

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	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000
Synergy		
– Asset Investment Program	165,614	143,443
Western Power		
– Asset Investment Program	833,415	1,011,265
Horizon Power		
– Asset Investment Program	130,714	100,053
Water Corporation		
– Asset Investment Program	680,950	648,319
Bunbury Water Corporation		
– Asset Investment Program	11,986	38,126
Busselton Water Corporation		
– Asset Investment Program	3,798	4,398

Ministerial Responsibilities

Minister	Agency	Services
Minister for Mines and Petroleum; Energy; Corrective Services; Industrial Relations	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

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR ^{(a)(b)}							
Local Government Rates Equivalent	674	1,027	1,174	1,318	1,445	1,252	1,168
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies ^(c)	942,364	386,669	415,891	761,005	347,514	305,481	256,365
Other Subsidies ^(d)	1,961	7,900	7,900	7,900	7,900	7,900	7,900
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(e)	-	170,202	155,701	33,301	10,000	1,000	-
RATIOS							
Dividend Payout Ratio (%)	75	75	75	75	75	75	75
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	2,975,914	2,810,049	2,844,039	2,829,466	2,847,434	2,886,956	2,925,741
Revenue from Government	944,325	396,892	426,114	770,615	355,414	313,381	264,265
Total Expenses ^(f)	4,183,712	3,110,696	3,253,712	3,540,444	3,134,854	3,194,476	3,202,360
Total Borrowings	218,236	310,798	236,660	280,037	211,004	182,142	176,007
NET PROFIT AFTER TAX	(263,444)	96,245	16,441	59,637	67,994	5,861	(12,354)
CASH ASSETS ^(g)	389,075	136,200	138,517	138,893	139,375	136,024	136,089

- (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 (NPAT) may be adjusted based on other factors as permitted by the relevant legislation.
(c) Synergy will receive significant additional operating subsidies in 2022-23 primarily as a result of administering the \$400 Household Electricity Credit.
(d) Includes amounts from Communities (Hardship Utility Grant Scheme).
(e) Over the period from 2021-22 to 2025-26, Synergy will receive equity contributions for asset investment, inclusive of \$140 million in 2021-22 and \$5 million in 2022-23 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 impact of 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 2021-22 Budget to Parliament on 9 September 2021, are outlined below:

	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
Key Adjustments					
\$400 Household Electricity Credit	-	(419,657)	-	-	-
Emergency Solar Management	(6,005)	(6,290)	(6,100)	(6,100)	-
Other					
Financial Viability Subsidies and Rebates and Concessions	(23,217)	(3,970)	(15,870)	2,837	(6,699)

Significant Issues Impacting the Government Trading Enterprise

External Environment and Challenges

1. Synergy is working with the Government to support families with a \$400 Household Energy Credit for residential customers to ease financial pressures and assist customers to meet their electricity costs.
2. The next five years 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 impacts associated with the race to decarbonise, new technologies and growing competition are still evolving. The energy market is rapidly changing with decreasing system revenue, pressure on scheduled generation, increasing customer inequity and, for Synergy directly, the requirement to purchase more energy at high prices and sell energy at low or negative prices.
3. Like many electricity utilities around the world, Synergy is facing significant disruption. Upstream generation activities and traditional business models are being challenged by the increased penetration of large and small-scale renewable generation and energy storage.
4. 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 secure and reliable electricity supply, particularly during the transition.
5. Advances in downstream technology (such as battery storage and advanced 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.
6. 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 energy storage such as batteries can be installed at scale), as well as more frequent plant shutdown and start-up cycles for base load coal generation.
7. Customers now have greater autonomy and more choice in the way they source, use, store and pay for electricity. In the short term, Synergy's energy demand from non-contestable customers is forecast to decline over the next five years. Changes in customer expectations (particularly low or zero carbon emissions energy), competition from other retailers and technological disruptions are direct challenges to Synergy's future sustainability and economic performance.

Strategic Objectives

8. A transformative corporate strategy for Synergy to become a customer-centric, proactive, energy solutions provider is supported by the Synergy Board and the Government.
9. With the customer as its focus and its mandate, Synergy is upgrading its Customer Engagement Platform, which will replace a variety of platforms and result in a more integrated and bespoke customer service experience.
10. To support new Distributed Energy Resources (DER) markets and the Government's DER Roadmap, Synergy will investigate investing in systems and technologies that facilitate its customers becoming active market participants in generating, using and trading electricity.
11. Synergy will play a strong role in consumer education, positively incentivising customers to change their behaviour, including by giving them control and helping them manage their own energy usage.

Distributed Energy Resources

12. DER is the term given to solar panels, batteries, electric vehicles, microgrids and other small-scale energy technologies. These resources are transforming electricity systems. With this transformation comes a range of challenges and opportunities related to how electricity is produced, managed and consumed in Western Australia.

13. The Government has released the DER Roadmap to guide reform priorities and practical activities that need to be completed over the next several years. Synergy supports the DER Roadmap and is working with the Government and other energy partners to deliver the actions needed to meet these challenges and harness the potential for cleaner, more affordable energy for everyone.
14. DER have the potential to bring great benefit to customers by allowing them to increasingly control how their energy needs are met, but also poses challenges and uncertainty for regulators, who have struggled to keep up with rapid technological advances.
15. Synergy's investment in DER is focused on developing the tools and technologies that are needed to accelerate DER uptake when and where it makes sense to do so, while at the same time providing a return on investment to Synergy and the Government.

Climate Change

16. In November 2020, the Government released the Western Australian Climate Policy, which confirms a target of net zero (economy wide) greenhouse gas emissions by 2050. The policy requires GTEs to develop net zero emissions transition plans.
17. In 2022-23, Synergy will continue working towards reducing its carbon emissions in line with State and Commonwealth government obligations and customer expectations. Synergy will do this in a way that also meets the generation requirements of the system to ensure power security and reliability across the South West Interconnected System (SWIS).

Ongoing Transition of the Generation Fleet

18. With ongoing changes in demand, the rise of new technologies and changes to the market, Synergy needs to re-shape its supply portfolio to match current and future electricity demand requirements more effectively. In reshaping generation business operations, Synergy will continue to play a key role in maintaining a secure and reliable electricity supply to SWIS customers and in doing so, support economic growth and the diversification of the State economy.
19. As Synergy works towards the staged closure of its Muja Stage C units 5 and 6 in 2022 and 2024 (respectively), the business will continue to manage employee transitions associated with the change in operations. Synergy will continue to undertake proactive engagement with key stakeholders including government, industry, employees and unions and, where practical, retrain impacted employees and move them into new roles created to execute Synergy's strategic priorities.

Financial Sustainability

20. 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.
 - 20.1. A range of operating subsidies were approved as part of the 2020-21 and 2021-22 Budgets to fund Synergy for revenue shortfalls that it is currently unable to recover.
 - 20.2. 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.
21. 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 below and include the Big Battery, electric vehicle charging stations, thermal fleet flexibility projects, expansion of the Schools VPP project and implementation of the 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, agreed by the Board and Minister (with the Treasurer's concurrence).

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 budget management.	Keeping the Budget healthy.	1. Financial performance
WA Jobs Plan: Diversifying the WA economy, creating local jobs for the future.	Improve Aboriginal training and employment opportunities.	2. Aboriginal and Torres Strait Islander business procurement
Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive.	Safety and compliance with regulatory requirements.	3. Employee safety 4. Regulatory compliance
Investing in WA's Future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	Develop climate-resilient communities and a prosperous low-carbon future.	5. Protecting our environment 6. Customer service

Outcomes and Key Performance Indicators

	2020-21 Actual	2021-22 Budget	2021-22 Estimated Actual	2022-23 Budget Target	Note
Outcome: Financial performance:					
Earnings before interest, taxes, depreciation, and amortisation (EBITDA) (\$ million) equal or greater than ^(a)	124.9	>=219.7	133.7	>=178.1	1
EBITDA margin (%) equal or greater than ^(a)	4.1%	>=6.8%	4.1%	>=4.9%	1
NPAT margin (%) equal or greater than ^(a)	0.1%	>=3%	0.5%	>=1.7%	1
Outcome: Aboriginal and Torres Strait Islander business procurement:					
Percentage of all contracts and purchase orders awarded to Aboriginal and Torres Strait Islander businesses ^{(b)(c)}	n/a	n/a	n/a	3.5%	
Outcome: Employee safety:					
Recordable Injury Frequency Rate (RIFR) equal or less than ^(d)	1.9	<=1.9	1.9	<=1.7	
Outcome: Regulatory compliance:					
Various legislative compliance requirements ^(e)	nil	nil	nil	nil	
Outcome: Protecting our environment:					
Reduction in Synergy's scope one emissions as compared to 2005 levels of at least ^(c)	n/a	n/a	n/a	50%	
Outcome: Customer service:					
Customer Effort Score (CES) ^(f)	68.1%	>=67.5%	67.1%	>=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) Proportion of contracts and purchase orders of a value of \$50,000 or greater.

(c) New key performance indicator established from 2022-23.

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

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

(f) 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 Actual excludes an increase in the provision for onerous contracts, increase in the provision for the decommissioning of Kwinana Power Station (a retired asset) and the cost relating to the closure of Muja Stage C.

Asset Investment Program

1. In 2022-23, Synergy will spend \$143.4 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 continued 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.

Election Commitments

2. Following the success of the VPP for Schools pilot project, Synergy will spend \$4.3 million in 2022-23 to install battery storage and/or solar panel technology at seven additional schools across Geraldton, Kalbarri and Kalgoorlie.

Generation

3. In 2022-23, Synergy will spend \$51 million to finalise the construction and operation of a 100-megawatt/200-megawatt-hour 'Big Battery' located at Synergy's decommissioned Kwinana Power Station. The battery is anticipated to be operational by the end of 2022 and, once connected, will improve system security, optimise Synergy's generation fleet and facilitate an orderly transition to renewable (intermittent) generation. Projects like the Big Battery provide storage solutions to ensure electricity system security. This project is both an initiative within Energy Policy WA's Energy Transformation Strategy and an action within the Government's Western Australian Climate Policy.
4. To enable Synergy's existing thermal fleet to better respond to system needs including increased frequency of start-ups and operating at lower voltages, Synergy will invest \$6 million in upgrades to enable more flexible operations and the capability to cold start turbines at Muja Power Station after a period of inactivity.
5. 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 \$49.1 million in 2022-23. Major investments include:
 - 5.1. \$13.9 million for turbine rotor replacements at the Pinjar Gas Turbine to mitigate the risk of failure of the turbine rotor. Several of Synergy's Pinjar power station peaking units require rotor replacement and upgraded stacks. The units play a pivotal role in meeting consumer demand for energy during peak demand times. The replacement of turbine rotors is required (and is accepted industry practice) to mitigate the risk of failure;
 - 5.2. \$12.5 million for the Cockburn Gas Turbine to purchase parts required for manufacturer recommended outages;
 - 5.3. \$11.3 million for the plant maintenance program at Muja Power Station. This will ensure the safe operation of the plant at the lowest cost to ensure operational reliability, efficiency, availability and flexibility of the plant to meet rapidly changing market demands on the existing assets through to end of life. Synergy's generation fleet requires increasing investment to sustain the assets to end of life and ensure reliability and availability;
 - 5.4. \$9.6 million for various projects at Collie Power Station, including a new condenser tube as the existing tubes are showing signs of pitting and corrosion. If this is not addressed, the efficiency of the condenser may be impacted; and
 - 5.5. \$500,000 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

6. In 2022-23, Synergy will undertake investment in new renewable energy technology in Perth and the regions, including \$1.6 million for the Smart Energy for Social Housing 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.

Retail

7. Synergy will spend \$13 million in 2022-23 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.
8. Synergy will spend \$470,000 in 2022-23 for the purchase and installation of an ICT platform that will enable it to undertake the Emergency Solar Management function. The project provides Synergy with the capability to remotely turn off new and upgraded solar systems during emergency system security events to avoid widespread blackouts.
9. Synergy will spend \$4.5 million in 2022-23 to create Australia's longest Electric Vehicle fast charging highway. The network of electric vehicle charging stations, to be installed by Synergy and Horizon Power, will operate between Perth to Kununurra, along the South West coast to Eucla and east to Kalgoorlie. This initiative is one of the key initiatives of the Government's State Electric Vehicle Strategy and is funded from the \$21 million Electric Vehicle Fund.

Corporate

10. A total of \$10 million in 2022-23 has been allocated for the replacement and/or upgrade of 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.
11. Additionally, \$2 million in 2022-23 has been committed to various infrastructure and system upgrades to ensure readiness for the Wholesale Electricity Market (WEM) reforms which will be implemented by October 2023.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-22 \$'000	2021-22 Estimated Expenditure \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
WORKS IN PROGRESS							
Election Commitments							
Retail - Election Commitment - VPPs	4,800	500	500	4,300	-	-	-
COVID-19 Response							
Retail - Smart Energy for Social Housing.....	4,787	2,300	1,513	1,600	887	-	-
Other Works in Progress							
Corporate							
Business Systems Replacement	89,905	66,905	11,000	10,000	7,000	3,000	3,000
Property, Plant and Equipment	13,915	7,915	1,500	1,500	1,500	1,500	1,500
WEM Market Readiness	11,833	9,833	5,000	2,000	-	-	-
Generation							
Big Battery	153,217	102,217	99,000	51,000	-	-	-
Cockburn Gas Turbine	91,393	45,937	11,752	12,500	14,056	9,000	9,900
Collie Power Station	88,613	57,017	1,982	9,596	8,000	7,000	7,000
Flexible Operations	11,000	5,000	5,000	6,000	-	-	-
Kwinana Power Station	56,371	54,871	3,670	500	500	500	-
Muja Power Station	160,780	124,035	6,535	11,293	7,086	10,000	8,366
Other Generation Infrastructure Projects	71,539	67,289	1,517	1,250	1,000	1,000	1,000
Pinjar Gas Turbine	51,962	20,470	3,524	13,933	6,236	7,323	4,000
Retail							
Customer Engagement Platform	30,000	5,000	5,000	13,000	10,000	1,000	1,000
Electric Vehicle Charging Stations	9,002	4,501	4,501	4,501	-	-	-
Emergency Solar Management	3,570	3,100	3,100	470	-	-	-
COMPLETED WORKS							
COVID-19 Response							
Retail - VPP for Schools	5,420	5,420	520	-	-	-	-
Total Cost of Asset Investment Program	858,107	582,310	165,614	143,443	56,265	40,323	35,766
FUNDED BY							
Internal Funds and Balances			17,612	122,643	53,265	39,323	35,766
Other			148,002	20,800	3,000	1,000	-
Total Funding			165,614	143,443	56,265	40,323	35,766

Financial Statements

Income Statement

Revenue

1. The \$61 million increase in Other revenue in the 2022-23 Budget Year, compared to the 2021-22 Estimated Actual, relates to Synergy meeting its renewable energy certificate obligations and recovering shortfall payments made in 2019-20 and 2020-21.
2. Operating subsidies provided to Synergy in the 2022-23 Budget Year are materially higher than those projected over the forward estimates due to the one-off \$400 Household Electricity Credit payment. This revenue increase is offset by equivalent Grants and subsidies expenditure outlays.

Statement of Financial Position

3. Cash is held constant over the forward estimates period to reflect Synergy's two-week working capital requirements.

Statement of Cashflows

4. The reduction in Other Payments in the 2021-22 Estimated Actual is largely due to the 2020-21 Actual including \$617.5 million in payments for the \$600 Household Electricity Credit.

