



BUSSELTON WATER ANNUAL REPORT

2006/2007

CONTENTS

Statement of Compliance

Annual Compliance Reporting to Commissioner for Public Sector Standards

Board Members

Chairman's Report

Chief Executive Officer's Report

Report on Operations

Organisational Chart

Certification of Financial Statements

Financial Statements

Certification of Performance Indicators

Performance Indicators

Audit Report: **Financial Statements**
 Key Performance Indicators



BUSSELTON WATER BOARD
STATEMENT OF COMPLIANCE

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

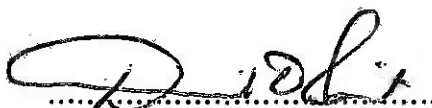
On behalf of the Board of Busselton Water, and in accordance with Section 61 of the Financial Management Act 2006, we have pleasure in submitting for your information and presentation to the Parliament of Western Australia, the Annual Report of Busselton Water for the financial year ended 30 June 2007.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

In the financial administration of Busselton Water we have complied with the requirements of the Financial Management Act 2006 and every other written law, and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisitions and disposal of property and incurring of liabilities have been in accordance with legislative provisions.

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

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



David Reid
CHAIRMAN



Keith White
CHIEF EXECUTIVE OFFICER

Dated this 26th day of Aug. 2007.

**ANNUAL COMPLIANCE REPORTING TO
COMMISSIONER FOR PUBLIC SECTOR STANDARDS**

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

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

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

PUBLIC SECTOR STANDARDS IN HUMAN RESOURCE MANAGEMENT

Procedures include:

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

Outcome

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

CODE OF ETHICS AND CODE OF CONDUCT

Procedures include:

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

Outcome

The ethical codes have been complied with throughout the year.

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

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

There have been NIL complaints relating to non-compliance with the ethical codes lodged in 2006/2007.

The following positions covered by the Recruitment and Selection Standard were advertised during 2006/2007:

- Construction and Maintenance Worker
- Manager Production and Supply
- Manager Finance and Administration
- Customer Service Officer

Keith White
Chief Executive Officer

Dated this 28th day of Aug 2007.



BUSSELTON WATER BOARD MEMBERS

CHAIRMAN
MR DAVID REID



Retired farmer
Former Shire President
Chairman WA, Floodplain Management Committee
Long term resident
Term expires May 2009

MR FRANK ELLIOTT



Retired Farmer
Long term resident
Former Shire President
Term expires May 2009

MR WILLIAM SCOTT OAM, JP



Farmer
Long term resident
Former Shire President
Term expires May 2010

MRS YVONNE ROBINSON



Busselton resident since 1979
Deputy CEO of a not for profit
organisation
Engaged in health service delivery
Term expires May 2008

MRS MERRYL PEET



Educator
Term expires May 2010

MR RON PIGGOTT



Retired Farmer
Long term resident
Term expires May 2009

MR ROBERT TOGNELA



Business Proprietor
Long term resident
Former Shire President
Term expires May 2008

Chairman's Report

On behalf of the Members of Busselton Water, I am pleased to be able to present the Annual Report for the 2006/2007 year. During this year the Board has proudly maintained a strong commercial performance whilst providing the population of Busselton and surrounding environs with a high quality water service.

The Board's operating profit after tax for the reporting year was \$2.776M and has been achieved on a total revenue of \$7.416M. This compared to a profit after tax of \$2.033M and revenue of \$6.646M in 2005/2006. Busselton Water has a strong underlying financial position with a NIL level of indebtedness.

As Chairman of the Board I am privileged to lead an organisation which has an established reputation in the water industry in Western Australia. We continue to manage our affairs to provide for the excellent maintenance of assets enabling us to meet higher standards and cope with the fast growing region that we service. In particular we will continue with our program to ensure the future security of our water supply allocation from the Yarragadee Aquifer for the people of Busselton.

Our key goals for the future, as embodied in the Strategic Development Plan adopted recently will include our maintaining high levels of customer service, to operate in an environmentally responsible manner and develop our valued and skilled workforce.

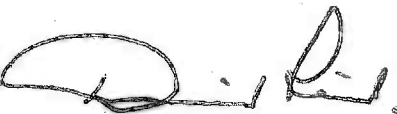
Highlights of the year under review in this report include:

- The review and recasting of our governance framework.
- The adoption by the Board of a Strategic Development Plan (Ten Year Forward Financial Plan).
- An excellent response from our annual customer survey.

I desire to express my appreciation of my fellow Board Members and to the management and staff for another successful year. I also welcome our two new Managers, Mr. Neill Rowlandson and Mr. Shaun Millen and at the same time pay tribute to our former Manager Client Services Mr. Barry Jeffrey and wish him an enjoyable retirement.

Collectively, we at Busselton Water appreciate that quality is the key to delivering a superior product and service that brings value to our operations, we reject mediocrity. All employees consequently strive for excellence in the tasks they undertake, in the knowledge that through commitment, professional and personal development it is always possible to do better.

David Reid
Chairman



Dated this 11 day of Sept 2007.

CHIEF EXECUTIVE OFFICER'S REPORT

Busselton Water services approximately 20,000 customers who reside in the Busselton Townsite and close environs such as Port Geographe, Siesta Park and Wonnerup.

This Annual Report contains details of Busselton Water's efforts and its achievements during the 2006/2007 year as a provider of water services.

Encouragingly there are positive results to report, whilst Busselton Water continues striving for future improvements, particularly in the area of Asset Management.

Pre-tax operating profit was \$3.724M, well above budget and directly attributable to stronger than expected new land developments and increasing water sales (13.03%) due to increased numbers of customers served.

The Board operates under a license which was granted in 1996 and remains valid until 2021. Board Members, who are appointed by the Governor in Executive Committee, following recommendations by the Minister for Water Resources, represent the rapidly growing entity and hold legislative authority to perform all functions, establish policies and control the affairs of the organisation.

Busselton Water's customers continue to respond favourably to its core business services.

The perception of Busselton Water's overall performance levels remains high and there is a general agreement that Busselton Water provides "value for money services". A summary of results achieved through an Annual Customer Survey can be viewed on Busselton Water's website

www.busseltonwater.wa.gov.au

A capital works program, to the value of \$2.017M was completed during the year.

Busselton Water draws its groundwater from both the Leederville and Yarragadee Aquifers. Eight production bores extract raw water from depths ranging from 250M to 800M and the raw water is subjected to treatment processes (sand filtration system) to remove iron and manganese. Prior to entering the reticulation system for distribution to our customers, disinfection occurs through ultra-violet irradiation. No chemicals are added during the water treatment process, and this factor receives widespread community support.

During 2006/2007 Busselton Water developed a new 10 year

Strategic Development Plan. This provides a clear outline of the path that Busselton Water Board is following and the contribution that it will continue to make into the future, as well as how it intends to capitalise on opportunities that may evolve once the legislation (Water Boards Act 1904) under which the Board operates is reviewed by the State Government.

During the 2006/2007 year Busselton Water modernised and professionally documented governance procedures, policies and delegations.

Direction to staff has been streamlined with management operational directives having been formulated across all areas of the organisation which has increased productivity and clarity of roles.

The implementation of a newly designed website was undertaken in the 2006/2007 year with great success. This was followed up with the introduction of an intranet for staff allowing for the quick retrieval of vital documents, therefore improving overall understanding of the organisation.

Administrative staff had the purchase of a brand new corporate uniform

approved. This has greatly improved the professional appearance of all Busselton Water staff, and given staff a sense of belonging.

The Chairman and I have represented Busselton Water extensively in the state water industry in areas of Water Law Reform, and for a potential new bulk water supply agreement.

I acknowledge with appreciation the support of Members of the Board, all staff and various key consultants during the 2006/2007 year and look forward to the year ahead.

Busselton Water is entering an exciting phase in its 100 year existence with change occurring at unpredicted levels in the various areas of operations including:-

- Water law reform
- Negotiations to supply water outside of licensed areas
- Sweeping new meter reading technologies
- Organisational restructuring

I appreciate greatly the way in which the Board and staff have applied themselves to the challenges which modern life and growth both pose for Busselton Water.

It also remains highly important that resources

are well managed and planned for so as to both cater for new housing demands on infrastructure, whilst also keeping our operating standards at the highest and most efficient levels.



