



INDIGENOUS COMMUNITIES  
OF THE NORTHERN TERRITORY

POWER AND WATER CORPORATION

indigenous essential  
services annual report  
2008



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# Chairman and Managing Director's Report

Three seminal events in 2007-08 affected the access to and demand for essential services across Indigenous communities.

The Australian Government announced the Northern Territory Emergency Response in June 2007. Additional services were required for new facilities for Government Business Managers and other Australian Government staff in 51 communities. Infrastructure assessments led to the provision of \$25 million for infrastructure, of which \$13 million was directed to electricity, water supply and sewerage infrastructure. This additional capital investment will primarily be reflected in the 2008-09 Financial Statements.

The Northern Territory Government announced its Closing the Gap of Indigenous Disadvantage: Generational Plan of Action in August 2007. It contains a vision and objectives for the future socio-economic wellbeing of Indigenous Territorians over five, 10 and 20 years. The Northern Territory Government committed \$286.43 million towards five year actions to implement the plan.

The Australian and Northern Territory Governments announced the Strategic Indigenous Housing and Infrastructure Program (SIHIP) in April 2008, contributing \$547 million and \$100 million respectively. The program is designed to deliver 750 new houses and more than 2500 housing upgrades. An additional 230 new houses are to be built to replace homes due to be demolished. An initial \$5 million from this program has been made available in 2007-08 for essential services infrastructure, predominantly the acquisition of generation plant, sewerage upgrading and water metering to reduce high usage.

Together, the initiatives have resulted in new classrooms, housing for teachers and other government employees, temporary police stations with more permanent facilities under construction, Australian Government facilities and safe houses. Significant commercial investment has also occurred in community stores to cater for increased demand for healthier food.

We congratulate, and thank, the dedicated staff across Power and Water for continuing to deliver reliable, safe, essential services in a highly challenging environment.



*Judith King*

**Judith King**  
Chairman



*Andrew Macrides*

**Andrew Macrides**  
Managing Director

# Highlights and Outlook

## Key achievements in 2007-08

- Serviced new classrooms, housing for teachers and other government employees, temporary police stations with more permanent facilities under construction, Australian Government facilities and safe houses;
- Negotiated Essential Services Operations Agreements with the eight new Shire Councils to commence on 1 July 2008, and established transition plans from Local Government entities that ceased to exist on 30 June 2008;
- Completed upgrading the Maningrida and Pigeon Hole power stations;
- Connected Jilkminggan to the Darwin-Katherine power grid and refurbished the solar power system to feed into the power grid;
- Constructed 3490 metres of water rising main at Nguiu community;
- Started installation of 10 new chlorination and four ultraviolet water treatment plants to provide additional barriers to improve water quality;
- Commenced Community Water Planning in five 'water stressed' communities;
- Delivered new asset investments worth \$18.5 million;
- Delivered repairs and maintenance worth \$8.728 million; and
- Increased the number of water customers by over 100 per cent.

## Outlook for 2008-09

- Work with agencies to support the Closing the Gap of Indigenous Disadvantage infrastructure program;
- Respond to increased demands for essential services from the Northern Territory Emergency Response;
- Coordinate the delivery of infrastructure valued at \$48 million under the Strategic Indigenous Housing and Infrastructure Program in addition to serviced land for new housing;
- Establish secure land tenure over facility assets;
- Start implementing the Energy Source Strategy (Indigenous communities);
- Continue implementing the Strategy for Safe Water (Indigenous communities), including the delivery of new or upgraded water treatment facilities to improve the barriers protecting microbiological water quality;
- Develop a Water Source Sustainability Strategy to manage and monitor water sources;
- Contract for the delivery of essential services with the eight Shire Councils, and Indigenous Local Government not included within Shires and private contracts; and
- Extend the user pays policy for water and sewerage services to Shire Councils and customers other than domestic Indigenous households.

# Our Business

## In Profile

Electricity, water supply and sewerage services have been provided to Indigenous communities by the Power and Water Corporation, and its predecessor entities, since self-government of the Northern Territory, on 1 July 1978.

As an outcome of the negotiations for self-government, the Australian Government maintained responsibility for homelands and outstations. In September 2007, the Northern Territory and Australian Governments signed a Memorandum of Understanding (MOU) for Indigenous Housing Accommodation and Related Services. A key aspect of the MOU is that the Northern Territory Government take over responsibility for the delivery of essential and municipal services to outstations from 1 July 2008.

Power and Water has continuously provided essential services to Indigenous communities since it was established on 1 July 1987. Over that time, the organisation has built strong, positive relationships with Indigenous people, communities, traditional owners, land councils and the many contractors and service providers that support the remote communities.

Indigenous Essential Services Pty Ltd (IES), a not for profit subsidiary of Power and Water, was established in 2003 to provide electricity, water and sewerage services to remote Indigenous communities. Although the establishment of IES has been important to our governance, financial and operational objectives, customers in the communities identify with Power and Water as the service provider.

In 2007-08, IES provided services to over 30 000 people in 72 communities and 33 outstations. This has involved overcoming a number of unique challenges including the distance between communities and support centres, poor access and communications, the availability and retention of locally employed staff and contractors, and extreme and highly variable weather conditions.

A key factor in the successful delivery of these services is the role played by the 115 Essential Services Operators (ESOs) and alternative ESOs, of whom about 40 per cent are Indigenous, often from the local community. ESOs are employed locally by Shire Councils, Indigenous enterprises or private contractors, under contract to Power and Water.

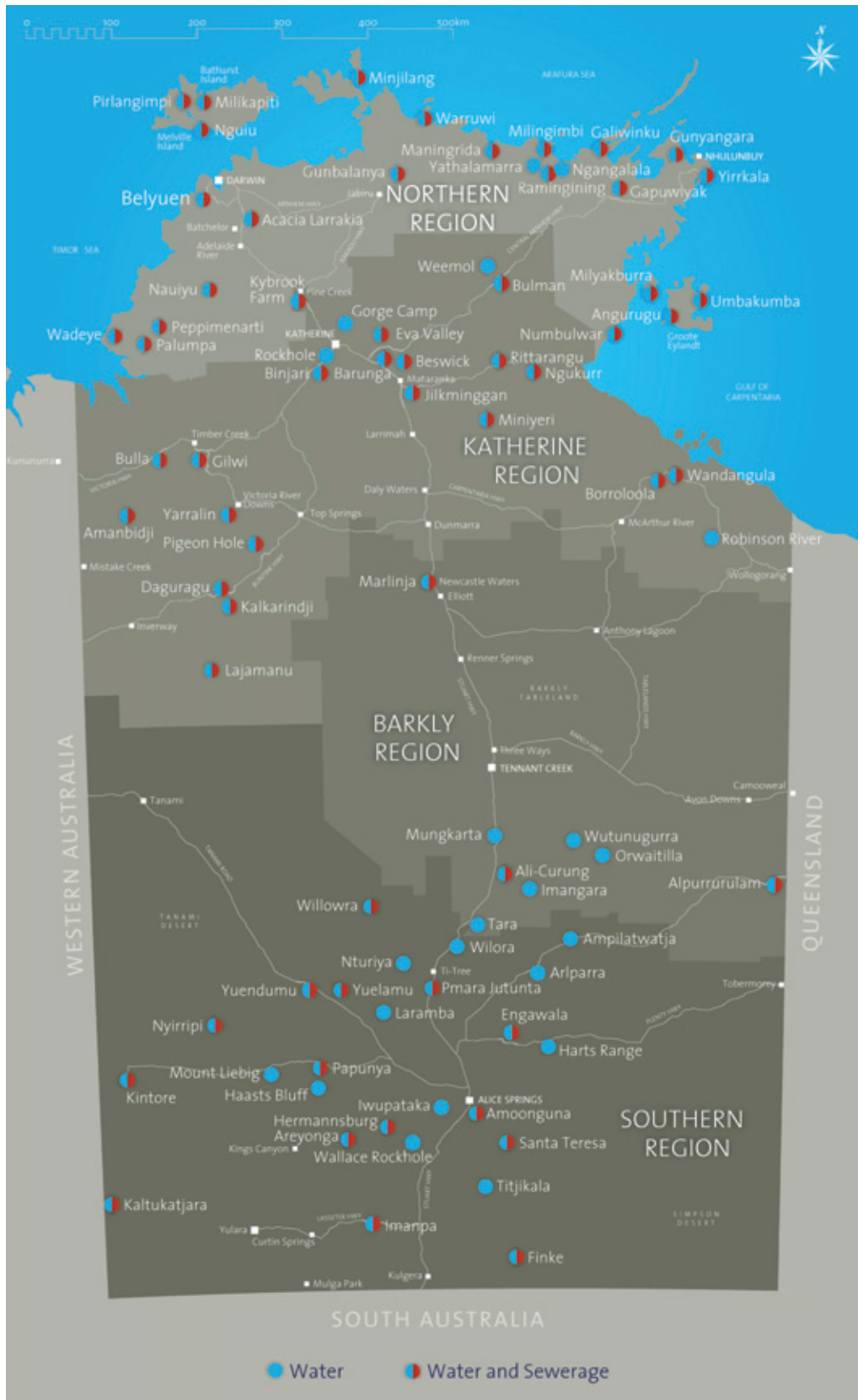
Revenue is collected from the sale of electricity, water supply and sewerage services with a target of 20 per cent of the cost of service delivery. The Northern Territory Government funds the balance of the costs for service delivery and asset replacement through appropriation to the Department of Local Government, Housing and Sport.

