

Water Corporation

Quarterly Performance Report

September 2011



Finance Overview

Financial Results (\$'000s)	Year to Date September 2011				Full Year 2011/12
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue	437,922	439,047	(1,124)	417,253	1,910,716
Direct operating expenses	161,158	164,635	3,477	158,161	753,962
Depreciation / amortisation	88,060	87,696	(364)	81,911	375,727
Earnings before interest & tax (EBIT)	188,704	186,716	1,988	177,182	781,027
Net interest expense	44,587	43,378	(1,209)	38,365	215,108
Developers' contribution	45,290	42,753	2,537	60,765	168,771
Operating profit before tax	189,407	186,091	3,316	199,582	734,690
Income tax expense	56,787	56,851	64	59,918	217,821
Operating profit after tax	132,620	129,240	3,381	139,664	516,869
Capital expenditure	160,264	156,874	(3,390)	283,618	860,737 ⁽¹⁾
Fixed Assets	14,127,304	14,222,869	(95,565)	13,557,253	14,565,902
Working capital	(424,572)	(461,021)	36,449	(420,661)	(292,678)
Net assets employed	13,702,732	13,761,848	(59,116)	13,136,592	14,273,224
Represented by:					
Shareholders funds	9,343,769	9,358,844	(15,075)	9,167,156	9,336,075
Net debt	3,949,497	4,013,136	(63,639)	3,528,329	4,569,323
Other	409,466	389,868	19,598	441,107	367,826
	13,702,732	13,761,848	(59,116)	13,136,592	14,273,224

Financial Performance Measures	Forecast	Target	Variance	Last Year
Return on assets (%)	4.2	4.3	(0.1)	4.3
Debt to total assets (%)	32.3	31.0	(1.3)	29.3
Return on equity (%)	5.6	5.6	-	6.0

Comments:

Year to date operating profit after tax is \$3.4 million higher than budget and was mainly due to greater contributions from the land development industry and lower operating expenses incurred.

(1) Note that subsequent to the finalisation of the SCI Budget, a further \$140.0m in capital expenditure for the doubling of capacity at the Southern Seawater Desalination Plant has been approved, increasing the full year budget to \$1000.7m.

Operating Licence Performance

Indicator	Actual		Target	Var.	Comments
Water Services					
Water pressure and flow	99.96%	≥	99.80%	0.16%	
Connections not experiencing interruptions > 1 hr	82.5%	≥	75.0%	7.50%	
Drought response (number of schemes on restrictions)	3		n/a		
Leaks and bursts per 100km of main	17.4	<	20	2.6	
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	99.81%	≥	99.80%	0.01%	
Blockages per 100km of sewer	19.1	<	40	20.9	
Drainage Services					
Design of new urban infrastructure	-		100%	-	} Reported Annually
Customer Service					
Responsiveness to calls to the customer enquiry '13' number within 30 seconds	74.5%	≥	70%	4.5%	
'13' telephone calls abandoned after 5 seconds	2.3%	≤	5%	2.7%	
Responsiveness to written customer complaints	99.7%	≥	90%	9.7%	

Comments:

All Operating Licence performance indicator targets were met.

Business Targets

Performance Indicators	Full Year 2011/12		Status
	Forecast	Target	
Our Customers and Stakeholders			
Customer perception of value (%)	85	85	On Target
Perth total per capita consumption (KL)	145	Improvement towards 145kl	On Target
Our Business			
Total cost per property (\$)	1,856	1,856	On Target
Net Accruals to Government (\$m)	147.6	137.1	On Target
People & Culture			
Significant injury frequency rate (rolling yr. %)	8.1	8.1	On Target

Comments:

All performance indicator targets are forecast to achieve target levels.