

Corporate governance report



Corporate governance report



Our approach to corporate governance is based on a set of values and behaviours that underpin our culture and business practices. This approach includes a commitment to robust governance standards that is fundamental to the sustainability of our operations and our performance.

This section includes a description of our main corporate governance practices, which form a framework to ensure we act with high standards of corporate behaviour and in the best interests of our owner.

The Board of Directors

The structure of the Board is subject to the following parameters:

- The Board must comprise of at least six and not more than seven directors (the Chief Executive Officer is the only Executive Director).
- The Directors are appointed for terms of up to three years and are eligible for re-appointment.
- The Board should comprise of Directors with a broad range of skills and experience.
- Board meetings are generally held once a month at our head office in Leederville.

Key activities

The Board, in consultation with management, develops our strategic direction for the immediate and long-term horizons. We have a Statement of Corporate Intent (SCI) covering 12 months, and a five-year Strategic Development Plan (SDP), which are updated every year.

Both documents were developed for the 2017-18 year and agreed with the Minister.

At its regular meetings, the Board considerations include:

- Safety performance
- Strategy and risk issues
- The capital program
- The award of contracts for major projects
- Financial matters
- Key operational matters

Appointment of Directors

The Western Australian Governor appoints non-executive Directors on the nomination of the Minister for Water. This is after consultation with, or on the recommendation of, the Board.

Appointments are typically staggered to ensure that one third of the Directors retire each year. Subject to reappointment, there is no limit on the time a Director may serve on the Board. Their duties are not full-time.

Chief Executive Officer appointments are made by the Board, subject to the Minister's agreement. The Board can appoint a person to act in place of the Chief Executive Officer during a vacancy in that office.

Changes to the Board

Dr Jemma Green was appointed Director for a term expiring on 31 December 2019.

Mrs Nicole Lockwood was re-appointed as Director for a term expiring on 31 December 2020.

There was no other change to the composition of the Board during the year.

Board committees

Committees of the Board that operated during the year ended 30 June 2018 were:

- Audit and Risk
- Safety and Wellbeing
- Remuneration

From time to time the Board convened working committees to deal with specific strategic issues.

Audit and Risk Committee

During the year, the Audit and Compliance Committee changed its name to Audit and Risk Committee to reflect industry practice. This was approved at the September 2017 Board meeting. The Audit and Risk Committee was chaired by Mr David Lock and included Directors Mrs Nicole Lockwood and Dr Jemma Green (from 3 July 2017). Each member has substantial corporate and/or financial experience in private enterprise and the necessary skills to undertake the Committee's responsibilities.

The Audit and Risk Committee invited management, auditors or others to attend meetings and provide information, as necessary. External attendees at various meetings during the year included staff of the Office of the Auditor General (OAG) and the external auditors appointed by the OAG to undertake our annual audit, which is presently KPMG.

Principal activities and duties

The Audit and Risk Committee assists the Board with its oversight of the financial reporting process, the system of internal control, risk management, the audit process, and our process for monitoring compliance with applicable laws and regulations.

The Committee oversees the internal audit function and liaises with the external auditor.

Safety and Wellbeing Committee

During the year, the Safety Committee changed its name to the Safety and Wellbeing Committee. This was approved at the September 2017 Board meeting. The Safety and Wellbeing Committee is chaired by Mr Michael Hollett and includes Directors Mr David Rowe and Mr Ross Holt. Each member has extensive experience in the corporate sector at a senior level and brings the skills necessary for the Committee to undertake its role.

The Committee supports and assists the Board to review and oversee organisational health and safety matters, inclusive of mental health and wellbeing. The Committee enables focus and accountability on continuous improvement towards the goal of Zero Harm through encouragement of the Executive, review of policy proposals, and guiding strategies to enable health and safety to be front of mind within the Corporation.

Remuneration Committee

The Remuneration Committee was chaired by Mr Michael Hollett and included Director Mr David Lock.

The Committee supports and assists the Board to ensure remuneration and benefit arrangements support the strategic aims of the business while complying with regulatory requirements and satisfying the requirements of our owner.

Directors' meetings

The number of Board meetings and committees of the Board held, and the number of meetings attended by each Director during the 12 months ending 30 June 2018, are shown in the table below.

