

Part 12

Utilities

Introduction

The Utilities portfolio comprises the six State-owned electricity and water utilities, providing homes and businesses with access to safe, reliable and efficient services. The portfolio maintains the capacity and reliability of its assets, and invests in infrastructure and new and emerging technologies to support the State. It plays a central role in the economic development of the State and in improving the living standards of the community.

Summary of Recurrent and Asset Investment Expenditure

Agency	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000
Synergy		
– Asset Investment Program	85,007	194,569
Western Power		
– Asset Investment Program	742,643	834,213
Horizon Power		
– Asset Investment Program	95,339	151,898
Water Corporation		
– Asset Investment Program	689,259	699,229
Bunbury Water Corporation		
– Asset Investment Program	6,780	18,464
Busselton Water Corporation		
– Asset Investment Program	2,408	3,798

Ministerial Responsibilities

Minister	Agency	Services
Minister for Mines and Petroleum; Energy; Corrective Services	Synergy	n/a
	Western Power	n/a
	Horizon Power	n/a
Minister for Water; Forestry; Youth	Water Corporation	n/a
	Bunbury Water Corporation	n/a
	Busselton Water Corporation	n/a

Synergy

Part 12 Utilities

Interactions with the Consolidated Account, Dividend Payout Ratio and Government Trading Enterprise Information

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax ^(a)	47	-	-	-	-	-	-
Local Government Rates Equivalent.....	740	1,027	660	1,027	1,028	1,028	1,028
Dividends ^(b)	2,820	22,600	-	-	-	-	-
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies ^(c)	528,913	904,394	922,206	386,669	331,088	325,544	302,218
Other Subsidies ^(d)	3,734	7,900	7,900	10,223	9,610	7,900	7,900
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(e)	-	-	-	170,202	20,800	3,000	1,000
RATIOS							
Dividend Payout Ratio (%).....	75	75	75	75	75	75	75
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations.....	2,931,726	2,787,375	2,834,378	2,810,049	2,894,767	2,855,604	2,874,421
Revenue from State Government.....	532,647	912,294	930,106	396,892	340,698	333,444	310,118
Total Expenses ^(f)	3,491,529	3,731,421	4,081,407	3,110,696	3,155,549	3,096,851	3,171,459
Total Borrowings.....	228,200	300,373	218,236	310,798	282,897	233,494	220,020
NET PROFIT AFTER TAX	(27,210)	(3,021)	(316,923)	96,245	79,916	92,197	13,080
CASH ASSETS ^(g)	534,797	198,221	109,561	136,200	136,200	136,200	136,200

- (a) No income tax is projected to be payable over the forward estimates period as Synergy is not expected to return taxable profits.
- (b) In determining the dividend payment to the general government sector, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.
- (c) Synergy received significant additional operating subsidies in 2020-21 primarily as a result of administering the \$600 Household Electricity Credit.
- (d) Includes amounts from the Department of Communities (Hardship Utilities Grants Scheme) and Western Power (Project Symphony).
- (e) Over the period from 2021-22 to 2024-25, Synergy will receive equity contributions for asset investment, inclusive of \$140 million in 2021-22 for the big battery project.
- (f) Excludes current tax expense, deferred tax expense and dividends.
- (g) As at 30 June each financial year.

Financial Changes

Net operating balance adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the Government Trading Enterprise's (GTE's) Income Statement since presentation of the 2020-21 Budget to Parliament on 8 October 2020, are outlined below:

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Key Adjustments					
Aggregation and Orchestration Platform	-	(5,000)	-	-	-
COVID-19 Response Measures	(58,711)	-	-	-	-
Distributed Energy Buyback Scheme Rates.....	-	567	2,034	4,488	7,604
Electric Vehicle Charging Stations	-	(233)	(140)	(104)	(60)
Financial Viability Subsidies	(5,976)	(9,699)	(11,964)	(12,011)	(6,174)
Project Symphony	-	(8,403)	-	-	-
System Security Transition Payment.....	-	(98,689)	(82,352)	(76,906)	(57,362)
Other					
Rebates and Concessions.....	(3,189)	(5,960)	(6,174)	(7,726)	(863)

Significant Issues Impacting the Government Trading Enterprise

External Environment

1. The forward estimates period will be one of the most critical and transformational periods for the energy sector not only in Western Australia but across Australia and the world. The energy market is rapidly changing with key challenges including decreasing system revenue, pressure on scheduled generation and, for Synergy directly, the requirement to purchase more energy at high prices and sell energy at low or negative prices.
2. Like many electricity utilities around the world, Synergy is facing significant disruption. Scheduled generation activities are being challenged by the increased penetration of large and small-scale renewable generation.
3. As a GTE, Synergy recognises it has a role to play in helping to transition to the new energy future. Synergy's assets are needed to ensure the stability and security of the energy system, particularly during this transformational period.
4. Advances in downstream technology (such as household battery storage and smart meters) and the emergence of different business models enabled by distributed generation such as virtual power plants (VPPs) and peer-to-peer trading, are changing the way electricity is traded, sold and consumed by customers. These technologies offer customers greater awareness, choice and more control over their electricity usage.
5. Increased solar generation during the day has the effect of requiring Synergy's scheduled coal and gas generation to ramp-up at a steeper rate to meet evening demand. The marked change to the electricity demand profile requires greater flexibility of supply, characterised by increased use of higher cost, flexible gas-fired peaking generators (until battery storage can be installed at scale), as well as more frequent plant shutdown and start-up cycles for baseload coal generation.
6. Uptake of rooftop solar in the South West Interconnected System (SWIS) is expected to increase by a further 250-300 megawatts (MW) per annum over the forward estimates period. There is currently about 1,900 MW of behind-the-meter photovoltaic installed in the SWIS and this is forecast to grow to over 4,000 MW by 2030.

Workforce Transition

7. Synergy is on track for the planned closure of the Muja C Unit 5 by October 2022 and Unit 6 by October 2024. This action is a result of Synergy reshaping its generation portfolio to more effectively match current and future electricity demand requirements.
8. Synergy's Workforce Transition Plan was developed in collaboration with its workforce, unions and the Government to ensure an appropriate transition for those directly impacted by the closure.
9. During 2020, Synergy's Workforce Transition Plan was supported by 18 transition workshops, three employee roadshows and a series of information sessions. Synergy is now entering the next phase of its Workforce Transition Plan which supports 270 full-time affected employees through an assessment of skills, redeployment, upskilling, training and development programs, assistance with job search, financial planning support and preparation for retirement.

Financial Sustainability

10. Synergy's 2020-21 Estimated Actual projects a loss of \$316.9 million with a net asset deficiency (where liabilities exceed assets) of \$101.6 million.
11. The net asset deficiency is primarily driven by one-off adjustments recognised for increases to Synergy's onerous contract (an onerous contract is one in which the unavoidable costs of meeting the obligation under the contract exceed the expected benefits) and decommissioning provisions. These adjustments have been recognised upfront in 2020-21 as required by the relevant accounting standards. Net assets are projected to return to a positive position from 2021-22 onwards, supported by additional equity and operating subsidy contributions from the Government as detailed below.
12. Synergy receives operating subsidies to fund it for obligations that are not commercial (primarily to better manage the cost of electricity for residential and small business customers in the SWIS) and for rebates and concessions to customers that it administers on behalf of the Government.
- 12.1. A range of operating subsidies were approved as part of the 2020-21 Budget to fund Synergy for revenue shortfalls that it is currently unable to recover. The 2021-22 Budget incorporates a new subsidy (the System Security Transition Payment) which is a time-limited operating subsidy to provide support for Synergy running its thermal fleet in an uneconomical manner to preserve electricity system security whilst generation fleet transition options are explored.
- 12.2. The Government also supports Synergy customers under financial hardship or on a concession through a range of subsidies. These range from the Western Australian Energy Assistance Payment to supporting eligible customers with dependent children and waiving several fees and charges for concession card holders.
13. Synergy will receive equity contributions over the forward estimates period to fund major capital works projects linked to its corporate strategy and to support the transition to a low carbon future, whilst maintaining reliable and affordable energy supply. These projects are covered in detail in the Asset Investment Program section below and include the 100 MW big battery, electric vehicle charging stations, thermal fleet flexibility projects, expansion of the Schools VPP project and implementation of a new Customer Engagement Platform.

Statement of Corporate Intent

The following performance information (financial and non-financial) is the subject of a Statement of Corporate Intent, signed by the Board, Minister and Treasurer.

Objectives, Outcomes and Key Performance Information

Relationship to Government Goals

Broad government goals are supported at GTE level by objectives and outcomes. The following table illustrates the relationship between the GTE's objectives and outcomes and the Government Goal it contributes to. The key performance indicators measure the extent of the impact of desired outcomes on the achievement of the GTE objectives.

Government Goals	Strategic Objectives	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable service delivery.	Keeping the Budget healthy.	1. Financial performance
WA Jobs Plan: Local manufacturing and production, creating WA jobs and training for the jobs of the future.	Build a skilled workforce for the future.	2. Employee engagement
Safe, Strong and Fair Communities: Developing healthy and resilient communities.	Safety and compliance with regulatory requirements.	3. Employee safety 4. Regulatory compliance
Growing our Communities: Protecting our environment with thriving suburbs and regions.	Develop climate-resilient communities and a prosperous low-carbon future.	5. Customer service

Outcomes and Key Performance Indicators

	2019-20 Actual	2020-21 Budget	2020-21 Estimated Actual	2021-22 Budget Target	Note
Outcome: Financial performance:					
Earnings before interest, taxes, depreciation and amortisation (EBITDA) (\$ million) ^(a)	117.5	>=57.5	51.9	>=219.7	1
EBITDA margin ^(a)	3.9%	>=2%	1.4%	>=6.8%	1
Net Profit After Tax (NPAT) margin	(0.9%)	>=(0.4%)	(2.1%)	>=3%	1
Outcome: Employee engagement:					
Employee engagement survey result ^(b)	4.2	4.4	4.3	4.4	
Outcome: Employee safety:					
Recordable Injury Frequency Rate (RIFR) ^(c)	2.9	=<1.9	2	=<1.9	
Outcome: Regulatory compliance:					
Various legislative compliance requirements ^(d)	2	nil	nil	nil	
Outcome: Customer service:					
Customer Effort Score (CES) ^(e)	68.1%	>=67.5%	68%	>=68.2%	

(a) EBITDA is calculated as NPAT, removing the impact of Depreciation and Amortisation and Finance and Interest Costs per the Income Statement.

(b) Employee engagement is measured through a twice-yearly employee engagement survey.

(c) RIFR is calculated as the number of lost-time and medical treatment Injuries, divided by total hours worked, multiplied by one million.

(d) Refers to legislative compliance requirements that could result in a material regulatory breach.

(e) CES is the metric Synergy uses to understand customer processes and experiences. CES is the percentage of survey respondents who provided a score of 9 or 10 out of a 0 to 10 point rating for the question 'How easy was it to interact with Synergy?'.

Explanation of Significant Movements

(Notes)

1. The 2020-21 Estimated Actual EBITDA and NPAT excludes two large one-off accounting adjustments, being an increase in the decommissioning provision for the Kwinana Power Station (which is a retired asset) and provision for onerous contracts.

Asset Investment Program

1. In 2021-22, Synergy will spend \$194.6 million on its Asset Investment Program, investing in projects that reposition Synergy to respond to the evolving energy market, support communities through investment in renewable energy technology as part of the COVID-19 Response and continue investment to maintain the existing generation asset base. These investments support economic growth and jobs in the regions, where a significant portion of the existing generation asset base is located.

Generation

2. Synergy will invest \$114 million in 2021-22 to develop a 100 megawatt big battery. The big battery will support the integration of more renewable energy into the grid and improve electricity system security.
3. To enable Synergy's existing thermal generation fleet to better respond to system needs including increased frequency of start-ups and operating at lower voltages, Synergy will invest \$8 million in upgrades to enable more flexible operations.
4. Synergy's existing generation portfolio is comprised of coal, gas, liquid fuel and renewable energy assets. Expenditure to maintain the capacity and reliability of existing assets amounts to a total of \$41 million in 2021-22. Major investments include:
 - 4.1. \$17.1 million for works to improve gas turbine reliability and security of supply, with turbine parts to be replaced at the Cockburn and Pinjar Gas Turbines;
 - 4.2. \$13 million for various projects to support safety, efficiency and environmental targets at Muja Power Station including replacement of ageing slurry disposal pipes and essential cooling tower works;
 - 4.3. \$7 million for various projects at Collie Power Station. Major works include the upgrading of infrastructure to ensure compliant, reliable and efficient operations comprising the automatic voltage regulator, the ash rejects and residue handling system, and electrostatic precipitator casing; and
 - 4.4. \$1.9 million for the continuation of compliance works for rehabilitation and relocation of shared services at Kwinana Power Station in order to support other generation infrastructure located at the Kwinana site, following the retirement of the power station.

COVID-19 Response

5. In 2021-22, Synergy will undertake investment in new renewable energy technology in Perth and the regions, including:
 - 5.1. \$1.5 million for the Smart Energy for Social Housing energy project, which will benefit the community by installing solar panels on social housing to provide those customers, who would otherwise not be able to easily access renewable technology, the opportunity to unlock solar benefits; and
 - 5.2. \$520,000 to continue the implementation of the Virtual Power Plants (VPP) for Schools pilot project to transform selected schools into smart, green virtual power plants by installing rooftop solar panel systems and commercial batteries.

Retail

6. Synergy will invest \$12 million in 2021-22 to continue the implementation of a new Customer Engagement Platform, replacing a number of legacy customer systems that are reaching end of life over the forward estimates period, and enable Synergy to provide new services to customers.
7. Following the success of the VPP for Schools pilot project, Synergy will spend \$4.8 million in 2022-23 to install battery storage and/or solar photovoltaic technology at three additional schools in Kalgoorlie and three in Geraldton, consistent with the 2021 election commitment.
8. In line with the Government's Electric Vehicle Strategy, Synergy will invest \$4.5 million in 2021-22 to install electric vehicle charging stations across the SWIS.

Corporate

9. A total of \$11 million in 2021-22 has been allocated for the replacement and upgrade of information and communications technology (ICT) infrastructure associated with finance and human resources systems, as well as ongoing ICT capital expenditure requirements such as the replacement of end-of-life devices.
10. Additionally, \$2 million in 2021-22 has been committed to various infrastructure and system upgrades to ensure readiness for the Wholesale Electricity Market (WEM) reforms.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-21 \$'000	2020-21 Estimated Expenditure \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Retail							
Smart Energy for Social Housing.....	4,713	713	713	1,513	1,600	887	-
VPP for Schools.....	4,000	3,480	3,480	520	-	-	-
Other Works in Progress							
Corporate							
Business Systems Replacement.....	82,807	54,485	4,324	11,000	10,000	7,322	-
WEM Market Readiness.....	12,144	8,144	7,880	2,000	2,000	-	-
Generation							
Big Battery.....	155,000	10,000	10,000	114,000	31,000	-	-
Cockburn Gas Turbine.....	77,309	30,518	1,648	14,135	7,600	12,056	13,000
Collie Power Station.....	96,614	62,614	12,813	7,000	8,000	8,000	11,000
Kwinana Power Station.....	57,167	54,367	12,718	1,900	400	500	-
Muja Power Station.....	158,172	118,172	11,670	13,000	11,000	10,000	6,000
Other Generation Infrastructure Projects.....	69,011	64,011	1,450	2,000	1,000	1,000	1,000
Pinjar Gas Turbine.....	37,815	17,170	2,900	3,000	12,000	2,322	3,323
Retail - Customer Engagement Platform.....	30,200	1,200	1,200	12,000	13,000	3,000	1,000
COMPLETED WORKS							
Corporate - Property, Plant and Equipment.....							
	5,733	5,733	800	-	-	-	-
Retail							
Advanced Metering Infrastructure/Access Arrangement 4....	5,872	5,872	3,995	-	-	-	-
System Enhancements.....	40,494	40,494	9,416	-	-	-	-
NEW WORKS							
Election Commitment							
Retail - VPPs.....	4,800	-	-	-	4,800	-	-
Other New Works							
Generation - Flexible Operations.....							
	11,000	-	-	8,000	3,000	-	-
Retail - Electric Vehicle Charging Stations.....							
	9,002	-	-	4,501	4,501	-	-
Total Cost of Asset Investment Program.....	861,853	476,973	85,007	194,569	109,901	45,087	35,323
FUNDED BY							
Internal Funds and Balances.....							
			85,007	51,567	89,101	42,087	34,323
Other.....							
			-	143,002	20,800	3,000	1,000
Total Funding.....			85,007	194,569	109,901	45,087	35,323

Financial Statements

Income Statement

Expenses

1. The increase in Supplies and services expenditure in the 2020-21 Estimated Actual, relative to the 2020-21 Budget, relates to the upfront recognition of a \$162.6 million onerous gas contract provision in 2020-21 as required by the relevant accounting standards.
2. The \$79.8 million increase in Other expenses in the 2020-21 Estimated Actual, relative to the 2020-21 Budget, relates to an increase in the decommissioning provision for the Kwinana Power Station. As the asset is no longer operational, the increase to the provision is recognised immediately in the Income Statement consistent with the relevant accounting standards.

Revenue

3. The \$62.1 million increase in Other revenue in the 2022-23 Forward Estimate, compared to the 2021-22 Budget Estimate, relates to Synergy meeting its renewable energy certificate obligations and recovering shortfall payments made in 2019-20 and 2020-21.
4. Operating subsidies provided to Synergy in 2019-20 and 2020-21 are materially higher than those projected over the forward estimates due to one-off customer support measures administered in those years, specifically the Small Business and Charity Tariff Offset, Energy Assistance Payment Boost and Household Electricity Credit (HEC). These revenue increases were offset by equivalent Grants and subsidies expenditure outlays.

Statement of Financial Position

5. Cash is held constant at \$136.2 million over the forward estimates period which represents Synergy's two week working capital requirements.
6. Synergy's 2020-21 Estimated Actual net assets position is negative due to significant one-off adjustments for the onerous gas contracts and the decommissioning provision recognised upfront in line with the relevant accounting standards. Net assets are projected to return to a positive position from 2021-22 onwards supported by additional government operating subsidies and equity contributions.
7. The gradual reduction to Other liabilities over the forward estimates period relates to the onerous gas contract recognised in the 2020-21 Estimated Actual, which reverses ('unwinds') into the Income Statement each year.

Statement of Cashflows

8. The reduction in Other Payments in the 2021-22 Budget Estimate is due to the 2020-21 Estimated Actual including \$617.5 million in payments for the HEC.

