ACTEW CORPORATION

Objectives

ACTEW Corporation aims to maximise the returns on investment in water, energy and communication assets; prudently manage public assets to provide water and sewerage services in the ACT region; and continue ACTEW's national leadership role in environmental matters.

The vision of ACTEW Corporation's vision is to be a benchmark in the public-private partnership model for the provision of multi-utility services.

2002-03 Highlights

Strategic and operational issues to be pursued in 2002-03 include:

- negotiating and agreeing an appropriate framework for a utility management agreement for ACTEW's water and sewerage assets;
- implementing a water management strategy which will involve:
  - conducting a world benchmark study of future water management for the Territory; and
  - optimise water yield/use models;
- researching and developing policies and arrangements for the protection of, and access to, ACTEW infrastructure assets;
- continuing to support and facilitate the investment in TransACT;
- maintaining ACTEW's position as national leader in environmental management; and
- continuing to contribute to the community by supporting organisations, events and initiatives that benefit Canberra.

ACTEW Corporation
Statement of Financial Performance

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	Revenue						
96 827	User Charges - Non ACT Government	101 766	103 063	1	109 143	115 581	122 321
24 084	User Charges - ACT Government	25 655	26 535	3	27 370	28 250	29 168
692	Interest	1 238	1 500	21	1 600	1 700	1 800
33 000	Revenue of Associates and Joint Ventures	36 661	37 546	2	37 469	37 707	38 455
9 895	Other Revenue	12 244	14 981	22	15 626	15 413	11 273
164 498	**Total Ordinary Revenue**	**177 564**	**183 625**	**3**	**191 208**	**198 651**	**203 017**
	Expenses						
1 484	Employee Expenses	1 165	1 200	3	1 236	1 274	1 311
154	Superannuation Expenses	135	139	3	143	148	152
1 262	Administrative Expenses	1 342	1 383	3	1 424	1 467	1 511
20 796	Depreciation and Amortisation	20 353	21 577	6	22 555	23 476	24 367
28 357	Borrowing Costs	26 416	25 680	-3	24 916	24 145	23 127
56 686	Cost of Goods Sold	59 355	60 897	3	61 705	63 555	65 378
0	Other Expenses	0	0	-	0	0	0
108 739	**Total Ordinary Expenses**	**108 766**	**110 876**	**2**	**111 979**	**114 065**	**115 846**
55 759	**Operating Result From Ordinary Activities**	**68 798**	**72 749**	**6**	**79 229**	**84 586**	**87 171**
14 928	Income Tax Equivalent	23 292	21 825	-6	23 769	25 376	26 151
40 831	**Operating Result**	**45 506**	**50 924**	**12**	**55 460**	**59 210**	**61 020**
796 244	**Total Equity From Start of Period**	**796 244**	**796 244**	**-**	**796 244**	**796 244**	**796 244**
-40 831	Dividend Declared	-45 506	-50 924	-12	-55 460	-59 210	-61 020
796 244	**Total Equity At The End of Period**	**796 244**	**796 244**	**-**	**796 244**	**796 244**	**796 244**

