

## 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	2023-24 Estimated Actual \$'000	2024-25 Budget Year \$'000
Synergy		
– Asset Investment Program .....	837,857	1,228,034
Western Power		
– Asset Investment Program .....	1,026,935	1,373,035
Horizon Power		
– Asset Investment Program .....	138,165	189,076
Water Corporation		
– Asset Investment Program .....	916,660	1,702,964
Bunbury Water Corporation		
– Asset Investment Program .....	16,048	18,713
Busselton Water Corporation		
– Asset Investment Program .....	6,058	9,803

## Ministerial Responsibilities

<b>Minister</b>	<b>Agency</b>	<b>Services</b>
Minister for Energy; Environment; Climate Action	Synergy	n.a.
	Western Power	n.a.
	Horizon Power	n.a.
Minister for Training and Workforce Development; Water; Industrial Relations	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

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>REVENUE TO GENERAL GOVERNMENT SECTOR <sup>(a)</sup></b>							
Local Government Rates Equivalent .....	783	1,180	640	<b>640</b>	640	640	640
<b>EXPENSES FROM GENERAL GOVERNMENT SECTOR</b>							
Operating Subsidies <sup>(b)</sup> .....	799,443	924,426	946,763	<b>831,266</b>	239,662	243,160	247,835
Other Subsidies <sup>(c)</sup> .....	4,583	7,900	12,900	<b>12,700</b>	7,900	7,900	7,900
<b>EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR</b>							
Equity Contributions .....	40,504	-	452,262	<b>1,073,820</b>	86,563	-	-
Major Treasurer's Special Purpose Account(s).....	397,496	-	302,942	<b>68,946</b>	-	-	-
<b>GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations .....	3,204,114	3,259,149	3,488,619	<b>3,491,927</b>	3,501,547	3,550,207	3,680,262
Revenue from Government .....	804,026	932,326	959,663	<b>843,966</b>	247,562	251,060	255,735
Total Expenses <sup>(d)</sup> .....	4,740,707	4,109,381	4,277,297	<b>4,352,278</b>	3,879,999	4,017,861	3,947,900
Total Borrowings .....	161,130	211,004	211,004	<b>182,142</b>	433,008	583,008	483,008
<b>NET PROFIT AFTER TAX</b> .....	(732,731)	82,094	170,985	<b>(16,385)</b>	(130,890)	(216,594)	(11,903)
<b>CASH ASSETS <sup>(e)</sup></b> .....	300,187	264,775	333,002	<b>178,178</b>	172,095	174,989	175,091

(a) No income tax is projected to be payable over the forward estimates period as Synergy is not expected to return taxable profits, particularly after previous tax losses are taken into account.

(b) Synergy received additional operating subsidies in 2023-24 and 2024-25 primarily as a result of administering the electricity credits for residential and small business customers.

(c) Other subsidies include amounts from Communities for the Hardship Utility Grant Scheme and Energy Ahead (previously the Household Energy Efficiency Scheme).

(d) Excludes current tax expense, deferred tax expense and dividend payments.

(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 Synergy's Income Statement since presentation of the 2023-24 Budget to Parliament on 11 May 2023, are outlined below:

	2023-24	2024-25	2025-26	2026-27	2027-28
	Estimated	Budget	Outyear	Outyear	Outyear
	Actual	Year	\$'000	\$'000	\$'000
	\$'000	\$'000			
<b>Key Adjustment</b>					
Cost of Living - Household and Small Business Electricity Credits .....	-	(462,000)	-	-	-
<b>Other</b>					
Financial Viability Subsidies and Rebates and Concessions.....	(22,337)	(56,414)	13,179	10,443	15,988

## 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 and also committed to significant investment in renewable generation and storage, requiring 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

2. Kwinana Battery Energy Storage System 1 (KBESS 1), a 100 MW/200 MWh utility-scale transmission-connected battery is located at Synergy's Kwinana Power Station. It was successfully commissioned in 2023-24, marking a significant milestone as the first large-scale battery to be built and operated in Western Australia.
3. Synergy will further enhance Western Australia's energy storage infrastructure in 2024-25. Synergy is progressing with constructing two significant projects: Kwinana Battery Energy Storage System 2 (KBESS 2) and Collie Battery Energy Storage System 1 (CBESS). These utility-scale transmission-connected batteries, with 200 MW/800 MWh and 500 MW/2,000 MWh capacities, will significantly bolster Synergy's renewable energy storage capacity.
4. In addition to battery storage projects, Synergy continues progressing with the development of the King Rocks Wind Farm (KRWF). This wind farm will be in the Shire of Kondinin and have up to 30 wind turbines. The project has development approval from the Shire of Kondinin.

### Customers and Hardship

5. In 2024-25, the Government will provide \$462 million for credits to residential and small business electricity customers to assist them with cost of living pressures.
6. Synergy remains committed to supporting customers experiencing financial hardship through individual case managers and programs such as Energy Ahead (previously the Household Energy Efficiency Scheme).
  - 6.1. The Case Management program supplies tailored hardship aid options to customers experiencing severe financial difficulty. It includes a team of specially trained case managers working one-on-one with customers.
  - 6.2. The Energy Ahead program supports households by improving the energy efficiency of their homes, which results in lower energy bills.

### Workforce Transition

7. Since August 2019, when the Government announced the staged retirements of Synergy's coal-fired Muja C Units 5 and 6, Synergy has collaborated with its workforce, the Collie community, unions, and the Government to ensure a supportive and proper transition for those directly impacted.
8. Following the announcement of the retirement of Synergy's coal-fired power stations, the Workforce Transition Program will ensure Collie Power Station employees are aided through the transition similarly to 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 Synergy.

## Financial Sustainability

9. Synergy receives operating subsidies to fund its obligations that are not commercial and for rebates and concessions to customers that it administers on behalf of the Government.
  - 9.1. Operating subsidies support revenue shortfalls due to limiting the impact of cost increases on residential and small business customers in the South West Interconnected System.
  - 9.2. The Government supports Synergy customers experiencing financial hardship or on concessions through various subsidies and programs.
10. Synergy will receive equity contributions over the forward estimates period to fund the KBESS 1 and 2, CBESS and KRWF.

## Annual Performance Statement

The following performance information is the subject of an Annual Performance Statement adopted by the GTE.

## 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 Synergy'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

	2022-23 Actual	2023-24 Budget	2023-24 Estimated Actual	2024-25 Budget Target	Note
<b>Outcome: Financial performance:</b>					
Earnings before interest, taxes, depreciation, and amortisation (EBITDA) (\$ million) equal or greater than <sup>(a)</sup> .....	71.6	204.1	318.4	115.6	1
EBITDA margin equal or greater than .....	2.1%	4.9%	7.2%	2.7%	
Net Profit After Tax (NPAT) margin equal or greater than .....	(0.2%)	2.0%	3.8%	(0.4%)	
<b>Outcome: Increase organisation diversity:</b>					
Diversity index met <sup>(b)</sup> .....	n.a.	5/5	3/5	5/5	
<b>Outcome: Employee safety:</b>					
Recordable Injury Frequency Rate equal or less than.....	4.94	≤5	3.13	≤5	
<b>Outcome: Protecting our environment:</b>					
Reduce emissions by 80% by 2030 (from 2020-21 levels) (kilotonnes of CO <sub>2</sub> equivalent) .....	n.a.	≤4,500	5,100	≤3,400	2
<b>Outcome: Customer service:</b>					
Customer Effort Score (CES) <sup>(c)</sup> .....	70.1%	≥68.2%	68.8%	≥68.9%	

(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) 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 2022-23 Actual financial performance excludes a range of one-off charges including provisions for onerous contracts and reversal of impairment on non-current assets.
- The 2024-25 Budget Target is based on Synergy's estimated gigawatt-hours output for the financial year. The actual emissions result is impacted by factors outside of Synergy's control including availability of other market participants, system demand and weather.

## Asset Investment Program

### Decarbonisation

- In 2023-24, Synergy forecasts investing \$756.7 million in battery storage and wind projects to meet the Government's decarbonisation goals.
- In 2024-25, Synergy will spend approximately \$1.2 billion, progressing existing battery storage and wind projects and supporting the existing generation asset base to ensure stable and reliable energy.

### Generation

- Synergy's existing generation portfolio comprises coal, gas, liquid fuel, and renewable energy assets. Expenditure to keep the capacity and reliability of existing assets amounts to approximately \$63 million in 2024-25. Major investments include:

- 3.1. \$25.1 million at Pinjar Power Station for turbine rotor replacements and general plant maintenance;

- 3.2. \$11.6 million at Cockburn Power Station and on the Kwinana high-efficiency gas turbines, including turbine blades and material required to support the gas turbine outage. Other investments include seawall defence, water canal refurbishment, and upgrade of the fabrication shop facility;
- 3.3. \$10.7 million for various projects at Collie Power Station, including pump upgrades to mitigate failure and investment in an electrostatic precipitator to improve particulate control;
- 3.4. \$9.8 million at Muja Power Station, including raising a fly ash dam wall and high voltage switchboard upgrades; and
- 3.5. \$6.6 million in other infrastructure spending, including upgrading facilities at Kalgoorlie and Mungarra power stations.

## Corporate

4. Approximately \$4.9 million has been allocated for upgrading ICT infrastructure, cyber security, and ongoing ICT capital expenditure, such as replacing end-of-life devices.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-24 \$'000	2023-24 Estimated Expenditure \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>WORKS IN PROGRESS</b>							
Corporate							
Business Systems Replacement .....	84,848	72,520	5,240	3,000	3,000	3,164	3,164
Property, Plant and Equipment .....	17,538	9,779	1,500	1,939	1,940	1,940	1,940
Decarbonisation							
Collie Battery Energy Storage System 1 (CBESS) .....	1,653,420	549,677	296,082	1,017,180	86,563	-	-
Decarbonisation - Other Minor Investment .....	4,066	1,457	1,457	1,713	448	448	-
Kwinana Battery Energy Storage System 2 (KBESS 2) .....	661,100	583,304	459,122	77,796	-	-	-
Generation							
Cockburn Gas Turbine .....	107,374	72,853	11,333	8,021	11,500	4,000	11,000
Collie Power Station .....	98,483	81,762	16,859	10,710	6,011	-	-
Kwinana Power Station .....	65,652	60,348	1,845	3,588	1,716	-	-
Muja Power Station .....	157,274	145,144	11,066	9,830	2,300	-	-
Other Generation Infrastructure Projects .....	86,894	67,798	1,000	6,596	2,000	6,500	4,000
Pinjar Gas Turbine .....	132,759	37,043	6,396	25,116	24,600	26,000	20,000
<b>COMPLETED WORKS</b>							
Corporate - Wholesale Electricity Market Readiness .....	17,636	17,636	2,575	-	-	-	-
Generation							
Firewater Containment System .....	10,900	10,900	4,380	-	-	-	-
Kwinana Battery Energy Storage System 1 (KBESS 1) .....	173,500	173,500	14,820	-	-	-	-
Retail							
Election Commitment - Virtual Power Plants .....	5,332	5,332	3,295	-	-	-	-
Smart Energy for Social Housing .....	3,249	3,249	887	-	-	-	-
<b>NEW WORKS</b>							
Decarbonisation - Wind Generation .....	62,545	-	-	62,545	-	-	-
<b>Total Cost of Asset Investment Program .....</b>	<b>3,342,570</b>	<b>1,892,302</b>	<b>837,857</b>	<b>1,228,034</b>	<b>140,078</b>	<b>42,052</b>	<b>40,104</b>
<b>FUNDED BY</b>							
Capital Appropriation .....			-	1,073,820	86,563	-	-
Funding included in Department of Treasury - Administered Item .....			452,262	-	-	-	-
Internal Funds and Balances .....			82,653	85,268	53,515	42,052	40,104
Major Treasurer's Special Purpose Account(s) Climate Action Fund .....			302,942	68,946	-	-	-
<b>Total Funding .....</b>			<b>837,857</b>	<b>1,228,034</b>	<b>140,078</b>	<b>42,052</b>	<b>40,104</b>

## Financial Statements

### Income Statement

#### Revenue

- Operating subsidies provided to Synergy in 2023-24 and 2024-25 are higher, largely due to electricity credits for residential and small business customers.

### Statement of Financial Position

- The higher net assets figure in the 2023-24 Estimated Actual is due to the increased investment in large-scale renewable battery assets.

### Statement of Cashflows

- Other payments and operating subsidies include the household and small business electricity credits.
- The increase in asset purchases, and associated equity contributions relate to achieving decarbonisation objectives.
- In the absence of subsidies, borrowings will increase to support Synergy's cashflows over the forward estimates period.

### INCOME STATEMENT <sup>(a)</sup> (Controlled)

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Sale of goods and services.....	3,185,906	3,249,169	3,473,146	3,480,522	3,491,569	3,539,902	3,669,438
Other revenue.....	18,208	9,980	15,473	11,405	9,978	10,305	10,824
<b>Revenue from Government</b>							
Operating subsidies.....	799,443	924,426	946,763	831,266	239,662	243,160	247,835
Other subsidies.....	4,583	7,900	12,900	12,700	7,900	7,900	7,900
<b>TOTAL REVENUE</b> .....	<b>4,008,140</b>	<b>4,191,475</b>	<b>4,448,282</b>	<b>4,335,893</b>	<b>3,749,109</b>	<b>3,801,267</b>	<b>3,935,997</b>
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	147,542	163,457	163,457	162,578	160,286	169,600	174,722
Grants and subsidies.....	547,133	628,642	629,723	567,113	112,984	117,745	122,704
Supplies and services.....	3,902,315	3,093,577	3,219,473	3,377,882	3,322,771	3,319,758	3,235,313
Accommodation.....	1,547	1,758	1,218	1,292	1,312	1,331	1,352
Depreciation and amortisation.....	(43,804)	63,190	41,574	53,142	95,022	217,475	227,748
Finance and interest costs.....	53,043	58,809	105,833	78,805	81,824	84,434	77,923
Other expenses.....	132,931	99,948	116,019	111,466	105,800	107,518	108,138
<b>TOTAL EXPENSES</b> .....	<b>4,740,707</b>	<b>4,109,381</b>	<b>4,277,297</b>	<b>4,352,278</b>	<b>3,879,999</b>	<b>4,017,861</b>	<b>3,947,900</b>
<b>NET PROFIT/(LOSS) BEFORE TAX</b> .....	<b>(732,567)</b>	<b>82,094</b>	<b>170,985</b>	<b>(16,385)</b>	<b>(130,890)</b>	<b>(216,594)</b>	<b>(11,903)</b>
National Tax Equivalent Regime - Deferred tax equivalent expense .....	164	-	-	-	-	-	-
<b>NET PROFIT/(LOSS) AFTER TAX</b> .....	<b>(732,731)</b>	<b>82,094</b>	<b>170,985</b>	<b>(16,385)</b>	<b>(130,890)</b>	<b>(216,594)</b>	<b>(11,903)</b>

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

(b) The full-time equivalents for 2022-23 Actual, 2023-24 Estimated Actual and 2024-25 Budget Year are 945, 1,076 and 1,056 respectively.



**STATEMENT OF FINANCIAL POSITION (a)**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CURRENT ASSETS</b>							
Cash assets.....	300,187	264,775	333,002	178,178	172,095	174,989	175,091
Receivables.....	408,227	123,434	194,431	167,778	168,618	173,848	185,484
Assets held for sale.....	2,420	5,868	10,463	128	14,554	14,543	13,227
Other.....	323,473	145,246	235,344	275,870	321,145	340,775	328,748
<b>Total current assets.....</b>	<b>1,034,307</b>	<b>539,323</b>	<b>773,240</b>	<b>621,954</b>	<b>676,412</b>	<b>704,155</b>	<b>702,550</b>
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment.....	578,215	633,456	1,751,890	2,923,352	2,982,125	2,803,924	2,599,636
Intangibles.....	56,026	36,594	64,205	68,052	40,747	44,127	61,373
Other.....	279,432	65,625	30,743	27,785	31,414	32,153	34,216
<b>Total non-current assets.....</b>	<b>913,673</b>	<b>735,675</b>	<b>1,846,838</b>	<b>3,019,189</b>	<b>3,054,286</b>	<b>2,880,204</b>	<b>2,695,225</b>
<b>TOTAL ASSETS.....</b>	<b>1,947,980</b>	<b>1,274,998</b>	<b>2,620,078</b>	<b>3,641,143</b>	<b>3,730,698</b>	<b>3,584,359</b>	<b>3,397,775</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	42,926	4,092	19,395	19,395	19,395	19,395	19,395
Payables.....	379,504	225,458	335,558	330,673	338,596	338,520	337,560
Borrowings and leases.....	24,577	21,344	24,577	24,577	24,577	24,577	24,577
Interest payable.....	335	378	335	335	335	335	335
Other.....	390,257	103,022	301,453	264,797	314,871	310,753	305,119
<b>Total current liabilities.....</b>	<b>837,599</b>	<b>354,294</b>	<b>681,318</b>	<b>639,777</b>	<b>697,774</b>	<b>693,580</b>	<b>686,986</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	28,982	27,549	28,901	28,941	28,821	28,821	28,821
Borrowings and leases.....	317,729	349,883	342,721	289,035	516,100	642,592	521,096
Other.....	1,368,376	591,567	1,245,655	1,235,526	1,084,466	1,032,423	985,832
<b>Total non-current liabilities.....</b>	<b>1,715,087</b>	<b>968,999</b>	<b>1,617,277</b>	<b>1,553,502</b>	<b>1,629,387</b>	<b>1,703,836</b>	<b>1,535,749</b>
<b>TOTAL LIABILITIES.....</b>	<b>2,552,686</b>	<b>1,323,293</b>	<b>2,298,595</b>	<b>2,193,279</b>	<b>2,327,161</b>	<b>2,397,416</b>	<b>2,222,735</b>
<b>NET ASSETS.....</b>	<b>(604,706)</b>	<b>(48,295)</b>	<b>321,483</b>	<b>1,447,864</b>	<b>1,403,537</b>	<b>1,186,943</b>	<b>1,175,040</b>
<b>EQUITY</b>							
Contributed equity.....	1,886,445	1,601,549	2,641,649	3,784,415	3,870,978	3,870,978	3,870,978
Accumulated surplus/(deficit).....	(2,497,397)	(1,654,187)	(2,326,412)	(2,342,797)	(2,473,687)	(2,690,281)	(2,702,184)
Reserves.....	6,246	4,343	6,246	6,246	6,246	6,246	6,246
<b>TOTAL EQUITY.....</b>	<b>(604,706)</b>	<b>(48,295)</b>	<b>321,483</b>	<b>1,447,864</b>	<b>1,403,537</b>	<b>1,186,943</b>	<b>1,175,040</b>

