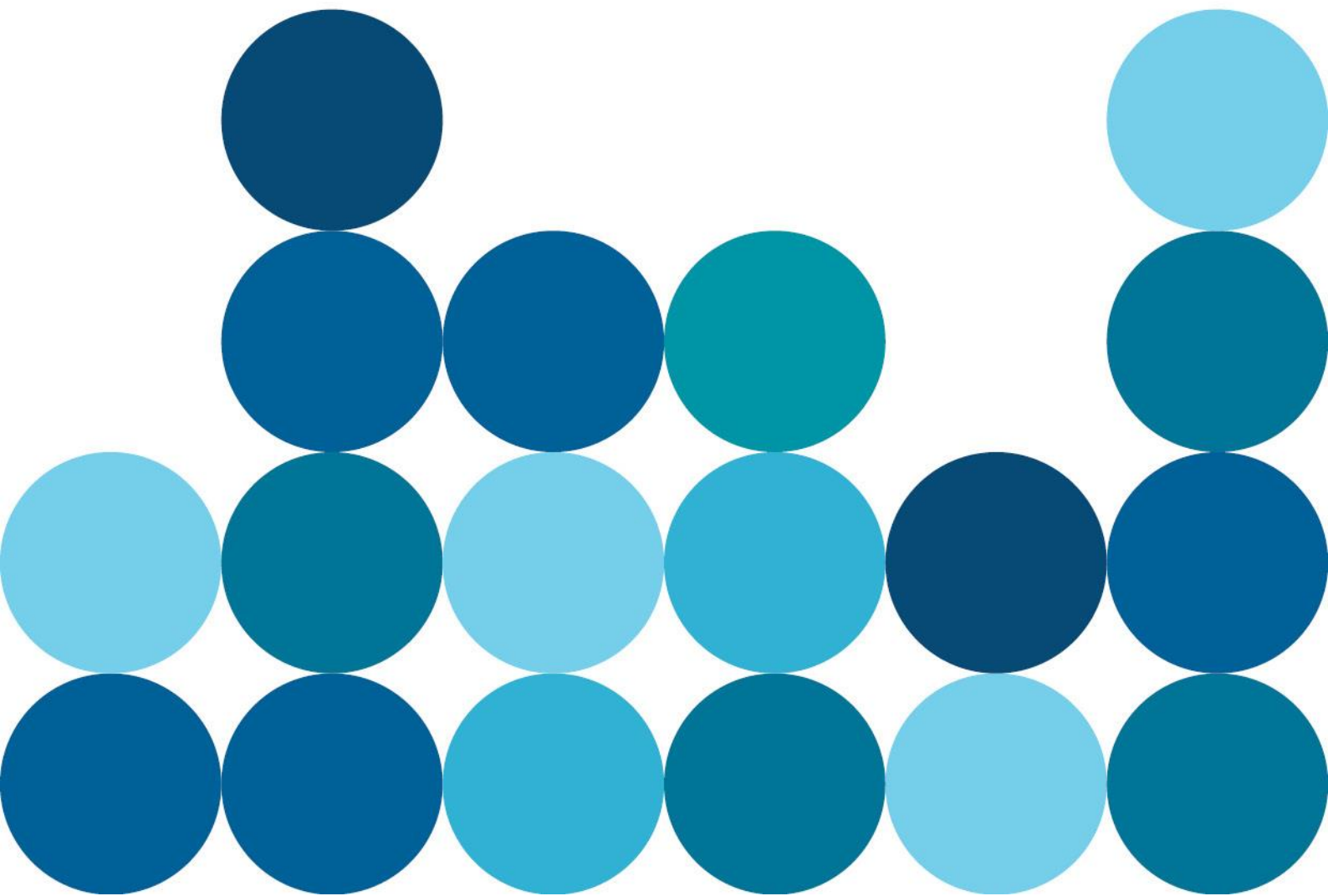


Statement of Corporate Intent

2020-21

As at 29 October 2020





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We acknowledge the Traditional Owners throughout Western Australia and their continuing connection to the land, water and community. We pay our respects to all members of the Aboriginal communities, their cultures and Elders past, present and emerging.



1. Chairperson's Introduction

The Board is pleased to present its Statement of Corporate Intent (SCI) for Water Corporation.

This SCI represents an agreement between the Board and Minister for Water on Water Corporation's expected level of performance for the 2020-21 financial year and meets the requirements of the *Water Corporations Act 1995*.

I feel incredibly honoured to take on the role as Water Corporation's new Chairman. I am impressed by the professional way the organisation is approaching the challenges outlined in this SCI, and especially its response to the COVID-19 pandemic.