ACTEW Corporation
Statement of Financial Position

Budget as at 30/6/02 $'000		Est.Outcome as at 30/6/02 $'000	Planned as at 30/6/03 $'000	Var %	Planned as at 30/6/04 $'000	Planned as at 30/6/05 $'000	Planned as at 30/6/06 $'000
	Current Assets						
1 000	Cash	1 000	1 000	-	1 000	1 000	1 000
19 112	Receivables	21 138	24 102	14	28 365	28 127	27 391
3 788	Investments	3 223	8 974	178	12 174	16 963	18 769
1 089	Other	7 725	7 725	-	7 725	7 725	7 725
24 989	**Total Current Assets**	**33 086**	**41 801**	**26**	**49 264**	**53 815**	**54 885**
	Non Current Assets						
395 751	Investments	407 230	407 780	..	408 330	408 880	409 430
840 267	Property, Plant and Equipment	838 610	846 140	1	853 156	855 415	858 759
20 884	Capital Works in Progress	20 884	20 884	-	20 884	20 884	20 884
0	Tax Assets	18 541	9 541	-49	9 541	9 541	9 541
15 177	Other	9 890	9 890	-	9 890	9 890	9 890
1 272 079	**Total Non Current Assets**	**1 295 155**	**1 294 235**	**..**	**1 301 801**	**1 304 610**	**1 308 504**
1 297 068	**TOTAL ASSETS**	**1 328 241**	**1 336 036**	**1**	**1 351 065**	**1 358 425**	**1 363 389**
	Current Liabilities						
15 683	Payables	14 238	14 238	-	14 238	14 238	14 238
0	Interest Bearing Liabilities	4 092	4 092	-	8 092	8 092	8 092
5 460	Employee Entitlements	8 345	8 345	-	8 345	8 345	8 345
8 726	Other Provisions	9 402	12 609	34	21 875	24 232	25 370
0	Other	1 626	1 626	-	1 626	1 626	1 626
29 869	**Total Current Liabilities**	**37 703**	**40 910**	**9**	**54 176**	**56 533**	**57 671**
	Non Current Liabilities						
353 996	Interest Bearing Liabilities	353 884	347 770	-2	336 246	327 963	318 502
10 980	Employee Entitlements	10 102	10 102	-	10 102	10 102	10 102
105 979	Other Provisions	3 731	3 731	-	3 731	3 731	3 731
0	Non Current Income Tax Payable	126 577	137 279	8	150 566	163 852	177 139
470 955	**Total Non Current Liabilities**	**494 294**	**498 882**	**1**	**500 645**	**505 648**	**509 474**
500 824	**TOTAL LIABILITIES**	**531 997**	**539 792**	**1**	**554 821**	**562 181**	**567 145**
796 244	**NET ASSETS**	**796 244**	**796 244**	**-**	**796 244**	**796 244**	**796 244**
	REPRESENTED BY FUNDS EMPLOYED						
782 872	Accumulated Funds	782 872	782 872	-	782 872	782 872	782 872
13 372	Reserves	13 372	13 372	-	13 372	13 372	13 372
796 244	**TOTAL FUNDS EMPLOYED**	**796 244**	**796 244**	**-**	**796 244**	**796 244**	**796 244**

ACTEW Corporation
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
124 306	User Charges	125 899	131 716	5	137 631	143 948	151 692
692	Interest Received	1 238	1 500	21	1 600	1 700	1 800
27 750	Other Revenue	48 500	37 546	-23	36 470	37 707	38 454
152 748	**Operating Receipts**	**175 637**	**170 762**	**-3**	**175 701**	**183 355**	**191 946**
	Payments						
1 638	Related to Employees	1 301	1 339	3	1 379	1 422	1 463
1 262	Related to Administration	1 262	983	-22	1 006	1 027	1 027
27 973	Borrowing Costs	27 152	25 680	-5	24 916	24 145	23 127
56 686	Other	59 434	61 297	3	64 247	74 476	78 035
87 559	**Operating Payments**	**89 149**	**89 299**	**..**	**91 548**	**101 070**	**103 652**
65 189	**NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**	**86 488**	**81 463**	**-6**	**84 153**	**82 285**	**88 294**
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
0	Proceeds from Sale of Property, Plant & Equipment	2 017	0	-100	0	0	0
0	Proceeds from Sale/Maturities of Investments	10 238	188	-98	1 075	5 575	6 075
0	**Investing Receipts**	**12 255**	**188**	**-98**	**1 075**	**5 575**	**6 075**
	Payments						
18 973	Purchase of Property, Plant and Equipment	14 620	19 944	36	19 952	16 328	22 444
10 800	Purchase of Investments	36 921	0	-100	0	0	0
29 773	**Investing Payments**	**51 541**	**19 944**	**-61**	**19 952**	**16 328**	**22 444**
-29 773	**NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES**	**-39 286**	**-19 756**	**50**	**-18 877**	**-10 753**	**-16 369**
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Payments						
44 819	Dividends to Government	55 028	49 841	-9	54 553	58 460	60 658
4 092	Repayment of Borrowings	5 685	6 114	8	7 524	8 283	9 461
48 911	**Financing Payments**	**60 713**	**55 955**	**-8**	**62 077**	**66 743**	**70 119**
-48 911	**NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES**	**-60 713**	**-55 955**	**8**	**-62 077**	**-66 743**	**-70 119**
-13 495	**NET INC/(DEC) IN CASH HELD**	**-13 511**	**5 752**	**143**	**3 199**	**4 789**	**1 806**
18 282	**CASH AT BEGINNING OF REPORTING PERIOD**	**17 734**	**4 223**	**-76**	**9 975**	**13 174**	**17 963**
4 787	**CASH AT THE END OF THE REPORTING PERIOD**	**4 223**	**9 975**	**136**	**13 174**	**17 963**	**19 769**

