our activities during the reporting period.

### Operating results

During the year, Busselton Water supplied 5.4GL of drinking water.

Busselton Water made a profit before tax of \$3.35 million in 2020-21, (2019-20: \$1.72 million) and an after tax profit of \$2.34 million (2019-20: \$0.91 million).

### Dividends

Dividends paid by Busselton Water since the end of the previous financial year were:

Date of	Amount \$m	Date of payment
Final 2019-20	0.757	23/12/2020

## Dividends declared after end of year

Following direction received from the Minister for Water, no dividend will be payable for the 2020-21 year. Instead 85 per cent of net profit after tax (\$1.99m) will be retained to fund future infrastructure investments.

## Review of operations

Busselton Water operates within a regulatory framework comprising the Economic Regulation Authority, Department of Water and Environmental Regulation, Department of Health and Department of Treasury.

The Busselton Water Statement of Corporate Intent (SCI) provides clear direction through objectives and performance targets. Busselton Water performed well against all targets set out in the SCI 2020-21.

## Remuneration report

### *Director's emoluments*

The Minister determines the emoluments of the Board of Directors.

Total remuneration band	No. of Directors		Short-term remuneration		Post-employment superannuation		Other-long term benefits		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
\$			\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
0-10,000	-	-	-	-	-	-	-	-	-	-
10,001-20,000	5	5	13	13	1	1	-	-	14	14
20,001-30,000	1	1	25	25	2	2	-	-	27	27

### *Executive emoluments*

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

The compensation package for the MD also includes a variable component. The actual amount to be paid is determined annually by the Board.

In April 2017, Busselton Water was requested by the new State Government to adopt its Machinery of Government budget repair strategies comprising:

- freezing senior executive salaries for four years; and
- capping non-executive annual salary increases to \$1,000 per employee.

As part of our commitment to the State Government's budget repair strategies, Busselton Water has adopted these measures.

In accordance with S13 (3) of the Water Corporations Act 1995, the Board obtains concurrence of the Minister for Water before setting or altering compensation for the Managing Director. The number of employees whose total remuneration falls within the following bands is:

Total remuneration band	No. of Staff <sup>1</sup>		Short-term remuneration <sup>2</sup>		Variable remuneration <sup>3</sup>		Post-employment superannuation		Other long-term benefits <sup>4</sup>		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
\$			\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
0-50,000	-	1	-	31	-	-	-	2	-	2	-	35
50,001-100,000	-	1	-	72	-	-	-	7	-	-	-	79
150,001-200,000	1	-	153	-	-	-	14	-	9	-	176	-
200,001-250,000	1	1	183	181	-	-	17	17	8	9	208	207
250,001+	1	1	278	278	27	75	27	31	11	14	343	398

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

2 Includes base remuneration and non-monetary benefits.

3 Variable remuneration reported and paid in 2020/21 relates to the 2019/20 financial year.

4 Other long-term benefits e.g., movement in accrued leave provisions.

## Environmental performance

Busselton Water operates within Commonwealth and State environmental laws including the *Environment Protection and Biodiversity Conservation Act (Cth) 1999* and the *Environmental Protection Act 1986 (WA)*.

Under the Environmental Protection Act, we are registered to discharge backwash water to the environment. Should an unplanned discharge with potential to harm the environment occur, our incident management process ensures a fast and effective response to these and other incidents.

Environmental performance is underpinned by our Environment Policy which enables systematic identification of environmental risks and development of environmental improvement plans to reduce risks and ensure our activities are sustainable.

## State of affairs

There were no significant changes in the state of affairs during the year ended 30 June 2021 not otherwise disclosed in this report, or the financial statements.

## Events subsequent to balance date

Since the end of the financial year ending 30 June 2021 and the date of the release of this report, the Directors are not aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly, or may significantly, affect Busselton Water's operations, the results of those operations or Busselton Water's state of affairs in subsequent financial periods.

## Directors' interest and benefits

In the 12 months to 30 June 2021, no Director received, or became entitled to receive, any benefit (other than a benefit included in the total amount of remuneration received or due and receivable by Directors) by reason of a contract made by Busselton Water with the Director, or with a firm, of which the Director is a member, or with an entity in which the Director has a substantial interest.

## Indemnification of Directors and Auditors

In the 12 months ending 30 June 2021, Busselton Water has not indemnified against a liability, a person who is, or has been, a Director or auditor of Busselton Water. During the period ended 30 June 2021, Busselton Water paid insurance premiums in respect of

Director's and Officer's liability insurance for any past, present or future, Director, Board/Committee member, Executive Officer or employee of Busselton Water.

