

Quarterly Performance Report

December 2014



Financial Performance

Financial Results (\$'000s)

	Year to Date December 2014				Full Year 2014/15
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue	1,135,229	1,130,456	4,772	1,125,346	2,299,863
Direct operating expenses	411,393	409,527	(1,866)	391,254	903,521
Depreciation / amortisation	225,854	225,913	59	215,194	448,741
Earnings before interest & tax (EBIT)	497,982	495,016	2,965	518,898	947,601
Net interest expense	137,182	138,463	1,281	120,143	283,699
Developers' contribution ⁽¹⁾	180,588	174,668	5,920	131,675	234,750
Operating surplus before tax	541,388	531,222	10,166	530,430	898,652
Income tax expense	162,338	159,260	(3,077)	142,549	269,038
Operating surplus after tax	379,050	371,961	7,088	387,881	629,614
Capital expenditure	288,100	294,800	6,700	617,300	858,535
Borrowings taken (repaid)	37,525	42,525	5,000	(70,000)	280,000
Net debt	5,368,767	5,378,790	10,023	5,254,779	5,742,054

Financial Performance Measures

	Full Year June 2014/15			Last Year
	Forecast	Target	Variance	Actual
Return on assets (%)	5.5	5.4	0.1	5.5
Debt to total assets (%)	34.6	34.7	0.1	33.8
Return on equity (%)	6.5	6.4	0.1	7.0

Net Accruals to Government (\$m)

Represented by:				
Tax equivalents	288.4	284.0	4.4	324.0
Dividends provided ⁽²⁾	508.1	469.3	38.7	487.0
Operating Subsidies				
Non-Commercial Country Services	319.6	317.1	(2.5)	345.0
New or Changed Operating Subsidies	91.0	97.7	6.7	55.0
Revenue Concessions	139.2	140.2	1.0	134.0
Infill Sewerage Program	28.1	27.5	(0.6)	32.0
Total Operating Subsidies	577.9	582.5	4.6	566.0
Net Accrual to Government	218.6	170.8	47.7	245.0

Comments

Year to date operating surplus after tax is \$7.1m higher than budget largely due to higher operating revenue and developers' contribution.

(1) Greater revenue from developers' contribution reflects the earlier than expected handover of water reticulation assets related to development activity in the Perth Region.

(2) Dividends provided are due to higher final dividend payment for the 2013/14 year following stronger than anticipated full year results.

Business Targets & Information

Performance Indicators

Our Customers and Stakeholders

	Forecast	Full Year 2014/15 Target	Status
Customer Performance Index	6.60	6.60	On Target
Perth total per capita consumption	131kl	131kl	On Target

Our Business

Total cost per property (\$)	2,034	2,034	On Target
Net Accruals to Government (\$m)	218.6	170.8	Above Target

People & Culture

Safety Index	80	80	On Target
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Business Information

	Year to Date December	
	2014	2013
Water Properties Connected - Residential	909,506	888,775
- Non-Residential	135,908	131,234
Water Supplied - Metro (ML)	115,708	114,037
Waste Water Treated - Metro (ML)	69,464	69,238

Comments

All performance indicators are forecast to achieve or exceed target levels.

Operating Licence Compliance

The Water Corporation is required to comply with performance standards specified in our Operating Licence.

The table below summarises our current performance against key Operating Licence requirements.

Operating Licence Measures

Water Services

Drought response (number of schemes on restrictions)

December 2014

Actual

Target

Variance

Notes

1

n/a

-

Denmark moved to Stage 5 water restrictions on 03/12/2014

Services provided by agreement and farmlands - annual notification of conditions

-

≥

95%

-

Reported Annually

Design of new urban infrastructure

-

=

100%

-

Reported Annually

Comments

Transition to the new Operating Licence has removed the majority of the performance indicators previously reported with only the three remaining shown above.