Notes to the Budgeted Statements

ACTEW's 2002-03 budget cycle is not complete until end of May 2002 and therefore figures supplied for 2002-03 to 2005-06 are preliminary estimates.

Since the production of these preliminary figures ACTEW has determined that it will not record dividends on cumulative preference shares (Other Revenue) from TransACT until the cash is received. Accordingly this will result in a reduction of the operating result after income tax equivalents and dividends by $0.5m in 2001-02 and $2.7m in each of the years 2002-03 to 2005-06.

Significant variations are as follows:

Statement of Financial Performance

- user charges-non ACT Government: the increase of $4.939m in 2001-02 from the original budget reflects increased sales of water and sewerage services. The increase of $1.297m in the 2002-03 Budget from the 2001-02 estimated outcome reflects the increase in prices from assumed regulatory price determinations;

- interest: the increase of $0.546m in 2001-02 from the original budget is due to a higher level of liquid assets being held, this has also resulted in an increase of $0.262m in the 2002-03 Budget from the 2001-02 estimated outcome;

- revenue of associates and joint ventures: the increase of $3.661m in 2001-02 from the original budget and the increase of $0.885m in the 2002-03 Budget from the 2001-02 estimated outcome reflects higher energy sales which has resulted in improved returns from joint venture parties;

- other revenue: the increase of $2.349m in 2001-02 from the original budget is due to the sale of equipment that was not budgeted for together with the receipt of dividends on cumulative preference shares from TransACT. The increase of $2.737m in the 2002-03 Budget from the 2001-02 estimated outcome is due to an increase in TransACT dividends;

- depreciation and amortisation: the increase of $1.224m in the 2002-03 Budget from the 2001-02 estimated outcome is due capital expenditure associated with water and sewerage assets;

- borrowing costs: the decrease of $1.941m in 2001-02 from the original budget and the decrease of $0.736m in the 2002-03 Budget from the 2001-02 estimated outcome is due to lower than expected interest rates;

- cost of goods sold: the increase of $2.669m in 2001-02 from the original budget, and the increase of $1.542m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the increase in insurance, and Alliance contract provisions; and

- income tax equivalent: the increase of $8.364m in 2001-02 from the original budget is due to higher profitability, an under accrual from 2000-01 and gifted assets that are now subject to income tax equivalents.

Statement of Financial Position

- receivables: the increase of $2.026m in 2001-02 from the original budget, and the increase $2.964m in the 2002-03 Budget from the 2001-02 estimated outcome is due to better than expected sales;

- current and non current investments: the increase of $10.914m in 2001-02 from the original budget largely represents the increased investment in TransACT. The increase of $6.301m in the 2002-03 Budget from the 2001-02 estimated outcome represents the movement in highly liquid investments;

- current and non current other assets: the increase of $1.349m in 2001-02 from the original budget is due to the reclassification of non current assets to current assets;

- non current tax assets: the increase of $18.541m in 2001-02 from original budget is due to an account reclassification. The decrease of $9.0m in the 2002-03 Budget from the 2001-02 estimated outcome reflects the usage of past tax losses; and

- total liabilities: the overall increase of $31.173m in 2001-02 from the original budget largely reflects the reclassification of accounts. The increase of $7.795m in the 2002-03 Budget from the 2001-02 estimated outcome represents the increase in ACTEW's income tax liability, offset by debt repayments.

Statement of Cashflows

- payments purchase of investments: the increase of $26.121m in 2001-02 from the original budget is due to investment in TransACT.