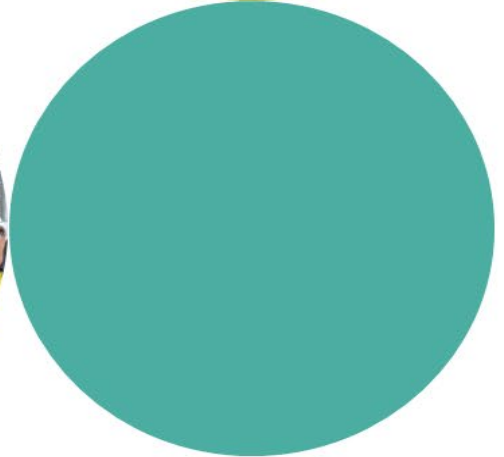
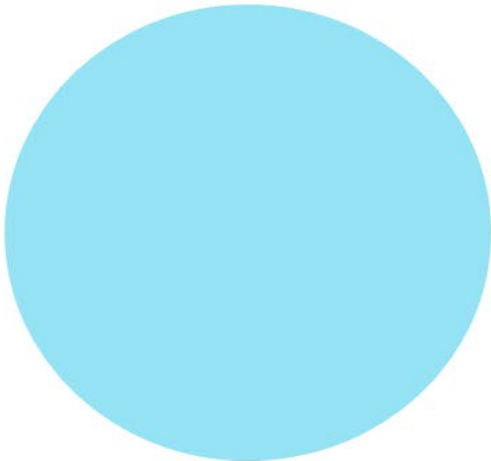


Quarterly Performance Report

December 2022



Owned by the People of WA



Financial Performance



Financial Results (\$'000s)	6 months to December 2022			Prior Comparative Period	Full Year 2022/23
	Actual	Budget	Variance	Last Year	Statement of Corporate Intent Budget
Operating revenue ⁽¹⁾	1,465,195	1,430,156	35,038	1,368,864	2,955,755
Direct operating expenses ⁽²⁾	557,258	523,149	(34,109)	494,988	1,088,990
Depreciation / amortisation	273,131	271,742	(1,390)	273,724	545,080
Earnings before interest & tax	634,806	635,266	(460)	600,152	1,321,686
less: Net interest expense ⁽³⁾	90,866	86,127	(4,739)	83,861	169,599
add: Developers' contributions ⁽⁴⁾	112,068	90,450	21,618	94,754	181,659
Net profit before tax	656,008	639,589	16,419	611,045	1,333,746
Income tax expense	196,798	191,979	(4,819)	183,242	399,584
Net profit after tax	459,210	447,610	11,600	427,803	934,161
Capital expenditure ⁽⁵⁾	317,298	294,386	(22,912)	292,874	663,123
Borrowings taken (repaid) ⁽⁶⁾	(194,350)	-	194,350	(194,350)	6,564
Net debt ⁽⁷⁾	4,596,584	4,697,462	100,878	5,454,235	4,897,258

Financial Performance Measures

	Full Year Forecast 22/23	Full Year Target 22/23	Variance	Last Year Actual
Return on assets (%) ⁽⁸⁾	6.1	7.4	(1.3)	7.0
Debt to total assets (%)	28.4	29.4	1.0	29.8
Return on equity (%) ⁽⁹⁾	6.7	7.4	(0.7)	7.2
Net Accruals to Government (\$m)				
Represented by:				
Tax equivalents	396.6	414.0	(17.4)	392.3
Dividends provided ⁽¹⁰⁾	-	728.0	(728.0)	-
Operating Subsidies ⁽¹¹⁾				
Country Water Pricing Subsidy	366.4	338.6	(27.8)	330.6
Revenue Concessions	182.3	185.3	3.0	186.1
Metropolitan Operations	1.9	2.1	0.3	2.5
Total Operating Subsidies	550.5	526.0	(24.6)	519.2
Net Accrual to Government ⁽¹²⁾	(153.9)	616.0	(769.9)	(126.9)

Comments

(1) Operating revenue is higher due to the increase in operating subsidy revenue. This is the result of the higher level of claims in relation to the 2021/22 Country Water Pricing Subsidy than was previously estimated.

(2) Direct operating expenses are higher as a 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.

(3) Net interest expense is higher due to the increased cost of managing the Corporation's debt portfolio as a consequence of increased interest rates.

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

(5) Capital expenditure is higher predominantly due to increases in the regional and metropolitan water programs.

(6) Reflects the repayment of a fixed portion of our debt portfolio. Two unbudgeted payments of \$97.2m were made in July and October 2022.

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

(8) Return on assets is projected to be lower as a result of the higher than budgeted capital cost index (CCI) actuals from 2021/22. The higher CCI has significantly increased the value of the Corporation's asset base, which has thus lowered the return on assets ratio.

(9) Return of equity is projected to be lower as a result of the decision made to allow the Corporation to retain dividends that were forecast to be paid during 2022/23 (see below). This has increased the equity base compared to the budgeted position which did not take into account the dividend being retained.

(10) Reflects the State Government's decision in Mid Year Review to allow the Water Corporation to retain dividends that were forecast to be paid during 2022/23.

(11) Operating subsidies has increased due to the higher level of claims in relation to the 2021/22 Country Water Pricing Subsidy.

(12) Net Accrual to Government is projected to be significantly lower than budget due to the retention of dividends that were forecast to be paid in 2022/23.

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)	3.0	< 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.

(c) Total recordable Injury Frequency rate is measured over a rolling 12 month period. There has been a positive decline in the rate of injuries over the last period, from 3.9 during Quarter 1 to its current rate of 3.5 at the end of December 2022. The Corporation is committed to meet the financial year-end target of below 3.0. TRIFR currently consists of 32 injuries, 8 Lost Time Injuries (LTIs), 16 Medical Treatment Injuries (MTIs) and 8 Restricted Work Injuries (RWIs).

(d) Lower greenhouse gas emissions are expected compared to 2021/22 (648 kT CO2-e) due to lower water production at our southern desalination plant and a forecast reduction in the emission intensity of the electricity supply.

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 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.