INCOME STATEMENT ^(a) (Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	2,948,454	2,805,932	2,839,187	2,763,583	2,841,575	2,880,869	2,919,561
Other revenue.....	27,460	4,117	4,852	65,883	5,859	6,087	6,180
Revenue from Government							
Operating subsidies.....	942,364	386,669	415,891	761,005	347,514	305,481	256,365
Capital subsidies.....	-	2,323	2,323	1,710	-	-	-
Other subsidies.....	1,961	7,900	7,900	7,900	7,900	7,900	7,900
TOTAL REVENUE.....	3,920,239	3,206,941	3,270,153	3,600,081	3,202,848	3,200,337	3,190,006
Expenses							
Employee benefits ^(b)	120,170	130,464	150,179	159,729	139,751	137,205	128,991
Grants and subsidies.....	793,540	97,765	125,428	514,368	98,595	102,830	114,440
Supplies and services.....	2,973,502	2,657,548	2,759,729	2,677,666	2,639,780	2,711,652	2,693,513
Accommodation.....	3,123	1,418	1,585	1,729	1,856	1,664	1,578
Depreciation and amortisation.....	86,903	84,083	83,676	78,026	100,143	106,854	101,694
Finance and interest costs.....	36,092	39,327	35,873	40,338	38,153	34,760	33,797
Other expenses.....	170,382	100,091	97,242	68,588	116,576	99,511	128,347
TOTAL EXPENSES.....	4,183,712	3,110,696	3,253,712	3,540,444	3,134,854	3,194,476	3,202,360
NET PROFIT/(LOSS) BEFORE TAX.....	(263,473)	96,245	16,441	59,637	67,994	5,861	(12,354)
National Tax Equivalent Regime - Deferred tax equivalent expense.....	(29)	-	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAX.....	(263,444)	96,245	16,441	59,637	67,994	5,861	(12,354)

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

(b) The full-time equivalents for 2020-21 Actual, 2021-22 Estimated Actual and 2022-23 Budget Year are 906, 982 and 964 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CURRENT ASSETS							
Cash assets	389,075	136,200	138,517	138,893	139,375	136,024	136,089
Receivables	348,813	265,326	167,914	153,111	134,225	107,522	108,609
Assets held for sale	7,571	9,390	198	198	198	198	-
Other	229,041	253,635	237,935	232,690	222,915	232,419	222,211
Total current assets	974,500	664,551	544,564	524,892	496,713	476,163	466,909
NON-CURRENT ASSETS							
Property, plant and equipment	744,026	907,846	855,617	927,630	878,730	810,453	781,633
Intangibles	135,327	96,875	110,790	102,718	107,971	109,535	58,238
Other	74,405	81,000	68,095	56,209	45,050	24,852	31,998
Total non-current assets	953,758	1,085,721	1,034,502	1,086,557	1,031,751	944,840	871,869
TOTAL ASSETS	1,928,258	1,750,272	1,579,066	1,611,449	1,528,464	1,421,003	1,338,778
CURRENT LIABILITIES							
Employee provisions	40,039	32,954	-	40	80	120	-
Payables	627,687	328,992	261,859	246,555	260,595	249,667	251,259
Borrowings and leases	18,982	17,098	18,982	18,982	18,982	18,982	18,982
Interest payable	461	-	-	-	-	-	-
Other	244,389	140,340	230,980	207,477	166,430	134,114	198,326
Total current liabilities	931,558	519,384	511,821	473,054	446,087	402,883	468,567
NON-CURRENT LIABILITIES							
Employee provisions	29,788	36,660	43,858	43,858	43,858	43,858	43,858
Borrowings and leases	422,822	498,690	421,947	444,093	351,428	296,228	260,782
Other	596,056	530,688	479,192	435,258	393,911	377,993	277,884
Total non-current liabilities	1,048,666	1,066,038	944,997	923,209	789,197	718,079	582,524
TOTAL LIABILITIES	1,980,224	1,585,422	1,456,818	1,396,263	1,235,284	1,120,962	1,051,091
NET ASSETS	(51,966)	164,850	122,248	215,186	293,180	300,041	287,687
EQUITY							
Contributed equity	1,292,744	1,462,946	1,448,445	1,481,746	1,491,746	1,492,746	1,492,746
Accumulated surplus/(deficit)	(1,337,179)	(1,285,453)	(1,320,738)	(1,261,101)	(1,193,107)	(1,187,246)	(1,199,600)
Reserves	(7,531)	(12,643)	(7,523)	(7,523)	(7,523)	(7,523)	(7,523)
TOTAL EQUITY	(51,966)	164,850	120,184	213,122	291,116	297,977	285,623

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

STATEMENT OF CASHFLOWS (a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	2,929,368	2,391,402	2,945,033	2,689,977	2,771,024	2,808,448	2,818,346
Grants and subsidies.....	15,000	-	-	-	-	-	-
GST receipts.....	301,806	285,731	231,245	229,034	260,270	265,249	265,583
Other receipts.....	7,956	222,386	4,852	65,883	5,859	6,087	6,180
Payments							
Employee benefits.....	(103,230)	(138,928)	(150,179)	(159,729)	(139,751)	(137,205)	(128,991)
Supplies and services.....	(2,902,360)	(2,799,380)	(3,279,508)	(2,739,106)	(2,738,833)	(2,757,373)	(2,704,832)
Accommodation ^(b)	(2,449)	(84)	(411)	(411)	(411)	(412)	(410)
GST payments.....	(297,419)	(271,009)	(249,811)	(284,888)	(286,373)	(290,290)	(294,048)
Finance and interest costs.....	(32,947)	(31,639)	(5,523)	(6,859)	(5,792)	(5,229)	(5,130)
Other payments.....	(849,073)	(98,824)	(145,484)	(501,433)	(106,843)	(140,521)	(182,387)
Net cash from operating activities.....	(933,348)	(440,345)	(649,786)	(707,532)	(240,850)	(251,246)	(225,689)
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	956	-	-	-	-	-	-
Other receipts.....	-	2,924	2,923	3,078	3,139	1	3,888
Payments							
Purchase of non-current assets.....	(65,144)	(194,569)	(165,614)	(143,443)	(56,265)	(40,323)	(35,766)
Other payments.....	(24,401)	-	-	-	-	-	-
Net cash from investing activities.....	(88,589)	(191,645)	(162,691)	(140,365)	(53,126)	(40,322)	(31,878)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	-	228,369	187,574	192,476	150,815	179,000	125,000
Payments							
Repayment of borrowings and leases.....	(9,967)	(135,807)	(169,150)	(149,099)	(219,848)	(207,862)	(131,135)
Net cash from financing activities.....	(9,967)	92,562	18,424	43,377	(69,033)	(28,862)	(6,135)
CASHFLOWS FROM GOVERNMENT ACTIVITIES							
Receipts							
Capital subsidies.....	-	2,323	2,323	1,710	-	-	-
Operating subsidies.....	884,895	386,669	378,745	763,303	347,036	309,431	257,035
Equity Contributions.....	-	170,202	155,701	33,301	10,000	1,000	-
Other subsidies.....	1,961	7,900	7,900	7,900	7,900	7,900	7,900
Payments							
Local Government Rates Equivalent.....	(674)	(1,027)	(1,174)	(1,318)	(1,445)	(1,252)	(1,168)
Net cash provided to Government.....	(886,182)	(566,067)	(543,495)	(804,896)	(363,491)	(317,079)	(263,767)
NET INCREASE/(DECREASE) IN CASH HELD.....	(145,722)	26,639	(250,558)	376	482	(3,351)	65
Cash assets at the beginning of the reporting period.....	534,797	109,561	389,075	138,517	138,893	139,375	136,024
Cash assets at the end of the reporting period.....	389,075	136,200	138,517	138,893	139,375	136,024	136,089

(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 it is recorded as a payment to 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

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	84,079	105,463	110,928	113,485	127,049	110,248	98,347
Local Government Rates Equivalent	1,608	1,805	1,805	1,651	1,692	1,734	1,769
Dividends ^{(a)(b)}	299,760	-	-	301,093	295,571	281,489	262,318
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Other Subsidies	2,958	2,895	2,895	-	-	-	-
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(c)	133,573	170,146	176,489	93,759	96,740	99,141	93,634
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	1,871,579	1,897,988	1,938,089	1,904,412	1,965,689	1,971,332	1,965,822
Revenue from Government	2,958	2,895	2,895	-	-	-	-
Total Expenses ^(d)	1,315,536	1,328,810	1,326,950	1,349,717	1,405,539	1,447,337	1,478,125
Total Borrowings ^(e)	7,670,588	7,999,938	7,445,298	7,870,975	8,122,171	8,374,782	8,559,871
NET PROFIT AFTER TAX.....	390,612	401,437	432,430	391,075	395,131	368,710	343,439
CASH ASSETS ^{(e)(f)}	50,379	555,889	25,000	25,000	25,000	25,000	25,000

(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) Western Power will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.

(c) Equity contributions arise where Government returns cash to Western Power via an equity injection. They are made up of contributions for dividends on capital contributions, equity contribution for taxes on residential customers' contributions, and equity contribution to offset dividends on asset sales.

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

(e) The 2021-22 dividend retention mechanism has been updated in the 2021-22 Estimated Actual. Utilisation of the retained dividend to be reflected as an increase in debt limit, instead of a drawdown of cash held in a separate bank account.

(f) 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 2021-22 Budget to Parliament on 9 September 2021, are outlined below:

	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
Key Adjustments					
2021-22 Dividend Adjustments.....	(14,505)	8,295	8,926	9,411	10,046
Advanced Metering Infrastructure Acceleration.....	(16)	(283)	(97)	570	(5,084)
Increasing Service Standard Payments for Extended Electricity Outages	(520)	(2,644)	(2,889)	(2,911)	(2,928)
Network Inspection Services	(5,192)	(11,438)	(1,922)	(172)	(164)
Proactive LED Rollout and Smart Streetlights.....	-	2,445	8,957	12,868	6,665
Relocation and Augmentation of Network Assets	(5,794)	(2,031)	(2,941)	(3,032)	(2,998)
Other					
2020-21 Dividend and Equity Update	73	377	405	423	429
2021-22 Estimated Actual Outturn and Recashflows	205	977	318	(593)	(1,855)
Interest Update	3,098	6,649	1,667	6,044	1,120
Network Tariff Revenue Update	28,116	(19,322)	(4,824)	(12)	26
Tariff Equalisation Contribution Update	-	9,756	(7,841)	(1,851)	(4)

Significant Issues Impacting the Government Trading Enterprise

1. Western Power has been working closely with Energy Policy WA and the Australian Energy Market Operator in the development and implementation of the Government's Energy Transformation Strategy.
2. To meet these expectations, Western Power is planning and implementing the network of the future, which will facilitate decarbonisation, enable benefits for the community from their investments in Distributed Energy Resources (DER) and ensure an energy supply which is more resilient to extreme climate events for future generations.

Optimising the Modular Grid Transition

3. Western Power's grid is in a period of transition with challenges presented by a large portion of ageing assets. This causes challenges in managing Western Power's assets while planning for, and starting to transition into, the network of the future.
4. Western Power is optimising the transformation of its network to a modular grid for end-of-life assets, while providing safe, reliable and affordable electricity services to the Western Australian community, regardless of where they live.

Integrating Distributed Energy Resources into the Grid

5. The rise in 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.
6. Anticipated growth of customer behaviour towards rooftop solar photovoltaic systems, increasing decarbonisation of the electricity system, and ongoing technological advancement in the energy sector will exacerbate pressures on the capacity of the network. Minimum operational demand and the associated impact on system stability represents a growing challenge for Western Power to maintain a reliable supply.

Decarbonising Our Community

7. The Government has committed to achieving net zero greenhouse gas emissions by 2050. Western Power is taking action to address climate change through supporting decarbonisation of the economy. Western Power's grid has a critical enabling role in reducing emissions in the Western Australian economy.
8. 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.
9. In recent times, extreme climate events have had a significant impact on the network. 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

10. Western Power submitted its proposal for the fifth network access arrangement (AA5) period on 1 February 2022. AA5 covers the five-year period from 1 July 2022 to 30 June 2027.
11. Western Power's AA5 proposal is the result of extensive independent consultation to understand the values and priorities of the community and customers. This consultation determined that customers expect Western Power to deliver safe, reliable, and increasingly renewable energy, at an affordable price. The four key pillars of the proposal, to deliver on customer expectations, are:
 - 11.1. a continued focus on safety;
 - 11.2. reliable supply;
 - 11.3. facilitating more renewables; and
 - 11.4. affordable prices, all of which are enabled by the transition to the modular grid.

2021-22 Retained Dividend

12. Western Power will retain its forecast 2021-22 dividend payments totalling \$540.7 million to fund future infrastructure investment. The funds will be quarantined until the Government approves business cases for the strategic infrastructure requirements. Of the retained dividend amount, \$76.4 million has been allocated to the relocation and augmentation of network assets.

Statement of Corporate Intent

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

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 budget management.	Affordable: Keep costs low.	1. Manage the cost to the community of delivering core network services on a per connection basis
WA Jobs Plan: Diversifying the WA economy, creating local jobs for the future.	People: Support jobs and growth.	2. Engaged employees
Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive.	Safe and Reliable: Provide reliable supply.	3. Reliability of customer supply across the South West Interconnected Network (SWIN) 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
Investing in WA's Future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	Sustainable: Connect more renewables.	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

	2020-21 Actual	2021-22 Budget	2021-22 Estimated Actual	2022-23 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	\$993	<\$1,000	\$1,348	<\$1,000	1
Outcome: Engaged employees:					
Employee engagement score ^(a)	82%	>80%	82%	>80%	
Outcome: Reliability of customer supply across the SWIN:					
Network availability	99.90%	>=99.93%	99.88%	>=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 per month	39	<61	31	<=31	2
Outcome: Minimise injuries to our employees:					
All injury frequency rate ^(b)	20	<15	22.6	<=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.....	29%	>30%	32%	32%	

(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. The increase in the net cost to the community per connection between the 2021-22 Estimated Actual and 2021-22 Budget is the result of the 2021-22 dividend being retained as per Government's direction. Dividends are included in the calculation of this performance indicator as a benefit to the community and offset against costs.
2. The decrease in public safety incidents between the 2021-22 Estimated Actual and 2021-22 Budget is the result of a change in calculation methodology of the performance indicator so that it aligns with the targets in the Network Management Plan.
3. The increase in all injury frequency rate between the 2021-22 Estimated Actual and the 2021-22 Budget is due to improved reporting of a contracting company, with all injuries being minor i.e. first aid injury or no treatment required.

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 with a focus on more flexible connection and operation of DER and large-scale renewables.

