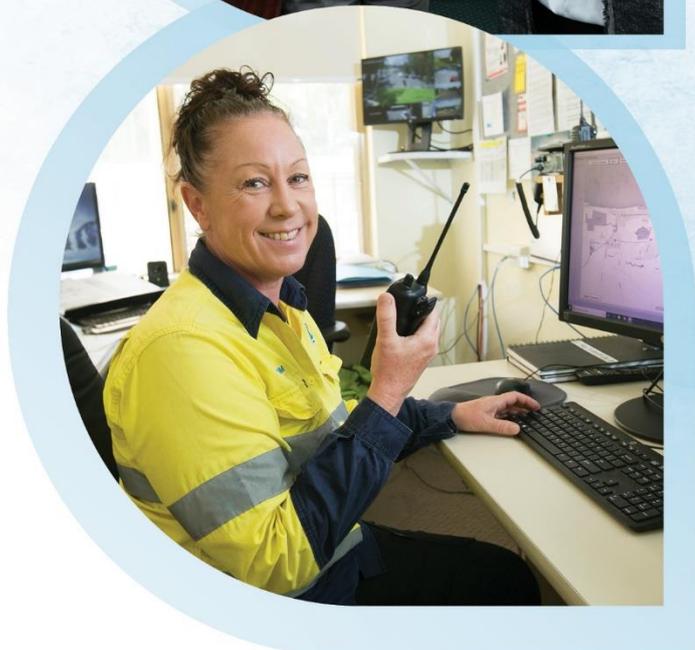




BUSSETON WATER



STATEMENT OF CORPORATE INTENT

2020-21

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From our Chair and Managing Director

This *Statement of Corporate Intent* (SCI) provides direction for our business through clear objectives and performance targets for 2020.

As an organisation, we strive to deliver water services safely, sustainably, commercially and in collaboration with our customers and key stakeholders.

Our vision is to provide excellence and leadership in the provision of these water services – underpinned by our values of integrity, respect, courage, excellence and well-being, which are very important to us and guide the way we do business.

Strategic plans for each of our eight business objectives bring together all strategies across the business and form the basis of this SCI. These are:

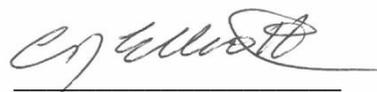
- Leadership;
- Strategy and Planning;
- Information and Knowledge;
- People;
- Customers and Other Stakeholders;
- Process Management, Improvement and Innovation;
- Results and Sustainable Performance; and
- Growth.

We measure our success by the performance outcomes we achieve across these strategic priorities and our financial performance.

In 2020-21 we anticipate a profit after tax of \$0.63 million, a net accrual to Government of \$1.04 million and completion of a \$2.89 million asset investment program.



Helen Shervington, Chair



Chris Elliott, Managing Director

Our business

Established in 1906, Busselton Water is a local water corporation that shares a 114-year history and culture with our community. We provide potable water services to Busselton and bulk water supplies to the neighbouring town of Dunsborough.

Established by the *Water Corporations Act 1995* in 2013, Busselton Water is owned by the Western Australian Government and accountable to our sole shareholder, the Minister for Water.

Our operating licence is issued by the Economic Regulation Authority and defines our current licence area and performance levels to be provided to customers. Our groundwater licence operating strategy is agreed with the Department of Water and Environmental Regulation and defines the management of our water resource. Our memorandum of understanding with the Department of Health defines our commitment to providing safe drinking water.

Our business is funded from customer water sales, related services from our customers (including land developers), interest on our investments, borrowings and operating subsidies.

Our water is sourced from the Yarragadee and Leederville aquifers, which provide high quality groundwater, with abstraction regulated through licences issued by the Department of Water and Environmental Regulation.

