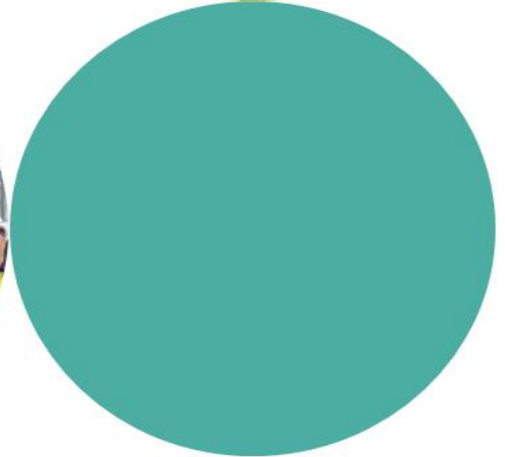
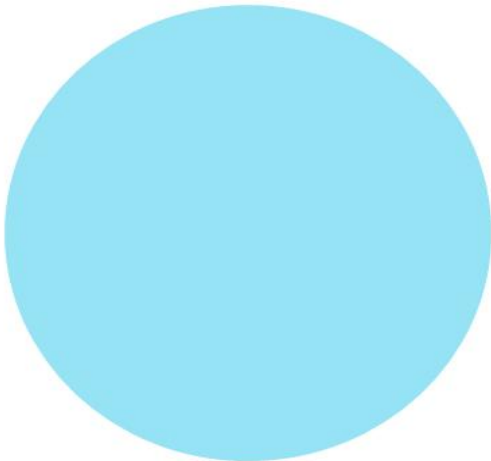


Quarterly Performance Report

September 2021



Financial Performance



Financial Results (\$'000s)	3 months to September 2021			*PCP	Full Year 2021/22
	Actual	Budget	Variance	Last Year	Draft SCI Budget ⁽⁵⁾
Operating revenue	645,526	640,390	5,136	640,775	2,813,816
Direct operating expenses ⁽¹⁾	244,536	236,396	(8,140)	225,150	987,470
Depreciation / amortisation	135,882	135,611	(272)	132,349	562,365
Earnings before interest & tax (EBIT) ⁽²⁾	265,108	268,384	(3,276)	283,276	1,263,981
less: Net interest expense	41,353	41,199	(154)	45,983	175,499
add: Developers' contribution ⁽³⁾	46,725	34,774	11,951	47,393	134,156
Operating surplus before tax	270,481	261,959	8,522	284,686	1,222,638
Income tax expense	81,136	78,642	(2,495)	82,499	367,043
Operating surplus after tax	189,344	183,317	6,027	202,187	855,595
Capital expenditure	142,694	168,400	25,706	165,390	712,369
Borrowings taken (repaid)	-	-	-	-	375,000
Net debt	5,655,858	5,704,200	48,342	5,656,404	4,994,362

Financial Performance Measures	Full Year Forecast 21/22	⁽⁵⁾ Full Year Target 21/22	Variance	Last Year Actual
Return on assets (%)	7.3	7.3	-	7.2
Debt to total assets (%)	32.2	32.2	-	32.4
Return on equity (%)	7.0	7.0	-	7.5
Net Accruals to Government (\$m)				
Represented by:				
Tax equivalents	365.8	379.0	(13.2)	384.3
Dividends provided	-	-	-	642.4
Operating Subsidies				
Non-Commercial Country Services	312.7	317.9	5.2	296.6
Revenue Concessions	178.7	171.5	(7.2)	170.3
Metropolitan Operations	2.2	1.8	(0.4)	1.7
Total Operating Subsidies	493.6	491.2	(2.4)	468.6
Net Accrual to Government ⁽⁴⁾	(127.8)	(112.1)	(15.7)	558.1

Comments

Year to date Operating surplus after tax (OSAT) is \$6.0m higher than budget for the 3 months to 30 September 2021.

(1) Direct operating expenses are higher as the result of significantly higher levels of corrective maintenance activities, primarily in the metropolitan area, for both water and wastewater infrastructure assets.

(2) EBIT is lower than budget due to the higher direct operating expenses, partially offset by increased revenue streams - Rates and fees, Operating Subsidies and Industrial Waste charges.

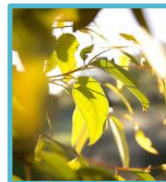
(3) Higher developers' contributions, due to continued strong lot development activity via subdivisions and asset hand-overs.

(4) Although the annual OSAT budget is higher by \$6.0m, Net Accrual to Government (NATG) is forecast to be \$15.7m lower than budget due to higher Operating Subsidy receipts, combined with a decrease in tax equivalents. This is a timing issue and will rectify itself during the course of 2021/22.

(5) This Quarterly Performance Report is structured according to the Final Draft Statement of Corporate Intent (SCI) 2021/22, which has been submitted to the Minister for approval.

* PCP - Prior Comparative Period

Business Targets & Information



Performance Indicators ^(a)

	Full Year 2021/22		Status
	Forecast	Draft 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 (\$)	2,012	<= 2,012	On 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)	5.5% 209	>= 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 (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)	721kT	N/A	
Outcome 7: Increase the percentage of materials recovered from solid waste over six years			
Material recovered - solid waste (%) ^(e)	73%	>= 73%	On Target

Comments

(a) This Quarterly Performance Report is structured according to the Final Draft Statement of Corporate Intent (SCI) 2021/22, which has been submitted to the Minister for approval.

(b) The Aboriginal and Torres Strait Islander employment is forecasted to be 0.5% below target due to tightening and increased movement in the talent market. The Corporation is experiencing increased difficulty attracting and retaining Aboriginal employees.

(c) TRIFR is measured over a rolling 12 month period. Last financial year the Corporation exceeded its target of 2.9 with a year-end outturn of 4.5. This significantly impacts the Corporation's ability to achieve this year's target (as part of the five year glide path) of 2.2 by the end of this financial year. Positive progress has been made early this year which has since seen this measure reduce to 4.2, and as the year progresses we will aim to recover the position to meet the 5 year glide path of below 1.0.

(d) Reported emissions are likely to be less than the previous year due to reduction in production at Southern Seawater Desalination Plant. (Long-term target of net zero greenhouse gas emissions by or before 2050. Current measure is consistent with National Greenhouse and Energy Reporting (NGERS) Scope 1 and Scope 2, does not include offsets).

(e) We expect to meet (or exceed) the target of 73% for the 21/22 financial year.

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 2021			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 99.8%)

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.

