



STATEMENT OF CORPORATE INTENT 2023/24



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Aqwest acknowledges the Wardandi Noongar People, the Traditional Custodians of the land on which it operates and their continuing connection to the land, waters and local community. We pay our respects to the Wardandi Noongar People and their Elders past, present and emerging.



1. CHAIRMAN AND CEO'S INTRODUCTION

Aqwest acknowledges that Western Australia is experiencing the impacts of climate change through increased average and maximum temperatures, sea level rise, declining rainfall, and more extreme weather events.

We can't have a conversation about climate change without considering water.

In the Southwest of WA, climate change is forecast to have a dramatic impact on rainfall, exposing our limited water supply reserves like never before.

Aqwest sources all the water it supplies to the City of Bunbury and surrounds from local aquifers which are already fully allocated. Other local users have no alternative fit for purpose water sources available for greening of public open space and for construction and industrial use.

The Aqwest Board have consistently provided strong direction to the organisation to be proactive in addressing the adaptation and mitigation of climate change risk.

The Ngoora Moolinap water treatment plant was commissioned in 2019 to allow Aqwest to relocate its coastal bore extraction to inland locations in order to adapt to rising sea levels and the threat of saline intrusion to the aquifer.

The next stage of climate change adaptation has been the consideration of recycled water as part of a circular economic view for water resources in the Bunbury region. Aqwest continues to explore and develop options to integrate recycled water into the total water cycle management of existing and future water supply schemes including the proposed Wanju development.

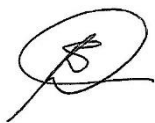
Aqwest's 2023/24 Statement of Corporate Intent (SCI) provides clear strategic priorities, sets key financial objectives, and outlines performance and reporting details developed to address the challenges and opportunities presented by the current operating environment.

The economic environment continues to present challenges in the delivery of key projects and the attraction and retention of a skilled workforce. It also puts a focus on water pricing and efficient cost recovery.

While the organisation remains dedicated to its core business of providing sustainable high-quality water services, it has set a range of measures to improve its digital capability and cyber security and to strive for innovation within the circular economy to address the impacts of climate change.

There remains a strong focus on the safety and wellbeing of our people and the care and support of our customers and community while continuing to develop our Reconciliation Action Plans, to better engage with and support the local Wardandi Noongar community.

We greatly value the continued support and leadership of our Minister and Board, and we are committed to delivering the strategic objectives and desired outcomes of this SCI in conjunction with our highly skilled and dedicated Executive team and staff.



Stan Liaros
CHAIR
April 2023



Gary Hallsworth
CHIEF EXECUTIVE OFFICER
April 2023

2. AGENCY INFORMATION

Aqwest is the trading name of the Bunbury Water Corporation and has been "Your Local Water Supplier" for the City of Bunbury and surrounds since 1906.

It is established as an organisation under the *Water Corporations Act 1995* and is not an agent of the Crown and is not part of the Public Service.

Aqwest is owned by the Western Australian Government and operates as a 'corporatised entity' with direct accountability to the Minister for Water.

The core business outputs are:

- Abstraction, treatment, and distribution of water to the Greater Bunbury community.
- Delivery of capital and maintenance programs to ensure cost-effective and safe operation of the water supply assets and infrastructure.
- Customer care services including billing, hardship and domestic violence assistance, customer and community engagement and education.



Aqwest is the trading name of the Bunbury Water Corporation.
 As a public water utility Aqwest is owned by the people of Western Australia.
 As "Your Local Water Supplier", we have been providing safe and affordable drinking water to the Bunbury community since 1906.



PURPOSE

Maximise value to the owner and customer by providing locally managed water services



VISION

To work within a changing environment as an independent, viable and competitive water utility



VALUES

Accountability
Integrity
Transparency
Respect

3. ACCOUNTABILITY

4.1 Regulation

The Economic Regulation Authority (ERA) is an independent statutory authority established by the Parliament of Western Australia, which has two key relationships:

1. To issue and monitor Aqwest's Water Services Operating Licence.
2. At the request of the Treasurer, conduct pricing reviews.

Aqwest also operates under a range of regulatory requirements as stipulated by the Department of Health and the Department of Water and Environmental Regulation.

4.2 Strategic Risks

Each year the Board conducts an analysis of its operating environment which identifies the major risks to the organisation, ensuring that the strategic objectives and directions are effective in managing these key corporate risks.