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

**STATEMENT OF CASHFLOWS (a)**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Sale of goods and services.....	3,170,650	3,085,690	3,339,596	3,362,295	3,351,905	3,364,990	3,509,249
GST receipts.....	345,371	314,344	412,668	359,918	363,191	393,012	408,334
Other receipts.....	23,278	98,333	118,637	29,346	20,167	52,364	7,472
<b>Payments</b>							
Employee benefits.....	(147,383)	(162,580)	(187,255)	(163,439)	(161,313)	(158,712)	(174,963)
Supplies and services.....	(3,305,854)	(3,107,069)	(3,379,991)	(3,333,677)	(3,364,728)	(3,256,050)	(3,160,310)
Accommodation <sup>(b)</sup> .....	(764)	(411)	(411)	(412)	(410)	(410)	(433)
GST payments.....	(346,067)	(340,448)	(438,770)	(384,958)	(390,868)	(392,936)	(408,336)
Finance and interest costs.....	(29,001)	(6,513)	(6,619)	(5,468)	(13,857)	(21,456)	(19,382)
Other payments.....	(635,024)	(733,947)	(767,460)	(751,142)	(257,930)	(339,775)	(280,699)
<b>Net cash from operating activities.....</b>	<b>(924,794)</b>	<b>(852,601)</b>	<b>(909,605)</b>	<b>(887,537)</b>	<b>(453,843)</b>	<b>(358,973)</b>	<b>(119,068)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Other receipts.....	11,092	3,456	3,456	4,008	3,890	3,895	3,895
<b>Payments</b>							
Purchase of non-current assets.....	(498,214)	(57,302)	(837,857)	(1,228,034)	(140,078)	(42,052)	(40,104)
<b>Net cash from investing activities.....</b>	<b>(487,122)</b>	<b>(53,846)</b>	<b>(834,401)</b>	<b>(1,224,026)</b>	<b>(136,188)</b>	<b>(38,157)</b>	<b>(36,209)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from borrowings.....	-	150,815	269,722	179,000	382,000	275,000	125,000
<b>Payments</b>							
Repayment of borrowings and leases.....	(2)	(219,848)	(219,848)	(207,862)	(131,135)	(125,000)	(225,000)
<b>Net cash from financing activities.....</b>	<b>(2)</b>	<b>(69,033)</b>	<b>49,874</b>	<b>(28,862)</b>	<b>250,865</b>	<b>150,000</b>	<b>(100,000)</b>
<b>CASHFLOWS FROM GOVERNMENT</b>							
<b>Receipts</b>							
Operating subsidies.....	823,349	925,147	959,748	831,072	239,462	242,954	247,622
Equity contributions.....	40,504	-	-	1,073,820	86,563	-	-
Administered equity contribution.....	-	-	452,262	-	-	-	-
Other subsidies.....	4,583	7,900	12,900	12,700	7,900	7,900	7,900
Major Treasurer's Special Purpose Account(s) Climate Action Fund.....	397,496	-	302,942	68,946	-	-	-
<b>Payments</b>							
Local Government Rates Equivalent.....	(783)	(1,445)	(905)	(937)	(842)	(830)	(143)
<b>Net cash provided to Government.....</b>	<b>(1,265,149)</b>	<b>(931,602)</b>	<b>(1,726,947)</b>	<b>(1,985,601)</b>	<b>(333,083)</b>	<b>(250,024)</b>	<b>(255,379)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD.....</b>							
	(146,769)	(43,878)	32,815	(154,824)	(6,083)	2,894	102
Cash assets at the beginning of the reporting period.....	446,956	308,653	300,187	333,002	178,178	172,095	174,989
<b>Cash assets at the end of the reporting period.....</b>	<b>300,187</b>	<b>264,775</b>	<b>333,002</b>	<b>178,178</b>	<b>172,095</b>	<b>174,989</b>	<b>175,091</b>

(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

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>REVENUE TO GENERAL GOVERNMENT SECTOR</b>							
National Tax Equivalent Regime - Income Tax.....	22,411	102,896	95,975	<b>155,028</b>	169,345	178,371	148,760
Local Government Rates Equivalent.....	1,671	1,692	1,692	<b>1,734</b>	1,769	1,813	1,858
Dividends <sup>(a)(b)</sup> .....	78,871	222,971	-	<b>273,560</b>	316,850	323,114	294,016
<b>EXPENSES FROM GENERAL GOVERNMENT SECTOR</b>							
Other Subsidies.....	-	1,500	1,500	-	-	-	-
<b>EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR</b>							
Equity Contributions <sup>(c)</sup> .....	108,481	142,019	139,287	<b>145,481</b>	153,592	144,431	143,675
<b>GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations.....	1,842,351	1,935,653	2,003,303	<b>2,300,915</b>	2,434,728	2,515,272	2,514,149
Revenue from Government.....	-	1,500	1,500	-	-	-	-
Total Expenses <sup>(d)</sup> .....	1,477,091	1,525,895	1,616,621	<b>1,739,724</b>	1,820,899	1,900,162	1,972,444
Total Borrowings.....	7,477,041	7,911,492	7,735,113	<b>8,216,960</b>	8,582,585	8,921,610	9,204,042
<b>NET PROFIT AFTER TAX.....</b>	<b>261,031</b>	<b>290,895</b>	<b>274,740</b>	<b>394,743</b>	<b>431,705</b>	<b>430,520</b>	<b>379,197</b>
<b>CASH ASSETS <sup>(e)</sup>.....</b>	<b>79,053</b>	<b>29,509</b>	<b>229,623</b>	<b>229,623</b>	<b>229,623</b>	<b>229,623</b>	<b>229,623</b>

(a) Western Power will retain the 2023-24 dividend payments to contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.

(b) In determining dividend payments to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(c) Equity contributions arise where the 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 customer contributions, and equity contribution to offset dividends on asset sales.

(d) Excludes current tax expense, deferred tax expense and dividend payments.

(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 Western Power's Income Statement since presentation of the 2023-24 Budget to Parliament on 11 May 2023, are outlined below:

	2023-24 Estimated Actual \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>Key Adjustments</b>					
Establishment of Community Batteries.....	313	423	883	491	(22)
Fifth Access Arrangement (AA5) - Final Decision .....	43,540	18,466	16,246	(5,233)	(14,400)
Ruah Centre for Women and Children .....	(4)	(20)	(21)	(20)	(21)
South West Interconnected System (SWIS) Transmission Infrastructure Plan .....	-	(559)	(2,598)	(5,697)	(9,510)
SWIS Demand Assessment .....	1,997	2,310	603	495	223
Uplift to Extended Outage Payment .....	(894)	(463)	(68)	(65)	(65)
<b>Other</b>					
2023-24 Network Tariff Revenue Update .....	(43,361)	(8,961)	(497)	(416)	(424)
2023-24 Retained Dividend .....	(203,190)	1,844	2,043	2,042	2,080
Alignment of 2023-24 Asset Investment Program to Business Forecast.....	3,561	6,771	4,802	1,827	102
Alignment of Equity and Dividend with the 2022-23 Actual Outcome.....	(10,319)	263	291	291	296
Interest Expenditure Forecast Update .....	(20,901)	(21,456)	(19,278)	(19,907)	(13,349)

## Significant Issues Impacting the Government Trading Enterprise

1. Western Power has entered a period of unparalleled change in the SWIS. Decarbonisation of the economy is driving a step change increase in future large loads, renewable generation and storage.
2. Western Power is continuing to invest to facilitate the transformation of the network to increase in the share of renewable generation and to help meet the load demand increase that will allow other industries to achieve their emissions targets through electrification.
3. Western Power's existing network assets are ageing. New technologies and network strategies are being adopted to efficiently maximise the use of the network, while ensuring safe and reliable supply.

### Transmission Growth

4. The transition to clean energy will require significant transmission investment in the coming years, including partnership between Government and industry. Western Power will engage with local communities in the energy transition.
5. Western Power will commence preliminary investigations into new transmission projects in subsequent regions of the SWIS (North, Central and South) in accordance with the SWIS Transmission Infrastructure Plan, which was developed based on insights from the Registration of Interest process completed in 2023-24.
6. Ensuring the availability of the right workforce capability to support future decarbonisation projects will require a coordinated undertaking by Western Power, its industry partners, and State and Commonwealth Governments.

## Distribution Transformation

7. The distribution network is facing more frequent severe events due to climate change, causing reliability and safety challenges in the regions and increased demand in the metropolitan area. To address these issues, Western Power is embarking on climate resilience activities. This includes working to move more of the metropolitan area network underground 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 suitable locations. This shift towards a modular network will ultimately help deliver a more resilient electricity network for the community.
8. The integration of Distributed Energy Resources (DER) technologies, such as rooftop solar panels, into the traditional electricity network represents both an opportunity and a challenge for Western Power. Western Power maintains its contribution to the Government's Electric Vehicle Action Plan. Building on the progress made through Project Symphony, Western Power will look at utilising orchestration to unlock greater economic and environmental benefits for customers and the wider community by providing services that support the network.

## Efficient Customer Service and Reliable Supply

9. Through a combination of supply chain disruption, stimulus and State economic activity, Western Power has experienced sustained volumes well above historic averages for distribution customer connection requests, resulting in longer than desired delivery times. In the previous financial year, an enhancement initiative aimed at optimising the service delivery model, resource allocation, processes and systems for distribution connections was initiated, resulting in improved timeframes. This program is continuing in 2024-25, with ongoing improvements being delivered.
10. The provision of reliable supply is made more challenging by the prevalence of climate-related events such as storms and fires impacting assets and services. From hot and dry spells increasing in length, intensity, and their resultant fire risk, to more intense storms within the SWIS geography, Western Power's capability to respond to and manage more frequent concurrent events will be increasingly called upon.
11. While stand-alone power systems are suitable for some customers, many regional customers continue to rely on connection to the SWIS. The vast geography covered by the SWIS introduces complexity in delivering safe and reliable supply and, as part of the AA5 period, Western Power will be focusing investment on improving regional reliability.
12. Western Power has also commenced a procurement process for additional Non-Co-optimised Essential System Services to improve reliability and system strength in the Eastern Goldfields.

## Retained Dividend

13. Western Power will retain \$204.7 million of dividend payments in 2023-24 to be quarantined as cash at bank for strategic infrastructure priorities. This is in addition to the \$681 million in dividend payments previously retained (not quarantined as cash) for strategic infrastructure requirements. Of the total retained dividend amount of \$885.7 million, \$76.4 million has been allocated to the relocation and augmentation of network assets for State projects across the metropolitan area, \$582.5 million towards transmission network investments to support decarbonisation and \$365,000 towards connection costs for the Ruah Centre.

## Annual Performance Statement

The following performance information is the subject of an Annual Performance Statement adopted by the GTE.

## 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 Western Power'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 WA.	2. Maintain availability of customer supply across the South West Interconnected Network (SWIN)
	Develop a strong energy industry workforce.	3. Provide a workplace that engages its employees
Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive.	Ensure the safety of our people and community.	4. 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.	5. Increase the proportion of all electricity needs met by renewable energy, through tracking of total electricity generation in the SWIS

### Outcomes and Key Performance Indicators

	2022-23 Actual	2023-24 Budget	2023-24 Estimated Actual	2024-25 Budget Target	Note
<b>Outcome: Optimise the use of Western Power's assets to deliver our services:</b>					
Return on regulated asset base <sup>(a)(b)</sup> .....	n.a.	≥5.9%	5.14%	5.16%	1
<b>Outcome: Maintain availability of customer supply across the South West Interconnected Network (SWIN):</b>					
Network availability.....	99.92%	≥99.9%	99.91%	≥99.9%	
<b>Outcome: Provide a workplace that engages its employees:</b>					
Employee Engagement <sup>(c)</sup> .....	76%	n.a.	n.a.	≥76%	
<b>Outcome: Minimise injuries impacting our people and their ability to deliver services to the community:</b>					
Total recordable injury frequency rate <sup>(d)</sup> .....	8.8	≤6.8	9.1	≤8.2	2
<b>Outcome: Increase the proportion of all electricity needs met by renewable energy, through tracking of total electricity generation in the South West Interconnected System (SWIS):</b>					
Percentage of renewables in the network.....	35%	≥34%	34%	≥38%	

(a) New Performance Indicator in 2023-24.

(b) The 2024-25 Budget Target of 5.16% is pending Western Power's Board approval in June 2024.

(c) Employee engagement was not a KPI for 2023-24, however was reported internally by Western Power.

(d) 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.

## Explanation of Significant Movements

(Notes)

1. The 2023-24 return on regulated asset base budget was set prior to the Economic Regulation Authority's (ERA) AA5 final determination. The 2023-24 Estimated Actual is based on the February 2024 forecast. The 2024-25 Budget Target will be determined following approved budget figures for 2024-25.
2. The increase in recordable injury frequency rate between the 2023-24 Estimated Actual and the 2024-25 Budget Target reflects improved reporting of contracting companies and expansion of works.

## Asset Investment Program

1. Western Power builds, maintains and operates the distribution and transmission 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 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 2024-25 Budget will be the third year of the AA5, which covers the period from 2022-23 to 2026-27.
3. Western Power's network is in a period of transition. Existing network assets are ageing and a portion are approaching end-of-life. At the same time, technological progress is rapidly reducing the cost of non-traditional alternative technologies. To best meet the needs of the community, Western Power needs to move as safely and as affordably as possible to increase the introduction of these technologies into the network. Western Power also plays a critical role in the energy transition by connecting renewable energies to the network and enabling electrification of industries to achieve their own decarbonisation goals. This transformation is currently underway, with Western Power investing a total of \$1.4 billion in 2024-25 and a further \$3.7 billion across the outyears.

## Commonwealth Initiatives

4. As part of the Commonwealth Government's Community Batteries for Household Solar Program aimed at supporting households to store excess solar energy for use during peak times, Western Power's AIP includes \$3.3 million for the installation of community batteries across six sites.

## Government Initiatives

5. As part of the Government's energy transition plan in achieving decarbonisation objectives, \$185.9 million will be invested in 2024-25 to continue to progress the Clean Energy Link North and undertake other early investigative works for potential transmission network augmentations to support the decarbonisation of the SWIS and enable more renewable energy sources to be connected to the network.
6. Western Power's 2024-25 AIP includes \$4.4 million allocated to the relocation and/or upgrade of transmission and distribution assets to facilitate broader capital works across the metropolitan area.

## Growth

7. Growth capital expenditure in 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 energy transition, with \$183.6 million allocated for customer driven works in 2024-25 and \$74.2 million for network augmentation works to support capacity expansion in 2024-25.
8. Capacity expansion projects for the distribution network will continue to address future loading and voltage obligations on Western Power's forecast customer load demand. 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. Capital works initiated by customers 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 to significant network extensions to cater for major customer distribution connections and their associated loads.

## Safety

10. Safety is the leading priority for Western Power, which extends across the community and its employees. Investment in safety accounts for 32% of Western Power's total AIP in 2024-25.
11. Western Power has 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 Network Strategy is based on long term scenario planning for evolving customer needs and preferences, which identifies the right technology to use at the right place and time. This approach provides a roadmap for the network's vision and minimises whole-of-lifecycle costs, ensuring value for investment.
12. Western Power will commit \$443.4 million in 2024-25 to continue important safety programs, including:
  - 12.1. \$194.3 million to replace 279 km of the highest risk overhead conductors and replacing or reinforcing 12,504 wood power poles to mitigate safety risks in the most fire prone areas with management programs;
  - 12.2. \$202.1 million as part 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 and increase the ability to host DER while improving safety and customer experience. In 2024-25 the program will be delivered in suburbs/areas including North Perth, Mount Hawthorn, Highgate, Kensington, Mount Lawley and Bassendean/Bayswater; and
  - 12.3. \$42.6 million on the standalone power system program as part 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 \$224,000 in thermal management to address fault rated equipment, voltage instability and relieve 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, and building site management (corporate real estate). Western Power will invest \$455.2 million in service capital projects in 2024-25. Key investments include:
  - 14.1. \$125.8 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. \$38.2 million on corporate real estate to undertake depot upgrades required to meet current workplace safety practices and improve financial efficiency through redevelopment and consolidation. Investment includes upgrades to the Hope Road depot, upgrades to Geraldton depot and modernisation improvements across the Balcatta and Kalgoorlie depots;
- 14.3. \$83.9 million on metering, including the installation of around 179,000 advanced meters. Advanced meters provide more detailed usage and power quality information and can be read remotely, which will support the Government's Energy Transformation Strategy as well as improve safety outcomes by reducing the risk of electric shocks;
- 14.4. \$101.2 million in regulatory compliance with upgrades to substation security and improvements to network reliability; and
- 14.5. \$106.1 million on reliability-driven asset replacement to reduce the risks of plant asset failure and ensure network service and operability are maintained.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-24 \$'000	2023-24 Estimated Expenditure \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>WORKS IN PROGRESS</b>							
Commonwealth Initiatives							
Community Batteries for Household Solar Program .....	3,468	125	125	3,343	-	-	-
Government Initiatives							
Decarbonisation.....	582,383	65,525	63,701	185,863	117,993	102,002	111,000
Relocation and Augmentation of Network Assets.....	85,673	68,884	34,026	4,384	2,109	2,109	8,187
Growth							
Distribution							
Capacity Expansion .....	453,288	288,003	21,848	36,522	45,562	50,924	32,277
Customer Access.....	2,060,923	1,546,200	92,918	133,628	137,279	131,667	112,149
Transmission							
Capacity Expansion .....	323,840	206,241	21,999	37,657	34,801	25,070	20,071
Customer Driven .....	601,069	458,723	29,379	50,012	51,334	25,640	15,360
Other Asset Investment - Motor Vehicle Fleet and Mobile Plant .....	187,673	102,723	38,744	22,807	20,909	22,517	18,717
Safety							
Bushfire Mitigation .....	97,627	80,014	836	4,377	4,470	4,579	4,187
Conductor Management .....	962,114	745,461	65,525	62,882	47,623	46,064	60,084
Connection Management.....	209,542	180,137	4,161	7,138	7,366	7,626	7,275
Grid Transformation.....	916,635	84,581	25,369	202,094	208,375	215,431	206,154
Pole Management.....	2,674,357	2,202,515	139,297	124,273	113,253	117,486	116,830
Standalone Power System .....	348,078	116,495	50,384	42,592	55,276	68,938	64,777
Security							
Thermal Management.....	3,962	3,080	2	224	222	222	214
Voltage and Fault Level Management .....	50,692	39,062	5,336	-	77	4,991	6,562
Service							
Business Support and ICT.....	1,566,634	1,004,915	142,528	125,843	141,255	146,596	148,025
Corporate Real Estate .....	386,845	336,957	27,463	38,230	5,761	5,897	-
Metering.....	670,098	357,015	75,715	83,859	76,206	71,899	81,119
Regulatory Compliance .....	590,307	286,410	44,731	101,216	88,070	83,976	30,635
Reliability Driven Asset Replacement .....	1,371,005	903,722	123,959	106,091	109,695	113,307	138,190
<b>COMPLETED WORKS</b>							
Government Initiatives - State Underground Power Program.....							
	227,681	227,681	18,889	-	-	-	-
<b>Total Cost of Asset Investment Program .....</b>	<b>14,373,894</b>	<b>9,304,469</b>	<b>1,026,935</b>	<b>1,373,035</b>	<b>1,267,636</b>	<b>1,246,941</b>	<b>1,181,813</b>
<b>FUNDED BY</b>							
Borrowings .....			313,116	575,973	1,079,001	1,087,762	920,428
Internal Funds and Balances.....			5	-	-	-	-
Other .....			713,814	797,062	188,635	159,179	261,385
<b>Total Funding.....</b>			<b>1,026,935</b>	<b>1,373,035</b>	<b>1,267,636</b>	<b>1,246,941</b>	<b>1,181,813</b>

## Financial Statements

### Income Statement

#### Revenue

1. Western Power receives revenue from network services primarily through 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 2024-25 Budget Year and the outyears is based on the ERA's Final Decision published on 31 March 2023. Accordingly, network tariff revenue and expenses are aligned to the Final Decision over the 2023-24 to 2026-27 period.
3. The extent to which network tariff revenue will affect retail electricity prices for residential customers is determined by the Government.
4. Western Power also receives revenue for unregulated services to customers, with the commercial terms and conditions negotiated between Western Power and customers without ERA influence.
5. Non-reference services revenue is received for revenue target services and non-revenue target services. Revenue target services reflect situations where the customer accepts different conditions to the standard access contract and service standard benchmark set under reference service tariffs. Non-revenue target services reflect the fees set by Western Power in line with the charging criteria published on the Western Power website.