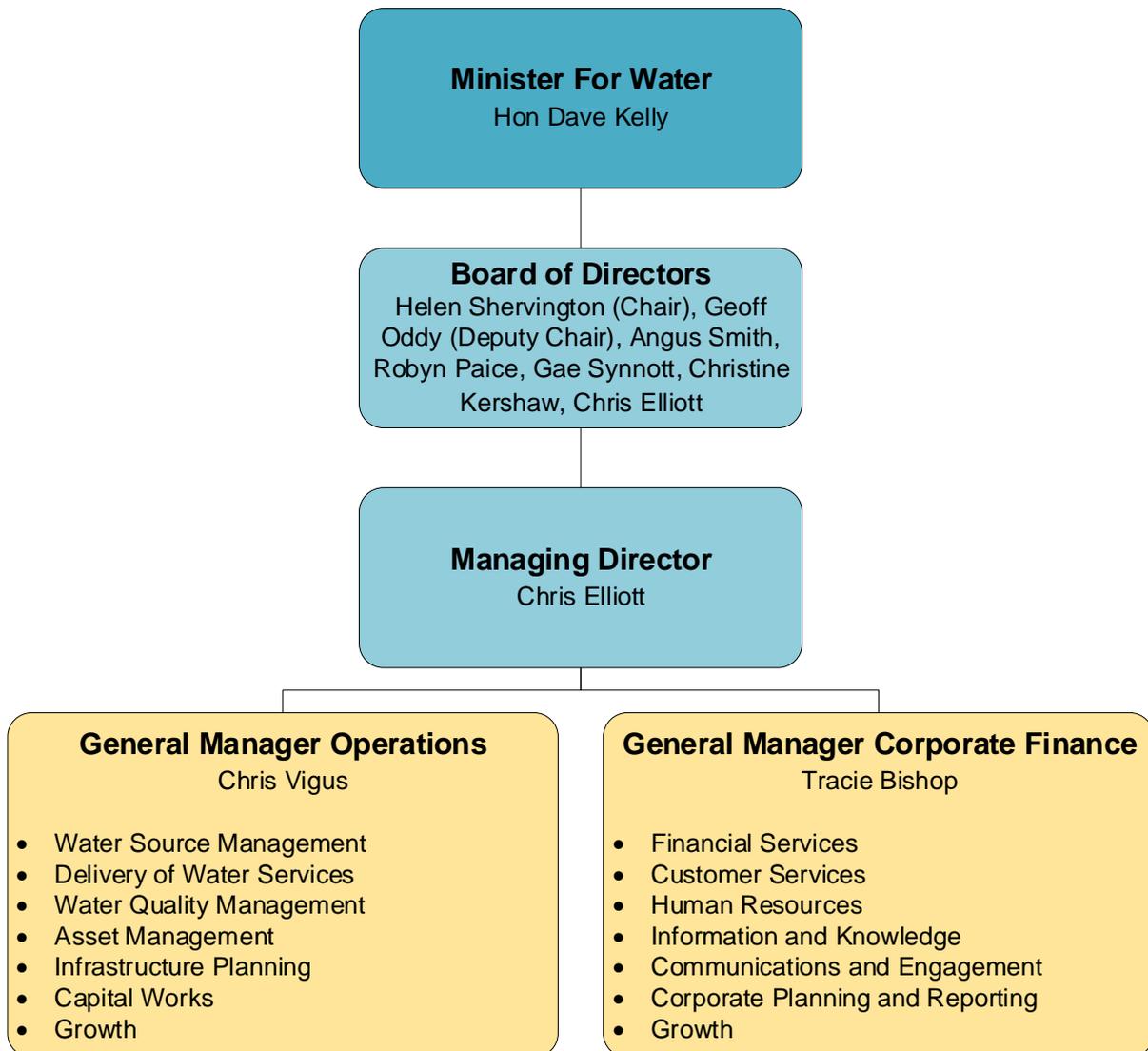
The raw groundwater has turbidity and iron concentrations above the aesthetic drinking water guideline limits, so these are removed by oxidation and filtration processes at Busselton Water's treatment plants. The water is also disinfected using chlorine before being distributed through our network to customers.