	Board		Audit and Risk		Safety and Wellbeing		Remuneration	
Number of meetings held	14		4		5		2	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Mr Michael Hollett (Chairman)	14	14	0	0	5	5	2	2
Mr David Lock	14	14	4	4	0	0	2	2
Mr David Rowe	13	14	0	0	5	5	0	0
Mrs Nicole Lockwood	13	14	4	4	0	0	0	0
Mr Ross Holt	14	14	0	0	5	5	0	0
Dr Jemma Green ¹	13	14	4	4	0	0	0	0
Ms Sue Murphy (Chief Executive Officer)	12	14	4	4	5	5	1	2

1. Dr Jemma Green was appointed Director on 4 July 2017

Accountability and independence

As prescribed in the *Water Corporations Act 1995*, Directors are to act honestly, exercise due care and diligence, and disclose all material personal interest in matters involving the Corporation that are raised in Board meetings. The Board has complete independence to determine the policies and control the affairs of the business subject to restrictions imposed by the *Water Corporations Act 1995*. Ministerial approval is required for transactions that are above a prescribed amount (currently over \$25 million) that will result in a major initiative, or are likely to be of significant public interest.

Ministerial directions

Under section 64 (1) of the *Water Corporations Act 1995* the Minister may give directions in writing, generally with respect to the performance of our functions and, subject to section 65, we are to give effect to any such direction. If the Minister gives a direction, it must be tabled in Parliament. During the period under review, no directions were received from the Minister.

Directors' and Senior Executives' remuneration

For further disclosure of Directors' and Senior Executives' remuneration please refer to the Remuneration report on page 49.

Governance framework

The Board has legislative authority under the *Water Corporations Act 1995*, to perform the functions and determine the policies that control our activities.

The Board is responsible for our overall corporate governance and approves strategic direction and budgets, ensuring legal compliance, ethical behaviour and proper risk management processes are in place and operate effectively. Comprehensive monthly reports are provided to the Board to allow it to monitor performance.

Internal control

The Board, through the Audit and Risk Committee, has oversight of the financial reporting process, the system of internal control, risk management, the audit process, and our process for monitoring compliance with applicable laws and regulations. These responsibilities assist in maintaining an effective internal control structure.

It consists, in part, of organisational arrangements with clearly defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures. Management has the responsibility for establishing and maintaining the system of internal control that supports the achievement of our business objectives.

This system of internal control is designed to manage and mitigate rather than eliminate the risks of failure to achieve business objectives. It can only provide reasonable and not absolute assurance of the effectiveness of the system of internal control implemented by management. An important element of the control environment is an ongoing internal audit program, delivered by Management Review and Audit.

Management review and audit

Our internal audit function is managed by the Risk and Assurance Business Unit's Management Review and Audit section, which has the authority to examine any matters referred to it by the Audit and Risk Committee, the Board of Directors or the Chief Executive Officer. The internal audit function supports the Audit and Risk Committee and senior executives by independently and objectively reviewing the adequacy, efficiency and effectiveness of the internal control and governance system with the Corporation.

External auditors

In accordance with the *Water Corporations Act 1995*, we must have the financial report for a financial year audited by the Auditor General. The Auditor General has outsourced the audit to KPMG for a three-year term. Total auditor remuneration is shown in Note 19 to the Financial Statements on page 76.

Risk management

Risk management is a key element of our governance framework. We have an established Risk Management Framework that provides a common understanding of risk and a set of processes for managing risk aligned with the *International Standard on Risk Management AS/NZS ISO 31000:2018*. The Framework ensures a formalised, structured and corporation wide approach to the identification, evaluation and control of risks, which have the potential to threaten the achievement of our objectives and our ability to provide services.

All managers are responsible for the identification and management of risks that will impact on their business processes and subsequent objectives. The management of risk within the business is embedded at all levels, with appropriate support and systems in place to ensure risks are managed to an acceptable level.

A comprehensive commercial insurance program is maintained covering insurable risks, which may have a significant impact on our assets, construction activities and legal liability.

Performance monitoring and reporting

We provide written quarterly reports and this Annual Report to the Minister for Water detailing our performance and progress made in fulfilling the Statement of Corporate Intent. A written annual report on compliance with the Water Services Licence was also provided to the Economic Regulation Authority. In addition, the Board and Corporate Executive received monthly performance reports covering a diverse range of financial and non-financial matters.

Ethical standards

We require all Directors, employees and contractors to exercise high standards of ethical behaviour in carrying out their duties.

Our Code of Conduct is available on both the Corporation's external and internal websites. A report on compliance is forwarded to the Public Sector Commission.

The Board Charter, available on our website, sets out the roles and responsibilities of the Board and management. Under the guidance of the Audit and Risk Committee the Charter was drafted using the *Water Corporations Act 1995*, Australian Standards and other corporate governance resources.

Managing financial exposures

We have a central Treasury function to manage financial exposures in accordance with our Treasury Risk Management Policy. Regular reporting ensures the Board can monitor financial risk management.

Information security management system

We maintain an enterprise information security management framework that is based on the Australian Standard for *Information Technology - Security Techniques - Information security management systems AS/ NZS ISO/IEC 27001:2013*.