Power and Water's Remote Operations business unit provides management, technical and professional services to IES, supported by the Retail, Power Networks, Generation, Water Services and Corporate Support business units.

# Indigenous Communities Power Supply



# Indigenous Communities Water Supply and Sewerage





## Our Operating Environment

There are seven relatively unique characteristics that apply to the provision of essential services to Indigenous people:

- **Indigenous population and population growth:** Indigenous population growth has been substantial in remote locations across the Northern Territory. Projected population growth in some remote communities is predicted at '14 per cent per annum' (Australian Bureau of Statistics, 2001; Australian Bureau of Statistics, 2006). Increased investment in housing and infrastructure will cause additional pressure on water and electricity supplies and sewerage services;
- **Disadvantage:** The relative social, economic and environmental health disadvantage of Indigenous people has limited the ability to apply a user pays policy for water supply and sewerage services;
- **Remoteness:** The remoteness and small size of service locations affects the unit cost of service provision and distribution logistics, and our ability to employ, train and retain technical staff;
- **Infrastructure:** The legacy of ageing infrastructure (of variable standard, often with a shorter life than current design standards) and a history of ill-defined property and housing ownership, presents additional challenges for good asset management;
- **Cross-cultural approaches:** Cross-cultural approaches to engaging Indigenous communities are needed if we are to better understand community perceptions and use of electricity, water services and sewerage and involve Indigenous people in decision making;
- **Groundwater reliance:** Unique water quality and quantity challenges arise from a reliance on groundwater by 95 per cent of communities. Much of the water is highly mineralised and in some locations it is not possible to economically access an adequate, sustainable source of water supply; and
- **Distillate fuel reliance:** More than 90 per cent of electricity is sourced from community power stations using distillate fuel, leading to significant exposure to distillate prices and associated transportation costs.



Travelling to remote locations

# Essential Services

## Generation

Electricity is generated from 56 community power stations (predominantly operated on distillate fuel) with an installed capacity of 56 megawatts (MW). Electricity is purchased from the:

- Power and Water power grid for 12 communities;
- Nhulunbuy power grid for two communities in East Arnhem; and
- GEMCO power grid on Groote Eylandt for Angurugu.

Electricity supply is supplemented by solar power at five communities (Hermannsburg, Yuendumu, Lajamanu, Bulman and Jilkminggan)

Community power stations in the Northern Territory represent one of the largest 'fleets' of 100 kilowatt (kW) to 2000 kW electricity generation plant in Australia. The generation operations consistently provide a supply reliability of 99.5 per cent in extremely variable conditions, often with limited local technical support.

## Water Supply

The water supply systems for 68 communities rely primarily on groundwater sources from over 200 production bores.

Pirlangimpi and Yuelamu rely solely on surface water and another five communities supplement groundwater with surface water sources. Amooinguna and Kybrook Farm draw water from Power and Water supply networks.

Reticulated water is provided to customers with similar service levels to those in minor urban communities. Treatment, monitoring and operational systems provide drinking water supplies consistent with the microbiological objectives of the Australian Drinking Water Guidelines (ADWG). Water supplies with physical, chemical and radiological values outside the guidelines do not present a short term risk to public health and are being assessed in consultation with the Chief Health Officer. The primary objective is to locate alternative higher quality drinking water sources and then to investigate water quality treatment technologies. The Strategy for Safe Water seeks to improve water quality to support multiple objectives including minimising the impact of water on plumbing fixtures and fittings and improving health outcomes through increased hydration.

Projections concerning climate change in the Northern Territory include 'higher temperatures, more extreme rainfall, sea-level rise and more

intense cyclones within the next 50 years' (Green: 2006). Climate change will present several challenges in the supply and delivery of essential services. Rainfall and recharge are dependent on the wet season, which is anticipated to have rainfall periods that are shorter but more intense, resulting in higher volumes of run-off and lowering recharge capacity. Storm surges and severe cyclones are predicted to occur more frequently which has the potential to cause disruptions and outages to the water supply. Sea-level rise is expected to cause erosion and saltwater intrusion which will also affect northern coastal communities. Climate change has introduced an opportunity for Power and Water to develop strategies to forward plan and manage water resources in remote Indigenous communities.

## Sewerage Services

Reticulated sewerage or effluent collection, in line with service levels for minor urban communities, is provided in 56 communities and treated through Waste Stabilisation Ponds for disposal, discharge or reuse.

Common effluent collection systems, where septic tanks are retained and deemed the responsibility of the customer or house owner, are proving problematic in the absence of routine maintenance.

Effluent discharge to the environment and sewage overflows remain a significant challenge as regulatory obligations increase.

## Retail

Approximately 20 per cent of revenue is sourced from the sale of electricity, water and sewerage services with the balance provided from capital and operational (non-reciprocal) grant funding provided by the Northern Territory Government and other revenue sources such as gifted assets.

All electricity customers pay for electricity at the Power and Water tariff rates. Purchasing prepaid power tokens is the preferred option for domestic customers in Indigenous communities and about 80 per cent use this system. However, the prepayment meter technology was at the end of its useful life, and a \$1.5 million program commenced in 2007-08 to replace all prepayment meters with 'wide card' metering. The changeover will extend to 2009-10. Revenue protection improved significantly in 2007-08 with a growth in revenue above demand growth and increased tariff charges.

Until recently, only a small portion of water supply and sewerage services customers were charged for these services, which were predominantly Northern Territory Government facilities and employee housing. The volumetric component of the charge for water services represented around 5 per cent of the water supplied. In addition, metering assets were not included on revenue protection replacement programs. This arrangement has worked against good practice demand management and constrained revenue opportunities. An audit in 2007-08 identified water and sewerage customers who are obligated to pay for the service provided, and metering infrastructure was installed.

The greatest challenge remains poorly defined property boundaries and water supply services which are the responsibility of the customer which for urban areas is defined as the “property owner” or a person holding a lease, over five years. The Northern Territory Emergency Response established five year leases over the communities, and subsequent legal reform is addressing issues of title which will assist in defining customers for the purposes of charging for water supply and sewerage services.

The Strategic Indigenous Housing and Infrastructure Program will assist in addressing poorly defined supply points and house services for the provision of water supply and sewerage services.

In 2007-08 the user pays policy was extended to water and sewerage customers other than domestic Indigenous households, and in 2008-09 will extend to Shire Councils for Shire Council employee housing and facilities and water used for parks, gardens and construction and maintenance for local roads.

The number of water service customers grew from 527 in 2006-07 to 1108 in 2007-08. However, the number of customers for sewerage services only increased marginally from 420 to 426. This initiative will continue in 2008-09 with an objective of charging for 10 per cent of the water extracted by 2008-09 and 15 per cent of the water extracted by the end of 2009-10.

In order to support demand management initiatives, metering for domestic households was installed in the communities of Minyeri and Yuelamu. Power and Water has been working closely with these two communities, which have limited potable water supplies available. Gunbalanya and Santa Teresa also have metering installed for domestic households to support demand management initiatives.



Daguragu 304 kilolitre ground level water storage tank

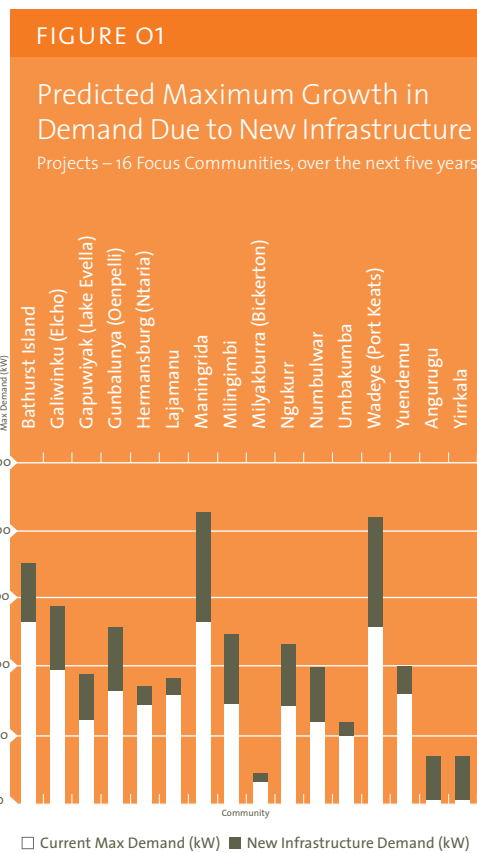
# Our Performance

## Meeting Increased Demand

Major developments in Indigenous communities are significantly affecting Power and Water's provision of essential services in Indigenous communities. The Australian Government and the Northern Territory Government are predominantly driving these developments, which will significantly increase the demand for electricity, water and sewerage services.

