

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	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000
Synergy		
– Asset Investment Program	267,627	57,302
Western Power		
– Asset Investment Program	891,486	1,106,445
Horizon Power		
– Asset Investment Program	108,148	105,488
Water Corporation		
– Asset Investment Program	728,114	1,113,534
Bunbury Water Corporation		
– Asset Investment Program	10,607	13,497
Busselton Water Corporation		
– Asset Investment Program	4,073	8,610

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 Training; Water; 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

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR ^{(a)(b)}							
Local Government Rates Equivalent	754	1,318	1,111	1,180	1,170	492	491
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies ^{(c)(d)}	357,372	761,005	827,159	924,426	313,067	252,367	253,117
Other Subsidies ^(e)	4,726	7,900	7,900	7,900	7,900	7,900	7,900
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(f)	155,701	33,301	40,504	-	-	-	-
Special Purpose Accounts	-	-	112,600	-	-	-	-
RATIOS							
Dividend Payout Ratio (%)	75	75	75	75	75	75	75
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	3,145,052	2,829,466	3,150,751	3,259,149	3,220,806	3,262,682	3,296,330
Revenue from Government	362,098	770,615	836,769	932,326	320,967	260,267	261,017
Total Expenses ^(g)	3,895,434	3,540,444	3,958,989	4,109,381	3,486,360	3,356,150	3,474,152
Total Borrowings	161,130	280,037	280,037	211,004	182,142	176,007	176,007
NET PROFIT AFTER TAX	(388,074)	59,637	28,531	82,094	55,413	166,799	83,195
CASH ASSETS ^(h)	446,956	138,893	308,653	264,775	266,826	350,519	380,361

(a) 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.

(b) No income tax is projected to be payable over the forward estimates period as Synergy is not expected to return taxable profits.

(c) Synergy received significant additional operating subsidies in 2022-23 primarily as a result of administering the \$400 Household Electricity Credit.

(d) Synergy will receive significant additional operating subsidies in 2023-24 primarily as a result of administering the electricity credits for residential and small business customers.

(e) Includes amounts from Communities (Hardship Utilities Grants Scheme).

(f) In 2022-23, Synergy will receive equity contributions for asset investment inclusive of the Kwinana Big Battery (Kwinana Battery Energy Storage System 1) and electric vehicle charging stations.

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

(h) 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 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
Key Adjustments					
Cost of Living Support - Household and Small Business Electricity Credits...	-	(531,000)	-	-	-
Renewable Development Feasibility Works	(15,105)	-	-	-	-
Other					
Financial Viability Subsidies and Rebates and Concessions	(38,049)	(35,912)	(6,586)	3,998	3,426

Significant Issues Impacting the Government Trading Enterprise

External Environment and Challenges

1. On 14 June 2022, the Government announced the retirement of all State-owned coal-fired power stations by 2030, as part of its climate action commitment and in response to the acute operational and economic challenges facing coal-fired generation due to the strong and continuing growth in generation from rooftop solar and renewables.
2. As part of the same announcement, the Government also committed to significant investment in renewable generation and storage, which will require Synergy to deliver a pipeline of renewable assets by 2030 to replace coal-fired generation. This pipeline of renewable assets will reduce Synergy's carbon emissions by 80% by 2030 (compared to 2020-21 levels).

Pipeline of Renewable Assets and Energy Storage

3. Over 2023-24, Synergy will continue to progress the development of renewable generation and energy storage infrastructure to replace its coal-fired generation assets by 2030. Projects to be progressed in 2023-24 include the Kwinana Battery Energy Storage System 2 (KBESS 2), Collie Battery Energy Storage System (CBESS) and King Rocks Wind Farm. These projects are in addition to the Kwinana Battery Energy Storage System 1 (KBESS 1) which is due to be operational from late 2022-23.
4. KBESS 1 is the first large-scale battery to be built in Western Australia. The 100 MW/200 MWh utility-scale transmission-connected battery is located at Synergy's decommissioned Kwinana Power Station and will be used by the Australian Energy Market Operator to support system security from 2023-24. KBESS 2 is a 200 MW/800 MWh battery and will be located adjacent to KBESS 1. In 2022-23, Synergy lodged a development application for this project.
5. The large-scale grid connected battery to be developed in Collie (CBESS) will also provide four hours of storage and an additional 500 MW of capacity.
6. In addition to the above energy storage projects, Synergy continues to progress the King Rocks Wind Farm. This proposed wind farm is located 35 km northeast of Hyden in the Shire of Kondinin and will consist of up to 30 wind turbines. The project has received development approval from the Shire of Kondinin.
7. Additional renewable generation and energy storage projects will continue to be progressed during 2023-24, including developments resulting from expression of interest processes conducted during 2022-23.

Customers and Hardship

8. Synergy is working with the State and Commonwealth Governments to assist customers with cost of living pressures by providing electricity credits to both residential and small business customers.

9. Customers will continue to be at the core of everything Synergy does. Synergy is dedicated to helping its customers access affordable and efficient energy solutions, make empowered decisions about their energy management, and navigate Western Australia's changing energy landscape. This includes identifying and developing green energy opportunities for commercial and industrial customers.
10. Synergy is committed to actively supporting customers experiencing financial hardship through individual case managers, programs such as the Household Energy Efficiency Scheme and the Smart Energy for Social Housing (SESH), and a range of specialised services.
11. Synergy's Case Management program provides tailored hardship assistance options to customers experiencing severe financial difficulty. The program consists of a team of specially trained case managers who work one-on-one with customers.
12. 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.

Distributed Energy Resources

13. Distributed Energy Resources (DER) are smaller-scale devices that can use, generate, and/or store electricity and form part of the local distribution (low voltage) system.
14. During 2023-24, Synergy will deliver the second stage of Virtual Power Plants (VPP) for schools by providing schools in Geraldton, Kalgoorlie and Kalbarri with small-scale battery storage systems and solar, and will continue to deliver the SESH and Project Symphony projects. Synergy will continue to identify and develop opportunities to expand the amount of DER under aggregation and opportunities will be driven by a combination of customer demand, commerciality, overall system security requirements and decarbonisation objectives.
15. Synergy recognises the potential benefit that DER brings to customers by allowing them to increasingly control how their energy needs are met. Synergy will continue to explore ways to complement DER integration while also considering the challenges for regulators and implications for Western Australia's energy market.
16. Synergy continues to invest in DER to develop 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 for Synergy and the Government.

Workforce Transition

17. Since August 2019, when the Government announced the staged retirements of Synergy's coal-fired Muja C Units 5 and 6, Synergy has worked collaboratively with its workforce, the Collie community, unions, and the Government to ensure a supportive and appropriate transition for those directly impacted.
18. Following the June 2022 announcement that Synergy's remaining coal-fired power stations would be retired by 2030, the Workforce Transition Program will ensure Collie Power Station employees are assisted through the transition in the same way as those impacted at Muja Power Station. Tailored pathway support, services and resources are available to help achieve individual transition plans across pathways including retirement, alternate roles within Synergy and further opportunities outside of Synergy.

Financial Sustainability

19. 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 South West Interconnected System) and for rebates and concessions to customers that it administers on behalf of the Government.
 - 19.1. A range of operating subsidies were approved as part of previous Budgets to fund Synergy for revenue shortfalls that it is currently unable to recover.
20. Synergy will receive equity contributions over the forward estimates period to fund major capital works projects that are linked to its corporate strategy and to support the transition to a low carbon future, whilst maintaining reliable and affordable energy supply. These projects are covered in detail in the Asset Investment Program section below and include the KBESS 1, electric vehicle charging stations, thermal fleet flexibility projects and expansion of the VPP for schools project.

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.	Sensibly managing the Budget to set the State up for the long-term future.	1. Financial performance
WA Jobs Plan: Diversifying the WA economy, creating local jobs for the future.	Improve Aboriginal training and employment opportunities.	2. Increase organisation diversity
Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive.	Safety and compliance with regulatory requirements.	3. Employee safety
Investing in WA's Future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	Take action on climate change, developing climate-resilient communities and a prosperous low-carbon future.	4. Protecting our environment 5. Customer service

Outcomes and Key Performance Indicators

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Outcome: Financial performance:					
Earnings before interest, taxes, depreciation, and amortisation (EBITDA) (\$ million) equal or greater than ^(a)	301.5	≥178.1	133.7	≥135.8	1
EBITDA margin equal or greater than ^(a)	9%	≥4.9%	4.1%	≥4.1%	1
NPAT margin equal or greater than	5.8%	≥1.7%	0.7%	≥1.4%	1
Outcome: Increase organisation diversity:					
Diversity index met ^{(b)(c)}	n.a.	n.a.	n.a.	5/5	
Outcome: Employee safety:					
Recordable Injury Frequency Rate (RIFR) equal or less than ^(d)	1.4	≤1.7	5	≤5	2

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Outcome: Protecting our environment:					
Reduce emissions by 80% by 2030 (from 2020-21 levels) ^(c)	n.a.	n.a.	n.a.	≤4,500 kt CO ₂ -e	
Outcome: Customer service:					
Customer Effort Score (CES) ^(e)	66.4%	≥68.2%	69.6%	≥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) Scoring where each item is scored 0 if not met, or 1 if met (i.e. pass/fail) for the following metrics: greater than ten Aboriginal and Torres Strait Islander employees; women in senior leadership representing more than 40% of the leadership group; employees with disclosed disability representing more than 4.5% of the workforce; an inclusivity measure of greater than 60%; and spend with Aboriginal and Torres Strait Islander businesses representing 3.5% of the overall procured spend.
- (c) New key performance indicator established from 2023-24.
- (d) The RIFR is calculated as the number of injuries resulting in lost-time, medical treatment, modified duties, or hearing loss claims, divided by total hours worked, multiplied by one million.
- (e) CES is the metric Synergy uses to understand customer processes and experiences. CES is the percentage of survey respondents who provided a score of 9 or 10 out of a 0 to 10 point rating for the question 'How easy was it to interact with Synergy?'.

Explanation of Significant Movements

(Notes)

- The 2021-22 Actual excludes a range of one-off charges including the impairment of non-current assets, an allowance for inventory obsolescence, provision for onerous contracts and the share of profit from a joint venture.
- The increase between the 2022-23 Budget and 2022-23 Estimated Actual is due to modified duties and hearing loss claims being included in the calculation of the RIFR from the 2022-23 Estimated Actual onwards.

Asset Investment Program

- In 2023-24, Synergy will spend \$57 million on its Asset Investment Program, investing in projects that reposition Synergy to respond to the evolving energy market, support communities and customers through investment in renewable energy technology and maintain its existing generation asset base to ensure stable and reliable energy. These investments support economic growth and jobs in the regions, where a significant portion of the existing generation asset base is located.
- As detailed in the 2023-24 Budget Paper No. 3, an additional \$2.7 billion has been provisioned to Synergy over 2022-23 to 2024-25 to undertake renewable generation and storage projects to replace generation from the State-owned coal-fired power stations and help to deliver the Government's approved decarbonisation commitments. This forms part of the plan that the Government announced in June 2022 regarding investment in renewable energy projects.
- In addition to the \$2.7 billion that has been provisioned, Synergy is budgeted to spend \$112.6 million in 2022-23 to progress wind generation and battery storage projects that will help to meet the Government's decarbonisation objectives.

Generation

- 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 \$46.7 million in 2023-24. Major investments include:
 - \$14.3 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 through to the asset's end of life;

- 4.2. \$14.1 million at Pinjar Power Station for turbine rotor replacements to meet industry practice, exhaust frame assemblies for safe operation of the plant and various associated plant maintenance on the Pinjar Units. The turbine rotors and supporting infrastructure at the Pinjar site play a pivotal role in meeting consumer demand for energy during peak demand times. The replacement of turbine rotors is required to mitigate the risk of failure;
- 4.3. \$12.6 million for various projects at Collie Power Station, including an auto voltage regulator upgrade and saline water upgrades that need to be addressed to mitigate risks of contamination;
- 4.4. \$1.8 million for the continuation of rehabilitation-related compliance works and the relocation of shared services at Kwinana Power Station in order to support other generation uses; and
- 4.5. various projects supporting all sites account for the remainder of the generation investments including a control room upgrade and generator performance monitoring equipment in support of the Wholesale Electricity Market (WEM) Readiness project.

Corporate

5. A total of \$5.2 million in 2023-24 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.
6. Additionally, \$1.2 million in 2023-24 has been committed to various infrastructure and system upgrades to ensure readiness for the WEM reforms which will be implemented by October 2023.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Retail - Smart Energy for Social Housing.....	4,648	3,761	2,000	887	-	-	-
Other Works in Progress							
Corporate							
Business Systems Replacement	84,685	70,281	7,461	5,240	3,000	3,000	3,164
Property, Plant and Equipment	17,278	9,396	2,588	3,300	1,500	1,500	1,582
WEM Market Readiness	17,636	16,461	5,320	1,175	-	-	-
Generation							
Cockburn Gas Turbine	94,636	52,962	3,586	2,859	9,000	14,802	15,013
Collie Power Station	92,246	65,396	8,760	12,607	7,000	6,528	715
Kwinana Power Station	65,080	60,298	4,479	1,768	3,014	-	-
Muja Power Station	179,747	139,656	15,127	14,338	11,083	5,670	9,000
Other Generation Infrastructure Projects	74,580	70,526	4,754	1,000	1,000	1,000	1,054
Pinjar Gas Turbine	86,801	35,124	14,478	14,128	9,331	13,000	15,218
COMPLETED WORKS							
Election Commitment							
Retail - Election Commitment - VPPs	5,332	5,332	5,130	-	-	-	-
Other Completed Works							
Decarbonisation							
Battery Storage	46,000	46,000	46,000	-	-	-	-
Wind Generation	66,600	66,600	66,600	-	-	-	-
Generation							
Big Battery	173,500	173,500	58,926	-	-	-	-
Firewater Containment System	10,900	10,900	10,900	-	-	-	-
Flexible Operations	12,749	12,749	6,000	-	-	-	-
Retail							
Electric Vehicle Charging Stations	8,137	8,137	5,048	-	-	-	-
Emergency Solar Management	1,802	1,802	470	-	-	-	-
Total Cost of Asset Investment Program.....	1,042,357	848,881	267,627	57,302	44,928	45,500	45,746
FUNDED BY							
Internal Funds and Balances			127,720	57,302	44,928	45,500	45,746
Major Special Purpose Account(s)							
Drawdown from Climate Action Fund			112,600	-	-	-	-
Other			27,307	-	-	-	-
Total Funding			267,627	57,302	44,928	45,500	45,746

Financial Statements

Income Statement

Revenue

1. Operating subsidies provided to Synergy in 2022-23 and 2023-24 (and associated grants and subsidies expenditure) are materially higher due to the:
 - 1.1. \$400 Household Electricity Credit scheme in 2022-23; and
 - 1.2. the electricity credits for residential and small business customers in 2023-24.
2. The \$60.4 million decrease in other revenue in the 2023-24 Budget Year, compared to the 2022-23 Estimated Actual, relates to Synergy meeting its renewable energy certificate obligations and recovering shortfall payments made in 2019-20 and 2020-21.

Expenses

3. The 2021-22 Actual depreciation and amortisation expenditure reflects the impairment of non-current assets totalling \$569.5 million.

Statement of Financial Position

4. Synergy's net assets are projected to return to a positive position from 2024-25 as a result of increased investment in property, plant and equipment and reduced reliance on borrowings supported by additional operating subsidies and equity contributions from the Government.

Statement of Cashflows

5. The increases in operating subsidies and other payments in 2022-23 and 2023-24 are due to Synergy administering the one-off \$400 Household Electricity Credit and the 2023-24 electricity credits for residential and small business customers.