INCOME STATEMENT (a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	2,897,807	2,776,652	2,823,645	2,805,932	2,828,526	2,847,659	2,866,054
Other revenue.....	33,919	10,723	10,733	4,117	66,241	7,945	8,367
Revenue from government							
Operating subsidies.....	528,913	904,394	922,206	386,669	331,088	325,544	302,218
Capital subsidies.....	-	-	-	2,323	1,710	-	-
Other subsidies.....	3,734	7,900	7,900	7,900	7,900	7,900	7,900
TOTAL REVENUE	3,464,373	3,699,669	3,764,484	3,206,941	3,235,465	3,189,048	3,184,539
Expenses							
Employee benefits (b)	99,486	125,106	125,106	130,464	141,378	121,148	123,615
Grants and subsidies	440,570	748,684	782,966	97,765	93,801	97,131	100,665
Supplies and services.....	2,674,563	2,642,052	2,882,985	2,657,548	2,696,563	2,648,472	2,704,045
Accommodation.....	1,824	1,418	1,051	1,418	1,419	1,419	1,419
Depreciation and amortisation	130,726	87,836	90,825	84,083	88,696	96,904	101,376
Finance and interest costs.....	42,273	47,059	39,432	39,327	42,628	41,832	41,650
Other expenses	102,087	79,266	159,042	100,091	91,064	89,945	98,689
TOTAL EXPENSES	3,491,529	3,731,421	4,081,407	3,110,696	3,155,549	3,096,851	3,171,459
NET PROFIT/(LOSS) BEFORE TAX	(27,156)	(31,752)	(316,923)	96,245	79,916	92,197	13,080
National Tax Equivalent Regime							
Current tax equivalent expense	47	-	-	-	-	-	-
Deferred tax equivalent expense	7	(28,731)	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAX	(27,210)	(3,021)	(316,923)	96,245	79,916	92,197	13,080
Dividends	2,820	22,600	-	-	-	-	-

(a) Full audited financial statements are published in Synergy's Annual Report.

(b) The full-time equivalents for 2019-20 Actual, 2020-21 Estimated Actual and 2021-22 Budget Estimate are 848, 906 and 960 respectively.

STATEMENT OF FINANCIAL POSITION (a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets.....	534,797	198,221	109,561	136,200	136,200	136,200	136,200
Receivables.....	315,514	272,704	206,675	265,326	249,031	240,248	212,286
Assets held for sale.....	9,390	9,390	9,390	9,390	9,390	9,390	9,390
Other.....	187,705	182,473	232,358	253,635	248,189	263,680	278,916
Total current assets.....	1,047,406	662,788	557,984	664,551	642,810	649,518	636,792
NON-CURRENT ASSETS							
Property, plant and equipment.....	748,649	745,571	772,717	907,846	935,346	877,701	798,033
Intangibles.....	150,107	126,799	122,222	96,875	89,169	95,293	108,792
Other.....	70,249	111,200	85,161	81,000	76,043	71,892	59,151
Total non-current assets.....	969,005	983,570	980,100	1,085,721	1,100,558	1,044,886	965,976
TOTAL ASSETS.....	2,016,411	1,646,358	1,538,084	1,750,272	1,743,368	1,694,404	1,602,768
CURRENT LIABILITIES							
Employee provisions.....	36,335	32,914	32,914	32,954	32,994	33,034	33,074
Payables.....	615,381	338,142	342,675	328,992	318,145	318,839	304,087
Borrowings and leases.....	19,732	19,732	17,098	17,098	17,098	17,098	17,098
Interest Payable.....	433	-	-	-	-	-	-
Other.....	192,061	181,688	185,757	140,340	109,734	77,697	44,821
Total current liabilities.....	863,942	572,476	578,444	519,384	477,971	446,668	399,080
NON-CURRENT LIABILITIES							
Employee provisions.....	36,660	36,660	36,660	36,660	36,660	36,660	36,660
Borrowings and leases.....	448,674	504,130	424,627	498,690	450,918	379,823	344,658
Other.....	466,809	358,387	599,950	530,688	512,253	470,490	447,527
Total non-current liabilities.....	952,143	899,177	1,061,237	1,066,038	999,831	886,973	828,845
TOTAL LIABILITIES.....	1,816,085	1,471,653	1,639,681	1,585,422	1,477,802	1,333,641	1,227,925
NET ASSETS.....	200,326	174,705	(101,597)	164,850	265,566	360,763	374,843
EQUITY							
Contributed Equity.....	1,292,744	1,292,744	1,292,744	1,462,946	1,483,746	1,486,746	1,487,746
Accumulated surplus/(deficit).....	(1,079,775)	(1,105,396)	(1,381,698)	(1,285,453)	(1,205,537)	(1,113,340)	(1,100,260)
Reserves.....	(12,643)	(12,643)	(12,643)	(12,643)	(12,643)	(12,643)	(12,643)
TOTAL EQUITY.....	200,326	174,705	(101,597)	164,850	265,566	360,763	374,843

(a) Full audited financial statements are published in Synergy's Annual Report.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	3,055,330	2,437,780	2,582,613	2,391,402	2,471,986	2,487,370	2,498,845
Grants and subsidies.....	100	-	-	-	-	-	-
GST receipts.....	309,760	-	286,711	285,731	279,781	283,911	286,097
Other receipts.....	6,983	533,274	203,166	222,386	261,679	199,897	216,893
Payments							
Employee benefits.....	(95,506)	(137,071)	(137,071)	(138,928)	(149,850)	(129,639)	(132,227)
Supplies and services.....	(2,706,969)	(3,029,498)	(3,086,051)	(2,799,380)	(2,690,064)	(2,736,036)	(2,768,142)
Accommodation ^(b)	(1,084)	-	-	(84)	(86)	(86)	(90)
GST payments.....	(308,627)	(7,395)	(282,545)	(271,009)	(277,599)	(281,596)	(284,343)
Finance and interest costs.....	(32,683)	(7,217)	(32,135)	(31,639)	(29,840)	(28,130)	(30,905)
Other payments.....	(513,783)	(1,029,119)	(778,784)	(98,824)	(91,750)	(39,755)	(50,559)
Net cash from operating activities.....	(286,479)	(1,239,246)	(1,244,096)	(440,345)	(225,743)	(244,064)	(264,431)
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	64	-	-	-	-	-	-
Other receipts.....	-	12,924	12,924	2,924	3,075	3,138	3,138
Payments							
Purchase of non-current assets.....	(68,163)	(57,673)	(85,007)	(194,569)	(109,901)	(45,087)	(35,323)
Other payments.....	(19,470)	(16)	(16)	-	-	-	-
Net cash from investing activities.....	(87,569)	(44,765)	(72,099)	(191,645)	(106,826)	(41,949)	(32,185)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	225,566	199,807	127,634	228,369	97,099	129,815	125,000
Payments							
Repayment of borrowings and leases.....	(24,405)	(127,634)	(137,598)	(135,807)	(125,000)	(179,218)	(138,474)
Net cash from financing activities.....	201,161	72,173	(9,964)	92,562	(27,901)	(49,403)	(13,474)
CASHFLOWS FROM STATE GOVERNMENT							
Receipts							
Capital subsidies.....	-	-	-	2,323	1,710	-	-
Administered appropriations.....	3,943	-	-	-	-	-	-
Operating subsidies.....	575,170	890,989	878,683	386,669	331,088	325,544	302,218
Equity Contributions.....	-	-	-	170,202	20,800	3,000	1,000
Other subsidies.....	3,634	7,900	7,900	7,900	7,900	7,900	7,900
Payments							
Dividends to government.....	(2,820)	(22,600)	-	-	-	-	-
Local Government Rates Equivalent.....	(740)	(1,027)	(660)	(1,027)	(1,028)	(1,028)	(1,028)
Net cash provided to State Government.....	(579,187)	(875,262)	(885,923)	(566,067)	(360,470)	(335,416)	(310,090)
NET INCREASE/(DECREASE) IN CASH HELD.....							
	406,300	(336,576)	(440,236)	26,639	-	-	-
Cash assets at the beginning of the reporting period.....	128,497	534,797	534,797	109,561	136,200	136,200	136,200
Cash assets at the end of the reporting period.....	534,797	198,221	94,561	136,200	136,200	136,200	136,200

(a) Full audited financial statements are published in Synergy's Annual Report.

(b) Payment of Local Government Rates Equivalent is included within Accommodation expense on the Income Statement, however within the Statement of Cashflows this is recorded as a payment to State Government and not as a payment from operating activities.

Western Power

Part 12 Utilities

Interactions with the Consolidated Account, Dividend Payout Ratio and Government Trading Enterprise Information

	2019-20 Actual \$'000	2020-21 Budget \$'000	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	98,944	115,827	115,251	105,463	120,582	127,780	103,234
Local Government Rates Equivalent.....	1,462	1,761	1,761	1,805	1,651	1,692	1,734
Dividends ^(a) ^(b) ^(c)	80,492	491,311	299,599	-	301,215	295,081	267,758
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Other Subsidies.....	3,435	3,063	1,300	2,895	-	-	-
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(d)	33,106	166,338	133,528	170,146	92,316	91,255	90,326
RATIOS							
Dividend Payout Ratio.....	75%	75%	75%	75%	75%	75%	75%
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations.....	1,841,447	1,886,065	1,886,065	1,897,988	1,930,776	1,979,581	1,964,055
Revenue from State Government.....	3,435	3,063	1,300	2,895	-	-	-
Total Expenses ^(e)	1,285,753	1,309,216	1,308,160	1,328,810	1,358,610	1,423,087	1,470,110
Total Borrowings.....	7,490,668	7,996,934	7,671,047	7,999,938	8,328,087	8,561,599	8,818,589
NET PROFIT AFTER TAX.....	390,648	406,921	406,769	401,437	401,620	390,745	345,760
CASH ASSETS ^(f) ^(g).....	28,255	28,269	50,393	555,889	555,889	555,889	555,889

- (a) In determining the dividend payment to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.
- (b) Most Government Trading Enterprises (GTEs) will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise and to Budget Paper No. 3 for further detail.
- (c) The 2020-21 Budget included the deferred 2019-20 interim dividend payment. The 2020-21 Estimated Actual reflects that the 2020-21 interim dividend payment was deferred to 2021-22, and subsequently approved to be retained.
- (d) Equity Contributions arise where Government returns cash to Western Power via an equity injection. They are made up of contributions for dividend on capital contributions, equity contribution for tax on residential customers contributions, and equity contribution to offset dividend on asset sales.
- (e) Excludes current tax expense, deferred tax expense and dividends.
- (f) As at 30 June each financial year.
- (g) Forecast is subject to identification of strategic infrastructure projects and suitable levels of borrowings being achieved. This will be reviewed as part of the 2021-22 Mid-year Review process.

Financial Changes

Net operating balance adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the GTE's Income Statement since presentation of the 2020-21 Budget to Parliament on 8 October 2020, are outlined below:

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Election Commitment					
Standalone Power Systems	-	-	(958)	(3,012)	(5,745)
Key Adjustments					
2021-22 Dividend Retention	-	(530,889)	-	-	-
Asset Investment Program Delivery Recashflow	-	1,296	1,550	239	(18)
Energy Transformation Strategy Five-Minute Settlement	(10)	(149)	(243)	(1,104)	(2,317)
Growth and Services Projects	-	(855)	(1,882)	(2,013)	(2,049)
Project Symphony Arena Funding	(60)	(407)	374	89	1
Safety - Pole Management and Replacement	-	-	(187)	(405)	(585)
Severe Tropical Cyclone Seroja Ex-Gratia Payments	-	(284)	-	-	-
Other					
2020-21 Estimated Actual Outturn and Recashflows	1,059	3,844	3,929	3,777	3,843
2021-22 Price List Update	-	(51,199)	(10,394)	(453)	(395)
Dividend and Equity Update	37,362	242	387	479	585
Interest Update	10,390	16,216	15,967	15,454	11,730
Tariff Equalisation Contribution Update	-	(6,310)	(8,994)	12,401	2,732

Significant Issues Impacting the Government Trading Enterprise

Optimising the Modular Grid Transition

1. Western Power's grid is in a period of transition. Western Power's existing network assets are ageing and approaching end of life. At the same time, technological progress is rapidly reducing the cost of non-wire alternatives.
2. Western Power needs to optimise the transformation of its network to a modular grid for end-of-life assets while providing safe, reliable and affordable electricity services to our community, regardless of where they live.

Integrating Distributed Energy Resources into the Grid

3. The rise in Distributed Energy Resources (DER) is fundamentally changing the energy value chain. It is driving increasingly complex consumption and production patterns that will challenge the historical approach of delivering electricity one-way across a centralised network.
4. The DER has already begun to cause technical issues and, if not coordinated more effectively, it will continue to exacerbate voltage management and system security risks requiring intervention.

Decarbonising Our Community

5. Our community is committed to achieving net zero emissions by 2050. Western Power is taking action to address climate change through supporting the decarbonisation of the economy. Western Power's grid has a critical role in enabling the reduction of emissions in our economy.
6. Western Power's grid is already enabling the transition from carbon-intensive generation to renewable generation. A decarbonised grid allows other industries to achieve their decarbonisation aspirations via electrification.
7. Climate change will present both physical and transitional risks for Western Power. Climate change will see a need for greater emphasis on disaster preparedness and increase the challenge of protecting grid infrastructure and supply to vulnerable communities.

Developing Our Next Access Arrangement

8. Western Power is preparing its next access arrangement proposal to cover the five year period from 1 July 2022 to 30 June 2027. The proposal will be a credible, sustainable and future-focused plan of key activities and investments over the period to ensure the network can continue to meet the energy needs of Western Australians.
9. In developing the proposal, Western Power is engaging with the community and customers to understand the energy services and solutions they need and value and to determine the prices charged for these services. This is an essential aspect of demonstrating the community and customer needs to the Economic Regulation Authority (ERA), which will decide how much revenue can be recovered from customers to enable Western Power to deliver on its plan for the community over the five year period.

2021-22 Dividend Retention

10. Western Power will retain its forecast 2021-22 dividend payments of \$530.9 million to instead contribute to funding future infrastructure investment. The funds will be quarantined until the Government approves business cases for the strategic infrastructure requirements of Western Power.

Statement of Corporate Intent

The following performance information (financial and non-financial) is the subject of a Statement of Corporate Intent, signed by the Board, Minister and Treasurer.

Objectives, Outcomes and Key Performance Information

Relationship to Government Goals

Broad government goals are supported at GTE level by objectives and outcomes. The following table illustrates the relationship between the GTE's objectives and outcomes and the Government Goal it contributes to. The key performance indicators measure the extent of the impact of desired outcomes on the achievement of the GTE objectives.

Government Goals	Strategic Objectives	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable service delivery.	Affordable.	1. Manage the cost to the community of delivering core network services on a per connection basis
WA Jobs Plan: Local manufacturing and production, creating WA jobs and training for the jobs of the future.	People.	2. Engaged employees
Safe, Strong and Fair Communities: Developing healthy and resilient communities.	Reliable.	3. Reliability of customer supply across the South West Interconnected Network (SWIN)
	Safe.	4. Minimise the number of public safety incidents which result in human electric shock, injury or fatality, livestock fatality, property damage or a fire started 5. Minimise injuries to our employees
Growing Our Communities: Protecting our environment with thriving suburbs and regions.	Sustainable.	6. Increase the proportion of all electricity needs met by renewable energy, through tracking of total electricity generation in the South West Interconnected System (SWIS)

Outcomes and Key Performance Indicators

	2019-20 Actual	2020-21 Budget	2020-21 Estimated Actual	2021-22 Budget Target	Note
Outcome: Manage the cost to the community of delivering core network services, on a per connection basis:					
Net cost to the community per connection.....	n/a	<\$1,000	\$993	<\$1,000	1
Outcome: Engaged employees:					
Employee engagement score ^(a)	85%	>80%	82%	>80%	
Outcome: Reliability of customer supply across the SWIN:					
Network availability per year.....	99.90%	>=99.93%	99.90%	>=99.93%	
Outcome: Minimise the number of public safety incidents which result in human electric shock, injury or fatality, livestock fatality, property damage or a fire started:					
Public safety incidents on a rolling 12 month basis.....	57	<61	39	<61	2
Outcome: Minimise injuries to our employees:					
All injury frequency rate ^(b)	13	<16	20	<15	3
Outcome: Increase the proportion of all electricity needs met by renewable energy, through tracking of total electricity generation in the SWIS:					
Proportion of all electricity needs met by renewables.....	21%	>25%	29%	>30%	4

(a) Measurement of the proportion of employees that are engaged.

(b) Measurement of the number of 'all' injuries per one million hours worked where 'all' injuries include Lost Time Injuries, Restricted Work Injuries, Medical Treatment Injuries, First Aid Injuries and No Treatment Required Injuries, on a rolling 12 month basis.

Explanation of Significant Movements

(Notes)

1. This key performance indicator has been introduced in 2020-21 and was not reported in the 2019-20 Actual.
2. The decrease in Public safety incidents on a rolling 12 month basis between the 2019-20 Actual and the 2020-21 Estimated Actual is primarily due to fewer fires in 2019-20 as a result of favourable weather conditions.
3. The increase in All injury frequency rate between the 2019-20 Actual and the 2020-21 Estimated Actual and between the 2020-21 Budget and the 2020-21 Estimate Actual is due to a refinement in the injury classification methodology.
4. The increase in the Proportion of all electricity needs met by renewables between the 2019-20 Actual and the 2020-21 Estimated Actual is primarily due to the continuing uptake of behind the meter solar combined with two new wind farms and one solar farm coming online. This structural shift further reduces the share of gas and coal in energy generation.

Asset Investment Program

1. Western Power builds, maintains and operates the electricity network in the southwest of Western Australia. Western Power's Asset Investment Program (AIP) is underpinned by its Asset Management Framework, designed to meet the requirements of Western Power's licence obligations, good industry practice and relevant Australian standards. Western Power's focus is to provide customers with access to a safe, reliable and efficient supply of electricity.
2. As part of Western Power's Access Arrangement submission and approvals process, the ERA undertakes a rigorous review of Western Power's forecast expenditure. The ERA sets service performance targets, network tariffs and charges for Western Power that are in the best interests of the customer. This process ensures that there is demonstrable need for the investments proposed by Western Power, and that the investments are efficient. The 2021-22 Budget will be the last year of the access arrangement (AA4) that was approved in 2019.
3. Western Power is preparing its next access arrangement proposal to cover the five year period from 1 July 2022 to 30 June 2027 (AA5). The proposal will be a credible, sustainable and future-focused plan of key activities and investments over the period to ensure the network can continue to meet the energy needs of Western Australians, including addressing the strategic issues noted above.

4. Western Power's grid is in a period of transition. Our existing network assets are ageing and approaching end of life. At the same time technological progress is rapidly reducing the cost of non-wire alternatives. To best meet the needs of the community, Western Power needs to move as safely and as affordably as possible to a modular version of the grid, during a period of major technological change. This will take a decade of transformational investment in existing assets and new technology to support a community of 3 million Western Australians by 2031. This transformation begins now, with Western Power investing \$834.2 million in 2021-22 and a further \$2.7 billion across the forward estimates period.

Government Initiative - State Underground Power Program

5. Under the current round of the State Underground Power Program (Round 6), Western Power, in partnership with the Government and local governments, is improving customer experiences through investment in Western Australia's suburbs. Seventeen areas/suburbs in Perth will receive underground power under Round 6. Around 18,000 properties will benefit from underground power in this round, with works expected to be completed by the end of the AA4 period (2021-22). The projects selected in Round 6 are: Floreat West, Floreat North, Floreat East, Kardinya South, Alfred Cove East, Melville North, Collier, Manning, Victoria Park West, Victoria Park East, Carlisle North, Trigg, Menora, Maylands Central, South Lake East and Shelley West.