State Records Act 2000

In accordance with Section 61 of the *State Records Act 2000* and the *State Records Commission Standards (Standard 2 - Principle 6)*, we have an approved Recordkeeping Plan. In accordance with s.28 (5) of the Act, an updated Plan was submitted to the Minister and endorsed in September 2014. The Plan describes how records are created, maintained, managed and disposed of in accordance with our Standards and Principles. We regularly conduct audits of recordkeeping practices and system use by our staff and alliance partners. Regular in-house records and document management training is conducted and feedback and evaluation is sought from all attendees. The course is also available online for regional officers.

We have an online induction process for all new staff, which includes information on employee roles and responsibilities and how they comply with the approved Recordkeeping Plan. It also includes 'Information on Record Keeping and Information Management Compliance for Water Corporation' and 'Information Security Awareness'.

Information management, including records management, is acknowledged as critical to the effectiveness and success of the business and we are committed to continuously improving its management.

Public Interest Disclosure Statement

The *Public Interest Disclosures Act 2003* was enacted to protect the privacy and confidentiality of both the individual making a public interest disclosure and the subject of that disclosure. Public Interest Disclosure Officers have been appointed. Internal procedures relating to our obligations under the Act have been implemented in accordance with the guidelines provided by the Public Sector Commission. There were no public interest disclosures in the period under review.

Conflicts of interest

We have established procedures to identify, prevent, or resolve conflicts of interest, which are outlined in our procurement standards and code of conduct.

All our personnel with duties related to the negotiation of contracts must disclose current or prospective interests to their immediate supervisor. If known, they must also disclose the interests of members of their immediate family.

In such cases, we will assess the appropriateness of the situation and determine if the basis of that interest should be discontinued, or if the person should cease the duties involved, or if it is proper and ethical to continue the transaction.

Competition and Consumer Act Compliance Program

In accordance with the standards and guidelines recommended by the Australian Competition and Consumer Commission (ACCC), we conduct a Competition and Consumer Act Compliance Program to manage the risk of breaching the Act. To ensure that all employees are aware of their obligations, a State-wide program is conducted that includes mandatory training.

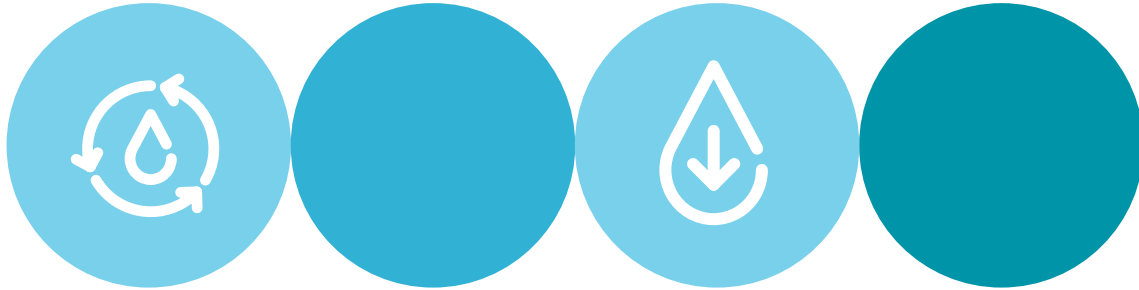
Freedom of information

We met our obligations under the *Freedom of Information Act 1992*.

During 2017-18 we received 40 access applications, of which none were transferred in full to another agency, 10 were provided full access, 24 were provided edited access, none were withdrawn, six had access refused, none had access deferred, documents were not found or do not exist for one of the applications and four were on hand at the end of the year.

Five internal reviews were requested. Fees and charges totalling \$1,050 were received for processing these applications with 23 days being the average processing time.

Under Section 96 of the *Freedom of Information Act 1992*, we are required to produce an Information Statement. Its purpose is to provide a description of our procedures to give members of the public access to our documents, as well as the types of documents we hold. This statement can be found at watercorporation.com.au



Advertising codes

We comply with the Communications Council’s Code of Ethics. In addition, our advertising agencies have full compliance policies with the ACCC. There were no breaches or complaints recorded in the reporting year.

Reportable expenditure

The *Electoral Act 1907 (S. 175 ZE)* requires the disclosure of certain categories of expenditure. Details of the organisations contracted and the amounts paid for the financial year are as follows:

Advertising agency	Amount paid
The Brand Agency	\$1,644,200 *
303 MullenLowe	\$1,279,558 ^
AdCorp	\$93,505 >

* This amount includes costs associated with Fresh Water Thinking, The Shower Song and water education.

^ This amount includes costs associated with the Stay Waterwise WA demand management campaign, eDM communications, Waterwise Garden Rewards campaign, Seek a Leak promotions and Winter Sprinkler Switch-off campaign.

