



Quarterly Performance Report March 2017

BUSSETON WATER



Our Key Performance Outcomes

| Business Performance | As at March 2017 | | | |
|--|--|---|----------|-----------|
| | Actual Year to Date | Target | Variance | Status |
| Customers and Other Stakeholder Outcomes | | | | |
| Number of complaints per 1000 customers (rolling year average) | 2.16 | <10 | 7.84 | On Target |
| Complaint resolution within 15 business days | 100% | >90% | 10% | On Target |
| Leadership and Governance Results | | | | |
| Adverse audit findings | Nil | Nil | - | On Target |
| People Results | | | | |
| Number of reported hazards per month (rolling year average) | 10.3 | ≥10 | .3 | On Target |
| Staff participation in performance management process | 100% | 100% | - | On Target |
| Operational Results | | | | |
| Drinking water quality compliance with health standards | 100% | 100% | - | On Target |
| Water efficiency target kL/pp/year (rolling year average) | 105 | 116 | 11 | On Target |
| Society Outcomes | | | | |
| Investment in community | \$30,581 | Increasing trend | - | On Target |
| Growth Outcomes | | | | |
| Dunsborough Water Supply and Busselton Waterways | New Minister for Water considering proposal. | Subject to Government approval of proposal, complete detailed due diligence and implementation planning for Growth Business proposal. | - | On Target |

Comments

All results are on target.

Our Financial Forecast

| Financial Performance | As at March 2017 | | | | |
|--|--------------------|-----------------|-----------------|---------------|-----------------|
| | Full Year Forecast | Actual YTD | Budget YTD | Variance | SCI Budget |
| Financial Results (\$m) | | | | | |
| Operating profit before income tax | 2.62 | 1.30 | 0.19 | 1.11 | 2.27 |
| Operating profit after income tax | 1.66 | 0.36 | (0.28) | 0.64 | 1.55 |
| Loan principal repaid | 0.26 | 0.19 | 0.19 | - | 0.26 |
| Capital expenditure (incl. Capitalised Interest) | 2.24 | 1.03 | 1.88 | 0.85 | 2.68 |
| Net Accruals to Government (\$'000s) | | | | | |
| Indirect tax (payroll tax) | 131.39 | 99.26 | 104.97 | (5.71) | 145.00 |
| Income tax equivalents (NTER) | 966.09 | 942.17 | 469.50 | 472.68 | 711.36 |
| Local Government rate equivalents | 55.97 | 55.97 | 27.00 | 28.97 | 27.00 |
| Dividends provided | 1,463.74 | 1,463.74 | 1,463.74 | - | 842.93 |
| Total accruals to Government | 2,617.19 | 2,561.14 | 2,065.21 | 495.93 | 1,726.29 |
| Less: Payments from Government (Operating subsidies) | 552.33 | 265.69 | 272.50 | 6.81 | 646.37 |
| NET ACCRUALS TO GOVERNMENT | 2,064.86 | 2,295.45 | 1,792.71 | 502.74 | 1,079.91 |

Comments

Operating Profit results are favourable to budget due to revenue from new connections, developer contributions and other miscellaneous income above year to date forecasts and year-to-date expenditure is tracking 7% under budget due to the timing of actual expenditure in comparison to budget phasing and staff vacancies.

Full year forecasts for capital expenditure (\$2.24 million) are below the SCI budget (\$2.68 million) due to a major project to refurbish the filters at Busselton Water's Water Treatment Plant 1. A delay in the tender process will result in funds not being fully spent for this expenditure in 2016-17. The balance of funds will be carried over to 2017-18 to complete the project. Other capital expenditure is tracking on target with a number of projects to be completed in the last quarter.

Following a profitable year in 2015-16, the Board declared a dividend payment of \$1.5 million which was paid to the State Government in December 2016 resulting in an increase in net accruals to Government.

The income tax equivalent (NTER) is above budget after the second quarterly payment in December 2016. Busselton Water's tax liability is paid quarterly in direct proportion to gross income

Local Government rate equivalents (LGREs) are above budget due to a revaluation of property values in 2015-16. Landgate also advised Busselton Water that the LGRE had been incorrectly calculated in the past. Calculations were based on land values but should have included certain assets.

Full year forecasts for operating subsidies are under budget as pensioner rebates for Housing Authority properties will not be implemented this year. The Housing Authority need to implement some changes before they introduce the rebate to their customer's. Busselton Water is working with the Housing Authority and it is expected to be implemented in 2017-18.

Year-to-date and full year forecast Net Accruals to Government are well above the SCI budget due to the combined taxation, dividend and operating subsidy results.

Overall, results are positive at the March quarter.

As at March 2017

Financial Performance Measures (%)

| | Full Year Forecast | Target | Variance |
|------------------------|--------------------|--------|----------|
| Return on fixed assets | 2.28 | 2.27 | 0.01 |
| Return on equity | 2.35 | 2.34 | 0.01 |
| Debt to equity | 1.98 | 2.10 | 0.12 |
| Debt to total assets | 1.61 | 1.69 | 0.08 |

Comments

Debt to equity and debt to total assets performance measures vary slightly from budget due to a 3 yearly revaluation of assets in 2015-16 which resulted in increased asset values.