The developments are:

- The Northern Territory Emergency Response, announced by the Australian Government in June 2007. Additional services were required for new facilities for Government Business Managers and other Australian Government staff in 51 communities. Infrastructure assessments led to the provision of \$25 million for infrastructure, under the Tasks of Opportunity Program, of which \$13 million was directed to electricity, water supply and sewerage infrastructure. This will primarily be reflected in the 2008-09 Financial Statements;
- The Closing the Gap of Indigenous Disadvantage: Generational Plan of Action, announced by the Northern Territory Government in August 2007. It contains a vision and objectives for the future socioeconomic wellbeing of Indigenous Territorians over five, 10 and 20 years. The Northern Territory Government committed \$286.43 million towards five year actions to implement Closing the Gap; and
- The Strategic Indigenous Housing and Infrastructure Program, announced in April 2008, by the Australian and Northern Territory Governments, respectively contributing \$547 million and \$100 million. The program is designed to deliver 750 new houses and more than 2500 housing upgrades. An additional 230 new houses will be built to replace homes due to be demolished. An initial \$5 million from this program has been made available in 2007-08 for essential services infrastructure, predominantly the acquisition of generation plant, sewerage upgrading and water metering.



## Water for Healthy Communities

Power and Water's Water for Healthy Communities initiative aims to provide good quality drinking water that is safe, reliable and sustainable. The initiative provides for the development of Community Water Plans.

The plans are based on the Framework for the Management of Drinking Water Quality incorporated as part of the Australian Drinking Water Guidelines (ADWG) and brings together the Strategy for Safe Water and the Sustainable Water Management Strategy.

## Strategy for Safe Water

The objective of the strategy is to progress the improvement of the drinking water quality in the Indigenous communities consistent with the 2004 ADWG by 2011.

The majority of the Indigenous communities rely predominantly on groundwater to deliver water to the system. In remote areas these water sources are usually in pristine environments with limited development, providing high levels of protection from microbiological contamination compared with many urban surface water sources. However, these communities face additional challenges in providing and maintaining a supply of safe drinking water,

including remoteness, high levels of climate variability and limited technical capacity and expertise.

Routine monitoring has highlighted the need to improve water quality performance to ensure the consistent supply of safe drinking water.

In addition, the catchment and aquifer geology can lead to naturally occurring concentrations of physical and chemical characteristics in the water. In one third of the supplies managed by Power and Water the groundwater contains concentrations of physical and chemical water quality characteristics that exceed the guideline values recommended by the ADWG.

While this does not represent an immediate health risk to consumers because these are estimated over a lifetime (70 years of exposure), many of the groundwater sources have already been used for 20 to 30 years.

Risk management strategies that focus on prevention are widely accepted as the most effective way to assure drinking water quality and protect public health.

Risk assessment is an integral part of ensuring the supply of safe water. While they may not always provide compelling or definitive outcomes, they are a way to estimate the potential adverse health effects of human exposure to hazards related to the water supply.

The Strategy for Safe Water adopts this risk management approach by focusing on the water quality in two key areas:

- Microbiological quality; and
- Physical, chemical and radiological quality.

Microbiological quality is the greatest factor affecting public health, since there are acute health implications from unsafe drinking water. The highest priority of the Strategy for Safe Water is to improve the microbiological security in conjunction with the development of Community Water Plans.

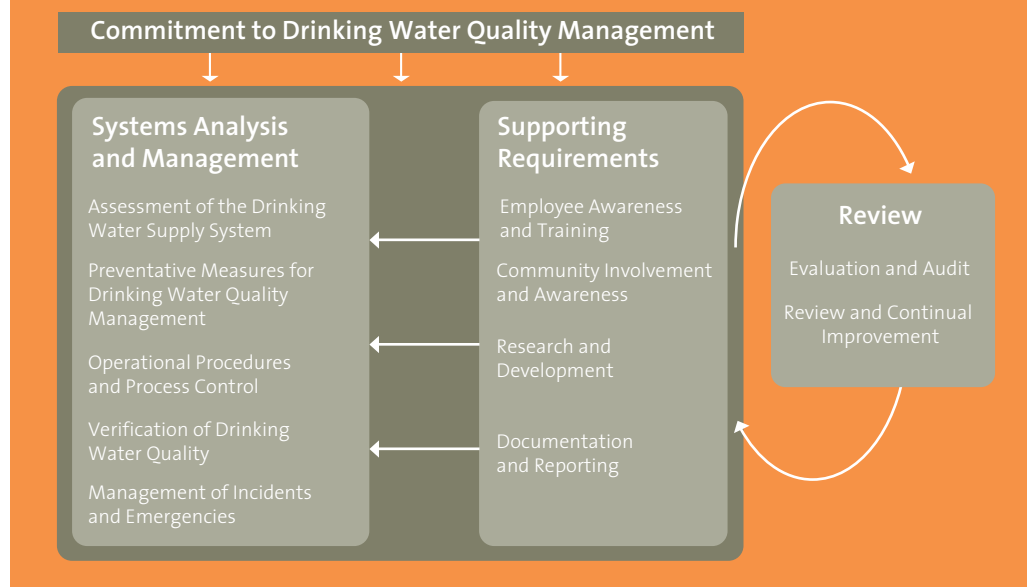
The Strategy for Safe Water will focus on identifying system hazards and risks and ensuring that there are 'barriers' in place to either eliminate them or minimise their impact. Multiple barriers mean that, if one barrier fails, there are back-up systems in place to prevent or reduce potentially harmful contaminants from reaching consumers. The approach reflects more than a century of experience in public health practice and water supplies.

It involves a complete evaluation of the water services and system risk assessment.

The process is supported by capital investment projects to implement standardised disinfection systems (chlorination, ultraviolet) and Supervisory Control and Data Acquisition (SCADA) systems for on-line monitoring of system security.

FIGURE 02

### Framework for the Management of Drinking Water Quality



A contract was awarded in 2007-08 for the detailed design, supply, installation and commissioning of ultraviolet light disinfection systems for Barunga, Gunbalanya, Maningrida and Pirlangimpi. Installation is scheduled to be completed in November 2008. A three-year supply contract was awarded for the supply of standardised sodium hypochlorite systems to continue to improve the effectiveness of disinfection.

The physical, chemical and radiological quality characteristics of the groundwater sources used in the Northern Territory are usually relatively consistent. Where they exceed ADWG values, this does not represent an immediate health risk because exposure is calculated over extended periods (lifetime of 70 years).

Power and Water has worked with the Department of Health and Community Services to develop a risk assessment approach for communities whose physical and chemical water quality characteristics exceed health and or aesthetic guideline values. The risk framework is derived from AS/NZS 4360:2004 Risk Management, where the individual risks are analysed based on the likelihood and consequence of elevated characteristics. The framework considers ADWG values for chemical characteristics and selected physical characteristics.

In general, physical water quality characteristics do not directly impact upon public health but do affect the aesthetic quality of the water, which largely determines the amount that consumers drink.

If water is unpalatable or appears to be of poor quality, consumers may seek other water sources that may not be safe or consume high sugar drinks. This may have further implications in remote Indigenous communities due to the relatively high incidence of kidney complications. Iron and total dissolved solids (TDS) were identified as contributing primarily to the palatability of groundwater and sodium as a compounding factor, and were included in the risk assessment.

High hardness was also assessed because hardness levels of more than 200 milligrams per litre (mg/L) may lead to excessive scaling of pipes and fittings. Scaling can reduce infrastructure life, which indirectly affects health by impeding access to water (especially health hardware).

This is particularly pertinent in remote Indigenous communities where consistent housing hardware maintenance has been an ongoing challenge and is considered an important determinant of health outcomes.

The risk assessment framework provides a consistent and transparent appraisal of the risks associated with 20 communities whose water has high concentrations of antimony, arsenic, barium, fluoride, hardness, iron, nitrate, selenium, TDS and uranium.

The framework also provides an effective way to compare water quality issues across communities and prioritise improvements.

An important part of this process is effective community consultation and communication of the risk assessment. The two main tools being used are water quality factsheets for individual communities and joint community meetings to discuss local water quality and management issues and strategies.

The Annual Drinking Water Quality Report 2008 provides more detail.

## Sustainable Water Management Strategy

Work started in 2007-08 to develop a Sustainable Water Management Strategy and it will be finalised in 2008-09.

The strategy will focus on water source assessment, monitoring, planning and engaging operators, residents and stakeholders. The key action areas are:

- Predict water sources at risk to inform water management actions and advance planning for water supply augmentation;
- Develop and lead the implementation of Community Water Plans in targeted/priority Indigenous communities to contribute to the Strategy for Safe Water;
- Develop community engagement initiatives to seek the perspectives and participation of community residents and associated stakeholders in water services;
- Provide advice on the status and sustainability of water sources to Power and Water's Remote Operations team, government and community stakeholders;
- Standardise and operationalise water resource monitoring and data management protocols;
- Analyse trends in commercial and residential customer water consumption;
- Develop expertise in and design actions for demand management;
- Contribute to policy and practice on Indigenous community access to water services; and
- Report annually against achievements.

The inaugural Annual Sustainable Water Management Report 2008 is being produced, detailing progress against these objectives for the first full year of development, and then annually after that.

### Yuelamu Water Supply

The community of Yuelamu is located 290 kilometres northwest of Alice Springs, off the Tanami Road and has a population of around 230. There is a limited groundwater supply, which without treatment, is not suitable for drinking water, as the total dissolved solids is around 1800 mg/L and the water has elevated levels of fluoride, nitrate, iodine and uranium. Drinking water supply is normally obtained from a dam, adjacent to the airstrip runway. Since April 2004, dam water has not been available, as the extended drought in the region resulted in minimal inflow from water harvesting in the catchment.

During this time, non potable ground water was provided in the water reticulation. Packaged drinking water, transported from Alice Springs, was provided without charge for drinking and food preparation.

