

# ACTEW CORPORATION

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## Objectives

ACTEW Corporation aims to prudently manage public assets to provide sustainable water and sewerage services in the ACT region and to maximise the return on its investments in water, sewerage, energy and communication assets.

## 2006-07 Priorities

Strategic and operational issues to be pursued in 2006-07 include:

- optimising the quantity of water transferred via the Cotter Googong Bulk Transfer Scheme;
- developing water supply concepts based on the extraction of water from the Murrumbidgee River, as an additional water source;
- reviewing, monitoring and reporting on water supply planning assumptions, including undertaking additional technical analysis on further water storage options;
- continuing to implement Think Water, Act Water measures to reduce per capita consumption of mains water by 12 per cent by 2013 and 25 per cent by 2023;
- contributing to a satisfactory outcome for the Murray Darling Basin water cap for the ACT;
- seeking to achieve an integrated regional approach to ACT/NSW cross-border water supply and management;
- liaising with the Environmental Protection Authority regarding the monitoring of the newly introduced environmental flow levels;
- monitoring and managing implications of the AGL/Alinta demerger to ensure a satisfactory outcome for our shareholders and customers;
- exploring opportunities to maximise the efficiency of the existing wastewater system and continuing to implement sustainable water recycling schemes in existing areas and new developments;
- seeking to achieve appropriate catchment management governance and management arrangements in the Cotter, Googong and Murrumbidgee River catchment areas;
- continuing the urgent rehabilitation of the Lower Cotter Catchment to improve water quality in the reservoir; and
- continuing to contribute to the community by supporting organisations, events and initiatives that benefit the Territory.

## Changes to Appropriation

### Changes to Appropriation - Departmental

	2005-06	2006-07	2007-08	2008-09	2009-10
Government Payment for Outputs	Est. Outc.	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2005-06 Budget</b>	-	-	-	-	-
<b>2006-07 Budget Policy Adjustments</b>					
Commonwealth SPP - Assistance for Water and Sewerage	-	9,444	9,624	9,808	10,014
<b>2006-07 Budget</b>	-	<b>9,444</b>	<b>9,624</b>	<b>9,808</b>	<b>10,014</b>

## ACTEW Corporation Operating Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
0	Government Payment for Outputs	0	9,444	#	9,624	9,808	10,014
123,491	User Charges - Non ACT Government	131,144	157,059	20	172,463	180,579	188,946
28,679	User Charges - ACT Government	29,078	22,744	-22	24,732	26,052	27,219
1,508	Interest	2,058	2,015	-2	936	836	1,025
17,776	Other Revenue	8,389	7,865	-6	9,584	10,227	12,587
<b>171,454</b>	<b>Total Revenue</b>	<b>170,669</b>	<b>199,127</b>	<b>17</b>	<b>217,339</b>	<b>227,502</b>	<b>239,791</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>171,454</b>	<b>Total Income</b>	<b>170,669</b>	<b>202,622</b>	<b>19</b>	<b>217,339</b>	<b>227,502</b>	<b>239,791</b>
<b>Expenses</b>							
2,654	Employee Expenses	2,910	3,093	6	3,215	3,340	3,470
162	Superannuation Expenses	256	279	9	290	302	315
3,997	Supplies and Services	3,897	5,417	39	6,022	5,324	5,314
23,318	Depreciation and Amortisation	22,110	23,102	4	24,186	25,490	26,793
24,214	Borrowing Costs	24,214	24,873	3	24,522	25,813	28,119
77,285	Cost of Goods Sold	82,810	102,640	24	100,537	102,389	105,318
0	Other Expenses	0	3,242	#	6,724	6,973	7,231
<b>131,630</b>	<b>Total Ordinary Expenses</b>	<b>136,197</b>	<b>162,646</b>	<b>19</b>	<b>165,496</b>	<b>169,631</b>	<b>176,560</b>
45,707	Share of Operating Result from Joint Venture accounted for using the Equity Method	49,785	49,098	-1	50,289	53,611	55,520
<b>85,531</b>	<b>Operating Result From Ordinary Activities</b>	<b>84,257</b>	<b>85,579</b>	<b>2</b>	<b>102,132</b>	<b>111,482</b>	<b>118,751</b>
28,225	Income Tax Equivalent	31,029	28,242	-9	33,704	36,789	39,188
<b>57,306</b>	<b>Operating Result</b>	<b>53,228</b>	<b>57,337</b>	<b>8</b>	<b>68,428</b>	<b>74,693</b>	<b>79,563</b>