Keith White
Chief Executive Officer

July 2007

REPORT ON OPERATIONS

(Section 61) Financial Management Act 2006

AUTHORITY BY WHICH BUSSELTON WATER IS ESTABLISHED

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

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

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

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

OBJECTIVES OF BUSSELTON WATER

The objectives of Busselton Water are:

a) Provision of Services
To provide high quality water at a minimum long term cost to the customers within Busselton Water's

area of responsibility (operating area).

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

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

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

FINANCIAL OBJECTIVES

- To conduct the financial affairs of Busselton Water in accordance with sound business principles and comply with the requirements of the Water Board's Act 1904 (as amended) and the Financial Management Act 2006 and its Operating Licence, for the benefit of present and future customers.

- To meet Busselton Water's need for financial services information.
- To provide financial planning and management functions including budget planning and control.
- To control the levying and collecting of water tariff and other charges.
- To provide monthly and annual informative financial statements and performance reports.

CUSTOMER BASE

Busselton Water's operating area includes the town of Busselton and the neighbouring environs of Port Geographe, Siesta Park and Wonnerup.

ADDRESS OF PRINCIPAL OFFICE

Administration Centre
1 Fairbairn Road
BUSSELTON WA 6280

PO Box 57
BUSSELTON WA 6280

Telephone : (08) 9781 0500

Website :
www.busseltonwater.wa.gov.au



CUSTOMER FOCUS

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

- Annual Report, including the Financial Statements and Key Performance Indicators.
- Annual Water Monitoring Report.
- Customer Charter – a summary of the Customer Charter is forwarded to all customers annually with a copy of the complete charter available on request.

- Information on Water Tariff and Headworks Contribution Charges.
- Budget for current financial year.
- Minutes of Board Meetings, which are generally held on the third Monday evening of each month, and associated Committee Meetings.
- A summary sheet explaining “Conditions for Water Connection”.
- Information sheet referring to disputes.
- By-Laws adopted by the Board.
- Strategic Development Plan. (Ten Year Financial Plan).

EQUITY ACCESS

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

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

BUDGET

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

MINISTERIAL DIRECTIVES

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

WATER PRODUCTION (EX PLANT)

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

WATER EXTRACTION

YEAR	PRODUCTION	INCREASE	DECREASE
2000/2001	4,070,316	6.62%	
2001/2002	3,638,492		10.61%
2002/2003	3,597,139		1.14%
2003/2004	3,896,927	8.31%	
2004/2005	3,922,277	.65%	
2005/2006	3,888,869		.85%
2006/2007	4,267,220	9.73%	

There were an additional 468 properties connected to the Busselton Water supply network during 2006/2007, compared with 404 in the previous year.

EMPLOYEES

The number of employees by category is as follows:

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

EMPLOYEES

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

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

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

- Certificate 2 Water Industry Operations.
- First Aid.
- Accredited Plant Locator.
- Safety & Awareness Training (SAT) Card.
- Introduction to Archives Management.
- Planning an EDRMS Implementation.
- Customer Service.
- Strategic Achievement.

OCCUPATIONAL HEALTH/SAFETY AND RISK MANAGEMENT

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

Understanding Occupational Health and Safety and Risk Management is a key issue, therefore policies which address these issues have been developed by Busselton Water. Regular meetings at employee level focus on the development of responsive action to issues that may affect employees and have

an impact on the general public.

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

INDUSTRIALRELATIONS

Enterprise Bargaining Agreements with both Busselton Water's Operational and Administrative employees are in place.

WORKER'SCOMPENSATIONCLAIMS

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

COMMUNITY AND MEDIA RELATIONS

Busselton Water pursues every opportunity to maintain its public profile in an effort to keep its customers informed. It promotes visits to Water Treatment Plants, including school visitations.

Opportunities to participate in local promotional events are also grasped. During 2007 Busselton Water participated in the Iron Man event and provided sponsorship to various not for profit organisations.

CONSUMPTIONCHARGES

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

1-150kl	42c
151-350kl	61c
351-550kl	67c
551-750kl	80c
751-1150kl	1.32c
1151-1550kl	1.89c
1551-1950kl	2.19c
Thereafter	2.53c

All pricing and related information was published in the Government Gazette dated 18 August 2006 (page 3387) and in the Busselton-Margaret Times dated 17 August 2006.

CAPITAL WORKSPROGRAM

A Capital Works program amounting to \$1,234,588 was undertaken during the year. Among the significant projects undertaken were the following:

- New subdivisional Mains and Services.
- Continuous upgrading of pipe work from AC to PVC.
- Booster Pumps & Fencing at Plant 9.
- Improvements to Plan 3.

No new items of Operational Equipment were acquired during 2006-2007.

INDEMNIFICATION OF BOARD MEMBERS

During the period ended 30 June 2007 the Board paid insurance premiums in respect of Directors Liability amounting to \$10,595.00.

MEETINGS OF THE BOARD

The Board's business is transacted at a monthly meeting which is usually held on the third Monday evening of each calendar month and is preceded by the convening of two committee meetings (i) Works, Services and Developments and (ii) Finance and Administration one week before the Board Meeting.

(For attendance of Board Members refer to table below)

Occasionally Special Meetings are convened if circumstances warrant.

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

REVENUE

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

Busselton Water's objective in charging for services is to develop a system which is fair and is simple to understand and administer. It promotes efficient use of resources which reflect the true cost of providing the services. All charges are however subject to Ministerial approval.

LICENCE COMPLIANCE

The results achieved during 2006/2007 indicate that Busselton Water has once again performed credibly and to an acceptable level. The major achievements of the year were:

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

COMMUNITY SERVICE

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

Standard Supply Charge/Rates:

Pensioners -Up to 50% rebate
Seniors -Up to 25% rebate

Commonwealth Seniors Health Card -Up to 50% rebate

Water Consumption:

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

CUSTOMER GROUP OUTCOMES

- Disability Service Plan – The Board is not required to develop a Disability Service Plan, however the Board is aware of the key outcomes of such plans and adheres to the principles.
- Equal Employment Opportunity Outcomes – Busselton Water embraces a Policy of Equal Opportunities in employment.
- Cultural Diversity and Language Service Outcomes.
- Youth Outcomes – Busselton Water has not considered programs or policies which specifically target young people within the age bracket of 16-25.
- Equity and Diversity Plan – As Busselton Water employs less than 50 employees, it is not required to provide numerical performance objectives, however Busselton Water is aware of the Government's commitment to developing an equitable and diverse public sector

workforce which is representative of the Western Australian community at each level of employment and which enables employees to combine work and family responsibilities.

- Energy Smart Government Policy – With less than 25 employees, the Board was not required to embrace this policy.

RECORDKEEPING PLAN

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

Busselton Water is committed to ongoing compliance of the State Records Act 2000 and to sound recordkeeping practises. During the 2006/2007 year Busselton Water:

- Had its Record Keeping Plan and Retention and Disposal Authority officially approved by the State Records Commission.
- Implemented new electronic and hard copy filing structures.

- Provided on and off site records management training.
- Became a Members of the Records Management Association of Australia.
- Created a Records Management Disaster Recovery Plan.
- Introduced a staff Records Management Manual.
- Prepared the organisation for the implementation of an Electronic Document Records Management System (EDRMS).

CUSTOMER COMPLAINTS

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

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

Busselton Water encourages its customers to express by letter, phone call or personal visitation, any concerns, which do not meet expectations and is committed to provide a positive response in a timely and professional manner – avoiding inconvenience wherever possible. During the year Busselton Water recorded a total of 23 concerns reported by customers, all of which were by phone call or personal visitation. 99% of the concerns were satisfactorily resolved within the time frame permitted in the Busselton Water Operating Licence. 0% were resolved by special action taken by employees, 65% were resolved by explanation, 7% by apology and 28% by other means.

WATER QUALITY TESTS

Environmental Health Officers from the Shire of Busselton regularly collected samples of water from Busselton Water's four plants and other various locations throughout the Busselton townsite.

These samples were forwarded to PathWest for bacteriological analysis and so that any remedial action considered necessary could be carried out promptly. (No such action was required). The results were also forwarded to the Department of Health.

Radiological analysis of water is also undertaken.

Regular salinity tests of water were also carried out.

Rockwater P/L are Busselton Water's Hydrogeological Consultants.

Busselton Water staff collect water samples for chemical and microbiological analysis, measure water levels, pumpage, electrical conductivity and pH. This data is forwarded to Rockwater P/L for the compilation of annual monitoring reports to meet the requirements of groundwater well licenses issued by the Department of Water.

Groundwater monitoring reports are submitted in accordance with the conditions specified in the relevant Groundwater Licences.