### Statement of Financial Position

6. The increase in net assets over the forward estimates period reflects the ongoing investment in the AIP underpinning the AA5 and transmission network augmentations to support decarbonisation of the SWIS and enable more renewable energy sources to be connected to the network. These investments will be partly funded by internally generated funds, retained dividends and borrowings from the Western Australian Treasury Corporation.
7. The increase in borrowings in the 2024-25 Budget and over the outyears will finance Western Power's capital expenditure and net payment to shareholder (Government) in the form of dividends.

### Statement of Cashflows

8. There is no dividend payment in 2023-24 as Western Power will retain \$204.7 million of dividend payments to be quarantined as cash at bank for strategic infrastructure priorities. Cash assets at the end of 2023-24 includes the retained dividend component with the balance representing unrestricted cash.
9. Other subsidies of \$1.5 million in 2023-24 is part of a grant from Jobs, Tourism, Science and Innovation for a feasibility study on the electricity connection of the Oakajee Strategic Industrial Area to the SWIS.
10. Western Power's borrowings in the 2024-25 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)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Sale of goods and services.....	1,687,146	1,762,924	1,830,124	2,033,762	2,146,138	2,252,364	2,245,289
Other revenue.....	155,205	172,729	173,179	267,153	288,590	262,908	268,860
<b>Revenue from Government</b>							
Other subsidies.....	-	1,500	1,500	-	-	-	-
<b>TOTAL REVENUE</b> .....	<b>1,842,351</b>	<b>1,937,153</b>	<b>2,004,803</b>	<b>2,300,915</b>	<b>2,434,728</b>	<b>2,515,272</b>	<b>2,514,149</b>
<b>Expenses</b>							
Employee benefits (b) .....	228,701	202,723	230,688	242,128	245,776	255,912	228,595
Supplies and services.....	232,188	195,989	221,805	200,239	202,188	207,911	243,483
Accommodation.....	2,379	3,156	3,235	3,297	3,373	3,460	3,450
Depreciation and amortisation .....	463,026	529,165	527,776	608,303	653,778	698,348	747,990
Finance and interest costs.....	260,741	299,707	326,836	344,343	365,446	383,475	398,042
Other expenses .....	115,056	98,155	109,281	111,414	114,338	117,056	108,884
Tariff Equalisation Contribution.....	175,000	197,000	197,000	230,000	236,000	234,000	242,000
<b>TOTAL EXPENSES</b> .....	<b>1,477,091</b>	<b>1,525,895</b>	<b>1,616,621</b>	<b>1,739,724</b>	<b>1,820,899</b>	<b>1,900,162</b>	<b>1,972,444</b>
<b>NET PROFIT/(LOSS) BEFORE TAX</b> .....	<b>365,260</b>	<b>411,258</b>	<b>388,182</b>	<b>561,191</b>	<b>613,829</b>	<b>615,110</b>	<b>541,705</b>
National Tax Equivalent Regime -							
Current tax equivalent expense .....	22,411	102,896	95,975	155,028	169,345	178,371	148,760
Deferred tax equivalent expense .....	81,818	17,467	17,467	11,420	12,779	6,219	13,748
<b>NET PROFIT/(LOSS) AFTER TAX</b> .....	<b>261,031</b>	<b>290,895</b>	<b>274,740</b>	<b>394,743</b>	<b>431,705</b>	<b>430,520</b>	<b>379,197</b>
<b>Dividends</b> .....	<b>78,871</b>	<b>222,971</b>	<b>-</b>	<b>273,560</b>	<b>316,850</b>	<b>323,114</b>	<b>294,016</b>

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

(b) The full-time equivalents for 2022-23 Actual, 2023-24 Estimated Actual and 2024-25 Budget Year are 3,291, 3,508 and 3,608 respectively.

**STATEMENT OF FINANCIAL POSITION (a)**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CURRENT ASSETS</b>							
Cash assets.....	79,053	29,509	24,995	24,995	24,995	24,995	24,995
Cash assets - Retained dividends .....	-	-	204,628	204,628	204,628	204,628	204,628
Receivables .....	227,012	335,123	227,684	233,909	240,757	251,170	262,445
Assets held for sale .....	2,297	6,292	2,297	2,297	2,297	2,297	2,297
Other.....	171,234	125,453	170,480	170,480	170,480	170,480	176,425
<b>Total current assets.....</b>	<b>479,596</b>	<b>496,377</b>	<b>630,084</b>	<b>636,309</b>	<b>643,157</b>	<b>653,570</b>	<b>670,790</b>
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment.....	12,499,991	13,064,788	13,024,830	13,794,906	14,474,366	15,088,558	15,591,331
Intangibles .....	152,333	262,362	201,603	260,731	260,731	260,731	267,452
Receivables .....	1,841	343	1,854	1,854	1,854	1,854	1,854
Other.....	43,793	24,017	43,793	43,793	43,793	43,793	43,793
<b>Total non-current assets.....</b>	<b>12,697,958</b>	<b>13,351,510</b>	<b>13,272,080</b>	<b>14,101,284</b>	<b>14,780,744</b>	<b>15,394,936</b>	<b>15,904,430</b>
<b>TOTAL ASSETS .....</b>	<b>13,177,554</b>	<b>13,847,887</b>	<b>13,902,164</b>	<b>14,737,593</b>	<b>15,423,901</b>	<b>16,048,506</b>	<b>16,575,220</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	110,714	117,213	110,741	113,204	113,256	113,609	113,609
Payables .....	85,363	103,567	103,704	151,242	166,481	171,695	135,480
Borrowings and leases .....	50,718	37,135	50,718	50,718	50,718	50,718	50,718
Other.....	205,449	237,941	223,305	243,788	265,007	284,743	319,802
<b>Total current liabilities.....</b>	<b>452,244</b>	<b>495,856</b>	<b>488,468</b>	<b>558,952</b>	<b>595,462</b>	<b>620,765</b>	<b>619,609</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	12,629	9,462	12,872	13,107	13,108	13,110	13,110
Borrowings and leases .....	7,448,260	7,888,588	7,702,128	8,183,975	8,549,600	8,888,625	9,171,057
Other.....	1,368,668	1,310,586	1,388,917	1,405,116	1,420,841	1,429,279	1,445,861
<b>Total non-current liabilities.....</b>	<b>8,829,557</b>	<b>9,208,636</b>	<b>9,103,917</b>	<b>9,602,198</b>	<b>9,983,549</b>	<b>10,331,014</b>	<b>10,630,028</b>
<b>TOTAL LIABILITIES .....</b>	<b>9,281,801</b>	<b>9,704,492</b>	<b>9,592,385</b>	<b>10,161,150</b>	<b>10,579,011</b>	<b>10,951,779</b>	<b>11,249,637</b>
<b>NET ASSETS .....</b>	<b>3,895,753</b>	<b>4,143,395</b>	<b>4,309,779</b>	<b>4,576,443</b>	<b>4,844,890</b>	<b>5,096,727</b>	<b>5,325,583</b>
<b>EQUITY</b>							
Contributed equity.....	1,973,270	2,115,288	2,112,556	2,258,037	2,411,629	2,556,060	2,699,735
Accumulated surplus/(deficit).....	1,927,325	2,050,798	2,202,065	2,323,248	2,438,103	2,545,509	2,630,690
Reserves .....	(4,842)	(22,691)	(4,842)	(4,842)	(4,842)	(4,842)	(4,842)
<b>TOTAL EQUITY .....</b>	<b>3,895,753</b>	<b>4,143,395</b>	<b>4,309,779</b>	<b>4,576,443</b>	<b>4,844,890</b>	<b>5,096,727</b>	<b>5,325,583</b>

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

**STATEMENT OF CASHFLOWS (a)**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Sale of goods and services.....	1,797,195	1,766,892	1,834,092	2,037,944	2,150,729	2,257,093	2,250,135
Grants and subsidies.....	177	-	450	600	1,350	600	-
GST receipts.....	178,714	185,805	185,805	188,699	190,926	194,407	199,558
Other receipts.....	143,134	133,302	133,302	225,614	244,734	218,182	223,631
<b>Payments</b>							
Employee benefits.....	(226,176)	(204,750)	(232,618)	(241,452)	(245,516)	(255,236)	(228,376)
Supplies and services.....	(184,360)	(198,127)	(220,994)	(200,585)	(200,351)	(206,023)	(244,802)
Accommodation (b).....	(708)	(3,156)	(3,235)	(3,297)	(1,604)	(1,647)	(1,592)
GST payments.....	(176,336)	(185,805)	(185,805)	(188,699)	(190,926)	(199,025)	(204,000)
Finance and interest costs.....	(258,900)	(296,884)	(322,348)	(338,154)	(361,737)	(381,061)	(394,761)
Tariff Equalisation Fund.....	(175,000)	(197,000)	(197,000)	(230,000)	(236,000)	(234,000)	(242,000)
Other payments.....	(159,910)	(100,420)	(111,488)	(112,290)	(116,159)	(118,925)	(110,868)
<b>Net cash from operating activities.....</b>	<b>937,830</b>	<b>899,857</b>	<b>880,161</b>	<b>1,138,380</b>	<b>1,235,446</b>	<b>1,274,365</b>	<b>1,246,925</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from sale of non-current assets.....	589	-	-	-	-	-	-
<b>Payments</b>							
Purchase of non-current assets.....	(901,226)	(1,106,445)	(1,026,935)	(1,373,035)	(1,267,636)	(1,246,941)	(1,181,813)
<b>Net cash from investing activities.....</b>	<b>(900,637)</b>	<b>(1,106,445)</b>	<b>(1,026,935)</b>	<b>(1,373,035)</b>	<b>(1,267,636)</b>	<b>(1,246,941)</b>	<b>(1,181,813)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from borrowings.....	869,050	1,057,087	927,604	1,149,312	1,033,083	1,006,483	949,941
Other proceeds.....	7,831	-	-	-	-	-	-
<b>Payments</b>							
Repayment of borrowings and leases.....	(812,431)	(669,489)	(669,489)	(667,461)	(667,461)	(667,460)	(667,460)
Other payments.....	(17,646)	(15,837)	(15,837)	(15,883)	(16,201)	(16,606)	(17,021)
<b>Net cash from financing activities.....</b>	<b>46,804</b>	<b>371,761</b>	<b>242,278</b>	<b>465,968</b>	<b>349,421</b>	<b>322,417</b>	<b>265,460</b>
<b>CASHFLOWS FROM GOVERNMENT</b>							
<b>Receipts</b>							
Capital subsidies.....	2,056	-	-	-	-	-	-
Equity contributions.....	108,481	142,019	139,287	145,481	153,592	144,431	143,675
Other subsidies.....	-	1,500	1,500	-	-	-	-
<b>Payments</b>							
Dividends to Government.....	(78,871)	(222,971)	-	(273,560)	(316,850)	(323,114)	(294,016)
National Tax Equivalent Regime - Income Tax.....	(64,448)	(84,029)	(84,029)	(101,500)	(152,204)	(169,345)	(178,373)
Local Government Rates Equivalent.....	(1,671)	(1,692)	(1,692)	(1,734)	(1,769)	(1,813)	(1,858)
<b>Net cash provided to Government.....</b>	<b>34,453</b>	<b>165,173</b>	<b>(55,066)</b>	<b>231,313</b>	<b>317,231</b>	<b>349,841</b>	<b>330,572</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD.....</b>	<b>49,544</b>	<b>-</b>	<b>150,570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash assets at the beginning of the reporting period.....	29,509	29,509	79,053	229,623	229,623	229,623	229,623
<b>Cash assets at the end of the reporting period.....</b>	<b>79,053</b>	<b>29,509</b>	<b>229,623</b>	<b>229,623</b>	<b>229,623</b>	<b>229,623</b>	<b>229,623</b>

(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

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>REVENUE TO GENERAL GOVERNMENT SECTOR</b>							
National Tax Equivalent Regime - Income Tax.....	2,192	1,796	1,683	<b>3,947</b>	6,255	5,895	10,982
Local Government Rates Equivalent.....	496	751	751	<b>770</b>	789	809	829
Dividends <sup>(a)(b)</sup> .....	-	3,679	-	<b>5,844</b>	9,858	10,474	16,995
<b>EXPENSES FROM GENERAL GOVERNMENT SECTOR</b>							
Operating Subsidies <sup>(c)</sup> .....	46,358	31,060	47,230	<b>29,342</b>	7,494	17,235	17,911
Other Subsidies.....	-	200	500	<b>1,100</b>	200	200	200
Major Treasurer's Special Purpose Account(s).....	11,801	39,990	39,990	<b>40,668</b>	40,533	31,961	31,961
<b>EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR</b>							
Equity Contributions <sup>(d)</sup> .....	-	2,404	2,404	-	-	14,451	14,451
Major Treasurer's Special Purpose Account(s).....	-	7,455	10,955	<b>17,496</b>	14,446	-	-
<b>GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations.....	553,277	574,417	574,417	<b>617,048</b>	620,273	628,793	650,165
Revenue from Government.....	58,159	71,250	91,797	<b>77,037</b>	51,002	49,396	50,072
Total Expenses <sup>(e)</sup> .....	601,729	638,659	659,582	<b>681,033</b>	654,431	658,544	663,633
Total Borrowings.....	849,511	908,061	925,540	<b>1,056,939</b>	1,121,208	1,187,073	1,212,402
<b>NET PROFIT AFTER TAX.....</b>	<b>7,121</b>	<b>5,212</b>	<b>4,949</b>	<b>9,105</b>	<b>10,589</b>	<b>13,750</b>	<b>25,622</b>
<b>CASH ASSETS <sup>(f)</sup>.....</b>	<b>161,987</b>	<b>197,560</b>	<b>188,022</b>	<b>224,091</b>	<b>252,986</b>	<b>296,456</b>	<b>349,502</b>

(a) Horizon Power will retain 2023-24 dividend payments to contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.

(b) In determining dividend payments to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(c) Horizon Power received additional operating subsidies in 2023-24 and 2024-25 primarily as a result of administering the electricity credits for residential and small business customers.

(d) Equity contribution for 2023-24 comprises \$2.4 million for Electric Vehicle Charging Infrastructure.

(e) Excludes current tax expense, deferred tax expense and dividend payments.

(f) As at 30 June each financial year.

## Financial Changes

Net operating balance impact of adjustments, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on Horizon Power's Income Statement since presentation of the 2023-24 Budget to Parliament on 11 May 2023, are outlined below:

	2023-24 Estimated Actual \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>Key Adjustments</b>					
Blackstone Power Station Rebuild .....	-	(57)	1,570	(80)	(451)
Cost of Living - Household and Small Business Electricity Credits .....	-	(19,600)	-	-	-
Dampier Peninsula and Warmun Contract .....	-	(651)	(1,802)	(2,041)	(1,438)
Decommissioning Provision for Remote Communities .....	-	(2,428)	(2,887)	(2,887)	(2,887)
Financial Structuring Advice for Transmission Assets .....	-	(355)	(84)	(20)	(20)
Kimberley Flood Damage Continuity of Supply Payments .....	(5,500)	-	-	-	-
Land Acquisition for Renewables - Mid West and Pilbara .....	(1,400)	-	-	-	-
Mobile Generation Fleet for Summer Preparedness .....	(58)	(208)	(234)	(234)	(234)
New Customer Energy Supply Agreement - Onslow .....	-	3,569	1,374	835	840
Pilbara Transmission Infrastructure Projects .....	(69)	(3,879)	319	778	686
Remote Essential Services Provision .....	(1,300)	(1,333)	(1,366)	(1,400)	(1,435)
Sectoral Emissions Reduction Strategies .....	105	3,282	(357)	(1,465)	(1,538)
Standalone Power Systems Roll-out .....	-	(1,113)	(1,649)	(2,200)	(2,293)
Sunshine Saver Expansion .....	846	826	60	(113)	(426)
Tariff and Social Concession Update .....	-	2,097	4,503	6,815	9,037
Transmission Infrastructure .....	-	(1,066)	1,262	2,918	3,661
<b>Other</b>					
Asset Investment Program Update .....	(147)	(1,040)	(1,540)	(1,950)	(2,390)
Dividend Retention .....	(3,532)	-	-	-	-
Operating Expenditure Update .....	(5,301)	-	-	-	-
Tariff Adjustment Payment Update .....	-	(29)	12	-	-
Tariff Equalisation Contribution Update .....	-	3,053	562	3,315	4,336

## Significant Issues Impacting the Government Trading Enterprise

### Common User Infrastructure

1. To support the development of network infrastructure in the North West Interconnected System (NWIS), Horizon Power will invest \$147.6 million over the forward estimates period.
2. Horizon Power is exploring opportunities to expand the NWIS electricity network by constructing common use transmission infrastructure in the NWIS, subject to Traditional Owner negotiations.

### Customer Retention

3. Horizon Power operates both a regulated network and a retail business in the Pilbara. Large enterprise customers in the Pilbara contributed to approximately 40% of Horizon Power's total revenue in the 2022-23 financial year. These customers are seeking renewable energy options. Horizon Power will continue to work with the Government to deliver energy needs to customers.

### Remote Communities Program

4. The objective of the Remote Communities Program is to enable Horizon Power's customers to have access to the same standard of power and water services as individuals living in similar sized communities. In April 2023, the Department of Communities began transferring responsibility for the administration of power services for 117 remote Aboriginal communities to Horizon Power.
5. Horizon Power intends to invest \$68.3 million over 2023-24 to 2027-28 to improve the reliability of critical infrastructure in remote communities. This investment will be funded through the Remote Communities Fund.

### Electric Vehicle Smart Charger and Vehicle-to-Grid Trial

6. Electric Vehicle (EV) uptake is increasing and the Government has released the State Electric Vehicle Strategy to support the adoption of EVs. A rapid uptake of EVs presents challenges to the power system and the Government is managing this through an EV Action Plan, which has been developed with industry stakeholders (including Horizon Power). Horizon Power will deliver an EV Smart Charger and Vehicle-to-Grid (V2G) trial, which will test the potential of two-way charging, a process which allows EVs to not only draw power from the grid, but to also feed power back into it. V2G charging could transform EVs into mobile energy storage solutions that can help power homes, reduce power bills and stabilise the electricity grid. This trial represents a significant step forward in harnessing the potential of EVs and renewable energy, contributing to a sustainable and efficient energy future for Western Australia. The trial will deliver valuable research on the operational impact of using EVs to power homes and test the controllability of smart chargers in regional microgrids, which are more susceptible to fluctuations in energy demand.