Chief Executive Officer Pat Donovan and his renewed executive team are doing a tremendous job leading the organisation through these unprecedented times. At the start of the pandemic, Water Corporation employees adapted quickly, and found new ways to work to ensure vital water and wastewater services were sustained.

I would like to express thanks and gratitude from the Board to all in the Water Corporation for successfully managing the response to the COVID-19 pandemic. Due to a great deal of hard work, expertise, diligence, planning and preparation, we are well placed to continue to navigate through the response and State's economic recovery.

One of the significant contributions Water Corporation is making towards economic recovery is to protect WA jobs, and create new employment opportunities through our asset investment program and operating activities. The program will continue to deliver projects with investment certainty and allow the many local businesses who are awarded contracts to grow and prosper.

Another major challenge that is having a real impact on Water Corporation in 2020-21 and into the future is climate change. In response, our plan involves investment in climate resilient water infrastructure, more wastewater recycling and delivering programs to help the community save water. Together, these three key elements will position us well to withstand the impact of less rainfall on our water supplies.

Looking ahead, a priority is to continue to embed our new vision, which aims to guide our decision-making, and ensure services are delivered based on 'safe for all', the 'lowest total cost' and with the 'lowest environmental impact'. Maintaining this focus will enable us to deliver on our customers', the community's and owner's needs.

I look forward to getting to know the organisation better and catching up with the teams who make Water Corporation the well-run organisation it is today.

Finally, I thank my fellow directors for their passion and commitment. Together we look forward to guiding Pat and the executive team to deliver on our strategy and achieve the new vision.

Ross Love
Chairperson



2. CEO's Introduction

I believe that Water Corporation is uniquely positioned to support the social and economic development of our state by working in partnership with government, industry and the communities we serve. I am extremely proud of the work of our Water Corporation people who safely and reliably maintained services to our community throughout the COVID-19 pandemic.

In the last 18 months we have launched our new vision which challenges us to stretch beyond our current thinking to drive greater value for our customers and community and deliver our operations in a way that is 'safe for all', at the 'lowest total cost' and 'lowest environmental impact'.

Our highest priority is safety. In our services and in our operations, our commitment is to be 'safe for all' which includes our customers, community, contractors and of course our own people.

'Lowest total cost' is about finding the most effective, efficient and economical path to make our services affordable and accessible to all, while ensuring the long-term sustainability of our asset base.

When it comes to affordability, we need to remain customer-focussed, as we have demonstrated in our ongoing response to the COVID-19 pandemic when our contact centre staff showed extraordinary compassion in working with customers in financial distress. To support our customers, we worked in partnership with the State Government to offer a price freeze on residential water fees and charges, interest free payment arrangements and wastewater charges relief for our business customers.

We also have a unique opportunity to support the state's economic and social recovery by fast-tracking infrastructure projects in the coming financial year to create more local jobs and cashflow for WA businesses.

Our commitment to 'lowest environmental impact' reflects our important contribution to the state's efforts to mitigate and adapt to the impacts of climate change, so we must stretch ourselves to reduce the impact of our operations, including factors associated with climate change.

To balance these three elements and to continue to adapt and adjust as an organisation, we must challenge long-held assumptions and embrace disruption and innovation in all areas of our business. This includes technology, as demonstrated through COVID-19 when the whole Water Corporation team really pulled together with essential support for core business delivered remotely, thanks to new technology fast-tracked by our IT team.

To successfully deliver on our vision we will also optimise our core business by retaining what works well, refine our culture and realign our processes to drive performance in the areas most valued by our customers and community.

While we make these improvements, we remain focussed on professional, ethical conduct and decision making, and on our high standard of delivery to our customers 24/7.

Pat Donovan
Chief Executive Officer



3. Drivers of Change

Key trends and assumptions associated with our operating environment over the next year.