2. Western Power is currently negotiating the final terms of its next access arrangement proposal with the Economic Regulation Authority of Western Australia (ERA) to cover the five-year period from 1 July 2022 to 30 June 2027 (AA5). The proposal is 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.
3. 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 Authority 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 2022-23 Budget will be the first year of AA5.
4. Western Power's grid is in a period of transition. Its 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 has already started, with Western Power investing \$1,011.3 million in 2022-23 and a further \$2.6 billion across the outyears.
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 have or 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 2022-23. Of the projects selected for Round 6, those delivered across the forward estimates are: Kardinya South, Collier, Manning, Victoria Park West, Victoria Park East, Carlisle North, 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 \$178.5 million allocated for customer-driven works and \$37.8 million in network augmentation in 2022-23. Network augmentation also includes \$4.8 million for the redevelopment of East Perth Power Station.
7. Capacity expansion projects for the distribution network will continue to address future loading and voltage obligations on Western Power's forecast customer demand for load. The number of over-utilised feeders is forecast to increase compared to previous years that had flat or negative growth in areas. Investment will be required to cater for load growth and avoid premature asset ageing.
8. Investment in high voltage distribution projects is designed to ensure the parts of the network that are experiencing growth have sufficient capacity and that the requirements in Technical Rules are met. It also includes expenditure for Project Symphony, an active DER demonstration project, which will inform the evolution of the Distribution System Operator role and contribute to understanding and building of required capability within Western Power. Project Symphony is a key project under the Government's DER Roadmap.
9. 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

10. The safety of the community and staff is Western Power's most important priority. Investment in safety accounts for 32% of the forecast capital expenditure over the period 2022-23 to 2025-26.
11. 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. The Grid Strategy is based on long-term scenario planning for evolving customer preferences and needs, which identifies the right technology to use at the right place and time. This approach provides a roadmap to the grid vision which minimises whole-of-life cycle costs and regrettable investment.
12. Western Power will commit \$320.6 million in 2022-23 to continue important safety programs, including:
 - 12.1. \$216.5 million to replace 277 km of the highest-risk overhead conductors and replacing or reinforcing 12,561 wooden power poles, continuing to mitigate safety risks in the most fire-prone areas with management programs;
 - 12.2. \$50.8 million as part of the Western Power's Network Renewal Underground Program Pilot, where significant capital works projects have been planned to replace and upgrade sections of overhead networks with underground power. The program is an opportunity for local governments to capitalise on the significant investment of Western Power to improve reliability, increase ability to host DER, improve safety and enhance customer choice. In 2022-23 the program will be delivered in six suburbs including Hilton, St James, Scarborough and Eden Hill; and
 - 12.3. \$50 million on the deployment of 69 standalone power systems and associated batteries as part of round 3 of the election commitment, to improve power system reliability for regional customers in the Western Power network area.

Security

13. Investment in security is designed to reduce supply interruptions resulting from transmission line or electrical facility outages. Western power will commit \$12.8 million in 2022-23 in thermal management to mitigate thermal overloads in the transmission network, and \$8.8 million in voltage and fault level management to address fault-rated equipment, voltage instability and relieving voltage constraints in the network.

Service

14. Service covers investment to ensure regulatory compliance, system reliability, asset replacement, metering, business support, ICT including Supervisory Control and Data Acquisition (SCADA) and building and site management (termed corporate real estate). Western Power will invest \$359.2 million in service-related projects in 2022-23. Key investments include:
 - 14.1. \$121.5 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;
 - 14.2. \$37.3 million on corporate real estate to undertake upgrades to depots to meet current workplace safety practices and improve financial efficiency through redevelopment and consolidation. Investment includes modernisation of South Metro and Albany depots, upgrade to the Geraldton depot and relocation of the Bibra Lake depot;
 - 14.3. \$68.4 million on metering, including the installation of 131,380 advanced meters. Advanced meters provide more detailed usage and power quality information and can be read remotely so will support the Government's Energy Transformation Strategy, as well as improve safety outcomes by reducing the risk of electric shocks;
 - 14.4. \$34.2 million in regulatory compliance with upgrades to substation security and improvements to network reliability; and
 - 14.5. \$97.8 million on reliability-driven asset replacement to reduce the risks of plant asset failure and ensuring service and operability are maintained. This includes investment to proactively replace approximately 4,427 existing traditional streetlights with smart-enabled LED streetlights. The replacement program will enable remote monitoring and control of streetlights, as well as support decarbonisation and reduce environmental impacts.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-22 \$'000	2021-22 Estimated Expenditure \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Growth - East Perth Power Station	17,343	12,498	11,611	4,845	-	-	-
Safety - Service Connection Condition Monitoring	15,873	15,420	7,563	453	-	-	-
Other Works in Progress							
Government Initiative							
Relocation and Augmentation of Network Assets	76,363	6,675	6,675	43,017	21,567	5,104	-
State Underground Power Program	375,863	212,236	26,227	42,085	40,514	40,514	40,514
Growth							
Distribution							
Capacity Expansion	344,269	243,119	19,688	26,172	24,993	24,993	24,992
Customer Access	1,962,955	1,363,035	131,949	155,909	148,004	148,004	148,003
Transmission							
Capacity Expansion	186,356	162,193	16,808	6,796	5,789	5,789	5,789
Customer Driven	435,298	348,039	16,765	22,569	21,563	21,563	21,564
Other Asset Investment - Motor Vehicle Fleet and Mobile Plant							
	77,714	45,476	7,608	8,433	7,935	7,935	7,935
Safety							
Bushfire Mitigation	87,168	75,750	1,965	2,943	2,825	2,825	2,825
Conductor Management	862,152	633,062	51,233	59,575	56,505	56,505	56,505
Connection Management	211,837	173,028	4,109	9,886	9,641	9,641	9,641
Grid Transformation	214,323	13,568	12,595	50,755	50,000	50,000	50,000
Pole Management	2,478,615	1,949,346	163,185	146,995	127,424	127,424	127,424
Standalone Power System	192,711	42,710	20,990	50,000	50,000	50,000	-
Security							
Thermal Management	54,407	3,078	-	12,832	12,833	12,833	12,831
Voltage and Fault Level Management	68,145	33,096	943	8,805	8,748	8,748	8,748
Service							
Business Support and ICT	1,187,590	749,021	110,759	121,514	107,173	104,941	104,941
Corporate Real Estate	324,098	246,041	62,496	37,332	13,575	13,575	13,575
Metering	520,489	235,529	28,973	68,410	70,025	72,441	74,084
Regulatory Compliance	342,864	214,977	48,723	34,161	31,242	31,242	31,242
Reliability Driven Asset Replacement	1,068,346	668,921	70,433	97,778	100,638	104,909	96,100
COMPLETED WORKS							
Safety - Emerging Technologies	14,930	14,930	12,117	-	-	-	-
Total Cost of Asset Investment Program	11,119,709	7,461,748	833,415	1,011,265	910,994	898,986	836,713
FUNDED BY							
Borrowings			173,165	424,630	287,963	267,660	821,118
Other			660,250	586,635	623,031	631,326	15,595
Total Funding			833,415	1,011,265	910,994	898,986	836,713

Financial Statements

Income Statement

Revenue

1. 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.
2. Pending the ERA's AA5 determination, Western Power's approach to populating the AA5 'gap year' (2022-23) is based on the ERA's framework and approach for Western Power's Fifth Access Arrangement. Western Power's current price list will apply until the revised access arrangement comes into effect. Accordingly, network tariff revenue for 2022-23 is aligned to the price list approved by the ERA on 21 May 2021, which commenced on 1 July 2021.
3. The extent to which these increases in network tariffs will affect retail electricity prices for residential customers is determined by the Government.

Expenses

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

Statement of Financial Position

5. The decrease in cash assets - retained dividend in the 2021-22 Estimated Actual is due to a change in the 2021-22 dividend retention mechanism, with utilisation of the retained dividend to be reflected as an increase in debt limit (subject to Government's approval), instead of being held in a separate bank account as cash. The total forecast retained dividend amount has increased from \$530.9 million in the 2021-22 Budget to \$540.7 million in the 2021-22 Estimated Actual, reflecting higher profitability in the 2020-21 Actual and 2021-22 Estimated Actual.
6. 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.
7. The increase in borrowings in the 2022-23 Budget Year and over the outyears will largely be to finance Western Power's investment in capital expenditure and net payment to shareholder (Government) in the form of dividends.

Statement of Cashflows

8. The decrease in net cash from financing activities in the 2021-22 Estimated Actual is due to the 2021-22 dividend being retained in line with the Government's direction.
9. Western Power's borrowings in the 2022-23 Budget Year and over the outyears is largely impacted by the level of network tariff revenue it receives from customers, offset by investment in capital expenditure and net payment to shareholder (Government) in the form of dividends.

INCOME STATEMENT ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	1,672,858	1,720,535	1,760,636	1,723,946	1,784,508	1,786,412	1,788,397
Other revenue	198,721	177,453	177,453	180,466	181,181	184,920	177,425
Revenue from Government							
Capital subsidies	2,958	2,895	2,895	-	-	-	-
TOTAL REVENUE.....	1,874,537	1,900,883	1,940,984	1,904,412	1,965,689	1,971,332	1,965,822
Expenses							
Employee benefits ^(b)	197,692	208,565	208,565	213,779	219,123	224,602	224,602
Grants and subsidies	-	284	284	-	-	-	-
Supplies and services	180,802	178,102	195,241	199,002	185,972	190,079	193,955
Accommodation	2,276	3,040	3,040	3,094	3,156	3,219	3,284
Depreciation and amortisation	401,586	418,425	418,773	436,667	471,638	487,125	504,106
Finance and interest costs	233,013	247,811	226,751	229,437	256,760	263,569	267,508
Other expenses	115,167	85,583	87,296	92,738	95,890	99,743	101,670
Tariff Equalisation Contribution	185,000	187,000	187,000	175,000	173,000	179,000	183,000
TOTAL EXPENSES.....	1,315,536	1,328,810	1,326,950	1,349,717	1,405,539	1,447,337	1,478,125
NET PROFIT/(LOSS) BEFORE TAX	559,001	572,073	614,034	554,695	560,150	523,995	487,697
National Tax Equivalent Regime							
Current tax equivalent expense	84,079	105,463	110,928	113,485	127,049	110,248	98,347
Deferred tax equivalent expense	84,310	65,173	70,676	50,135	37,970	45,037	45,911
NET PROFIT/(LOSS) AFTER TAX	390,612	401,437	432,430	391,075	395,131	368,710	343,439
Dividends	299,760	-	-	301,093	295,571	281,489	262,318

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

(b) The full-time equivalents for 2020-21 Actual, 2021-22 Estimated Actual and 2022-23 Budget Year are 2,928, 3,312 and 3,325 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CURRENT ASSETS							
Cash assets	50,379	25,000	25,000	25,000	25,000	25,000	25,000
Cash assets - Retained dividends.....	-	530,889	-	-	-	-	-
Receivables	292,579	275,500	292,708	290,236	290,908	297,133	303,981
Assets held for sale	400	71	400	400	400	400	400
Other.....	112,894	96,028	112,188	111,449	110,695	110,695	110,695
Total current assets	456,252	927,488	430,296	427,085	427,003	433,228	440,076
NON-CURRENT ASSETS							
Property, plant and equipment.....	11,569,880	12,057,115	12,013,058	12,624,528	13,089,564	13,506,769	13,904,977
Intangibles	190,528	218,999	218,999	253,019	302,289	361,417	361,417
Receivables	407	516	417	417	430	430	430
Other.....	648	-	648	648	648	648	648
Total non-current assets	11,761,463	12,276,630	12,233,122	12,878,612	13,392,931	13,869,264	14,267,472
TOTAL ASSETS	12,217,715	13,204,118	12,663,418	13,305,697	13,819,934	14,302,492	14,707,548
CURRENT LIABILITIES							
Employee provisions	112,473	89,563	114,863	116,430	118,253	120,423	120,423
Payables	124,720	155,730	128,996	109,470	128,107	100,033	88,589
Borrowings and leases	17,579	44,933	17,579	17,579	17,579	17,579	17,579
Other.....	130,424	134,097	109,050	111,659	105,475	103,305	103,305
Total current liabilities	385,196	424,323	370,488	355,138	369,414	341,340	329,896
NON-CURRENT LIABILITIES							
Employee provisions	10,474	10,315	10,782	12,283	12,519	12,760	12,760
Borrowings and leases	7,673,202	7,982,588	7,448,096	7,874,131	8,122,866	8,375,477	8,560,566
Other.....	1,201,716	1,284,604	1,278,007	1,324,359	1,379,050	1,450,467	1,507,123
Total non-current liabilities	8,885,392	9,277,507	8,736,885	9,210,773	9,514,435	9,838,704	10,080,449
TOTAL LIABILITIES.....	9,270,588	9,701,830	9,107,373	9,565,911	9,883,849	10,180,044	10,410,345
NET ASSETS	2,947,127	3,502,288	3,556,045	3,739,786	3,936,085	4,122,448	4,297,203
EQUITY							
Contributed equity	1,688,300	1,858,396	1,864,788	1,958,547	2,055,286	2,154,428	2,248,062
Accumulated surplus/(deficit).....	1,344,664	1,762,410	1,777,094	1,867,076	1,966,636	2,053,857	2,134,978
Reserves.....	(85,837)	(118,518)	(85,837)	(85,837)	(85,837)	(85,837)	(85,837)
TOTAL EQUITY	2,947,127	3,502,288	3,556,045	3,739,786	3,936,085	4,122,448	4,297,203

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	1,647,085	1,749,765	1,789,866	1,724,875	1,788,599	1,790,593	1,792,854
GST receipts	162,464	183,059	184,062	175,091	184,730	184,882	184,708
Other receipts	125,402	133,560	133,560	113,745	117,591	121,331	113,835
Payments							
Employee benefits.....	(203,916)	(208,455)	(208,455)	(213,724)	(219,035)	(224,513)	(224,513)
Supplies and services	(162,275)	(189,880)	(204,406)	(182,514)	(187,730)	(189,031)	(192,070)
Accommodation ^(b)	(668)	(3,040)	(3,040)	(3,094)	(3,156)	(3,219)	(1,515)
GST payments	(161,757)	(183,060)	(184,063)	(175,091)	(184,730)	(184,882)	(184,708)
Finance and interest costs.....	(237,141)	(233,668)	(222,779)	(232,588)	(234,853)	(236,522)	(256,331)
Tariff Equalisation Fund.....	(185,000)	(187,000)	(187,000)	(175,000)	(173,000)	(179,000)	(183,000)
Other payments.....	(119,197)	(93,654)	(117,388)	(95,447)	(97,738)	(100,675)	(103,558)
Net cash from operating activities	864,997	967,627	980,357	936,253	990,678	978,964	945,702
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	10,490	26,000	26,000	-	-	-	-
Payments							
Purchase of non-current assets	(745,888)	(834,213)	(833,415)	(1,011,265)	(910,994)	(898,986)	(836,713)
Net cash from investing activities.....	(735,398)	(808,213)	(807,415)	(1,011,265)	(910,994)	(898,986)	(836,713)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	984,100	857,187	300,111	1,128,590	920,729	920,075	852,550
Other proceeds	16,463	-	-	-	-	-	-
Payments							
Repayment of borrowings and leases.....	(819,672)	(528,280)	(525,385)	(702,896)	(669,489)	(667,461)	(667,461)
Other payments.....	(12,669)	(16,248)	(16,248)	(15,792)	(15,837)	(15,883)	(16,201)
Net cash from financing activities.....	168,222	312,659	(241,522)	409,902	235,403	236,731	168,888
CASHFLOWS FROM GOVERNMENT							
Receipts							
Capital subsidies	1,300	3,687	792	3,687	-	-	-
Equity contributions	133,573	170,146	176,489	93,759	96,740	99,141	93,634
Payments							
Dividends to Government.....	(299,760)	-	-	(301,096)	(295,573)	(281,488)	(262,318)
National Tax Equivalent Regime - Income tax.....	(109,201)	(138,605)	(132,275)	(129,589)	(114,562)	(132,628)	(107,424)
Local Government Rates Equivalent.....	(1,609)	(1,805)	(1,805)	(1,651)	(1,692)	(1,734)	(1,769)
Net cash provided to Government	275,697	(33,423)	(43,201)	334,890	315,087	316,709	277,877
NET INCREASE/(DECREASE) IN CASH HELD	22,124	505,496	(25,379)	-	-	-	-
Cash assets at the beginning of the reporting period	28,255	50,393	50,379	25,000	25,000	25,000	25,000
Cash assets at the end of the reporting period	50,379	555,889	25,000	25,000	25,000	25,000	25,000

(a) Full audited financial statements are published in Western 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 it is recorded as a payment to 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

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	10,236	2,232	2,349	2,805	4,150	6,700	9,565
Local Government Rates Equivalent	795	695	695	704	722	736	751
Dividends ^{(a)(b)}	6,681	-	-	5,660	7,537	10,531	15,402
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies.....	39,115	8,298	8,298	35,545	9,902	7,734	6,132
Other Subsidies	-	200	200	200	200	200	200
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(c)	-	27,516	24,016	3,500	2,404	-	-
RATIOS							
Dividend Payout Ratio (%)	75	75	75	75	75	75	75
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	532,512	518,536	519,376	521,121	525,985	537,404	545,809
Revenue from Government	39,115	8,498	8,498	35,745	10,102	7,934	6,332
Total Expenses ^(d)	547,360	517,899	520,442	546,416	521,233	523,116	524,260
Total Borrowings	751,988	848,671	803,791	840,364	854,216	865,688	868,010
NET PROFIT AFTER TAX.....	17,044	6,903	5,083	7,645	10,704	15,522	18,316
CASH ASSETS ^(e)	144,868	166,969	167,774	177,746	210,460	241,320	256,536

(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) Horizon Power will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.