Aqwest has a detailed corporate risk management framework designed in accordance with the principles of ISO 31000 which incorporates its compliance obligations and integrated management systems which is certified under ISO 9001, 14001 and 45001.

4.3 Reporting to the Minister

As a legislative requirement under the *Water Corporations Act 1995*, Aqwest provides quarterly reports and an annual report to the Minister for Water, which detail its performance against the targets set in this Statement of Corporate Intent.

Aqwest anticipates the GTE Reform legislation will be enacted in the 2023/24 financial year and as such intends to implement compliance requirements as required.

4.4 The Board

- Stan Liaros, Director and Board Chairman
- Wendy Giles, Director
- Patricia Scaffidi, Director
- Tresslyn Smith, Director
- Rhonda Norman, Director
- Mick Murray, Director

4.5 The Executive


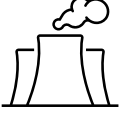




- Gary Hallsworth, Chief Executive Officer
- Cristiano Carvalho, General Manager Water Services
- Annmarie Diamond, General Manager Financial Services
- Claire Anderson, General Manager Business Services

4. SIGNIFICANT ISSUES IMPACTING AQWEST

4.1 Drivers for Change

Each year the Aqwest Board and Executive team invest significant time into strategic planning considerations using an operational environment scan and evaluation.

There are a number of key factors which impact Aqwest's planning considerations and risk profile and a response to these is summarised in the table below.

Factors	Impact	Response
Customer and Community Expectations 	a) Technology b) Water Pricing c) Engagement d) Information Security	a) Increased digital initiatives b) Development of efficient Cost Recovery Model (Pricing) c) Development of Customer Engagement Strategy c) Reconciliation Action Plan d) Privacy & Data Security
Climate Change 	a) Mitigation b) Adaption	a) Climate Change Policy a) Sustainable Energy Management Plan a) Environmental Sustainability Strategy b) Urban Water Supply Strategy b) Integrated Water Management Strategy
Asset Capability 	a) Service levels b) Operating Efficiency c) Reliability d) Growth & Expansion	a) Operational Excellence Program* b) Asset Management Systems* (ISO 55000) c) Asset Management Strategy* d) Asset Concept & Feasibility Planning *Implementation of New Enterprise Solution
Financial Performance 	a) Capital Investment b) Cost of Services c) Water Pricing	a) Strategic Asset Plan b) Insourcing vs Outsourcing Business Model c) Maintain efficient Cost Recovery Model (Pricing)
People 	a) Labour market b) Employee Wellbeing c) Diversity & Inclusion	a) Enterprise Agreement Negotiation a) Traineeship Program a) Workforce Plan b) Enterprise Agreement b) Workforce Plan c) Enterprise Agreement c) Workforce Plan
Technology 	a) Employee & Customer Experience b) Information Security c) Operational Efficiency	a) Implementation of New Enterprise Solution b) Cyber Security Strategy b) Alignment with ISO 27001 c) ICT Strategy

5. OBJECTIVES, OUTCOMES AND PERFORMANCE INFORMATION

6.1. Relationship to Government Goals

Government goals are supported by Aqwest's objectives and outcomes.

The Aqwest Board has developed several strategic priorities for the 2023/24 financial year. These strategies collectively focus on ensuring Aqwest addresses any long-term risk within the organisation, as it strives to deliver a high-quality service well into the future.

The following table illustrates the relationship between Aqwest's objectives and outcomes and the Government goal it contributes to. The key performance indicators measure the achievement of Aqwest's desired outcomes.

Government Goals	Strategic Objective	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable budget management	1. Utilise our assets to generate sustainable and responsible financial outcomes. 2. Maintain safe, reliable, and affordable water services for our customers.	1. Long term financial viability. 2. Satisfied customers.
WA Jobs Plan: Diversifying the WA economy, creating local jobs for the future.	3. Support the Greater Bunbury economy. 4. Develop innovation opportunities within the circular economy.	3. Local jobs and local suppliers. 4. Highly skilled and diversified workforce.
Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive.	5. Provide accessibility and support for employees, vulnerable customers, and the Greater Bunbury community.	5. Strong supported community.
Investing in WA's Future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	6. Provide climate resilient, sustainable, fit for purpose water to the community.	6. Safe, reliable, high-quality drinking water. 7. Safe, reliable, recycled water available. 8. Environmentally sustainable operations.

