AQWEST - BUNBURY WATER BOARD

ANNUAL REPORT 2005-06

100 YEARS OF TRADITION CONTINUES

1906-2006 Centenary Anniversary

"YOUR LOCAL WATER SUPPLIER"
AQWEST

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Centenary ANNIVERSARY 1906-2006

Board Chairman Diana Phillips, Minister for Water Resources John Kobelke and Aqwest CEO Geoff Oddy at the 100th anniversary plaque unveiling.

Executive staff and Board Members conduct a Risk Management Audit.

Minister for Water Resources, John Kobelke unveils the 100th anniversary plaque.

STATEMENT OF COMPLIANCE

The Hon. John Kobelke MLA
MINISTER FOR WATER RESOURCES.

On behalf of the Board of Management and in accordance with Section 66 of the Financial Administration and Audit Act 1985, we have pleasure in submitting for your information and presentation to Parliament, the Annual Report of the Bunbury Water Board for the financial year ended 30 June 2006.

The Annual Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

In the financial administration of the Bunbury Water Board we have complied with the requirements of the Financial Administration and Audit Act 1985 and every other written law and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing we are unaware 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.

D M PHILLIPS
Chairman

T M HALL
Board Member

B G BEVIS
Chief Finance Officer

BUNBURY, 12 JULY 2006

GUIDING VALUES

- Strive at all times to provide a high quality service to our customers and the community.
- Focus on the needs of the community and consult them on issues.
- Show leadership in the community and the water industry.
- Value the contribution of our staff and endeavour to respond in an equitable way to their needs.
- Encourage staff to be innovative and to work together as a team in the pursuit of excellence.
- Provide a safe working environment and encourage staff to observe safe work practices.
- Conduct our business with integrity.
- Strive to get it right first time every time.
- Promote positive responses in dealing with customers.
- Measure and report business performance.

Aqwest introduction

The site of the police station in Wittenoom Street was the birthplace of AQWEST when hand drawn carts were filled from a well to sustain the small but bustling port-side community of Bunbury.

From the beginning the Bunbury Water Board was a locally run, not for profit organisation with a focus on serving the community.

One hundred years later that culture hasn't changed and is still central to all AQWEST does today. It is about local people servicing the needs of their community.

The Bunbury Water Board was controlled by local government until 1996 when it became an independent authority under the Water Services Co-ordination Act of 1995.

AQWEST is one of two independent water supply authorities operating in Western Australia. It is managed by a Board of community members.

AQWEST is the trading name for the Bunbury Water Board, which supplies drinking water to homes and businesses in Bunbury.

AQWEST is keen to consider options to expand its distribution.

Expansion depends heavily on changes to Government legislation.

The organisation has earned a reputation for achieving high customer satisfaction standards.

AQWEST has access to a reliable, high quality water resource and is supported by modern treatment plants, storage facilities and network capability. It has sound, long-term capacity to invest in new facilities as well as maintain and upgrade its existing facilities.

AIM

To achieve on-going success in the water industry based on service excellence and compliance to statutory requirements

ROLE

Provide sustainable, high quality water services at minimum long term cost.

Board members

BACK L-R
Stan Liaros, June 2004 - 31 May 2007
Terry Spice, August 2005 - 31 May 2008
Tom Hall, July 2003 - 31 May 2009
David Smith, October 2003 - 31 May 2007
FRONT L-R
Merrilynn Walker, Jul 2003 - 31 May 2009
Diana Phillips (Chairman) 1 December 2001 - 31 May 2008

Chairman's Report

AQWEST this year celebrated its Centenary of continuous service to the people of Bunbury. It is a milestone of which all past and current staff and supporters of the organisation can be proud for their contribution. Through periods of instability where the independence and viability of the organisation were threatened in previous decades, AQWEST has emerged today to a position of strength to deliver and implement both long and medium term planning strategies that will lay the foundations for the next 100 years.

These strategies, and their implementation, have been made possible by an extended period of sound financial and asset management and studies undertaken by AQWEST to better understand our business, assets and what we are capable of delivering in terms of security of supply, efficiency and quality.

Two important studies that were completed during the year, as part of the Master Planning Review, were the Water Treatment Strategy and Hydraulic Analysis Report.

Based on the information from these reports the Board has approved a five-year plan to put into action a water improvement program at the Hastie, Spencer, Irwin, Skewes, Tech and Robertson water treatment plants. Implementation, which has already commenced, will result in significant improvement to the quality and purity of Bunbury's fresh water supplies, and is aimed at ensuring delivered water exceeds all Australian Drinking Water Standards.

In approving this strategy the Board adopted the view that compliance with approved water standards was not good enough and that we wanted AQWEST to lead the way in supplying the highest quality water.

Sitting on top of all the Board's decision-making process is the Master Planning Review. This review is designed to act as a long-term Board-approved policy to ensure AQWEST achieves maximum utilisation of its assets and that Bunbury's water needs can be planned and met to 2030.

This forward planning also puts in place the corporate direction and policy that the new Chief Executive Officer will follow when appointed later this year.

The Board has sought applications from across Australia, as the role will be vital in ensuring the implementation of the Boards strategies are carried out on time, within budget and with maximum effectiveness.

The current Chief Executive, Mr Geoff Oddy, has led AQWEST for 10 years, and has been an employee of the organisation for 35 years.

During his time as CEO Mr Oddy has steered AQWEST from an organisation struggling to maintain its independence with mounting debt, to a debt-free, highly efficient and low-cost water supplier.

I would like to express my deepest thanks to Geoff for all his ideas, professionalism and dedication over the years and I trust that whatever new endeavors he embarks upon will be successful.

The new Chief Executive's immediate responsibility will be to build up key personnel positions that have become vacant in recent months.

A conscious decision was made by the Board to change the reporting structure of the organisation and have the new Chief Executive make the required appointments.

Previously all Executive staff appointments came through the Board. The Board has retained responsibility for appointment of the Chief Executive, however, all other staff appointments will now be the responsibility of the Chief Executive. This change is in line with modern corporate practice and gives the Chief Executive greater control over the operational side of the business.

I would also like to take this opportunity to recognize the additional effort of staff to maintain the operational effectiveness of the organisation during this transition period.

The Board has also altered the composition of the Risk Management Committee in recognition of a changing work environment. The committee will have a key role in the decision making process to ensure all aspects of the organisation's business are appropriately protected.

Currently the Board is pursuing the purchase of land at certain of its operating plants that its currently leased from the City of Bunbury. Any purchase will be subject to an acceptable price being negotiated and it will also require sign-off by the Minister for Water.

AQWEST customers continue to enjoy water rates amongst the lowest in the State and our annual survey shows customer satisfaction at over 90%.

Customer service remains the Boards first priority in the decision making process and feedback from our customers will continue to be given the highest priority.

Finally, a number of activities have taken place during the year to celebrate 100 years of operation for AQWEST and its former incarnation as the Bunbury Water Board. Those celebrations will culminate with the release of a book detailing the history and people of the organisation, and a gift will also be presented to the City of Bunbury to acknowledge the close ties AQWEST shares with the city and people of Bunbury.

Diana Phillips
Chairman

Chief Executive Officers Report

Drought conditions in the South West have caused considerable debate on the future viability of water supplies in the region. This is an area to which AQWEST has devoted considerable resources during the year and strategies have been put in place both to maximize the efficiency of our existing assets and to plan for the long -term supplies for Bunbury.

AQWEST's role is as a water supplier but as an organisation we accept we have a role to help preserve water and use water as efficiently as possible.

During the year, a major leak detection program was initiated that resulted in 147 leaks being detected and repaired. Of those leaks 60 related to private properties and businesses, achieving a potential saving of $51,800 to customers. Total savings are expected to amount to $200,000 or 74,000m3 of water per year.

An accelerated water meter replacement program has also been put in place to more accurately monitor water use, and we have also moved to monitor all water services, including fire services, to ensure we have a comprehensive picture of water usage.

Increased automation is being introduced into our treatment plants, both to increase the use and flexibility of the plants while lowering electricity requirements.

Benchmarking against other water suppliers has also shown that AQWEST compares favourably in terms of service disruption.

The continuation of the mains flushing program has had a positive response from customers. A minor disruption to services resulted in positive feedback on the increased quality of water supplied.

AQWEST already supplies water that meets all the Australian Drinking Water Standards set down in 2004. However, at the direction of the Board, new initiatives are currently being implemented that will further increase the quality of water delivered and ensure AQWEST customers receive the best possible service we can supply.

Groundwater studies are also underway to identify future water resources to meet Bunbury's forecast needs to 2030. This work is part of the Water Resource Management Strategy and is being undertaken with the cooperation of the Department of Water.

AQWEST is now well prepared to meet the water challenges ahead and to do so in a responsible and sustainable manner. The process to arrive at this position has been ongoing for many years and in fact AQWEST now draws down less water from its aquifers to meet the needs of an increased population than 10 years ago.

AQWEST has also played its part in helping to shape both the State Water Plan and South West Water Plan. Through the office of the Chief Executive, AQWEST has been involved in the consultative process and been part of the State Water Forum that advises to the State.

AQWEST also contributed to the debate over the proposed Yarragadee project to extract 45GL of water for use in the Integrated Water Supply System. The Board was fully consulted on the proposal and given opportunities to make submissions. A final decision by the Minister for Water Resources has yet to be made on the project.

Facing the future there are two areas that are currently posing problems. The first is the recent loss of some key personnel and the additional pressure this has placed on existing staff.

AQWEST has a proud tradition of maintaining a high degree of employee retention but in the current tight job market AQWEST like many businesses is under intense competition to maintain staffing levels.

It will be the first task of the new Chief Executive to be appointed later this year to address this issue.

The other issue is the increasing levels of reporting and compliance required and its impact on the organisation.

Protocols and reporting standards are essential to managing an essential service. However the administration time the requirements increasingly consume is becoming disproportionate to the size of the operation. It is a problem faced not just by AQWEST but also by much of corporate Australia.

To conclude it was pleasing to see that customer satisfaction through our annual survey remained above 90%. AQWEST is a service driven company and that message has been instilled into the organisation's culture over its 100 years of operation.

This is my final Chief Executive Officer's Report as after 35 years with AQWEST, including 10 as its Chief Executive, I will be retiring in September.

It has been the greatest pleasure and honour to have represented the company at its highest level for this time and the new Chief Executive will inherit an efficient organisation that is prepared and able to meet its commitments well into the future.

I have worked with many talented people over the years and I would like to thank the staff, both past and present, for their ability and dedication to go that extra mile to ensure a job is done properly.

I would also like to thank the Board Members past and present for their significant contribution to the ongoing success and development of AQWEST and for their support of my role.

My best wishes to you all.

Geoff Oddy
Chief Executive Officer

Board representatives discuss ground penetrating radar techniques at the Tech School Reservoir.

(L) to (R) Terry Spice - Board Member, Gary Hallsworth - Acting Engineer Water Supply, Diana Phillips - Board Chairman, Ross Buswell - Operations Officer, Merrilynn Walker - Board Member, at the Tech School Reservoir.

Treatment Plant Operator , Karl Woods.

OPERATIONS

AQWEST provides potable water services to the City of Bunbury.

Results for the 2005/2006 financial year show that AQWEST once again performed its role at a high level. A major highlight of the year was the achievement of 100 per cent compliance with the majority of health related water quality guidelines.

The following changes to performance indicator targets were made in 2005/2006

Indicator	Description	From	To
13	Water quality complaints per 1000 services	Decreasing	<4
36	Workplace Plan Audit (%)	Increasing	>70%
39	Average Consumption all users (kl)	Decreasing	<450kl
40	Unaccounted for water	Decreasing	<10%
42	Energy consumption (kwh/kl)	Decreasing	<0.45
45	Revenue from usage charges	<60%	<60%
46	Revenue from access charges	>40%	<40%

There has been no other change in the Government's desired outcomes for outputs or activity relating to AQWEST operations, nor has there been any change in Government policy in relation to these outputs or activities in the past year.

