

Quarterly Performance Report

March 2018



Financial Performance

Financial Results (\$'000s)

	9 months to March 2018			PCP Last Year	Full Year 2017/18 SCI Budget
	Actual	Budget	Variance		
Operating revenue ⁽¹⁾	1,812,372	1,917,642	(105,270)	1,777,903	2,536,944
Direct operating expenses	651,098	667,167	16,069	638,285	939,233
Depreciation / amortisation	360,704	366,906	6,202	356,476	493,118
Earnings before interest & tax (EBIT)	800,570	883,569	(82,999)	783,142	1,104,594
less: Net interest expense	185,184	189,111	3,927	189,726	259,885
add: Developers' contribution ⁽²⁾	132,637	164,771	(32,134)	156,510	226,900
Operating surplus before tax	748,023	859,229	(111,206)	749,925	1,071,609
Income tax expense	224,430	257,203	32,773	224,860	320,778
Operating surplus after tax	523,593	602,026	(78,433)	525,065	750,831
Capital expenditure	563,350	587,085	23,735	457,040	765,430
Borrowings taken (repaid)	(5,794)	-	5,794	-	270,000
Net debt ⁽³⁾	5,862,534	5,696,431	(166,103)	5,508,142	6,140,109

Financial Performance Measures

	Full Year June 2017/18			Last Year Actual
	Forecast	Target	Variance	
Return on assets (%)	6.0	6.5	(0.5)	5.8
Debt to total assets (%)	35.2	35.0	(0.2)	34.3
Return on equity (%)	6.3	7.1	(0.8)	6.2

Net Accruals to Government (\$m)

Represented by:				
Tax equivalents	303.8	334.4	(30.6)	304.1
Dividends provided ⁽⁴⁾	526.9	589.4	(62.5)	483.0
Operating Subsidies				
Non-Commercial Country Services	259.4	319.5	60.1	316.0
Revenue Concessions	147.6	146.6	(1.0)	145.0
Metropolitan Operations	1.9	2.7	0.8	3.0
Total Operating Subsidies ⁽⁵⁾	408.9	468.8	59.9	464.0
Net Accrual to Government ⁽⁶⁾	421.8	455.1	(33.3)	323.1

Comments

Year to date operating surplus after tax is \$78.4m lower than budget mainly due to a drop in operating revenue and developers' contributions, offset by lower expenses and income tax.

(1) Lower operating revenue results from reduced operating subsidies combined with lower customer consumption due to milder temperatures and higher than average rainfall throughout the year.

(2) Lower developers' contribution is attributed to reduced lot development activity throughout the State - the underlying market remains subdued.

(3) Higher net debt for the period is the result of temporary timing issues and it is expected that the full-year result will be within budget.

(4) Dividends are forecast to be lower based on lower projected profitability.

(5) Operating Subsidy payments are expected to fall by \$59.9m as a result of a lower level of claims for 2016/17 and the flow-on impacts into 2017/18.

(6) Net Accrual to Government is expected to decrease due to lower dividends and income tax.

Business Targets & Information

Performance Indicators

	Full Year 2017/18			Status
	Forecast		Target	
Our Customers and Stakeholders				
Customer Performance Index	7.07	>=	7.07	On Target
Perth total per capita consumption (kL) ⁽¹⁾	123	<=	126	Better Than Target
Our Business				
Total cost per property (\$)	1,952	<=	1,973	Better Than Target
Net Accruals to Government (\$m)	421.8	>=	455.1	Worse Than Target
People & Culture				
Safety Index	90	>=	90	On Target

Business Information

	9 months to March	
	2018	2017
Water Properties Connected - Residential	981,574	964,053
- Non-Residential ⁽²⁾	127,047	128,726
Water Supplied - Metro (ML)	189,746	186,683
Wastewater Treated - Metro (ML)	101,878	101,745

Comments

1) Perth total per capita consumption is forecast to be 123kL, 3kL better than target of 126kL, comparable to the 122kL actual achieved in 2016/17. We will continue to help the Perth community reduce its water use as part of its work as a Water Sensitive City.

2) Water Properties Connected – A portion of Non-Residential connections each year convert to Residential through the rezoning/development of land. With the subdued economy, lower levels of land development activity have not replenished the classification of Non-Residential connections in the land development pipeline.

Water Services Licence Compliance

We are required to comply with performance standards in our Water Services Licence.

The table below summarises our current performance against key Water Services Licence requirements.

Water Services Licence Measures

Water Services

Drought response (number of schemes on temporary restrictions)

- n/a -

Services provided by agreement and farmlands - annual notification of conditions

N/A ≥ 95.0%

- Reported Annually
(Last result 95%)

Drainage - Design of new urban infrastructure

N/A = 100.0%

- Reported Annually
(Last result 100%)

Farmlands area water systems - pressure and flows are kept within the acceptable range

N/A = 99.8%

- Reported Annually
(Last result 99.98%)