(c) Equity Contribution for 2021-22 includes \$13.5 million for the Western Australian Microgrids project and \$10.5 million for the Electric Vehicle project. Equity Contribution for 2022-23 comprises \$3.5 million for Kununurra Cotton Gin Electricity Infrastructure.

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

(e) 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 2021-22 Budget to Parliament on 9 September 2021, are outlined below:

	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
Key Adjustments					
Buyout of Remote Towns Power Plants.....	66	276	282	328	354
Continuity of Esperance Energy Supply	-	(10,356)	367	409	418
Cost of Living Support - \$400 Household Electricity Credit	-	(15,802)	-	-	-
Electric Vehicle Spine from Norseman to Eucla.....	-	-	(180)	(346)	(377)
Extended Outage Service Payment.....	-	(49)	(51)	(51)	(51)
Insurance Premium Increases.....	(422)	(1,172)	(1,185)	(1,207)	(1,231)
New Large Enterprise Contract	-	5,615	6,683	6,707	6,743
Revised Demand and Energy Forecast.....	-	2,478	4,536	5,136	(361)
Solar Incentives Scheme.....	-	(347)	(413)	(413)	(413)
Tariff Adjustment Payment Update.....	-	481	522	690	1,174
Tariff and Social Concession Update.....	2,094	931	1,797	2,611	3,419
Tariff Equalisation Contribution Update	-	(9,712)	(12,243)	(10,998)	(7,950)
Temporary Access Contribution Update	-	(18)	(21)	(21)	(21)
Utility of the Future.....	-	(18)	136	1,683	1,971

Significant Issues Impacting the Government Trading Enterprise

Energy Affordability

Innovative Customer Solutions

- Horizon Power's ambition is to deliver energy solutions for regional growth and vibrant communities. Horizon Power is working with the Government to support families with a \$400 Household Energy Credit for residential customers to ease financial pressures and assist customers to meet their electricity costs.
- In an effort to empower customers to significantly reduce their energy use, Horizon Power successfully completed a three-year SmartSun pilot with participating households in Broome in partnership with DevelopmentWA. The SmartSun pilot coordinated rooftop solar, battery energy storage and smart appliance control products as a single system to limit reverse power flow and reduce peak consumption. Due to the success of the pilot, Horizon Power and DevelopmentWA have formally committed to collaborating on additional regional estates.

Sustainable Business

- Horizon Power is committed to reducing the Tariff Equalisation Contribution (TEC), improving asset utilisation and improving reliability through changes in technology and reducing the duration of outages. Horizon Power has a preference towards generation ownership to leverage its core business to improve scale, lower the cost of supply and pursue new revenue opportunities. Horizon Power will strive to develop capability to build generation assets from development through to commissioning. Horizon Power will work with the Government to invest in the non-interconnected system to support decarbonisation and electrification, whilst de-risking the enterprise and extending its services to communities with unregulated networks.

Renewable Energy

- Horizon Power is working to develop energy solutions which do not use fossil fuels and to have renewable assets incorporated into each of its 38 systems. By removing the barriers which inhibit customers' ability to install solar and batteries, Horizon Power is enabling a reduction in costs to customers and consequently to their carbon footprint. Horizon Power has already led the way with trials and projects which have enabled higher levels of renewable penetration. It is now looking at community solutions to enable customer products to be provided to those customers without access to capital or their own rooftops to take up Distributed Energy Resource (DER) options.

Solar Generation

5. Horizon Power encourages the uptake of rooftop solar and has a plan for zero refusals when connecting solar by 2025. To achieve this, Horizon Power is undertaking detailed technical studies, product development and investment modelling with a view to easing hosting capacity constraints, allowing more customers to safely connect DER without compromising a region's system reliability. Across nine regions, Battery Energy Storage Systems (BESS) 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

6. Horizon Power continues the wider rollout of the next generation of Standalone Power Systems (SPS), an effective renewable energy solution customised to the needs of end-of-grid customers, for remote use applications where SPS is a more viable alternative than traditional overhead network assets which require maintenance and replacement. Commercialising the opportunity offered by SPS, Horizon Power and Ampcontrol Limited entered into an incorporated joint venture operating under the name Boundary Power to design, build, operate and commercialise these products and services. Boundary Power will install SPS in up to 45 locations throughout regional Western Australia. This will stimulate new and existing industry growth and further innovation beyond Horizon Power's service area to across the country, evident through the development of Boundary Power's modular 'generation 2' system which is easier to transport, more affordable to maintain and quicker to deploy, facilitating the rapid rollout of SPS.

Denham Hydrogen Demonstration Project

7. The Denham-based Green Hydrogen Demonstration project is to showcase the viability of delivering a significant reduction in the carbon footprint. The project is informing Horizon Power on the possibility of implementing microgrids and hydrogen technology into other regional power systems across the State, while also helping to advance hydrogen development across Australia.

Onslow DER Project

8. Horizon Power is delivering on its renewable energy strategic goal with the Onslow DER Project, the largest project of its kind in Australia, connecting traditional energy sources with customer solar and battery solutions to maximise the renewable energy used to power the entire town. The roll-out of a DER Management System is demonstrating the technical ability for higher penetration of DER in other microgrids, as the Onslow DER project manages centralised and rooftop renewables to power the town's microgrid in 'hydrocarbon free mode' with 100% renewables for periods of time.

Future Power Systems

9. Horizon Power is utilising an Integrated Resource Planning (IRP) framework to address long-term power needs. The IRP process sees Horizon Power engage with communities and stakeholders to establish aligned solutions that consider communities' needs. The new approach involves early management and proper planning as a framework for a more collaborative path to major decision-making that affects the regions Horizon Power serves.

People, Safety and Wellbeing

10. Futureproofing Horizon Power's employees with the skills required to meet the rapidly changing energy sector is of critical importance. Equally, establishing an inspired workplace culture that attracts and retains the best talent is essential. Horizon Power has formed a collaborative team with GTE Diversity and Inclusion leads to align on Diversity and Inclusion events, messaging and aspirational targets. An essential component of the goals embedded in the guiding principles of Horizon Power's Strategy is to have a positive impact on Aboriginal customers, employees and communities.

Renew the Regions

11. Horizon Power is supporting the State's regional economic recovery with an investment of \$75 million in major renewable energy infrastructure 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 sustainable energy projects located across more than 110 different sites throughout the Kimberley, Pilbara, Mid West and Gascoyne and Goldfields-Esperance regions, using local suppliers whenever possible. Through the Renew the Regions program, Horizon Power expects 357 jobs to be associated, with over 233 associated to date, of which almost half of these are regional opportunities. Regionally, Horizon Power expects to spend \$20.4 million.

Significant Projects and Infrastructure

12. The Utility of the Future program is a multi-year program designed to futureproof Horizon Power by creating a leading edge, digitally enabled and sustainable enterprise. This will ensure Horizon Power can continue to meet the energy needs of regional Western Australians so that the State continues to flourish. By leveraging the building blocks of digitisation, such as digital platforms, smart devices, the cloud and advanced analytics, Horizon Power can increase the asset life cycle of its infrastructure, optimise electricity network flows, innovate with new customer-centric products and improve the employee and customer experience.
13. Consistent with its strategic initiative of rebuilding generation, Horizon Power has bought out the generation facilities of the remote towns of Gascoyne Junction, Menzies and Laverton at a cost of \$3.7 million. Taking ownership of the three remote towns' power stations will allow the continued delivery of power, the ability to increase the level of renewables and the trialling of emerging technologies.

Esperance Electrification Program

14. The Esperance Electrification program facilitates the development and delivery of a longer-term solution that will ensure energy supply continuity for reticulated gas customers within Esperance beyond 31 March 2023. It assumes that all reticulated gas customers in Esperance will move towards, where possible, full electrification, given the alignment of electrification outcomes with the Shire of Esperance Climate Change Declaration and the Western Australian Climate Policy, along with the broader trend towards decarbonisation of the energy industry.

2021-22 Retained Dividend

15. Horizon Power will retain its forecast 2021-22 dividend payments totalling \$5.7 million (reduced from an initial estimate of \$10 million) to fund future infrastructure investment. The funds will be quarantined until the Government approves business cases for strategic infrastructure requirements. Horizon Power's entire dividend has been allocated to the Utility of the Future program.

Statement of Corporate Intent

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

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 budget management.	Sustainable business.	1. Optimising and extending core business
Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive.	People, safety, and wellbeing.	2. Minimise the risk of harm 3. Be a high-performing business

Outcomes and Key Performance Indicators

	2020-21 Actual	2021-22 Budget	2021-22 Estimated Actual	2022-23 Budget Target	Note
Outcome: Optimising and extending core business:					
Cost to supply unit cost (cents/kWh) ^(a)	37.4	38.7	36.4	38.9	
Return on assets ^(b)	4.5%	3.3%	3.1%	3.1%	
Net Profit After Tax	\$17 million	\$6.9 million	\$5.1 million	\$7.6 million	
Outcome: Minimise the risk of harm:					
Lost time injury frequency rate ^(c)	nil	nil	nil	nil	
Total number of notifiable incidents ^(d)	14	nil	10	nil	
Unassisted pole failure rate ^(e)	0.65	1.6	0.71	1.6	1
Outcome: Be a high-performing business:					
Customer satisfaction ^(f)	77%	70%	76%	70%	
System Average Interruption Duration Index (SAIDI) ^(g)	115 minutes	290 minutes	110 minutes	290 minutes	1
System Average Interruption Frequency Index (SAIFI) ^(h)	1.8	6.6	1.4	6.6	1
Number of compliant systems (out of 38) ⁽ⁱ⁾	36	33	33	33	
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 to be sustained, per one million hours worked, over a given 12-month period.

(d) A network operator must notify the Director of Building and Energy, 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)

- Horizon Power's investments through the Asset Management Plan and reliability maintenance has resulted in fewer outages in generation and network assets.

Asset Investment Program

1. Horizon Power will invest \$100.1 million during 2022-23 and a further \$141.3 million across the outyears. 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 \$38.4 million in 2022-23 and a further \$125.8 million across the outyears 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 be completed in 2022-23, 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.

Standalone Power Systems

5. SPS is the next generation of advanced technology specially designed for Horizon Power. These 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.
6. The Strategic SPS Deployment program assumes an investment of \$13.5 million over 2020-21 to 2022-23 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 Mid West and Gascoyne, and 39 systems across the Goldfields-Esperance region.

Energy Storage in Regional Towns

7. Horizon Power is to install \$30.8 million worth of 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.

Derby Port

8. Horizon Power will rebuild, 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.

Electric Vehicle Charging Infrastructure

9. The 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, electric vehicle charging infrastructure networks - from Perth to Kununurra in the north, Esperance in the south and Eucla 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 electric vehicles also presents significant opportunities for industry and jobs growth in Western Australia.

Onslow Distributed Energy Resource Project

10. The Onslow DER 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.

Remote Communities Photovoltaics

11. 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.

Utility of the Future

12. The Utility of the Future initiative is a key enabler of the corporate strategy for the design and implementation of a 'digital utility' that will allow customers and stakeholders to connect securely through digital channels to Horizon Power, and allow staff to better utilise data and mobile solutions to deliver safer and more reliable energy solutions to customers and communities. It will also provide better technology, tools and processes for employees to grow and thrive.
13. Utility of the Future represents the mix of digital, process and new ways of working initiatives that encompass the strategic initiative at a capital cost of \$23.8 million.

Western Australian Microgrids

14. The Australian energy sector is undergoing a profound and complex transformation as the benefits and shift to renewable energy gathers momentum. Remote Aboriginal communities and regional 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 (EPWA) have obtained Commonwealth funding for seven remote Aboriginal communities and regional towns to install renewables due to their reliance on diesel fuel to generate electricity. As the price of diesel fuel is high and its use for energy heavily contributes to carbon emissions, this investment will implement solar and BESS into the energy mix for each community/town.

Kununurra Cotton Gin Electricity Infrastructure

15. 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 and secure the project's location in Kununurra over the Northern Territory. The project will create significant regional employment and economic activity in the north of the State. This is a relatively small State investment for wide-ranging, positive regional economic and employment outcomes.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-22 \$'000	2021-22 Estimated Expenditure \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
WORKS IN PROGRESS							
Asset Management Plan							
Asset Replacement	184,216	115,670	19,881	19,432	15,982	16,402	16,730
Capacity	34,899	21,661	3,166	3,293	3,293	3,293	3,359
Knowledge and Technology Investment	67,114	45,352	5,684	5,911	5,911	4,911	5,029
Mobile Plant and Operational Fleet	49,272	32,874	3,899	4,079	4,079	4,079	4,161
Property Management	44,744	32,466	3,780	406	3,931	3,931	4,010
Regulatory Compliance	36,027	34,528	359	373	373	373	380
Reliability	55,339	47,713	1,824	1,897	1,897	1,897	1,935
Safety	174,009	151,153	6,332	2,966	6,586	6,586	6,718
COVID-19 Response							
Denham Hydrogen Demonstration Plant	9,255	5,255	2,000	4,000	-	-	-
Standalone Power Systems	13,502	12,502	5,938	1,000	-	-	-
Energy Storage in Regional Towns							
Broome	10,300	5,200	3,500	5,100	-	-	-
Carnarvon	5,800	3,800	3,450	2,000	-	-	-
Gascoyne Junction	600	15	-	585	-	-	-
Yungngora	1,700	1,450	1,180	250	-	-	-
Customer-Funded Works - Other Customer-Driven Works	166,079	151,067	9,263	3,753	3,753	3,753	3,753
Major Projects							
Derby Port	1,200	480	480	720	-	-	-
Electric Vehicle Charging Infrastructure	12,920	2,058	2,058	8,458	2,404	-	-
Onslow Distributed Energy Resource Project	105,293	102,793	1,850	2,500	-	-	-
Remote Communities Photovoltaics	11,610	5,310	2,500	6,300	-	-	-
Utility of the Future	23,830	9,000	9,000	13,030	1,800	-	-
Western Australian Microgrids	13,500	3,000	3,000	10,500	-	-	-
COMPLETED WORKS							
COVID-19 Response							
Remote Communities Embedded Networks	3,811	3,811	3,205	-	-	-	-
Solar, Energy Storage and LED Streetlights for Derby Hospital and the Shire of Derby	4,760	4,760	2,100	-	-	-	-
Energy Storage in Regional Towns							
Exmouth	7,800	7,800	4,800	-	-	-	-
Marble Bar	1,700	1,700	1,150	-	-	-	-
Menzies	600	600	585	-	-	-	-
Wiluna	1,700	1,700	1,140	-	-	-	-
Yalgoo	600	600	585	-	-	-	-
Major Projects							
Buyout of Remote Towns Power Stations	3,651	3,651	3,651	-	-	-	-
Distributed Energy Buy-back Scheme Infrastructure Upgrade	600	600	600	-	-	-	-
Esperance Power Project	16,616	16,616	12,092	-	-	-	-
Feasibility Studies for the Regularisation of 13 Ngaanyatjarra Lands Aboriginal Communities	725	725	725	-	-	-	-
Hardship Response Infrastructure Upgrades	740	740	500	-	-	-	-
Karratha-Dampier Transmission Line Upgrade	23,844	23,844	2,318	-	-	-	-
Mid West Pipeline	300	300	300	-	-	-	-
Refurbishment of Denham Power Station	11,819	11,819	7,819	-	-	-	-
NEW WORKS							
Major Projects - Kununurra Cotton Gin Electricity Infrastructure	3,500	-	-	3,500	-	-	-
Total Cost of Asset Investment Program	1,103,975	862,613	130,714	100,053	50,009	45,225	46,075
FUNDED BY							
Borrowings			104,288	66,573	43,852	41,472	42,322
Capital Appropriation			24,016	-	2,404	-	-
Drawdowns from Royalties for Regions Fund			-	3,500	-	-	-
Internal Funds and Balances			(6,853)	26,227	-	-	-
Other			9,263	3,753	3,753	3,753	3,753
Total Funding			130,714	100,053	50,009	45,225	46,075