### Climate Change

7. Horizon Power recognises climate change as a major challenge and has identified the physical impacts of climate change as a material corporate risk. 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. Through Horizon Power’s corporate risk assessment process, it ensures that comprehensive risk capture, enhancing resilience in its operations, protecting valuable assets and providing sustainable electricity solutions, are a priority.

### Retained Dividend

8. Horizon Power will retain its forecast 2023-24 dividend payment of \$4.2 million to fund future infrastructure investments. This is in addition to the \$3.3 million in 2022-23, of which \$2.4 million was allocated to Horizon Power’s Utility of the Future Program.

### Annual Performance Statement

The following performance information is the subject of an Annual Performance Statement adopted by the GTE.

### 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 Horizon Power’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

	2022-23 Actual	2023-24 Budget	2023-24 Estimated Actual	2024-25 Budget Target	Note
<b>Outcome: Optimising and extending core business:</b>					
Cost to supply unit cost (cents/kWh) <sup>(a)</sup> .....	39.1	37.3	41.8	41.9	
Return on assets <sup>(b)</sup> .....	3.3%	3.2%	3.2%	3.8%	
Net Profit After Tax .....	\$7.1 million	\$5.2 million	\$4.9 million	\$9.1 million	
<b>Outcome: Minimise the risk of harm:</b>					
Lost time injury frequency rate <sup>(c)</sup> .....	nil	nil	nil	nil	
Total number of notifiable incidents <sup>(d)</sup> .....	9	nil	4	nil	
Unassisted pole failure rate <sup>(e)</sup> .....	0.65	1	0.5	1	
<b>Outcome: Be a high-performing business:</b>					
Customer satisfaction <sup>(f)</sup> .....	70%	70%	84%	70%	
System Average Interruption Duration Index (SAIDI) <sup>(g)</sup> .....	202 minutes	290 minutes	191 minutes	290 minutes	1
System Average Interruption Frequency Index (SAIFI) <sup>(h)</sup> .....	2.8	6.6	3.7	6.6	1
Number of compliant systems (out of 38) <sup>(i)</sup> .....	33	33	32	33	
Major project completion within ±5% of approved budget <sup>(j)</sup> .....	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 Energy, 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 Electricity Industry (Network Quality and Reliability of Supply) Code 2005 for each system.

(j) Percentage of Government-approved projects completed within the approved budget.

### Explanation of Significant Movements

(Notes)

1. Reductions in the 2023-24 Estimated Actual SAIDI and SAIFI in comparison to the 2024-25 Budget Target are a result of investment in maintenance leading to a reduction of outages and interruptions.

## **Asset Investment Program**

1. Horizon Power will invest \$189.1 million during 2024-25 and a further \$312.8 million across the forward estimates period. This investment in regional Western Australia will continue to focus on providing a safe and reliable electricity supply to regional customers and supporting jobs in regional areas.

## **Asset Management Plan**

2. Horizon Power is forecast to invest \$51.4 million in 2024-25 and a further \$162 million across the forward estimates period to mitigate extreme and high risks associated with energy assets. This investment contributes towards ensuring regulatory compliance, reliability and capacity of all Horizon Power systems to support the safety, development and enhancement of communities throughout regional Western Australia.

## **Transmission Infrastructure**

3. To support the development of network infrastructure in the North West Interconnected System, Horizon Power will invest \$147.6 million over the forward estimates period.

## **Dampier Resilience Project**

4. Horizon Power will invest \$3.8 million over 2023-24 and 2024-25 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.

## **Exmouth Power Project**

5. The existing Power Purchase Agreement (PPA) in Exmouth expires in September 2024. Horizon Power intends to pursue a 70% to 80% renewable energy solution to replace the PPA.

## **Kimberley Communities Solar Saver**

6. Horizon Power will invest \$10.6 million over 2023-24 and 2024-25 to partner with Aboriginal corporations and communities in the delivery of decentralised renewable energy solutions (rooftop solar) on social housing across five remote Aboriginal communities: Beagle Bay, Djarindjin/Lombadina, Ardyaloon, Bidadanga and Warmun. This will achieve an estimated minimum 10% energy bill saving for tenants, a 1,144 tonne CO<sub>2</sub> saving, and an approximate 30% renewable energy penetration.

## **Long Duration Energy Storage**

7. Given the cost and technical benefits of Long Duration Energy Storage (LDES) technologies for bulk energy shifting purposes, Horizon Power will trial three LDES technologies in two microgrids at a cost of \$4.8 million over 2024-25 and 2025-26. The technology trials proposed include a zinc bromine flow battery (100 kW/400 kWh) and a sodium sulphur battery (250 kW/1450 kWh) in indicative locations of Menzies and Carnarvon. The trials will provide unique learnings about operational advantages or constraints, optimal sizing methodologies, opportunities for system support, Distributed Energy Resource Management System connectivity, future network connection requirements, land requirements and the appropriateness to future customer product options such as solar smoothing or community batteries.

## **Outage and Life Support Management System**

8. 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 a near real-time visibility of its distribution network and proactive identification of outages.

## **Property - New Builds**

9. Horizon Power will invest \$3.8 million in 2023-24 and 2024-25 to construct or purchase six new residential houses to help meet its regional staff accommodation needs.

### **Remote Communities Transfer**

10. Horizon Power will invest \$60.8 million over the forward estimates period to improve the quality of services in the communities involved in the Remote Communities Program, including immediate rectification of existing issues, investment in Standalone Power Systems (SPS) or renewables in the small and self-managed towns and advanced metering infrastructure to automate meter reading, remotely connect/disconnect and detect neutral integrity defects.

### **Blackstone Power Station Rebuild**

11. On 1 July 2023, Horizon Power assumed responsibility for the delivery of power to 117 remote Aboriginal communities, formerly under the responsibility of the Department of Communities, with the objective of enabling all customers to have access to the same standard of power as other individuals living in similarly sized communities.
12. One of the largest communities in this portfolio is the Blackstone community in the Esperance-Goldfields region. The diesel-fired power station in this community burnt down in November 2021, with the community powered by high-cost temporary diesel generation since the event.
13. Horizon Power proposes to use the Blackstone power station rebuild as a pilot to test a scalable modular solution to accommodate the community's evolving power needs, and as a model for the future roll-out of high penetration renewable energy to the remaining 116 remote Aboriginal communities.
14. To rebuild the Blackstone power station with high penetration renewable energy (400 kW diesel generator, 582 kW of solar and 2 MWh of battery storage), Horizon Power will invest \$7.5 million in 2024-25 and 2025-26.

### **Community Battery**

15. As Horizon Power progresses the release of increased solar hosting capacity, this will allow more customers to take up behind-the-meter (BTM) solar photovoltaic (PV). Horizon Power intends to install and commission additional community batteries enabling up to 5 MW of commercial solar PV. These batteries will be used to provide the expansion of Horizon Power's Solar Smoothing Service product, enabling an increase in the uptake of BTM renewables in regional towns, with corresponding emissions reductions, while ensuring the continued stability of the microgrids.

### **Dampier Peninsula and Warmun Independent Power Producer Buy-Out**

16. Horizon Power proposes to buy out the existing Dampier Peninsula and Warmun power stations. This will enable Horizon Power to establish an operational presence and prepare to build, own, and operate the future energy systems and to provide battery integration flexibility for battery solutions and customer products.

### **Standalone Power Systems Roll-Out**

17. 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 \$18.4 million to install a further 50 SPS units by the end of 2025-26 as part of the Government's 2021 election commitment.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-24 \$'000	2023-24 Estimated Expenditure \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>WORKS IN PROGRESS</b>							
Asset Management Plan							
Asset Replacement.....	167,191	124,648	9,995	10,245	10,501	10,764	11,033
Capacity.....	25,003	21,125	911	934	957	981	1,006
Knowledge and Technology Investment.....	66,583	50,338	3,817	3,912	4,010	4,110	4,213
Mobile Plant and Operational Fleet.....	36,041	31,831	989	1,014	1,039	1,065	1,092
Property Management.....	66,397	43,928	5,279	5,411	5,546	5,685	5,827
Regulatory Compliance.....	68,499	48,045	4,806	4,926	5,049	5,175	5,304
Reliability.....	132,320	80,824	12,099	12,401	12,711	13,029	13,355
Safety.....	232,189	180,135	12,230	12,536	12,849	13,170	13,499
Customer-Funded Works							
Pilbara Transmission Infrastructure.....	16,101	12,540	11,786	3,561	-	-	-
Other Customer Driven Works.....	172,015	157,003	3,753	3,753	3,753	3,753	3,753
Major Projects							
Dampier Resilience Project.....	3,800	1,900	1,900	1,900	-	-	-
Exmouth Power Project.....	10,000	2,000	2,000	6,000	2,000	-	-
Kimberley Communities Solar Saver.....	10,559	5,940	5,940	4,619	-	-	-
Long Duration Energy Storage.....	5,693	854	854	4,554	285	-	-
Outage and Life Support Management System.....	8,765	5,280	5,280	3,485	-	-	-
Property - New Builds.....	3,822	1,932	1,932	1,890	-	-	-
Remote Communities - Transfer of Essential Services.....	68,299	7,455	7,455	17,496	14,446	14,451	14,451
<b>COMPLETED WORKS</b>							
Customer-Funded Works - Onslow New Customer							
Network Connection.....	4,140	4,140	4,140	-	-	-	-
Major Projects							
Denham Hydrogen Demonstration Plant.....	10,755	10,755	1,500	-	-	-	-
Distributed Energy Resources Management System Roll-Out.....	2,000	2,000	2,000	-	-	-	-
Election Commitment - Standalone Power Systems Roll-Out.....	16,782	16,782	8,699	-	-	-	-
Electric Vehicle Charging Infrastructure.....	13,456	13,456	5,134	-	-	-	-
Electric Vehicle Smart Charger and Vehicle-to-Grid Trial.....	2,150	2,150	2,150	-	-	-	-
Energy Storage in Regional Towns							
Broome.....	8,625	8,625	650	-	-	-	-
Fitzroy Crossing.....	2,009	2,009	1,700	-	-	-	-
Halls Creek.....	2,035	2,035	1,700	-	-	-	-
Remote Communities Embedded Networks.....	4,251	4,251	440	-	-	-	-
Yungngora.....	2,710	2,710	750	-	-	-	-
Esperance Power Project.....	16,812	16,812	196	-	-	-	-
Kununurra Cotton Gin Electricity Infrastructure.....	7,000	7,000	3,500	-	-	-	-
Mid West Solar Program.....	16,415	16,415	7,000	-	-	-	-
Mobile Generation Fleet for Summer Preparedness.....	3,480	3,480	3,480	-	-	-	-
Refurbishment of Denham Power Station.....	12,419	12,419	600	-	-	-	-
Utility of the Future.....	22,703	22,703	3,500	-	-	-	-
<b>NEW WORKS</b>							
Major Projects							
Blackstone Power Station Rebuild.....	7,493	-	-	4,951	2,542	-	-
Community Battery.....	6,320	-	-	3,160	1,896	1,264	-
Dampier Peninsula and Warmun Independent Power							
Producer Buy-Out.....	4,504	-	-	4,504	-	-	-
Pilbara Transmission Infrastructure.....	147,573	-	-	60,577	46,374	40,622	-
Standalone Power Systems Roll-Out - Round 5.....	18,441	-	-	17,247	1,194	-	-
<b>Total Cost of Asset Investment Program.....</b>	<b>1,425,350</b>	<b>923,520</b>	<b>138,165</b>	<b>189,076</b>	<b>125,152</b>	<b>114,069</b>	<b>73,533</b>
<b>FUNDED BY</b>							
Borrowings.....			103,529	160,899	104,269	95,865	55,329
Capital Appropriation.....			2,404	-	-	14,451	14,451
Commonwealth Grants.....			427	2,277	142	-	-
Internal Funds and Balances.....			14,817	2,280	-	-	-
Major Treasurer's Special Purpose Account(s)							
Remote Communities Fund.....			7,455	17,496	14,446	-	-
Royalties for Regions Fund.....			3,500	-	-	-	-
Other.....			6,033	6,124	3,662	3,753	3,753
Other Grants and Subsidies.....			-	-	2,633	-	-
<b>Total Funding.....</b>			<b>138,165</b>	<b>189,076</b>	<b>125,152</b>	<b>114,069</b>	<b>73,533</b>

## Financial Statements

### Income Statement

#### *Revenue*

1. The total revenue in 2024-25 is forecast to increase by \$27.9 million from the 2023-24 Estimated Actual primarily due to the combined impact of the:
  - 1.1. increase in the sale of goods and services in 2024-25 and over the forward estimates period, which is primarily due to new energy agreements with large commercial customers; and
  - 1.2. funding of a decarbonisation program as a part of the Government's Sectoral Emissions Reduction Strategies and tender outcomes and contract negotiations.

#### *Expenses*

2. The total expenses in 2024-25 Budget is forecast to increase by \$21.4 million from the 2023-24 Estimated Actual primarily due to the combined impact of:
  - 2.1. establishing a decarbonisation program as a part of the Government's Sectoral Emissions Reduction Strategies to enable the least-cost generation of renewable energy of Horizon Power towns;
  - 2.2. increased borrowing costs; and
  - 2.3. the flow-on impact of higher depreciation and decommissioning provision expenses for Horizon Power's infrastructure assets.

### Statement of Cashflows

3. The increase in other payments in 2023-24 and 2024-25 are largely due to the electricity credits for residential and small business customers.

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2022-23	2023-24	2023-24 Estimated	2024-25 Budget	2025-26	2026-27	2027-28
	Actual \$'000	Budget \$'000	Actual \$'000	Year \$'000	Outyear \$'000	Outyear \$'000	Outyear \$'000
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Sale of goods and services <sup>(b)</sup> .....	324,455	341,824	341,824	348,310	347,091	352,258	359,407
Other revenue.....	53,822	35,593	35,593	38,738	37,182	42,535	48,758
Tariff Equalisation Contribution.....	175,000	197,000	197,000	230,000	236,000	234,000	242,000
<b>Revenue from Government</b>							
Operating subsidies <sup>(c)</sup> .....	46,358	31,060	47,230	29,342	7,494	17,235	17,911
Capital subsidies.....	-	-	2,707	4,557	2,775	-	-
Other subsidies.....	-	200	1,870	2,470	200	200	200
Major Treasurer's Special Purpose Account(s)							
Remote Communities .....	4,345	9,420	9,420	9,486	8,572	-	-
Royalties for Regions Fund							
Regional Community Services Fund .....	7,456	-	30,570	31,182	31,961	31,961	31,961
Regional Infrastructure and Headworks Fund .....	-	30,570	-	-	-	-	-
<b>TOTAL REVENUE</b> .....	<b>611,436</b>	<b>645,667</b>	<b>666,214</b>	<b>694,085</b>	<b>671,275</b>	<b>678,189</b>	<b>700,237</b>
<b>Expenses</b>							
Employee benefits <sup>(d)</sup> .....	84,792	67,864	69,149	73,830	74,260	73,083	73,175
Grants and subsidies .....	13,980	27,733	27,733	24,471	5,446	5,582	5,733
Supplies and services .....	275,008	332,735	343,644	350,567	346,041	350,889	359,094
Accommodation.....	5,278	4,562	5,662	5,809	4,801	4,926	5,048
Depreciation and amortisation .....	111,842	110,033	111,403	118,527	118,576	119,071	115,039
Finance and interest costs.....	59,799	59,349	60,704	71,266	73,866	74,270	73,613
Other expenses .....	51,030	36,383	41,287	36,563	31,441	30,723	31,931
<b>TOTAL EXPENSES <sup>(e)</sup></b> .....	<b>601,729</b>	<b>638,659</b>	<b>659,582</b>	<b>681,033</b>	<b>654,431</b>	<b>658,544</b>	<b>663,633</b>
<b>NET PROFIT/(LOSS) BEFORE TAX</b> .....	<b>9,707</b>	<b>7,008</b>	<b>6,632</b>	<b>13,052</b>	<b>16,844</b>	<b>19,645</b>	<b>36,604</b>
National Tax Equivalent Regime							
Current tax equivalent expense .....	2,192	1,796	1,683	3,947	6,255	5,895	10,982
Deferred tax equivalent expense .....	394	-	-	-	-	-	-
<b>NET PROFIT/(LOSS) AFTER TAX</b> .....	<b>7,121</b>	<b>5,212</b>	<b>4,949</b>	<b>9,105</b>	<b>10,589</b>	<b>13,750</b>	<b>25,622</b>
<b>Dividends</b> .....	<b>-</b>	<b>3,679</b>	<b>-</b>	<b>5,844</b>	<b>9,858</b>	<b>10,474</b>	<b>16,995</b>

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

(b) Increase in 2023-24 is driven by new agreement with large customers.

(c) 2022-23 Actuals and 2023-24 Estimated Actuals include subsidies to support Horizon Power to overcome cost pressure from suppliers and contractors

(d) The full-time equivalents for 2022-23 Actual, 2023-24 Estimated Actual and 2024-25 Budget Year are 570, 594 and 616 respectively.

(e) The 2023-24 Estimated Actuals increase was driven by higher cost pressure from suppliers and contractors.