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

**Helen Shervington**  
Chair

**Geoffery Oddy**  
Deputy Chair

Busselton, 16 August 2021

# **FINANCIAL REPORT**

for the year ended 30 June 2021



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**DIRECTORS' DECLARATION**

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**INDEPENDENT AUDITOR'S REPORT**

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**STATEMENT OF COMPREHENSIVE INCOME**

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**STATEMENT OF FINANCIAL POSITION**

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**STATEMENT OF CHANGES IN EQUITY**

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**STATEMENT OF CASH FLOWS**

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**NOTES TO THE FINANCIAL STATEMENTS**

- Note 1 Basis of Preparation
- Note 2 Use of Funding
- Note 3 Our Funding Sources
- Note 4 Key Assets
- Note 5 Other Assets and Liabilities
- Note 6 Financing
- Note 7 Financial Instruments and Contingencies
- Note 8 Other Disclosures

## Directors' Declaration

In the opinion of the Directors of Busselton Water Corporation:

- (a) the financial statements and notes are in accordance with the *Water Corporations Act 1995*, including:
  - (i) giving a true and fair view of Busselton Water's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that Busselton Water will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Helen Shervington**  
Chair, Busselton Water Corporation



**Angus Smith**  
Member, Busselton Water Corporation

Date: 23 September 2021



## Auditor General

### INDEPENDENT AUDITOR'S OPINION

2021

Busselton Water Corporation

To the Parliament of Western Australia

#### Opinion

I have audited the financial report of Busselton Water Corporation (the Corporation), which comprises the Statement of Financial Position as at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In my opinion, the accompanying financial report of the Corporation is prepared in accordance with schedule 3 of the *Water Corporations Act 1995* including:

- a. giving a true and fair view of the Corporation's financial position as at 30 June 2021 and of its performance for the year then ended; and
- b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of my report. I am independent of the Corporation in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other Information

The directors are responsible for the other information. The other information comprises the information in the Corporation's annual report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.

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

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

#### Responsibilities of the directors for the financial report

The directors of the Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and schedule 3 of the *Water Corporations Act 1995* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Corporation.

#### Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at [https://www.ausab.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.ausab.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

#### Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of Busselton Water Corporation for the year ended 30 June 2021 included on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on the website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Grant Robinson  
Acting Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
28 September 2021

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## Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>EXPENSES</b>			
Employee benefit expenses	2.1.1	1,337,594	1,265,328
Cost of sales	2.2	3,678,569	3,994,862
Depreciation and amortisation expenses	4.1.1, 4.2.1	2,955,740	2,824,028
Finance costs	6.2	35,144	48,362
Administration expenses	2.3.1	701,732	807,978
Other expenses	2.3.2	1,218,616	1,370,663
Loss on disposal of non-current assets	2.3.3	102,946	156,980
<b>Total cost of services</b>		<b>10,030,341</b>	<b>10,468,201</b>
<b>INCOME</b>			
<b>Revenue</b>			
Water sales revenue	3.1	10,791,101	10,090,375
Grants and contributions	3.2	670,000	562,769
Developer contributions - headworks	3.3	1,916,053	1,112,238
Developer contributions - mains	3.3	58,981	32,753
Interest revenue	3.4	83,024	196,127
Other revenue	3.5	249,229	194,191
		<b>13,768,388</b>	<b>12,188,453</b>
<b>Profit before income tax</b>		<b>3,738,047</b>	<b>1,720,252</b>
Income tax equivalent expense	8.7.1	(1,148,067)	(807,464)
<b>Profit after income tax</b>		<b>2,589,980</b>	<b>912,788</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus	8.6.3	1,276,834	333,776
<b>Total Other comprehensive income</b>		<b>1,276,834</b>	<b>333,776</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,866,814</b>	<b>1,246,564</b>

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

## Statement of Financial Position

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.3	3,353,299	1,697,577
Other financial assets	6.4	10,540,565	9,110,000
Trade and other receivables	5.1	3,089,555	3,068,370
Inventories	5.2	600,303	579,955
Other current assets	5.3	61,711	33,800
Current tax assets		56,886	230,567
<b>Total Current Assets</b>		<b>17,702,319</b>	<b>14,720,269</b>
<b>Non-Current Assets</b>			
Infrastructure property, plant and equipment	4.1	99,566,756	100,173,055
Intangible assets	4.2	263,355	307,912
Right-of-use assets	4.3	187,681	218,909
<b>Total Non-Current Assets</b>		<b>100,017,792</b>	<b>100,699,876</b>
<b>TOTAL ASSETS</b>		<b>117,720,111</b>	<b>115,420,145</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.4	1,466,628	747,124
Borrowings	6.1	240,040	307,662
Employee related provisions	2.1.2	1,167,048	1,127,800
Lease liabilities	6.5	121,608	109,855
Other current liabilities	5.5	121,558	69,093
<b>Total Current Liabilities</b>		<b>3,116,882</b>	<b>2,361,534</b>
<b>Non-Current Liabilities</b>			
Employee related provisions	2.1.2	22,091	46,039
Borrowings	6.1	-	240,046
Deferred tax liabilities	8.7.2	16,903,852	18,157,528
Lease liabilities	6.5	75,964	123,047
<b>Total Non-Current Liabilities</b>		<b>17,001,907</b>	<b>18,566,660</b>
<b>TOTAL LIABILITIES</b>		<b>20,118,789</b>	<b>20,928,194</b>
<b>NET ASSETS</b>		<b>97,601,322</b>	<b>94,491,951</b>
<b>EQUITY</b>			
General reserve fund	8.6.1	11,894,257	10,647,064
Asset revaluation reserve	8.6.3	55,316,578	54,039,744
Retained earnings	8.6.4	30,390,487	29,805,143
<b>TOTAL EQUITY</b>		<b>97,601,322</b>	<b>94,491,951</b>