INCOME STATEMENT ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	3,122,473	2,763,583	3,080,365	3,249,169	3,211,371	3,253,422	3,286,981
Other revenue	22,579	65,883	70,386	9,980	9,435	9,260	9,349
Revenue from Government							
Operating subsidies.....	357,372	761,005	827,159	924,426	313,067	252,367	253,117
Capital subsidies	-	1,710	1,710	-	-	-	-
Other subsidies	4,726	7,900	7,900	7,900	7,900	7,900	7,900
TOTAL REVENUE.....	3,507,150	3,600,081	3,987,520	4,191,475	3,541,773	3,522,949	3,557,347
Expenses							
Employee benefits ^(b)	145,681	159,729	173,324	163,457	166,868	166,672	165,367
Grants and subsidies.....	141,011	514,368	516,190	628,642	105,123	117,049	121,861
Supplies and services	2,858,336	2,677,666	3,057,296	3,093,577	3,007,630	2,874,133	2,986,691
Accommodation	1,585	1,729	1,689	1,758	1,748	1,070	1,068
Depreciation and amortisation	618,196	78,026	45,062	63,190	66,245	61,756	58,621
Finance and interest costs.....	32,155	40,338	61,881	58,809	41,719	39,770	45,152
Other expenses.....	98,470	68,588	103,547	99,948	97,027	95,700	95,392
TOTAL EXPENSES.....	3,895,434	3,540,444	3,958,989	4,109,381	3,486,360	3,356,150	3,474,152
NET PROFIT/(LOSS) BEFORE TAX	(388,284)	59,637	28,531	82,094	55,413	166,799	83,195
National Tax Equivalent Regime - Deferred tax equivalent expense	(210)	-	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAX	(388,074)	59,637	28,531	82,094	55,413	166,799	83,195

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 1,010, 975 and 1,077 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets	446,956	138,893	308,653	264,775	266,826	350,519	380,361
Receivables	389,214	153,111	157,348	123,434	98,617	96,906	101,119
Assets held for sale	12,796	198	5,868	5,868	5,868	5,670	5,670
Other	172,549	232,690	164,435	145,246	162,029	174,038	197,692
Total current assets	1,021,515	524,892	636,304	539,323	533,340	627,133	684,842
NON-CURRENT ASSETS							
Property, plant and equipment	365,522	927,630	594,736	592,865	577,767	582,683	571,771
Intangibles	85,446	102,718	77,920	77,185	73,533	40,672	40,960
Other	62,520	56,209	65,846	65,625	44,159	54,777	48,790
Total non-current assets	513,488	1,086,557	738,502	735,675	695,459	678,132	661,521
TOTAL ASSETS	1,535,003	1,611,449	1,374,806	1,274,998	1,228,799	1,305,265	1,346,363
CURRENT LIABILITIES							
Employee provisions	43,785	40	4,052	4,092	4,132	4,012	4,012
Payables	595,041	246,555	226,605	225,458	215,860	209,636	220,264
Borrowings and leases	21,344	18,982	21,344	21,344	21,344	21,344	21,344
Interest payable	378	-	378	378	378	378	378
Other	151,657	207,477	141,027	103,022	67,126	127,436	121,972
Total current liabilities	812,205	473,054	393,406	354,294	308,840	362,806	367,970
NON-CURRENT LIABILITIES							
Employee provisions	27,549	43,858	27,549	27,549	27,549	27,549	27,549
Borrowings and leases	345,074	444,093	442,512	349,883	294,725	259,426	230,680
Other	662,199	435,258	641,728	591,567	590,567	481,567	463,052
Total non-current liabilities	1,034,822	923,209	1,111,789	968,999	912,841	768,542	721,281
TOTAL LIABILITIES	1,847,027	1,396,263	1,505,195	1,323,293	1,221,681	1,131,348	1,089,251
NET ASSETS	(312,024)	215,186	(130,389)	(48,295)	7,118	173,917	257,112
EQUITY							
Contributed equity	1,448,445	1,481,746	1,601,549	1,601,549	1,601,549	1,601,549	1,601,549
Accumulated surplus/(deficit)	(1,764,812)	(1,261,101)	(1,736,281)	(1,654,187)	(1,598,774)	(1,431,975)	(1,348,780)
Reserves	4,343	(7,523)	4,343	4,343	4,343	4,343	4,343
TOTAL EQUITY	(312,024)	213,122	(130,389)	(48,295)	7,118	173,917	257,112

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	3,144,201	2,689,977	3,129,920	3,085,690	3,125,459	3,128,672	3,123,027
GST receipts	315,108	229,034	272,372	314,344	309,352	303,719	343,939
Other receipts	9,833	65,883	149,732	98,333	17,558	17,160	50,493
Payments							
Employee benefits	(107,555)	(159,729)	(191,734)	(162,580)	(165,419)	(165,831)	(153,014)
Supplies and services	(3,034,294)	(2,739,106)	(3,223,362)	(3,107,069)	(2,968,842)	(2,856,673)	(2,931,286)
Accommodation ^(b)	(831)	(411)	(411)	(411)	(412)	(410)	(410)
GST payments	(323,756)	(284,888)	(328,226)	(340,448)	(334,392)	(332,185)	(343,862)
Finance and interest costs	(29,539)	(6,859)	(8,666)	(6,513)	(5,496)	(5,298)	(5,858)
Other payments	(225,296)	(501,433)	(780,856)	(733,947)	(225,076)	(219,457)	(271,185)
Net cash from operating activities	(252,129)	(707,532)	(981,231)	(852,601)	(247,268)	(130,303)	(188,156)
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets	228	-	-	-	-	-	-
Other receipts	5,568	3,078	2,447	3,456	4,008	3,890	3,895
Payments							
Purchase of non-current assets	(171,306)	(143,443)	(267,627)	(57,302)	(44,928)	(45,500)	(45,746)
Net cash from investing activities	(165,510)	(140,365)	(265,180)	(53,846)	(40,920)	(41,610)	(41,851)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings	-	192,476	268,006	150,815	179,000	125,000	125,000
Payments							
Repayment of borrowings and leases	(57,110)	(149,099)	(149,099)	(219,848)	(207,862)	(131,135)	(125,000)
Net cash from financing activities	(57,110)	43,377	118,907	(69,033)	(28,862)	(6,135)	-
CASHFLOWS FROM GOVERNMENT							
Receipts							
Capital subsidies	-	1,710	1,710	-	-	-	-
Operating subsidies	372,969	763,303	827,805	925,147	312,453	255,009	253,116
Equity contributions	155,701	33,301	40,504	-	-	-	-
Other subsidies	4,714	7,900	7,900	7,900	7,900	7,900	7,900
Special Purpose Account(s)							
Climate Action Fund	-	-	112,600	-	-	-	-
Payments							
Local Government Rates Equivalent	(754)	(1,318)	(1,318)	(1,445)	(1,252)	(1,168)	(1,167)
Net cash provided to Government	(532,630)	(804,896)	(989,201)	(931,602)	(319,101)	(261,741)	(259,849)
NET INCREASE/(DECREASE) IN CASH HELD	57,881	376	(138,303)	(43,878)	2,051	83,693	29,842
Cash assets at the beginning of the reporting period	389,075	138,517	446,956	308,653	264,775	266,826	350,519
Cash assets at the end of the reporting period	446,956	138,893	308,653	264,775	266,826	350,519	380,361

(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

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	89,343	113,485	82,913	102,896	154,317	168,441	189,869
Local Government Rates Equivalent	1,622	1,651	1,651	1,692	1,734	1,769	1,813
Dividends ^{(a)(b)}	-	301,093	78,871	222,971	275,651	315,348	337,806
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Other Subsidies	6,749	-	1,500	1,500	-	-	-
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(c)	176,489	93,759	108,481	142,019	145,480	153,592	144,431
RATIOS							
Dividend Payout Ratio (%)	75	75	75	75	75	75	75
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	1,930,155	1,904,412	1,922,222	1,935,653	2,192,336	2,313,300	2,435,143
Revenue from Government	6,749	-	1,500	1,500	-	-	-
Total Expenses ^(d)	1,370,218	1,349,717	1,477,888	1,525,895	1,633,524	1,702,486	1,781,708
Total Borrowings	7,418,773	7,870,975	7,523,937	7,911,492	8,142,102	8,325,790	8,467,614
NET PROFIT AFTER TAX.....	400,499	391,075	316,580	290,895	393,075	429,594	457,347
CASH ASSETS ^(e)	29,509	25,000	29,509	29,509	29,509	29,509	29,509

- (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 its interim dividend payment in 2022-23 to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise 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) 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 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
Key Adjustments					
Cook Street Substation	(24)	(42)	(177)	(196)	(191)
Decarbonisation	(51)	(4,365)	(8,080)	(8,514)	(8,305)
Fifth Access Arrangement - Draft Decision	(11,893)	(40,077)	35,784	137,635	209,061
Relocation and Augmentation of Network Assets	-	(980)	(2,123)	(2,256)	(2,182)
Other					
2022-23 Estimated Outturn and Recashflows	(27,455)	(7,439)	37,830	41,750	38,971
2022-23 Retained Dividend	(178,154)	5,395	6,834	7,048	7,094
Interest Cost Update	(33,647)	(44,404)	(54,015)	(63,671)	(67,740)
Non-reference and Unregulated Services - Alignment to 10-year Business Plan	(1,568)	12,048	8,814	8,054	7,644
Tariff Equalisation Contribution Update	(2)	(16,889)	13,364	3,274	13

Significant Issues Impacting the Government Trading Enterprise

1. Decarbonisation of the economy is driving a step change increase in future large loads, renewable generation and storage as industry moves towards 2030 and 2050 decarbonisation targets.
2. Western Power is actively investing to ensure the grid has the technologies needed to increase the share of renewable generation powering the community and to meet the load demand increase that will allow other industries to achieve their emissions targets through electrification.
3. Western Power's grid is in a period of transition with existing network assets ageing and approaching end of life, as well as a forecast increased load demand for major customers. New technologies and network strategies are being adopted to efficiently maximise the use of the grid.

Transmission Growth

4. The clean energy transition will require significant transmission investment in the coming years as more industrial customers electrify their processes as part of their decarbonisation efforts. Coupled with this new load, a significant amount of renewable energy will need to connect to the grid to meet demand and replace fossil fuel generation as power stations are retired. Western Power continues to support the Government's South West Interconnected System (SWIS) Demand Assessment, which is an initial assessment of new and existing demand for renewable energy from the grid.
5. Western Power recognises that with accelerated timelines to meet decarbonisation targets it needs to review the customer connections process. Customer connection applications have more than doubled in the past three years with more applications forecast in the coming years, marking a significant step change for the business. Western Power is improving its customer connections process with proposed changes including how it manages enquiries, initiates projects, scoping and planning.

Distribution Transformation

6. The distribution network is facing both reliability and safety challenges in the regions. To address these issues, Western Power is working to underground more of the metropolitan area network to increase network capacity and prepare for an electrified future for customers, including electric vehicles. In regional areas Western Power is installing stand-alone power systems and smaller microgrids in areas where it makes sense. This shift towards a modular grid will ultimately help deliver a more resilient electricity network for the community.

7. The integration of Distributed Energy Resources (DER) technologies into the traditional electricity network represents both an opportunity and a challenge for Western Power. DER provides the opportunity to leverage new technologies to improve the safety and reliability of existing services while lowering costs. At the same time, it presents opportunities to provide new products to Western Power's customers and the energy market.

Business and Financial Sustainability

8. Like many businesses around the world, Western Power's supply chain has not been immune to the disruptive effects of the COVID-19 pandemic. Availability of equipment such as transformers, switchgear and metering units have all been affected and this has caused delays to many projects. As the network is poised to grow, over the next one to three years Western Power will need to advance studies for key network expansion and undertake key procurement activities to meet the State's decarbonisation commitments.
9. Western Power has also experienced an increased workforce turnover as a result of macroeconomic conditions, including inflation and competition for energy talent. Western Power is working to deliver on all elements of its employee value proposition; however, workforce growth is required to deliver its capital portfolio and maintain the existing network.

2022-23 Retained Dividend

10. Western Power will retain its forecast 2022-23 interim dividend payment of \$178.1 million to fund future infrastructure investments. This is in addition to the \$534.1 million in 2021-22 dividend payments previously retained. The funds will be quarantined pending approval of business cases for strategic infrastructure requirements. Of the total retained dividend amount, \$76.4 million has been allocated to the relocation and augmentation of network assets across the metropolitan area and \$126 million towards transmission network investments to support decarbonisation.

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.	Ensure business and financial sustainability.	1. Optimise the use of Western Power's assets to deliver our services
WA Jobs Plan: Diversifying the WA economy, creating local jobs for the future.	Provide reliable customer supply to enable the economy.	2. Maintain availability of customer supply across the South West Interconnected Network (SWIN)
Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive.	Ensure the safety of our people.	3. Minimise injuries impacting our people and their ability to deliver services to the community
Investing in WA's Future: Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities.	Connect more renewables to decarbonise our community.	4. Increase the proportion of all electricity needs met by renewable energy, through tracking of total electricity generation in the SWIS 5. Increase energy resilience and solutions for rural and remote customers through adoption of Standalone Power Systems 6. Increase network resilience and amenity through underground migration of distribution network

Outcomes and Key Performance Indicators

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Outcome: Optimise the use of Western Power's assets to deliver our services:					
Return on regulated asset base ^(a)	5.6%	n.a.	6.3%	≥5.9%	
Outcome: Maintain availability of customer supply across the SWIN:					
Network availability	99.91%	≥99.93%	99.92%	≥99.9%	
Outcome: Minimise injuries impacting our people and their ability to deliver services to the community:					
All injury frequency rate ^(b)	22	≤15	24	≤24	1
Total recordable injury frequency rate ^{(a)(c)}	4.9	n.a.	6.8	≤6.8	
Outcome: Increase the proportion of all electricity needs met by renewable energy, through tracking of total electricity generation in the SWIS:					
Percentage of renewables in the grid ^(d)	33.5%	32%	33%	>34%	
Outcome: Increase energy resilience and solutions for rural and remote customers through adoption of Standalone Power Systems:					
Delivery of Standalone Power Systems (SPS) ^{(a)(e)}	218	n.a.	491	≥600	
Outcome: Increase network resilience and amenity through underground migration of distribution network:					
Customers converted to underground power ^{(a)(f)}	5,761	n.a.	9,079	≥1,575	

(a) New key performance indicator. The 2021-22 Actual is calculated based on previous business activity.

(b) Measurement of the number of 'all' injuries per one million hours worked where 'all' injuries include: fatalities, lost time injuries, restricted work injuries, medical treatment injuries, first aid injuries and no treatment required injuries, on a rolling 12-month basis. Re-baseline of target in line with Explanation of Significant Movements Note 1 below.

(c) Measurement of the number of 'recordable' injuries per one million hours worked where 'recordable' injuries include: fatalities, lost time injuries, restricted work injuries, and medical treatment injuries, on a rolling 12-month basis. Re-baseline of target has occurred in line with Explanation of Significant Movements Note 1 below.

(d) Measure previously titled 'Proportion of all electricity needs met by renewables' in the 2022-23 Budget. Measure renamed to better reflect Western Power's focus on the SWIS.

(e) Delivery of SPS is measured cumulatively as Western Power progresses towards its target of 3,200 SPS units deployed by 2031.

(f) Customer conversions measured annually. The 2023-24 Budget Target reflects the completion the State Underground Power Program and Network Renewal Underground Program Pilot, and cutover to the Targeted Underground Power Program.

Explanation of Significant Movements

(Notes)

1. The increase in all injury frequency rate between the 2022-23 Budget and the 2022-23 Estimated Actual is due to improved reporting of a contracting company, with 70% of 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, affordable and efficient supply of electricity with a focus on more flexible connection and operation of DER and large-scale renewables.
2. As part of Western Power's Access Arrangement submission and approvals process, the Economic Regulation Authority (ERA) undertakes a rigorous review of Western Power's forecast expenditure. The ERA sets service performance targets, network tariffs and charges for Western Power that are in the best interests of the customer. This process ensures that there is demonstrable need for the investments proposed by Western Power, and that the investments are efficient. The 2023-24 Budget will be the second year of the fifth Access Arrangement (AA5), covering the period 2022-23 to 2026-27.
3. 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 the increased introduction of these technologies into the grid. Western Power will also play a critical role in the energy transition by connecting renewable energies to the grid and allowing electrification of industries to achieve their own decarbonisation goals. This transformation has already started, with Western Power investing \$1.1 billion in 2023-24 and a further \$3.3 billion across the outyears.