Financial Statements

INCOME STATEMENT ^(a) (Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	322,897	304,147	304,147	321,071	326,843	331,664	334,968
Other revenue.....	24,615	27,389	28,229	25,050	26,142	26,740	27,841
Tariff Equalisation Contribution.....	185,000	187,000	187,000	175,000	173,000	179,000	183,000
Revenue from Government							
Operating subsidies.....	39,115	8,298	8,298	35,545	9,902	7,734	6,132
Other subsidies.....	-	200	200	200	200	200	200
TOTAL REVENUE.....	571,627	527,034	527,874	556,866	536,087	545,338	552,141
Expenses							
Employee benefits ^(b)	70,137	61,620	62,401	63,782	65,128	66,187	67,511
Grants and subsidies.....	33,016	5,193	5,242	31,753	7,733	5,271	5,446
Supplies and services.....	253,746	264,431	263,802	256,660	261,137	274,378	278,707
Accommodation.....	5,121	4,343	4,343	4,431	4,540	4,631	4,724
Depreciation and amortisation.....	99,067	103,882	104,010	107,031	104,816	97,794	94,761
Finance and interest costs.....	57,885	57,803	56,515	56,333	52,599	49,076	46,802
Other expenses.....	28,388	20,627	24,129	26,426	25,280	25,779	26,309
TOTAL EXPENSES.....	547,360	517,899	520,442	546,416	521,233	523,116	524,260
NET PROFIT/(LOSS) BEFORE TAX.....	24,267	9,135	7,432	10,450	14,854	22,222	27,881
National Tax Equivalent Regime							
Current tax equivalent expense.....	10,236	2,232	2,349	2,805	4,150	6,700	9,565
Deferred tax equivalent expense.....	(3,013)	-	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAX.....	17,044	6,903	5,083	7,645	10,704	15,522	18,316
Dividends.....	6,681	-	-	5,660	7,537	10,531	15,402

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

(b) The full-time equivalents for 2020-21 Actual, 2021-22 Estimated Actual and 2022-23 Budget Year are 451, 515 and 530 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CURRENT ASSETS							
Cash assets	144,868	156,961	162,833	177,573	210,287	241,147	256,363
Cash assets - Retained dividends.....	-	10,008	4,941	173	173	173	173
Receivables	37,722	43,328	37,542	36,750	36,646	36,646	36,646
Assets held for sale	1,469	-	1,469	1,469	1,469	1,469	1,469
Other.....	17,881	28,521	17,881	17,881	17,881	17,881	17,881
Total current assets	201,940	238,818	224,666	233,846	266,456	297,316	312,532
NON-CURRENT ASSETS							
Property, plant and equipment.....	1,379,391	1,767,037	1,440,506	1,477,645	1,464,826	1,448,520	1,432,908
Intangibles	219,170	10,243	392,068	348,713	307,513	272,038	239,753
Receivables	3,639	2,884	3,639	3,639	3,639	3,639	3,639
Other investments	518	-	518	518	518	518	518
Other.....	105,387	111,162	105,387	105,387	105,387	105,387	105,387
Total non-current assets	1,708,105	1,891,326	1,942,118	1,935,902	1,881,883	1,830,102	1,782,205
TOTAL ASSETS	1,910,045	2,130,144	2,166,784	2,169,748	2,148,339	2,127,418	2,094,737
CURRENT LIABILITIES							
Employee provisions	17,913	16,077	17,913	17,913	17,913	17,913	17,913
Payables	69,882	68,059	74,554	74,554	74,554	74,554	74,554
Borrowings and leases	89,675	72,143	90,445	92,531	89,515	90,503	93,581
Other.....	16,965	17,796	16,965	16,965	19,785	19,785	19,785
Total current liabilities	194,435	174,075	199,877	201,963	201,767	202,755	205,833
NON-CURRENT LIABILITIES							
Employee provisions	3,513	3,211	3,513	3,513	3,513	3,513	3,513
Borrowings and leases	963,378	1,171,310	1,185,964	1,183,225	1,160,501	1,135,706	1,099,268
Other.....	142,433	149,440	142,045	140,177	136,117	134,012	131,777
Total non-current liabilities	1,109,324	1,323,961	1,331,522	1,326,915	1,300,131	1,273,231	1,234,558
TOTAL LIABILITIES.....	1,303,759	1,498,036	1,531,399	1,528,878	1,501,898	1,475,986	1,440,391
NET ASSETS	606,286	632,108	635,385	640,870	646,441	651,432	654,346
EQUITY							
Contributed equity	392,097	419,613	416,113	419,613	422,017	422,017	422,017
Accumulated surplus/(deficit).....	214,189	211,395	219,272	221,257	224,424	229,415	232,329
Reserves.....	-	1,100	-	-	-	-	-
TOTAL EQUITY	606,286	632,108	635,385	640,870	646,441	651,432	654,346

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	300,821	302,247	302,247	319,171	324,934	329,726	332,966
GST receipts	45,138	38,333	38,333	36,338	37,407	37,844	38,601
Other receipts	28,118	26,818	27,599	19,037	20,178	19,908	21,009
Tariff Equalisation Contribution.....	185,000	187,000	187,000	175,000	173,000	179,000	183,000
Payments							
Employee benefits.....	(64,339)	(60,579)	(61,360)	(63,706)	(65,050)	(66,187)	(67,511)
Supplies and services	(273,683)	(270,333)	(269,704)	(257,579)	(262,047)	(273,754)	(278,106)
Accommodation ^(b)	(4,326)	(5,766)	(5,766)	(2,763)	(2,832)	(2,889)	(4,574)
GST payments	(44,686)	(38,329)	(38,329)	(36,323)	(37,407)	(37,844)	(38,601)
Finance and interest costs.....	(57,891)	(53,021)	(51,733)	(51,894)	(48,570)	(45,378)	(42,994)
Other payments.....	(30,081)	(18,714)	(22,265)	(58,067)	(32,934)	(30,872)	(29,753)
Net cash from operating activities	84,071	107,656	106,022	79,214	106,679	109,554	114,037
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	76	-	-	-	-	-	-
Payments							
Purchase of non-current assets	(95,339)	(151,898)	(130,714)	(100,053)	(50,009)	(45,225)	(46,075)
Other payments.....	(499)	-	-	-	-	-	-
Net cash from investing activities	(95,762)	(151,898)	(130,714)	(100,053)	(50,009)	(45,225)	(46,075)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	95,000	270,722	257,408	232,710	191,845	137,936	132,110
Payments							
Repayment of borrowings and leases	(63,744)	(210,673)	(239,280)	(231,975)	(215,916)	(161,372)	(165,470)
Net cash from financing activities.....	31,256	60,049	18,128	735	(24,071)	(23,436)	(33,360)
CASHFLOWS FROM GOVERNMENT							
Receipts							
Administered appropriations	2,177	-	-	-	-	-	-
Operating subsidies.....	48,316	8,298	8,298	35,545	9,902	7,734	6,132
Equity contributions.....	-	27,516	24,016	3,500	2,404	-	-
Other subsidies	-	200	200	200	200	200	200
Payments							
Dividends to Government	(6,681)	-	-	(5,660)	(7,537)	(10,531)	(15,402)
National Tax Equivalent Regime - Income tax...	(7,633)	(2,232)	(2,349)	(2,805)	(4,150)	(6,700)	(9,565)
Local Government Rates Equivalent.....	(795)	(695)	(695)	(704)	(704)	(736)	(751)
Net cash provided to Government	(35,384)	(33,087)	(29,470)	(30,076)	(115)	10,033	19,386
NET INCREASE/(DECREASE) IN CASH HELD	54,949	48,894	22,906	9,972	32,714	30,860	15,216
Cash assets at the beginning of the reporting period	89,919	118,075	144,868	167,774	177,746	210,460	241,320
Cash assets at the end of the reporting period	144,868	166,969	167,774	177,746	210,460	241,320	256,536

(a) Full audited financial statements are published in 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 it is recorded as a payment to 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

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax...	376,699	371,019	367,017	405,810	436,686	454,131	472,699
Local Government Rates Equivalent	7,554	8,021	7,772	8,202	8,386	8,575	8,747
Dividends ^{(a)(b)}	642,413	-	-	727,965	782,200	840,777	884,478
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies ^(c)	218,579	364,349	393,170	472,023	514,065	516,923	517,561
Other Subsidies	16,801	36,658	15,048	47,812	57,576	7,185	200
Royalties for Regions ^(c)	250,000	126,816	126,016	53,957	-	-	-
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution	-	-	22,910	-	-	-	-
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	2,464,978	2,420,637	2,470,302	2,564,013	2,664,247	2,771,567	2,880,593
Revenue from Government	485,380	527,823	534,234	573,792	571,641	524,108	517,761
Total Expenses ^(d)	1,700,885	1,725,822	1,789,000	1,804,061	1,803,315	1,812,279	1,847,343
Total Borrowings	5,785,650	6,160,650	5,429,046	5,436,990	5,432,747	5,432,747	5,432,747
NET PROFIT AFTER TAX	875,609	855,593	851,384	934,157	1,003,311	1,038,884	1,086,215
CASH ASSETS ^(e)	367,328	1,385,548	717,909	760,219	783,033	788,831	807,581

- (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) The Corporation will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.
- (c) Operating subsidies will be partially funded from Royalties for Regions in 2021-22 and 2022-23 and fully funded from the Consolidated Account from 2023-24 onwards.
- (d) Excludes current tax expense, deferred tax expense and dividends.
- (e) 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 2021-22 Budget to Parliament on 9 September 2021, are outlined below:

	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
Key Adjustments					
2021-22 Mid-year Review Adjustments	(19,048)	29,932	9,909	32,085	10,783
Cyber Security Implementation Plan.....	(692)	(5,305)	(4,675)	(3,800)	(3,239)
Developer Contribution Update	-	(17,412)	(9,921)	(1,499)	26,706
Essential and Municipal Services Upgrade Program.....	214	(1,197)	1,188	1,157	-
Operating Expenditure Update.....	13,681	(14,579)	5,474	5,959	12,111
Reallocation of Cloud-Based ICT Capital Expenditure to Operating Expenditure.....	(26,426)	(50,785)	(27,884)	(14,840)	455
Regulated and Other Revenue Update (Including Operating Subsidies)	-	22,078	941	30,967	48,083

Significant Issues Impacting the Government Trading Enterprise

1. The Corporation's key objective is to deliver 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 services are delivered in an increasingly environmentally sensitive way.
2. Climate change will continue to impact the availability of water sources, customers' demand for water, the need to address greenhouse gas emissions, the options available for energy consumption, and the need for infrastructure adaptation. The implementation of Western Australia's Climate Policy will be one of the key drivers which will help align the Corporation's actions with those of the rest of the State.
3. Reduced rainfall, particularly in the South West, 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.
4. The pandemic has affected the Corporation's operating environment, as well as that of suppliers, customers, regulators and other stakeholders. Recovery from the pandemic, as well as building future resilience, will be 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 plant will drive closer links between Water Corporation and energy utilities. Co-optimising water and power will be a key theme in the Corporation's economics and sourcing strategy.
5. The Corporation is also facing accelerating technological progress, increasing price and cost pressures and a growing demand for a future-ready workforce. All of these factors require investment in people, processes and assets so that we can continue to deliver high-quality services.

2021-22 Retained Dividend

6. The Corporation retained its forecast 2021-22 dividend payment of \$1,354.9 million in the 2021-22 Budget to instead contribute to funding a new desalination plant. The Corporation has utilised a portion of these funds to reduce borrowings in the interim and to start preparation works for the desalination plant. The funds will be fully utilised once the Government approves the business case for the desalination plant as part of 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, agreed by the Board and Minister (with the Treasurer's concurrence).

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 budget management.	Sustainably finance our vision.	1. Reducing total recurring expenditure to fund our key priorities and provide socially equitable outcomes for communities
WA Jobs Plan: Diversifying the WA economy, creating local jobs for the future.	Empowering our people to deliver our best performance.	2. Creating an inclusive workplace for a diverse workforce 3. Engaging and enabling our employees to perform at our best
Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive.	Safety for customers, communities and employees.	4. Providing safe and secure water to meet or exceed United Nations Sustainable Development Goal #6 5. Improving employee and public safety outcomes
	Local solutions in partnership with communities.	6. Driving value for money and customer satisfaction across all regions and segments 7. Building trust among the communities we serve
Investing in WA's Future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	Accelerating environmental sustainability of the water cycle as our climate changes.	8. Accelerating to net zero for scope 1 and 2 greenhouse gas emissions 9. Educating the community on climate change impacts, driving waterwise outcomes and ramping up wastewater recycling

Outcomes and Key Performance Indicators

	2020-21 Actual	2021-22 Budget	2021-22 Estimated Actual	2022-23 Budget Target	Note
Outcome: Reducing total recurring expenditure to fund our key priorities and provide socially equitable outcomes for communities:					
Reduction in real recurring total expenditure per service (%) ^(a)	n/a	n/a	n/a	1.4	
Outcome: Creating an inclusive workplace for a diverse workforce:					
Employee Experience Survey - Inclusion and diversity (%) ^{(b)(c)}	2nd quartile	n/a	n/a	2nd quartile	
Outcome: Engaging and enabling our employees to perform at our best:					
Employee Experience Survey - Engagement (%) ^{(b)(c)}	2nd quartile	n/a	n/a	2nd quartile	
Outcome: Providing safe and secure water to meet or exceed UN Sustainable Development Goal #6:					
Please see footnote ^(d)					
Outcome: Improving employee and public safety outcomes:					
Total recordable injury frequency rate (per million hours worked)	4.5	2.2	4	<3	
Outcome: Driving value for money and customer satisfaction across all regions and segments:					
Individual measurement of value for money, across regions and segments (score out of 10) ^{(e)(c)}	2nd quartile	n/a	n/a	2nd quartile	
Outcome: Building trust among the communities we serve:					
Individual measurement of community trust, across regions and segments (score out of 10) ^{(e)(c)}	top quartile	n/a	n/a	top quartile	
Outcome: Accelerating to net zero for scope 1 and 2 greenhouse gas emissions:					
Reported greenhouse gas emissions (CO ₂ equivalent kilotonnes) ^(f)	736	n/a	646	n/a	
Outcome: Educating the community on climate change impacts, driving waterwise outcomes and ramping up wastewater recycling:					
Wastewater recycled (%)	21	21.8	n/a	21	

(a) Operating expense plus sustaining capital expense.

(b) From Qualtrics comparative data against other 'Australian companies' benchmark.

(c) New key performance indicator. 2020-21 Actual based on previously determined outcome.

(d) Key performance indicator under development and will be available in 2023-24 Budget Paper 2 and Statement of Corporate Intent.

