

# ACTEW CORPORATION

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## Objectives

ACTEW Corporation aims to prudently manage public assets to provide sustainable water and wastewater services in the ACT region, to maximise the return on its investments, and to ensure a safe and reliable water supply to the ACT and region.

## 2010-11 Priorities

Strategic and operational issues to be pursued in 2010-11 include:

- continuing construction work associated with enlarging the Cotter Dam;
- gaining approvals and commencing construction of the Murrumbidgee to Googong Water Transfer project;
- finalising negotiations with Snowy Hydro Limited and the NSW Government for the Tantangara Transfer project, to secure additional water from a source not largely dependent on local rainfall;
- investigating and developing appropriate carbon abatement strategies for ACTEW's existing water and sewerage operations and completing implementation of a carbon abatement strategy for the water security projects;
- working with stakeholders to achieve appropriate management of the water supply catchments;
- working with the ACT Government to achieve an appropriate Sustainable Diversion Limit in the Murray Darling Basin Plan;
- working with the ACT Government to review *Think water, act water* and developing suitable targets;
- completing a strategic review of the sewerage system;
- analysing trade waste practices to identify opportunities to improve the performance of the sewerage system;
- continuing to develop appropriate ecological monitoring and protection programs for vulnerable species in the Cotter and Murrumbidgee Rivers and Burra Creek;
- liaising with the appropriate environment protection agencies to manage environmental flow requirements;
- managing and reviewing the Permanent Water Conservation Measures and the Temporary Water Restrictions;
- managing ACTEW's investments in electricity, gas and telecommunications; and
- continuing ACTEW's contribution to the ACT community by supporting community organisations, events and initiatives.

## Estimated Employment Level

2008-09 Actual Outcome	2009-10 Budget	2009-10 Est. Outcome	2010-11 Budget
35 Staffing (FTE) <sup>1</sup>	35	43	43

**Note:**

1. The main reason for the increase in the 2009-10 estimated outcome from the original budget is the engagement of personnel for the Water Security Major Projects.

## Special Notes on ACTEW's 2010-11 Budget

Included in the budget is capital expenditure for the following Water Security Major Projects:

- Enlarged Cotter Dam;
- Murrumbidgee to Googong Transfer; and
- Tantangara Transfer.

The figures used are based on the final Target Outturn Costs for the projects. There are a number of variations from the 2009-10 Budget Papers as the final Target Outturn Costs were still under development at that time.

The 2010-11 Budget includes the following borrowing estimates:

- 2009-10 at \$330 million;
- 2010-11 at \$300 million; and
- 2011-12 at \$160 million.

The final amount, timing and nature of borrowings is uncertain as they depend on the state of the financial markets and the actual timing of Water Security Major Projects expenditure.

## Changes to Appropriation

### Changes to Appropriation - Departmental

	2009-10	2010-11	2011-12	2012-13	2013-14
Government Payment for Outputs	Est. Out.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2009-10 Budget</b>	<b>10,004</b>	<b>10,195</b>	<b>10,390</b>	<b>10,650</b>	<b>10,650</b>
<b>2010-11 Budget Technical Adjustment</b>					
Revised Indexation - Assistance for Water and Sewerage Services	-	-	-	(63)	138
<b>2010-11 Budget</b>	<b>10,004</b>	<b>10,195</b>	<b>10,390</b>	<b>10,587</b>	<b>10,788</b>

