

Corporate snapshot



Organisational profile



Our operation

Water Corporation is the principal supplier of water, wastewater, drainage and bulk irrigation services in Western Australia to hundreds of thousands of homes, businesses and farms.

We directly employ more than 2,746 people in our offices in Perth, Bunbury, Albany, Karratha, Geraldton, Northam and Kalgoorlie, and a number of depots, providing a high level of expertise and strong commitment to communities across the State.

We manage \$37 billion (replacement value) of assets to deliver water services across the 2.6 million square kilometre expanse of the state, directly and through alliances with the private sector.

Our purpose is to sustainably manage our water services to make WA a great place to live and invest.

Our vision

Our vision is where we want to be in the future. This is underpinned by our three pillars of Water Forever, Zero Footprint and Great Place. These pillars are continuously in tension and need to be balanced.

Our values

Guided by our values, it is our people who enable us to deliver on our purpose and vision.

One Team: We are one team. We work together in the best interests of Water Corporation and the community.

Think Safe, Act Safe: We put safety first in everything we do. We are responsible for ourselves and others.

Customer Focussed: We value our customers. We understand their needs and deliver great services.

Value Every Dollar: We add value to our customers. We manage every hour we work, every dollar we spend.

Future Thinking: We find clever and innovative ways to do things. We plan and deliver for the future.

Take Personal Ownership: We hold ourselves and each other to account. We each take responsibility for our own decisions and actions.

Our environment

We have a commitment and responsibility to be a leader in ensuring the sustainable future of Western Australia's water supply. We aim to maximise the re-use of our by-products to reduce our environmental footprint. We are committed to protecting and enhancing the environment.

Our owner

Water Corporation is owned by the Western Australian Government and accountable to the Minister for Water; Fisheries; Forestry; Innovation and ICT; Science the Hon David Kelly MLA, for the delivery of our services. Most of our financial surplus is returned to the State Government as a dividend to contribute to the development of the State, with the remainder reinvested in capital infrastructure.

