



"YOUR LOCAL WATER SUPPLIER"
AQWEST
OWNED BY THE PEOPLE OF W.A.

STATEMENT OF CORPORATE INTENT 2022/23



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



1. CHAIR'S INTRODUCTION

The Aqwest 2022/23 Statement of Corporate Intent (SCI) represents a consolidation and continuation of the objectives and strategies developed by the Board over the past 3 years.

The Board and Corporate leadership group have maintained a focus on executing long term water strategies to deal with the impacts of climate change on our local water resources.

The State Government has shown its strong support for Aqwest's Integrated Water Management Strategy by providing equity funding to build the Bunbury Water Resource Recovery Scheme. Once operational this scheme will provide fit for purposed water for irrigation of public open space and for construction and other industrial activities, relieving pressure on the local ground water resource.

While this scheme is under construction the focus has turned to planning the next phase of the Integrated Water Management Strategy, which is seeking to recharge the local aquifer with high quality recycled water bringing a true circular economy model to Bunbury water supplies.

The Aqwest Board believes that the organisation is well placed to deliver on its strategic objectives which provide alignment with the State Government Goals and produce a series of achievable desired outcomes.

The Board also understands its role in supporting strong communities by providing local jobs, supporting local businesses, and providing accessibility and support for employees and vulnerable customers.

Our Aboriginal engagement continues to be a focus. We value and will continue to develop our relationships with the local Aboriginal community and have strategic priorities for reconciliation actions like Aboriginal employment targets

This document represents agreement between Aqwest and the Minister for Water, Hon Dave Kelly MLA, on the directions and performance targets for the 2022/23 financial year.

I am very much looking forward to working with the Minister, our Board and the Executive team to deliver the desired outcomes of the Statement of Corporate Intent.



Stan Liaros
CHAIR
December 2021

2. CEO'S INTRODUCTION

The current operating environment looks and feels challenging – because it is. It presents Aqwest with a wide range of opportunities to respond and adapt its business model to become more agile, flexible, and ready to deliver customer focused, sustainable water services to the Greater Bunbury Region.

Aqwest's 2022/23 Statement of Corporate Intent (SCI) provides clear strategic priorities, sets key financial objectives, and outlines performance and reporting details developed to address the challenges and opportunities presented by the current operating environment.

The economic environment has been changed, in part due to the impacts of COVID-19 and the State's booming economy, presenting challenges in the delivery of key projects and the attraction and retention of a skilled workforce.

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

There is also a focus on the safety and wellbeing of our people and the care and support of our customers and community.

Our Reconciliation Action Plan provides a strong commitment to developing a continuing relationship with the local Aboriginal community through which we can learn and contribute to better outcomes for Aboriginal people. This includes increasing Aboriginal employment numbers and supplier contracts.

Aqwest is on the cusp of expanding its range of services to better support the environment and communities in which it operates, and we are leading the promotion of sustainable, water sensitive development in partnership with our community.

We have developed financial modelling and analysis of water pricing to confirm that we can deliver an efficient and sustainable Asset Investment Program while ensuring that our water prices remain affordable and sufficient to recover costs to provide the best possible service levels to our customers.

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



Gary Hallsworth
CHIEF EXECUTIVE OFFICER
December 2021

3. AGENCY INFORMATION

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

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

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

The core business outputs are:

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



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



PURPOSE

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



VISION

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



VALUES

Accountability
Integrity
Transparency
Respect

4. ACCOUNTABILITY

4.1 Regulation

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

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

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

4.2 Strategic Risks

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

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

4.3 Reporting to the Minister

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

4.4 The Board

- Stan Liaros, Director and Board Chairman
- Robert (Neville) Eastman, Director
- Wendy Giles, Director
- Patricia Scaffidi, Director
- Tresslyn Smith, Director
- Rhonda Norman, Director

4.5 The Executive



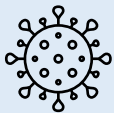




- Gary Hallsworth, Chief Executive Officer
- Mark Crabtree, General Manager Water Services
- Chris McDonnell, General Manager Financial Services
- Claire Anderson, General Manager Business Services

