

annual report 1999 - 2000



water corporation annual report 1999 - 2000



Our vision

// to be Australia's leading water company
and to create substantial new business //

In support of our vision, we will continue to deliver value to our customers, our shareholder and ourselves by:

- focusing our core strengths in the delivery of water and wastewater services and products;
- developing ourselves as a leading competitive force in the regional water market; and
- ensuring we have the capability to exploit all commercial opportunities.

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// The painstaking and thorough groundwork undertaken in our first few years of operation has created a strong springboard for growth. It has brought new opportunities for the Corporation and its customers... //

Peter Jones, Chairman.





-2000 highlights

Through diversification, we have achieved \$55 million in revenue from new and non-regulated business.

Our business

We are expanding our business. From a stable base of providing water, wastewater, drainage and irrigation services to 1.7 million people throughout Western Australia, we are actively pursuing new opportunities, mainly within Western Australia, but also throughout Australia and overseas.

Established on 1 January 1996 under the *Water Corporation Act 1995*, we operate under a 25-year licence issued by the Office of Water Regulation. Our Board of Directors brings together prominent members of the Western Australian business community whose leadership provides a strong commercial focus with a commitment to excellent customer service.

In one of the driest regions of the world, the Corporation covers:

- 2.5 million square kilometres
- 230 cities and towns.

and provides water to more than:

- 672,200 residential customers and
- 48,700 businesses.

We operate and maintain:

- 243 water treatment plants
- 73 dams and reservoirs
- 697 bores in 102 borefields
- 28,876 kilometres of water mains
- 92 wastewater treatment plants
- 11,525 kilometres of sewers
- 2,970 kilometres of drains.

Our \$9 billion asset-base makes us one of the largest operators in the Australian water industry. This year we invested \$458 million in improvements and new assets.

Through diversification, we have achieved \$55 million in revenue from new and non-regulated business. We have won contracts in other states and offshore. Our growing diversified business ranges from providing water to mining ventures and operating an award-winning call centre, to offering complete water, power and maintenance services to an island community.

The future

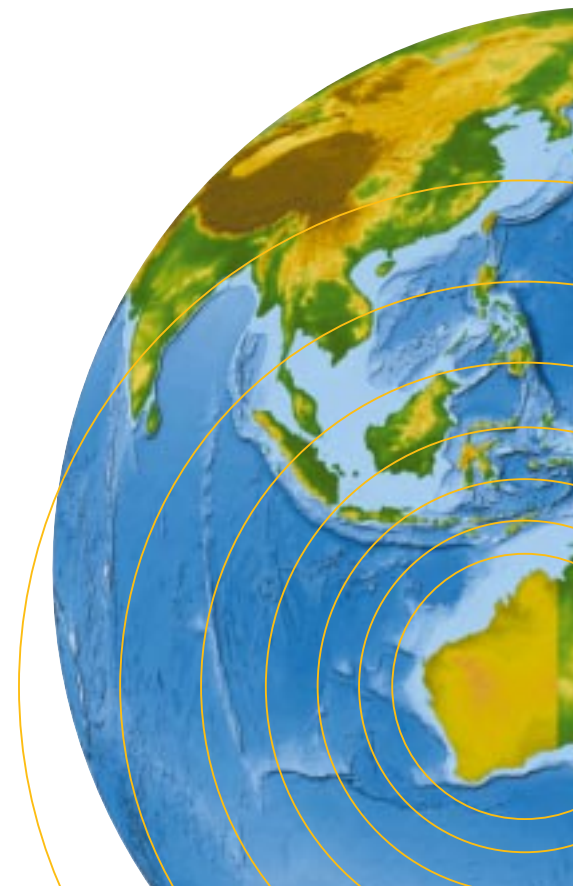
Our future presents a range of exciting opportunities. Our base business in Western Australia is steadily growing and we are gaining business in new areas.

Through a balanced approach we aim to:

- improve efficiency and effectiveness in the existing business;
- become a better market-driven organisation that delivers value to customers;
- continue to meet compliance targets;
- be profitable and maximise long-term value;
- aggressively pursue commercially sustainable growth in domestic and international utility markets;
- be recognised as a leader in environmental performance; and
- develop tomorrow's business leaders.

During the year:

- we achieved a profit after tax of \$312 million and completed a record capital works program of \$458 million;
- we won a contract to provide water and wastewater services to the new 3,400-lot community of Dalyellup Beach Estate, in the State's south-west;
- we officially launched the \$275 million Stirling-Harvey Redevelopment Scheme to supply water to Perth;
- Perth's three largest wastewater treatment plants achieved international quality accreditation under ISO 9002, with Woodman Point wastewater treatment plant also achieving ISO 14001 Environmental Management System (EMS) accreditation;
- six of our seven regions were accredited to ISO 9001 for their quality management systems;
- we released our first comprehensive Environmental Review and Improvement Program;
- a leading world authority on desalination was engaged to undertake a feasibility study on the use of advanced desalination processes;
- we expanded the range of account payment options;
- our Customer Call Centre was rated among the top performers of Australian utilities, following an independent benchmarking study;
- we launched a new Occupational Safety and Health policy;
- all divisions and regions gained Worksafe Plan silver awards and the Perth region, together with Customer Service division branches, Business Support Services and Retail Business Development achieved gold status;
- we continued to successfully reuse all biosolids produced by the Beenyup and Woodman Point wastewater treatment plants on land sites.



results and statistics at a glance

	1999-2000	1998-1999	1997-1998	1996-1997
Operating Revenue (\$m)	1,004	931	903	846
Return on Fixed Assets (%)	4.2	4.1	4.0	3.7
Return on Equity (%)	3.9	3.3	3.3	5.3
Profit After Tax (\$m)	312	261	254	250
Capital Investment (\$m)	458	351	296	281
Total Assets (\$m)	9,174	8,918	8,710	8,578
Number of properties served (water)	787,351	774,386	764,256	743,687
Water production (megalitres)	339,190	325,600	353,009	320,756
Number of wastewater services	613,936	593,726	567,158	542,289
Reliability - customers with no interruption to water supply greater than one hour (%)	92	92	90	95
Reliability - properties not affected by wastewater overflows (%)	99.9	99.9	99.8	99.9
Employees (FTEs)	2,100	2,092	2,032	2,097
Safety (Lost-Time Injuries/ million hours worked)	8.3	7.3	8.0	9.9
Customers per Employee	795	774	763	755

report

chairman's managing director's



We are in a strong position to develop our business, and to continue making a significant contribution towards opportunities for all Western Australians.

The new century marks a satisfying maturity for the Water Corporation. The painstaking and thorough groundwork undertaken in our first few years of operation has created a strong springboard for growth.

It has brought new opportunities for the Corporation and its customers, and that is the theme of our 2000 Annual Report.

As a major Western Australian company, we are in a strong position to develop our business, and to continue making a significant contribution towards opportunities for all Western Australians. Our commercial customers are now presented with the opportunity to grow their business on the back of reliable and ever-improving water and wastewater services, and all customers can enjoy the benefits of higher levels of service delivery.

We initiated ground-breaking alliances with the private sector in several areas - improving water services, protecting the environment, and enhancing Perth's water sources to again have levels of supply-security not known for 25 years.

The Corporation is now sponsoring major research and development initiatives involving an impressive range of research institutions and private companies. These have the potential to take us into new fields of achievement, particularly in areas of water treatment, desalination, and re-use.

Amongst all this growth and endeavour, it is our continuing commitment to responsible environmental management of which we are especially proud. In November 1999, we released our first environmental annual report, 'Treading Lightly'. It is the first comprehensive overview of our environmental performance in all areas of operation, and sets the standards and targets for our future environmental performance.

We are justifiably proud of the Corporation's commitment to the environment of our State, and especially those features which are integral to providing efficient water and wastewater services. We believe no other commercial entity in Western Australia commits as much time and resources to the protection of our environment, and we fully intend to maintain that lead role.

I am pleased to report an excellent year of financial performance. The Corporation is reporting an after-tax profit of \$312 million. Total payments to our owner, the State of Western Australia, during the year will amount to \$349 million when the final dividend payment for the period is paid in October 2000.

In its turn, the Government has returned to the Corporation some \$205 million for Community Service Obligations - the provision to subsidise non-profitable services, especially in the rural, regional and remote areas of the State.

On behalf of the Corporation I acknowledge the continuing support and interest we have received from the Minister for Water Resources, Hon. Dr. Kim Hames MLA., who is the shareholder representative of our owner, the Government of Western Australia. Dr. Hames takes a great interest in all our activities, and is very familiar with the details, the issues and the challenges which confront the Corporation, and we appreciate his involvement.

This Annual Report details the opportunities which we see unfolding before us, and which we will continue to pursue. That we are able to do so, reflects the skills and dedication of all associated with the Corporation.

I convey my thanks and appreciation to the members of the Board, the management and all employees for another year of growth and significant achievement.

Peter Jones
Chairman

Two dry years have given tacit endorsement to three years' work in bringing water supply levels up to demand.

In assessing the risks faced by the Corporation and its customers four years ago, it was clear that streamflow into the dams had been down 40 per cent in the fourth quarter of the 20th century. Supply levels were trending dangerously below demand. We decided to accelerate early projects in our 50-year source development plans and, with major investment mainly in groundwater sources, succeeded in averting otherwise certain restrictions last summer.

The accelerated water source program continues strongly today with the most important new water main since C.Y. O'Connor's pipeline now threading its way from the South West, and with preparations for a major new dam at Harvey. In the ten years to 2003, we will have boosted the yield capacity to the integrated scheme by a massive 76 per cent, thus bridging the supply/demand gap and providing for continuing growth. More than half of Perth's water supply now comes from underground resources.

The demand side, too, has had our close attention. The public has responded well to our save-water campaigns featuring popular actor Ningali Lawford, and we will continue to reinforce in the public mind the limited nature of our precious resource. Our surveys show that the day-time sprinkler ban, now a permanent feature of life in Western Australia, is popularly supported as environmentally responsible.

Important progress was made in wastewater treatment, with commissioning under way of the world's first Oil-from-Sludge plant at Subiaco, the completion of a large number of expansions and new high-technology treatment plants, and the creation of the WA21 Alliance - an enormous project to

expand and upgrade our Woodman Point plant to refine the wastewater from urban areas south of the Swan River. The Alliance model was adapted from our successful metropolitan operations and maintenance contracts and has already generated very substantial benefits in whole-of-life cost.

Increasingly, we promote the re-use of treated wastewater to irrigate tree farms and sporting facilities, especially golf courses.

Added to these projects, our \$800 million Infill Sewerage Program continued, well past its halfway point, to eliminate harmful septic tank systems in areas of environmental sensitivity throughout the state. The care taken in minimising potential disruption to residents' properties and to streets is a great credit to many contractors, consultants and Water Corporation people.

A huge effort, spanning several years, went into ensuring that our many modern systems would safely make the transition into the new millennium. We used the opportunity to bring many facets of our organisation up to best practice, and the organisation is thus in very good shape.

All in all, our capital investment program totalled nearly half a billion dollars for the year, three times the level of five or more years ago, and was very successfully executed.

The year saw another severe test of the capabilities and dedication of our employees when heavy flooding again struck the northern half of the state. In March, Cyclone Steve struck major centres as far south as Carnarvon, then in April Cyclone Rosita gave Broome another big shake. In most cases, water and wastewater services continued with only fairly minor interruptions, thanks to a superb effort by our employees who worked around the clock, sometimes alone and in unforgiving conditions.

The year also saw our employees' efforts recognised through a number of important awards. Among these, our Waterwise Schools Program won the coveted national Banksia Environmental Foundation Education and Training Award, and the Goldfields Pipeline Refurbishment project received special commendation at the Institution of Engineers Australia's National Engineering Excellence Awards. Both projects had previously won state awards.

Further recognition came when our Call Centre was placed by an independent benchmark study among the best performers of 34 Australian utilities and companies in speed and effectiveness of responses.

A matter of pride to Water Corporation people is our commitment to Western Australia. While this may seem the obvious "first" in our priorities, we have opted - as a matter of company philosophy - to maintain a strong and very professional presence in all the key areas of our State, against the trend of so many industries which are deserting the regions. We see this as the only way in which we can provide maximum advantage to our owners and our customers, helping to make WA an attractive place to live and invest. We also regard our rural presence as a wonderful opportunity to train people for the future of our vital industry.

I thank our staff for their energies in an excellent year's performance and my fellow Board members for their wisdom and support in charting the future of the Corporation.

Jim Gill
Managing Director



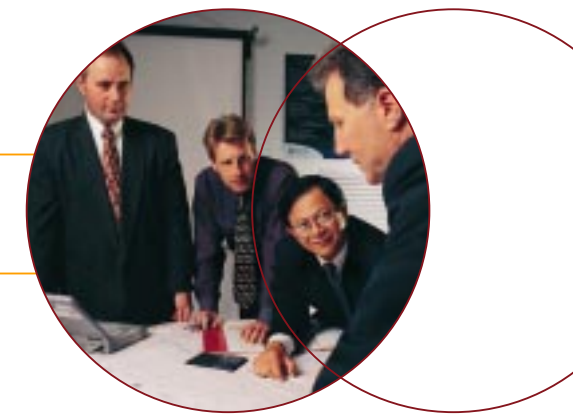
Key programs

	business development and growth	customers and community	people, safety and health	environment	financial performance
direction	To aggressively pursue commercially attractive opportunities	To be the provider of first choice by building relationships that deliver value for customers and the Corporation	To help our people develop in a learning environment	To be recognised and valued for our environmental expertise and performance	To be profitable and maximise long-term wealth
objectives	<ul style="list-style-type: none"> To motivate the organisation to achieve commitment To develop key opportunities through robust business planning and customer focus To innovate To promote the Corporation's competencies and position with alliance partners 	<ul style="list-style-type: none"> To understand and influence our customers' current and future needs To develop product and service delivery according to the needs and value of our customer segments To streamline our customer service processes to achieve improved efficiency and service delivery 	<ul style="list-style-type: none"> To give our people competencies that benefit the business To support commitment to the business To empower our people to contribute to business outcomes To ensure effective and commercially-oriented systems are in place to assist business outcomes 	<ul style="list-style-type: none"> To implement and continue development of our Environmental Management System (EMS) To have stakeholder support for environmental risk management decisions To invest in innovative research and development solutions To promote our environmental performance 	<ul style="list-style-type: none"> To achieve a commercial rate of return on investments To link pricing strategies to products To maximise long-term capital and operating efficiencies To optimise capital structure To develop reporting tools for management and motivational purposes
performance	<ul style="list-style-type: none"> Achieved growth of 3.1% in properties served Recorded modest growth of 1.3% in sales in diversified business. This was impacted by a slow-down in resource sector developments within the State Developed over 100 innovative ideas and put them into action 	<ul style="list-style-type: none"> Customer perception of value 73% Achieved Operating Licence parameter for the percentage of telephone calls responded to within 20 seconds (63.8%) 	<ul style="list-style-type: none"> Recorded a Significant Injury Frequency Rate (SIFR) of 24.7 Recorded a staff turnover rate of 10.2 Achieved employee availability 98.3% 	<ul style="list-style-type: none"> Customer perception of environmental performance 69.5% No formal sanctions were imposed by our regulators Good progress made in ISO certification We invested \$3.4 million in a variety of research and development projects Our first Environmental Review and Improvement Program report was published and widely circulated 	<ul style="list-style-type: none"> Achieved our target Return on Assets of 4.2% Increased operating revenue by 7.9% Diversified our borrowings to reduce our exposure to interest rate fluctuations
in brief	<ul style="list-style-type: none"> Responding to customers and market needs by developing expertise in the area of desalination Strong alliance partnerships developed on several fronts Making innovation a driving force for cultural change Using waste to produce our own electricity 	<ul style="list-style-type: none"> A key account strategy is being implemented to meet the needs of major customers Accounts can now be paid on-line Significant tariff reform completed - will result in simpler customer bills Our Call Centre ranks among the best in the country 	<ul style="list-style-type: none"> Management teams strengthened with external appointments Using new company values to set benchmarks for how we work Implemented a new Occupational Safety and Health (OSH) policy All divisions achieved Worksafe plan silver awards 	<ul style="list-style-type: none"> We have joined the National Greenhouse Challenge in our drive to reduce emissions Undertaking a major \$60 million program to upgrade wastewater treatment plants in country areas Implementing Riverwise Program to minimise wastewater spills to Swan and Canning Rivers 	<ul style="list-style-type: none"> Borrowings increased to support an expanded capital works program Capital works expenditure increased to \$458 million in 1999-2000, up 30.5% Major review ensured proper management of taxation changes Tariff reform to move further towards pay-for-use
targets for the year ahead	<ul style="list-style-type: none"> A diversified revenue target of \$62 million An increased market share through municipal and industrial projects Develop more strategic alliances Continued development of a market-driven research and development program 	<ul style="list-style-type: none"> Meet telephone responsiveness target (65% in 20 seconds, off-peak) Respond to 95% of water quality faults on time Proactively contact key account customers Maintain customer perception of water quality 	<ul style="list-style-type: none"> Reduce OSH Significant Injury Frequency Rate to 19 Ensure that 10% of management positions are filled with external hiring and rotation of responsibilities Complete comprehensive succession planning Introduce performance bonus for top levels of management 	<ul style="list-style-type: none"> Increase community activities and sponsorships Continue the Infill Sewerage Program to replace septic systems with reticulated sewerage services Upgrade wastewater treatment plants to improve environmental performance Develop Greenhouse strategy 	<ul style="list-style-type: none"> Achieve target rate of return on new investments Deliver 2.5% efficiency gain Deliver budgeted profit and return to shareholder

opportunity:

to grow and develop

business development and growth



Direction

Aggressively pursue commercially attractive business opportunities.

Target

Achieve revenue from diversified business of \$58 million.

In brief

- The service contract for the Cocos (Keeling) Islands was expanded.
- An important new contract was won to provide services to Dalyellup Beach Estate.
- Strong alliancing contracts were developed.
- Improvements to the metropolitan water supply will add 20 gigalitres a year to available supplies - a potential \$14 million in additional revenue.
- The \$127 million Woodman Point wastewater treatment plant upgrade will improve the quality of treated wastewater and allow commercial reuse.
- Remote control monitoring systems are revolutionising operations.

Growth

	1999-2000	1998-1999	% Change
Properties Served	787,351	774,386	1.7
Sales - regulated business (\$m)	949.5	876.7	8.3
Sales - diversified business (\$m)	55.1	54.4	1.3

Performance

Revenue from diversified business grew by 1.3 per cent to \$55.1 million, only \$2.9 million short of our target. A delay in negotiations to sell electricity to Western Power and lower-than-expected water demand from the mining industry contributed to the shortfall.

New markets

Innovation and high-tech solutions are key factors in taking advantage of what is an increasingly competitive market.

In our first moves offshore, operations progressed very well on the newly-won service/operating contract in the Cocos (Keeling) Islands. We have also undertaken environmental, planning and water supply consultancy work in the Solomon Islands.

Interstate (in partnership with Pacific Power International) we were awarded a contract to provide competency-based training and assessment to the Northern Territory's Power and Water Authority.

Johannesburg

The Corporation led a consortium to tender for a contract to manage and operate Johannesburg's water and wastewater services after the South Africans indicated they wanted to restructure along similar lines to Western Australia.

Even though we opted not to continue after investigating the commercial opportunities, the bid process provided significant experience for staff and was an important catalyst for cultural change.

Cocos (keeling) islands

In its first 18 months, the contract to operate and maintain water and wastewater services on the Cocos (Keeling) Islands grew strongly to include a range of other services for the small community.

We are also sub-contracting work, including meter reading and mechanical services, which makes the Corporation an important employer in the Commonwealth-administered territory.

The contract shows our strength and expertise in providing water and wastewater services to small, remote communities.

Dalyellup breakthrough

Winning the contract to provide water and wastewater services for the 3,400-lot housing development south of Bunbury was a ground-breaking achievement.

Dalyellup Beach Estate is a joint venture development by Home Building Society, Satterley Real Estate and the Western Australian Government.

Headworks for the project are estimated to cost \$14 million. This includes construction of supply bores, a water treatment plant and storage tank, water and sewer mains and pumping stations.

Alliancing

The Corporation has focused on developing strategic alliances. Our Perth metropolitan operations and maintenance activities have been successfully managed through alliances with contractors since 1996. This success has been extended to major construction contracts for the Stirling-Harvey Redevelopment Scheme and the Woodman Point upgrade, outlined below.

The benefits of alliancing - teamwork and the sharing of risks and rewards - have quickly been recognised by all involved. The driving objective is to improve operational effectiveness and avoid the often adversarial nature of traditional contracts.

By building on these excellent working relationships, we can take advantage of joint business development opportunities.

growth

development



Minister for Water Resources Hon Dr Kim Hames, second from right, toasts the launch of the Stirling-Harvey Redevelopment Scheme with Water Corporation Managing Director Dr Jim Gill, Water Corporation Chairman Mr Peter Jones and General Manager of Tyco Water Mr Mike Keegan.