- **COVID-19 response and recovery:** The pandemic has affected our operating environment, as well as that of our suppliers, customers, regulators and other stakeholders. In this context, response and recovery from the pandemic, as well as building future resilience, will be one of the focus areas over the next year.
- **Customer expectations:** Customers want us to continue to maintain safe, secure, fit-for-purpose water services, whilst keeping the cost of services as low as possible in the long-term.
- **Community expectations:** The community expect us to engage with them, and use these insights in our decision making to ensure we operate in a socially and environmentally responsible manner, doing our part to support waterwise behaviours, creating a strong and prosperous regional economy and local jobs, as well as collaborating with the State Government around its priority to support better social, economic, health and cultural outcomes for Aboriginal people.
- **Climate change & environment:** We anticipate that climate change will continue to impact the availability of our water sources, our customers' demand for water, our need to address greenhouse gas emissions, the options available for energy consumption, and infrastructure adaptation. Social norms are changing around the acceptability of waste and land clearing, and we will work with government as science identifies new environmental contaminants.
- **Population, demographics & urban design:** The Corporation will actively plan and engage with the State Government, industry and the community to support population growth across the state. We expect there to be shifting demographics in regional towns to urban centres and for greater infill. This increases the importance of the State Government's Waterwise Perth Action Plan, to support more modern urban designs, practices and behaviours.
- **Digital future:** Digital technology is a fundamental enabler, underpinning our ability to deliver on our objectives. Advancements in digital technology are creating new opportunities for driving operational performance, customer satisfaction and safety. We will continue our strong focus on our technical protection against the growing number and complexity of cyber security threats. The growing use of, and need for, intuitive and smart digital solutions results in the availability of the right data at the right time to inform our decisions, and also improved ways to process large volumes of data and enabling tighter integration across operating systems. Technological change also presents new opportunities for supplying water services even more efficiently and effectively.
- **Alignment with Government policies:** As a Government Trading Enterprise (GTE), we will be aligning with relevant State Government policies and reforms, to the extent possible. This will include digital information and cyber security. We will also do our part to support the state's economy.

4. Our purpose & vision

Our purpose is the sustainable management of water services to make Western Australia a great place to live and invest. Our business was established on 1 January 1996 as a statutory corporation controlled by the *Water Corporations Act 1995*. This governs us as a GTE and requires us to act commercially by recovering costs for delivering services to our customers. We primarily supply water and wastewater services, with some arterial drainage and irrigation services, and will explore greater resource recovery opportunities in the next five years. Owned by the State Government, we are responsible to our sole shareholder, the Minister for Water. Where we are required to deliver services that are not commercially viable, the Government provides an operating subsidy, such as the provision of concessions for seniors and coverage of losses in country towns. Our vision is to drive greater value for Western Australia through our customers and the community. We will do this by delivering our operations in a way that is 'safe for all', at the 'lowest total cost' and 'lowest environmental impact'.



Figure 1: Our Vision



5. Business Objectives

Our strategic priorities (Table 1) represent the overarching performance outcomes that are a strategic focus above and beyond basic performance. These aspirations are supported by our core KPIs and associated one-year targets (Table 3).







Pillar	Intent	Strategic Priorities (5 years)
 SAFE FOR ALL	All Western Australians have the right to safe drinking water and we will not harm our people or public	Uplift our Health and Safety maturity level.
 LOWEST ENVIRONMENTAL IMPACT	The environment underpins our lifestyle and prosperity, so we should operate with the lowest environmental impact	Address climate change by reducing net GHG in line with State policy.
		Minimise waste and, where this is not possible, increase beneficial recovery (including wastewater, biosolids, phosphorus, magnesium, hydrogen, CO ₂ and solid waste).
		Continue other initiatives, including engagement with and education of community on climate change; offsetting native vegetation clearing; and monitoring of emerging substances in water and wastewater.
 LOWEST TOTAL COST	Our customers and the State expect us to deliver greater value at the lowest total cost	Improve cost efficiency by controlling total cost per property.
 SATISFIED CUSTOMERS	Our customers expect convenient & reliable services to support their lifestyles and businesses	Customers and the community are satisfied with our service interactions.
 VALUE FOR WA COMMUNITIES	We are uniquely positioned to leverage our assets, operations and talent to improve WA's liveability and to be an economic enabler for the State	Involve Aboriginal leaders in decision making to support better outcomes for their communities.
		Make Perth a Waterwise city in line with the State's Action Plan.
 SUPPORTIVE WORKPLACE	Our people are at the core of our business, and everyone should feel valued, empowered, engaged and respected	Do more to engage and enable our employees for success.
		Ensure our workplace is reflective of the diverse nature of the community we serve.
FUTURE INNOVATION	Monitor external disruption and trial new ideas that could create greater value for customers	Seek and convert innovative ideas into successful improvements for the business.

Table 1: Our strategic priorities



6. Governance and Structure

We deliver our services within the conditions required by relevant regulatory bodies governing water services, water resource management, environment, health, and land planning, among others. Our Water Services Licence outlines our service standards. The Economic Regulation Authority conducts periodic reviews and audits of our licence, Asset Management System, and the efficiency of our operating and capital costs.