## ACTEW Corporation Operating Statement

2009-10 Budget \$'000		2009-10 Est.Outcome \$'000	2010-11 Budget \$'000	Var %	2011-12 Estimate \$'000	2012-13 Estimate \$'000	2013-14 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
10,004	Government Payment for Outputs	10,004	10,195	2	10,390	10,587	10,788
186,735	User Charges - Non ACT Government	193,981	203,946	5	235,445	266,465	297,640
30,088	User Charges - ACT Government	30,239	32,207	7	36,452	40,108	43,445
3,262	Interest	7,535	8,750	16	5,057	7,774	5,861
3,575	Other Revenue	3,522	3,043	-14	3,102	3,163	3,225
<b>233,664</b>	<b>Total Revenue</b>	<b>245,281</b>	<b>258,141</b>	<b>5</b>	<b>290,446</b>	<b>328,097</b>	<b>360,959</b>
<b>Gains</b>							
0	Other Gains	12,426	0	-100	0	0	0
<b>0</b>	<b>Total Gains</b>	<b>12,426</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>233,664</b>	<b>Total Income</b>	<b>257,707</b>	<b>258,141</b>	<b>..</b>	<b>290,446</b>	<b>328,097</b>	<b>360,959</b>
<b>Expenses</b>							
4,815	Employee Expenses	5,383	5,306	-1	5,550	5,803	6,054
409	Superannuation Expenses	639	651	2	681	711	743
5,907	Supplies and Services	7,493	7,255	-3	7,087	7,172	6,912
37,118	Depreciation and Amortisation	32,677	37,358	14	40,721	43,264	44,316
45,486	Borrowing Costs	42,659	62,821	47	78,222	85,627	84,627
116,154	Cost of Goods Sold	123,149	125,799	2	135,629	140,457	149,854
5,480	Other Expenses	5,354	5,622	5	5,903	6,198	6,508
<b>215,369</b>	<b>Total Ordinary Expenses</b>	<b>217,354</b>	<b>244,812</b>	<b>13</b>	<b>273,793</b>	<b>289,232</b>	<b>299,014</b>
64,168	Share of Operating Result from Joint Venture accounted for using the Equity Method	76,436	74,161	-3	74,523	74,722	78,791
<b>82,463</b>	<b>Operating Result From Ordinary Activities</b>	<b>116,789</b>	<b>87,490</b>	<b>-25</b>	<b>91,176</b>	<b>113,587</b>	<b>140,736</b>
27,213	Income Tax Equivalent	28,909	27,107	-6	28,261	35,221	43,649
<b>55,250</b>	<b>Operating Result</b>	<b>87,880</b>	<b>60,383</b>	<b>-31</b>	<b>62,915</b>	<b>78,366</b>	<b>97,087</b>
54,599	Increase/(Decrease) in Asset Revaluation Reserve Surpluses	67,747	8,984	-87	73,604	10,587	88,099
<b>54,599</b>	<b>Total Other Comprehensive Income</b>	<b>67,747</b>	<b>8,984</b>	<b>-87</b>	<b>73,604</b>	<b>10,587</b>	<b>88,099</b>
<b>109,849</b>	<b>Total Comprehensive Income</b>	<b>155,627</b>	<b>69,367</b>	<b>-55</b>	<b>136,519</b>	<b>88,953</b>	<b>185,186</b>

**ACTEW Corporation  
Balance Sheet**

Budget as at 30/6/10 \$'000		Est.Outcome as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Var %	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000
<b>Current Assets</b>							
190,315	Cash and Cash Equivalents	307,962	239,781	-22	129,536	85,492	49,514
42,171	Receivables	39,072	41,808	7	44,734	47,865	51,216
17,149	Other	18,459	18,459	-	18,459	18,459	18,459
<b>249,635</b>	<b>Total Current Assets</b>	<b>365,493</b>	<b>300,048</b>	<b>-18</b>	<b>192,729</b>	<b>151,816</b>	<b>119,189</b>
<b>Non Current Assets</b>							
517,855	Investments	507,816	555,658	9	601,184	638,036	670,597
1,417,119	Property, Plant and Equipment	1,399,900	1,453,185	4	1,926,261	2,115,335	2,232,521
34,456	Intangibles	31,507	31,507	-	31,507	31,507	31,507
343,613	Capital Works in Progress	239,817	503,142	110	237,473	62,105	62,105
19,760	Tax Assets	21,117	21,117	-	21,117	21,117	21,117
1,375	Other	0	0	-	0	0	0
<b>2,334,178</b>	<b>Total Non Current Assets</b>	<b>2,200,157</b>	<b>2,564,609</b>	<b>17</b>	<b>2,817,542</b>	<b>2,868,100</b>	<b>3,017,847</b>
<b>2,583,813</b>	<b>TOTAL ASSETS</b>	<b>2,565,650</b>	<b>2,864,657</b>	<b>12</b>	<b>3,010,271</b>	<b>3,019,916</b>	<b>3,137,036</b>
<b>Current Liabilities</b>							
29,187	Payables	64,457	68,419	6	28,142	29,381	28,627
6,634	Interest Bearing Liabilities	12,961	13,372	3	15,128	16,663	18,696
17,597	Employee Benefits	19,156	19,156	-	19,156	19,156	19,156
11,050	Other Provisions	17,576	12,077	-31	12,583	15,673	19,417
5,341	Income Tax Payable	6,148	5,546	-10	6,000	7,079	9,097
1,694	Other	5,536	5,536	-	5,536	5,536	5,536
<b>71,503</b>	<b>Total Current Liabilities</b>	<b>125,834</b>	<b>124,106</b>	<b>-1</b>	<b>86,545</b>	<b>93,488</b>	<b>100,529</b>
<b>Non Current Liabilities</b>							
1,067,742	Interest Bearing Liabilities	994,713	1,283,725	29	1,357,589	1,337,972	1,314,305
324	Employee Benefits	34	34	-	34	34	34
1,506	Other Provisions	1,579	1,579	-	1,579	1,579	1,579
370,384	Non Current Income Tax Payable	376,986	379,725	1	415,432	427,164	472,811
<b>1,439,956</b>	<b>Total Non Current Liabilities</b>	<b>1,373,312</b>	<b>1,665,063</b>	<b>21</b>	<b>1,774,634</b>	<b>1,766,749</b>	<b>1,788,729</b>
<b>1,511,459</b>	<b>TOTAL LIABILITIES</b>	<b>1,499,146</b>	<b>1,789,169</b>	<b>19</b>	<b>1,861,179</b>	<b>1,860,237</b>	<b>1,889,258</b>
<b>1,072,354</b>	<b>NET ASSETS</b>	<b>1,066,504</b>	<b>1,075,488</b>	<b>1</b>	<b>1,149,092</b>	<b>1,159,679</b>	<b>1,247,778</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
766,672	Accumulated Funds	766,670	766,670	-	766,670	766,670	766,670
305,682	Reserves	299,834	308,818	3	382,422	393,009	481,108
<b>1,072,354</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>1,066,504</b>	<b>1,075,488</b>	<b>1</b>	<b>1,149,092</b>	<b>1,159,679</b>	<b>1,247,778</b>