> This amount includes costs associated with non-campaign advertising such as public notices, tenders and recruitment.

Media advertising	Amount Paid
OMD	\$1,019,285

Market research	Amount paid
Metrix	\$172,106 +
Painted Dog	\$312,150 *

+ This amount includes costs associated with Customer Performance Index.

* This amount includes costs associated with Tap In.

Director's report



The Directors of Water Corporation present their report for the 12 months ended 30 June 2018.

Directors

The following persons were Directors of Water Corporation at the date of this report:

Mr Michael Hollett (Chairman)

Director since 1 January 2012
Chairman since 1 January 2017

Ms Sue Murphy

Chief Executive Officer since 6 November 2008

Mr David Lock (Deputy Chairman)

Director since 1 January 2014
Deputy Chairman since 1 January 2017

Mr David Rowe

Director since 1 March 2016

Ms Nicole Lockwood

Director since 1 March 2016

Mr Ross Holt

Director since 8 June 2016

Dr Jemma Green

Director since 4 July 2017

Directors' biographies are shown on pages 11 and 12.
Directors' meetings and attendance are shown on page 43.
Directors' compensation details are shown on page 49.

Principal activities

Water Corporation was established as a body corporate under the provisions of the *Water Corporations Act 1995* and is the principal water utility in Western Australia. Water, wastewater, drainage and irrigation services are provided under this Act and other legislation and subsidiary legislation, which control the water industry.

Our principal functions are:

- Acquire, store, treat, distribute, market and otherwise supply water for any purpose.
- Collect, store, treat, market and dispose of wastewater and surplus water.
- Undertake, maintain and operate any works, system, facilities, apparatus or equipment required for any of these purposes.

There has been no significant change in the nature of our activities during 2017-18.

Dividends

Dividends paid or declared by Water Corporation since the end of the previous financial year were:

	Total amount \$M	Date of payment
Final 2016-17	15	22/12/2017
Interim 2017-18	513	28/06/2018
Total	528	

Dividend declared after end of year

No final dividend has been declared after balance date.

Review of operations

We operate in a regulatory framework comprising the Economic Regulation Authority, and Departments of Water and Environmental Regulation, Health, and Biodiversity Conservation and Attractions.

Clear commercial objectives and strict environmental targets and accountabilities have been established through the Statement of Corporate Intent and a system of licences through the various regulators.

During the year, we supplied 363 billion litres of water and treated 164 billion litres of wastewater.

Risk management

Our Risk Management Framework aims to improve the quality of information considered in delivering better informed assessments for the purpose of resource allocation, increasing transparency in decision making and clearly articulated accountability.

Remuneration report

Remuneration of key management personnel is referred to as compensation throughout this report. Key management personnel comprise the Directors of the Board and Executives who are responsible for planning, directing and controlling the activities of the Corporation.

Compensation levels for key management personnel are set at a level sufficient to attract and retain appropriately qualified and experienced Directors and Executives.

The compensation of the non-executive Directors of the Board is determined following independent advice from management remuneration consultants and the State Government's Salaries and Allowances Tribunal (SAT) on an ad-hoc basis and is agreed by the Minister. The compensation is in the form of salary and superannuation contributions. Other than compulsory superannuation contributions and superannuation via salary sacrifice, Water Corporation does not pay any other post-employment benefits to non-executive Directors. Director's remuneration has not been increased since December 2014.

The compensation packages for the Chief Executive Officer (CEO) and Executives consist of a total reward that is a mix of fixed compensation, in the form of salary, non-monetary benefits and superannuation contributions. Non-monetary benefits may include access to a fully maintained motor vehicle and fringe benefits tax. Other long-term benefits refer to long service leave. The compensation of all staff is reviewed annually.

In December 2016 the *Salaries and Allowances Act 1975* was amended so that SAT can set the remuneration of the Corporation's CEO.

The CEO, with the concurrence of the Remuneration Committee and the Board, sets Executive compensation based on annual salary survey data and advice from independent remuneration sources regarding compensation practices. Specifically, fixed compensation is benchmarked against comparative industry groups in order to remain competitive in the labour market.

Employees in management roles, including Executives, are employed on individual employment contracts under common law and are referred to as Common Law Contract (CLC) employees. The compensation structure of CLC employees is centred on the market median for the fixed compensation for each of the identified levels.

The primary sources of remuneration data are Korn Ferry Hay Group Australia and Mercer Consulting Australia. We use the Hay Group job evaluation methodology to provide assurance that remuneration is similar to that for comparable positions in other organisations.