Growth

6. Growth capital expenditure (both transmission and distribution) is typically one of the largest areas of investment for an energy network business. Western Power is committed to connecting customers and investing in infrastructure to support the State's economy, with \$148.7 million allocated for customer-driven works and \$48.1 million in network growth in 2021-22. Network growth includes \$19.3 million to install a new 330/132kV transformer in Kemerton and \$11.6 million for the redevelopment of the East Perth Power station.
7. While growth across the South West Interconnected System as a whole has slowed, there are parts of the network such as Mandurah, Bunbury and Busselton where growth is above average and localised investment in capacity is required. Western Power is focusing much of its growth-related investment in these areas, while augmenting the broader network to ensure the 1.1 million customers connected to it and the approximately 96,000 new customers expected to connect over the next five years have reliable electricity supply.
8. Growth capital expenditure also includes projects driven by individual customers, which tend to be driven by economic conditions and traditionally represent a significant portion of the works program. Customer-driven capital expenditure includes all work associated with connecting customer loads or generators and relocation of assets. Projects range from small residential connections (pole to pillar) through to network extensions to cater for large industrial customers.

Safety

9. The safety of the community and staff is Western Power's most important priority. Investment in safety accounts for 34% of the forecast capital expenditure budget over the period 2021-22 to 2024-25. Western Power will commit \$273.8 million in 2021-22 to continue important safety programs including:
 - 9.1. \$233.1 million to replace 441 of the highest-risk overhead conductors and replacing or reinforcing 27,756 wooden power poles, continuing to mitigate safety risks in the most fire-prone areas with management programs;
 - 9.2. \$12.1 million for distribution-connected batteries that will resolve system peak issues in localised parts of the distribution network;
 - 9.3. \$21 million on the deployment of standalone power systems and associated batteries, to improve power system reliability for regional customers in the Western Power network area; and
 - 9.4. \$7.6 million to continue implementation of Western Power's Service Connection Condition Monitoring project (reliant on advanced meters referenced under Service) for 180,000 meters to be retrofitted to become advanced meters, boosting the number expected to be operational on the network to close to half a million by June 2022. Advanced meters will provide Western Power with improved visibility of power flows on the network, with improved safety outcomes. If a home has an advanced meter installed, Western Power will receive an alert if there are unusual patterns in the electricity flows, which can indicate a possible fault on the service connection to a customer's property.

10. Western Power's asset safety objective for AA4 is to maintain the overall safety of the network with actual safety performance not deteriorating below recent historical levels. Safety performance is heavily influenced by external factors (such as adverse weather) and therefore the aim is to manage the factors that are within Western Power's control, such as ensuring the network assets are in good condition. Western Power has adopted a risk-based approach to asset replacement and renewal, targeting the poorest-condition assets and identifying the treatments that achieve the greatest risk reduction per dollar invested.

Service

11. Service covers investment to ensure regulatory compliance, system reliability, asset replacement, metering, business support, information and communications technology (ICT) including Supervisory Control and Data Acquisition (SCADA) and building and site management (termed corporate real estate). Western Power will invest \$328.9 million on service-related projects in 2021-22. Key investments include:
- 11.1. \$110.8 million for business support and ICT which primarily includes upgrades and replacement of ICT hardware and software that face rapid obsolescence, and maintenance of telecommunication Network Management Systems;
- 11.2. \$62.5 million on corporate real estate to undertake upgrades and essential works within our property and depots in Forrestdale, Geraldton and Albany;
- 11.3. \$36.4 million on metering, including the installation of 72,086 advanced meters;
- 11.4. \$48.7 million in regulatory compliance with upgrades to substation security and improvements to network reliability; and
- 11.5. \$70.4 million on reliability-driven asset replacement to reduce the risks of plant asset failure and ensuring service and operability are maintained.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-21 \$'000	2020-21 Estimated Expenditure \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Growth - East Perth Power Station.....	17,340	884	484	11,611	4,845	-	-
Safety - Service Connection Condition Monitoring	15,837	7,821	7,821	7,563	453	-	-
Other Works in Progress							
Government Initiative - State Underground Power Program.....	335,210	185,870	30,903	26,227	42,085	40,514	40,514
Growth							
Distribution							
Capacity Expansion	319,239	223,393	8,426	19,688	26,172	24,993	24,993
Customer Access.....	1,814,498	1,230,632	100,765	131,949	155,909	148,004	148,004
Transmission							
Capacity Expansion	180,527	145,345	8,642	16,808	6,796	5,789	5,789
Customer Driven	413,543	331,083	42,380	16,765	22,569	21,563	21,563
Other Asset Investment - Motor Vehicle Fleet and							
Mobile Plant.....	69,637	37,726	7,458	7,608	8,433	7,935	7,935
Safety							
Bushfire Mitigation	84,334	73,776	2,061	1,965	2,943	2,825	2,825
Conductor Management	805,498	581,680	32,944	51,233	59,575	56,505	56,505
Connection Management.....	202,179	168,902	3,590	4,109	9,886	9,641	9,641
Emerging Technologies	15,117	3,000	3,000	12,117	-	-	-
Grid Transformation.....	164,318	968	968	12,595	50,755	50,000	50,000
Pole Management.....	2,350,333	1,785,303	190,720	163,185	146,995	127,424	127,424
Standalone Power System	192,711	21,720	7,826	20,990	50,000	50,000	50,000
Security							
Thermal Management.....	41,553	3,055	-	-	12,832	12,833	12,833
Voltage and Fault Level Management.....	59,304	32,060	20,838	943	8,805	8,748	8,748
Service							
Business Support and ICT.....	1,082,190	637,803	101,711	110,759	121,514	107,173	104,941
Corporate Real Estate	310,456	183,478	14,754	62,496	37,332	13,575	13,575
Metering.....	424,234	206,389	37,176	36,446	52,937	64,229	64,233
Regulatory Compliance	311,481	166,113	31,203	48,723	34,161	31,242	31,242
Reliability Driven Asset Replacement.....	935,813	598,087	88,973	70,433	91,911	87,691	87,691
Total Cost of Asset Investment Program	10,145,352	6,625,088	742,643	834,213	946,908	870,684	868,456
FUNDED BY							
Asset Sales			10,489	-	-	-	-
Borrowings			356,675	174,048	365,260	257,504	251,826
Internal Funds and Balances.....			(22,124)	-	-	-	-
Other			397,603	660,165	581,648	613,180	616,630
Total Funding.....			742,643	834,213	946,908	870,684	868,456

Financial Statements

Income Statement

Expenses

1. Over the forward estimates period, in the absence of the ERA determination on the access arrangement (AA5), a conservative forecasting approach to network tariff revenue has been applied, with operating expenditure escalated by CPI.

Income

2. Western Power primarily receives revenue from the rendering of network tariff services. Network tariff revenue is approved by the ERA under the Electricity Network Access Code 2004 including an efficient level of operating expenditure.
3. Each year, Western Power submits a price list submission that recovers the revenue target set in the access arrangement. Network tariff revenue for 2021-22 is aligned to the price list approved by the ERA on 21 May 2021 which commenced on 1 July 2021. The average increase in tariffs from the 2020-21 price list is 2.27%. Charges for individual customers will vary depending on the type of tariff they are on and their usage.
4. The extent to which these increases in network tariffs will affect retail electricity prices for residential customers is determined by the Government.

Statement of Financial Position

5. The increase in Net Assets over the forward estimates period reflects the ongoing investment in the AIP, which is funded by internally-generated funds and part borrowings from the Western Australian Treasury Corporation.

Statement of Cashflows

6. Western Power will retain its forecast 2021-22 dividend payment of \$530.9 million to instead contribute to funding future infrastructure investment. The funds will be quarantined until the Government approves business cases for the strategic infrastructure requirements of Western Power.
7. The increase in Net cash from financing activities between the 2020-21 Estimated Actual and the 2021-22 Budget Estimate is predominantly attributed to an increase in borrowings for the retained dividends held as cash and increase in AIP investment.
8. Over the forward estimates period, Western Power's Net cash from investing activities will be largely financed by borrowings.

INCOME STATEMENT (a)
(Controlled)

	2019-20	2020-21	2020-21 Estimated	2021-22 Budget	2022-23 Forward	2023-24 Forward	2024-25 Forward
	Actual	Budget	Actual	Estimate	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	1,598,536	1,690,033	1,690,033	1,720,535	1,753,645	1,809,356	1,793,830
Other revenue.....	242,911	196,032	196,032	177,453	177,131	170,225	170,225
Revenue from government							
Capital subsidies.....	3,402	3,063	1,300	2,895	-	-	-
Other subsidies.....	33	-	-	-	-	-	-
TOTAL REVENUE	1,844,882	1,889,128	1,887,365	1,900,883	1,930,776	1,979,581	1,964,055
Expenses							
Employee benefits ^(b)	212,266	210,948	195,936	208,565	213,779	219,123	224,602
Grants and subsidies	-	-	-	284	-	-	-
Supplies and services.....	159,631	173,206	173,291	178,102	181,441	185,297	189,235
Accommodation.....	2,097	2,451	3,477	3,040	3,094	3,156	3,219
Depreciation and amortisation	364,428	397,393	396,870	418,425	434,495	467,343	482,403
Finance and interest costs.....	263,594	264,198	248,105	247,811	247,488	267,703	282,333
Other expenses	112,737	76,020	105,481	85,583	89,313	92,465	96,318
Tariff Equalisation Contribution.....	171,000	185,000	185,000	187,000	189,000	188,000	192,000
TOTAL EXPENSES	1,285,753	1,309,216	1,308,160	1,328,810	1,358,610	1,423,087	1,470,110
NET PROFIT/(LOSS) BEFORE TAX	559,129	579,912	579,205	572,073	572,166	556,494	493,945
National Tax Equivalent Regime							
Current tax equivalent expense	98,944	115,827	115,251	105,463	120,582	127,780	103,234
Deferred tax equivalent expense	69,537	57,164	57,185	65,173	49,964	37,969	44,951
NET PROFIT/(LOSS) AFTER TAX	390,648	406,921	406,769	401,437	401,620	390,745	345,760
Dividends	80,492	491,311	299,599	-	301,215	295,081	267,758

(a) Full audited financial statements are published in Western Power's Annual Report.

(b) The full-time equivalents for 2019-20 Actual, 2020-21 Estimated Actual and 2021-22 Budget Estimate are 2,912, 2,939 and 2,946 respectively.

STATEMENT OF FINANCIAL POSITION (a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets.....	28,255	28,269	50,393	25,000	25,000	25,000	25,000
Cash assets - Retained dividends	-	-	-	530,889	530,889	530,889	530,889
Receivables	243,477	275,371	275,371	275,500	272,979	273,867	280,173
Assets held for sale	71	71	71	71	71	71	71
Other.....	97,454	96,734	96,734	96,028	95,289	94,535	94,535
Total current assets.....	369,257	400,445	422,569	927,488	924,228	924,362	930,668
NON-CURRENT ASSETS							
Property, plant and equipment.....	11,236,855	11,797,094	11,612,791	12,057,115	12,606,400	13,035,421	13,426,818
Intangibles	167,300	170,688	190,528	218,999	253,019	302,289	361,417
Receivables	506	506	506	516	516	529	529
Total non-current assets.....	11,404,661	11,968,288	11,803,825	12,276,630	12,859,935	13,338,239	13,788,764
TOTAL ASSETS	11,773,918	12,368,733	12,226,394	13,204,118	13,784,163	14,262,601	14,719,432
CURRENT LIABILITIES							
Employee provisions.....	116,906	87,173	87,173	89,563	91,130	92,953	95,123
Payables.....	160,838	151,711	165,573	155,730	157,143	167,016	136,873
Borrowings and leases	44,933	44,933	44,933	44,933	44,933	44,933	44,933
Other.....	162,173	119,659	130,846	134,097	133,811	127,627	125,457
Total current liabilities.....	484,850	403,476	428,525	424,323	427,017	432,529	402,386
NON-CURRENT LIABILITIES							
Employee provisions.....	10,118	10,007	10,007	10,315	11,816	12,052	12,293
Borrowings and leases	7,471,090	7,979,400	7,653,513	7,982,588	8,311,095	8,542,089	8,799,079
Other.....	1,117,849	1,203,894	1,203,643	1,284,604	1,339,226	1,394,004	1,455,418
Total non-current liabilities.....	8,599,057	9,193,301	8,867,163	9,277,507	9,662,137	9,948,145	10,266,790
TOTAL LIABILITIES	9,083,907	9,596,777	9,295,688	9,701,830	10,089,154	10,380,674	10,669,176
NET ASSETS	2,690,011	2,771,956	2,930,706	3,502,288	3,695,009	3,881,927	4,050,256
EQUITY							
Contributed Equity	1,554,726	1,721,061	1,688,251	1,858,396	1,950,712	2,041,966	2,132,293
Accumulated surplus/(deficit).....	1,253,803	1,169,413	1,360,973	1,762,410	1,862,815	1,958,479	2,036,481
Reserves	(118,518)	(118,518)	(118,518)	(118,518)	(118,518)	(118,518)	(118,518)
TOTAL EQUITY	2,690,011	2,771,956	2,930,706	3,502,288	3,695,009	3,881,927	4,050,256

(a) Full audited financial statements are published in Western Power's Annual Report.

STATEMENT OF CASHFLOWS (a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	1,576,527	1,685,327	1,685,327	1,749,765	1,754,677	1,813,651	1,798,125
GST receipts.....	158,327	174,445	174,445	183,059	174,942	184,335	184,335
Other receipts.....	116,862	80,777	91,964	133,560	110,408	106,636	106,636
Payments							
Employee benefits.....	(183,934)	(239,867)	(210,355)	(208,455)	(213,724)	(219,035)	(224,513)
Supplies and services.....	(139,567)	(171,026)	(171,107)	(189,880)	(180,454)	(185,109)	(189,248)
Accommodation (b).....	(635)	(572)	(1,598)	(3,040)	(3,094)	(3,156)	(3,219)
GST payments.....	(158,043)	(174,447)	(174,447)	(183,060)	(174,942)	(184,335)	(184,335)
Finance and interest costs.....	(263,858)	(252,171)	(239,289)	(233,668)	(231,798)	(245,765)	(265,203)
Tariff Equalisation Fund.....	(171,000)	(185,000)	(185,000)	(187,000)	(189,000)	(188,000)	(192,000)
Other payments.....	(100,943)	(88,373)	(102,359)	(93,654)	(88,116)	(93,169)	(96,329)
Net cash from operating activities.....	833,736	829,093	867,581	967,627	958,899	986,053	934,249
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	12,355	-	10,489	26,000	-	-	-
Payments							
Purchase of non-current assets.....	(831,507)	(892,154)	(742,643)	(834,213)	(946,908)	(870,684)	(868,456)
Net cash from investing activities.....	(819,152)	(892,154)	(732,154)	(808,213)	(946,908)	(870,684)	(868,456)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	1,675,000	1,302,895	977,007	857,187	1,028,164	903,046	924,452
Other proceeds.....	9,664	-	-	-	-	-	-
Payments							
Repayment of borrowings and leases.....	(1,550,114)	(799,702)	(799,702)	(528,280)	(700,001)	(669,489)	(667,461)
Other payments.....	(15,832)	(1,705)	(16,205)	(16,248)	(15,792)	(15,837)	(15,883)
Net cash from financing activities.....	118,718	501,488	161,100	312,659	312,371	217,720	241,108
CASHFLOWS FROM STATE GOVERNMENT							
Receipts							
Capital subsidies.....	2,554	3,063	1,300	3,687	792	-	-
Equity Contributions.....	33,106	166,338	133,528	170,146	92,316	91,255	90,326
Other subsidies.....	282	-	-	-	-	-	-
Payments							
Dividends to government.....	(80,492)	(491,312)	(299,601)	-	(301,217)	(295,083)	(267,757)
National Tax Equivalent Regime - Income tax...	(90,634)	(114,741)	(107,855)	(138,605)	(114,602)	(127,569)	(127,736)
Local Government Rates Equivalent.....	(1,462)	(1,761)	(1,761)	(1,805)	(1,651)	(1,692)	(1,734)
Net cash provided to State Government.....	136,646	438,413	274,389	(33,423)	324,362	333,089	306,901
NET INCREASE/(DECREASE) IN CASH HELD.....	(3,344)	14	22,138	505,496	-	-	-
Cash assets at the beginning of the reporting period.....	31,599	28,255	28,255	50,393	555,889	555,889	555,889
Cash assets at the end of the reporting period.....	28,255	28,269	50,393	555,889	555,889	555,889	555,889

(a) Full audited financial statements are published in Western Power's Annual Report.

(b) Payment of Local Government Rates Equivalent are included within Accommodation expense on the Income Statement, however within the Statement of Cashflows they are recorded as a payment to State Government and not as a payment from operating activities.

Horizon Power

Part 12 Utilities

Interactions with the Consolidated Account, Dividend Payout Ratio and Government Trading Enterprise Information

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	2,666	5,386	2,901	2,232	4,026	4,830	5,964
Local Government Rates Equivalent	252	685	685	695	704	722	736
Dividends ^{(a) (b) (c)}	2,424	13,586	4,206	-	7,214	8,924	9,864
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies ^(d)	34,941	40,174	47,090	8,298	8,307	9,628	10,856
Other Subsidies	350	200	200	200	200	200	200
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(e)	17,050	-	-	27,516	-	-	-
RATIOS							
Dividend Payout Ratio (%)	75	75	75	75	75	75	75
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	523,155	521,468	517,062	518,536	519,463	520,471	527,408
Revenue from State Government	35,291	42,374	49,290	8,498	8,507	9,828	11,056
Total Expenses ^(f)	546,703	546,973	558,579	517,899	513,443	513,176	518,692
Total Borrowings	690,896	837,993	753,554	848,671	878,830	901,606	924,078
NET PROFIT AFTER TAX	8,852	11,483	4,872	6,903	10,501	12,293	13,808
CASH ASSETS ^(g)	89,919	106,168	118,075	166,969	210,310	247,157	279,922

- (a) In determining the dividend payment to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.
- (b) Most Government Trading Enterprises (GTEs) will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise and to Budget Paper No. 3 for further detail.
- (c) The 2020-21 Budget included the deferred 2019-20 interim dividend payment. The 2020-21 Estimated Actual reflects that the 2020-21 interim dividend payment was deferred to 2021-22, and subsequently approved to be retained.
- (d) The reduction in Operating Subsidies and associated Revenue from State Government between 2021-22 and 2020-21 is due to one-off COVID-19 response measures.
- (e) Equity contribution for 2021-22 includes \$13.5 million for the Western Australian microgrids project, \$10.5 million for the Electric Vehicle Project and \$3.5 million for Kununurra Cotton Gin Electricity Infrastructure.
- (f) Excludes current tax expense, deferred tax expense and dividends.
- (g) As at 30 June each financial year.