Operating licence

AQWEST'S operating licence expires in 2022.

AQWEST'S Performance Indicators are closely aligned to the requirements of the operating licence. This ensures that the results from the Performance Indicators are particularly relevant to the business operation.

Growth and consumption

Consumption statistics for 2005/2006 were similar to 2004/2005 as demonstrated below.

Year	Consumption (kL)		Total (kL)
	Residential	Non-residential	Consumption
2002	3,587,275	1,573,236	5,160,511
2003	3,663,623	1,603,460	5,267,083
2004	4,217,648	1,694,962	5,912,610
2005	4,221,466	1,682,983	5,904,449
2006	4,110,477	1,710,703	5,821,180

The Board again maintained a comprehensive water conservation program in 2005/06

The program included:

- Intensive radio campaign on the three local radio stations from November 2005 through to March 2006 inclusive.
- Weekly newspaper article where a comparison is provided of Actual vs Target consumption. Water saving tips are incorporated into the article.
- Direct mail pamphlets promoting the "Save Water, Save Money" theme.

PRODUCTION

There was a slight decrease in the production of water in 2005/2006 as shown in the table below.

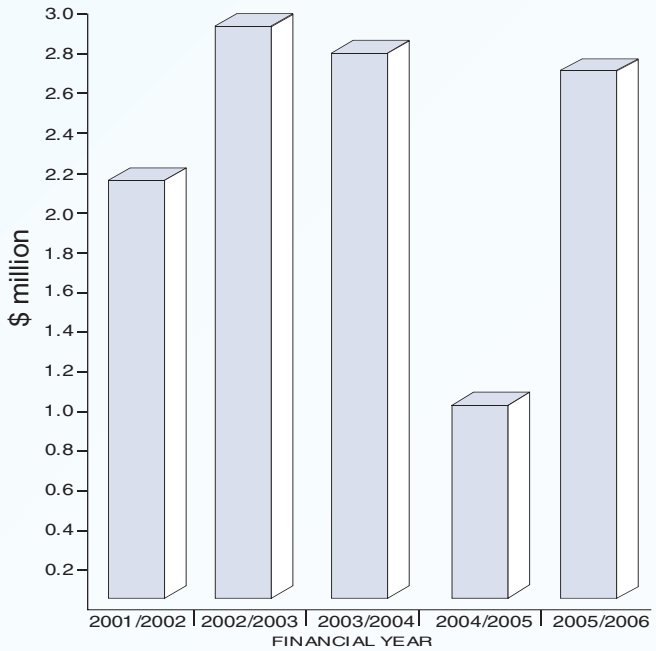
Year	Production (kL)
2002	6,482,580
2003	6,407,652
2004	6,846,789
2005	6,594,681
2006	6,502,829

Capital works program

The value of the 2005/2006 capital works program was $2.7 million.

Purchase of lots 442, 443 and 444 Plaza Street	$1,149,000
Automation of treatment plants	$282,000
Mains subdivisions	$267,000
Plant and vehicle purchases	$206,000

The graph below illustrates the levels of capital works expenditure over the last five years.



Consumption charges

RESIDENTIAL

The cost per kilolitre of water during the 2005/2006 financial year increased by approximately 2%. The current residential consumption charges are:

Consumption kilolitres	Cost per kilolitre			
	2003	2004	2005	2006
0 to 150kl	$0.37	$0.38	$0.38	$0.39
151 to 350kL	$0.65	$0.66	$0.67	$0.69
351 to 500kl	$0.95	$0.97	$0.98	$1.00
501 to 700kl	$1.23	$1.26	$1.28	$1.31
701 to 1000kl	$1.46	$1.50	$1.53	$1.57
> 1000kl	$2.12	$2.18	$2.22	$2.28

NON RESIDENTIAL

A revised pricing regime was introduced in the non-residential sector on the 1 July, 2005. The new pricing regime introduced the following changes to the way in which water charges are levied across the non-residential sector.

1. Phasing out of the GRV (Gross Rental Value) method of rating properties over a 5 year period starting with an 80% charge in 2005/06 reducing by 20% increments to be nil in 2009/10.
2. Phasing in of a meter charge based on the meter size. The base charge being $333 for a 20mm meter. Charges for other meters are based on the volumetric capacity of the meter as shown in the table below.

Meter Size	Meter Size Index	Charge
20	1.00	333.00
25	1.56	520.00
40	4.00	1332.00
50	6.25	2081.00
80	16.00	5328.00
100	25.00	8325.00
150	56.25	18731.25

3. New consumption charges were phased in based on the percentage shown in the table below. The base charge for 2005/06 was $0.72 per kL up to 1000 kL and $1.05 per kL thereafter. The water allowances based on Gross Rental Values were discontinued from 1 July, 2005.

Consumption charges - phasing in %	
Year	% of base charge
2005/06	50%
2006/07	65%
2007/08	75%
2008/09	85%
2009/10	100%

Pricing and related information was published in the Government Gazette on 5 August, 2005.

The Electoral Act 1907 Section 175ZE

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

1. Total expenditure for 2005/2006 was $69,234.
2. Expenditure was incurred in the following areas:

Media Advertising organisations	$59,004
Bunbury Print	$14,113
Market Force	$15,883
South West Printing	$9,324
Rural Press	$2,523
Radio West	$6,220
A & L Printers	$4,165
Dynamic Print	$2,464
Easy Listening Radio	$1000
Express Print	$805
Australian Local Government Directory	$1,580
Seek Ltd	$270
The Local Link	$325
The Key	$332
Market advertising organisation	
Strahan Research	$10,230
Advertising agencies	nil
Polling organisations	nil
Direct mail organisations	nil

Administration office, 5 McKinnon Way.

Treatment Plant Operator Jim Locke checks dynasand filter operations.

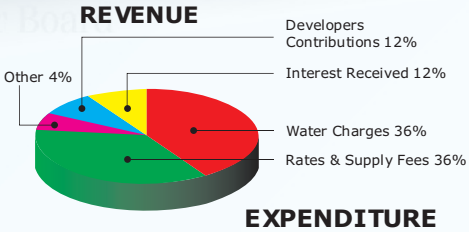
Treatment Plant Operators Jim Locke and Karl Woods at the Spencer Water Treatment Plant.

FINANCE

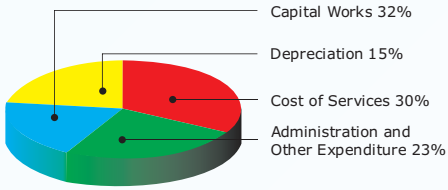
AQWEST'S objectives in charging for services is to maintain a system which is fair, simple to understand and administer, while promoting the efficient use of the water resource.

Apart from The Minister for Water Resources approving Performance Indicator details, there were no Ministerial directives relevant to the setting and achievement of Ministerial objectives or to investing and financing activities.

REVENUE



EXPENDITURE



STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR STANDARDS

AQWEST has adopted policies, guidelines and processes supporting the public sector standards in human resource management.

All relevant documentation is contained within the Human Resources Manual that is readily available in both electronic and hard copy to all staff.

Executive officers and works supervisors are responsible for compliance with public sector standards and ethical codes. Duty statements for each employment position and the performance planning processes are complete for all categories of staff.

The CEO is directly involved in signing off all transactions in recruitment, selection, discipline and performance planning.

It was considered appropriate, considering the size of the organisation, for the CEO to carry out the self-assessment of the application of the public sector standards.

An annual, independently conducted attitudinal survey using Australian Quality Awards Criteria is conducted to assess staff attitudes in the conduct of AQWEST'S activities.

A Code of Conduct was adopted in September 1998 following a staff consultation process. AQWEST'S Code of Conduct was again reviewed and re-distributed.

A comprehensive induction process applies to all new staff.

Breach of Standard Applications 2005/2006.

Number lodged	Nil
Breaches found	Nil
Multiple breaches	Nil
Applications under review	Nil
Material breaches	Nil
Non-material breaches	Nil

As required by the Public Interest Disclosure Act (PID) 2003, there were no PID related claims for the 2005/2006 financial year

G. Oddy - Chief Executive Officer
1 July 2006

CORPORATE STRUCTURE

BOARD

CHAIRMAN

CHIEF EXECUTIVE OFFICER

ENGINEER WATER SUPPLY

- Technical Officer
- Asset Management Officer
- Operations Officer
- Works Supervisor
- Customer Services Officer
- Store Person
- Water Treatment Plant Operators
- Construction and Maintenance Staff

MANAGER FINANCE & ADMINISTRATION

- Accountant
- Secretary
- Finance and Administration Officers
- Rating Officers
- Cashier
- Meter Reader

CUSTOMER GROUP OUTCOMES

Disability Access and Inclusion Plan

AQWEST - Bunbury Water Board is not required to develop a Disability Access and Inclusion Plan. AQWEST is cognisant with the six (6) desired outcomes of the plan.

Equal Employment Opportunity Outcomes

The Board is required to submit a current Equal Employment Opportunity Management Plan to the Office of Equal Employment Opportunity (OEEO) by 31 December, 2006.

Cultural Diversity and Language Services Outcomes

AQWEST - Bunbury Water Board has not addressed requirements of the Languages Services Policy.

Youth Outcomes

Apart from the water education facility at Spencer Water Treatment Plant, AQWEST - Bunbury Water Board has not considered programs and policies specifically targeting young people 12-25 years.

Equity and Diversity Plan

AQWEST - Bunbury Water Board has less than 50 employees and is therefore not required to provide numerical performance objectives. The Board is aware of the State Government's Equity and Diversity Plan for the Public Sector Workforce 2006-2009. The Board is also aware that the State Government is committed to developing an equitable and diverse public sector workforce which is representative of the Western Australian community at all levels of employment and enables employees to combine work and family responsibilities.

ENERGY SMART GOVERNMENT POLICY

AQWEST - Bunbury Water Board maintains key performance indicators for energy management as shown on page 15, PI numbers 42 and 43.

Number of employees

The number of employees by category in comparison with the preceding financial year is shown below:

	Full time equivalents	
Staff category	**2004/2005 (12 mths)**	**2005/2006 (12 mths)**
Finance/Administration	13.64	14.02
Engineering	5.01	4.88
Operations	14.22	14.47
Total	**32.87**	**33.37**

TRAINING AND DEVELOPMENT

AQWEST has an induction process for all new employees, and has ongoing specific training for staff.

Specific training is aimed at computer applications, manual handling, use of machinery, first aid and chlorine safety procedures.

Training is aimed at maintaining a skilled workforce, up to date with industry changes, and ensuring safe work practices.

AQWEST supports advanced external studies.

Occupational Health and Safety/Risk Management

AQWEST, in its commitment to health and safety, actively promotes employee participation. In January 2005, the Board appointed a Safety Training and Compliance Officer in order to provide an increased focus on safety and related inssues.

Monthly safety meetings focus on developing responses to safety issues that may affect staff and issues that may have an impact on the public.

First aid training and refresher courses combined with videos, books and pamphlets encourage staff to maintain safe work practices. Appropriate voluntary immunisation programs are available to all employees.

During the year the relevant staff conducted drills to test response and procedures according to the chlorine emergency response and emergency evacuation plans.

AQWEST'S Occupational, Health and Safety Program is independently assessed in accordance with the Worksafe WA guidelines. The audit is completed every second year to measure and guide improvements in AQWEST'S safety program. The audit was last completed in October 2005 with AQWEST achieving an overall 78% rating.

The composition of the Risk Management Committee has been altered.

The committee's membership is now the Chief Executive Officer, Manager Finance & Administration, Engineer Water Supply, Board Chairman and one Board Member.

The committee meets every 3 months.

Karl Woods checks variable speed pumps.

Operations Officer Ross Buswell conducts a routine test.

Ground penetrating radar technology in use at Tech School Reservoir.

Employee relations

AQWEST conducted its tenth annual survey of staff attitudes, designed to compare organisational performance against the Australian Quality Award criteria.