**STATEMENT OF FINANCIAL POSITION (a)**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CURRENT ASSETS</b>							
Cash assets.....	156,681	192,254	178,936	215,005	243,900	287,370	340,416
Cash assets - Retained dividends.....	5,306	5,306	9,086	9,086	9,086	9,086	9,086
Receivables.....	43,152	43,125	43,048	45,890	45,039	44,167	43,273
Assets held for sale.....	-	3,925	-	-	-	-	-
Other.....	27,245	17,947	27,245	27,245	27,245	27,245	27,245
Total current assets.....	232,384	262,557	258,315	297,226	325,270	367,868	420,020
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment.....	1,491,221	1,526,927	1,557,601	1,711,966	1,754,406	1,778,819	1,760,085
Intangibles.....	244,297	187,394	202,991	220,285	185,210	156,584	134,621
Receivables.....	3,252	3,967	3,252	3,252	3,252	3,252	3,252
Other investments.....	2,907	553	2,907	2,907	2,907	2,907	2,907
Other.....	114,316	123,848	116,816	116,816	116,816	116,816	116,816
Total non-current assets.....	1,855,993	1,842,689	1,883,567	2,055,226	2,062,591	2,058,378	2,017,681
<b>TOTAL ASSETS</b> .....	<b>2,088,377</b>	<b>2,105,246</b>	<b>2,141,882</b>	<b>2,352,452</b>	<b>2,387,861</b>	<b>2,426,246</b>	<b>2,437,701</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	20,645	18,609	20,645	20,645	20,645	20,645	20,645
Payables.....	64,738	57,625	64,738	64,738	64,738	64,738	64,738
Borrowings and leases.....	144,442	122,453	140,500	141,178	144,535	133,660	123,263
Other.....	23,720	24,921	26,540	26,540	26,540	26,540	26,540
Total current liabilities.....	253,545	223,608	252,423	253,101	256,458	245,583	235,186
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	3,903	3,265	3,903	3,903	3,903	3,903	3,903
Borrowings and leases.....	1,028,530	1,064,094	1,068,909	1,215,839	1,237,284	1,271,190	1,274,958
Other.....	161,686	155,135	157,626	199,831	195,261	192,888	187,894
Total non-current liabilities.....	1,194,119	1,222,494	1,230,438	1,419,573	1,436,448	1,467,981	1,466,755
<b>TOTAL LIABILITIES</b> .....	<b>1,447,664</b>	<b>1,446,102</b>	<b>1,482,861</b>	<b>1,672,674</b>	<b>1,692,906</b>	<b>1,713,564</b>	<b>1,701,941</b>
<b>NET ASSETS</b> .....	<b>640,713</b>	<b>659,144</b>	<b>659,021</b>	<b>679,778</b>	<b>694,955</b>	<b>712,682</b>	<b>735,760</b>
<b>EQUITY</b>							
Contributed equity.....	416,113	429,472	429,472	446,968	461,414	475,865	490,316
Accumulated surplus/(deficit).....	224,600	229,672	229,549	232,810	233,541	236,817	245,444
<b>TOTAL EQUITY</b> .....	<b>640,713</b>	<b>659,144</b>	<b>659,021</b>	<b>679,778</b>	<b>694,955</b>	<b>712,682</b>	<b>735,760</b>

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

**STATEMENT OF CASHFLOWS (a)**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Sale of goods and services.....	322,156	339,915	339,915	346,372	345,089	350,206	357,304
Grants and subsidies .....	-	-	427	2,277	2,775	-	-
GST receipts.....	53,269	37,407	37,407	37,844	38,601	39,566	44,755
Other receipts.....	55,736	28,405	28,405	29,064	31,201	36,575	42,800
Tariff Equalisation Contribution.....	175,000	197,000	197,000	230,000	236,000	234,000	242,000
<b>Payments</b>							
Employee benefits .....	(82,464)	(67,786)	(69,071)	(73,830)	(74,260)	(73,083)	(73,175)
Supplies and services.....	(303,548)	(333,616)	(344,525)	(349,911)	(345,404)	(350,236)	(358,425)
Accommodation (b).....	(4,774)	(2,999)	(2,999)	(3,073)	(4,775)	(4,894)	(4,888)
GST payments.....	(52,052)	(37,407)	(37,407)	(37,844)	(38,601)	(39,566)	(44,755)
Finance and interest costs.....	(58,848)	(55,320)	(56,675)	(67,568)	(70,058)	(70,600)	(70,089)
Other payments.....	(42,068)	(63,892)	(67,420)	(61,848)	(37,094)	(34,129)	(38,036)
<b>Net cash from operating activities.....</b>	<b>62,407</b>	<b>41,707</b>	<b>25,057</b>	<b>51,483</b>	<b>83,474</b>	<b>87,839</b>	<b>97,491</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from sale of non-current assets .....	409	1,224	1,224	-	-	-	-
<b>Payments</b>							
Purchase of non-current assets.....	(122,248)	(105,488)	(138,165)	(189,076)	(125,152)	(114,069)	(73,533)
Other payments.....	(1,800)	(2,500)	(2,500)	-	-	-	-
<b>Net cash from investing activities .....</b>	<b>(123,639)</b>	<b>(106,764)</b>	<b>(139,441)</b>	<b>(189,076)</b>	<b>(125,152)</b>	<b>(114,069)</b>	<b>(73,533)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from borrowings.....	180,000	235,475	254,022	257,863	194,057	185,653	145,117
<b>Payments</b>							
Repayment of borrowings and leases.....	(177,776)	(215,916)	(215,916)	(165,896)	(169,255)	(162,622)	(151,746)
<b>Net cash from financing activities .....</b>	<b>2,224</b>	<b>19,559</b>	<b>38,106</b>	<b>91,967</b>	<b>24,802</b>	<b>23,031</b>	<b>(6,629)</b>
<b>CASHFLOWS FROM GOVERNMENT</b>							
<b>Receipts</b>							
Capital subsidies.....	-	-	2,280	2,280	-	-	-
Administered appropriations .....	4,399	-	-	-	-	-	-
Operating subsidies.....	55,935	31,060	47,230	29,342	7,494	17,235	17,911
Equity contributions .....	-	2,404	2,404	-	-	14,451	14,451
Other subsidies.....	-	200	1,870	2,470	200	200	200
Major Treasurer's Special Purpose Account(s)							
Remote Communities .....	4,345	16,875	16,875	26,982	23,018	-	-
Royalties for Regions Fund							
Regional Community Services Fund .....	7,456	-	30,570	31,182	31,961	31,961	31,961
Regional Infrastructure and Headworks Fund .....	-	30,570	3,500	-	-	-	-
<b>Payments</b>							
Dividends to Government .....	-	(3,679)	-	(5,844)	(9,858)	(10,474)	(16,995)
National Tax Equivalent Regime - Income Tax ....	(3,342)	(1,796)	(1,683)	(3,947)	(6,255)	(5,895)	(10,982)
Local Government Rates Equivalent .....	(496)	(733)	(733)	(770)	(789)	(809)	(829)
<b>Net cash provided to Government.....</b>	<b>(68,297)</b>	<b>(74,901)</b>	<b>(102,313)</b>	<b>(81,695)</b>	<b>(45,771)</b>	<b>(46,669)</b>	<b>(35,717)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD.....</b>	<b>9,289</b>	<b>29,403</b>	<b>26,035</b>	<b>36,069</b>	<b>28,895</b>	<b>43,470</b>	<b>53,046</b>
Cash assets at the beginning of the reporting period .....	152,698	168,157	161,987	188,022	224,091	252,986	296,456
<b>Cash assets at the end of the reporting period (c) .....</b>	<b>161,987</b>	<b>197,560</b>	<b>188,022</b>	<b>224,091</b>	<b>252,986</b>	<b>296,456</b>	<b>349,502</b>

(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.

(c) Increase in the 2024-25 Budget Year compared to the 2023-24 Estimated Actual is mostly driven by cashflows from operating activities.



# Water Corporation

## Part 12

## Utilities

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

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	\$'000	Year	\$'000	\$'000	\$'000
				\$'000			
<b>REVENUE TO GENERAL GOVERNMENT SECTOR</b>							
National Tax Equivalent Regime - Income Tax.....	410,000	436,266	444,187	<b>497,182</b>	487,329	494,718	491,088
Local Government Rates Equivalent.....	7,938	8,386	8,386	<b>8,575</b>	8,790	9,009	9,234
Dividends <sup>(a)(b)</sup> .....	-	759,919	-	<b>842,526</b>	861,749	907,136	949,339
<b>EXPENSES FROM GENERAL GOVERNMENT SECTOR</b>							
Operating Subsidies.....	560,516	621,111	605,817	<b>681,355</b>	720,724	744,112	783,767
Other Subsidies.....	26,498	56,236	32,741	<b>49,307</b>	2,344	200	-
Major Treasurer's Special Purpose Account(s).....	53,957	31,767	33,767	<b>33,672</b>	34,515	23,929	23,929
<b>EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR</b>							
Equity Contributions.....	-	87,462	87,462	<b>59,775</b>	-	39,210	-
Major Treasurer's Special Purpose Account(s).....	2,336	55,343	57,518	<b>64,990</b>	61,265	8,466	-
<b>RATIOS</b>							
Dividend Payout Ratio (%).....	85	85	85	<b>85</b>	85	85	85
<b>GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations.....	2,669,362	2,684,577	2,792,405	<b>2,893,601</b>	2,975,974	3,109,984	3,223,144
Revenue from Government.....	640,971	709,114	672,325	<b>764,334</b>	757,583	768,241	807,696
Total Expenses <sup>(c)</sup> .....	1,961,653	1,990,145	2,054,851	<b>2,063,500</b>	2,173,946	2,240,677	2,317,690
Total Borrowings.....	5,040,346	5,677,893	4,787,639	<b>5,079,348</b>	6,315,154	7,282,725	7,815,194
<b>NET PROFIT AFTER TAX.....</b>	<b>946,615</b>	<b>982,993</b>	<b>987,429</b>	<b>1,116,607</b>	<b>1,092,240</b>	<b>1,146,814</b>	<b>1,199,732</b>
<b>CASH ASSETS <sup>(d)</sup>.....</b>	<b>952,381</b>	<b>1,463,954</b>	<b>1,548,224</b>	<b>940,969</b>	<b>850,929</b>	<b>1,002,367</b>	<b>1,165,779</b>

(a) The Corporation will retain 2023-24 dividend payments to contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.

(b) In determining dividend payments to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(c) Excludes current tax expense, deferred tax expense and dividend payments.

(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 Corporation's Income Statement since presentation of the 2023-24 Budget to Parliament on 11 May 2023, are outlined below:

	2023-24 Estimated Actual \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>Key Adjustments</b>					
Alkimos Seawater Desalination Plant .....	(35)	(765)	(7,387)	(19,433)	(27,459)
Essential and Municipal Services Upgrade Project .....	(1,775)	(1,822)	(1,490)	(737)	(746)
<b>Other</b>					
2023-24 Retained Dividend .....	(738,911)	-	-	-	-
Consumer Price Index/Wage Price Index Based Operating Expenditure Escalation (2023-24 Mid-year Review) .....	(35,735)	(39,922)	(41,277)	(42,225)	(43,954)
Operating Expenditure and Interest Expense Update .....	28,325	(10,224)	11,301	(5,573)	11,009
Regulated and Other Revenue Update .....	32,374	29,801	22,044	9,434	29,037

## Significant Issues Impacting the Government Trading Enterprise

1. The Corporation's operating environment continues to be influenced by factors such as changing climate, an ageing asset base, social and customer expectations, managing environmental obligations alongside economic pressures, accelerating technological advancement and the need to build a skilled workforce into the future.

### Impact of Climate Change

2. Climate change is having an increasing impact on the availability of water sources. As such, the Corporation continues to look to manage customer demand for water, reduce greenhouse gas emissions, invest in renewable energy, consider opportunities for infrastructure adaptation, and invest in climate-resilient water resources like desalination. The Corporation will also continue to support a whole-of-government approach to ensure collaboration across sectors to support adaptation to and mitigation of climate change impacts.
3. Reduced rainfall, particularly in the South West, has significantly reduced surface water dam inflows and is likely to constrain groundwater availability. As this impacts the capacity of city and town water supplies, the Corporation understands that augmentation with climate independent sources like seawater desalination and groundwater replenishment is critical to maintain liveability.

### Ageing Asset Base

4. The Corporation is responsible for a significant asset base across Western Australia: it manages an extensive network of infrastructure assets with a total replacement value of \$44 billion. The Corporation's assets are ageing, with \$7.7 billion (17.5%) of assets nearing the end of their economic lives in the next decade. As a result, the Corporation continues to invest to upgrade its networks to respond to climate change and growth, reduce risk and keep delivering a safe and reliable service to its customers.
5. The Corporation maintains delivery of high-quality products and services to its customers and the community and economic returns to Government. With an ageing asset base, continued capital investment in maintenance is essential to ensure the Corporation can maintain service and minimise reactive urgent repairs across its network. The Corporation continues to prioritise capital investment and network maintenance.

### Economic Pressures

6. High inflation, supply chain disruptions, increasing housing demand and high competition for contractor availability continue to result in cost pressures for the Corporation.

## Increasing Customer Expectations and Environmental Obligations

7. The Corporation acknowledges that customers expect safe, secure, affordable, and fit-for-purpose water services. The Corporation continues to observe increased community and customer expectations, which the Corporation remains committed to meeting. In this context, the Corporation continues to look to further improve transparency in areas such as social, operational, environmental, governance and financial performance.

## Other Trends

8. With the advent of artificial intelligence and the advancement of technology, the Corporation continues to be cognisant of the critical importance of cyber security. With an ageing workforce, the Corporation remains committed to meeting the demand for a future-ready workforce.
9. On 1 July 2023, the Corporation took over responsibility for the management of water services for 141 Aboriginal communities previously supported through Communities' Remote Essential and Municipal Services program. The Corporation is now working on a 10-year program to upgrade and deliver more reliable water supply to the 141 communities.

## Retained Dividend

10. The Corporation will retain its 2023-24 dividend payment totalling \$755.5 million to contribute to funding future infrastructure assets, including the Alkimos Seawater Desalination Plant (\$655.5 million) and the relocation and augmentation of water assets across the metropolitan area (\$97 million). The Corporation's total retained dividend of \$2.9 billion will largely fund construction of the Alkimos Seawater Desalination Plant.

## Annual Performance Statement

The following performance information is the subject of an Annual Performance Statement adopted by the GTE.

## 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 Corporation'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 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

	2022-23 Actual	2023-24 Budget	2023-24 Estimated Actual	2024-25 Budget Target	Note
<b>Outcome: Reducing total recurring expenditure to fund our key priorities and provide socially equitable outcomes for communities:</b>					
Total cost per property .....	\$2,229	\$2,291	\$2,358	\$2,412	
<b>Outcome: Engaging and enabling our employees to perform at our best:</b>					
Employee Experience Survey - Engagement <sup>(a)</sup> .....	n.a.	73%	70%	n.a.	
<b>Outcome: Providing safe and secure water to meet or exceed United Nations Sustainable Development Goal 6:</b>					
Customers and communities we serve with access to safe water in line with United Nations Sustainable Development Goal 6 <sup>(b)</sup> .....	n.a.	≥70%	96%	96%	
<b>Outcome: Improving employee and public safety outcomes:</b>					
Total recordable injury frequency rate (per million hours worked) .....	4.39	<3	5.1	<3	1
<b>Outcome: Driving value for money and customer satisfaction across all regions and segments:</b>					
Individual measurement of value for money, across regions and segments (% of customers who rate the Corporation strongly (7-10)) <sup>(c)</sup> .....	57%	61%	55%	62%	
<b>Outcome: Building trust among the communities we serve:</b>					
Individual measurement of community trust, across regions and segments (% of customers who rate the Corporation strongly (7-10)) <sup>(c)</sup> .....	71%	71%	67%	71%	
<b>Outcome: Accelerating to net zero for scope 1 and 2 greenhouse gas emissions:</b>					
Reported greenhouse gas emissions (CO <sub>2</sub> equivalent kilotonnes) <sup>(d)</sup> .....	450	568	532	557	
<b>Outcome: Educating the community on climate change impacts, driving waterwise outcomes and ramping up wastewater recycling:</b>					
Wastewater recycled <sup>(e)</sup> .....	19%	21%	15%	21%	2

(a) 2023-24 Budget is based on industry average. There is no Budget Target for 2024-25 as the survey is intended to run every two years. Since the 2023-24 Budget, the measure has been converted to a percentage due to external data availability and to enable more meaningful year-on-year comparison.

(b) This is a new measure in 2023-24 based on data that is collected annually, therefore there is no 2022-23 Actual. The target includes Aboriginal Communities' schemes transferred to Water Corporation in 2023. The 2024-25 Budget Target is based on the 2023-24 Estimated Actual, as the glidepath is still being finalised.

(c) 2023-24 Estimated Actual is based on year-to-date performance over the first two quarters of 2023-24. Since the 2023-24 Budget, the measure has been converted to a percentage due to external data availability and to enable more meaningful year-on-year comparison.

(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, does not include offsets). 2023-24 Estimated Actual as at 8 March 2024.

(e) Based on September quarter 2023 estimates, not expected to meet the target due to reduced production rate from the Advanced Water Recycling Plant.

## Explanation of Significant Movements

(Notes)

1. Recordable injury frequency rate is an estimate based on the year-to-date trend of increased injuries that are temporary in nature, with no ongoing impairment and parties have fully recovered. Overall, this continues to be an area of ongoing focus for the Corporation.
2. The 2023-24 Estimated Actual is based on September quarter 2023 estimates, and is not expected to meet the target due to reduced production rate from the Advanced Water Recycling Plant.

## Asset Investment Program

1. In 2024-25, \$1.7 billion is committed to 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 \$1.2 billion has been committed to projects across the metropolitan area in 2024-25. 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 2024-25, \$756.3 million has been committed to metropolitan water supply and network projects, including:
  - 3.1. \$596.7 million towards the Alkimos Seawater Desalination Plant program of works, which will have the capacity to produce 50 gigalitres (GL) of water per annum and the option for future expansion to 100 GL per annum;
  - 3.2. \$30.4 million for critical water reticulation renewals across the metropolitan area. This investment minimises the likelihood of asset failures and is expected to stabilise the number supply interruptions; and
  - 3.3. \$9.3 million on the Talbot Road pipe renewal project to replace 3.5 km of pipe from Talbot Road to Scott Street in Hazelmere and Helena Valley to ensure security of supply. The project has an estimated total cost of \$32.7 million.
4. In 2024-25, \$297.1 million has been committed to wastewater treatment and network projects in both the northern and southern metropolitan corridors, including:
  - 4.1. \$141.3 million towards the upgrade of 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;
  - 4.2. \$27.3 million towards an upgrade of the Sepia Depression Ocean Outfall Landline Tower at Woodman Point to increase capacity and avoid overflows to the environment. The project has an estimated total cost of \$74.9 million; and
  - 4.3. \$24.4 million towards the upgrade of Ellenbrook Barrambie Way pump station capacity and the construction of a new pressure main to cater for growth in the area and reduce the risk of overflows. The project has an estimated total cost of \$70.7 million.
5. A further \$156.8 million has been approved by Government in 2024-25 for the relocation and augmentation of water assets.

## Expenditure in the Regions

6. Regional Western Australia will also continue to see investment in the development and upgrade of water, wastewater and irrigation infrastructure, with a total of \$277 million committed in 2024-25.

7. A total of \$153.9 million will be spent in 2024-25 on regional water projects, including:
  - 7.1. \$44.7 million towards the construction of a water treatment plant in Onslow, which will have the capacity to produce 1.5 million litres of potable water per day. The Onslow Town Water Supply project has an estimated total cost of \$94.3 million; and
  - 7.2. \$42.7 million towards upgrading the capacity of the Burrup Seawater Supply Scheme to enable the expansion of industry seawater demand. The project has an estimated total cost of \$147 million.
8. A total of \$49.3 million will be spent in 2024-25 on regional wastewater projects, including:
  - 8.1. \$14.3 million towards replacement of pressure main at Ulster Road, Albany to reduce the risk of overflows into Oyster Harbour. The project has an estimated total cost of \$17.2 million; and
  - 8.2. \$6 million towards sewer reticulation relining to address sections of pipe with repeated blockages and wastewater overflows.
9. A total of \$25.4 million will be spent in 2024-25 on regional irrigation projects, including \$22.6 million to upgrade the Ord Irrigation Scheme to meet the State's obligation to supply water to the Knox development in the Ord Irrigation area. The project has an estimated total cost of \$77.1 million.
10. The Corporation received funding from Government totalling \$28.6 million in 2024-25 for the Remote Aboriginal Communities Accelerated Works program, to deliver improved water services to remote Aboriginal and town-based communities.

### Election Commitments

11. The Corporation has received funding of \$20 million in 2024-25 for the following election commitments:
  - 11.1. \$14.9 million under the Essential and Municipal Services Upgrade Program to deliver more reliable and improved water services to a number of larger remote aboriginal communities; and
  - 11.2. \$5 million towards the Albert Street Drain project, located in the City of Stirling, which will improve local area amenity and water quality.