(e) From the Water Services Association of Australia Customer Perceptions survey against 30 water utilities in Australian and New Zealand.

(f) Long-term target of net zero greenhouse gas emissions by 2050. Current measure is consistent with National Greenhouse Energy Reporting Scheme (Scope 1 and Scope 2, does not include offsets). 2021-22 Estimated Actual as at 5 April 2022.

Asset Investment Program

1. In 2022-23, \$648.3 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 \$350 million has been committed in 2022-23 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. \$140.9 million has been committed to water network and supply projects, including \$8 million on the Talbot Road pipe renewal project to replace 3.5 km of pipe from Talbot Road to Scott Street in the localities of Hazelmere and Helena Valley to ensure security of supply. This project has an estimated total value of \$18.5 million.
4. \$195.3 million has been committed in 2022-23 for wastewater treatment projects in both the northern and southern corridors, including:
 - 4.1. \$44.7 million to upgrade the Woodman Point Wastewater Treatment Plant, including all aspects of the solids treatment facilities to increase treatment capacity. The project has an estimated total value of \$202.4 million; and
 - 4.2. \$18.4 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 to cater for increased flows. The project has an estimated total value of \$39.1 million.

Expenditure in the Regions

5. Regional Western Australia will continue to benefit from the development and upgrading of water and wastewater infrastructure, with \$169.5 million committed in 2022-23 to projects across the regions.
6. A total of \$98.8 million has been committed in 2022-23 on water projects, including:
 - 6.1. \$5.2 million towards the Merredin pipe renewal project to replace 3.5 km of pipe from the Merredin main conduit to ensure security of supply. The project has an estimated total value of \$11.1 million; and
 - 6.2. \$4.5 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 \$37.9 million will be spent in 2022-23 on wastewater projects, including:
 - 7.1. \$23.2 million towards upgrading wastewater treatment and management in Broome's 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 \$45.9 million; and
 - 7.2. \$5 million towards installing a new pump station and associated pipework at Waggrakine. The new pump station will handle an increase in sewer inflows to the desired level of service. The project has an estimated total value of \$5.8 million.

Election Commitments

8. In 2022-23, the Corporation will invest:
 - 8.1. \$11.8 million in the Essential and Municipal Services Upgrade Program for remote Aboriginal communities to deliver more reliable and improved water and wastewater services. The project has an estimated total value of \$39.1 million;
 - 8.2. \$4.1 million towards relocation and augmentation of water assets. This project has an estimated total value of \$26.4 million; and
 - 8.3. \$3 million towards installing seven gross pollution traps to storm drains at various locations to reduce plastic pollution into waterways. The project has an estimated total value of \$10 million.

COVID-19 Response

9. The Corporation will invest \$10.5 million in 2022-23 as part of the COVID-19 Response to drive economic, 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 \$51.3 million.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-22 \$'000	2021-22 Estimated Expenditure \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Irrigation of Public Open Space in Broome	10,712	6,373	5,587	4,339	-	-	-
Remote Aboriginal Communities Accelerated Works	38,906	3,194	3,194	6,115	17,588	12,009	-
Election Commitment							
Essential and Municipal Services Upgrade Program	39,061	3,611	2,770	11,806	17,059	6,585	-
Gross Pollution Traps	10,000	500	500	3,000	6,500	-	-
Olga Road - Albany Highway and Kelvin Road							
Intersection (Pipe Relocation)	6,529	5,212	4,940	1,317	-	-	-
Relocation and Augmentation of Water Assets	26,437	22,096	22,096	4,064	277	-	-
Metropolitan							
Drainage							
Capacity	62,353	40,972	8,132	6,935	3,524	6,145	4,777
Renewals	29,155	11,914	2,478	7,231	2,730	3,125	4,155
Wastewater							
Network Capacity	407,080	149,370	51,453	86,821	65,543	63,775	41,571
Network Renewals	161,928	104,108	23,086	16,506	11,924	19,924	9,466
Treatment Capacity	531,489	153,559	32,809	81,705	71,165	60,740	164,320
Treatment Renewals	136,412	62,781	29,333	10,317	16,699	27,475	19,140
Water							
Network Capacity	372,299	184,141	50,553	32,162	31,684	50,175	74,137
Network Renewals	243,611	171,620	24,740	18,640	34,196	11,455	7,700
Supply Capacity	425,290	270,171	34,978	63,034	39,171	28,967	23,947
Supply Renewals	149,284	87,354	22,423	27,066	20,834	9,535	4,495
Regional							
Drainage							
Capacity	37,705	33,358	3,312	1,146	1,628	687	886
Renewals	37,092	18,330	5,930	2,879	6,821	3,797	5,265
Irrigation	76,625	25,527	5,341	6,480	9,105	19,243	16,270
Wastewater							
Network Capacity	84,006	46,618	8,023	5,910	5,575	13,009	12,894
Network Renewals	78,703	44,891	14,258	7,403	9,280	6,552	10,577
Treatment Capacity	246,180	131,021	54,255	17,216	19,655	59,674	18,614
Treatment Renewals	45,137	16,747	8,357	7,387	7,876	5,158	7,969
Water							
Network Capacity	169,406	86,608	20,259	13,898	11,900	35,320	21,680
Network Renewals	267,412	159,838	50,085	26,344	38,946	17,646	24,638
Supply Capacity	484,050	233,094	53,877	54,115	100,213	52,905	43,723
Supply Renewals	44,517	29,997	9,843	4,451	2,984	2,796	4,289
Service							
Business Support Costs	486,443	261,212	43,804	47,097	86,367	48,274	43,493
Capital Support Costs	227,339	113,619	28,259	28,218	28,358	28,501	28,643
Corporate Real Estate	161,556	89,839	27,924	17,717	18,000	18,000	18,000
Operational Information and Control	201,376	93,376	26,772	27,000	27,000	27,000	27,000
COMPLETED WORKS							
COVID-19 Response - Coral Bay Wastewater Treatment							
Plant Evaporation Pond Relining	1,724	1,724	1,579	-	-	-	-
Total Cost of Asset Investment Program	5,299,817	2,662,775	680,950	648,319	712,602	638,472	637,649
FUNDED BY							
Borrowings			22,096	4,064	277	-	-
Internal Funds and Balances			658,854	644,255	712,325	638,472	637,649
Total Funding			680,950	648,319	712,602	638,472	637,649

Financial Statements

Income Statement

Revenue

1. 2022-23 Total Revenue is \$133.3 million higher than the 2021-22 Estimated Actual due to greater than expected returns from the sale of goods and services and operating subsidy revenue.

Expenses

2. 2022-23 Total Expenses are \$15 million higher than the 2021-22 Estimated Actual due to the reallocation of 80% of cloud-based ICT capital expenditure to operating expenditure. This is offset by savings in depreciation in the outyears.

Statement of Financial Position

3. 2022-23 Net Assets are expected to increase by \$206.2 million compared to the 2021-22 Estimated Actual. This is largely due to additional capital projects in the Asset Investment Program.

Statement of Cashflows

4. The 2021-22 Estimated Actual cash balance is expected to reduce by \$667.6 million compared to the 2021-22 Budget. This is largely due to the Corporation repaying debt in the short-term utilising its 2021-22 retained dividend payment. As the cost of debt is higher than forecast interest returns from the Public Bank Account, the greatest economic benefit to the Corporation when holding the 2021-22 retained dividend is to repay the quarterly maturing debt where cashflows allow. This will reduce the Corporation's interest expense on existing debt.

INCOME STATEMENT ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	2,248,303	2,282,189	2,295,795	2,372,012	2,452,067	2,543,715	2,648,420
Other revenue	216,675	138,448	174,507	192,001	212,180	227,852	232,173
Revenue from Government							
Operating subsidies.....	218,579	364,349	393,170	472,023	514,065	516,923	517,561
Capital subsidies	5,944	25,130	3,520	35,806	45,284	6,585	-
Royalties for Regions	250,000	126,816	126,016	53,957	-	-	-
Other subsidies	10,857	11,528	11,528	12,006	12,292	600	200
TOTAL REVENUE.....	2,950,358	2,948,460	3,004,536	3,137,805	3,235,888	3,295,675	3,398,354
Expenses							
Claims expense.....	-	2,477	-	-	-	-	-
Employee benefits ^(b)	355,143	438,905	450,234	449,974	452,026	455,913	459,430
Supplies and services	484,868	412,207	479,454	475,060	485,166	490,712	493,188
Accommodation	7,554	8,021	7,772	8,202	8,386	8,575	8,747
Depreciation and amortisation	532,117	558,354	547,482	541,070	543,926	543,309	543,809
Finance and interest costs.....	182,479	175,950	167,874	169,953	175,914	174,360	174,978
Other expenses.....	138,724	129,908	136,184	159,802	137,897	139,410	167,191
TOTAL EXPENSES.....	1,700,885	1,725,822	1,789,000	1,804,061	1,803,315	1,812,279	1,847,343
NET PROFIT/(LOSS) BEFORE TAX	1,249,473	1,222,638	1,215,536	1,333,744	1,432,573	1,483,396	1,551,011
National Tax Equivalent Regime							
Current tax equivalent expense.....	376,699	371,019	367,017	405,810	436,686	454,131	472,699
Deferred tax equivalent expense.....	(2,835)	(3,974)	(2,865)	(6,223)	(7,424)	(9,619)	(7,903)
NET PROFIT/(LOSS) AFTER TAX	875,609	855,593	851,384	934,157	1,003,311	1,038,884	1,086,215
Dividends	642,413	-	-	727,965	782,200	840,777	884,478

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

(b) The full-time equivalents for 2020-21 Actual, 2021-22 Estimated Actual and 2022-23 Budget Year are 3,499, 3,607 and 3,607 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CURRENT ASSETS							
Cash assets	367,328	30,675	131,519	182,590	205,404	211,202	225,269
Cash assets - Retained dividends ^(b)	-	1,354,873	586,390	577,629	577,629	577,629	577,629
Restricted Cash	-	-	-	-	-	-	4,683
Receivables	214,510	216,352	227,884	235,186	243,131	251,690	260,663
Other	89,133	87,097	92,134	93,034	95,034	97,134	99,334
Total current assets	670,971	1,688,997	1,037,927	1,088,439	1,121,198	1,137,655	1,167,578
NON-CURRENT ASSETS							
Property, plant and equipment	17,761,277	17,967,695	17,883,716	18,061,974	18,299,361	18,471,708	18,640,178
Intangibles	130,242	110,308	65,255	65,255	65,255	65,255	65,255
Receivables	24,868	23,934	24,867	24,867	24,868	24,866	24,866
Total non-current assets	17,916,387	18,101,937	17,973,838	18,152,096	18,389,484	18,561,829	18,730,299
TOTAL ASSETS	18,587,358	19,790,934	19,011,765	19,240,535	19,510,682	19,699,484	19,897,877
CURRENT LIABILITIES							
Employee provisions	115,053	99,014	115,036	117,136	117,536	117,536	117,536
Payables	307,584	343,753	354,968	380,091	391,493	379,252	377,738
Borrowings and leases	17,539	19,688	19,712	19,259	18,865	19,103	19,340
Other	58,896	49,237	63,233	63,365	63,659	64,499	65,795
Total current liabilities	499,072	511,692	552,949	579,851	591,553	580,390	580,409
NON-CURRENT LIABILITIES							
Employee provisions	39,942	49,001	39,959	37,859	37,459	37,459	37,459
Borrowings and leases ^(b)	6,003,993	6,360,224	5,636,220	5,638,217	5,681,375	5,690,852	5,693,392
Other	253,186	238,044	252,321	248,100	242,676	235,057	229,154
Total non-current liabilities	6,297,121	6,647,269	5,928,500	5,924,176	5,961,510	5,963,368	5,960,005
TOTAL LIABILITIES	6,796,193	7,158,961	6,481,449	6,504,027	6,553,063	6,543,758	6,540,414
NET ASSETS	11,791,165	12,631,973	12,530,316	12,736,508	12,957,619	13,155,726	13,357,463
EQUITY							
Contributed equity	234,698	234,698	257,608	257,608	257,608	257,608	257,608
Accumulated surplus/(deficit) ^(c)	4,229,791	5,070,599	4,946,032	5,152,224	5,373,335	5,571,442	5,773,179
Reserves	7,326,676	7,326,676	7,326,676	7,326,676	7,326,676	7,326,676	7,326,676
TOTAL EQUITY	11,791,165	12,631,973	12,530,316	12,736,508	12,957,619	13,155,726	13,357,463

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

(b) The Corporation retained its 2021-22 dividend payment of \$1.4 billion in the 2021-22 Budget to contribute to funding future infrastructure assets. The Corporation has partially utilised these funds to reduce borrowings until required.

(c) In line with an International Financial Reporting Interpretations Committee decision issued in April 2021, the Corporation has forecast the write-off of cloud-based ICT arrangements that were capitalised pre-1 July 2021 to retained earnings as reflected in the 2021-22 Estimated Actual.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	2,255,152	2,272,180	2,252,911	2,359,871	2,460,970	2,535,990	2,633,520
Grants and subsidies.....	-	-	1,887	3,775	1,888	-	-
GST receipts.....	116,901	119,224	119,224	117,182	116,008	117,589	117,589
Other receipts.....	148,323	109,332	129,846	135,716	155,975	168,099	171,491
Payments							
Employee benefits.....	(337,460)	(434,998)	(446,226)	(445,864)	(447,809)	(451,594)	(455,031)
Supplies and services.....	(484,868)	(412,207)	(479,454)	(475,060)	(485,166)	(490,712)	(493,188)
GST payments.....	(115,556)	(119,770)	(119,770)	(117,719)	(116,539)	(118,127)	(118,127)
Finance and interest costs.....	(221,925)	(185,901)	(178,672)	(182,090)	(186,150)	(186,653)	(187,920)
Other payments.....	(148,794)	(116,609)	(85,242)	(161,270)	(146,590)	(131,823)	(161,544)
Net cash from operating activities.....	1,211,773	1,231,251	1,194,504	1,234,541	1,352,587	1,442,769	1,506,790
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	10,781	1,600	1,600	1,600	1,600	1,601	1,600
Payments							
Purchase of non-current assets ^(b)	(681,892)	(699,229)	(680,950)	(648,319)	(712,602)	(638,472)	(637,649)
Net cash from investing activities.....	(671,111)	(697,629)	(679,350)	(646,719)	(711,002)	(636,871)	(636,049)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	-	1,156,064	424,459	739,485	785,165	758,464	761,938
Payments							
Repayment of borrowings and leases.....	(205,231)	(793,328)	(792,043)	(743,448)	(744,127)	(751,271)	(757,329)
Other payments.....	(8,350)	(8,729)	(8,729)	(7,336)	(7,459)	(7,579)	(7,724)
Net cash from financing activities.....	(213,581)	354,007	(376,313)	(11,299)	33,579	(386)	(3,115)
CASHFLOWS FROM GOVERNMENT							
Receipts							
Capital subsidies.....	237	32,000	24,029	36,232	22,853	-	-
Operating subsidies.....	218,579	364,349	393,170	472,023	514,065	516,923	517,561
Royalties for Regions.....	250,000	126,816	126,016	53,957	-	-	-
Equity contributions.....	-	-	22,910	-	-	-	-
Other subsidies.....	10,857	11,528	11,528	12,006	12,292	600	200
Payments							
Dividends to Government.....	(642,413)	-	-	(727,965)	(782,200)	(840,773)	(884,478)
National Tax Equivalent Regime - Income tax...	(391,960)	(374,888)	(358,141)	(372,264)	(410,974)	(467,889)	(473,412)
Local Government Rates Equivalent.....	(7,554)	(8,021)	(7,772)	(8,202)	(8,386)	(8,575)	(8,747)
Net cash provided to Government.....	562,254	(151,784)	(211,740)	534,213	652,350	799,714	848,876
NET INCREASE/(DECREASE) IN CASH HELD.....	(235,173)	1,039,413	350,581	42,310	22,814	5,798	18,750
Cash assets at the beginning of the reporting period.....	602,501	346,135	367,328	717,909	760,219	783,033	788,831
Cash assets at the end of the reporting period.....	367,328	1,385,548	717,909	760,219	783,033	788,831	807,581

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

(b) Due to an International Financial Reporting Interpretations Committee decision issued in April 2021, the Corporation expects more ICT services to be cloud-based computing arrangements and expensed through the Income Statement.