Government Initiatives

4. As part of the Government's plan to reduce whole-of-government 2030 greenhouse gas emissions by 80% below 2021 levels, \$122 million will be invested in 2023-24 for future network augmentations to support the decarbonisation of the SWIS and enable more renewable energy sources to be connected to the grid.
5. Western Power's 2023-24 AIP includes \$52.2 million allocated to the relocation and/or upgrade of transmission and distribution assets to facilitate broader capital works across the metropolitan area.
6. 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. Fifteen areas/suburbs in Perth have already received underground power under Round 6, including: Kardinya South, Collier, Manning, Victoria Park West, Victoria Park East, Carlisle North, and Shelley West. Works in Maylands Central and South Lake East are expected to be completed by the end of 2023-24. A total of around 18,000 properties will benefit from underground power in this round.

Growth

7. 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 and contribute to the energy transition, with \$141.5 million allocated for customer-driven works and \$42.7 million in network augmentation in 2023-24.
8. 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.
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 subdivisions and network extensions to cater for the connection of major distribution connected loads.

Safety

10. The safety of the community and staff is Western Power's most important priority. Investment in safety accounts for 36% of the forecast capital expenditure over the period 2023-24 to 2026-27.

11. Western Power has adopted a risk-based approach to asset replacement and renewal, by targeting assets in the poorest condition and identifying treatments that achieve the greatest risk reduction per dollar invested. Western Power's 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 for the grid's vision and minimises whole-of-lifecycle costs and regrettable investment.
12. Western Power will commit \$274.4 million in 2023-24 to continue important safety programs, including:
 - 12.1. \$194.5 million to replace 229 km of the highest-risk overhead conductors and replacing or reinforcing 14,697 wooden power poles to mitigate safety risks in the most fire-prone areas with management programs;
 - 12.2. \$23.4 million as part of tranche two of Western Power's Network Renewal Underground Program Pilot, where significant capital works projects have been planned to replace and upgrade sections of the overhead network with underground power. The program is an opportunity for local governments to capitalise on the significant investment by Western Power to improve reliability, increase ability to host DER, improve safety and enhance customer choice. In 2023-24 the program will be delivered in suburbs/areas including: Melville, Doubleview, North Perth/Mount Hawthorn, Kensington, Mount Lawley and Bassendean/Bayswater; and
 - 12.3. \$55.8 million on the deployment of 207 standalone power systems as part of round three 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 \$2.7 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 \$410.4 million in service-related projects in 2023-24. Key investments include:
 - 14.1. \$154.3 million for business support and ICT, which primarily includes upgrades and replacement of ICT hardware and software that face rapid obsolescence, maintenance of telecommunication network management systems and cybersecurity;
 - 14.2. \$35.2 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 upgrades to the Geraldton depot and upgrade of storage facilities at the Bibra Lake depot. It also includes expenditure for finalisation of the South Metro depot and modernisation of the Balcatta, Picton and Kalgoorlie depots;
 - 14.3. \$66.7 million on metering, including the installation of 155,892 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. \$55.5 million in regulatory compliance with upgrades to substation security and improvements to network reliability; and
 - 14.5. \$98.7 million on reliability-driven asset replacement to reduce the risks of plant asset failure and ensuring service and operability are maintained.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
WORKS IN PROGRESS							
Government Initiatives							
Decarbonisation	126,000	4,000	4,000	122,000	-	-	-
Relocation and Augmentation of Network Assets	119,855	37,556	33,429	52,170	13,757	8,186	8,186
State Underground Power Program	229,928	212,041	8,075	17,887	-	-	-
Growth							
Distribution							
Capacity Expansion	404,907	279,930	42,218	24,383	32,699	35,619	32,276
Customer Access	1,894,679	1,449,524	114,253	107,880	108,125	117,001	112,149
Transmission							
Capacity Expansion	281,939	183,243	9,017	18,348	30,692	29,586	20,070
Customer Driven	559,138	432,300	53,213	33,624	37,311	40,543	15,360
Other Asset Investment - Motor Vehicle Fleet and Mobile Plant	168,827	71,367	18,971	42,624	19,008	17,110	18,718
Safety							
Bushfire Mitigation	93,020	80,051	2,325	777	3,942	4,063	4,187
Conductor Management	915,870	675,531	60,112	40,509	78,100	61,646	60,084
Connection Management	201,457	176,609	4,339	3,884	6,704	6,985	7,275
Grid Transformation	675,704	56,459	25,990	23,369	191,174	198,548	206,154
Pole Management	2,521,466	2,039,151	131,890	150,091	102,988	112,404	116,832
Standalone Power System	283,358	72,784	27,833	55,795	38,642	51,360	64,777
Security							
Thermal Management	3,724	3,078	-	2	216	214	214
Voltage and Fault Level Management	44,144	32,980	264	2,727	8	1,867	6,562
Service							
Business Support and ICT	1,433,405	858,645	108,593	154,330	127,931	144,473	148,026
Corporate Real Estate	388,229	302,914	42,148	35,192	50,123	-	-
Metering	614,241	290,547	53,942	66,680	91,187	84,708	81,119
Regulatory Compliance	427,528	250,914	45,336	55,500	52,824	37,655	30,635
Reliability Driven Asset Replacement	1,261,222	766,419	92,340	98,673	126,788	131,153	138,189
COMPLETED WORKS							
COVID-19 Response							
Decommissioning and Undergrounding Works	17,343	17,343	13,002	-	-	-	-
Safety - Service Connection Condition Monitoring	15,003	15,003	196	-	-	-	-
Total Cost of Asset Investment Program	12,680,987	8,308,389	891,486	1,106,445	1,112,219	1,083,121	1,070,813
FUNDED BY							
Borrowings			281,794	393,500	311,884	886,943	903,847
Other			609,692	712,945	800,335	196,178	166,966
Total Funding			891,486	1,106,445	1,112,219	1,083,121	1,070,813

Financial Statements

Income Statement

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. Western Power's approach to populating the 2023-24 Budget Year and the outyears is based on the Draft Decision released by the ERA in September 2022. Accordingly, network tariff revenue and expenses are aligned to the approved envelope over the 2022-23 to 2026-27 period. The ERA's AA5 final determination, published recently on 31 March 2023, will be reflected in Western Power's forward estimates period as part of the 2024-25 Mid-year Review.
3. The extent to which this update in network tariff revenue will affect retail electricity prices for residential customers is determined by the Government.

Statement of Financial Position

4. The increase in net assets over the forward estimates period reflects the ongoing investment in the AIP as reflected in the AA5 Draft Decision, which is funded by internally generated funds and part borrowings from the Western Australian Treasury Corporation.
5. The increase in borrowings in the 2023-24 Budget 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

6. The decrease in net cash from financing activities in the 2022-23 Estimated Actual is due to the 2022-23 interim dividend being retained, in line with the Government's direction, which has been used to temporarily reduce borrowings until business cases for strategic infrastructure investments have been approved.
7. Western Power's borrowings in the 2023-24 Budget and over the outyears is primarily 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)

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	1,774,988	1,723,946	1,751,236	1,762,924	1,925,862	2,026,138	2,172,964
Other revenue	155,167	180,466	170,986	172,729	266,474	287,162	262,179
Revenue from Government							
Capital subsidies	5,707	-	-	-	-	-	-
Other subsidies	1,042	-	1,500	1,500	-	-	-
TOTAL REVENUE.....	1,936,904	1,904,412	1,923,722	1,937,153	2,192,336	2,313,300	2,435,143
Expenses							
Employee benefits ^(b)	201,587	213,779	239,639	202,723	217,775	219,049	228,595
Supplies and services	202,433	199,002	216,658	195,989	182,131	183,241	189,473
Accommodation	2,274	3,094	3,094	3,156	3,219	3,284	3,366
Depreciation and amortisation	439,551	436,667	463,756	529,165	609,534	652,239	694,510
Finance and interest costs	220,446	229,437	276,415	299,707	320,012	333,942	342,536
Other expenses	116,927	92,738	103,326	98,155	101,853	103,731	106,228
Tariff Equalisation Contribution	187,000	175,000	175,000	197,000	199,000	207,000	217,000
TOTAL EXPENSES.....	1,370,218	1,349,717	1,477,888	1,525,895	1,633,524	1,702,486	1,781,708
NET PROFIT/(LOSS) BEFORE TAX	566,686	554,695	445,834	411,258	558,812	610,814	653,435
National Tax Equivalent Regime							
Current tax equivalent expense	89,343	113,485	82,913	102,896	154,317	168,441	189,869
Deferred tax equivalent expense	76,844	50,135	46,341	17,467	11,420	12,779	6,219
NET PROFIT/(LOSS) AFTER TAX	400,499	391,075	316,580	290,895	393,075	429,594	457,347
Dividends	-	301,093	78,871	222,971	275,651	315,348	337,806

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 3,024, 3,361 and 3,542 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets	29,509	25,000	29,509	29,509	29,509	29,509	29,509
Receivables	336,923	290,236	334,451	335,123	341,348	348,196	358,609
Assets held for sale	6,292	400	6,292	6,292	6,292	6,292	6,292
Other	126,946	111,449	126,207	125,453	125,453	125,453	125,453
Total current assets	499,670	427,085	496,459	496,377	502,602	509,450	519,863
NON-CURRENT ASSETS							
Property, plant and equipment	11,997,226	12,624,528	12,461,828	13,064,788	13,572,817	14,069,300	14,511,202
Intangibles	179,072	253,019	213,092	262,362	321,490	321,490	321,490
Receivables	330	417	330	343	343	343	343
Other	24,017	648	24,017	24,017	24,017	24,017	24,017
Total non-current assets	12,200,645	12,878,612	12,699,267	13,351,510	13,918,667	14,415,150	14,857,052
TOTAL ASSETS	12,700,315	13,305,697	13,195,726	13,847,887	14,421,269	14,924,600	15,376,915
CURRENT LIABILITIES							
Employee provisions	114,433	116,430	117,186	117,213	119,676	119,728	120,081
Payables	129,413	109,470	78,598	103,567	143,869	158,649	176,202
Borrowings and leases	37,698	17,579	37,135	37,135	37,135	37,135	37,135
Other	184,393	111,659	220,085	237,941	258,424	279,643	299,379
Total current liabilities	465,937	355,138	453,004	495,856	559,104	595,155	632,797
NON-CURRENT LIABILITIES							
Employee provisions	7,720	12,283	9,219	9,462	9,697	9,698	9,700
Borrowings and leases	7,402,047	7,874,131	7,507,569	7,888,588	8,119,198	8,302,886	8,444,710
Other	1,237,348	1,324,359	1,292,481	1,310,586	1,326,970	1,342,723	1,351,598
Total non-current liabilities	8,647,115	9,210,773	8,809,269	9,208,636	9,455,865	9,655,307	9,806,008
TOTAL LIABILITIES	9,113,052	9,565,911	9,262,273	9,704,492	10,014,969	10,250,462	10,438,805
NET ASSETS	3,587,263	3,739,786	3,933,453	4,143,395	4,406,300	4,674,138	4,938,110
EQUITY							
Contributed equity	1,864,789	1,958,547	1,973,270	2,115,288	2,260,769	2,414,361	2,558,792
Accumulated surplus/(deficit)	1,745,165	1,867,076	1,982,874	2,050,798	2,168,222	2,282,468	2,402,009
Reserves	(22,691)	(85,837)	(22,691)	(22,691)	(22,691)	(22,691)	(22,691)
TOTAL EQUITY	3,587,263	3,739,786	3,933,453	4,143,395	4,406,300	4,674,138	4,938,110

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	1,717,627	1,724,875	1,752,043	1,766,892	1,930,044	2,030,729	2,177,693
Grants and subsidies.....	414	1,037	1,037	-	-	-	-
GST receipts.....	170,458	175,091	177,119	185,805	188,699	190,926	194,407
Other receipts.....	172,352	112,708	135,870	133,302	225,535	244,656	218,053
Payments							
Employee benefits.....	(202,858)	(213,724)	(238,292)	(204,750)	(217,207)	(218,897)	(228,030)
Supplies and services.....	(192,666)	(182,514)	(199,363)	(198,127)	(181,904)	(181,492)	(187,470)
Accommodation ^(b)	(652)	(3,094)	(3,094)	(3,156)	(3,219)	(1,515)	(1,553)
GST payments.....	(172,564)	(175,091)	(177,119)	(185,805)	(188,699)	(190,926)	(199,025)
Finance and interest costs.....	(227,990)	(232,588)	(269,137)	(296,884)	(313,641)	(330,208)	(339,686)
Tariff Equalisation Fund.....	(187,000)	(175,000)	(175,000)	(197,000)	(199,000)	(207,000)	(217,000)
Other payments.....	(147,471)	(95,447)	(105,508)	(100,420)	(102,792)	(105,620)	(108,166)
Net cash from operating activities.....	929,650	936,253	898,556	899,857	1,137,816	1,230,653	1,309,223
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	17,633	-	-	-	-	-	-
Payments							
Purchase of non-current assets.....	(792,972)	(1,011,265)	(891,486)	(1,106,445)	(1,112,219)	(1,083,121)	(1,070,813)
Net cash from investing activities.....	(775,339)	(1,011,265)	(891,486)	(1,106,445)	(1,112,219)	(1,083,121)	(1,070,813)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	575,000	1,128,590	808,079	1,057,087	898,073	851,147	809,283
Other proceeds.....	6,134	-	-	-	-	-	-
Payments							
Repayment of borrowings and leases.....	(827,349)	(702,896)	(702,896)	(669,489)	(667,461)	(667,461)	(667,460)
Other payments.....	(10,358)	(15,792)	(15,792)	(15,837)	(15,883)	(16,201)	(16,606)
Net cash from financing activities.....	(256,573)	409,902	89,391	371,761	214,729	167,485	125,217
CASHFLOWS FROM GOVERNMENT							
Receipts							
Capital subsidies.....	-	3,687	3,687	-	-	-	-
Equity contributions.....	176,489	93,759	108,481	142,019	145,480	153,592	144,431
Other subsidies.....	-	-	1,500	1,500	-	-	-
Payments							
Dividends to Government.....	-	(301,096)	(78,871)	(222,971)	(275,652)	(315,349)	(337,806)
National Tax Equivalent Regime - Income Tax..	(93,475)	(129,589)	(129,607)	(84,029)	(108,420)	(151,491)	(168,439)
Local Government Rates Equivalent.....	(1,622)	(1,651)	(1,651)	(1,692)	(1,734)	(1,769)	(1,813)
Net cash provided to Government.....	(81,392)	334,890	96,461	165,173	240,326	315,017	363,627
NET INCREASE/(DECREASE) IN CASH HELD	(20,870)	-	-	-	-	-	-
Cash assets at the beginning of the reporting period	50,379	25,000	29,509	29,509	29,509	29,509	29,509
Cash assets at the end of the reporting period	29,509	25,000	29,509	29,509	29,509	29,509	29,509

(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

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	4,067	2,805	1,044	1,796	4,579	7,541	6,849
Local Government Rates Equivalent	491	704	733	751	770	789	809
Dividends ^{(a)(b)}	-	5,660	-	3,679	6,719	11,820	12,288
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies ^(c)	6,795	35,545	56,559	31,060	8,315	6,128	15,835
Other Subsidies	-	200	200	200	200	200	200
Special Purpose Accounts ^(d)	-	-	11,801	39,990	40,668	40,533	31,961
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution ^(e)	24,016	-	-	2,404	-	-	14,451
Special Purpose Accounts	-	3,500	3,500	7,455	17,496	14,446	-
RATIOS							
Dividend Payout Ratio (%)	75	75	75	75	75	75	75
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	566,212	532,924	535,044	574,417	580,856	580,245	586,787
Revenue from Government	6,795	35,745	68,560	71,250	49,183	46,861	47,996
Total Expenses ^(f)	557,644	558,219	599,027	638,659	614,886	605,973	611,953
Total Borrowings	803,353	840,364	850,579	908,061	933,925	940,541	958,322
NET PROFIT AFTER TAX	10,422	7,645	3,533	5,212	10,574	13,592	15,981
CASH ASSETS ^(g)	154,079	177,746	168,157	197,560	236,812	258,469	282,358

- (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 2022-23 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise for further detail.
- (c) Horizon Power will receive additional operating subsidies in 2023-24 primarily as a result of administering the electricity credits for residential and small business customers.
- (d) Relates to the essential services for remote communities transferred from Communities.
- (e) Equity contribution for 2023-24 comprises \$2.4 million for electric vehicle charging infrastructure.
- (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 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
Key Adjustments					
Billing and Safety Systems	(1,841)	(883)	(532)	(443)	(454)
Cost of Living Support - Household and Small Business Electricity Credits...	-	(20,500)	-	-	-
Customer-Funded Temporary Solar Connection	-	(131)	5,451	905	(156)
Dampier Resilience Project	-	(59)	(159)	(206)	(212)
Distributed Energy Resources Management System Roll-out	-	(652)	(807)	(813)	(813)
Electric Vehicle Smart Charger and Vehicle-to-Grid Trial	-	(104)	(159)	(206)	(214)
Exmouth 80% Renewables System	-	(68)	(318)	1,443	1,946
Expenses Escalation Review	(15,367)	(5,527)	(11,552)	(12,152)	(13,248)
Gas Supply Replenishment	-	(1,651)	(2,348)	(3,019)	(3,732)
Investment in a Renewables Operator	-	(34)	405	489	489
New Large Enterprise Contract	677	2,137	2,783	1,831	464
Outage and Life Support Management	-	(924)	(1,472)	(1,596)	(1,607)
Property - New Builds	-	846	95	(77)	(77)
Remote Essential Service Provision Transfer	(12,213)	(40,121)	(40,794)	(41,098)	(42,930)
Revised Demand and Energy Forecast	(158)	2,690	435	1,951	(2,302)
Standalone Power Systems Roll-out	-	(231)	(275)	(275)	(275)
Tariff Adjustment Payment Update	-	(202)	(92)	77	-
Tariff and Social Concession Update	-	(318)	(684)	(995)	(3,787)
Tariff Equalisation Contribution Update	-	4,163	11,888	15,281	19,838
Other					
2022-23 Retained Dividend	(3,348)	-	-	-	-
Public Sector Wages Policy	(4,073)	82	(2,445)	(3,236)	(4,559)

Significant Issues Impacting the Government Trading Enterprise

Customer Choice

Battery Energy Storage Systems

1. Horizon Power is installing additional Battery Energy Storage Systems (BESS) in several communities across Western Australia, with the intent of managing higher levels of Distributed Energy Resources (DER) without adverse impact on network reliability, shifting peak loads and providing critical solar smoothing functionality.

