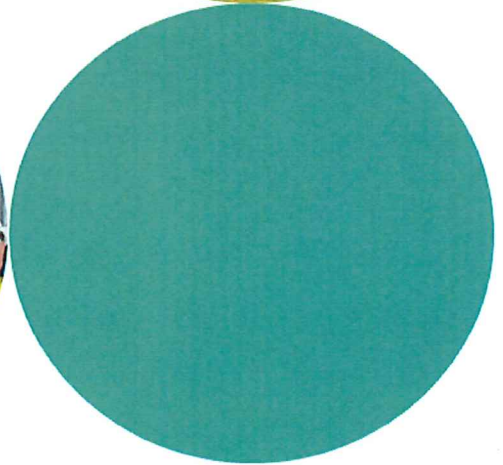
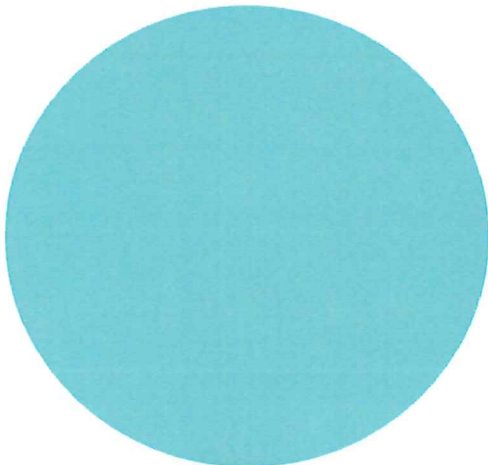


Quarterly Performance Report

March 2021



Financial Performance



Financial Results (\$'000s)

	9 months to March 2021			*PCP	Full Year 2020/21
	Actual	Budget	Variance	Last Year	SCI Budget ⁽⁵⁾
Operating revenue	2,069,275	2,044,226	25,049	2,044,853	2,715,587
Direct operating expenses ⁽¹⁾	698,697	694,083	(4,614)	690,194	979,993
Depreciation / amortisation	397,074	397,163	89	382,578	535,853
Earnings before interest & tax (EBIT) ⁽²⁾	973,504	952,980	20,524	972,081	1,199,741
less: Net interest expense	136,869	147,838	10,969	161,145	203,918
add: Developers' contribution	154,909	93,233	61,675	105,899	129,000
Operating surplus before tax	991,544	898,375	93,169	916,835	1,124,823
Income tax expense	293,596	269,191	(24,405)	274,676	337,045
Operating surplus after tax ⁽³⁾	697,948	629,184	68,764	642,159	787,778
Capital expenditure	509,577	516,500	6,923	423,178	708,507
Borrowings taken (repaid)	-	-	-	-	113,734
Net debt	5,843,776	5,843,275	(501)	5,842,685	6,353,454

Financial Performance Measures

	Full Year Forecast 20/21	Full Year June 2020/21 Target	Variance	Last Year Actual
Return on assets (%)	7.0	7.0	-	7.1
Debt to total assets (%)	32.5	34.7	2.2	33.5
Return on equity (%)	7.3	7.0	0.3	7.2
Net Accruals to Government (\$m)				
Represented by:				
Tax equivalents	374.7	349.1	25.5	372.5
Dividends provided	642.4	1,258.3	(615.9)	3.8
Operating Subsidies				
Non-Commercial Country Services	297.0	298.3	1.3	272.2
Revenue Concessions	170.0	167.0	(3.0)	156.8
Metropolitan Operations	1.6	1.6	(0.0)	2.0
Total Operating Subsidies	468.6	466.9	(1.7)	431.0
Net Accrual to Government ⁽⁴⁾	548.5	1,141.0	(592.5)	(54.7)

Comments

Year to date Operating surplus after tax is \$68.8m higher than budget for the 9 months to 31 March 2021.

(1) Direct operating expenses is higher mainly due to increased level of operations and maintenance.

(2) EBIT is higher than budget as a result of greater operating revenue from higher water consumption across the State, primarily in the metropolitan area, due to warm and drier conditions, combined with net proceeds from the sale of a parcel of land.

(3) Higher developers' contributions attributed to increased subdivisional and development activity resulting from the Federal Government's Housing Stimulus Package, combined with lower net interest, has returned an Operating Surplus After Tax position of \$68.8m more favourable than budget.

