

ACTEW CORPORATION

Objectives

The objectives of ACTEW Corporation are: to maximise return on investment in water, energy and communication assets; to prudently manage public assets to provide water and sewerage services in the ACT Region; and to continue our national leadership role in environmental matters.

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

2001-02 Highlights

Strategic and operational issues to be pursued in 2001-02 include:

- implementing the ActewAGL Partnership with particular emphasis on:
 - ensuring suitable governance and reporting structures;
 - supporting the appropriate positioning of the Partnership in the market; and
 - ensuring the development of integrated employment conditions and cultures.
- developing optimum dividend and investment policies;
- establishing the commercial cost of operating the water and sewerage business; identifying and quantifying the risks in that business; and developing a framework for a utility management agreement with ACTEW's partners;
- supporting and facilitating the ongoing investment in TransACT to maximise returns;
- maintaining ACTEW's position as a national leader in environmental management with particular focus on energy efficiency, water re-use and minimising the impact of operations on the environment; and
- providing support for initiatives and events that benefit the Canberra community, including involvement in important public discussions about water, sustainability and the built environment.

ACTEW Corporation
Statement Of Financial Performance

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
Revenue							
380 688	User Charges - Non ACT Government	167 971	96 827	-42	101 582	105 842	109 105
43 068	User Charges - ACT Government	27 564	24 084	-13	24 702	25 240	25 902
1 758	Interest	3 483	692	-80	429	667	902
0	Revenue of Associates and Joint Ventures	22 000	33 000	50	38 883	40 308	41 517
5 600	Other Revenue	51 329	9 895	-81	10 397	10 641	10 763
431 114	Total Ordinary Revenue	272 347	164 498	-40	175 993	182 698	188 189
Expenses							
57 781	Employee Expenses	20 108	1 484	-93	1 519	1 555	1 592
5 630	Superannuation Expenses	2 087	154	-93	158	161	166
44 048	Administrative Expenses	11 062	1 262	-89	983	1 006	1 026
46 839	Depreciation and Amortisation	26 584	20 796	-22	22 146	23 479	24 364
32 213	Borrowing Costs	33 750	28 357	-16	28 252	27 508	26 927
180 125	Cost of Goods Sold	97 170	56 686	-42	57 470	59 019	60 733
5 458	Other Expenses	0	0	-	0	0	0
372 094	Total Ordinary Expenses	190 761	108 739	-43	110 528	112 728	114 808
59 020	Operating Result Before Extraordinary Items	81 586	55 759	-32	65 465	69 970	73 381
16 803	Income Tax Equivalent	-3 185	14 928	569	17 720	19 023	20 046
42 217	Operating Result	84 771	40 831	-52	47 745	50 947	53 335
0	Increase/(Decrease) in retained profits on the adoption of a new standard	0	0	-	0	0	0
0	Change In Equity Other Than Those Resulting From Transactions With Owners As Owners	0	0	-	0	0	0
891 243	Total Equity From Start of Period	891 244	796 244	-11	796 244	796 244	796 244
0	Distributions to Government	-119 000	0	100	0	0	0
-42 217	Dividend Declared	-60 771	-40 831	33	-47 745	-50 947	-53 335
891 244	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 30/6/01 \$'000		Est.Outcome as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Var %	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000	Planned as at 30/6/05 \$'000
Current Assets							
1 000	Cash	1 000	1 000	-	1 000	1 000	1 000
76 084	Receivables	18 612	19 112	3	19 612	20 112	20 112
21 925	Investments	17 283	3 788	-78	8 516	11 703	16 365
5 735	Inventories	0	0	-	0	0	0
1 623	Other	1 089	1 089	-	1 089	1 089	1 089
106 367	Total Current Assets	37 984	24 989	-34	30 217	33 904	38 566
Non Current Assets							
18 100	Investments	379 701	395 751	4	397 222	397 578	397 880
1 283 060	Property, Plant and Equipment	836 090	840 267	..	846 324	849 405	851 600
33 200	Capital Works in Progress	20 884	20 884	-	20 884	20 884	20 884
0	Other	17 077	15 177	-11	14 177	13 177	12 177
1 334 360	Total Non Current Assets	1 253 752	1 272 079	1	1 278 607	1 281 044	1 282 541
1 440 727	TOTAL ASSETS	1 291 736	1 297 068	..	1 308 824	1 314 948	1 321 107
Current Liabilities							
41 900	Creditors	15 299	15 683	3	15 649	14 522	12 630
4 100	Interest Bearing Liabilities	0	0	-	0	0	0
9 205	Employee Entitlements	6 201	5 460	-12	5 070	4 680	4 290
9 828	Other Provisions	12 790	8 726	-32	10 069	10 669	11 107
10 100	Other	0	0	-	0	0	0
75 133	Total Current Liabilities	34 290	29 869	-13	30 788	29 871	28 027
Non Current Liabilities							
358 600	Interest Bearing Liabilities	358 088	353 996	-1	349 904	345 812	341 720
13 700	Employee Entitlements	12 063	10 980	-9	10 410	9 840	9 270
102 050	Other Provisions	91 051	105 979	16	121 478	133 181	145 846
474 350	Total Non Current Liabilities	461 202	470 955	2	481 792	488 833	496 836
549 483	TOTAL LIABILITIES	495 492	500 824	1	512 580	518 704	524 863
891 244	NET ASSETS	796 244	796 244	-	796 244	796 244	796 244
REPRESENTED BY FUNDS							
EMPLOYED							
877 844	Accumulated Funds	782 872	782 872	-	782 872	782 872	782 872
13 400	Reserves	13 372	13 372	-	13 372	13 372	13 372
891 244	TOTAL FUNDS EMPLOYED	796 244	796 244	-	796 244	796 244	796 244