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

## Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	General reserve fund \$	Asset revaluation reserve \$	Retained earnings \$	Total equity \$
<b>Balance as at 1 July 2019</b>		<b>11,060,801</b>	<b>53,705,968</b>	<b>29,495,860</b>	<b>94,262,629</b>
Profit/(loss) for the period		-	-	912,788	912,788
Other comprehensive income		-	333,776	-	333,776
Transfers to reserves	8.6.1	2,210,408	-	(2,210,408)	-
Transfers from reserves	8.6.1	(2,624,145)	-	2,624,145	-
<b>Transactions with owners, recorded directly in equity</b>		-	-		
Dividends paid	8.6.2	-	-	(1,017,242)	(1,017,242)
<b>Total transactions with owners</b>		-	-	<b>(1,017,242)</b>	<b>(1,017,242)</b>
<b>Balance at 30 June 2020</b>		<b>10,647,064</b>	<b>54,039,744</b>	<b>29,805,143</b>	<b>94,491,951</b>
<b>Balance as at 1 July 2020</b>		<b>10,647,064</b>	<b>54,039,744</b>	<b>29,805,143</b>	<b>94,491,951</b>
Profit/(loss) for the period		-	-	2,589,980	2,589,980
Other comprehensive income		-	1,276,834	-	1,276,834
Transfers to reserves	8.6.1	2,042,184	-	(2,042,184)	-
Transfers from reserves	8.6.1	(794,991)	-	794,991	-
<b>Transactions with owners, recorded directly in equity</b>		-	-		
Dividends paid	8.6.2	-	-	(757,443)	(757,443)
<b>Total transactions with owners</b>		-	-	<b>(757,443)</b>	<b>(757,443)</b>
<b>Balance at 30 June 2021</b>		<b>11,894,257</b>	<b>55,316,578</b>	<b>30,390,487</b>	<b>97,601,322</b>

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

## Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from rates & water sales		10,833,718	10,320,103
Interest received		102,151	425,210
Developers contributions		2,135,181	1,065,277
GST receipts on sales		42,916	15,076
GST receipts from taxation authority		421,538	661,467
Other receipts		259,204	491,049
		<b>13,794,708</b>	<b>12,978,182</b>
<b>Payments</b>			
Payment to suppliers and employees		(6,602,397)	(8,379,713)
GST payments on purchases		(505,443)	(588,032)
		<b>6,686,868</b>	<b>4,010,437</b>
<b>Net cash provided by operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from the sale of non-current physical assets		55,159	66,446
Purchase of non-current physical assets		(2,511,536)	(2,632,853)
		<b>(2,456,377)</b>	<b>(2,566,407)</b>
<b>Net cash used in investing activities</b>			
<b>Cash flow from financing activities</b>			
Repayment of borrowings		(307,668)	(294,088)
Finance costs		(35,144)	(48,362)
		<b>(342,812)</b>	<b>(342,450)</b>
<b>Net cash provided by financing activities</b>			
<b>Cash flows to State Government</b>			
Operating subsidy contributions		670,000	562,769
Income tax		(713,949)	(1,143,989)
Dividends paid	8.6.2	(757,443)	(1,017,242)
		<b>(801,392)</b>	<b>(1,598,462)</b>
<b>Net cash provided to State Government</b>			
Net increase / (decrease) in cash and cash equivalents		3,086,287	(496,882)
Cash and cash equivalents at the beginning of period		10,807,577	11,304,459
		<b>13,893,864</b>	<b>10,807,577</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6.3, 6.4		

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

## Notes to the Financial Statements

For the year ended 30 June 2021

### 1 Basis of preparation

Busselton Water Corporation (Busselton Water) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Agency is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities has been included in "Our Business" section which does not form the part of these financial statements.

These financial statements were authorised for issue by the Board of Directors of Busselton Water on 23 September 2021.

### Statement of Compliance

Busselton Water is a not-for-profit-reporting entity that prepares general purpose financial statements in accordance with:

- The *Water Corporations Act 1995*;
- Australian Accounting Standards (Reduced Disclosure Requirements); and
- Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Water Corporations Act 1995* take precedence over AAS's. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

### Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

### 2 Use of Funding

#### Expenses incurred

This section provides additional information about how Busselton Water expenses are applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by Busselton Water in achieving its objectives and the relevant notes are:

	Notes
Employee benefits expenses	2.1
Employee related provisions	2.1.2
Cost of sales	2.2
Other expenditure	2.3
Administration expense	2.3.1
Other expenses	2.3.2
Loss on disposal of non-current assets	2.3.3

	2021	2020
	\$	\$
Employee benefits	1,181,472	1,121,310
Superannuation expenses	156,122	144,018
<b>Net employee benefits</b>	<b>1,337,594</b>	<b>1,265,328</b>

<sup>(a)</sup> Employee benefits are employee expenses including all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, and termination payments. This figure does not include total salary expense as labour expenses to Busselton Water infrastructure are costed to Cost of Sales (Note 2.2).

<sup>(b)</sup> Superannuation expenses comprises employer contributions paid to superannuation funds. Busselton Water does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. This figure does not include total superannuation expense as labour expensed to Busselton Water infrastructure are costed to Cost of Sales (Note 2.2).