Financial Changes

Net operating balance adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the GTE's Income Statement since presentation of the 2020-21 Budget to Parliament on 8 October 2020, are outlined below:

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Key Adjustments					
2021-22 Dividend Retention	-	(10,008)	-	-	-
Aboriginal and Remote Communities Subsidy	(2,182)	-	-	-	-
Denham Power Station Refurbishment	-	239	56	19	27
Derby Port Connection	-	(9)	(37)	(42)	(42)
Electric Vehicle Fast Charging Infrastructure	-	(256)	(942)	(1,032)	(1,014)
Energy Contract	-	2,356	2,833	2,885	2,949
Gas Contract Update	-	763	1,639	1,643	1,449
Gas Pipeline Contract Update	-	(1,062)	(1,667)	(1,790)	(1,835)
Mungullah Power Station Overhauls	-	(1,421)	(1,092)	(156)	-
Tariff Adjustment Payment Update	-	1,790	1,246	568	406
Tariff Equalisation Contribution Update	-	6,244	12,281	12,506	15,150
Tariff Update	-	(3,506)	(7,658)	(11,746)	(14,952)

Significant Issues Impacting the Government Trading Enterprise

Energy Affordability

Solar Generation

- Horizon Power encourages the uptake of rooftop solar and has a plan for zero refusals when connecting solar by 2025. To achieve this, the business is undertaking detailed technical studies, product development and investment modelling with a view to easing hosting capacity constraints allowing more customers to safely connect Distributed Energy Resources (DER) without compromising a region's system reliability. Across nine regions, Battery Energy Storage Systems are to be installed with the intent of managing higher levels of DER without adverse impact on network reliability, resulting in a shifting of peak loads and providing critical solar smoothing functionality to mitigate power fluctuations.

Standalone Power Systems (SPS)

- Horizon Power continues the wider rollout of the next generation of SPS for remote use applications where SPS are a more viable alternative than traditional overhead network asset maintenance and replacement.

Sustainable Business

North West Interconnected System (NWIS) Reform

- Horizon Power is working with the Government to facilitate the NWIS Reform, aimed at implementing a regulatory regime which is a lower-cost and more effective alternative to facilitate third-party access. The introduction of network open access to the Horizon Power and Alinta networks through the implementation of a light-handed regulatory regime is expected to deliver better outcomes for electricity consumers and assist in driving economic development in the Pilbara region. Horizon Power has established a fit-for-purpose ring-fencing arrangement to separate its retail and network divisions.

Electric Vehicles (EVs)

- Horizon Power supports the State Electric Vehicle Strategy for Western Australia and associated actions that can assist the uptake of EVs as the electrification transition supports an increasingly decarbonised energy system. Whilst the projection of local EV uptake remains uncertain, Horizon Power is furthering the Government's strategy through a network of charging infrastructure to create the world's longest EV fast charging highway, for customers traveling north from Perth to Kununurra, along the south west coast to Esperance and east to Kalgoorlie.

Hydrogen Strategy

5. Horizon Power will leverage its assets, resources and vertically-integrated structure to complement the Western Australian Renewable Hydrogen Strategy. As evidence of this, Horizon Power is investigating future production of 'green hydrogen' through renewable offtake agreements. Beyond this, Horizon Power has an aspiration to build network infrastructure to connect third-party renewable energy producers to hydrogen producers.

Connecting Communities

6. Horizon Power's Aboriginal Community Embedded Networks Regularisation Program will standardise the electricity supply, future operations and maintenance of 13 unregulated Aboriginal communities across regional Western Australia. This will result in the community networks being brought up to a utility standard and ensure the appropriate provision and management of reliable power to these communities.

COVID-19 Response: Renew the Regions

7. Horizon Power is supporting the Government's regional economic recovery with an investment of \$78.4 million in major energy projects through its Renew the Regions program. This program of works includes the Government's COVID-19 Response investment of \$57.4 million, enabling Horizon Power to expedite the delivery of 18 energy projects located across more than 110 different sites throughout the Kimberley, Pilbara, Gascoyne, Mid West and Goldfields-Esperance regions.

2021-22 Dividend Retention

8. Horizon Power will retain its forecast 2021-22 dividend payment of \$10 million to instead contribute to funding future infrastructure investment. The funds will be quarantined until the Government approves business cases for the strategic infrastructure requirements of Horizon Power.

Statement of Corporate Intent

The following performance information (financial and non-financial) is the subject of a Statement of Corporate Intent, signed by the Board, Minister and Treasurer.

Objectives, Outcomes and Key Performance Information**Relationship to Government Goals**

Broad government goals are supported at GTE level by objectives and outcomes. The following table illustrates the relationship between the GTE's objectives and outcomes and the Government Goal it contributes to. The key performance indicators measure the extent of the impact of desired outcomes on the achievement of the GTE objectives.

Government Goals	Strategic Objectives	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable service delivery.	Sustainable business.	1. Optimising and extending core business
Safe, Strong and Fair Communities: Developing healthy and resilient communities.	People, safety, and wellbeing.	2. Minimise the risk of harm 3. Be a high-performing business

Outcomes and Key Performance Indicators

	2019-20 Actual	2020-21 Budget	2020-21 Estimated Actual	2021-22 Budget Target	Note
Outcome: Optimising and extending core business:					
Cost to supply unit cost (cents/kWh) ^(a)	34.2	39.9	34.3	38.7	1
Return on assets ^(b)	4.1%	4.1%	3.5%	3.3%	2
Net Profit After Tax	\$8.9 million	\$11.5 million	\$4.9 million	\$6.9 million	2
Outcome: Minimise the risk of harm:					
Lost time injury frequency rate ^(c)	nil	nil	nil	nil	
Total number of notifiable incidents ^(d)	13	nil	14	nil	
Unassisted pole failure rate ^(e)	0.65	1.6	0.65	1.6	3
Outcome: Be a high-performing business:					
Customer satisfaction ^(f)	82%	70%	77%	70%	4
System Average Interruption Duration Index (SAIDI) ^(g)	134 minutes	290 minutes	115 minutes	290 minutes	5
System Average Interruption Frequency Index (SAIFI) ^(h)	2	6.6	1.8	6.6	5
Number of compliant systems (out of 38) ⁽ⁱ⁾	35	33	36	33	5
Major project completion within +/- 5% of approved budget ^(j)	100%	100%	100%	100%	

(a) All cost associated with Horizon Power's customers divided by kilowatt-hours supplied.

(b) Return to investors for every dollar of assets under Horizon Power's control.

(c) Lost Time Injury Frequency Rate is a formula to provide the number of lost time injuries, per one million hours worked, over a given 12-month period.

(d) A network operator must notify the Director of Building and Energy, the Department of Mines, Industry Regulation and Safety, of any incident or event that is caused or significantly contributed to by electricity that results in serious injury or serious damage.

(e) An unassisted pole failure is not caused by customer installation, lightning, vehicle, water ingress or vandalism or occurs when the pole failed under forces that were less than its design specification.

(f) Customer satisfaction is measured by an annual survey, undertaken by an external agency, amalgamating customer perceptions of reliability, service quality and product offering.

(g) The SAIDI measures the duration of sustained customer interruptions.

(h) The SAIFI measures the frequency of interruptions to customers.

(i) Achievement of SAIDI and SAIFI system reliability performance (as agreed or per the Reliability Code) for each system.

(j) Percentage of government-approved projects completed within the approved budget.

Explanation of Significant Movements

(Notes)

1. The 2020-21 Estimated Actual was lower than the 2020-21 Budget primarily due to lower than forecast fuel and operating expenditures.
2. The 2020-21 Estimated Actual was lower than the 2020-21 Budget primarily due to lower than forecast customer-funded works and revised sales and operating expenditure estimates, including COVID-19 sales reductions.
3. The reduction between the 2020-21 Budget and the 2020-21 Estimated Actual is driven by increased pole inspections and remediation.
4. Higher customer satisfaction between the 2020-21 Budget and the 2020-21 Estimated Actual is driven by Renew the Regions initiatives, the disconnections moratorium and the \$600 Household Electricity Credit.
5. The lower SAIDI and SAIFI and the increase in compliant systems between the 2020-21 Budget and the 2020-21 Estimated Actual is driven by investment in generation and the rolling asset management plan.

Asset Investment Program

1. Horizon Power will invest \$151.9 million during 2021-22 and a further \$145.2 million over the forward estimates period. This investment in regional Australia will continue to focus on providing safe and reliable electricity supply to regional customers and supporting jobs in regional areas.

Asset Management Plan

2. Horizon Power is forecast to invest \$44.9 million in 2021-22 and a further \$122.9 million over the forward estimates period to mitigate extreme and high risks associated with energy assets. This investment contributes towards ensuring regulatory compliance, reliability, and capacity of all of Horizon Power's systems to support the safety, development, and enhancement of communities throughout regional Western Australia.

Denham Hydrogen Demonstration Plant

3. The \$9.3 million Denham Hydrogen Demonstration Plant project will commence in 2021-22 allowing Horizon Power to test whether hydrogen can be used to meaningfully displace the use of diesel.
4. As part of the COVID-19 Response, Horizon Power has been allocated part of the project funding to proactively initiate testing and gain technical understanding for integrating this technology into electricity networks and small microgrid applications.

Energy Storage in Regional Towns

5. Horizon Power is to install \$30.8 million worth of Battery Energy Storage Systems (BESS) in nine regional towns over 2020-21 to 2022-23. This will help alleviate current limitations on rooftop solar installations and enable more customers in the regions to invest in renewable energy, lower their energy bills and decarbonise Horizon Power's service area.

Remote Communities Embedded Networks

6. As part of the COVID-19 Response, \$3.8 million over 2020-21 and 2021-22 has been allocated to regularise the electricity network of 13 small Aboriginal communities across the Kimberley, Gascoyne, Mid West and Goldfields-Esperance regions.
7. Regularisation will transfer ownership and responsibility for the networks, which are currently largely unmanaged, to Horizon Power. This will ensure Aboriginal communities receive the same level of safe, reliable electricity service as customers in nearby towns. Several construction and ongoing jobs, including Aboriginal employment opportunities, will be created.

Solar, Energy Storage and LED Streetlights for Derby Hospital and the Shire of Derby

8. As part of the COVID-19 Response, \$4.8 million will be invested over 2020-21 and 2021-22 for renewable energy solutions in the Shire of Derby and Derby Hospital. New rooftop solar systems will be installed across the Shire of Derby's portfolio of buildings and the town's conventional streetlights will be replaced with smart LED streetlights.
9. Horizon Power will also work with Derby Hospital to co-design and install a large-scale solar photovoltaic (PV) and battery solution. This will significantly reduce the Hospital's annual power costs and enable more funds to be redirected into frontline services in the community.

Standalone Power Systems (SPS)

10. SPS are the next generation of advanced technology specially designed for Horizon Power. SPS units are being provided to selected rural customers and are offering more reliable electricity without the need to be connected to the overhead electricity network.
11. As part of the COVID-19 Response, an investment of \$9.9 million will be made over 2020-21 and 2021-22 to support the deployment of 50 SPS across regional Western Australia. This includes four systems to be installed in the Kimberley, seven systems in the Gascoyne and Mid West, and 39 systems across the Goldfields-Esperance region.

Esperance Power Project

12. In January 2020, the Government announced a 20 year Power Purchase Agreement for Esperance awarded to Western Australia-based business Contract Power Australia, commencing March 2022. Horizon Power will spend \$15.5 million over 2020-21 and 2021-22 for new network connection assets to connect new power facilities to the local Esperance network.
13. Esperance's future power solution will include a newly constructed, highly efficient gas power station, a BESS, two new wind turbines and a central solar farm. It will reduce carbon emissions by almost 50% compared to the existing power supply arrangements and generate up to 46% of Esperance's electricity annually through a new renewables hub.

Hardship Response Infrastructure Upgrades

14. Horizon Power has historically provided a prepayment service to Aboriginal Communities. The success of the solution has seen wider demand for prepayment from customers and community support groups as prepayment is seen as an effective tool to assist customers to manage their financials and not be overwhelmed by large electricity bills. Horizon Power now aims to provide the prepayment option to all residential customers, but to support this wider rollout of prepayment Horizon Power requires upgrades to software. This is now in progress with completion expected early in 2022.

Karratha - Dampier Transmission Line Upgrade

15. In December 2019, the Government approved funding of \$23.8 million to upgrade the Karratha to Dampier 132 kilovolt transmission line. This upgrade is critical to the security of power supplies for the Pilbara region, connecting the Karratha terminal sub-station to the Dampier sub-station, and is key backbone infrastructure within the North West Interconnected System (NWIS), and could act as the transmission corridor to the Burrup Peninsula (including the Maitland Estate).
16. The upgrade will replace 13 km of aged equipment on the existing 19 km transmission line. It will create 14 regional jobs during the construction phase and engage up to three Aboriginal cultural heritage monitors.

Onslow Distributed Energy Resource Project

17. The Onslow Distributed Energy Resource Project is aiming to generate up to 50% of the town's electricity from customer owned renewable energy. Working with the community, Horizon Power facilitated the rapid uptake of renewables resulting in residential and business customers collectively installing 273 distributed rooftop solar systems and 25 distributed batteries. This project is leading the Government's goal of achieving a higher renewable energy future through testing the boundaries of new energy infrastructure and technology.

Refurbishment of Denham Power Station

18. The town of Denham is supplied by power station assets that are partly owned by Synergy (wind farm, switchboard, control system) and partly by Horizon Power (diesel assets and land for the diesel assets). The current power supply assets in Denham are aged and much of the equipment has reached the end of its life. In line with Horizon Power's strategic renewable energy goals, works have commenced on the refurbishment and building of a new hybrid power station with wind, solar and battery technologies.

Remote Communities Photovoltaics

19. The Government will invest \$11.6 million to enable the design and construction of solar farms in six remote Kimberley Aboriginal communities, which will reduce the reliance on diesel generated power and deliver cleaner energy to communities. Construction of the first centralised solar project commenced in Kalumburu in March 2021 and includes the installation of 700 kilowatts of solar and 1.56 megawatt hour battery capacity.

Broome Customer Experience Centre

20. The Broome Customer Experience Centre project is a Renew the Regions investment aimed at returning Horizon Power's contact centre services to regional Western Australia and stimulating the Broome economy.
21. Horizon Power worked closely with its long-time contact centre partner, Computershare, to move 10 contact centre jobs from Melbourne to the centre in Broome. This created long-term full-time equivalent jobs for the community including two newly created Aboriginal and Torres Strait Islander traineeship positions. To construct and fit-out the contact centre Horizon Power engaged more than 10 local contractors creating 20 work opportunities.

22. The centre has been named Nila Janyba, which means 'knowledge sharing' in the local Yawuru language. Horizon Power chose the name in consultation with the Nyamba Buru Yawuru traditional owner organisation to reflect the utility's strategic decision to be guided by community involvement and leaving positive impacts on Aboriginal and Torres Strait Islander customers, suppliers, employees and communities. The centre allows local customers to walk in for energy-related advice, discuss accounts face-to-face or explore the centre's innovative educational activities.

Derby Port

23. Horizon Power will rebuild and then assume ownership of the current embedded network at the Port of Derby, including rebuilding the high voltage distribution line and upgrading the low voltage network (e.g. rectifying faulty streetlights). This will safeguard the provision of electricity, remove uncertainty over ownership, and ensure that future loads at the Port of Derby can be met and have the capacity to grow.

Distributed Energy Buyback Scheme (DEBS) Infrastructure Upgrade

24. The new renewable export tariff, DEBS, will support the continued installation of solar PV by customers through efficient price signals and allows electricity to be exported from new battery systems, electric vehicles (EVs), and renewable energy systems.
25. DEBS encourages households to make the most of a solar resource by using or storing electricity produced during the middle of the day. DEBS will also provide greater flexibility for DER and more value to the grid as these technologies mature. System implementation costs for Horizon Power are estimated at \$600,000 in 2021-22.

Electric Vehicle Charging Infrastructure

26. The State Electric Vehicle Strategy is a key element of the Western Australian Climate Policy that commits to delivering a cleaner, more sustainable environment through the increased uptake of low and zero emission vehicles. The strategy will facilitate the creation of Australia's longest, and one of the world's longest, EV charging infrastructure networks - from Perth to Kununurra in the north, Esperance in the south and Kalgoorlie in the east. Western Australians and visitors will be able to access fast charging stations along major travel routes in the regions, town and city centres, and tourism sites. Construction of the network will also create jobs in metropolitan and regional areas. Global and domestic uptake of EVs also presents significant opportunities for industry and jobs growth in Western Australia.

Feasibility Studies for the Regularisation of 13 Ngaanyatjarra Lands Aboriginal Communities

27. Horizon Power will spend \$725,000 in 2021-22 to undertake feasibility studies for the regularisation of 13 Ngaanyatjarra Lands Aboriginal Communities. The feasibility studies will produce a plan for the 13 Aboriginal Communities to upgrade to utility standard electricity services, including clean, lower cost solar-diesel hybrid generation; safe, utility-owned and operated distribution networks; and the use of prepayment billing and smart phone application.

Kununurra Cotton Gin Electricity Infrastructure

28. The investment will provide 5 megawatts of power and an upgraded electrical connection to the proposed Kununurra Cotton Gin project. Funding the connection will enable a significant State development project, creating significant regional employment and economic activity, and secure the project's location in Kununurra over the Northern Territory.

Mid West Pipeline

29. The Mid West Pipeline (the Pipeline) is owned equally by Horizon Power and APT Pipelines (WA) Pty Limited under an unincorporated joint venture. Horizon Power will invest \$300,000 in 2021-22 (its share of the capital expenditure) to connect the pipeline to a proponent to supply gold mining customers.

