



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 over 2,800 people located in offices in Perth, Bunbury, Albany, Karratha, Geraldton, Northam and Kalgoorlie, as well as 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 our alliances with the private sector.

Our purpose is the sustainable management of water services to make WA a great place to live and invest. Having set a new vision in the latter half of the financial year, we are now on a journey to improve the performance metrics of the business.

Our owner

Water Corporation is owned by the Western Australian Government and accountable to the Minister for Water; Fisheries; Forestry; Innovation and ICT; and 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. Water Corporation sees working across government as essential to a well-functioning public sector, and will continue to be an active participant in the State Government's priorities such as creating local jobs, repairing the State's finances, and supporting METRONET.

Our stakeholders

Our key stakeholders include 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 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 wastewater within conditions set by a number of regulators including Department of Water and Environmental Regulation, Department of 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.

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 take responsibility for our own decisions and actions.

Our vision

Our new vision was endorsed by the Water Corporation Board in March 2019 and developed through an extensive consultation process with internal and external stakeholders, together with insights gained through customer research. Central to the vision is our commitment to drive even greater value for our customers, community and owner.

Safe for all

Our highest priority is to keep our customers and community safe. Our commitment is to ensure our operations and services are 'safe for all' and we will continue to advance safe work practices throughout our business.

Lowest total cost

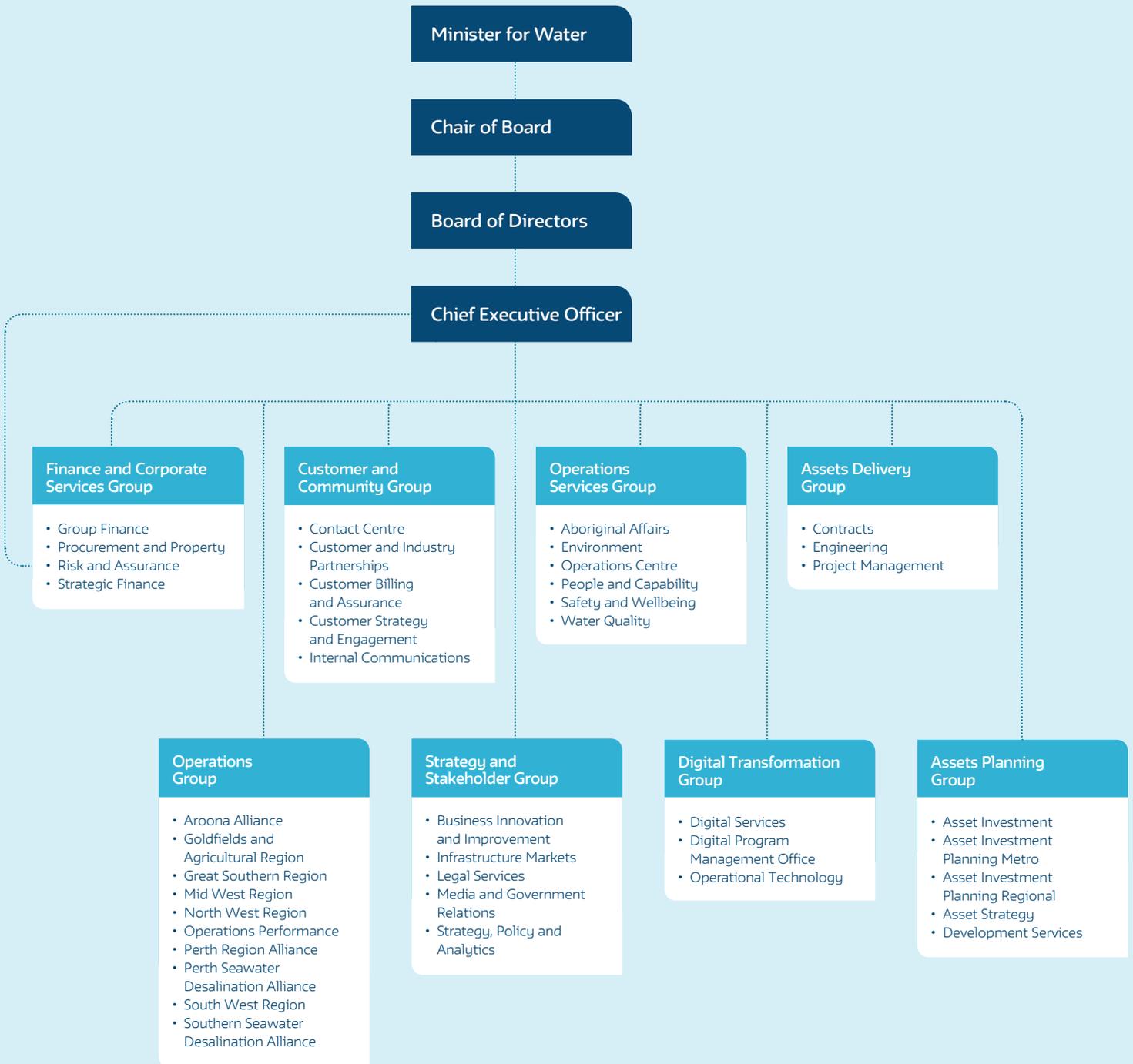
Our customers and owner want us to deliver services they value at the lowest long term cost to ensure our services remain accessible to all Western Australians. We will use innovation to identify solutions which balance cost with the long term stability of our asset base and reliability of services to our customers.