### Energy Infrastructure

12. Government has approved funding of \$94.4 million in 2024-25 towards construction of the Flat Rocks Wind Farm Stage 2. 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 30-6-24 \$'000	2023-24 Estimated Expenditure \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>WORKS IN PROGRESS</b>							
<b>Election Commitment</b>							
Albert Street Drain .....	13,700	6,796	6,021	5,020	705	636	543
Essential and Municipal Services Upgrade Program .....	58,896	21,976	7,656	14,939	16,399	5,582	-
<b>Metropolitan</b>							
<b>Drainage</b>							
Capacity .....	82,206	57,058	8,992	3,726	7,225	7,221	6,976
Renewals .....	51,115	21,030	1,885	1,805	8,545	8,545	11,190
<b>Wastewater</b>							
Network Capacity .....	585,407	324,415	75,536	59,681	71,296	58,925	71,090
Network Renewals .....	243,129	142,503	19,068	18,539	38,825	28,692	14,570
Treatment Capacity .....	853,162	380,994	140,219	209,101	156,437	48,416	58,214
Treatment Renewals .....	159,757	84,296	10,502	9,737	18,855	38,351	8,518
<b>Water</b>							
Network Capacity .....	453,638	252,853	32,993	43,175	40,587	53,740	63,283
Network Renewals .....	404,678	223,564	32,047	43,380	55,835	45,893	36,006
Supply Capacity .....	3,264,645	492,302	149,845	615,144	1,003,010	799,603	354,586
Supply Renewals .....	290,144	143,468	20,147	54,566	30,618	28,593	32,899
<b>Regional</b>							
<b>Drainage</b>							
Capacity .....	34,841	34,662	158	6	4	52	117
Renewals .....	46,445	22,686	1,477	4,900	3,409	6,132	9,318
Irrigation .....	125,651	64,648	30,466	25,396	21,620	9,200	4,787

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-24 \$'000	2023-24 Estimated Expenditure \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>Wastewater</b>							
Network Capacity .....	91,948	59,608	6,681	2,708	10,862	130	18,640
Network Renewals .....	204,220	62,108	9,315	28,136	51,004	46,161	16,811
Treatment Capacity .....	242,019	178,135	21,137	10,786	10,558	22,673	19,867
Treatment Renewals .....	73,256	34,761	10,129	7,681	7,490	12,422	10,902
<b>Water</b>							
Network Capacity .....	324,447	155,543	46,073	54,670	53,570	41,852	18,812
Network Renewals .....	411,744	216,356	27,170	26,503	38,050	60,839	69,996
Supply Capacity .....	611,342	321,189	53,064	67,808	72,382	76,515	73,448
Supply Renewals .....	98,298	45,394	10,518	4,906	8,110	22,223	17,665
Relocation and Augmentation of Network Assets .....	279,977	123,202	97,042	156,775	-	-	-
Remote Aboriginal Communities Accelerated Works .....	76,048	20,632	10,761	28,575	12,741	9,500	4,600
<b>Service</b>							
Business Support Costs .....	487,471	326,529	12,905	37,918	41,554	29,208	52,262
Capital Support Costs .....	267,776	170,195	28,358	23,862	24,213	24,571	24,935
Corporate Real Estate .....	198,191	125,311	17,755	18,220	18,220	18,220	18,220
Energy Infrastructure .....	322,198	23,037	-	94,375	204,786	-	-
Operational Information and Control .....	265,563	149,116	28,740	30,926	28,517	28,512	28,492
<b>Total Cost of Asset Investment Program .....</b>	<b>10,621,912</b>	<b>4,284,367</b>	<b>916,660</b>	<b>1,702,964</b>	<b>2,055,427</b>	<b>1,532,407</b>	<b>1,046,747</b>
<b>FUNDED BY</b>							
Borrowings .....			23,893	716,942	1,332,600	771,845	332,779
Internal Funds and Balances .....			747,787	861,257	661,562	712,886	713,968
Major Treasurer's Special Purpose Account(s)							
Remote Communities Fund .....			19,334	34,982	39,210	-	-
Royalties for Regions Fund .....			38,184	30,008	22,055	8,466	-
Other .....			87,462	59,775	-	39,210	-
<b>Total Funding .....</b>			<b>916,660</b>	<b>1,702,964</b>	<b>2,055,427</b>	<b>1,532,407</b>	<b>1,046,747</b>

## Financial Statements

### Income Statement

#### Revenue

- Total revenue in 2024-25 is forecast to be \$193.2 million higher than the 2023-24 Estimated Actual, largely due to an increase in the sale of goods and services, increase in the value of assets handed over from developers, and higher operating subsidies and capital subsidies from Government.

#### Expenses

- Total expenses in 2024-25 are forecast to be \$8.6 million higher than the 2023-24 Estimated Actual, largely due to lower net interest expense associated with a higher cash balance and temporary repayment of debt due to the retention of dividends.

### Statement of Financial Position

- In 2024-25, net assets are expected to increase by \$398.8 million compared to the 2023-24 Estimated Actual. This is largely due to capital projects such as the Alkimos Seawater Desalination Plant, the Water and Wastewater Pipeline Renewals program and Kwinana Water Recycling Plant Expansion.

### Statement of Cashflows

- The 2024-25 cash assets at the end of the reporting period are \$607.3 million lower than the 2023-24 Estimated Actual. This is largely due to the use of the retained dividend for the Alkimos Seawater Desalination Plant project.

**INCOME STATEMENT <sup>(a)</sup>  
(Controlled)**

	2022-23	2023-24	2023-24 Estimated	2024-25 Budget	2025-26	2026-27	2027-28
	Actual \$'000	Budget \$'000	Actual \$'000	Year \$'000	Outyear \$'000	Outyear \$'000	Outyear \$'000
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Sale of goods and services.....	2,400,613	2,458,561	2,502,615	2,579,372	2,666,545	2,769,607	2,876,231
Other revenue.....	268,749	226,016	289,790	314,229	309,429	340,377	346,913
<b>Revenue from Government</b>							
Operating subsidies.....	560,516	621,111	605,817	681,355	720,724	744,112	783,767
Capital subsidies.....	-	43,944	20,449	48,707	2,144	-	-
Other subsidies.....	26,498	12,292	12,292	600	200	200	-
Major Treasurer's Special Purpose Account(s)							
Remote Communities .....	-	8,880	8,880	10,327	10,586	-	-
Royalties for Regions Fund							
Regional Community Services Fund .....	53,957	22,887	24,887	23,345	23,929	23,929	23,929
<b>TOTAL REVENUE .....</b>	<b>3,310,333</b>	<b>3,393,691</b>	<b>3,464,730</b>	<b>3,657,935</b>	<b>3,733,557</b>	<b>3,878,225</b>	<b>4,030,840</b>
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	406,881	484,367	424,222	426,688	440,756	445,314	464,750
Supplies and services.....	614,023	487,854	685,282	709,184	741,301	758,873	788,486
Accommodation.....	7,938	8,386	8,386	8,575	8,790	9,009	9,234
Depreciation and amortisation .....	558,628	579,174	577,389	575,850	609,983	627,142	631,604
Finance and interest costs.....	206,291	233,767	201,345	183,819	196,018	225,192	233,626
Other expenses .....	167,892	196,597	158,227	159,384	177,098	175,147	189,990
<b>TOTAL EXPENSES .....</b>	<b>1,961,653</b>	<b>1,990,145</b>	<b>2,054,851</b>	<b>2,063,500</b>	<b>2,173,946</b>	<b>2,240,677</b>	<b>2,317,690</b>
<b>NET PROFIT/(LOSS) BEFORE TAX .....</b>	<b>1,348,680</b>	<b>1,403,546</b>	<b>1,409,879</b>	<b>1,594,435</b>	<b>1,559,611</b>	<b>1,637,548</b>	<b>1,713,150</b>
National Tax Equivalent Regime							
Current tax equivalent expense .....	410,000	436,266	444,187	497,182	487,329	494,718	491,088
Deferred tax equivalent expense .....	(7,935)	(15,713)	(21,737)	(19,354)	(19,958)	(3,984)	22,330
<b>NET PROFIT/(LOSS) AFTER TAX.....</b>	<b>946,615</b>	<b>982,993</b>	<b>987,429</b>	<b>1,116,607</b>	<b>1,092,240</b>	<b>1,146,814</b>	<b>1,199,732</b>
<b>Dividends .....</b>	<b>-</b>	<b>759,919</b>	<b>-</b>	<b>842,526</b>	<b>861,749</b>	<b>907,136</b>	<b>949,339</b>

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

(b) The full-time equivalents for 2022-23 Actual, 2023-24 Estimated Actual and 2024-25 Budget Year are 3,978, 4,036 and 4,036 respectively.



**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CURRENT ASSETS</b>							
Cash assets.....	21,706	211,675	203,878	172,693	187,725	339,288	502,700
Cash assets - Retained dividends <sup>(b)</sup> .....	930,675	1,252,279	1,344,346	768,276	658,521	658,521	658,521
Restricted cash.....	-	-	-	-	4,683	4,558	4,558
Receivables.....	282,364	279,776	190,930	197,554	204,542	214,267	224,435
Other.....	173,943	67,325	175,943	178,043	180,243	180,243	180,243
<b>Total current assets.....</b>	<b>1,408,688</b>	<b>1,811,055</b>	<b>1,915,097</b>	<b>1,316,566</b>	<b>1,235,714</b>	<b>1,396,877</b>	<b>1,570,457</b>
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment.....	18,067,812	18,687,535	18,520,410	19,796,646	21,371,419	22,439,739	23,049,438
Intangibles.....	116,656	83,154	116,656	116,656	116,656	116,656	116,656
Receivables.....	27,806	26,102	27,807	27,805	27,805	27,805	27,805
<b>Total non-current assets.....</b>	<b>18,212,274</b>	<b>18,796,791</b>	<b>18,664,873</b>	<b>19,941,107</b>	<b>21,515,880</b>	<b>22,584,200</b>	<b>23,193,899</b>
<b>TOTAL ASSETS.....</b>	<b>19,620,962</b>	<b>20,607,846</b>	<b>20,579,970</b>	<b>21,257,673</b>	<b>22,751,594</b>	<b>23,981,077</b>	<b>24,764,356</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	133,746	117,497	134,146	134,146	134,146	134,146	134,146
Payables.....	340,646	335,645	381,247	372,987	344,141	335,565	322,005
Borrowings and leases.....	17,454	7,979	28,564	28,835	29,696	29,707	29,501
Other.....	65,476	53,227	65,770	66,610	67,906	67,906	67,906
<b>Total current liabilities.....</b>	<b>557,322</b>	<b>514,348</b>	<b>609,727</b>	<b>602,578</b>	<b>575,889</b>	<b>567,324</b>	<b>553,558</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	33,744	32,925	33,344	33,344	33,344	33,344	33,344
Borrowings and leases.....	5,250,760	5,958,959	5,039,065	5,342,424	6,589,234	7,541,914	8,065,236
Other.....	230,489	208,277	216,776	199,423	181,466	179,481	202,811
<b>Total non-current liabilities.....</b>	<b>5,514,993</b>	<b>6,200,161</b>	<b>5,289,185</b>	<b>5,575,191</b>	<b>6,804,044</b>	<b>7,754,739</b>	<b>8,301,391</b>
<b>TOTAL LIABILITIES.....</b>	<b>6,072,315</b>	<b>6,714,509</b>	<b>5,898,912</b>	<b>6,177,769</b>	<b>7,379,933</b>	<b>8,322,063</b>	<b>8,854,949</b>
<b>NET ASSETS.....</b>	<b>13,548,647</b>	<b>13,893,337</b>	<b>14,681,058</b>	<b>15,079,904</b>	<b>15,371,661</b>	<b>15,659,014</b>	<b>15,909,407</b>
<b>EQUITY</b>							
Contributed equity.....	259,620	409,025	404,600	529,365	590,630	638,306	638,306
Accumulated surplus/(deficit).....	5,962,351	6,157,618	6,949,780	7,223,861	7,454,352	7,694,030	7,944,423
Reserves.....	7,326,676	7,326,694	7,326,678	7,326,678	7,326,679	7,326,678	7,326,678
<b>TOTAL EQUITY.....</b>	<b>13,548,647</b>	<b>13,893,337</b>	<b>14,681,058</b>	<b>15,079,904</b>	<b>15,371,661</b>	<b>15,659,014</b>	<b>15,909,407</b>

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

(b) The Corporation has retained its dividends payable in 2020-21, 2021-22, 2022-23 and 2023-24 to contribute to funding construction of the Alkimos Seawater Desalination Plant and other infrastructure assets.

**STATEMENT OF CASHFLOWS (a)**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Sale of goods and services.....	2,386,708	2,469,440	2,468,885	2,604,958	2,643,726	2,756,083	2,862,171
Grants and subsidies.....	3,775	1,888	2,768	730	350	350	-
GST receipts.....	126,277	116,008	116,008	117,589	117,589	117,589	117,590
Other receipts.....	167,247	169,659	200,972	195,076	209,456	231,328	233,120
<b>Payments</b>							
Employee benefits.....	(389,483)	(480,150)	(420,413)	(422,767)	(436,715)	(441,152)	(454,327)
Supplies and services.....	(607,866)	(487,854)	(685,282)	(709,184)	(741,301)	(758,873)	(788,486)
GST payments.....	(123,946)	(116,539)	(116,539)	(118,127)	(118,127)	(118,127)	(118,127)
Finance and interest costs.....	(226,717)	(246,638)	(216,520)	(204,301)	(212,682)	(272,500)	(307,734)
Other payments.....	(201,080)	(251,851)	(129,071)	(177,175)	(171,588)	(169,763)	(190,513)
<b>Net cash from operating activities.....</b>	<b>1,134,915</b>	<b>1,173,963</b>	<b>1,220,808</b>	<b>1,286,799</b>	<b>1,290,708</b>	<b>1,344,935</b>	<b>1,353,694</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from sale of non-current assets.....	4,236	1,600	1,600	1,601	1,600	1,600	1,600
<b>Payments</b>							
Purchase of non-current assets.....	(647,656)	(1,113,534)	(916,660)	(1,702,964)	(2,055,427)	(1,532,407)	(1,046,747)
<b>Net cash from investing activities.....</b>	<b>(643,420)</b>	<b>(1,111,934)</b>	<b>(915,060)</b>	<b>(1,701,363)</b>	<b>(2,053,827)</b>	<b>(1,530,807)</b>	<b>(1,045,147)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from borrowings.....	-	1,000,058	483,154	963,082	1,950,036	1,826,437	1,530,373
<b>Payments</b>							
Repayment of borrowings and leases.....	(401,242)	(751,240)	(693,407)	(667,050)	(712,568)	(877,858)	(1,012,400)
Other payments.....	(7,336)	(7,459)	(7,459)	(7,579)	(7,724)	(7,746)	(7,579)
<b>Net cash from financing activities.....</b>	<b>(408,578)</b>	<b>241,359</b>	<b>(217,712)</b>	<b>288,453</b>	<b>1,229,744</b>	<b>940,833</b>	<b>510,394</b>
<b>CASHFLOWS FROM GOVERNMENT</b>							
<b>Receipts</b>							
Capital subsidies.....	-	23,937	51,537	10,746	12,048	-	-
Operating subsidies.....	472,023	621,111	694,310	681,355	720,724	744,112	783,767
Equity contributions.....	-	87,462	87,462	59,775	-	39,210	-
Other subsidies.....	17,444	12,292	12,292	600	200	200	-
Major Treasurer's Special Purpose Account(s)							
Remote Communities.....	5,461	28,214	28,214	45,309	49,796	-	-
Royalties for Regions Fund							
Regional Community Services Fund.....	59,539	22,887	24,887	23,345	23,929	23,929	23,929
Regional Infrastructure and Headworks Fund.....	950	36,009	38,184	30,008	22,055	8,466	-
<b>Payments</b>							
Dividends to Government.....	-	(759,918)	-	(842,522)	(861,750)	(907,137)	(949,339)
National Tax Equivalent Regime - Income Tax....	(414,111)	(411,844)	(420,693)	(481,185)	(514,877)	(503,294)	(504,652)
Local Government Rates Equivalent.....	(7,938)	(8,386)	(8,386)	(8,575)	(8,790)	(9,009)	(9,234)
<b>Net cash provided to Government.....</b>	<b>(133,368)</b>	<b>348,236</b>	<b>(507,807)</b>	<b>481,144</b>	<b>556,665</b>	<b>603,523</b>	<b>655,529</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD.....</b>	<b>216,285</b>	<b>(44,848)</b>	<b>595,843</b>	<b>(607,255)</b>	<b>(90,040)</b>	<b>151,438</b>	<b>163,412</b>
Cash assets at the beginning of the reporting period.....	736,096	1,508,802	952,381	1,548,224	940,969	850,929	1,002,367
<b>Cash assets at the end of the reporting period.....</b>	<b>952,381</b>	<b>1,463,954</b>	<b>1,548,224</b>	<b>940,969</b>	<b>850,929</b>	<b>1,002,367</b>	<b>1,165,779</b>

(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

	2022-23 Actual \$'000	2023-24 Budget \$'000	2023-24 Estimated Actual \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>REVENUE TO GENERAL GOVERNMENT SECTOR</b>							
National Tax Equivalent Regime - Income Tax.....	927	995	1,657	2,621	3,599	3,688	3,938
Local Government Rates Equivalent.....	89	74	70	72	74	76	79
Dividends <sup>(a)(b)</sup> .....	-	903	-	1,190	1,974	2,738	2,807
<b>EXPENSES FROM GENERAL GOVERNMENT SECTOR</b>							
Operating Subsidies.....	1,586	2,342	4,737	5,981	8,257	8,475	8,696
<b>EQUITY CONTRIBUTION FROM GENERAL GOVERNMENT SECTOR</b>							
Equity Contributions.....	11,050	-	-	-	-	-	-
<b>RATIOS</b>							
Dividend Payout Ratio (%).....	85	85	85	85	85	85	85
<b>GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations.....	17,841	18,543	18,861	18,757	19,209	19,716	20,249
Revenue from Government.....	1,586	2,342	4,737	5,981	8,257	8,475	8,696
Total Expenses <sup>(c)</sup> .....	17,645	18,624	20,409	19,699	20,543	21,098	21,373
Total Borrowings.....	5,009	7,487	4,272	4,873	9,119	7,799	6,445
<b>NET PROFIT AFTER TAX.....</b>	<b>1,324</b>	<b>1,696</b>	<b>2,392</b>	<b>3,779</b>	<b>5,192</b>	<b>5,320</b>	<b>5,679</b>
<b>CASH ASSETS <sup>(d)</sup>.....</b>	<b>26,539</b>	<b>15,189</b>	<b>14,706</b>	<b>3,000</b>	<b>3,000</b>	<b>4,415</b>	<b>5,970</b>

(a) Bunbury Water Corporation (Aqwest) will retain 2023-24 dividend payments to contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.

(b) In determining dividend payments to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(c) Excludes current tax expense, deferred tax expense and dividend payments.

