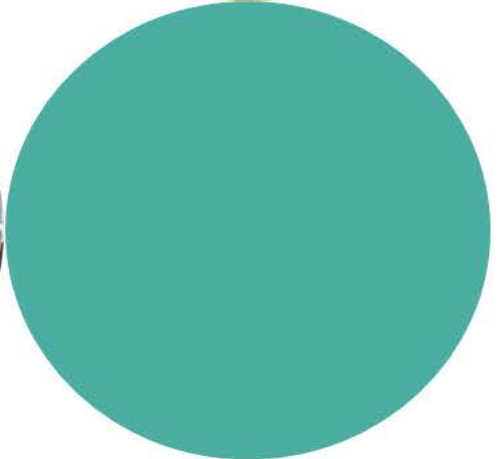
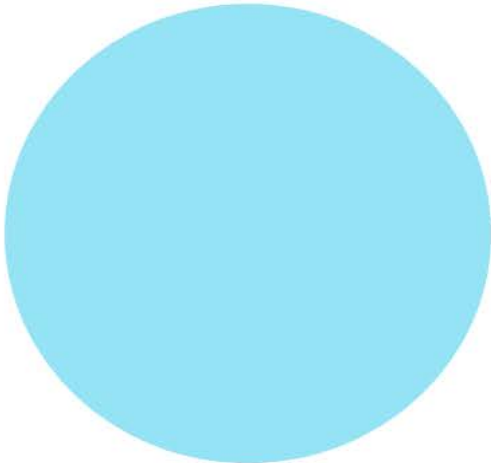


# Quarterly Performance Report

September 2020



# Financial Performance



## Financial Results (\$'000s)

	3 months to September 2020			*PCP	(a) Full Year 2020/21
	Actual	Budget	Variance	Last Year	Proposed SCI Budget
Operating revenue	640,775	620,242	20,533	609,106	2,715,000
Direct operating expenses	225,150	226,566	1,416	218,670	979,900
Depreciation / amortisation	132,349	132,570	221	125,970	535,853
<b>Earnings before interest &amp; tax (EBIT) <sup>(1)</sup></b>	<b>283,276</b>	<b>261,106</b>	<b>22,170</b>	<b>264,466</b>	<b>1,199,247</b>
less: Net interest expense	45,983	48,170	2,187	55,794	203,918
add: Developers' contribution	47,393	30,830	16,563	41,831	129,000
<b>Operating surplus before tax</b>	<b>284,686</b>	<b>243,766</b>	<b>40,920</b>	<b>250,503</b>	<b>1,124,329</b>
Income tax expense	82,499	73,042	(9,457)	75,147	336,900
<b>Operating surplus after tax <sup>(2)</sup></b>	<b>202,187</b>	<b>170,723</b>	<b>31,464</b>	<b>175,356</b>	<b>787,429</b>
Capital expenditure	165,390	176,144	10,754	122,859	708,507
Borrowings taken (repaid)	-	-	-	-	113,734
Net debt <sup>(3)</sup>	5,656,404	5,647,188	(9,216)	6,168,166	6,353,454

## Financial Performance Measures

	Full Year Forecast 20/21	(a) Full Year Proposed June 2020/21 Target	Variance	Last Year Actual
Return on assets (%)	7.0	7.0	-	7.1
Debt to total assets (%)	35.0	34.7	(0.3)	33.5
Return on equity (%)	7.1	7.0	0.1	7.2
<b>Net Accruals to Government (\$m)</b>				
Represented by:				
Tax equivalents	354.7	349.1	5.6	372.5
Dividends provided	1,277.1	1,258.3	18.8	3.8
Operating Subsidies				
Non-Commercial Country Services	297.0	298.3	1.3	272.2
Revenue Concessions	170.0	167.0	(3.0)	156.8
Metropolitan Operations	1.6	1.6	(0.0)	2.0
Total Operating Subsidies	468.6	466.9	(1.7)	431.0
<b>Net Accrual to Government <sup>(4)</sup></b>	<b>1,163.3</b>	<b>1,141.0</b>	<b>22.3</b>	<b>(54.7)</b>

## Comments

Year to date Operating surplus after tax is \$31.5m higher than budget for the 3 months to 30 September 2020.