## Notes to the Financial Statements

For the year ended 30 June 2021

### 2.1.2 Employee related 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.

	2021 \$	2020 \$
<b>Current</b>		
<u>Employee benefits provision</u>		
Annual leave <sup>(a)</sup>	269,333	301,226
Long service leave <sup>(b)</sup>	288,035	183,077
Sick leave <sup>(c)</sup>	543,673	509,434
	<hr/> 1,101,041	<hr/> 993,737
<u>Other provision</u>		
Employment on-costs <sup>(d)</sup>	66,007	134,063
<b>Total current employee related provisions</b>	<b><u>1,167,048</u></b>	<b><u>1,127,800</u></b>
<b>Non-current</b>		
<u>Employee benefits provision</u>		
Long service leave <sup>(b)</sup>	20,850	37,911
<u>Other provision</u>		
Employment on-costs <sup>(d)</sup>	1,241	8,128
<b>Total non-current employee related provisions</b>	<b><u>22,091</u></b>	<b><u>46,039</u></b>
<b>Total employee related provisions</b>	<b><u>1,189,139</u></b>	<b><u>1,173,839</u></b>
Number of employees at year end	31	32

<sup>(a)</sup> Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

<sup>(b)</sup> Long service leave liabilities that have been classified as current as Busselton Water does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities as Busselton Water has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as Busselton Water does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

<sup>(c)</sup> 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.

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of Other Expenses, note 2.3.2. The related liability is included in 'Employment on-costs' provision.

### Movements in other provisions

	2021 \$	2020 \$
<u>Employment on-cost provision</u>		
Carrying amount at start of period	142,191	130,235
Additional/(reversals of) provisions recognised	(68,974)	82,203
Payments/other sacrifices of economic benefits	(5,969)	(70,247)
<b>Carrying amount at end of period</b>	<b><u>67,248</u></b>	<b><u>142,191</u></b>

### Key sources of estimation uncertainty – long service leave

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

Several estimates and assumptions are used in calculating Busselton Water's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefit expense.

## Notes to the Financial Statements

For the year ended 30 June 2021

### 2.2 Cost of sales

	2021 \$	2020 \$
Pumping	556,183	708,618
Maintenance: General production plant	1,337,501	1,417,409
Mains and meters	1,008,615	1,093,644
Net vehicle running expenses	64,866	78,945
Net operations overhead	144,859	132,357
Net stock allocated	3,413	(223)
Meter reading costs	22,232	16,525
Water sampling and monitoring fees	540,900	547,587
	<b>3,678,569</b>	<b>3,994,862</b>

Cost of sales represents the costs incurred for water treatment, operation of bores, maintenance of mains and meters, water quality, and the related materials, labour and depreciation expenses related to these processes. Salary and superannuation expenses for water workers are expensed to the cost of sales.

### 2.3 Other expenditure

#### 2.3.1 Administration expenses

	2021 \$	2020 \$
Office expenses	526,391	551,822
Stationery and printing	33,280	35,711
Advertising	144	2,455
Bank charges	29,880	27,888
Audit fees	50,377	91,689
Legal expenses	15,634	999
Other administration expenses	30,094	24,975
Pandemic protection measures	15,932	72,439
	<b>701,732</b>	<b>807,978</b>

#### 2.3.2 Other expenses

	2021 \$	2020 \$
Board members expenses	136,495	154,122
Other governance	137,117	269,350
Pensioner rate rebate <sup>(a)</sup>	649,596	636,386
Consulting fees	94,635	86,347
Private works	20,387	3,387
Payroll tax	70,721	58,476
Other costs and staff expenses <sup>(b)</sup>	109,665	162,595
	<b>1,218,616</b>	<b>1,370,663</b>

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

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

Other expenses are recognised as an expense in the reporting period in which they are incurred.

#### 2.3.3 Loss on disposal of non-current assets

	2021 \$	2020 \$
Cost of disposal on non-current assets		
Plant, equipment, motor vehicles & infrastructure	158,105	223,427
Proceeds from disposal on non-current assets		
Plant, equipment, motor vehicles & infrastructure	(55,159)	(66,447)
<b>Net loss</b>	<b>102,946</b>	<b>156,980</b>

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

## Notes to the Financial Statements

For the year ended 30 June 2021

### 3 Our Funding Sources

#### How we obtained our funding

This section provides additional information about how Busselton Water obtains its revenue and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by Busselton Water and the relevant notes are:

	Notes
Water sales revenue	3.1
Grants and contributions	3.2
Developer contributions	3.3
Interest revenue	3.4
Other revenue	3.5

#### 3.1 Water sales revenue

	2021 \$	2020 \$
Water consumption	6,903,844	6,462,665
Connection fees	368,408	162,223
Standard supply charge	3,438,188	3,385,279
Meter reading charges	25,943	27,390
Other water sales	54,718	52,818
	<b>10,791,101</b>	<b>10,090,375</b>

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

Revenue from water usage is based on water consumed by customers and other rates and charges are based on amounts levied and billed for the period.

#### 3.2 Grants and contributions

	2021 \$	2020 \$
Operating subsidy contributions	<b>670,000</b>	<b>562,769</b>

Operating subsidy contributions are recognised as revenue when there is reasonable assurance that they will be received and Busselton Water has complied with the conditions attached to them.

#### 3.3 Developer contributions

	2021 \$	2020 \$
Headworks contributions - Cash	<b>1,916,053</b>	<b>1,112,238</b>
Developer mains contributions - Cash	58,981	11,074
Developer mains contributions - Non-Cash	-	21,679
	<b>58,981</b>	<b>32,753</b>

Developer contributions are recognised at fair value when Busselton Water obtains control over the assets comprising the contributions, usually when cash is 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.