Results of the survey are as follows:

Australian Quality Award Category	2006 Survey	2005 Survey	2004 Survey	2003 Survey	Aust. ave
Customer Focus	4.06	3.98	4.21	4.36	3.42
Information & Analysis	3.58	3.90	4.03	3.95	3.00
Organisational Performance	3.42	3.48	3.67	3.51	3.54
Leadership	3.54	3.57	3.71	3.46	2.97
Processes, Products & Services	3.51	3.80	3.88	3.89	3.22
Individual Employment	3.33	3.40	3.59	3.51	3.05
Strategy, Policy & Planning	3.26	3.38	3.67	3.50	2.79
Organisation as an Employer	3.26	3.45	3.59	3.41	2.88
Workplace as part of the Organisation	3.05	3.15	3.21	3.05	2.75

Results were again generally above the Australian average.

CUSTOMER SURVEY

AQWEST delivers its services with a clear customer focus and a major objective to achieve a minimum of 85% approval rating.

In the 2005/2006 customer satisfaction survey an overall satisfaction rating of 90% was achieved.

Again, the 2006 Survey has provided valuable feedback on AQWEST's performance. Whilst the majority of issues have been previously identified in prior surveys, the onus remains with AQWEST to continually improve.

THE CUSTOMER SURVEY REVEALED THE FOLLOWING:

SERVICE

Overall satisfaction

90.2% of customers were happy with AQWEST's overall services, and 82.3% indicated they were satisfied with their tap water service. The main issues raised by the small number of dissatisfied customers was the smell and taste of the water.

Customer contact

82.3% of customers who had contacted AQWEST in the past 12 months were satisfied with the response received. The most common reason given by the 8.9% of customers who were dissatisfied was that the problem they contacted AQWEST about remains unsolved.

Service interruptions or problems

82.6% or customers had not experienced any problems with water quality, and 85.6% had not experienced any problems with pressure, in the last 12 months.

87.9% of customers had received no unexpected interruptions to their service, and 56.2% had received no planned interruptions, in the last 12 months. Of those who had experienced planned interruptions, 89.7% were contacted prior to interruption.

CUSTOMER SURVEY cont

Charges

69.1% of customers believe that AQWEST charges fairly for its services. The 4.7% of customers who believe that AQWEST does not charge fairly were mainly concerned with high rates and not getting value for money.

WATER QUALITY

Quality

82.3% of customers are satisfied with the quality of water they receive from AQWEST. The 9.4% of customers who were dissatisfied were concerned about taste and smell of the water and the chlorine in the water.

Drinkability

84.7% of customers believe AQWEST drinking water is safe to drink, while only 6.5% think it is not safe. The main concerns of those who think it is not safe are the chlorine content and the taste and smell of the water.

COMMUNICATIONS

Awareness of communication

The majority of customers were aware of AQWEST's ON TAP newsletter (54.1%) and information pamphlets (53.1%), but just over a third were aware of the website (36.6%) and one in five were aware that AQWEST runs tours of their facilities (20.9%).

Informing the public

73.7% of customers agree that AQWEST does a good job of informing the public about its services, while 5.5% disagree. Half the customers who disagreed remarked that they had not received any/enough information about AQWEST, and 17.4% said that they did not receive enough information about service interruptions.

More than six out of ten customers generally did not want more information about AQWEST, but of the 37.1% who did, the information they wanted related to water quality and the future water supply.

PLANNING FOR THE FUTURE

Planning for the future

37.6% of customers believe that AQWEST is planning effectively for the future, 12% believe they are not, and 50.4% are neutral or don't know.

Customers who believe that AQWEST is not planning effectively primarily said that they don't support the use of the Yaragadee Aquifer for Perth (30.66%) and don't believe AQWEST has plans for the future.

Water conservation

69.4% of customers believe AQWEST is actively involved in water conservation, 9.2% believe they are not, while 21.4% were unsure or don't know. The main reasons given by those who disagreed were that AQWEST:

- doesn't publicly promote water conservation
- doesn't direct business and Government into water conservation
- need stronger water saving guidelines

Complaint statistics for the period 1 July 2005 to 30 June 2006 were as follows:

CATEGORY	
Water quality	58
Pressure or flow	51
Accounts	4
Other	0
TOTAL	113
COMPLAINT RESOLUTION	
Resolved by simple explanation	20
Resolved by an apology by the licensee	0
Resolved by mediation or the involvement of an independent third party	0
Resolved by monetary compensation	0
Resolved by routine business procedures	90
Unresolved	3
TOTAL	113
WRITTEN COMPLAINTS	
Total number of written complaints	5
Number of written complaints resolved in 21 days	3
Number of written complaints resolved in more than 21 days	1
Number of complaints outstanding at 30 June 2006	1

Customer Complaints

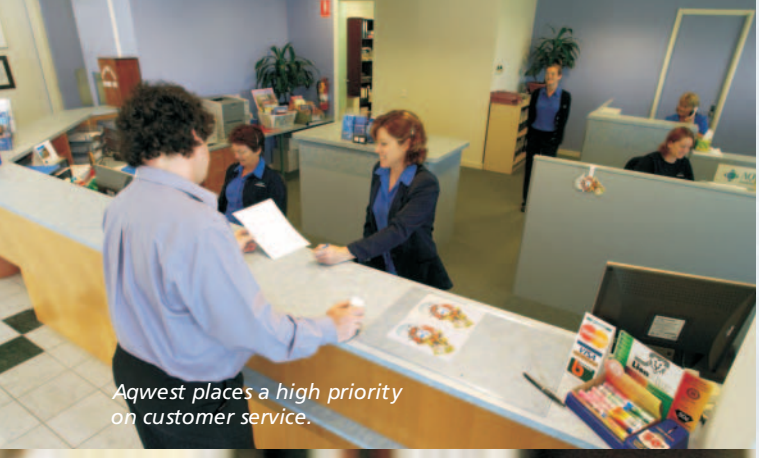
AQWEST recognises that supplying our customers with a high quality uninterrupted water supply is critical. AQWEST operates a 24-hour emergency contact service as required by our Operating Licence. Customers are notified within one hour of the action to be taken.

Our customers are entitled to express valid concerns and have their query responded to in a timely, professional manner with the least amount of inconvenience where possible. Whether complaints are financial or relating to water supply, customers are kept fully informed on the progress of their complaint until a satisfactory solution is found.

Results of the latest survey are:

Item	2006	2005	2004	2003
Overall safisfaction with AQWEST	90%	90%	81%	83%
Satisfaction with tap water	82%	83%	81%	82%
No interruption to supply	87%	62%	69%	64%
Water safe to drink	84%	85%	84%	81%
Water supply is of an acceptable quality	80%	81%	75%	74%
AQWEST is planning for the future	37%	45%	52%	55%
AQWEST charges fairly for its services	69%	75%	84%	69%

COMMUNITY RELATIONS



Aqwest places a high priority on customer service.

Secretary Nicole Earle researches Supervisor's diaries for the History Book project.

Providing customer information is an important facet of our business.

AQWEST is committed to an open, consultative and supportive relationship with its customers and the community.

A range of communication channels are used including media releases, direct mail campaigns, advertising, corporate website, displays and direct customer contact.

Through these avenues AQWEST manages its communication response on key issues including:

- Responsible water use
- Water quality
- Management of water resources
- Capital Works and maintenance programs
- Corporate achievements

The success of AQWEST's community relations effort is measured through a questionnaire in the annual customer satisfaction survey.

The 2006 survey showed over 80% of people believed AQWEST adequately informed the public about its services. The organisation aims to increase that rate this year through the organisation refinement of its communications instruments.

An area of increasing importance to the communication strategy is direct customer contact. Procedures are in place to communicate directly with customers likely to be affected by works programs through letters, local signage, local media and direct contact.

The goal is to create a positive relationship between AQWEST and its customers.

The information-intensive approach to customers has supported a significant reduction in the number of customer complaints received during the annual mains water flushing program. This year's information program included media releases and advertising, mail drops, direct contact with businesses and residents and personal contact with businesses that rely heavily on water, like hospitals and schools.

Customer Satisfaction Survey feedback showed customers were appreciative of the personal and direct contact approach.

AQWEST's communications strategy was also expanded during the year to take into account its leak detection program and the promotion of the organisations celebration of 100 years of operation.

The mains leak detection program was aimed at examining the integrity of AQWEST's pipeline systems. The work had the added benefit of alerting residential premises and businesses to potential leaks on private property

The centenary celebrations, which will continue throughout calendar 2006, have provided AQWEST employees and the community with an opportunity to reflect on 100 years of service to the people of Bunbury.

Community Services

AQWEST provides a rebate to owners and tenants who are holders of a Pensioner or a Senior Card.

The rebate applies to water supply fees and water consumption and is assessed on the following basis:

Supply Fee

Pensioners	50% rebate
Seniors	25% rebate

Water Consumption

Pensioners	50% up to 350kl
Seniors	50% up to 150kl

Customer focus

The following documents are usually held by AQWEST Bunbury Water Board and are available free of charge to our customers upon request:

- Customer Charter
- Annual Report
- Information on Headworks contributions
- Information Sheet regarding disputes
- Newsletters
- Corporate Plan
- Water Conservation Campaign documents
- By-laws

Equity Access

AQWEST Bunbury Water Board will provide a general right of access to other documents and records in accordance with the Freedom of Information Act 1992 and the guidelines of our Policy No.5.10.

AQWEST'S procedure for giving members of the public access to documents is as follows:

Compliance with the Freedom of Information Act 1992.

Board Policy 5.10 titled "Freedom of Information".

Initial enquiries can be made to the Board's Manager of Finance and Administration who performs the role of "Freedom of Information Coordinator".

Recordkeeping Plans

AQWEST's Recordkeeping Plan was approved for a period of three (3) years by the State Records Commission on 19th December 2003.

In accordance with Standard 2, Principle 6 of the State Records Act 2000, AQWEST addresses key areas as follows:

1. The efficiency and effectiveness of AQWEST's recordkeeping system is evaluated not less than once every five (5) years.

a) TRIM software subject to annual review to determine whether it continues to meet required business needs

b) Annual database integrity maintenance process complete.

c) Informal annual reviews of recordkeeping system completed in recent years

d) Formal review of recordkeeping system at least once every five years proposed. This will commence in 2005/2006.

2. Recordkeeping Training Program

Informal training provided to new employees upon commencement and to current employees if requirement identified.

3. Efficiency and Effectiveness of the Recordkeeping Training Program is reviewed from time to time

The intention is to review the recordkeeping program annually in conjunction with the individual employee performance appraisal process.

This remains partially implemented.

4. AQWEST's Induction Program

AQWEST's Human Resources Manual has been modified so that employee induction procedures address roles and responsibilities in respect to AQWEST's recordkeeping plan. The induction program addresses employee roles and responsibilities in respect to AQWEST's recordkeeping plan compliance requirements.

5. Public Interest Disclosure Act 2003

The Board's Public Interest Disclosure (PID) Officer is the Chief Executive Officer.

Organisational Structure

MINISTER FOR WATER RESOURCES

CHAIRMAN
Mrs D M PHILLIPS

Mr D SMITH, Mr S LIAROS, Mr T SPICE
Mr T HALL, Mrs M WALKER

CHIEF EXECUTIVE OFFICER
Mr G T ODDY

ACTING ENGINEER WATER SUPPLY
Mr G J HALLSWORTH

- Water Supply
- Water Supply Design
- Water Resources Planning
- Water Resources Management
- Construction
- Projects
- Surveying and Mapping
- Urban Development
- Mechanical Services
- Electrical Services
- Support Services
- Asset Management
- Risk Management

CHIEF FINANCE OFFICER
Mr B G BEVIS

- Financial Services
- Management Accounting
- Financial Computing Services
- Customer Accounting
- Customer Services
- Debt Management
- Financial Budgeting
- Annual Reporting
- Investment Control
- Property Rating
- Water Supply Pricing
- Tax Equivalent Regime
- Human Resources Management
- Public Relations
- Industrial Relations
- FAAA Compliance

Performance Indicators

Performance Indicators - Certification Statement

INTRODUCTION

In accordance with Section 68 of the Financial Administration and Audit Act 1985, the Board has developed key performance indicators which enable assessment of the efficiency and effectiveness with which organisational performance and objectives 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. In accordance with the requirements of Treasurer's Instruction 904 our performance information has been fully reviewed and enhanced to relate actual output to meeting targets (delivery), inputs to outputs (efficiency), and outputs to outcomes (effectiveness).