Risk

We have an integrated Risk Management Framework consistent with International Standard AS/NZ ISO 31000. This framework manages a considerable schedule of internal and external risks, which may be strategic or operational in nature. Using this approach, we will continue to ensure our decision-making and investment is risk based as it moves us towards achieving our corporate objectives.

People and Safety

Through the People and Safety Committee, the Board leads and provides oversight for organisational health and safety matters. Overall, we set a high standard when it comes to safety and wellbeing. We have certified management systems in place, accredited to AS/NZ 4801:2001 Occupational Health and Safety, and ISO 14001 Environmental Management Standard.

Our Board and Executive

Our Board is the governing body of the Corporation, with the authority to perform the functions, determine the policies and control the affairs of the Corporation. Directors are appointed by the Governor, on the nomination of the Minister, for a term of up to three years. As a Director, they do not have the protection of the Crown in respect of their duties and liabilities under the *Water Corporations Act 1995*.

Board of Directors:

- Mr Ross Love - Chairperson
- Mr David Lock
- Ms Nicole Lockwood
- Mrs Gningala Yarran-Mark
- Dr Jemma Green
- Mr Ross Holt
- Mr Pat Donovan

Executive Team:

- Mr Pat Donovan – Chief Executive Officer
- Ms Fiona Smith – People and Safety
- Mr Matthew Cronin – Strategic Performance
- Mr Dean Page – Chief Financial Officer
- Mr Barry Ford – Operations
- Mr Evan Hambleton – Assets Planning and Delivery
- Ms Elise Vervetjes – Information and Technology
- Ms Karen Willis – Customer and Community

With the renewed executive team now fully on-board, we will continue to improve and realign key processes around the business, as we continue to evolve our operating model to optimise our core business. We will be looking to retain what works well, refine our culture to drive performance in the areas most valued by our customers and community.



7. Our Services

Safe for all

Safety is paramount, and we will be putting greater focus on maturing our culture, uplifting performance including that of contractors, supporting staff wellbeing and mental health, and reviewing public safety. This will culminate in our Safety Strategy to guide the long-term maturity of our safety system.

Safe water remains a high priority. Our actions and investment will seek to maintain 100% compliance with health-related requirements, address aesthetic water quality issues in regional areas including in the Murchison, and progressively remove open storages in the Goldfields and Agricultural Region Water Supply Scheme and the Great Southern Towns Water Supply Scheme. We will also continue to work with the Department of Communities on selected remote Aboriginal communities to improve water service delivery, as part of helping the State to ensure water is safe for everyone.

Lowest total cost

We are committed to delivering services as efficiently as possible. This includes focusing on optimising capital and operating expenditure to minimise total costs. Our customers are price conscious and believe the price of water should reflect the volumes used to send stronger price signals to excessive water users. We are continuing to look for ways to get the most value from our assets, which includes water demand management. We will also continue to deliver programs to assist our most financially vulnerable customers, placing more emphasis on early intervention, support programs, home visits and flexible payment options.

Lowest environmental impact

Concern for the environment was one of the top three issues identified by our customers, including health of our waterways, recycling, waste management and the production of greenhouse gases. This sentiment is reflected in our vision to improve environmental and cost outcomes together.

In the next five years we will:

- continue to communicate and engage with the community on climate change, in line with our Board-endorsed Climate Change Communications and Engagement Policy,
- continue to explore opportunities for water recycling,
- continue to offset clearing of native vegetation,
- continue to sustainably recycle Perth's wastewater treatment plant (WWTP) bio-solids,
- pursue initiatives which reduce our greenhouse gas emissions,
- explore new resource recovery initiatives, such as phosphorus from wastewater concentrate and magnesium from seawater desalination brine, hydrogen and CO₂ recovery,
- explore new ways to manage waste better, which includes support of the Container Deposit Scheme and the Waste Avoidance and Resource Recovery Strategy 2030, and
- continue to monitor water and wastewater for per- and polyfluoroalkyl substances (PFAS) and other emerging substances within the parameters agreed with the Government and investigate mitigation strategies.

Satisfied customers

- **Service levels** – We will continue work to maintain the reliable and continuous provision of water to customers' taps, minimise disruptions during outages, control sewer overflows in homes, and manage the odour, noise and aesthetic water quality. To support our customers' desire for long-term water security given climate change, we will continue to invest in climate-independent sources, seek to maximise recycling and the use of fit-for-purpose water and support ongoing demand management. We will also continue to support the Department of Primary Industries and Regional Development, Department of Water and Environmental Regulation (DWER) and other stakeholders to manage water supply arrangements in areas declared as water deficient.