#### 3.4 Interest revenue

	2021 \$	2020 \$
Interest on water fund	869	32,568
Interest on reserves	82,155	163,559
	<b>83,024</b>	<b>196,127</b>

Interest revenue is recognised as interest accrues.

#### 3.5 Other revenue

	2021 \$	2020 \$
Backflow prevention device testing Fees	22,200	34,866
Private works and sundry income	20,100	2,541
Operating lease revenue	22,638	22,274
Meter reading	111,344	53,563
Penalties raised	32,696	24,537
Hydrant (application) hire	2,163	9,448
Geothermal recoups	15,657	17,256
Insurance recoveries	1,667	3,762
Other receipts & services <sup>(a)</sup>	20,764	25,944
	<b>249,229</b>	<b>194,191</b>

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

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

## Notes to the Financial Statements

For the year ended 30 June 2021

### 4 Key assets

This section includes information regarding the key assets Busselton Water utilises to gain economic benefits or provide service potential. This section sets out both the key accounting policies and financial information about the performance of these assets.

	Notes
Infrastructure, property, plant and equipment	4.1
Intangible assets	4.2
Right-of-use assets	4.3

#### 4.1 Infrastructure, property, plant and equipment

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

2021	Gross carrying amount	Accumulated depreciation	Carrying amount at start of period						Revaluation increment/decrements	Carrying amount at 30 June 2021	Gross carrying amount	Accumulated depreciation
				Additions	Transfers	Disposals/Write downs	Depreciation	Impairment Losses				
Land at fair value	2,385,000	-	2,385,000	-	-	-	-	-	-	2,385,000	2,385,000	-
Freehold land improvements	647,989	(45,604)	602,385	11,600	8,226	-	(47,226)	-	-	574,985	668,189	(93,204)
Capital works in progress	450,034	-	450,034	483,237	(237,536)	-	-	-	-	695,735	695,735	-
Plant and machinery	17,556,970	(1,254,384)	16,302,586	620,308	144,828	(3,251)	(1,251,126)	-	-	15,813,345	18,316,106	(2,502,761)
Buildings	3,173,326	(145,763)	3,027,563	101,126	40,040	-	(153,463)	-	-	3,015,266	3,314,118	(298,852)
Motor vehicles	717,744	(52,885)	664,859	119,831	-	(36,682)	(68,639)	-	-	679,369	790,175	(110,806)
Mains and services	75,398,415	(944,187)	74,454,228	514,830	5,038	(40,761)	(962,280)	-	-	73,971,055	75,876,477	(1,905,422)
Meters	2,288,428	(186,385)	2,102,043	410,559	(5,039)	(53,398)	(224,999)	-	-	2,229,166	2,628,108	(398,942)
Tools	26,000	(9,218)	16,782	-	-	-	(2,415)	-	-	14,367	26,000	(11,633)
Office equipment	213,843	(46,268)	167,575	66,028	-	(24,012)	(21,123)	-	-	188,468	245,615	(57,147)
<b>Total</b>	<b>102,857,749</b>	<b>(2,684,694)</b>	<b>100,173,055</b>	<b>2,327,519</b>	<b>(44,443)</b>	<b>(158,104)</b>	<b>(2,731,271)</b>	<b>-</b>	<b>-</b>	<b>99,566,756</b>	<b>104,945,523</b>	<b>(5,378,767)</b>

#### Non-cash developer contributed infrastructure assets

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

## Notes to the Financial Statements

For the year ended 30 June 2021

### 4.1 Infrastructure, property, plant and equipment (continued)

#### Initial Recognition

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

#### Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land, buildings, infrastructure and all other property, plant and equipment. The assets are independently valued every 3 years. All asset classes were independently revalued by Griffin Valuation Advisory as at 30 June 2019. The valuation amounts were recognised at 30 June 2019.

Land, buildings, infrastructure and all other items of property, plant and equipment are carried at fair value less accumulated depreciation on buildings, infrastructure and other items of property, plant and equipment. Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

#### Derecognition

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

#### Significant assumptions and judgements

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

#### 4.1.1 Depreciation and impairment

	2021 \$	2020 \$
<b>Charge for the period</b>		
Freehold land improvements	47,226	45,604
Plant and machinery	1,251,126	1,198,820
Buildings	153,463	145,763
Motor vehicles	68,639	59,057
Mains and services	962,280	944,452
Meters	224,999	198,413
Tools	2,415	2,414
Office equipment	21,123	19,978
Right-of-use assets	131,763	112,502
<b>Total depreciation</b>	<b>2,863,034</b>	<b>2,727,003</b>

As at 30 June 2020, there were no indications of impairment to infrastructure, property, plant and equipment.

#### Finite useful lives

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

Depreciation is calculated using the straight line basis, at rates that allocate the asset's value over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful Life
Buildings	3 to 40 years
Land improvements	2 to 30 years
Meters 20mm and 25mm	8 to 10 years
Meters 40mm and above	20 to 25 years
Mains and services	70 to 80 years
Motor vehicles	7 to 20 years
Office equipment	2 to 13 years
Plant	2 to 60 years
Tools	3 to 16 years
Land	Not depreciated

The estimated useful lives and depreciation method are reviewed at the end of each annual reporting period and adjustments made where appropriate. Land which is considered to have an indefinite life, are not depreciated.