ACTEW Corporation Cashflow Statement

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
18 348	CASH AT BEGINNING OF REPORTING PERIOD	13 798	18 282	32	4 787	9 515	12 703
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
451 440	User Charges	185 916	124 306	-33	129 781	134 663	139 210
1 758	Interest Received	3 483	692	-80	429	667	902
0	Other Revenue	20 487	27 750	35	37 412	39 952	41 215
453 198	Operating Receipts	209 886	152 748	-27	167 622	175 282	181 327
	Payments						
63 411	Related to Employees	22 194	1 638	-93	1 677	1 716	1 757
52 644	Related to Administration	10 897	1 262	-88	983	1 006	1 027
27 896	Borrowing Costs	27 873	27 973	..	28 286	28 635	28 819
203 596	Other	102 376	56 686	-45	59 691	66 339	68 113
347 547	Operating Payments	163 340	87 559	-46	90 637	97 696	99 716
105 651	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	46 546	65 189	40	76 985	77 586	81 611
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
120	Proceeds from Sale of Property, Plant & Equipment	0	0	-	0	0	0
0	Proceeds from Sale/Maturities of Investments	170 564	0	-100	0	0	0
120	Investing Receipts	170 564	0	-100	0	0	0
	Payments						
50 694	Purchase of Property, Plant and Equipment	15 540	18 973	22	21 802	20 000	20 000
0	Purchase of Investments	6 700	10 800	61	0	0	0
50 694	Investing Payments	22 240	29 773	34	21 802	20 000	20 000
-50 574	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	148 324	-29 773	-120	-21 802	-20 000	-20 000
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Payments						
0	Distributions to Government	119 000	0	-100	0	0	0
45 582	Dividends to Government	67 293	44 819	-33	46 363	50 306	52 857
4 100	Repayment of Borrowings	4 093	4 092	..	4 092	4 092	4 092