Community Batteries

2. Horizon Power's first community batteries were commissioned in early 2023 and will deliver a new energy storage solution to enable storage of excess energy generated by rooftop solar in Broome, smoothing the crossflow of energy between homes and the network and improving power supply stability. As Horizon Power rolls out more batteries across its service area, the stabilising function of community batteries will enable more residents to install rooftop solar.

Energy Affordability

3. The energy landscape is shifting quickly, with increasing uptake of behind-the-meter renewables and storage, electric vehicles and electrification - all of which are significantly changing the way customers interact with energy, and with Horizon Power. Horizon Power's 'energy affordability' strategic goal aims to ensure all customers have the ability and insight to reduce their energy bills by choosing products that meet their specific needs.
4. Horizon Power supports customer choice across its suite of products and regularly engages with its customers to ensure it has the right solutions to allow all customers to reduce their energy expenses. Horizon Power's customers expect safe and reliable electricity, however, the biggest issue across the regional service area is high electricity consumption. To this end, Horizon Power is developing products and services which provide customers with access to the information they need to proactively manage their usage and bills.
5. Horizon Power is working with the State and Commonwealth Governments to assist customers with cost of living pressures by providing electricity credits to both residential and small business customers.

Esperance Energy Transition Plan

6. Horizon Power has supported impacted Esperance customers' transition off the reticulated gas network to alternative longer-term energy solutions through the Esperance Energy Transition Plan.

Decarbonisation

7. Horizon Power's focus on decarbonisation and its goal to reduce its carbon emissions by 80% by 2030 firmly aligns with Government policy and reflects Horizon Power's position that the electricity industry should lead the way towards decarbonisation. The 80% reduction in carbon emissions is an ambitious target for Horizon Power and moves the focus away from carbon offsets to genuine abatement activities and increasing access to renewable energy where possible. As an electricity generator, Horizon Power must be accountable and responsible for emissions across its business.

Climate Change Policy

8. As a vertically integrated energy utility operating across the vast and variable climatic regions of Western Australia, Horizon Power acknowledges that its assets, communities and businesses are exposed to the projected escalating impacts of climate change. As a GTE, Horizon Power is aligned with the Government's Climate Policy, energy initiatives and strategic directions, and supports its ambitious target of an 80% reduction in emissions by 2030, and overarching net zero by 2050 target. The Western Australian Climate Policy documents the Government's numerous strategies, actions and commitment to work with all sectors of the Western Australian economy to achieve these targets. An investment in infrastructure will take climate resilience into consideration.

Denham Green Hydrogen Demonstration Project

9. Horizon Power recognises that future power system delivery will look vastly different to the traditional model the industry has employed over the past several decades. Horizon Power strongly supports the Government's Renewable Hydrogen Strategy and understands this zero-carbon fuel offers significant potential as a renewable power source. Horizon Power is leveraging its assets, resources, and vertically-integrated structure to develop its own hydrogen strategy. Horizon Power understands that hydrogen is an evolving initiative and will look to Government strategies to guide its participation in this space.
10. The Denham Green Hydrogen Demonstration project, the first of its kind in Australia, is one example of how Horizon Power envisions future microgrids could take shape. Horizon Power chose Denham as the site for its green hydrogen demonstration plant because of its abundance of wind and solar resources. Renewable energy can be used for green hydrogen production, and like Denham, many communities in Horizon Power's service area have favourable conditions for renewable power generation.

Zero Hydrocarbon Towns

11. Through its Integrated Resource Planning work, several communities in the Horizon Power service area are on track to significantly reduce their emissions by 2030, with modelling in Exmouth showing 80% renewable power can be achieved.

Electric Vehicle Charging Network

12. Horizon Power strongly supports the State Electric Vehicle Strategy and resulting actions that can assist the uptake of electric vehicles (EVs). Horizon Power is collaborating with Synergy to support the Government's priority to significantly reduce carbon emissions by 2030 by installing EV charging stations across the State.
13. These fast-charging stations are the first step in reducing the barriers for EV use across Western Australia. Horizon Power has plans for a vehicle-to-grid trial which will help it gain insights into how EVs and smart chargers can play a pivotal role in future energy systems.

Sustainable Business

14. Horizon Power's focus on maintaining a sustainable business means it will be able to deliver on its purpose, both today and well into the future. One way Horizon Power can successfully achieve this goal is by commercialising aspects of its product offering. Where it makes sense, Horizon Power will own generation assets which enable it to improve scale and lower the cost of supply, as well as increase its chances of generating new revenue.

Standalone Power Systems

15. Horizon Power continues the wider roll-out of the next generation of Standalone Power Systems (SPS), an effective renewable energy solution customised to the needs of end-of-grid customers. Horizon Power has been allocated \$45.8 million to install a further 150 SPS units across Western Australia by 2025-26 as part of the Government's SPS commitment.

People, Safety and Wellbeing

16. Futureproofing its employees with the necessary skills to meet the rapidly changing energy sector is critical to Horizon Power's success. Equally important is establishing an inspired workplace culture that attracts and retains a talented pool of professionals. Horizon Power has formed a collaborative team with GTE Diversity and Inclusion leads to align on Diversity and Inclusion events and messaging.
17. An essential component of Horizon Power's guiding principles is to have a positive impact on Aboriginal customers, employees and communities. Horizon Power's Reconciliation Action Plan demonstrates a commitment to Aboriginal people by delivering tangible and sustainable benefits and a culture of inclusion, understanding and promotion of reconciliation with Aboriginal people.

2022-23 Retained Dividend

18. Horizon Power will retain its forecast 2022-23 dividend payment of \$3.3 million to fund future infrastructure investments. This is in addition to the \$5.7 million in 2021-22 dividend payments previously retained and allocated in its entirety to the Utility of the Future Program. The remaining funds will be quarantined pending approval of business cases for 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.	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

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Outcome: Optimising and extending core business:					
Cost to supply unit cost (cents/kWh) ^(a)	35.9	38.9	38.2	37.3	
Return on assets ^(b)	3.6%	3.1%	3%	3.2%	
Net Profit After Tax	\$10.4 million	\$7.6 million	\$3.5 million	\$5.2 million	1
Outcome: Minimise the risk of harm:					
Lost time injury frequency rate ^(c)	nil	nil	nil	nil	
Total number of notifiable incidents ^(d)	14	nil	14	nil	
Unassisted pole failure rate ^(e)	0.6	1.6	0.7	1	
Outcome: Be a high-performing business:					
Customer satisfaction ^(f)	73%	70%	70%	70%	
System Average Interruption Duration Index (SAIDI) ^(g)	155 minutes	290 minutes	157 minutes	290 minutes	2
System Average Interruption Frequency Index (SAIFI) ^(h)	2.1	6.6	2.1	6.6	2
Number of compliant systems (out of 38) ⁽ⁱ⁾	29	33	29	33	3
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)

1. The 2022-23 Estimated Actual Net Profit After Tax is lower mainly due to an increase in diesel and gas prices; and supply chain costs.
2. The 2022-23 Estimated Actual reduction in comparison to the 2022-23 Budget in SAIDI and SAIFI is a result of investment in maintenance leading to reduced number of outages and interruptions.
3. The reduction in the 2022-23 Estimated Actual compared to the 2022-23 Budget for the number of compliant systems is driven by outages in the towns of Wyndham, Halls Creek, Esperance and Hopetoun due to environmental impacts (including storms, floods and bushfires) and the commissioning of high penetration renewables.

Asset Investment Program

1. Horizon Power will invest \$105.5 million during 2023-24 and a further \$207.9 million in its Asset Investment Program across the outyears. This investment in regional Western Australia will continue to focus on providing safe and reliable electricity supply to regional customers and supporting jobs in regional areas.

Standalone Power Systems Roll-out

2. Horizon Power continues the wider roll-out of the next generation of SPS, an effective renewable energy solution customised to the needs of end-of-grid customers. Horizon Power has been allocated \$13.3 million to install a further 50 SPS units in the Esperance Region by the end of 2023-24 as part of the Government's SPS commitment.

Energy Storage in Regional Towns

3. Horizon Power is installing \$30.8 million worth of BESS in nine regional towns over 2020-21 to 2023-24. 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. To enable the integration of the BESS in Gascoyne Junction and Menzies, the control systems would require substantial upgrades. As such, these two batteries have been moved to Halls Creek and Fitzroy Crossing and will be delivered within the existing budget allocations.

Asset Management Plan

4. Horizon Power is forecast to invest \$44.1 million in 2023-24 and a further \$139.9 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.

EV Charging Infrastructure

5. The EV Strategy is a key element of the Western Australian Climate Policy that commits to delivering a cleaner, more sustainable environment through the increased uptake of low and zero emission vehicles. The strategy will facilitate the creation of Australia's longest, and one of the world's longest, EV charging infrastructure networks, from Perth to Kununurra in the north, Esperance in the south and 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 EVs also presents significant opportunities for industry and jobs growth in Western Australia.

Customer-funded Temporary Solar Connection

6. Horizon Power entered into a consultancy agreement to complete network connection studies to connect a solar plant on the Burrup Peninsula to the North West Interconnected System. Horizon Power estimates the cost of the 33kV network solution at \$7.6 million, which it would fund upfront and recoup from the customer.

Mid West Solar Program

7. 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 has 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.

Remote Communities Photovoltaics

8. The Government will invest \$11.6 million to enable the design and construction of renewables in six remote Kimberley Aboriginal communities, which will reduce the reliance on diesel generated power and deliver cleaner energy to communities.

Dampier Resilience Project

9. Horizon Power will invest \$3.8 million to upgrade its transmission assets to a more robust design and allow it to continue to utilise the Rio Tinto interconnection to maintain reliability of electricity supply on the Burrup and Airport feeders.

Distributed Energy Resource Management System Roll-out

10. Horizon Power is rolling out industry-leading technology to unlock access to renewables and reduce carbon emissions in microgrids across regional and remote Western Australia. The technology - DER Management System (DERMS) - will allow rooftop solar, battery, and EV customers to safely integrate with utility-owned energy resources, such as power stations, solar farms and batteries.
11. In Onslow, Horizon Power has demonstrated that DERMS is able to safely integrate high levels of rooftop solar and storage, along with utility-owned renewables, to power the town with 100% renewable energy. Horizon Power intends to leverage off the lessons learnt in Onslow and roll-out this technology across its regional microgrids. The DERMS will allow more customers to install solar panels in the regional and remote areas, lower energy bills and reduce carbon emissions. Horizon Power will be able to integrate the rooftop solar with its own existing energy resources.

EV Smart Charger and Vehicle-to-Grid Trial

12. The Government has released the State EV Strategy to support the adoption of electric vehicles. A rapid uptake of EVs would have consequences for the power system and consequently the Government is managing this impact with actions outlined in the DER Roadmap.
13. Managing the safe and efficient integration of DER, which includes EVs, is important to unlocking the full potential of EVs and addressing the potential risks to small electricity networks. An action item in the DER Roadmap requires trials to better understand the capabilities of vehicle-to-grid technology, for example, using EVs to power homes.
14. To meet the DER Roadmap requirement, an EV Action Plan has been developed in consultation with industry stakeholders (including Horizon Power) to help manage the future integration of EVs in Western Australia.

Exmouth Power Project

15. The existing Power Purchase Agreement (PPA) in Exmouth expires in September 2024. Horizon Power will pursue a replacement PPA which seeks to deliver an 80% renewable energy solution.

Outage and Life Support Management System

16. To ensure better safety management of customers, Horizon Power will invest \$8.8 million over 2023-24 and 2024-25 to upgrade its Outage and Life Support Management System to allow for near real-time visibility of its distribution network and proactive identification of outages.

Property - New Builds

17. Horizon Power will invest \$3.8 million in 2023-24 to undertake construction of six new residential houses to help meet its regional staff accommodation needs.