6.2. Outcomes and Key Performance Indicators

	2021-22 Actual	2022-23 Budget	2022-23 Projected	2023-24 Target
Outcome 1: Long term financial viability				
Economic Real Rate of Return % ¹	2.0%	1.3%	0.7%	1.1%
Outcome 2: Satisfied customers				
Overall customer satisfaction rating (Customer satisfaction survey)	88%	85%	85%	85%
Outcome 3: Local jobs and local suppliers				
Percentage of local suppliers (Buy Local Policy target)	59%	70%	70%	70%
Outcome 4: Highly skilled and diversified workforce				
Increase jobs by >2% per annum ²	17%	>2%	>2%	>2%
Training expenditure per annum against wages and salaries	2.4%	>3%	>3%	>3%
Safety Index	1.0	1.0	1.0	1.0
Outcome 5: Strong supported community				
Customer awareness of Aqwest services (Customer satisfaction survey)	93%	85%	93%	85%
Employee Diversity & Wellbeing Index	0.7	1.0	1.0	1.0
Strong Communities Index	0.8	1.0	1.0	1.0
Outcome 6: Safe, reliable, high-quality drinking water				
Customers agree water is safe to drink (Customer satisfaction survey)	86%	85%	81%	85%
Microbiological compliance (%)	100%	100%	100%	100%
Average frequency of an unplanned interruption (per 1000 properties)	158	<250	<250	<250
Outcome 7: Safe, reliable, recycled water available				
Make available 2.0 GL of recycled water per annum ³	0 GL	2 GL	0 GL	0 GL
Develop a proof of concept for Managed Aquifer Recharge (MAR) ⁴	-	-	-	Yes
Outcome 8: Environmentally sustainable operations				
Environmental Sustainability Index	0.8	1.0	1.0	1.0

1. Large increase in non-current assets due to asset revaluations. Profit reducing due to increased operating costs.
2. This indicator targets an increase to full-time jobs by decreasing contracted work without negatively impacting on operating expenses.
3. The Bunbury Water Resource Recovery Scheme scheduled completion date has been delayed, therefore no recycled water will be produced in the 2023/24 financial year.
4. Not reported in 2022/23, new indicator for 2023/24.

6. FINANCES

7.1. Financial Forecasts

	2023/24 Projected (\$'000s)
Total operating revenue	20,573
Less: Direct operating expenses	14,625
Less: Depreciation	3,774
Earnings before interest, tax and developer contributions (EBIT)	2,174
Less: Interest expense	225
Add: Developer contributions	312
Operating profit/(loss) before tax and dividend	2,261
Less: Income tax expense	565
Less: Dividend	903
Operating profit/(loss) after tax and dividend	793
Capital expenditure	13,497
Borrowings taken (repaid)	(1,022)
Net debt	-

7.2. Borrowings

No additional borrowings will be required to fund the 2023/24 capital works program. This maintains Aqwest's debt to equity ratio at sustainable levels.

7.3. Accounting

The financial statements are prepared on the accrual accounting basis and in accordance with the historical cost convention. The general-purpose financial report has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Water Corporations Act 1995*.

Details of the significant accounting policies can be found in the notes accompanying the financial report in the Annual Report.

7.4. Asset Investment Program

The plan for capital expenditure provides the Board and other key stakeholders with clear visibility of how the strategic directions are being delivered. The Board has identified the following key deliverables as part of this program:

1. The Asset Investment Program totals \$44 million across the forward estimates period and is a continuance of Aqwest's long term plan to deliver quality community services by developing and maintaining infrastructure to meet the water supply needs of the City of Bunbury.
2. Aqwest continues to invest in climate change adaptation as part of its alternative water resources investigations as part of its Integrated Water Management Strategy.