- **Customer usage** – Perth customers account for about 80% of all of our customers and are serviced by the Integrated Water Supply Scheme (IWSS, Appendix 1). Over the next 10 years, Perth’s (including Mandurah-Murray) total demand for our water is expected to increase by 7%, from 263GL in 2018-19 to approximately 281GL by 2029, consistent with projected population and economic growth.

Working with our customers to use less water per capita in the Perth-Peel area will continue to be one of the key mechanisms to optimise the next new source development in the IWSS. The Corporation’s signature Waterwise programs and demand management campaigns will continue to help us communicate with and educate the wider WA community on water efficiency in homes and businesses. We will also continue to do our part to manage water leakages in our networks.

- **Customer growth:** Under the *Water Services Act 2012*, no water service provider has exclusive rights to supply particular markets. Competition for water customers is based on winning the market during land development, not competing in the market once assets have been sunk. Since the growth of our business is dependent on new customer connections, we will continue to plan competitive water service offerings for new developments and will be more active in exploring and aligning innovative alternative water solutions to customer needs.

The Corporation will continue to explore markets adjacent to the functions outlined in the *Water Corporations Act 1995*, including services associated with fit-for-purpose water, stormwater, irrigation, resource recovery and excess renewable energy not required for our industrial processing.

Value for WA communities

We will continue to explore collaboration opportunities across Government, private sector and other relevant stakeholders to contribute to the Government’s priorities including a strong economy, regional prosperity, a liveable environment, a bright future and Aboriginal wellbeing.

For example, we will continue to be an active supporter and enabler for the Waterwise Perth Action Plan. This includes relevant actions to enhance community education and engagement with initiatives in response to climate change. This includes creating more urban green spaces in urban environments; and implementing an urban forest tree canopy program to reduce the urban heat island effect in high-risk areas.

We will continue to leverage partnerships to increase community access to green spaces around drains and basins, which can deliver multiple benefits to the community, such as better health outcomes, aesthetics, habitat, greening and urban cooling. This is a cost-effective way for the Corporation to contribute to the liveability of our towns and cities in a changing climate.

We will continue to evolve our procurement practices and promote increased opportunities for local industry to support the diversification and growth of the Western Australian economy.

Supportive workplace

Our Diversity and Inclusion Strategy 2020 – 2025 articulates our commitment to diversity and inclusion and the actions we are taking to achieve them. Initiatives include career entry programs (apprenticeships and traineeships), Aboriginal employment and development, disability employment and engagement, female representation in our apprentice, trades, and leadership cohorts, and the celebration of all aspects of diversity within the Corporation.

Our programs aim to educate and support employees to manage their life and their work with programs to support financial literacy, fitness, domestic violence, mental health and flexible work arrangements. We will ensure the Corporation offers a supportive workplace.

We have a proactive Reconciliation Action Plan Working Group within the business who are leading actions from the Reconciliation Action Plan to address the inequality in economic opportunities, life expectancy and education between Aboriginal and non-Aboriginal Australians.



Innovation

We have an ongoing research and development program that funds approximately 70 projects each year, many of which leverage third party funding or research providers. The Water Research and Innovation Precinct at the Subiaco WWTP will continue to be a collaborative workspace to deliver these new and innovative wastewater treatment and resource recovery technologies in collaboration with research institutions and local industry. We also continue to build on our long history of innovation with over half of the organisation engaged in our online ideas platform.

COVID-19 response, recovery and adjustment

During the response to COVID-19, we will continue to provide safe drinking water and the management of wastewater for the State, community and our customers. This will be achieved by maintaining the safety and wellbeing of our people, ensuring the delivery of our obligations under the *Emergency Management Act 2005*, and working collaboratively with State Government and industry on the response. We will also work with Government to provide any tracking or information required to assist with pandemic response.

As we progressively adapt to our new ways of working in the context of COVID-19, the safety and wellbeing of our people will continue to be our top priority. This has included a review of flexible working arrangements available to employees. We are now able to maximise the personal and professional benefits learned from remote working and will continue to focus on productivity and performance outcomes.

In this context, we will also continue to evolve our incident response and management approaches, including scenario planning and the way we engage and collaborate with our stakeholders during a State of Emergency. We have learned a lot about this in the last six months and will be working on embedding our learnings to ensure the long-term resilience of the business.

We will also continue to evolve our technology, which was instrumental during COVID-19 when the whole Water Corporation team really pulled together with essential support for core business delivered remotely, thanks to new technology fast-tracked by our IT team.