METER READING AND TESTING

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

Meter tests are undertaken as requested by customers on payment of the prescribed fee. Busselton Water replaces domestic water meters once they have recorded in excess of 5,000Kl.

BREACHES OF PRIVACY COMPLAINTS

There was one complaint received during the year with respect to Breaches of Privacy.

FORWARD PLANNING

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

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

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

STATISTICS

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

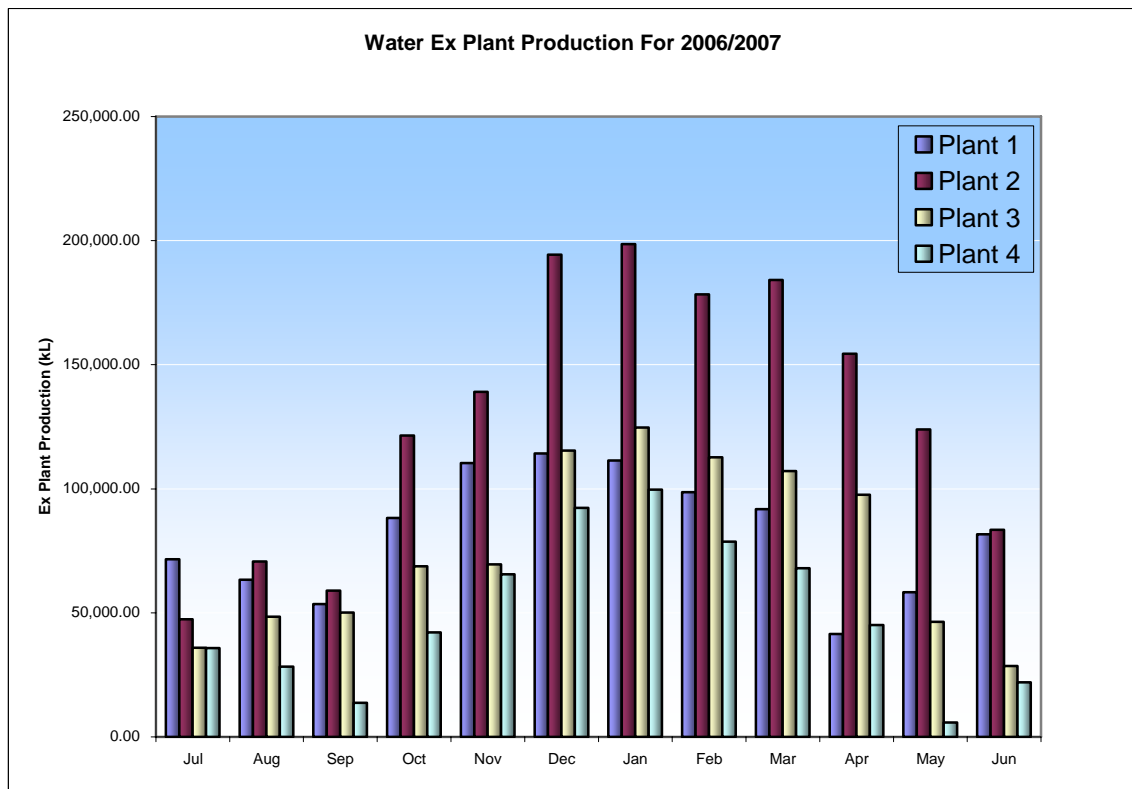
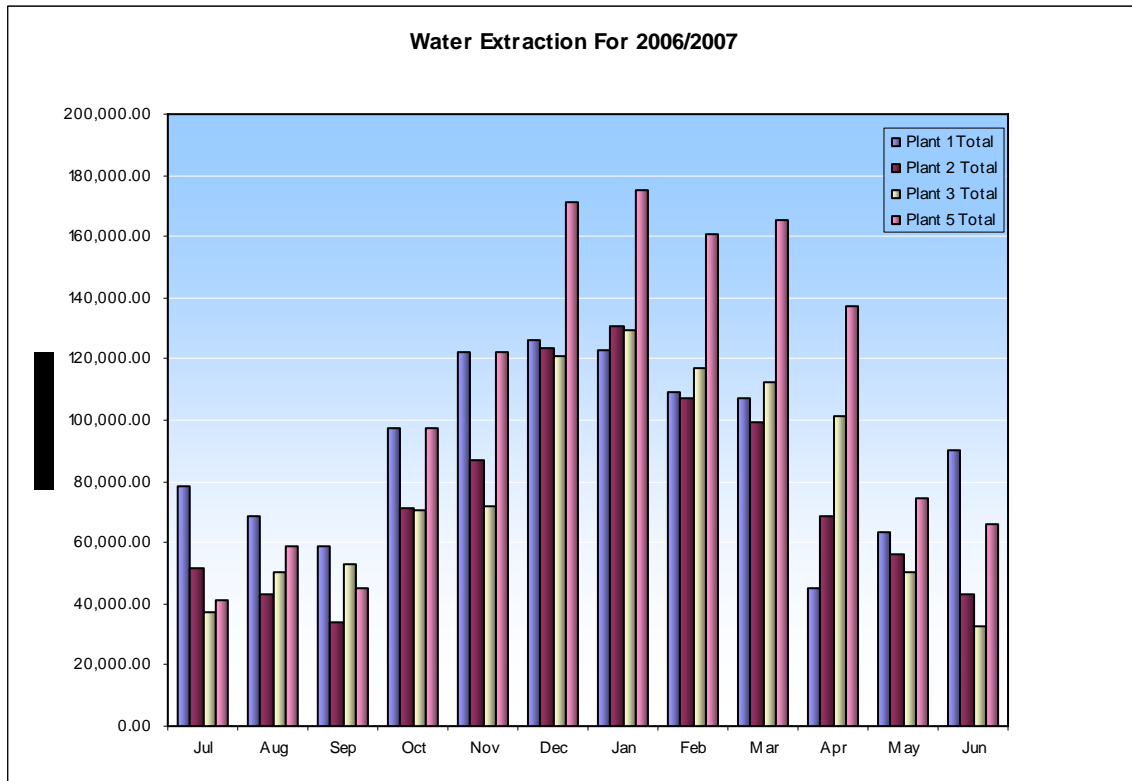
Total above ground storage	21,000	Kl
Total water treatment capacity per day	45,792	Kl
Total bore capacity per day	66,000	Kl
Total delivery capacity L/second	1,335	L/S
Length of Mains	253.8	kms

Meetings of Board Members

The number of Board Meetings and Committee Meetings held and attended during the year by each Board Member holding office as at 30 June 2007 were:

	Board of Directors Meetings		Executive Committee Meetings	
	Number Held	Number Attended	Number Held	Number Attended
David Reid	13	13	20	19
Frank Elliott	13	13	10	10
Ron Piggott	13	12	10	9
William Scott	13	11	9	9
Merryl Peet	13	11	11	10
Robert Tognela	13	12	14	14
Yvonne Robinson	7	6	4	2