Our operating area

Our operating licence (WL 3, Version 7) authorises Busselton Water to provide potable water supply services. We currently operate in and provide water supply services to Busselton and surrounding areas,



Our structure



Our vision, purpose and values



Our business objectives

Our business objectives support our vision and purpose:

- Leadership;
- Strategy and Planning;
- Information and Knowledge;
- People;
- Customers and Other Stakeholders;
- Process Management, Improvement and Innovation;
- Results and Sustainable Performance; and
- Growth.

Our business objectives guide our actions and target our key opportunities and challenges, with each priority area supported by its own strategic plan.

Leadership

We are committed to:

Developing and using leadership concepts, business processes and management systems, to developing an organisational culture that is consistent with our values and to supporting our community and environment.

In 2020-21 we will:

- deliver our Board Charter (Governance Manual);
- implement our 2020-21 Audit Program;
- create value for our community through our Community Partnership Program;
- deliver our Environmental plan incorporating water use efficiency and energy efficiency;
- respond to climate change and salt water intrusion impacts on our groundwater sources; and
- review the overall risk profile and appetite of the organisation.

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.

In 2020-21 we will:

- implement the 2020-21 cycle of the Strategic Planning Process; and
- continue our Covid-19 response and recovery including realisation of benefits.

Information and Knowledge

We are committed to:

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

In 2020-21 we will:

- implement our information, communication and technology (ICT) and Cyber Security Strategy;
- work towards setting the foundations of a digital transformation for the business; and
- continue the development of our Intelligent Water Network (IWN) through meter and sensor trials.

People

We are committed to:

Valuing our people and creating a great place to work; attracting the right people, developing their skills, engaging them and retaining them; establishing appropriate policies, systems, processes and tools that ensure people are engaged and make a meaningful contribution to organisational improvement, goals and success.

In 2020-21 we will:

- implement our workforce and diversity plan;
- establish a 2021 Enterprise Agreement; and
- continue our occupational safety and health improvement plans based on WorkSafe and Industrial Foundation for Accident Prevention (IFAP) assessments.

Customers and Other Stakeholders

We are committed to:

Analysing our customer and other stakeholder requirements, using this knowledge and managing our relationships to deliver increasing value to customers and other stakeholders.

In 2020-21 we will:

- undertake the biennial customer survey;
- continue to develop our online portal to improve customer access to data and information and better understand water services and usage; and
- strengthen our social media presence, including increasing the uptake of digital communications and engagement with key stakeholders, including the community.

Process Management, Improvement and Innovation

We are committed to:

Supply value to stakeholders through our processes and to encourage innovation and improvement to our processes and, therefore improve the quality of its outputs.

In 2020-21 we will:

- implement our strategic plans for Tier 1 processes, namely Drinking Water Quality, Asset Management and Financial Management; and
- conduct innovation workshops and explore relevant innovations.

Results and Sustainable Performance

We are committed to:

Achieving excellent results and using effective methods to monitor and demonstrate performance and review and improve performance.

In 2020-21 we will:

- deliver all reporting framework requirements; and
- review our performance indicators to improve their ability to predict and control outcomes.

Growth

We are committed to:

Growing our business by expanding and diversifying our existing water services.

In 2020-21 we will:

- meet projected water supply service growth for the Busselton Water Scheme; and
- evaluate and progress selected business development opportunities.

Asset Investment Program (AIP)

The following AIP is planned to be executed in 2020-21.

Description and purpose	2020-21 (\$'000)
Programs	
Building, land and land improvements	20
Connections and meters	320
Energy	35
Mains and services	641
Office equipment	100
Mobile plant and other purchases	58
Water sources	318
Water storage and delivery	512
Water system control and security	89
Water treatment – existing plants	793
Total AIP	2,886

Key assumptions and notes

Growth

Busselton Water has carefully reviewed population projections for the review period and considered available planning information related to growth in water services.

Investment interest rates

Projections are based on an annual interest rate of 1.0% throughout the term of this Statement.

Consumer Price Index (CPI)

Projections are based on Treasury projections for CPI increases throughout the term of this Statement.

Accounting policy

Details of significant accounting policies can be found in the notes accompanying the financial statements in our 2019-20 Annual Report.