In April 2017, Water Corporation was requested by the new State Government to adopt its Machinery of Government budget repair strategies comprising:

- Freezing Chief Executive Officer salaries for four years.
- Capping non-executive annual salary increases to \$1,000 per employee.
- Reviewing all attraction and retention incentives and report outcomes to the Public Sector Commission by 31 August 2017.

As part of our commitment to the State Government's budget repair strategies, the Corporation has adopted these strategies by freezing all CLC employee salaries and suspending any Target Based Reward (TBR) incentive programs for the 2017-18 financial year.

The TBR measures and targets are still used as indicators of the Corporation's performance and are reported monthly.

TBR is based on five key performance indicators (KPIs) defined across the following key areas.

Target Based Rewards (TBR)		
2017-18	Target	June 2018 Results
Safety Index (%)	90.0	100
Customer Performance Index	7.07	7.25
Operating Performance Index (%)	90.0	90.0
Operating Expenditure (\$m)	928.5	912.8
Capital Index	94.9	95.1

Details of compensation provided to key management personnel

The directors during the financial year were:

Directors	
M Hollett	Chairman (non-executive). Appointed Director 1 January 2012, Deputy Chairman 1 January 2016 and Chairman 1 January 2017
D Lock	Director (non-executive). Appointed 1 January 2014 and Deputy Chairman 1 January 2017
N Lockwood	Director (non-executive). Appointed 1 March 2016
D Rowe	Director (non-executive). Appointed 1 March 2016
R Holt	Director (non-executive). Appointed 8 June 2016
J Green	Director (non-executive). Appointed 4 July 2017
S Murphy	Chief Executive Officer

The number of directors whose total remuneration was within the following bands is:

Total Remuneration Band (\$)	Number of directors *		Short-Term				Post-employment		Total	
			Salary & Fees		Non-monetary Benefits **		Superannuation			
			\$'000		\$'000		\$'000			
2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
50,000-74,999	5	5	52	54	-	-	8	5	60	59
75,000-99,999	1	-	82	-	-	-	8	-	90	-
100,000-124,999	-	1	-	109	-	-	-	10	-	119
500,000-524,999	1	1	477	486	8	9	35	25	520	520

* Where there is more than one executive in a remuneration band the average remuneration is shown.

** Private use of motor vehicle.

The names and positions of the five executives receiving the highest emoluments were:

Five highest paid Executives*		Year ended 30 June 2017	Year ended 30 June 2018
M Andrews	General Manager, Operations (1 Jul 17 to 18 Jan 18)	✓	✓
S Capewell	General Manager, Operations Services	✓	✓
R Hughes	Chief Financial Officer	✓	✓
D Johnston	General Manager, Strategy & Stakeholders	✓	✓
M Leathersich	General Manager, Assets Delivery and Operations	✓	
A Vincent	General Manager, Assets Planning		✓

* CEO's remuneration is included in the table of Directors.

The remuneration of the executives receiving the highest emoluments was within the following bands:

Total Remuneration Band (\$)	Number of staff *		Short-Term				Post-employment		Other Long-Term Benefits**		Termination benefits		Total	
			Salary & Fees		TBR		Super-annuation							
			\$'000		\$'000		\$'000							
2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
325,000-349,999	3	1	285	304	10	-	31	30	10	-	-	-	336	334
350,000-374,999	1	1	323	290	11	-	31	25	-	39	-	-	365	354
375,000-399,999	-	2	-	272	-	-	-	28	-	-	-	82	-	382
425,000-449,999	-	1	-	385	-	-	-	25	-	36	-	-	-	446
450,000-474,999	1	-	401	-	13	-	35	-	9	-	-	-	458	-

* Where there is more than one executive in a remuneration band the average remuneration is shown.

** Long service leave taken in service.

Variations in salary can be caused by a wide variety of factors such as the key management personnel's leave arrangements, and other smaller adjustments.

Environmental performance

Water Corporation is subject to particular and significant environmental legislation under both Commonwealth and State laws; in particular:

- *Environment Protection and Biodiversity Conservation Act 1999 (Cth)*
- *Environmental Protection Act 1986 (WA)*
- *Contaminated Sites Act 2003 (WA)*

Additionally, we comply with more than 40 other pieces of environment-related legislation and we also track our compliance with various non-statutory commitments. With the significant volume of wastewater conveyed across the State, it is possible that unplanned discharges will occasionally occur and that some of these may affect the environment, public health and public amenity. Our incident management process provides a fast and effective response to these and other incidents. Consistent with the *Environmental Protection Act 1986*, we report any unplanned discharges of waste that have the potential to harm the environment.

Our environmental performance is underpinned by our Corporate Environment Policy and Carbon and Energy Policy. We also maintain an Environmental Management System, certified under the internal standard ISO 14001 that provides for the systematic identification of environmental risks, setting of performance targets and development of environmental improvement plans to reduce risks and ensure our activities are sustainable.