(4) Net Accrual to Government (NATG) is forecast to be lower than budget due to the deferral of the 2020/21 interim dividend payment to 2021/22.

(5) Respective figures are the endorsed Full Year 2020/21 SCI Budget financials.

* PCP - Prior Comparative Period

Business Targets & Information



Performance Indicators

	Full Year 2020/21			Status
	Forecast		Target	
Safe				
Number of public drinking water quality advisories	0	<=	0	On Target
Number of people with fatality or total permanent disability	0	<=	0	On Target
Total Recordable Injury Frequency Rate (TRIFR) ^(a)	4.6	<=	2.9	Worse Than Target
Number of public with fatality or total permanent disability	0	<=	0	On Target
Wellbeing Measure	5	>=	5	On Target
Reliable				
Number of schemes at risk of temporary water restrictions ^(b)	1	<=	2	Better Than Target
Number of properties affected by unplanned interruptions (Water) ^(c)	394,000	<=	325,000	Worse Than Target
Number of properties affected by unplanned interruptions (Wastewater) ^(d)	1,440	<=	1,100	Worse Than Target
Reputation				
Customer perception of water quality (score out of 10) ^(e)	6.80	>=	7.00	Below Target
Customer perception of communications (score out of 10) ^(f)	6.65	>=	7.10	Below Target
Community trust in Water Corporation (score out of 10)	7.27	>=	7.03	Better Than Target
Brand perception (score out of 10)	7.54	>=	7.33	Better Than Target

Business Information

	Year to Date March	
	2021	2020
Water Properties Connected - Residential	1,016,041	1,006,337
- Non-Residential	133,895	126,404
Water Supplied - Metro (ML)	197,434	199,725 ^(g)
Wastewater Treated - Metro (ML)	104,311	101,647 ^(h)

Comments

(a) A TRIFR Improvement Plan has been agreed which highlights the main intervention programs that are intended to have a positive impact on both the number and severity of injuries to bring this measure back into line with our projected forecast.

(b) Moora - Mid West Region is at risk with a filter at high likelihood of structural failure. Project works to install a new filter is underway.

(c) Corrosion and aging assets continue to be a contributor constituting approximately 30% of all causes for interrupts, followed by ring / gasket failures at approx. 15%. These types of failures are most prevalent in the Perth, Mid-west and Goldfield / Agricultural regions. Continued improvement in the use of the outage management system has led to more accurate reporting of the number of properties impacted by an interrupt. These improvements along with ongoing central support to manage outages has led to increased accuracy of figures being reported.

(d) The majority of Wastewater interrupts for the current financial year to date have been caused by blockages associated with tree roots, fat and foreign objects in the pipes. There has been a slight increase compared to previous years. This is likely due to toilet paper alternatives being disposed of down the toilet.

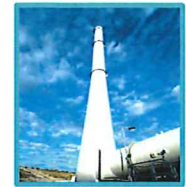
(e) Water quality perception scores exceed the target in Metro areas and the Goldfields & Agriculture region but are currently behind target in other regions. Initiatives have been completed to improve the quality of specific regional water sources in some towns (e.g. Wiluna, Leonora) and others are underway (e.g. Meekatharra, Mount Magnet) while more are under consideration.

(f) Perceptions of communications have remained stable over time and several initiatives are underway to deliver long term improvements in our key customer communications, including bills, outage notifications, reinstatements and our website.

(g) Water Supplied - Metro (ML) is adjusted slightly upwards as a result of the Annual Principal Statistics review.

(h) Wastewater Treated - Metro (ML) is adjusted downwards as a result of recalculation of flow data due to availability of new information.

Water Services Licence Compliance



The Water Corporation is required to comply with performance standards in our Water Services Licence. The table below summarises our expected performance against key Water Services Licence requirements.

Water Services Licence Measures

Water Services Licence Measures	Forecast	March 2021		Variance	Notes
		Target			
Water Services					
Drought response (number of schemes on temporary restrictions)	0	n/a		-	No schemes on temporary restrictions
Services provided by agreement and farmlands - annual notification of conditions	95.0%	≥	95.0%	-	Reported Annually (Last result 98.6%)
Farmlands area water systems - pressure and flows are kept within the acceptable range	99.8%	=	99.8%	-	Reported Annually (Last result 100.0%)

Comments

The Water Corporation is committed to a high level of compliance in accordance with the Water Services Licence.

There are no indications that these annual licence measures would not be achieved.