Stirling-Harvey Redevelopment Scheme

This scheme in the State's south-west will give a major boost to the integrated Perth-Mandurah water supply system. The Stirling Alliance, formed by the Water Corporation, pipelayers DM Civil and road builders Brierty Contractors, launched the first stage in early November 1999.

Almost 20 kilometres of pipeline from Stirling Dam towards Harvey and seven kilometres of realigned roadway were constructed in six months, on schedule and under budget. Along the way, significant savings were made through a series of innovations including re-designs and process improvements.

Woodman Point

Good progress has been made in the three-year, \$127 million upgrade of the Woodman Point wastewater treatment plant. The plant's capacity is being expanded to cope with increasing demand. It will improve the quality of the treated wastewater through provision of advanced secondary treatment, making it potentially available for reuse in the Kwinana Industrial Area. Siteworks and construction began in early 2000.

The project has three partners under the Woodman Alliance - WA21: the Water Corporation, Kinhill Pty Ltd and Clough Engineering Ltd.

The Latest Technology

Power from waste

The Woodman Point wastewater treatment plant - Western Australia's biggest - now generates its own electricity using gas from egg-shaped sludge digesters. This is substantially reducing power costs for the plant's operation while allowing a moderate sale of power back to the Western Power grid. Recovered heat energy is also used to heat the digesters.

Two generators burn more than four million cubic metres of biogas per year, providing an annual saving of more than \$300,000 in the plant's power costs. This process also cuts greenhouse gas emissions, and reduces odours.

In June, the power project won the Innovation Award in the Western Australian Office of Energy's Energy Efficiency Awards.

SCADA

The Corporation has been progressively installing a high-tech Supervisory Control and Data Acquisition (SCADA) network. It is revolutionising the way assets across Western Australia are remotely controlled and monitored through computers and telemetry, leading to greater efficiency, more reliable services and reduced operating costs.

A major SCADA project associated with the Riverwise Program (see Environment Section)

is nearing completion, while a \$5 million project is extending the network in the Mid-West region.

MIEX

A world-first project to develop and introduce new technology to reduce organics in water supplies is underway at the Wanneroo groundwater treatment plant.

This process has substantial commercial potential in the US, where organic levels in water supplies must be reduced to enable compliance with new disinfection by-product standards.

Organics are associated with problems with taste, odour and disinfection by-products. Particular 'swampy' odour and taste problems have occurred in groundwater from Perth's northern groundwater schemes.

Pilot trials and laboratory testing have been used to evaluate the effectiveness of the Magnetic Ion Exchange (MIEX) process for Gnangara Mound groundwater.

A reduction facility will now be constructed for completion by mid-2001, at an estimated cost of \$17 million.

Biosolids Composting Joint Venture

A successful trial of a biosolids composting operation in a joint venture with Pacific Waste Management will result in the first stage of a full-scale plant being built in 2001.

The trial, to test the technical and financial viability, included food and green waste. The new plant will provide a viable alternative to managing biosolids while producing a valuable product to improve horticultural soils.

Alternative Sources

Desalination study

Desalination has been applied or studied in a number of instances in Western Australia, and communities at Denham and Ravensthorpe now use it. The Corporation is also involved with Western Power and Kwinana industry in a feasibility study to provide potable water from seawater using heat from the Kwinana power station.

The prospects of bringing new life to remote areas of Western Australia through the use of advanced desalination processes are being explored in a study that started in November.

The study is headed by a leading authority on the technology, Mr Alan Linstrum, a former chief engineer of the Scottish desalination company, Weir Westgarth.

The shrinking costs of desalination are opening up possibilities to access previously unusable saline water. This could trigger growth in areas that have reached the limit of their fresh water resources, or produce process water for mining, thus enhancing the feasibility of projects in remote areas.

Use of seawater

A major focus in the Goldfields region is to provide sufficient water to allow opportunities for continued growth of the important Eastern Goldfields mining industry. The Utililink study is investigating the construction of a seawater pipeline from Esperance to provide process water for mining operations.

The study started in February and is due to be completed by August 2000. It is a joint venture between the Water Corporation and partners Thiess Contractors and the Macquarie Bank. If the project goes ahead, it could be completed by the end of 2002 to operate as a private venture.

The study is attracting keen interest from mining companies, and demonstrates the Corporation's commitment to the Goldfields as a key region for its core business and as a growing water market. The study is a significant element in commercialising our technical skills.

Research and Development

Our research and development budget was a very healthy \$3.5 million in 1999-2000, with most of the funds allocated to projects investigating environmental management and safe disposal of treated wastewater, and improving drinking water quality.

Involvement

New ideas are vital to sustaining and building our business. We have an Involvement Scheme to foster innovation, and reward employees who add value to the business through their ideas. Over the two and a half years that the scheme has operated, 292 innovative ideas have been presented and more than 100 implemented.

Opportunities

- Future directions for the SCADA program include greater use of remote control over infrastructure, and the possible use of satellite links.
- Desalination research could provide new business opportunities and position the Corporation as an important provider of desalination services in Australia and overseas.
- The domestic market is expected to grow by around three per cent.
- The improving economies in South-East Asia will lead to increasing business opportunities, building on the network of contacts recently established.

opportunity:
to surpass expectations

customers and community

Direction

To be the provider of first choice as a result of building relationships that deliver value for customers and the Corporation.

Target

- To achieve a customer perception of value of at least 79 per cent.
- To achieve full compliance with our Operating Licence and Customer Charter.

In brief

- The Customer Call Centre rated among the top performers in the country.
- The Customer Charter was revised and made available on our web site.
- Customers can now pay their accounts on-line.
- The Waterwise Schools Program won a national environment award.
- Our sponsorship program is recognised for supporting community-based activities.

	1999-2000	1998-1999	% Change
Number of residential accounts	672,228	654,271	2.7
Number of business accounts	48,740	47,755	2.1
Customer perception of value (%)	73	77*	na
Telephone calls answered within 20 seconds (%)	63.8	63	1.2
Written complaints resolved within 21 days (%)	96.9	95	2.0

*Change of Survey Methodology. Result for 1998-1999 is based on one quarterly survey result using the new methodology, whereas the result for 1999-2000 is the average result of four quarterly surveys.

Performance

- Customer surveys indicated that customer perception of value has declined during the year. The main drivers of this are perception of water taste and communications. As part of an ongoing program to deal with these issues, we are researching cost-effective ways to improve aesthetic water quality, and providing more information to customers on the source of their water as well as the treatment processes involved.

A new Drinking Water Quality Branch was established to provide additional focus in this area.

- The extent to which we satisfied all obligations agreed to in our Operating Licence and Customer Charter will be assessed by an independent audit due for completion in September 2000.

Call centre

Our Call Centre handled more than 804,000 calls during the year. An independent benchmark study for the April 2000 quarter, involving 34 Australian utilities and some private companies, reported that our Centre was among the top performers in speed and effectiveness of responses.

Customer Council

Six new members joined our 16-member Customer Advisory Council during 1999-2000. The council provides valuable feedback from a range of residential and business customer perspectives. Topics addressed included Year 2000 compliance, tariff reform, water quality and the drivers of customer satisfaction.

Customer Charter

Our newly-revised Customer Charter provides information on our minimum service standards and commitment to customer involvement. The Charter is available at our web site - www.watercorporation.com.au

Account management

As part of our drive for continuous service improvement, we implemented comprehensive business development and account management processes, and developed a market segmentation strategy to determine the needs of our large-business customers who rely on water and wastewater services to conduct their business.



An independent benchmark study for the April 2000 quarter, involving 34 Australian utilities and some private companies, reported that our Call Centre was among the top performers in speed and effectiveness of responses.



Customer Advisory Council 1999-2000.
Back Row: Brian Hoult, Paul Brockschlager, Kevin Bradley, Lesley Clay, Glenda Lewis, Roger Meakes, Dr Brian Martin, Tony Wishart, Ron Eacott.
Front Row: Marcus Kahla-Dunn, Annette Knight, Kirralee Widdeson, Jim Brown, Lee Morton, Anne Seghezzi.
Absent: Greg Hannah, Paula Hanson, Geoff Pinkus, Pat Strahan.



Customer interaction program

To build stronger relationships with our key business customers, we have implemented a series of meetings. Every two months, our major customers are invited to meet with Water Corporation people to enable us to gain a better understanding of their needs.

Bill paying made easier

Our Internet site has been remodelled, with the added facility of being able to pay accounts on-line. Customers can also pay their bills through any Post Office, by mail or B-Pay. Residential customers can also take advantage of on-line credit card payments.

Community contact and awareness

We continued to develop our community contact strategies to ensure that our customers are fully informed about, as well as involved in, planning for our projects across the State.

Our web site provides helpful information for our customers and details our performance.

Intensive community consultation and awareness strategies were put in place for a number of major projects, including upgrading of the Busselton wastewater treatment plant and the proposed new Bunbury ocean outlet.

In June 2000, our Waterwise Schools Program won the coveted Banksia Environmental Foundation's national Education and Training Award which is presented to organisations, businesses, schools or individuals for outstanding achievement in educating the community about environmental issues.

In less than six years, the Waterwise Schools Program has been enthusiastically adopted by more than 100 schools throughout Western Australia, and has attracted interest in other states.

The Program also won the Water Environment Merit Award presented by the WA Branch of the Australian Water and Wastewater Association in 1999 and went on to be runner-up in the national award.

Sponsorship

We maintain an active sponsorship program, an important element in communicating with and supporting our customers and the general community. While the sponsorships are aimed at informing the public about water and wastewater issues - particularly to do with health, the environment, drinking water quality and water-use efficiency - they are also used to provide opportunities to communities, particularly in regional areas, they might not otherwise enjoy.

During 1999-2000, we supported the Scitech Road Show that takes science to about 60,000 students and members of the public each year. Health education is the beneficiary of a program to support the Australian Kidney Foundation that promotes drinking plenty of water every day.

We continued to support the Keep Australia Beautiful Council's increasingly popular Best Beach Award. This initiative helps to raise awareness of the Corporation's excellent environmental management of wastewater disposal in the ocean.

As part of the Corporation's policy of providing opportunities for regional and remote communities, we provided a state-of-the-art mobile performance shell to the Western Australian Symphony Orchestra. This is in addition to our ongoing support. It is hoped the shell, which delighted musicians and audiences alike when unveiled in January, will enable the orchestra to perform in areas that have lacked suitable venues.

Coping with emergencies

In a dedicated and highly-coordinated effort involving teams across the State, most water and wastewater services were kept operating or were quickly restored during major cyclone and flooding events over the year.

In March, Cyclone Steve brought widespread flooding to the North-West and Gascoyne regions. Water Corporation teams, or individuals, worked around the clock battling heavy rain to maintain services.

In Carnarvon, a Corporation team was moved in quickly from Perth to help restore water supplies to about 100 plantations that were cut off when a main pipe under the Gascoyne River was dislodged.

About 30 tonnes of bottled water was flown in to growers while their supply was cut.

In April, Cyclone Rosita unexpectedly hit Broome. Flooding inundated the wastewater system, which was kept going with additional generators.

Opportunities

We aim to be a market-driven organisation that delivers value to its customers. Areas to be targeted include:

- continuing the tariff reform program to replace valuation-based rates;
- greater use of the Internet to provide information and do business with our customers;
- product and service development for business segments;
- further water quality improvements;
- better account management; and
- improvements aimed at making our accounts easier to understand.

Direction

To help our people develop in a learning environment.



External recruitment to our middle and senior management ranks has strengthened our teams, bringing a wealth of new experience.



In brief

- Recruitments have brought a wide range of new experience.
- Our company values have been reviewed to reinforce our customer and commercial focus.
- Executive development has focused on leadership and community projects.
- A new occupational safety and health policy has been launched.
- All divisions achieved Worksafe Plan silver awards while gold status went to the Perth region and two branches within the Customer Services Division.

	1999-2000	1998-1999	% Change
Number of employees	2,100	2,092	0.4
Significant Injury Frequency Rate	24.7	-	n/a
Lost-Time Injury Frequency Rate	8.3	7.3	13.7
Customers per Employee	795	774	2.7

Performance

- Since October 1999, we have moved to a broader outcome measure known as Significant Injury Frequency Rate (SIFR). This captures all injuries resulting in medical treatment and lost time. Performance to date has shown a healthy downward trend.
- The Lost-Time Injury Frequency Rate increased early in the year but improved later.

Change and opportunity

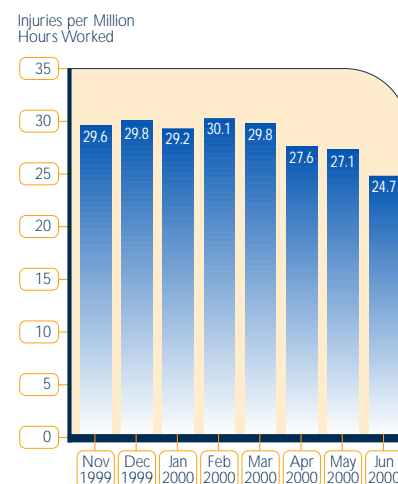
The past year has been one of change and opportunity for many of our people. External recruitment to our middle and senior management ranks has strengthened our teams, bringing a wealth of new experience. Promotions and transfers between divisions have also led to a greater sharing of ideas and opportunity for development.

This period has also seen a business shift into the national and international arenas. Opportunities are available to our people not only to demonstrate their competence outside our traditional areas of work, but also to gain valuable experience in other countries.

Strong support has continued for our graduate program with 14 candidates starting this year. Graduates have the opportunity to gain a full appreciation of the water industry through a rotation program. Complementary to the graduate program, we continue to attract a wide range of undergraduates from a variety of professions to our 12-week vacation employment scheme.

Corporation support continued for our youth through 1999-2000. We created overseas learning opportunities for two children of employees and awarded three undergraduate scholarships. These scholarships included funding of university fees, vacation employment and the offer of post-graduation employment. In our first year as a sponsor of the Young Achievement Australia business skills program, we were awarded 'Best New Participation Company WA.'

Significant Injury Frequency Rate



Human resource management

People impact

An unfortunate consequence of organisational change is the resulting displacement of some employees. We have a program to assist employees whose positions have become redundant, to find alternative work. At 30 June 2000, 60 staff had been found employment or accepted voluntary severance while 13 employees were still to be placed.

Company One culture

A new set of values unveiled by Managing Director Dr Jim Gill in August underpins our commercial direction and customer-service objectives. These values are wide-ranging and relate to our customers, our staff, the way we do business, our need to control our future, and our place in society.

An independent study revealed a common understanding of Company One, with encouraging progress made towards the goal of being the "company of first choice".

The extensive innovation shown by our people is one example of this new culture.

Development

To build on the Company One philosophy and its associated values, emphasis has been placed on our core business competency development programs including:

- the continuing professional development of 34 graduates through the Graduate Leadership Program;
- 45 staff participating in the "Leading into the Future - Transformation" (LIFT) program;
- extension of our Executive Development Program, with participants applying their learning to projects within the community;
- introduction of a Performance Management system with development planning as a key element;
- development of an industry-first suite of assessment instruments aligned to the National Water Industry Training Package;

- introduction of a Training Procedures Manual for delivering and assessing training to Training Accreditation Council standards;
- continuation of the Competency-based Training Program, supported by on-line learning. This expertise was recognised by the Northern Territory Power and Water Authority, in awarding us the contract for providing competency assessment and training to national standards.

Superannuation

Our Superannuation Plan has shown strong growth, attracting new members and providing staff with the opportunity to consolidate their superannuation benefits. The Plan's funds under management have increased threefold since inception in 1997. In an improvement to the scheme, employees can now retain membership after leaving the Corporation.

Occupational Safety and Health

The launch of our new Occupational Safety and Health Policy reinforced and extended our well-established OSH performance culture.

The success of this approach was recognised when independent auditors awarded Worksafe Plan silver and gold awards during the year. The 1999 review of the OSH management system established the foundations for achieving this milestone.

Other work for the year focused on achieving an incident-free workplace. This key objective has three main streams:

- safety behaviours, awareness and culture;
- management commitment, standards and audits; and
- safe systems of work.

Confined Space Entry, Management of Contractors and Sitesafe procedures were other initiatives implemented during the year.

Industrial relations

Industrial relations continued in a constructive vein. Significant organisational change was smoothly implemented with a

high level of cooperation from our people and unions. Once again, the year was free of any lost time due to industrial disputes.

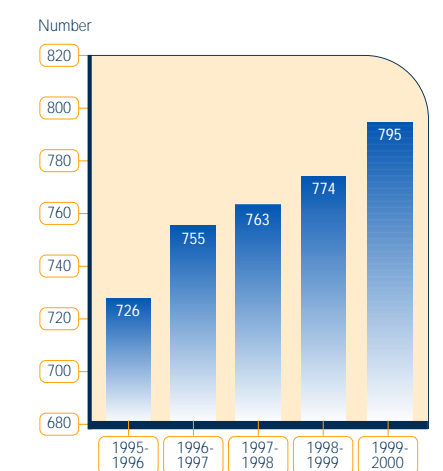
Enterprise Agreement

Work is underway to use the expiry of our current Enterprise Agreement in December 2000 as an opportunity to more closely align the industrial relations and employment framework to the Corporation's business objectives and to Company One values and behaviours. Given the continued strong support of staff for the direction in which the Corporation is heading, a new Enterprise Agreement in 2001 will help position us to embrace the future, create and optimise opportunities.

Opportunities

- Improve our OSH performance and set the benchmark for the utility industry;
- Increase opportunities for rotation and secondments to expand the knowledge base and assist with organisational flexibility;
- Expand access to Competency-based Training and assessment to national standards;
- Support our people's personal performance and development;
- Achieve market parity for total employment costs; and
- Grow a nucleus of leaders across the organisation by investing developmental effort in the core business competencies.

Customers per Employee



opportunity:

to nurture our environment

environment

Direction

To be recognised and valued for our environmental expertise and performance.

Target

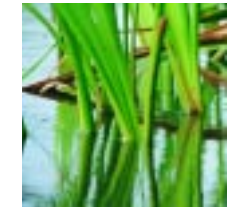
To achieve 100 per cent compliance of our environmental scorecard which comprises:

- full regulatory compliance with Ministerial conditions, DEP wastewater licence conditions and WRC water allocation licences; and
- residential customer perception of our environmental performance of 74 per cent.

In brief

- Our first comprehensive Environmental Review and Improvement Program report was released.
- Good progress was made in certification to ISO 14001.
- Customers and the community regard us as effective environmental performers.

- Quarterly surveys are conducted to gauge customer perception of our environmental performance. Although the rating was down slightly by 2.7 per cent in 1999-2000, additional market research indicated that the community considers that we are good environmental performers relative to other companies.



	1999-2000	1998-1999	% Change
Environmental scorecard (%)	75	-	na
Regulatory compliance with Ministerial conditions	100	100	-
Regulatory compliance DEP wastewater treatment plant licence conditions	100	100	-
Regulatory compliance WRC water allocation licence conditions	100	100	-
Residential-customer perception of our environmental performance (%)	69.5	72.2	(2.7)

Environmental management

We strive to achieve world-class environmental management and are committed to protecting our environment for present and future generations to enjoy.

Reuse or safe disposal of treated wastewater and biosolids, maintaining clean beaches, reducing greenhouse gases, protecting waterways and rehabilitating land disturbed by construction are among our concerns.

An important element in continuously improving environmental management is our Environmental Policy and an associated Environmental Management System (EMS).

Greenhouse challenge

Over the next five years, we have an opportunity to make a further major contribution to the reduction of greenhouse gases in Western Australia.

Initiatives since the mid-1970s have quietly but effectively slashed our emissions by more than half. In the next major drive, we aim to 'close the loop' on our emissions.

We have joined the national Greenhouse Challenge that aims to reduce emissions through a voluntary, self-regulatory approach of improving processes and energy efficiency.

The energy used in our operations accounts for about one quarter of public sector energy consumption in Western Australia.

Over the next five years, we have an opportunity to make a major contribution to the reduction of greenhouse gases in Western Australia.

Performance

- The most effective measure of our environmental performance is the view of regulators who consider technical factors. In 1999-2000, we met all of our environmental regulatory compliance targets. There were no significant breaches* of Ministerial conditions or licence conditions in our operation of 92 wastewater treatment plants, and management of more than 150 water allocation licences.

* see glossary

environment

nurture

Emission cuts so far have centered on the capture of methane by flaring or heating and power generation at metropolitan wastewater treatment plants.

Other savings have been achieved through water conservation, establishing tree farms to absorb nutrients from treated wastewater, recycling biosolids and energy conservation measures in buildings and pumping operations.

We are also researching the conversion of the sludge produced by wastewater treatment plants into oil.

Salinity contribution

Salinity is one of the most significant environmental threats facing much of Western Australia. Nearly half of the previously divertable surface water resources have become marginal in quality, brackish or saline.

The Corporation contributed \$3 million in support of the State Government's State Salinity Strategy for 2000-2001.

Treading Lightly

Our first Environmental Review and Improvement Program (ERIP) report, entitled Treading Lightly, was published during the year. It was distributed widely and is available on our web site.

