

Quarterly Performance Report

September 2013



Financial Results (\$'000s)

	Year to Date September 2013				Full Year 2013/14 SCI Budget
	Actual	Budget	Variance	Last Year	
Operating revenue	510,619	507,094	3,525	443,832	2,192,716
Direct operating expenses	191,321	193,355	2,034	179,583	875,715
Depreciation / amortisation	106,708	105,796	(912)	97,781	423,582
Earnings before interest & tax (EBIT)	212,590	207,943	4,647	166,469	893,419
Net interest expense	63,220	64,181	960	57,525	288,532
Developers' contribution ⁽¹⁾	65,292	54,375	10,917	46,041	217,500
Operating surplus before tax	214,661	198,137	16,524	154,984	822,387
Income tax expense	62,442	59,307	(3,135)	46,199	246,158
Operating surplus after tax	152,220	138,830	13,389	108,785	576,229
Capital expenditure	176,600	198,100	21,500	220,200	999,866
Borrowings taken (repaid) ⁽²⁾	150,000	150,000	-	(25,000)	(5,000)
Net debt	5,144,119	5,294,848	150,729	4,405,830	5,181,847

Financial Performance Measures

	Full Year June 2013/14			Last Year Actual
	Forecast	Target	Variance	
Return on assets (%)	5.4	4.9	0.5	4.4
Debt to total assets (%)	32.2	32.4	0.2	33.0
Return on equity (%)	6.0	6.0	-	5.4

Net Accruals to Government (\$m)

Represented by:	Full Year June 2013/14			Last Year Actual
	Forecast	Target	Variance	
Tax equivalents	297.2	294.0	3.2	210.0
Dividends provided ⁽³⁾	458.5	430.4	28.1	366.0
Operating Subsidies				
Non-Commercial Country Services	351.7	345.3	(6.4)	253.0
New or Changed Operating Subsidies	76.3	89.0	12.7	39.0
Revenue Concessions	132.3	132.0	(0.3)	116.0
Infill Sewerage Program	35.2	35.0	(0.2)	28.0
Total Operating Subsidies	595.5	601.3	5.8	436.0
Net Accrual to Government	160.2	123.1	37.1	140.0

Comments

(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 borrowings taken of \$150 million are forecast to reduce to \$91 million at year end, up from the -\$5 million (i.e. net repayment) in the SCI Budget. This reflects a change in timing only, with \$96 million of borrowings initially expected to be required in 2012/13 deferred into this year. The projected year-end net debt position remains in line with the SCI Budget.

(3) Higher dividends provided are due to higher final dividend payment for 2012/13 following stronger than anticipated full year results.

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
Water Supplied per capita for Perth Metro	131kl	131kl	On Target

Our Business

Total cost per property (\$)	2,020	2,020	On Target
Net Accruals to Government (\$m)	160.2	123.1	Above Target

People & Culture

Safety Index	80	80	On Target
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Business Information

	Year to Date September	
	2013	2012
Water Properties Connected - Residential	877,587	862,400
Water Properties Connected - Non-Residential ⁽¹⁾	106,384	123,872
Water Supplied - Metro (ML) ⁽²⁾	44,571	45,707
Waste Water Treated - Metro (ML) ⁽³⁾	35,186	33,152

Comments

All performance indicators are forecast to achieve target levels with the exception of Net Accruals to Government (NATG).

NATG is forecast to achieve greater than budget due to the higher final dividend payment for the 2012/13 Financial Year.

(1) Non-Residential Water Properties Connected have reduced due to the reclassification of vacant land to Residential as it is developed and some data cleansing associated with the introduction of two-monthly billing.

(2) Water Supplied has decreased as a result of greater rainfall than expected leading to lower external household water usage.

(3) Treated Waste Water has increased due to population growth and incidents of rainwater infiltration in line with increased rainfall.

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 targets.

Operating Licence Measures

	September 2013			Notes
	Actual	Target	Variance	
Water Services				
Water pressure and flow	100.0%	≥ 99.8%	0.20%	
Connections not experiencing interruptions > 1 hr	78.1%	≥ 75.0%	3.10%	
Drought response (number of schemes on restrictions)	1	n/a		Halls Creek
Leaks and bursts per 100km of main	16.7	< 20.0	3.3	
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	16.8	< 40.0	23.2	
Drainage Services				
Design of new urban infrastructure	-	100%	-	Reported Annually
Customer Service				
Responsiveness to calls to the customer enquiry '13' number within 30 seconds	72.0%	≥ 70.0%	2.0%	
'13' telephone calls abandoned after 5 seconds	2.4%	≤ 5.0%	2.6%	
Responsiveness to written customer complaints	100.0%	≥ 90%	10.0%	

Comments

All Operating Licence performance indicator targets were met.