Western Australian Microgrids

30. Remote communities and towns are heavily reliant on diesel generation for energy, and the implementation of renewable energy generation sources would provide affordable, secure and reliable electricity. Horizon Power and Energy Policy WA have obtained federal funding for seven remote Aboriginal communities and regional towns to install renewables due to their reliance on diesel fuel to generate electricity.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-21 \$'000	2020-21 Estimated Expenditure \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
WORKS IN PROGRESS							
Asset Management Plan							
Asset Replacement.....	167,486	95,789	11,139	19,881	19,432	15,982	16,402
Capacity.....	31,540	18,495	3,092	3,166	3,293	3,293	3,293
Knowledge and Technology Investment.....	63,085	39,668	5,551	5,684	5,911	5,911	5,911
Mobile Plant and Operational Fleet.....	45,111	28,975	3,794	3,899	4,079	4,079	4,079
Property Management.....	40,734	28,686	7,216	3,780	406	3,931	3,931
Regulatory Compliance.....	35,647	34,169	351	359	373	373	373
Reliability.....	53,404	45,889	1,781	1,824	1,897	1,897	1,897
Safety.....	167,291	144,821	9,804	6,332	2,966	6,586	6,586
COVID-19 Response							
Denham Hydrogen Demonstration Plant.....	9,255	3,255	3,255	6,000	-	-	-
Energy Storage in Regional Towns							
Broome.....	10,300	1,700	1,700	3,500	5,100	-	-
Carnarvon.....	5,800	350	350	5,450	-	-	-
Exmouth.....	7,800	3,000	3,000	4,800	-	-	-
Gascoyne Junction.....	600	15	15	585	-	-	-
Marble Bar.....	1,700	550	550	1,150	-	-	-
Menzies.....	600	15	15	585	-	-	-
Wiluna.....	1,700	560	560	1,140	-	-	-
Yalgoo.....	600	15	15	585	-	-	-
Yungngora.....	1,700	270	270	1,430	-	-	-
Remote Communities Embedded Networks.....	3,811	606	606	3,205	-	-	-
Solar, Energy Storage and LED Streetlights for Derby Hospital and the Shire of Derby.....							
	4,760	2,660	2,660	2,100	-	-	-
Standalone Power Systems.....	13,502	6,564	2,982	6,938	-	-	-
Customer-funded Works.....	162,326	141,804	3,046	9,263	3,753	3,753	3,753
Major Projects							
Esperance Power Project.....	16,616	4,524	3,724	12,092	-	-	-
Hardship Response Infrastructure Upgrades.....	740	240	240	500	-	-	-
Karratha - Dampier Transmission Line Upgrade.....	23,844	21,526	14,639	2,318	-	-	-
Onslow Distributed Energy Resource Project.....	105,293	100,943	7,787	4,350	-	-	-
Refurbishment of Denham Power Station.....	11,819	4,000	4,000	7,819	-	-	-
Remote Communities Photovoltaics.....	11,610	2,810	2,046	8,800	-	-	-
COMPLETED WORKS							
COVID-19 Response - Broome Customer Experience Centre.....							
	1,151	1,151	1,151	-	-	-	-
NEW WORKS							
Major Projects							
Derby Port.....	1,200	-	-	480	720	-	-
Distributed Energy Buyback Scheme Infrastructure Upgrade.....							
	600	-	-	600	-	-	-
Electric Vehicle Charging Infrastructure.....	10,516	-	-	5,258	5,258	-	-
Feasibility Studies for the Regularisation of 13 Ngaanyatjarra Lands Aboriginal Communities.....							
	725	-	-	725	-	-	-
Kununurra Cotton Gin Electricity Infrastructure.....	3,500	-	-	3,500	-	-	-
Mid West Pipeline.....	300	-	-	300	-	-	-
Western Australian Microgrids.....	13,500	-	-	13,500	-	-	-
Total Cost of Asset Investment Program.....	1,030,166	733,050	95,339	151,898	53,188	45,805	46,225
FUNDED BY							
Borrowings.....			81,846	109,727	44,177	42,052	42,472
Capital Appropriation.....			-	24,016	-	-	-
Commonwealth Grants.....			-	3,298	-	-	-
Drawdowns from Royalties for Regions Fund.....			-	3,500	-	-	-
Internal Funds and Balances.....			6,767	1,094	5,258	-	-
Other.....			6,726	9,263	3,753	3,753	3,753
Other Grants and Subsidies.....			-	1,000	-	-	-
Total Funding.....			95,339	151,898	53,188	45,805	46,225

Financial Statements

INCOME STATEMENT ^(a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	327,413	304,633	309,592	304,147	305,214	306,355	308,695
Other revenue.....	24,742	31,835	22,470	27,389	25,249	26,116	26,713
Tariff Equalisation Contribution.....	171,000	185,000	185,000	187,000	189,000	188,000	192,000
Revenue from government							
Operating subsidies.....	34,941	40,174	47,090	8,298	8,307	9,628	10,856
Capital subsidies.....	-	725	-	-	-	-	-
Other subsidies.....	350	1,475	2,200	200	200	200	200
TOTAL REVENUE	558,446	563,842	566,352	527,034	527,970	530,299	538,464
Expenses							
Employee benefits ^(b)	64,076	59,925	60,707	61,620	63,213	65,128	66,187
Grants and subsidies	22,251	28,592	36,932	5,193	5,145	5,202	5,239
Supplies and services.....	270,670	266,673	271,173	264,431	255,329	263,037	278,213
Accommodation.....	4,554	4,137	4,137	4,343	4,431	4,540	4,631
Depreciation and amortisation	96,467	95,600	97,125	103,882	105,374	101,938	95,414
Finance and interest costs.....	62,231	61,714	58,137	57,803	55,448	49,990	45,197
Other expenses	26,454	30,332	30,368	20,627	24,503	23,341	23,811
TOTAL EXPENSES	546,703	546,973	558,579	517,899	513,443	513,176	518,692
NET PROFIT/(LOSS) BEFORE TAX	11,743	16,869	7,773	9,135	14,527	17,123	19,772
National Tax Equivalent Regime							
Current tax equivalent expense	2,666	5,386	2,901	2,232	4,026	4,830	5,964
Deferred tax equivalent expense	225	-	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAX	8,852	11,483	4,872	6,903	10,501	12,293	13,808
Dividends	2,424	13,586	4,206	-	7,214	8,924	9,864

(a) Full audited financial statements are published in the Horizon Power's Annual Report.

(b) The full-time equivalents for 2019-20 Actual, 2020-21 Estimated Actual and 2021-22 Budget Estimate are 435, 464 and 465 respectively.

STATEMENT OF FINANCIAL POSITION (a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets.....	89,919	106,168	118,075	156,961	200,302	237,149	269,914
Cash assets - Retained dividends	-	-	-	10,008	10,008	10,008	10,008
Receivables	35,391	43,508	43,508	43,328	42,536	42,432	42,432
Other.....	27,194	28,521	28,521	28,521	28,521	28,521	28,521
Total current assets.....	152,504	178,197	190,104	238,818	281,367	318,110	350,875
NON-CURRENT ASSETS							
Property, plant and equipment.....	1,576,027	1,667,720	1,582,097	1,767,037	1,720,716	1,669,247	1,621,477
Intangibles	22,268	18,736	15,898	10,243	5,140	1,264	633
Receivables	2,884	2,884	2,884	2,884	2,884	2,884	2,884
Other.....	111,162	111,162	111,162	111,162	111,162	111,162	111,162
Total non-current assets.....	1,712,341	1,800,502	1,712,041	1,891,326	1,839,902	1,784,557	1,736,156
TOTAL ASSETS	1,864,845	1,978,699	1,902,145	2,130,144	2,121,269	2,102,667	2,087,031
CURRENT LIABILITIES							
Employee provisions.....	16,077	16,077	16,077	16,077	16,077	16,077	16,077
Payables.....	62,476	63,387	63,387	68,059	68,059	68,059	68,059
Borrowings and leases	61,509	67,490	68,146	72,143	74,916	72,654	74,190
Other.....	17,471	17,796	17,796	17,796	17,796	20,616	20,616
Total current liabilities.....	157,533	164,750	165,406	174,075	176,848	177,406	178,942
NON-CURRENT LIABILITIES							
Employee provisions.....	3,211	3,211	3,211	3,211	3,211	3,211	3,211
Borrowings and leases	956,750	1,065,990	986,011	1,171,310	1,158,243	1,139,774	1,120,763
Other.....	151,428	149,828	149,828	149,440	147,572	143,512	141,407
Total non-current liabilities.....	1,111,389	1,219,029	1,139,050	1,323,961	1,309,026	1,286,497	1,265,381
TOTAL LIABILITIES	1,268,922	1,383,779	1,304,456	1,498,036	1,485,874	1,463,903	1,444,323
NET ASSETS	595,923	594,920	597,689	632,108	635,395	638,764	642,708
EQUITY							
Contributed Equity	392,097	392,097	392,097	419,613	419,613	419,613	419,613
Accumulated surplus/(deficit).....	203,826	201,723	204,492	211,395	214,682	218,051	221,995
Reserves	-	1,100	1,100	1,100	1,100	1,100	1,100
TOTAL EQUITY	595,923	594,920	597,689	632,108	635,395	638,764	642,708

(a) Full audited financial statements are published in the Horizon Power's Annual Report.

STATEMENT OF CASHFLOWS (a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	317,832	294,257	299,216	302,247	303,314	304,446	306,757
Grants and subsidies.....	-	-	725	-	-	-	-
GST receipts.....	43,367	37,616	37,616	38,333	36,338	37,407	37,844
Other receipts.....	29,129	22,010	16,794	26,818	19,236	20,152	19,881
Tariff Equalisation Contribution.....	171,000	185,000	185,000	187,000	189,000	188,000	192,000
Payments							
Employee benefits.....	(63,579)	(59,925)	(60,634)	(60,579)	(63,137)	(65,050)	(66,187)
Supplies and services.....	(287,104)	(270,748)	(275,248)	(270,333)	(256,248)	(263,947)	(277,589)
Accommodation (b).....	(4,302)	(5,749)	(5,749)	(5,766)	(2,763)	(2,832)	(2,889)
GST payments.....	(44,195)	(37,774)	(37,774)	(38,329)	(36,323)	(37,407)	(37,844)
Finance and interest costs.....	(63,528)	(57,003)	(53,426)	(53,021)	(51,009)	(45,961)	(41,499)
Other payments.....	(24,606)	(47,268)	(55,717)	(18,714)	(29,536)	(28,464)	(28,872)
Net cash from operating activities.....	74,014	60,416	50,803	107,656	108,872	106,344	101,602
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	9	-	-	-	-	-	-
Payments							
Purchase of non-current assets.....	(71,710)	(183,204)	(95,339)	(151,898)	(53,188)	(45,805)	(46,225)
Net cash from investing activities.....	(71,701)	(183,204)	(95,339)	(151,898)	(53,188)	(45,805)	(46,225)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	232,693	343,552	259,113	270,722	210,314	190,045	138,936
Payments							
Repayment of borrowings and leases.....	(264,101)	(228,332)	(227,019)	(210,673)	(219,220)	(209,107)	(156,040)
Net cash from financing activities.....	(31,408)	115,220	32,094	60,049	(8,906)	(19,062)	(17,104)
CASHFLOWS FROM STATE GOVERNMENT							
Receipts							
Capital subsidies.....	-	725	-	-	-	-	-
Operating subsidies.....	35,227	40,174	47,090	8,298	8,307	9,628	10,856
Equity Contributions.....	17,050	-	-	27,516	-	-	-
Other subsidies.....	-	1,475	200	200	200	200	200
Payments							
Dividends to government.....	(2,424)	(13,586)	(4,206)	-	(7,214)	(8,924)	(9,864)
National Tax Equivalent Regime - Income tax ...	(8,750)	(5,386)	(2,901)	(2,232)	(4,026)	(4,830)	(5,964)
Local Government Rates Equivalent.....	(252)	(685)	(685)	(695)	(704)	(704)	(736)
Net cash provided to State Government.....	(40,851)	(22,717)	(39,498)	(33,087)	3,437	4,630	5,508
NET INCREASE/(DECREASE) IN CASH HELD.....	11,756	15,149	27,056	48,894	43,341	36,847	32,765
Cash assets at the beginning of the reporting period.....	78,163	91,019	91,019	118,075	166,969	210,310	247,157
Cash assets at the end of the reporting period.....	89,919	106,168	118,075	166,969	210,310	247,157	279,922

(a) Full audited financial statements are published in the Horizon Power's Annual Report.

(b) Payment of Local Government Rates Equivalent is included within Accommodation expense on the Income Statement, however within the Statement of Cashflows this is recorded as a payment to State Government and not as a payment from operating activities.

Water Corporation

Part 12 Utilities

Interactions with the Consolidated Account, Dividend Payout Ratio and Government Trading Enterprise Information

	2019-20 Actual \$'000	2020-21 Budget \$'000	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	366,070	341,778	373,534	371,019	406,760	432,532	438,971
Local Government Rates Equivalent.....	6,833	7,845	7,784	8,021	8,202	8,386	8,575
Dividends (a) (b) (c).....	3,767	1,258,331	642,412	-	737,220	789,428	799,460
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies.....	239,441	216,924	218,579	364,349	416,260	448,984	392,669
Other Subsidies.....	17,540	30,003	14,658	36,658	54,696	19,451	3,127
Royalties for Regions.....	191,471	250,000	250,000	126,816	82,657	43,185	117,809
RATIOS							
Dividend Payout Ratio (%).....	85	85	85	85	85	85	85
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations.....	2,404,531	2,349,464	2,452,859	2,420,637	2,559,909	2,705,374	2,770,355
Revenue from State Government.....	448,452	496,927	483,237	527,823	553,613	511,620	513,605
Total Expenses (d).....	1,705,395	1,721,567	1,704,977	1,725,822	1,744,544	1,770,133	1,825,785
Total Borrowings.....	5,980,000	6,093,734	5,785,650	6,160,650	6,164,530	6,160,010	6,160,010
NET PROFIT AFTER TAX.....	807,903	787,781	864,873	855,593	958,711	1,013,209	1,021,127
CASH ASSETS (e).....	602,505	205	346,135	1,385,548	1,423,303	1,439,609	1,437,078

(a) In determining the dividend payment to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(b) Most Government Trading Enterprises (GTEs) will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise and to Budget Paper No. 3 for further detail.

(c) The 2020-21 Budget included the deferred 2019-20 interim dividend payment. The 2020-21 Estimated Actual reflects that the 2020-21 interim dividend payment was deferred to 2021-22, and subsequently approved to be retained.

(d) Excludes current tax expense, deferred tax expense and dividends.

(e) As at 30 June each financial year.

Financial Changes

Net operating balance adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the GTE's Income Statement since presentation of the 2020-21 Budget to Parliament on 8 October 2020, are outlined below:

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Election Commitments					
Gross Pollution Traps.....	-	(18)	(121)	(2,049)	(2,081)
Morley Galleria Drainage Basin.....	-	(1)	(8)	(8)	(8)
COVID-19 Response					
COVID-19 Response.....	(456)	(4,016)	(42)	-	-
Other					
2020-21 Estimated Actual Outturn.....	24,662	35,996	(10)	11	28
2020-21 Mid-year Review and Pre-election Financial Projections Statement Adjustments.....	(612,490)	644,414	(2,343)	2,844	802,412

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
2021-22 Dividend Retention	-	(1,354,875)	-	-	-
2021-22 Tariffs, Fees and Charges (including Operating Subsidies)	-	(13,037)	(14,233)	(15,256)	(16,393)
Developer Contributions	-	(27,708)	(444)	(142)	(146)
Essential Municipal Services Upgrade Program.....	(230)	(101)	1,435	179	818
Operating Expenditure	358	(6,711)	11,138	22,449	148
Other Items.....	1,790	7,623	(18,816)	(18,140)	(37,234)
Regulated Revenue and Other Revenue (including Operating Subsidies).....	-	(7,575)	(19,572)	48	(10,973)

Significant Issues Impacting the Government Trading Enterprise

1. Based on the Corporation's scenario planning work, key trends and assumptions associated with the operating environment over the next five years will mostly relate to increasing social and environmental expectations, scale of supply and demand stress, and a degree of post-COVID-19 and geopolitical impact.

Increasing Social and Environmental Expectations

2. The Corporation understands that customers want to continue to maintain safe, secure, fit-for-purpose water services, while keeping the cost of services as low as possible in the long term. There is also a growing expectation that we deliver services in an increasingly environmentally-sensitive way.

Impact of Climate Change

3. Climate change will continue to impact the availability of water sources, customers' demand for water, the Corporation's need to address greenhouse gas emissions, the options available for energy consumption and the need for infrastructure adaptation. In this context, the implementation of the Western Australian Climate Change Policy will be one of the key drivers which will help align the Corporation's actions with those of the rest of the State.
4. Reduced rainfall, particularly in the South West area of the State, has significantly reduced surface water dam inflows and is likely to constrain groundwater availability. This will continue to impact the capacity of city and town water supplies, increasing the need for augmentation with climate-independent sources such as seawater desalination and groundwater replenishment to grow and maintain liveability. This will also continue to drive the need to save water and promote the efficient use of water resources.

Degree of Post-COVID-19 and Geopolitical Impact

5. The COVID-19 pandemic has affected the Corporation's operating environment, as well as that of the Corporation's suppliers, customers, regulators and other stakeholders. In this context, response and recovery from the COVID-19 pandemic, as well as building future resilience, will be one of the focus areas over the next five years. Community sentiment and Government policy will elevate the importance of building local industry and manufacturing capability, while growing reliance on desalination and complex plants will drive closer links between the Corporation and energy utilities. Co-optimising water and power will be a key theme in the Corporation's economics and sourcing strategy.

2021-22 Dividend Retention

6. The Corporation will retain its forecast 2021-22 dividend payments of \$1,354.9 million to instead contribute to funding a new desalination plant, which will be fuelled by renewable energy. The funds will be quarantined until the Government approves the business case for the desalination plant at a future Budget process.

Statement of Corporate Intent

The following performance information (financial and non-financial) is the subject of a Statement of Corporate Intent, signed by the Board, Minister and Treasurer.

Objectives, Outcomes and Key Performance Information

Relationship to Government Goals

Broad government goals are supported at GTE level by objectives and outcomes. The following table illustrates the relationship between the GTE's objectives and outcomes and the Government Goal it contributes to. The key performance indicators measure the extent of the impact of desired outcomes on the achievement of the GTE objectives.

Government Goals	Strategic Objectives	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable service delivery.	The Corporation's customers expect convenient, affordable and reliable services to support their lifestyle and businesses.	<ol style="list-style-type: none"> 1. Continue to satisfy customers when the Corporation interacts with them, achieving a high performing score when surveyed 2. Keep total cost per property as low as possible over six years
WA Jobs Plan: Local manufacturing and production, creating WA jobs and training for the jobs of the future.	People are at the core of the Corporation's business, and everyone should feel valued, empowered, engaged, safe and respected.	<ol style="list-style-type: none"> 3. Create a workplace that reflects the diversity in Western Australia (including women in leadership) 4. Continuously strengthen the Corporation's commitment to reconciliation, equity and Aboriginal engagement in the ways in which the Corporation operates
Safe, Strong and Fair Communities: Developing healthy and resilient communities.	All Western Australians have the right to safe drinking water and the Corporation must not harm its people or the public.	<ol style="list-style-type: none"> 5. Demonstrate advanced health and safety practices by 2024-25
Growing Our Communities: Protecting our environment with thriving suburbs and regions.	The Corporation is uniquely positioned to leverage its assets, operations and talent to improve Western Australia's liveability and to be an economic enabler for the State.	<ol style="list-style-type: none"> 6. Support the Government to deliver the Waterwise Perth Action Plan
	The environment underpins Western Australians' lifestyle and prosperity, so the Corporation should operate with the lowest environmental impact.	<ol style="list-style-type: none"> 7. Achieve net zero carbon emissions before 2050 8. Increase the percentage of materials recovered from solid waste over six years

Outcomes and Key Performance Indicators

	2019-20 Actual	2020-21 Budget	2020-21 Estimated Actual	2021-22 Budget Target	Note
Outcome: Continue to satisfy customers when the Corporation interacts with them, achieving a high performing score when surveyed:					
Voice of customer - customer experience (score)	8.49	8.00	8.29	8.00	
Outcome: Keep total cost per property as low as possible over six years:					
Total cost per property (\$)	1,995	1,998	1,987	2,025	
Outcome: Create a workplace that reflects the diversity in Western Australia (including women in leadership):					
Workplace diversity targets achieved - women in leadership (% and number of) ...	34.8%, 55	34%, 61	36.3%, 65	36%, 64	
Outcome: Continuously strengthen the Corporation's commitment to reconciliation, equity and Aboriginal engagement in the ways in which the Corporation operates:					
Aboriginal and Torres Strait Islander employment (% and number of)	4.6%, 159	6%, 204	4.8%, 179	6%, 220	
Contracts >\$50,000 awarded to Aboriginal suppliers	2.5%	3%	3.1%	3.2%	
Outcome: Demonstrate advanced health and safety practices by 2024-25:					
Public drinking water advisories (number of)	nil	nil	nil	nil	
Total recordable injury frequency rate	3.4	2.9	4.5	2.2	
Outcome: Support the Government to deliver the Waterwise Perth Action Plan:					
Support the Government to deliver the Waterwise Perth Action Plan (number of the Corporation's actions completed on time)	9	10	9	10	
Outcome: Achieve net zero carbon emissions before 2050:					
Reported greenhouse gas emissions (kilotonnes CO ₂ equivalent)	740	n/a	753	n/a	1
Outcome: Increase the percentage of materials recovered from solid waste over six years:					
Material recovered - solid waste	81%	73%	80%	73%	

Explanation of Significant Movements

(Notes)

1. There is a long-term target of net zero greenhouse gas emissions by 2050. The current measure is consistent with National Greenhouse and Energy Reporting Scheme (Scope 1 and Scope 2, does not include offsets).