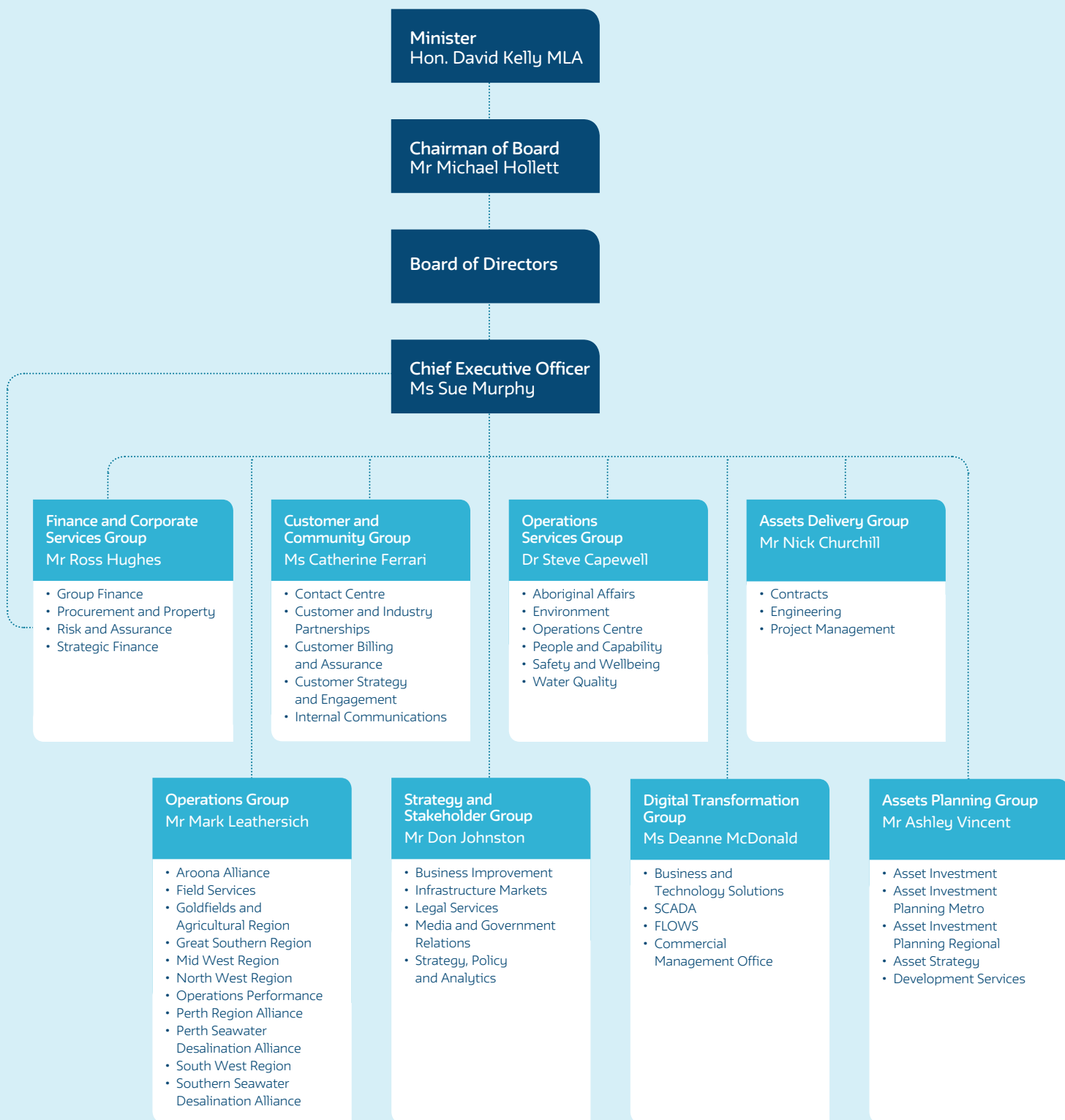
Our stakeholders

Our key stakeholders include relevant State and Australian Government agencies and regulators, Local Government and industry associations. The support and trust of our stakeholders and the broader community is critical to the achievement of our business objectives. We are proactive in ensuring that we engage our stakeholders and the community as we work to effectively manage current and future water services.

Our regulators

We deliver water to our customers and dispose of it within conditions set by the Departments of Water and Environmental Regulation, Health, Biodiversity, Conservation and Attractions, and the Environmental Protection Authority. The Economic Regulation Authority monitors our performance against our Water Services Licence. The State Government determines the prices of our regulated services each year through the State Budget process.

Organisational structure





(l to r) Mr Michael Hollett, Dr Jemma Green, Mr David Rowe, Ms Sue Murphy, Ms Nicole Lockwood, Mr David Lock, Mr Ross Holt

Board profiles



Mr Michael Hollett

Chairman
GAICD

Mr Michael Hollett has extensive water industry and property development experience, and consults in both business and property development. Mr Hollett is currently Chairman of Ocean Gardens Inc, Director at H&H Development Enterprises Pty Ltd and Director at Kimberley Marine Support Base Pty Ltd. Prior to this, Mr Hollett was the Chief Executive Officer of the National Lifestyle Villages Group and expanded the Group's delivery of affordable new housing estates, and senior and resource sector accommodation communities across the State and to Victoria. He is a qualified hydrographer and worked in a variety of roles including regional and metropolitan land development, lead new pathways in water recycling, efficiency and strategic planning for Water Corporation and its predecessors from 1982 to 2004.

Appointed 1 January 2012, appointed Chairman 1 January 2017, term expires 31 December 2019.

Chair: Safety and Wellbeing Committee and Remuneration Committee

Ms Sue Murphy

Chief Executive Officer
BEng (Hons), CP Eng, FIE Aust, GAICD

Ms Sue Murphy was appointed Chief Executive Officer of Water Corporation in November 2008. Ms Murphy is a Member of The University of Western Australia Senate and Board Member of The University of WA Business School, Board Member of the Water Services Association of Australia, Board Member of the Fremantle Football Club and Fellow of the Australian Academy of Technological Sciences and Engineering.

Appointed November 2008, term expires 31 December 2018.

