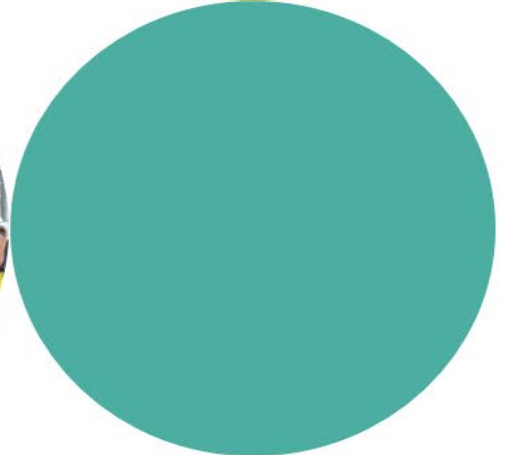
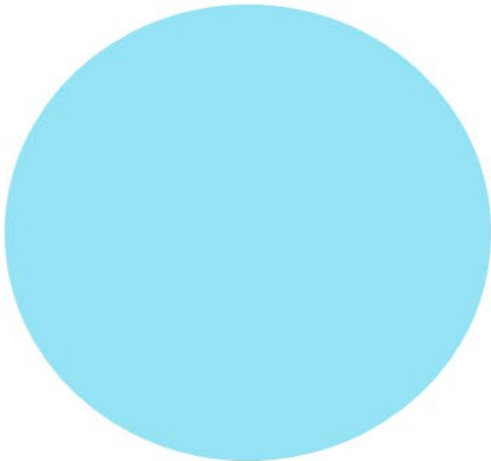


Quarterly Performance Report

September 2022



Owned by the People of WA



Financial Performance



Financial Results (\$'000s)	3 months to September 2022			Prior Comparative Period	Full Year 2022/23
	Actual	Budget	Variance	Last Year	Statement of Corporate Intent Budget
Operating revenue ⁽¹⁾	669,946	674,501	(4,556)	645,526	2,955,755
Direct operating expenses ⁽²⁾	274,144	260,516	(13,628)	244,536	1,088,990
Depreciation / amortisation	134,096	135,700	1,605	135,882	545,080
Earnings before interest & tax ⁽³⁾	261,706	278,285	(16,580)	265,108	1,321,686
less: Net interest expense ⁽⁴⁾	45,042	42,524	(2,518)	41,353	169,599
add: Developers' contribution ⁽⁵⁾	57,847	45,090	12,757	46,725	181,659
Net profit before tax	274,511	280,851	(6,340)	270,481	1,333,746
Income tax expense	82,347	84,142	1,795	81,136	399,584
Net profit after tax	192,165	196,709	(4,545)	189,344	934,161
Capital expenditure	149,077	151,852	2,775	142,694	663,123
Borrowings taken (repaid) ⁽⁶⁾	(97,175)	-	97,175	(97,175)	6,564
Net debt ⁽⁷⁾	4,920,399	4,973,868	53,469	5,655,858	4,897,258

Financial Performance Measures

	Full Year Forecast 22/23	Full Year Target 22/23	Variance	Last Year Actual
Return on assets (%)	6.1	7.4	(1.3)	7.0
Debt to total assets (%)	29.4	29.4	-	29.8
Return on equity (%)	6.7	7.4	(0.7)	7.2
Net Accruals to Government (\$m)				
Represented by:				
Tax equivalents	387.6	414.0	(26.4)	392.3
Dividends provided	661.5	728.0	(66.5)	-
Operating Subsidies				
Non-Commercial Country Services	338.6	338.6	-	330.6
Revenue Concessions	185.3	185.3	-	186.1
Metropolitan Operations	2.1	2.1	-	2.5
Total Operating Subsidies	526.0	526.0	-	519.2
Net Accrual to Government ⁽⁸⁾	523.1	616.0	(92.9)	(126.9)

Comments

(1) Operating revenue is lower due to lower customer water consumption across the metropolitan area, Goldfields & Agricultural and Mid West regions as a result of high rainfall during August and September.

(2) Direct operating expenses are higher as the result of continuing price pressure in the 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.

(3) Earnings before interest and tax is lower than budget due to higher direct operating expenses combined with lower operating revenue, primarily from volume charges.

(4) Net interest expense is higher due to the increased cost of managing the Corporation's debt portfolio as a consequence of the Reserve Bank of Australia continuing to increase interest rates.

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

(6) Reflects the repayment of a fixed portion of our debt portfolio. An unbudgeted payment of \$97.2m was made in July 2022.

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

(8) Net Accrual to Government is projected to be lower than budget due to reduced tax and dividend returns expected to flow through to government as a result of lower profitability.

Business Targets & Information



Performance Indicators

	Full Year 2022/23		Status
	Forecast	Target	
Outcome: Reducing total recurring expenditure to fund our key priorities and provide socially equitable outcomes for communities			
Reduction in real recurring total expenditure per service (%) ^(a)	1.4	>= 1.4	On Target
Outcome: Creating an inclusive workplace for a diverse workforce			
Employee Experience Survey – Inclusion and diversity (%) ^(b)		>=	Under Development
Outcome: Engaging and enabling our employees to perform at their best			
Employee Experience Survey – engagement (%) ^(b)		>=	Under Development
Outcome: Improving employee and public safety outcomes			
Total recordable injury frequency rate (TRIFR, per million hrs worked) ^(c)	3.9	< 3.0	Below Target
Outcome: Driving value for money and customer satisfaction across all regions and segments			
Individual measurement of value for money, across regions and segments (score out of 10)	6.5	>= 6.5	On Target
Outcome: Building trust among the communities we serve			
Individual measurement of community trust, across regions and segments (score out of 10)	6.9	>= 6.9	On Target
Outcome: Accelerating environmental sustainability of the water cycle as our climate changes			
Reported greenhouse gas emissions (CO2 equivalent kilotonnes) ^(d)	588	N/A	
Outcome: Driving waterwise outcomes and ramping up wastewater recycling			
Wastewater recycled (%)	21	>= 21	On Target

Comments

(a) We are currently in the process of identifying opportunities and developing methodologies that will simplify, streamline and reprioritise our work efforts across the business, with the aim of reducing our cost per service while reallocating funds to meet our key strategic priorities.

(b) These measures are under review/development. Once confirmed, results and projections will be made available. The employee Engagement score was last measured in May 2022 and stands at 71%.

(c) Total recordable Injury Frequency rate is measured over a rolling 12 month period. After a positive declining trend during last quarter (Q4) an increase in minor recordable injuries (8) during August has resulted in a TRIFR of 3.9. The Corporation is committed to meet the year-end target 3.0. TRIFR currently consists of 34 injuries, 11 Lost Time Injuries (LTIs), 16 Medical Treatment Injuries (MTIs) and 7 Restricted Work Injuries (RWIs).

(d) Lower greenhouse gas emissions are expected compared to 2021/22 due to a forecast reduction in the emission intensity of the electricity supplied from our main electricity network in Western Australia.

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	September 2022			Notes
	Forecast	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 99.9%)

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.

