

# Quarterly Performance Report

September 2015



# Financial Performance

## Financial Results (\$'000s)

	Year to Date September 2015				Full Year 2015/16
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue <sup>(1)</sup>	560,466	550,073	10,393	535,723	2,371,549
Direct operating expenses	201,933	199,385	(2,549)	204,488	885,030
Depreciation / amortisation	113,119	112,715	(404)	111,240	464,628
Earnings before interest & tax (EBIT)	245,413	237,973	7,441	219,995	1,021,891
Net interest expense	63,035	69,839	6,804	67,720	293,367
Developers' contribution <sup>(2)</sup>	75,288	59,503	15,785	77,799	221,570
Operating surplus before tax	257,667	227,636	30,030	230,074	950,094
Income tax expense	77,285	68,157	(9,128)	69,005	284,470
Operating surplus after tax	180,382	159,479	20,903	161,068	665,624
Capital expenditure	143,265	147,741	4,476	138,300	713,300
Borrowings taken (repaid)	77,374	125,000	47,626	95,000	215,000
Net debt	5,687,855	5,724,651	36,796	5,508,170	5,946,137

## Financial Performance Measures

	Full Year June 2015/16			Last Year
	Forecast <sup>(3)</sup>	Target	Variance	Actual
Return on assets (%)	5.9	5.8	0.1	5.8
Debt to total assets (%)	34.6	35.2	0.6	33.8
Return on equity (%)	6.6	6.6	-	7.9

### Net Accruals to Government (\$m)

Represented by:

Tax equivalents	310.0	307.6	2.4	346.4
Dividends provided	539.0	519.9	19.1	561.8
Operating Subsidies				
Non-Commercial Country Services	374.1	374.1	-	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	<b>562.4</b>	<b>566.0</b>	<b>3.5</b>	<b>573.0</b>
Net Accrual to Government	286.6	261.5	25.0	335.2

## Comments

Year to date operating surplus after tax is \$20.9 million higher than budget largely due to greater developers' contribution and increased volumetric revenue in Perth.

(1) Increase volumetric revenue is due to increased water usage from higher average temperatures and lower average rainfall in the Perth Region.

(2) Greater revenue from developers' contribution reflects the earlier than expected handover of water reticulation assets related to development activity in the metropolitan areas and higher special agreement capital contributions for a number of projects across the state.

(3) Forecast reflects Mid-Year Review projections.

# Business Targets & Information

## Performance Indicators

### Our Customers and Stakeholders

	Forecast	Full Year 2015/16 Target	Status
Customer Performance Index	6.75	6.75	On Target
Perth total per capita consumption	133kl	129kl	Worse Than Target

### Our Business

	Forecast	Full Year 2015/16 Target	Status
Total cost per property (\$)	1,981	1,981	On Target
Net Accruals to Government (\$m)	286.6	261.6	Better Than Target

### People & Culture

	Forecast	Full Year 2015/16 Target	Status
Safety Index	80	80	On Target

## Business Information

	Year to Date September	
	2015	2014
Water Properties Connected - Residential	928,086	904,408
- Non-Residential	135,709	134,575
Water Supplied - Metro (ML)	48,972	47,511
Waste Water Treated - Metro (ML)	34,035	35,279

## Comments

'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 10 GL over the annual target. This has led to increased engagement with the community to reduce water use.

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

#### Water Services

Drought response (number of schemes on restrictions)<sup>(1)</sup>

1

n/a

-

Denmark moved to Stage 5 water restrictions on 01/09/2015

Services provided by agreement and farmlands - annual notification of conditions

-

≥

95%

-

Reported Annually

Design of new urban infrastructure

-

=

100%

-

Reported Annually

### Comments

The current Operating Licence has removed the majority of performance indicators previously reported (under the old Operating Licence) with only the three remaining shown above.

*(1) As at 1 October 2015 water restrictions for Denmark has been removed.*