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

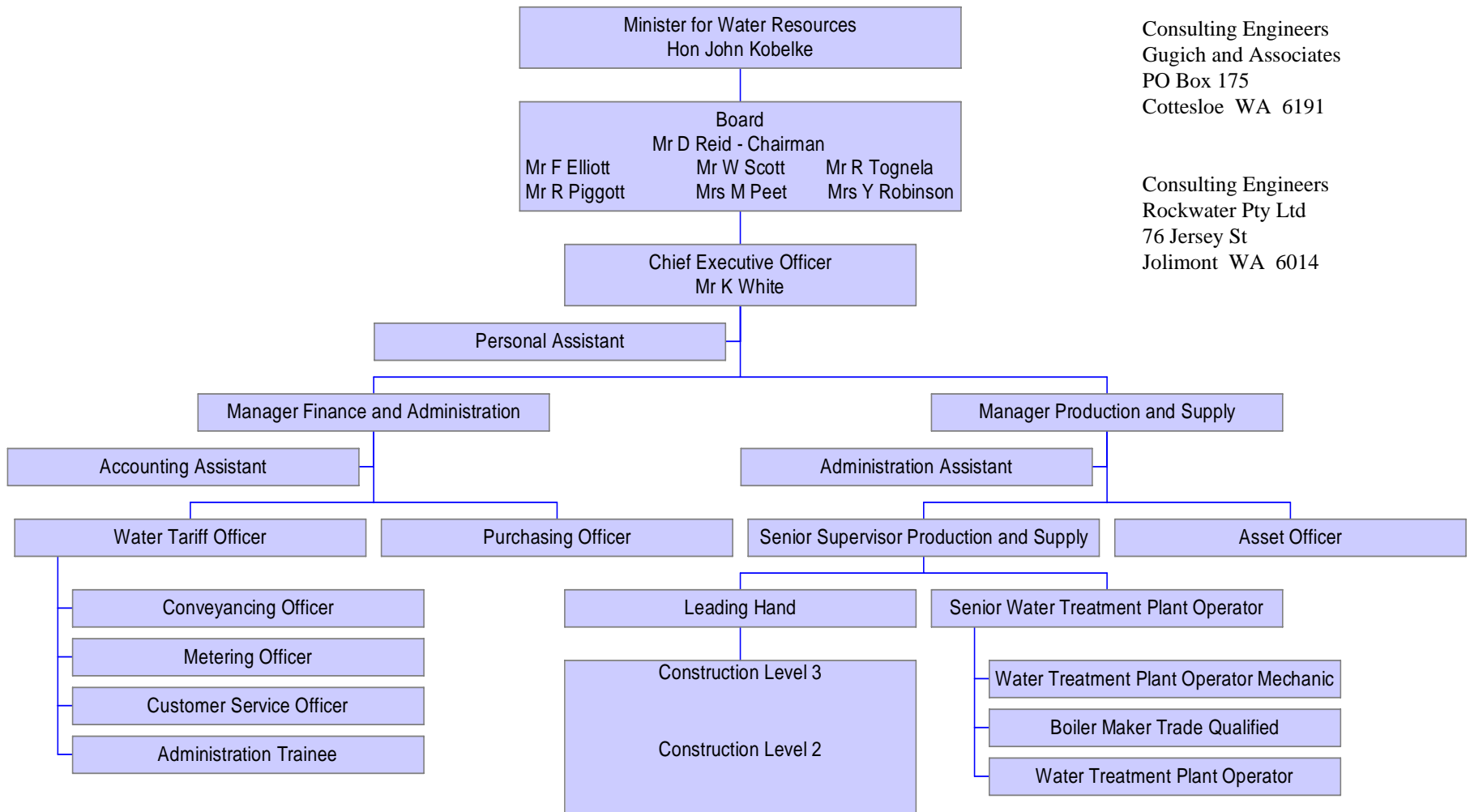


Busselton Water Organisational Structure 30 June 2007

AMD Chartered Accountants
1/28 Wellington Street
Bunbury WA 6231

Consulting Engineers
Gugich and Associates
PO Box 175
Cottesloe WA 6191

Consulting Engineers
Rockwater Pty Ltd
76 Jersey St
Jolimont WA 6014





AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUSSELTON WATER BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

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

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement of the Board for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

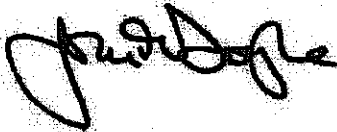
An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions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

Busselton Water Board
Financial Statements and Key Performance Indicators for the year ended 30 June 2007

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Busselton Water Board at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2007.

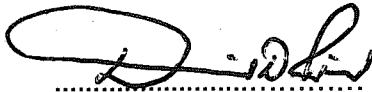


JOHN DOYLE
ACTING AUDITOR GENERAL
21 September 2007

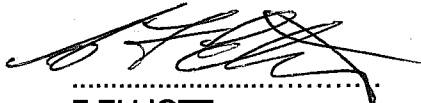
CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying Financial Statements of the Busselton Water Board have been prepared in compliance with the provisions of the FINANCIAL MANAGEMENT ACT 2006 from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2007 and the financial position as at 30 June 2007.

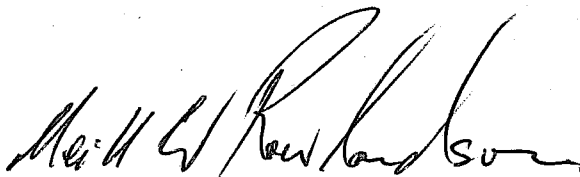
At the date of signing we are not aware of any circumstances, which would render the particulars included in the Financial Statements misleading or inaccurate.



.....
D.REID
Chairman
Busselton Water Board
(Accountable Authority)



.....
F.ELLIOTT
Member of the Board



.....
N.W.ROWLANDSON
Chief Finance Officer

BUSSELTON WATER BOARD
BALANCE SHEET
AS AT 30 JUNE 2007

	Notes	2007	2006
ASSETS			
Current Assets			
Cash & Cash Equivalents	2 (a)	754,185	912,024
Other Financial Assets	2 (b)	7,607,285	5,135,214
Trade & Other Receivables	3	875,441	916,315
Inventories	4	375,505	329,996
Prepayments		4,730	5,678
Total Current Assets		<u>9,617,146</u>	<u>7,299,227</u>
Non-Current Assets			
Property, Plant and Equipment	5	46,864,169	13,911,804
Total Non-Current Assets		<u>46,864,169</u>	<u>13,911,804</u>
TOTAL ASSETS		<u>56,481,315</u>	<u>21,211,031</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	653,597	204,911
Provisions	8	535,595	560,828
Current Tax Liabilities	9	259,291	406,929
Total Current Liabilities		<u>1,448,483</u>	<u>1,172,668</u>
Non-Current Liabilities			
Provisions	8	28,587	48,261
Deferred Tax Liabilities	10	9,940,177	261,314
Total Non-Current Liabilities		<u>9,968,764</u>	<u>309,575</u>
TOTAL LIABILITIES		<u>11,417,247</u>	<u>1,482,243</u>
NET ASSETS		<u>45,064,068</u>	<u>19,728,788</u>
Equity			
Reserve Fund	11.1	5,352,464	3,760,214
Asset Revaluation Reserve	11.2	23,260,391	535,457
Retained Earnings	23	16,451,213	15,433,117
TOTAL EQUITY		<u>45,064,068</u>	<u>19,728,788</u>

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

BUSSELTON WATER BOARD
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007	2006
REVENUE			
Water Sales Revenue	12	4,294,669	3,799,531
Cost of Sales	13	<u>2,262,733</u>	<u>2,371,398</u>
Gross Profit		<u>2,031,936</u>	<u>1,428,133</u>
Other Revenue			
Contributions from Developers - Headworks		1,701,975	1,233,779
Contributions from Developers - Mains		690,982	1,237,147
Interest on Investment Funds	14	416,584	287,701
Other Revenue from Ordinary Activities	15	258,044	74,889
Gain on sale of non-current assets		<u>56,928</u>	<u>12,784</u>
Total Revenue		<u>5,156,450</u>	<u>4,274,434</u>
EXPENSES			
Administration Expenses	16	990,330	1,011,392
Other Expenses from Ordinary Activities	17	430,406	325,376
Loss on sale of non-current assets		<u>12,138</u>	<u>42,051</u>
Total Expenses		<u>1,432,874</u>	<u>1,378,819</u>
Profit Before Income Tax Equivalent Expense		<u><u>3,723,576</u></u>	<u><u>2,895,615</u></u>
Income Tax Equivalent Expense	6	1,113,230	862,465
Profit After Income Tax Equivalent Expense		<u><u>2,610,346</u></u>	<u><u>2,033,150</u></u>

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

**BUSSELTON WATER BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Rates & Water Sales		4,397,699	4,126,042
Interest Received		391,573	297,700
Developers Contributions		2,392,956	2,501,713
Other Receipts		<u>240,483</u>	<u>105,650</u>
		7,422,711	7,031,105
Payments			
Payment to Suppliers & Employees		(2,643,569)	(2,641,766)
Net cash provided by operating activities	2(c)	<u>4,779,142</u>	<u>4,389,339</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the Sale of Non-Current Physical Assets		131,990	182,678
Purchase of Non-Current Physical Assets		<u>(1,551,918)</u>	<u>(1,392,965)</u>
Net cash used in investing activities		<u>(1,419,928)</u>	<u>(1,210,287)</u>
CASH FLOWS TO STATE GOVERNMENT			
Taxation Equivalent		<u>(1,044,982)</u>	<u>(1,243,919)</u>
Net cash flows to State Government		<u>(1,044,982)</u>	<u>(1,243,919)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>2,314,232</u>	<u>1,935,133</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>6,047,238</u>	<u>4,112,105</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	2(a)	<u>8,361,470</u>	<u>6,047,238</u>