ACTEW Corporation Cashflow Statement

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
49 682	Financing Payments	190 386	48 911	-74	50 455	54 398	56 949
-49 682	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-190 386	-48 911	74	-50 455	-54 398	-56 949
5 395	NET INCREASE/(DECREASE) IN CASH HELD	4 484	-13 495	-401	4 728	3 188	4 662
23 743	CASH AT THE END OF THE REPORTING PERIOD	18 282	4 787	-74	9 515	12 703	17 365

Notes to the Budget Statements

The 2000-01 original budget did not incorporate the formation of the ActewAGL joint venture. However, the 2000-01 estimated outcome reflects the joint venture formation on 3 October 2000. Accordingly, it includes three months of pre joint venture formation operations and nine months of post joint venture formation operations. Comparisons between 2000-01 and 2001-02 are therefore difficult.

Significant changes to the business arrangements are as follows:

- the electricity business of ACTEW was transferred to the ActewAGL joint venture;
- ACTEW retained the water and sewerage business and assets;
- the joint venture operates and maintains ACTEW's water and sewerage operations under a service contract arrangement;
- at the same time, AGL transferred certain gas and electricity businesses into the ActewAGL joint venture;
- equalisation payments totalling \$157.5m were received by ACTEW to bring the joint venture to a 50:50 basis. \$38.5m of this payment has been retained within ACTEW to ensure an appropriate working capital ratio and liquidity ratio; and
- the majority of employees have been seconded to the joint venture, but ACTEW remains the primary employer.

ACTEW's 2001-02 budget cycle is not complete until end May 2001 and therefore figures supplied for 2001-02 are preliminary estimates.

Significant variations are as follows:

Statement of Financial Performance

- user charges – non ACT Government: the decrease of \$212.717m in 2000-01 from the original budget reflects the formation of the joint venture on 3 October 2000. The decrease of \$71.144m in 2001-02 from the 2000-01 estimated outcome reflects the impact of a full year of operations without electricity sales revenue;
- revenue of associates and joint ventures: the increase of \$11m in 2001-02 compared to the 2000-01 estimated outcome reflects nine months of operations for the ActewAGL Partnership, of which ACTEW receives 50% of the revenue;
- other revenue: the increase of \$45.729m in 2000-01 from the original budget is due partly to the realisation of a one-off profit on assets transferred to the joint venture;
- dividends: the current dividend policy is for ACTEW to provide the Government with a 100% dividend, based on the operating result after allowing for income tax equivalents. The one exception to this is in 2000-01, where \$24m of non cash profits on assets vested in the joint venture were transferred to accumulated funds and not included in the final dividend; and
- all other variances reflect the formation of the joint venture on 3 October 2000.

Statement of Financial Position

- non-current investments: the increase of \$361.601m in 2000-01 from the original budget is a result of the formation of the joint venture; and
- all other variances reflect the formation of the joint venture on 3 October 2000.

Cash Flow Statement

- other payments: the decrease of \$101.220m in 2000-01 from the original budget, and the \$45.690m decrease in 2001-02 from the 2000-01 estimated outcome represents a reduction in the cost of goods sold associated with the transfer of the electricity business to the joint venture. This payment also includes estimated income tax equivalent payments to be made to the Government of \$2.221m in 2002-03; \$7.320m in 2003-04; and \$7.380m in 2004-05;
- proceeds from sale/maturities of investments and property, plant and equipment: increase of \$170.444m is mainly due to the receipt of \$157.5m in equalisation payments from the joint venture;
- distributions to Government: increase of \$119m in 2000-01 estimated outcome compared to budget is the portion of the equalisation payment which was passed on to Government. \$38.5m of the total equalisation payment (\$157.5m) has been maintained within ACTEW to ensure an appropriate working capital ratio and liquidity ratio are maintained;
- purchase of investments: increase of \$4.1m in 2001-02 compared to the 2000-01 estimated outcome relates to an additional investment in TransACT; and
- all other variances reflect the formation of the joint venture on 3 October 2000.