5. SIGNIFICANT ISSUES IMPACTING AQWEST

5.1 Drivers for Change

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

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

Factors	Impact	Response
Customer and Community Expectations 	a) Technology b) Water Pricing c) Engagement	a) Implementation of New Enterprise Solution b) Development of efficient Cost Recovery Model (Pricing) c) Development of Customer Engagement Strategy c) Reconciliation Action Plan
Climate Change 	a) Assets b) Water Security c) Emissions Reduction	a) Urban Water Supply Strategy b) Integrated Water Management Strategy c) Sustainable Energy Management Plan
COVID-19 Response 	a) Business Continuity b) Vaccination Mandate c) Project Delivery	a) Business Continuity Plan b) Communications Strategy c) Workforce Plan c) Procurement Strategy
Asset Capability 	a) Service levels b) Operating Efficiency c) Reliability	a) Operational Excellence Program b) Asset Management Systems (ISO 55000) c) Asset Management Strategy
Financial Performance 	a) Capital Investment b) Cost of Services c) Water Pricing	a) Strategic Asset Plan b) Insourcing vs Outsourcing Business Model c) Development of efficient Cost Recovery Model (Pricing)
People 	a) Enterprise Agreement Negotiations b) Labour market c) Budget constraints	a) Enterprise Agreement Negotiation and Communications Strategy a) State Wages Policy b) Workforce Plan c) Workforce Plan
Technology 	a) Employee & Customer Experience b) Cyber Security c) Information Security	a) Implementation of New Enterprise Solution b) Cyber Security Strategy c) ISO 27001 Accreditation

6. OBJECTIVES, OUTCOMES AND PERFORMANCE INFORMATION

6.1. Relationship to Government Goals

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

The Aqwest Board has developed several strategic priorities for the 2022/23 financial year. These strategies collectively focus on ensuring Aqwest addresses any long-term risk within the organisation, as it strives to deliver a high-quality service well into the future.

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

Government Goals	Strategic Objective	Desired Outcomes
Sustainable Finances: Responsible financial management and better service delivery	1. Utilise our assets to generate sustainable and responsible financial outcomes. 2. Maintain safe, reliable, and affordable water services for our customers.	1. Long term financial viability. 2. Satisfied customers.
Future Jobs and Skills: Grow and diversify the economy, create jobs and supports skills development	3. Support the Greater Bunbury economy. 4. Develop innovation opportunities within the circular economy.	3. Local jobs and local suppliers. 4. Highly skilled and diversified workforce.
Strong Communities: Safe communities and supported families	5. Provide accessibility and support for employees, vulnerable customers, and the Greater Bunbury community.	5. Strong supported community.
Better Places: A quality environment with liveable and affordable communities and vibrant regions	6. Provide climate resilient, sustainable, fit for purpose water to the community.	6. Safe, reliable, high-quality drinking water. 7. Safe, reliable, recycled water available. 8. Environmentally sustainable operations.

6.2. Outcomes and Key Performance Indicators

	2020-21 Actual	2021-22 Budget	2021-22 Projected	2022-23 Target
Outcome 1: Long term financial viability				
Economic Real Rate of Return % ¹	2.0%	3.6%	3.5%	1.3%
Outcome 2: Satisfied customers				
Overall customer satisfaction rating (Customer satisfaction survey)	86%	85%	88%	85%
Outcome 3: Local jobs and local suppliers				
Percentage of local suppliers (Buy Local Policy target)	67%	70%	60%	70%
Outcome 4: Highly skilled and diversified workforce				
Increase jobs by >2% per annum ²	0 %	>2%	>2%	>2%
Training expenditure per annum against wages and salaries	0.9%	>3%	>3%	>3%
Safety Index	0.85	1.0	1.0	1.0
Outcome 5: Strong supported community				
Customer awareness of Aqwest services (Customer satisfaction survey)	95%	85%	93%	85%
Employee Diversity & Wellbeing Index ^{3,5}	n/a	1.0	1.0	1.0
Strong Communities Index ^{3,5}	n/a	1.0	1.0	1.0
Outcome 6: Safe, reliable, high-quality drinking water				
Customers agree water is safe to drink (Customer satisfaction survey)	86%	85%	86%	85%
Microbiological compliance (%)	100%	100%	100%	100%
Average frequency of an unplanned interruption (per 1000 properties)	165	<250	<250	<250
Outcome 7: Safe, reliable, recycled water available				
Make available 2.0 GL of recycled water per annum ^{4,5}	n/a	2 GL	0 GL	2 GL
Outcome 8: Environmentally sustainable operations				
Environmental Sustainability Index ^{3,5}	n/a	1.0	1.0	1.0

1. Large increase in non-current assets due to Fluoridation and the Bunbury Water Resource Recovery Scheme has reduced the achievable target.
2. This indicator targets an increase to full-time jobs by decreasing contracted work without negatively impacting on operating expenses.
3. Definition of Index provided in Appendix 1.
4. The Bunbury Water Resource Recovery Scheme scheduled completion date has been delayed until December 2022, therefore no recycled water will be produced in the 2021/22 financial year.
5. Not reported in 2020/21, new indicators for 2021/22.