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

**BUSSELTON WATER BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	2007	2006
Total equity at start of year		19,728,788	17,695,637
RESERVES			
General Reserves			
Balance at start of year		3,760,214	2,911,308
Transfers from Retained Earnings		2,857,916	1,102,310
Transfers to Retained Earnings		<u>(1,265,666)</u>	<u>(253,404)</u>
Balance at end of year	11.1	<u>5,352,464</u>	<u>3,760,214</u>
Asset Revaluation Reserve			
Balance at start of year		535,457	535,457
Gains from asset revaluations		32,466,853	-
Tax Effect on Revaluations		<u>(9,741,919)</u>	<u>-</u>
Balance at end of year	11.2	<u>23,260,391</u>	<u>535,457</u>
RETAINED EARNINGS			
Balance at start of year		15,433,117	14,248,872
Profit for the period		2,610,346	2,033,151
Transfers from Reserves		1,265,666	253,404
Transfers to Reserves		<u>(2,857,916)</u>	<u>(1,102,310)</u>
Balance at end of year	23	<u>16,451,213</u>	<u>15,433,117</u>
Total equity at end of the year		<u>45,064,068</u>	<u>19,728,788</u>

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Note 1 Summary of significant accounting policies

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

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording. The *Financial Management Act* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statement

Basis of Preparation

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

Early Adoption of Standards

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 "Application of Accounting Standards and Other Pronouncements". No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2007.

(b) Segment Reporting

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

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

Accordingly there is no further segment information to provide.

(c) Revenue Recognition

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

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Note 1 Summary of significant accounting policies (continued)

(d) Income Tax

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

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

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

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

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

(e) Acquisitions of Assets

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

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

(f) Cash and Cash Equivalents

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Note 1 Summary of significant accounting policies (continued)

(g) Trade Receivables

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

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

(h) Inventories

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

(i) Financial Instruments

Recognition

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

Loans and receivables

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

Held-to-maturity investments

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

Financial liabilities

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

Fair value

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

Impairment

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Note 1 Summary of significant accounting policies (continued)

(j) Property, Plant and Equipment

Capitalisation/Expensing of Assets

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

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

Land

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

Property, Plant & Equipment and Infrastructure

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

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

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

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

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

Note 1 Summary of significant accounting policies (continued)

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

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

(k) Impairment of Assets

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

(l) Trade and Other Payables

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

(m) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

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

Long Service Leave

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

**BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

Note 1 Summary of significant accounting policies (continued)

Retirement Benefit Obligations

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

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

(n) Leases

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

(o) Rounding of Amounts

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

(p) Comparative Figures

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2. NOTES TO THE CASH FLOW STATEMENT

	2007	2006
(a) Cash & Cash Equivalents		
(i) <u>Water Fund Cheque Account (at 4.34% average)</u> The Board has an overdraft limit of \$15,000 on this account.	108,107	739,181
(ii) <u>Chief Executive Officer's Advance Account</u> This account was closed on 27 June 2007.	0	1,943
(iii) <u>24 Hour Cash Call Account (at 6.15% average)</u>	645,178	170,000
(iv) <u>Cash on Hand</u>	900	900
	754,185	912,024
 (b) Other Financial Assets comprise of:		
<u>Fixed Term Deposits</u>		
(i) Reserve Investments: (at 6.54% average)	5,407,285	3,760,214
(ii) Water Fund Investments: (at 6.54% average)	2,200,000	1,375,000
	7,607,285	5,135,214

Reconciliation of Cash

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

	2007	2006
<u>Cash and cash equivalents</u>	754,185	912,024
<u>Other Financial Assets</u>	7,607,285	5,135,214
	8,361,470	6,047,238

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

	Notes	<u>2007</u>	<u>2006</u>
Operating Profit after Income Tax		2,610,346	2,033,151
Depreciation		979,206	925,799
(Profit) / Loss on Sale of Assets		(44,790)	29,267
Income Tax Expense		1,113,230	862,465
Net Cash provided by Operating Activities before changes in Assets & Liabilities		<u>4,657,992</u>	<u>3,850,682</u>
Changes in Assets & Liabilities			
(Increase) / Decrease in Receivables		41,817	410,246
Increase / (Decrease) in Payables		169,750	98,553
(Increase) / Decrease in Inventories		(45,509)	(76,485)
Increase / (Decrease) in Provisions		(44,907)	106,343
Net cash provided by operating activities		<u>4,779,143</u>	<u>4,389,339</u>

3. TRADE AND OTHER RECEIVABLES

Includes all amounts due to Busselton Water from operations.

Rates/Std Supply Charge Debtors	206,513	199,235
Excess Water/Consumption Debtors	468,595	523,590
Deferred Rates/Charges	65,936	107,893
Meter Rentals Debtors	23,113	25,457
Late Payment Penalty	779	965
Fire Services	2,099	2,757
Settlement Reading Fees	1,111	141
Miscellaneous Fees	85	0
Sundry Debtors (Including Headworks)	32,832	41,980
GST (Net Receivable from ATO)	26,524	1,010
Miscellaneous Debtors	47,854	13,287
	<u>875,441</u>	<u>916,315</u>

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

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

4. INVENTORIES

Inventories are the stock items used in the installation and maintenance of the various water provision operations at Busselton Water Board.

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

5. <u>PROPERTY, PLANT AND EQUIPMENT</u>	Notes	<u>2007</u>	<u>2006</u>
Land at Fair Value		3,156,000	930,000
Capital Works in Progress		42,369	
		<u>3,198,369</u>	<u>930,000</u>
Plant & Machinery at Fair Value		9,619,700	4,549,831
Buildings at Fair Value		2,497,900	1,239,442
Motor Vehicles at Fair Value		635,300	630,679
Mains and Services at Fair Value		29,625,000	6,258,466
Meters at Fair Value		1,058,000	173,862
Tools at Fair Value		125,000	85,535
Office Equipment & Furniture at Fair Value		104,900	43,989
TOTAL PROPERTY, PLANT AND EQUIPMENT		<u>46,864,169</u>	<u>13,911,804</u>

Land recorded at fair value is on the basis of a valuation provided by the Department of Land Information completed during July 2007.

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

5. (a) Reconciliation of Carrying Amount

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

2007	<u>Carrying Amt At</u> <u>Beginning of Year</u>	<u>Additions</u>	<u>Disposals/</u> <u>W'downs</u>	<u>Depreciation</u>	<u>Revaluation</u> <u>Adjustment</u>	<u>Carrying Amt</u> <u>at end of year</u>
Land at Fair Value	930,000	166,786	-	-	2,059,214	3,156,000
Capital Works	0	42,369	-	-	-	42,369
Plant & Machinery	4,549,831	56,946	-	(282,976)	5,295,899	9,619,700
Buildings	1,239,442	18,184	-	(37,963)	1,278,237	2,497,900
Motor Vehicles	630,679	108,218	(87,199)	(76,412)	60,014	635,300
Mains & Services	6,258,466	1,007,249	-	(447,726)	22,807,011	29,625,000
Meters	173,862	91,163	-	(108,559)	901,534	1,058,000
Tools	85,535	4,034	-	(14,214)	49,645	125,000
Office Equipment	43,989	56,969	-	(11,356)	15,298	104,900
	<u>13,911,804</u>	<u>1,551,918</u>	<u>(87,199)</u>	<u>(979,206)</u>	<u>32,466,853</u>	<u>46,864,169</u>

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

2006	<u>Carrying Amt At</u> <u>Beginning of Year</u>	<u>Additions</u>	<u>Disposals/</u> <u>W'downs</u>	<u>Depreciation</u>	<u>Revaluation</u> <u>Adjustment</u>	<u>Carrying Amt</u> <u>at end of year</u>
Freehold Land	930,000	-	-	-	-	930,000
Plant & Machinery	4,805,739	44,342	(233)	(300,017)	-	4,549,831
Buildings	1,269,470	7,871	-	(37,899)	-	1,239,442
Motor Vehicles	624,048	295,408	(211,713)	(77,064)	-	630,679
Mains & Services	5,646,367	990,344	-	(378,245)	-	6,258,466
Meters	238,345	39,685	-	(104,168)	-	173,862
Tools	86,276	14,316	-	(15,057)	-	85,535
Office Equipment	56,338	1,000	-	(13,349)	-	43,989
	<u>13,656,583</u>	<u>1,392,966</u>	<u>(211,946)</u>	<u>(925,799)</u>	<u>-</u>	<u>13,911,804</u>