Bunbury Water Corporation

Part 12 Utilities

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

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	1,184	1,687	1,210	897	1,037	1,427	1,883
Local Government Rates Equivalent	84	86	104	96	98	101	103
Dividends ^{(a)(b)}	2,110	-	-	910	1,085	1,265	1,757
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies.....	786	798	856	1,232	1,692	2,141	2,683
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(c)	11,900	-	10,170	11,050	-	-	-
RATIOS							
Dividend Payout Ratio (%)	85	-	-	85	85	85	85
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	16,328	19,004	18,590	17,221	17,883	18,616	19,335
Revenue from Government	786	798	856	1,232	1,692	2,141	2,683
Total Expenses ^(d)	14,536	14,085	14,849	16,217	17,022	17,270	17,434
Total Borrowings	6,602	11,364	5,807	15,509	13,812	12,084	10,325
NET PROFIT AFTER TAX.....	1,394	4,030	3,387	1,339	1,516	2,060	2,701
CASH ASSETS ^(e)	10,579	4,415	14,744	1,204	1,426	1,822	1,487

(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) Aqwest will retain 2021-22 dividend payments to contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.

(c) Aqwest will receive a \$10.2 million equity contribution in 2021-22 and \$11.1 million in 2022-23 for the fluoridation of its water network (\$0.6 million in 2021-22 and \$10 million in 2022-23) and the Bunbury Water Resource Recovery Scheme (\$9.6 million in 2021-22 and \$1.1 million in 2022-23).

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

(e) 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 2021-22 Budget to Parliament on 9 September 2021, are outlined below:

	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
COVID-19 Response					
Bunbury Water Resource Recovery Scheme Update	(101)	(2,042)	(510)	(621)	-
Key Adjustments					
Fluoridation of Aqwest's Water Network	-	-	100	228	228
Water Tariff Increase and Operating Subsidy	-	(150)	11	221	375
Workforce Expansion and Other Strategic Expenditure	1	(344)	(769)	(799)	(859)
Other					
Operating Revenue and Expenditure Update	(417)	(270)	38	(191)	(896)

Significant Issues Impacting the Government Trading Enterprise

Climate Change

1. In 2020, the Government released the Western Australian Climate Policy, which sets out a plan to make Western Australia more climate-resilient and ensure a prosperous low-carbon future. Aqwest is now reviewing its Environmental Sustainability Strategic Plan to bring in renewable energy, waste and recycling targets, to help achieve net zero greenhouse gas emissions by 2050. As a regional water provider Aqwest is nominated as a lead agency within the policy with the action to 'Invest in water infrastructure and water recycling to enhance security, efficiency and resilience of community water schemes'.
2. In the South West, the effects of climate change have never been more apparent than they are today. Since the mid-1970s, a 15% reduction in average annual rainfall has been recorded. Further to this, the threat of saltwater intrusion is reducing the long-term sustainability of Aqwest's only viable water source, the Yarragadee Aquifer.

COVID-19 Response

3. As part of the COVID-19 Response, \$28 million has been invested in the Bunbury Water Resource Recovery Scheme (BWRRS), to provide recycled water for irrigation of public open space, construction and other industrial activities. The construction of the scheme will create local jobs and the sale of the recycled water will provide an alternative revenue stream (differing from potable water sales) for the first time in Aqwest's 117-year history.
4. The impacts of COVID-19 continue to present challenges and opportunities for Aqwest. Throughout the pandemic, Aqwest has focused on delivering safe, high quality drinking water that is not compromised in the current uncertain environment. Aqwest has maintained a safe and effective work environment by refining its incident management planning and deployment in response to changing COVID-19 restrictions.

2021-22 Retained Dividend

5. Aqwest will retain its forecast 2021-22 dividend payment to fund future infrastructure investment, with the funds to be quarantined until the Government approves business cases for the strategic infrastructure requirements. The forecast \$1.8 million retained dividend, as part of the 2021-22 Budget, was revised down to \$1 million based on Aqwest's Estimated Actual outcome for 2021-22. This amount (\$1 million) has been allocated to the BWRRS.

Statement of Corporate Intent

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

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 budget management.	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: Diversifying the WA economy, creating local jobs for 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: Supporting our local and regional communities to thrive.	Provide accessibility and support for employees, vulnerable customers and the Greater Bunbury community.	5. Strong supported community
Investing in WA's Future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	Provide climate resilient, 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 ^(a)

	2020-21 Actual	2021-22 Budget	2021-22 Estimated Actual	2022-23 Budget Target	Note
Outcome: Long-term financial viability:					
Economic real rate of return	2%	3.6%	3.5%	1.3%	1
Outcome: Satisfied customers:					
Overall customer satisfaction rating	86%	85%	88%	85%	
Outcome: Local jobs and local suppliers:					
Percentage of local suppliers (Buy Local Policy target)	67%	70%	67%	70%	
Outcome: Highly skilled and diversified workforce:					
Increase jobs by >2% per annum ^(b)	nil	>2%	>2%	>2%	
Training expenditure per annum against salaries and wages	0.9%	>3%	>3%	>3%	
Safety index	0.8	1	1	1	
Outcome: Strong supported community:					
Customer awareness of Aqwest services	95%	85%	93%	85%	
Employee diversity and wellbeing index ^(c)	n/a	1	1	1	
Strong communities index ^(c)	n/a	1	1	1	
Outcome: Safe, reliable, high quality drinking water:					
Customers agree water is safe to drink	86%	85%	86%	85%	
Microbiological compliance	100%	100%	100%	100%	
Average frequency of an unplanned interruption (per 1000 properties)	165	<250	<250	<250	
Outcome: Safe, reliable, recycled water available:					
Make available 2GL of recycled water per annum ^(c)	n/a	2	nil	2	2
Outcome: Environmentally sustainable operations:					
Environmental sustainability index ^(c)	n/a	1	1	1	

(a) A detailed explanation of the composition of the indices is provided in Aqwest's 2022-23 Statement of Corporate Intent.

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

(c) Not reported in 2020-21, new indicators for 2021-22.

Explanation of Significant Movements

(Notes)

1. The 2022-23 Budget Target is reduced due to an expansion in Aqwest's asset base.
2. The BWRRS's scheduled completion date has been delayed until December 2022; therefore, no recycled water will be produced in the 2021-22 financial year.

Asset Investment Program

Key Deliverables

1. Aqwest's Asset Investment Program totals \$48 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 for Bunbury and surrounding areas.
2. The total investment over the forward estimates period includes:
 - 2.1. \$10 million to fluoridate the water supply;
 - 2.2. \$9.6 million to refurbish and maintain existing reservoir and water treatment plant infrastructure; and
 - 2.3. \$5.3 million to replace ageing water mains.

COVID-19 Response

3. Aqwest will invest \$28 million under the COVID-19 Response for the BWRRS. 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 30-6-22 \$'000	2021-22 Estimated Expenditure \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Water Resource Recovery Scheme	27,992	7,950	6,568	20,042	-	-	-
Other Works in Progress							
Treatment Plants - Fluoridation	10,600	600	600	10,000	-	-	-
COMPLETED WORKS							
Fleet, ICT and Other - 2021-22 Program	1,347	1,347	1,347	-	-	-	-
Mains - 2021-22 Program	843	843	843	-	-	-	-
Reservoirs - 2021-22 Program	822	822	822	-	-	-	-
Services - 2021-22 Program	331	331	331	-	-	-	-
Treatment Plants							
2021-22 Program	1,375	1,375	1,375	-	-	-	-
Ngoora Moolinap Water Treatment Plant	14,379	14,379	100	-	-	-	-
NEW WORKS							
Fleet, ICT and Other							
2022-23 Program	1,393	-	-	1,393	-	-	-
2023-24 Program	803	-	-	-	803	-	-
2024-25 Program	405	-	-	-	-	405	-
2025-26 Program	445	-	-	-	-	-	445
Mains							
2022-23 Program	2,189	-	-	2,189	-	-	-
2023-24 Program	1,170	-	-	-	1,170	-	-
2024-25 Program	981	-	-	-	-	981	-
2025-26 Program	1,003	-	-	-	-	-	1,003
Reservoirs							
2022-23 Program	2,786	-	-	2,786	-	-	-
2023-24 Program	450	-	-	-	450	-	-
2024-25 Program	650	-	-	-	-	650	-
2025-26 Program	2,285	-	-	-	-	-	2,285
Services							
2022-23 Program	74	-	-	74	-	-	-
2023-24 Program	75	-	-	-	75	-	-
2024-25 Program	76	-	-	-	-	76	-
2025-26 Program	78	-	-	-	-	-	78
Treatment Plants							
2022-23 Program	1,642	-	-	1,642	-	-	-
2023-24 Program	467	-	-	-	467	-	-
2024-25 Program	999	-	-	-	-	999	-
2025-26 Program	37	-	-	-	-	-	37
Total Cost of Asset Investment Program	75,697	27,647	11,986	38,126	2,965	3,111	3,848
FUNDED BY							
Borrowings			1,837	2,451	1,058	1,616	-
Capital Appropriation			10,170	11,050	-	-	-
Internal Funds and Balances			(2,271)	24,625	1,907	1,495	3,848
Other Grants and Subsidies			2,250	-	-	-	-
Total Funding			11,986	38,126	2,965	3,111	3,848

Financial Statements

Income Statement

Revenue

- Revenue is forecast to increase through higher than forecast returns from goods and services and subsidy revenue streams over the forward estimates period.

Expenses

- Total expenses are forecast to increase over the forward estimates period due to the implementation of Aqwest's Strategic Workforce Plan, which is driven by organisational growth and the requirement for increased staffing levels.

Statement of Financial Position

- Property, Plant and Equipment, borrowings and equity contributions are increasing in line with Aqwest's current Asset Investment Program.

Statement of Cashflows

- Aqwest's cash position is forecast to remain relatively steady over the forward estimates period.

INCOME STATEMENT ^(a) (Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	14,967	15,382	15,429	16,035	16,651	17,356	18,044
Other revenue	1,361	3,622	3,161	1,186	1,232	1,260	1,291
Revenue from Government							
Operating subsidies ^(b)	786	798	856	1,232	1,692	2,141	2,683
TOTAL REVENUE.....	17,114	19,802	19,446	18,453	19,575	20,757	22,018
Expenses							
Employee benefits ^{(c)(d)}	4,648	4,767	4,869	5,870	6,016	6,181	6,346
Supplies and services	3,146	3,234	3,837	3,921	3,209	3,300	3,289
Accommodation	798	861	1,031	1,189	1,218	1,248	1,282
Depreciation and amortisation	4,157	3,035	3,454	3,486	4,523	4,511	4,405
Finance and interest costs.....	165	118	103	89	275	244	213
Other expenses.....	1,622	2,070	1,555	1,662	1,781	1,786	1,899
TOTAL EXPENSES.....	14,536	14,085	14,849	16,217	17,022	17,270	17,434
NET PROFIT/(LOSS) BEFORE TAX	2,578	5,717	4,597	2,236	2,553	3,487	4,584
National Tax Equivalent Regime - Current tax equivalent expense	1,184	1,687	1,210	897	1,037	1,427	1,883
NET PROFIT/(LOSS) AFTER TAX	1,394	4,030	3,387	1,339	1,516	2,060	2,701
Dividends	2,110	-	-	910	1,085	1,265	1,757

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

(b) From 2022-23 onwards, Aqwest will receive an Operating subsidy to fund the gap between the cost of providing services to residential customers and the revenue received from those customers.

(c) Wages will increase in 2022-23 due to the implementation of Aqwest's Strategic Workforce Plan.

(d) The full-time equivalents for 2020-21 Actual, 2021-22 Estimated Actual and 2022-23 Budget Year are 35, 50 and 55 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CURRENT ASSETS							
Cash assets	10,579	2,589	14,744	1,204	1,426	1,822	1,487
Cash assets - Retained dividends.....	-	1,826	-	-	-	-	-
Receivables	1,945	1,585	1,995	2,045	2,098	2,148	2,201
Other.....	745	1,024	763	782	802	822	843
Total current assets	13,269	7,024	17,502	4,031	4,326	4,792	4,531
NON-CURRENT ASSETS							
Property, plant and equipment ^(b)	121,717	133,710	130,314	165,022	163,531	162,203	161,722
Other.....	1,945	-	1,945	1,945	1,945	1,945	1,945
Total non-current assets	123,662	133,710	132,259	166,967	165,476	164,148	163,667
TOTAL ASSETS	136,931	140,734	149,761	170,998	169,802	168,940	168,198
CURRENT LIABILITIES							
Employee provisions	926	812	862	884	906	928	950
Payables.....	1,736	1,723	1,880	1,927	1,975	2,024	2,075
Borrowings and leases ^(c)	795	1,353	798	1,697	1,728	1,759	1,791
Other.....	12	13	-	-	-	-	-
Total current liabilities	3,469	3,901	3,540	4,508	4,609	4,711	4,816
NON-CURRENT LIABILITIES							
Employee provisions	34	22	35	22	22	22	22
Borrowings and leases ^(c)	5,807	10,011	5,009	13,812	12,084	10,325	8,534
Other.....	11,339	11,179	11,339	11,339	11,339	11,339	11,339
Total non-current liabilities	17,180	21,212	16,383	25,173	23,445	21,686	19,895
TOTAL LIABILITIES.....	20,649	25,113	19,923	29,681	28,054	26,397	24,711
NET ASSETS	116,282	115,621	129,838	141,317	141,748	142,543	143,487
EQUITY							
Contributed equity	11,900	11,900	22,070	33,120	33,120	33,120	33,120
Accumulated surplus/(deficit).....	37,046	41,417	40,432	40,861	41,292	42,087	43,031
Reserves.....	67,336	62,304	67,336	67,336	67,336	67,336	67,336
TOTAL EQUITY	116,282	115,621	129,838	141,317	141,748	142,543	143,487

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

(b) Total non-current assets will increase by \$34.7 million in 2022-23 due to the completion of the BWRRS and fluoridation of the water supply.