We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Bunbury Water Board and fairly represent the performance of Bunbury Water Board for the financial year ended 30 June 2006.

Signed at Bunbury this twelfth day of July 2006.

D M PHILLIPS
Chairman

T M HALL
Board Member

B G BEVIS
Chief Finance Officer

MANAGEMENT INDICATORS

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

Effectiveness	PI Number	Target	2006	2005	2004	2003	2002
Emergency Telephone system	11	> 90%	100%	100%	100%	100%	100%
Lost time injury frequency rate	34	< 7.4	19.1	60.3	39.5	0	20
Average time lost per injury	35	< 2 days	1959 hrs	948.6 hrs	473.5 hrs	0	61hrs
WorkSafe plan audit (%)	36	>70%	78%	87%	75%	-	60%
No of customers served	52	Increasing	14,480	14,187	14,521	14,216	14,097
Area covered by operating licences (km2)	53	Increasing	101.1	101.1	100.7	100.7	100.7
Staff Attitudinal Survey							
Customer focus	25	> 3.42	4.06	3.98	4.21	4.36	4.38
Information and analysis	26	> 3.00	3.58	3.90	4.03	3.95	4.01
Organisational performance	27	> 3.54	3.42	3.48	3.67	3.51	3.68
Leadership	28	> 2.97	3.54	3.57	3.71	3.46	3.70
Individual employment	29	> 3.05	3.33	3.40	3.59	3.51	3.64
Processes, products and services	30	> 3.22	3.51	3.80	3.88	3.89	3.88
Strategy, policy and planning	31	> 2.79	3.26	3.38	3.67	3.50	3.71
Organisation as an employer	32	> 2.88	3.26	3.45	3.59	3.41	3.58
Workplace as part of the organisation	33	> 2.75	3.05	3.15	3.21	3.05	3.23
Efficiency							
Properties served per 100kms of water mains	37	>4000	4348	4363	4409	4288	4484
Debt to equity ratio	44	< 5%	0	0	0	0	0
Revenue from usage charges (% total)	45	> 60%	40.0%	39.5%	40.6%	38.1%	38.5%
Revenue from access charges (% of total)	46	< 40%	35.6%	38.1%	39.8%	40.5%	41.9%
Revenue from other sources (% of total)	47	-	24.4%	22.4%	19.6%	21.4%	19.6%
Economic real rate of return	48	> 4%	4.84%	5.05%	5.50%	8.44%	8.11%
Return on assets	49	> 4%	3.55%	3.56%	3.97%	5.36%	5.24%

NOTE: PI 52 number of customers = number of assessments based on Control Summary Report not Valuation Report from 1 July 2004.

KEY AUDITED PERFORMANCE INDICATORS

OUTCOME: The following performance indicators provide a measure of AQWEST's ability to provide sustainable, high quality water services at minimum long term cost.

	PI Number	Target	2006	2005	2004	2003	2002
Effectiveness							
Water Quality - Bacteriological	1	> 98%	100%	100%	100%	100%	100%
Water Quality - Amoebae	2	> 98%	100%	100%	100%	100%	100%
Water Quality - Aesthetic (non health related)	3	> 95%	99.6%	100%	100%	100%	100%
Water Quality - Health Related (organic)	4	> 95%	100%	100%	100%	100%	100%
Water Quality - Health Related - (inorganic)	5	> 95%	99.8%	99.85%	100%	100%	100%
Pressure	6	> 99.8%	100%	100%	100%	100%	100%
Flow	7	> 99.8%	100%	100%	100%	100%	100%
Continuity (not receiving interruption > 1 hr)	8	> 75%	97.3%	97.3%	95.5%	95.8%	92.1%
Continuity (not receiving > 3 unplanned interruptions)	9	100%`	100%	100%	100%	100%	100%
Restrictions	10	100%	100%	100%	100%	100%	100%
Quantity water produced	12	< 9.2GL	6.50GL	6.59GL	6.85GL	6.40GL	6.48GL
Water Quality Complaints per 1000 services	13	Decreasing	4	9	14	8	17
Customer interruption per 1000 properties	14	< 250	189	235	41	39	147
Average customer outage time (minutes)	15	Decreasing	3 mins	4 mins	5 mins	10 mins	20 mins
Number of main breaks per 100km of water mains	41	< 20	11.1	9.5	12.5	17.5	20.3
Customer Satisfaction Survey							
Overall satisfaction with AQWEST	16	> 85%	90%	90%	81%	83%	86%
Overall satisfaction tap water services	17	> 85%	82%	83%	81%	82%	83%
Customer contact (no problem with service)	18	> 85%	82%	91%	84%	82%	88%
No interruption to water service	19	> 85%	87%	62%	69%	64%	73%
Water safe to drink	20	> 85%	84%	85%	84%	81%	87%
Water supplies are of an acceptable quality	21	> 85%	80%	81%	75%	74%	83%
AQWEST charges fairly for its service	22	> 85%	69%	75%	84%	69%	76%
AQWEST informs the public of water conservation	23	> 85%	na	na	na	na	na
AQWEST is planning effectively for the future	24	> 85%	37%	45%	52%	55%	51%
Delivery							
Average consumption per residential service	38	< 350kl	315kl	336kl	341kl	302kl	300kl
Average consumption all users (kl)	39	<450kl	399kl	425kl	437kl	399kl	398kl
Efficiency							
Unaccounted for water	40	<10%	10.5%	10.5%	13.6%	17.8%	20.4%
Energy consumption (kWh/kl)	42	<0.45	0.45	0.38	0.45	0.42	0.45
Off peak energy use	43	> 65%	65%	66%	69%	64%	58%
Operating cost per property	50	< 4%	$411.97	$407.59	$363.14	$317.70	$302.79
Operating cost per ML	51	<6%	$917.34	$876.85	$770.17	$704.85	$701.94

Notes to the Performance Indicators

Treasurer's Instruction 904 and contemporary best practice management requires the Bunbury Water Board to produce performance information relating actual output to meeting targets (delivery), inputs to outputs (efficiency), and outputs to outcomes (effectiveness). As such, the Board's performance indicators for 2005/2006 continue to provide meaningful information. The relationship to Bunbury Water Board's objectives and the standard utilised to set each target is shown below and is grouped according to each Corporate Plan Key Result Area:

Customer Service and Regulation

Indicator Type	Indicator Number	Indicator	Target Performance	Relationship to AQWEST's Objectives	Standard Utilised to Set Target
Effectiveness	1	Water Quality - Bacteriological	>98%	Indicators 1 to 5 relate to desired water quality outcomes as specified in AQWEST's Corporate Plan and as a condition in the Operating Licence.	The targets for indicators 1 to 5 are the requirements of NHMRC 1996 Water Quality Guidelines which is specified in the Operating Licence
Effectiveness	2	Water Quality - Amoebae	>98%		
Effectiveness	3	Water Quality - Aesthetic - non health related	>95%		
Effectiveness	4	Water Quality - Health Related (organic)	>95%		
Effectiveness	5	Water Quality - Health Related (inorganic)	>95%		
Effectiveness	6	Pressure - customers receiving greater than 15m	>99.8%	Indicators 6 to 11 are requirements of the Operating Licence.	Targets for indicators 6 to 11 are as specified in the Operating Licence.
Effectiveness	7	Flow - customers receiving greater than 20 L/min	>99.8%		
Effectiveness	8	Continuity - No of customers not receiving interruption > 1 hour	>75%		
Effectiveness	9	Continuity - No of customers not receiving more than 3 unplanned interruptions	100%		
Effectiveness	10	Restrictions - No of customers without restrictions	100%		
Effectiveness	11	Customer Emergency Telephone system % of customers with response within 1 hour	>90%		
Effectiveness	12	Quantity of water produced within licensed allocation	<9.2 GL	Indicator 12 measures AQWEST's compliance with licensed groundwater abstraction volumes as specified by the Department of Environment.	Target based on current groundwater licence
Effectiveness	13	Water quality complaints per 1000 services	Decreasing	Indicators 13 to 15 are used by Water Services Association of Australia (WSAA) members and used for reporting to the Council of Aust Governments (COAG)	Continuous improvement
Effectiveness	14	Customer interruption frequency per 1000 properties	<250		Related to Operating Licence requirement
Effectiveness	15	Average customer outage time	Decreasing		Continuous improvement

Customer Satisfaction
(from phone survey)

Indicator Type	Indicator Number	Indicator	Target Performance	Relationship to AQWEST's Objectives	Standard Utilised to Set Target
Effectiveness	16	Overall satisfaction with AQWEST	>85%	Indicators 16 to 24 are desired customer satisfaction outcomes as specified in the Corporate Plan	Target of 85% is as specified in the Corporate Plan and sets a high target level of customer satisfaction
Effectiveness	17	Overall satisfaction with tap water service	>85%		
Effectiveness	18	Customer contact (no problem with service)	>85%		
Effectiveness	19	No interruption to water service	>85%		
Effectiveness	20	Water safe to drink	>85%		
Effectiveness	21	Water supplies are of an acceptable quality	>85%		
Effectiveness	22	AQWEST charges fairly for its service	>85%		
Effectiveness	23	AQWEST informs the public on water conservation	>85%		
Effectiveness	24	AQWEST is planning effectively for the	>85%		

Human Resources
Staff Attitudinal Survey/Australian Quality Awards Categories

Effectiveness	25	Customer Focus	>3.42	Indicators 25 to 33 measure AQWEST's compliance with objectives set in the Corporate Plan	The target of achieving results greater than the Australian average in all categories of the Australian Quality Awards is specified in the Corporate Plan.
Effectiveness	26	Information and Analysis	>3.00		
Effectiveness	27	Organisational Performance	>3.54		
Effectiveness	28	Leadership	>2.97		
Effectiveness	29	Individual Employment	>3.05		
Effectiveness	30	Processes, Products and Services	>3.22		
Effectiveness	31	Strategy, Policy and Planning	>2.79		
Effectiveness	32	Organisation as an employer	>2.88		
Effectiveness	33	Workplace as part of the organisation	>2.75		

Customer Service and Regulation

Effectiveness	34	Lost time Injury Frequency Rate (LTIFR)	<7.4	Corporate Plan - Guiding Value - "We will provide a safe working environment and encourage staff to observe safe working practices".	Indicators 34 and 35 measure the two dimensions used in risk management of frequency and consequence.
Effectiveness	35	Average time lost per injury	<2 days		
Effectiveness	36	WorkSafe Plan Audit (%)	>70%		Continuous Improvement

Asset Management

Indicator Type	Indicator Number	Indicator	Target Performance	Relationship to AQWEST's Objectives	Standard Utilised to Set Target
Efficiency	37	Properties served per 100 kilometres of water mains	>4000	Indicators 37 to 41 are used by WSAA members and used for reporting to COAG	Attainable target
Delivery	38	Average consumption per residential service	<350 kilolitres		Existing target used by Bunbury Water Board
Delivery	39	Average consumption all users (kL)	<450 kilolitres		Continuous Improvement
Efficiency	40	Unaccounted for water	<10%		Continuous Improvement
Effectiveness	41	Number of main breaks per 100km	<20		Existing target used by AQWEST
Efficiency	42	Energy consumption (kWh/ML)	<0.45		Looking for continous improvement
Efficiency	43	Off peak energy use	>65%	AQWEST's Role as per the Corporate Plan is to provide water at minimum long term cost	Provides a high but attainable level of off peak power use

Finance

Efficiency	44	Debt to equity ratio	<5%		Sets a high level of debt control.
Efficiency	45	Revenue from usage charges (% of total)	>60%	Indicators 45 to 51 are used by WSAA members and used for reporting to COAG	Approximate proportion of variable costs
Efficiency	46	Revenue from access charges (% of total)	<40%		Approximate proportion of fixed costs
Efficiency	47	Revenue from other sources (% of total)	No target		Provided to support indicators 45 and 46
Efficiency	48	Economic real rate of return	>4%		Target for PI's 48 and 49 set to provide reasonable levels of return to ensure long term financial viability
Efficiency	49	Return on assets	>4%		
Efficiency	50	Operating cost per property	<4%		Continuous improvement
Efficiency	51	Operating cost per ML	<6%		Continuous improvement

Opportunity

Effectiveness	52	No of customers served	Increasing	Indicators 52 and 53 relate to the objective within the Corporate Plan to expand Bunbury Water Board's services	Continuous improvement
Effectiveness	53	Area covered by operating licenses (km^2)	Increasing		Continuous improvement

Customer survey methodology

The 2006 annual customer survey was completed by market research company Strahan Research in late April/early May 2006.