When it comes to affordability, we need to remain customer-focussed, as was demonstrated recently during our response to the COVID-19 pandemic. Our customer support team moved quickly and redoubled their efforts to support customers, many of whom were experiencing financial hardship for the first time in their working lives. We will continue to listen to our customers and look for more ways to support them as the State continues its economic recovery.

One of the significant contributions we can make to assist with the state's economic recovery is to protect WA jobs and create new job opportunities through our capital investment program and operating activities. The program will continue to deliver projects with investment certainty and allow the many local businesses who are awarded contracts to grow and prosper.

To assist with the economic recovery of the state, we will work collaboratively with our Minister, State Government and industry to ensure our capital projects are engaging with local businesses and contractors to keep Western Australians in jobs during the response and after.



8. Asset Management

Strategic Asset Planning

Our Asset Management System sets out our approach and processes for directing, integrating, coordinating and controlling asset management activities to realise value from the asset portfolio to achieve corporate objectives.

To focus investment and monitor performance the corporate objectives, combined with risk, demand and other information, is utilised to plan and prioritise the five-year Asset Investment Program.

Asset base

We have an extensive network of water, wastewater, irrigation and drainage assets. Our assets encompass the whole water cycle, have a large geographical footprint, and are highly diverse across schemes.

Our asset base includes 52,000km of pipes and 1,600 pump stations which provide services to 2 million customers across the state, and over 100 wastewater treatment facilities that treat wastewater before returning it to the environment or recycling it for a range of uses.

We are continuing to optimise our existing asset base through targeted maintenance and investment programs that consider cost, risk and performance. Although a large proportion of our infrastructure asset base is less than 60% through its economic asset life, infrastructure maintenance and renewals is essential to ensuring our services are safe for all, and drive value for customers and the community.

Future Infrastructure Assets

In the Perth area, long-term demand and supply forecasts continue to predict the need for a major new source for the IWSS in the next five to 10 years. We have undertaken advanced planning for a number of water sources, and the timing and capacity of any new source will be dependent on the availability of groundwater, streamflow, and any significant change from recent mild weather conditions to hotter, drier conditions, adversely driving an increase in customers' water consumption.

Maximising production of all sources is a key component of the IWSS operating strategy to defer the need for additional capacity provided by a new source. The recommended production level will be reviewed and adjusted annually based on streamflow and storage levels.

Lower forecast population growth across regional areas in recent years, together with reviews of sizing and non-capital solutions, has resulted in the cancellation, staging and deferral of some planned asset investments while maintaining the capacity to service forecast growth.

Asset Investment Program

Based on current assumptions and drivers of change, our one-year proposed Asset Investment Program of \$709 million has been allocated as follows¹:

- metropolitan water, wastewater and drainage services \$436 million (62%);
- regional water, wastewater, irrigation and drainage services \$258 million (36%); and
- capitalised interest \$14 million (2%).

¹ Dollar figures are rounded to the nearest \$1 million. Percentages are not rounded

Our major infrastructure projects next year include:

- Vasse Diversion Drain upgrade in Busselton;
- duplication of Sepia Depression Ocean Outlet Landline (SDOOL) section in Rockingham;
- nitrate and aesthetic water quality improvements in the Murchison region;
- construction of new water storage tanks in Merredin, Dedari and Karratha;
- connecting Denmark to the Lower Great Southern Water Supply Scheme;
- IWSS Neerabup groundwater scheme expansion; and
- water reticulation pipe renewals in Perth.



9. Finances and KPIs

a. Reporting to the Minister

Reports which monitor performance against the targets outlined under the SCI are provided to the Minister quarterly. In addition, the Board and Chief Executive Officer advise the Minister of any significant variations in our performance. Reporting of operational performance to various authorities and departments of Government occurs in addition to this. The Corporation's Annual Report is provided to the Minister within the timeframe specified by the *Water Corporations Act 1995*.

Copies of our major public documents, including the Annual Report, Quarterly Performance Reports and SCI, can be accessed through our website at: watercorporation.com.au.

b. Borrowings

Our Asset Investment Program is funded from operational cash flows, borrowings and a financial arrangement under a Public Private Partnership for the Mundaring Water Treatment Plant.

c. Accounting policies

Details of our significant accounting policies can be found in the notes accompanying the Financial Report in our Annual Report.