Lowest environmental impact

Our customers have told us they are interested in the health of our waterways, increasing recycling, managing waste and reducing greenhouse gas emissions. We are committed to reducing the impact of our operations on the environment to preserve and enhance all ecosystems for generations to come.



ORGANISATIONAL STRUCTURE





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

BOARD PROFILES



Chair

Mr Michael Hollett
GAICD

Mr Michael Hollett has extensive water industry, property and senior living experience and has diverse business interests across regional areas. Mr Hollett is currently Chairman of Ocean Gardens Inc, Director at H&H Development Enterprises Pty Ltd and a Director at Kimberley Marine Support Base Pty Ltd. Mike as co-founder of Eco Lifestyle Villages is forging a new model of lifestyle communities for seniors in peri-urban areas of Perth with delivery of more sustainable outcomes. 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, led new pathways in water recycling, efficiency and strategic planning for Water Corporation and its predecessors from 1982 to 2004.

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

Chair: Safety & Wellbeing Committee and People & Culture Committee

Chief Executive Officer

Mr Pat Donovan
Bachelor of Engineering (BA BAI) Mechanical Engineering (Trinity College, Dublin) FIEAust, GAICD

Mr Pat Donovan was appointed CEO in January 2019 and comes to Water Corporation with more than 25 years' experience in the gas utility sector in Australia and Ireland. He was previously President of ATCO Gas Australia where he led the business in the delivery of safe, reliable and affordable energy to over 750,000 customers across the south west of Western Australia and previously held senior executive roles at ATCO and Alinta.

Mr Donovan has qualifications in engineering and finance, and has also completed an Ivey Business Executive Program at Western University in Canada. He has a proven track record of leading customer focussed business strategies and achieving sustained commercial success and business growth. He is a passionate proponent of delivering service and operational excellence at a sustainable cost to customers and the community. He is a Director of the Water Services Association of Australia (WSAA).

Appointed 1 January 2019, term expires December 2024.

Ms Sue Murphy AO
B.Eng (Hons), CP Eng, FIE Aust, GAICD

Ms Sue Murphy is a Member of The University of Western Australia Senate and Board Member of the University of WA Business School, and Director of the Fremantle Football Club.

Appointed 6 November 2008, term expired 31 December 2018.

Deputy Chair

Mr David Lock
BComm (UNSW), CA, FAICD

Mr David Lock is the Chairman of Australian Pork Limited, the Western Australia Meat Industry Authority, Mareterram Limited and Odeum Produce Pty Limited. He is a non-executive director of CBH Group. He is a Trustee of the Marine Stewardship Council 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 and a director of Food, Fibre and Land International Pty Limited.