Meeting our environmental challenges

The protection of drinking water catchments, inland waterways and Perth's coastal waters and beaches remain our priority environmental challenges. Improving the management of drains in metropolitan and rural catchments in the south-west is also an important issue. Protection of inland waterways is improving greatly

following the introduction of a \$60 million program to upgrade many country wastewater treatment plants and expand the reuse of treated wastewater.

A new plant at Denmark has reduced wastewater's contribution of phosphorus to Wilson Inlet from seven to one per cent. A new treatment plant at Busselton is reducing nitrogen and phosphorus loads to the Vasse diversion drain (and Geographe Bay) by 24 and 60 per cent respectively.

Riverwise

In Perth, our \$14 million Riverwise Program is minimising the risk of wastewater spills from more than 110 pumping stations along the Swan and Canning rivers. This is largely being achieved by installing a continuous automatic monitoring and control system. Other work included upgrading alarm systems and providing emergency storage at 27 pumping stations.

Clean beaches

World-class studies have reinforced our excellent record in treating and safely disposing of wastewater to metropolitan coastal waters.

Comprehensive monitoring of the ocean near discharge outlets since 1996 has shown that the ecology has not been endangered. There is no evidence of any harmful effects on the surrounding waters or beaches.

With the volume of metropolitan wastewater expected to treble by 2040, treatment standards will be progressively increased. The Perth Long-Term Ocean Outlet Monitoring Program (PLOOM) will be continued. This measures the

impact on bathing, conservation, flora, fauna and fishing in the marine environment surrounding metropolitan ocean outlets.

ISO certification

Our Infrastructure Planning branch, the South-West region and the Woodman Point wastewater treatment plant have achieved certification to ISO 14001 in 1999-2000. The Environmental Management System (EMS) has also been implemented in the Bulk Water and Wastewater division and substantial progress has been made in the Customer Services division.

Busselton Environmental Improvement Initiative

To better manage the seepage of nutrients into southern Geographe Bay, we committed to provide funding up to \$1 million over five years. A trust fund has now been established and the first proposals for funding have been received to improve nutrient run-off from farms and dairies in the Busselton area.

Communication

We endeavour to maintain close relations with our major environmental stakeholders, which include the Department of Environmental Protection, the Water and Rivers Commission, the Conservation Council of WA and other interest groups.

Some 130 people attended our first major public environmental forum "Wastewater Happens" in June. The presentations by our staff and an eminent local expert focused on the effects of disposal of treated wastewater to the marine environment near Perth.

World-class studies have reinforced our excellent record in treating and safely disposing of wastewater to metropolitan coastal waters.

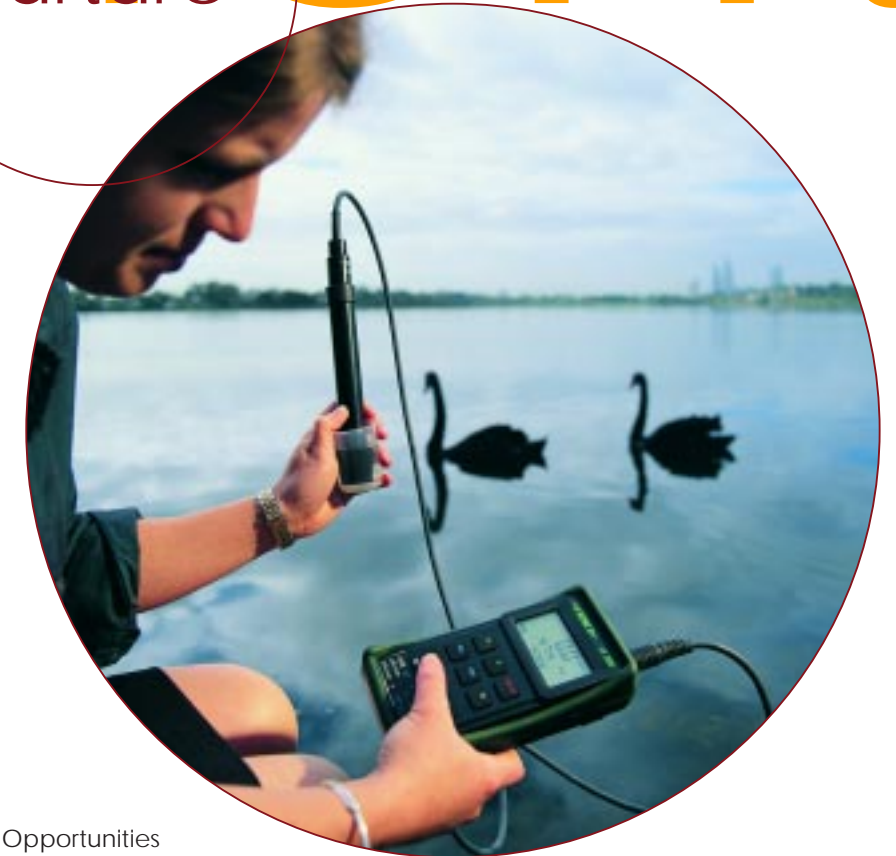
Environmental research and development

Innovative environmental projects in 1999-2000 included:

- Investigating a number of our wastewater and water treatment sites and depots for possible contamination, to keep ahead of the Contaminated Sites legislation currently being drafted. We are the first water utility in Australia to be taking such a proactive approach.
- Trials for non-chemical control of mosquito and midge-breeding in wetlands. We have 12 partners in this project and its findings could have worldwide applications.
- Testing, in conjunction with a private company, a new process to remove dissolved phosphorus from stormwater. This new process aims to reduce pollution of waterways and wetlands and has substantial commercial potential.
- Investigating improved rural drainage management practices to improve the environmental performance of drains. This project at Dirk Brook in Mundijong will have application across the south-west of the State.
- Investigating artificial recharge methods to protect the Lexia wetlands, while allowing groundwater extraction.

Opportunities

- New and upgraded wastewater treatment plants will significantly improve environmental performance.
- Improvements to pumping efficiency will lead to reduced Greenhouse gas emissions through reduced energy consumption.
- Continuation of the Infill Sewerage Program will reduce the risk of groundwater contamination from septic tanks by increasing the number of properties connected to sewers.
- Establish an Environmental Sponsorship Program to support our ongoing commitment to care for the natural environment.
- Expand the generation of electricity (green energy) from gases produced in the wastewater treatment process.



opportunity:
to build on success

financial review

Direction

To be profitable and maximise long-term wealth.

In brief

- Profit after tax up 19.4 per cent to \$312 million.
- Borrowings increased to support an expanded capital works program.
- Systems and processes reviewed to manage taxation changes.
- Tariff reform progressing towards pay-for-use.

	1999-2000	1998-1999	% Change
Operating Revenue (\$m)	1,004	931	7.9
Earnings Before Interest and Tax (\$m)	367	350	4.9
Profit Before Tax (\$m)	452	420	7.6
Return on Fixed Assets (ROA) (%)	4.2	4.1	0.6
Return on Equity (ROE) (%)	3.9	3.3	18.2
Interest Cover (times)	8.0	9.4	(14.9)

Results

The Water Corporation continued to deliver profitable growth for 1999-2000. Operating revenue increased 7.9 per cent to \$1,004 million and operating profit after tax increased 19.4 per cent to \$312 million.

Revenue from water sales increased by almost 8.3 per cent from last year, primarily the result of a growth in service connections and a two per cent increase in tariffs.

Increases in revenue concessions and further development of the Infill Sewerage program led to higher Community Service Obligation (CSO) revenue. Revenue from CSOs has increased

seven per cent, from \$192 million in 1998-1999 to \$206 million this year.

Increased borrowings, necessary to support our expanded capital works program, resulted in a 23 per cent increase in gross interest expense. A further \$7 million of interest payable has been capitalised this year, in accordance with Accounting Standard AASB 1036: Borrowing Costs.

The increase in demand for housing triggered by the introduction of taxation reforms led to a 15.5 per cent rise in the level of land developers contributions to \$118 million. (Developers contribute towards the headworks required to service subdivisions. They also handover the water and wastewater services created).

Shareholder returns

We made provision for \$201 million in dividends to be paid to the State Government. In addition, we pay tax equivalents for income tax, sales tax and land tax. During the year, we provided for \$139 million in income tax equivalents and an additional \$8 million in sales tax and land tax equivalents. Income tax provisions and payments were 11.8 per cent lower than the previous year, primarily due to the revaluation of deferred tax balances as a result of the new corporate tax rates.

Our return on assets for the year was 4.2 per cent, slightly up on 1998-1999.

Liquidity

Net cash provided by operating activities was the most significant source of funds for the Corporation, and improved over the year - \$539 million, compared with \$461 million the previous year. This increase follows our higher operating result. External funds and internally generated cash were combined to fund our capital program, pay dividends to our owner and repay borrowings.

The Water Corporation continued to deliver profitable growth for 1999-2000.



opportunity;
to sustain life

operations

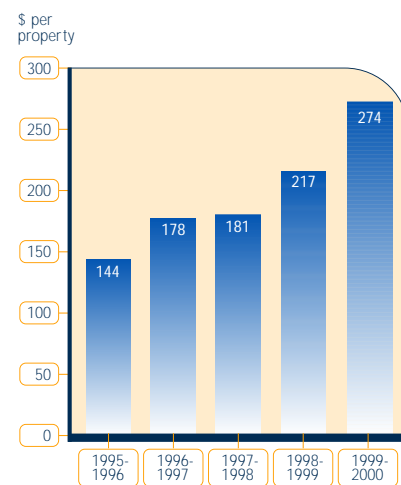


Capital expenditure

The level of capital expenditure increased by 30.5 per cent to \$458 million in 1999-2000. This reflects our investment in the future, in particular:

- the Stirling-Harvey Redevelopment Scheme and other works which will ensure a future water supply for the metropolitan region and the south-west;
- further progress with the Infill Sewerage Program.

Capital Investment per Property



Funding and treasury management

The increase to our capital expenditure program this year resulted in the need to source additional external funds.

At year-end, net debt was \$549 million, up from \$523 million at the end of the 1998-1999 financial year. While \$110 million of debt was repaid during the year, this reduction was offset by a \$145 million increase due to the capital program.

This has resulted in an increase in the debt to total asset ratio from 6.1 per cent to 6.3 per cent and interest cover has fallen from 9.4 to 8 times.

When raising these borrowings, we have continued with our portfolio approach to debt management. New borrowings have been raised with maturity dates spread

evenly out to 10 years. This diversification of borrowings will reduce our exposure to volatility in interest rates and deliver relatively stable debt servicing costs over time.

GST and tax reform

The delivery of water and wastewater services to the community is not subject to the Goods and Services Tax (GST). However, some supplementary services and products (such as additional meter readings and sale of plans) will be subject to the GST. Other aspects of the tax reforms, such as abolition of the Wholesale Sales Tax and changes to the Fringe Benefits Tax, will also impact on our business and processes.

To implement these changes, we initiated a major review in August 1999. As a result, we have modified our business processes and systems to ensure we can properly manage all aspects of the tax changes.

Pricing and tariffs

We seek to set charges that enable us to achieve a commercial rate of return on the capital investments required to provide services. These prices also reflect the ongoing operating efficiencies we are achieving.

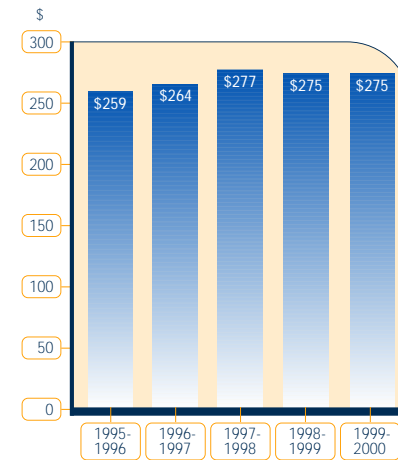
The general price increase for 1999-2000 was two per cent. A similar increase has been approved for 2000-2001.

The way we charge our customers is undergoing significant change. Over the past seven years, we have gradually replaced property valuation-based rates with charges based on the service provided and the volumes used.

The valuation-based system meant that customers receiving the same service could pay very different amounts.

Tariff reform has resulted in some customers paying less and some more than previously. The charges are being

Metropolitan Residential Water Charges Service Charge and Usage (Based on 300kL)



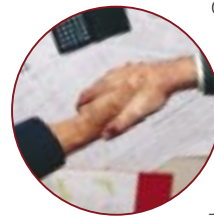
gradually phased in to limit the year-to-year change in customers' bills. The reduction in costs through progressive efficiency improvements is also being used to fund some of the reduction in charges, limiting the need to increase other charges.

Up to 1999-2000, the reform program has reduced charges to business by \$56 million a year. There will be further reductions of \$6 million in 2000-2001.

Business charges will be reduced by a total of \$77 million a year.

Opportunities

- The Internal Management Reporting framework is being sharpened, in line with bottom-line accountability for Business Managers.
- Economic value-added concepts will be incorporated into our internal reporting framework to further support our long-term view.
- Benefits from our new Enterprise Resource Planning system (SAP) will be maximised.





water services

operations summary



	water	wastewater	drainage	irrigation
customer/stakeholder expectation of product	<ul style="list-style-type: none"> Good quality water No unusual tastes Flexibility in service provision Reliability of supply 	<ul style="list-style-type: none"> Higher level of treatment and disposal Consultation on new projects 	<ul style="list-style-type: none"> Control of stormwater and groundwater levels Removal of nutrients 	<ul style="list-style-type: none"> Water of an acceptable quality Adequate quantities of water Water when required
resources	<ul style="list-style-type: none"> Assets \$4,145m 73 dams and reservoirs 790 bores 28,876 km of mains 	<ul style="list-style-type: none"> Assets \$3,487m 92 wastewater treatment plants 11,525 km of sewers 	<ul style="list-style-type: none"> Assets \$319m 2,970 km of drains and channels 	<ul style="list-style-type: none"> Assets \$80m 11 dams
customers	<ul style="list-style-type: none"> 645,165 residential customers 47,370 business customers 230 cities and towns 	<ul style="list-style-type: none"> 530,934 residential customers 31,542 business customers 6,630 industrial waste customers 74 cities and towns 	<ul style="list-style-type: none"> 233,501 metropolitan residential customers 18,410 metropolitan business customers 	<ul style="list-style-type: none"> More than 1,600 farms and plantations in the Ord and Carnarvon irrigation schemes
results	<ul style="list-style-type: none"> \$546.0m revenue 1.7% increase in number of properties 99.7% of Perth's water quality samples free of thermo-tolerant coliforms 17.1 leaks and bursts per 100km of mains 	<ul style="list-style-type: none"> \$419.2m revenue 4.2% increase in number of properties 99.9% of customers did not experience a sewage overflow 25 blockages per 100km of sewer main 	<ul style="list-style-type: none"> \$30.3m revenue 4.5% increase in number of metropolitan properties Design of new urban drainage systems in accordance with standards 	<ul style="list-style-type: none"> \$9.1m revenue 100% of water quality samples within guidelines 99.8% of requests for water supplied by agreed time

	1999-2000	1998-1999	% Change
Properties Served (number)	787,351	774,386	1.7
Volume Consumed (ML)	307,810	292,106	5.4
Revenue (\$m)	546	505	8.1
Assets (\$m)	4,145	4,155	(0.2)
Water quality-samples meeting guidelines (%)*	99.7	99.7	-
Reliability of Supply - Leaks and Bursts / 100 km of pipe (number)	17.1	18.2	(6.0)

* Perth metropolitan area - thermo-tolerant coliforms

We operate in one of the largest and most challenging land areas in the world, much of it harsh and arid. Water is therefore a precious resource.

Despite these conditions, we supplied more than 339 million kilolitres of high quality water to over 1.7 million people throughout the State. Our vast network of 28,876 kilometres of pipeline serves the Perth metropolitan area, 230 country towns and cities, small remote communities, mines and three million hectares of farmland.

We use direct river extraction, a variety of dams and weirs, artesian bores, shallow and deep aquifers and desalinated sources. In Perth, we have a complex system of water sources drawing on

groundwater aquifers up to 1,000 metres deep and nine dams and weirs.

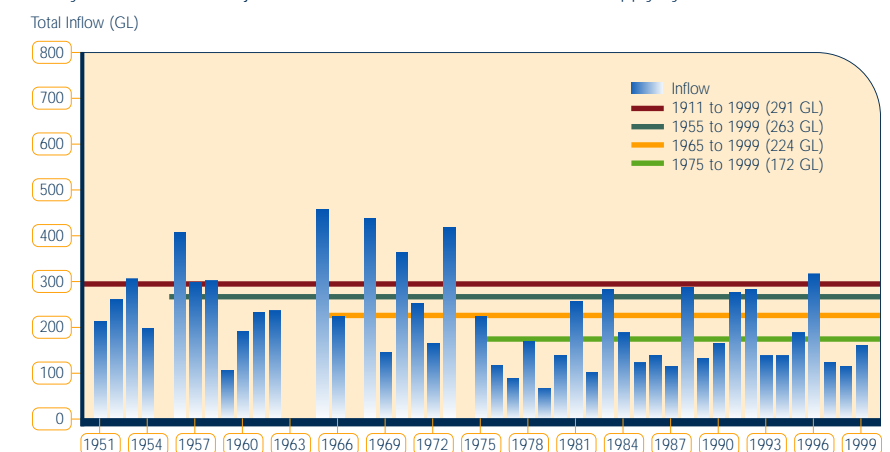
Water consumption per service in Perth increased 5.4 per cent from the previous year, to 428 kilolitres. In the country, consumption decreased by 1.4 per cent to 508 kilolitres.

Performance

During the year, 99.7 per cent of water quality samples for Perth passed tests for thermo-tolerant coliforms, well above the National Health and Medical Research Council (NH&MRC) guideline of 95 per cent. In the 224 country localities assessed, all met the guideline.

Across the state, 92 per cent of customers did not experience a water supply interruption of more than one hour. This was well above our operating licence minimum of 75 per cent.

Yearly Streamflow for Major Surface Water Sources - Perth Water Supply System



Water supply planning

Our climate is gradually becoming drier. The average streamflow to the dams supplying Perth in the last 25 years is approximately two-thirds of the average over the last 45 years.

Demand for water in Perth has increased by 26 per cent in the last 10 years. We have kept pace with demand through good planning and well-targeted conservation measures. Water restrictions seemed likely before the start of the year, after low winter rainfall. However, good spring rains and the development of new groundwater sources as part of an accelerated source development program averted the need.



We conduct a communication and sponsorship program to foster greater awareness of the need to protect the State's water resources.

This accelerated source development program has seen an extra 90 gigalitres of yield added to the Perth system in the last seven years. On completion in 2002, this \$523 million program will have added 147 gigalitres representing a 76 per cent increase to Perth's supply capacity, considerably reducing the risk of restrictions in the future. Elements of the program in chronological order are:

- 1993 - 10.1 gigalitres - Jandakot Stage Two borefield, Bickley pumpback scheme and Conjurunup pipehead dam (\$24 million);
- 1994 - 22 gigalitres - North Dandalup dam (\$59 million);
- 1996 - 17.9 gigalitres - increase in Yarragadee deep-bore quotas and completion of the Pinjar Stage Two borefield (\$15 million);
- 1997 - 6.9 gigalitres - lower South Dandalup pumpback and Melville artesian bore (\$17 million);
- 1999 - 26 gigalitres - Neerabup Stage One borefield and Yarragadee expansion (\$35 million);
- 2000 - 10 gigalitres - Neerabup Stage Two borefield. Additional development is planned in the second half of 2000 at South Whitfords and Lexia borefields to add a further 20.3 gigalitres. The total estimated cost of these developments is \$68 million;
- 2002 - 34 gigalitres - Stirling-Harvey redevelopment and associated works, began in 1999 (\$275 million).

As most of the groundwater developments occur north of Perth, water must be transferred to areas south of the Swan River to meet customer demand. The Wanneroo to Yokine transfer trunk-main completed in 1997 and our largest water pumping station constructed at Belmont in December 1999 provide the means to distribute this groundwater.

Water supply schemes in regional areas are constantly reviewed and upgraded to meet both domestic and industrial demand, particularly in areas of strong growth such as

Dunsborough, Broome, Kununurra and Karratha. Dunsborough and Karratha are receiving major supply boosts while the two Kimberley towns will get improved storage.

Water conservation

Owing to the generally arid nature of the State, water conservation plays an important role. We conduct a communication and sponsorship program to foster greater awareness of the need to protect the State's water resources.

Improvements to country schemes

Upgrading of the 100-year old Goldfields and Agricultural Water Supply (GAWS) scheme pipeline continued, using our own award-winning technology to increase the flow of water over the 560 kilometres from Perth to Kalgoorlie-Boulder. Planning is under way for major upgrades to the pipeline's pumping stations.

The GAWS and the Great Southern Towns Water Supply schemes have been extended over recent years to provide scheme water to remote farming areas. Under the Rural Water Supply Improvement Program, which involves a substantial local community commitment in funding, labour and equipment, 58 more farms in the Kondinin, Hyden, North Karlgarin and Bonnie Rock areas received secure water supplies in 1999-2000. New dams and a bitumen catchment were also constructed at Gairdner River, Jerdacuttup and Jerramungup.