Remote Communities - Transfer of Essential Services

18. The Government is continuing to transfer responsibility for 141 remote communities power and water services in Western Australia's remote Aboriginal communities from Communities to licensed specialists Horizon Power and the Water Corporation. Under the transfer, which commenced from 1 April 2023, these remote communities will transition to improved and more reliable power and water services, enhancing wellbeing outcomes for residents.
19. Horizon Power will invest \$53.8 million to improve the quality of services in these remote Aboriginal communities, including immediate rectification of existing issues, investment in SPS or renewables in the small and self-managed towns, advanced metering infrastructure to automate meter reading, remotely connect/disconnect and detect neutral integrity defects.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
WORKS IN PROGRESS							
Election Commitments							
Major Projects - Standalone Power Systems Roll Out	13,319	8,083	8,083	5,236	-	-	-
COVID-19 Response							
Energy Storage in Regional Towns							
Fitzroy Crossing.....	2,009	309	309	1,700	-	-	-
Halls Creek.....	2,035	335	335	1,700	-	-	-
Other Works in Progress							
Asset Management Plan							
Asset Replacement	151,644	114,653	8,691	8,908	9,131	9,359	9,593
Capacity	23,585	20,214	792	812	832	853	874
Knowledge and Technology Investment	59,067	46,521	3,319	2,794	3,171	3,250	3,331
Mobile Plant and Operational Fleet	34,505	30,842	860	882	904	927	950
Property Management	58,189	38,649	4,590	4,705	4,823	4,944	5,068
Regulatory Compliance	61,025	43,239	4,179	4,283	4,390	4,500	4,613
Reliability	113,506	68,725	10,521	10,784	11,054	11,330	11,613
Safety	213,172	167,905	10,635	10,901	11,174	11,453	11,739
Customer Funded Works							
Other Customer Driven Works.....	168,262	153,250	3,753	3,753	3,753	3,753	3,753
Temporary Solar Connection.....	7,554	754	754	6,800	-	-	-
Major Projects							
Electric Vehicle Charging Infrastructure	12,920	8,322	7,599	4,598	-	-	-
Mid West Solar Program	13,500	9,415	4,520	4,085	-	-	-
Remote Communities Photovoltaics	11,632	5,692	360	5,940	-	-	-
COMPLETED WORKS							
COVID-19 Response							
Denham Hydrogen Demonstration Plant.....	9,255	9,255	3,220	-	-	-	-
Energy Storage in Regional Towns							
Broome	7,975	7,975	3,464	-	-	-	-
Carnarvon	4,000	4,000	1,461	-	-	-	-
Esperance	2,050	2,050	2,050	-	-	-	-
Exmouth	7,916	7,916	977	-	-	-	-
Marble Bar.....	1,741	1,741	206	-	-	-	-
Yungngora.....	1,960	1,960	457	-	-	-	-
Remote Communities Embedded Networks.....	3,811	3,811	512	-	-	-	-
Solar, Energy Storage and LED Streetlights for Derby							
Hospital and the Shire of Derby	4,760	4,760	1,619	-	-	-	-
Standalone Power Systems.....	13,502	13,502	16	-	-	-	-
Major Projects							
Derby Port.....	1,200	1,200	1,180	-	-	-	-
Esperance Power Project	16,616	16,616	1,247	-	-	-	-
Kununurra Cotton Gin Electricity Infrastructure	3,500	3,500	3,500	-	-	-	-
Onslow Distributed Energy Resource Project.....	105,293	105,293	3,496	-	-	-	-
Refurbishment of Denham Power Station	11,819	11,819	1,953	-	-	-	-
Remote Communities Land Acquisition	1,444	1,444	1,444	-	-	-	-
Utility of the Future	19,203	19,203	12,046	-	-	-	-
NEW WORKS							
Major Projects							
Dampier Resilience Project	3,800	-	-	1,900	1,900	-	-
Distributed Energy Resources Management System							
Roll-out.....	2,000	-	-	2,000	-	-	-
Electric Vehicle Smart Charger and Vehicle-to-Grid Trial	2,150	-	-	2,150	-	-	-
Exmouth Power Project	10,000	-	-	5,000	5,000	-	-
Outage and Life Support Management System.....	8,765	-	-	5,280	3,485	-	-
Property - New Builds.....	3,822	-	-	3,822	-	-	-
Remote Communities - Transfer of Essential Services...	53,848	-	-	7,455	17,496	14,446	14,451
Total Cost of Asset Investment Program.....	1,246,354	932,953	108,148	105,488	77,113	64,815	65,985
FUNDED BY							
Borrowings.....			77,226	84,982	55,864	46,616	47,781
Capital Appropriation			-	2,404	-	-	14,451
Internal Funds and Balances.....			23,669	6,894	-	-	-
Major Special Purpose Account(s)							
Drawdown from Remote Communities Fund.....			-	7,455	17,496	14,446	-
Drawdown from Royalties for Regions Fund			3,500	-	-	-	-
Other			3,753	3,753	3,753	3,753	3,753
Total Funding			108,148	105,488	77,113	64,815	65,985

Financial Statements

Income Statement

Revenue

1. The increase in the sale of goods and services for the 2023-24 Budget Year and over the outyears is primarily due to new energy agreements with large commercial customers.
2. Operating subsidies provided to Horizon Power in 2022-23 and 2023-24 (and associated grants and subsidies expenditure) are higher largely due to the:
 - 2.1. \$400 Household Electricity Credit scheme in 2022-23; and
 - 2.2. electricity credits for residential and small business customers in 2023-24.

Expenses

3. The total expenses for the 2023-24 Budget Year is forecast to increase by \$39.6 million from the 2022-23 Estimated Actual primarily due to the combined impacts of the:
 - 3.1. provision of essential services in remote Aboriginal communities; and
 - 3.2. electricity credits for residential and small business customers.

Statement of Cashflows

4. The increase in other payments in 2022-23 and 2023-24 are largely due to the \$400 Household Electricity Credit scheme and the electricity credits for residential and small business customers respectively.

INCOME STATEMENT ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	329,978	321,071	323,191	341,824	342,128	344,492	340,638
Other revenue	49,234	36,853	36,853	35,593	39,728	28,753	29,149
Tariff Equalisation Contribution.....	187,000	175,000	175,000	197,000	199,000	207,000	217,000
Revenue from Government							
Operating subsidies.....	6,795	35,545	56,559	31,060	8,315	6,128	15,835
Other subsidies	-	200	200	200	200	200	200
Special Purpose Account(s)							
Remote Communities	-	-	4,345	9,420	9,486	8,572	-
Royalties for Regions							
Regional Infrastructure and Headworks							
Fund.....	-	-	7,456	30,570	31,182	31,961	31,961
TOTAL REVENUE.....	573,007	568,669	603,604	645,667	630,039	627,106	634,783
Expenses							
Employee benefits ^(b)	71,997	63,782	67,709	67,864	69,562	71,302	73,083
Grants and subsidies.....	4,016	31,753	31,753	27,733	5,271	5,446	5,582
Supplies and services	272,176	256,660	291,222	332,735	334,016	333,176	343,758
Accommodation	5,213	4,431	4,613	4,562	4,681	4,801	4,926
Depreciation and amortisation	104,926	107,031	107,031	110,033	107,956	103,200	101,684
Finance and interest costs.....	53,817	56,333	57,970	59,349	60,950	58,991	53,649
Other expenses.....	45,499	38,229	38,729	36,383	32,450	29,057	29,271
TOTAL EXPENSES.....	557,644	558,219	599,027	638,659	614,886	605,973	611,953
NET PROFIT/(LOSS) BEFORE TAX	15,363	10,450	4,577	7,008	15,153	21,133	22,830
National Tax Equivalent Regime							
Current tax equivalent expense	4,067	2,805	1,044	1,796	4,579	7,541	6,849
Deferred tax equivalent expense	874	-	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAX	10,422	7,645	3,533	5,212	10,574	13,592	15,981
Dividends	-	5,660	-	3,679	6,719	11,820	12,288

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 503, 550 and 584 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets	152,121	177,573	162,851	192,254	231,506	253,163	277,052
Cash assets - Retained dividends.....	1,958	173	5,306	5,306	5,306	5,306	5,306
Receivables	44,021	36,750	43,229	43,125	43,125	43,125	43,125
Assets held for sale	3,925	1,469	3,925	3,925	3,925	3,925	3,925
Other.....	17,947	17,881	17,947	17,947	17,947	17,947	17,947
Total current assets	219,972	233,846	233,258	262,557	301,809	323,466	347,355
NON-CURRENT ASSETS							
Property, plant and equipment.....	1,443,235	1,477,645	1,488,469	1,526,927	1,536,461	1,533,362	1,525,453
Intangibles	272,964	348,713	229,609	187,394	203,816	169,319	142,318
Receivables	3,967	3,639	3,967	3,967	3,967	3,967	3,967
Other investments	553	518	553	553	553	553	553
Other.....	121,348	105,387	121,348	123,848	123,848	123,848	123,848
Total non-current assets	1,842,067	1,935,902	1,843,946	1,842,689	1,868,645	1,831,049	1,796,139
TOTAL ASSETS	2,062,039	2,169,748	2,077,204	2,105,246	2,170,454	2,154,515	2,143,494
CURRENT LIABILITIES							
Employee provisions	18,609	17,913	18,609	18,609	18,609	18,609	18,609
Payables	57,625	74,554	57,625	57,625	57,625	57,625	57,625
Borrowings and leases	123,988	92,531	126,395	122,453	124,394	127,757	116,877
Other.....	22,101	16,965	22,101	24,921	24,921	24,921	24,921
Total current liabilities	222,323	201,963	224,730	223,608	225,549	228,912	218,032
NON-CURRENT LIABILITIES							
Employee provisions	3,265	3,513	3,265	3,265	3,265	3,265	3,265
Borrowings and leases	1,034,669	1,183,225	1,042,262	1,064,094	1,108,115	1,074,830	1,058,918
Other.....	161,063	140,177	159,195	155,135	153,030	150,795	148,422
Total non-current liabilities	1,198,997	1,326,915	1,204,722	1,222,494	1,264,410	1,228,890	1,210,605
TOTAL LIABILITIES.....	1,421,320	1,528,878	1,429,452	1,446,102	1,489,959	1,457,802	1,428,637
NET ASSETS	640,719	640,870	647,752	659,144	680,495	696,713	714,857
EQUITY							
Contributed equity	416,113	419,613	419,613	429,472	446,968	461,414	475,865
Accumulated surplus/(deficit).....	224,606	221,257	228,139	229,672	233,527	235,299	238,992
TOTAL EQUITY	640,719	640,870	647,752	659,144	680,495	696,713	714,857

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	329,612	319,171	321,291	339,915	340,190	342,490	338,586
Grants and subsidies.....	-	569	569	-	-	-	-
GST receipts.....	49,125	36,338	36,338	37,407	37,844	38,601	39,566
Other receipts.....	53,363	30,271	30,271	28,405	32,896	21,921	22,317
Tariff Equalisation Contribution.....	187,000	175,000	175,000	197,000	199,000	207,000	217,000
Payments							
Employee benefits.....	(71,746)	(63,706)	(67,633)	(67,786)	(69,562)	(71,302)	(73,083)
Supplies and services.....	(302,370)	(257,579)	(292,118)	(333,616)	(333,360)	(332,539)	(343,105)
Accommodation ^(b)	(4,735)	(2,763)	(2,877)	(2,999)	(3,073)	(4,775)	(4,894)
GST payments.....	(49,190)	(36,323)	(36,323)	(37,407)	(37,844)	(38,601)	(39,566)
Finance and interest costs.....	(54,208)	(51,894)	(53,531)	(55,320)	(57,252)	(55,183)	(49,979)
Other payments.....	(45,184)	(69,870)	(70,432)	(63,892)	(37,407)	(32,375)	(32,677)
Net cash from operating activities.....	91,667	79,214	40,555	41,707	71,432	75,237	74,165
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	700	-	-	1,224	-	-	-
Payments							
Purchase of non-current assets.....	(122,847)	(100,053)	(108,148)	(105,488)	(77,113)	(64,815)	(65,985)
Other payments.....	(35)	-	-	(2,500)	-	-	-
Net cash from investing activities.....	(122,182)	(100,053)	(108,148)	(106,764)	(77,113)	(64,815)	(65,985)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	195,000	232,710	243,363	235,475	152,328	136,404	137,569
Payments							
Repayment of borrowings and leases.....	(185,098)	(231,975)	(231,975)	(215,916)	(162,006)	(166,326)	(164,361)
Net cash from financing activities.....	9,902	735	11,388	19,559	(9,678)	(29,922)	(26,792)
CASHFLOWS FROM GOVERNMENT							
Receipts							
Operating subsidies.....	9,632	35,545	56,559	31,060	8,315	6,128	15,835
Equity contributions.....	24,016	-	-	2,404	-	-	14,451
Other subsidies.....	-	200	200	200	200	200	200
Special Purpose Account(s)							
Remote Communities.....	-	-	4,345	16,875	26,982	23,018	-
Royalties for Regions							
Regional Infrastructure and Headworks Fund.....	-	3,500	10,956	30,570	31,182	31,961	31,961
Payments							
Dividends to Government.....	-	(5,660)	-	(3,679)	(6,719)	(11,820)	(12,288)
National Tax Equivalent Regime - Income Tax..	(3,333)	(2,805)	(1,044)	(1,796)	(4,579)	(7,541)	(6,849)
Local Government Rates Equivalent.....	(491)	(704)	(733)	(733)	(770)	(789)	(809)
Net cash provided to Government.....	(29,824)	(30,076)	(70,283)	(74,901)	(54,611)	(41,157)	(42,501)
NET INCREASE/(DECREASE) IN CASH HELD.....	9,211	9,972	14,078	29,403	39,252	21,657	23,889
Cash assets at the beginning of the reporting period.....	144,868	167,774	154,079	168,157	197,560	236,812	258,469
Cash assets at the end of the reporting period.....	154,079	177,746	168,157	197,560	236,812	258,469	282,358

(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

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	384,640	405,810	398,489	436,266	462,992	465,560	497,448
Local Government Rates Equivalent	7,675	8,202	8,202	8,386	8,575	8,790	9,009
Dividends ^{(a)(b)}	-	727,965	-	759,919	826,665	837,985	919,421
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies.....	393,170	472,023	560,516	621,111	653,675	678,133	706,505
Other Subsidies	15,983	47,812	30,684	56,236	24,275	5,081	200
Special Purpose Accounts	126,016	53,957	63,614	31,767	33,672	34,514	23,928
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution.....	22,586	-	4,425	87,462	-	-	39,210
Special Purpose Accounts	-	-	4,511	55,343	64,221	56,485	15
RATIOS							
Dividend Payout Ratio (%).....	85	85	85	85	85	85	85
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	2,528,436	2,564,013	2,586,693	2,684,577	2,788,705	2,889,981	3,040,489
Revenue from Government	535,169	573,792	654,814	709,114	711,622	717,728	730,633
Total Expenses ^(c)	1,808,449	1,804,061	1,929,693	1,990,145	2,019,848	2,122,868	2,154,700
Total Borrowings	5,429,046	5,436,990	5,471,965	5,677,893	5,809,643	5,813,010	5,977,989
NET PROFIT AFTER TAX.....	878,510	934,157	918,808	982,993	1,036,841	1,039,893	1,132,021
CASH ASSETS ^(d)	736,094	760,219	1,508,802	1,463,954	1,502,949	1,549,470	1,754,840

(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 2022-23 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise 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 Government Trading Enterprise's (GTE's) Income Statement since presentation of the 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
Key Adjustments					
Flat Rocks Wind Farm Stage Two	(1,554)	(3,042)	(26,213)	(66,613)	(68,184)
Infill Sewerage Program ^(a)	-	2,683	(897)	1,117	17,508
Interest Revenue and Expense Updates	(42,716)	(47,073)	(38,422)	(37,261)	(35,891)
Operating Expenditure Cost Escalation	(38,179)	(44,922)	(50,888)	(58,238)	(64,209)
Public Sector Wages Policy - Cost of Living Payment	-	(10,597)	(143)	-	-
Regulated and Other Revenue Update (Including Operating Subsidies)	4,289	(3,363)	(22)	(10,113)	10,215
Remote Communities - Transfer of Essential Services	(9,676)	(33,889)	(39,470)	(44,481)	(50,591)
Other					
2022-23 Retained Dividend	(716,940)	-	-	-	-

(a) A total of \$55 million has been allocated to this program with the final investment program to be finalised.

Significant Issues Impacting the Government Trading Enterprise

- Over the next year, the Corporation's operating environment will continue to be shaped by the need to adapt to a changing climate, economic pressures, increased social and environmental expectations, technological progress and demand for a future-ready workforce.

Impact of Climate Change

- 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. In this context, implementation of the Western Australian Climate Policy will help align the Corporation's actions with those of the rest of the State.
- 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.
- To help reduce dependence on rainfall and groundwater, the Corporation is preparing to deliver a new seawater desalination plant at Alkimos that will be able to supply up to 100 billion litres of drinking water per year.

Economic Pressures

- High inflation, supply chain disruptions and competition for contractor availability has resulted in significant cost pressures for the Corporation.
- The Corporation will focus on providing affordable water, wastewater and drainage services for customers with transparent, efficient and value for money fees and charges.

Increasing Social and Environmental Expectations

- The Corporation understands that customers want safe, secure, fit-for-purpose water services, while keeping the cost as low as possible in the long-term. The community is expecting more of service providers as good corporate citizens, reflected in increased scrutiny of their environmental impact, relationships with Traditional Owners and local communities, and employment and sourcing choices. This will drive the need to provide improved transparency across a range of dimensions including operational, environmental, social, governance and financial performance.

Other Trends

8. The Corporation is also facing accelerating technological progress (particularly around cyber security and artificial intelligence) and a growing demand for a future-ready workforce. These factors require investment in people, processes and assets to continue delivering services.

Retained Dividend

9. The Corporation retained its 2021-22 and 2022-23 dividend payments totalling \$2.1 billion to contribute to funding the Alkimos Seawater Desalination Plant. To date, \$84.6 million has been allocated to planning and enabling works and \$763.7 million has been used to temporarily reduce borrowings.