State of affairs

There were no significant changes during the year ended 30 June 2018 in the state of our affairs not otherwise disclosed in this report, or the financial statements.

Events subsequent to balance date

Since the end of the financial year on 30 June 2018 and the date of the release of this report, the Directors are not aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly, or may significantly, affect our operations, the results of those operations, or our state of affairs in subsequent financial periods.

Directors' interests and benefits

In the 12 months to 30 June 2018, Directors did not receive, or become entitled to receive, any benefit (other than a benefit included in the total amount of remuneration received or due and receivable by Directors) by reason of a contract made by the Corporation with the Director, or with a firm, of which the Director is a member, or with an entity in which the Director has a substantial interest.

Indemnification of Directors

The Corporation provides a general indemnification for Directors, via a deed of indemnity, and we purchase Directors and Officers insurance. In the 12 months ending 30 June 2018, we have not made any payments in respect to this indemnity.

This statement is made in accordance with a resolution of the Board.



Michael Hollett
Chairman



Sue Murphy
Chief Executive Officer

Perth, 22 August 2018

Performance summary

Performance against key indicators

	Units	2018		2017	2016	2015	2014
		Target	Actual				
Social Performance							
Employment and Workforce							
Employee initiated turnover	No.	7.00	7.8	5.5	6.2	5.8	6.4
Women in senior management - tier 2	%	25.00	28.57	22.2	22.2	20.0	12.5
Women in senior management - tier 3	%	25.00	27.78	32.2	27.5	20.0	23.8
People from culturally diverse backgrounds	%	14.00	12.80	13.7	13.6	13.6	14.8
Indigenous Australians	%	2.68	3.54	3.12	3.01	2.35	1.90
People with disabilities	%	2.80	0.91	0.91	1.05	1.20	1.20
Youth (15-24)	%	6.70	3.13	2.90	3.62	3.20	5.00
Total Recordable Injury Frequency Rate (TRIFR)	No.	8.5	7.3	8.5	10.9	n/a	n/a
Public Health - Safe Drinking Water							
Metropolitan localities meeting requirements for E.coli	%	100	100	100	100	100	100
Metropolitan localities meeting requirements for amoebae (Thermophilic Naegleria)	%	100	100	100	100	100	100
Metropolitan localities meeting requirements for health-related chemical quality	%	100	100	100	100	100	100
Metropolitan localities meeting requirements for radiological performance	%	100	100	100	100	100	100
Country localities meeting requirements for E.coli	%	100	100	100	100	100	100
Country localities meeting requirements for amoebae (Thermophilic Naegleria)	%	100	100	100	100	100	100
Country localities meeting requirements for health-related chemical quality	%	100	100	100	100	100	100
Country localities meeting requirements for radiological performance	%	100	100	100	100	100	100
Essential Service Provision							
Continuity - properties not affected by interruption > 1 hr	%	75.0*	76.3	77.7	77.5	79.4	75.9
Water pressure and flow standards	%	99.80*	99.90	100.00	100.00	99.95	100.00
Water quality faults responsiveness	%	95.0	97.0	97.3	98.3	98.2	96.8
Installation of new water connections	%	90.0	97.4	97.2	98.6	97.4	97.0
Properties without wastewater overflow	%	99.8*	99.9	99.9	99.9	99.9	99.9
Demand-Supply Balance							
Number of Waterwise schools ¹	No.	-	575	523	503	503	526
Drought response (number of schemes on temporary restrictions)	No.	-	0	0	1	1	1
Environmental Performance							
Ecosystem Protection							
Overflows to Swan-Canning - conveyance system	No.	0	4	4	3	2	3
Overflows to Swan-Canning - pump stations only	No.	0	0	1	0	1	0

* These targets applied to our Operating Licence between 1 July 2013 - 17 November 2013. From 18 November 2013 the Licence was substituted by the introduction of the *Water Services Act 2012*.