The objective of the customer survey is to establish customer and community satisfaction with a range of AQWEST services and establish reasons for any low satisfaction areas.

The matters that the research addresses include customers' perceptions and attitudes toward:

- AQWEST as their local water company
- The current quality of drinking water
- Performance levels and standards

A random telephone survey of 407 residential customers was undertaken, allowing 95% confidence that sample results are within 5% of residential customer population values.

The duration of the questionnaire was approximately 5 minutes, including 10 open-ended questions that provide information on improvements that AQWEST can make to its services.

A random sample was drawn from the postcode 6230 area, excluding Dalyellup, Gelorup and Pelican Point.

1520 calls were made, with the following results:

CALL RESULTS	2006 n=1520	2005 n=1979
Completed interview	26.8	19.2
Refused	21.8	22.6
Unsuitable	12.7	10.7
No Answer	19.2	26.2
Disconnected	14.2	15.0
Other	5.3	6.2

Surveying of households was rigorous and comprehensive:

- one interview per household was obtained
- sample households were telephoned up to four times in order to make contact to complete an interview.
- only individuals within the stratified sample were interviewed.
- highly experienced interviewers were used

Aqwest requires not only accurate and reliable quantitative data on customer perceptions but also insightful qualitative information on the reasons for their views in order that services can be improved or extended.

Ten (10) open-ended questions were included in the survey to capture the detail and complexity of residents' views.

Average residential consumption calculation methodology 2005/2006

AVERAGE CONSUMPTION PER RESIDENTIAL SERVICE (PI 38)

Average residential consumption has again been calculated using the formula total residential consumption/number of residential supply fees. This ensures that the water consumption impact of those properties where one master meter services multi residential properties is included.

Average residential consumption of the last two financial years has been as follows:

	2005/2006	2004/2005
Total Consumption (kl):	4,110,477	4,221,466
Properties supplied	13,051	12,555
Average consumption (kl):	315	336

Certification of financial statements

The accompanying Financial Statements of Bunbury Water Board have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

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.

Mrs D M PHILLIPS
Chairman

Mr T M HALL
Board Member

Mr B G BEVIS
Chief Finance Officer

BUNBURY, 12 JULY 2006

AQWEST - BUNBURY WATER BOARD
INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006	2005
		$	$
INCOME			
Revenue			
Water Sales	2	6,343,215	6,176,238
Developers Contributions	4	1,004,588	820,817
Interest Revenue	3	994,135	882,249
Other Revenue	5	120,973	103,272
Total Income		**8,462,911**	**7,982,576**
EXPENSES			
Operational Expenses	7	3,943,205	3,868,491
Administration Expenses	10	1,476,020	1,331,244
Loss on Disposal of Non Current Assets	6	34,574	81,748
Other Expenses	11	511,537	443,961
Total Expenses		**5,965,336**	**5,725,444**
Profit Before Income Tax Equivalent Expense		**2,497,575**	**2,257,132**
Income Tax Equivalent Expense	12	782,468	719,976
Profit After Income Tax Equivalent Expense		**1,715,107**	**1,537,156**
PROFIT FOR THE YEAR		**1,715,107**	**1,537,156**

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

AQWEST - BUNBURY WATER BOARD
BALANCE SHEET

AS AT 30 JUNE 2006

	NOTE	2006	2005
		$	$
ASSETS			
Current Assets			
Cash & Cash Equivalents	23	481,763	442,159
Other Financial Assets	13	16,717,500	16,009,700
Receivables	14	1,189,606	1,379,972
Inventories	15	227,905	288,559
Other Current Assets	16	62,801	64,380
Total Current Assets		**18,679,575**	**18,184,770**
NON-CURRENT ASSETS			
Property, Plant & Equipment	17	50,905,995	44,487,305
Other Non-Current Assets	16	650,507	353,713
Total Non-Current Assets		51,556,502	44,841,018
TOTAL ASSETS		70,236,077	63,025,788
LIABILITIES			
Current Liabilities			
Payables	18	573,282	510,127
Current Tax Liabilities	19	156,048	157,910
Provisions	20	178,692	182,797
Total Current Liabilities		908,022	850,834
Non Current Liabilities			
Provisions	20	117,538	142,752
Deferred Tax Liabilities	21	4,475,535	3,032,336
Total Non Current Liabilities		4,593,073	3,175,088
TOTAL LIABILITIES		5,501,095	4,025,922
NET ASSETS		**64,734,982**	**58,999,866**
EQUITY			
Reserves	22	47,100,209	41,798,500
Retained Earnings		17,634,773	17,201,366
TOTAL EQUITY		**64,734,982**	**58,999,866**

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

AQWEST - BUNBURY WATER BOARD
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006	2005
		$	$
Balance of equity at start of year		58,999,866	57,511,719
RESERVES			
Asset Revaluation Reserve			
Balance at start of period		25,046,707	25,095,716
Gains/(losses) from asset revaluation	**17[b]**	5,521,055	(63,823)
Tax Effect of Revaluation Increments	**12**	(1,509,316)	14,814
Balance at end of period		29,058,446	25,046,707
Other Reserves			
Balance at start of period		16,751,793	13,697,004
Transfers to Reserves		3,909,149	4,149,136
Transfers from Reserves		(2,619,179)	(1,094,347)
Balance at end of period		18,041,763	16,751,793
Total Reserves	**22**	**47,100,209**	**41,798,500**
RETAINED EARNINGS			
Balance at start of period		17,201,366	18,718,999
Profit for the period		1,715,107	1,537,156
Transfer to other Reserves		(1,289,970)	(3,054,789)
Revaluation increment of assets disposed during the period.		8,270	0
Balance at end of period		17,634,773	17,201,366
Balance of equity at end of period		**64,734,982**	**58,999,866**

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

AQWEST - BUNBURY WATER BOARD
CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006	2005
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of Goods and Services		5,979,760	5,692,719
Developers Contributions		1,014,673	814,284
Interest Received		987,176	921,358
GST received from Taxation Authority		550,694	433,859
Other Receipts		120,973	103,272
Payments			
Payments to Suppliers and Other Employees		(4,432,047)	(4,177,510)
GST Payments to Taxation Authority		(61,070)	(115,952)
Net Cash provided by Operating Activities	**23**	4,160,159	3,672,030
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Non-Current Physical Assets		126,140	57,145
Purchase of Non-current Physical Assets		(2,707,893)	(1,095,285)
Purchase of Investments		(707,800)	(1,622,300)
Net Cash provided (used in) Investing Activities		(3,289,553)	(2,660,440)
CASH FLOWS TO STATE GOVERNMENT			
Taxation Equivalents		(831,002)	(1,207,457)
Net Cash Provided to State Government		(831,002)	1,207,457)
Net Increase/(Decrease) in Cash and Cash Equivalents		39,604	(195,867)
Cash and Cash Equivalents at the Beginning of Year		442,159	638,026
CASH AND CASH EQUIVALENT ASSETS AT THE END OF YEAR		481,763	442,159

The Cash Flow Statement should be read in conjunction with the accompanying notes

1. Summary of significant accounting policies

This is the Board's first published financial report prepared under Australian equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements have been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issues Group (UIG) Interpretations.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 32 'Reconciliations explaining the transition to AIFRS'.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards 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 Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, 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 statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

(c) Income

Revenue

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

Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion.

Interest

Revenue is recognised on an accrual basis.

Gains

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

(d) Income Tax

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, 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 utilise those temporary differences and losses.

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

(e) Property, Plant and Equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment and infrastructure that cost over $100 and have a useful life of over three years 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 $100 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 Licence for Aqwest-Bunbury Water Board expires in January 2022. However, the Board views *useful life* to relate to the full useful life over which the assets will be utilised.

Initial recognition and measurement

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

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

Subsequent measurement

After recognition as an asset, the Board uses the revaluation model for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined by reference to recent market transactions.

When buildings are revalued by reference to recent market transactions, the gross carrying amount and the accumulated depreciation is restated proportionately.

The revaluation of land and buildings is an independent valuation provided on an annual basis by the Department of Land Information (Valuation Services).

Fair value of infrastructure is determined by reference to the written-down current replacement cost (existing use basis) as the assets are specialised and no market evidence of value is available. Land under infrastructure is included in land reported under Property, plant and equipment and is valued with reference to current market values.

Valuations are provided by an independent valuer every 3 to 5 years.

When infrastructure are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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

Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line or diminishing value method, using rates which are reviewed annually.

The depreciation rates for each class of depreciable assets (based on their estimated useful lives) are:

Asset Class	Depreciation Rate(s)	Method
Buildings at Fair Value	1.5% to 22.5%	Diminishing Value
Mains at Fair Value	1.25%	Straight Line
Mains at Cost	1.5% to 15%	Diminishing Value
Meters at Fair Value	3.7% to 4.2%	Straight Line
Treatment Plants at Fair Value	1.5% to 30%	Straight Line
Reservoirs at Fair Value	1.6% to 31.6%	Straight Line
Bores & Pumps at Fair Value	1.5% to 65.4%	Straight Line
Plant & Equipment at Cost	15% to 100%	Diminishing Value
Motor Vehicles at Cost	22.5% to 30%	Diminishing Value
Office Equipment at Cost	15% to 100%	Diminishing Value
Tools at Cost	25% to 100%	Diminishing Value

(f) Intangible Assets

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software that cost less than $5,000 is expensed in the year of acquisition.

(g) Impairment of Assets

At each reporting date, the Board reviews the carrying values of its tangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Following the Board's review of carrying values at 30 June 2006, there were no indicators of impairment identified.

(h) 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 measured at amortised cost using the effective interest rate method

Held-to-maturity investments

These investments have a fixed maturity date, and it is the Board's intention to hold these investments to maturity. Any held-to-maturity investments held by the Board are measured 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.

Impairment

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

(i) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash and cash equivalents that are subject to insignificant risk of changes in value.

(j) Inventories

Inventories are classified as held for distribution and are measured at the lower of cost and current replacement cost. Costs are assigned on a first in first out basis.

(k) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written-off. The allowance for uncollectable amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect its debts

(l) Payables

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable.

