

Quarterly Performance Report

December 2013

Financial Performance



Financial Results (\$'000s)

	Year to Date December 2013				
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue	1,125,346	1,116,566	8,780	948,430	2,192,716
Direct operating expenses	391,254	396,834	5,580	375,167	875,715
Depreciation / amortisation	215,194	212,452	(2,742)	197,133	423,582
Earnings before interest & tax (EBIT)	518,898	507,280	11,618	376,129	893,419
Net interest expense	120,143	137,316	17,173	117,181	288,532
Developers' contribution ⁽¹⁾	131,675	120,750	10,925	96,740	217,500
Operating surplus before tax	530,430	490,715	39,715	355,688	822,387
Income tax expense	142,549	131,827	(10,723)	106,262	246,158
Operating surplus after tax	387,881	358,888	28,993	249,426	576,229
Capital expenditure	617,300	624,000	6,700	455,100	999,866
Borrowings taken (repaid) ⁽²⁾	(70,000)	(70,000)	-	(25,000)	(5,000)
Net debt	5,254,779	5,239,015	(15,764)	4,537,372	5,446,132

Financial Performance Measures

	Full Year June 2013/14			Last Year
	Forecast	Target	Variance	Actual
Return on assets (%)	5.4	4.9	0.5	4.4
Debt to total assets (%)	32.2	32.4	0.2	33.0
Return on equity (%)	6.0	6.0	-	5.4

Net Accruals to Government (\$m)

Represented by:

Tax equivalents	297.2	294.0	3.2	210.0
Dividends provided ⁽³⁾	458.5	430.4	28.1	366.0
Operating Subsidies				
Non-Commercial Country Services	351.7	345.3	(6.4)	253.0
New or Changed Operating Subsidies	76.3	89.0	12.7	39.0
Revenue Concessions	132.3	132.0	(0.3)	116.0
Infill Sewerage Program	35.2	35.0	(0.2)	28.0
Total Operating Subsidies	595.5	601.3	5.8	436.0
Net Accrual to Government	160.2	123.1	37.1	140.0

Comments

Year to date operating surplus after tax is \$29.0 million higher than budget largely due to higher operating revenue.

(1) Greater revenue from developers' contributions reflects the earlier than expected handover of water reticulation assets related to development activity in the Perth and North-West regions

(2) Year-to-date, the Corporation has repaid \$70 million of borrowings. Borrowings for the year are forecast at \$115 million, up from the -\$5 million (i.e. net repayment) in the SCI Budget. This reflects a combination of timing changes (borrowings expected in 2012/13 deferred into the current year) and approved changes at the Mid-Year Review.

(3) Dividends provided are due to higher final dividend payment for the 2012/13 year following stronger than anticipated full year results.

Business Targets & Information

Performance Indicators

Our Customers and Stakeholders

	Forecast	Full Year 2013/14 Target	Status
Customer Performance Index	6.28	6.28	On Target
Water Supplied per capita for Perth Metro	131kl	131kl	On Target

Our Business

Total cost per property (\$)	2,020	2,020	On Target
Net Accruals to Government (\$m)	160.2	123.1	Above Target

People & Culture

Safety Index	80	80	On Target
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Business Information

	Year to Date December	
	2013	2012
Water Properties Connected - Residential	888,775	866,214
- Non-Residential	131,234	124,697
Water Supplied - Metro (ML)	114,100	109,919
Waste Water Treated - Metro (ML)	69,141	65,369

Comments

All performance indicators are forecast to achieve target levels with the exception of Net Accruals to Government (NATG).

NATG is forecast to achieve greater than budget due to the higher final dividend payment for the 2012/13 Financial Year.

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 targets.

Operating Licence Measures

	December 2013			Notes
	Actual	Target	Variance	
Water Services				
Water pressure and flow	100.0%	≥ 99.80%	0.20%	
Connections not experiencing interruptions > 1 hr	77.2%	≥ 75.0%	2.20%	
Drought response (number of schemes on restrictions)	1	n/a		Halls Creek
Leaks and bursts per 100km of main	15.3	< 20.0	4.7	
Services provided by agreement and farmlands - annual notification of conditions	-	≥ 95%	-	Reported Annually
Services provided by agreement are documented	-	≥ 90%	-	Reported Annually
Wastewater Services				
Properties connected not affected by wastewater overflows	99.90%	≥ 99.80%	0.10%	
Blockages per 100km of sewer	17.0	< 40.0	23.0	
Drainage Services				
Design of new urban infrastructure	-	100%	-	Reported Annually
Customer Service				
Responsiveness to calls to the customer enquiry '13' number within 30 seconds	72.1%	≥ 70.0%	2.1%	
'13' telephone calls abandoned after 5 seconds	2.4%	≤ 5.0%	2.6%	
Responsiveness to written customer complaints	100.0%	≥ 90%	10.0%	

Comments

All Operating Licence performance indicator targets were met.