

Quarterly Performance Report

March 2014



Financial Performance

Financial Results (\$'000s)

	Year to Date March 2014				Full Year 2013/14
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue	1,721,405	1,691,608	29,797	1,463,960	2,192,716
Direct operating expenses	613,622	619,848	6,226	567,074	875,715
Depreciation / amortisation	325,156	299,808	(25,348)	295,440	423,582
Earnings before interest & tax (EBIT)	782,627	771,953	10,675	601,447	893,419
Net interest expense	186,409	212,036	25,627	175,056	288,532
Developers' contribution ⁽¹⁾	189,622	179,986	9,636	136,926	217,500
Operating surplus before tax	785,840	739,902	45,938	563,316	822,387
Income tax expense	219,107	205,370	(13,736)	169,005	246,158
Operating surplus after tax	566,734	534,532	32,202	394,311	576,229
Capital expenditure	785,100	784,900	(200)	659,900	999,866
Borrowings taken (repaid) ⁽²⁾	15,000	10,000	(5,000)	124,225	(5,000)
Net debt	5,321,713	5,320,383	(1,330)	4,754,183	5,446,132

Financial Performance Measures

	Full Year June 2013/14			Last Year
	Forecast	Target	Variance	Actual
Return on assets (%)	5.3	4.9	0.4	4.4
Debt to total assets (%)	32.6	32.4	(0.2)	33.0
Return on equity (%)	6.4	6.0	0.4	5.4

Net Accruals to Government (\$m)

Represented by:				
Tax equivalents	289.8	294.0	(4.2)	210.0
Dividends provided ⁽³⁾	486.8	430.4	56.4	366.0
Operating Subsidies				
Non-Commercial Country Services	344.6	345.3	0.7	253.0
New or Changed Operating Subsidies	55.2	89.0	33.8	39.0
Revenue Concessions	134.2	132.0	(2.2)	116.0
Infill Sewerage Program	31.9	35.0	3.1	28.0
Total Operating Subsidies	565.9	601.3	35.4	436.0
Net Accrual to Government	210.7	123.1	87.6	140.0

Comments

Year to date operating surplus after tax is \$32.2 million higher than budget largely due to higher operating revenue and lower net interest costs.

(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 taken \$15 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 and lower projected operating subsidies for this year.

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
Perth total per capita consumption	132kl	131kl	Above Target

Our Business

Total cost per property (\$)	2,020	2,020	On Target
Net Accruals to Government (\$m)	210.7	123.1	Above Target

People & Culture

Safety Index	80	80	On Target
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Business Information

	Year to Date Mar	
	2014	2013
Water Properties Connected - Residential	893,658	869,955
- Non-Residential	132,842	126,147
Water Supplied - Metro (ML)	196,987	186,859
Waste Water Treated - Metro (ML)	101,488	97,709

Comments

All performance indicators are forecast to achieve target levels with the exception of Perth total per capita consumption and Net Accruals to Government (NATG).

Perth total per capita consumption is forecast to be slightly above target as a result of greater consumption during the warmer than average summer months.

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 requirements.

Operating Licence Measures

Water Services

	Actual	March 2014 Target	Variance	Notes
Drought response (number of schemes on restrictions)	1	n/a		Halls Creek
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. Only Drought response (number of schemes on restrictions) is reported this month, with the remaining measures to be reported in June 2014.