Mr David Lock
Deputy Chairman
BComm (UNSW), CA, FAICD

Mr David Lock is the Chairman of Mareterram Limited, a listed agribusiness company. He is also the Chairman of the Western Australia Meat Industry Authority and is a non-executive director of Odeum Produce Pty Limited and Food Fibre and Land International Pty Limited. He is Consultant to the Board of Australian Pork and is a member of the Advisory Council of the Curtin Business School. Mr Lock held Managing Director roles in public and private Australian food and agribusiness companies since 2004, prior to taking on a portfolio career in December 2017. He also held managerial positions with PricewaterhouseCoopers in Australia, Canada and the UK. In 2012, he was named NAB Agribusiness Leader of the Year and in 2013 he won the Australian Export Heroes Award. Mr Lock brings significant finance skills to the Board, as well as a deep understanding of the Australian agribusiness industry. He was previously Chairman of the Food Industry Association of Western Australia.

Appointed 1 January 2014, appointed Deputy Chairman 1 January 2017, term expires 31 December 2019.

Chair: Audit and Risk Committee
Member: Remuneration Committee

Mr Ross Holt
B. Econs (Hons)

Mr Ross Holt has been an integral part of the WA State Government finance and development landscape for almost 40 years. Previously the Chief Executive Officer of the WA Land Authority (LandCorp), Mr Holt retired in 2014. He is currently the Deputy Chancellor of Murdoch University, Chair of Forest Products Commission, Non-executive Director NS Projects and Chair of Nudge.

Appointed 8 June 2016, term expires 31 December 2018.

Member: Safety & Wellbeing Committee

Ms Nicole Lockwood
LLB, BBus Environ, GAICD

Ms Nicole Lockwood is owner and principal of Lockwood Advisory which provides advice to government and industry in the areas of regional development, infrastructure and stakeholder engagement. Prior to the establishment of Lockwood Advisory, she was a Director at KPMG. Ms Lockwood is currently the Independent Chair of the Westport Taskforce, the Commissioner of Tourism WA, Board Member of Infrastructure Australia, Deputy Chairman of Leadership WA, Board Member of Internet of Things Alliance Australia, Chair of the Freight and Logistics Council, Chair of MNG Surveying and the Independent Chair of Sienna Wood JV. Previous Board roles include Pilbara Development Commission, WA Planning Commission and Horizon Power.

Appointed 1 March 2016, term expires 31 December 2020.

Member: Audit & Risk Committee

Mr David Rowe
BA Grad AASC, JP, GAICD

Mr David Rowe has worked in executive leadership positions within the property development, construction, health and transport industries throughout Australia and in the Western Australian, Victorian and Commonwealth Governments. He is Chairman of the Ellenbrook Joint Venture, Board Member of the South Metropolitan Health Service and was previously Deputy Chairman of the Western Australian Land Authority (LandCorp) and a Member of the South Metropolitan Health Service Governing Council.

Appointed 1 March 2016, term expires 31 December 2018.

Member: Safety & Wellbeing Committee

Dr Jemma Green
B Comm, (Finance), Murdoch, Post Cert (Cross Sector Partnership) Post Cert (Sustainability) Masters (Sustainability), Cambridge University, PhD (Disruptive Innovation), Curtin University

Dr Jemma Green has extensive experience in risk assessment and advisory, working at the nexus of innovation and finance. She has a particular interest in sustainable finance and economics, and her doctoral research focuses on sustainable cities. Dr Green is a Co-Founder and Chairman of Power Ledger, the Chairman of Climate KIC Australia and an Advisory Board Member of Carbon Tracker.

Appointed 4 July 2017, term expires 31 December 2019.

Member: Audit & Risk Committee



Back row (l to r) Ms Catherine Ferrari, Mr Ross Hughes, Mr Don Johnston, Mr Nick Churchill, Mr Mark Leathersich
Front row (l to r) Ms Sue Murphy, Dr Steve Capewell, Ms Deanne McDonald, Mr Ashley Vincent

Executive summary



Ms Catherine Ferrari General Manager Customer and Community BBus, PGradDipBus, MLM, FCPA, GAICD

Ms Ferrari is Deputy Chair of the West Australian Opera; a Board Member of the John Curtin Gallery, ScreenWest WA, Energy and Water Ombudsman, a trustee of the Legal Contribution Trust, Director of Water Corporation Superannuation Pty Ltd (until November 2017), and is on the Southern Seawater Desalination Plant Lead Team.