(1) EBIT is higher than budget as a result of greater operating revenue from higher water consumption, primarily in the metropolitan area, due to warm and drier conditions across the State, combined with net proceeds from the sale of a parcel of land.

(2) Higher developers' contributions attributed to increased subdivisional and development activity resulting from the Federal Government's Housing Stimulus Package, combined with lower net interest, has returned an Operating Surplus After Tax position of \$31.5m more favourable than budget.

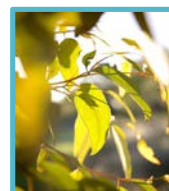
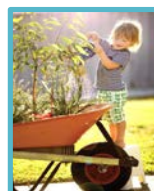
(3) Net Debt is higher due to lower cash reserves resulting from greater payments to suppliers.

(4) Net Accruals to Government (NATG) increased due to the greater dividend payment (from 2019/20 deferral) combined with higher developers contributions as a result of increased activity in the lot development industry and lower interest expense with the flow-on impact of lowering interest rates.

(a) As a result of COVID-19, the related 2020-21 budget timeframe has changed and the draft Statement of Corporate Intent (SCI) 2020/21 is currently being finalised and will be submitted to the Minister's Office for approval by end of October 2020. As a result, the Quarterly Performance Report to the Minister is structured according to the proposed SCI 2020/21.

\* PCP - Prior Comparative Period

## Business Targets & Information



### Performance Indicators<sup>(a)</sup>

	Forecast		Full Year 2020/21 Proposed Target	Status
<b>Safe</b>				
Number of public drinking water quality advisories	0	<=	0	On Target
Number of people with fatality or total permanent disability	0	<=	0	On Target
Total Recordable Injury Frequency Rate	2.9	<=	2.9	On Target
Number of public with fatality or total permanent disability	0	<=	0	On Target
Wellbeing Measure	5	>=	5	On Target
<b>Reliable</b>				
Number of schemes at risk of temporary water restrictions	2	<=	2	On Target
Number of properties affected by unplanned interruptions (Water)	325,000	<=	325,000	On Target
Number of properties affected by unplanned interruptions (Wastewater)	1,100	<=	1,100	On Target
<b>Reputation</b>				
Customer perception of water quality (score out of 10)	7.00	>=	7.00	On Target
Customer perception of communications (score out of 10)	7.10	>=	7.10	On Target
Community trust in Water Corporation (score out of 10)	7.03	>=	7.03	On Target
Brand perception (score out of 10)	7.33	>=	7.33	On Target

### Business Information

	Year to Date September	
	2020	2019
Water Properties Connected - Residential	1,012,209	1,000,810
- Non-Residential	127,120	125,916
Water Supplied - Metro (ML)	48,730	49,407 <sup>(b)</sup>
Wastewater Treated - Metro (ML)	44,616	40,953 <sup>(c)</sup>

### Comments

(a) As a result of COVID-19, the related 2020-21 budget timeframe has changed and the draft Statement of Corporate Intent (SCI) 2020/21 is currently being finalised and will be submitted to the Minister's Office for approval by end of October 2020. As a result, the Quarterly Performance Report to the Minister is structured according to the proposed SCI 2020/21.

(b) Water Supplied - Metro (ML) is adjusted downwards as a result of the Annual Principal Statistics review.

(c) Wastewater Treated - Metro (ML) is adjusted upwards as a result of recalculation of flow data due to availability of new information.

# Water Services Licence Compliance



The Water Corporation is required to comply with performance standards in our Water Services Licence. The table below summarises our expected performance against key Water Services Licence requirements.

## Water Services Licence Measures

	September 2020			Notes
	Forecast	Target	Variance	
<b>Water Services</b>				
Drought response (number of schemes on temporary restrictions)	0	n/a	-	No schemes on temporary restrictions
Services provided by agreement and farmlands - annual notification of conditions	95.0%	≥ 95.0%	-	Reported Annually (Last result 98.6%)
Farmlands area water systems - pressure and flows are kept within the acceptable range	99.8%	= 99.8%	-	Reported Annually (Last result 100.0%)

## Comments

The Water Corporation is committed to a high level of compliance in accordance with the Water Services Licence. There are no indications that these annual licence measures would not be achieved.