Opportunities

- Explore feasibility of developing desalinated water supplies for the mining industry.
- Improvements to pumping efficiency to reduce costs.
- Further improvements to the reliability and aesthetic quality of drinking water to meet increasing customer expectations.
- Meet future growth demands through a combination of source development and implementing water-use efficiency measures.

	1999-2000	1998-1999	% Change
Properties Serviced (number)	613,936	588,995	4.2
Volume Treated (ML)	118,990	111,700	6.5
Revenue (\$m)	419	380	10.3
Assets (\$m)	3,487	3,375	3.3
Reliability of Supply - Customers not affected by overflows (%)	99.9	99.9	-
Blockages / 100 km of sewer (number)	25	23	8.7

Public sanitation and environmental health is vital for our community and is a driving factor behind our wastewater treatment and disposal projects.

A major, continuing program of upgrading wastewater services has seen higher levels of treatment, re-use of treated wastewater to irrigate tree farms, golf courses, public parks and playing fields, and the use of biosolids to improve soils for farming, tree growing and horticulture. These activities will increase in the future.

Wastewater treatment systems at 12 centres, mostly in the State's south-west, were upgraded during the year. Several involved re-using the treated wastewater.

All wastewater treatment plants are licensed or registered by the Department of Environmental Protection (DEP) and are subject to regular comprehensive monitoring. We submit an annual report to the DEP on compliance with licence conditions for each plant.

The plants collected, treated and safely disposed of almost 119 million kilolitres of wastewater during the year, 6.5 per cent up on last year.



Performance

During the year there was no formal warning or infringement notice for any of our wastewater treatment plants.

We aim to ensure that at least 99.8 per cent of our customers do not experience a wastewater overflow from our sewers onto their property. If they do, we will attend to the incident within two hours. During the year, all of the 981 reported incidents were responded to on time.

The rate of sewer blockages provides an indication of the condition of our assets. During 1999-2000, we had 2,547 sewer blockages equating to a rate of 25 blockages per 100 kilometres of sewer. Although well below our upper limit of 40 blockages per 100 kilometres of sewer, the result was 8.7 per cent above last year.

Planning

We have plans for the management of wastewater for the next 40 years, during which time the volume of wastewater for Perth is expected to treble. "Wastewater 2040" and "Biosolids 2040" take account of the health, environmental, financial, engineering and community requirements for our wastewater systems. The strategy documents are supported by scheme plans for the major sites.

Re-use

A partnership was established with Pacific Waste Management to assess the commercial potential for a compost production plant using biosolids. The first batch of compost emerged at the end of September 1999. It was the first attempt at large-scale foodwaste and biosolids compost production in Western Australia. A full-scale plant will be constructed in 2001 at Kwinana.

In another project we will be converting wastewater sludge into oil. The facility at Subiaco, one of Perth's major treatment

plants, is undergoing commissioning and proving. The oil conversion process will be commissioned over the next year.

Infill Sewerage Program

This \$800 million 10-year program aims to replace septic tanks, which have the potential to contaminate groundwater, with reticulated sewerage. We extended our sewerage schemes to another 10,143 properties throughout the State during the year. The program is now at the halfway point.

Industrial waste

We provide a waste disposal service to commercial and industrial customers. Permits are issued after careful assessment of the compatibility of the waste with our wastewater system. A total of 6,630 customers take advantage of this system, which helps protect the environment.

Quality accreditation

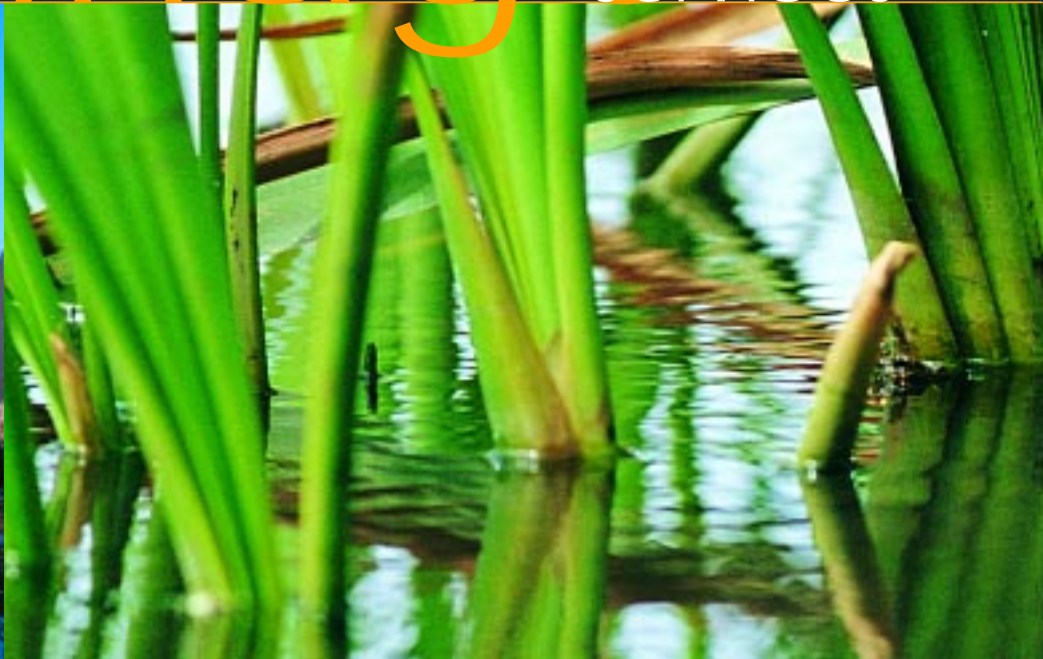
In an important achievement during the year, the three major metropolitan treatment plants achieved international quality accreditation under ISO 9002. This recognises our high standard of plant management, process control and disposal of treated wastewater and biosolids. Furthermore, the Woodman Point plant gained ISO 14001 accreditation for Environmental Management Systems. This ensures high standards of wastewater treatment are provided.

Opportunities

- Expanding effluent re-use schemes throughout the State.
- Meeting the greenhouse challenge through energy recovery from waste products.

drainage services

irrigation services



	1999-2000	1998-1999	% Change
Properties Serviced (number - metropolitan)	267,160	255,575	4.5
Length of drains (km)	2,970	2,968	-
Revenue (\$m)	30	31	(3.2)
Assets (\$m)	323	319	1.2
Design of new urban drainage systems in accordance with standards (%)	100	100	-

Drainage, the lesser known of our services, is nonetheless very important in protecting the environment and aiding community and commercial development.

Our drains collect stormwater from 76 catchments in Perth and from six proclaimed areas in the south-west of the State, a total area of over 450,000 hectares.

Performance

Our operating licence requires an independent audit to assess whether our new and upgraded urban drainage systems are constructed in accordance

with the relevant standards specified in the licence. The auditor's opinion was that we demonstrated compliance with those standards.

Water quality

Our drainage systems are increasingly being integrated into the environment through the creation of artificial wetlands to naturally extract nutrients that can harm waterways.

We have joined forces with the local community, government agencies and local government in a major drive to improve the environmental health of the Dirk Brook and Serpentine River near Perth.

The project, the first of its kind in Western Australia, is taking a whole-of-catchment approach to improve the water quality and environmental values of the Dirk Brook drainage system. This will reduce contaminants that are carried to larger waterways and the fragile Peel-Harvey Estuary.

Southern Lakes scheme

Construction began on a major drainage project in the southern metropolitan area in March. The \$22 million Southern Lakes

Drainage Scheme is in an area that includes a System Six wetland within the Beelii Regional Park. It will divert drainage water from new urban developments away from Thomsons and Kogolup Lakes, while maintaining their levels and protecting them from nutrient inflows. Planning for the Scheme involved extensive consultation with government agencies, local government, and community and environmental groups.

Ellenbrook scheme

An artificial wetland was constructed to strip nutrients from drainage water collected from the new Ellenbrook residential development in Perth's northern fringes. It is protecting the waters of Henley Brook that eventually flow into the Swan River.

Opportunities

- Continue with research aimed at reducing contaminants carried into waterways.
- Investigate stormwater treatment and re-use.
- Increase our involvement in scheme planning, design and management.

	1999-2000	1998-1999	% Change
Irrigation dams and weirs (number)	11	11	-
Volume of water supplied (ML)	258,160	271,389	(4.8)
Revenue (\$m)	9	8	12.5
Assets (\$m)	81	80	1.2
Quality of water - samples meeting requirements (%)	100	100	-

While privatisation has been the trend in the irrigation industry in recent years, the Water Corporation still provides irrigation water to more than 1,600 farms and plantations through schemes at Kununurra and Carnarvon.

Our role is increasingly changing to that of a bulk water supplier.

Negotiations are under way to privatise the important Carnarvon irrigation industry and establish a growers' co-operative.

Ord Stage Two

An important milestone in the major Ord Irrigation Stage Two development proposal was reached in January with completion of the Environmental Review and Management Program (ERMP). It was submitted to the Environmental Protection Authority for assessment.

In an innovative move, the Water Corporation proposed a 1,500-metre buffer zone around the entire project area, taking it from 52,000 to 71,000 hectares.

All infrastructure design work for the proposal has been completed and we are continuing negotiations on land matters with Aboriginal communities, focusing on a joint community benefit package.

Recreational use of water sources

While we are ever mindful of the need to protect our irrigation water sources from the risk of contamination, we are also aware of the traditional use of some of these sources and catchments for recreational purposes. Sources which are, or may possibly be, used in the future for providing drinking water are strictly controlled to minimise the likelihood of contamination.

We have four main water bodies in the state's south-west where we allow recreational use. While limiting powerboat access to certain dams, fishing, canoeing, swimming and camping is allowed at Waroona, Logue Brook, Glen Mervyn and Wellington dams and Drakesbrook weir downstream of Waroona dam. Powerboat access is allowed at Logue Brook, Waroona and Glen Mervyn dams, which are popular skiing sites.

Opportunity

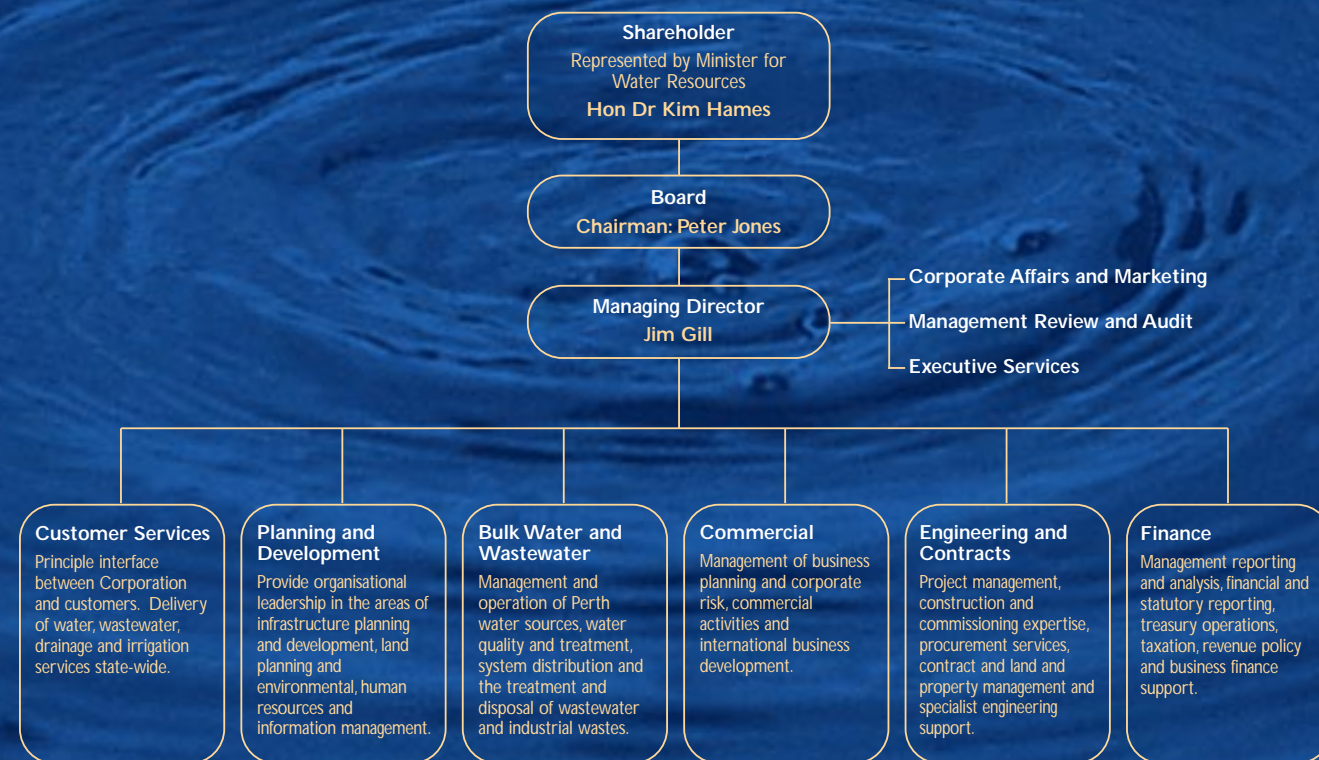
- To provide farmers with more autonomy by divesting irrigation service provision at Kununurra and Carnarvon to farmer-run co-operatives.

While we are ever mindful of the need to protect our irrigation water sources from the risk of contamination, we are also aware of the traditional use of some of these sources and catchments for recreational purposes.



opportunity: to increase performance

corporate information



Water Corporation Board, clockwise from top left: Eva Skira, Clayton Hyder, Don Young, Peter Hopwood, Ian Kuba, Peter Jones, Jim Gill.

Board of Directors and Corporate Governance

This section outlines the principal corporate governance practices followed during the 1999-2000 financial year. These practices are a framework for ensuring the Corporation displays high standards of corporate behaviour and acts in the best interests of its stakeholders.

The Board of Directors

The Board is the governing body of the Water Corporation. It has legislative authority to perform the functions, determine the policies and control the affairs of the Corporation. The Board is responsible for the overall Corporate Governance of the Corporation and approves its goals, strategic directions and budgets. It ensures legal compliance, ethical behaviour and proper risk management processes are in place and operating effectively. Comprehensive monthly reports are provided to the Board to enable it to monitor performance.

Composition of the Board is diverse, with members having a variety of commercial backgrounds. There are six non-executive directors, including the Chairman and Deputy Chairman, and one executive Director, being the Managing Director. Board meetings are held once a month at the head office in Perth.

Appointment of Directors

The Governor appoints non-executive directors on the nomination of the Minister for Water Resources. This is after consultation with, or on the recommendation of, the Board. They hold office for up to three years and appointments are staggered to ensure that approximately one-third of directors retire each year. Non-executive directors are eligible for re-appointment and there is no limit on the time a director may serve on the Board. Their duties are not full time. The Governor, on the Minister's nomination, also appoints the Chairman and Deputy Chairman from the non-executive directors.

The initial appointment of the Managing Director was made by the Minister, with future appointments to be made by the Board, subject to the Minister's concurrence. The Board can appoint a person to act in place of the Managing Director during a vacancy in that office.

Changes to the Board

There were no changes to the composition of the Board during the year. However, the Hon. P.V. Jones (Chairman) and Mr D.F. Young were both re-appointed on 1 January 2000 for three-year terms.

Independent advice and training

Directors can seek independent professional advice on Board matters at the Corporation's expense, with the approval of the Chairman. No such advice was sought during the year.

Compensation and remuneration

- Directors** - The Minister, on advice, approves the remuneration of non-executive directors. Directors' fees are outlined in note 19 to the Financial Statements. The Board, with concurrence of the Minister, is responsible for the remuneration package of the Managing Director and remuneration is reviewed annually. Non-executive directors receive no retirement benefits except for seven per cent in superannuation.
- Executives** - The Managing Director has the delegated power to determine the terms and conditions of service for the Corporation's staff, and performance is reviewed every six months. Executives' remuneration is outlined in note 19 to the Financial Statements.

Accountability and independence

As prescribed in the *Water Corporation Act 1995*, directors are to act honestly, exercise due care and diligence, and disclose all material personal interest in matters involving the Corporation raised in Board meetings. The Board has complete independence to determine the policies and control the affairs of the Corporation, subject to restrictions imposed by the *Water Corporation Act 1995*. Ministerial approval is required for transactions that will have a material effect on the financial position of the Corporation.

Management of significant business

The effective management of risk is a critical task for the Water Corporation.

The Corporation aims to achieve growth in its business in a manner that is consistent with sound risk management principles. Processes and systems are in place to manage our operational, environmental and business risks. Divisional management is responsible for identifying risk to its operations and for implementing appropriate risk management strategies.

A central Risk Management branch provides advice and support to divisional management and co-ordinates the findings of the various reviews undertaken. It makes recommendations to the Board on the appropriate levels of commercial insurance.

A full review of the Corporation's risk register was completed in March 2000.

Management of financial exposures

The Corporation has a central treasury function that manages financial exposures within the business in accordance with Board-approved limits. Regular reporting ensures the Board can readily monitor the management of these risks.

Incident management

An incident management process is in place to assist business units in preparing, responding to and recovering from risks that are unable to be dealt with by other means.

The process is based on national guidelines that have been adopted by the State Emergency Service and utility agencies throughout Australia.

Incidents are generally declared when a Corporation scheme, process, or system has reached a potential to or has in fact adversely affected our business to an unacceptable extent. Incidents are also declared when a performance criterion fails to satisfy an Act or regulation, or a condition of a facility permit, or the operating licence.

Incidents may be classified as minor, significant or major, and may be escalated as a situation changes. Significant incidents are generally managed within a business unit,

while an incident that affects the Corporation is classified as a major incident.

The Corporation Executive, Managing Director, Board and Minister are kept informed of major incidents. A monthly summary report is forwarded to the Board.

During the year, there were 110 significant or major incidents covering most aspects of the Corporation's business.

Audit and Compliance Committee

The Audit and Compliance Committee, comprising directors Mr D.F. Young (Chairman), Ms E.D.R. Skira and Mr I.C. Kuba, assists the Board in fulfilling its fiduciary, corporate governance, and legislative responsibilities. The Committee's primary task is to monitor the effectiveness of internal controls and management reporting relating to financial and compliance matters by:

- overseeing the financial management reporting process;
- ensuring that annual and external reports are prepared in accordance with the relevant accounting standards and statutory requirements;
- considering the effectiveness of accounting and internal controls relating to corporate accounting and reporting;
- monitoring compliance with applicable legislation and regulations;
- considering the range of risks faced by the Corporation and providing reasonable assurance that these risks have been addressed;
- overseeing the internal audit function;
- reviewing external audit arrangements and liaising with the external auditor; and
- providing a forum for the directors, management, and internal and external auditors to discuss the issues outlined above.

Other significant activities carried out by the Audit and Compliance Committee during the period included review of:

- performance of 1999-2000 management review and audit program;
- the report of the Auditor General for the 1999 external audit and follow-up of issues arising from the audit;
- proposals for the 2000 external audit;
- proposals for 2000-2001 operating budget;

- proposal on dividend payout rates for 2000 and beyond; and
- proposal for 2000-2001 capital investment program.

In the 12 months ended 30 June 2000, the Audit and Compliance Committee met on six occasions.

Investment Committee

Established on 15 October 1998, this committee of the Board reviews and recommends the approval of the Corporation's investment program, including proposals for commercial initiatives. The committee comprises the Hon. P.V. Jones (Chairman), Dr J.I. Gill, Dr P.F. Hopwood, Ms E.D.R. Skira and Mr D.F. Young. The Investment Committee met on five occasions during the year.

Performance monitoring and reporting

The Corporation provides written quarterly and annual reports to the Minister for Water Resources detailing its performance and progress made in fulfilling the Statement of Corporate Intent (SCI). Written quarterly reports are also provided to the Office of Water Regulation on compliance with performance standards specified in the operating licence. In addition, the Board and Corporation Executive receive written monthly performance reports covering a diverse range of financial and non-financial matters.

Ethical standards

The Water Corporation requires all directors, employees and contractors to exercise high standards of ethical behaviour in the performance of their duties, as set out in the Corporation's Code of Conduct Manual. All managers are required to monitor adherence to the standards outlined in the manual. Every 12 months, general managers report on compliance and a consolidated report is then forwarded to the Commissioner for Public Sector Standards.

During 1999-2000, four breaches of the code of conduct were found. One further incident was still under review at year-end.

Conflict of interest

The Water Corporation has established procedures for identifying, preventing or resolving conflicts of interest. These procedures are outlined in the Corporation's Supply Manual.

All Corporation personnel with duties related to the negotiation of a contract must disclose current or prospective interests to their immediate supervisor. They must also disclose the interests of members of their immediate family, if they are known. In such cases, either the basis of that interest should be discontinued, or the person should cease the duties involved, or obtain management permission to continue.

Regulatory authorities

The Water Corporation provides services to customers in accordance with an Operating Licence issued by the Office of Water Regulation.

The Office of Water Regulation was established in 1996 to administer a licensing scheme for water service providers, and to advise the Minister for Water Resources on policy. The Water and Rivers Commission, the Department of Environmental Protection and the Health Department also regulate and have a significant impact on the Water Corporation's operations.