## ACTEW Corporation Cash Flow Statement

2009-10 Budget \$'000		2009-10 Est.Outcome \$'000	2010-11 Budget \$'000	Var %	2011-12 Estimate \$'000	2012-13 Estimate \$'000	2013-14 Estimate \$'000
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
10,004	Cash from Government for Outputs	10,004	10,195	2	10,390	10,587	10,788
217,640	User Charges	225,186	236,462	5	272,072	306,605	340,959
3,262	Interest Received	7,535	8,750	16	5,057	7,774	5,861
74,309	Other Revenue	43,045	39,154	-9	43,121	52,995	62,198
<b>305,215</b>	<b>Operating Receipts</b>	<b>285,770</b>	<b>294,561</b>	<b>3</b>	<b>330,640</b>	<b>377,961</b>	<b>419,806</b>
	<b>Payments</b>						
4,386	Related to Employees	5,942	5,787	-3	6,054	6,328	6,603
409	Related to Superannuation	639	651	2	681	711	743
5,907	Related to Supplies and Services	8,824	8,276	-6	5,187	5,153	4,762
45,486	Borrowing Costs	39,057	62,848	61	78,258	85,673	84,684
140,588	Other	138,161	160,241	16	165,176	173,604	190,102
<b>196,776</b>	<b>Operating Payments</b>	<b>192,623</b>	<b>237,803</b>	<b>23</b>	<b>255,356</b>	<b>271,469</b>	<b>286,894</b>
<b>108,439</b>	<b>NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>93,147</b>	<b>56,758</b>	<b>-39</b>	<b>75,284</b>	<b>106,492</b>	<b>132,912</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Receipts</b>						
0	Proceeds from Sale of Property, Plant and Equipment	20,905	0	-100	0	0	0
0	Proceeds from Sale/Maturities of Investments	7,000	0	-100	0	0	0
<b>0</b>	<b>Investing Receipts</b>	<b>27,905</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Payments</b>						
300,222	Purchase of Property, Plant and Equipment and Capital Works	203,245	348,479	71	198,740	57,179	53,914
0	Purchase of Land and Intangibles	13,799	0	-100	0	0	0
<b>300,222</b>	<b>Investing Payments</b>	<b>217,044</b>	<b>348,479</b>	<b>61</b>	<b>198,740</b>	<b>57,179</b>	<b>53,914</b>
<b>-300,222</b>	<b>NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-189,139</b>	<b>-348,479</b>	<b>-84</b>	<b>-198,740</b>	<b>-57,179</b>	<b>-53,914</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
	<b>Receipts</b>						
250,000	Borrowings Received	330,000	300,000	-9	160,000	0	0
<b>250,000</b>	<b>Financing Receipts</b>	<b>330,000</b>	<b>300,000</b>	<b>-9</b>	<b>160,000</b>	<b>0</b>	<b>0</b>
	<b>Payments</b>						
58,112	Dividends to Government	87,448	65,883	-25	62,409	75,275	93,343
11,027	Repayment of Borrowings	12,503	10,577	-15	84,380	18,082	21,633
<b>69,139</b>	<b>Financing Payments</b>	<b>99,951</b>	<b>76,460</b>	<b>-24</b>	<b>146,789</b>	<b>93,357</b>	<b>114,976</b>
<b>180,861</b>	<b>NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>230,049</b>	<b>223,540</b>	<b>-3</b>	<b>13,211</b>	<b>-93,357</b>	<b>-114,976</b>
<b>-10,922</b>	<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>134,057</b>	<b>-68,181</b>	<b>-151</b>	<b>-110,245</b>	<b>-44,044</b>	<b>-35,978</b>
<b>201,237</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>173,905</b>	<b>307,962</b>	<b>77</b>	<b>239,781</b>	<b>129,536</b>	<b>85,492</b>
<b>190,315</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>307,962</b>	<b>239,781</b>	<b>-22</b>	<b>129,536</b>	<b>85,492</b>	<b>49,514</b>

