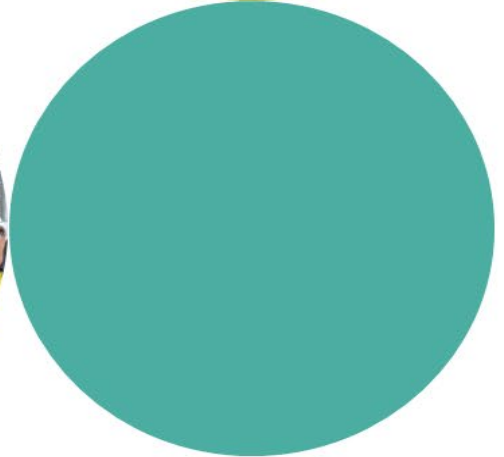
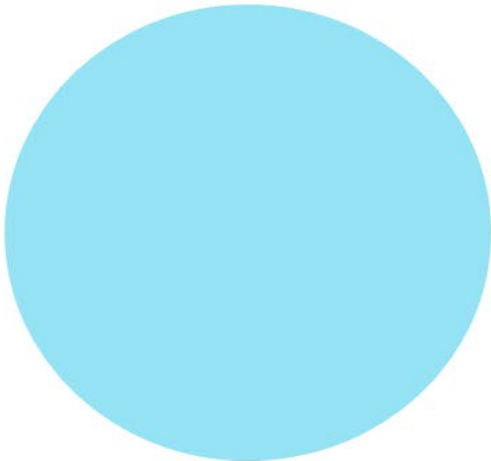


Quarterly Performance Report

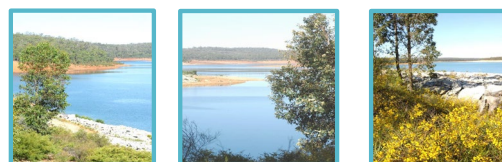
March 2022



Owned by the People of WA



Financial Performance



Financial Results (\$'000s)	9 months to March 2022			Prior Comparative Period	Full Year 2021/22
	Actual	Budget	Variance	Last Year	Statement of Corporate Intent Budget
Operating revenue	2,134,219	2,102,303	31,916	2,069,275	2,813,816
Direct operating expenses ⁽¹⁾	755,729	720,147	(35,582)	695,151	987,470
Depreciation / amortisation	409,487	408,620	(867)	400,620	562,365
Earnings before interest & tax ⁽²⁾	969,003	973,536	(4,533)	973,504	1,263,981
less: Net interest expense	124,728	127,214	2,486	136,869	175,499
add: Developers' contribution ⁽³⁾	148,803	100,714	48,089	154,909	134,156
Operating surplus before tax	993,078	947,036	46,042	991,544	1,222,638
Income tax expense	303,809	284,306	(19,503)	293,596	367,043
Operating surplus after tax	689,269	662,730	26,539	697,948	855,595
Capital expenditure ⁽⁴⁾	437,401	494,058	56,657	509,577	712,369
Borrowings taken (repaid) ⁽⁵⁾	(291,525)	(194,350)	97,175	-	375,000
Net debt ⁽⁶⁾	5,254,421	5,326,428	72,007	5,843,776	4,994,362

Financial Performance Measures

	Full Year Forecast 21/22	Full Year Target 21/22	Variance	Last Year Actual
Return on assets (%)	7.0	7.3	(0.3)	7.2
Debt to total assets (%)	29.6	32.2	2.6	32.4
Return on equity (%)	7.2	7.0	0.2	7.5
Net Accruals to Government (\$m)				
Represented by:				
Tax equivalents	389.6	379.0	10.6	384.3
Dividends provided	-	-	-	642.4
Operating Subsidies				
Non-Commercial Country Services	311.3	317.9	6.6	296.6
Revenue Concessions	186.1	171.5	(14.6)	170.3
Metropolitan Operations	2.5	1.8	(0.7)	1.7
Total Operating Subsidies	499.9	491.2	(8.7)	468.6
Net Accrual to Government ⁽⁷⁾	(110.2)	(112.1)	1.9	558.1

Comments

(1) Direct operating expenses are higher as the result of rising prices from global supply chain for equipment and supplies, combined with an extremely competitive labour market for work undertaken by third party external service providers and higher levels of corrective maintenance activities, primarily in the metropolitan area, for both water and wastewater infrastructure assets.