In June 1999, the Co-ordinator of Water Services, the head of the Office of Water Regulation, extended the term of the licence from five years to 25 years, as part of a package of understandings reached with the Corporation. The longer term provides the Corporation with greater certainty for investment decisions. The amended licence is valid to 2021.

In June 2000, the Plumbers Licensing Board was established and took responsibility for the renewal of plumber licences for the 2000-2001 licensing period. The new Board's focus is to maintain quality standards of the plumbing industry, a role previously undertaken by the Water Corporation. This move completes the transfer of regulatory functions previously undertaken by the Water Authority, a process initiated in 1995 with the restructure of the water industry.

Environmental standards

The Corporation continued to improve its framework for environmental reporting. The first comprehensive Environmental Review and Improvement Program (ERIP) report was issued in November 1999 and was well received by the major stakeholders: the Department of Environmental Protection, the Environmental Protection Authority and the Conservation Council of Western Australia.

During 1999-2000, the Corporation's Infrastructure Planning Branch, the South-West region and the Woodman Point wastewater treatment plant were certified to international Environmental Management System (EMS) standard ISO 14001.

The EMS was successfully implemented in the The Bulk Water and Wastewater division and substantial progress has been made in the Customer Services division.

During the reporting period there were no significant breaches of ministerial and licensing requirements.

More information on environmental performance is contained in the Environmental Performance section and the Directors' Report.

Strategic Development Plan and Statement of Corporate Intent

The Corporation has in place a five-year Strategic Development Plan, reviewed every year, and a Statement of Corporate Intent (SCI) covering 12 months. The SCI is a public document and is in the form of an agreement with the Minister for Water Resources. It contains an outline of the Corporation's objectives and performance targets for the year.

These plans were developed for the 1999-2000 year and approved by the Minister.

Year 2000 compliance statement

The Corporation addressed the potential Year 2000 problems at an early stage. In the lead-up to the Year 2000 transition, comprehensive contingency plans were put in place. The Corporation experienced a smooth transition with no disruptions to internal or external services on the change from 1999 to 2000.

Trade Practices Act

The Corporation has a Trade Practices Compliance Program to identify areas of risk, formulate policy and raise awareness throughout the Corporation.

Educational workshops are held on a periodic basis throughout the State and an internal web site has been established. The web site provides information on the requirements of the legislation, how it applies to the Water Corporation, our policies and procedures, frequently asked questions and answers, an education schedule and even a quiz designed to raise awareness. A periodic monitoring process has been instituted, reporting to the Corporation Executive.

Freedom of Information

The Corporation has met its obligations under the *Freedom of Information Act 1992*. The Water Corporation Information Statement is issued as a separate document and can be obtained by contacting:

The Freedom of Information Coordinator
Water Corporation
629 Newcastle Street
Leederville WA 6007
Telephone (08) 9420 2514
Facsimile (08) 9420 3360

During 1999-2000, the Corporation received 22 applications for information under the provisions of the Act. Three applications were carried over from the prior year. Of these 25 applications, three were provided with full information, 15 with edited information, access for three was not provided, two were withdrawn and two were on hand at year-end. Internal and external reviews were requested for 10 applications (six internal and four external). One external review has gone to appeal to the Supreme Court of Western Australia.

Fees and charges totaling \$1,318.50 were received for processing these applications, with the average processing time being 43 days.



Corporation Executive, clockwise from top left: Peter Moore, Peter Williams, Malcolm Peacock, Jim Brown, Garry Meinck, Keith Cadee.

Board of the Co-operative Research Centre for Water Quality and Treatment since 1995.

Commercial Division

Peter Williams
BE, MBA, SIA(Aff), MAICD (Age 46)
General Manager

Mr Williams has more than 20 years' extensive commercial, investment banking and engineering experience. Prior to joining the Water Corporation, he held senior executive positions with a major Australian investment bank. He has had responsibility for major assignments both domestically and internationally in Indonesia, Papua New Guinea, France, Italy and New Zealand.

Mr Williams has served on boards of an investment company and a major chemical manufacturing company. Prior to this, he had extensive experience in project management roles and development of major resource projects in Western Australia.

Engineering and Contracts Division

Peter Moore
CP Eng, MIE Aust, Assoc. Civil Eng, Grad Dip Mgmt, MAWWA, GAICD (Age 50)
General Manager

Mr Moore has a long history in the water industry commencing in 1970. He has been involved in many facets of the business through regional management, bulk water and water treatment roles and a number of high-profile project tasks before assuming his current role.

Finance Division

Malcolm Peacock
BA (Accountancy), CA, MAICD (Age 35)
General Manager

Mr Peacock joined the Water Corporation in March 2000 from National Jet Systems where he was Chief Financial Officer and General Manager Finance.

Mr Peacock is a Chartered Accountant, having commenced his career with Deloitte Touche Tohmatsu. He was Director of Finance and a board member for the Australian operations of an international defence electronics group and has also held senior financial executive positions for a number of other companies, both overseas and in Australia.

Mr Peacock is a director of the Water Corporation Superannuation Fund.

Corporation Executive

Customer Services Division

Jim Brown
CP Eng, FIE Aust, Grad Dip Bus and Admin, GAICD (Age 54)
General Manager

Mr Brown has had a total of 33 years' experience in the water and marine industries, commencing as a cadet engineer with the former Public Works Department in 1964.

He has been a member of the Catholic Education Commission for a number of years chairing the School Resources Standing Committee for the Catholic school system.

Planning and Development Division

Garry Meinck
CP Eng, FIE Aust, Assoc. Civil Eng, Grad Dip Bus Mgmt, GAICD, MAWWA (Age 57)
General Manager

Mr Meinck has been associated with the water industry for over 30 years. He has played major roles in senior management of

the former Water Authority where he contributed to the areas of water resource planning, major infrastructure creation, corporate services and regional management.

He project-managed the restructuring of the water industry in Western Australia in 1995.

Bulk Water and Wastewater Division

Keith Cadee
BE (Hons), ME, CP Eng, MIE Aust, MAWWA, MAICD (Age 46)
General Manager

Mr Cadee has had more than 25 years' experience in the water industry since joining the former Metropolitan Water Supply Sewerage and Drainage Board as an engineering cadet in 1972. He has had a variety of roles in his career including senior positions responsible for water and wastewater treatment and water production.

He is a Board member of the Water Services Association of Australia's Research Committee and its Technical Reference Group, and has been a member of the

Simplified Financial Statements

Summary Profit and Loss Statement	Year Ending 30 June 2000 \$'000	Year Ending 30 June 1999 \$'000	Percentage Movement (%) decrease
Most of our revenue was earned from our core business of providing water related services:			
Revenue earned from annual service and usage charges	619,395	581,494	6.5
Revenue received from the State Treasury for agreed community service obligations	205,617	192,12	7.0
Revenue received from land or property developers, interest received on our investments, miscellaneous fees and charges, rents, sale of assets and other sources	179,573	157,527	14.0
This gave us total revenue from operations of	1,004,585	931,145	7.9
The total cost of operating our business comprised:			
Operations, maintenance and administrative costs associated with providing services to our customers	(250,991)	(238,903)	5.1
Support costs associated with information systems and property management	(26,298)	(32,670)	(19.5)
Depreciation, cost of asset sales, asset write-offs and borrowing expenses	(275,058)	(239,430)	14.9
Therefore the total cost of operating our business was	(552,347)	(511,003)	8.1
Deducting these costs from our total operating revenue left an operating profit before tax of	452,238	420,142	7.6
We made a provision for income tax of	(139,894)	(158,570)	(11.8)
Which left us a profit after income tax of	312,344	261,572	19.4
From this after tax profit, we made a provision for the payment of a dividend to our shareholder, the Western Australian Government	(201,215)	(196,111)	2.6
We then transferred the after tax value of contributions received from property developers provided to us in assets or cash to a holding account	(75,620)	(65,461)	15.5
Adding in the accumulated profit from the previous year	13,952	13,952	-
Finally left us with retained profits available to fund future growth in the business	49,461	13,952	-

Summary Balance Sheet	As at 30 June 2000 \$'000	As at 30 June 1999 \$'000
Our total assets are divided between 'current' and 'non-current' as follows:		
Current assets are assets that we expect to use in the next 12 months. They include monies owed to us, stock, prepayments and cash on hand	128,273	133,556
Non-current assets are assets that we do not intend to realise within 12 months. They comprise property, plant and equipment, which includes:		
System assets such as pipelines, dams, pump stations and other structures	8,031,863	7,934,561
Land and buildings	223,750	230,131
Computers, vehicles, mobile plant and other equipment	136,871	118,100
Works in progress	598,630	435,847
Annual service charges deferred by eligible pensioners and future income tax benefits	54,488	66,491
Therefore, our non-current assets total	9,045,602	8,785,130
Our current assets together with non-current assets gives us total assets of	9,173,875	8,918,686
Our liabilities are also divided between 'current' and 'non-current'		
Current liabilities are monies that we owe for goods and services we have received. They also cover monies due to the government in dividends and income tax and to employees for their entitlements	(268,305)	(278,868)
Our non-current liabilities include:		
Long-term borrowings (including public, private and Government loans)	(576,121)	(461,835)
Other provisions for liabilities including deferred income tax, insurance, employee entitlements and developers deferred works)	(259,065)	(218,728)
Therefore, our non-current liabilities are	(835,186)	(680,563)
Current liabilities, together with non-current liabilities gives us total liabilities of	(1,103,491)	(959,431)
Deducting total liabilities from total assets leaves us with net assets of	8,070,384	7,959,255
These have been funded by:		
The owners initial contribution, which is represented by the value of net assets of the former Water Authority of Western Australia transferred to the Water Corporation on 1 January 1996	7,326,677	7,326,677
Profits earned in the current and prior years and retained in the business to fund future growth in services	49,461	13,952
Monies set aside from the operations of current and prior years and appropriated to specific reserves	694,246	618,626
Which represents total equity in the business of	8,070,384	7,959,255

Directors' Report

The directors present their report on the financial statements for the 12 months ended 30 June 2000.

Directors

The names of directors in office at the date of this report are:

Hon. Peter Jones *FAICD (Age: 67)*

Chairman
Company director

Previously Chairman of the Water Industry Restructure Implementation Group, which was responsible for re-organising the water industry in Western Australia, and its separation into resource management, utility and regulatory components.

Mr Jones is Chairman, of AMMTEC Ltd, of ARC Energy NL, and is a member of the Australasian Advisory Board of Asea Brown Boveri (ABB).

From 1974 to 1986, Mr Jones was a Member of the Western Australian Legislative Assembly and held a number of senior ministerial portfolios from 1975 to 1983, including Resources Development, Mines, Fuel and Energy.

He is Chairman of the Board's Investment Committee.

Appointed as a non-executive director from 1 January 1996 and re-appointed on 1 January 2000, his current term expires on 31 December 2002.

Mr Ian Kuba *FCPA, FCIS, FAIM, FAICD (Age: 67)*

Deputy Chairman
Company director

Mr Kuba is Executive Chairman of Sector Investments Pty Ltd and Offshore Securities Pty Ltd, a Director of Futuris Corporation Ltd, Chairman of Bristle Ltd and a Director of Building and Construction Industry Training Fund.

He is a member of the Board's Audit and Compliance Committee. He was a member of the Board of the Water Authority of Western Australia from 1 July 1995 to 31 December 1995 and a member of the Water Industry Restructure Implementation Group.

Appointed as a non-executive director from 1 January 1996 to 31 December 1997, and re-appointed from 1 January 1998 to 31 December 2000.

Dr Jim Gill *BE(Hons), MPA, PhD, FTSE, FIE Aust, CP Eng, FAIM, FAICD (Age: 53)*

Managing Director of the Water Corporation

Dr Gill was Commissioner of Railways from 1988 to 1995. Previously held senior positions in Main Roads WA. Former Chairman of the WA Division of the Institution of Engineers, Australia and has held a number of positions on national and state bodies in transport and higher education.

Formerly Managing Director of the Water Authority of Western Australia from 13 March 1995 to 31 December 1995.

He is President of the WA Division of the Australian Institute of Company Directors, a member of the Senate of the University of Western Australia and a Board Member of the Water Services Association of Australia.

Appointed as Managing Director on 1 January 1996. His current term expires on 31 December 2000.

Dr Peter Hopwood *BE(Hons), PhD, FIE Aust, CP Eng, FAICD (Age: 53)*

Principal with HBH Consultants

Dr Hopwood has 30 years' experience in engineering and management. His company specialises in providing engineering and project management services, particularly to companies in the mining and minerals processing sectors of the resource industry. His experience includes senior roles with Woodside, Santos and the Tiwest Joint Venture, working in Australia, UK, USA and Indonesia.

He is President of the WA Division of the Institution of Engineers Australia and Chairman of the International Centre for Application of Solar Energy.

He is a member of the Board's Investment Committee. Previously a member of the Board of the Water Authority of Western Australia from 1 July 1995 to 31 December 1995.

Appointed as a non-executive director from 1 January 1996 to 31 December 1997, and re-appointed from 1 January 1998 to 31 December 2000.

Mr Clayton Hyder *(Age: 43)*

Chief Executive Officer of Geographe Enterprises Group

Mr Hyder is Chairman of the Bunbury Port Authority, and Bunbury Wellington Economic Alliance, is a director of Geographe Enterprises Pty Ltd, Geographe Energy Pty Ltd, K. Hitch (Australia) Pty Ltd, Hyder Investments Pty Ltd, Hyder Developments Pty Ltd, Irter Pty Ltd, GSE Pty Ltd and Collie Joint Venture Pty Ltd. He has experience in business management, business development and metal trades.

Appointed as a non-executive director from 1 January 1996 to 31 December 1998, and re-appointed from 1 January 1999 to 31 December 2001.

Ms Eva Skira *MBA(Geneve), BA(Hons), FAICD, ASIA (Age: 45)*

Business and Strategy Adviser

Ms Skira, who has a commercial background in banking, stockbroking and the financial markets, operates her own consultancy in business and strategy advice. She is a member of the Taxi Industry Board, the Governing Board of the St John of God Health Care Group and was previously Deputy Chairman of Metrobus (formerly Transperth).

She is currently a member of the National Graduate Advisory Committee of the Securities Institute of Australia and State Councillor, Western Australian Division.

She is a member of the Board's Audit and Compliance, and Investment Committees.

Appointed as a non-executive director from 1 January 1999 to 31 December 2001.

Mr Donald Young *BE(Hons), FIE Aust, CP Eng (Age: 67)*

Before retirement in December 1993, Mr Young was Chairman and Manager, WA Operations, Clough Engineering Limited. He has an engineering background with over 30 years' experience in various major construction projects throughout Western Australia.

He is Chairman of the Board's Audit and Compliance Committee and a member of the Board's Investment Committee. He is also a member of the Board-appointed Carnarvon Water Services Committee.

Previously a member of the Board of the Water Authority of Western Australia from 1 July 1993 to 31 December 1995 and a member of the Water Industry Restructure Implementation Group.

Appointed as a non-executive director from 1 January 1996. He was re-appointed on 1 January 2000 and his current term expires on 31 December 2002.

Principal Activities

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

The principal functions of the Corporation during the 12 months ended 30 June 2000 were:

- to acquire, store, treat, distribute, market and otherwise supply water for any purpose;
- to collect, store, treat, market and dispose of wastewater and surplus water;
- to undertake, maintain and operate any works, system, facilities, apparatus or equipment required for any of these purposes;
- to develop and turn to account any technology, software or other intellectual property that relates to any of these functions;
- to manufacture and market any product or by-product that relates to any of these functions; and
- to use expertise and resources to provide consultative, advisory or other services for profit.

There has been no significant change in the nature of these activities during the 12 months ended 30 June 2000.

Directors' Meetings

The numbers of meetings of the Board and committees of directors held, and number of meetings attended by each director, during the 12 months ended 30 June 2000 are as follows:

	Meetings of Committees		
	Board ² Meetings	Audit and ² Compliance	Investment ²
Number of meetings held:	12	6	5
Number of meeting attended by:			
Hon. P.V. Jones	11	*	5
Mr I.C. Kuba	10	6	*
Dr J.I. Gill ¹	11	*	5
Dr P.F. Hopwood	11	*	5
Mr C.N. Hyder	12	*	*
Ms E.D.R. Skira	12	6	5
Mr D.F. Young	11	5	5

* Not a member of the relevant committee.

¹ Dr J.I. Gill, as the Chief Executive Officer of the Corporation, is not a member of the Audit and Compliance Committee. However, he attended meetings at the invitation of that Committee.

² Refer to the Corporate Governance section for further information on the role and membership of the Board and committees.

Remuneration

Details of remuneration provided to directors are as follows:

	Base Fees	Superannuation Contributions	Other	Total
Non-Executive Directors				
P.V. Jones	88,250	7,060	-	95,310
I.C. Kuba	37,800	3,780	-	41,580
P.F. Hopwood	37,800	3,780	-	41,580
C.N. Hyder	37,800	3,024	-	40,824
E.D.R. Skira	37,800	3,780	-	41,580
D.F. Young	37,800	3,780	-	41,580
Executive Director				
J.I. Gill	243,214	29,186	8,775	281,175

Operating Results

	1999-2000 \$'000	1998-1999 \$'000
Profit before net interest, income tax and developers' contributions	367,204	350,001
Net interest expense	(33,123)	(32,142)
Developers' contributions received *	118,157	102,283
Operating profit before income tax	452,238	420,142
Income tax attributable to operating profit**	(139,894)	(158,570)
Operating profit after income tax	312,344	261,572

* The Corporation receives developers' contributions from external parties in the form of assets or cash. These contributions are treated as revenue. Additional information can be found in the financial statements.

** The Water Corporation operates within a tax equivalent regime. This tax is payable to the Western Australian Government in lieu of Commonwealth Income Tax for the 12 months ended 30 June, in accordance with Section 77 of the *Water Corporation Act 1995*.

Dividends paid or recommended

	1999-2000 \$'000	1998-1999 \$'000
Interim dividend paid	95,061	156,668
Provision for final dividend	106,154	10,026
Provision for special dividend	-	29,417
Total dividend paid or provided for	201,215	196,111

The Board of the Corporation recommended that a dividend of \$201.215 million be paid for the 12 months ended 30 June 2000. An interim dividend of \$95.061 million was paid in June 2000 and the balance of \$106.154 million will be paid by 30 October 2000.

Review of operations

Established on 1 January 1996, the Corporation operates in a regulatory framework comprising the Office of Water Regulation, Water and Rivers Commission and the Environmental Protection Authority. Clear commercial objectives and strict environmental targets and accountabilities have been established through a Statement of Corporate Intent and a system of licences through the various regulators.

The Corporation operates with infrastructure assets worth almost \$9 billion. Some 350 asset management plans have been developed to ensure that our assets are managed in the most cost-effective manner.

During the year, the Corporation supplied 339,190 megalitres of water and treated 118,990 megalitres of wastewater. Further details on the operations of the Corporation and of the results of those operations for the year ended 30 June 2000 can be found elsewhere in this report.

Environmental performance

The Water Corporation is subject to particular and significant environmental regulations under both Commonwealth and State Law. These include:

Environmental Protection Act 1986
Dangerous Goods Regulations 1982
Aboriginal Heritage Act 1972
Poisons Act 1964

There were no significant breaches of Ministerial conditions, Department of Environmental Protection wastewater treatment plant licences or Water and Rivers Commission water allocation licence conditions during the year, and no penalties were incurred.

A breach is taken as a formal written warning from the regulator threatening further action using a coercive instrument (e.g. infringement notice, court appearance or fine) or the actual use of a coercive instrument.

The Corporation established an Environmental Policy in September 1997 and its Environmental Management System (EMS) was launched early in 1999. The EMS, which is consistent with the international EMS Standard ISO14001 and the Australian Water Industry Guidelines for Environmental Management, provides a framework for

managing and continuously improving environmental performance outcomes.

The EMS operates throughout the Corporation's processes, and enables the systematic identification of environmental issues, providing management with options and guidance on how to deal with them.

Compliance with environmental conditions is reported quarterly to senior management and the Board. In addition, two committees - the Environmental Management Steering Committee and the Regulatory Management Committee - oversee environmental issues.

The Corporation also has an incident management process in place to ensure a fast and effective response to any accidents or incidents.

The first Environmental Review and Improvement Program report (ERIP) which provides a comprehensive overview of the Corporation's environmental performance was released in November 1999 and can be viewed on our web site - www.watercorporation.com.au

Ministerial directions

Under Section 64 (1) of the Water Corporation Act 1995 the Minister for Water Resources may give directions in writing to the Corporation generally with respect to the performance of its functions and, subject to Section 65, the Corporation is to give effect to any such direction. During the period under review, no direction was given by the Minister.

State of affairs

There were no significant changes that occurred during the year ended 30 June 2000 in the state of affairs of the Corporation not otherwise disclosed in this report, or the financial statements.

Events subsequent to balance date

Since the end of the financial year on 30 June 2000 and the date of this report, the directors are not aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly or may significantly affect the Corporation's operations, the results of those operations or the Corporation's state of affairs in subsequent financial periods.