6. INCOME TAX EQUIVALENT

Notes

2007

2006

Major components of income tax expense for the years ended 30 June 2007 and 2006 are:

Income statement

Current income

Current income tax charge	1,176,286	988,492
Adjustments in respect of current income tax of previous years		-

Deferred income tax

Relating to origination and reversal of temporary differences	(63,056)	(126,027)
Income tax expense reported in income statement	<u>1,113,230</u>	<u>862,465</u>

Statement of changes in equity

Deferred income tax

Unrealised gain on available for sale financial assets	(9,741,919)	(48,198)
Income tax benefit reported in equity	<u>(9,741,919)</u>	<u>(48,198)</u>

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the organisation's effective income tax rate for the years ended 30 June 2007 and 2006 is as follows:

Accounting profit before tax from continuing operations	3,723,575	2,895,616
Profit before tax from discontinued operations		-
Accounting profit before income tax	<u>3,723,575</u>	<u>2,895,616</u>
At the statutory income tax rate of 30% (2006: 30%)	1,117,072	868,685
Adjustments in respect of current income tax of previous Year	(4,603)	-
Expenditure not allowable for income tax purposes	761	(6,220)
Income assessable for income tax purposes		-
At effective income tax rate of 34.2% (2006: 29.8%)	<u>1,113,230</u>	<u>862,465</u>
Income tax expense reported in income statement	1,113,230	862,465
Income tax attributable to discontinued operations	-	-
	<u>1,113,230</u>	<u>862,465</u>

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
Fair value adjustments of assets	-	(161,844)	9,580,075	-	9,580,075	(161,844)
Income not yet assessable for taxation purposes						
Developers Contributions			520,762	610,790	520,762	610,790
Interest Receivable			10,003	3,000	10,003	3,000
Expenses not yet deductible for taxation purposes			-	-		
Employee Entitlements	(169,255)	(182,727)			(169,255)	(182,727)
Accrued Superannuation	(1,408)	(7,904)			(1,408)	(7,904)
Tax (assets) liabilities	(170,663)	(352,475)	10,110,840	613,790	9,940,177	261,315
Set off of tax	170,663	352,475	(170,663)	(352,475)	-	-
Net tax liabilities	-	-	9,940,177	261,315	9,940,177	261,315

	Balance 1 July 2005	Recognised in Income	Recognised in Equity	Balance 30 June 2006
Movement in temporary differences during the year				
Fair value adjustments of assets	(210,042)	-	48,198	(161,844)
Income not yet assessable for taxation purposes	702,369	(88,579)	-	613,790
Expenses not yet deductible for taxation purposes	(153,183)	(37,448)	-	(190,631)
	339,144	(126,027)	48,198	261,315

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

7. <u>TRADE AND OTHER PAYABLES</u>	Notes	<u>2007</u>	<u>2006</u>
Payables for goods and services received. The carrying amounts of payables approximate their net fair values.			
Trade Creditors		511,822	72,344
Payroll Creditors		65,580	57,867
Miscellaneous Creditors		15,947	21,974
Sundry Liabilities		409	1,912
Monies in Trust		41,435	30,319
Customer Payments in Advance		18,404	7,125
GST Payable		0	13,370
		<u>653,597</u>	<u>204,911</u>

8. PROVISIONS

Current

Annual leave (a)		160,985	181,748
Long service leave (b)		82,032	75,627
Sick leave (c)		<u>213,986</u>	<u>249,159</u>
		457,003	506,534
Employment on-costs (d)		<u>78,592</u>	<u>54,294</u>
		<u>535,595</u>	<u>560,828</u>

Non-current

Long service leave (b)		24,517	48,261
Employment on-costs (d)		<u>4,070</u>	<u>48,261</u>
		<u>28,587</u>	<u>48,261</u>

Aggregate employee benefit liability		<u>564,182</u>	<u>609,089</u>
Number of employees at year end		<u>26</u>	<u>26</u>

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

Within 12 months of balance sheet date		139,642	145,081
More than 12 months after balance sheet date		<u>21,343</u>	<u>36,667</u>
		<u>160,985</u>	<u>181,748</u>

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

Within 12 months of balance sheet date		22,079	21,933
More than 12 months after balance sheet date		<u>84,470</u>	<u>101,955</u>
		<u>106,549</u>	<u>123,888</u>

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	<u>2007</u>	<u>2006</u>
8. <u>PROVISIONS (CONTINUED)</u>			
<p>(c) Sick leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of liabilities will occur as follows:</p>			
Within 12 months of balance sheet date		0	71,711
More than 12 months after balance sheet date		213,986	177,448
		<u>213,986</u>	<u>249,159</u>

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

9. CURRENT TAX LIABILITIES

Income Tax Equivalent Payable		<u>259,291</u>	<u>406,929</u>
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10. DEFERRED TAX LIABILITIES

Provision for Deferred Income Tax Equivalent		<u>9,940,177</u>	<u>261,314</u>
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11. RESERVE FUNDS

11.1 General Reserve Fund

Opening Balance		3,760,214	2,911,308
<u>Less:</u> Transfers to Retained Profits		<u>(1,265,666)</u>	<u>(253,404)</u>
		2,494,548	2,657,904
<u>Add:</u> Transfers from Retained Profits		<u>2,857,916</u>	<u>1,102,310</u>
Closing Balance		<u>5,352,464</u>	<u>3,760,214</u>

Eric Ripper MLA, Deputy Premier and Treasurer approved the amalgamation of all prior reserve accounts and fund balances into a single new Reserve Account, in a letter addressed to Busselton Water dated 16 May 2006.

The funds are reserved for staff liabilities, infrastructure funding, buildings and plant funding, contingencies, and other future projects.

11.2 Asset Revaluation Reserve Fund

Opening Balance		535,457	535,457
Asset Revaluations		32,466,853	-
Tax effect on Revaluation		<u>(9,741,919)</u>	-
Closing Balance		<u>23,260,391</u>	<u>535,457</u>

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	<u>2007</u>	<u>2006</u>
12. <u>WATER SALES REVENUE</u>			
Meter Rentals		132,758	123,862
Rates		306,772	387,384
Excess Water & Water Consumption		2,292,446	1,975,304
Connection Fees		335,932	264,967
Standard Supply Charge		1,170,938	1,017,253
Meter Reading Charges		21,018	17,562
Other Water Sales		34,807	13,200
		<u>4,294,669</u>	<u>3,799,531</u>
13. <u>COST OF SALES</u>			
Pumping		216,974	199,434
Maintenance: General Production Plant		448,109	387,956
Mains & Meters		396,825	182,334
Depreciation	18	967,850	912,451
Net Vehicle Running Expenses		717	95,435
Net Public Works Overhead		149,704	568,205
Net Stock Allocated		696	-31,264
Meter Reading Costs		20,757	22,047
Water Sampling & Monitoring Fees		61,101	34,800
		<u>2,262,733</u>	<u>2,371,398</u>
14. <u>INTEREST ON INVESTMENT FUNDS</u>			
Busselton Water Board invested excess funds and received the following interest:			
Interest on Water Fund		155,167	80,751
Interest on Reserves		261,416	206,949
		<u>416,584</u>	<u>287,701</u>
15. <u>OTHER REVENUE</u>			
Backflow Prevention Device Testing Fees		11,733	11,914
Insurance Recoveries		33,306	6,245
Private Works & Sundry Income		121,407	23,503
Other Receipts & Services		91,598	33,228
		<u>258,044</u>	<u>74,889</u>

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	<u>2007</u>	<u>2006</u>
16. ADMINISTRATION EXPENSES			
Salaries		525,018	469,699
Salary on Costs & Staff Expenses		117,420	202,557
Office Expenses		244,280	249,337
Stationery & Printing		19,232	18,688
Advertising		1,129	1,473
Bank Charges		22,737	18,054
Audit Fees		47,564	32,292
Valuations		-	597
Legal Expenses		1,594	5,348
Depreciation	18	<u>11,356</u>	<u>13,348</u>
		<u>990,330</u>	<u>1,011,392</u>
17. OTHER EXPENSES			
Members Expenses		73,482	73,873
Pensioner Rate Rebate		166,107	162,785
Consulting Fees		71,779	69,369
Private Works		113,442	16,322
Sundry Expenditure & Private Works		<u>5,596</u>	<u>3,027</u>
		<u>430,406</u>	<u>325,376</u>
18. DEPRECIATION			
Depreciation charged:		979,206	925,799
Plant, Machinery and Buildings	13	320,939	337,916
Motor Vehicles	13	76,412	77,064
Mains and Services	13	447,726	378,245
Meters	13	108,559	104,168
Tools	13	14,214	15,057
Office Equipment	16	<u>11,356</u>	<u>13,349</u>
		<u>979,206</u>	<u>925,799</u>
19 REMUNERATION OF AUDITOR			
The total of fees paid or due and payable to the Auditors of the Busselton Water Board is as follows:			
Fees to the Auditor General:			
For the audit of the financial statements and performance indicators		30,000	28,600
Other		<u>-</u>	<u>-</u>
		<u>30,000</u>	<u>28,600</u>

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007	2006
20. <u>REMUNERATION OF SENIOR OFFICERS</u>			
The total of fees, salaries, superannuation and other non-cash benefits received or due and receivable for the financial period by senior officers.		301,895	262,601

Fringe Benefit Tax expense incorporated in the above is based on the period 1st April 2006 to 31 March 2007 and not the financial year. The impact of this is considered as not material.