Total capital expenditure over the period includes:

Asset Category	Budget 2023/24 (\$000's)	Budget 2024/25 (\$000's)	Budget 2025/26 (\$000's)	Budget 2026/27 (\$000's)
Mains	1,381	998	1,023	1,144
Services	63	65	66	69
Reservoirs	380	800	930	1,004
Treatment plants	447	829	1,981	182
Fleet, ICT and other	566	531	415	340
Fluoridation of water supply	9,060	0	0	0
Bunbury Water Resource Recovery Scheme	1,600	20,290	0	0
Total	13,497	23,513	4,415	2,739

8. PAYMENTS TO AND FROM GOVERNMENT

8.1. Net Accrual to Government

	2023/24 Projected (\$'000s)
Income tax equivalent	565
Local Government rate equivalent	74
Dividends provided	903
Equity Contribution	-
Operating subsidies	(2,342)
Net accrual to Government	(800)

8.2. Dividend Policy

An 85 per cent dividend is forecast for the forward estimates.

8.3. Operating Subsidies

Operating subsidies are payments for services that are not otherwise commercially viable and result from the Government's desire to satisfy the broader economic, environmental, and social needs of the community.

Concession Rebates

Aqwest receives an operating subsidy for providing bill concessions to seniors and pensioners.

Under an agreement with Government, we provide these services and are compensated by the Government for the difference between the cost incurred in providing these services and the revenue received from our customers. The total forecast for 2023/24 is \$828,400.

Residential Tariff Revenue Shortfall

Aqwest is seeking an operating subsidy to fund the gap between the cost of providing our services and the revenue received from residential customers. The amount required for 2023/24 will be \$1,513,900.

9. APPENDIX 1 – INDEX DEFINITIONS

Aqwest have developed several indexes to provide high level reporting of multiple performance indicators. A summary of the performance indicators that the indexes are comprised of is provided below.

Safety Index

The Safety Index is comprised of a range of indicators focused on delivering a safe working environment and strong safety culture. Performance indicators include:

- 100% attendance by all staff at monthly departmental HSEQ meetings.
- 2 x HSEQ topics presented at each of the monthly departmental HSEQ meetings.
- $\geq 80\%$ of HSEQ Committee action list items completed by nominated target date.
- $\geq 80\%$ of HSEQ departmental action list items completed by nominated target date.
- HSEQ workplace inspections completed bi-monthly by Health and Safety Representatives (HSR).
- Monthly average of ≥ 8 HSEQ hazards/near-misses reported.
- Monthly average of $\geq 80\%$ of HSEQ HIMS closed within 2 weeks.
- Monthly average of $\geq 80\%$ of HSEQ HIMS are Hazard and Near-Misses.

Employee Diversity & Wellbeing Index:

The Employee Diversity & Wellbeing Index is a combination of two individual indexes relating to Aqwest's Employee Diversity & Wellbeing. The contributing factors that makeup these indexes have been listed below:

Wellbeing Index

- Results of the staff satisfaction survey.
- Availability of the Employee Assistance Program.
- Availability of the Employee Health and Wellbeing Program.
- Availability of Wellbeing days to assist employees to manage mental health and wellbeing.
- Provide support for staff affected by Family and Domestic Violence.

Diversity Index

- Provide Aboriginal employment opportunities.
- Ensure gender equity across staff.
- Provide disability access and inclusion.
- Develop a pathway to employment program for ex-offenders.

Strong Communities Index

The Strong Communities Index demonstrates Aqwest's contribution to the local community by measuring the availability and success of a number of programs and initiatives the organisation is committed to, including:

- Maintain a Reconciliation Action Plan
- Maintain a Community Sponsorship Program
- Maintain a Hardship Utilities Grant Scheme
- Maintain a Family and Domestic Violence Policy
- Maintain a Customer Engagement Strategy
- Maintain a Leak Assist Program

Environmental Sustainability Index

The Environmental Sustainability Index is designed to ensure Aqwest delivers on its responsibility to conserve and protect our natural resources and environment, including implementing strategies that address climate change mitigation and adaptation. Aqwest is committed to ensuring that suitable programs are in place to achieve net zero emissions by 2030. Initiatives to ensure Environmental Sustainability include:

- Maintain a Climate Change Strategy.
- Maintain an Integrated Water Management Strategy.
- Maintain a Sustainable Energy Management Plan.
- Maintain a Waste Management Plan.
- Monitor and minimise real water losses in the network.
- Maintain ISO 14001 accreditation.
- Reduce average annual water usage per residential property.
- Align procurement activities with ISO 20400.



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OUR PURPOSE: Maximise value to the owner and customer by providing locally managed water services
OUR VISION: To work within a changing environment as an independent, viable and competitive water utility