Asset Investment Program

1. In 2021-22, \$699.2 million has been committed to asset investment projects across the State. These projects will improve the Corporation's services and continue to ensure its customers have access to reliable, high-quality water and wastewater services.

Expenditure in the Metropolitan Area

2. A total of \$296.6 million has been committed in 2021-22 to projects across the metropolitan area that ensure an ongoing supply of drinking water and the development of adequate facilities for the collection and treatment of the community's wastewater.
3. In 2021-22, \$133.3 million has been committed to water network and supply projects, including:
 - 3.1. \$5.6 million to meet future planning requirements in Alkimos. The project will lay 2.5 km of pipe along the proposed pipeline route at the Alkimos commercial and cultural precinct, integrating with the Mitchell Freeway/Romeo Road extension; and
 - 3.2. \$4.1 million on the Perth CBD pipe renewal project to replace 1 km of pipe from the corner of Bennett Street and Terrace Road to the Causeway Bridge to ensure security of supply. The project has an estimated total value of \$12.1 million.
4. Other features of the metropolitan program include \$147.1 million in 2021-22 on wastewater treatment projects in both the northern and southern corridors, including:
 - 4.1. \$10.1 million towards the Quinns Sewer Main. The project will design and construct 2 km of main sewer to enable flow from the Neerabup Pump Station to be conveyed to the Alkimos Wastewater Treatment Plant (WTP) to cater for increased flows. The project has an estimated total value of \$39.1 million; and
 - 4.2. \$7.1 million to service existing flows and future growth in Bullsbrook. The project will design and construct a pump station and 18 km of sewer main to divert flows from the Bullsbrook WTP to the Ellenbrook Pump Station. The project has an estimated total value of \$22.9 million.

Expenditure in the Regions

5. Regional Western Australia will continue to benefit from the development and upgrading of water and wastewater infrastructure, with \$247.3 million committed in 2021-22 to several projects across the regions.
6. A total of \$136.2 million has been committed in 2021-22 on water projects, including:
 - 6.1. \$26.8 million towards building new water storage tanks in Merredin, Karratha and Dedari. These projects include construction of new 20 to 42 million litre water storage tanks and associated pipework. These projects have a combined estimated total value of \$61.5 million; and
 - 6.2. \$3.7 million upgrading the Moora Kolburn Water Treatment Plant. The upgrade will increase plant performance and treatment capacity. The project has an estimated total value of \$7.7 million.
7. A total of \$85.3 million will be spent in 2021-22 on wastewater projects, including:
 - 7.1. \$19.2 million towards upgrading the wastewater treatment and management in Broome North. The upgrade will increase the capacity and improve the treatment of wastewater and operational efficiency of the plant. The project has an estimated total value of \$40.9 million; and
 - 7.2. \$7.4 million to upgrade the Collie and Kemerton WTPs. The upgrade will improve the treatment of wastewater and operational efficiencies of the plants. The projects have an estimated total value of \$11.7 million.
8. The Corporation will spend \$6.5 million in 2021-22 for the Essential and Municipal Services Upgrade Program for Aboriginal communities to deliver more reliable and improved water and wastewater services. The communities that have been identified to participate in the program include Mowanjum, Bayulu and Bidyadanga. The project has an estimated total value of \$23.3 million.

Election Commitments

9. The Corporation will spend \$2.5 million in 2021-22 towards installing seven gross pollution traps to storm drains at various locations to reduce plastic pollution into our waterways. The project has an estimated total value of \$10 million.

10. An amount of \$0.1 million will be spent in 2021-22 to improve the appearance of the Morley Galleria drainage basin. The project will include replacement of the perimeter fencing.

COVID-19 Response

11. The Corporation will continue to invest \$9.9 million in 2021-22 as part of the COVID-19 Response to drive economic and social recovery and create local jobs. This includes investment in major water and wastewater infrastructure upgrades to improve services across regional Western Australia. The COVID-19 Response has an estimated total value of \$48.5 million.

	Estimated Total Cost \$'000 (a)	Estimated Expenditure to 30-6-21 \$'000	2020-21 Estimated Expenditure \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Coral Bay WTP Evaporation Pond Relining	3,162	145	145	2,921	96	-	-
Irrigation of Public Open Space in Broome.....	6,462	786	786	1,176	4,500	-	-
Other Works in Progress							
Election Commitments							
Essential and Municipal Services Upgrade Program	23,300	841	141	6,515	7,732	5,400	2,727
Olga Road - Albany Highway and Kelvin Road Intersection (Pipe Relocation)	6,131	272	272	4,940	919	-	-
Metropolitan							
Drainage							
Capacity	60,602	32,840	19,313	10,648	5,882	4,633	6,599
Renewals	20,891	9,436	4,288	3,047	2,114	3,103	3,191
Wastewater							
Network Capacity	368,366	97,917	29,476	56,356	86,157	64,664	63,272
Network Renewals	153,757	81,022	28,361	22,263	17,375	13,098	19,999
Treatment Capacity	366,803	120,750	28,409	36,129	81,093	68,187	60,644
Treatment Renewals	124,004	33,448	12,926	32,315	10,993	19,677	27,571
Water							
Network Capacity	295,645	133,588	43,919	49,236	30,280	33,226	49,315
Network Renewals	237,520	146,880	60,556	25,518	20,371	32,565	12,186
Supply Capacity	386,254	235,193	27,787	32,616	59,240	44,221	14,984
Supply Renewals	157,813	64,931	20,450	20,954	28,607	19,804	23,517
Regional							
Drainage							
Capacity	34,171	30,046	27,189	1,880	400	1,600	245
Renewals	32,379	12,400	2,785	6,425	3,476	6,125	3,953
Irrigation.....	49,014	20,186	1,744	1,000	480	8,105	19,243
Wastewater							
Network Capacity	69,505	38,595	2,644	6,783	5,811	4,417	13,899
Network Renewals	69,451	30,633	8,246	16,310	7,049	10,260	5,199
Treatment Capacity	249,413	76,766	29,101	54,827	22,144	23,670	72,006
Treatment Renewals	28,945	8,390	3,541	7,362	2,729	7,419	3,045
Water							
Network Capacity	159,257	66,349	28,352	18,090	17,541	11,765	45,512
Network Renewals	230,388	109,753	54,476	47,327	19,700	34,639	18,969
Supply Capacity	436,208	179,217	94,824	60,302	71,629	82,607	42,453
Supply Renewals	38,487	20,154	9,903	10,529	3,582	1,995	2,227
Service							
Business Support Costs	558,087	217,408	73,546	81,544	78,628	90,583	89,924
Capital Support Costs	198,696	85,360	29,487	28,259	28,218	28,358	28,501
Corporate Real Estate	134,415	61,915	22,429	18,500	18,000	18,000	18,000
Operational Information and Control.....	174,604	66,604	24,163	27,000	27,000	27,000	27,000
NEW WORKS							
COVID-19 Response							
Remote Aboriginal Communities Accelerated Works	38,900	-	-	5,832	12,672	15,067	4,801
Other New Works							
Election Commitments							
Gross Pollution Traps	10,000	-	-	2,500	7,500	-	-
Morley Galleria Drainage	125	-	-	125	-	-	-
Total Cost of Asset Investment Program	4,722,755	1,981,825	689,259	699,229	681,918	680,188	678,982
FUNDED BY							
Internal Funds and Balances.....			689,259	699,229	681,918	680,188	678,982
Total Funding.....			689,259	699,229	681,918	680,188	678,982

(a) For rolling capital programs, the estimated total cost is the total spend from the commencement of the rolling program from 2018-19 up until the last year of the forward estimates period.

Financial Statements

Income Statement

Expenses

1. The 2021-22 Budget Estimate Total Expenses increases by \$20.8 million compared to the 2020-21 Estimated Actual due to a depreciation expense increase of \$26.5 million. The increase in depreciation is driven by accelerated depreciation over the forward estimates period and additional short-lived projects being brought forward.

Revenue

2. The 2021-22 Budget Estimate Total Revenue is up \$12.4 million compared to the 2020-21 Estimated Actual as a result of greater expected returns from Sale of goods and services, and subsidies.

Statement of Financial Position

3. The 2021-22 Budget Estimate Net Assets is expected to increase by \$855.6 million compared to the 2020-21 Estimated Actual. Retention of the forecast 2021-22 government dividend and borrowings increases Cash assets by \$1,039.4 million. This is partially offset by the associated increase of \$358.7 million in non-current borrowings liabilities.

Statement of Cashflows

4. The 2021-22 Budget Estimate Cash assets at the end of the reporting period is expected to grow by \$1,039.4 million due to the retained forecast 2021-22 government dividend and increased borrowings.

INCOME STATEMENT (a)
(Controlled)

	2019-20	2020-21	2020-21 Estimated	2021-22 Budget	2022-23 Forward	2023-24 Forward	2024-25 Forward
	Actual	Budget	Actual	Estimate	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	2,243,916	2,217,283	2,231,339	2,282,189	2,344,421	2,452,118	2,510,762
Other revenue.....	160,615	132,181	221,520	138,448	215,488	253,256	259,593
Revenue from government							
Operating subsidies.....	239,441	216,924	218,579	364,349	416,260	448,984	392,669
Capital subsidies.....	5,611	17,469	2,733	25,130	42,890	7,359	2,727
Royalties for Regions (b).....	191,471	250,000	250,000	126,816	82,657	43,185	117,809
Other subsidies.....	11,929	12,534	11,925	11,528	11,806	12,092	400
TOTAL REVENUE	2,852,983	2,846,391	2,936,096	2,948,460	3,113,522	3,216,994	3,283,960
Expenses							
Employee benefits (c)	333,734	424,362	455,175	441,382	443,511	445,914	449,950
Grants and subsidies	-	-	-	-	-	-	-
Supplies and services.....	500,378	411,034	402,181	412,207	417,960	424,998	432,237
Accommodation.....	6,833	7,845	7,784	8,021	8,202	8,386	8,575
Depreciation and amortisation	516,568	531,843	531,879	558,354	575,089	591,029	601,680
Finance and interest costs.....	213,467	205,581	182,938	175,950	180,899	180,312	184,705
Other expenses	134,415	140,902	125,020	129,908	118,883	119,494	148,638
TOTAL EXPENSES	1,705,395	1,721,567	1,704,977	1,725,822	1,744,544	1,770,133	1,825,785
NET PROFIT/(LOSS) BEFORE TAX	1,147,588	1,124,824	1,231,119	1,222,638	1,368,978	1,446,861	1,458,175
National Tax Equivalent Regime							
Current tax equivalent expense	366,070	341,778	373,534	371,019	406,760	432,532	438,971
Deferred tax equivalent expense	(26,385)	(4,735)	(7,288)	(3,974)	3,507	1,120	(1,923)
NET PROFIT/(LOSS) AFTER TAX	807,903	787,781	864,873	855,593	958,711	1,013,209	1,021,127
Dividends	3,767	1,258,331	642,412	-	737,220	789,428	799,460

(a) Full audited financial statements are published in the Corporation's Annual Report.

(b) In 2020-21 the annual pricing subsidy was funded to the value of \$250 million from Royalties for Regions. From 2021-22 onwards, contributions to the pricing subsidy from the Royalties for Regions fund will be reduced, with the reduction offset by an increase in Consolidated Account funding.

(c) The full-time equivalents for 2019-20 Actual, 2020-21 Estimated Actual and 2021-22 Budget Estimate are 3,277, 3,499 and 3,499 respectively.

STATEMENT OF FINANCIAL POSITION (a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets.....	602,505	205	346,135	30,675	68,430	84,736	82,205
Cash assets - Retained dividends	-	-	-	1,354,873	1,354,873	1,354,873	1,354,873
Receivables	225,153	228,156	224,322	216,352	222,624	229,755	237,323
Other.....	86,929	86,929	84,901	87,097	89,402	91,784	94,300
Total current assets.....	914,587	315,290	655,358	1,688,997	1,735,329	1,761,148	1,768,701
NON-CURRENT ASSETS							
Property, plant and equipment.....	17,541,636	17,759,717	17,783,521	17,967,695	18,158,960	18,369,219	18,570,025
Intangibles	110,308	110,308	110,308	110,308	110,308	110,308	110,308
Receivables	23,174	23,174	23,522	23,934	24,353	24,670	25,015
Total non-current assets.....	17,675,118	17,893,199	17,917,351	18,101,937	18,293,621	18,504,197	18,705,348
TOTAL ASSETS	18,589,705	18,208,489	18,572,709	19,790,934	20,028,950	20,265,345	20,474,049
CURRENT LIABILITIES							
Employee provisions.....	100,216	100,216	99,008	99,014	100,814	100,800	100,801
Payables.....	357,593	340,566	331,554	343,753	357,124	380,082	372,950
Borrowings and leases	18,411	21,427	16,617	19,688	20,482	20,067	19,748
Interest Payable.....	-	-	-	-	-	-	-
Other.....	57,255	57,255	57,532	49,237	47,922	48,164	48,909
Total current liabilities.....	533,475	519,464	504,711	511,692	526,342	549,113	542,408
NON-CURRENT LIABILITIES							
Employee provisions.....	43,796	47,796	46,505	49,001	49,701	52,215	54,715
Borrowings and leases	6,207,304	6,311,387	6,002,895	6,360,224	6,357,892	6,344,101	6,337,266
Other.....	251,211	246,476	242,218	238,044	241,551	242,671	240,748
Total non-current liabilities.....	6,502,311	6,605,659	6,291,618	6,647,269	6,649,144	6,638,987	6,632,729
TOTAL LIABILITIES	7,035,786	7,125,123	6,796,329	7,158,961	7,175,486	7,188,100	7,175,137
NET ASSETS	11,553,919	11,083,366	11,776,380	12,631,973	12,853,464	13,077,245	13,298,912
EQUITY							
Contributed Equity	234,698	234,698	234,698	234,698	234,698	234,698	234,698
Accumulated surplus/(deficit).....	3,992,545	3,521,992	4,215,006	5,070,599	5,292,090	5,515,871	5,737,538
Reserves	7,326,676	7,326,676	7,326,676	7,326,676	7,326,676	7,326,676	7,326,676
TOTAL EQUITY	11,553,919	11,083,366	11,776,380	12,631,973	12,853,464	13,077,245	13,298,912

(a) Full audited financial statements are published in the Corporation's Annual Report.

STATEMENT OF CASHFLOWS (a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	2,213,103	2,187,241	2,217,823	2,272,180	2,341,713	2,438,668	2,496,757
GST receipts.....	114,941	117,784	117,784	119,224	117,182	116,008	117,589
Other receipts.....	105,716	90,303	147,640	109,332	150,493	149,384	153,108
Payments							
Employee benefits.....	(321,421)	(424,877)	(448,862)	(434,998)	(436,981)	(439,230)	(443,113)
Supplies and services.....	(500,378)	(411,034)	(402,181)	(412,207)	(417,960)	(424,998)	(432,237)
Accommodation ^(b)	-	-	-	-	(1)	-	-
GST payments.....	(115,440)	(118,324)	(118,324)	(119,770)	(117,719)	(116,539)	(118,127)
Finance and interest costs.....	(241,488)	(215,132)	(199,083)	(185,901)	(187,744)	(188,171)	(190,024)
Other payments.....	(104,518)	(112,003)	(103,359)	(116,609)	(125,134)	(105,783)	(133,997)
Net cash from operating activities.....	1,150,515	1,113,958	1,211,438	1,231,251	1,323,849	1,429,339	1,449,956
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	2,022	1,600	1,600	1,600	1,600	1,600	1,601
Other receipts.....	-	-	1	-	-	-	-
Payments							
Purchase of non-current assets.....	(634,569)	(694,219)	(689,259)	(699,229)	(681,918)	(680,188)	(678,982)
Net cash from investing activities.....	(632,547)	(692,619)	(687,658)	(697,629)	(680,318)	(678,588)	(677,381)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	1,155,100	921,034	612,950	1,156,064	834,189	827,691	831,602
Payments							
Repayment of borrowings and leases.....	(1,165,711)	(817,299)	(818,514)	(793,328)	(844,425)	(845,737)	(844,692)
Other payments.....	(8,094)	(8,350)	(8,350)	(8,729)	(7,336)	(7,459)	(7,579)
Net cash from financing activities.....	(18,705)	95,385	(213,914)	354,007	(17,572)	(25,505)	(20,669)
CASHFLOWS FROM STATE GOVERNMENT							
Receipts							
Capital subsidies.....	4,182	29,369	-	32,000	30,547	4,802	-
Operating subsidies.....	239,441	216,924	218,579	364,349	416,260	448,984	392,669
Royalties for Regions.....	191,471	250,000	250,000	126,816	82,657	43,185	117,810
Other subsidies.....	11,929	12,534	11,925	11,528	11,806	12,092	400
Payments							
Dividends to government.....	(3,767)	(1,258,331)	(642,412)	-	(737,220)	(789,428)	(799,460)
National Tax Equivalent Regime - Income tax ...	(358,964)	(361,671)	(396,640)	(374,888)	(384,052)	(420,189)	(457,281)
Local Government Rates Equivalent.....	(6,833)	(7,845)	(7,784)	(8,021)	(8,202)	(8,386)	(8,575)
Net cash provided to State Government.....	(77,459)	1,119,020	566,332	(151,784)	588,204	708,940	754,437
NET INCREASE/(DECREASE) IN CASH HELD.....	576,722	(602,296)	(256,466)	1,039,413	37,755	16,306	(2,531)
Cash assets at the beginning of the reporting period.....	25,783	602,501	602,601	346,135	1,385,548	1,423,303	1,439,609
Cash assets at the end of the reporting period.....	602,505	205	346,135	1,385,548	1,423,303	1,439,609	1,437,078

(a) Full audited financial statements are published in the Corporation's Annual Report.