The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(m) Provisions

Provisions are liabilities of uncertain timing and amount. The Board recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date and adjusted to reflect the current best estimate.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

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

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

(n) Comparative Figures

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

DESCRIPTION	NOTE	2006	2005
		$	$
2 WATER SALES			
Water Sales			
Rates and Supply Fees		3,012,913	3,064,039
Water Charges		3,392,810	3,175,655
Other Water Charges		232,729	230,116
Less: Rebates Given		(295,237)	(293,572)
		6,343,215	6,176,238
3 INTEREST REVENUE			
Interest from Cash and Cash Equivalents		30,509	40,775
Interest from Receivables		14,142	17,959
Interest from Other Financial Assets		949,484	823,515
		994,135	882,249
4 DEVELOPERS CONTRIBUTIONS			
Contributions to Headworks		876,211	694,169
Contributions to Mains Subdivisions		128,377	126,648
		1,004,588	820,817
5 OTHER REVENUE			
Hydrant Hire		16,627	22,350
Other Revenue		65,665	44,600
Rental Receipts		38,681	36,322
		120,973	103,272
6 NET LOSS ON DISPOSAL OF NON CURRENT ASSETS			
Costs of Disposal of Non-Current Assets			
Plant, equipment and vehicles		160,714	138,893
Proceeds from Disposal of Non-Current Assets			
Plant, equipment and vehicles		126,140	57,145
Net loss		34,574	81,748
7 OPERATIONAL EXPENSE			
Cost of Services : Materials		1,417,961	1,272,776
Electricity		280,308	304,933
Salaries and Wages		516,527	531,409
Employee Overheads		347,206	295,875
Other Expenses		39,628	127,724
	9	2,601,630	2,532,717
Depreciation		1,341,575	1,335,774
		3,943,205	3,868,491
8 COST OF WATER SALES			
Cost of Water Sales		1,403,246	1,220,060

Cost of water sales represents costs incurred for water treatment, operation of bores and reservoirs, and depreciation expense related to these processes.

DESCRIPTION	2006	2005
	$	$
9 COST OF SERVICES		
Cost of Services are allocated on a job basis as follows:		
Bore Maintenance and Operations	43,104	110,722
Reservoir Maintenance	206,609	48,642
Filter Maintenance	475,076	195,196
Mains Maintenance	348,652	251,803
Service Maintenance	354,453	313,751
Compliance Water Testing	104,163	-
Meter Reading	66,596	68,140
Meter Maintenance	298	4,908
New Services	238,961	209,999
Filter Operations	266,218	620,449
Chemical Treatment	121,102	128,761
Booster Pump Maintenance	19,795	34,801
Tools Repairs and Replacements	8,106	7,025
Reservoir Leak Repair	0	6,338
Forward Planning	26,169	63,741
Engineering Analysis	0	47,978
Loss on Sale of Obsolete Stock	1,266	22,466
Asset Management	0	79,565
Charge Works - General	27,295	(1,227)
Electricity Charges	280,308	304,933
Other	13,459	14,726
	2,601,630	2,532,717
10 ADMINISTRATION EXPENSE		
Write offs	5,088	2,619
Computer Maintenance and Software	147,960	113,771
Insurance	130,239	125,153
Legal Expenses	5,261	16,463
Rent	69,045	67,910
Salaries and Wages	913,582	859,316
	204,845	146,012
	1,476,020	1,331,244
11 OTHER EXPENSES		
Public Relations [a]	119,506	28,958
Audit Cost [b]	30,690	24,500
Asset Revaluation Offset [c]	29,504	0
Valuation expenses [d]	9,278	45,586
Utilities Costs [e]	65,353	76,955
Printing, stationery, postage and office expenses [f]	64,779	62,723
Fringe benefits tax [g]	20,282	13,268
Advertising, water conservation and customer survey	50,417	42,102
Board members allowances, meeting expenses and travel	52,007	47,826
Building maintenance [h]	28,465	12,980
Other [i]	41,256	89,063
	511,537	443,961

[a] Includes expenditure on the Board's 100th anniversary celebrations
[b] Audit Cost - refer note 26
[c] Offset as a result of a decrement in the carrying value of Treatment Plants
[d] Expenses incurred to value non-current assets
[e] Office utilities including electricity, rates and telephone costs
[f] General printing, stationery, postage and other associated costs
[g] Fringe benefits tax expense for the fringe benefits tax year
[h] Maintenance costs relating to administration office
[i] Numerous miscellaneous items including bank fees, corporate uniforms and membership fees

DESCRIPTION	2006	2005
	$	$
12 TAXATION EQUIVALENT		
Major components of income tax expense for the years ended 30 June 2006 and 2005 are:		
Income statement		
Current income		
Current income tax charge	716,351	613,422
Deferred income tax		
Relating to origination and reversal of temporary differences	66,117	106,554
Income tax expense reported in income statement	782,468	719,976
Statement of changes in equity		
Deferred income tax		
Fair value adjustments to property plant and equipment	1,509,316	(14,814)
Income tax benefit reported in equity	1,509,316	(14,814)
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 Board's effective income tax rate for the years ended 30 June 2006 and 2005 is as follows:		
Profit before income tax equivalents	2,497,575	2,257,132
Tax at the statutory income tax rate of 30%	749,273	677,140
Tax effect of amounts which are not deductible in calculating taxable income	33,195	42,836
At effective income tax rate of 31.3% (2005: 31.9%)	782,468	719,976
Income tax expense reported in income statement	782,468	719,976

DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2006	2005	2006	2005	2006	2005
	$	$	$	$	$	$
Fair value adjustments to property, plant & equipment			4,489,228	3,056,913	4,489,228	3,056,913
Income not yet assessable for taxation purposes			75,176	73,088	75,176	73,088
Expenses not yet deductible for taxation purposes	(88,869)	(97,665)			(88,869)	(97,665)
Tax (assets) liabilities	(88,869)	(97,665)	4,564,404	3,130,001	4,475,535	3,032,336
Set off of tax	88,869	97,665	(88,869)	(97,665)	0	0
Net tax liabilities	0	0	4,475,535	3,032,336	4,475,535	3,032,336

Movement in temporary differences during the year	**Balance 1 July 2004**	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 2005**
Fair value adjustments to property, plant & equipment	3,108,425	(101,054)	(14,814)	2,992,557
Income not yet assessable for taxation purposes	138,887	(1,443)		137,444
Expenses not yet deductible for taxation purposes	(93,608)	(4,057)		(97,665)
	3,153,704	**(106,554)**	**(14,814)**	**3,032,336**

Movement in temporary differences during the year	**Balance 1 July 2005**	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 2006**
Fair value adjustments to property, plant & equipment	2,992,557	(12,645)	1,509,316	4,489,228
Income not yet assessable for taxation purposes	137,444	(62,268)		75,176
Expenses not yet deductible for taxation purposes	(97,665)	8,796		(88,869)
	3,032,336	**(66,117)**	**1,509,316**	**4,475,535**

DESCRIPTION	2006	2005
	$	$
13 OTHER FINANCIAL ASSETS		
INVESTMENTS		
Asset Replacement Deposit Account	9,129,000	9,250,000
Headworks Deposit Account	5,793,000	5,040,000
Fund 1 Deposit Account	0	0
Subdivision Deposit Account	1,186,000	1,229,000
EDP Upgrade Deposit Account	361,000	296,200
Business Development Reserve Account	248,500	194,500
	16,717,500	16,009,700
14 RECEIVABLES		
Trade Debtors Rates	880,839	1,047,469
Sundry Debtors	58,182	88,877
Accrued Interest	250,585	243,626
	1,189,606	1,379,972
15 INVENTORIES		
Inventories Held for Distribution (at Cost)	227,905	288,559
16 OTHER ASSETS		
Current		
Prepayments	62,801	64,380
Non Current		
Work In Progress	650,507	353,713
17 PROPERTY, PLANT & EQUIPMENT		
Land at Fair Value	2,239,972	892,730
	2,239,972	892,730
Buildings at Fair Value	1,618,320	1,507,825
Accumulated Depreciation	(213,096)	(145,302)
Accumulated impairment losses	0	0
	1,405,224	1,362,523
Mains at Fair Value	27,016,634	22,180,372
Accumulated Depreciation	0	(2,481,429)
Accumulated impairment losses	0	0
	27,016,634	19,698,943
Mains at Cost	97,241	2,587,973
Accumulated Depreciation	0	(209,939)
Accumulated impairment losses	0	0
	97,241	2,378,034
Meters at Fair Value	1,572,550	910,424
Accumulated Depreciation	0	(56,267)
Accumulated impairment losses	0	0
	1,572,550	854,157
Treatment Plants at Fair Value	5,360,800	8,796,387
Accumulated Depreciation	0	(3,166,865)
Accumulated impairment losses	0	0
	5,360,800	5,629,522
Reservoirs at Fair Value	11,830,797	11,925,733
Accumulated Depreciation	(866,715)	(589,618)
Accumulated impairment losses	0	0
	10,964,082	11,336,115
Bores & Pumps at Fair Value	2,179,918	2,175,138
Accumulated Depreciation	(357,698)	(228,386)
Accumulated impairment losses	0	0
	1,822,220	1,946,752
Plant & Equipment at Cost	180,704	175,530
Accumulated Depreciation	(153,929)	(144,783)
Accumulated impairment losses	0	0
	26,775	30,747

DESCRIPTION	2006	2005
	$	$
17 PROPERTY, PLANT & EQUIPMENT cont.		
Motor Vehicles at Cost	334,409	317,536
Accumulated Depreciation	(86,087)	(94,360)
Accumulated impairment losses	0	0
	248,322	223,176
Office Equipment at Cost	411,588	361,245
Accumulated Depreciation	(267,732)	(235,414)
Accumulated impairment losses	0	0
	143,856	125,831
Tools at Cost	61,107	57,746
Accumulated Depreciation	(52,788)	(48,971)
Accumulated impairment losses	0	0
	8,319	8,775
	50,905,995	**44,487,305**

17(a) PROPERTY PLANT AND EQUIPMENT AT FAIR VALUE

Land Valuations (based on market value) were completed by the Department of Land Information during the financial year ended 30 June 2006, which valued land holdings at $1,090,909. Other land was purchased after the revaluation and was not included in this valuation.

A Building Valuation (based on market value) was also completed by the Department of Land Information during the financial year ended 30 June 2006, which valued buildings at $1,405,224.
The fair value of all land and buildings has been determined by reference to recent market transactions.

An independent valuation of Water Mains, Treatment Plants and Meter asset classes was completed by Aon Valuation Services during the 2006 financial year. The effective date of the revaluation was 30 June 2006, with the revaluation being brought to account on the same date. The valuation of Water Mains, Treatment Plants and Meter asset classes was determined by utilising the Depreciated Current Replacement Cost method.

An independent valuation for Bores & Pumps, Reservoirs, Treatment Plants and Meter asset classes was completed by Opus International Ltd during the 2003 financial year. The effective date of the revaluation was 30 June 2003, with the revaluation being brought to account on 1 July 2003. The revaluation of Bores & Pumps, Reservoirs, Treatment Plants and Meter asset classes was determined by utilising the Depreciated Current Replacement Cost method.

In June 2006 a reservoir liner was written down due to physical deficiencies. Engineering firm Gutteridge Haskins & Davey Pty Ltd valued the liner at $352,944, which resulted in a write down of $192,369 from the assets previous book value of $545,313.

