

Quarterly Performance Report

December 2015



Financial Performance

Financial Results (\$'000s)

	Year to Date December 2015			Last Year	Full Year 2015/16 SCI Budget
	Actual	Budget	Variance		
Operating revenue	1,167,613	1,164,898	2,715	1,135,229	2,371,549
Direct operating expenses	415,255	406,672	(8,583)	411,393	885,030
Depreciation / amortisation	226,203	227,348	1,145	225,854	464,628
Earnings before interest & tax (EBIT)	526,155	530,878	(4,723)	497,982	1,021,891
Net interest expense ⁽¹⁾	126,448	145,746	19,298	137,182	293,367
Developers' contribution ⁽²⁾	157,962	116,738	41,224	180,588	221,570
Operating surplus before tax	557,669	501,870	55,799	541,388	950,094
Income tax expense	167,367	150,266	(17,101)	162,338	284,470
Operating surplus after tax	390,302	351,604	38,698	379,050	665,624
Capital expenditure	270,900	268,500	(2,400)	288,100	713,300
Borrowings taken (repaid)	-	-	-	37,525	215,000
Net debt	5,491,162	5,552,914	61,752	5,368,767	5,946,137

Financial Performance Measures

	Full Year June 2015/16			Last Year Actual
	Forecast	Target	Variance	
Return on assets (%)	6.2	5.8	0.4	5.8
Debt to total assets (%)	34.6	35.2	0.6	33.8
Return on equity (%)	7.3	6.6	0.7	7.9

Net Accruals to Government (\$m)

Represented by:				
Tax equivalents	327.4	307.6	19.8	346.4
Dividends provided ⁽³⁾	582.7	519.9	62.8	561.8
Operating Subsidies				
Non-Commercial Country Services	358.5	374.1	15.6	320.0
New or Changed Operating Subsidies	33.2	36.7	3.5	106.0
Revenue Concessions	141.7	141.7	-	138.0
Infill Sewerage Program	13.5	13.5	-	9.0
Total Operating Subsidies	546.8	566.0	19.2	573.0
Net Accrual to Government	363.3	261.5	101.8	335.2

Comments

Year to date operating surplus after tax is \$38.7m higher than budget largely due to higher developers' contributions and lower net interest expense.

(1) Lower net interest expense results from a combination of a lower interest rate environment, a higher level of interest able to be capitalised and flow-on impacts from lower borrowings in 2014/15.

(2) Greater revenue from developers' contributions reflects higher levels of asset handovers and building/subdivision activity within the metropolitan area.

(3) Dividends are forecast to be higher due to an increased interim dividend payment for 2015/16 based on projected results, combined with a higher final dividend payment for 2014/15.

Business Targets & Information

Performance Indicators

Our Customers and Stakeholders

	Forecast		Full Year 2015/16 Target	Status
Customer Performance Index	6.83	>=	6.75	On Target
Perth total per capita consumption ⁽¹⁾	133kL	<=	129kL	Worse Than Target

Our Business

Total cost per property (\$)	1,981	<=	1,981	On Target
Net Accruals to Government (\$m)	363.3	>=	261.5	Better Than Target

People & Culture

Safety Index	80	>=	80	On Target
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Business Information

	Year to Date December	
	2015	2014
Water Properties Connected - Residential	934,085	909,506
- Non-Residential	134,672	135,908
Water Supplied - Metro (ML)	121,321	115,697
Wastewater Treated - Metro (ML) ⁽²⁾	67,792	69,464

Comments

1) 'Perth total per capita consumption' is forecast to be worse than target. Based on water use to date, we are currently forecasting total water use as being 10GL over the annual target. This has led to increased engagement with the community to reduce water use.

2) Wastewater treated has decreased from the same period last year due to lower rain water inflows during the previous and current quarters.

All other 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

	December 2015			Notes
	Actual	Target	Variance	
Water Services				
Drought response (number of schemes on restrictions)	0	n/a	-	
Services provided by agreement and farmlands - annual notification of conditions	-	≥ 95%	-	Reported Annually
Drainage - 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.