(b) Payment of Local Government Rates Equivalent are included within Accommodation expense on the Income Statement, however within the Statement of Cashflows they are recorded as a payment to State Government and not as a payment from operating activities.

Bunbury Water Corporation

Part 12 Utilities

Interactions with the Consolidated Account, Dividend Payout Ratio and Government Trading Enterprise Information

	2019-20 Actual \$'000	2020-21 Budget \$'000	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	1,275	986	840	1,687	833	966	1,124
Local Government Rates Equivalent.....	84	83	84	86	88	90	92
Dividends ^{(a) (b)}	2,614	1,840	2,110	-	3,370	1,632	1,901
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies	768	726	786	798	814	830	847
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution	-	-	11,900	-	664	-	-
RATIOS							
Dividend Payout Ratio (%)	85	85	85	-	85	85	85
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	15,589	15,755	16,481	19,004	16,653	17,089	17,487
Revenue from State Government.....	768	726	786	798	814	830	847
Total Expenses ^(c)	12,575	13,608	14,513	14,085	14,646	14,647	14,526
Total Borrowings	7,360	20,250	6,591	11,364	13,864	13,044	14,891
NET PROFIT AFTER TAX	2,507	1,887	1,914	4,030	1,988	2,306	2,684
CASH ASSETS ^(d)	3,067	2,994	11,107	4,415	3,927	4,275	4,288

- (a) In determining the dividend payment to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.
- (b) Most Government Trading Enterprises (GTEs) will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise and to Budget Paper No. 3 for further detail.
- (c) Excludes current tax expense, deferred tax expense and dividends.
- (d) As at 30 June each financial year.

Financial Changes

Net operating balance impact of adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the GTE's Income Statement since presentation of the 2020-21 Budget to Parliament on 8 October 2020, are outlined below:

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
2020-21 Mid-year Operating Revenue and Expenditure Update.....	245	187	226	203	-
2021-22 Budget Operating Revenue and Expenditure Update	(180)	268	685	62	57
2021-22 Dividend Retention	-	(1,826)	-	-	-
Contributions for Bunbury Water Resource Recovery Scheme.....	-	664	1,348	-	-

Significant Issues Impacting the Government Trading Enterprise

Climate Change

1. Aqwest's Urban Water Supply Strategy 2020-2069 predicts that over the next 10 years, water use for the existing Aqwest supplied network will remain relatively stable. This assumes a continuation of the water use behaviour trends observed over the past 30 years, that is, average consumption per service, per annum will continue to reduce at a rate at least equal to the additional demand created by service growth (new services).
2. Aqwest is progressing its long-term plan to relocate production away from the sensitive seawater/freshwater interface of the Yarragadee Aquifer with the commissioning of the Ngoora Moolinap Water Treatment Plant (Glen Iris) at the start of 2020-21.
3. The Aqwest Integrated Water Management Strategy provides a strong vision and framework for the staged consideration of new sustainable water sources as well as potable and non-potable water supply schemes.
4. As a direct result of this strategy and in line with the Western Australian Climate Change Policy's commitments for enhancing regional water security, the \$14.1 million Bunbury Water Resource Recovery Scheme has been approved by the Government, which will provide recycled water to Bunbury's public open space and a range of industrial and construction fit-for-purpose applications.
5. Aqwest developed an Environmental Sustainability Strategic Plan 2019-20 - 2023-24. The plan aligns with the sustainability commitments and objectives of the Statement of Corporate Intent and the aspirations of the Western Australian Climate Change Policy to transition to net zero emissions by 2050.
6. The plan sets priorities, activities and measures of success for water use, renewable energy, waste and recycling, printing, best practice and training.

Response to the effects of COVID-19

7. Aqwest has continued to maintain a safe working environment reducing any risk of a localised outbreak of COVID-19. All Aqwest offices are hygienically maintained, and staff are offered working from home opportunities to limit social contact. During the peak of the pandemic, Aqwest's Incident Management Team was assembled to oversee the safe and continuous supply of potable water to the community. This team remains on standby as part of Aqwest's Business Continuity Plan.
8. Aqwest will continue to support its customers experiencing financial difficulty as a result of COVID-19. Aqwest also supports the local economy by engaging local suppliers as a priority.

Retained Dividends

9. Aqwest will retain its forecast 2021-22 dividend payment of \$1.8 million to instead contribute to funding future infrastructure investment. The funds will be quarantined until the Government approves business cases for the strategic infrastructure requirements of Aqwest.

Statement of Corporate Intent

The following performance information (financial and non-financial) is the subject of a Statement of Corporate Intent, signed by the Board, Minister and Treasurer.

Objectives, Outcomes and Key Performance Information

Relationship to Government Goals

Broad government goals are supported at GTE level by objectives and outcomes. The following table illustrates the relationship between the GTE's objectives and outcomes and the Government Goal it contributes to. The key performance indicators measure the extent of the impact of desired outcomes on the achievement of the GTE objectives.

Government Goals	Strategic Objectives	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable service delivery.	Utilise our assets to generate sustainable and responsible financial outcomes.	1. Long term financial viability
	Maintain safe, reliable and affordable water services for our customers.	2. Satisfied customers
WA Jobs Plan: Local manufacturing and production, creating WA jobs and training for the jobs of the future.	Support the Greater Bunbury economy.	3. Local jobs and local suppliers
	Develop innovation opportunities within the circular economy.	4. Highly skilled and diversified workforce
Safe, Strong and Fair Communities: Developing healthy and resilient communities.	Provide accessibility and support for employees, vulnerable customers and the Greater Bunbury community.	5. Strong supported community
Growing Our Communities: Protecting our environment with thriving suburbs and regions.	Provide sustainable, fit for purpose water to the community.	6. Safe, reliable, high quality drinking water 7. Safe, reliable, recycled water available 8. Environmentally sustainable operations

Outcomes and Key Performance Indicators

	2019-20 Actual	2020-21 Budget	2020-21 Estimated Actual	2021-22 Budget Target	Note
Outcome: Long term financial viability:					
Economic real rate of return	3.2%	2.2%	2.4%	3.6%	
Outcome: Satisfied customers:					
Overall customer satisfaction rating	87%	n/a	n/a	85%	1
Outcome: Local jobs and local suppliers:					
Percentage of local suppliers (Buy Local Policy target).....	n/a	n/a	n/a	70%	1
Outcome: Highly skilled and diversified workforce:					
Increase jobs by >2% per annum ^(a)	n/a	n/a	n/a	>2	1
Training expenditure per annum against salaries and wages.....	2%	n/a	2.6%	>3%	1
Safety index.....	1	n/a	0.85	1	1
Outcome: Strong supported community:					
Strong communities index	n/a	n/a	n/a	1	1
Employee diversity and wellbeing index.....	n/a	n/a	n/a	1	1
Customer awareness of Aqwest services.....	68%	n/a	n/a	85%	1
Outcome: Safe, reliable, high quality drinking water:					
Customers agree water is safe to drink	86%	n/a	n/a	85%	1
Microbiological compliance	100%	100%	100%	100%	
Average frequency of an unplanned interruption (per 1000 properties)	157	<250	<250	<250	
Outcome: Safe, reliable, recycled water available:					
Make available 2GL of recycled water per annum.....	n/a	n/a	n/a	2	1
Outcome: Environmentally sustainable operations:					
Environmental sustainability index	n/a	n/a	n/a	1	1

(a) This indicator targets an increase to full-time jobs by decreasing contracted work, without negatively impacting on operating expenses.

Explanation of Significant Movements

(Notes)

1. Aqwest developed a number of new strategic performance indicators for the 2021-22 Statement of Corporate Intent. A detailed explanation of the composition of the new indices is provided in Aqwest's 2021-22 Statement of Corporate Intent. Where comparative data was available this has been shown, otherwise, the indicators will first be reported for 2021-22.

Asset Investment Program

Key Deliverables

1. Aqwest's Asset Investment Program totals \$32.5 million across the forward estimates period and is a continuance of Aqwest's long-term plan to deliver quality community services by developing and maintaining infrastructure to meet the water supply needs of the City of Bunbury (the City).
2. The total investment in the City over the Budget and forward estimates period includes:
 - 2.1. \$3.7 million to replace ageing water mains; and
 - 2.2. \$11.3 million to refurbish and maintain existing reservoir and water treatment plant infrastructure.

COVID-19 Response

3. Aqwest will invest \$14.1 million as part of the COVID-19 Response for the Bunbury Water Resource Recovery Scheme. The Scheme will provide recycled water for use on major infrastructure projects and irrigation of public open spaces, reducing the impact on groundwater sources.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-21 \$'000	2020-21 Estimated Expenditure \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Water Resource Recovery Scheme	14,150	800	800	13,350	-	-	-
Other Works in Progress							
Ngoora Moolinap Water Treatment Plant	14,408	14,308	710	100	-	-	-
COMPLETED WORKS							
Fleet, Information and Communications Technology (ICT) and Other - 2020-21 Program.....							
	546	546	546	-	-	-	-
Mains - 2020-21 Program.....	966	966	966	-	-	-	-
Reservoirs							
2019-20 Program.....	1,286	1,286	1,148	-	-	-	-
2020-21 Program.....	2,205	2,205	2,205	-	-	-	-
Services - 2020-21 Program.....	19	19	19	-	-	-	-
Treatment Plants - 2020-21 Program	386	386	386	-	-	-	-
NEW WORKS							
Fleet, ICT and Other							
2021-22 Program.....	1,224	-	-	1,224	-	-	-
2022-23 Program.....	1,362	-	-	-	1,362	-	-
2023-24 Program.....	535	-	-	-	-	535	-
2024-25 Program.....	412	-	-	-	-	-	412
Mains							
2021-22 Program.....	843	-	-	843	-	-	-
2022-23 Program.....	983	-	-	-	983	-	-
2023-24 Program.....	1,058	-	-	-	-	1,058	-
2024-25 Program.....	867	-	-	-	-	-	867
Reservoirs							
2021-22 Program.....	1,222	-	-	1,222	-	-	-
2022-23 Program.....	1,500	-	-	-	1,500	-	-
2023-24 Program.....	300	-	-	-	-	300	-
2024-25 Program.....	800	-	-	-	-	-	800
Services							
2021-22 Program.....	325	-	-	325	-	-	-
2022-23 Program.....	77	-	-	-	77	-	-
2023-24 Program.....	78	-	-	-	-	78	-
2024-25 Program.....	80	-	-	-	-	-	80
Treatment Plants							
2021-22 Program.....	1,400	-	-	1,400	-	-	-
2022-23 Program.....	1,490	-	-	-	1,490	-	-
2023-24 Program.....	795	-	-	-	-	795	-
2024-25 Program.....	3,686	-	-	-	-	-	3,686
Total Cost of Asset Investment Program	53,003	20,516	6,780	18,464	5,412	2,766	5,845
FUNDED BY							
Capital Appropriation.....			11,900	-	-	-	-
Internal Funds and Balances.....			(5,120)	18,464	5,412	2,766	5,845
Total Funding.....			6,780	18,464	5,412	2,766	5,845

Financial Statements

Income Statement

Expenses

- Total Expenses are forecast to reduce by \$0.4 million for the 2021-22 Budget Estimate. Aqwest claimed a significant amount of depreciation on fixed assets in 2020-21, to adjust historical depreciation underclaimed. The forecasts for depreciation return to normal levels over the forward estimates period.

Revenue

- Revenue from water sales is forecast to increase through minor tariff increases over the forward estimates period.
- Other revenue peaks in the 2021-22 Budget Estimate due to forecast capital contributions for the Bunbury Water Resource Recovery Scheme, and water sales for the Bunbury Outer Ring Road construction.

Statement of Financial Position

- Total non-current assets are expected to increase by \$15.5 million in 2021-22. This is due to the completion of the Bunbury Water Resource Recovery Scheme.
- Borrowings are also forecast to increase to fund a large proportion of Aqwest's current Asset Investment Program.

Statement of Cashflows

- The decrease in cash between the 2021-22 Budget Estimate and 2020-21 Estimated Actual is due to the funds being used on the Bunbury Water Resource Recovery Scheme. These funds were received in 2020-21 via an equity contribution.

INCOME STATEMENT ^(a) (Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	14,965	14,768	15,123	15,382	15,720	16,092	16,475
Other revenue ^(b)	624	987	1,358	3,622	933	997	1,012
Revenue from government							
Operating subsidies.....	768	726	786	798	814	830	847
TOTAL REVENUE	16,357	16,481	17,267	19,802	17,467	17,919	18,334
Expenses							
Employee benefits ^(c)	4,357	4,571	4,661	4,767	4,822	4,875	4,927
Supplies and services.....	2,777	3,222	2,703	3,234	3,525	3,262	3,073
Accommodation.....	796	863	739	861	878	896	914
Depreciation and amortisation ^(d)	2,672	2,882	4,112	3,035	3,210	3,331	3,298
Finance and interest costs.....	114	240	116	118	117	105	108
Other expenses.....	1,859	1,830	2,182	2,070	2,094	2,178	2,206
TOTAL EXPENSES	12,575	13,608	14,513	14,085	14,646	14,647	14,526
NET PROFIT/(LOSS) BEFORE TAX	3,782	2,873	2,754	5,717	2,821	3,272	3,808
National Tax Equivalent Regime - Current tax equivalent expense.....	1,275	986	840	1,687	833	966	1,124
NET PROFIT/(LOSS) AFTER TAX	2,507	1,887	1,914	4,030	1,988	2,306	2,684
Dividends	2,614	1,840	2,110	-	3,370	1,632	1,901

(a) Full audited financial statements are published in Aqwest's Annual Report.

(b) Includes a forecast \$2.25 million capital contribution towards the Bunbury Water Resource Recovery Scheme in 2021-22.

(c) The full-time equivalents for 2019-20 Actual, 2020-21 Estimated Actual and 2021-22 Budget Estimate are 37, 36 and 43 respectively.

(d) A historical depreciation underclaim of \$1 million was accounted for entirely in 2020-21.

**STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)**

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets.....	3,067	2,994	11,107	2,589	2,101	2,449	2,462
Cash assets - Retained dividends	-	-	-	1,826	1,826	1,826	1,826
Receivables	1,243	1,281	1,561	1,585	1,610	1,635	1,660
Other.....	929	945	1,010	1,024	1,038	1,053	1,068
Total current assets.....	5,239	5,220	13,678	7,024	6,575	6,963	7,016
NON-CURRENT ASSETS							
Property, plant and equipment.....	101,132	114,158	118,216	133,710	135,979	135,483	138,100
Other ^(b)	14,350	14,350	-	-	-	-	-
Total non-current assets.....	115,482	128,508	118,216	133,710	135,979	135,483	138,100
TOTAL ASSETS.....	120,721	133,728	131,894	140,734	142,554	142,446	145,116
CURRENT LIABILITIES							
Employee provisions.....	812	829	811	812	812	812	813
Payables.....	1,301	1,333	1,686	1,723	1,761	1,799	1,838
Borrowings and leases	770	784	784	1,353	1,623	1,627	1,899
Other.....	13	13	13	13	13	13	13
Total current liabilities.....	2,896	2,959	3,294	3,901	4,209	4,251	4,563
NON-CURRENT LIABILITIES							
Employee provisions.....	21	22	22	22	22	22	22
Borrowings and leases ^(c)	6,590	19,466	5,807	10,011	12,241	11,417	12,992
Other.....	11,179	11,179	11,179	11,179	11,179	11,179	11,179
Total non-current liabilities.....	17,790	30,667	17,008	21,212	23,442	22,618	24,193
TOTAL LIABILITIES.....	20,686	33,626	20,302	25,113	27,651	26,869	28,756
NET ASSETS.....	100,035	100,102	111,592	115,621	114,903	115,577	116,360
EQUITY							
Contributed Equity ^(c)	-	-	11,900	11,900	12,564	12,564	12,564
Accumulated surplus/(deficit).....	35,963	35,299	37,388	41,417	40,035	40,709	41,492
Reserves	64,072	64,803	62,304	62,304	62,304	62,304	62,304
TOTAL EQUITY.....	100,035	100,102	111,592	115,621	114,903	115,577	116,360

(a) Full audited financial statements are published in Aqwest's Annual Report.

(b) Works in progress, included in Property, Plant and Equipment across the forward estimates period.

(c) Aqwest received an equity contribution to fund the Bunbury Water Resource Recovery Scheme COVID-19 Response project. The project was originally estimated to be funded by borrowings.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	15,198	14,991	15,084	15,344	15,681	16,053	16,434
GST receipts.....	1,688	700	1,760	1,796	1,832	1,868	1,906
Other receipts ^(b)	560	858	1,230	3,536	802	864	879
Payments							
Employee benefits.....	(4,357)	(4,561)	(4,646)	(4,752)	(4,806)	(4,859)	(4,911)
Supplies and services.....	(437)	(452)	(441)	(459)	(468)	(476)	(478)
Accommodation ^(c)	(712)	(780)	(655)	(775)	(790)	(806)	(822)
GST payments.....	(1,726)	(700)	(1,759)	(1,794)	(1,830)	(1,868)	(1,904)
Finance and interest costs.....	(114)	(240)	(116)	(118)	(117)	(105)	(108)
Other payments.....	(4,854)	(4,869)	(4,582)	(4,867)	(5,130)	(4,941)	(4,778)
Net cash from operating activities ^(b).....	5,246	4,947	5,875	7,911	5,174	5,730	6,218
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	-	64	64	63	63	63	63
Payments							
Purchase of non-current assets.....	(12,120)	(15,858)	(6,780)	(18,464)	(5,412)	(2,766)	(5,845)
Net cash from investing activities.....	(12,120)	(15,794)	(6,716)	(18,401)	(5,349)	(2,703)	(5,782)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings ^(d)	7,500	14,400	-	6,000	4,200	1,000	4,000
Payments							
Repayment of borrowings and leases ^(d)	(412)	(1,443)	(770)	(1,227)	(1,700)	(1,821)	(2,153)
Net cash from financing activities.....	7,088	12,957	(770)	4,773	2,500	(821)	1,847
CASHFLOWS FROM STATE GOVERNMENT							
Receipts							
Operating subsidies.....	768	726	786	798	814	830	847
Equity Contributions ^(d)	-	-	11,900	-	664	-	-
Payments							
Dividends to government.....	(2,614)	(1,840)	(2,110)	-	(3,370)	(1,632)	(1,901)
National Tax Equivalent Regime - Income tax...	(1,670)	(986)	(840)	(1,687)	(833)	(966)	(1,124)
Local Government Rates Equivalent.....	(84)	(83)	(85)	(86)	(88)	(90)	(92)
Net cash provided to State Government.....	3,600	2,183	(9,651)	975	2,813	1,858	2,270
NET INCREASE/(DECREASE) IN CASH HELD.....	(3,386)	(73)	8,040	(6,692)	(488)	348	13
Cash assets at the beginning of the reporting period.....	6,453	3,067	3,067	11,107	4,415	3,927	4,275
Cash assets at the end of the reporting period.....	3,067	2,994	11,107	4,415	3,927	4,275	4,288

(a) Full audited financial statements are published in Aqwest's Annual Report.