(c) Borrowings will increase from 2022-23 to fund the current Asset Investment Program.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	14,462	15,344	15,362	15,965	16,580	17,283	17,968
GST receipts	1,120	1,796	2,268	5,091	1,553	1,598	1,705
Other receipts	1,234	3,536	3,094	1,117	1,165	1,188	1,218
Payments							
Employee benefits ^(b)	(4,608)	(4,752)	(4,834)	(5,834)	(5,980)	(6,142)	(6,307)
Supplies and services	(462)	(459)	(1,149)	(1,286)	(1,297)	(1,367)	(1,333)
Accommodation ^(c)	(714)	(775)	(927)	(1,093)	(1,120)	(1,147)	(1,177)
GST payments	(1,288)	(1,794)	(2,266)	(5,090)	(1,561)	(1,597)	(1,707)
Finance and interest costs.....	(166)	(118)	(103)	(89)	(275)	(244)	(213)
Other payments.....	(4,048)	(4,867)	(4,222)	(4,276)	(3,653)	(3,685)	(3,822)
Net cash from operating activities	5,530	7,911	7,223	4,505	5,412	5,887	6,332
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	55	63	-	-	-	-	-
Payments							
Purchase of non-current assets	(7,002)	(18,464)	(11,986)	(38,126)	(2,965)	(3,111)	(3,848)
Net cash from investing activities.....	(6,947)	(18,401)	(11,986)	(38,126)	(2,965)	(3,111)	(3,848)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	-	6,000	-	10,500	-	-	-
Payments							
Repayment of borrowings and leases	(770)	(1,227)	(784)	(798)	(1,697)	(1,728)	(1,759)
Net cash from financing activities.....	(770)	4,773	(784)	9,702	(1,697)	(1,728)	(1,759)
CASHFLOWS FROM GOVERNMENT ACTIVITIES							
Receipts							
Operating subsidies ^(d)	786	798	856	1,232	1,692	2,141	2,683
Equity contributions.....	11,900	-	10,170	11,050	-	-	-
Payments							
Dividends to Government	(2,110)	-	-	(910)	(1,085)	(1,265)	(1,757)
National Tax Equivalent Regime - Income tax...	(793)	(1,687)	(1,210)	(897)	(1,037)	(1,427)	(1,883)
Local Government Rates Equivalent.....	(84)	(86)	(104)	(96)	(98)	(101)	(103)
Net cash provided to Government	(9,699)	975	(9,712)	(10,379)	528	652	1,060
NET INCREASE/(DECREASE) IN CASH HELD	7,512	(6,692)	4,165	(13,540)	222	396	(335)
Cash assets at the beginning of the reporting period	3,067	11,107	10,579	14,744	1,204	1,426	1,822
Cash assets at the end of the reporting period	10,579	4,415	14,744	1,204	1,426	1,822	1,487

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

(b) Wages will increase in 2022-23 due to the implementation of Aqwest's Strategic Workforce Plan.

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

(d) From 2022-23 onwards, Aqwest will receive an operating subsidy to fund the gap between the cost of providing services to residential customers and the revenue received from those customers.

Busselton Water Corporation

Part 12 Utilities

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

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	1,019	551	552	557	579	591	632
Local Government Rates Equivalent	63	61	61	67	69	70	72
Dividends ^{(a)(b)}	757	-	-	437	325	469	362
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies.....	670	768	761	688	691	695	698
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	13,100	11,754	11,758	12,081	12,432	12,883	13,376
Revenue from Government	670	768	761	688	691	695	698
Total Expenses ^(c)	10,032	11,238	11,327	11,646	11,859	12,325	12,626
Total Borrowings	240	-	-	-	-	-	-
NET PROFIT AFTER TAX.....	3,972	733	640	566	685	662	816
CASH ASSETS ^(d)	13,894	11,962	13,571	12,501	11,530	10,516	9,807

- (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) The Corporation will retain 2021-22 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) 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 2021-22 Budget to Parliament on 9 September 2021, are outlined below:

	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
Key Adjustments					
Water Tariff Increase	-	51	67	130	121
Other					
Operating Revenue and Expenditure Update	8	(246)	(469)	(356)	(418)

Significant Issues Impacting the Government Trading Enterprise

Climate Change

1. Climate change is having a significant impact in the South West region of Western Australia through declining rainfall and rising sea levels. Combined with groundwater abstraction by all users, these impacts are influencing the freshwater/saltwater interface in the vicinity of the Corporation's existing borefields which are located near the coast. Consequently, abstraction of water from coastal bores needs to reduce, and future bores need to be located inland. In response to these impacts and strong persistent growth that is driving an increased demand for potable water, the Corporation is conducting preliminary work to support the Inland Borefield Transition (Plant 8) Project.

Financial Sustainability

2. Financial modelling has identified that continued population growth is resulting in additional service connections and higher consumption. The Corporation also has an increasing capital investment program in response to climate change. The Corporation will closely monitor these impacts and work with stakeholders to ensure its ongoing financial sustainability.

COVID-19 Response

3. As a designated critical water infrastructure workplace, the Corporation is committed to maintaining its comprehensive incident response to the pandemic, including sensitive consideration and support of customers, staff, contractors and visitors.

2021-22 Retained Dividend

4. The Corporation will retain its forecast 2021-22 dividend payments totalling \$2.2 million to fund future infrastructure investment. The funds will be quarantined until the Government approves business cases for the strategic infrastructure requirements.

Statement of Corporate Intent

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

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 budget management.	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 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: Diversifying the WA economy, creating local jobs for 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: Supporting our local and regional communities to thrive.	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
Investing in WA's Future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	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

	2020-21 Actual	2021-22 Budget	2021-22 Estimated Actual	2022-23 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 outputs:					
Business Excellence Index ^(a)	4	4	4	5.25	
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:					
The Office of Digital Government's cyber security controls -Minimum requirement achieved for all controls ^(b)	n/a	n/a	n/a	>=1	
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:					
WorkSafe assessments	Gold	Gold	Platinum	Gold	
Outcome: Committed to growing our business by expanding and diversifying our existing water services:					
Timely provision of new infrastructure required for land development and growth opportunities	100%	100%	100%	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 1000 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:					
Energy efficiency monthly production (rolling year) kWh/kL	0.6	0.6	0.6	<0.6	
Residential water efficiency kL/pp/year.....	104	110	105	109	
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 2020	April 2021	April 2021	April 2022	

(a) The Business Excellence Index measures progress towards best practice across seven elements of the Business Excellence Framework.

(b) The Office of Digital Government have put in place five mandatory controls for all Government organisations. The minimum requirement is 1 on a scale of 0 to 5.

Asset Investment Program

1. The Corporation's Asset Investment Program (AIP) reflects its capital investment requirements for the forward estimates period. A total of \$18.5 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. \$8.5 million for the replacement and maintenance of tanks and delivery pumps used to store treated water and to ensure greater efficiency and energy consumption;
 - 2.2. \$2.4 million for the installation of new connections, new meters and ongoing meter replacement;
 - 2.3. \$2.3 million to upgrade reticulation mains and services within the network;
 - 2.4. \$1.8 million for preliminary works relating to the development of the Inland Borefield Transition (Plant 8) Project;
 - 2.5. \$1.7 million for ICT, including cyber security and Intelligent Water Network projects;
 - 2.6. \$1 million to upgrade operational building facilities to allow greater functionality with a more sustainable footprint; and
 - 2.7. \$0.9 million for the ongoing upgrade and renewal of mobile plant and vehicles.
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 30-6-22 \$'000	2021-22 Estimated Expenditure \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
COMPLETED WORKS							
Building, Land and Land Improvements - 2021-22 Program.....	115	115	115	-	-	-	-
ICT - 2021-22 Program	184	184	184	-	-	-	-
New Connections and Meters - 2021-22 Program	334	334	334	-	-	-	-
New Mains and Services - 2021-22 Program.....	345	345	345	-	-	-	-
Plant, Mobile and Other Purchases - 2021-22 Program....	133	133	133	-	-	-	-
Treatment Plants - 2021-22 Program	2,687	2,687	2,687	-	-	-	-
NEW WORKS							
Building, Land and Land Improvements							
2022-23 Program	120	-	-	120	-	-	-
2023-24 Program	422	-	-	-	422	-	-
2024-25 Program	218	-	-	-	-	218	-
2025-26 Program	218	-	-	-	-	-	218
ICT							
2022-23 Program	350	-	-	350	-	-	-
2023-24 Program	443	-	-	-	443	-	-
2024-25 Program	500	-	-	-	-	500	-
2025-26 Program	400	-	-	-	-	-	400
New Connections and Meters							
2022-23 Program	409	-	-	409	-	-	-
2023-24 Program	671	-	-	-	671	-	-
2024-25 Program	870	-	-	-	-	870	-
2025-26 Program	401	-	-	-	-	-	401
New Mains and Services							
2022-23 Program	496	-	-	496	-	-	-
2023-24 Program	279	-	-	-	279	-	-
2024-25 Program	537	-	-	-	-	537	-
2025-26 Program	975	-	-	-	-	-	975
Plant, Mobile and Other Purchases							
2022-23 Program	265	-	-	265	-	-	-
2023-24 Program	163	-	-	-	163	-	-
2024-25 Program	211	-	-	-	-	211	-
2025-26 Program	213	-	-	-	-	-	213
Treatment Plants							
2022-23 Program	2,758	-	-	2,758	-	-	-
2023-24 Program	2,647	-	-	-	2,647	-	-
2024-25 Program	2,405	-	-	-	-	2,405	-
2025-26 Program	2,534	-	-	-	-	-	2,534
Total Cost of Asset Investment Program.....	22,303	3,798	3,798	4,398	4,625	4,741	4,741
FUNDED BY							
Asset Sales.....			56	159	85	118	-
Internal Funds and Balances.....			3,742	4,239	4,540	4,623	4,741
Total Funding			3,798	4,398	4,625	4,741	4,741

Financial Statements

Income Statement

Revenue

1. The increase in total revenue across the forward estimates period is largely driven by the water tariff price path, and sustained population growth in the region resulting in additional service connections and higher consumption.

Expenses

2. Growth in expenditure is reflective of the additional cost of producing and distributing higher volumes of water.

Statement of Financial Position

3. The Statement of Financial Position shows a stable net equity position over the forward estimates period.

Statement of Cashflows

4. Net cash from operating activities continues to increase due to anticipated growth in water sales because of sustained population and consequently demand growth in the region. Expenditure increases are limited to the cost of producing and distributing higher volumes of water.
5. An AIP of \$4.2 million to \$4.7 million per annum is maintained during the forward estimates period.
6. Cash assets at the end of the period will reduce due to the Corporation's ongoing investment in property, plant and equipment required to meet the demand needs of the region.

INCOME STATEMENT ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	10,791	10,327	10,330	10,635	10,963	11,393	11,754
Other revenue	2,309	1,427	1,428	1,446	1,469	1,490	1,622
Revenue from Government							
Operating subsidies.....	670	768	761	688	691	695	698
TOTAL REVENUE.....	13,770	12,522	12,519	12,769	13,123	13,578	14,074
Expenses							
Employee benefits ^(b)	3,784	3,696	3,696	4,037	4,143	4,258	4,368
Supplies and services	1,954	2,623	2,712	2,851	2,804	2,893	2,873
Accommodation	623	947	947	658	663	690	708
Depreciation and amortisation	2,956	3,103	3,103	3,109	3,288	3,496	3,599
Finance and interest costs.....	42	19	19	6	6	6	6
Other expenses.....	673	850	850	985	955	982	1,072
TOTAL EXPENSES.....	10,032	11,238	11,327	11,646	11,859	12,325	12,626
NET PROFIT/(LOSS) BEFORE TAX	3,738	1,284	1,192	1,123	1,264	1,253	1,448
National Tax Equivalent Regime							
Current tax equivalent expense	1,019	551	552	557	579	591	632
Deferred tax equivalent expense	(1,253)	-	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAX	3,972	733	640	566	685	662	816
Dividends	757	-	-	437	325	469	362

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

(b) The full-time equivalents for 2020-21 Actual, 2021-22 Estimated Actual and 2022-23 Budget Year are 30, 30 and 32 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CURRENT ASSETS							
Cash assets	11,004	9,656	11,370	10,300	9,329	8,315	7,606
Cash assets - Retained dividends.....	-	1,637	2,201	2,201	2,201	2,201	2,201
Restricted Cash.....	2,890	669	-	-	-	-	-
Receivables	3,089	3,014	3,088	3,089	3,089	3,089	3,089
Other.....	662	614	662	662	662	662	662
Total current assets	17,645	15,590	17,321	16,252	15,281	14,267	13,558
NON-CURRENT ASSETS							
Property, plant and equipment.....	99,755	100,726	100,529	101,570	102,734	103,716	105,106
Intangibles	263	363	296	540	798	1,112	976
Total non-current assets	100,018	101,089	100,825	102,110	103,532	104,828	106,082
TOTAL ASSETS	117,663	116,679	118,146	118,362	118,813	119,095	119,640
CURRENT LIABILITIES							
Employee provisions	1,167	1,284	1,188	1,209	1,231	1,253	1,344
Payables	1,531	428	1,534	1,536	1,540	1,540	1,540
Borrowings and leases	362	110	122	122	122	122	122
Total current liabilities	3,060	1,822	2,844	2,867	2,893	2,915	3,006
NON-CURRENT LIABILITIES							
Employee provisions	22	108	84	147	212	279	279
Borrowings and leases	76	120	75	76	76	76	76
Other.....	16,904	18,157	16,904	16,904	16,904	16,904	16,904
Total non-current liabilities	17,002	18,385	17,063	17,127	17,192	17,259	17,259
TOTAL LIABILITIES.....	20,062	20,207	19,907	19,994	20,085	20,174	20,265
NET ASSETS	97,601	96,472	98,239	98,368	98,728	98,921	99,375
EQUITY							
Accumulated surplus/(deficit).....	30,390	42,434	42,922	43,051	43,411	43,604	44,058
Reserves.....	67,211	54,038	55,317	55,317	55,317	55,317	55,317
TOTAL EQUITY	97,601	96,472	98,239	98,368	98,728	98,921	99,375

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2020-21 Actual \$'000	2021-22 Budget \$'000	2021-22 Estimated Actual \$'000	2022-23 Budget Year \$'000	2023-24 Outyear \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	11,091	10,328	10,331	10,634	10,964	11,393	11,754
GST receipts	465	482	482	482	482	482	482
Other receipts	2,478	1,427	1,428	1,446	1,469	1,489	1,622
Payments							
Employee benefits.....	(3,867)	(3,613)	(3,613)	(3,952)	(4,056)	(4,169)	(4,277)
Supplies and services	(856)	(1,066)	(1,159)	(1,365)	(1,277)	(1,359)	(1,310)
Accommodation ^(b)	(564)	(886)	(886)	(591)	(594)	(620)	(636)
GST payments	(506)	(482)	(482)	(482)	(482)	(482)	(482)
Finance and interest costs.....	(44)	(19)	(19)	(6)	(6)	(6)	(6)
Other payments.....	(1,785)	(2,404)	(2,407)	(2,454)	(2,479)	(2,514)	(2,635)
Net cash from operating activities	6,412	3,767	3,675	3,712	4,021	4,214	4,512
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	55	56	56	159	85	118	58
Payments							
Purchase of non-current assets	(2,376)	(3,798)	(3,798)	(4,398)	(4,625)	(4,741)	(4,741)
Net cash from investing activities	(2,321)	(3,742)	(3,742)	(4,239)	(4,540)	(4,623)	(4,683)
CASHFLOWS FROM FINANCING ACTIVITIES							
Payments							
Repayment of borrowings and leases	(444)	(411)	(411)	(170)	(170)	(170)	(170)
Net cash from financing activities.....	(444)	(411)	(411)	(170)	(170)	(170)	(170)
CASHFLOWS FROM GOVERNMENT							
Receipts							
Administered appropriations	230	-	-	-	-	-	-
Operating subsidies.....	670	768	768	688	691	695	698
Payments							
Dividends to Government	(757)	-	-	(437)	(325)	(469)	(362)
National Tax Equivalent Regime - Income tax...	(714)	(551)	(552)	(557)	(579)	(591)	(632)
Local Government Rates Equivalent.....	(63)	(61)	(61)	(67)	(69)	(70)	(72)
Net cash provided to Government	634	(156)	(155)	373	282	435	368
NET INCREASE/(DECREASE) IN CASH HELD	3,013	(230)	(323)	(1,070)	(971)	(1,014)	(709)
Cash assets at the beginning of the reporting period	10,881	12,192	13,894	13,571	12,501	11,530	10,516
Cash assets at the end of the reporting period	13,894	11,962	13,571	12,501	11,530	10,516	9,807

(a) Full audited financial statements are published in the Corporation'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 it is recorded as a payment to Government and not as a payment from operating activities.