The number of senior officer positions whose total fees, salaries, super, and other non cash benefits received, or due and receivable, for the year ended 30 June 2007, fall within the following bands are:

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

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

21. REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY

The total of fees, wages, allowances, superannuation and other non-cash benefits received or due and receivable for the financial period by Board Members		24,680	23,380
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The number of positions on the Board whose total fees, allowances, super, and other non-cash benefits received, or due and receivable, for the year ended 30 June 2005 fall within the following bands:

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

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	<u>2007</u>	<u>2006</u>
22. <u>SUPPLEMENTARY FINANCIAL INFORMATION</u>			
<u>Write Offs</u>			
Public Property written off by the Accountable Authority during the financial year.		-	-
<u>Losses Through Theft, Defaults & Other Causes</u>			
Losses of public moneys & other property through theft or default.		-	-
<u>Gifts of Public Property</u>			
Gifts of public property provided by Busselton Water.		-	-
		<u>-</u>	<u>-</u>
23. <u>RETAINED EARNINGS RECONCILIATION</u>			
Retained Earnings at Beginning of Year		15,433,117	14,248,872
Net Profits from Ordinary Activities			
After Income Tax Equivalent Expenses		2,610,346	2,033,151
Add Transfers From Reserves		1,265,666	253,404
Less Transfers to Reserves		<u>(2,857,916)</u>	<u>(1,102,310)</u>
Retained Earnings at End of Year		<u>16,451,213</u>	<u>15,433,117</u>

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

24. EXPLANATORY STATEMENT

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

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

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

<u>REVENUE ITEMS</u>	<u>VARIANCE</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
	\$	\$	\$
<u>Rates</u> The decrease is due to the ongoing phasing out of rates, applicable to commercial properties.	(80,613)	306,772	387,384
<u>Water Consumption</u> The increase is due to the increase in property development during the year.	317,142	2,292,446	1,975,304
<u>Standard Supply Charge</u> The increase is due to both population growth combined with the progressive substitution of supply charges in lieu of rates in the commercial sector.	153,684	1,170,938	1,017,253
<u>Water Connection Fees</u> The increase is due to the increase in property development during the year.	70,965	335,932	264,967
<u>Gain / (Loss) on Sale of Non-Current Assets</u> The Increase is due mainly to the Gain on sale of earthmoving equipment during 2006/07.	74,057	44,790	(29,267)
<u>Private Works and Sundry Income</u> The increase is due to a significant increase in private works revenue.	97,904	121,407	23,503
<u>Interest On Investment Fund</u> Through the Board's strategic financial planning, greater funds were available for investment in 2006/07.	128,883	416,584	287,701
<u>Contributions from Developers - Headworks</u>	468,196	1,701,975	1,233,779
<u>Contributions from Developers - Mains</u> Attributable to timing of land developments.	-546,165	690,982	1,237,147

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

24. (a) <u>EXPENDITURE ITEMS</u>	<u>VARIANCE</u>	<u>ACTUAL</u> <u>2007</u>	<u>ACTUAL</u> <u>2006</u>
<u>Salary On Costs - Admin</u> Decrease attributable to the write back of employee entitlements no longer required as staff now terminated.	(85,137)	117,420	202,557
<u>Salaries</u> Represents an increase in staff costs due to both additional staff and added E.B.A. benefits.	55,319	525,018	469,699
<u>Water Plant Maintenance</u> Ad-hoc maintenance requirements were greater than in the prior year.	60,153	448,109	387,956
<u>Mains & Meters Maintenance</u> Planned expansion of general maintenance and AC to PVC pipe replacement.	214,491	396,825	182,334
<u>Office Expenses</u> Containment of costs	-5,058	244,280	249,337
<u>Audit Fees</u> Increase is due to varied internal audit costs.	15,272	47,564	32,292
<u>Private Works Expenditure</u> The increase is due to a significant increase in private works revenue plus the first time revenue from contract underground drilling	97,120	113,442	16,322

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

24. (b) Comparison of Estimates and Actual Results

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

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

	VARIANCE	ACTUAL	BUDGET
		2007	2007
<u>REVENUE ITEMS</u>			
<u>Meter Reading Charge</u>	6,018	21,018	15,000
<u>Standard Supply Charge</u>	90,938	1,170,938	1,080,000
<u>Water Consumption</u>	160,482	2,325,482	2,165,000
<u>Connection Fees</u>	150,932	335,932	185,000
<u>Water Sales - Other</u>	20,232	23,932	3,700
<u>Statement of Water Tariff</u>	8,283	20,283	12,000
The increase is due to the increase in property development during the year.			
<u>Contributions from Developers - Headworks</u>	468,195	1,701,975	1,233,779
<u>Contributions from Developers - Mains</u>	-546,166	690,982	1,237,147
Reflects the inherent difficulty in budgeting for development activity within the district, which is not under the control of Busselton Water.			
<u>Misc Admin Income</u>	9,568	22,208.00	12,640
<u>Private Works</u>	72,418	120,418.00	48,000
Higher than anticipated income			
<u>Public Works Misc Income</u>	8,858	23,858.00	15,000
Higher than anticipated staff training subsidies			
<u>Interest on Investments</u>	116,411	416,584	300,173
The Board had more surplus funds to utilise in investment opportunities than expected.			

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

<u>EXPENDITURE ITEMS</u>	<u>VARIANCE</u>	<u>ACTUAL</u> <u>2007</u>	<u>BUDGET</u> <u>2007</u>
<u>Water Production Plant Operation</u>	-131,785	706,646	838,431
<u>Board Refreshments & Functions</u>	-5,203	10,797	16,000
<u>Admin Accommodation & Travel</u>	-9,857	5,143	15,000
Containment of costs within budget limits			
<u>Salaries - Admin</u>	49,848	525,018	475,170
Represents an increase in staff costs due to both additional staff and added E.B.A. benefits.			
<u>Mains & Services</u>	43,205	396,825	353,620
Added cost pressures to maintain services to acceptable standard			
<u>Private Works</u>	72,072	117,072	45,000
Higher costs matched by higher than anticipated income			
NTER Tax	376,286	1,176,286	800,000
Payable on higher than anticipated income			

25. PROGRAM INFORMATION

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

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

26. COMMITMENTS FOR EXPENDITURES

OPERATING LEASES

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

	<u>2007</u>	<u>2006</u>
Lease Commitments		
At balance date, the Board had the following		
Operating lease Commitments:		
Not later than one year	98,779	95,476
Later than one year and not later than two years	51,204	79,197
Later than two years and not later than five years	10,826	31,816
	<u>160,809</u>	<u>206,489</u>

**BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or assets to report at 30 June 2007.

28. EVENTS OCCURRING AFTER REPORTING DATE

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

BUSSELTON WATER BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

29. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposure

The following table details Busselton Water's exposure to interest rate risk as at the reporting date:

2007		Fixed Interest Rate Maturity					
	Weighted Average Effective Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	More than 5 Years	Non-Interest Bearing	Total
2007	%	\$	\$	\$	\$	\$	\$
Cash Assets	4.34%	754,185	-	-	-	-	754,185
Receivables & Other		-	-	-	-	875,441	875,441
Investments	6.54%	7,607,285	-	-	-	-	7,607,285
		8,361,470	-	-	-	875,441	9,236,911
Payables		-	-	-	-	653,597	653,597

2006		Fixed Interest Rate Maturity					
	Weighted Average Effective Interest Rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	More than 5 Years	Non-Interest Bearing	Total
2006	%	\$	\$	\$	\$	\$	\$
Cash Assets	4.26%	912,024	-	-	-	-	912,024
Receivables & Other		-	-	-	-	916,315	916,315
Investments	5.74%	5,135,214	-	-	-	-	5,135,214
		6,047,238	-	-	-	916,315	6,963,553
Payables		-	-	-	-	204,911	204,911

(b) Financial Risk Management

Busselton Water's financial instruments include deposits with banks, short term investments, accounts receivable and accounts payable.