In 2006-07, a \$1 million project was completed to improve storage and water harvesting. In August 2007-08, installation of a new 230 kilolitre water storage tank, costing \$280,000 was completed.

Yuelamu received its first substantial rains in over four years in late January 2007 which filled the upgraded dam. The dam could not be put into service until suspended matter collected in the catchment and dam settled and the treatment plant was recommissioned and testing completed. The Yuelamu Dam was officially opened on 7 September 2007.

The community joined in the celebration with a barbeque, admired the artworks from a drawing competition by school children titled 'what the new dam means to me' and participated in a guided tour of the facilities (the dam and treatment plant).

### Nguiu Water Supply

Power and Water is working with the Nguiu community to use water more efficiently. The community water plan takes account of the increased demand associated with the oval being upgraded to enable the Northern Territory Football League team, the Tiwi Bombers, to play home games, and the need to improve infrastructure to reduce water loss. Water meters were installed for customers other than Indigenous households and plumbing services to houses were replaced to meet current water supply standards. Funding of \$250,000 has been provided under the Strategic Indigenous Housing and Infrastructure Program in 2007-08 to assist in reducing demand of the potable water supply.

Augmentation of the rising main from the bore field to Nguiu is being undertaken in stages over the nine kilometre length. The new rising main, once completed, is designed to transfer 50 litres per second to meet the community water supply demand to 2030. Stage 1, completed in late 2007, consisted of the construction of 3490 metres of new rising main at Nguiu community at a cost of \$632,000.

### Daguragu Water Storage

The water storage tanks at Daguragu community were replaced, at a cost of \$380,000, with identical size for size tanks, as the existing 25 year old tanks had reached the end of their serviceable life. The ground level water storage tank capacity is 304 kilolitres and the elevated water storage tank capacity is 80 kilolitres.

Water storage tanks are a critical control point in protecting drinking water, requiring an ongoing program to maintain, or replace these critical assets. There are around 250 water storage tanks in the water supply systems for the 72 Indigenous communities.

Yuelamu surface water source



## Sustainable Water Supply for Santa Teresa

The community of Santa Teresa, south of Alice Springs, has a long history of water supply constraints from existing groundwater production bores. Three new production bores have been constructed in conjunction with the Department of Natural Resources, Environment and the Arts drilling team and Territory Groundwater Services. Comprehensive pump testing of the bores has indicated production rates of five litres per second will be sustainable. The bore construction process was innovative in that it involved the drilling of a test hole to establish geological conditions. The production bores were then constructed using a gravel packing technique designed for the conditions indicated by the test hole.

## Power Generation

Distillate fuel usage in community power stations, with an installed capacity of 56 MW, in 2007-08 was 26 million litres. Electricity generated from distillate provides over 90 per cent of the electricity supplied to Indigenous communities.

Electricity supply for Indigenous communities was supplemented by an installed capacity of 785 kW of solar power using solar dish technology at Hermannsburg (192 kW), Yuendumu (240 kW), Lajamanu (288 kW) and flat plate photovoltaic solar technology at Bulman (55kW) and Jilkminggan (10 kW).

An Energy Source Strategy is being developed with the objectives of:

- minimising long-term service delivery costs;
- meeting community demand growth in an economic and environmentally sustainable manner;
- making efficient use of emerging technologies and the availability of gaseous fuels; and
- preparing for the financial impacts of climate change.

In 2007-08, a 10 year program of grid connections started. Communities are transferred to mainstream power network systems and community power systems interconnect to form regional grid systems. This program, to reduce maintenance costs and reduce fuel costs by substituting distillate with gas and accessing more efficient generation options, will be reviewed as the Energy Source Strategy is developed. The first community connected under this program was Jilkminggan.

## Jilkminggan Interconnection and Solar

The community of Jilkminggan is on the banks of the Roper River about 400 kilometres south of Darwin. The community has a population of about 200 people and significant growth is expected due to community infrastructure consisting of a school, general store, health care centre, children's centre and community council buildings.

In December 2007 Jilkminggan was connected to the Darwin to Katherine power grid with a \$1.05 million, 26 kilometres interconnection and the community power station was decommissioned. The Jilkminggan power station produced 300 MWh at 800 kilograms of carbon dioxide emissions annually per MWh (kg CO<sub>2</sub>-e/MWh) generated. Connection of Jilkminggan to the Darwin to Katherine power grid will result in annual savings of 240.1 tonnes CO<sub>2</sub>-e, offset by an increase of 178.2 tonnes for the grid. The net savings are 61.9 tonnes per year, or 56.6 tonnes allowing for transmission losses.

A photovoltaic system was installed in 1998 to supplement the Jilkminggan community diesel power station, under a research project for the then Cooperative Research Centre for Renewable Energy.

The 10 kW system was refurbished and recommissioned to feed into the Darwin/ Katherine power grid. This will amount to an estimated 31 MWh production per annum, offsetting electricity demand from major gas and diesel power stations supplying the grid.

## Maningrida Power Station

Maningrida, established in 1958, located approximately 520 kilometres east of Darwin by road in North Central Arnhem Land, is one of the largest communities with an average population of 2650 people. Maningrida is a regional centre that supports over 30 outstations or homeland centres.

The \$1.5 million upgrade of the Maningrida power station was completed in December 2007, which has increased the number of generators to four providing 4.5 MW of installed capacity and established a new power station control centre, distribution board and station controls.

In January 2008, the power station was also named the Vern Pech Power Station in memory of the late Essential Services Operator who maintained essential services for the community for nearly 25 years.



### Pigeon Hole Power Station

The new \$1.4 million Pigeon Hole Power Station was commissioned in November 2007. Three 55,000 litre fuel storage tanks provide sufficient fuel capacity to power the community over an extended period from October until after each wet season as road access is restricted over this time. The new power station, located on a ridge one kilometre from the community, meets new environmental standards for fuel storage and best practice technology for unmanned automatic operation.

### Willowra Fuel Bund Upgrade

Willowra has a population of around 300 people, located 300 kilometres north of Alice Springs and 130 kilometres west of the Stuart Highway. The power station fuel facility was constructed to standards of the day which required fuel to be delivered every five to six weeks. This low level of storage resulted in significant risks of not being able to maintain fuel for electricity generation if summer rain rendered the dirt road inaccessible for heavy vehicle traffic. The fuel facility was upgraded from 25,000 litres to 105,000 litres to meet current standards. The project was completed in January 2008 at a cost of \$315,000.

Fuel storages at many Indigenous communities have been progressively upgraded over the past 10 years, based on a risk assessment conducted in 1998. The remaining fuel storages are programmed to be upgraded over the next six years as fuel storage capacity upgrading or power station refurbishments are undertaken.

### Goulburn Island Fuel Transfer Pipeline

The community of Warruwi, with a population of around 400 people is located on Goulburn Island, 154 kilometres north-north east of Darwin. Distillate fuel for the community power station is delivered by barge.

A new 4.8 kilometre fuel pipeline, costing \$380,000 was completed in June 2008, to enable transfer of fuel directly from the barge landing fuel storage facilities to the power station in all weather conditions in a safe and controlled manner. Both the bulk fuel storage facilities at the barge landing and the power station have

been upgraded to meet current environment standards as part of a program to bring all fuel storage facilities in line with current standards. Prior to the installation of the pipeline, the fuel was transferred by a 5000 litre fuel trailer towed by a community vehicle. During the Wet Season, the operation had increased risks of a fuel spill or a rollover as the road is frequently damaged by heavy rain.

### Increased Generation Capacity for Six Communities

Larger size generation plant used in community power stations has a long lead time from the placement of an order to delivery. Delivery periods have extended to 18 months due to the high demand for the prime power generation units world wide, requiring orders for new plant to be placed up to two years in advance of planned augmentation.

The Strategic Indigenous Housing and Infrastructure Program, funded \$3.07 million for the purchase of new generator plant in Yuendumu, Galiwinku, Gapuwiyak, Gunbalanya, Milingimbi and Maningrida to meet the increased electricity demand for Indigenous housing. This also covers the additional increase in demand from police, health and education facilities and staff, and Australian Government facilities and staff housing. The new plant is scheduled to be installed in 2008.

Hermannsberg solar dishes



# Our Community

## 2008 Merrepen Arts Festival

As a sponsor Power and Water was represented by five staff at the 21st Merrepen Arts Festival at Nauiyu community on 31 May and 1 June.

A traditional welcome by the Malak Malak people beside the Daly River officially opened the festival and was followed by concert with Geoffrey Gurrumul Yunipingu and the Ad Hoc String Collective performing in the moonlight. The next day saw a hive of activity as the community prepared itself for hosting sporting competitions and the inaugural art display. Power and Water staff ensured the football stars and other community members were hydrated throughout the day by providing corporate water bottles filled with tap water. Power and Water staff appreciated the value of supporting the community event.

## Stakeholder Satisfaction Survey

In August 2007, Power and Water commissioned the first comprehensive survey of key stakeholders' perceptions of essential services in Indigenous communities. The methodology was adopted from surveys of domestic and business customers conducted in July 2007. The same consultant was commissioned to design, conduct and analyse the survey results. This provided an opportunity to compare and contrast some perceptions.