## ACTEW Corporation Statement of Changes in Equity

Budget as at 30/6/10 \$'000		Est.Outcome as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Var %	Planned as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000
<b>Opening Equity</b>							
766,672	Opening Accumulated Funds	766,670	766,670	-	766,670	766,670	766,670
240,581	Opening Asset Revaluation Reserve	224,447	292,194	30	301,178	374,782	385,369
10,502	Opening Other Reserve	7,640	7,640	-	7,640	7,640	7,640
<b>1,017,755</b>	<b>Balance at the Start of the Reporting Period</b>	<b>998,757</b>	<b>1,066,504</b>	<b>7</b>	<b>1,075,488</b>	<b>1,149,092</b>	<b>1,159,679</b>
<b>Comprehensive Income</b>							
55,250	Operating Result for the Period	87,880	60,383	-31	62,915	78,366	97,087
54,599	Increase/(Decrease) in Asset Revaluation Reserve Surpluses	67,747	8,984	-87	73,604	10,587	88,099
<b>109,849</b>	<b>Total Comprehensive Income</b>	<b>155,627</b>	<b>69,367</b>	<b>-55</b>	<b>136,519</b>	<b>88,953</b>	<b>185,186</b>
<b>0</b>	<b>Total Movement in Reserves</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transactions Involving Owners Affecting Accumulated Funds</b>							
-55,250	Dividend Approved	-87,880	-60,383	31	-62,915	-78,366	-97,087
<b>-55,250</b>	<b>Total Transactions Involving Owners Affecting Accumulated Funds</b>	<b>-87,880</b>	<b>-60,383</b>	<b>31</b>	<b>-62,915</b>	<b>-78,366</b>	<b>-97,087</b>
<b>Closing Equity</b>							
766,672	Closing Accumulated Funds	766,670	766,670	-	766,670	766,670	766,670
295,180	Closing Asset Revaluation Reserve	292,194	301,178	3	374,782	385,369	473,468
10,502	Closing Other Reserve	7,640	7,640	-	7,640	7,640	7,640
<b>1,072,354</b>	<b>Balance at the End of the Reporting Period</b>	<b>1,066,504</b>	<b>1,075,488</b>	<b>1</b>	<b>1,149,092</b>	<b>1,159,679</b>	<b>1,247,778</b>

### Notes to Budget Statements

Significant variations are as follows:

#### *Operating Statement*

- user charges — non ACT Government:
  - the increase of \$7.246 million in the 2009-10 estimated outcome from the original budget is due to higher than anticipated water consumption and an increased number of sewerage customers; and
  - the increase of \$9.965 million in the 2010-11 Budget from the 2009-10 estimated outcome is mainly due to the impact of water pricing increments, offset by reduced consumption from ongoing restrictions.