## Notes to the Financial Statements

For the year ended 30 June 2021

### Impairment of assets

Non-financial assets, including items of infrastructure, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Busselton Water is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

### 4.2 Intangible assets

#### Computer software

Gross carrying amount  
Accumulated amortisation

	2021	2020
	\$	\$
Computer software		
Gross carrying amount	676,475	628,326
Accumulated amortisation	(413,120)	(320,415)
	<b>263,355</b>	<b>307,912</b>

#### Reconciliations:

Carrying amount at start of period  
Additions  
Amortisation expense  
**Carrying amount at end of period**

Carrying amount at start of period	307,912	404,937
Additions	48,149	-
Amortisation expense	(92,706)	(97,025)
<b>Carrying amount at end of period</b>	<b>263,355</b>	<b>307,912</b>

### Initial recognition

Software that is an integral part of the related hardware is recognised as infrastructure, property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is immediately expensed directly to the Statement of Comprehensive Income.

### Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

#### 4.2.1 Amortisation and impairment

	2021	2020
	\$	\$
<b>Charge for the period</b>		
Computer software	92,706	97,025

As at 30 June 2021 there were no indications of impairment to intangible assets.

Busselton Water held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets no yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by Busselton Water have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for intangible assets are 2 to 13 years.

### Impairment of intangible assets

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

The policy in connection with testing for impairment is outlined in note 4.1.1.

## Notes to the Financial Statements

For the year ended 30 June 2021

### 4.3 Right-of-use assets

	2021 \$	2020 \$
<b>Office equipment</b>		
Gross carrying amount	382,348	331,411
Accumulated depreciation	(194,667)	(112,502)
	<b>187,681</b>	<b>218,909</b>
<b>Reconciliations:</b>		
Carrying amount at start of period	218,909	-
Additions	100,535	331,411
Depreciation	(131,763)	(112,502)
<b>Carrying amount at end of period</b>	<b>187,681</b>	<b>218,909</b>

#### Initial recognition

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

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

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

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

#### Subsequent Measurement

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

#### Depreciation and impairment of right-of-use assets

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

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

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2021 \$	2020 \$
Depreciation - office equipment	131,763	112,502
Interest lease expense	5,829	5,320

The total cash outflow for leases in 2021 was \$135,866 (2020: \$104,654).

Busselton Water has leases for information technology equipment.

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

### 5 Other assets and liabilities

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

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

#### 5.1 Trade and other receivables

Includes all amounts due to Busselton Water from operations.

	2021 \$	2020 \$
Rates/standard supply charge debtors	757,976	868,448
Excess water/consumption debtors	1,769,691	2,011,217
Deferred rates/charges <sup>(a)</sup>	2,392	2,926
Late payment penalty	12,572	8,592
Fire services	12,577	16,587
Settlement reading fees	4,920	5,705
Miscellaneous fees	3,857	2,910
Sundry debtors	68,917	64,002
GST (Net receivable from ATO)	64,120	23,131
Miscellaneous debtors	392,533	64,852
	<b>3,089,555</b>	<b>3,068,370</b>

<sup>(a)</sup> 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.

## Notes to the Financial Statements

For the year ended 30 June 2021

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

The collectability of trade receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that Busselton Water will not be able to collect the debts.

There were no indications of impairment to receivables.

### 5.2 Inventories

	2021 \$	2020 \$
Inventories held for distribution	<u>600,303</u>	<u>579,955</u>

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

### 5.3 Other current assets

	2021 \$	2020 \$
Prepayments	<u>61,711</u>	<u>33,800</u>

Prepayments represents payments in advance of receipt of goods or services or that part of the expenditure made in one accounting period covering a term extending beyond that period.

### 5.4 Payables

	2021 \$	2020 \$
Trade creditors	1,148,018	284,339
Accrued salaries	67,995	111,464
Accruals	<u>250,615</u>	<u>351,321</u>
	<b><u>1,466,628</u></b>	<b><u>747,124</u></b>

Trade creditors and accruals are recognised at the amounts payable when Busselton Water becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period.

Accrued salaries are settled within a fortnight after the reporting period. Busselton Water considers the carrying amount of accrued salaries to be equivalent to its fair value.

### 5.5 Other current liabilities

	2021 \$	2020 \$
Monies in trust	27,501	14,311
Income in advance	94,057	54,782
	<b><u>121,558</u></b>	<b><u>69,093</u></b>

## 6 Financing

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

	Notes
Borrowings	6.1
Finance costs	6.2
Cash and cash equivalents	6.3
Other financial assets	6.4
Lease liabilities	6.5
Commitments	6.6
Capital commitments	6.6.1
Other expenditure commitments	6.6.2

### 6.1 Borrowings

	2021 \$	2020 \$
<u>Current</u>		
Western Australia Treasury Corporation Loan (WATC)	240,040	307,662
<b>Total current</b>	<b><u>240,040</u></b>	<b><u>307,662</u></b>
<u>Non-Current</u>		
Western Australia Treasury Corporation Loan (WATC)	-	240,046
<b>Total non-current</b>	<b><u>-</u></b>	<b><u>240,046</u></b>

All loans payable are initially recognised at fair value, being the considerations received less direct attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method. \$307,662 was repaid during the year (2020: \$294,088).