## ACTEW Corporation Balance Sheet

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
<b>Current Assets</b>							
1,000	Cash	1,000	1,000	-	1,000	1,000	1,000
20,600	Receivables	23,775	24,369	2	24,979	25,605	26,243
7,631	Investments	32,924	17,460	-47	19,559	15,710	9,855
7,473	Other	6,097	6,097	-	6,097	6,097	6,097
<b>36,704</b>	<b>Total Current Assets</b>	<b>63,796</b>	<b>48,926</b>	<b>-23</b>	<b>51,635</b>	<b>48,412</b>	<b>43,195</b>
<b>Non Current Assets</b>							
355,731	Investments	358,778	364,328	2	379,557	388,143	393,674
931,893	Property, Plant and Equipment	902,963	920,978	2	947,266	995,854	1,025,658
10,305	Capital Works in Progress	35,305	35,305	-	35,305	35,305	35,305
13,560	Tax Assets	28,325	28,325	-	28,325	28,325	28,325
13,034	Other	12,894	12,894	-	12,894	12,894	12,894
<b>1,324,523</b>	<b>Total Non Current Assets</b>	<b>1,338,265</b>	<b>1,361,830</b>	<b>2</b>	<b>1,403,347</b>	<b>1,460,521</b>	<b>1,495,856</b>
<b>1,361,227</b>	<b>TOTAL ASSETS</b>	<b>1,402,061</b>	<b>1,410,756</b>	<b>1</b>	<b>1,454,982</b>	<b>1,508,933</b>	<b>1,539,051</b>
<b>Current Liabilities</b>							
17,854	Payables	16,976	17,401	3	17,836	18,282	18,739
11,677	Interest Bearing Liabilities	11,250	12,317	9	13,603	14,954	13,540
7,567	Employee Benefits	6,095	6,095	-	6,095	6,095	6,095
12,861	Other Provisions	14,450	16,229	12	18,637	20,266	24,319
0	Other	1,143	1,143	-	1,143	1,143	1,143
<b>49,959</b>	<b>Total Current Liabilities</b>	<b>49,914</b>	<b>53,185</b>	<b>7</b>	<b>57,314</b>	<b>60,740</b>	<b>63,836</b>
<b>Non Current Liabilities</b>							
336,163	Interest Bearing Liabilities	361,902	359,585	-1	385,982	421,029	442,488
12,976	Employee Benefits	13,089	13,089	-	13,089	13,089	13,089
2,467	Other Provisions	2,461	2,461	-	2,461	2,461	2,461
187,418	Non Current Income Tax Payable	180,537	194,278	8	208,979	224,458	230,022
<b>539,024</b>	<b>Total Non Current Liabilities</b>	<b>557,989</b>	<b>569,413</b>	<b>2</b>	<b>610,511</b>	<b>661,037</b>	<b>688,060</b>
<b>588,983</b>	<b>TOTAL LIABILITIES</b>	<b>607,903</b>	<b>622,598</b>	<b>2</b>	<b>667,825</b>	<b>721,777</b>	<b>751,896</b>
<b>772,244</b>	<b>NET ASSETS</b>	<b>794,158</b>	<b>788,158</b>	<b>-1</b>	<b>787,157</b>	<b>787,156</b>	<b>787,155</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
758,872	Accumulated Funds	784,338	778,338	-1	777,337	777,336	777,335
13,372	Reserves	9,820	9,820	-	9,820	9,820	9,820
<b>772,244</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>794,158</b>	<b>788,158</b>	<b>-1</b>	<b>787,157</b>	<b>787,156</b>	<b>787,155</b>