The overall aim was to identify current perceptions of stakeholders in remote communities throughout the Northern Territory relating to:

- responsiveness to outages;
- access to and quality of information;
- training for Essential Services Operators;
- interaction with other Power and Water employees; and
- bill payments.

The telephone survey involved 210 stakeholders across 70 communities, with a positive sample of 61 per cent, which was higher than the 30 per cent and 50 per cent range expected based on similar samples in remote and rural communities. Stakeholders interviewed were school principals, health clinic managers and local council chief executive officers.

The majority of respondents in remote communities agree that Power and Water is reliable, responsive and maintains facilities and services satisfactorily. Councils have the highest level of agreement across most attributes, while schools have the lowest. The overall level of satisfaction was similar to customer satisfaction survey results in urban centres.

Nearly half of the respondents had experienced an interruption to water supply in the preceding 12 months, with more than 75 per cent citing two or more interruptions of at least two hours. Schools were most commonly affected, half of them experiencing the interruption five or more times.

The majority of respondents had experienced electricity supply interruptions, with unplanned interruption accounting for most. Stakeholders were most commonly notified of unplanned interruptions by their local Essential Services Operator (ESO).

Satisfaction for water quality was equal for all stakeholder groups, with nearly two-thirds rating this as good or excellent.

The survey provided good feedback on the areas in which we can improve service quality, communications and relationships with customers. The survey will be reviewed and conducted annually to monitor performance.

# Our People

## Power and Water

The Power and Water Remote Operations workforce at the start of 2007 consisted predominantly of experienced male trades and technical personnel, 75 per cent of whom were over 40 years of age, and 40 per cent over 50 years of age.

An organisational and capability review in 2007 resulted in the acquisition of professional capability in water science, environmental science, biotechnology and environmental, civil, mechanical, electrical and renewable energy engineering. Recruitment through the year has increased the percentage of female staff from 10 per cent to 20 per cent, lowered the age profile and increased workforce diversity.

Professional and technical (diploma level) capability has developed in strategic planning, asset management and project management to meet new business objectives and increased regulatory and quality assurance obligations.

## Essential Services Operations Agreements

The Northern Territory Government announced on 30 January 2007 a new Local Government structure into Municipal Councils and Shire Councils.

Power and Water had 58 ESO contracts with 58 Local Government entities that ceased on 30 June 2008. Power and Water worked closely with the incoming eight Shire Chief Executive Officers, Shire Managers (an interim arrangement until establishment of the elected Shire Council) and the Department of Local Government and Housing to develop new contract arrangements with each Shire Council. The positive approach to the negotiations and planning for the transition ensured that reliable services continued to be provided through to 30 June 2008 as existing entities wound down, and new Essential Services Operations Agreements commence on 1 July 2008.

## Essential Services Operators (ESOs)

The 115 ESOs and alternative ESOs, of whom about 40 per cent are Indigenous, had the opportunity to attend a three-day ESO course in Darwin, Katherine or Alice Springs.

The annual theoretical and practical course covers electrical and mechanical generation, fuel storage management, fire suppression, water and sewerage, occupational health and safety and environmental awareness. The ESOs underwent a variety of training in areas including safety,

electrical basics, water sampling, metering and oil spills.

These courses provide ESOs with the opportunity to further develop skills and network with other ESOs and Power and Water staff.

In 2008-09 the course will be extended to provide additional places, and the training will be reviewed to increase the focus on the provision of safe drinking water, occupational health and safety and protection of the environment.

Charles Darwin University, Group Training NT and Power and Water have been working in partnership to build capacity in communities to undertake ESO responsibilities. From 2005 to 2008, there were 168 graduates in Electrotechnology, Certificate II. About half of these graduates are working as ESOs in Indigenous communities. Others have taken pathways into apprenticeships with Power and Water, more senior positions within Local Government or are working with Outstation Resource Centres.

Power and Water has been active in developing the Vocational Education and Training – Australian Qualifications Framework to provide appropriate Water and Electrotechnology Certificate level qualifications for ESO activities. A strategic approach is being taken to develop capability at a community level, for Outstation Resource Centres and as ESOs.



ESO training

# Our Governance

## Corporate Governance Statement

Indigenous Essential Services Pty Ltd is a wholly owned, not-for-profit subsidiary of the Power and Water Corporation. Its Board of Directors, who are also on the Power and Water Board, are:

### Ms Judith King (Chair)

BA, Foundation Fellow AICD

Ms King was appointed chairman of IES Pty Ltd on 1 July 2007, and has been a director since its establishment in June 2003. With extensive Board experience in the private and public sector, she was formerly a Director of Melbourne Water Corporation and Citipower and closely involved in the restructure and reform of the Victorian utility sector. Ms King's current appointments include Swinburne Ventures Ltd; National Ageing Research Institute; the Victorian Commission for Gambling Regulation; and the NT Environment Protection Authority. Ms King was awarded an Australian Centenary Medal in 2003.

### Mr Neil Philip

LLB (Hons)

Chairman of the Power and Water Board, Mr Philip was formerly the Chairman of IES Pty Ltd, and has been a Director since it was established. Mr Philip was a founding shareholder and the former Chairman of Nexus Energy Ltd, a Melbourne based publicly listed company. Mr Philip is a former partner of national law firm Clayton Utz and he established the Darwin office of that firm. Mr Philip was born in Darwin, attended all his primary and secondary schooling in Darwin and is a graduate in law from the University of Queensland.

### Mr Peter Vines

B.Com, MBA, FIE Aust., MAICD

Mr Vines has been a Director of IES Pty Ltd since October 2005. He has extensive experience in the energy and infrastructure industry both in Australia and internationally. He was previously Managing Director of a major US utility in Australia, Vice President of International M&A and Executive General Manager of Origin Energy. He has been a Director of various companies as part of his executive responsibilities and he is also currently a Board member of Melbourne Water Corporation, Jackgreen Limited and Carroll and Richardson Pty Ltd.

### Mr Andrew Macrides

Dip Bus (Mgt), B Bus (Acc), MBA, FCPA, FAICD

Mr Macrides was appointed as a Director of IES Pty Ltd on 1 July 2007 following his appointment as Managing Director of Power and Water Corporation. Born and raised in Darwin, Mr

Macrides has extensive government and management experience, beginning his career in the accounting field in 1978. Prior to joining the then Power and Water Authority in 1998, he worked across a range of sectors in the Northern Territory Government, including health, housing, community services and tourism.

## Service Agreements

Indigenous Essential Services Pty Ltd has an agreement with Power and Water to provide management, professional, technical, retail and corporate services to deliver commitments to customers, and the Northern Territory Government.

Indigenous Essential Services Pty Ltd has a five year (2005-06 to 2009-10) agreement with the Northern Territory Government administered by the Department of Local Government and Housing as its agent, to fund the shortfall in revenue collected from customers in the communities. The agreement has an option for an extension of five years.

The objectives of the Agreement with the Northern Territory Government are to provide:

- reliable and equitable services to Territory funded Indigenous towns and communities;
- effective management of the assets including optimal repair and maintenance programs;
- efficient financial management, providing low cost services, works programming and repair and maintenance programs; and
- support of regional development and Indigenous employment and training.

Indigenous Essential Services and the Department of Local Government and Housing are committed to work closely and cooperatively in a partnership type arrangement. The purchase of additional services by the Department of Local Government and Housing is on a fee-for-service basis. Ownership of water supply, sanitation and electricity assets is vested in Indigenous Essential Services Pty Ltd.

Under these arrangements, Indigenous Essential Services is not financially disadvantaged by unintended or unforeseen consequences of the agreement, such as taxation implications and other accounting treatments resulting in liabilities.

The Agreement with the Northern Territory Government establishes the types of services to be provided and specifies service level guidelines.

## Regulatory Issues

The Chief Health Officer is responsible for drinking water quality. Power and Water works very closely with the Chief Health Officer to establish and continuously review monitoring programs for verification of water quality, incident response protocols and proposed actions to improve the infrastructure for extraction, treatment, storage and distribution of potable water. The public Annual Drinking Water Quality Report 2008 is provided to the Chief Health Officer in compliance with regulatory obligations.

Regulation of water extraction applies to all surface water and groundwater extraction, where a production bore exceeds 15 litres per second. Power and Water holds 15 extraction licences for Indigenous communities, which have monitoring and reporting obligations for quantity and, in some cases, quality. The monitoring of extraction and aquifer response to extraction and recharge required under licences is good practice. The monitoring, assessment of source sustainability, and plans to balance supply and demand, will be extended to all supplies. The inaugural Annual Sustainable Water Management Report 2008 is being prepared to meet compliance with regulatory obligations.