Likely developments

Likely developments in the operations of the Corporation are covered elsewhere in the report. Any further information regarding likely developments in the operations and expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the directors, it would prejudice the interests of the Corporation.

Directors' interests and benefits

In the 12 months to 30 June 2000, no director received or became entitled to receive any benefit (other than a benefit included in the total amount of remuneration received or due and receivable by directors) by reason of a contract made by the Corporation with the director, or with a firm of which the director is a member, or with an entity in which the director has a substantial interest.

Indemnification of directors and auditors

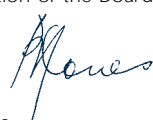
In the 12 months ended 30 June 2000, the Corporation has not indemnified against a liability, a person who is or has been a director or auditor of the Corporation.

During the period ended 30 June 2000, the Corporation paid insurance premiums in respect of directors' and officers' liability insurance for any past, present or future commissioner, director, board/committee member, secretary, executive officer or employee of the Water Corporation.

Rounding of amounts

The Corporation satisfies the requirements of Clause 32 of Schedule 3 contained in the *Water Corporation Act 1995* and, accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

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


P.V. Jones
CHAIRMAN


J.I. Gill
MANAGING DIRECTOR
PERTH, 29 August 2000

financial statements for the period ended 30 June 2000

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profit & loss statement

for the period ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
Operating revenue	2	1,004,585	931,145
Operating profit before interest, income tax and developers' contributions		367,204	350,001
Net interest expense	2	(33,123)	(32,142)
Developers' contributions received	2	118,157	102,283
Operating profit before income tax		452,238	420,142
Income tax attributable to operating profit	3	(139,894)	(158,570)
Operating profit after income tax		312,344	261,572
Retained profits at the beginning of the year		13,952	13,952
Dividends provided for or paid	15	(201,215)	(196,111)
Aggregate of amounts transferred to reserves	14	(75,620)	(65,461)
Retained profits at the end of the year		49,461	13,952

The above Profit and Loss Statement should be read in conjunction with the accompanying notes.

balance sheet

as at 30 June 2000

	Note	30 June 2000 \$'000	30 June 1999 \$'000
Current assets			
Cash		23,149	15,742
Receivables	4	91,677	100,124
Investments	5	4,664	4,387
Inventories	6	6,366	9,940
Other	7	2,417	3,363
Total current assets		128,273	133,556
Non-current assets			
Property, plant and equipment	8	8,991,114	8,718,639
Other	7	54,488	66,491
Total non-current assets		9,045,602	8,785,130
Total assets		9,173,875	8,918,686
Current liabilities			
Accounts Payable		89,791	77,873
Borrowings	9, 17	714	80,846
Provisions	10	171,616	113,532
Other	11	6,184	6,617
Total current liabilities		268,305	278,868
Non-current liabilities			
Borrowings	9	576,121	461,835
Provisions	10	236,497	197,325
Other	11	22,568	21,403
Total non-current liabilities		835,186	680,563
Total liabilities		1,103,491	959,431
Net assets		8,070,384	7,959,255
Equity			
Share Capital	12	1	1
Owner's Initial Contribution	13	7,326,676	7,326,676
Reserves	14	694,246	618,626
Retained profits		49,461	13,952
Total equity		8,070,384	7,959,255

The above Balance Sheet should be read in conjunction with the accompanying notes.

statement of cash flows

for the period ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
Cash flows from operating activities			
Receipts from customers		630,891	569,113
Interest received		3,748	4,620
Interest and other costs of finance paid		(42,381)	(38,080)
Payments to suppliers and employees		(266,172)	(245,594)
Income taxes paid		(99,843)	(123,847)
Community Service Obligation (CSO) contributions		205,617	192,124
Developers' contributions		71,888	66,002
Other		35,736	36,314
Net cash from operating activities	16	539,484	460,652
Cash flows from investing activities			
Payments for property, plant and equipment		(451,528)	(347,347)
Proceeds from sale of property, plant and equipment		20,088	7,763
Deposits		(250)	(1,349)
Net cash used in investing activities		(431,690)	(340,933)
Cash flows from financing activities			
Repayment of borrowings		(110,883)	(77,970)
Proceeds from borrowings		145,000	192,000
Repayment of Unfunded Superannuation		-	(60,263)
Dividends paid		(134,504)	(163,883)
Net cash used in financing activities		(100,387)	(110,116)
Net increase in cash held		7,407	9,603
Cash at the beginning of the year		15,742	6,139
Cash at the end of the year	16	23,149	15,742

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared on the accrual accounting basis and in accordance with the historical cost convention, except for certain non current assets which are recorded at valuation (refer Notes 1.3 and 1.4).

Except where specifically noted, the accounting policies used are consistent with those adopted in the previous year.

The financial statements are a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and the requirements of the *Water Corporation Act 1995*.

1.2 Revenue

1.2.1 Sales revenue

(a) Revenue from annual service charges and volume charges is shown in the Profit and Loss Statement as the amounts levied and billed for the period, including interest on overdue amounts, less discounts allowed for prompt payment and rebates/concessions allowed to entitled customers. Revenue also includes an estimate for the value of water consumed but not billed at balance date.

(b) Other fees and charges include design fees, building fees, industrial waste charges, plumbing inspection fees, sewerage testing fees, fire service charges and other miscellaneous revenue received.

(c) Community Service Obligation (CSO) Contributions are received from the State Government for:

- costs in respect of country water, sewerage, drainage and irrigation services;
- infill sewerage program; and
- revenue forgone, plus agreed administration costs, from rebates and concessions to Pensioners, Seniors and various exempt bodies on annual service charges, water consumption charges and other fees and charges.

1.2.2 Other revenue

(a) Gross proceeds on sale of assets are included.

(b) Interest received / receivable is included.

(c) Developers' Contributions are recognised as revenue.

1.3 Property, plant and equipment

Property, plant and equipment represent the capital works and plant required for the operation of the Corporation and comprise:

(a) works carried out under the capital investment program, which are initially recorded at cost. Cost includes direct materials and labour together with a proportion of management and administration overheads, and an allowance for capitalised interest on major works in progress, when applicable. Interest costs incurred on external borrowings specifically raised for the acquisition or construction of qualifying assets are capitalised in accordance with AASB1036 "Borrowing Costs";

(b) works carried out by or on behalf of developers, which are taken over by the Corporation free of charge and initially recorded at amounts which represent cost to the developers. Where sufficient information on the cost is not available, engineering staff of the Corporation makes an estimate of fair value;

(c) works taken over as going concerns, which are initially valued at "fair value"; and

(d) other property, plant and equipment, which are initially recorded at cost.

notes to and forming part of the financial statements

for the period ended 30 June 2000

1.4 Revaluation of property, plant and equipment

Land and buildings are independently valued every three years and, where appropriate, the directors may determine that the carrying amount is to be adjusted. Plant and equipment are revalued comprehensively every three to five years at current written down replacement value, using the deprival methodology in accordance with "Guidelines in Accounting Policy for Valuation of Government Trading Enterprises - using current valuation methods" issued in October 1994 by the Steering Committee on National Performance Monitoring of Government Trading Enterprises.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount (the recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal). Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets.

In addition to periodic revaluations, asset values were reviewed annually by applying appropriate economic and engineering indices. In previous years, asset values were adjusted bi-annually on this basis. In 1998-99 and 1999-2000 the directors elected not to adjust asset values. Asset value increments and decrements are brought to account in accordance with AASB 1010 "Accounting for the Revaluation of Non Current Assets".

Capital Gains Tax which may become payable has not been taken into account in determining revalued amounts.

1.5 Inventories

Inventories consist of consumable engineering supplies and spares required for maintenance and operation of systems and for general construction works. They are valued at the lower of cost and net realisable value, with cost based on the weighted average purchase price (by means of continuous calculation) of the respective items.

1.6 Provisions

1.6.1 Depreciation of property, plant and equipment

In order to recognise the loss of service potential of fixed assets, depreciation is charged as an expense in the Profit and Loss Statement on a straight-line basis over the estimated useful life of an asset, making allowance where appropriate for residual values. The asset lives are reviewed from time to time, taking into account commercial and technical obsolescence, as well as normal wear and tear.

Property, plant and equipment, excluding freehold land, are depreciated over the following average lives:

	<u>Life</u>
Pipelines and fittings	87
Dams, reservoirs, bores and tanks	59
Ocean outfalls	65
Pump stations and treatment plants	56
Drains and channels	99
Other structures	42
Plant and equipment	13
Buildings	42
Computer equipment	5
Vehicles and mobile plant	6

notes to and forming part of the financial statements

for the period ended 30 June 2000

1.6.2 Diminution of inventories

A provision is maintained to allow for the diminution in the value of inventories due to obsolescence and items being surplus to requirements.

1.6.3 Doubtful debts

A provision for doubtful debts is maintained to provide for future bad debts and is based on:

- (a) unsecured debts (serviced properties where the debt does not accrue to the land, sundry debts and licence fees) considered to be unrecoverable at balance date; and
- (b) a general provision based on the level of bad debts from previous years.

Bad debts are written off against the provision during the period in which they are identified.

1.6.4 Insurance

The Corporation has in place the following insurance policies:

- (a) Property and Business Interruption insuring against significant loss of assets (other than pipelines and tunnels which are considered low risk due to their wide distribution);
- (b) Public and Products Liability;
- (c) Directors and Officers;
- (d) Workers Compensation;
- (e) Comprehensive vehicle (including road registered plant);
- (f) Corporate Travel; and
- (g) Principal Controlled Construction Insurance.

In addition, the Corporation self-insures, through the maintenance of an Insurance Provision, risks associated with:

- (a) pipes and tunnels, hired plant, transit loss and engineering failure;
- (b) increased cost of operations consequent upon a property loss associated with one of the above; and
- (c) environmental impairment.

notes to and forming part of the financial statements

for the period ended 30 June 2000

1.7 Employee entitlements

1.7.1 Long service leave

A Long Service Leave Provision is maintained to provide for employee long service leave benefits which are assessed by reference to calculation of leave liabilities for employee service to balance date.

These liabilities include 100% of the value of outstanding entitlements available to employees at balance date plus 95% of the value of pro-rata long service leave liability accrued to balance date. Values are based on nominal amounts plus a percentage for on-costs.

1.7.2 Annual leave

A Provision for Annual Leave is maintained to provide for annual leave benefits which are assessed on the basis of calculated leave entitlements at balance date.

Values are based on nominal amounts plus a percentage for on-costs.

1.7.3 Sick leave

Sick leave is expensed in the year in which it is incurred in line with AASB 1028 "Accounting for Employee Entitlements" which requires a provision to be made only when it is probable that settlement will be required.

Non-vesting sick leave is provided to employees (leave accumulates but is only paid when a valid claim is received, and it is foregone upon cessation of employment).

1.7.4 Superannuation

The Corporation sponsors the following superannuation arrangements:

- (a) the State Superannuation Pension Fund, which closed to contributory members on 15 August 1986 (refer Note10(a));
- (b) the Gold State Superannuation Scheme (GSSS), a lump sum scheme which was opened to contributory members on 1 July 1987 and closed on 29 December 1995; and
- (c) the Water Corporation Superannuation Plan (WCSP) for former non-contributory members of the West State Superannuation Fund and those employees who are not members of GSSS.

The trustee company, Water Corporation Superannuation Pty Ltd, manages the WCSP which was established in November 1997. The company comprises of six directors, three of whom are nominated by the Water Corporation and the other three are elected by the WCSP members.

When the State Superannuation Pension Fund closed, contributory members could elect to stay with this Fund, or transfer to the GSSS in which case their past service liability was converted to a lump sum equivalent.

A detailed actuarial assessment is performed every year to determine the present value of the Corporation's superannuation liability. As a consequence, a full provision has been made to cover:

- (a) the past service liability for those employees who remain contributory members of the former State Superannuation Pension Fund; and
- (b) the past service liability, converted to a lump sum equivalent, of employees who transferred membership from the former State Superannuation Pension Fund to the GSSS.

In respect to the superannuation liability for those employees who were employed by the Country Areas Water Supply Section of the Public Works Department (PWD) prior to 1 July 1985, State Treasury meets the present value of future cost of their pensions and these costs are not reflected in the financial statements.

notes to and forming part of the financial statements

for the period ended 30 June 2000

1.8 Tax equivalent regime (TER)

The Corporation is subject to certain taxes, including Sales Tax and Income Tax, under the *State Enterprises (Commonwealth Tax Equivalents) Act 1996*. These taxes are expensed in the year in which they are incurred.

1.9 Tax effect accounting

The Corporation is exempt from the Commonwealth of Australia's Income Tax Assessment Act but makes income tax equivalent payments to the Western Australian Government. It uses the liability method of tax-effect accounting under AASB 1020 "Accounting for Income Tax (Tax-effect Accounting)". Under the liability method, the income tax expense shown in the Profit and Loss Statement is based on the pre-tax accounting profit, adjusted for any permanent differences.

Timing differences are brought to account as either a Provision for Deferred Income Tax or as an asset described as Future Income Tax Benefit. The balances in these statements have been valued at the income tax rate to be applied to the reversal of these timing differences.

Future income tax benefits in relation to timing differences are brought to account when realisation of the asset is assured beyond reasonable doubt. Future tax benefits in relation to tax losses are brought to account when the benefit can be regarded as being virtually certain of realisation.

1.10 Developers' Contributions

The Corporation currently receives capital contributions from external parties in the form of either assets or cash. These are commonly called Developers' Contributions and consist of:

- (a) headworks contributions - developers are required to make standard contributions towards the cost of headworks necessary to provide reticulation services within a subdivision;
- (b) handover works - as a condition of subdivision, developers are required to provide water and, in most areas, sewerage services to individual blocks. These services are connected to the existing system and handed over to the Corporation free of charge;
- (c) work performed for developers - as an alternative to developers arranging for the installation of reticulation services, the Corporation may be requested to provide these, with the developer paying the cost at an agreed quotation; and
- (d) notional capital surcharge - companies supplied water through special agreements are required to make additional capital payments if they exceed the quota of water they have paid for.

These contributions are treated as revenue.

The after tax value of developers' contributions is excluded from the base used to calculate dividend payments and is annually appropriated to a reserve.

1.11 Land held for sale

Land held for sale is valued at the lower of cost and net realisable value. Cost does not include rates and local government tax equivalents, which are expensed as incurred.

1.12 Research and Development expenditure

Research and development costs are either charged to operating profit before income tax as incurred, or deferred, where it is expected beyond any reasonable doubt that sufficient future benefits will be derived to recover those deferred costs. Costs which are to be deferred are included in the cost of assets.

notes to and forming part of the financial statements

for the period ended 30 June 2000

1.13 Financial instruments

1.13.1 Included in equity

Share capital is recorded at par value. There are no special terms or conditions attached to share capital.

1.13.2 Included in liabilities

Accounts payable is recorded at the value of goods and services received.

Borrowings are recognised at the amount of proceeds received. Sinking fund contributions made are used to reduce borrowings, where applicable. Interest is recognised as an expense.

1.13.3 Included in assets

Receivables are initially recorded at the amount of annual service charges and volume charges levied and billed.

Investments represent sinking fund contributions made, as a condition of raising certain loans. Contributions made are treated as part repayment of the principal outstanding on maturity. Interest received is recognised as revenue.

1.14 Foreign currency transactions

Foreign currency items are translated to Australian currency in accordance with AASB 1012 "Foreign Currency Translation" on the following bases:

- transactions are converted at exchange rates approximating those in effect at the date of each transaction; and
- amounts payable and receivable are translated at the rates of exchange ruling as at balance date and the resulting exchange differences are brought to account in determining the profit or loss for the year.

Exchange differences relating to monetary items are included in the profit and loss account, as exchange gains and losses, in the period when the exchange rates change, except where the exchange difference relates to a transaction intended to hedge the purchase or sale of goods or services, in which case the exchange difference is included in the measurement of the purchase or sale.

1.15 Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of projects under construction where they are capitalised up to the date of commissioning or sale.

1.16 Operating licence

The Water Corporation holds an operating licence permitting it to provide water supply services, sewerage services, irrigation services and drainage services. The licence term expires on 28 June 2021.

1.17 Comparison

Certain reclassifications have been made to prior year's statements to enhance comparability with those of the current year.

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 2 OPERATING PROFIT

Operating profit is arrived at after crediting the following revenue:

	2000 \$'000	1999 \$'000
Sales revenue		
Annual service charges	420,902	398,161
Volume charges	198,493	183,333
Other fees and charges	34,776	34,965
Rent received	2,702	1,861
Community Service Obligation (CSO) contributions	205,617	192,124
Total sales revenue	862,490	810,444
Other revenue		
Proceeds from sale of property, plant and equipment	20,123	7,763
Gain on settlement of Superannuation liability	-	5,921
Interest received/receivable	3,815	4,734
Developers' contributions received	118,157	102,283
Total other revenue	142,095	120,701
Total operating revenue (note a)	1,004,585	931,145
Operating profit is arrived at after crediting and charging the following specific items:		
Credits:		
Profit/Loss on sale of property, plant and equipment	812	1,231
Gain on General Loan Fund Repayment (Note 11)	1,710	402
Charges:		
Interest paid or payable to:		
Public and private loans	44,642	36,362
Commonwealth loans	16	29
Local authority loans	414	491
WATC Short term loans	372	227
Developers' deferred liabilities	414	168
Gross Interest expense	45,858	37,277
Less: Amounts capitalised	7,216	-
Interest Expense	38,642	37,277
Severance costs	3,206	2,666
Research and development costs	3,500	3,990
Finance lease	6	1
Write-off of property, plant and equipment (retirements)	13,075	5,461
Depreciation (note b)	204,030	190,159
Net bad debts written off	957	1,957
Net charge to Provision for doubtful debts	915	595
Provision for diminution in the value of inventories	39	37
Provision for insurance	2,682	1,458
Provision for long service leave	5,180	3,971
Provision for annual leave	9,974	9,962
Provision for superannuation	13,641	17,544
Provision for workers compensation	971	268
Operating lease rentals	1,009	1,114

note a The format of the Profit and Loss Statement now recognises total operating revenue whereas in prior years the value recognised was revenue before developers' contributions and interest income.

notes to and forming part of the financial statements

for the year ended 30 June 2000

note b Depreciation expense relates to the following classes of assets:

	2000 \$'000	1999 \$'000
System assets:		
Pipelines and fittings	112,202	108,973
Dams, reservoirs, bores and tanks	14,125	13,824
Ocean outfalls	2,318	2,301
Pump stations and treatment plants	10,305	9,731
Drains and channels	1,367	1,558
Other structures	1,784	1,806
Plant and equipment	26,091	24,907
Land and Buildings:		
Buildings	4,446	4,369
Plant and Equipment		
Plant and equipment	4,349	3,719
Computer equipment	21,110	13,797
Vehicles and mobile plant	5,933	5,174
	204,030	190,159

NOTE 3 INCOME TAX

The prima facie tax on operating profit is reconciled to the income tax expense in the Profit and Loss Account as follows:

	2000 \$'000	1999 \$'000
Operating profit before income tax	452,238	420,142
Income tax on the operating profit at 36%	162,806	151,251
Tax effect of permanent differences which reduce tax payable:		
Additional research and development deduction	(360)	(400)
Non-assessable profits on disposal of assets and sale of non-current assets	(501)	(1,044)
Gain on early repayment of General Loan Fund	(616)	(145)
Over provision of tax in previous years	(10)	-
Tax effect of permanent differences which increase tax payable:		
Non-deductible depreciation	4,704	7,543
Other items	35	35
Under provision of tax in prior years	-	1,330
Restatement of deferred tax balances due to income tax rate changes	(26,164)	-
Income tax adjusted for permanent differences	139,894	158,570
Income tax attributable to operating profit comprises:		
Provision for current income tax	88,133	112,646
Future income tax benefit	750	824
Provision for deferred income tax	77,175	43,770
Under provision in prior year	-	1,330
Restatement of deferred tax balances due to income tax rate changes	(26,164)	-
	139,894	158,570

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 4 RECEIVABLES

Receivables at balance date were as follows:

	2000 \$'000	1999 \$'000
Receivables	95,099	102,663
Less provision for doubtful debts	(3,422)	(2,539)
	91,677	100,124

NOTE 5 INVESTMENTS

As a condition of raising certain loans, funds of the Water Corporation are invested with WA Treasury Department in the form of sinking funds. Contributions made are treated as part repayment of the principal outstanding on maturity.

Investments earn interest at rates determined by the WA Treasury Department. For the year ending 30 June 2000 the average rate was 5.3% (1999: 5.3%).

NOTE 6 INVENTORIES

The composition of inventories at balance date were as follows:

	2000 \$'000	1999 \$'000
Consumables and spares, at cost	6,577	10,111
Less provision for diminution of inventories	(211)	(171)
	6,366	9,940

NOTE 7 OTHER ASSETS

Other assets at balance date were as follows:

	2000 \$'000	1999 \$'000
Current		
Prepayments	1,752	2,698
Land held for sale (note a)	665	665
	2,417	3,363
Non-current		
Pensioners rate deferrals (note b)	10,821	10,239
Future income tax benefit	43,667	56,252
	54,488	66,491
	56,905	69,854

note a Land held for sale is carried at cost (refer Note 8 (b)). The Corporation has not incurred any costs in developing the land.

note b Annual service charges deferred by eligible pensioners, which will be realised on sale of property or from the estate.