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

Chair: Audit & Risk Committee

Member: People & Culture Committee

Board members

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, Chair of Nudge and part of the independent panel advising government on the Strategic Assessment of the Perth-Peel Region (SAPPR) and provides strategic management consultancy services.

Appointed 8 June 2016, term expired 31 December 2018 and was extended by the *Water Corporations Act 1995*.

Member: Safety & Wellbeing Committee

Ms Nicole Lockwood
LLB, BBus Environ, GAICD

Ms Nicole Lockwood is the Independent Chair of the Westport Taskforce charged with planning the infrastructure to drive the freight future of WA's South West for the next 50-100 years. She is the Chair of the Freight and Logistics Council and a Board Member of Infrastructure Australia. She Chairs MNG Surveying and the Sienna Wood Joint Venture and is the Deputy Chair of Leadership WA. With a background in law and regional economic development, Nicole works with Government and the private sector to develop long-term infrastructure plans to secure the future prosperity and liveability of our cities.

Appointed 1 March 2016, term expires 31 December 2020.

Member: Audit & Risk Committee and People & Culture Committee

Mr David Rowe
BA GradAASC 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 expired 31 December 2018 and was extended by the *Water Corporations Act 1995*.

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 finance, risk advisory and innovation, having worked for over a decade in investment banking in London. Her doctoral research focused on electricity market disruption that led to her co-founding Power Ledger, a blockchain technology company, of which she is the Chair. Dr Green is also an Advisory Board Member of Carbon Tracker.

Appointed 4 July 2017, term expires 1 December 2019.

Member: Audit & Risk Committee and People & Culture Committee



EXECUTIVE



General Manager Customer and Community

Ms Karen Willis, term April 2019
BA (Hons), PGradDip (Marketing) GAICD

Ms Catherine Ferrari, term January 2015 – April 2019
BBus, PGradDip Bus, MLM, FCPA, GAICD

Chief Financial Officer

Mr Ross Hughes
BBus, FCPA, FAICD

General Manager Operations Services

Dr Steve Capewell
Bsc (Hons), PhD, GAICD

General Manager Digital Transformation

Mr Ed Riley, term April 2019
BSc (Hons)