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. 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.	3. Providing safe and secure water to meet or exceed the United Nations Sustainable Development Goal 6 4. Improving employee and public safety outcomes
	Local solutions in partnership with communities.	5. Driving value for money and customer satisfaction across all regions and segments 6. 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.	7. Accelerating to net zero for scope 1 and 2 greenhouse gas emissions 8. Educating the community on climate change impacts, driving waterwise outcomes and ramping up wastewater recycling

Outcomes and Key Performance Indicators

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Outcome: Reducing total recurring expenditure to fund our key priorities and provide socially equitable outcomes for communities:					
Total cost per property	\$2,076	\$2,067	\$2,223	\$2,291	
Outcome: Engaging and enabling our employees to perform at our best:					
Employee Experience Survey - Engagement (%) ^(a)	2 nd quartile	2 nd quartile	2 nd quartile	2 nd quartile	
Outcome: Providing safe and secure water to meet or exceed the United Nations Sustainable Development Goal 6:					
Please see footnote ^(b)	n.a.	n.a.	n.a.	n.a.	
Outcome: Improving employee and public safety outcomes:					
Total recordable injury frequency rate (per million hours worked)	3.8	<3	3.8	<3	1
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) ^(c)	2 nd quartile	2 nd quartile	2 nd quartile	2 nd quartile	
Outcome: Building trust among the communities we serve:					
Individual measurement of community trust, across regions and segments (score out of 10) ^(c)	Top quartile	Top quartile	Top quartile	Top quartile	
Outcome: Accelerating to net zero for scope 1 and 2 greenhouse gas emissions:					
Reported greenhouse gas emissions (CO ₂ equivalent kilotonnes) ^(d)	648	588	455	568	
Outcome: Educating the community on climate change impacts, driving waterwise outcomes and ramping up wastewater recycling:					
Wastewater recycled.....	21.1%	21%	19.4%	21%	

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

(b) This is a new measure based on data collected annually, therefore actual numbers are not yet available. Due to the scope and complexity, targets are still under consideration and will be set in 2023-24.

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

(d) Long-term target of net zero greenhouse gas emissions by 2050. Current measure is consistent with National Greenhouse Energy Reporting Scheme methodology (scope 1 and scope 2, do not include offsets). 2022-23 Estimated Actual as at 24 March 2023.

Explanation of Significant Movements

(Notes)

1. There has been an increase in the number of recordable injuries in early 2023, the majority being minor in nature. The Corporation currently has targeted safety and wellbeing programs in place that will play a significant role in reducing injuries.

Asset Investment Program

1. In 2023-24, the Corporation will spend \$1.1 billion on asset investment projects across the State. These projects will support the expansion or improvement of the Corporation's services and ensure customers have continued access to reliable, high-quality water, wastewater and drainage services.

Expenditure in the Metropolitan Area

2. A total of \$487.5 million has been committed to projects across the metropolitan area in 2023-24. The projects include safeguarding drinking water supply to a growing population as climate change continues to place stress on traditional water sources and providing for the construction of facilities to collect and treat wastewater.
3. In 2023-24, \$184.7 million has been committed to metropolitan water network and supply projects, including:
 - 3.1. \$58.3 million towards the Alkimos Seawater Desalination Plant, which will produce 50 GL of water per annum and have capacity for future expansion to 100 GL per annum; and
 - 3.2. \$7.4 million for the drilling and equipping of production bores as part of the Wanneroo South Groundwater Scheme Stage One. These bores will provide increased flexibility to extract additional groundwater in the event of low inflows to dams. The project has an estimated total cost of \$50.9 million.
4. Expenditure on wastewater treatment projects in both the northern and southern corridors totals \$202.4 million in 2023-24, including a \$57 million upgrade to the Woodman Point Water Resource Recovery Facility. The project will upgrade all aspects of the solids treatment facilities to increase treatment capacity. The project has an estimated total cost of \$285.3 million.
5. The Corporation will also spend a further \$85 million on the relocation and augmentation of water network assets.

Expenditure in the Regions

6. Regional Western Australia will continue to see investment in the development and upgrade of water and wastewater infrastructure, with a total of \$290.6 million committed in 2023-24.
 - 6.1. A total of \$202.3 million will be spent in 2023-24 on regional water projects, including:
 - 6.1.1. \$30.2 million towards the construction of a water treatment plant in Onslow, which will produce 1.5 million litres of potable water per day. The project has an estimated total cost of \$79 million; and
 - 6.1.2. \$9.9 million towards refurbishing the South Hedland water storage tank to ensure continuity of supply. The project has an estimated total cost of \$10.9 million.
 - 6.2. A total of \$52.8 million will be spent in 2023-24 on regional wastewater projects, including:
 - 6.2.1. \$7.2 million towards additional storage at the Broome North Water Resource Recovery Facility. This project will accommodate increased inflows and ensure optimal functioning of the wastewater treatment plant. The project has an estimated total cost of \$9 million;
 - 6.2.2. \$3.7 million towards relining sections of the sewer network in Northam and Wongan Hills. The relining aims to prevent recurring blockages and avert potential wastewater overflows. The project has an estimated total cost of \$5.8 million; and
 - 6.2.3. \$19.3 million under the Remote Communities - Transfer of Essential Services program to deliver secure, reliable and improved water and wastewater services to 141 remote Aboriginal communities.

Election Commitments

7. The Corporation has allocated funding over the forward estimates period for the following election commitments:
 - 7.1. \$46.4 million under the Essential and Municipal Services Upgrade Program to deliver more reliable and improved water services to a number of larger remote communities; and
 - 7.2. \$13.3 million towards the Albert Street Drain project, located in the City of Stirling, which will improve local area amenity and water quality.

COVID-19 Response

8. The Corporation will invest \$19 million in 2023-24 under the Remote Aboriginal Communities Accelerated Works program which delivers improved water services to remote Aboriginal and town-based communities. This project has an estimated total value of \$63.2 million.

Energy Infrastructure

9. Government has approved funding of \$188.8 million in 2023-24 towards the Flat Rocks Wind Farm Stage Two. The windfarm will support the Government's commitment to powering Perth's desalination plants with renewable energy, as well as reducing greenhouse gas emissions by 2030.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
WORKS IN PROGRESS							
COVID-19 Response - Remote Aboriginal Communities							
Accelerated Works	63,207	9,871	6,677	19,021	21,782	7,833	4,700
Election Commitments							
Albert St Drain	13,700	400	400	4,500	4,600	4,200	-
Essential and Municipal Services Upgrade Program	60,707	14,320	10,709	16,192	25,315	4,880	-
Relocation and Augmentation of Network Assets	131,822	26,160	4,064	85,039	1,079	6	19,538
Metropolitan							
Drainage							
Capacity	69,387	48,066	7,094	8,992	5,114	1,454	5,761
Renewals	29,804	19,145	7,231	1,885	5,614	1,476	1,684
Wastewater							
Network Capacity	505,580	248,879	99,509	65,271	58,072	72,603	60,755
Network Renewals	184,073	123,435	19,327	19,068	18,246	13,296	10,028
Treatment Capacity	658,370	240,775	87,216	107,545	31,929	132,495	145,626
Treatment Renewals	145,740	73,794	11,013	10,502	15,277	30,502	15,665
Water							
Network Capacity	364,327	219,860	35,719	32,993	37,603	27,218	46,653
Network Renewals	322,915	191,517	19,897	32,047	45,210	33,471	20,670
Supply Capacity	519,741	342,457	72,286	99,512	41,937	8,523	27,312
Supply Renewals	216,981	123,321	35,967	20,147	29,518	20,960	23,035
Regional							
Drainage							
Capacity	36,701	34,504	1,146	158	1,199	433	407
Renewals	38,660	21,209	2,879	1,477	7,872	3,679	4,423
Irrigation	167,370	34,182	8,655	33,911	53,162	42,841	3,274
Wastewater							
Network Capacity	92,363	52,927	6,309	6,681	14,220	4,296	14,239
Network Renewals	100,439	52,793	7,902	14,830	13,775	9,703	9,338
Treatment Capacity	208,773	156,998	25,977	21,137	10,752	10,117	9,769
Treatment Renewals	60,800	24,632	7,885	10,129	6,658	8,346	11,035
Water							
Network Capacity	242,546	109,470	22,862	68,495	34,884	14,842	14,855
Network Renewals	500,024	189,186	29,348	44,915	85,106	77,492	103,325
Supply Capacity	541,778	268,125	35,031	78,394	83,558	61,462	50,239
Supply Renewals	59,438	34,876	4,879	10,518	5,020	3,792	5,232
Service							
Business Support Costs	425,993	297,999	36,787	36,573	35,475	28,473	27,473
Capital Support Costs	255,938	141,837	28,218	28,358	28,500	28,643	28,600
Corporate Real Estate	179,611	107,556	17,717	17,755	18,100	18,100	18,100
Energy Infrastructure	322,161	39,037	39,037	188,749	94,375	-	-
Operational Information and Control	235,636	120,376	27,000	28,740	28,840	28,840	28,840
COMPLETED WORKS							
COVID-19 Response - Irrigation of Public Open Space in Broome	14,429	14,429	8,056	-	-	-	-
Election Commitment - Olga Road - Albany Highway and Kelvin Road Intersection (Pipe Relocation)	6,529	6,529	1,317	-	-	-	-
Total Cost of Asset Investment Program	6,775,543	3,388,665	728,114	1,113,534	862,792	699,976	710,576
FUNDED BY							
Borrowings			4,064	189,026	94,375	-	-
Internal Funds and Balances			717,639	781,703	704,196	643,491	671,351
Major Special Purpose Account(s)							
Drawdown from Remote Communities Fund			1,386	19,334	34,982	39,210	-
Drawdown from Royalties for Regions Fund			3,125	36,009	29,239	17,275	15
Other			-	87,462	-	-	39,210
Other Grants and Subsidies			1,900	-	-	-	-
Total Funding			728,114	1,113,534	862,792	699,976	710,576

Financial Statements

Income Statement

Revenue

- Income in the 2023-24 Budget Year is \$152.2 million higher than the 2022-23 Estimated Actual as inflation and the flow-on impact of new capital projects have increased tariff and operating subsidy revenue.

Expenses

- Expenses in the 2023-24 Budget Year are up \$60.5 million compared to the 2022-23 Estimated Actual, driven by increases in the cost of supplies and services, employee benefits and depreciation, largely due to inflation and an increase in the value of the asset investment program.

Statement of Cashflows

- The closing cash balance for the 2022-23 Estimated Actual has increased by \$748.6 million compared to the 2022-23 Budget. This is largely due to the Corporation retaining its 2022-23 dividend payments to use for the construction of the Alkimos Seawater Desalination Plant.

INCOME STATEMENT ^(a) (Controlled)

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	2,319,382	2,372,012	2,372,225	2,458,561	2,550,587	2,645,276	2,749,954
Other revenue.....	209,054	192,001	214,468	226,016	238,118	244,705	290,535
Revenue from Government							
Operating subsidies.....	393,170	472,023	560,516	621,111	653,675	678,133	706,505
Capital subsidies.....	4,520	35,806	14,478	43,944	23,675	4,881	-
Other subsidies.....	11,463	12,006	16,206	12,292	600	200	200
Special Purpose Account(s)							
Remote Communities.....	-	-	4,075	8,880	10,327	10,586	-
Royalties for Regions							
Regional Community Services Fund.....	126,016	53,957	59,539	22,887	23,345	23,928	23,928
TOTAL REVENUE.....	3,063,605	3,137,805	3,241,507	3,393,691	3,500,327	3,607,709	3,771,122
Expenses							
Employee benefits ^(b)	365,268	449,974	450,118	484,367	471,673	474,481	475,372
Supplies and services.....	586,547	475,060	475,060	487,854	492,885	494,842	496,604
Accommodation.....	7,675	8,202	8,202	8,386	8,575	8,790	9,009
Depreciation and amortisation.....	532,767	541,070	548,212	579,174	590,773	609,258	610,048
Finance and interest costs.....	170,780	169,953	233,563	233,767	224,429	234,804	240,257
Other expenses.....	145,412	159,802	214,538	196,597	231,513	300,693	323,410
TOTAL EXPENSES.....	1,808,449	1,804,061	1,929,693	1,990,145	2,019,848	2,122,868	2,154,700
NET PROFIT/(LOSS) BEFORE TAX.....	1,255,156	1,333,744	1,311,814	1,403,546	1,480,479	1,484,841	1,616,422
National Tax Equivalent Regime							
Current tax equivalent expense.....	384,640	405,810	398,489	436,266	462,992	465,560	497,448
Deferred tax equivalent expense.....	(7,994)	(6,223)	(5,483)	(15,713)	(19,354)	(20,612)	(13,047)
NET PROFIT/(LOSS) AFTER TAX.....	878,510	934,157	918,808	982,993	1,036,841	1,039,893	1,132,021
Dividends.....	-	727,965	-	759,919	826,665	837,985	919,421

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 3,627, 3,774 and 3,774 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets	149,270	182,590	197,249	211,675	250,670	292,508	498,003
Cash assets - Retained dividends ^(b)	586,824	577,629	1,311,553	1,252,279	1,252,279	1,252,279	1,252,279
Restricted cash	-	-	-	-	-	4,683	4,558
Receivables	272,850	235,186	276,231	279,776	287,544	295,809	307,050
Other	64,425	93,034	65,325	67,325	69,425	71,625	71,625
Total current assets	1,073,369	1,088,439	1,850,358	1,811,055	1,859,918	1,916,904	2,133,515
NON-CURRENT ASSETS							
Property, plant and equipment	17,831,152	18,061,974	18,076,978	18,687,535	19,049,289	19,222,830	19,413,268
Intangibles	83,154	65,255	83,154	83,154	83,154	83,154	83,154
Receivables	26,101	24,867	26,101	26,102	26,100	26,100	26,100
Total non-current assets	17,940,407	18,152,096	18,186,233	18,796,791	19,158,543	19,332,084	19,522,522
TOTAL ASSETS	19,013,776	19,240,535	20,036,591	20,607,846	21,018,461	21,248,988	21,656,037
CURRENT LIABILITIES							
Employee provisions	117,127	117,136	117,097	117,497	117,497	117,497	117,497
Payables	326,794	380,091	372,094	335,645	345,510	326,843	341,658
Borrowings and leases	17,024	19,259	7,880	7,979	8,146	8,148	8,001
Other	47,844	63,365	52,933	53,227	54,067	55,363	55,363
Total current liabilities	508,789	579,851	550,004	514,348	525,220	507,851	522,519
NON-CURRENT LIABILITIES							
Employee provisions	35,425	37,859	33,325	32,925	32,925	32,925	32,925
Borrowings and leases	5,644,394	5,638,217	5,703,816	5,958,959	6,101,658	6,109,771	6,261,376
Other	225,472	248,100	221,990	208,277	190,924	172,313	161,265
Total non-current liabilities	5,905,291	5,924,176	5,959,131	6,200,161	6,325,507	6,315,009	6,455,566
TOTAL LIABILITIES	6,414,080	6,504,027	6,509,135	6,714,509	6,850,727	6,822,860	6,978,085
NET ASSETS	12,599,696	12,736,508	13,527,456	13,893,337	14,167,734	14,426,128	14,677,952
EQUITY							
Contributed equity	257,284	257,608	266,220	409,025	473,246	529,731	568,956
Accumulated surplus/(deficit)	5,015,736	5,152,224	5,934,544	6,157,618	6,367,794	6,569,702	6,782,302
Reserves	7,326,676	7,326,676	7,326,692	7,326,694	7,326,694	7,326,695	7,326,694
TOTAL EQUITY	12,599,696	12,736,508	13,527,456	13,893,337	14,167,734	14,426,128	14,677,952