	Units	2018		2017	2016	2015	2014
		Target	Actual				
Environmental Performance (continued)							
Energy and Greenhouse Gases							
Electricity consumption per unit of output for water	MWh/ML	-	2.38	2.41	2.17	1.93	1.84
Electricity consumption per unit of output for wastewater	MWh/ML	-	0.91	0.87	0.81	0.80	0.79
Total energy consumption	TJ	-	4,105	3,863	3,633	3,346	3,294
Reported greenhouse gas emissions (CO2 equivalent)	kT	-	771	806	784	717	718
Materials Use Efficiency							
Biosolids re-use (Perth metro)	%	100	100	100	100	100	100
Demand-Supply Balance							
Environmental Performance - Demand-Supply Balance - Water supplied per capita (Perth metro)	kL	126	123	122	127	126	131
Economic Performance							
Financial Efficiency							
Operating cost per property	\$	820	794	769	796	819	800
Total cost per property	\$	1,973	1,967	1,941	2,004	1,982	1,989
Surplus before income tax equivalent	\$m	1,072	931	920	1,053	1,118	947
Return on assets	%	6.5	6.0	5.8	5.8	5.8	5.5
Return on equity	%	7.1	6.2	6.2	7.2	7.9	7.0
Interest cover	Times	4.4	4.2	4.0	3.8	3.6	3.3
Debt to Total Assets	%	35.0	35.1	34.3	34.0	33.8	33.8
Asset Performance							
Blockages per 100km of sewer	No.	40.0*	16.1	16.7	18.3	17.4	16.9
Leaks and bursts per 100km of main	No.	20.0*	16.2	17.9	17.8	17.8	17.5
Drainage systems operating in accordance with guidelines	%	100*	100	100	100	100	100
Stakeholder Performance							
Customer Service							
Complaints (per 1000 properties) RY	No.	-	2.0	1.4	1.2	1.2	1.4
Written customer complaints (responsiveness) < 15 business days	%	90.0*	100.0	98.9	98.4	100.0	98.8
Telephone calls to '13' numbers abandoned after 30 seconds	%	5.0	2.9	1.7	1.7	1.6	
Telephone calls to '13' numbers first call resolution	%	90.0	91.8	92.6	92.0	97.5	96.9
Shareholder Accountability							
Responsiveness to priority one enquiries	%	85.0	97.5	98.4	96.2	96.7	98.2
Ethical & Governance Performance							
Compliance							
Number of legal sanctions for environmental breaches	No.	0	0	0	0	0	0
Environment Non-Compliances Addressed	%	95.0	100.0	99.0	94.9	98.7	98.6

1) Note from 2016 we are now including early childhood centres, primary schools, high schools, education support centres and secondary colleges.

* These targets applied to our Operating Licence between 1 July 2013 - 17 November 2013. From 18 November 2013 the Licence was substituted by the introduction of the *Water Services Act 2012*.

Five-year statistical summary

Financial Data	Units	2018	2017	2016	2015	2014
Total Revenue	\$'000	2,608,254	2,549,288	2,714,630	2,736,154	2,522,814
Operating Subsidy	\$'000	408,928	464,225	546,813	573,232	565,924
Direct Operating Expenses	\$'000	917,991	875,113	897,217	880,452	851,032
Depreciation / Amortisation	\$'000	495,106	486,275	459,727	459,732	444,081
Net Interest Expense	\$'000	249,185	253,592	256,263	274,032	256,013
Income Tax Expense	\$'000	281,254	275,048	315,589	334,305	266,773
Operating Surplus After Tax	\$'000	649,856	645,383	736,885	784,146	677,765
Transfer to / (from) Reserves	\$'000	0	0	(939,388)	130,699	79,486
Non-Current Borrowings	\$'000	5,253,312	4,959,000	5,679,437	5,592,772	5,444,502
New Works Investment (excluding developers take-over works)	\$'000	775,845	805,594	579,365	765,927	984,226
Current Borrowings	\$'000	887,723	926,000	7,000	20,000	1,150
New Borrowings	\$'000	264,000	199,000	82,000	175,000	85,000
Operating Data						
Water Supply Services						
Annual Volume of Water Supplied	ML	363,038	360,930	370,001	366,495	371,384
Number of Properties Served	No.	1,293,887	1,274,089	1,251,490	1,226,248	1,195,682
Number of Properties Connected	No.	1,111,464	1,095,943	1,078,639	1,057,388	1,032,186
Length of Mains	km	34,678	34,799	34,680	34,424	34,156
Wastewater Services						
Average Volume of Wastewater Treated Daily	ML	448	449	446	449	458
Number of Properties Served	No.	1,052,983	1,035,809	1,017,699	994,344	967,892
Number of Properties Connected	No.	975,583	958,064	937,220	910,167	885,920
Length of Sewers	km	17,051	16,903	16,693	16,416	16,080
Drainage Services						
Number of Properties Served (Metropolitan)	No.	411,803	406,724	398,844	391,408	382,833
Length of Drains	km	2,547	2,549	2,546	2,546	2,545
Irrigation Services						
Volume of Water Delivered	ML	5,234	5,731	139,268	150,147	135,481
Employees						
Total number of employees	No.	2,746	2,758	2,654	2,852	3,098
Total number of full-time equivalents (FTEs)	No.	2,609	2,622	2,533	2,703	2,934
Total number of FTEs (year-end average)	No.	2,599	2,576	2,520	2,845	2,971