Interest Rate Risk - Busselton Water consider interest rate risk to be minimal, on the basis that there are no interest bearing liabilities outstanding at 30 June 2006 and 30 June 2007.

Liquidity Risk - Busselton Water manages liquidity risk by monitoring forecast cash flows and the timing of short term investment maturities.

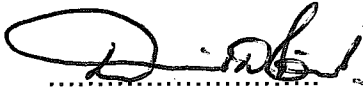
Credit Risk - The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Busselton Water does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into.

PERFORMANCE INDICATORS

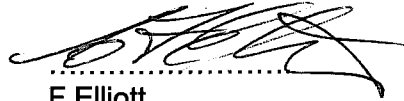
Certification Statement

We hereby certify that the Performance Indicators, for the financial year ended 30 June 2007:

- i) are based on proper records;
- ii) are relevant and appropriate for assisting users to access the performance of the Busselton Water Board; and
- iii) fairly represent the performance of the Busselton Water Board for the financial year.



D.Reid
Chairman



F.Elliott
Member

INTRODUCTION

In accordance with Section 61 (1) (b) of the Financial Management Act 2006, the Board has developed key performance indicators which enable assessment of the efficiency and effectiveness with which organisational performance and outcomes are achieved.

Performance Indicators and associated levels of service are under constant review to ensure that they remain relevant and reflect both customer expectations and regulatory requirements.

Under an Operating Licence issued by the Office of Water Regulation, the Board of Busselton Water is required to develop and report on Performance Indicators relating to the provision of water services. The Performance Indicators shown below are the same as those required under the licence and are linked to the requirements of the Act.

OUTCOME

- To provide a continuous supply of high quality water at minimum long term cost to the customers within Busselton Water's area of responsibility.

OUTPUTS

- Management of Water Services and Water Resources
- Efficient Water Supply Operation

PERFORMANCE INDICATORS

The Key Efficiency Indicators for each output and Key Effectiveness Indicators for each outcome has been approved by the former Hon. Minister for Water Resources. The indicators were approved by the Minister on the basis that they provide an understanding of Busselton Water Board operations and are aligned with the aims and objectives of the Board, as follows.

The relationship to the Busselton Water Board outputs and the standard utilised to set each target is shown below and are grouped in accordance with key result areas.

Key Result Area	Comment	Relationship To Output
REGULATORY PERFORMANCE	Total Compliance	<ul style="list-style-type: none"> ▪ Total Compliance with the Economic Regulation Authority Operating Licence requirements ▪ Total compliance with the requirements of the Department of the Environment (Water and Rivers Commission), Department of Minerals and Energy & WA Health ▪ Total compliance with all Acts relevant to the Board's operations
HUMAN RESOURCES	Equity & Safety	<ul style="list-style-type: none"> ▪ Total compliance with all relevant policies ▪ Compliance with the Occupational Health and Safety Act
FINANCE	Viability and Accountability	<ul style="list-style-type: none"> ▪ Compliance with the Financial Management Act 2006, Regulations and Treasurer's Instructions ▪ Aim to remain debt free ▪ Define appropriate returns on assets

REGULATORY PERFORMANCE (CONT.)

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

HUMAN RESOURCES

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

FINANCE

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

FINANCE (continued)

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

Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
1	Effectiveness	Continuity of supply	<20/100 km	12.65	Utilise Asset Management practices to achieve long term Asset Performance	Performance Indicator used by the Water Services Ass'n. of Australia to COAG
			<20/1000 Services	18.87		
2	Effectiveness	Water Quality – Health	Total Coliforms >90%	100%	To achieve water quality compliance within 1987 NHMRC guidelines	1987 National Health and Medical Research Council (NHMRC) guidelines
			Thermo Tolerant Coliforms > 95%	100%		
			Amoeba Naegleria Fowlerii > 95%	100%		
3	Effectiveness	Water Quality – Aesthetic	> 95% (Fe)	100%	To achieve water quality compliance with 1987 NHMRC guidelines	1987 National Health and Medical Research Council (NHMRC) guidelines
			> 95% (Mn)	100%		
4	Efficiency	Water Pressure – complaints per 1,000 services	<5/1000	0	Operating Licence and Customer Charter	Measure of Busselton Water Board's ability to provide water at the level set by the Operating Licence
5	Efficiency	Water Production Ex Plant	Demand Driven	4.042,759 kl	a) Water conservation awareness b) Clause 3.12 of the Operating Licence	Average domestic consumption per service in other areas of the South West of WA is 470 kl. The target is considered to be achievable for consumption per residential property for consumers in the Busselton Water Area
		Water Consumption Billed	Demand Driven	3,453,507 kl		
6	Effectiveness	Water Resource Management - Water Extraction compared to Licence	Demand Driven	4.27GI	Compliance with the requirements of the Water and Rivers Commission	Dept. of the Environment (Water and Rivers Commission) Groundwater has set maximum production allocation of 9.45 GI
7	Cost	Energy Management	<6.5c	5.08c	Provide sustainable, high quality water services at minimum long term cost	Energy Management system developed internally
8	Quality	Accidents in the Workplace	<100 hrs	129.5 hrs	Commitment to providing a safe working environment and to encourage staff to observe safe working practices	Target considered to be reasonable and achievable

Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
9	Cost	Return on Capital Investment	<\$5.00	\$10.98		
10	Quality	No. of Connected Services / Service Employee	>300	394	Commitment to encouragement of staff to be innovative and to respond in an equitable manner to their needs	Continuous improvement in staff efficiency
11	Efficiency	Total Operating Costs in all Work Programs/Service Employee	\$240,000	\$198,481		
12	Efficiency	Operation & Maintenance Cost/No. of Connected Services	\$290/Service	\$229.56	Commitment to financial strength and accountability	Historical
13	Efficiency	Total Overhead Costs/No. of Connected Services	\$110/Service	\$100.47	Commitment to financial strength and accountability	Historical
14	Efficiency	Total Expenditure/ No. of Connected Services	\$320/Service	\$374.92	Commitment to financial strength and accountability	Historical
15	Efficiency	Operation & Maintenance Costs / Total Water Extracted	\$0.50/Kl	0.53/Kl	Commitment to financial strength and accountability	Historical
16	Efficiency	Total Overhead Costs / Total Water Produced Ex Plant	\$0.25/Kl	\$0.24/Kl	Commitment to financial strength and accountability	Historical
17	Efficiency	Total Expenditure / Total Water Produced Ex Plant	\$0.75/Kl	\$0.91/kl	Commitment to financial strength and accountability	Historical
18	Efficiency	Operation & Maintenance Costs/ Total Water Produced Ex Plant	\$0.60/Kl	\$0.56/kl	Commitment to financial strength and accountability	Historical
19	Efficiency	<u>Recovery of Debts</u> Water Revenue overdue x 100/Water Revenue billed	<5%	2.33%	Commitment to financial strength and accountability	Requirement for a high standard of debit control
20	Efficiency	<u>Water Tariff – Fixed Income</u> Total Water Revenue x 100/Total Revenue less Developers Contribution	>75%	84.33%	Commitment to financial strength and accountability	Historical

Note	Output Measure	Performance Indicator Description	Target	Actual Result	Relationship to Outcome/Output	Standard Utilised to set Target
21	Efficiency	Recovery of Costs Total Revenue less Developers Contribution x 100 / Total Expenditure	>100%	136.01%	Commitment to financial strength and accountability	Historical
22	Efficiency	Capital Structure Total Debt x 100 / WDV of Total Fixed Assets	<5%	0.00%	Commitment to financial strength and accountability	Historical
23	Efficiency	Interest Expense x 100 / Total Expense	<2.5%	0.00%	Commitment to financial strength and accountability	Historical
24	Efficiency	Total Assets/Total Liabilities	5:1	4.95:1	Commitment to financial strength and accountability	Historical
25	Efficiency	Current Assets/Current Liabilities	2:1	6.64:1	Commitment to financial strength and accountability	Historical

NOTE:

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