



Quarterly Performance Report December 2016

BUSSETON WATER



Our Key Performance Outcomes

Business Performance	As at December 2016			
	Actual Year to Date	Target	Variance	Status
Customers and Other Stakeholder Outcomes				
Number of complaints per 1000 customers (rolling year average)	0.38	<10	9.62	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)	11.1	≥10	1.1	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)	106	116	-	On Target
Society Outcomes				
Investment in community	\$27,597	Increasing trend	-	On Target
Growth Outcomes				
Dunsborough Water Supply and Busselton Waterways	Government "In Principle" support for the growth proposal confirmed. Implementation planning commenced.	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 December 2016				
	Full Year Forecast	Actual	Budget YTD	Variance	SCI Budget
Financial Results (\$m)					
Operating profit before income tax	2.62	(0.64)	(1.35)	0.71	2.27
Operating profit after income tax	1.66	(1.08)	(1.60)	0.52	1.55
Loan principal repaid	0.26	0.13	0.13	-	0.26
Capital expenditure (incl. Capitalised Interest)	3.01	0.61	0.84	0.23	2.68
Net Accruals to Government (\$'000s)					
Indirect tax (payroll tax)	131.39	64.04	69.97	(5.93)	145.00
Income tax equivalents (NTER)	966.09	439.31	256.09	183.22	711.36
Local Government rate equivalents	55.97	-	-	-	27.00
Dividends provided	1,463.74	1,463.74	1,463.74	-	842.93
Total accruals to Government	2,617.19	1,967.10	1,789.80	177.30	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	1,701.41	1,517.30	184.11	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 9% under budget due to the timing of actual expenditure in comparison to budget phasing and staff vacancies.

Full year forecasts for capital expenditure (\$3.01 million) are above the SCI budget (\$2.68 million) due to capital carryovers being approved by Government in November 2016. Capital expenditure, although behind on YTD expenditure budget, is tracking on target with a number of major projects to be complete in the next couple of months.

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 and dividend results.

Overall, results are positive at the December quarter.

Financial Performance Measures (%)

As at December 2016

	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.