Busselton Water's financial statements are prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings and infrastructure which have been measured at fair value. They are prepared in accordance with the *Water Corporations Act 1995* and Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB).

Borrowings

No new borrowings are proposed in 2020-21.

Dividend policy

Dividends will be considered in accordance with the *Water Corporations Act 1995*, Part 5, Division 2, section 79. In line with Government requirement, the dividend rate used in this statement is 85%.

Community Service Obligations

A Community Service Obligation (CSO) is an obligation to perform functions which are not in the commercial interests of the corporation. Busselton Water provides these services and is compensated by the Government for the shortfall between customer revenue and the cost of provision by receipt of a straight pass through of a Government set concession.

CSO subsidies received by Busselton Water are as a result of Pensioner rebates only.

Reporting to the Minister

Reports which monitor our key performance outcomes against the targets outlined within this Statement, along with information on our financial performance, are provided to the Minister on a quarterly basis.

In addition, the Board and Managing Director advise the Minister of any significant variations in the performance of Busselton Water. Reporting of operational performance to authorities and departments of Government occurs in addition to this reporting to the Minister. An Annual Report is provided to the Minister within the timeframe specified by the *Water Corporations Act 1995*.

Copies of Busselton Water's major public documents including the Annual Report and Quarterly Performance Reports can be accessed at busseltonwater.wa.gov.au.

In line with Premier Circular 2014/02 Busselton Water reports quarterly to the Minister details of overseas air travel by officers where public monies are used to fund all or part of the travel.

In line with Premier Circular 2019/06, Busselton Water reports to the Minister details of all Consultants engaged on contracts for services, for each six-month period to 30 June and 31 December each year.

Government wage policy

The public sector wages policy of \$1,000 per annum and a freeze on executive remuneration has been adhered to in the formation of the 2020-21 financial forecast.

Impacts arising from COVID-19

Continued assessment of the impact of this pandemic will occur with a real time priority being to ensure continuity of services as well as staff, customers and contractors' safety.

Financially Busselton Water 's cashflow will be impacted. This is as a result of loss of revenue through zero tariff increases and the waiver of debtor interest to financially impacted residential customers. There are also additional COVID 19 expenses being absorbed into existing operating budgets further affecting the bottom line in terms of overall profit/loss for the reporting period.

Our financial forecast

Financial performance	2020-21 budgeted
WATER TARIFFS (%)	
Residential	0.00
Commercial	2.50
FINANCIAL RESULTS (\$m)	
Operating Profit before Income Tax	1.15
Operating Profit after Income Tax	0.63
Loan Principal Repaid	0.31
Capital Expenditure	2.89
NET ACCRUALS TO GOVERNMENT (\$m)	
Income Tax Equivalents (NTER)	0.52
Local Government Rate Equivalents	0.06
Dividend (based on 2019/20 year)	1.13
Total Accruals to Government	1.71
Less Payments from Government (Operating Subsidies)	(0.67)
NET ACCRUALS TO GOVERNMENT	1.04

Our key performance outcomes

Target area	Measure	2020-21 target
Leadership	Residential water consumption per person (goal 100kL/person by 2030)	111
Strategy and Planning	SDP and SCI submitted to Minister	Meet 30 April deadline
Information and Knowledge	Information and knowledge index ¹	4
People	People index ²	4
	WorkSafe and IFAP assessments	≥ Gold level
Customer and Other Stakeholders	Number of complaints/1000 customers	<10
Process Management, Improvement and Innovation	Business excellence index ³	>4
Results and Sustainable Performance	Drinking water quality compliance with health standards	100%
Growth	New water services	105

¹ The Information and Knowledge index tracks Busselton Water's performance against criteria including, ICT support, Cyber security and Freedom of information.

² The People index tracks Busselton Water's performance against criteria including, Performance management, Learning & development, Staff turnover and Code of Conduct.

³ The Business Excellence index tracks Busselton Water's performance against its business excellence framework. This framework assesses the desired future position and developed improvement actions to achieve this position over a 10-year period.



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