AQWEST - BUNBURY WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

DESCRIPTION

17(b) Movements in Carrying Amounts

Reconciliations of the carrying amounts of infrastucure, property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below:

2006	Carrying amount at the Start of the Year	Additions	Disposals	Transfers Between Categories	Revaluation Increments (Decrements) to Asset Revaluation Reserve	Revaluation Decrements to Income Statement	Impairment losses	Impairment losses reversed	Depreciation	Carrying Amount at the End of the Year
Land at Fair Value	892,730	1,149,063			198,179					2,239,972
Buildings at Fair Value	1,362,523	1,035			109,459				(67,793)	1,405,224
Mains at Fair Value	19,698,943			5,079,772	2,515,174				(277,255)	27,016,634
Mains at Cost	2,378,034	564,515		(5,079,772)	2,279,149				(44,685)	97,241
Meters at Fair Value	854,157	168,506	(27,077)		611,463				(34,499)	1,572,550
Treatment Plants at Fair Value	5,629,522	127,771				(42,148)			(354,345)	5,360,800
Reservoirs at Fair Value	11,336,115	124,409			(192,369)				(304,073)	10,964,082
Bores & Pumps at Fair Value	1,946,752	4,780							(129,312)	1,822,220
Plant and Equipment at Cost	30,747	5,174							(9,146)	26,775
Motor Vehicles at Cost	223,176	208,629	(123,076)						(60,407)	248,322
Office Equipment at Cost	125,831	75,906	(1,638)						(56,243)	143,856
Tools at Cost	8,775	3,361							(3,817)	8,319
Totals	44,487,305	2,433,149	(151,791)	0	5,478,907	(42,148)	0	0	(1,341,575)	50,905,995

2006	Carrying amount at the Start of the Year	Additions	Disposals	Transfers Between Categories	Revaluation Increments to Asset Revaluation Reserve	Revaluation to Income Statement	Impairment losses	Impairment losses reversed	Depreciation	Carrying Amount at the End of the Year
Land at Fair Value	892,730									892,730
Buildings at Cost	1,413,421	19,776							(70,674)	1,362,523
Mains at Fair Value	19,976,198								(277,255)	19,698,943
Mains at Cost	2,313,555	107,561							(43,082)	2,378,034
Meters at Fair Value	799,079	207,191	(56,203)		(50,252)				(45,658)	854,157
Treatment Plants at Cost	5,593,735	395,937							(360,150)	5,629,522
Reservoirs at Fair Value	11,633,861	10,698							(308,444)	11,336,115
Bores & Pumps at Fair Value	1,750,094	356,508	(25,981)		(13,571)				(120,298)	1,946,752
Plant and Equipment at Cost	28,832	13,504							(11,589)	30,747
Motor Vehicles at Cost	234,230	92,572	(55,140)						(48,486)	223,176
Office Equipment at Cost	81,203	89,230	(1,139)						(43,463)	125,831
Tools at Cost	12,001	3,879	(430)						(6,675)	8,775
Totals	44,728,939	1,296,856	(138,893)	0	(63,823)		0	0	(1,335,774)	44,487,305

DESCRIPTION	2006	2005
	$	$
18 PAYABLES		
Current		
Trade Creditors	529,248	461,997
Accrued Salaries and Wages	17,156	13,097
Other Accrued Expenses	26,878	35,033
	573,282	510,127
19 CURRENT TAX LIABILITY		
Income tax equivalent payable	156,048	157,910
20 PROVISIONS		
Current		
Employee benefits provision		
Annual Leave (a)	81,494	105,717
Long Service Leave (b)	64,448	34,873
Rostered Days Off (e)	15,383	21,989
Superannuation (d)	0	0
	161,325	162,579
Other provisions		
Employment on-costs [c]	17,367	20,217
	178,692	182,796
Non-current		
Long Service Leave (b)	94,899	124,553
Superannuation (d)	0	0
	94,899	124,553
Other provisions		
Employment on-costs [c]	22,639	18,199
	117,538	142,752

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

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

Within 12 months of reporting date	64,448	34,873
More than 12 months after reporting date	117,538	142,752
	181,986	177,625

(c) The settlement of annual and long service leave liabilities 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 expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included in the annual leave and long service leave provision amounts as shown at (a), (b) and (c).

(d) The Bunbury Water Board does not participate in a defined benefits plan and as such there is no superannuation provision.

(a) Rostered Day Off liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur within 12 months.

21 DEFERRED TAX LIABILITIES		
Deferred Tax Liabilities	4,475,535	3,032,336

DESCRIPTION	2006 $	2006 $
22 RESERVES		
EDP Upgrade Reserve		
Opening balance	306,623	295,819
Transfers to Reserve	69,235	69,410
Transfers from Reserve	(947)	(58,606)
Closing balance	374,911	306,623
Asset Replacement Reserve		
Opening balance	9,604,445	7,555,002
Transfers to Reserve	2,382,239	2,830,465
Transfers from Reserve	(2,062,331)	(781,022)
Closing balance	9,924,353	9,604,445
Headworks Reserve		
Opening balance	5,185,336	4,379,172
Transfers to Reserve	1,203,589	953,419
Transfers from Reserve	(298,373)	(147,255)
Closing balance	6,090,552	5,185,336
Mains Subdivision Reserve		
Opening balance	1,454,562	1,315,637
Transfers to Reserve	200,784	246,389
Transfers from Reserve	(257,528)	(107,464)
Closing balance	1,397,818	1,454,562
Business Development Reserve		
Opening balance	200,827	151,374
Transfers to Reserve	53,302	49,453
Transfers from Reserve	0	0
Closing balance	254,130	200,827
	18,041,763	16,751,793

The Board maintains the following reserve:
EDP Upgrade Reserve: To provide for future upgrades of the Board's computer system.
Asset Replacement Reserve: To cater for the ongoing replacement of the Board's capital infrastructure.
Headworks Reserve: To fund augmentation works to service growth requirements.
Mains Subdivision Reserve: To fund subdivisional development.
Business Development Reserve: To fund future business development

Asset Revaluation Reserve		
Balance at start of period	25,046,707	25,095,716
Gains/(losses) from asset revaluation	5,521,055	(63,8223)
Tax Effect of Revaluation (increments)/decrements	(1,509,316)	14,814
Balance at end of period	29,058,446	25,046,707
TOTAL RESERVES	47,100,209	41,798,500
23 NOTES TO THE CASH FLOW STATEMENT		
Reconciliation of Cash Balances		
Cash at the end of the financial period, as shown in the Statement of Cash Flows, is reconciled to the related items in the Balance Sheet as follows:		
Current Accounts		
General Working Current Account	(268,394)	259,029
Headworks Current Account	131,023	32,493
EDP Upgrade Current Account	59	2,060
Subdivision Current Account	32,194	23,132
Asset Replacement Current Account	585,228	123,276
Business Development Reserve Current Account	403	919
Floats	1,250	1,250
	481,763	442,159
Reconciliation of Operating Activities		
Operating Profit from Ordinary Activities after Income Tax Equivalent	1,715,107	1,537,156
Depreciation	1,341,575	1,335,774
Loss on Disposal of Assets	34,574	81,748
Income Tax Equivalent	782,468	719,976
Changes in Assets and Liabilities		
- (Increase)/Decrease in Trade and Other Debtors	190,366	(17,083)
- (Increase)/Decrease in Stock	60,654	(62,608)
- (Increase)/Decrease in Prepayments	1,579	(10,781)
- Increase in Trade Creditors and Accruals	63,155	74,326
- Increase/(Decrease) in Employee Provisions	(29,319)	13,522
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,160,159	3,672,030

AQWEST - BUNBURY WATER BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

DESCRIPTION

24 FINANCIAL INSTRUMENTS

The Bunbury Water Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

Credit risk

All debts pertaining to water sales are secured against the land to which to debts relate.

Receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The Board's objective is to maintain sufficient cash assets on hand to meet it's debts as and when they fall due. The Board has sufficient financial assets to ensure that it is able to meet its commitments.

Interest Rate Risk Exposure

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

			Fixed Interest Rate Maturity							
2006	Weighted Average Effective Interest Rate %	Variable Interest Rate	Within 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Non-Interest Bearing	Total
Financial Assets										
Cash and cash equivalents	4.38%	481,763	-	-	-	-	-	-	-	481,763
Receivables	-	-	-	-	-	-	-	-	1,189,606	1,189,606
Other Financial Assets	5.72%	-	16,717,500	-	-	-	-	-	-	16,717,500
		481,763	16,717,500	0	0	0	0	0	1,189,606	18,388,869
Financial Liabilities										
Payables	-	-	-	-	-	-	-	-	573,282	573,282
		0	0	0	0	0	0	0	573,282	573,282

			Fixed Interest Rate Maturity							
2005	Weighted Average Effective Interest Rate %	Variable Interest Rate	Within 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Non-Interest Bearing	Total
Financial Assets										
Cash and cash equivalents	4.25%	442,159								442,159
Receivables	-								1,379,972	1,379,972
Other Financial Assets	5.50%		16,009,700							16,009,700
		442,159	16,009,700	0	0	0	0	0	1,379,972	17,831,831
Financial Liabilities										
Payables	-	0	0	0	0	0	0	0	510,127	510,127
		0	0	0	0	0	0	0	510,127	510,127

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

DESCRIPTION	2006 $	2006 $
25 REMUNERATION OF ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS		
The total fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year by members of the Accountable Authority from the Board or related body.	28,941	30,373
The total fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year by Senior Officers other than members of the Board or related body.	432,337	322,582
The number of members of Aqwest-Bunbury Water Board whose total fees, salaries, non-monetary benefits and other benefits received or due and receivable for the financial year falls within the following bands:		
$nil - $10,000	6	5
$10,001 - $20,000	1	1
The number of Senior Officers other than members of Aqwest-Bunbury Water Board whose total fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year falls within the following bands:		
$70,000 to $80,000	1	1
$80,001 to $90,000	1	0
$100,000 to $110,000	1	1
$140,001 to $150,000	0	1
$150,001 to $160,000	1	0
	4	3
Superannuation expenses included in the above amounts represent superannuation expenses incurred by the Board in respect of Senior Officers other than Senior Officers reported as members of the Bunbury Water Board. No Senior Officers are members of the Pension Scheme.		
26 REMUNERATION OF AUDITOR		
The total fees payable to the Auditor General for the financial year are as follows:		
Auditing the accounts, financial statements, and performance indicators	30,690	25,300
	30,690	25,300

DESCRIPTION	2006 $	2006 $
27 EXPLANATORY STATEMENT		
i) This statement provides details of any significant variations between estimates and actual results for the 2006 financial year. Significant variations are considered to be those greater than 10% or $200,000	**Actual 2006 $**	**Budget 2006 $**
Water Sales Revenue Budgeted kilolitres = 5,300,000kl Actual kilolitres = 5,821,180kl	3,392,810	3,118,340
Interest Revenue Reduced expenditure from reserves resulting in increased interest revenue on investments	994,135	896,500
Developers Contributions Demand driven	1,004,588	750,000
Cost of Services Budgeted capital works totalling $655,481 expensed at year end due to their eventual non-capital nature	2,601,630	1,886,370
Depreciation Lower than budgeted asset capitalisations during the financial year	1,341,575	1,518,746
ii) This statement provides details of any significant variations between actual revenues and expenditures for the 2006 financial year and revenues and expenditures for the 2005 financial year.	**Actual 2006 $**	**Actual 2005 $**
Developers Contributions Demand driven	1,004,588	820,817
Administration Expenses Computer maintenance and Software (2005 = $113,771, 2006 = $147,960) Superannuation (2005 = $146,012, 2006 = $204,845)	1,476,020	1,331,244
Other Expenses Public Relations (2005 = $28,958, 2006 = $119,506) Asset Revaluation Offset (2005 = $nil, 2006 = $29,504)	511,537	443,961
28 SUPPLEMENTARY INFORMATION		
Write-offs: Public property written off by the Minister during the financial year	19,153	39,552
Losses Through Theft, Defaults and Other Causes Losses of public moneys and public and other property through theft or default	0	0
Amounts recovered	0	0
	0	0
Gifts of Public Property Gifts of public property provided by the Board	0	0

DESCRIPTION	2006	2005
29 COMMITMENTS FOR EXPENDITURE		
(a) Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	3,338,500	191,950
Later than 1 year and not later than 5 years	3,866,500	3,300,000
Later than 5 years	5,500	0
The capital commitments include amounts for:		
Buildings	0	0
Treatment Plants	440,000	31,055
Reservoirs	1,650,000	0
Bores	0	0
Mains	5,120,500	3,460,895
These commitments are all inclusive of GST.		
(b) Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:		
Within 1 year	69,235	75,949
Later than 1 year and not later than 5 years	146,990	193,586
Later than 5 years	0	14,970
Representing:		
Cancellable operating leases	0	0
Non-cancellable operating leases	216,225	284,505
Future finance charges on finance leases	0	0
These commitments are all inclusive of GST.		
[c] Expenditure commitments		
Other expenditure commitments, including Information Technology support, internal audit, external audit, customer survey, CEO Recruitment, purchase of artistic water feature, cleaning and sanitary services, contracted for at the reporting date but not recognised as liabilities, are payable as follows:		
Within 1 year	308,152	75,625
Later than 1 year but not later than 5 years	211,483	112,629
Later than 5 years	30,960	25,300
	550,595	213,554

30 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities
There are no material contingent liabilities to report at 30 June 2006

Contingent Assets
In addition to the assets incorporated in the financial statements, the Authority has the following contingent asset:

(a) Litigation in progress
The Authority has commenced a negligence claim against a supplier as a result of faulty materials supplied. The estimated potential financial effect cannot be reliably measured at this point in time.

