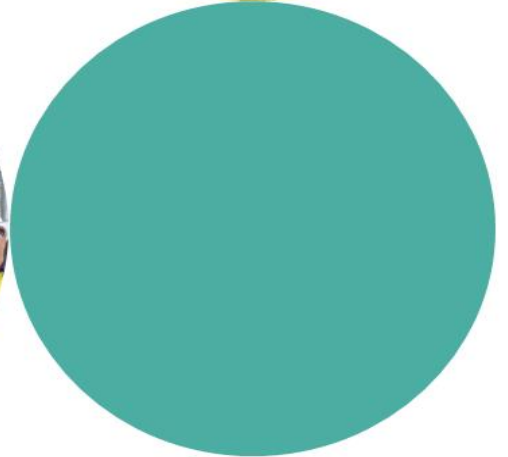
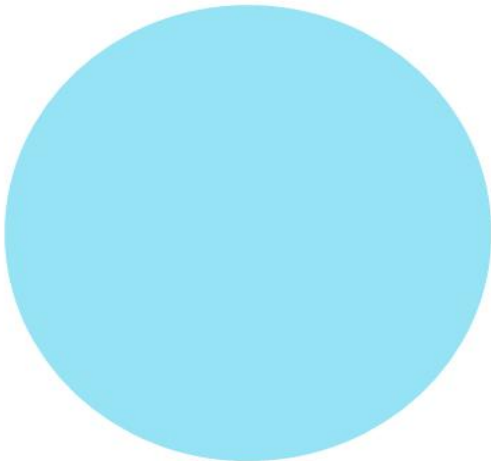


Quarterly Performance Report

December 2021



Owned by the People of WA



Financial Performance



Financial Results (\$'000s)	6 months to December 2021			Prior Comparative Period	Full Year 2021/22
	Actual	Budget	Variance	Last Year	Statement of Corporate Intent Budget ⁽⁷⁾
Operating revenue	1,368,864	1,368,217	647	1,347,754	2,813,816
Direct operating expenses ⁽¹⁾	494,988	479,268	(15,720)	454,725	987,470
Depreciation / amortisation	273,724	272,209	(1,516)	268,742	562,365
Earnings before interest & tax ⁽²⁾	600,152	616,740	(16,588)	624,287	1,263,981
less: Net interest expense	83,861	83,961	100	91,800	175,499
add: Developers' contribution ⁽³⁾	94,754	67,744	27,010	110,298	134,156
Operating surplus before tax	611,045	600,523	10,522	642,785	1,222,638
Income tax expense	183,242	180,281	(2,962)	189,117	367,043
Operating surplus after tax	427,803	420,243	7,560	453,668	855,595
Capital expenditure ⁽⁴⁾	292,874	344,996	52,122	345,972	712,369
Borrowings taken (repaid)	(194,350)	(194,350)	-	-	375,000
Net debt ⁽⁵⁾	5,454,235	5,373,756	(80,479)	5,922,416	4,994,362

Financial Performance Measures

	Full Year Forecast 21/22	⁽⁷⁾ Full Year Target 21/22	Variance	Last Year Actual
Return on assets (%)	7.3	7.3	-	7.2
Debt to total assets (%)	29.6	32.2	2.6	32.4
Return on equity (%)	7.0	7.0	-	7.5
Net Accruals to Government (\$m)				
Represented by:				
Tax equivalents	374.5	379.0	(4.5)	384.3
Dividends provided	-	-	-	642.4
Operating Subsidiaries				
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 Subsidiaries	499.9	491.2	(8.7)	468.6
Net Accrual to Government ⁽⁶⁾	(125.3)	(112.1)	(13.2)	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 income tax is lower than budget due to the higher direct operating expenses, partially offset by increased revenue streams - Rates and fees, Operating Subsidiaries and Industrial Waste charges.

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

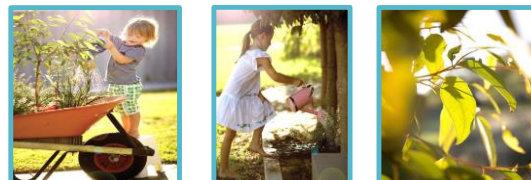
(4) We are experiencing delays in capital projects due to a number of factors including delays in receipt of external approvals, supply chain constraints and competition for resources.

(5) Net Debt is higher due to a delay in the payment receipts from the Country Water Pricing Subsidy from Royalties for Regions - this is a timing difference and is expected to be rectified by year end.

(6) Although the year to date operating surplus after tax result is \$7.6m higher than budget, full year Net Accrual to Government is forecast to be \$13.2m lower than budget due to higher Operating Subsidy receipts, combined with a decrease in tax equivalents.

(7) Respective figures are the endorsed Full Year 2021/22 Statement of Corporate Intent Budget financials.

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)	2,053	<= 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)	5.6% 213	>= 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) The Aboriginal and Torres Strait Islander employment is forecast to be below target due to a tightening and increased movement of talent in the labour market.

(c) Total Recordable Injury Frequency Rate 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 ability to achieve this year's target (as part of the five year glidepath) 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 4.3%.

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

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	December 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.