Mr Ross Hughes Chief Financial Officer BBus, FCPA, FAICD

Mr Hughes had 25 years' experience in the financial services sector prior to joining the Corporation in 2006.

He is a member of the Water Services Association of Australia Utility Excellence Committee and of the Corporation's Perth Seawater Desalination Plant Operations and Maintenance Alliance Lead Team.

Mr Hughes is a Fellow of CPA Australia and Fellow of the Australian Institute of Company Directors, and a Senate member of Murdoch University in Perth.

Dr Steve Capewell General Manager Operations Services Bsc (Hons), PhD, GAICD

Dr Capewell has a broad background in the industrial and municipal water sectors in the areas of water quality management, operations and maintenance, asset management and service delivery. Dr Capewell is a member of the WA State Advisory Committee for the Purity of Water and the Curtin Water Quality Research Centre Advisory Board. He has considerable governance and assurance experience as a Board member for Water Research Australia, and Chairman of the Perth Seawater Desalination Plant Lead Team and the Southern Seawater Desalination Plant Lead Team.

Ms Deanne McDonald

General Manager Digital Transformation
MBA, GAICD

Ms McDonald has been engaged in the development, design, construction, operations and maintenance of public and private projects with a career spanning more than 20 years in the property, transport, utilities and service sectors.

Passionate about innovative thinking, Ms McDonald is currently President of the Australian Water Association in WA and an active member of a number of institutions and associations.

Ms McDonald was the inaugural winner of the Eva Skira Scholarship for Women Leaders, recognising her for not only her exceptional technical strength, but also commercial acumen, stakeholder engagement and a leadership style that brings out the best in the people she works with.

Mr Don Johnston

General Manager Strategy and Stakeholders
BSc/Comm (Hons), MBA

Mr Johnston draws on experience from a wide variety of industries, with a proven track record in strategy and performance improvement. He previously worked with Bain & Co, and was a co-founder of Azure Consulting. Mr Johnston is a General Council member for the Chamber of Commerce and Industry of Western Australia, and is on the Customer and Industry Leadership Committee for the Water Services Association of Australia.

Mr Mark Leathersich

General Manager Assets Delivery
BSc (Hons), MSc

Mr Leathersich is Chairman of the Woodman Point 180 Alliance and the Perth Region Alliance. Mr Leathersich has more than 25 years' experience in the water industry in Western Australia, with a focus on strategic planning for water and wastewater services and major project delivery.

Mr Ashley Vincent

General Manager, Assets Planning
B.Eng, GCert BusMgmt, MBA

Mr Vincent is Chair of the Aroona Alliance and Chair of the WA Water Sensitive Transition Network. He has extensive leadership experience in all aspects of water servicing including, strategy, policy infrastructure planning, asset management and operations.

