



Quarterly Performance Report March 2018

BUSSELTON WATER



Our Key Performance Outcomes

| Business Performance | As at March 2018 | | |
|-------------------------------------------------------------------|------------------------------------------------------|---------------|-----------|
| | Actual Year to Date | Annual Target | Status |
| Leadership | | | |
| Residential water efficiency kL/pp/year (rolling year) | 114 | 115 | On Target |
| Strategy and Planning | | | |
| SDP/SCI submitted to Minister | Draft SDP/SCI submitted to the Minister January 2018 | 30 April 2018 | On Target |
| Information and Knowledge | | | |
| Deliver year 1 of the Information and Knowledge five year program | 65% | >85% | On Target |
| People | | | |
| Number of reported hazard per month (rolling year average) | 11.3 | >10 | On Target |
| Customer and Other Stakeholders | | | |
| Number of complaints/1000 customers (rolling year average) | 1.37 | <10 | On Target |
| Process Management, Improvement and Innovation | | | |
| Drinking water quality compliance with health standards | 100% | 100% | On Target |
| Results and Sustainable Performance | | | |
| Operating profit after tax | 0.90m | \$2.8m | On Target |

Comments

The operating profit after tax is normal at this time of year. Busselton Water will commence its third billing cycle in June 2018.

Our Financial Forecast

| Financial Performance | As at March 2018 | | | | |
|------------------------------------------------------|--------------------|-----------------|-----------------|--------------|-----------------|
| | Full Year Forecast | Actual YTD | Budget YTD | Variance | SCI Budget |
| Financial Results (\$m) | | | | | |
| Operating profit before income tax | 4.03 | 1.72 | 0.98 | 0.74 | 3.99 |
| Operating profit after income tax | 2.93 | 0.90 | 0.22 | 0.68 | 2.77 |
| Loan principal repaid | 0.27 | 0.20 | 0.20 | - | 0.27 |
| Capital expenditure | 3.02 | 1.51 | 2.86 | 1.35 | 3.87 |
| Net Accruals to Government (\$'000s) | | | | | |
| Income tax equivalents (NTER) | 1,101.11 | 824.20 | 758.58 | 65.62 | 1,227.00 |
| Local Government rate equivalents | 55.97 | 55.97 | 59.46 | (3.49) | 59.46 |
| Dividends provided | 1,408.63 | 1,408.63 | 1,408.63 | 0.00 | 1,025.00 |
| Total accruals to Government | 2,565.70 | 2,288.79 | 2,226.66 | 62.13 | 2,311.46 |
| Less: Payments from Government (Operating subsidies) | 629.00 | 281.50 | 281.50 | 0.00 | 647.00 |
| NET ACCRUALS TO GOVERNMENT | 1,936.70 | 2,007.29 | 1,945.16 | 62.13 | 1,664.46 |

Comments

Operating profit results are favourable to budget despite a mild summer that has reduced water consumption revenues. This decrease has been offset with recently agreed Dunsborough Bulk Water prior year adjustments that were not budgeted, and higher than anticipated revenue from new connections and developer contributions. Operational costs are lower as these are driven by water consumption volumes. In addition, salary costs are under budget due to staff vacancies and a degree of timing of actual expenditure against budget phasing.

Full year forecasts for capital expenditure (\$3.02 million) are below the SCI budget (\$3.87 million). Capital expenditure is lower than budget by \$1.35 million. A carry over of \$1.3 million is expected to be required. Tender results on key capital projects will determine the extent of carryover required.

The income tax equivalent (NTER) is above budget after the second quarterly payment in December 2017. Busselton Water's tax liability is paid quarterly in direct proportion to gross income.

Payment of Local Government rate equivalents are below the budget forecast.

Following a profitable year in 2016-2017, the Board declared a dividend payment of \$1.4 million which was paid to the State Government in December 2017 resulting in an increase in net accruals to Government.

YTD and full year forecast Net Accruals to Government are well above the SCI budget due to the combined taxation and dividend results.

Overall, results are positive at March quarter.