**ACTEW Corporation  
Cash Flow Statement**

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
0	Cash from Government for Outputs	0	9,444	#	9,624	9,808	10,014
153,397	User Charges	161,533	181,628	12	199,056	208,527	218,091
1,508	Interest Received	2,058	2,015	-2	936	836	1,025
42,500	Other Revenue	44,000	43,547	-1	35,060	45,025	49,989
<b>197,405</b>	<b>Operating Receipts</b>	<b>207,591</b>	<b>236,634</b>	<b>14</b>	<b>244,676</b>	<b>264,196</b>	<b>279,119</b>
<b>Payments</b>							
2,991	Related to Employees	3,166	3,328	5	3,460	3,598	3,739
4,060	Related to Supplies and Services	3,897	5,036	29	5,631	4,922	4,902
24,214	Borrowing Costs	24,214	24,873	3	24,522	25,813	28,119
90,865	Other	92,829	120,409	30	125,667	130,692	143,692
<b>122,130</b>	<b>Operating Payments</b>	<b>124,106</b>	<b>153,646</b>	<b>24</b>	<b>159,280</b>	<b>165,025</b>	<b>180,452</b>
<b>75,275</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>83,485</b>	<b>82,988</b>	<b>-1</b>	<b>85,396</b>	<b>99,171</b>	<b>98,667</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
770	Proceeds from Sale/Maturities of Investments	21,334	770	-96	770	770	770
<b>770</b>	<b>Investing Receipts</b>	<b>21,334</b>	<b>770</b>	<b>-96</b>	<b>770</b>	<b>770</b>	<b>770</b>
<b>Payments</b>							
24,090	Purchase of Property, Plant and Equipment	31,300	35,857	15	43,540	66,545	46,750
<b>24,090</b>	<b>Investing Payments</b>	<b>31,300</b>	<b>35,857</b>	<b>15</b>	<b>43,540</b>	<b>66,545</b>	<b>46,750</b>
<b>-23,320</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-9,966</b>	<b>-35,087</b>	<b>-252</b>	<b>-42,770</b>	<b>-65,775</b>	<b>-45,980</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
0	Borrowings Received	25,000	10,000	-60	40,000	50,000	35,000
<b>0</b>	<b>Financing Receipts</b>	<b>25,000</b>	<b>10,000</b>	<b>-60</b>	<b>40,000</b>	<b>50,000</b>	<b>35,000</b>
<b>Payments</b>							
63,722	Dividends to Government	68,303	62,115	-9	68,210	73,642	78,588
10,250	Repayment of Borrowings	9,773	11,250	15	12,317	13,603	14,954
<b>73,972</b>	<b>Financing Payments</b>	<b>78,076</b>	<b>73,365</b>	<b>-6</b>	<b>80,527</b>	<b>87,245</b>	<b>93,542</b>

**ACTEW Corporation  
Cash Flow Statement**

<b>2005-06 Budget \$'000</b>		<b>2005-06 Est.Outcome \$'000</b>	<b>2006-07 Budget \$'000</b>	<b>Var %</b>	<b>2007-08 Estimate \$'000</b>	<b>2008-09 Estimate \$'000</b>	<b>2009-10 Estimate \$'000</b>
-73,972	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	-53,076	-63,365	-19	-40,527	-37,245	-58,542
-22,017	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	20,443	-15,464	-176	2,099	-3,849	-5,855
30,648	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	13,481	33,924	152	18,460	20,559	16,710
8,631	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	33,924	18,460	-46	20,559	16,710	10,855

**ACTEW Corporation**  
**Statement of Changes in Equity**

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
772,244	<b>Opening Balance</b>	781,216	794,158	2	788,158	787,157	787,156
	<b>Accumulated Funds</b>						
0	Net Effect of Change in Accounting Policy	3,552	0	-100	0	0	0
57,306	Operating Result for the Period	53,228	57,337	8	68,428	74,693	79,563
	<b>Reserves</b>						
0	Increase/(Decrease) in asset revaluation reserve	-3,552	0	100	0	0	0
0	Transfer to/from Reserves	16,942	0	-100	0	0	0
<b>57,306</b>	<b>Total Income And Expense For The Period</b>	<b>70,170</b>	<b>57,337</b>	<b>-18</b>	<b>68,428</b>	<b>74,693</b>	<b>79,563</b>
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
-57,306	Dividend Approved	-57,228	-63,337	-11	-69,429	-74,694	-79,564
<b>772,244</b>	<b>Closing Balance</b>	<b>794,158</b>	<b>788,158</b>	<b>-1</b>	<b>787,157</b>	<b>787,156</b>	<b>787,155</b>