Mr Nick Churchill

General Manager Assets Delivery
B.Eng

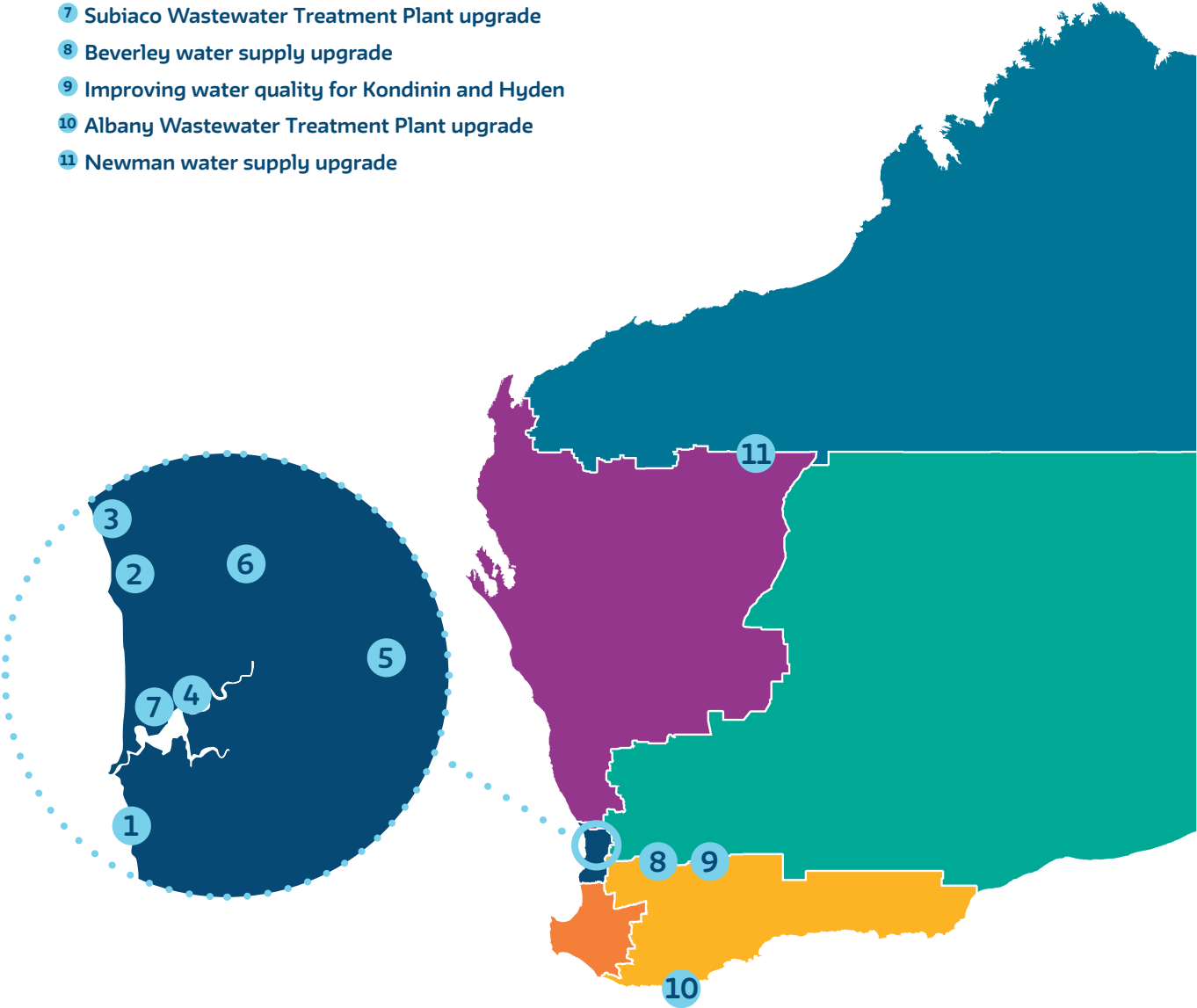
Mr Churchill has 25 years' experience in water infrastructure Project Management. He has successfully delivered a number of major capital projects including Western Australia's second desalination project. His leadership roles have included Head of Project Management, Project Director Digital Transformation and most recently, General Manager, Assets Delivery Group.

Key capital projects



Our capital investment program for 2017-18 was \$776 million. Some of the projects with large financial contributions are profiled in the map below:

- 1 Woodman Point Wastewater Treatment Plant upgrade
- 2 Groundwater Replenishment Scheme
- 3 Neerabup Groundwater Treatment Plant upgrade
- 4 Pipes for Perth renewal program (across several suburbs in the metro area)
- 5 Mundaring Weir upgrade
- 6 Ellenbrook Tank construction
- 7 Subiaco Wastewater Treatment Plant upgrade
- 8 Beverley water supply upgrade
- 9 Improving water quality for Kondinin and Hyden
- 10 Albany Wastewater Treatment Plant upgrade
- 11 Newman water supply upgrade



Financial highlights



Our surplus for 2017-18 was marginally higher than recent years, with a reduction in per person water use following milder summer temperatures and lower housing development activity from the domestic economy which remained stable this year.

Our operating business delivered a surplus of \$523 million and contributions from developers towards infrastructure for new housing developments contributed a further \$127 million. These contributions were received either as cash from developers' fees or non-cash in the form of infrastructure handed over. In 2017-18, developers' fees represented \$85 million of the surplus, which will be invested in our future capital expenditure program, and pipeline and pump infrastructure assets handed over contributed a further \$42 million of surplus.