(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 Aqwest's Income Statement since presentation of the 2023-24 Budget to Parliament on 11 May 2023, are outlined below:

	2023-24 Estimated Actual \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>Key Adjustments</b>					
Commercial Water Tariff Operating Subsidy.....	(1,225)	(351)	(853)	(355)	(375)
Market and Compliance Cost Pressures.....	(123)	(481)	(687)	(913)	(993)
Residential Water Tariff Operating Subsidy Increase.....	(543)	(158)	(386)	(160)	(232)
<b>Other</b>					
2023-24 Retained Dividend.....	(586)	-	-	-	-

## **Significant Issues Impacting the Government Trading Enterprise**

### **Climate Change**

1. Since the 1970s, rainfall in the South West has reduced by around 20% and current forecasts indicate a further reduction of 15% by 2030. In response to this and other climate change impacts, the Government released the Western Australian Climate Policy, which names Aqwest as a lead agency for the action to invest in water infrastructure and water recycling to enhance security, efficiency and resilience of community water schemes.
2. Aqwest has well-advanced projects in progress to provide recycled water infrastructure for the irrigation of public open spaces and for managed aquifer recharge. These are key initiatives for climate change adaptation and water security in the region, which are strongly supported by local governments and other key stakeholders.
3. Aqwest's Environmental Sustainability Strategic Plan has led to investment in renewable energy, waste, and recycling initiatives.
4. In the past year, Aqwest has changed its energy supply contract to include purchase of 50% of its energy supply from NaturalPower as part of the accredited Green Power program. The additional cost required to achieve this reduction has been partially offset by negotiating a cheaper super off-peak tariff, which allows Aqwest to produce water during daylight periods. To date, this initiative has resulted in a 62.7% reduction in Aqwest's carbon emissions against 2020 levels.
5. Aqwest is also investing in community education to improve water literacy and raise awareness of the importance of saving water.

### **Technology**

6. Aqwest faces the growing challenges of cyber security and emerging technologies. The challenges include the increasing incidence of cyber-attacks and ensuring that customer and business information is kept secure and private. There is also a requirement from Government for agencies to meet adequate maturity ratings against the Essential 8 maturity ratings system.

### **Economic Environment**

7. The economic environment continues to present challenges for the delivery of key projects whilst also increasing operating costs. This creates further pressure on water pricing and maintaining the capacity to deliver cost efficient water services to the region.
8. New contracting models are being used and explored to incentivise and attract contractors and consultants to bid for Aqwest projects.

### **Retained Dividend**

9. Aqwest will retain its forecast 2023-24 dividend payment of \$586,000 to fund future infrastructure investment.

## **Annual Performance Statement**

The following performance information is the subject of an Annual Performance Statement adopted by the GTE.

## 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 Aqwest’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

	2022-23 Actual	2023-24 Budget	2023-24 Estimated Actual	2024-25 Budget Target	Note
<b>Outcome: Long-term financial viability:</b>					
Economic real rate of return .....	0.7%	1.1%	1.4%	3.2%	
<b>Outcome: Satisfied customers:</b>					
Overall customer satisfaction rating .....	85%	85%	88%	85%	
<b>Outcome: Local jobs and local suppliers:</b>					
Percentage of local suppliers (Buy Local Policy target) <sup>(a)</sup> .....	49%	70%	70%	70%	
<b>Outcome: Highly skilled and diversified workforce:</b>					
Increase jobs by >2% per annum <sup>(b)</sup> .....	8%	>2%	>2%	>2%	
Training expenditure per annum against salaries and wages.....	2.1%	>3%	>3%	>3%	
Safety index <sup>(c)</sup> .....	1	1	1	1	
<b>Outcome: Strong supported community:</b>					
Customer awareness of Aqwest services.....	93%	85%	94%	85%	
Employee diversity and wellbeing index <sup>(d)</sup> .....	0.7	1	1	1	
Strong communities index <sup>(e)</sup> .....	1	1	1	1	

	2022-23 Actual	2023-24 Budget	2023-24 Estimated Actual	2024-25 Budget Target	Note
<b>Outcome: Safe, reliable, high-quality drinking water:</b>					
Customers agree water is safe to drink .....	81%	85%	82%	85%	
Microbiological compliance.....	100%	100%	100%	100%	
Average frequency of an unplanned interruption (per 1,000 properties) .....	185	<250	<250	<250	
<b>Outcome: Safe, reliable, recycled water available:</b>					
Make available 2GL of recycled water per annum.....	nil	nil	nil	nil	1
Develop a proof of concept for Managed Aquifer Recharge.....	n.a.	Yes	Yes	n.a.	2
Conduct Managed Aquifer Recharge Trials.....	n.a.	n.a.	n.a.	Yes	2
<b>Outcome: Environmentally sustainable operations:</b>					
Environmental sustainability index <sup>(f)</sup> .....	0.9	1	1	1	

- (a) For goods and services available in the region.
- (b) This indicator targets an increase in full-time jobs by decreasing contracted work without negatively impacting on operating expenses.
- (c) Comprised of a range of indicators focused on delivering a safe working environment and strong safety culture, including reported hazards/near-misses, completion of workplace inspections and safety improvement action lists and attendance and presentation of relevant topics at safety meetings.
- (d) A combination of indices relating to an employee wellbeing index and an employee diversity index. The employee wellbeing index includes results of a staff satisfaction survey, availability of employee assistance and wellbeing programs and support for staff affected by family and domestic violence. The employee diversity index includes provisions for Aboriginal employment opportunities, disability access and inclusion, and ensuring gender equity across staff.
- (e) The strong communities index demonstrates Aqwest's contribution to the local community by measuring the availability and success of a number of programs and initiatives Aqwest is committed to, including customer hardship and leak assist, family and domestic violence support, customer engagement and reconciliation action.
- (f) The environmental sustainability index is designed to ensure Aqwest delivers on its responsibility to conserve and protect our natural resources and environment, including implementing strategies that address climate change mitigation and adaptation. Metrics include climate change, integrated water management, sustainable energy management, waste management, real water losses, customer water usage, procurement activities and environmental management.

### Explanation of Significant Movements

(Notes)

1. The Bunbury Water Resource Recovery Scheme (BWRRS) is now expected to be completed in 2028-29, and therefore no recycled water will be produced in the 2024-25 year.
2. The BWRRS was placed on hold in 2022-23 due to high construction market costs. The project's focus moved towards the use of recycled water via Managed Aquifer Recharge (MAR). A proof-of-concept study was completed in 2023-24. The MAR trial is proposed to be carried out once the BWRRS Stage 1 is complete and a source for the trial is established.

### Asset Investment Program

1. Aqwest's Asset Investment Program totals \$34.5 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. \$21.4 million for the Bunbury Water Resource Recovery Scheme. The Scheme will provide recycled water for the irrigation of public open spaces, reducing the impact on groundwater sources;
  - 2.2. \$6.9 million to refurbish and maintain existing water storage and treatment infrastructure; and
  - 2.3. \$4.3 million to replace ageing water mains.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-24 \$'000	2023-24 Estimated Expenditure \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>WORKS IN PROGRESS</b>							
Water Resource Recovery Scheme .....	30,397	8,967	750	15,490	5,940	-	-
<b>COMPLETED WORKS</b>							
Fleet, ICT and Other - 2023-24 Program.....	899	899	899	-	-	-	-
Mains - 2023-24 Program.....	1,380	1,380	1,380	-	-	-	-
Reservoirs - 2023-24 Program .....	1,343	1,343	1,343	-	-	-	-
Services - 2023-24 Program.....	64	64	64	-	-	-	-
Treatment Plants							
2023-24 Program.....	1,686	1,686	1,686	-	-	-	-
Fluoridation.....	10,847	10,847	9,926	-	-	-	-
<b>NEW WORKS</b>							
Fleet, ICT and Other							
2024-25 Program.....	530	-	-	530	-	-	-
2025-26 Program.....	415	-	-	-	415	-	-
2026-27 Program.....	340	-	-	-	-	340	-
2027-28 Program.....	340	-	-	-	-	-	340
Mains							
2024-25 Program.....	999	-	-	999	-	-	-
2025-26 Program.....	1,022	-	-	-	1,022	-	-
2026-27 Program.....	1,144	-	-	-	-	1,144	-
2027-28 Program.....	1,144	-	-	-	-	-	1,144
Reservoirs							
2024-25 Program.....	650	-	-	650	-	-	-
2025-26 Program.....	2,285	-	-	-	2,285	-	-
2026-27 Program.....	1,004	-	-	-	-	1,004	-
2027-28 Program.....	182	-	-	-	-	-	182
Services							
2024-25 Program.....	65	-	-	65	-	-	-
2025-26 Program.....	67	-	-	-	67	-	-
2026-27 Program.....	69	-	-	-	-	69	-
2027-28 Program.....	69	-	-	-	-	-	69
Treatment Plants							
2024-25 Program.....	979	-	-	979	-	-	-
2025-26 Program.....	626	-	-	-	626	-	-
2026-27 Program.....	182	-	-	-	-	182	-
2027-28 Program.....	1,004	-	-	-	-	-	1,004
<b>Total Cost of Asset Investment Program .....</b>	<b>59,732</b>	<b>25,186</b>	<b>16,048</b>	<b>18,713</b>	<b>10,355</b>	<b>2,739</b>	<b>2,739</b>
<b>FUNDED BY</b>							
Borrowings .....			-	1,350	5,120	-	-
Internal Funds and Balances.....			16,048	17,363	5,235	2,739	2,739
<b>Total Funding.....</b>			<b>16,048</b>	<b>18,713</b>	<b>10,355</b>	<b>2,739</b>	<b>2,739</b>

## Financial Statements

### Income Statement

#### Revenue

1. Revenue is forecast to increase over the forward estimates period as a result of higher operating subsidies relating to residential and commercial water supply and usage. Increasing cost pressures are driving the need for tariff increases, which are subsidised for both residential and commercial customers.

#### Expenses

2. Expenditure forecasts are driven by cyclical operational requirements, and market and compliance cost pressures.

### Statement of Financial Position

3. Aqwest's financial position remains stable over the forward estimates period, with no material changes in assets or liabilities.

### Statement of Cashflows

4. Aqwest's cash position is forecast to remain positive over the forward estimates period, with minimal new borrowings required to fund the current Asset Investment Program (AIP). The reduction in cash assets at the end of the reporting period in the 2024-25 Budget is due mainly to funding of the AIP.

### INCOME STATEMENT <sup>(a)</sup> (Controlled)

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Sale of goods and services.....	16,020	16,651	16,535	17,147	17,787	18,263	18,763
Other revenue.....	1,821	1,892	2,326	1,610	1,422	1,453	1,486
<b>Revenue from Government</b>							
Operating subsidies.....	1,586	2,342	4,737	5,981	8,257	8,475	8,696
<b>TOTAL REVENUE</b> .....	<b>19,427</b>	<b>20,885</b>	<b>23,598</b>	<b>24,738</b>	<b>27,466</b>	<b>28,191</b>	<b>28,945</b>
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	6,552	6,502	6,497	6,770	7,018	7,277	7,543
Supplies and services.....	2,925	4,841	6,044	4,478	4,776	4,714	5,011
Accommodation.....	1,481	1,149	1,377	1,356	1,395	1,438	1,376
Depreciation and amortisation .....	4,028	4,073	4,214	4,868	5,025	5,102	4,870
Finance and interest costs.....	128	271	130	105	132	290	245
Other expenses .....	2,531	1,788	2,147	2,122	2,197	2,277	2,328
<b>TOTAL EXPENSES</b> .....	<b>17,645</b>	<b>18,624</b>	<b>20,409</b>	<b>19,699</b>	<b>20,543</b>	<b>21,098</b>	<b>21,373</b>
<b>NET PROFIT/(LOSS) BEFORE TAX</b> .....	<b>1,782</b>	<b>2,261</b>	<b>3,189</b>	<b>5,039</b>	<b>6,923</b>	<b>7,093</b>	<b>7,572</b>
National Tax Equivalent Regime							
Current tax equivalent expense .....	927	995	1,657	2,621	3,599	3,688	3,938
Deferred tax equivalent expense .....	(469)	(430)	(860)	(1,361)	(1,868)	(1,915)	(2,045)
<b>NET PROFIT/(LOSS) AFTER TAX</b> .....	<b>1,324</b>	<b>1,696</b>	<b>2,392</b>	<b>3,779</b>	<b>5,192</b>	<b>5,320</b>	<b>5,679</b>
<b>Dividends</b> .....	<b>-</b>	<b>903</b>	<b>-</b>	<b>1,190</b>	<b>1,974</b>	<b>2,738</b>	<b>2,807</b>

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

(b) The full-time equivalents for 2022-23 Actual, 2023-24 Estimated Actual and 2024-25 Budget Year are 51, 59 and 60 respectively.



**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CURRENT ASSETS</b>							
Cash assets.....	26,539	15,189	14,120	2,414	2,414	3,829	5,384
Cash assets - Retained dividends .....	-	-	586	586	586	586	586
Receivables .....	2,920	2,825	3,612	3,165	3,266	3,363	3,463
Other.....	1,099	1,013	1,133	1,166	1,197	1,234	1,271
<b>Total current assets.....</b>	<b>30,558</b>	<b>19,027</b>	<b>19,451</b>	<b>7,331</b>	<b>7,463</b>	<b>9,012</b>	<b>10,704</b>
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment.....	136,698	143,256	157,779	171,520	176,751	174,290	172,052
Other.....	9,317	7,686	-	-	-	-	-
<b>Total non-current assets.....</b>	<b>146,015</b>	<b>150,942</b>	<b>157,779</b>	<b>171,520</b>	<b>176,751</b>	<b>174,290</b>	<b>172,052</b>
<b>TOTAL ASSETS .....</b>	<b>176,573</b>	<b>169,969</b>	<b>177,230</b>	<b>178,851</b>	<b>184,214</b>	<b>183,302</b>	<b>182,756</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	1,179	853	1,215	1,252	1,285	1,325	1,366
Payables.....	1,838	2,437	1,947	2,004	2,068	2,128	2,191
Borrowings and leases .....	1,016	1,047	1,054	1,206	1,682	1,480	1,386
Other.....	7	-	-	-	-	-	-
<b>Total current liabilities.....</b>	<b>4,040</b>	<b>4,337</b>	<b>4,216</b>	<b>4,462</b>	<b>5,035</b>	<b>4,933</b>	<b>4,943</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	70	23	86	89	92	95	98
Borrowings and leases .....	5,397	7,630	4,343	4,488	7,925	6,445	5,059
Other.....	13,705	10,900	12,832	11,470	9,602	7,687	5,642
<b>Total non-current liabilities.....</b>	<b>19,172</b>	<b>18,553</b>	<b>17,261</b>	<b>16,047</b>	<b>17,619</b>	<b>14,227</b>	<b>10,799</b>
<b>TOTAL LIABILITIES .....</b>	<b>23,212</b>	<b>22,890</b>	<b>21,477</b>	<b>20,509</b>	<b>22,654</b>	<b>19,160</b>	<b>15,742</b>
<b>NET ASSETS .....</b>	<b>153,361</b>	<b>147,079</b>	<b>155,753</b>	<b>158,342</b>	<b>161,560</b>	<b>164,142</b>	<b>167,014</b>
<b>EQUITY</b>							
Contributed equity.....	33,120	33,120	33,120	33,120	33,120	33,120	33,120
Accumulated surplus/(deficit).....	49,598	50,624	51,990	54,579	57,797	60,379	63,251
Reserves .....	70,643	63,335	70,643	70,643	70,643	70,643	70,643
<b>TOTAL EQUITY .....</b>	<b>153,361</b>	<b>147,079</b>	<b>155,753</b>	<b>158,342</b>	<b>161,560</b>	<b>164,142</b>	<b>167,014</b>

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

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Sale of goods and services.....	15,396	16,558	17,393	18,079	18,753	19,250	19,770
GST receipts.....	1,286	2,171	2,171	3,115	1,211	1,057	1,057
Other receipts.....	1,052	1,798	781	1,116	348	353	359
<b>Payments</b>							
Employee benefits.....	(5,821)	(6,451)	(6,456)	(6,728)	(6,975)	(7,232)	(7,497)
Supplies and services.....	(864)	(2,644)	(3,068)	(2,283)	(2,347)	(2,348)	(2,488)
Accommodation <sup>(b)</sup> .....	(1,181)	(1,075)	(1,307)	(1,284)	(1,321)	(1,362)	(1,297)
GST payments.....	(1,348)	(2,171)	(2,171)	(3,115)	(1,211)	(1,057)	(1,057)
Finance and interest costs.....	(128)	(225)	(75)	(63)	(103)	(276)	(244)
Other payments.....	(4,188)	(3,952)	(5,010)	(4,213)	(4,541)	(4,568)	(4,722)
<b>Net cash from operating activities.....</b>	<b>4,204</b>	<b>4,009</b>	<b>2,258</b>	<b>4,624</b>	<b>3,814</b>	<b>3,817</b>	<b>3,881</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from sale of non-current assets.....	95	-	-	-	-	-	-
<b>Payments</b>							
Purchase of non-current assets.....	(5,954)	(13,497)	(16,048)	(18,713)	(10,355)	(2,739)	(2,739)
Other payments.....	(23,000)	-	-	-	-	-	-
<b>Net cash from investing activities.....</b>	<b>(28,859)</b>	<b>(13,497)</b>	<b>(16,048)</b>	<b>(18,713)</b>	<b>(10,355)</b>	<b>(2,739)</b>	<b>(2,739)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from borrowings.....	-	-	-	1,350	5,120	-	-
<b>Payments</b>							
Repayment of borrowings and leases.....	(1,008)	(1,366)	(1,053)	(1,065)	(1,189)	(1,636)	(1,459)
<b>Net cash from financing activities.....</b>	<b>(1,008)</b>	<b>(1,366)</b>	<b>(1,053)</b>	<b>285</b>	<b>3,931</b>	<b>(1,636)</b>	<b>(1,459)</b>
<b>CASHFLOWS FROM GOVERNMENT</b>							
<b>Receipts</b>							
Operating subsidies.....	1,586	2,342	4,737	5,981	8,257	8,475	8,696
Equity contributions.....	11,050	-	-	-	-	-	-
<b>Payments</b>							
Dividends to Government.....	-	(903)	-	(1,190)	(1,974)	(2,738)	(2,807)
National Tax Equivalent Regime - Income Tax....	(1,067)	(996)	(1,657)	(2,621)	(3,599)	(3,688)	(3,938)
Local Government Rates Equivalent.....	(89)	(74)	(70)	(72)	(74)	(76)	(79)
<b>Net cash provided to Government.....</b>	<b>(11,480)</b>	<b>(369)</b>	<b>(3,010)</b>	<b>(2,098)</b>	<b>(2,610)</b>	<b>(1,973)</b>	<b>(1,872)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD.....</b>	<b>(14,183)</b>	<b>(10,485)</b>	<b>(11,833)</b>	<b>(11,706)</b>	<b>-</b>	<b>1,415</b>	<b>1,555</b>
Cash assets at the beginning of the reporting period.....	40,722	25,674	26,539	14,706	3,000	3,000	4,415
<b>Cash assets at the end of the reporting period.....</b>	<b>26,539</b>	<b>15,189</b>	<b>14,706</b>	<b>3,000</b>	<b>3,000</b>	<b>4,415</b>	<b>5,970</b>

(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.