## Notes to the Financial Statements

For the year ended 30 June 2021

### 6.2 Finance costs

	2021 \$	2020 \$
Loan guarantee fee	9,638	9,888
Interest expense	19,677	33,154
Lease interest expense	5,829	5,320
	<b>35,144</b>	<b>48,362</b>

Finance costs include a loan guarantee fee and interest expenses incurred in the connection with borrowing of funds from the Western Australia Treasury Corporation (note 6.1) and interest component of lease liability repayments.

### 6.3 Cash and cash equivalents

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

	2021 \$	2020 \$
Cash and cash equivalents	<b>3,353,299</b>	<b>1,697,577</b>

### 6.4 Other financial assets

#### Fixed term deposits held to maturity:

	2021 \$	2020 \$
- Reserve investments	9,130,565	9,100,000
- Water fund investments	1,410,000	10,000
	<b>10,540,565</b>	<b>9,110,000</b>

### 6.5 Lease liabilities

	2021 \$	2020 \$
Current	121,608	109,855
Non-current	75,964	123,047
	<b>197,572</b>	<b>232,902</b>

#### Initial measurement

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

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

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

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

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

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

This section should be read in conjunction with note 4.3.

#### Subsequent measurement

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

## Notes to the Financial Statements

For the year ended 30 June 2021

### 6.6 Commitments

#### 6.6.1 Capital commitments

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

	2021 \$	2020 \$
Within 1 year	556,663	387,027
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>556,663</b>	<b>387,027</b>

#### 6.6.2 Other expenditure commitments

Other expenditure commitments, contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows.

	2021 \$	2020 \$
Within 1 year	108,905	82,120
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>108,905</b>	<b>82,120</b>

## 7 Financial instruments and contingencies

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

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2
Contingent assets	7.2.1
Contingent liabilities	7.2.2

### 7.1 Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2021 \$	2020 \$
<b>Financial assets</b>		
Cash and cash equivalents	3,353,299	1,697,577
Receivables <sup>(a)</sup>	3,025,436	3,045,239
Other Financial Assets	10,540,565	9,110,000
<b>Total financial assets</b>	<b>16,919,300</b>	<b>13,852,816</b>
<b>Financial liabilities</b>		
Payables	1,466,628	747,124
WATC borrowings	240,040	547,708
Other Financial Liabilities	243,166	178,948
<b>Total financial liabilities</b>	<b>1,949,834</b>	<b>1,473,780</b>

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

### 7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### 7.2.1 Contingent assets

Busselton Water has no contingent assets.

#### 7.2.2 Contingent liabilities

Busselton Water has no contingent assets.

## Notes to the Financial Statements

For the year ended 30 June 2021

### 8 Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related parties	8.4
Remuneration of auditors	8.5
Equity	8.6
Income tax	8.7

#### 8.1 Events occurring after the end of the reporting period

No significant events have occurred after the reporting date which would have a material effect on the financial statements.

#### 8.2 Initial application of Australian Accounting Standards

No new accounting standards with potentially material impact on the results of Busselton Water have been applied during the reporting period.

#### 8.3 Key management personnel

Busselton Water has determined that key management personnel include the responsible Minister, board members, and senior officers of Busselton Water. However, Busselton Water is not obligated to compensate the responsible Minister and therefore disclosures in relation to Ministers' compensation may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of Busselton Water for the reporting period are presented within the following bands:

#### Compensation of board members

Compensation Band (\$)	2021	2020
10,001 - 20,000	5	5
20,001 - 30,000	1	1
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Total compensation of members of Busselton Water</b>	<b>99,131</b>	<b>98,733</b>

#### Compensation of other senior officers

Compensation Band (\$)	2021	2020
30,001 - 40,000	-	1
70,001 - 80,000	-	1
170,001 - 180,000	1	-
200,001 - 210,000	1	1
340,001 - 350,000	1	-
390,001 - 400,000	-	1
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Short-term employee benefits</b>	<b>641,017</b>	<b>636,323</b>
Post-employment benefits	58,334	58,277
Other long-term benefits	28,032	24,748
Termination payments	-	-
<b>Total compensation of senior officers</b>	<b>727,383</b>	<b>719,348</b>

Total compensation includes the superannuation expense incurred by Busselton Water in respect of senior officers.

#### 8.4 Related parties

Busselton Water is a wholly owned and controlled entity of the State of Western Australia.

Related parties of Busselton Water include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly owned public sector entities); and
- associates and joint ventures of a wholly owned public sector entity.

#### Material transactions with related parties

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

## Notes to the Financial Statements

For the year ended 30 June 2021

### Significant transactions with government related entities

	Notes	2021 \$	2020 \$
Income tax equivalents (NTER)	8.7	1,148,067	807,464
Dividends	8.6.2	757,443	1,017,242
Payroll tax	2.3.2	154,009	119,436
Operating subsidies	3.2	670,000	562,769
Loan repayments (WATC)	6.1	307,668	294,088
Insurance	2.2, 2.3.2	83,051	116,015
Local government rates equivalent	2.2, 2.3.1	62,594	62,594
Bulk water supply agreement - water sales	3.1	312,419	341,222
Bulk water supply agreement - infrastructure	3.3	765,608	755,167

### 8.5 Remuneration of auditors

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

	2021 \$	2020 \$
Auditing the accounts, financial statements and controls	39,500	39,833

### 8.6 Equity

The Government holds the equity interest in Busselton Water on behalf of the community. Equity represents the residual interest in the net assets of Busselton Water. The asset revaluation surplus represents that portion of equity resulting from the revaluation of noncurrent assets.