7. FINANCES

7.1. Financial Forecasts

	2022/23 Projected (\$'000s)
Total operating revenue	18,174
Less: Direct operating expenses	12,641
Less: Depreciation	3,486
Earnings before interest, tax and developer contributions (EBIT)	2,047
Less: Interest expense	89
Add: Developer contributions	279
Operating profit/(loss) before tax and dividend	2,237
Less: Income tax expense	898
Less: Dividend	910
Operating profit/(loss) after tax and dividend	429
Capital expenditure	38,126
Borrowings taken (repaid)	9,702
Net debt	14,305

7.2. Borrowings

Additional borrowings of \$10.5 million will be required to fund the 2022/23 capital works program. This maintains Aqwest's debt to equity ratio at sustainable levels.

7.3. Accounting

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

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

7.4. Asset Investment Program

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

1. The Asset Investment Program totals \$48 million across the forward estimates period and is a continuance of Aqwest's long term plan to deliver quality community services by developing and maintaining infrastructure to meet the water supply needs of the City of Bunbury.
2. Aqwest has been directed by the Minister for Health to Fluoridate its drinking water supply by June 2023. A total investment of \$10 million is forecast for the 2022/23 financial year in order to meet this target. Aqwest will be requesting that the State Government funds the project via an equity contribution.
3. Aqwest is investing \$28 million under the WA Recovery Plan for the Bunbury Water Resource Recovery Scheme. The Scheme will provide recycled water for use on major infrastructure projects and irrigation of public open spaces, reducing the impact on groundwater sources.

Total capital expenditure over the period includes:

Asset Category	Budget 2022/23 (\$000's)	Budget 2023/24 (\$000's)	Budget 2024/25 (\$000's)	Budget 2025/26 (\$000's)
Mains	2,190	1,171	981	1,004
Services	73	74	76	77
Reservoirs	2,536	450	800	930
Treatment plants	2,107	467	849	1,392
Fleet, ICT and Other	1,178	802	405	445
Fluoridation of Water Supply	10,000	-	-	-
Bunbury Water Resource Recovery Scheme	20,042	-	-	-
Total	38,126	2,964	3,111	3,848

8. PAYMENTS TO AND FROM GOVERNMENT

8.1. Net Accrual to Government

	2022/23 Projected (\$'000s)
Income tax equivalent	898
Local Government rate equivalent	96
Dividends provided	910
Operating subsidies	(1,232)
Net accrual to Government	672

8.2. Dividend Policy

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

8.3. Operating Subsidies

Concession Rebates

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

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

Under an agreement with Government, we provide these services and are compensated by the Government for the difference between the cost incurred in providing these services and the revenue received from our customers. The total forecast for 2022/23 is \$832,200.

Residential Tariff Revenue Shortfall

Aqwest is seeking an operating subsidy to fund the gap between the cost of providing our services and the revenue received from residential customers. The agreed amount with Government for 2022/23 is \$400,000.

9. APPENDIX 1 – INDEX DEFINITIONS

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

Safety Index

The Safety Index is comprised of a range of indicators focused on delivering a safe working culture.

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

Employee Diversity & Wellbeing Index:

The Employee Diversity & Wellbeing Index is a combination of three individual Indexes all relating to Aqwest's Employee Diversity & Wellbeing both internally within the organisation and externally in the community. The contributing factors that make up these indexes have been listed below.

Wellbeing Index

- Results of the staff satisfaction survey.
- Availability of the Employee Assistance Program.
- Availability of the Employee Health and Wellbeing Program.
- The intention for Aqwest to bring in wellness days, as part the next round of Employee Enterprise Bargaining.
- Provide support for staff affected by Family and Domestic Violence.

Diversity Index

- Aboriginal employment.
- Gender equity across staff.
- Disability access and inclusion.
- Pathway to employment program for ex-offenders.

Strong Communities Index

The Strong Communities Index is designed to show Aqwest's contribution to the local community by measuring the availability and success of a number of programs and initiatives being undertaken by the organisation. These include:

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

Environmental Sustainability Index

The Environmental Sustainability Index is designed to measure Aqwest's impact on its surrounding environment and the steps being taken to reduce any negative impact in the future. The measure of the index is based on the following resulting outcomes.

- Quantity of potable water produced within Aqwest's licence.
- Real water losses in the network.
- Renewable energy vs energy from the grid.
- Maintain ISO 14001 accreditation.
- Reduce average annual water usage per residential property.
- Completion of Integrated Water Management Strategy.
- Completion of Sustainable Energy Management Plan.
- Procurement activities aligned with ISO 20400.
- Reduce printing at the Water Services Centre.
- 100% of staff trained in sustainable practices.
- Implementation of a Waste Management Plan.



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