31 EVENTS OCCURRING AFTER REPORTING DATE

There have been no events occurring after reporting date requiring disclosure in the 30 June 2006 financial statements

32 RECONCILIATIONS EXPLAINING THE TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004

ASSETS	NOTES	Previous GAAP 1 July 2004	Adjustments: Income Tax AASB 112 (31.1a)	Adjustments: Income Tax AASB 112 (31.1b)	Total Adjustments	AIFRS 1 July 2004
Current Assets						
Cash & Cash Equivalents		638,026	-		-	638,026
Other Financial Assets		11,363,500	-		-	11,363,500
Receivables		1,362,889	-		-	1,362,889
Inventories		225,951	-		-	225,951
Other Current Assets		53,599	-		-	53,599
Total Current Assets		**13,643,965**	**-**	**-**	**-**	**13,643,965**
NON CURRENT ASSETS						
Property, Plant & Equipment		44,728,939	-		-	44,728,939
Other Financial Assets		3,023,900	-		-	3,023,900
Deferred Tax Assets	[i]	93,608	-	(93,608)	(93,608)	0
Other Non Current Assets		555,284	-		-	555,284
Total Non Current Assets		48,401,731	-	(93,608)	(93,608)	48,308,123
TOTAL ASSETS		**62,045,696**	**-**	**(93,608)**	**(93,608)**	**61,952,088**
LIABILITIES						
Current Liabilities						
Payables		435,801	-		-	435,801
Current Tax Liabilities		538,837	-		-	538,837
Provisions		165,811	-		-	165,811
		1,140,449	-	-	-	1,140,449
Non Current Liabilities						
Provisions		146,217	-		-	146,217
Deferred Tax Liabilities	[i];[ii];[iii]	576,895	(336,953)	2,913,761	2,576,808	3,153,703
Total Non Current Liabilities		723,112	(336,953)	2,913,761	2,576,808	3,299,920
Total Liabilities		1,863,561	(336,953)	2,913,761	2,576,808	4,440,369
NET ASSETS		**60,182,135**	**336,953**	**(3,007,369)**	**(2,670,416)**	**57,511,719**
EQUITY						
Reserves	[ii]	41,800,089	-	(3,007,369)	(3,007,369)	38,792,720
Retained Earnings	[iii]	18,382,046	336,953	-	336,953	18,718,999
TOTAL EQUITY		**60,182,135**	**336,953**	**(3,007,369)**	**(2,670,416)**	**57,511,719**

[i] To clear deferred tax asset balance against deferred tax liability balance.
[ii] Under AASB 112, the Bunbury Water Board is required to adopt the balance sheet liability method and recognise deferred tax balances where there is a difference between the carrying amount of an asset or liability and it's tax base. This has resulted in the recognition of a deferred tax liability for those assets that have been revalued.
[iii] The adjustment relates to the income tax effects of AIFRS adjustments and also movements in the deferred income tax liability with respect to revalued assets.

RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005

ASSETS	NOTES	GAAP 30 June 2005	Adjustments: Income Tax AASB 112 (31.1c)	Adjustments: Income Tax AASB 112 (31.1d)	Total Adjustments	AIFRS 30 June 2005
Current Assets						
Cash & Cash Equivalents		442,159	-	-	-	442,159
Other Financial Assets		16,009,700	-	-	-	16,009,700
Receivables		1,379,972	-	-	-	1,379,972
Inventories		288,559	-	-	-	288,559
Other Current Assets		64,380	-	-	-	64,380
Total Current Assets		**18,184,770**	**-**	**-**	**-**	**18,184,770**
NON CURRENT ASSETS						
Property, Plant & Equipment		44,487,305	-	-	-	44,487,305
Other Financial Assets		-	-		-	0
Deferred Tax Assets	[i]	97,664	(97,664)	-	(97,664)	0
Other Non Current Assets		353,713	-	-	-	353,713
Total Non Current Assets		44,938,682	(97,664)	-	(97,664)	44,841,018
TOTAL ASSETS		**63,123,452**	**(97,664)**	**-**	**(97,664)**	**63,025,788**
LIABILITIES						
Current Liabilities						
Payables		510,127	-	-	-	510,127
Current Tax Liabilities		157,910	-	-	-	157,910
Provisions		182,797	-	-	-	182,797
		850,834	-	-	-	850,834
Non Current Liabilities						
Provisions		142,752	-	-	-	142,752
Deferred Tax Liabilities	[i];[ii];[iii]	434,618	(97,664)	2,695,382	2,597,718	3,032,336
Total Non Current Liabilities		577,370	(97,664)	2,695,382	2,597,718	3,175,088
Total Liabilities		1,428,204	(97,664)	2,695,382	2,597,718	4,025,922
NET ASSETS		**61,695,248**	**-**	**(2,695,382)**	**(2,695,382)**	**58,999,866**
EQUITY						
Reserves	[ii]	44,791,055	-	(2,992,555)	(2,992,555)	41,798,500
Retained Earnings	[iii]	16,904,193	-	297,173	297,173	17,201,366
TOTAL EQUITY		**61,695,248**	**-**	**(2,695,382)**	**(2,695,382)**	**58,999,866**

[i] To clear deferred tax asset balance against deferred tax liability balance.
[ii] Under AASB 112, the Bunbury Water Board is required to adopt the balance sheet liability method and recognise deferred tax balances where there is a difference between the carrying amount of an asset or liability and it's tax base. This has resulted in the recognition of a deferred tax liability for those assets that have been revalued.
[iii] The adjustment relates to the income tax effects of AIFRS adjustments and also movements in the deferred income tax liability with respect to revalued assets.

RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	GAAP 30 June 2005	Adjustments: Net losses on disposal AASB 116 (31.2a)	Adjustments: Total Adjustments	AIFRS 30 June 2005
INCOME					
Revenue					
Water Sales		6,176,238	0	0	6,176,238
Developers Contributions		820,817	0	0	820,817
Interest Revenue		882,249	0	0	882,249
Other Revenue		103,272	0	0	103,272
Proceeds on Disposal of Non-Current Assets	[i]	57,145	(57,145)	(57,145)	0
Total Income		**8,039,721**	**(57,145)**	**(57,145)**	**7,982,576**
EXPENSES					
Expenses					
Operational Expenses		3,868,491	0	0	3,868,491
Administration Expenses		1,331,244	0	0	1,331,244
Carrying Amount of Non-Current Assets Disposed	[i]	138,893	(138,893)	(138,893)	0
Loss on Disposal of Non Current Assets	[i]	0	81,748	81,748	81,748
Other Expenses		443,960	0	0	443,960
Total Expenses		**5,782,588**	**(57,145)**	**(57,145)**	**5,725,443**
Profits Before Income Tax Equivalent Expense		**2,257,133**	**0**	**0**	**2,257,132**
Income Tax Equivalent Expense		680,197	0	39,780	719,976
Profit After Income Tax Equivalent Expense		**1,576,936**	**0**	**0**	**1,537,156**
PROFIT FOR THE PERIOD		**1,576,936**	**0**	**(39,780)**	**1,537,156**

[i] Disposals are treated on a net basis under AIFRS

RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	GAAP 30 June 2005	Adjustments: No adjustments	Adjustments: Total Adjustments	AIFRS 30 June 2005
Receipts					
Sale of Goods and Services		5,672,988	0	0	5,672,988
Developers Contributions		814,284	0	0	814,284
Interest Received		921,358	0	0	921,358
GST Receipts on Sales		19,732	0	0	19,732
GST received from Taxation Authority		433,859	0	0	433,859
Other Receipts		103,272	0	0	103,272
Payments			0	0	0
Payments to Suppliers and Other Employees		(3,818,835)	0	0	(3,818,835)
GST Payments on Purchases		(358,676)	0	0	(358,676)
GST Payments to Taxation Authority		(115,952)	0	0	(115,952)
Net Cash provided by Operating Activities	23	3,672,030	-	0	3,672,030
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sale of Non-Current Physical Assets		57,145	0	0	57,145
Purchase of Non-current Physical Assets		(1,095,285)	0	0	(1,095,285)
Purchase of Investments		(1,622,300)	0	0	(1,622,300)
Net Cash provided by/(used in) Investing Activities		(2,660,440)	0	0	(2,660,440)
CASH FLOWS TO STATE GOVERNMENT					
Taxation Equivalents		(1,207,457)	0	0	(1,207,457)
Net Cash Provided to State Government		(1,207,457)	0	0	(1,207,457)
Net Increase/(Decrease) in Cash and Cash Equivalents		(195,867)	0	0	(195,867)
Cash and Cash Equivalents at the Beginning of Period		638,026	0	0	638,026
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD		442,159	0	0	442,159

ANNUAL ESTIMATES 2006/2007

BUDGETED INCOME STATEMENT 2006/2007

PARTICULARS	2006/2007 Budgeted
REVENUE	
Water Sales	3,627,258
Rates and Supply Fees	2,907,419
	6,534,677
Less Rebates	(316,200)
	6,218,477
Other Income	
Interest Received	693,800
Developers Contribution	800,000
Profit on Sale of Plant	(11,049)
All Other Revenue	406,100
	1,888,851
TOTAL REVENUE	**8,107,328**
EXPENDITURE	
Cost of Services	
Salaries & Wages	696,400
Employee Overheads	581,903
	1,278,303
Materials	327,691
Other Expenses	120,000
Electricity	270,247
	1,996,241
Administration and Other Expenses	
Bad Debts	2,000
Computer Maintenance and Software	234,700
Depreciation	1,616,852
Insurance	181,167
Interest	-
Legal Expenses	30,000
Rent	67,500
Salaries and Wages	1,036,208
Superannuation	177,039
All Other Expenses	926,792
	4,272,258
TOTAL EXPENSES	**6,268,499**
OPERATING PROFIT BEFORE INCOME TAX EQUIVALENT	**1,838,829**
Income Tax Equivalent	551,600
PROFIT AFTER INCOME TAX EQUIVALENT	**1,287,229**
Retained profits at the beginning of the financial year	18,009,252
Transfers from Reserves	7,840,800
Transfer to Reserves	(3,502,946)
RETAINED PROFITS AT THE END OF FINANCIAL YEAR	**23,634,335**

BUDGETED BALANCE SHEET 2006/2007

PARTICULARS	2006/2007 Budgeted
CURRENT ASSETS	
Cash	300,000
Investments	11,442,000
Receivables	1,000,000
Inventories	259,000
Other	15,000
Total Current Assets	**13,016,000**
NON CURRENT ASSETS	
Property, Plant & Equipment	51,816,736
Investments	1,000,000
Other Liabilities	400,000
Total Non Current Assets	**53,216,736**
Total Assets	**66,232,736**
CURRENT LIABILITES	
Accounts Payable	20,000
Accrued Expenses	50,000
Borrowings	-
Provisions	150,000
Other Liabilities	-
Total Current Liabilities	**220,000**
NON CURRENT LIABILITIES	
Deferred Tax Liabilities	485,000
Provisions	186,500
Total Non Current Liabilities	**671,500**
Total Liabilities	**891,500**
NET ASSETS	**65,341,236**
EQUITY	
Retained Profits	23,634,335
Reserves:	
Asset Revaluation Reserve	29,564,735
Other Reserves	12,142,166
Total Reserve Funds	**41,706,901**
TOTAL EQUITY	**65,341,236**

AUDITOR **GENERAL**

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUNBURY WATER BOARD
FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion
In my opinion,

(i) the financial statements are based on proper accounts and present fairly the financial position of the Bunbury Water Board at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;

(ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(iii) the key effectiveness and efficiency 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 2006.

Scope
The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

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

Summary of my Role
As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. 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 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 performance indicators.

D D R PEARSON
AUDITOR GENERAL
26 September 2006

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1906-2006
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