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

Refer to Notes 1.3, 1.4 and 1.6.1.

The assets comprising property, plant and equipment are detailed as follows:

	Gross Asset Value 2000 \$'000	Accumulated Depreciation 2000 \$'000	Net Asset Value 2000 \$'000
System assets (note a)			
Pipelines and fittings - at directors' valuation 1998	6,610,632	527,106	6,083,526
Pipelines and fittings - at cost	371,960	6,071	365,889
Dams, reservoirs, bores and tanks - at directors' valuation 1998	830,716	67,468	763,248
Dams, reservoirs, bores and tanks - at cost	17,230	441	16,789
Ocean outfalls - at directors' valuation 1998	86,578	11,019	75,559
Ocean outfalls - at cost	182	8	174
Pump stations and treatment plants - at directors' valuation 1998	291,587	43,116	248,471
Pump stations and treatment plants - at cost	61,704	1,689	60,015
Drains and channels - at directors' valuation 1998	72,907	7,209	65,698
Drains and channels - at cost	171	3	168
Other structures - at directors' valuation 1998	57,555	8,718	48,837
Other structures - at cost	2,463	101	2,362
Plant and equipment - at directors' valuation 1998	322,312	106,778	215,534
Plant and equipment - at cost	91,684	6,091	85,593
Total system assets	8,817,681	785,818	8,031,863
Land and buildings			
Land - at cost (note b)	121,150	-	121,150
Buildings and associated works - at directors' valuation 1998 (note b)	116,345	21,122	95,223
Buildings and associated works - at cost	7,660	283	7,377
Total land and buildings	245,155	21,405	223,750
Plant and equipment			
Plant and equipment - at directors' valuation 1998 (note a)	36,580	17,471	19,109
Plant and equipment - at cost (note a)	7,898	890	7,008
Computer equipment and software - at cost	109,961	41,716	68,245
Vehicles and mobile plant - at cost	56,863	14,432	42,431
Total plant and equipment	211,302	74,509	136,793
Plant and equipment under lease	81	3	78
Works in progress at cost	598,630	-	598,630
Value of property, plant and equipment	9,872,849	881,735	8,991,114

note a Refer to Note 1.4. At 1 July 1994, all the plant and equipment integral to the Water Authority of Western Australia's system was independently revalued at current written down replacement value using the deprival method. Using appropriate economic and engineering indices, this valuation was subsequently indexed to December 1995 prices, which were taken over by the Water Corporation on 1 January 1996. The Corporation has subsequently indexed the value of these assets to March 1998 prices. In determining recoverable amount for all classes of assets, cash flows have not been discounted to their present values.

note b The Valuer General's Office of Western Australia (VGO) has provided a "current use" valuation for land and buildings owned by the Water Corporation of \$518.077 million, effective 1 January 1998. The VGO carried out the valuation in accordance with "Guidelines in Accounting Policy for Valuation of Government Trading Enterprises - using current valuation methods" issued in October 1994 by the Steering Committee on National Performance Monitoring of Government Trading Enterprises (refer Note 7 (a)).

notes to and forming part of the financial statements

for the year ended 30 June 2000

Comparative figures for 1999 are as follows:

	Gross Asset Value 1999 \$'000	Accumulated Depreciation 1999 \$'000	Net Asset Value 1999 \$'000
System assets (note a)			
Pipelines and fittings - at directors' valuation 1998	6,617,141	420,734	6,196,407
Pipelines and fittings - at cost	177,714	1,621	176,093
Dams, reservoirs, bores and tanks - at directors' valuation 1998	837,077	55,081	781,996
Dams, reservoirs, bores and tanks - at cost	5,284	88	5,196
Ocean outfalls - at directors' valuation 1998	86,813	8,783	78,030
Pump stations and treatment plants - at directors' valuation 1998	291,776	34,671	257,105
Pump stations and treatment plants - at cost	34,352	524	33,828
Drains and channels - at directors' valuation 1998	72,907	5,845	67,062
Drains and channels - at cost	23	-	23
Other structures - at directors' valuation 1998	57,843	7,081	50,762
Other structures - at cost	1,372	50	1,322
Plant and equipment - at directors' valuation 1998	327,345	87,369	239,976
Plant and equipment - at cost	48,615	1,854	46,761
Total system assets	8,558,262	623,701	7,934,561
Land and buildings			
Land - at cost (note b)	126,244	-	126,244
Buildings and associated works - at directors' valuation 1998 (note b)	116,718	17,069	99,649
Buildings and associated works - at cost	4,316	78	4,238
Total land and buildings	247,278	17,147	230,131
Plant and equipment			
Plant and equipment - at directors' valuation 1998 (note a)	37,366	14,310	23,056
Plant and equipment - at cost (note a)	585	68	517
Computer equipment and software - at cost	75,088	20,606	54,482
Vehicles and mobile plant - at cost	53,909	13,940	39,969
Total plant and equipment	166,948	48,924	118,024
Plant and equipment under lease	79	3	76
Works in progress at cost	435,847	-	435,847
Value of property, plant and equipment	9,408,414	689,775	8,718,639

note c Capitalised Borrowing Costs

	2000 \$'000	1999 \$'000
Borrowing costs capitalised	7,216	-
Capitalisation Rate	6.13%	-

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 9 BORROWINGS

9.1 Borrowings at balance date were as follows:

	2000 \$'000	1999 \$'000
Current		
Unsecured:		
WATC liquidity facility (note 17)	-	80,000
Public and private loans	97	147
Commonwealth loans	54	100
Local authority loans (note a)	563	599
	714	80,846
Non-current		
Unsecured:		
Public and private loans	573,141	458,237
Commonwealth loans	-	55
Local authority loans (note a)	2,980	3,543
	576,121	461,835
	576,835	542,681

note a Local authority loans

Loans have been arranged by local government authorities with private lenders, and the liability has passed to the Corporation so that funds would be available to finance water and sewerage capital works in the particular local authority area.

9.2 Amounts payable in respect of current and non-current borrowings is as follows:

	2000 \$'000	1999 \$'000
Not later than one year	148,443	196,907
Later than one year but not later than two years	46,963	37,680
Later than two years but not later than five years	140,124	112,198
Later than five years	241,305	195,896
	576,835	542,681

The above current and non-current borrowings reflect amounts that will be repaid as well as amounts that will mature and be refinanced simultaneously.

notes to and forming part of the financial statements

for the year ended 30 June 2000

NOTE 10 PROVISIONS

	2000 \$'000	1999 \$'000
Current		
Dividends (See Note 15)	106,154	39,443
Provision for current income tax	39,728	51,582
Insurance	500	500
Employee entitlements:		
Long service leave	8,787	6,082
Annual leave	11,047	10,225
Superannuation (note a)	5,000	5,000
Workers compensation	400	700
	171,616	113,532
Non-current		
Provision for deferred income tax	175,551	136,232
Insurance	9,191	9,191
Employee entitlements:		
Long service leave	11,711	11,389
Superannuation (note a)	38,956	39,221
Workers compensation	1,088	1,292
	236,497	197,325
	408,113	310,857

note a Superannuation

At June 2000, a detailed actuarial assessment was conducted by PricewaterhouseCoopers to identify the present value of the Corporation's superannuation liability as at 30 June 2000. Based on that assessment, the Corporation's liability for superannuation benefits is as follows:

	2000 \$'000	1999 \$'000
Past service benefits of pension fund contribution	12,212	12,542
Pre-transfer service benefits for lump sum contribution	37,241	38,553
Less assessed WA Treasury liability	(5,497)	(6874)
	43,956	44,221

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 11 OTHER LIABILITIES

Other liabilities at balance date were as follows:

	2000 \$'000	1999 \$'000
Current		
Developers' deferred liabilities	2,641	2,817
Deposits	1,833	2,090
Deferred gain on repayment of General Loan Fund (note a)	1,710	1,710
	6,184	6,617
Non-current		
Developers' deferred liabilities	7,029	4,161
Deposits	1,859	1,852
Deferred gain on repayment of General Loan Fund (note a)	13,680	15,390
	22,568	21,403
	28,752	28,020

note a The gain on General Loan Fund repayment occurred in the year ended 30 June 1999 when the Corporation repaid \$23.401 million in settlement of non interest bearing debt of \$40.753 million. The gain on repayment of the debt is being amortised over a ten-year period commencing 1 July 1999, which is the period over which the benefits are anticipated to be realised.

NOTE 12 SHARE CAPITAL

Authorised capital of 1 ordinary share of \$1,000 has been issued to the Minister for Water Resources in accordance with Section 72 of the *Water Corporation Act 1995*. Consideration for the share was provided from Owner's Initial Contribution. (See Note 13).

NOTE 13 OWNER'S INITIAL CONTRIBUTION

Owner's initial contribution is the portion of the residual interest in the Water Authority of Western Australia's assets, after deducting the liabilities, that was transferred from the Water Authority of Western Australia to the Water Corporation on 1 January 1996. During 1998, \$1,000 was transferred from owner's initial contribution to share capital to reflect the value of 1 ordinary share issued. (See Note 12).

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 14 RESERVES

The reserves at balance date were as follows:

	2000 \$'000	1999 \$'000
General Reserve for Capital Works	100,000	100,000
Developers' Contribution Reserve	271,440	195,820
Asset Revaluation Reserve	322,806	322,806
Total Reserves	694,246	618,626

14.1 General Reserve for Capital Works

During the year there was no movement in the General Reserve for Capital Works.

14.2 Developers' Contribution Reserve

Refer to Note 1.10. Movement in the Developers' Contribution Reserve for the year was as follows:

	2000 \$'000	1999 \$'000
Opening balance	195,820	130,359
Transfers in (note a)	75,620	65,461
Closing balance	271,440	195,820

note a Transfers in is made up of headworks contributions, handover works and work performed for developers net of income tax expense.

14.3 Asset Revaluation Reserve

During the year there was no movement in the Asset Revaluation Reserve due to the non-indexation of assets (refer Note 8a and 8b).

NOTE 15 DIVIDENDS

The Corporation may pay interim dividends on or before 30 June each year (where approved by the Board) and final dividends on or before 30 October each year to the Treasurer of Western Australia.

	2000 \$'000	1999 \$'000
Interim dividend paid during the year	95,061	156,668
Provision for final dividend	106,154	10,026
Provision for special dividend	-	29,417
Total dividends	201,215	196,111

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 16 STATEMENT OF CASH FLOWS

16.1 Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks.

Cash held at bank is earning interest at rates determined by the WA Treasury Department. For the year ending 30 June 2000 the average rate was 5.3% (1999: 5.3%).

16.2 Reconciliation of net cash expended on operating activities to operating profit after income tax

	2000 \$'000	1999 \$'000
Operating profit after income tax	312,344	261,572
Decrease/(Increase) in receivables	9,686	(13,008)
(Gain)/Loss on disposal of assets	(812)	(1,231)
Loss on assets retired	13,075	5,461
Developers' contributions	(46,269)	(36,281)
Gain on repayment of superannuation liability	-	(5,921)
Capitalisation of interest expense	(7,216)	-
Provisions:		
Doubtful debts	(884)	(1,362)
Diminution of inventories	39	6
Superannuation - net	1,030	1,029
Long service leave - net	3,028	1,862
Annual leave - net	822	1,876
Workers' compensation - net	(504)	(825)
Depreciation	204,030	190,159
Amortisation of GLF loan	(1,710)	(402)
Income tax	40,051	34,723
Prepayments	945	(480)
Inventories	3,534	3,607
Increase in sundry creditors	8,295	19,867
Net cash received from operating activities	539,484	460,652

NOTE 17 FINANCING FACILITIES

The Corporation has up to \$120 million (1999: \$100 million) available of a liquidity facility established with the Western Australian Treasury Corporation to fund short term liquidity needs. At 30 June 2000 there were no drawings under the facility (1999: \$80 million), and the remaining amount available under the facility was \$120 million (1999: \$20 million).

NOTE 18 SEGMENT REPORTING

The economic entity operates predominantly in the water industry in the one geographical area of Western Australia.

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 19 REMUNERATION

19.1 Directors' remuneration

Fees, salaries and other benefits received or due and receivable by directors for the financial year:

	2000 \$'000	1999 \$'000
	625	558

The number of directors whose total fees, salaries and other benefits received or due and receivable for the financial year, fall within the following bands:

\$10,000 to \$19,999
\$20,000 to \$29,999
\$30,000 to \$39,999
\$40,000 to \$49,999
\$80,000 to \$89,999
\$90,000 to \$99,999
\$270,000 to \$279,999
\$280,000 to \$289,999

	2000 Number	1999 Number
	-	1
	-	1
	-	4
	5	-
	1	1
	1	-
	-	1
	1	-

19.2 Executives' remuneration

Fees, salaries and other benefits received or due and receivable by executives for the financial year:

	2000 \$'000	1999 \$'000
	1,468	1,267

The number of executives whose total fees, salaries and other benefits received or due and receivable for the financial year, fall within the following bands:

\$140,000 to \$149,999
\$150,000 to \$159,999
\$160,000 to \$169,999
\$180,000 to \$189,999
\$190,000 to \$199,999
\$210,000 to \$219,999
\$220,000 to \$229,000
\$270,000 to \$279,999
\$280,000 to \$289,999

	2000 Number	1999 Number
	-	2
	1	1
	1	1
	1	1
	1	-
	-	1
	1	-
	-	1
	1	-

19.3 Auditors' remuneration

The total fees paid or due and payable to the Office of the Auditor General for the year, are as follows:

Fees applicable for the audit of the year involved

	2000 \$'000	1999 \$'000
	143	140

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 20 COMMITMENTS FOR EXPENDITURE

Total capital, other and finance lease expenditure contracted for at balance date but not provided for in the statements is payable as follows:

	2000 \$'000	1999 \$'000
Capital and other expenditure		
Not later than one year	268,357	182,305
Later than one year but not later than two years	84,208	151,502
Later than two years but not later than five years	5,951	49,765
	358,516	383,572
Finance lease expenditure		
Not later than one year	15	14
Later than one year but not later than two years	16	15
Later than two years but not later than five years	31	47
	62	76

NOTE 21 CONTINGENT LIABILITIES

The Corporation is not aware of any circumstances or events that may give rise to a material contingent liability.

Currently the Water Corporation is a party to, or is potentially affected by, a number of native title claims and other legal claims. Until proceedings relating to these claims are finalised, uncertainty exists regarding the impact, if any, on the operations of the Corporation.

NOTE 22 RELATED PARTY DISCLOSURES

Directors

The following persons held the position of director during the financial year:

Hon. P.V. Jones
Mr I.C. Kuba
Ms E.D.R. Skira
Dr J.I. Gill
Dr P.F. Hopwood
Mr C.N. Hyder
Mr D.F. Young

Remuneration received or receivable by directors is disclosed in Note 19.

The Directors of the Water Corporation, or their Director-related entities, conduct transactions with the Water Corporation that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Water Corporation would have adopted if dealing with the Director or Director-related entity at arms length in similar circumstances.

During the year, land was sold to the Department of Conservation and Land Management on normal commercial terms and conditions.

notes to and forming part of the financial statements

for the period ended 30 June 2000

NOTE 23 FINANCIAL INSTRUMENTS

23.1 Interest rate risk exposures

The Corporation is exposed to interest rate risk through financial assets and financial liabilities. The following table summarises interest rate risk for the Corporation, together with effective interest rates as at balance date.

2000	Floating Interest Rate (a) \$'000	Fixed interest rate maturing in				Total \$'000	Average interest rate	
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000		Floating %	Fixed %
Financial Liabilities								
Accounts Payable					89,791	89,791		
Borrowings:								
- Public and private		147,826	185,760	239,652		573,238		8.4
- Commonwealth		54				54		13.1
- Local authority		563	1,327	1,653		3,543		10.9
		148,443	187,087	241,305	89,791	666,626		
Financial Assets								
Cash	23,149					23,149	5.1	
Receivable						91,677		
Investments	4,664					4,664	5.3	
	27,813					91,677		

(a) Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.

23.2 Credit risk exposures

The credit risk on financial assets that has been recognised on the balance sheet, other than cash and investments, is generally the carrying amount, net of any provision for doubtful debts. Most receivables relating to annual service charges and water charges are secured on the rated property. Other receivables are regularly reviewed and provision is made for debts deemed to be doubtful.

23.3 Foreign Exchange

Contracts to buy foreign currency are entered into in order to minimise exposure to movements in exchange rates.

At balance date, one contract was in place to purchase:

- EURO Dollars (EURO) 516,787 at AUD/EURO 0.6305 on 15 September 2000.

23.4 Net fair value of financial assets and liabilities

The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled, in a current transaction between willing parties after allowing for transaction costs.

The net fair value of financial assets and financial liabilities approximates their carrying value, except for the following borrowings:

	Carrying Amount 2000 \$'000	Net Fair Value 2000 \$'000	Carrying Amount 1999 \$'000	Net Fair Value 1999 \$'000
Financial Liabilities				
Borrowings:				
- Public	565,805	605,728	450,805	496,694

directors' declaration

In the opinion of the directors of the Water Corporation:

- (a) the Profit and Loss Statement gives a true and fair view of the Corporation's profit for the year 1 July 1999 to 30 June 2000;
- (b) the Balance Sheet gives a true and fair view of the Corporation's state of affairs as at 30 June 2000;
- (c) the Statement of Cash Flows is drawn up so as to give a true and fair view of the Corporation's cash flows for the year 1 July 1999 to 30 June 2000; and
- (d) at the date of this declaration, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due.

The financial statements are drawn up in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views and the requirements of the *Water Corporation Act 1995*.

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



P.V. Jones
Chairman



J.I. Gill
Managing Director

PERTH, 29 August 2000.

auditor general's report



Auditor General

INDEPENDENT AUDIT REPORT ON WATER CORPORATION

To the Parliament of Western Australia

Scope

I have audited the financial statements of the Water Corporation for the year ended June 30, 2000 comprising the Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, accompanying Notes and Directors' Declaration. The Corporation's Directors are responsible for the financial statements. I have conducted an independent audit of the financial statements in order to express an opinion on them as required by the Water Corporation Act 1995.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with my understanding of the Corporation's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements of the Water Corporation are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the Corporation's financial position at June 30, 2000 and of its performance for the financial year ended on that date; and
 - (ii) the other matters required by schedule 3 of the Water Corporation Act 1995 to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Water Corporation Act 1995; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.