**Notes to Budget Statements**

Significant variations are as follows:

*Operating Statement*

- government payment for outputs: the increase of \$9.444 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects the decision to directly appropriate the Commonwealth Specific Purpose Payment – Assistance for Water and Sewerage to ACTEW. This item was previously included within user charges – ACT Government;
- user charges – non ACT Government:
  - the increases of \$7.653 million in the 2005-06 estimated outcome from the original budget is due to the introduction of the Permanent Water Conservation Measures (PWCM), which saw a reduction in the level of water restrictions.
  - the increase of \$25.915 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to the PWCM, an increase in regulated water and sewerage prices, customer growth and an increase in the Water Abstraction Charge.
- user charges - ACT Government:
  - the increase of \$0.399 million in the 2005-06 estimated outcome from the original budget is due to higher water revenues.
  - the decrease of \$6.334 million in the 2006-07 Budget from the 2005-06 estimated outcome is primarily due to the direct appropriation of the Commonwealth Specific

Purpose Payment – Assistance for Water and Sewerage, partially offset by an increase in the Community Service Obligation (CSO) for water and sewerage services.

- interest: the increase of \$0.550 million in the 2005-06 estimated outcome from the original budget is due to higher than expected levels of cash and cash equivalents being held by ACTEW;
- other revenue: the decrease of \$9.387 million in the 2005-06 estimated outcome from the original budget is due to a lower than anticipated level of gifted assets being transferred to ACTEW;
- employee superannuation and expenses:
  - the increase of \$0.350 million in the 2005-06 estimated outcome from the original budget is due to the impact of an external salary review and the creation of a new position.
  - the increase of \$0.206 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to a general salary increase.
- supplies and services: the increase of \$1.520 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to an increase in the procurement of water planning services;
- depreciation and amortisation:
  - the decrease of \$1.208 million in the 2005-06 estimated outcome from the original budget is due to a lower level of gifted assets and general capital expenditure.
  - the increase of \$0.992 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to increased capital expenditure.
- cost of goods sold:
  - the increase of \$5.525 million in the 2005-06 estimated outcome from the original budget is primarily due to unbudgeted expenditure on Lower Cotter Catchment remediation works and an increase in the water abstraction charge expense due to higher water consumption.
  - the increase of \$19.830 million in 2006-07 Budget from the 2005-06 estimated outcome is due to higher costs associated with the Utilities Management Agreement, a further increase in Lower Cotter Catchment remediation costs, increased CSO payments and an increase in the Water Abstraction Charge.
- other expenses: the increase of \$3.242 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to the introduction of the Utility Land Use Permit which applies from 1 January 2007;
- share of operating result from joint venture: the increase of \$4.078 million in the 2005-06 estimated outcome from the original budget is due to favourable price and volume variances in the ActewAGL Retail Partnership; and
- income tax equivalent: the increase of \$2.804 million in the 2005-06 estimated outcome from the original budget is due to revised tax liabilities, partially offset by lower forecast profits.

### *Balance Sheet*

- current receivables: the increase of \$3.175 million in the 2005-06 estimated outcome from the original budget reflects a higher level of water consumption during the period;
- current and non-current investments: the increase of \$28.340 million in the 2005-06 estimated outcome from the original budget is primarily due to new borrowings of \$25 million scheduled for June 2006 to cover increased capital expenditure;
- property, plant and equipment and capital works in progress:
  - the decrease of \$3.930 million in the 2005-06 estimated outcome from the original budget is primarily due to lower than anticipated gifted asset transfers from the Land Development Agency.
  - the increase of \$18.015 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects anticipated additional capital expenditure on water supply infrastructure.
- tax assets: the increase of \$14.765 million in the 2005-06 estimated outcome from the original budget is due to the adoption of Australian Equivalent to International Financial Reporting Standards (AIFRS); and
- current and non-current interest bearing liabilities: the increase of \$25.312 million in the 2005-06 estimated outcome from the original budget is due to new borrowings of \$25 million scheduled for June 2006 to cover increased capital expenditure.