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

(b) The Corporation has retained its 2021-22 and 2022-23 dividend payments to contribute to funding construction of the Alkimos Seawater Desalination Plant.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	2,302,783	2,359,871	2,342,465	2,469,440	2,556,897	2,623,917	2,734,914
Grants and subsidies.....	3,774	3,775	3,775	1,888	-	-	-
GST receipts.....	108,861	117,182	117,182	116,008	117,589	117,589	117,589
Other receipts.....	154,396	135,716	161,181	169,659	176,719	181,981	224,384
Payments							
Employee benefits.....	(365,639)	(445,864)	(446,008)	(480,150)	(467,354)	(470,082)	(470,894)
Supplies and services.....	(611,127)	(475,060)	(475,060)	(487,854)	(492,885)	(494,842)	(496,604)
GST payments.....	(113,502)	(117,719)	(117,719)	(116,539)	(118,127)	(118,127)	(118,127)
Finance and interest costs.....	(189,906)	(182,090)	(245,150)	(246,638)	(244,217)	(248,767)	(256,094)
Other payments.....	(80,600)	(161,270)	(133,122)	(251,851)	(229,019)	(286,629)	(317,076)
Net cash from operating activities.....	1,209,040	1,234,541	1,207,544	1,173,963	1,299,603	1,305,040	1,418,092
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	1,002	1,600	1,600	1,600	1,601	1,600	1,600
Payments							
Purchase of non-current assets.....	(613,788)	(648,319)	(728,114)	(1,113,534)	(862,792)	(699,976)	(710,576)
Net cash from investing activities.....	(612,786)	(646,719)	(726,514)	(1,111,934)	(861,191)	(698,376)	(708,976)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	-	739,485	774,460	1,000,058	923,308	816,186	956,054
Payments							
Repayment of borrowings and leases.....	(367,983)	(743,448)	(745,175)	(751,240)	(786,372)	(810,086)	(808,265)
Other payments.....	(8,729)	(7,336)	(7,336)	(7,459)	(7,579)	(7,724)	(7,746)
Net cash from financing activities.....	(376,712)	(11,299)	21,949	241,359	129,357	(1,624)	140,043
CASHFLOWS FROM GOVERNMENT							
Receipts							
Capital subsidies.....	6,878	36,232	36,444	23,937	3,846	12,048	-
Operating subsidies.....	393,170	472,023	560,516	621,111	653,675	678,133	706,505
Equity contributions.....	22,586	-	4,425	87,462	-	-	39,210
Other subsidies.....	11,463	12,006	16,206	12,292	600	200	200
Special Purpose Account(s)							
Remote Communities.....	-	-	5,461	28,214	45,309	49,796	-
Royalties for Regions							
Regional Community Services Fund.....	126,016	53,957	59,539	22,887	23,345	23,928	23,928
Regional Infrastructure and Headworks Fund.....	-	-	3,125	36,009	29,239	17,275	15
Payments							
Dividends to Government.....	-	(727,965)	-	(759,918)	(826,661)	(837,986)	(919,422)
National Tax Equivalent Regime - Income Tax..	(403,214)	(372,264)	(407,785)	(411,844)	(449,552)	(493,123)	(485,216)
Local Government Rates Equivalent.....	(7,675)	(8,202)	(8,202)	(8,386)	(8,575)	(8,790)	(9,009)
Net cash provided to Government.....	(149,224)	534,213	(269,729)	348,236	528,774	558,519	643,789
NET INCREASE/(DECREASE) IN CASH HELD.....	368,766	42,310	772,708	(44,848)	38,995	46,521	205,370
Cash assets at the beginning of the reporting period.....	367,328	717,909	736,094	1,508,802	1,463,954	1,502,949	1,549,470
Cash assets at the end of the reporting period.....	736,094	760,219	1,508,802	1,463,954	1,502,949	1,549,470	1,754,840

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

Bunbury Water Corporation

Part 12 Utilities

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

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	1,145	897	913	995	1,753	2,068	1,937
Local Government Rates Equivalent	89	96	92	74	76	78	80
Dividends ^{(a)(b)}	-	910	-	903	996	1,814	2,152
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies.....	856	1,232	1,586	2,342	3,264	4,295	4,417
EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR							
Equity Contribution.....	10,170	11,050	11,050	-	-	-	-
RATIOS							
Dividend Payout Ratio (%)	85	85	85	85	85	85	85
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	16,755	17,221	17,819	18,543	19,209	19,337	19,787
Revenue from Government	856	1,232	1,586	2,342	3,264	4,295	4,417
Total Expenses ^(c)	15,036	16,217	17,329	18,624	18,488	18,931	19,803
Total Borrowings	5,807	15,509	8,509	7,487	11,940	10,422	8,858
NET PROFIT AFTER TAX.....	1,929	1,339	1,557	1,696	2,989	3,526	3,301
CASH ASSETS ^(d)	17,722	1,204	25,674	15,189	1,361	238	857

- (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) Bunbury Water Corporation (Aqwest) will retain 2022-23 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise 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 Government Trading Enterprise's (GTE's) Income Statement since presentation of the 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
Key Adjustments					
ICT Cyber Security Requirements	-	(208)	(709)	(653)	(696)
Residential Water Tariff Operating Subsidy Increase.....	(234)	(303)	(427)	(490)	(257)
Other					
2022-23 Retained Dividend.....	(1,103)	-	-	-	-
Expenditure and Revenue Update.....	254	639	737	314	(484)
Public Sector Wages Policy	(64)	(204)	(162)	(204)	(180)

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 with the target to achieve net zero emissions by 2050. As a regional water provider, Aqwest is a lead agency with the action to invest in water infrastructure and water recycling to enhance security, efficiency and resilience of community water schemes. Aqwest is now reviewing its Environmental Sustainability Strategic Plan to bring in renewable energy, waste and recycling initiatives, with its aspirational target to achieve net zero emissions by 2030.
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.

Cyber Security

3. Aqwest faces the growing challenges of cyber security and emerging technologies. Aqwest will continue working to ensure its systems, services and information are protected from cyber threats and misuse.

2022-23 Retained Dividend

4. Aqwest will retain its forecast 2022-23 dividend payment of \$1.1 million to fund future infrastructure investment. Aqwest will use this amount to reduce borrowings pending approval of business cases for strategic infrastructure requirements. Aqwest's 2021-22 retained dividend of \$1.1 million was allocated to fund the Bunbury Water Resource Recovery Scheme, which provides recycled water for irrigation of public open space, construction and other industrial activities.

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

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 Budget Target	Note
Outcome: Long-term financial viability:					
Economic real rate of return	2%	1.3%	0.7%	1.1%	1
Outcome: Satisfied customers:					
Overall customer satisfaction rating.....	88%	85%	85%	85%	
Outcome: Local jobs and local suppliers:					
Percentage of local suppliers (Buy Local Policy target).....	59%	70%	70%	70%	
Outcome: Highly skilled and diversified workforce:					
Increase jobs by >2% per annum ^(a)	17%	>2%	>2%	>2%	
Training expenditure per annum against salaries and wages.....	2.4%	>3%	>3%	>3%	
Safety index ^(b)	1	1	1	1	
Outcome: Strong supported community:					
Customer awareness of Aqwest services	93%	85%	93%	85%	
Employee diversity and wellbeing index ^(b)	0.7	1	1	1	
Strong communities index ^(b)	0.8	1	1	1	

Outcome: Safe, reliable, high-quality drinking water:					
Customers agree water is safe to drink	86%	85%	81%	85%	
Microbiological compliance	100%	100%	100%	100%	
Average frequency of an unplanned interruption (per 1,000 properties)	158	<250	<250	<250	
Outcome: Safe, reliable, recycled water available:					
Make available 2GL of recycled water per annum	nil	2	nil	nil	2
Develop a proof of concept for Managed Aquifer Recharge (MAR) ^(c)	n.a.	n.a.	n.a.	Yes	
Outcome: Environmentally sustainable operations:					
Environmental sustainability index ^(b)	0.8	1	1	1	

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

(b) A detailed explanation of the composition of the indices will be provided in Aqwest's 2023-24 Statement of Corporate Intent.

(c) New key performance indicator for 2023-24. Not reported previously.

Explanation of Significant Movements

(Notes)

1. The decline in the 2022-23 Estimated Actual and 2023-24 Budget Target reflect an increase in non-current assets resulting from asset revaluations, and a reduction in profit resulting from higher operating costs.
2. The Bunbury Water Resource Recovery Scheme scheduled completion date has been delayed, therefore no recycled water will be produced in the 2023-24 financial year.

Asset Investment Program

Key Deliverables

1. Aqwest's Asset Investment Program totals \$44.2 million across the forward estimates period and is a continuance of Aqwest's long-term plan to deliver quality community services by developing and maintaining infrastructure to meet the water supply needs of the City of Bunbury.
2. The total investment over the forward estimates period includes:
 - 2.1. \$9.1 million to fluoridate the water supply;
 - 2.2. \$6.6 million to refurbish and maintain existing water storage and treatment infrastructure; and
 - 2.3. \$4.5 million to replace ageing water mains.
3. Aqwest plans to invest \$21.9 million over the forward estimates period to build the Bunbury Water Resource Recovery Scheme. The scope of the project is currently under review, with proof of concept work underway in relation to managed aquifer recharge, as an alternative to constructing large water mains.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
WORKS IN PROGRESS							
COVID-19 Response							
Water Resource Recovery Scheme	30,397	8,507	800	1,600	20,290	-	-
Other Works in Progress							
Treatment Plants - Fluoridation	10,848	1,789	1,189	9,059	-	-	-
COMPLETED WORKS							
Fleet, ICT and Other - 2022-23 Program	615	615	615	-	-	-	-
Mains - 2022-23 Program	2,204	2,204	2,204	-	-	-	-
Reservoirs - 2022-23 Program	3,408	3,408	3,408	-	-	-	-
Services - 2022-23 Program	62	62	62	-	-	-	-
Treatment Plants							
2022-23 Program	2,264	2,264	2,264	-	-	-	-
Ngoora Moolinap Water Treatment Plant	14,444	14,444	65	-	-	-	-
NEW WORKS							
Fleet, ICT and Other							
2023-24 Program	567	-	-	567	-	-	-
2024-25 Program	530	-	-	-	530	-	-
2025-26 Program	415	-	-	-	-	415	-
2026-27 Program	340	-	-	-	-	-	340
Mains							
2023-24 Program	1,380	-	-	1,380	-	-	-
2024-25 Program	999	-	-	-	999	-	-
2025-26 Program	1,022	-	-	-	-	1,022	-
2026-27 Program	1,144	-	-	-	-	-	1,144
Reservoirs							
2023-24 Program	380	-	-	380	-	-	-
2024-25 Program	650	-	-	-	650	-	-
2025-26 Program	2,285	-	-	-	-	2,285	-
2026-27 Program	1,004	-	-	-	-	-	1,004
Services							
2023-24 Program	64	-	-	64	-	-	-
2024-25 Program	65	-	-	-	65	-	-
2025-26 Program	67	-	-	-	-	67	-
2026-27 Program	69	-	-	-	-	-	69
Treatment Plants							
2023-24 Program	447	-	-	447	-	-	-
2024-25 Program	979	-	-	-	979	-	-
2025-26 Program	626	-	-	-	-	626	-
2026-27 Program	182	-	-	-	-	-	182
Total Cost of Asset Investment Program	77,457	33,293	10,607	13,497	23,513	4,415	2,739
FUNDED BY							
Borrowings			2,451	1,058	1,616	-	-
Capital Appropriation			11,050	-	-	-	-
Internal Funds and Balances			(2,508)	12,497	21,569	4,415	2,739
Other			(386)	(58)	328	-	-
Total Funding			10,607	13,497	23,513	4,415	2,739

Financial Statements

Income Statement

Revenue

- Revenue is forecast to increase over the forward estimates period as a result of higher operating subsidy requirements for residential water supply and usage. Increasing cost pressures are driving the need for tariff increases, which are currently subsidised for residential customers.

Expenses

- Total expenses are forecast to rise over the forward estimates period, driven by increased investment in cyber security, wages, depreciation and other market cost pressures.

Statement of Financial Position

- Aqwest's financial position remains stable over the forward estimates period. Compared to the 2021-22 Actual, total assets have increased mainly due to recent asset revaluations and a new operating lease for office accommodation. Liabilities have also mainly increased due to the office accommodation operating lease, which in total has nil impact on net assets.

Statement of Cashflows

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

INCOME STATEMENT ^(a) (Controlled)

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	15,366	16,035	16,003	16,651	17,356	18,044	18,459
Other revenue.....	1,389	1,186	1,816	1,892	1,853	1,293	1,328
Revenue from Government							
Operating subsidies.....	856	1,232	1,586	2,342	3,264	4,295	4,417
TOTAL REVENUE.....	17,611	18,453	19,405	20,885	22,473	23,632	24,204
Expenses							
Employee benefits ^(b)	4,753	5,870	5,721	6,502	6,673	6,810	6,981
Supplies and services	4,021	3,921	4,578	4,841	4,191	4,176	4,179
Accommodation	1,049	1,189	1,243	1,149	1,179	1,212	1,246
Depreciation and amortisation	3,520	3,486	3,915	4,073	4,425	4,451	5,102
Finance and interest costs.....	101	89	146	271	233	437	376
Other expenses.....	1,592	1,662	1,726	1,788	1,787	1,845	1,919
TOTAL EXPENSES.....	15,036	16,217	17,329	18,624	18,488	18,931	19,803
NET PROFIT/(LOSS) BEFORE TAX	2,575	2,236	2,076	2,261	3,985	4,701	4,401
National Tax Equivalent Regime							
Current tax equivalent expense	1,145	897	913	995	1,753	2,068	1,937
Deferred tax equivalent expense ^(c)	(499)	-	(394)	(430)	(757)	(893)	(837)
NET PROFIT/(LOSS) AFTER TAX	1,929	1,339	1,557	1,696	2,989	3,526	3,301
Dividends ^(d)	-	910	-	903	996	1,814	2,152

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 45, 55 and 61.

(c) Deferred tax included in current component for 2022-23 Budget.

(d) Dividends retained for Asset Investment Program in 2021-22 and 2022-23.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
CURRENT ASSETS							
Cash assets	17,722	1,204	25,674	15,189	1,361	238	857
Receivables	2,690	2,045	2,757	2,825	2,897	2,970	3,043
Other.....	965	782	989	1,013	1,038	1,064	1,091
Total current assets	21,377	4,031	29,420	19,027	5,296	4,272	4,991
NON-CURRENT ASSETS							
Property, plant and equipment.....	125,294	165,022	133,737	143,256	162,440	162,504	160,243
Other.....	7,686	1,945	7,686	7,686	7,686	7,686	7,686
Total non-current assets	132,980	166,967	141,423	150,942	170,126	170,190	167,929
TOTAL ASSETS	154,357	170,998	170,843	169,969	175,422	174,462	172,920
CURRENT LIABILITIES							
Employee provisions	945	884	828	853	878	905	932
Payables	2,168	1,927	2,380	2,437	2,499	2,562	2,624
Borrowings and leases	798	1,697	1,022	1,047	1,518	1,564	1,613
Other.....	10	-	-	-	-	-	-
Total current liabilities	3,921	4,508	4,230	4,337	4,895	5,031	5,169
NON-CURRENT LIABILITIES							
Employee provisions	23	22	23	23	25	25	26
Borrowings and leases	5,009	13,812	8,974	7,630	11,288	9,372	7,379
Other.....	11,725	11,339	11,330	10,900	10,142	9,250	8,413
Total non-current liabilities	16,757	25,173	20,327	18,553	21,455	18,647	15,818
TOTAL LIABILITIES.....	20,678	29,681	24,557	22,890	26,350	23,678	20,987
NET ASSETS	133,679	141,317	146,286	147,079	149,072	150,784	151,933
EQUITY							
Contributed equity	22,070	33,120	33,120	33,120	33,120	33,120	33,120
Accumulated surplus/(deficit).....	48,274	40,861	49,831	50,624	52,617	54,329	55,478
Reserves.....	63,335	67,336	63,335	63,335	63,335	63,335	63,335
TOTAL EQUITY	133,679	141,317	146,286	147,079	149,072	150,784	151,933

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	15,429	15,965	15,913	16,558	17,261	17,946	18,358
GST receipts	1,419	5,091	1,852	2,171	3,115	1,211	1,057
Other receipts	1,171	1,117	1,715	1,798	1,756	1,194	1,226
Payments							
Employee benefits.....	(4,984)	(5,834)	(5,671)	(6,451)	(6,620)	(6,756)	(6,925)
Supplies and services	(1,887)	(1,286)	(1,784)	(2,644)	(2,100)	(2,140)	(2,202)
Accommodation ^(b)	(960)	(1,093)	(1,151)	(1,075)	(1,103)	(1,134)	(1,166)
GST payments	(1,291)	(5,090)	(1,852)	(2,171)	(3,115)	(1,211)	(1,057)
Finance and interest costs.....	(105)	(89)	(89)	(225)	(200)	(417)	(371)
Other payments.....	(3,336)	(4,276)	(4,488)	(3,952)	(3,844)	(3,848)	(3,860)
Net cash from operating activities	5,456	4,505	4,445	4,009	5,150	4,845	5,060
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	90	-	-	-	-	-	-
Payments							
Purchase of non-current assets	(7,456)	(38,126)	(10,607)	(13,497)	(23,513)	(4,415)	(2,739)
Net cash from investing activities	(7,366)	(38,126)	(10,607)	(13,497)	(23,513)	(4,415)	(2,739)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	-	10,500	3,500	-	5,500	-	-
Payments							
Repayment of borrowings and leases	(784)	(798)	(1,018)	(1,366)	(1,404)	(1,889)	(1,950)
Net cash from financing activities	(784)	9,702	2,482	(1,366)	4,096	(1,889)	(1,950)
CASHFLOWS FROM GOVERNMENT							
Receipts							
Operating subsidies.....	856	1,232	1,586	2,342	3,264	4,295	4,417
Equity contributions	10,170	11,050	11,050	-	-	-	-
Payments							
Dividends to Government ^(c)	-	(910)	-	(903)	(996)	(1,814)	(2,152)
National Tax Equivalent Regime - Income Tax	(1,100)	(897)	(912)	(996)	(1,753)	(2,067)	(1,937)
Local Government Rates Equivalent.....	(89)	(96)	(92)	(74)	(76)	(78)	(80)
Net cash provided to Government	(9,837)	(10,379)	(11,632)	(369)	(439)	(336)	(248)
NET INCREASE/(DECREASE) IN CASH HELD	7,143	(13,540)	7,952	(10,485)	(13,828)	(1,123)	619
Cash assets at the beginning of the reporting period	10,579	14,744	17,722	25,674	15,189	1,361	238
Cash assets at the end of the reporting period	17,722	1,204	25,674	15,189	1,361	238	857

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

(c) Dividends retained for Asset Investment Program in 2021-22 and 2022-23.