With effect from 1 July 2019 the Corporation will account for leasing arrangements in accordance with the new Australian Accounting standard AASB16 Leases.

d. Dividend policy

85% of after-tax surplus (excluding developers' hand-over assets, State Government grants and grants received from Government for Capital Expenditure purposes) is distributed to the State Government as a dividend and is dependent on continued access to borrowings.

e. Approvals

State Government approval will be obtained prior to any change in commitments and / or actions outside of approved parameters. This approval also extends to new projects not included within the State Government's approved financial parameters.

f. Efficiency dividends and measures

As part of the 2017-18 State Budget process, the State Government approved a range of efficiency measures applicable to GTEs. The Corporation was requested to implement a State Net Debt reduction of \$128.6 million over 2017-18 to 2020-21 to be met through revenue, operating or capital measures. We have met this commitment through reductions in both operating and capital expenditure. The remaining target net debt reductions are delivered through the Asset Investment Program in 2018-19 to 2020-21.

g. Machinery of Government budget repair strategies

In April 2017, the Corporation engaged with the State Government to adopt its Machinery of Government budget repair strategies comprising:

- freezing Chief Executive Officer salaries for four years; and
- capping non-executive annual salary increases to \$1,000 per employee.

The financial implications of these efficiency and budget repair measures (where applicable) are included in the 2020-21 Budget Submission.



h. Assumptions

These assumptions have been used to determine Our Measures.

	2019-20 Projected	2020-21 Projected
Growth in services (%)	1.0%	1.2%
New Operating Efficiency Target ¹ (%)	2.1%	1.5%
CPI annual change (%)	1.75%	2.00%
Dividend payout rate (%)	85%	85%

¹ New operating efficiency target approved by the Expenditure Review Committee in November 2019 as part of the 2019-20 Mid-Year Review process. The new efficiency target is applied from 2020-21 onwards. The 2019-20 efficiency target is consistent with the 2019-20 Strategic Development Plan.

i. Supply assumption

This SCI has been prepared based on the assumption of adequate surface water storage at the end of the 2019 winter. Should storage be below this, it may have a material impact on our ability to supply water as projected and deliver the financial outcomes presented.

j. Operating subsidy

Operating subsidies are State Government payments for services that are not otherwise commercially viable. We calculate the operating subsidy based on the efficient costs of providing both metropolitan and country services. Operating subsidies are funded from the Consolidated Account and the Royalties for Regions program.

Operating subsidies provided to the Water Corporation fall under three categories:

- Country Water Pricing Subsidy – the net loss in country schemes from providing services below cost;
- Revenue concessions – concessions to pensioners, seniors and concessional land customers (e.g. charities), provided at the request of the State Government; and
- Metropolitan Operations – subsidy for Woodman Point Receiving facility.



k. Financial forecast for 2020-21

	2020-21 Projected (\$m)
Operating revenue	2,716
Direct operating expenses	980
Depreciation / amortisation	536
Earnings before interest, tax & developer contributions (EBIT)	1,200
Net interest expense	204
Developers' contribution	129
Operating surplus before income tax	1,125
Income tax expense	337
Operating surplus after income tax	788
Capital expenditure (including Capitalised Interest) ¹	709
Borrowings taken (repaid) ²	114
Accruals to Government	
Indirect tax equivalents	8
Income tax equivalents	341
Dividends provided	1,258
Total	1,607
Payments from Government	
Operating subsidies	
Country Water Pricing Subsidy	298
Revenue concessions	167
Metropolitan operations	2
Total operating subsidies	467
Net Accrual to Government	1,141

Table 2: Financial forecast 2020-21.

¹ The reporting of the AIP may differ between the Budget Papers and Statement of Corporate Intent due to a difference in accounting approach. The Statement of Corporate Intent presents an accrual view of the investment program, while the Budget Papers present a cash view.

² Includes impact of 2019-20 Annual Report of State Finances alignment.

I. Core KPIs and one-year targets

Safe

	19-20 Actual	20-21 Y1 Target
Number of public drinking water quality advisories	0	0
Number of people with fatality or total permanent disability	0	0
Total Recordable Injury Frequency Rate	3.4	2.9
Number of public with fatality or total permanent disability	0	0
Wellbeing measure ³	n/a	5

Reliable

Number of schemes at risk of temporary water restrictions	2	2
Number of properties affected by unplanned interruptions (Water)	363,979	325,000
Number of properties affected by unplanned interruptions (Wastewater)	1,289	1,100