#### 8.6.1 General reserve fund

	2021 \$	2020 \$
Balance at start of period	10,647,064	11,060,801
Transfers from reserves	(794,991)	(2,624,145)
Transfers to reserves	2,042,184	2,210,408
<b>Balance at end of period</b>	<b>11,894,257</b>	<b>10,647,064</b>

#### 8.6.2 Dividends

Dividends are recognised as a liability in the period in which they are declared. Dividends are calculated with respect to 85% of net profit of the Corporation for the financial year after first taking into account NTER tax and any amounts payable to the Treasurer for payment of amount in lieu of rates and exclusion of developer hand-over assets.

The following dividends were declared and paid by the Corporation for the year ended 30 June 2021.

	2021 \$	2020 \$
Final dividend payment for the prior year	757,443	1,017,242

After 30 June 2021, the Board of Directors proposed a final dividend of \$2,201,483 for the 2022 year. The dividend is to be retained by Busselton Water and is to be held as a restricted asset, to be utilised in the future for capital works. Busselton Water will need to seek Treasury approval prior to allocating these funds to any specific capital works activity.

#### 8.6.3 Asset revaluation reserve

	2021 \$	2020 \$
Balance at start of period	54,039,744	53,705,968
<b>Net revaluation increments/(decrements)</b>		
Deferred Tax Land	15,021	-
Deferred Tax Land Improvements	(258)	7,622
Deferred Tax Plant and Machinery	(42,460)	118,507
Deferred Tax Buildings	295,485	20,278
Deferred Tax Motor Vehicles	1,284	9,951
Deferred Tax Mains and Services	1,096,430	140,239
Deferred Tax Meters	(17,291)	26,288
Deferred Tax Tools	(1,348)	(843)
Deferred Tax Office Equipment	(13,128)	35,609
Deferred Tax Low Value Pool	(56,901)	(23,875)
Deferred income tax	1,276,834	333,776
<b>Balance at end of period</b>	<b>55,316,578</b>	<b>54,039,744</b>

## Notes to the Financial Statements

For the year ended 30 June 2021

### 8.6.4 Retained Earnings

	2021 \$	2020 \$
Balance at start of period	29,805,143	29,495,860
Result for the period	2,589,980	912,788
Transfers from general reserve fund	794,991	2,624,145
Transfers to general reserve fund	(2,042,184)	(2,210,408)
Dividends Paid	(757,443)	(1,017,242)
<b>Balance at end of period</b>	<b>30,390,487</b>	<b>29,805,143</b>

### 8.7 Income Tax

#### 8.7.1 Income tax equivalents

	2021 \$	2020 \$
<b>(a) Recognised in profit and loss</b>		
<b>Current</b>		
Current income tax charge	1,179,088	860,422
Adjustments in respect of current income tax of previous years	(54,180)	-
<b>Deferred income tax</b>		
Relating to origination and reversal of temporary differences	23,159	(52,958)
<b>Total income tax expense</b>	<b>1,148,067</b>	<b>807,464</b>
<b>(b) Amounts recognised in other comprehensive income</b>		
<b>Deferred income tax</b>		
Temporary difference on asset revaluation	(1,276,834)	(333,776)
<b>Income tax benefit recognised in other comprehensive income</b>	<b>(1,276,834)</b>	<b>(333,776)</b>
<b>(c) Reconciliation of income tax expense to prima facie tax payable</b>		
Profit before income tax equivalents	3,738,047	1,720,252
Tax at the statutory income tax rate of 26.0% (2020: 27.5%)	971,892	473,069
Under/(over) provisions in prior periods	(54,180)	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	230,355	334,395
<b>Total income tax expense</b>	<b>1,148,067</b>	<b>807,464</b>

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

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

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

#### 8.7.2 Deferred tax liability

	Statement of Financial Position		Statement of Comprehensive Income	
	2021 \$	2020 \$	2021 \$	2020 \$
<b>Deferred income tax assets</b>				
Provisions - employee benefits	309,176	322,806	13,630	(38,018)
Accrued superannuation	-	3,098	3,098	(732)
Prepaid expenses	(4,021)	(3,656)	365	(177)
<b>Gross deferred income tax assets</b>	<b>305,155</b>	<b>322,248</b>		
<b>Deferred income tax liabilities</b>				
Revaluation of land, property, plant and equipment	17,196,414	18,473,248	(1,276,834)	(333,776)
Property, plant and equipment at cost	62,763	-	62,763	-
Lease liabilities	(51,369)	-	(51,369)	-
Interest receivable	1,199	6,528	(5,329)	(14,031)
<b>Gross deferred income tax liabilities</b>	<b>17,209,007</b>	<b>18,479,776</b>		
<b>Net deferred income tax liabilities</b>	<b>16,903,852</b>	<b>18,157,528</b>		
Deferred income tax expense			(1,253,676)	(386,734)

## Notes to the Financial Statements

For the year ended 30 June 2021

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

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

Current and deferred income tax equivalents are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

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