Principal statistics

Water Supply

Region	Properties Served	Properties Connected	Water Supply Services	Length of Mains (Kilometres)	Water Supplied ² (Megalitres)
Perth Metro	994,560	854,364	732,913	14,252	247,870
Mandurah-Murray	61,489	51,859	46,274	1,176	13,862
Perth Region ¹	1,056,049	906,223	779,187	15,428	261,731
Goldfields & Agricultural	43,135	38,654	42,425	9,624	23,068
Great Southern	47,545	41,386	40,742	4,047	12,694
Mid-West	49,871	40,749	36,412	2,286	16,551
North-West	42,960	35,322	29,102	1,503	34,710
South-West	54,327	49,130	44,761	1,790	14,284
Total	1,293,887	1,111,464	972,629	34,678	363,038

1. Perth Region includes Mandurah-Murray District.

2. Water supplied is the quantity recorded by master meters from 1 July to 30 June.

Wastewater

	Properties Served	Properties Connected	Total Length of Sewers (Kilometres)	Number of Pumping Stations	Number of Treatment Plants	Average Quantity of Wastewater Treated Daily (Megalitres)
Perth Metro	836,048	786,183	12,342	657	12	370
Mandurah-Murray	49,455	43,380	882	85	4	16
Perth Region ¹	885,503	829,563	13,224	742	16	384
Goldfields & Agricultural	11,264	9,616	317	32	19	4
Great Southern	29,585	25,516	733	83	21	11
Mid-West	26,004	20,749	597	69	19	7
North-West	34,338	31,055	682	76	17	16
South-West	66,289	59,084	1,498	166	20	27
Total	1,052,983	975,583	17,051	1,168	112	451

1. Perth Region includes Mandurah-Murray District.

Drainage

Region	Properties Served	Length of Drains Controlled (Kilometres)
Perth	411,803	1,126
Great Southern	n/a	129
South-West	n/a	1,291
Total	411,803	2,547

Irrigation

Region	Water Supplied (Megalitres)
Mid-West ¹	4,510
North-West ²	724
South-West ³	n/a
Total	5,234

1. Mid-West irrigation district was transferred to the Gascoyne Water Co-operative on 1 July 2003.

2. North West irrigation is managed by the Ord Irrigation Co-operative (established in 2002). However, Water Corporation maintains responsibility for a number of customers.

3. Water Corporation owns and maintains the dams that supply Harvey Water and Preston Valley Irrigation but they have the water allocation directly with the Department of Water.

Metropolitan sources of supply

Source	Area of Catchment (Square km)	Storage Capacity (Megalitres)	Storage at 30/06/2018 (Megalitres)	Percentage of Maximum Storage (%)	Output to 30/06/2018 (Megalitres)
Dams					
Stirling	252	57,404	26,718	46.5	2,912
Samson WTP	192	8,003	3,614	45.2	9,328
South Dandalup	313	138,345	19,225	13.9	4,643
North Dandalup	151	60,791	29,218	48.1	5,437
Serpentine and Serpentine Pipehead	693	140,292	50,219	35.8	39,011
Canning	728	90,353	68,598	75.9	8,487
Wungong	128	59,796	41,001	68.6	13,087
Churchman	18	2,241	609	27.2	922
Victoria	37	9,463	4,625	48.9	1,804
Total Hills Sources Output Gross		566,688	243,827	43.0	85,631
Total Hills Transfers Input					84,495
Total Hills Sources Output Nett					1,136
Groundwater					
Artesian Bores					28,629
Mirrabooka					15,532
Gwelup					13,171
Wanneroo					30,090
Jandakot					16,423
Neerabup					24,007
Lexia					2,648
Yanchep/Two Rocks					1,448
Total Groundwater Output					131,948
Desalination					
Perth Seawater Desalination Plant					45,956
Southern Seawater Desalination Plant					102,948
Total Desalination Output					148,905
Water Received from Bulk Supplier					
Goldfields and Agricultural Water Supply Scheme supply to Perth					1,795
Total					1,795
Bulk Water Exported					
to Mundaring Dam for GAWS					17,371
Mandurah-Murray					13,862
South-West Region					1,192
Great Southern Towns Water Supply Scheme					638
Total					33,062
Total Water Sourced					
Net Output from Surface Water					1,136
Groundwater					131,948
Desalination					148,905
Received from Bulk Supplier					1,795
Total Sources					283,783
Riparians (from Distribution System)					
Riparians from Distribution System					2,422
Total Potable Water Supplied					
Total Water Sourced					283,783
Bulk Water Exported					(33,062)
Riparians (from Distribution System)					(2,422)
Operational Use & Service Reservoir Vol Change					(429)
Total Water Supplied					247,870

