



QUARTERLY REPORT TO THE MINISTER FOR WATER

December 2022



Financial outcomes (\$'000s)















	2022/23 Budget	6 months to December 2022			
	Full Year	Actual to 31 Dec	Forecast to 30 Jun	Forecast to Budget	Last Year actual to 31 Dec
Total operating revenue (a)	18,174	10,478	18,865	691	9,921
Less: Direct operating expenses (b)	12,641	5,972	13,502	860	5,192
Less: Depreciation	3,486	1,869	3,793	307	1,727
Earnings before interest, tax, and developer contributions (EBIT)	2,047	2,637	1,570	(476)	3,002
Less: Interest expense	89	43	89	-	53
Add: Developer contributions	279	119	311	32	231
Operating profit/(loss) before tax and dividend	2,237	2,713	1,792	(444)	3,180
Less: Income tax expense (c)	898	678	448	(450)	1,272
Less: Dividend (d)	910	-	-	(910)	-
Operating profit/(loss) after tax and dividend	429	2,035	1,344	916	1,908
Capital expenditure (e)	38,126	3,214	9,305	(28,821)	3,213
Borrowings taken (repaid) (f)	9,702	(400)	-	(9,702)	(390)
Net debt (f)	14,305	-	-	(14,305)	-

Net accrual to Government (\$'000s)

Current income tax	898	967	634	(264)	1,272
Local Government rate equivalent	96	-	96	-	-
Dividends provided (d)	910	-	-	(910)	-
Operating subsidy (g)	(1,232)	(658)	(1,274)	(42)	(457)
Net accrual to Government	672	309	(544)	(1,216)	815

- a) Increased revenue forecast from higher interest earned on cash investments.
- b) Forecast direct operating expenditure increased due to reclassification of software expenditure from capital to operating, rental cost associated with the relocation of office accommodation and increase in wages in line with the State wages policy and EA.
- c) Actual to December income tax expense equals current tax plus deferred tax assets not yet recognized. Budget includes only the expected tax payable for the year.
- d) Dividend to be retained for AIP as per 2023/24 budget announcement.
- e) Reduction in Asset Investment Program due to deferral of BWRRS and the Fluoridation of water supply.
- f) Due to retained equity contributions, no further borrowings are forecast for 2022/23.
- g) Subsidy instalment due in 4th quarter.

Key Performance Outcomes

	2022-23 Target	Actual to 30 Dec	2022-23 Projected	Projected Outcome
Outcome 1: Long term financial viability				
Economic Real Rate of Return % (a)	1.3%	1.9%	0.7%	
Outcome 2: Satisfied customers				
Overall customer satisfaction rating (Customer satisfaction survey)	85%	85%	85%	
Outcome 3: Local jobs and local suppliers				
Percentage of local suppliers (Buy Local Policy target)	70%	51%	70%	
Outcome 4: Highly skilled and diversified workforce				
Increase jobs by >2% per annum	>2%	2%	>2%	
Training expenditure per annum against wages and salaries	>3%	1%	>3%	
Safety Index	1.0	1.0	1.0	
Outcome 5: Strong supported community				
Customer awareness of Aqwest services (Customer satisfaction survey)	85%	93%	93%	
Employee Diversity & Wellbeing Index	1.0	0.5	1.0	
Strong Communities Index	1.0	0.4	1.0	
Outcome 6: Safe, reliable, high-quality drinking water				
Customers agree water is safe to drink (Customer satisfaction survey) (b)	85%	81%	81%	
Microbiological compliance (%)	100%	100%	100%	
Average frequency of an unplanned interruption (per 1000 properties)	<250	165	<250	
Outcome 7: Safe, reliable, recycled water available				
Make available 2.0 GL of recycled water per annum (c)	2 G	0 G	0 G	
Outcome 8: Environmentally sustainable operations				
Environmental Sustainability Index	1.0	0.3	1.0	

(a) Target return unable to be met due to lower forecast profit.

(b) Customer Survey results were lower than previous years. Active anti-fluoride campaign in the community may have impacted results.

(c) Recycled water project on hold.