D.D.R. Pearson
Auditor General
August 29, 2000

performance indicators

	Units	Target	1999-00	1998-99	1997-98	1996-97	1995-96
1. Customer Contacts							
Telephone calls to the '13' number answered within 20 seconds	%	≥ 60	64	63	na	na	na
Telephone calls to the '13' number answered within 30 seconds	%	≥ 75	68	71	na	na	na
Telephone calls to the '13' number answered within 60 seconds	%	≥ 85	76	81	na	na	na
Written customer complaints resolved within 21 days	%	≥ 90	97	95	94	97	na
2. Service Standard							
Customer perception of value	%	> 79	73	77	na	na	na
Overall compliance with Operating Licence	%	Full Compliance	See note	Full Compliance	79	na	na
3. Water Provision							
Schemes where water restrictions have been applied	No.	Improvement	1	2	8	6	4
Drinking water quality - total coliforms (Metropolitan)	%	≥ 90.25	97.7	98.2	98.0	na	na
Drinking water quality - thermo-tolerant coliforms (Metropolitan)	%	≥ 95	99.7	99.7	99.7	99	98
Drinking water quality - amoebae (Metropolitan)	%	≥ 95	100	100	100	100	100
Drinking water quality - health-related chemical (Metropolitan)	%	na	100	100	100	99	100
Country localities meeting guideline for total coliforms	%	100	99.1	99.1	na	na	na
Country localities meeting guideline for thermo-tolerant coliforms	%	100	100	99.6	na	na	na
Country localities meeting guideline for amoebae	%	100	99.1	100.0	na	na	na
Country localities meeting guideline for health-related chemical	%	na	94.2	99.6	na	na	na
Customers receiving drinking water of adequate pressure and flow	%	≥ 99.80	99.99	99.96	99.92	99.90	99.91
Customers not experiencing interruption to supply greater than one hour	%	≥ 75	92	93	90	95	na
Water services provided by agreement - customer notification	%	≥ 95	Compliance	Compliance	na	na	na
Water services provided by agreement - documented	%	≥ 90	Compliance	Compliance	na	na	na
Bursts per 100 kilometres of water main	No.	≤ 20	17	18	18	17	19
Irrigation requests fulfilled on time	%	≥ 95	100	100	99.97	99	na
Irrigation scheme water supply samples suitable for industry purposes	%	100	100	100	100	100	100
4. Wastewater Disposal							
Wastewater overflow - customer properties not affected	%	≥ 99.8	99.9	99.9	99.8	99.9	99.8
Blockages per 100 kilometres of sewer	No.	≤ 40	25	23	26	26	28
Design of new urban drainage systems in accordance with standards	%	100	100	100	100	100	na
5. Human Resource							
Lost-time injury frequency rate	No.	< 10	8.3	7.3	8.0	9.9	14
Employee availability	%	> 97	98.3	97.7	96.9	97.0	96.4
6. Environment							
Compliance with licences and conditions issued by WRC, DEP, Ministerial		Full Compliance	Full Compliance	Full Compliance	Full Compliance	na	na
Customer satisfaction with the Corporation's environmental performance	%	> 70	69.5	72.2	70.5	na	na
7. Financial							
EBIT	\$m	386	367	350	337	330	na
Return on fixed assets	%	4.2	4.2	4.1	4.0	3.7	1.3
Return on Equity	%	3.22	3.9	3.3	3.3	5.3	na
Real operating cost per service	\$	≤ 154	160	154	157	164	162

performance indicator notes

- Customer Contacts**
 Telephone responsiveness for the eight months leading up to November 1999 was below our targeted performance, which has impacted on our overall performance for the year. Overall, our target responsiveness was met for the 20 second answered category during the year but fell just short in the 30 and 60 second categories.
 A number of factors contributed to the earlier low performance, including issues associated with the Year 2000, the withdrawal from the Average Daily Usage method of water consumption charging, the telephone management information system itself, peak workloads and staffing and training.
 The system-related issues have been resolved and additional recruitments to the call centre, together with more intensive training on technical issues, has seen performance in all responsiveness categories meeting targets for the last two months of the year.
- Service Standard**
 We continue to track customer reaction to our activities through quarterly surveys. The survey methodology was changed in 1999, which makes comparisons with previous years' results inappropriate. The survey result for 1998-1999 is the result of one quarterly survey using the new methodology, whereas for 1999-2000, the result is the average of four quarterly surveys.
 Customer surveys indicated that customer perception of value has declined during the year. The main drivers of this are perception of water taste and communications. As part of an ongoing program to deal with these issues, we are researching cost-effective ways to improve aesthetic water quality, and providing more information to customers on the source of their water as well as the treatment processes involved. A new Drinking Water Quality Branch was established to provide additional focus in this area.
 Independent operational audits are conducted to assess our compliance with the conditions of our operating licence. The audit will be completed in September 2000.
- Water Provision**
 The town of Sandstone was the only country scheme where water restrictions were required during the year, and these restrictions were lifted on 30 January 2000. Water restrictions are imposed at times of drought or where customer consumption rises beyond the capacity of available supplies.
 During the year, 99.7 per cent of water quality samples for Perth passed tests for thermo-tolerant coliforms, well above the National Health and Medical Research Council (NH&MRC) guideline of 95 per cent. In the 224 country localities assessed, all met the guideline for thermo-tolerant coliforms.
 The Health Department of Western Australia has reviewed all drinking water quality exceptions. Chlorination has been adjusted where necessary. The health-related chemical exceptions have been investigated and are isolated events that do not pose any risk to public health.
- Wastewater Disposal**
 All targets were met for the year.
- Human Resource**
 All targets were met for the year.
- Environment**
 There were no significant breaches of Ministerial conditions, Department of Environmental Protection wastewater treatment plant licences or Water and Rivers Commission water allocation licence conditions during the year and no penalties were incurred.
 A breach is taken as a formal written warning from the regulator threatening further action using a coercive instrument (e.g. infringement notice, court appearance or fine) or the actual use of a coercive instrument.
 Customer satisfaction with our environmental performance was marginally below target. Although down slightly (2.7 per cent) from the previous year, additional market research indicated that the community considers that we are good environmental performers relative to other companies.
- Financial**
 Earnings before interest and tax were 3 per cent below our targeted result. This shortfall was principally due to lower water sales resulting from mild weather and our water use efficiency program.

five-year statistical summary of financial and operating data

	Units	1999 2000	1998 1999	1997 1998	1996 1997	1995 1996 ⁴
FINANCIAL DATA						
Total Operating Revenue	\$'000	1,004,585	931,145	902,958	846,114	358,587
Community Service Obligations	\$'000	205,617	192,124	180,316	182,253	-
Operating Expenses (excl. abnormal)	\$'000	311,380	281,302	282,586	276,567	241,600
Depreciation (replacement cost)	\$'000	204,030	190,159	181,075	173,177	166,762
Net Interest Expense	\$'000	33,123	32,142	38,261	43,024	50,978
Income Tax Expense	\$'000	139,894	158,570	132,624	107,314	22,758
Operating Profit After Tax	\$'000	312,344	261,572	254,271	250,177	47,387
Transfer to / (from) Reserves	\$'000	75,620	65,461	86,489	49,155	96,975
Long-Term Debt	\$'000	576,121	461,835	403,434	556,247	706,563
New Works Investment (excluding developers take-over works)	\$'000	458,000	350,900	290,200	277,296	217,593
New Borrowings	\$'000	115,000	100,000	-	-	-
OPERATING DATA						
Water Services						
Annual Volume of Water Supplied	ML	339,190	325,600	353,009	320,756	315,216
Number of Properties Served at period end ¹	No.	787,351	774,386	764,256	743,687	727,919
Length of Mains ²	km	28,876	28,142	28,172	27,514	27,205
Wastewater Services						
Average Volume of Wastewater Treated Daily	ML	326	306	293	289	275
Number of Properties Served at period end ¹	No.	613,936	588,995	567,158	542,289	518,936
Length of Sewers	km	11,525	10,904	10,238	10,050	9,737
Drainage Services						
Number of Properties Served at period end ^{1,3}	No.	267,160	255,575	251,864	246,944	242,835
Length of Drains	km	2,970	2,968	2,912	2,912	2,900
Irrigation Services						
Volume of Water Delivered	ML	258,160	271,389	481,118	275,960	249,032
Employees						
Total number of FTEs	No.	2,100	2,092	2,075	2,032	2,054
Total number of FTEs (year-end average)	No.	2,090	2,068	2,065	2,026	2,547
Number of lost-time injuries/million man-hours worked	No.	8.3	7.3	8.0	9.9	14.0

All financial figures are expressed in real dollars.

1 Number of properties serviced changed for 1998-1999 to exclude cancelled assessments, incorrectly included in the count.

2 Source altered for determining mains lengths from 1997-1998.

3 Drainage properties serviced is now a count of metropolitan properties only. History has been amended for consistency.

4 Figures for the 1995-96 year are an aggregate of the Water Corporation and former Water Authority.

Share Capital

We issued one share to the Minister for Water Resources at a par value of \$1,000 in November 1997.

Reportable Expenditure

The *Electoral Act 1907* (s175ZE) requires the disclosure of certain categories of expenditure. Details of the organisations contracted and the amounts paid for the financial year are as follows:

The Brand Agency (advertising agency)	\$602,138
Market Equity (market research)	\$439,309
Media Decisions (media advertising)	\$1,591,030

principal statistics

WATER SUPPLY

Region	Properties Served	Water Services	Properties Connected	Length of Mains (Kilometres)	Water # Supplied (Megalitres)	Metered * Water Consumption (Megalitres)	Water Consumption per Service (Kilolitres)
Perth	587,143	510,733	503,730	11,435	241,243	218,698	428
Goldfields	21,940	20,017	19,214	996	13,540	13,233	661
Agricultural	21,326	23,335	16,874	7,572	14,639	9,226	395
Great Southern	31,696	28,486	25,977	3,615	11,750	9,258	325
Mid-West	35,595	28,697	27,762	2,027	15,118	14,606	509
North-West	25,670	22,565	21,498	1,366	21,156	23,898	1,059
South-West	63,981	52,266	51,123	1,865	21,743	18,890	361
Grand Total	787,351	686,099	666,178	28,876	339,190	307,810	449

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

* Metered water consumption is the total of consumers' meter readings for a period which may differ slightly to the above.

METROPOLITAN SOURCES OF SUPPLY

Source	Area of Catchment (Sq km)	Storage Capacity (Megalitres)	Storage at 30/6/2000 (Megalitres)	Percentage of Maximum Storage (%)	Output to 30/6/2000 (Megalitres)
Dams					
South Dandalup	311	205,344	26,332	12.8	26,746
North Dandalup	153	74,849	18,153	24.3	15,872
Serpentine and Serpentine Pipehead	692	140,200	35,540	25.3	31,399
Canning	789	90,353	29,205	32.3	21,545
Wungong	134	59,795	21,659	36.2	13,227
Churchman	16	2,241	1,784	79.6	1,945
Victoria	37	9,463	2,732	28.9	2,327
Mundaring Weir	1,470	63,596	21,865	34.4	2,089
Total	3,602	645,841	157,270	24.4	115,150
Other Hills Sources					
Conjurunup Pipehead	38				6,216
Total Hills Sources Output					121,366
Groundwater					
Artesian Bores					19,328
Mirraboona					17,766
Gwelup					14,997
Wanneroo					54,121
Jandakot					6,822
Neerabup					18,614
Yanchep/Two Rocks					885
Total Groundwater Output					132,533
Gross Output					253,899
Less Transfer to Mundaring Weir					1,903
Less Output to South-West Region (Mandurah)					8,890
Less System Losses (including riparian releases)					1,863
Water Supplied to Metropolitan Area					241,243

principal statistics (continued)

WASTEWATER

Region	Number of Assessments	Total Length of Sewers (Kilometres)	Number of Pumping Stations	Number of Treatment Plants	Average Quantity of Wastewater Treated Daily (Megalitres)
Perth	502,813	8,828	525	9	267
Goldfields	3,131	73	14	4	1
Agricultural	7,123	204	17	13	3
Great Southern	16,300	448	43	13	9
Mid-West	11,828	320	49	15	5
North-West	21,274	417	54	15	18
South-West	51,467	1,235	183	23	23
Grand Total	613,936	11,525	885	92	326

DRAINAGE

Region	Number of Assessments	Length of Drains Controlled (Kilometres)	Declared Drainage Area (Hectares)
Perth	267,160	886	90,530
Great Southern	na	114	39,321
South-West	na	1,970	321,324
Grand Total	267,160	2,970	451,175

IRRIGATION

Region	Number of Assessments	Length of Channels & Drains (Kilometres)	Area Irrigated (Hectares)	Water Supplied (Megalitres)
South-West (Preston Valley) ¹	na	na	na	942
South-West (SWID) ²	na	na	na	110,218
Mid-West (piped)	190	43	2,059	3,670
North-West	196	273	13,000	143,330
Total	386	316	15,059	258,160

¹ Preston Valley District was transferred to a farmer-run co-operative in July 1998.

² South-West Irrigation District (SWID) was transferred to a farmer-run co-operative in August 1996.

EMPLOYEES (FTEs AS AT 30 JUNE 2000)

Metropolitan	1,434
Country	666
Total	2,100

publications and promotional material

WATER

- 10 tips to save 10%: plus lots more money-saving
- Calgon - The Facts
- Canning Dam (Our dams)
- Controlling Perth's Water
- Corrosion control: guidelines (An introduction to)
- Discoloured water / stained laundry
- Kwinana WaterLink: a future directions report
- Kwinana WaterLink project: Perth's industrial water efficiency and coastal protection program for the 21st Century (The)
- Mirrabooka Water Treatment Plant
- Monitor your water consumption and save money (chart)
- Mundaring Dam (Our dams)
- Neerabup Water Treatment Plant (Information sheet)
- North Dandalup Dam (Our dams)
- Showerhead high efficiency (Commercial)
- Showerhead high efficiency (Domestic)
- South Dandalup Dam (Our dams)
- Stirling-Harvey Redevelopment Scheme
- Water meter can save you money (How your)
- Waterwise guide to gardens
- Waterwise guide to homes
- Waterwise guide to inside the home
- Waterwise guide to lawns
- Waterwise guide to new gardens
- Waterwise guide to new homes
- Waterwise guide to new lawns
- Waterwise guide to watering zones
- Waterwise school (How to become a)
- Wungong Dam (Our dams)

WASTEWATER

- Beenyup Wastewater Treatment Plant
- Biosolids (Bulletin)
- Busselton Wastewater Disposal Consultative Environmental Review 1998
- Control of Wastewater Odours (Bulletin)
- Land re-use and disposal of wastewater (Bulletin)
- Marine disposal of treated wastewater (Bulletin)
- Perth Metropolitan wastewater system (Bulletin)
- Protecting your sewer pipes
- Subiaco oil from sludge project (The)
- Subiaco Wastewater Treatment Plant
- Wastewater Treatment (Bulletin)
- What is Wastewater? (Bulletin)
- Woodman Point Wastewater Treatment Plant

DRAINAGE

- Respect Open Water - Be careful near drains

OTHER

- Annual Report 1998-1999
- Customer Charter
- Code of Conduct (1998)
- Code of Conduct manual
- Company One: we mean business
- Conditions for Connection
- Corporate Profile
- Curriculum Framework document (Water Corporation)
- Easyfind Index: Water Corporation Pocket Guide
- Grange: the customer service information system
- Land Development Branch - Branch overview
- Land Development Branch (customer survey questionnaire): we appreciate your comments
- Mainstream (quarterly magazine)
- Minimum standards of people management
- OSH Policy
- Primary teacher resource file
- Promoting diversity for better business performance
- Scholarship 99: international [Water Corporation] student scholarship program 1999
- Spacesafe - working on confined spaces
- Statement of Corporate Intent 1998-99
- Strategic Directions 1999-2000
- Water Corporation Services
- Your contribution to Water Corporation services for your building development
- Your contribution to Water Corporation services for your subdivision development

glossary of terms

Act - Means the *Water Corporation Act 1995* and includes any regulations made under it.

Biosolids - Solids from wastewater treatment that have been processed into products suitable for beneficial use for purposes such as agriculture.

Breaches - A formal written warning from the regulator threatening further action using a coercive instrument (e.g. infringement notice, court appearance or fine) or the actual use of a coercive instrument.

Catchment - The area of land from which surface or groundwater drains to collect in creeks, rivers, lakes, swamps, reservoirs or aquifers.

Corporation - Means the Water Corporation of Western Australia, established under section 4 of the *Water Corporation Act 1995* and includes its directors, employees and agents.

Customer - Means a customer or customers of the Corporation.

Customer Advisory Council - Consists of a group of customer representatives who advise and make recommendation to the Water Corporation on issues affecting customers.

DEP - Department of Environmental Protection.

Drainage services - Includes the collection, transportation, treatment and disposal of surplus water.

EMS - Environmental management system.

EPA - Environmental Protection Authority.

Financial \$ - All financial figures are Australian dollars unless otherwise stated.

GL - Unit of measure. Gigalitres or one million kilolitres.

Greenhouse gas - Atmospheric gases, particularly carbon dioxide, methane and chlorofluorocarbons that contribute to the greenhouse effect. That is, the heating of the earth's atmosphere.

ha - Unit of measure. Hectare.

Infrastructure - Means the structures, plant, equipment and excavations owned or operated by the Corporation, which allow for the collection, treatment, transportation, delivery or disposal of water, wastewater or sewerage.

Interest Cover - Ratio of earnings before interest and tax to interest expense. It is an indicator of long-term solvency.

Irrigation services - Includes the collection and delivery by pipework or open channel of water for irrigation.

ISO14001 - The EMS standard of the International Organisation for Standardisation.

KL - Unit of measure. Kilolitres or one thousand litres.

Main drainage - Drainage infrastructure operated by the Water Corporation.

Minister - Means the Minister for Water Resources.

ML - Unit of measure. Megalitres or one million litres.

OWR - Office of Water Regulation. The organisation that regulates existing and new entrants to the water industry advises on pricing and customer service standards and provides policy and planning advice to the Minister.

PLOOM - Perth Long-term Ocean Outlet Monitoring program.

ROA - Return on Assets. Ratio of earnings before interest and tax to the average value of fixed assets. It is an important profitability ratio for assessing management's performance in using assets to generate earnings.

ROE - Return on Equity. Ratio of operating profit after tax divided by the average annual equity.

Septic tanks - Underground tank used for treatment of wastewater through bacterial activity.

Sewage - The waste matter which passes through sewers containing water (99.5 per cent), solids, faecal micro-organisms, and some industrial waste.

Sewerage system - The network of pipes, pumping stations and treatment plants used to collect, transport, treat and discharge waste.

Stormwater - Rainwater which runs off the land, frequently containing contaminants. This untreated water is carried to stormwater channels (drains) and discharged to creeks, wetlands, rivers, estuaries and the ocean.

Thermo-tolerant coliforms - Generally indicate recent faecal contamination although their presence does not necessarily mean that there is a health hazard.

Wastewater services - Includes the collection, transportation and treatment of wastewater and the disposal of the treated products contained therein.

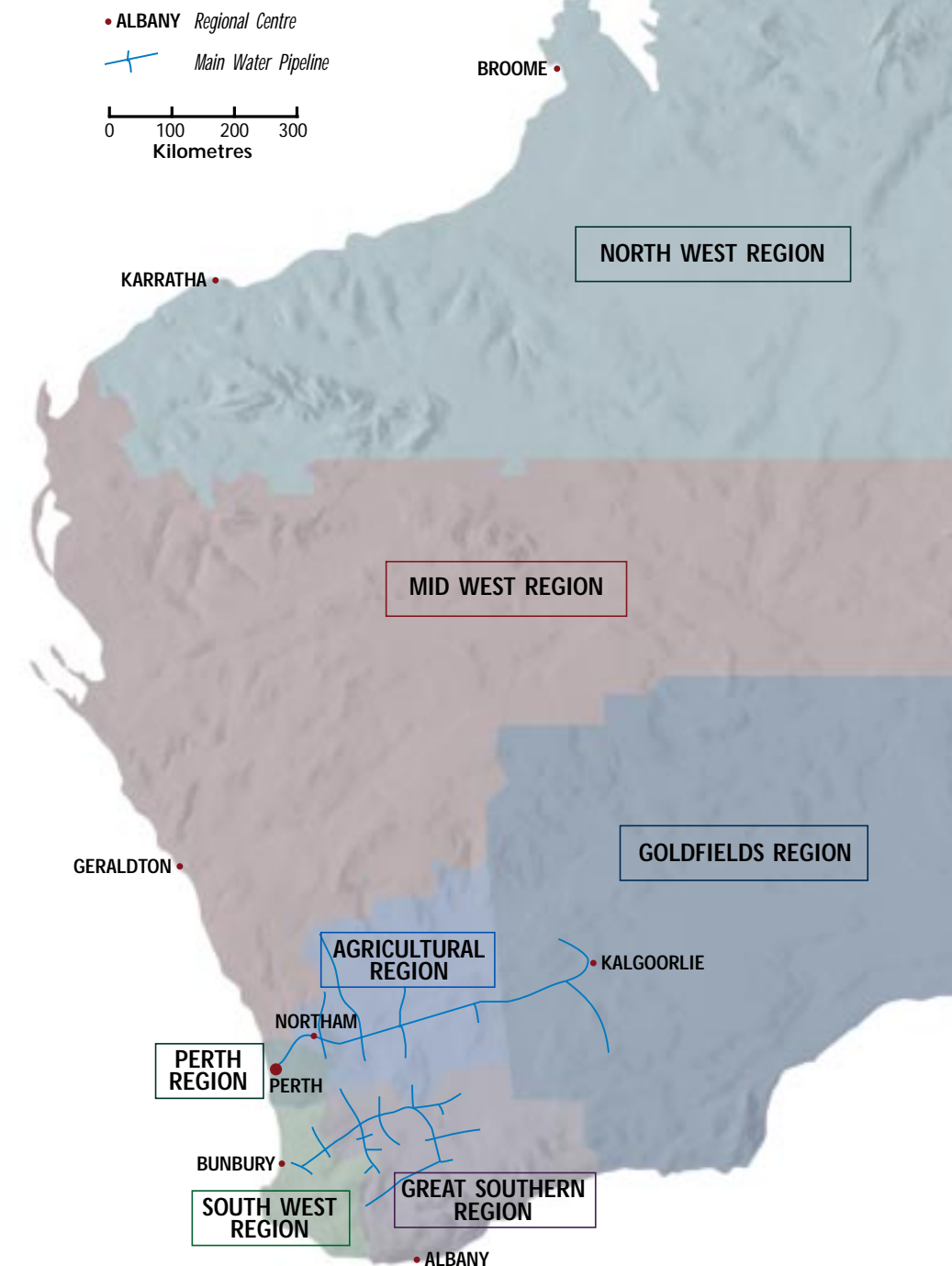
Water services - Means water supply, sewerage, irrigation or drainage services.

Water supply services - Includes the collection, treatment, transfer and delivery of treated water of drinking quality and water of other quality.

WRC - Water and Rivers Commission. The organisation that manages the water resources and waterways of Western Australia.

WWTP - Wastewater treatment plant.

The Water Corporation provides water utility services in over 140 licenced operating areas in seven discrete regions of Western Australia



customer enquiry service

Service Faults and Emergencies
(24 Hours)
Telephone: 13 13 75

General and Customer Account Enquiries
(8am - 5pm)
Telephone: 13 13 85

Technical Enquiries
(8am - 5pm)
Telephone: 13 13 95

Head Office (Leederville)
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