## Indigenous Essential Services Pty Ltd Statistics

As at 30 June 2008	Units	2003	2004	2005	2006	2007	2008
<b>ELECTRICITY</b>							
<b>Generation</b>							
Installed Capacity (including solar)	MW	43	42	45	48	51	56
Installed Capacity – solar	MW	-	-	-	0.5	0.7	0.7
Electricity Generated (including solar)	GWh	79	79	85	94	95	97
Electricity Generated - Solar	MWh	-	-	-	1.0	1.6	1.0
Electricity Sent Out	GWh	83	73	79	86	86	89
Purchases from Private Suppliers	GWh	7	7	7	7	8	8
<b>Distribution (22/11 kV &amp; Below)</b>							
HV Overhead	km	470	506	526	529	558	534
HV Underground	km	-	1	1	1	1	5
LV Overhead	km	251	243	248	253	278	278
LV Underground	km	1	1	1	1	1	4
SWER All Voltages	km	81	81	81	81	81	81
<b>Sales</b>	MWh	61,514	58,023	58,893	60,019	60,574	63,665
<b>Customers (ie. Services)</b>	No. of	6,710	6,717	6,818	7,213	7,373	7,421
<b>WATER</b>							
Total Sourced Water	ML/day	7,977	9,970	10,104	9,733	9,250	9,846
Length of Mains	km	575	575	583	585	585	585
<b>Customers (ie. Services)</b>	No. of	522	522	530	524	527	1,108
<b>WASTEWATER</b>							
Volume of Sewage Treated	ML	U/A	2,636	2,732	3,508	3,552	3,835
Length of Sewer Mains	km	292	296	302	302	303	303
Volume of Effluent Reused	ML	-	-	-	-	-	-
<b>Customers (ie. Services)</b>	No. of	396	401	407	420	420	426

## Funding Arrangements

In 2007-08 revenue collected from the sale of electricity, water supply and sewerage services was \$16.9 million (2007: \$13.1 million). Total revenue received was \$78.4 million. This included a \$42.1 million (2007: \$41.9 million) recurrent grant and a \$13.8 million (2007: \$14.5 million) capital grant received from the Northern Territory Government. The capital grant is used to replace existing assets, improve service standards and service increased demand.

Revenue from Electricity, Water and Sewerage	2007-08 \$16.98 million 2006-07 \$13.13 million
Total Revenue	2007-08 \$78.42 million 2006-07 \$70.29 million
Recurrent Grant	2007-08 \$42.06 million 2006-07 \$41.85 million
Capital Grant	2007-08 \$13.80 million 2006-07 \$14.54 million

Major cost drivers over the 2007-08 financial year resulted from:

- An increase in electricity tariff of 4.4 per cent;
- An increased focus in revenue protection resulting in electricity, water and sewerage revenue being recovered from customers that were not previously billed; and
- Capital contributions in the form of recoverable works of \$4.7 million, the majority of which was driven by the Australian Government "Tasks of Opportunity" funding.

The IES asset portfolio consists of:

- Power station buildings that accommodate mostly diesel engines, including fuel receiving, transfer and storage facilities;
- Electrical distribution systems, up to and including the customers' meters;
- Water infrastructure including surface water harvesting, groundwater production bores, bore-pumps, tanks, transfer pumping stations, water treatment and water supply reticulation systems, up to the customers' property boundaries; and
- Sewerage infrastructure, starting at the customers' boundaries, including collection mains, pumping stations and wastewater treatment, reuse and disposal systems.

# Financial Statements

for the year ended 30 June 2008

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# Directors' Report

Indigenous Essential Services Pty Ltd for the year ended 30 June 2008

The directors present their report together with financial report of the Indigenous Essential Services Pty Limited (the Company) for the year ended 30 June 2008 and the auditor's report thereon.

## Directors

The directors of the Company at any time during or since the end of the financial year were:

<b>Mr Neil Robertson Philip</b>	Director since 26 June 2003 Chairman from 26 June 2003 to 30 June 2007
<b>Ms Judith King</b>	Director since 26 June 2003 Appointed Chairman 1 July 2007
<b>Mr Peter Vines</b>	Director since 10 October 2005
<b>Mr Barry William Chambers</b>	Appointed 1 July 2007
<b>Mr Andrew Peter Macrides</b>	Appointed 1 July 2007

## Company Particulars

Indigenous Essential Services Pty Limited is an Australian proprietary company, incorporated and operating in Australia.

Principal Registered Office and Principal Place of Business:	Level 2 Mitchell Centre 55 Mitchell Street Darwin NT 0800
Company Secretary:	Mr Kelvin Strange, appointed on 1 December 2007 Mr Andrew Macrides, resigned on 1 December 2007

## Principal Activities

The Company was formed on 26 June 2003 and commenced operations on 1 July 2003.

The principal activities of the Company during the course of the financial year were to provide electricity, water and sewerage services to remote Indigenous communities in the Northern Territory.

## Controlling Entity

The Company's controlling entity is the Power and Water Corporation, a government owned corporation pursuant to the *Government Owned Corporation Act 2001*. In this report, the controlling entity is referred to as Power and Water.

## Operating and Financial Review

The Company's net profit for the period was significantly higher than last year's (2008: \$9,806,724 ; 2007: \$6,520,406) principally due to additional recoverable works funding received from the Northern Territory Government in relation to the Federal Government's Intervention into Indigenous Communities.

## Changes in state of affairs

In the opinion of the directors, other than the matters mentioned above there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

## Dividends

In accordance with the Company's Constitution, the Company paid no dividends during the financial year (2007: nil).



# Directors' Report

Indigenous Essential Services Pty Ltd for the year ended 30 June 2008

## Environmental Regulation

The Company's operations are subject to various environmental regulations under both Commonwealth and Territory legislations.

The Company regularly monitors compliance with environmental regulations. The directors are not aware of any significant breaches during the period covered by this report.

## Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Future Developments

At the date of this report, there are no developments in the operations of the Company that, in the opinion of the directors, are likely to significantly impact the Company during the 2009 financial year. The current service contract between the Company and the Northern Territory Government to construct and maintain assets required to provide electricity, water and sewerage services to remote Indigenous communities in the Northern Territory expires on 30 June 2010. The Company expects to initiate contract renewal discussions with the Northern Territory Government during the 2009 financial year.

## Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

The lead auditor's declaration of independence is set out on page 6 of the financial report.

## Insurance Premiums

The following insurance policies were purchased by Power and Water to cover its directors and officers, and those of its subsidiaries. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums is confidential.

*Group Personal Accident Insurance*

*Professional Indemnity Insurance*

*Directors' and Officers' Liability*

This report is made in accordance with a resolution of Directors pursuant to S298(2) of the Corporations Act 2001.



**Neil Philip**  
Director



**Andrew Macrides**  
Managing Director

Dated at Darwin this 30th day of September 2008.

# Directors' Declaration

Indigenous Essential Services Pty Ltd for the year ended 30 June 2008

In the opinion of the directors of Indigenous Essential Services Pty Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 8 to 23, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company as at 30 June 2008 and its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to S295(5) of the Corporations Act 2001.



**Neil Philip**  
Director



**Andrew Macrides**  
Managing Director

Dated at Darwin this 30th day of September 2008.

# Lead Auditor's Declaration of Independence

Indigenous Essential Services Pty Ltd for the year ended 30 June 2008



**Northern Territory Auditor-General's Office**  
Auditing for Parliament

The Board of Directors  
Indigenous Essential Services Pty Limited  
Level 2, Mitchell Centre  
55 – 59 Mitchell Street  
Darwin NT 0800

30 September 2008

Dear Board Members,

## **Indigenous Essential Services Pty Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Indigenous Essential Services Pty Limited.

As auditor of the financial statements of Indigenous Essential Services Pty Limited for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'F. McGuinness'.

F. McGuinness

Auditor-General for the Northern Territory

# Independent Audit Report to the Members

Indigenous Essential Services Pty Ltd for the year ended 30 June 2008



AUDITOR-GENERAL

## Auditor-General's report to the Members of Indigenous Essential Services Pty Limited

Year ended 30 June 2008

I have audited the accompanying financial report of Indigenous Essential Services Pty Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

### The Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted an independent audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Auditor's Independence Declaration

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001.

### Auditor's Opinion

In my opinion, the financial report of Indigenous Essential Services Pty Limited is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

A handwritten signature in black ink, appearing to read 'E. McGuinness'.

E. McGuinness  
Auditor-General for the Northern Territory  
Darwin, Northern Territory  
30 September 2008

# Income Statement

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

	Note	2008 \$	2007 \$
<b>Continuing Operations</b>			
Revenue from sale of goods	3 (a)	15,915,940	12,797,806
Revenue from rendering of services	3 (b)	56,930,523	56,729,732
Interest revenue		845,894	472,120
Other Income	3 (c)	4,731,131	290,246
<b>Revenue</b>		<b>78,423,488</b>	<b>70,289,904</b>
Raw materials and consumables used		30,283,693	26,288,703
Depreciation and amortisation expenses		9,138,380	8,721,187
Other expenses	3 (d)	29,194,691	28,759,608
<b>Net profit for the year</b>		<b>9,806,724</b>	<b>6,520,406</b>
<b>Profit (Loss) attributable to members of the parent</b>		<b>9,806,724</b>	<b>6,520,406</b>

The income statement is to be read in conjunction with the notes to the financial statements.

# Statement of Changes in Equity

Indigenous Essential Services Pty Ltd for the year ended 30 June 2008

	2008 \$	2007 \$
Equity at the beginning of the year	158,662,162	152,141,756
Net profit for the year	9,806,724	6,520,406
	<b>168,468,886</b>	<b>158,662,162</b>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

# Balance Sheet

Indigenous Essential Services Pty Limited as at 30 June 2008

	Note	2008 \$	2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4 (a)	29,949,890	10,257,502
Trade and other receivables	5	1,501,608	407,756
Inventories	6	6,131,811	5,686,909
Other assets		9,090	-
<b>Total current assets</b>		<b>37,592,399</b>	<b>16,352,167</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	162,307,424	152,945,603
<b>Total non-current assets</b>		<b>162,307,424</b>	<b>152,945,603</b>
<b>Total assets</b>		<b>199,899,823</b>	<b>169,297,770</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	31,430,937	10,635,608
<b>Total current liabilities</b>		<b>31,430,937</b>	<b>10,635,608</b>
<b>Total liabilities</b>		<b>31,430,937</b>	<b>10,635,608</b>
<b>Net assets</b>		<b>168,468,886</b>	<b>158,662,162</b>
<b>EQUITY</b>			
Contributed equity	9	10	10
Retained earnings	10	168,468,876	158,662,152
<b>Total equity</b>		<b>168,468,886</b>	<b>158,662,162</b>

The balance sheet is to be read in conjunction with the notes to the financial statements.