Reputation

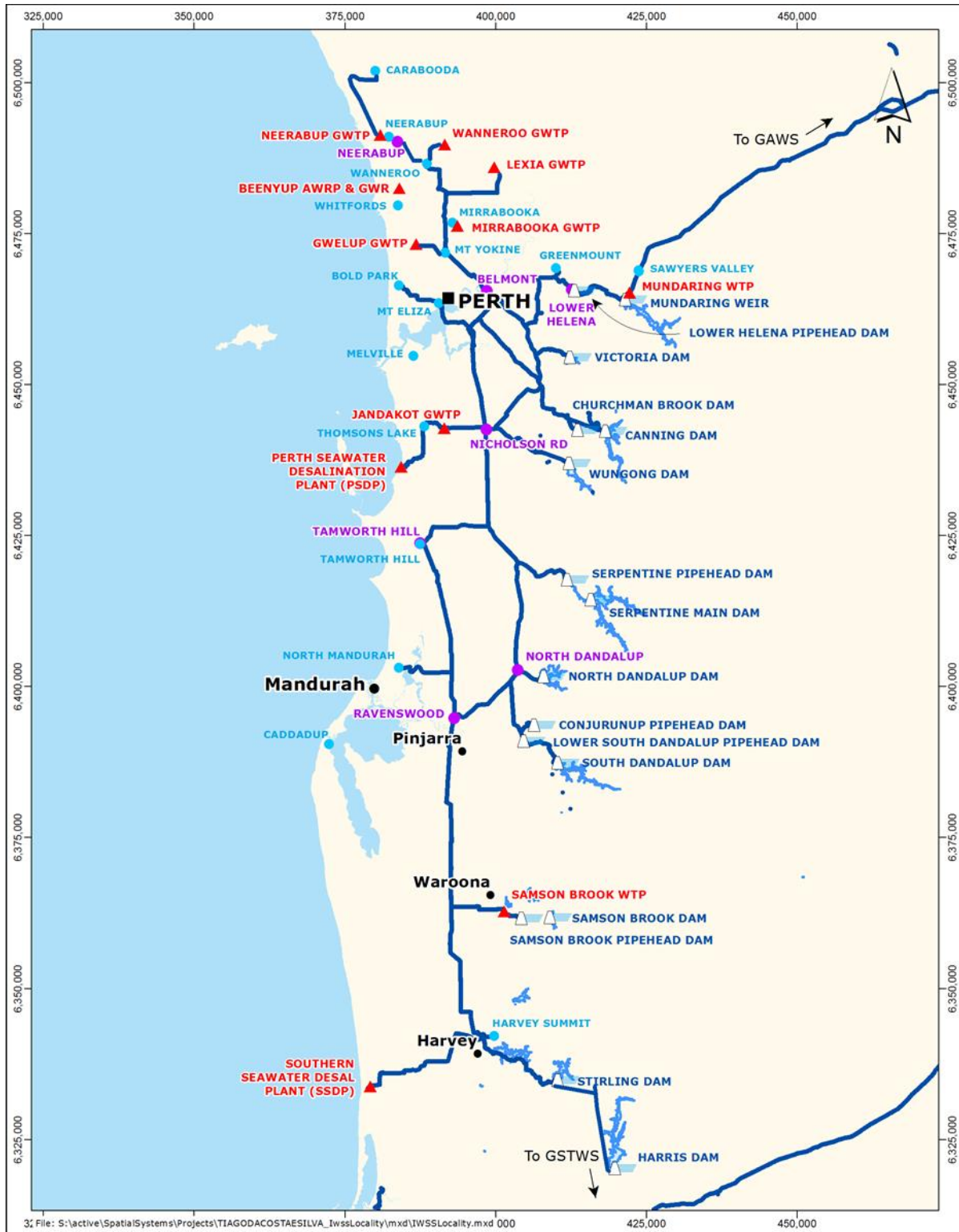
Customer perception of water quality (score out of 10)	6.80	7.00
Customer perception of communications (score out of 10)	6.72	7.10
Community trust in Water Corporation (score out of 10)	7.09	7.03
Brand perception (score out of 10)	7.36	7.33

Table 3. Core KPIs

³ A new measure comprising five targets. The combined 2020-21 target relates to the number of these targets being achieved.



Appendix 1 – Integrated Water Supply Scheme (IWSS)



- LEGEND**
- Dam
 - Water Treatment Plant
 - Water Reservoir
 - Water Pump Station
 - Trunk Main



1:850,000 at A4
 0 10 20
 Kilometres
 Coordinate System: GDA 1994 MGA Zone 50
 Vertical Datum: AHD
 AUTHOR: CHONGV1 DATE: 13/11/2017
 BRANCH: APG - MAPPING & GEOSPATIAL



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IWSS
 Locality

