

# Quarterly Performance Report

September 2014



# Financial Performance

## Financial Results (\$'000s)

	Year to Date September 2014				Full Year 2014/15
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue	535,723	533,549	2,174	510,619	2,299,863
Direct operating expenses	204,488	205,000	511	191,321	903,521
Depreciation / amortisation	111,240	111,323	83	106,708	448,741
Earnings before interest & tax (EBIT)	219,995	217,226	2,768	212,590	947,601
Net interest expense	67,720	68,132	412	63,220	283,699
Developers' contribution <sup>(1)</sup>	77,799	74,713	3,086	65,292	234,750
Operating surplus before tax	230,074	223,807	6,266	214,661	898,652
Income tax expense	69,005	67,008	(1,998)	62,442	269,038
Operating surplus after tax	161,068	156,799	4,269	152,220	629,614
Capital expenditure	138,300	144,000	5,700	176,600	858,535
Borrowings taken (repaid)	95,000	110,000	15,000	150,000	280,000
Net debt	5,508,170	5,514,123	5,953	5,144,119	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 <sup>(2)</sup>	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	<b>577.9</b>	<b>582.5</b>	<b>4.6</b>	<b>566.0</b>
Net Accrual to Government	<b>218.6</b>	<b>170.8</b>	<b>47.7</b>	<b>245.0</b>

## Comments

Year to date operating surplus after tax is \$4.27 million 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 September	
	2014	2013
Water Properties Connected - Residential	904,408	884,411
- Non-Residential	134,575	130,609
Water Supplied - Metro (ML)	47,504	44,563
Waste Water Treated - Metro (ML)	35,279	35,330

## 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

	September 2014			Notes
	Actual	Target	Variance	
Drought response (number of schemes on restrictions)	0	n/a	-	
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.