Busselton Water Corporation

Part 12

Utilities

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

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE TO GENERAL GOVERNMENT SECTOR							
National Tax Equivalent Regime - Income Tax.....	1,236	557	520	924	1,506	982	801
Local Government Rates Equivalent	64	67	67	69	70	72	72
Dividends ^{(a)(b)}	-	437	-	230	1,832	2,987	1,949
EXPENSES FROM GENERAL GOVERNMENT SECTOR							
Operating Subsidies.....	761	688	700	700	718	735	754
RATIOS							
Dividend Payout Ratio (%)	85	85	85	85	85	85	85
GOVERNMENT TRADING ENTERPRISE INFORMATION							
Revenue from Operations	13,898	12,081	12,081	13,644	15,745	14,570	14,234
Revenue from Government	761	688	700	700	718	735	754
Total Expenses ^(c)	13,363	11,646	11,807	11,668	11,805	12,439	12,797
Total Borrowings	-	-	-	-	-	1,325	1,602
NET PROFIT AFTER TAX.....	60	566	454	1,752	3,152	1,884	1,390
CASH ASSETS ^(d)	15,011	12,501	14,591	10,009	8,082	5,243	3,177

(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 2022-23 dividend payments to instead contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise 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 Government Trading Enterprise's (GTE's) Income Statement since presentation of the 2022-23 Budget to Parliament on 12 May 2022, are outlined below:

	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
Key Adjustments					
Caves Road Mains Upgrade	-	-	422	1,077	-
Water Tariff Increase	-	117	427	469	513
Other					
2022-23 Retained Dividend.....	(2,137)	-	-	-	-
Public Sector Wages Policy	(35)	(105)	(56)	(62)	-
Operating Revenue and Expenditure Update	-	234	1,462	1,454	1,187

Significant Issues Impacting the Government Trading Enterprise

Climate Change

1. Climate change is having a significant impact in the South West 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 be sustainably managed and future bores need to be located inland rather than near the coast. 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 continuing population growth, resulting in additional service connections and higher consumption. The Corporation continues to increase its capital investment program in response to increasing service demand and climate change. The Corporation continues to closely monitor this and work together with stakeholders to ensure its ongoing financial sustainability.

Cyber Security

3. Cyber security risk is a key focus for the Corporation. To mitigate this risk, a comprehensive and systematic approach to threat continues to be applied. This is achieved through strategic planning with a key focus on governance, maturity and continuous improvement.

2022-23 Retained Dividend

4. The Corporation will retain its 2022-23 dividend payments totalling \$2.1 million to fund future infrastructure investment. The funds will be quarantined pending approval of business cases for strategic infrastructure requirements. The Corporation will use \$2.1 million of its combined 2021-22 and 2022-23 retained dividends of \$4.3 million to fund a new storage tank at Plant 4.

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

	2021-22 Actual	2022-23 Budget	2022-23 Estimated Actual	2023-24 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.....	5	5.25	5.25	5.5	
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	n.a.	1	1	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	Platinum	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 1,000 customers (rolling average)	1.3	<10	1	<5	
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	109	109	107	
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 2021	April 2022	April 2022	April 2023	

Asset Investment Program

1. The Corporation's Asset Investment Program (AIP) reflects its capital investment requirements for the forward estimates period. A total of \$25.8 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. \$9.3 million for the replacement and maintenance of tanks and delivery pumps used to store treated water, and to ensure greater efficiency of energy consumption;
 - 2.2. \$4.3 million for preliminary works including design and detail relating to the development of a new Inland Borefield and Water Treatment Plant (Plant 8) adjacent to the Busselton Regional Airport;
 - 2.3. \$3.5 million for an additional storage tank at Plant 4. This is required to meet the increasing demand in West Busselton and to ensure continuity of supply to the Water Corporation's Dunsborough supply;
 - 2.4. \$2.6 million for the installation of new connections, new meters, and ongoing meter replacement;
 - 2.5. \$1.9 million to upgrade reticulation mains and services within the network;
 - 2.6. \$1.6 million for an upgrade to the trunk water main on Caves Road, which supplies the Water Corporation's Dunsborough operations to support the second stage of a 60-year agreement; and
 - 2.7. \$1.1 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 30-6-23 \$'000	2022-23 Estimated Expenditure \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
COMPLETED WORKS							
Building, Land and Land Improvements - 2022-23							
Program	275	275	275	-	-	-	-
ICT - 2022-23 Program	385	385	385	-	-	-	-
New Connections and Meters - 2022-23 Program	526	526	526	-	-	-	-
New Mains and Services - 2022-23 Program	545	545	545	-	-	-	-
Plant, Mobile and Other Purchases - 2022-23 Program	408	408	408	-	-	-	-
Treatment Plants - 2022-23 Program	1,934	1,934	1,934	-	-	-	-
NEW WORKS							
Building, Land and Land Improvements							
2023-24 Program	100	-	-	100	-	-	-
2024-25 Program	150	-	-	-	150	-	-
2025-26 Program	218	-	-	-	-	218	-
2026-27 Program	15	-	-	-	-	-	15
ICT							
2023-24 Program	235	-	-	235	-	-	-
2024-25 Program	200	-	-	-	200	-	-
2025-26 Program	400	-	-	-	-	400	-
2026-27 Program	100	-	-	-	-	-	100
New Connections and Meters							
2023-24 Program	767	-	-	767	-	-	-
2024-25 Program	965	-	-	-	965	-	-
2025-26 Program	401	-	-	-	-	401	-
2026-27 Program	506	-	-	-	-	-	506
New Mains and Services							
2023-24 Program	552	-	-	552	-	-	-
2024-25 Program	164	-	-	-	164	-	-
2025-26 Program	975	-	-	-	-	975	-
2026-27 Program	257	-	-	-	-	-	257
Caves Road Mains Upgrade	1,589	-	-	1,589	-	-	-
Plant, Mobile and Other Purchases							
2023-24 Program	483	-	-	483	-	-	-
2024-25 Program	205	-	-	-	205	-	-
2025-26 Program	213	-	-	-	-	213	-
2026-27 Program	203	-	-	-	-	-	203
Treatment Plants							
2023-24 Program	2,882	-	-	2,882	-	-	-
2024-25 Program	107	-	-	-	107	-	-
2025-26 Program	2,534	-	-	-	-	2,534	-
2026-27 Program	3,779	-	-	-	-	-	3,779
Inland Borefield Transition - New Water Treatment							
Plant (Plant 8)	4,346	-	-	252	2,492	1,325	277
New Storage Tank at Plant 4	3,500	-	-	1,750	1,750	-	-
Total Cost of Asset Investment Program	29,919	4,073	4,073	8,610	6,033	6,066	5,137
FUNDED BY							
Asset Sales			159	85	118	-	118
Borrowings			-	-	-	1,325	277
Internal Funds and Balances			3,914	8,525	5,915	4,741	4,742
Total Funding			4,073	8,610	6,033	6,066	5,137

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 over the forward estimates period is reflective of the additional cost of producing and distributing higher volumes of water.
3. Current market conditions are resulting in higher costs for materials and labour and delays in sourcing materials and contractors.
4. Depreciation expenses will decrease in 2023-24 and 2024-25 due to a revaluation of assets undertaken as at 30 June 2022.

Statement of Financial Position

5. The Statement of Financial Position shows a stable equity position over the forward estimates period. Compared to the 2021-22 Actual, total net assets will increase due mainly to an ongoing investment in property plant and equipment.

Statement of Cashflows

6. 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.
7. An AIP of \$5.1 million to \$8.6 million per annum is maintained during the forward estimates period.
8. Cash assets at the end of the forward estimates 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)

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
REVENUE							
Revenue from operations							
Sale of goods and services.....	11,389	10,635	10,635	11,502	11,903	12,322	12,758
Other revenue	2,509	1,446	1,446	2,142	3,842	2,248	1,476
Revenue from Government							
Operating subsidies.....	761	688	700	700	718	735	754
TOTAL REVENUE.....	14,659	12,769	12,781	14,344	16,463	15,305	14,988
Expenses							
Employee benefits ^(b)	3,513	4,037	4,178	4,204	4,326	4,443	4,368
Supplies and services	3,048	2,851	2,871	3,340	3,053	3,101	3,276
Accommodation	700	658	658	663	690	708	708
Depreciation and amortisation	2,792	3,109	3,109	2,500	2,748	3,026	3,284
Finance and interest costs.....	16	6	6	6	6	89	89
Other expenses.....	3,294	985	985	955	982	1,072	1,072
TOTAL EXPENSES.....	13,363	11,646	11,807	11,668	11,805	12,439	12,797
NET PROFIT/(LOSS) BEFORE TAX	1,296	1,123	974	2,676	4,658	2,866	2,191
National Tax Equivalent Regime - Current tax equivalent expense	1,236	557	520	924	1,506	982	801
NET PROFIT/(LOSS) AFTER TAX	60	566	454	1,752	3,152	1,884	1,390
Dividends	-	437	-	230	1,832	2,987	1,949

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

(b) The full-time equivalents for 2021-22 Actual, 2022-23 Estimated Actual and 2023-24 Budget Year are 30, 32 and 33 respectively.

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2021-22 Actual \$'000	2022-23 Budget \$'000	2022-23 Estimated Actual \$'000	2023-24 Budget Year \$'000	2024-25 Outyear \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000
CURRENT ASSETS							
Cash assets	12,810	10,300	10,253	7,421	7,244	4,405	2,339
Cash assets - Retained dividends.....	2,201	2,201	4,338	2,588	838	838	838
Receivables	4,311	3,089	4,312	4,312	4,312	4,312	4,312
Other.....	717	662	717	717	717	717	717
Total current assets	20,039	16,252	19,620	15,038	13,111	10,272	8,206
NON-CURRENT ASSETS							
Property, plant and equipment.....	100,399	101,570	101,280	107,453	110,769	114,011	115,986
Intangibles	209	540	288	310	330	240	140
Other.....	917	-	917	917	917	917	917
Total non-current assets	101,525	102,110	102,485	108,680	112,016	115,168	117,043
TOTAL ASSETS	121,564	118,362	122,105	123,718	125,127	125,440	125,249
CURRENT LIABILITIES							
Employee provisions	753	1,209	774	796	818	909	1,000
Payables	990	1,536	992	996	996	996	996
Borrowings and leases	88	122	88	88	88	88	88
Total current liabilities	1,831	2,867	1,854	1,880	1,902	1,993	2,084
NON-CURRENT LIABILITIES							
Employee provisions	22	147	85	150	217	217	217
Borrowings and leases	45	76	46	46	46	1,371	1,648
Other.....	16,720	16,904	16,720	16,720	16,720	16,720	16,720
Total non-current liabilities	16,787	17,127	16,851	16,916	16,983	18,308	18,585
TOTAL LIABILITIES.....	18,618	19,994	18,705	18,796	18,885	20,301	20,669
NET ASSETS	102,946	98,368	103,400	104,922	106,242	105,139	104,580
EQUITY							
Accumulated surplus/(deficit).....	34,664	43,051	35,118	36,640	37,960	36,857	36,298
Reserves.....	68,282	55,317	68,282	68,282	68,282	68,282	68,282
TOTAL EQUITY	102,946	98,368	103,400	104,922	106,242	105,139	104,580

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

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of goods and services.....	10,317	10,634	10,634	11,503	11,903	12,322	12,758
GST receipts	529	482	482	482	482	482	527
Other receipts	2,210	1,446	1,446	2,142	3,841	2,248	1,476
Payments							
Employee benefits.....	(3,923)	(3,952)	(4,093)	(4,117)	(4,237)	(4,352)	(4,277)
Supplies and services	(1,246)	(1,365)	(1,365)	(1,784)	(1,510)	(1,433)	(1,475)
Accommodation ^(b)	(636)	(591)	(591)	(594)	(620)	(636)	(636)
GST payments	(537)	(482)	(482)	(482)	(482)	(482)	(527)
Finance and interest costs.....	(16)	(6)	(6)	(6)	(6)	(89)	(89)
Other payments.....	(2,857)	(2,454)	(2,474)	(2,508)	(2,523)	(2,740)	(2,873)
Net cash from operating activities	3,841	3,712	3,551	4,636	6,848	5,320	4,884
CASHFLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds from sale of non-current assets.....	34	159	159	85	118	58	118
Payments							
Purchase of non-current assets	(1,827)	(4,398)	(4,073)	(8,610)	(6,033)	(6,066)	(5,137)
Net cash from investing activities.....	(1,793)	(4,239)	(3,914)	(8,525)	(5,915)	(6,008)	(5,019)
CASHFLOWS FROM FINANCING ACTIVITIES							
Receipts							
Proceeds from borrowings.....	-	-	-	-	-	1,325	277
Payments							
Repayment of borrowings and leases	(367)	(170)	(170)	(170)	(170)	(170)	(140)
Net cash from financing activities.....	(367)	(170)	(170)	(170)	(170)	1,155	137
CASHFLOWS FROM GOVERNMENT ACTIVITIES							
Receipts							
Operating subsidies.....	761	688	700	700	718	735	754
Payments							
Dividends to Government	-	(437)	-	(230)	(1,832)	(2,987)	(1,949)
National Tax Equivalent Regime - Income Tax..	(1,261)	(557)	(520)	(924)	(1,506)	(982)	(801)
Local Government Rates Equivalent.....	(64)	(67)	(67)	(69)	(70)	(72)	(72)
Net cash provided to Government	564	373	(113)	523	2,690	3,306	2,068
NET INCREASE/(DECREASE) IN CASH HELD	1,117	(1,070)	(420)	(4,582)	(1,927)	(2,839)	(2,066)
Cash assets at the beginning of the reporting period	13,894	13,571	15,011	14,591	10,009	8,082	5,243
Cash assets at the end of the reporting period	15,011	12,501	14,591	10,009	8,082	5,243	3,177

(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.