Ms Deanne McDonald, term July 2017 – April 2019
MBA, GAICD

General Manager Strategy and Stakeholders

Mr Don Johnston
BSc Comm (Hons), MBA

General Manager Assets Delivery

Mr Nathan Hardwick, term January 2019
B.Eng (Hons), C.Eng MICE

Mr Mark Leathersich, term August 2018 – January 2019
BSc (Hons), MSc

General Manager, Assets Planning

Mr Evan Hambleton, term April 2019
B.Eng (Hons), MBA, GAICD

Mr Ashley Vincent, term July 2013 – April 2019
B.Eng, GCert BusMgmt, MBA

General Manager, Operations

Mr Mark Leathersich, term January 2019
BSc (Hons), MSc

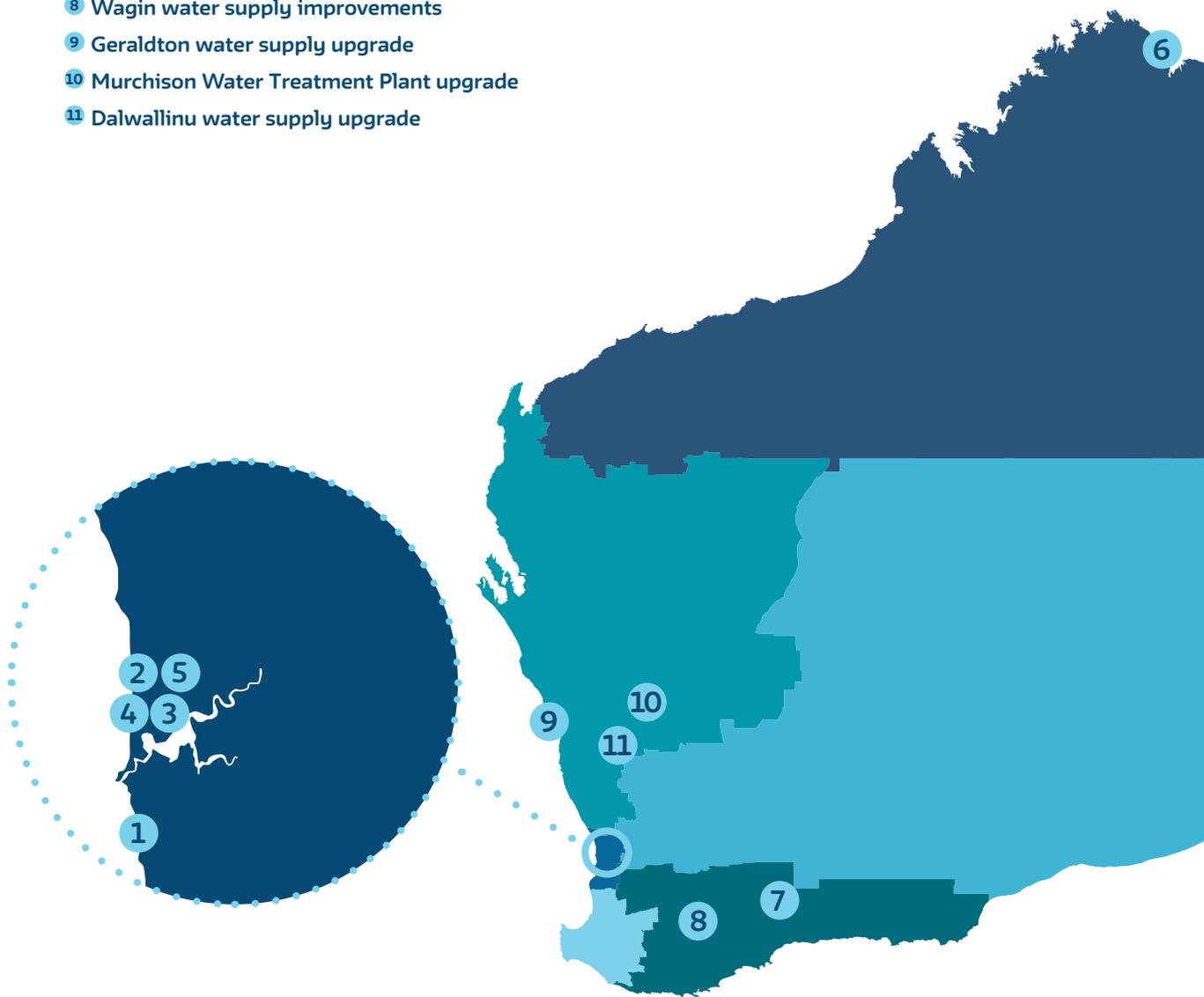
Mr Pat Donovan, term August 2018 – December 2018
Bachelor of Engineering (BA BAI) Mechanical
Engineering (Trinity College, Dublin) FIEAust, GAICD

KEY CAPITAL PROJECTS



Our capital investment program for 2018-19 was \$696 million. Key projects completed and underway are highlighted below.

- 1 Woodman Point Wastewater Treatment Plant upgrade
- 2 Groundwater Replenishment Scheme Stage 2 expansion
- 3 Increased capacity of Subiaco Wastewater Treatment Plant
- 4 Pipes for Perth Renewal program
- 5 Ellenbrook Tank construction
- 6 Replacement of Kununurra Diversion Dam's Gantry Crane
- 7 Improving Norseman's water supply
- 8 Wagin water supply improvements
- 9 Geraldton water supply upgrade
- 10 Murchison Water Treatment Plant upgrade
- 11 Dalwallinu water supply upgrade





FINANCIAL HIGHLIGHTS



Our surplus for 2018-19 was strongly influenced by a combination of reduced expenditure primarily driven by lower levels of water production required from desalination sources and a strong revenue performance from our core activities.

The results featured total revenue of \$2.8 billion and returns to the State Government by way of our Net Accruals to Government (NATG) of \$545 million.

Our operating business delivered a surplus of \$668 million and contributions from land developers towards infrastructure for new housing developments contributed a further \$119 million. These contributions were received either as cash or as infrastructure handed over. In 2018-19, developers' fees represented \$70 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 \$49 million of surplus.