- user charges — ACT Government: the increase of \$1.968 million in the 2010-11 Budget from the 2009-10 estimated outcome is a result of the impact of water pricing increments, offset by reduced consumption from ongoing restrictions.
- interest:
  - the increase of \$4.273 million in the 2009-10 estimated outcome from the original budget is due to higher than expected cash balances throughout the year; and
  - the increase of \$1.215 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to a higher cash balance as a result of new borrowings.
- other revenue: the decrease of \$0.479 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to a decrease in interest earned on debtor accounts.
- other gains: the increase of \$12.426 million in the 2009-10 estimated outcome from the original budget is due to the one-off gain on the sale of Ecowise Environmental.
- employment and superannuation expenses: the increase of \$0.798 million in the 2009-10 estimated outcome from the original budget is due to the restructuring of staff within ACTEW and the Water Security Major Projects.
- supplies and services: the increase of \$1.586 million in the 2009-10 estimated outcome from the original budget is mainly due to relocation costs associated with new accommodation and higher doubtful debts.
- depreciation and amortisation:
  - the decrease of \$4.441 million in the 2009-10 estimated outcome from the original budget reflects delays in the capitalisation of capital expenditure; and
  - the increase of \$4.681 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to the completion and capitalisation of capital works.
- borrowing costs:
  - the decrease of \$2.827 million in the 2009-10 estimated outcome from the original budget is due to lower borrowings due to timing of capital works; and
  - the increase of \$20.162 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to increased borrowings for the capital program.
- cost of goods sold:
  - the increase of \$6.995 million in the 2009-10 estimated outcome from the original budget is due to management costs for the Tantangara Transfer project being treated as operational rather than capital in nature and higher than expected asset maintenance costs; and
  - the increase of \$2.650 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to increases in the cost of the Utilities Management Agreement with ActewAGL.
- revenue of associates and joint ventures:
  - the increase of \$12.268 million in the 2009-10 estimated outcome from the original budget is largely due to reduced borrowings by the ActewAGL Joint Venture; and
  - the decrease of \$2.275 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to the expectation of usual trading activity.

- income tax equivalent:
  - the increase of \$1.696 million in the 2009-10 estimated outcome from the original budget is largely due to increased profitability, offset by a tax refund of \$7.6 million related to an overpayment in 2008-09; and
  - the decrease of \$1.802 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to an expected return to usual trading levels.

### *Balance Sheet*

- cash and cash equivalents:
  - the increase of \$117.647 million in the 2009-10 estimated outcome from the original budget is mainly due to forecast borrowings of \$330 million scheduled to be received in late 2009-10; and
  - the decrease of \$68.181 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to the use of the funds for capital projects.
- investments:
  - the decrease of \$10.039 million in the 2009-10 estimated outcome from the original budget is due to ActewAGL borrowings that are not likely to proceed; and
  - the increase of \$47.842 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to lower cash distributions from the ActewAGL investment compared to forecast profit. As ACTEW equity accounts for the investment this leads to an increase in its value.
- property, plant and equipment: the increase of \$53.285 million in the 2010-11 Budget from the 2009-10 estimated outcome largely relates to the general and water security major projects capital expenditure program.
- capital works in progress:
  - the decrease of \$103.796 million in the 2009-10 estimated outcome from the original budget is due to the finalisation of capital works projects; and
  - the increase of \$263.325 million in the 2010-11 Budget from the 2009-10 estimated outcome reflects the commencement of the construction phases of the Water Security Major Projects and general capital expenditure.
- payables: the increase of \$35.270 million in the 2009-10 estimated outcome from the original budget is due to payables associated with the capital works program.
- current and non current interest bearing liabilities:
  - the decrease of \$66.702 million in the 2009-10 estimated outcome from the original budget is mainly due to a variation in the timing of borrowings related to the Water Security Major Projects and general capital expenditure; and
  - the increase of \$289.423 million in 2010-11 Budget from the 2009-10 estimated outcome is mainly due to increased borrowing of \$300 million for the Water Security Major Projects.
- current other provisions: the increase of \$6.526 million in the 2009-10 estimated outcome from the original budget is related to dividends payable and reflects the increase in budgeted profits.

- non current income tax payable:
  - the increase of \$6.602 million in the 2009-10 estimated outcome from the original budget is due to an increase in profit before tax; and
  - the increase of \$2.739 million in the 2010-11 Budget from the 2009-10 estimated outcome is due to revaluation of property, plant and equipment and ACTEW's investment in the ActewAGL Distribution partnership.

#### *Cash Flow Statement*

Variances in the statement are mostly explained in the notes above. Other significant variations include:

- other revenue: the decrease of \$31.264 million in the 2009-10 estimated outcome from the original budget is due to the repayment of borrowings by ActewAGL that are not likely to proceed.
- proceeds from sale of property, plant and equipment: the one-off increase of \$20.905 million in the 2009-10 estimated outcome from the original budget is due to the sale of Ecowise Environmental.
- proceeds from sale/maturities of investments: the one-off increase of \$7 million in the 2009-10 estimated outcome from the original budget is due to a redemption of investments.
- purchase of land and intangibles: the one-off increase of \$13.799 million in the 2009-10 estimated outcome from the original budget reflects the purchase of water licences for the Tantangara Transfer.

#### *Statement of Changes in Equity*

- dividend approved: the increase of \$32.630 million in the 2009-10 estimated outcome from the original budget is due to an increased after tax operating surplus.