



# QUARTERLY REPORT TO THE MINISTER FOR WATER

March 2023



## Financial outcomes (\$'000s)















	2022/23 Budget		9 months to March 2023		
	Full Year	Actual to 31 Mar	Forecast to 30 Jun	Forecast to Budget	Last Year actual to 31 Mar
Total operating revenue (a)	18,174	14,170	19,125	951	14,143
Less: Direct operating expenses (b)	12,641	9,361	13,428	787	7,933
Less: Depreciation	3,486	2,667	3,640	154	2,624
<b>Earnings before interest, tax, and developer contributions (EBIT)</b>	<b>2,047</b>	<b>2,142</b>	<b>2,057</b>	<b>10</b>	<b>3,586</b>
Less: Interest expense	89	100	145	56	78
Add: Developer contributions	279	160	311	32	367
<b>Operating profit/(loss) before tax and dividend</b>	<b>2,237</b>	<b>2,202</b>	<b>2,223</b>	<b>(14)</b>	<b>3,875</b>
Less: Income tax expense (c)	898	551	556	(342)	1,550
Less: Dividend (d)	910	-	-	(910)	-
<b>Operating profit/(loss) after tax and dividend</b>	<b>429</b>	<b>1,651</b>	<b>1,667</b>	<b>1,238</b>	<b>2,325</b>
Capital expenditure (e)	38,126	4,194	7,272	(30,854)	5,354
Borrowings taken (repaid) (f)	9,702	(597)	-	(9,702)	(606)
Net debt (f)	14,305	-	-	(14,305)	-

## Net accrual to Government (\$'000s)

Current income tax (c)	898	551	556	(342)	1,550
Local Government rate equivalent	96	-	89	(7)	-
Dividends provided (d)	910	-	-	(910)	-
Operating subsidy (g)	(1,232)	(658)	(1,586)	(354)	(457)
<b>Net accrual to Government</b>	<b>672</b>	<b>(107)</b>	<b>(941)</b>	<b>(1,613)</b>	<b>1,093</b>

- a) Increased revenue forecast from higher interest earned on cash investments and an increase in residential tariff operating subsidies, as approved in the 2023/24 Budget.
- b) Forecast direct operating expenditure increase due to public sector wages policy changes, reclassification of IT cloud software from capital to operating, and the lease of new office accommodation.
- c) Forecast income tax includes a reclassification of income tax to reflect current tax payable plus deferred tax liability. The Budget included only the current tax payable for the year.
- d) Dividend to be retained and used towards the Asset Investment Program.
- e) Reduction in Asset Investment Program due to deferral of both the Bunbury Water Resource Recovery Scheme and Fluoridation of water supply project.
- f) Due to retained equity contributions, no further borrowings are forecast for 2022/23.
- g) Residential tariff operating subsidy increase approved for 2022/23.

# Key Performance Outcomes

	2022-23 Target	Actual to 31 Mar	2022-23 Projected	Projected Outcome
<b>Outcome 1: Long term financial viability</b>				
Economic Real Rate of Return % (a)	1.3%	1.3%	0.9%	
<b>Outcome 2: Satisfied customers</b>				
Overall customer satisfaction rating (Customer satisfaction survey)	85%	85%	85%	
<b>Outcome 3: Local jobs and local suppliers</b>				
Percentage of local suppliers (Buy Local Policy target)	70%	53%	70%	
<b>Outcome 4: Highly skilled and diversified workforce</b>				
Increase jobs by >2% per annum	>2%	2%	>2%	
Training expenditure per annum against wages and salaries	>3%	1.1%	>3%	
Safety Index	1.0	1.0	1.0	
<b>Outcome 5: Strong supported community</b>				
Customer awareness of Aqwest services (Customer satisfaction survey)	85%	93%	93%	
Employee Diversity & Wellbeing Index	1.0	0.6	1.0	
Strong Communities Index	1.0	0.5	1.0	
<b>Outcome 6: Safe, reliable, high-quality drinking water</b>				
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	171	<250	
<b>Outcome 7: Safe, reliable, recycled water available</b>				
Make available 2.0 GL of recycled water per annum (c)	2 G	0 G	0 G	
<b>Outcome 8: Environmentally sustainable operations</b>				
Environmental Sustainability Index	1.0	0.5	1.0	

(a) The lower projected outcome is due to both cost increases (Refer to note b – Page 1 Financial Outcomes) and the revaluation of infrastructure assets at 30 June 2022

- (b) The Customer Survey result was lower than target and in previous years. Aqwest have been directed to fluoridate Bunbury's water supply and this has resulted in an active anti-fluoride campaign in the community. This has had a negative impact on this customer survey question.
- (c) The Aqwest Bunbury Water Resource Recovery Scheme project was initially set to deliver recycled water by 2023. Due to cost escalations caused by current market conditions, the project has been deferred.