# Busselton Water Corporation

## Part 12 Utilities

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

	2022-23 Actual \$'000	2023-24 Budget \$'000	2023-24 Estimated Actual \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>REVENUE TO GENERAL GOVERNMENT SECTOR</b>							
National Tax Equivalent Regime - Income Tax.....	1,175	924	899	1,592	1,514	1,552	1,431
Local Government Rates Equivalent .....	65	69	69	70	72	75	77
Dividends <sup>(a)(b)</sup> .....	-	230	-	1,770	4,057	3,860	3,958
<b>EXPENSES FROM GENERAL GOVERNMENT SECTOR</b>							
Operating Subsidies .....	700	700	752	4,253	4,330	4,735	5,387
<b>RATIOS</b>							
Dividend Payout Ratio (%) .....	85	85	85	85	85	85	85
<b>GOVERNMENT TRADING ENTERPRISE INFORMATION</b>							
Revenue from Operations .....	14,631	13,644	13,644	15,091	14,747	14,799	14,915
Revenue from Government .....	700	700	752	4,253	4,330	4,735	5,387
Total Expenses <sup>(c)</sup> .....	13,921	11,668	11,820	13,197	13,320	13,598	14,935
Total Borrowings .....	-	-	-	-	1,325	1,602	15,709
<b>NET PROFIT AFTER TAX</b> .....	235	1,752	1,677	4,555	4,243	4,384	3,936
<b>CASH ASSETS</b> <sup>(d)</sup> .....	17,616	10,009	15,743	11,146	9,033	8,299	10,195

(a) The Corporation will retain 2023-24 dividend payments to contribute to funding future infrastructure investment. Refer to Significant Issues Impacting the Government Trading Enterprise (GTE) for further detail.

(b) In determining dividend payments to general government, Net Profit After Tax may be adjusted based on other factors as permitted by relevant legislation.

(c) Excludes current tax expense, deferred tax expense and dividend payments.

(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 Corporation's Income Statement since presentation of the 2023-24 Budget to Parliament on 11 May 2023, are outlined below:

	2023-24 Estimated Actual \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>Key Adjustments</b>					
Caves Road Mains Upgrade .....	-	(422)	(1,040)	132	136
Concessions Rebates Operating Subsidy Increase .....	(26)	(41)	(43)	(43)	(63)
Non-Residential Water Tariff Increase .....	-	47	122	10	35
Residential and Non-Residential Water Tariff Operating Subsidy .....	-	(2,620)	(436)	(690)	(918)
<b>Other</b>					
2023-24 Retained Dividend .....	(2,867)	-	-	-	-
Board Member Remuneration Update .....	-	(31)	(79)	-	-
Miscellaneous Fees and Charges .....	-	26	88	86	88
Operating Revenue and Expenditure Update .....	-	(439)	(684)	(811)	(1,267)

## **Significant Issues Impacting the Government Trading Enterprise**

### **Climate Change**

1. The Corporation forecasts that climate change and increasing demand for water will have the following impacts:
  - 1.1. salinity in several of the Corporation's coastal bores are likely to exceed Australian Drinking Water Guidelines between 2030 and 2035; and
  - 1.2. current abstraction entitlements under the high-water-use scenario are likely to be exceeded by 2033.
2. The Corporation is therefore targeting the following climate risk mitigation objectives:
  - 2.1. climate adaption, which aims to address climate-driven salinity risks to the State's water resources by moving to a new inland borefield; and
  - 2.2. climate mitigation - includes increased efficiency in water and energy use and on-site electricity generation.
3. Included within the 2024-25 Budget are initiatives to ensure that these objectives are addressed, including reviews into groundwater aquifers, water source sustainability, network water loss management, a water literacy campaign and increased installation of solar panels and battery supplies.

### **Financial Modelling**

4. 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 will closely monitor long-term sustainability and work together with stakeholders to ensure its ongoing financial sustainability.

### **Cyber Security**

5. The Corporation applies a comprehensive and systematic approach to cyber security. This is achieved through strategic planning with a key focus on governance, maturity and continuous improvement. The Corporation has aligned its management of cyber security with the WA Government Cyber Security Policy and the Essential Eight controls that are contained within this policy.

### **2023-24 Retained Dividend**

6. The Corporation will retain its 2023-24 dividend payments totalling \$2.9 million to fund future infrastructure investment. The funds will be quarantined pending approval of business cases for strategic infrastructure requirements. The Corporation will use \$3.5 million of its combined retained dividends of \$7.4 million to fund a new storage tank at Plant 4.

## Annual Performance Statement

The following performance information is the subject of an Annual Performance Statement adopted by the GTE.

### 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 Corporation'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

	2022-23 Actual	2023-24 Budget	2023-24 Estimated Actual	2024-25 Budget Target	Note
<b>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:</b>					
Business Excellence Index <sup>(a)</sup> .....	5.25	5.5	5.5	5.75	
<b>Outcome: Committed to achieving excellent results and using effective methods to monitor and demonstrate performance and review and improve performance:</b>					
Drinking water quality compliance with health standards .....	100%	100%	100%	100%	
<b>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:</b>					
The Office of Digital Government's cyber security controls - Minimum requirement achieved for all controls <sup>(b)</sup> .....	1	1	1	1	
<b>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:</b>					
WorkSafe assessments .....	Platinum	Gold	Platinum	Gold	
<b>Outcome: Committed to growing our business by expanding and diversifying our existing water services:</b>					
Timely provision of new infrastructure required for land development and growth opportunities .....	100%	100%	100%	100%	
<b>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:</b>					
Number of complaints per 1,000 customers (rolling average) .....	1.35	<5	1	<5	
<b>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:</b>					
Energy efficiency monthly production (rolling year) (kWh/kL).....	0.49	≤0.6	0.6	≤0.6	
Residential water efficiency (kL/per person/year).....	104.9	107	107	106	
<b>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:</b>					
Strategic documents submitted to Minister <sup>(c)</sup> .....	April 2022	April 2023	April 2023	April 2024	

(a) The Business Excellence Index measures (scale 1-7) progress towards best practice across 7 elements of the Business Excellence Framework.

(b) The Office of Digital Government requires a score of 1 or above in all 8 of the essential cyber security controls.

(c) These strategic documents previously comprised the Strategic Development Plan and Statement of Corporate Intent. From 2024-25, they have been replaced with the Statement of Expectations and Annual Performance Statement.

## Asset Investment Program

1. The Corporation's Asset Investment Program (AIP) reflects its capital investment requirements for the forward estimates period. A total of \$37.6 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. \$6.8 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. \$4.1 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. Construction works will commence in 2027-28 with \$14.1 million to be invested in the first year of construction;
  - 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 Water Corporation's Dunsborough operations;
  - 2.4. \$2.6 million for the installation of new connections, new meters, and ongoing meter replacement;
  - 2.5. \$2.2 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 Water Corporation's Dunsborough operations;
  - 2.7. \$1.4 million for the ongoing upgrade and renewal of mobile plant and vehicles;
  - 2.8. \$702,000 for ICT including upgrades to the Supervisory Control and Data Acquisition monitoring system; and
  - 2.9. \$443,000 for upgrades to buildings and associated infrastructure.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-24 \$'000	2023-24 Estimated Expenditure \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>WORKS IN PROGRESS</b>							
Treatment Plants - Inland Borefield Transition - New							
Water Treatment Plant (Plant 8) .....	18,453	252	252	2,492	1,325	277	14,107
<b>COMPLETED WORKS</b>							
Building, Land and Land Improvements -							
2023-24 Program .....	103	103	103	-	-	-	-
ICT - 2023-24 Program.....	423	423	423	-	-	-	-
New Connections and Meters - 2023-24 Program .....	767	767	767	-	-	-	-
New Mains and Services - 2023-24 Program .....	584	584	584	-	-	-	-
Plant, Mobile and Other Purchases - 2023-24 Program.....	668	668	668	-	-	-	-
Treatment Plants - 2023-24 Program .....	3,261	3,261	3,261	-	-	-	-
<b>NEW WORKS</b>							
Building, Land and Land Improvements							
2024-25 Program .....	150	-	-	150	-	-	-
2025-26 Program .....	159	-	-	-	159	-	-
2026-27 Program .....	134	-	-	-	-	134	-
ICT							
2024-25 Program .....	200	-	-	200	-	-	-
2025-26 Program .....	302	-	-	-	302	-	-
2026-27 Program .....	100	-	-	-	-	100	-
2027-28 Program .....	100	-	-	-	-	-	100
New Connections and Meters							
2024-25 Program .....	879	-	-	879	-	-	-
2025-26 Program .....	812	-	-	-	812	-	-
2026-27 Program .....	532	-	-	-	-	532	-
2027-28 Program .....	411	-	-	-	-	-	411

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-24 \$'000	2023-24 Estimated Expenditure \$'000	2024-25 Budget Year \$'000	2025-26 Outyear \$'000	2026-27 Outyear \$'000	2027-28 Outyear \$'000
<b>New Mains and Services</b>							
2024-25 Program.....	363	-	-	363	-	-	-
2025-26 Program.....	1,439	-	-	-	1,439	-	-
2026-27 Program.....	267	-	-	-	-	267	-
2027-28 Program.....	175	-	-	-	-	-	175
Caves Road Mains Upgrade.....	1,589	-	-	1,589	-	-	-
<b>Plant, Mobile and Other Purchases</b>							
2024-25 Program.....	235	-	-	235	-	-	-
2025-26 Program.....	371	-	-	-	371	-	-
2026-27 Program.....	300	-	-	-	-	300	-
2027-28 Program.....	528	-	-	-	-	-	528
<b>Treatment Plants</b>							
2024-25 Program.....	395	-	-	395	-	-	-
2025-26 Program.....	1,776	-	-	-	1,776	-	-
2026-27 Program.....	3,648	-	-	-	-	3,648	-
2027-28 Program.....	984	-	-	-	-	-	984
New Storage Tank at Plant 4.....	3,500	-	-	3,500	-	-	-
<b>Total Cost of Asset Investment Program .....</b>	<b>43,608</b>	<b>6,058</b>	<b>6,058</b>	<b>9,803</b>	<b>6,184</b>	<b>5,258</b>	<b>16,305</b>
<b>FUNDED BY</b>							
Asset Sales .....			85	99	178	150	232
Borrowings .....			-	-	1,325	277	14,107
Internal Funds and Balances.....			5,973	9,704	4,681	4,831	1,966
<b>Total Funding.....</b>			<b>6,058</b>	<b>9,803</b>	<b>6,184</b>	<b>5,258</b>	<b>16,305</b>

## Financial Statements

### Income Statement

#### Revenue

1. The increase in total revenue across the forward estimates period is driven by a new operating subsidy relating to residential and non-residential water tariffs, the water tariff price increase path, operating subsidy requirements 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. Employment costs will increase due to wages growth reflective of enterprise negotiations and an increase in full-time equivalents.

### Statement of Financial Position

5. The Statement of Financial Position shows a stable equity position over the forward estimates period. Compared to the 2022-23 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 remains positive 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 \$37.6 million is proposed over the forward estimates period.
8. The Corporation's net cash position is forecast to remain positive over the forward estimates period.



**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Year \$'000	Outyear \$'000	Outyear \$'000	Outyear \$'000
<b>REVENUE</b>							
<b>Revenue from operations</b>							
Sale of goods and services.....	11,717	11,502	11,502	12,190	12,431	12,864	12,983
Other revenue.....	2,914	2,142	2,142	2,901	2,316	1,935	1,932
<b>Revenue from Government</b>							
Operating subsidies.....	700	700	752	4,253	4,330	4,735	5,387
<b>TOTAL REVENUE</b> .....	<b>15,331</b>	<b>14,344</b>	<b>14,396</b>	<b>19,344</b>	<b>19,077</b>	<b>19,534</b>	<b>20,302</b>
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	4,260	4,204	4,328	5,492	5,675	5,836	5,994
Supplies and services.....	2,527	3,340	3,340	3,426	3,197	3,253	3,223
Accommodation.....	672	663	663	725	744	763	782
Depreciation and amortisation .....	2,128	2,500	2,500	2,374	2,432	2,490	2,549
Finance and interest costs.....	2	6	6	3	3	3	1,094
Other expenses .....	4,332	955	983	1,177	1,269	1,253	1,293
<b>TOTAL EXPENSES</b> .....	<b>13,921</b>	<b>11,668</b>	<b>11,820</b>	<b>13,197</b>	<b>13,320</b>	<b>13,598</b>	<b>14,935</b>
<b>NET PROFIT/(LOSS) BEFORE TAX</b> .....	<b>1,410</b>	<b>2,676</b>	<b>2,576</b>	<b>6,147</b>	<b>5,757</b>	<b>5,936</b>	<b>5,367</b>
National Tax Equivalent Regime - Current tax equivalent expense .....	1,175	924	899	1,592	1,514	1,552	1,431
<b>NET PROFIT/(LOSS) AFTER TAX</b> .....	<b>235</b>	<b>1,752</b>	<b>1,677</b>	<b>4,555</b>	<b>4,243</b>	<b>4,384</b>	<b>3,936</b>
<b>Dividends</b> .....	<b>-</b>	<b>230</b>	<b>-</b>	<b>1,770</b>	<b>4,057</b>	<b>3,860</b>	<b>3,958</b>

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

(b) The full-time equivalents for 2022-23 Actual, 2023-24 Estimated Actual and 2024-25 Budget Year are 32, 34.5 and 38.5 respectively.

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>  
(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CURRENT ASSETS</b>							
Cash assets.....	13,066	7,421	8,326	7,229	5,116	4,382	6,278
Cash assets - Retained dividends.....	4,550	2,588	7,417	3,917	3,917	3,917	3,917
Receivables.....	3,687	4,312	3,687	3,687	3,687	2,587	1,287
Other.....	1,446	717	1,446	1,446	1,446	1,446	1,446
<b>Total current assets.....</b>	<b>22,749</b>	<b>15,038</b>	<b>20,876</b>	<b>16,279</b>	<b>14,166</b>	<b>12,332</b>	<b>12,928</b>
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment.....	109,430	107,453	113,051	120,500	124,296	127,107	140,635
Intangibles.....	171	310	193	243	191	138	134
Other.....	1,053	917	1,053	1,053	1,053	1,053	1,053
<b>Total non-current assets.....</b>	<b>110,654</b>	<b>108,680</b>	<b>114,297</b>	<b>121,796</b>	<b>125,540</b>	<b>128,298</b>	<b>141,822</b>
<b>TOTAL ASSETS.....</b>	<b>133,403</b>	<b>123,718</b>	<b>135,173</b>	<b>138,075</b>	<b>139,706</b>	<b>140,630</b>	<b>154,750</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions.....	914	796	936	986	1,106	1,229	1,264
Payables.....	1,113	996	1,117	1,117	1,117	1,117	1,117
Borrowings and leases.....	41	88	41	41	41	41	41
<b>Total current liabilities.....</b>	<b>2,068</b>	<b>1,880</b>	<b>2,094</b>	<b>2,144</b>	<b>2,264</b>	<b>2,387</b>	<b>2,422</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions.....	54	150	119	186	186	186	186
Borrowings and leases.....	41	46	41	41	1,366	1,643	15,750
Other.....	18,671	16,720	18,671	18,671	18,671	18,671	18,671
<b>Total non-current liabilities.....</b>	<b>18,766</b>	<b>16,916</b>	<b>18,831</b>	<b>18,898</b>	<b>20,223</b>	<b>20,500</b>	<b>34,607</b>
<b>TOTAL LIABILITIES.....</b>	<b>20,834</b>	<b>18,796</b>	<b>20,925</b>	<b>21,042</b>	<b>22,487</b>	<b>22,887</b>	<b>37,029</b>
<b>NET ASSETS.....</b>	<b>112,569</b>	<b>104,922</b>	<b>114,248</b>	<b>117,033</b>	<b>117,219</b>	<b>117,743</b>	<b>117,721</b>
<b>EQUITY</b>							
Accumulated surplus/(deficit).....	34,899	36,640	36,576	39,361	39,547	40,071	40,049
Reserves.....	77,670	68,282	77,672	77,672	77,672	77,672	77,672
<b>TOTAL EQUITY.....</b>	<b>112,569</b>	<b>104,922</b>	<b>114,248</b>	<b>117,033</b>	<b>117,219</b>	<b>117,743</b>	<b>117,721</b>

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

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Budget	Estimated	Budget	Outyear	Outyear	Outyear
	\$'000	\$'000	Actual	Year	\$'000	\$'000	\$'000
			\$'000	\$'000			
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Sale of goods and services.....	11,842	11,503	11,503	12,190	12,431	13,964	14,283
GST receipts.....	654	482	482	482	482	527	-
Other receipts.....	2,560	2,142	2,142	2,900	2,316	1,935	1,932
<b>Payments</b>							
Employee benefits.....	(4,052)	(4,117)	(4,241)	(5,375)	(5,555)	(5,713)	(5,959)
Supplies and services.....	(1,016)	(1,784)	(1,784)	(2,107)	(1,881)	(1,915)	(1,863)
Accommodation <sup>(b)</sup> .....	(612)	(594)	(594)	(655)	(672)	(688)	(705)
GST payments.....	(667)	(482)	(482)	(482)	(482)	(527)	-
Finance and interest costs.....	(2)	(6)	(6)	(3)	(3)	(3)	(1,094)
Other payments.....	(2,464)	(2,508)	(2,534)	(2,494)	(2,585)	(2,591)	(2,653)
<b>Net cash from operating activities.....</b>	<b>6,243</b>	<b>4,636</b>	<b>4,486</b>	<b>4,456</b>	<b>4,051</b>	<b>4,989</b>	<b>3,941</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from sale of non-current assets.....	174	85	85	99	178	150	232
<b>Payments</b>							
Purchase of non-current assets.....	(3,286)	(8,610)	(6,058)	(9,803)	(6,184)	(5,258)	(16,305)
<b>Net cash from investing activities.....</b>	<b>(3,112)</b>	<b>(8,525)</b>	<b>(5,973)</b>	<b>(9,704)</b>	<b>(6,006)</b>	<b>(5,108)</b>	<b>(16,073)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds from borrowings.....	-	-	-	-	1,325	277	14,107
<b>Payments</b>							
Repayment of borrowings and leases.....	(90)	(170)	(170)	(170)	(170)	(140)	-
<b>Net cash from financing activities.....</b>	<b>(90)</b>	<b>(170)</b>	<b>(170)</b>	<b>(170)</b>	<b>1,155</b>	<b>137</b>	<b>14,107</b>
<b>CASHFLOWS FROM GOVERNMENT</b>							
<b>Receipts</b>							
Operating subsidies.....	700	700	752	4,253	4,330	4,735	5,387
<b>Payments</b>							
Dividends to Government.....	-	(230)	-	(1,770)	(4,057)	(3,860)	(3,958)
National Tax Equivalent Regime - Income Tax.....	(1,071)	(924)	(899)	(1,592)	(1,514)	(1,552)	(1,431)
Local Government Rates Equivalent.....	(65)	(69)	(69)	(70)	(72)	(75)	(77)
<b>Net cash provided to Government.....</b>	<b>436</b>	<b>523</b>	<b>216</b>	<b>(821)</b>	<b>1,313</b>	<b>752</b>	<b>79</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD.....</b>	<b>2,605</b>	<b>(4,582)</b>	<b>(1,873)</b>	<b>(4,597)</b>	<b>(2,113)</b>	<b>(734)</b>	<b>1,896</b>
Cash assets at the beginning of the reporting period.....	15,011	14,591	17,616	15,743	11,146	9,033	8,299
<b>Cash assets at the end of the reporting period.....</b>	<b>17,616</b>	<b>10,009</b>	<b>15,743</b>	<b>11,146</b>	<b>9,033</b>	<b>8,299</b>	<b>10,195</b>

(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.