# Cash Flow Statement

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

	Note	2008 \$	2007 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		24,106,299	14,512,094
Payments to suppliers		(50,535,589)	(55,447,971)
Receipt of Government Grants		63,818,894	51,897,897
Interest received		771,079	485,077
<b>Net cash provided by operating activities</b>	4 (b)	38,160,683	11,447,097
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		31,909	11,747
Purchase of property, plant and equipment		(18,500,202)	(14,822,186)
<b>Net cash used in investing activities</b>		(18,468,293)	(14,810,439)
<b>Net increase/(decrease) in cash and cash equivalents</b>		19,692,390	(3,363,342)
<b>Cash and cash equivalents at beginning of year</b>		10,257,500	13,620,844
<b>Cash and cash equivalents at end of year</b>	4 (a)	29,949,890	10,257,502

The cash flow statement is to be read in conjunction with the notes to the financial statements.

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

## 1) Company Information

Indigenous Essential Services Pty Limited (the Company) is a company domiciled in Australia.

On the 30th September 2008, Directors authorised the issue of the Company's financial report for the year ended 30 June 2008.

## 2) Significant accounting policies

The significant accounting policies which have been adopted in the preparation of this report are:

### (a) Statement of compliance

Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS).

#### Adoption of new and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

At the date of authorisation of the financial report, the following Standards and Interpretations, which were applicable to the entity, were in issue but not yet effective:

- AASB 2007-2 'Amendments to Australian Accounting Standards arising from Interpretation 12' Effective for annual reporting period beginning on or after 1 January 2008
- AASB 101 'Presentation of Financial Statements' – revised September 2007 Effective for annual reporting period beginning on or after 1 January 2009
- AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123' Effective for annual reporting period beginning on or after 1 January 2009

The directors anticipate that the adoption of these Standards and Interpretations in the future period will have no material financial impact on the financial statements of the Company.

These Standards and Interpretations will be first applied in the financial report of the Company that relates to the annual reporting period beginning after the effective date of each pronouncement.

### (b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations and the Corporations Act 2001.

The financial report is prepared on an historical cost basis and cost is based on the fair values of the consideration given in exchange for assets.

These accounting policies have been consistently applied by the Company and are consistent with those of the previous year.

The financial report is presented in Australian dollars.

### (c) Use and revision of accounting estimates

The preparation of the financial report requires the making of estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

## (d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

### *Sale of goods*

Revenue from the sale of goods is recognised (net of discounts and allowances) when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of goods to the customer.

### *Rendering of services*

Revenue from the rendering of services is recognised when the service is provided, having regard for the costs incurred in providing those services.

### *Government grants*

Revenue in the form of government grants is received from the Northern Territory Government. Where the grant relates to an expense or capital item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

### *Interest Revenue*

Interest revenue is recognised as it accrues.

## (e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority (through Power and Water) is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority (through Power and Water) are classified as operating cash flows.

## (f) Income tax consolidation

The Power and Water Corporation is the head entity in a tax-consolidated group comprising all of its wholly-owned subsidiaries apart from Indigenous Essential Services Pty Limited. Indigenous Essential Services Pty Limited was removed from the National Tax Equivalent Regime effective 1 July 2003.

## (g) Cash and cash equivalents

Cash assets include cash on hand and at bank.

## (h) Trade and other receivables

Trade and other receivables are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts.

Trade receivables are on 14 day terms and other receivables are on 30 day terms.

## (i) Inventories

Inventories are carried at the lower of cost and net realisable value. Costs are assigned to inventory based on the weighted-average purchase cost of bringing each item to its present location and condition.

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

## (j) Property, plant and equipment

### Acquisition of assets

The carrying value of assets are originally stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Where an asset is acquired at no cost, or for nominal cost, the cost is its fair value as at the date of acquisition.

Property, plant and equipment assets are measured at deemed cost being the fair value of assets at the transition date to AIFRS on 1 July 2004, less accumulated depreciation and less any impairment losses recognised at that date.

### Depreciation and amortisation

#### *Complex assets*

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

#### *Useful lives*

All assets, excluding freehold land, have limited useful lives and are depreciated using the straight-line method over their estimated useful lives.

Assets are depreciated from the date of acquisition.

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed.

The depreciation useful lives used for each class of asset are as follows:

#### **Building, plant and equipment**

Building and improvements 10 to 50 years

Plant and equipment 3 to 99 years

*There has been no change in useful life compared to prior years.*

#### **Impairment of assets**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the depreciated replacement cost.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the income statement.

#### **Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the asset is derecognised.

## (k) Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of these goods and services. Trade accounts payable are normally settled within 30 days.

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

	2008 \$	2007 \$
<b>3) Revenue and Expenses</b>		
Revenue and continuing operations		
(a) Sale of goods		
Electricity	15,233,743	12,352,039
Water	682,197	445,767
	<b>15,915,940</b>	<b>12,797,806</b>
(b) Rendering of Services		
Recurrent grant	42,062,052	41,850,804
Capital grant	13,800,980	14,543,685
Sewerage services	1,067,491	335,243
	<b>56,930,523</b>	<b>56,729,732</b>
(c) Other Income		
Capital contributions and recoverable works	4,699,222	278,500
Net profit on disposal of property, plant and equipment	31,909	11,746
	<b>4,731,131</b>	<b>290,246</b>
(d) Other Expenses		
Repairs and Maintenance	8,727,600	8,129,079
Other	20,467,091	20,630,529
	<b>29,194,691</b>	<b>28,759,608</b>
<b>4) Cash and cash equivalents</b>		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash assets	29,949,890	10,257,502
<i>The weighted average interest rate on cash assets at 2008 is 6.50% (2007: 5.89%)</i>		
(b) Reconciliation of net profit to net cash flows from operations		
Net Profit	9,806,724	6,520,406
Adjustments for:		
Depreciation	9,138,380	8,721,187
Net profit on disposal of property, plant and equipment	31,909	11,746
Changes in assets and liabilities		
(Increase)/decrease in inventories	(430,778)	(419,407)
(Increase)/decrease in trade and other receivables	(1,465,648)	1,100,945
(Decrease)/increase in trade and other payables	21,143,914	(4,464,288)
Net cash flows from operating activities	<b>38,160,683</b>	<b>11,447,097</b>
<b>5) Trade and other receivables</b>		
Current		
Interest receivable	116,314	41,499
Other debtors	1,535,294	366,257
Provision for doubtful debts	(150,000)	-
<i>Receivables at 30 June 2008 are non-interest bearing.</i>	<b>1,501,608</b>	<b>407,756</b>
<b>6) Inventories</b>		
Distillate - at cost	6,131,811	5,686,909
	<b>6,131,811</b>	<b>5,686,909</b>

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

## 7) Property, plant and equipment

	Movements During Year											
	2007					2008						
	At Cost	Accumulated Depreciation	Written Down Value	Additions	Transfer from Capital WIP	Disposals - Cost	Net Value Written Back	Disposals and Write Back - Accumulated Depreciation	Depreciation	At Cost	Accumulated Depreciation	Written Down Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	21,332	-	21,332	-	-	-	-	-	-	21,332	-	21,332
Buildings	20,137,079	(6,353,593)	13,783,486	-	2,610,147	-	-	-	(711,981)	22,747,226	(7,065,574)	15,681,652
Plant and Equipment	268,418,507	(136,019,526)	132,398,981	-	10,477,397	(406,595)	-	406,595	(8,426,399)	278,489,309	(144,039,330)	134,449,979
	288,576,918	(142,373,119)	146,203,799	-	13,087,544	(406,595)	-	406,595	(9,138,380)	301,257,867	(151,104,904)	150,152,963
Capital Work in Progress	6,741,804	-	6,741,804	18,500,201	(13,087,544)	-	-	-	-	12,154,461	-	12,154,461
Total Property, Plant and Equipment	295,318,722	(142,373,119)	152,945,603	18,500,201	-	(406,595)	-	406,595	(9,138,380)	313,412,328	(151,104,904)	162,307,424
	Movements During Year											
	2006					2007						
	At Cost	Accumulated Depreciation	Written Down Value	Additions	Transfer from Capital WIP	Disposals - Cost	Net Value Written Back	Disposals and Write Back - Accumulated Depreciation	Depreciation	At Cost	Accumulated Depreciation	Written Down Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	21,332	-	21,332	-	-	-	-	-	-	21,332	-	21,332
Buildings	17,002,507	(5,773,922)	11,228,585	-	3,134,572	-	-	-	(579,671)	20,137,079	(6,353,593)	13,783,486
Plant and Equipment	258,515,522	(128,250,453)	130,265,069	-	10,275,428	(372,443)	-	372,443	(8,141,516)	268,418,507	(136,019,526)	132,398,981
	275,539,361	(134,024,375)	141,514,986	-	13,410,000	(372,443)	-	372,443	(8,721,187)	288,576,918	(142,373,119)	146,203,799
Capital Work in Progress	5,329,619	-	5,329,619	14,822,185	(13,410,000)	-	-	-	-	6,741,804	-	6,741,804
Total Property, Plant and Equipment	280,868,980	(134,024,375)	146,844,605	14,822,185	-	(372,443)	-	372,443	(8,721,187)	295,318,722	(142,373,119)	152,945,603