Excluding the impact from development activity, total revenue increased by 6.7 per cent during the year primarily due to a rise in water consumption, government grants, and higher operating subsidies received from the Government for the provision of non-profitable services.

Total expenditure decreased by 3.9 per cent. On a total cost per property basis, costs decreased by 2.9 per cent and our operating costs per property reduced by 6.3 per cent. We continue to be one of the lowest cost businesses in the Australian water industry for large scale supply. A continued focus on cost management supported the achievement of our long term two per cent average annual efficiency target.

Investing in infrastructure

We continued to invest heavily in infrastructure with \$696 million of new capital expenditure. Our capital investment program benefits the community and a wide range of local private sector 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 \$696 million capital investment program for 2018-19 included \$331 million on our water business, \$172 million on our wastewater business with the remainder on a range of programs including irrigation, drainage, and facility management.

Returns to the State

The Board approved dividend payments totalling \$605 million to the State representing 85 per cent of our after-tax surplus (excluding developers' handover assets, State Government grants, and grants received from Government for capital expenditure purposes) as per the 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 2018-19 amounted to \$360 million. We received an operating subsidy payment from the Government of \$420 million for the provision of non-profitable services, mostly in regional and remote areas of Western Australia, and concessions (pensioner and senior) to customers. When operating subsidies are offset against the dividends and taxes paid to Government, the resulting NATG came to \$545 million in 2018-19.

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

Supporting the State's growth

The water and wastewater services we provide facilitate the development of residential land, the growth of our towns and cities, and meet the needs of commerce and industry across Western Australia.

In 2018-19, the value of our regional assets was in excess of \$6 billion. During the year we spent over \$153 million on the delivery of projects for regional Western Australia.

Alignment with Government priorities

As a Government-owned enterprise, we are committed to ensuring alignment with the State Government's twelve priorities to deliver better outcomes for all Western Australians. The key priorities we contribute to include 'a strong economy', 'a liveable environment' and 'regional prosperity.' Over 2018-19 we have engaged with general Government agencies to support the implementation of a number of Government-led initiatives and policies. We see working across government as essential to a well functioning public sector, and will continue to be an active participant in the State Government's priorities such as creating local jobs, repairing the State's finances, and supporting METRONET.

Net accrual to government					
\$ millions	2018-19	2017-18	2016-17	2015-16	2014-15
Dividend	605	528	483	567	562
Tax Equivalents	360	289	304	342	346
Operating Subsidy	(420)	(409)	(464)	(547)	(573)
NATG	545	408	323	362	335

Summary of performance

	Units	2018-19 Projected	2018-19 Actual
Financial outcomes			
Operating Surplus before income tax			
Operating business	\$m	934	970
Developer asset handover before tax	\$m	112	70
Developer cash contributions before tax	\$m	131	100
Operating Surplus after income tax			
Operating business	\$m	654	668
Developer asset handover after tax	\$m	78	49
Developer cash contributions after tax	\$m	92	70
Capital expenditure (including capitalised interest)	\$m	738	696
Borrowings taken	\$m	50	70
Financial performance measures			
Return on equity	%	7.7	7.4
Return on assets	%	7.0	7.1
Debt to total assets ratio	%	34.9	34.9
Accruals to government			
Indirect tax equivalents	\$m	7	6
Income tax equivalents (net of deferred tax adjustments)	\$m	361	354
Dividends provided	\$m	618	605
Total	\$m	986	965
Payments from government			
Operating Subsidies			
Country Water, Sewerage and Drainage Operations	\$m	312	255
Pensioner and Senior Concessions ¹	\$m	149	166
Metropolitan Operations	\$m	3	(1)
		464	420

1. Includes Pensioners and Senior concessions, and concessions provided for non-rated and exempt properties.

Community targets

	2018-19 Target	2018-19 Actual
Perth total per person water use	125 kL	126kL
Customer performance index	7.30	7.10
Total cost per property	\$1,981	\$1,908
Safety Index	92.5	100.0