In a year when we continued to invest heavily in infrastructure with \$776 million of new capital expenditure, the results featured total revenue of \$2.6 billion and returns to the State Government by way of net accruals of \$408 million.

Excluding the impact from development activity, total revenue increased by 3 per cent during the year due to a marginal increase in water consumption inline with additional connections during the year, together with lower operating subsidies received from the Government for the provision of non-profitable services. Climate change has seen an increasing proportion of our water delivered from sources which are independent of rainfall such as recycling and desalination, which has increased the cost of supplying into the scheme.

Total expenditure increased by 3.7 per cent to \$1.4 billion. On a total cost per property basis, costs marginally increased by 1 per cent however our operating costs per property remains one of the lowest in the Australian water industry for large scale supply. A continuing focus on cost management supported the achievement of our long term average annual efficiency target of 2.0 per cent.

Returns to the State

The Board approved dividend payments totalling \$528 million to the State representing 85 per cent of our after-tax surplus (excluding developer's handover assets, State Government grants, and grants received from Government for Capital Expenditure purposes) as per our Dividend Policy disclosed in our Statement of Corporate Intent.

We are also required by the Australian Tax Office to lodge an income tax return and pay tax equivalents to the State. Inclusive of local government rates, taxation equivalents payments made to the State in 2017-18 amounted to \$289 million.

We received an operating subsidy payment from the Government of \$409 million for the provision of non-profitable services, mostly in regional and remote areas of Western Australia, and concessions to customers.

When operating subsidies are offset against the dividends and taxes paid to Government, the resulting Net Accrual to Government (NATG) came to \$408 million in 2017-18.

The net returns form part of the State's consolidated results and are used to meet broader Government commitments.

Investing in Infrastructure

Our capital investment program benefits the community and a wide range of local private industry partners who assist us in our construction, maintenance and operations. In doing so, we employ, both directly and indirectly, a significant number of Western Australians. The \$776 million capital investment program for 2017-18 included \$427 million in our water business, \$225 million in our wastewater business, and the remainder on irrigation, drainage, property and facilities.

Supporting regional growth

In 2017-18, the value of our regional assets was in excess of \$6 billion. During the year we spent over \$233 million on the delivery of projects for regional Western Australia.

Net Accrual to Government					
\$ millions	2017-18	2016-17	2015-16	2014-15	2013-14
Dividend	528	483	567	562	487
Tax Equivalents	289	304	342	346	324
Operating Subsidy	(409)	(464)	(547)	(573)	(566)
NATG	408	323	362	335	245

Summary of performance

	Units	2017/18 Projected	2017/18 Actual
Financial Outcomes			
Operating Surplus before income tax			
Operating business	\$m	845	750
Developer asset handover before tax	\$m	83	60
Developer cash contributions before tax	\$m	144	121
Operating Surplus after income tax			
Operating business	\$m	592	523
Developer asset handover after tax	\$m	58	42
Developer cash contributions after tax	\$m	101	85
Capital expenditure (including capitalised interest)	\$m	765	776
Borrowings taken (repaid)	\$m	270	264
Financial Performance Measures			
Return on equity	%	7.1	6.2
Return on assets	%	6.5	6.0
Debt to total assets ratio	%	35.0	35.1
Accruals to Government			
Indirect tax equivalents	\$m	6	8
Income tax equivalents (net of deferred tax adjustments)	\$m	328	281
Dividends paid	\$m	589	528
Total	\$m	923	817
Payments from Government			
Operating Subsidies			
Country Water, Sewerage and Drainage Operations	\$m	319	259
Pensioner and Senior Concessions (1)	\$m	147	148
Metropolitan Operations	\$m	3	2
Total operating subsidies	\$m	469	409
<small>(1) Includes Pensioners and Senior concessions, and concessions provided for non-rated and exempt properties.</small>			
Net Accrual to Government	\$m	454	408

Community Targets

	2017/18 Target	2017/18 Actual
Water Forever		
Perth total per person water use	126 kL	123 kL
Great Place		
Customer Performance Index	7.07	7.25
Total cost per property	\$1,973	\$1,967
Safety Index	90.0	100.0