

# Quarterly Performance Report

March 2016



# Financial Performance

## Financial Results (\$'000s)

	Year to Date March 2016			Last Year	Full Year 2015/16 SCI Budget
	Actual	Budget	Variance		
Operating revenue	1,819,481	1,799,433	20,048	1,759,965	2,371,549
Direct operating expenses	622,235	612,939	(9,296)	611,943	885,030
Depreciation / amortisation	342,454	344,073	1,619	338,511	464,628
Earnings before interest & tax (EBIT)	854,792	842,421	12,371	809,510	1,021,891
Net interest expense <sup>(1)</sup>	189,390	219,134	29,744	204,119	293,367
Developers' contribution <sup>(2)</sup>	231,394	165,745	65,648	314,469	221,570
Operating surplus before tax	896,796	789,033	107,764	919,860	950,094
Income tax expense	268,875	236,246	(32,629)	275,842	284,470
Operating surplus after tax	627,921	552,786	75,135	644,019	665,624
Capital expenditure	401,800	403,700	1,900	461,800	713,300
Borrowings taken (repaid)	-	-	-	81,863	215,000
Net debt	5,446,983	5,593,780	146,797	5,367,121	5,946,137

## Financial Performance Measures

	Full Year June 2015/16			Last Year Actual
	Forecast	Target	Variance	
Return on assets (%)	5.9	5.8	0.1	5.8
Debt to total assets (%)	34.3	35.2	0.9	33.8
Return on equity (%)	7.2	6.6	0.6	7.9

## Net Accruals to Government (\$m)

Represented by:				
Tax equivalents	326.5	307.6	18.9	346.4
Dividends provided <sup>(3)</sup>	570.5	519.9	50.6	561.8
Operating Subsidies				
Non-Commercial Country Services	368.0	374.1	6.1	320.0
New or Changed Operating Subsidies	23.0	36.7	13.7	106.0
Revenue Concessions	142.9	141.7	(1.2)	138.0
Infill Sewerage Program	13.0	13.5	0.5	9.0
Total Operating Subsidies	<b>546.9</b>	<b>566.0</b>	<b>19.1</b>	<b>573.0</b>
Net Accrual to Government	<b>350.1</b>	<b>261.5</b>	<b>88.6</b>	<b>335.2</b>

## Comments

Year to date operating surplus after tax is \$75.1m 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 and significant special agreement capital contributions in the North West Region.

(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	6.81	>=	6.75	Better Than Target
Perth total per capita consumption <sup>(1)</sup>	129kL	<=	129kL	On Target

### Our Business

Total cost per property (\$)	1,981	<=	1,981	On Target
Net Accruals to Government (\$m)	350.1	>=	261.5	Better Than Target

### People & Culture

Safety Index	80	>=	80	On Target
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## Business Information

	Year to Date March	
	2016	2015
Water Properties Connected - Residential	940,837	914,832
- Non-Residential	133,095	136,004
Water Supplied - Metro (ML)	200,303	194,001
Wastewater Treated - Metro (ML) <sup>(2)</sup>	100,218	101,856

## Comments

1) Perth total per capita consumption is forecast to achieve target following a wetter January and milder conditions over recent months together with increased engagement with the community to reduce water use.

2) Wastewater treated has decreased over the same period last year due to lower rainfall and subsequently less water infiltration into the wastewater system.

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

	Actual	March 2016		Notes
		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
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.