

Quarterly Performance Report

September 2012



Financial performance

Financial Results (\$'000s)

	Year to Date September 2012				Full year 2012/13
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue	443,832	450,058	(6,226)	437,922	2,017,331
Direct operating expenses	179,583	178,236	(1,347)	161,158	831,963
Depreciation / amortisation	97,781	97,651	(130)	88,060	389,715
Earnings before interest & tax (EBIT)	166,469	174,171	(7,703)	188,704	795,653
Net interest expense	57,525	56,721	(804)	44,587	246,633
Developers' contribution	46,041	45,114	926	45,290	180,457
Operating profit before tax	154,984	162,565	(7,581)	189,407	729,477
Income tax expense	46,199	48,458	2,260	56,787	217,011
Operating surplus after tax	108,785	114,106	(5,321)	132,620	512,466
Capital expenditure	220,200	235,600	15,400	160,264	1,071,170
Borrowings taken (repaid)	(25,000)	(25,000)	-	(10,000)	580,000
Net debt	4,405,830	4,444,563	38,733	3,949,497	5,288,599

Financial Performance Measures

	Full Year June 2012/13			Last Year
	Forecast	Target	Variance	Actual
Return on assets (%)	3.8	4.0	(0.2)	4.2
Debt to total assets (%)	33.8	34.0	2.2	31.0
Return on equity (%)	5.0	5.4	(0.4)	5.7

Net Accruals to Government (\$m)

Represented by:

Tax equivalents	203.4	222.0	(18.6)	222.7
Dividends provided	357.4	386.0	(28.6)	396.6
Operating Subsidy				
Non-Commercial Country Services	257.9	259.0	1.1	273.5
New or Changed Operating Subsidies	43.7	32.0	(11.7)	34.3
Revenue Concessions	118.6	116.0	(2.6)	108.9
Infill Sewerage Program	34.2	35.0	0.8	33.7
Total Community Service Obligations	454.4	443.0	(11.4)	450.4
Net Accrual to Government	106.4	165.0	(58.6)	168.9

Comments

Year to date operating surplus after tax is \$5.3 million lower than budget largely due to lower than expected operating revenue.

Business targets and information

Performance Indicators

Our Customers and Stakeholders

	Forecast	Full Year 2012/13 Target	Status
Customer Performance Index	TBC	TBC	On Target (1)
Perth total per capita consumption (KL)	136kl	136kl	On Target

Our Business

Total cost per property (\$)	1,974	1,974	On Target
Net Accruals to Government (\$m)	106.4	165.0	Attention

People & Culture

Safety Index	80	80	On Target
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Business Information

	Year to Date September	
	2012	2011
Water Properties Connected - Residential	862,400	845,406
Water Properties Connected - Non-Residential	123,872	130,748
Water Supplied - Metro (ML)	45,699	45,049
Waste Water Treated - Metro (ML)	33,123	33,064

Comments

With the exception of Net Accruals to Government (NATG), all performance indicators are forecast to achieve target levels.

NATG is forecast to reduce from budget expectations due to lower projected growth in volumetric revenue and a reduction in developers' fees. We will continue to focus attention to try and achieve budget.

⁽¹⁾ Please note that figures for Customer Performance Index Forecast and Target are still to be confirmed.

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

Water Services

	September 2012			Notes	
	Actual		Target		Variance
Water pressure and flow	100.0%	≥	99.80%	0.20%	
Connections not experiencing interruptions > 1 hr	81.2%	≥	75.0%	6.20%	
Drought response (number of schemes on restrictions)	4		n/a		
Leaks and bursts per 100km of main	16.6	<	20.0	3.4	
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	16.9	<	40.0	23.1	

Drainage Services

Design of new urban infrastructure	-		100%	-	Reported annually
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Customer Service

Responsiveness to calls to the customer enquiry '13' number within 30 seconds	74.1%	≥	70.0%	4.1%	
'13' telephone calls abandoned after 5 seconds	2.6%	≤	5.0%	2.4%	
Responsiveness to written customer complaints	100.0%	≥	90%	10.0%	

Comments

All Operating Licence performance indicator targets were met.