(b) Includes a forecast \$2.25 million capital contribution towards the Bunbury Water Resource Recovery Scheme.

(c) Payment of Local Government Rates Equivalent are included within Accommodation expense on the Income Statement, however within the Statement of Cashflows they are recorded as a payment to State Government and not as a payment from operating activities.

(d) Aqwest received an equity contribution to fund the Bunbury Water Resource Recovery Scheme COVID-19 Response project. The project was originally estimated to be funded by borrowings.

Busselton Water Corporation

Part 12 Utilities

Interactions with the Consolidated Account, Dividend Payout Ratio and Government Trading Enterprise Information

	2019-20 Actual \$'000	2020-21 Budget \$'000	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	1,091	517	868	551	647	613	601
Local Government Rates Equivalent	63	61	61	61	66	67	69
Dividends ^{(a) (b)}	1,017	1,125	757	-	562	725	733
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies	563	670	670	768	707	721	742
RATIOS							
Dividend Payout Ratio (%)	85	85	85	85	85	85	85
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	11,625	11,434	12,868	11,754	12,035	12,390	12,760
Revenue from State Government.....	563	670	670	768	707	721	742
Total Expenses ^(c)	10,421	10,330	9,942	11,238	11,246	11,644	12,124
Total Borrowings	548	240	240	-	-	-	-
NET PROFIT AFTER TAX	1,063	1,257	2,728	733	849	854	777
CASH ASSETS ^(d)	10,808	10,024	12,192	11,962	10,907	9,569	8,300

(a) In determining the dividend payment to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(b) Most Government Trading Enterprises (GTEs) will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise and to Budget Paper No. 3 for further detail.

(c) Excludes current tax expense, deferred tax expense and dividends.

(d) As at 30 June each financial year.

Financial Changes

Net operating balance adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the GTE's Income Statement since presentation of the 2020-21 Budget to Parliament on 8 October 2020, are outlined below:

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Other					
2020-21 Mid-year Review Operating Revenue and Expenditure Update	(436)	13	-	-	-
2021-22 Budget Operating Revenue and Expenditure Update	419	1,030	43	48	(63)
2021-22 Dividend Retention	-	(1,637)	-	-	-

Significant Issues Impacting the Government Trading Enterprise

Climate Change

1. In response to the impacts of climate change, the Corporation is conducting preliminary works to support the Inland Borefield Transition (Plant 8) Investment. As a result of strong persistent growth that is driving an increased demand for potable water, the Corporation has been required to look at increasing bore capacity to facilitate this demand. At the same time, there are numerous physical constraints preventing additional bores being constructed at existing treatment plants. Climate change, saltwater intrusion and aquifer performance have all necessitated the need for future Busselton bores to be constructed inland.

COVID-19 Response

2. Since the announcement of the Government's Building Stimulus program the City of Busselton has seen significant growth in development and housing investment. The Corporation has benefited from additional income received from Developer Infrastructure Contributions and from income related to new connections and services. It is anticipated that this high level of growth will reduce to lower levels from 2021-22 and across the forward estimates period and therefore budget income projections reflect this lower level of development activity.

Retained Dividends

3. The Corporation will retain its forecast 2021-22 dividend payment of \$1.6 million to instead contribute to funding future infrastructure investment. The funds will be quarantined until the Government approves business cases for the strategic infrastructure requirements of the Corporation.

Statement of Corporate Intent

The following performance information (financial and non-financial) is the subject of a Statement of Corporate Intent, signed by the Board, Minister and Treasurer.

Objectives, Outcomes and Key Performance Information

Relationship to Government Goals

Broad government goals are supported at GTE level by objectives and outcomes. The following table illustrates the relationship between the GTE's objectives and outcomes and the Government Goal it contributes to. The key performance indicators measure the extent of the impact of desired outcomes on the achievement of the GTE objectives.

Government Goals	Strategic Objectives	Desired Outcomes
Strong and Sustainable Finances: Responsible, achievable, affordable service delivery.	Process management, improvement and innovation.	1. Committed to supply value to stakeholders through our processes and to encourage innovation and improvement to our processes and therefore improve the quality of our outputs
	Results and sustainable performance.	2. Committed to achieving excellent results and using effective methods to monitor and demonstrate performance and review and improve performance
	Information and knowledge.	3. Effective application of the information and knowledge required to achieve business objectives together with efficient and effective processes to acquire, analyse and manage this process
WA Jobs Plan: Local manufacturing and production, creating WA jobs and training for the jobs of the future.	People.	4. Valuing our people and creating a great place to work. This will be achieved through initial attraction, then continued engagement and development which will lead to retention of these staff members
	Growth.	5. Committed to growing our business by expanding and diversifying our existing water services
Safe, Strong and Fair Communities: Developing healthy and resilient communities.	Customers and other stakeholders.	6. Committed to analysing customer and other stakeholder requirements, then using this knowledge while managing relationships to deliver increasing value to customers and other stakeholders
Growing our Communities: Protecting our environment with thriving suburbs and regions.	Leadership.	7. Committed to developing and using leadership concepts, processes and management systems to develop an organisational culture consistent with identified values and supporting community and environment
	Strategy and planning.	8. Commitment to establishing systems to set strategic direction, where we have come from, where we are going and how we will get there. Deploying plans to achieve our strategies

Outcomes and Key Performance Indicators

	2019-20 Actual	2020-21 Budget	2020-21 Estimated Actual	2021-22 Budget Target	Note
Outcome: Committed to supply value to stakeholders through our processes and to encourage innovation and improvement to our processes and therefore improve the quality of our outputs:					
Business Excellence Index.....	4	4	4	5	1
Outcome: Committed to achieving excellent results and using effective methods to monitor and demonstrate performance and review and improve performance:					
Drinking water quality compliance with health standards	100%	100%	100%	100%	
Outcome: Effective application of the information and knowledge required to achieve business objectives together with efficient and effective processes to acquire, analyse and manage this process:					
Information and Knowledge Index	4	4	4	4	2
Outcome: Valuing our people and creating a great place to work. This will be achieved through initial attraction, then continued engagement and development which will lead to retention of these staff members:					
People Index	4	4	4	4	3
WorkSafe and Industrial Foundation for Accident Prevention assessments	Gold	Gold	Platinum	Gold	
Outcome: Committed to growing our business by expanding and diversifying our existing water services:					
New water services	176	105	401	100	
Outcome: Committed to analysing customer and other stakeholder requirements, then using this knowledge while managing relationships to deliver increasing value to customers and other stakeholders:					
Number of complaints per 1,000 customers (rolling average)	2.6	<10	2.3	<10	
Outcome: Committed to developing and using leadership concepts, processes and management systems to develop an organisational culture consistent with identified values and supporting community and environment:					
Residential water efficiency kL/pp/year	104	111	105	110	
Outcome: Commitment to establishing systems to set strategic direction, where we have come from, where we are going and how we will get there. Deploying plans to achieve our strategies:					
Strategic Development Plan and Statement of Corporate Intent submitted to Minister	April 2019	April 2020	April 2020	April 2021	

Explanation of Significant Movements

(Notes)

1. The Business Excellence Index measures progress towards best practice across seven elements of the Business Excellence Framework.
2. Information and Knowledge Index comprises the following elements: freedom of information requests completed on time, information and communications technology (ICT) support tickets logged and closed out, ICT forecast achieved, cyber security controls enforced and breach reporting carried out.
3. People Index comprises code of conduct grievances, performance management, learning and development and staff turnover.

Asset Investment Program

1. The Corporation's Asset Investment Program (AIP) reflects its capital investment requirements for the forward estimates period. A total of \$17.6 million is required over this period to enable the Corporation to continue to support a strong regional economy.
2. Key projects over the forward estimates period include:
 - 2.1. \$1.5 million to upgrade operational building facilities to allow greater functionality with a more sustainable footprint;
 - 2.2. \$1.6 million for ICT including cyber security and Intelligent Water Network (IWN) projects;
 - 2.3. \$1.4 million for the installation of new connections, new meters and ongoing meter replacement;
 - 2.4. \$1.8 million to upgrade reticulation mains and services within the network;
 - 2.5. \$0.75 million for the ongoing upgrade and renewal of mobile plant and vehicles;
 - 2.6. \$8.7 million for the replacement and maintenance of tanks and delivery pumps used to store treated water and to ensure greater efficiency and energy consumption; and
 - 2.7. \$1.8 million for preliminary works relating to the development of a new Inland Borefield and Water Treatment Plant (Plant 8) adjacent to the Busselton Regional Airport.
3. This AIP ensures that existing infrastructure is maintained, and new infrastructure is provided to maintain water supplies and sustain growth into the future.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-21 \$'000	2020-21 Estimated Expenditure \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
COMPLETED WORKS							
Building, Land and Land Improvements - 2020-21 Program.....	93	93	93	-	-	-	-
ICT - 2020-21 Program.....	75	75	75	-	-	-	-
New Connections and Meters - 2020-21 Program	440	440	440	-	-	-	-
New Mains and Services - 2020-21 Program.....	578	578	578	-	-	-	-
Plant, Mobile and Other Purchases - 2020-21 Program.....	170	170	170	-	-	-	-
Treatment Plants - 2020-21 Program	1,052	1,052	1,052	-	-	-	-
NEW WORKS							
Building, Land and Land Improvements							
2021-22 Program.....	115	-	-	115	-	-	-
2022-23 Program.....	760	-	-	-	760	-	-
2023-24 Program.....	372	-	-	-	-	372	-
2024-25 Program.....	218	-	-	-	-	-	218
ICT							
2021-22 Program.....	184	-	-	184	-	-	-
2022-23 Program.....	500	-	-	-	500	-	-
2023-24 Program.....	493	-	-	-	-	493	-
2024-25 Program.....	400	-	-	-	-	-	400
New Connections and Meters							
2021-22 Program.....	334	-	-	334	-	-	-
2022-23 Program.....	253	-	-	-	253	-	-
2023-24 Program.....	429	-	-	-	-	429	-
2024-25 Program.....	401	-	-	-	-	-	401
New Mains and Services							
2021-22 Program.....	345	-	-	345	-	-	-
2022-23 Program.....	177	-	-	-	177	-	-
2023-24 Program.....	289	-	-	-	-	289	-
2024-25 Program.....	975	-	-	-	-	-	975
Plant, Mobile and Other Purchases							
2021-22 Program.....	133	-	-	133	-	-	-
2022-23 Program.....	254	-	-	-	254	-	-
2023-24 Program.....	148	-	-	-	-	148	-
2024-25 Program.....	213	-	-	-	-	-	213
Treatment Plants							
2021-22 Program.....	2,687	-	-	2,687	-	-	-
2022-23 Program.....	2,454	-	-	-	2,454	-	-
2023-24 Program.....	2,894	-	-	-	-	2,894	-
2024-25 Program.....	2,534	-	-	-	-	-	2,534
Total Cost of Asset Investment Program	19,970	2,408	2,408	3,798	4,398	4,625	4,741
FUNDED BY							
Asset Sales			43	56	139	56	89
Internal Funds and Balances.....			2,365	3,742	4,259	4,569	4,652
Total Funding.....			2,408	3,798	4,398	4,625	4,741

Financial Statements

Income Statement

Expenses

- The Corporation will retain its forecast 2021-22 dividend payment to instead contribute to funding future infrastructure investment. Dividend payments over the forward estimates period have been impacted by the Government's COVID-19 Response measures, which limited tariff increases in 2019-20 and 2020-21, resulting in a flow-on effect to future dividend accruals.

Revenue

- The increase in Total Revenue across the forward estimates period is mainly as a result of the increase in population reflecting greater water sales.

Statement of Cashflows

- The decrease in cash balance over the forward estimates period reflects an increased capital investment program, specifically the impact of the investment in the Inland Borefield and Water Treatment Plant (Plant 8) project.

INCOME STATEMENT (a)
(Controlled)

	2019-20	2020-21	2020-21 Estimated	2021-22 Budget	2022-23 Forward	2023-24 Forward	2024-25 Forward
	Actual	Budget	Actual	Estimate	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	10,090	10,089	10,409	10,327	10,578	10,888	11,247
Other revenue.....	1,535	1,345	2,459	1,427	1,457	1,502	1,513
Revenue from government							
Operating subsidies.....	563	670	670	768	707	721	742
TOTAL REVENUE	12,188	12,104	13,538	12,522	12,742	13,111	13,502
Expenses							
Employee benefits (b).....	3,798	3,625	3,544	3,696	3,811	3,910	4,018
Supplies and services.....	2,033	2,563	2,547	2,623	2,580	2,668	2,770
Accommodation.....	821	951	939	947	975	998	1,024
Depreciation and amortisation.....	2,798	2,958	2,958	3,103	2,986	3,195	3,420
Finance and interest costs.....	62	43	43	19	6	6	6
Other expenses.....	909	190	(89)	850	888	867	886
TOTAL EXPENSES	10,421	10,330	9,942	11,238	11,246	11,644	12,124
NET PROFIT/(LOSS) BEFORE TAX	1,767	1,774	3,596	1,284	1,496	1,467	1,378
National Tax Equivalent Regime							
Current tax equivalent expense.....	1,091	517	868	551	647	613	601
Deferred tax equivalent expense.....	(387)	-	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAX	1,063	1,257	2,728	733	849	854	777
Dividends	1,017	1,125	757	-	562	725	733

(a) Full audited financial statements are published in the Corporation's Annual Report.

(b) The full-time equivalents for 2019-20 Actual, 2020-21 Estimated Actual and 2021-22 Budget Estimate are 31, 32 and 32 respectively.

**STATEMENT OF FINANCIAL POSITION (a)
(Controlled)**

	2019-20	2020-21	2020-21 Estimated	2021-22 Budget	2022-23 Forward	2023-24 Forward	2024-25 Forward
	Actual	Budget	Actual	Estimate	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets.....	9,134	8,375	12,004	9,656	8,726	7,400	6,445
Cash assets - Retained dividends	-	-	-	1,637	1,637	1,637	1,637
Restricted Cash	1,674	1,649	188	669	544	532	218
Receivables	3,298	3,068	3,015	3,014	3,015	3,015	3,015
Other.....	614	614	614	614	614	614	614
Total current assets.....	14,720	13,706	15,821	15,590	14,536	13,198	11,929
NON-CURRENT ASSETS							
Property, plant and equipment.....	100,392	100,574	99,952	100,726	101,774	103,055	104,277
Intangibles	308	311	330	363	743	1,022	1,202
Total non-current assets.....	100,700	100,885	100,282	101,089	102,517	104,077	105,479
TOTAL ASSETS	115,420	114,591	116,103	116,679	117,053	117,275	117,408
CURRENT LIABILITIES							
Employee provisions.....	1,182	1,215	1,263	1,284	1,305	1,327	1,349
Payables.....	761	762	425	428	430	434	434
Borrowings and leases	417	337	349	110	110	110	110
Other.....	2	2	-	-	-	-	-
Total current liabilities.....	2,362	2,316	2,037	1,822	1,845	1,871	1,893
NON-CURRENT LIABILITIES							
Employee provisions.....	46	94	46	108	171	236	303
Borrowings and leases	363	237	122	120	121	121	121
Other.....	18,157	18,544	18,157	18,157	18,157	18,157	18,157
Total non-current liabilities.....	18,566	18,875	18,325	18,385	18,449	18,514	18,581
TOTAL LIABILITIES	20,928	21,191	20,362	20,207	20,294	20,385	20,474
NET ASSETS	94,492	93,400	95,741	96,472	96,759	96,890	96,934
EQUITY							
Accumulated surplus/(deficit) ^(b)	29,805	29,673	41,701	42,434	42,721	42,850	42,894
Reserves	64,687	63,727	54,040	54,038	54,038	54,040	54,040
TOTAL EQUITY	94,492	93,400	95,741	96,472	96,759	96,890	96,934

(a) Full audited financial statements are published in the Corporation's Annual Report.

(b) From the 2021-22 year Accumulated surplus/(deficit) now includes the Corporation's Investments which were previously classified as Reserves.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	10,320	10,090	10,410	10,328	10,577	10,889	11,247
GST receipts.....	675	482	482	482	482	482	482
Other receipts.....	1,797	1,300	2,450	1,427	1,457	1,486	1,511
Payments							
Employee benefits.....	(3,722)	(3,544)	(3,463)	(3,613)	(3,726)	(3,823)	(3,929)
Supplies and services.....	(690)	(1,077)	(926)	(1,066)	(1,068)	(1,111)	(1,152)
Accommodation ^(b)	(758)	(890)	(878)	(886)	(909)	(931)	(955)
GST payments.....	(588)	(482)	(482)	(482)	(482)	(482)	(482)
Finance and interest costs.....	(61)	(43)	(43)	(19)	(6)	(6)	(6)
Other payments.....	(2,953)	(2,264)	(2,022)	(2,404)	(2,383)	(2,419)	(2,502)
Net cash from operating activities.....	4,020	3,572	5,528	3,767	3,942	4,085	4,214
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	66	43	43	56	139	56	89
Payments							
Purchase of non-current assets.....	(2,535)	(2,886)	(2,408)	(3,798)	(4,398)	(4,625)	(4,741)
Net cash from investing activities.....	(2,469)	(2,843)	(2,365)	(3,742)	(4,259)	(4,569)	(4,652)
CASHFLOWS FROM FINANCING ACTIVITIES							
Payments							
Repayment of borrowings and leases.....	(386)	(480)	(480)	(411)	(170)	(170)	(170)
Net cash from financing activities.....	(386)	(480)	(480)	(411)	(170)	(170)	(170)
CASHFLOWS FROM STATE GOVERNMENT							
Receipts							
Operating subsidies.....	563	670	670	768	707	721	742
Payments							
Dividends to government.....	(1,017)	(1,125)	(757)	-	(562)	(725)	(733)
National Tax Equivalent Regime - Income tax...	(1,144)	(517)	(1,151)	(551)	(647)	(613)	(601)
Local Government Rates Equivalent.....	(63)	(61)	(61)	(61)	(66)	(67)	(69)
Net cash provided to State Government.....	1,661	1,033	1,299	(156)	568	684	661
NET INCREASE/(DECREASE) IN CASH HELD.....	(496)	(784)	1,384	(230)	(1,055)	(1,338)	(1,269)
Cash assets at the beginning of the reporting period.....	11,304	10,808	10,808	12,192	11,962	10,907	9,569
Cash assets at the end of the reporting period.....	10,808	10,024	12,192	11,962	10,907	9,569	8,300

(a) Full audited financial statements are published in the Corporation's Annual Report.

(b) Payment of the Local Government Rates Equivalent is included within Accommodation expense on the Income Statement, however within the Statement of Cashflows this is recorded as a payment to State Government and not as a payment from operating activities.