(2) Earnings before interest and tax is lower than budget due to the higher direct operating expenses, partially offset by increased revenue streams - Rates and fees, Volume Charges and Operating Subsidies.

(3) Higher developers' contributions, due to continued strong lot development activity via subdivisions and asset hand-overs.

(4) We are experiencing delays in capital projects due to a number of factors including delays in receipt of external approvals, supply chain constraints and competition for resources across the infrastructure and mining sectors.

(5) Higher level of borrowings (related to the fixed portion of our debt portfolio) repaid than budgeted - two repayments of \$97.2m were profiled and paid in July and October and an additional payment, which wasn't budgeted, was made in January 2022.

(6) Net Debt is lower primarily due to the repayment of borrowings related to the fixed portion of our debt portfolio.

(7) Net Accrual to Government is projected to be marginally higher than the annual budget due to increased tax payable, which is offset by the effect of an increase in operating subsidies from Government.

Business Targets & Information



Performance Indicators

	Full Year 2021/22		Status
	Forecast	Target	
Outcome 1: Continue to satisfy customers when we interact with them achieving a high performing score when surveyed			
VOC customer experience (score)	8.00	>= 8.00	On Target
Outcome 2: Keep total cost per property as low as possible over six years			
Total cost per property (\$) ^(a)	2,037	<= 2,012	Below Target
Outcome 3: Create a workplace that reflects the diversity in Western Australia (including women in leadership) and continuously strengthen our commitment to reconciliation, equity and Aboriginal engagement in the ways in which we operate			
Workplace diversity targets achieved - women in leadership (% and number of)	36.0% 64	>= 36.0% 64	On Target
Aboriginal and Torres Strait Islander employment (% and number of) ^(b)	5.4% 206	>= 6.0% 220	Below Target
Contracts >\$50K awarded to Aboriginal suppliers (%)	3.2%	>= 3.2%	On Target
Outcome 4: Demonstrate advanced health and safety practices by 2024-25			
Public drinking water advisories (number of)	0	<= 0	On Target
Total Recordable Injury Frequency Rate - over 5 years (rate) ^(c)	4.0%	<= 2.2%	Below Target
Outcome 5: Support the Government to deliver Waterwise Perth Action Plan			
Support the Government to deliver Waterwise Perth Action Plan (number of Water Corporation's actions completed on time)	10	>= 10	On Target
Outcome 6: Achieve net zero carbon emissions by or before 2050			
Reported greenhouse gas emissions (kilo tonnes CO2 equivalent) ^(d)	665kT	N/A	
Outcome 7: Increase the percentage of materials recovered from solid waste over six years			
Material recovered - solid waste (%)	73%	>= 73%	On Target

Comments

(a) Total Cost per Property is forecast to be higher than target primarily due to rising prices from global supply chain for equipment and supplies, combined with an extremely competitive labour market for work undertaken by third party external service providers and higher levels of corrective maintenance activities, primarily in the metropolitan area, for both water and wastewater infrastructure assets.

(b) High competition and increased movement in the talent market, means the Corporation is experiencing increased difficulty attracting and retaining Aboriginal employees.

(c) Total recordable Injury Frequency rate is measured over a rolling 12 month period. After an increase last quarter (Q2) to 4.27, a decrease in minor recordable injuries (8) during the second quarter has resulted in a TRIFR of 3.86. Although a decrease, this significantly impacts the ability to achieve this year's target of 2.2 by the end of 2021/22 financial year.

(d) Lower green house gas emissions are expected by the end of this financial compared to 2020/21 due to reduced water production being forecast at the Corporation's desalination plants.

Our long-term target is to achieve net zero greenhouse gas emissions by or before 2050. Our current measure is consistent with the National Greenhouse and Energy Reporting Scopes 1 and 2 - this does not include offsets.

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	Forecast	March 2022		Notes
		Target	Variance	
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 98.2%)
Farmlands area water systems - pressure and flows are kept within the acceptable range	99.8%	>= 99.8%	-	Reported Annually (Last result 99.8%)

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.

