

Quarterly Performance Report

March 2015



Financial Performance

Financial Results (\$'000s)

	Year to Date March 2015				Full Year 2014/15
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue	1,759,965	1,741,067	18,898	1,721,405	2,299,863
Direct operating expenses	613,615	611,251	(2,363)	613,622	903,521
Depreciation / amortisation	336,840	329,979	(6,861)	325,156	448,741
Earnings before interest & tax (EBIT)	809,510	799,837	9,673	782,627	947,601
Net interest expense	204,119	211,270	7,152	186,409	283,699
Developers' contribution ⁽¹⁾	314,469	176,063	138,407	189,622	234,750
Operating surplus before tax	919,861	764,630	155,231	785,840	898,652
Income tax expense	275,842	229,222	(46,620)	219,107	269,038
Operating surplus after tax	644,019	535,408	108,611	566,734	629,614
Capital expenditure	461,800	461,700	(100)	785,100	858,535
Borrowings taken (repaid)	81,863	81,863	-	15,000	280,000
Net debt	5,367,121	5,565,850	198,729	5,352,678	5,742,054

Financial Performance Measures

	Full Year June 2014/15			Last Year
	Forecast	Target	Variance	Actual
Return on assets (%)	5.6	5.4	0.2	5.5
Debt to total assets (%)	34.2	34.7	0.5	33.8
Return on equity (%)	7.6	6.4	1.2	7.0

Net Accruals to Government (\$m)

Represented by:

Tax equivalents	337.6	284.0	53.6	323.7
Dividends provided ⁽²⁾	561.8	469.3	92.5	486.8
Operating Subsidies				
Non-Commercial Country Services	319.4	317.1	(2.4)	344.6
New or Changed Operating Subsidies	106.3	97.7	(8.6)	55.2
Revenue Concessions	138.3	140.2	1.9	134.2
Infill Sewerage Program	23.1	27.5	4.4	31.9
Total Operating Subsidies	587.2	582.5	(4.7)	565.9
Net Accrual to Government	312.3	170.8	141.5	244.6

Comments

Year to date operating surplus after tax is \$108.6m higher than budget largely due to higher operating revenue and developers' contribution. As a result, the Net Accrual to Government for the year is forecast to exceed target by \$141.5m.

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

(2) Dividends provided are due to higher final dividend payment for the 2013/14 year following stronger than anticipated full year results, combined with a higher interim dividend payment forecast for 2014/15.

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 ⁽¹⁾	127kl	<=	131kl	Exceeding Target

Our Business

Total cost per property (\$)	2,034	<=	2,034	On Target
Net Accruals to Government (\$m)	312.3	>=	170.8	Exceeding Target

People & Culture

Safety Index	85	>=	80	Exceeding Target
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Business Information

	Year to Date March	
	2015	2014
Water Properties Connected - Residential	914,832	893,658
- Non-Residential	136,004	132,842
Water Supplied - Metro (ML) ⁽¹⁾	194,001	196,778
Waste Water Treated - Metro (ML)	101,858	101,728

Comments

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

(1) Both the 'Perth total per capita consumption' and 'Water Supplied - Metro' performance indicators have decreased as a result of greater than expected rainfall leading to lower external household water usage.

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)

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.