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

	2008 \$	2007 \$
<b>8) Trade and Other Payables</b>		
Payable to controlling entity	11,159,047	8,382,183
Other creditors and accruals	20,271,890	2,253,425
	31,430,937	10,635,608
<b>9) Contributed Equity</b>		
Issued and paid-up share capital		
10 (2007:10) ordinary shares of \$1 fully paid	10	10
	10	10
<p>Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.</p>		
<b>10) Retained Earnings</b>		
Retained earnings at beginning of year	158,662,152	152,141,746
Net profit for the year	9,806,724	6,520,406
Retained earnings at end of the year	168,468,876	158,662,152
<b>11) Commitments</b>		
Capital expenditure commitments		
Contracted but not provided for and payable: within one year	12,519,297	661,675

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

## 12) Financial Instruments

### (a) Financial risk management objectives and policies

The Company has various financial instruments such as trade receivables and trade payables. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Company's overall strategy remains unchanged from 2007.

### (b) Market Risk

The Company provides electricity, water and sewerage services to remote Indigenous communities in the Northern Territory.

The Company receives grant funding from the Northern Territory Government to construct and maintain assets required to provide electricity, water and sewerage services to remote indigenous communities in the Northern Territory. The Company is the only provider of these services to remote indigenous communities in the Northern Territory.

The service contract between the Company and the Northern Territory Government expires on 30 June 2010, and the Company expects to initiate contract renewal discussions with the Northern Territory Government during the 2009 financial year.

The following table sets out the source of the Company's income.

Source of Income	2008	
	\$	%
Grant Funding	55,863,032	71%
Electricity	15,233,743	19%
Water	682,197	1%
Sewerage	1,067,491	1%
Capital contributions and recoverable works	4,699,222	6%
Other	877,803	2%
<b>Total Revenue</b>	<b>78,423,488</b>	<b>100%</b>

### (c) Credit risk management

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on receivables of the Company that has been recognised in the balance sheet is the carrying amount net of any provision for doubtful debts.

The Company performs works on behalf of Northern Territory Government agencies and private companies on a recoverable works basis. Funding for recoverable works is obtained upfront thereby reducing credit risk associated with these transactions.

### (d) Liquidity risk management

The Company's objective is to provide continued and reliable services to remote Indigenous communities in the Northern Territory within the grant funding it receives. Each year the Company limits expenditure to the level of grant funding received for that year.

### (e) Commodity price risk

The Company is exposed to changes in the price of distillate which is used to power electricity generators. Each year grant funding received from the Northern Territory Government is based on an operational budget that includes an estimated cost of spend on distillate. In the event the distillate price varies upwards and the Company does not have sufficient grant funds to keep operating, the Company can apply to the Northern Territory Government for additional grant funds.

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

## 13) Related party information

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end refer to note 8).

Related party		Sales to related parties \$	Purchases from related parties \$	Amounts owed by related parties \$	Amounts owed to related parties \$
Power and Water Corporation	2008	-	12,878,825	-	11,159,047
	2007	-	13,466,612	-	8,382,183
Northern Territory Government	2008	60,562,254	198,461	1,057,914	7,625,543
	2007	56,660,115	-	-	1,824,288

- (i) The controlling entity of the Company is Power and Water Corporation, a government owned corporation pursuant to the *Government Owned Corporations Act 2001*. Power and Water Corporation is wholly owned by the Northern Territory Government.
- (ii) The Company purchases electricity, water and sewerage services from Power and Water's infrastructure for remote Indigenous communities that are able to be connected to this infrastructure rather than requiring stand alone infrastructure. In addition, the Company purchases labour, accounting, computing, human resources and secretarial services and utility services for its operations from Power and Water.
- (iii) The Company receives operational and capital grants from the Northern Territory Government enabling it to provide electricity, water and sewerage services to remote Indigenous communities. The Company also receives recoverable works funds for specific projects undertaken on behalf of the Northern Territory Government.

## 14) Economic dependency

The Company's revenue is derived from two main sources as follows:

	2008 %	2007 %
Revenue derived from the Northern Territory Government	77%	81%
Revenue from provision of utility services	23%	19%

## 15) Auditors' remuneration

	2008 \$	2007 \$
Audit Services:		
Auditors of the Company - NT Auditor-General	39,980	44,335

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

## 16) Director and executive disclosures

### *Directors*

The names of each person holding the position of director within Indigenous Essential Services Pty Limited during the financial year are listed in the Director's report.

Directors do not receive any compensation for their directorship. No director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interest subsisting at year-end.

### *Compensation of key management personnel*

Indigenous Essential Services Pty Limited has no employees.

## 17) Events after the balance sheet date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transactions or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

## 18) Restatement of Comparatives

The Company's controlling entity, Power and Water, has a service agreement with the Company to provide electricity, water and sewerage services to remote Indigenous communities in the Northern Territory. Power and Water constructs and maintains the assets required to provide these services. In prior years, Power and Water expended all monies to carry out these services and then sought a fee for service refund from the Company. From 1 July 2007, transactions undertaken by Power and Water Corporation, as a service provider to the Company, were accounted for directly in the Company's general ledger. This changed accounting methodology has provided greater transparency in the general ledger of the Company as expenditure is now costed to detailed general ledger accounts rather than incorporated into one fee for service cost.

The following table restates the 2007 figures to provide meaningful comparisons to the June 2008 figures.

Income Statement Restatement	2007		
	Original \$	Restated \$	Difference \$
<b>Continuing Operations</b>			
Revenue from sale of goods	12,797,806	12,797,806	-
Revenue from rendering of services	57,011,424	56,729,732	(281,692)
Interest revenue	472,120	472,120	-
Other Income	289,137	290,246	1,109
<b>Revenue</b>	<b>70,570,487</b>	<b>70,289,904</b>	<b>(280,583)</b>
Raw materials and consumables used	35,708,732	26,288,703	(9,420,029)
Depreciation and amortisation expenses	8,721,187	8,721,187	-
Other expenses	19,620,162	28,759,608	9,139,446
<b>Net profit for the year</b>	<b>6,520,406</b>	<b>6,520,406</b>	<b>-</b>
<b>Profit (Loss) attributable to members of the parent</b>	<b>6,520,406</b>	<b>6,520,406</b>	<b>-</b>
Statement of Changes in Equity Restatement	2007		
	Original \$	Restated \$	Difference \$
Equity at the beginning of the year	152,141,756	152,141,756	-
Prior period error	-	-	-
<b>Net profit for the year</b>	<b>6,520,406</b>	<b>6,520,406</b>	<b>-</b>
	<b>158,662,162</b>	<b>158,662,162</b>	<b>-</b>

# Notes to the Financial Statements

Indigenous Essential Services Pty Limited for the year ended 30 June 2008

Balance Sheet Restatement	2007		
	Original \$	Restated \$	Difference \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10,257,502	10,257,502	-
Trade and other receivables	407,756	407,756	-
Inventories	5,686,909	5,686,909	-
<b>Total current assets</b>	<b>16,352,167</b>	<b>16,352,167</b>	<b>-</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	152,945,603	152,945,603	-
<b>Total non-current assets</b>	<b>152,945,603</b>	<b>152,945,603</b>	<b>-</b>
<b>Total assets</b>	<b>169,297,770</b>	<b>169,297,770</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10,635,608	10,635,608	-
<b>Total current liabilities</b>	<b>10,635,608</b>	<b>10,635,608</b>	<b>-</b>
<b>Total liabilities</b>	<b>10,635,608</b>	<b>10,635,608</b>	<b>-</b>
<b>Net assets</b>	<b>158,662,162</b>	<b>158,662,162</b>	<b>-</b>
<b>EQUITY</b>			
Contributed equity	10	10	-
Retained earnings	158,662,152	158,662,152	-
<b>Total equity</b>	<b>158,662,162</b>	<b>158,662,162</b>	<b>-</b>

Cash Flow Restatement	2007		
	Original \$	Restated \$	Difference \$
Receipts from customers	9,921,087	14,512,094	4,591,007
Payments to suppliers	(55,365,846)	(55,447,971)	(82,125)
Receipt of Government Grants	56,407,888	51,897,897	(4,509,991)
Interest received	485,077	485,077	-
<b>Net cash provided by operating activities</b>	<b>11,448,206</b>	<b>11,447,097</b>	<b>(1,109)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment	10,638	11,747	1,109
Purchase of property, plant and equipment	(14,822,186)	(14,822,186)	-
<b>Net cash used in investing activities</b>	<b>(14,811,548)</b>	<b>(14,810,439)</b>	<b>1,109</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,363,342)</b>	<b>(3,363,342)</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>13,620,844</b>	<b>13,620,844</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>	<b>10,257,502</b>	<b>10,257,502</b>	<b>-</b>

## Contact us

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